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Mobvista

Mobvista Inc.

匯量科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1860)

ANNOUNCEMENT OF QUARTERLY RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2024

FINANCIAL HIGHLIGHTS

	30 September 2024 US\$'000 (Unaudited)	For the Three Months Ended			YoY Growth Rate	QoQ Growth Rate
		30 June 2024 US\$'000 (Unaudited)	30 September 2023 US\$'000 (Unaudited)			
Revenue	416,457	336,805	269,370	54.6%	23.6%	
Net Revenue ⁽¹⁾	109,386	84,381	73,320	49.2%	29.6%	
Gross Profit	87,845	69,382	55,502	58.3%	26.6%	
Profit for the Period	8,843	183	3,261	171.2%	4,732.2%	
Adjusted Net Profit ⁽²⁾	10,668	2,974	4,065	162.4%	258.7%	
Adjusted EBITDA⁽³⁾	34,269	32,184	23,577	45.3%	6.5%	

Notes:

- (1) Net revenue is not an IFRS measure. We define net revenue as revenue adjusted by deducting cost distributed to the traffic publishers.
- (2) Adjusted net profit is not an IFRS measure. We define adjusted net profit as profit for the Reporting Period (as defined below) adjusted by adding back or deducting share-based compensation expenses, investment (gain)/loss from financial assets at fair value through profit or loss.
- (3) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (not an IFRS measure, equals to profit from operations plus depreciation and amortization expenses) for the Reporting Period (as defined below) adjusted by adding back or deducting share-based compensation expenses, investment (gain)/loss from financial assets at fair value through profit or loss, arbitration-related expenses of Reyun Data, foreign exchange gain.

The Board (the “**Board**”) of Directors (the “**Directors**”) of Mobvista Inc. (the “**Company**”) hereby announces the unaudited quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months (the “**Reporting Period**” or “**Q3 2024**”) and nine months ended 30 September 2024. Such quarterly results have been reviewed by the audit committee of the Company.

BUSINESS REVIEW

Since entering 2024, the advertising market has continued to pick up, the Group’s fundamentals have continued to improve, and the global advertising market as a whole has maintained a steady upward trend.

During the Reporting Period, the programmatic advertising platform Mintegral recorded revenue of US\$402.5 million, a year-on-year (“**YoY**”) increase of 57.6% and a quarter-on-quarter (“**QoQ**”) increase of 25.7%. Thanks to the infrastructure upgrades in 2022 and continued investment in 2023, Mintegral’s smart bidding product has also been further validated in the market, with ROAS (Return On Ad Spend) smart bidding model becoming the mainstream choice for developers at Mintegral. With the enhancement of Mintegral’s smart bidding capabilities, we have also achieved qualitative breakthroughs in new verticals, and the advertising budget structure has been further enriched. In the gaming category, we are expanding towards midcore and hardcore games represented by IAP (In-App Purchases), and at the same time, we are also expanding into non-gaming verticals, such as e-commerce and social media. During the Reporting Period, Mintegral’s gaming category recorded revenue of US\$294.5 million, a YoY increase of 46.5% and a QoQ increase of 26.2%. E-commerce emerged as an important driver within the non-gaming category, with Mintegral’s non-gaming category recording revenue of US\$108.0 million, a YoY increase of 98.5%, and a QoQ increase of 24.6%. During the Reporting Period, non-programmatic advertising business recorded revenue of US\$9.9 million, a YoY decrease of 0.5%, and a QoQ decrease of 18.7%. Compared to programmatic advertising, non-programmatic advertising business is more impacted by macro-environmental changes but remains an important source of revenue and profit for the Group. In terms of marketing technology, we actively promoted the overseas market expansion of new products while continuously refining the product matrix and focusing on cost reduction and efficiency improvement. During the Reporting Period, the marketing technology business recorded revenue of US\$4.0 million, a YoY increase of 1.0%, and a QoQ decrease of 10.7%.

In Q3 2024, the scale effect of the Group has become more pronounced, and growth momentum remains positive. During the Reporting Period, the Group recorded a net profit of US\$8.8 million, a YoY increase of 171.2%.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

1. Revenue by Type of Services

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

	For the Three Months Ended 30 September				YoY Change
	2024		2023		
	US\$'000 (Unaudited)	% of Total Revenue	US\$'000 (Unaudited)	% of Total Revenue	
Ad-tech revenue	412,455	99.0%	265,409	98.5%	55.4%
Mar-tech revenue	4,002	1.0%	3,961	1.5%	1.0%
Total	416,457	100.0%	269,370	100.0%	54.6%

2. Ad-tech (advertising technology) net revenue

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

	For the Three Months Ended				
	30 September 2024	30 June 2024	31 March 2024	31 December 2023	30 September 2023
	US\$'000 (Unaudited)	US\$'000 (Unaudited)	US\$'000 (Unaudited)	US\$'000 (Unaudited)	US\$'000 (Unaudited)
Advertising technology business revenue	412,455	332,324	297,264	274,273	265,409
— Advertising technology business net revenue ⁽¹⁾	105,384	79,900	77,937	70,203	69,359

Note:

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

3. Revenue from Advertising Technology by Software Platform Business Department

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

	For the Three Months Ended 30 September				YoY Change
	2024		2023		
	<i>US\$'000</i> (Unaudited)	% of Advertising Technology Business Revenue	<i>US\$'000</i> (Unaudited)	% of Advertising Technology Business Revenue	
Programmatic advertising business	402,511	97.6%	255,417	96.2%	57.6%
Non-programmatic advertising business	9,944	2.4%	9,992	3.8%	(0.5%)
Total Advertising technology business revenue	412,455	100.0%	265,409	100.0%	55.4%

For the three months ended 30 September 2024, the Group recorded advertising technology business revenue of US\$412.5 million (corresponding period in 2023: US\$265.4 million), representing an increase of 55.4% on a YoY basis. Our advertising technology business revenue comes from two business departments: programmatic advertising business and non-programmatic advertising business. Among them, the revenue from programmatic advertising business Mintegral was US\$402.5 million, accounting for 97.6% of the advertising technology business revenue, a YoY increase of 57.6% compared to Q3 2023. Revenue from the non-programmatic advertising business was US\$9.9 million, accounting for 2.4% of the advertising technology business revenue, representing a decrease of 0.5% on a YoY basis.

3.1. Main Financial Data of Programmatic Advertising Platform Mintegral

During the Reporting Period, the Mintegral platform recorded revenue of US\$402.5 million (corresponding period in 2023: US\$255.4 million), a YoY increase of 57.6% compared to Q3 2023.

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

	Mintegral Platform Business Revenue <i>US\$'000</i> (Unaudited)	QoQ Growth Rate	YoY Growth Rate
2024Q3	402,511	25.7%	57.6%
2024Q2	320,091	12.9%	32.4%
2024Q1	283,581	10.3%	25.4%
2023Q4	257,170	0.7%	19.5%

4. Revenue from Programmatic Advertising Platform Mintegral's Business by Mobile App Category⁽¹⁾

Benefiting from the continuous iteration of our platform's algorithm capabilities in 2023, we made new breakthroughs in vertical expansion in Q3 2024. Gaming remains our core business, and in Q3 2024, the gaming category recorded revenue of US\$294.5 million, accounting for 73.2% of Mintegral's total revenue and reflecting a YoY growth of 46.5%. The non-gaming category recorded revenue of US\$108.0 million, representing 26.8% of Mintegral's total revenue, surpassing the same period in 2023 (corresponding period in 2023:21.3%).

The following table sets forth the revenue proportion of Mintegral business segmented by application category⁽¹⁾ for the periods indicated:

	For the Three Months Ended 30 September				
	2024		2023		YoY Change
	US\$'000 (Unaudited)	% of Programmatic Advertising Business Revenue	US\$'000 (Unaudited)	% of Programmatic Advertising Business Revenue	
Gaming	294,527	73.2%	201,013	78.7%	46.5%
Non-gaming	107,984	26.8%	54,404	21.3%	98.5%
Total Programmatic advertising business revenue	402,511	100.0%	255,417	100.0%	57.6%

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

Cost of Sales

During the Reporting Period, our cost of sales increased by 53.7% YoY to US\$328.6 million (corresponding period in 2023: US\$213.9 million). The increase comes primarily from the advertising technology business. The main costs of the advertising technology business include traffic costs, server costs and intangible asset amortization formed through capitalization. On the one hand, traffic costs and server costs have increased as the scale of our advertising technology business expands. On the other hand, intangible assets formed by the advertising technology platform at different periods are gradually amortized over time, thus resulting in increasing expenses for the current period's amortization.

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

	For the Three Months Ended 30 September				YoY Change
	2024		2023		
	<i>US\$'000</i>	<i>% Respective Business Revenues</i>	<i>US\$'000</i>	<i>% Respective Business Revenues</i>	
	(Unaudited)		(Unaudited)		
Cost of Ad-tech	327,367	79.4%	213,095	80.3%	53.6%
Cost of Mar-tech	1,245	31.1%	773	19.5%	61.1%
Total	328,612	78.9%	213,868	79.4%	53.7%

Gross Profit and Gross Profit Margin

During the Reporting Period, the Group recorded a gross profit of US\$87.8 million (corresponding period in 2023: US\$55.5 million), a YoY increase of 58.3%.

Among these, the gross profit of the advertising technology business increased by 62.6% to US\$85.1 million on a YoY basis, with a gross profit margin of 20.6%, slightly higher than that for the same period in 2023 (corresponding period in 2023: 19.7%). The gross profit of the marketing technology business was US\$2.8 million, and the gross profit margin was 68.9%, a decrease of 13.5% compared to the same period in 2023.

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

	For the Three Months Ended 30 September				YoY Change
	2024		2023		
	Gross profit US\$'000 (Unaudited)	Gross profit margin (Unaudited)	Gross profit US\$'000 (Unaudited)	Gross profit margin (Unaudited)	
Ad-tech	85,088	20.6%	52,314	19.7%	62.6%
Mar-tech	2,757	68.9%	3,188	80.5%	(13.5%)
Total	87,845	21.1%	55,502	20.6%	58.3%

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses increased by 32.7% YoY to US\$16.7 million (corresponding period in 2023: US\$12.6 million). The main reason for the increase is the rise in bidding fee⁽¹⁾.

Note:

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

R&D Expenditure

During the Reporting Period, our R&D expenses increased by 59.7% YoY to US\$45.9 million (corresponding period in 2023: US\$28.7 million). The increase in R&D expenditures is mainly due to the significant development of the intelligent bidding system, which has resulted in an increase in model training costs.

General and Administrative Expenses

During the Reporting Period, our general administrative expenses have increased by 40.7% YoY to US\$14.5 million (corresponding period in 2023: US\$10.3 million).

Operating Expenses

We classify operating expenses into fixed expenses (excluding share-based compensation), variable expenses and share-based compensation. Fixed expenses mainly consist of labour costs (cash), rental expenses, business travel expenses, agency fees, welfare expenses and other daily operating expenses, and we merge the capitalized R&D expenditure and expensed R&D expenditure of labor costs in the current period. Overall, fixed costs tend to remain stable.

Variable expenses are incentive fee directly related to advertising, model training fee of advertising platform, asset impairment gains and losses, etc. Since the second quarter of 2023, due to the Company's continuous efforts in developing the intelligent bidding system and the official launch of the Target ROAS intelligent bidding feature in May 2023, there has been a rebound in model training costs, driving an overall increase in variable expenses.

The following table sets forth the operating expenses for the periods indicated:

	For the Three Months Ended				
	30 September 2024 US\$'000 (Unaudited)	30 June 2024 US\$'000 (Unaudited)	31 March 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Unaudited)	30 September 2023 US\$'000 (Unaudited)
Variable expenses	57,665	46,765	37,784	35,989	37,403
Fixed expenses (excluding share based compensation)	23,718	23,091	20,797	21,101	19,902
Share-based compensation	2,036	2,133	2,106	2,506	750
Total	<u>83,419</u>	<u>71,989</u>	<u>60,687</u>	<u>59,596</u>	<u>58,055</u>

Net profit, adjusted EBITDA

During the Reporting Period, our net profit was US\$8.8 million (corresponding period in 2023: profit of US\$3.3 million), an increase of 171.2% YoY. During the Reporting Period, the Group recorded adjusted EBITDA of \$34.3 million, representing a YoY increase of 45.3%.

The following table sets forth the net profit and adjusted EBITDA for the periods indicated:

	For the Three Months Ended				
	30 September 2024	30 June 2024	31 March 2024	31 December 2023	30 September 2023
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit	8,843	183	7,154	6,805	3,261
Adjusted EBITDA	34,269	32,184	30,697	29,891	23,577

Other Financial Information (Non-IFRS measures)

To supplement our consolidated financial statements presented in accordance with IFRS, we also use non-IFRS measures, namely EBITDA, adjusted EBITDA and adjusted net profit, 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.

	2024		2023		YoY Change
	US\$'000 (Unaudited)	% of Total Revenue	US\$'000 (Unaudited)	% of Total Revenue	
Profit from operations	12,125	2.9%	5,221	1.9%	132.2%
Add back:					
Depreciation and amortization	18,051	4.3%	18,063	6.7%	(0.1%)
EBITDA	30,176	7.2%	23,284	8.6%	29.6%
Add back:					
Share-based compensation ⁽¹⁾	2,036	0.5%	750	0.3%	171.5%
Arbitration-related expenses of Reyun Data ⁽²⁾	2,500	0.6%	—	—	—
Foreign exchange gain ⁽³⁾	(232)	(0.1%)	(511)	(0.2%)	(54.6%)
Investment (gain)/loss from financial assets at fair value through profit or loss ⁽⁴⁾	(211)	(0.1%)	54	0.0%	—
Adjusted EBITDA⁽⁵⁾	34,269	8.2%	23,577	8.8%	45.3%
Profit for the period	8,843	2.1%	3,261	1.2%	171.2%
Add back:					
Share-based compensation	2,036	0.5%	750	0.3%	171.5%
Investment (gain)/loss from financial assets at fair value through profit or loss	(211)	(0.1%)	54	0.0%	—
Adjusted net profit⁽⁶⁾	10,668	2.6%	4,065	1.5%	162.4%

Notes:

- (1) Share-based compensation are expenses arising from granting RSU and share options to selected executives and employees, the amount of which are non-cash in nature and commonly excluded in similar non-IFRS measures adopted by other companies in our industry.
- (2) Arbitration-related expenses of Reyun Data are fees paid to attorneys in connection with the arbitration in relation to the acquisition of Beijing Reyun Technology Co.,Ltd* (北京熱雲科技有限公司) (“**ReyunData**”), which are one-time fees that are not directly related to the underlying results of our business operations.
- (3) Foreign exchange gain is gain arising from exchange differences on translation of foreign currency monetary accounts. Foreign exchange gain may not directly correlate with the underlying performance of our business operations.
- (4) Investment (gain)/loss from financial assets at fair value through profit or loss arises from fair value change of certain investments held by the Group, which was recognized at fair value change through profit or loss. Such investment (gain)/loss is not directly related to our principal operating activities.
- (5) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit/(loss) from operations plus depreciation and amortization expenses) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, fair value gain from financial assets at fair value through profit or loss, arbitration related fees of Reyun Data, foreign exchange loss.
- (6) Adjusted net profit is not an IFRS measure. We define adjusted net profit as profit for the Reporting Period adjusted by adding back share-based compensation expenses, fair value (gain)/loss from financial assets at fair value through profit or loss.

* *for identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three and nine months ended 30 September 2024 — unaudited

(Expressed in United States dollar)

	Three Months Ended 30 September		Nine Months Ended 30 September	
	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	416,457	269,370	1,054,744	775,503
Cost of sales	<u>(328,612)</u>	<u>(213,868)</u>	<u>(835,698)</u>	<u>(617,041)</u>
Gross profit	87,845	55,502	219,046	158,462
Selling and marketing expenses	(16,663)	(12,555)	(45,248)	(38,519)
Research and development expenses	(45,852)	(28,707)	(108,634)	(70,738)
General and administrative expenses	(14,534)	(10,333)	(44,023)	(37,369)
Other net income	<u>1,329</u>	<u>1,314</u>	<u>4,227</u>	<u>6,056</u>
Profit/(loss) from operations	12,125	5,221	25,368	17,892
Change in fair value of derivative financial liabilities	—	—	101	1,907
Finance costs	<u>(1,722)</u>	<u>(1,620)</u>	<u>(5,698)</u>	<u>(4,865)</u>
Profit/(loss) before taxation	10,403	3,601	19,771	14,934
Income tax	<u>(1,560)</u>	<u>(340)</u>	<u>(3,591)</u>	<u>(3,151)</u>
Profit/(loss) for the period	<u>8,843</u>	<u>3,261</u>	<u>16,180</u>	<u>11,783</u>
Attributable to:				
Equity shareholders of the Company	9,897	3,783	19,164	13,943
Non-controlling interests	<u>(1,054)</u>	<u>(522)</u>	<u>(2,984)</u>	<u>(2,160)</u>
Profit/(loss) for the period	<u>8,843</u>	<u>3,261</u>	<u>16,180</u>	<u>11,783</u>
Earnings/(loss) per share				
Basic (<i>United States dollar cents</i>)	0.65	0.25	1.26	0.91
Diluted (<i>United States dollar cents</i>)	<u>0.64</u>	<u>0.28</u>	<u>1.25</u>	<u>0.88</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2024 — unaudited

(Expressed in United States dollar)

	Three Months Ended		Nine Months Ended	
	30 September		30 September	
	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000
Profit for the period	8,843	3,261	16,180	11,783
Other comprehensive income for the period (after tax and after reclassification adjustments)				
Item that may be reclassified subsequently to profit/(loss):				
Exchange differences on translation of financial statements of overseas subsidiaries	<u>345</u>	<u>269</u>	<u>788</u>	<u>50</u>
Total comprehensive income for the period	<u>9,188</u>	<u>3,530</u>	<u>16,968</u>	<u>11,833</u>
Attributable to:				
Equity shareholders of the Company	10,242	4,052	19,966	13,993
Non-controlling interests	<u>(1,054)</u>	<u>(522)</u>	<u>(2,998)</u>	<u>(2,160)</u>
Total comprehensive income for the period	<u>9,188</u>	<u>3,530</u>	<u>16,968</u>	<u>11,833</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024 — unaudited

(Expressed in United States dollar)

	At 30 September 2024 US\$'000	At 31 December 2023 US\$'000
Non-current assets		
Property, plant and equipment	11,780	15,459
Intangible assets	146,338	146,408
Goodwill	115,342	115,342
Deferred tax assets	12,605	12,924
Financial assets measured at fair value through profit or loss (FVPL)	39,816	1,214
	325,881	291,347
Current assets		
Financial assets measured at FVPL	5,662	39,026
Trade and other receivables	226,176	164,294
Prepayments	56,593	44,969
Restricted cash	5,472	5,281
Cash and cash equivalents	104,278	146,348
Current tax recoverable	90	286
	398,271	400,204
Current liabilities		
Trade and other payables	339,748	292,452
Current tax payable	10,762	10,441
Bank loans	98,792	49,542
Lease liabilities	2,105	4,027
Derivative financial liabilities	—	101
Exchangeable bond	33,545	—
	484,952	356,563
Net current assets	(86,681)	43,641
Total assets less current liabilities	239,200	334,988

	At 30 September 2024 <i>US\$'000</i>	At 31 December 2023 <i>US\$'000</i>
Non-current liabilities		
Bank loans	—	32,000
Convertible bonds	—	32,762
Deferred tax liabilities	5,616	1,786
Lease liabilities	9,460	9,330
Other non-current liabilities	—	—
	<u>15,076</u>	<u>75,878</u>
NET ASSETS	<u>224,124</u>	<u>259,110</u>
CAPITAL AND RESERVES		
Share capital	16,199	16,010
Reserves	201,904	234,082
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	218,103	250,092
Non-controlling interests	6,021	9,018
TOTAL EQUITY	<u>224,124</u>	<u>259,110</u>

APPRECIATION

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

By order of the Board
Mobvista Inc.
DUAN Wei
Chairman

Singapore, 15 November 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.