Mobvista Inc.
匯量科技有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1860)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

	FY2021	**2021H2**	**2021H1**	FY2020	2020H2	2020H1
	US$'000	***US$'000***	***US$'000***	*US$'000*	*US$'000*	*US$'000*
Revenue	**755,412**	**447,656**	**307,756**	516,148	249,241	266,907
Net Revenue[(1)]	**148,692**	**92,995**	**55,697**	101,941	31,212	70,729
Gross Profit	**121,922**	**79,497**	**42,425**	82,140	23,892	58,248
Net (Loss)/Profit for the Period	**(24,764)**	**14,009**	**(38,773)**	(5,206)	(18,303)	13,097
Non-IFRS measures Adjusted Net (Loss)/ Profit[(2)]	**(3,495)**	**2,827**	**(6,772)**	8,979	(14,327)	23,306
Non-IFRS measures Adjusted EBITDA[(3)]	**23,533**	**21,308**	**2,225**	21,544	(9,688)	31,232

Notes:

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

(2) We define adjusted net (loss)/profit as (loss)/profit for the period adjusted by adding back share-based compensation expenses, investment loss from financial assets at fair value through profit or loss and loss from change in fair value of derivative financial liabilities.

(3) We define adjusted EBITDA as EBITDA (which is (loss)/profit from operations plus depreciation and amortization expenses) for the year adjusted by adding back share-based compensation expenses and investment loss from financial assets at fair value through profit or loss.

The Board (the "**Board**") of Directors (the "**Directors**") of Mobvista Inc. (the "**Company**") hereby announces the audited annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021 (the "**Reporting Period**"). Such annual results have been reviewed by the audit committee of the Company.

LETTER TO SHAREHOLDERS

To our shareholders,

It has been three years since Mobvista listed in Hong Kong. Our programmatic advertising platform Mintegral has made incredible progress since then: revenue of the platform in 2021 reached US$575 million, with a three-year CAGR of 96.55%. According to The Performance Index: Edition 14 released by the Israeli mobile attribution platform AppsFlyer on March 22nd, Mintegral's performance in the second half of 2021 for the first time ranked in the top four on both iOS and Android in the global all-category retention power ranking. This is a significant recognition of the quality of our platform's users. The platform was listed in more than 690 rankings covering multiple categories, and ranked first in 12 of the rankings in Greater China. In 2022, Mintegral will continue towards its goal of US$1 billion in revenue and maintain its leading position among third-party Chinese advertising platforms going global.

Since its establishment in 2013, Mobvista has focused on serving the market of "China to Global", but in 2021 we observed a different landscape from the previous 8 years. With the disappearance of China's traffic bonus, a large number of developers who originally focused on domestic market began to leverage the resources accumulated over the years to enter the international market, and going overseas which was once a consideration has become table stakes. At the same time, as more and more Chinese brands succeeded in being known and loved by overseas users, Chinese developers have become more confident in operating a long-term product with international influence, whether in gaming, social, e-commerce, or the utilities category. We believe that in 2022 a trend of Chinese brands going overseas will be unveiled, which is an irreversible long-term change in the structural growth of Chinese enterprises. Mobvista's vision is "Be the Bridge", we hope to build a bridge between East and West markets to make global growth simple. 2022 is a new starting point for us on the journey to go overseas, and the market size has grown significantly which will ensure our team is fully motivated.

After 9 years of development, Mobvista has achieved a qualitative leap in its products and core capabilities. Nowadays, our solution can provide an overseas toolkit that includes a full range of functions such as user acquisition, monetization, analytics, creativity, and screening high-quality users around the world through our programmatic advertising platform to optimize return on investment. In fact, Mintegral's retained enterprise customers(1) this year increased their revenue contribution by 84.9% year-on-year. We have served customers in more than 100 countries and regions, and the localization experience accumulated from this can greatly reduce the trial-and-error cost of new customers. The continuous investment in algorithmic engines and dynamic creatives have also formed an effective moat and enhanced the trust of customers in us. The retention rate of enterprise customers(2) held strong at 91.5%, and the company generated net cash flow from operating activities of US$42.48 million throughout the year.

If the corporate fundamentals and industry performance have improved over last year, why is the stock price languishing after a few volatile swings? Benjamin Graham described the stock market as a "voting machine" in the short run and a "weighing meter" in the long run. Obviously, there were many changes in the macro environment in 2021, which made the market experience a hot first half of the year and a much cooler second half. Although we have used the operating data of the first two quarters to confirm that we have overcome the negative impact of last year's public opinion events, the market still needs more time to weigh and measure whether our rapid growth is sustainable and is more focused on operating expenses and shareholder returns in an uncertain environment.

Our cloud server costs, marketing, and R&D expenses have all increased significantly this year. Excluding the impact of asset acquisitions, the increase in operating expenses is mainly due to a few factors: Mintegral doubled the number of ad requests processed per day, we have funded additional promotions to support the expansion of Greater China and new categories, and lastly have increased our investment into growing our team of data science and cloud architects. These investments have brought considerable revenue growth this year and boosted the market power of Mobvista, but it is still difficult to deliver shareholder returns in the short term.

(1) Customers that contributed more than US$100,000 in revenue of the Mintegral platform in the past trailing 12 months.

(2) The ratio of customers who contributed more than US$100,000 in revenue of the Mintegral platform in the trailing 12 months ended 31 December 2020 are still active in the trailing 12 months ended 31 December 2021.

Although it will take time, we will have sufficient data to prove that Mobvista is a unique asset at this watershed moment of Chinese companies going overseas: we have a comprehensive global platform, industry-leading technology, a diversified team with deep international experience, technology and team, a large-scale moat, and the advantage of knowing China better than our overseas competitors. We have set an exciting annual revenue target for 2022, but also made it clear that to improve profitability, the team must use limited resources to charge toward the high growth revenue target and generate stable operating cash flow. Thank you to our customers and shareholders who have always trusted us, and we look forward to telling you about our progress next year!

Regards,

Cao Xiaohuan
Co-founder and Chief Executive Officer

BUSINESS REVIEW

I. Company Overview

1. Company profile

We are a technology service company based on the global mobile Internet ecosystem, committed to providing customers with marketing technology services and cloud computing technology services needed for business expansion, so that they can focus on the development and iteration of mobile applications.

Through our SaaS tooling matrix, mobile application developers can easily, quickly and efficiently implement full spectrum marketing activities, and optimize big data computing efficiency and cloud computing resource cost, thereby improving their marketing effectiveness and working efficiency.

2. Business Modules

Currently, our SaaS tooling matrix includes two major categories: marketing technology software tools and cloud computing tools.

Among them, marketing technology software tools mainly include advertising technology platforms (Mintegral and Nativex) serving advertising transactions, data analytics tools (GameAnalytics), etc.; cloud computing tools mainly include SaaS tools (SpotMax) that help customers optimize cloud computing resource cost.

2.1. Marketing technology business

2.1.1. Advertising technology business

At present, our advertising technology business is mainly divided into Mintegral platform and Nativex business. Among these, the Mintegral platform is our core platform.

Our customers are primarily mobile application developers.

1) Mintegral platform

The Mintegral platform is a programmatic advertising technology platform that integrates a large number of fragmented mobile programmatic traffic. Through an integrated and large-scale programmatic advertising technology platform, it provides customers with user growth and traffic monetization services that reach all channels and global mobile devices.

<u>Technology Application</u>

The platform uses a cloud-native architecture, and the allocation of traffic and budget is driven and optimized by artificial intelligence ("**AI**") algorithms. At present, we maintain a large-scale computing cluster with more than 5,000 core CPUs on the cloud, and perform offline algorithm model training and online inference estimation 7x24 hours.

At each advertisement request, the Group's self-developed MindAlpha intelligent inference engine will be used in real time to estimate the advertisement candidate sequence, select and push the most suitable advertisement to the requesting terminal. The whole process does not exceed 10 milliseconds. Since Mintegral platform upgraded its deep neural network DNN model and dynamic creativity optimization algorithm at the end of the second quarter in 2020, MindAlpha has processed more than 10PB of data per day, used more than 10 billion model feature parameters, and used more than 10 trillion online inferences.

At present, the Mintegral platform has the full-stack capability of every node in the programmatic advertising transaction link, processing over 200 billion daily advertising requests, and continuously self-training and iterating as the data accumulates.

Furthermore, in order to solve the problems of "how to meet the requirements of real-time prediction and personalized recommendation with ultra-low latency" and "how to meet the requirements of ultra-large-scale computing and analysis in a very cost-effective way", we abstracted between the application and the cloud a layer of elastic resource management service, SpotMax, which helps the Mintegral platform build an efficient cloud-native architecture. In the face of deep learning algorithms that further increase the algorithm complexity of the Mintegral platform, we saved 65% of the unit processing cost through our optimized scheduling of the Spot instance.

The cooperation of SpotMax and Big data computing engine EnginePlus makes Mintegral a global technology-leading advertising technology platform.

Customer Distribution

From the perspective of customer region distribution, Mintegral's customers are located in Europe, Middle East and Africa ("**EMEA**"), China, Asia-Pacific (including Australia, New Zealand and other major Asian countries excluding China), Americas and other regions, distributed in 107 countries and regions around the world;

From the perspective of the number of customers, during the Reporting Period, China had the largest number of customers, accounting for 47.31% of the total, followed by the main Asia-Pacific region, accounting for 25.45% of the total, while the number of customers in major regions of EMEA, major regions of the Americas and other regions accounted for 17.24%, 5.19% and 4.81% of the total number of customers respectively;

From the perspective of cumulative impressions, during the Reporting Period, the cumulative impressions brought by Mintegral platform to customers in the main regions of EMEA accounted for the highest proportion, accounting for 31.77% of the total; secondly, the cumulative impressions brought to customers in the main Asia-Pacific region accounted for 28.19% of the total; besides, the cumulative impression brought to customers in China, main Americas, and other regions accounted for 27.05%,7.78% and 5.21% respectively;

From the perspective of customer types, during the Reporting Period, Mintegral's main customers were casual game customers, whose revenue accounted for 65.6% of Mintegral platform revenue. In addition, the Group is actively expanding customers of hardcore games, e-commerce and other categories.

Traffic Distribution

From a traffic region distribution perspective, the traffic reached by the Mintegral platform is spread across EMEA, China, Asia-Pacific (including Australia, New Zealand and other major Asian countries excluding China), the Americas and other regions, distributed in 247 countries and regions around the world, and primarily distributed outside of China in Overseas regions;

From the perspective of the cumulative number of devices reached, during the Reporting Period, 93.95% were from overseas regions outside of China and 6.05% were from China; from the perspective of accumulated impressions, 91.35% were from overseas regions outside of China, and 8.65% were from China;

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

Business model

From the perspective of revenue, we charge customers performance-based advertising fees, that is, fees based on marketing and promotion performance. Generally, the performance is evaluated based on the number of users we acquire for each customer (the number of the mobile applications downloaded or installed by users).

From a cost perspective, we purchase advertising inventory from traffic publishers to display customer advertisements, and the fee is usually settled with traffic publishers by the number of impressions (i.e., CPM settlement method). Before the purchased advertising inventory actually displays the customer's advertisement, we do not control the inventory, nor do we have the substantive ability to directly use it. We do not assume inventory risk of advertising.

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

From the perspective of gross profit, our gross profit depends on the effectiveness of advertising conversion, that is, although we do not assume inventory risk of advertising, we assume the risk of effectively converting ad impressions to users for our customers. Therefore, the strength of the algorithm and the platform expansion strategy will have an impact on the platform's gross profit.

For example, when the platform adopts an expansion strategy in a certain category, in order to accelerate the platform's scaled expansion, the platform will purchase traffic within the range of the conversion rate that is required during the development period (generally, lower than the conversion rate in the mature period), in order to improve the aggregation of traffic and the efficiency of the advertising algorithm. Therefore, during this period in the specific category the gross profit is relatively low, and may have an impact on the overall gross profit of the platform. After reaching a certain scale in this segment, the platform will gradually increase the requirements of the conversion rate of purchasing advertising inventory, so that the gross profit of the specific category and the overall gross profit of the platform will return to the stable range of the mature period.

Non-advertising agency/intermediary

In Mintegral's business, we are not an advertising agency, and we are neither involved in obtaining media publishers' revenue rebates from the sale of advertising inventory of the third party nor obtaining incentives from media publishers based on the sales amount. Therefore, we are not able to provide our customers with rebates or discounts.

Settlement method

Generally, we fulfill our obligations in accordance with the annual framework agreement signed with the customer, and settle based on the actual advertising performance of the platform. In many cases, actual settlement amount may exceed the initial budget amount agreed in the contract. Therefore, the platform revenue recognized in a given period is an important indicator of customer's satisfaction and platform advertising performance.

In addition, we generally issue invoices to customers based on the actual advertising performance in the month following the fulfillment of our obligations, and customers pay within 30–45 days after sight. Some customers with good credit may be given a term of up to 60 days after the receipt of the invoice.

Research and development team

Our R&D team is composed of related personnel specializing in data science, algorithms, engineering architecture and cloud computing. The team members are mainly doctors and masters graduating 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 rich experience in related fields.

At present, we have established a top R&D team in the industry, led by data scientists, AI algorithm experts, engineering architects, and cloud computing experts with work experience from Amazon, Alibaba, Baidu and other leading technology companies. In addition, our R&D personnel are mainly located in the Beijing office.

Marketing

We use a variety of methods to establish contact with potential customers, such as content marketing, email marketing, offline events, etc. At the same time, we participate in or sponsor regional, national and global exhibitions, including ChinaJoy, etc., in order to attract customers and potential customers, promote our business and increase brand awareness. Our sales team cooperates with the marketing department to actively expand potential customers found in the marketing campaign and attract them.

In marketing, we focus on enhancing the attractiveness to customers through the value provided, rather than exploring new customers or maintaining a good relationship with customers through operational sales. Therefore, the size of our sales team is relatively small.

Scale-up and leveraged management model

Our business model aligns our growth of revenue with increases in business growth for our customers. The platform's traffic scale, customer scale, and endogenous algorithm capabilities continue to grow together.

With the expansion of aggregated scale of fragmented traffic sources, and the machine learning algorithms that self-iterate and improve continuously, the Mintegral platform continues to improve the efficiency of distribution and monetization, helping customers achieve user growth and optimize the economic effectiveness of customers' marketing investment. As customers continuously generate greater revenue through our platform, they further cooperate with the platform, maintaining customer stickiness (customer retention) and increase the amount of budget spent on the platform (reflected by average revenue per customer ("**ARPU**") or dollar-based net expansion rate).

At the same time, as the total revenue and the revenue of a single customer increases, the customer's lifetime value ("**LTV**") increases, and the platform's R&D and sales expenses diminish marginally, creating strong operating leverage for the platform. In the long run, when the platform reaches a certain scale, the rapid growth of platform revenue and operating leverage will continuously improve the profitability of the platform.

Competitive landscape

Mintegral is part of a fragmented mobile application ecosystem, which is composed of companies of different sizes and business positioning, including both large companies and private companies. Mintegral primarily competes with advertising technology platforms or advertising networks, such as Google AdMob, Pangle (Pangle ad network of ByteDance), Facebook Audience Network, Unity Software, AppLovin, IronSource, Digital Turbine, Vungle and others.

At present, the entire market is developing rapidly and there are many participants. However, the scale and technical advantages of the more mature platforms are strengthened and demonstrated, and at the same time, the integration and the completeness of their advertising technology solutions can provide customers with increasing value. A trend of integration has begun to appear in the industry.

Competitive/cooperative relationship with top media publishers

From the perspective of advertising, customers may advertise through medium and long tail traffic that the advertising network platforms of top media aggregate (not top media publisher's traffic). In order to increase the return on investment ("**ROI**") of their budgets, they usually choose several advertising networks or ad technology platforms for advertising, and allocate budgets based on actual advertising performance. Third-party independent advertising technology platforms rely on their vertical and regional advantages and specific traffic segments to attract customers through high-quality advertising performance, which may have a competitive relationship with the advertising network platforms of the top media that aggregate medium and long tail traffic (not top media publisher's traffic).

From a traffic perspective, customers usually pay attention to the actual advertising performance of different media traffic sources and the ROI of the investment budget, rather than the media traffic itself. Mintegral platform not only aggregates medium and long-tail traffic. Currently, it also further participates in real-time bidding for programmatic top media traffic sources. It does not have a strong competitive relationship with top media traffic sources, but has a certain cooperative relationship.

Competitive advantages

From a traffic perspective, the Mintegral platform has specific vertical advantages and aggregated traffic resource advantages. The developers of vertical categories are both our advertisers and traffic suppliers. The advertisers and traffic naturally form an accurate match, and the platform has completed the coverage of most of the top developers in vertical categories. On the one hand, this helps the platform to establish differentiated competitiveness for vertical categories, allowing us to have a more detailed and thorough understanding of the customer needs and ecology of vertical categories; on the other hand, this structural matching advantage enables us to help developers efficiently complete customer acquisition and monetization, thus forming our competitive barriers.

From an algorithm perspective, we have laid out the user interest modeling algorithm under de-IDFA conditions very early. Different from the technology commonly used in the industry that completely relies on IDFA to obtain long-term interest portraits of users, we focus on the behavioral interest modeling technology that does not violate users' privacy. In the characterization of users, we have innovated along two dimensions: first, stronger real-time user interest modeling based on contextual information acquisition, in order to obtain users' timely interest preferences. From our and the industry's practice, the more real-time, the more effective; second, richer clustering modeling of user interests. As the behavior data of any single user is extremely sparse, which brings great trouble to the characterization of user interest. We have built the hyperscale graph model technology covering billions of users, which is able to cluster together users with similar interest patterns in the data and extract common, more robust and denser clusters of interest. This not only helps protect the privacy of a single user, but also greatly enhances the learning ability of the machine learning model. In addition to the interest modeling technology, we have further added dynamic creative optimization technology to the algorithm, which can achieve the creative display of which meets the needs of different people according to the user's behavior preference, which greatly improves the user's interactive behavior. In addition, we are trying to introduce reinforcement learning technology into the real-time bidding process of advertisements, so that the bidding agent can perceive the changes more intelligently in the bidding market, and help us adjust the bidding strategy more dynamically, so as to makes the conversion relationship between revenue and profit more controllable. Therefore, the Mintegral platform has strong algorithmic advantages.

From the perspective of cost, in addition to the large-scale use of machine learning technology for the algorithm, Mintegral has further upgraded the use of cloud servers intelligently. Recently, we are actively deploying personalized computing power technology, that is, using machine learning technology to model the traffic value in the entire computing process, forming a differentiated classification, different traffic matching different algorithm strategies, different strategies matching different computing power. For example, we use a more complex model and more expensive but more powerful GPUs for high-value traffic, while using a degenerate model that can run on low-spec CPUs for low-value traffic. This maximizes the cost-effectiveness of each computing power, thereby helping us achieve joint optimization of revenue, cost, and profit.

From the perspective of positioning, the Mintegral platform, as an independent third-party advertising technology platform, has strengths in openness and transparency, and therefore can better protect the interests of both advertisers and traffic publishers;

From the perspective of the customer relationship, the Group adheres to the strategy of neutrality and tool matrix, does not have first-party content business, and therefore does not compete with our customers.

2) Nativex

Nativex is a comprehensive marketing business. It has a programmatic marketing software platform business linked to top media sources, top media agency, and a non-programmatic advertising business.

i. A marketing software platform that aggregates top media publishers

By providing a self-service marketing software platform, the platform enables our customers to independently plan, manage, monitor, and analyze marketing activities, conduct data-driven mobile advertising more efficiently, and obtain clear and real-time data analysis. This empowers our customers to optimize their marketing activity.

In addition, the platform integrates and will further integrate access to other complementary marketing services, such as our customer data platform (CDP), data management platform (DMP), advertising creativity intelligent analysis platform, advertising performance monitoring platform, advertising anti-fraud tools, etc., thereby further simplifying and optimizing customer marketing activities.

At present, the platform has aggregated a lot of top media platforms, such as Google, Meta, Apple Search Ads, Snapchat, Tencent social advertising, ByteDance Ocean Engine, etc. In the future, other top media platforms will be further aggregated.

Business model

Regarding the business income generated by customers from advertising and marketing activities through this platform, our obligation is to provide customers with the right to use our marketing software. Therefore, we recognize revenue through a certain percentage based on the ad spend the customer manages through the platform.

During the Reporting Period, the platform is still in the preliminary preparation stage, and its contribution to revenue is relatively small.

ii. Non-programmatic advertising business

Non-programmatic marketing business includes top media agency business, and traditional non-programmatic advertising business.

Among them, traditional non-programmatic advertising business provides customers with non-programmatic advertising services across various non-programmatic mobile media channels and adopts flexible solutions to meet the different needs of different customers.

During the Reporting Period, the Group took the initiative to reduce the top media agency business, and decided to withdraw from this business in November 2021 to further focus on the Group's strategies. As of the date of this annual result announcement, we have completed the divestiture of the top media agency business. Only traditional non- programmatic advertising businesses with stable profits and good cash flow are included in the non-programmatic advertising business.

2.1.2. *Other marketing business*

2.1.2.1. GameAnalytics ("**GA**")

GameAnalytics ("**GA**") is our SaaS based in-app data statistical analysis tool. At present, the platform is one of the world's largest casual and hyper-casual game data statistical analysis platforms.

GA can provide game developers with in-depth analysis and insights about their products, enabling them to understand business operations in real time, track key in-app performance indicators, and improve user engagement.

Based on the collection of proprietary data in related game fields and the industry insights provided, we launched the industry data analysis premium solution GameIntel, which aims to provide developers with more detailed data analysis and industry comparison information, so that they can gain real-time insights into the competitiveness of their games, understand the potential market status, and glean opportunities into their segment of the gaming market.

Target customers

The main customers of this product are game developers and top media publishers with game advertising needs.

Business model

From the perspective of revenue, the product charges monthly subscription fees based on automation features and data analysis dimensions. Subscription fees range from US$350 to US$3,000 per month. From a cost perspective, we are responsible for ensuring the accessibility and stability of the platform, as well as paying server costs to external cloud server vendors.

Development strategy and process

At present, GA is still at the stage of product development and iteration. During the Reporting Period, accelerated market expansion and cross-selling products with other business customers of the Group are not the main strategies.

2.1.2.2. Reyun Data

Reyun Data is a third-party platform that focuses on the monitoring of mobile advertising delivery and data analysis. It takes mobile advertising monitoring as the entry point and further focuses on data collection and mining, so as to help customers conduct advertising data analysis, material intelligent analysis etc., to optimize customer marketing activities.

<u>Business model</u>

The main products of Reyun Data are SaaS products, that is, cloud hosting softwares. The two charging methods mainly include pay-by-use and subscription.

Among them, the mobile performance monitoring tool and user management tool will charge customers according to the usage. They usually sign a usage agreement in advance and use the service according to the usage agreed in the agreement. In addition, because customers have flexibility in usage, in many cases they can exceed their contracted usage or beyond the original contract term. If customers wish to increase their usage, they will usually upgrade their protocol to a higher level.

The material intelligence analysis tool is charged on an annual subscription basis. During the term of the contract, as time goes by, Reyun Data will gradually recognize revenue on a pro-rata basis. The goods or services transfers to the customer are not conditioned on anything other than time.

2.2. *Cloud computing technology business*

2.2.1. *Cloud computing resource cost optimization tool*

SpotMax is a SaaS tool for cloud computing resource cost optimization. Utilizing the flexibility and features of the public cloud, the system can help customers, that is, public cloud computing resource purchasers, greatly optimize the purchase cost of cloud computing resources while ensuring the stability of their business systems. Generally, we can help customers save 60– 70% of elastic cloud computing resource costs.

Development background

SpotMax was developed under the circumstances of high computing power demand and high cost of cloud computing resources in the Group's advertising technology business. It helped Mintegral build an efficient cloud-native architecture and achieved 65% savings in unit processing costs through optimized scheduling of Spot instances. The complexity and scale of the Group's advertising technology scenarios provide a large number of real-time business scenarios for the training of the SpotMax model, speeding up its iteration and strengthening its adaptability.

Operation mechanism

Generally, there are three methods for elastic cloud computing resources: on-demand instances, reserved instances and Spot instances. Among them, Spot instances are by far the cheapest instance type among elastic cloud computing resources, and the price of Spot instance is generally 10–20% of the price of an on-demand instance. However, when companies use Spot instances, they must be prepared to deal with interruptions, especially during peak cloud resource usage periods when the demand for instances increases sharply because Spot instances may be interrupted. Therefore, at present, most companies have a relatively limited proportion of Spot instances use.

SpotMax is a basic service based on cloud and cloud native best practices. Through statistics of historical data of past interruptions and real-time analysis of the current supply and demand of cloud computing resources in the market, it predicts unstable Spot instances, replaces Spot instances in advance, and ensures continuous availability of workloads thereby solving the system chaos and service interruption that may be caused by companies purchasing Spot instances.

Target customers

This platform's customers mainly include Internet businesses that require more elastic cloud computing resources, and other businesses that want to optimize procurement costs and efficiency in the process of deployment on the cloud or using cloud computing resources. Generally, the platform has no specific usage restrictions on customers' scenarios.

Business model

We charge fees based on the number of cloud computing resources (i.e. virtual CPUs (vCPUs)) managed by customers through the platform. Because customers have a certain degree of flexibility in the consumption of cloud computing resources, we usually recognize revenue based on the number of computing resources managed, rather than the traditional way of software subscription. In addition, the software is non-customized software and can be applied to many scenarios.

Cooperation/competitive relationship with cloud vendors

The core value of SpotMax lies in the use of cloud resources rather than cloud, that is, the product itself does not directly provide corresponding cloud services, but it performs more efficient operation and maintenance optimization SaaS services based on the services provided by cloud vendors and other IaaS vendors. Therefore, we have a non-competitive relationship with cloud vendors.

Furthermore, SpotMax can effectively assist IaaS vendors (cloud vendors), to sell their Spot instances (their idle servers) more efficiently, thereby increasing revenue for cloud vendors.

Non cloud vendor sales agency

Our obligation to fulfill is to provide customers with the right to use the software so that customers can optimize and manage the cloud computing resources purchased from cloud vendors. Before the cloud computing resources are transferred to our customers, we do not control the cloud computing resources, because we do not have the substantive ability to directly use the cloud computing resources, and we have not obtained any substantial remaining benefits from the cloud computing resources. We are not directly responsible for the sales of cloud computing resources, and there is no inventory risk of cloud computing resources, so we are not a sales agency for cloud vendors.

Operating model

The business will benefit from strong network effects. With the expansion of customers and since more and more customers manage their cloud computing resource purchases through this platform, the value of our platform will continue to increase. The operation and maintenance cost of the platform is relatively low, and as the scale of the platform expands, a strong operating leverage effect will be generated.

Competitive advantages

Compared with cloud vendors, our biggest advantage is neutrality. Considering data security, multi-cloud deployment is currently the choice of many enterprises. Under multi-cloud deployment mode, third-party independent platform can provide effective services in cross-cloud mode, that is, neutrality, which is an important competitive advantage of SpotMax.

Compared with general technology companies, our large-scale and highly iterative advertising technology business provides scenarios for the training of the platform model to ensure the real-time effectiveness of the platform.

Promotion strategy and process

At present, the business is still at the early stage of commercialization. We sell through our direct sales team and the cloud store of our partner cloud vendors, and focus on the expansion of benchmark customers in various fields. In the future, we hope to serve companies in all kinds of scenarios in many industries around the world.

3. Integrated business model

Our core is the advertising technology platform, which helps mobile application developers attract more mobile users and monetize their traffic to achieve their business growth.

Using this scenario as an entry point, we continue to expand marketing technology ("**MarTech**") products through understanding the needs of customers through their full-stack marketing activities to effectively establish cross-selling and up-selling of products, thereby increasing customer stickiness and increasing ARPU.

In addition, our powerful cloud computing central platforms (such as cloud computing resource optimization platform SpotMax and big data computing engine EnginePlus) support the development of our MarTech business, and has become the second growth curve of the Group's business development through productization and commercialization.

In the long run, the strategic flywheel formed by the construction of the SaaS tool matrix will promote the growth of our business and strengthen our competitive advantage. As more and more mobile application developers use our SaaS tools to analyze, promote, and monetize their mobile applications, we have further expanded the scale of the platform. In addition, as we deepen our understanding of the needs of mobile application developers, we continue to iterate and develop new products to further improve the tool matrix. The continuous acceleration of the flywheel consistently strengthens our platform effect, and the allocation ratio ("**take-rate**") of the customer's marketing budget and cloud operation and maintenance budget continues to increase, thereby promoting the sustainable growth of the Group's revenue.

II. Industry Overview

According to Statista's data, the mobile application market has become a highly fragmented market; as of December 2021, there are more than 2.61 million applications in the Google Play Store and as of the end of the first quarter of 2021, 2.23 million applications in the Apple App Store. As of the end of the first quarter of 2021, the two app stores have more than 800 thousand games available for mobile Internet users to choose from.

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

1. Mobile Internet MarTech Industry

According to the report *MarTech in 2021/2022* jointly issued by MarTech Alliance and Moore Kingston Smith in October 2021, the global Marketing technology market size in 2021 is estimated to be US$344.8 billion.

1.1. The development of the data-driven MarTech industry has become a trend. The complexity of online marketing has increased the demand for data-driven MarTech products. The fragmented ecosystem and the continuous increase of data and analysis dimensions involved have created a situation where MarTech tools can quickly realize cost-effective decision-making and reach relevant users. Customers can then optimize advertising strategies based on the feedback of successive impressions, thereby achieving even more effective advertising over time;

1.2. The development of the mobile Internet ecosystem drives the development of the MarTech industry and promotes the continuous improvement of marketing budgets. With the advancement of the digitalization trend of the mobile Internet, business and media continue to shift to the mobile Internet side. At the same time, with the outbreak of COVID-19, users use the mobile Internet more frequently and are forming long-term usage behaviors. This change requires the marketing budget to follow users and further accelerates the shift to the mobile Internet. We believe that with the development of mobile Internet commerce and user scale, customers will transfer more marketing expenditures to mobile digital media, which will lead to an increase in the budget of related marketing services and promote the continuous improvement of the overall digital marketing budget.

1.3. The value chain of the global marketing technology industry has changed. The marketing technology industry chain includes six parts: narrowly defined marketing technology/advertising technology, marketing data analysis, media agency procurement, content generation, traditional creative conception and adaptation. The proportion of each part in the industry's profit pool has changed as follows:

1.3.1 The proportion of advertising technology tools has risen sharply. With the increasing complexity of the AdTech industry/narrowly defined MarTech industry, the development of artificial intelligence technology and the pressure to measure return on investment have promoted the development of the industry and its proportion in the overall industry profit pool has continued to increase;

1.3.2 Marketing analysis tools are essential to ensure the effective allocation of marketing budget expenditures, and their proportion has increased. Especially when cookies or similar device identifiers disappear, marketing analysis tools play an important role in the effective allocation of marketing budget expenditures. Related mobile marketing effectiveness monitoring tools and follow-up user group behavior tracking and cohort analysis reports can help customers effectively test and optimize marketing plan, so their share in the industry's profit pool has increased;

1.3.3 The proportion of media agency procurement has gradually declined. With the growth of programmatic traffic purchasing and the growth of localized marketing platforms, the market share of advertising agencies is gradually declining, and profit margins are under pressure;

1.3.4 The proportion of programmatic content generation has increased. With the growth of users' digital touch points and the strengthening of the personalized needs of online users, and the surge of demand for modular digital content originality and automated post-production, the proportion of programmatic content generation has increased;

1.3.5 The proportion of traditional content generation industry has declined. Changes in marketing channels and marketing models have led to the decrease of market's dependence on traditional content generation intermediaries.

1.4. The personalized needs of online users and the decentralization trend of the mobile Internet industry have further strengthened the fragmentation trend and competition within the mobile Internet ecosystem. With mobile Internet commerce booming and the strengthening of users' personalized needs, the diversification and decentralization of the mobile Internet ecosystem will become the norm. In addition, the trend of differentiation of the mobile Internet space in various countries and regions continues, which further intensifies the trend of ecosystem fragmentation and competition. Therefore, the cross-regional and cross-scenario traffic aggregation and analysis capabilities of the marketing platform are key factors in providing value to customers.

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

1.6. Mobile game purchases have become one of the largest and fastest-growing sectors, and the demand for data analysis continues to grow. According to the data published by Sensor Tower, mobile games account for 39% of global app downloads and 72% of total Apple App store user consumption. With the rapid development and iteration of the mobile game market, the mobile game purchasing budget has become one of the largest and fastest growing areas in the mobile Internet advertising industry.

In addition, due to the highly iterative nature of casual and hyper-casual games in the mobile game field, such developers need to focus more on the development and iteration of games, as well as the improvement of the gaming experience. Based on this, the demand for clear, multi-dimensional statistical analysis products that incorporate comprehensive industry data is also growing rapidly, so that game developers can focus on game development and increase user engagement in their games.

2. Cloud Computing Industry

Digital transformation is becoming the norm for enterprise development, and public cloud empowers enterprises in digital transformation with its scalability and feasibility advantages.

2.1. The proliferation of connected devices, applications, and social media has led to explosive growth in the amount of network data. Cloud computing and data storage and processing are becoming key requirements for enterprises. According to IDC's March 2021 report *Global Data Forecast 2021–2025*, the total amount of global data in 2021 is 79ZB, and it is expected to reach 181ZB in 2025, with a compound growth rate of 23%. The growth of these data means that the demand for cloud computing and data storage will grow rapidly.

2.2. Under the wave of digitalization, global public cloud spending has increased rapidly. According to Gartner statistics, global public cloud service end-user expenditures increased by 23.1% from 2020 to US$332.3 billion in 2021. By 2022, this figure may reach US$397.5 billion, with a compound annual growth rate of 21% since 2020.

However, unoptimized use of cloud resources and purchase methods lead to high cost of cloud systems, hindering enterprises' adoption of public clouds. According to Flexera's *State of the Cloud Report 2021*, surveyed companies estimate that 30% of their cloud spending is wasted, and 61% of them are planning to reduce cloud computing costs.

2.3. For data security considerations, multi-cloud deployment is currently the choice of many enterprises. According to Flexera's *State of the Cloud Report 2021*, 92% of enterprises adopt a multi-cloud strategy and 82% use a hybrid cloud.

In the long run, the advancement of cloud computing resource optimization technology will become a key point driving the faster development of the public cloud computing market.

III. Financial performance

— During the Reporting Period, the Group's revenue has increased by 46.4% on a YoY basis to US$755.4 million (corresponding period in 2020: US$516.1 million);

— During the Reporting Period, the Group accelerated its transformation to a programmatic business centered around the Mintegral platform, reducing and gradually withdrawing from top media agency business, leading to a decrease in Nativex business revenue by 15.3% on a YoY basis to US$177.6 million (corresponding period in 2020: US$209.6 million);

— During the Reporting Period, the Group's Mintegral platform business recovered and grew strongly, achieving business revenue US$575.1 million, an increase of 88.0% on a YoY basis (corresponding period of 2020: US$305.8 million);

— During the Reporting Period, the Group actively promoted the restoration of business relationships with Mintegral's customers and traffic-side publishers, consolidated the financial results of Reyun Data into the consolidated financial statements of the Group and focused on expanding new vertical categories of Mintegral's advertising business, laying the foundation for the long-term rapid growth of the platform's transaction scale. resulting in an increase in sales expenses of 178.0% to US$47.1 million during the Reporting Period (corresponding period of 2020: US$17.0 million);

— During the Reporting Period, non-IFRS measures adjusted EBITDA was profit of US$23.5 million (corresponding period in 2020: profit of US$21.5 million); in the first half of 2021, non-IFRS measures adjusted EBITDA was profit of US$2.2 million; in the second half of 2021, non-IFRS measures adjusted EBITDA was profit of US$21.3 million.

IV. Business Review

1. Accelerate the transformation towards programmatic business with Mintegral as the core, and the top media agency business of Nativex continues to be reduced, which occupies operating capital and has limited profit growth potential.

At present, the mobile advertising industry continues to transform from non-programmatic to programmatic, and the trend of decentralization and fragmentation of the mobile Internet ecosystem is becoming more and more obvious. Therefore, the Group's advertising technology business is accelerating the transformation to a programmatic business centered around Mintegral.

At the same time, for the top media agency business of Nativex, due to its limited development potential space and the occupation of the platform's operating capital, it cannot form a good synergy with the Company's strategic core business. During the reporting period, the Group took the initiative to adopt the retrenchment strategy and gradually reduce related resource input. In November 2021, the Group signed a business restructuring agreement and decided to sell the top media agency business to the connected companies of the controlling shareholder. Details of the relevant transaction are set out in the section headed "Management Analysis and Discussion". At present, the top media agency business restructuring transaction has been completed. After the divestiture of the top media agency business, Nativex will focus more on the marketing software platform business that aggregates top medias, and the traditional non-programmed advertising business with stable profits and better cash flow.

During the Reporting Period, Mintegral's business revenue increased by 88.0% on a YoY basis to US$575.1 million, and its proportion of advertising technology business revenue increased from 59.3% in 2020 to 76.4%; Nativex's business revenue fell by 15.3% on a YoY basis to US$177.6 million.

2. Mintegral's business has recovered strongly, and customers and traffic continue to grow

2.1. Mintegral's business is growing strongly, and the platform effect is continuously strengthened

During the Reporting Period, the Group actively promoted the restoration and development of business partnerships with Mintegral's customers and traffic-side publishers, and continued to attract new customers and traffic publishers. The platform effect continued to strengthen and business growth was strong. The platform is expected to achieve a transaction scale of US$200 million at the first quarter of 2022.

2.2. While continuously optimizing the algorithm, Mintegral strengthened the control of the computing power cost

With the continuous enhancement of the competitiveness of Mintegral algorithm and the continuous expansion of business scale, the corresponding computing power cost is also increasing. In addition to the large-scale use of machine learning technology for the algorithm, Mintegral has further upgraded the use of cloud servers intelligently. Recently, we are actively deploying personalized computing power technology, that is, using machine learning technology to model the traffic value in the entire computing process, forming a differentiated classification, different traffic matching different algorithm strategies, different strategies matching different computing power. For example, we use a more complex model and more expensive but more powerful GPUs for high-value traffic, while using a degenerate model that can run on low-spec CPUs for low-value traffic. This maximizes the cost-effectiveness of each computing power, thereby helping us achieve joint optimization of revenue, cost, and profit.

2.3. The IDFA authority change was officially implemented, and Mintegral's business proved to be resilient

iOS 14.5 has been officially released in late April 2021. As of 31 December 2021, 48.1% of iOS system devices cannot track IDFA, which has an increase of 19.8 pct[1] from the 28.3% of devices that cannot track IDFA in April 2021.

(1) Increased percentage of iOS system devices that we cannot track IDFA = the percentage of iOS system devices that we cannot track IDFA in December (48.1%)-the percentage of iOS system devices that we cannot track IDFA in April (28.3%)

Different from the technology commonly used in the industry that completely relies on IDFA to obtain long-term interest portraits of users, we focus on the behavioral interest modeling technology that does not violate users' privacy, and further add dynamic creative optimization technology to the algorithm to achieve the creative display which meets the needs of different people according to the user's behavior preference, which makes us less affected by IDFA.

From the revenue perspective, the quarterly transaction scale of Mintegral platform continued to grow, maintaining a good growth trend. Therefore, we believe that this policy has neither exerted nor will have a substantial impact on our business.

2.4. Mintegral maintains high customer retention, and both customers and traffic are growing rapidly

Our customers of designated scale (see definition below) have contributed significantly to the growth of our business. The revenue growth of each customer of designated scale has improved average revenue per customer and business visibility, strengthened our operating leverage, and effectively improved our reputation in industry.

In order to measure the increase of customers' revenue scale and our ability to attract scaled enterprises, we calculated the number of customers who contributed more than US$100,000 in revenue in the past 12 months as of the end of the Reporting Period (31 December 2021) which was 267 in total and contributed 97.7% of the total revenue of the Mintegral platform; in addition, the retention rate of the customers who contributed more than US$100,000 in the past 12 months as of the end of the previous Reporting Period (31 December 2020), was 91.5% in the current period, the dollar-based net expansion rate was 184.9%.

At the end of the Reporting Period, Mintegral platform cooperated with 5,854 traffic publishers, gaining 715 new traffic publishers, an increase of 14.1%, compared with that of the end of 2020; at the same time, the number of mobile traffic publishers that we are still cooperating with is 57,745, increasing by 18,098 from the end of 2020, an increase of 45.6%.

3. Acquisition of Reyun Data, expanding from advertising technology business to a full-spectrum marketing technology business

3.1. Expansion from a single advertising technology to a full-spectrum marketing technology

From the beginning of our establishment, we have focused on effectively expanding the user base and increasing revenue for our customers through the advertising technology platforms Nativex and Mintegral. In the process of empowering developers to grow and monetize, through the accumulation of a large amount of data, we gradually gain insight into the needs and pain points of developers. Therefore, our management team has discovered a bigger market opportunity: developing full-stack MarTech products, using data, analysis and other tools to help customers relate their customer profitability to user growth, user data analytics and user management, and creating a sustainable growth cycle, so that they can further reinvest in user growth after their revenue increases, effectively improving their ultimate profitability.

All along, we were committed to building a complete marketing technology tool matrix so that customers can complete the entire pre, mid and post-marketing activities including marketing planning, business growth, traffic monetization, user analysis, creative and content management, advertising traffic monitoring and attribution and etc.

3.2. Acquisition of Reyun Data and accelerated team integration to further improve the establishment of the Group's SaaS tool matrix.

In April 2021, the Group announced that it intended to acquire all the shares of Beijing Reyun Technology Co., Ltd. ("**Reyun Data**"), an industry-leading mobile advertising performance monitoring and data analysis platform.

In the second half year of 2021, the acquisition of approximately 52.13% of the equity held by the founder team of Reyun Data and approximately 2.33% of the equity held by some financial investors was completed, and Reyun Data became an indirect non-wholly-owned subsidiary of the Group.

The Group will continue to push forward the acquisition of the remaining shares of Reyun Data. With the acquisition of Reyun Data, the Group will further improve the matrix of marketing technology tools, and deploy other marketing technology businesses such as mobile advertising performance monitoring and user data management tools.

Note: During the Reporting Period, the Group also acquired another SaaS company (HIO) together with the acquisition of Reyun Data and total consideration is approximately RMB713,038,445.36.

4. **The data statistical analysis business continues to expand, and the synergies with the advertising technology business continue to strengthen.**

During the Reporting Period, GA achieved revenue of US$886 thousand dollars as a whole.

In terms of platform coverage, the number of GA's game developers partner is 179,000, with an increase of 33.6% compared to the first half of 2021. The number of monthly active users (MAU) covered reached 2.3 billion. The wide coverage and high granularity of GA's data makes its data analytics service deeply trusted by game developers.

In terms of synergies, the synergies between the GA and Mintegral platforms continue, and the Group's tool matrix model is further strengthened.

During the Reporting Period, among GA customers, there were 1,319 game developers with MAU greater than 100,000, of which 82 were Mintegral customers, contributing 33.2% of the Mintegral platform's revenue.

In addition, as of the end of the Reporting Period, among the customers who spent more than US$100,000 on the Mintegral platform for the trailing twelve months, 42 used GA services, that is, 15.7% of customers who spent more than US$100,000 for the trailing twelve months as of the end of the Reporting Period use GA services.

5. **From a data privacy and security perspective, the Company has obtained multiple relevant certifications, and business compliance governance and risk management systems continue to operate.**

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

Based on the Group's long-term strategy for data and privacy protections, during the Reporting Period, the Group passed a number of evaluations and certifications related to data and privacy and security by third-party organizations. Related assessments and certifications include:

In January 2021, the Group passed the internationally recognized authoritative certification of ISO/IEC 27001, the most authoritative, strict and widely used information security management system certification standard. Passing the certification indicates that the Company has built a high-level information security management system in terms of organization and management, physical and environmental security, information system acquisition, development and maintenance, and information security incident management, and in the actual operation process has ensured user information security and high stability and sustainable development of the operating system. ISO 27001 certification is of great value to advertising platforms. Advertisers, agencies, publishers and end users can obtain the highest level of protection in the advertising technology supply chain, reflecting the Group's commitment to high-level information security.

In March 2021, Mintegral and Nativex obtained a privacy protection certification from ePrivacy, a well-known European privacy protection certification institution, and were awarded the ePrivacy seal certificate within the European Union. ePrivacy is one of the world's most credible data security and privacy protection certification institutions, focusing on digital products and mobile fields, and has a wide range of influence in the world. ePrivacy seal certification covers General Data Protection Regulation ("**GDPR**") regulatory requirements, and the certification scope is wide and detailed. The certification is mainly based on both law and technology aspects. It strictly reviews the product privacy protection system, product design, system security, process system, etc., and evaluates whether it complies with GDPR regulations and whether it can protect user privacy. Through ePrivacy seal certification, Mintegral and Nativex build a moat for user data privacy, which is conducive to enhancing market competitiveness and continuously enhancing customer trust.

A third party public accounting firm was engaged by the Group on 20 March 2020 to perform the Service Organization Control 2 (the "**SOC2**") review on, amongst others, programmatic advertising platform, cloud-based service applications and data analytics platform to user entities in accordance with the International Standard Assurance Engagement 3000 (the "**ISAE 3000**"). The SOC2 Type 1 ("**Type 1**") review was completed on 26 August 2020. Furthermore, the SOC2 Type 2 ("**Type 2**") review was completed and the Group obtained the SOC2 Type 2 report issued by the third party public accounting firm on 24 August 2021.

The ISAE3000 stipulates that the internal control system of a service organization is a policy and program designed, implemented and recorded by the management to provide the service described in such service organization control report to the user entities. The ISAE3000 applies to, and the SOC2 review will report on, controls at a service organization relevant to security, availability, processing integrity, confidentiality, or privacy performed under the ISAE3000 or local equivalent. The SOC2 Type 1 assesses the design of controls at a specific point in time. The SOC2 Type 2 assesses how effective those controls are over time by observing operations for a period of time, on the base of SOC2 Type 1.

In September and October 2021, GameAnalytics and Mintegral, respectively, passed the annual review of the Children's Online Privacy Protection Act certification of the kidSAFE Seal Program and renewed their membership in 2020, to ensure the services provided by GameAnalytics and Mintegral are effective in safeguarding children's online privacy. GameAnalytics and Mintegral have held this certification since 2019 and maintain a strong reputation for privacy and security in the industry.

In December 2021, Mintegral and Nativex received certification from TrustArc, an authoritative privacy and security certification body in the U.S., certifying that the handling of customers' and end users' personal data by Mintegral and Nativex complies with the California Consumer Privacy Act requirements, further proving that the services provided by Mintegral and Nativex can provide comprehensive privacy protection for customers and end device users.

In addition, we pay close attention to the formulation, introduction and implementation of China's Personal Information Protection Law (《個人信息保護法》), Data Security Law (《數據安全法》) and other laws and regulations, and their related supporting legal documents. We have taken a series of measures dedicated to strengthening information security and respecting personal privacy, and updated our privacy policy, in order to ensure that our products and services are processing personal information of customers located in the PRC in accordance with the relevant requirements. We also continue to pay attention to laws and regulations related to data protection promulgated overseas. As at the date of this announcement, we are not aware of any circumstances that have a significant impact on the Group's business.

V. Business Growth Strategy

1. Expand the customer base

We will expand different customer categories, such as hardcore games, e-commerce, etc., and continue to attract more currently well-developed vertical customers through investment in the reputation of our brand, thereby further expanding our customer base.

2. Increase the revenue of customers on a single platform

2.1 Strengthen the competitiveness at the Android system level and further increase the revenue from the Android system

During the Reporting Period, the proportion of Android and iOS devices reached by the Mintegral platform was 7:3, but the proportion of revenue was about 1:1. The revenue share of Android system increased significantly compared with the previous reporting period. From the perspective of average daily impressions per device, during the Reporting Period, the average daily impressions per device(1) of the iOS system was 1.6 times the average daily impressions of a single device of the Android system. And as of the end of the reporting period to December, the daily average number of impressions per device(1) in the iOS system was 0.93 times the average number of impressions per device in the Android system. The number of per device impressions of the Android system has increased significantly, and the platform's competitiveness at the Android system level has been continuously enhanced. As the Mintegral platform continues to strengthen the Group's competitiveness at the Android system level, performance advertising revenue from the Android system will continue to increase.

2.2 Drive domestic and overseas development, and strengthen the competitiveness of the platform in China

During the Reporting Period, about 94% of the traffic reached by the Mintegral platform was distributed overseas, and only 6% of the traffic was distributed in mainland China and China's Hong Kong, Macao, and Taiwan regions. With the completion of the acquisition of Reyun Data, the Group will further strengthen its domestic traffic expansion and technological competitiveness, and realize the dual-drive development of "domestic + overseas".

(1) The multiple of the daily average number of impressions for a single device = the daily average number of impressions for a single device in the iOS system/the average number of impressions per day for a single device in the Android system.

3. Take advantage of customer relationships to cross-sell our solution tools

Customers can start using our tools at any stage in the product lifecycle, and over time they will typically expand to use other tools. For example, at the beginning, customers use our Mintegral platform to acquire users. As users increase, they will further increase their revenue by selling their advertising inventory to display ads to users through us, and further spend revenue to grow their user base and at the same time use our advertising creative analysis tool to optimize its advertising and to enhance the attractiveness to users in advertising aimed at user growth. In addition, they will monitor their advertising status through mobile performance monitoring tools, and optimize their marketing budget allocation based on attribution analysis.

At the same time, these customers often have large cloud computing needs. They can further use our tools related to cloud computing to optimize the operations and maintenance of their infrastructure and the processing and calculation of big data.

Through our diversified tools, customers can focus on business development and iteration to the greatest extent, which can accelerate business expansion and reduce costs. Taking advantage of customer relationships to cross-sell our tools will also become a major driver of our growth.

VI. Long-term Development Strategy and Outlook

In the great wave of global digital transformation, technological innovation requires practical environment. With the deepening of the understanding of the service ecology, and practice based on a large number of business scenarios, the Group will gradually grow from an innovator of technology to an exporter of technology. From a long-term perspective, our specific long-term development strategies and measures include:

1. Adhere to the long-term strategy of building a SaaS tool ecosystem

1) Independent research and development + strategic acquisition, continue to build a SaaS tool ecosystem

Relying on deep insights and understanding of the needs of business and technology at different lifecycle stages of mobile applications, the Group continues to develop independently, have launched and integrated data analysis tools, marketing clouds, advertising creative analysis tools, cloud technology, and other products or services to continuously improve SaaS tool ecosystem, to strengthen and expand our long-term cooperative relationship with customers with integrated tools.

In addition, as part of our growth strategy, we will strengthen our customer resources and tool capabilities by acquiring companies, and integrating businesses, teams, and technologies thereby accelerating the formation of our SaaS tool matrix.

2) ***The advertising technology business continues to transform into a programmatic advertising business centered around Mintegral***

The Group continues to persevere with respect to transforming to a programmatic advertising technology business centered around Mintegral, and maintain the traditional non-programmatic advertising business with good cash flow and stable profits.

3) ***Accelerate the expansion of the Mintegral platform scale and the expansion of new markets/new vertical categories***

Through the expansion and layout of casual game, the Company's barriers formed by first-mover advantage have been proven. With the deepening of the understanding of vertical categories, the long-term accumulation of deep learning technology and the accumulation of data, the company can continue to refine operations, optimize execution, and refine the eCPM of each traffic flow, etc., so as to better speculate bidding in the asymmetric game ecology of the market and to solve the biggest optimization problem facing the real-time bidding market — maximizing profit while maximizing revenue.

At present, the Mintegral platform is still at the stage of actively expanding its scale. The Group hopes to actively seize market share and establish a first-mover advantage through the development of new markets/new vertical categories.

2. Adhere to the central technology platform strategy

From the end of 2017, the Group is preparing to build central technology platform. At present, we have abstracted two layers of central technology platform: one layer is SpotMax, which manages the infrastructure layer of cloud computing; the other one is the data intelligence layer EnginePlus, which manages data and algorithms, and contains StarLake, a real-time data lake framework that can be used in a variety of business scenarios. It also contains the intelligent inference engine MindAlpha; the two layers of central technology platform is sufficiently abstract, can be decoupled from specific business scenarios and functional units, and has sufficient business development adaptability.

From a practical point of view, in the Group's multi-service development process, the continuous evolution of the technical architecture naturally promotes the formation of the Company's existing central technology platform. This strategy not only meets the flexibility of future business development and the agility of the business team, but also enables the Group to integrate resources and talents, improve and optimize operational efficiency, reduce repetitive investment in the construction and maintenance of repeated functions, and reduce integration and collaboration costs to get through the interaction between systems.

The Group will adhere to the central technology platform strategy for a long time. While boosting business growth, it will further promote the output of innovative technologies, so as to better improve the SaaS tool ecosystem and meet customers' full lifecycle needs.

3. Be the Bridge

From the beginning of its establishment when the Group helped Chinese App go overseas, to later opened up overseas local markets, and further connected the East and West markets, we have always adhered to the "Be the Bridge" Strategy and have continued to give the strategy new meaning and expand the boundaries of the strategy.

At present, we help to connect the markets of the East and the West, the budget side and the traffic side, the creative side and the data side, and even cloud computing resources of different vendors, and will further empower customers, so that customers can choose, operate and output independently, promoting the development of own business.

We believe that under the circumstances and trend of decentralization, the Group's neutrality and adherence to the "Be the Bridge" strategy will enable every customer to have and retain the ownership and control of digital assets, in line with today's global data privacy and the general trend of security protection.

4. Adhere to the globalization strategy

We will adhere to the globalization strategy. The Group has continuously strengthened its brand image in the Asia-Pacific region and strengthened its cooperative relationship with customers and potential customers. In addition, we are also implementing localization strategies in EMEA and the Americas in order to actively expand the market.

5. Adhere to data privacy and security protections

Our platform collects and analyzes the behavioral data of mobile Internet users, but we do not identify specific individuals through the collected data, nor do we associate data and information with specific individuals. In addition, we always insist on actively practicing data and privacy protections and believe that this measure will benefit the Group in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

1. Revenue by Type of Services

Our integrated business model combines the Group's SaaS tool product matrix with the full-spectrum needs of customers in marketing activities. Customers can start using our tools at any stage in the product lifecycle, and over time they will typically expand to use other tools in our matrix.

For the year ended 31 December 2021, we recorded revenue of US$755.4 million (corresponding period in 2020: US$516.1 million), 46.4% higher on a YoY basis. Our revenue comes from marketing technology business and cloud computing business. Among them, marketing technology business references both our advertising technology business and other marketing technology business.

1.1 Revenue Model

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

1) *Marketing technology business*

i. Advertising technology business

Our Advertising technology business revenue typically comes from mobile Internet customers, especially mobile App developers. They use our platform to promote their business. Typically, we charge a fee based on the performance of the promotion, that is, the number of performance of promotion delivered multiples the agreed upon amount per install or download delivered.

ii. Other marketing technology business

Our other marketing technology business includes data analysis tools, attribution tools, material analysis tools, etc., and is usually not included in the customer agreement of our advertising technology business, and customers purchase related services according to their own needs. Generally, data analytics services charge our customers software subscription fees based on different products and functions;

2) Cloud computing technology business

i. SpotMax cloud resource cost optimization business

Our SpotMax business revenue is usually charged based on the number of cloud computing resources (i.e. virtual CPUs (vCPU)) managed by the customer through the platform, and the platform usage is determined by the customer based on their own business conditions.

1.2 Principles of Revenue Recognition

1) Marketing technology business

i. Advertising technology business

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 (except for Nativex's marketing software platform);

ii. Other marketing technology business

Our other marketing technology 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;

2) Cloud computing technology business

i. SpotMax cloud resource cost optimization business

Our SpotMax business is a consumption-based business model, and we will recognize revenue 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 our revenue by types of services for the years indicated:

	For the year ended 31 December				
	2021		2020		
	US$'000	**% of Total Revenue**	*US$'000*	% of Total Revenue	YoY Change
Marketing technology business revenue					
— Advertising technology business revenue	**752,673**	**99.6%**	515,457	99.9%	46.0%
— Other marketing technology business revenue	**2,424**	**0.3%**	560	0.1%	332.9%
Cloud computing technology business revenue					
— SpotMax business revenue	**315**	**0.1%**	131	0.0%	140.5%
Total	**755,412**	**100.0%**	516,148	100.0%	46.4%

2. *Advertising technology business net revenue*

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

	2021	**2021 2021H2**	**2021H1**	**2020**	**2020 2020H2**	**2020H1**
		US$'000			*US$'000*	
Advertising technology business revenue	**752,673**	**445,386**	**307,287**	515,457	248,710	266,747
— Advertising technology business net revenue[1]	**146,212**	**90,984**	**55,228**	101,250	30,681	70,569

Note:

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

For the twelve months ended 31 December, 2021, the Group recorded advertising technology business revenue of US$752.7 million and advertising technology business net revenue of US$146.2 million.

During the Reporting Period, the advertising technology business recorded net revenue of US$55.2 million and US$91.0 million in the first and second half of the year, increasing by 80.0% and 64.7% respectively on a half-year-on-half-year basis.

3. Revenue from Advertising Technology by Software Platform Business Department

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

	For the year ended 31 December				
	2021		2020		
	US$'000	**% of Advertising Technology Business Revenue**	*US$'000*	% of Advertising Technology Business Revenue	YoY Change
Mintegral business revenue	**575,059**	**76.4%**	305,817	59.3%	88.0%
Nativex business revenue	**177,614**	**23.6%**	209,640	40.7%	-15.3%
Total advertising technology business revenue	**752,673**	**100.0%**	515,457	100.0%	46.0%

For the year ended 31 December 2021, we recorded advertising technology business revenue of US$752.7 million (corresponding period in 2020: US$515.5 million), 46.0% higher on a YoY basis. Our advertising technology business revenue comes from two business departments: Mintegral and Nativex. Among them, the revenue from Mintegral platform was US$575.1 million, accounting for 76.4% of the advertising technology business revenue. Revenue from the Nativex platform was US$177.6 million, accounting for 23.6% of advertising technology business revenue.

During the Reporting Period, the Group has accelerated the transformation to the programmatic advertising technology business with Mintegral as the core, and has further reduced Nativex's top media agency business, which led to a decrease of 15.3% in the Nativex platform revenue on a YoY basis to US$177.6 million (corresponding period in 2020: US$209.6 million).

At the same time, benefiting from the Group's transformation strategy, 2021 Mintegral's scale-priority development strategy, and various factors such as the strengthened scale effect and platform effect of Mintegral platform, and the recovery after the shock of special events on the second half year of 2020, Mintegral platform revenue achieved an increase of 88.0% on a YoY basis to US$575.1 million (corresponding period in 2020: US$305.8 million).

We believe that the top media agency business has low efficiency in the use of operating capital and has limited business growth potential, which is different from the Company's strategic business direction. Therefore, the Group officially decided to withdraw from this business in November 2021. In addition, the traditional non-programmatic advertising business in Nativex has a good cash flow and is a stable source of profit for the Group. The Group will continue to develop this business stably. Further, the industry of which our programmatic business centered around Mintegral lies in, has grown rapidly with relatively large addressable market. Also our technology and business foundation in the related industry is solid, the business model is able to drive rapid growth of the business and maintain healthy cash flow. Thus, the Group will continue to persevere and accelerate strategic transformation.

3.1 Main Operation and Financial Data of Mintegral

3.1.1. *Main financial data*

During the Reporting Period, the Mintegral platform recorded revenue of US$575.1 million, a YoY increase of 88.0% compared to 2020 (corresponding period in 2020: US$305.8 million), an increase of 56.0% comparing the second half of 2021 to the first half of 2021 (the first half of 2021: US$224.7 million). Among them, the first, second, third and four quarter of 2021 recorded revenue of US$96.3 million, US$128.4 million, US$160.0 million and US$190.4 million with an increase of 80.2%, 33.3%, 24.7% and 19.0% from the last period, respectively.

During the Reporting Period, the Group actively promoted the restoration of business partnerships with Mintegral's customers and traffic-side publishers, and continued to attract new customers and traffic publishers. The platform effect continued to strengthen.

In addition, in order to further occupy the market, establish first-mover advantages and barriers of vertical categories, and strengthen the economic effect of improving algorithm efficiency, the Group regards the growth of platform scale and the expansion of multiple vertical categories as short-term strategic goals. During the Reporting Period, the results of this strategic objective have gradually emerged.

	Mintegral Platform Business Revenue *(US$'000)*	**Chain Growth Rate** *(%)*	**YoY Growth Rate** *(%)*
2021H2	350,380	56.0%	119.3%
2021Q4	190,379	19.0%	149.2%
2021Q3	160,001	24.7%	91.9%
2021H1	224,679	53.9%	40.6%
2021Q2	128,358	33.3%	53.9%
2021Q1	96,321	80.2%	26.1%

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

We define customers as the subject that generates revenue in a specific period of time.

We have counted the number of scaled enterprise customers that contributed more than US$100,000 in revenue[(1)] in the past 12 months. These scaled enterprise customers generally contribute most of the revenue of Mintegral platform. They have strong stability and platform stickiness, which promotes the expansion of the platform scale and improves the economic leverage of the platform.

As of the year ended 31 December of 2020 and 2021, there were 204 and 267 scaled enterprise customers respectively that had a trailing twelve-month revenue contribution of more than US$100,000[(1)].

	31 December 2021[(2)]	**30 September 2021[(2)]**	**30 June 2021[(2)]**	**31 March 2021[(2)]**	**31 December 2020[(2)]**
The number of customers whose revenue contribution exceeded US$100,000[(1)]	267	242	232	219	204
Total revenue of customers whose revenue contribution exceeded US$100,000[(1)] *(US$'000)*	561,838.5	428,906.7	354,372.6	306,135.2	284,644.5
Average revenue contribution of customers whose revenue contribution exceeded US$100,000[(1)] *(US$'000)*	2,104.3	1,772.3	1,527.5	1,397.9	1,395.3
Proportion of Mintegral platform revenue of the customers that contributed more than US$100,000[(1)]	97.7%	97.9%	95.6%	94.0%	93.1%
YOY change in average revenue contribution of customers whose revenue contribution exceeded US$100,000[(1)]	50.8%	26.5%	23.3%	N/A	N/A

Notes:

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

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

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

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

Compared to the twelve-month ended 31 December 2020, the retention rate of customers with revenue contributions of more than US$100,000[(1)] for the twelve-month ended 31 December 2021 was 91.5%, and the dollar-based net expansion rate[(2)] is 184.9%. The details are as follows:

	The retention of the customers with revenue contribution of more than US$100,000	**Overall retention[(5)]**
The number of retained customers for the current period[(3)] with revenue contribution of more than US$100,000	181	249
The number of customers for the base period[(4)] with revenue contribution of more than US$100,000	204	272
Customer retention rate with revenue contribution of more than US$100,000	88.7%	91.5%
Dollar-based net expansion rate[(2)]	175.2%	184.9%

Notes:

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

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

(3) Current period: twelve-month ended 31 December 2021.

(4) Base period: twelve-month ended 31 December 2020.

(5) Includes customers with revenue contribution of more than US$100,000 during the base period, and customers with revenue contribution of more than US$100,000 during the current period but less than US$100,000 during the base period.

3) Customers whose Mintegral platform revenue contribution exceeded US$100,000[1], divided by revenue scale

We have calculated the number and revenue contribution of scaled enterprise customers whose revenue contribution was between US$100,000 and US$1 million (that is, US$1 million > revenue contribution ≥ US$100,000), between US$1 million and US$10 million (that is, US$10 million > revenue contribution ≥ US$1 million), and US$10 million or more (that is, revenue contribution ≥ US$10 million) in the past 12 months. According to the scale of revenue contribution, we define them as small-sized enterprise customer, medium-sized enterprise customer and large-sized enterprise customer. In addition, we define customers whose revenue contribution is less than US$100,000 (i.e., US$100,000 > revenue contribution > US$0) as micro-sized enterprise customer.

For the year ended 31 December 2021, the number of customers including small-sized enterprise customer (US$1 million > revenue contribution ≥ US$100,000), medium-sized enterprise customer (US$10 million > revenue contribution ≥ US$1 million) and large-sized enterprise customer (revenue contribution ≥ US$10 million) and their revenue contribution are as follows:

	Small-sized enterprise customer	**Medium-sized enterprise customer**	**Large-sized enterprise customer**
Number of customers	185	72	10
Total customer revenue *(US$'000)*	70,607.2	237,280.1	253,951.2
Average revenue contribution of customers *(US$'000)*	381.7	3,295.6	25,395.1
Percentage of total Mintegral revenue	12.3%	41.3%	44.2%

4) Retention of customers whose Mintegral platform revenue contribution exceeded US$100,000[(1)], divided by revenue scale

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

		Data for the 12 months period as of year end 2021 and year end 2020
Small-sized enterprise customer (US$1 million > Revenue contribution ≥ US$100,000)	Number of customers retained in the current period[(2)]	131
	Number of customers in the base period[(3)]	150
	Customer retention rate	87.3%
	Dollar-based net expansion rate[(1)]	271.7%
Medium-sized enterprise customer (US$10 million > Revenue contribution ≥ US$1 million)	Number of customers retained in the current period[(2)]	44
	Number of customers in the base period[(3)]	48
	Customer retention rate	91.7%
	Dollar-based net expansion rate[(1)]	176.3%
Large-sized enterprise customer (Revenue contribution ≥ US$10 million)	Number of customers retained in the current period[(2)]	6
	Number of customers in the base period[(3)]	6
	Customer retention rate	100.0%
	Dollar-based net expansion rate[(1)]	131.6%

Notes:

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

(2) Current period: twelve-month as of 31 December 2021.

(3) Base period: twelve-month as of 31 December 2020.

3.1.2 Main operational data

Quarter-to-quarter change	**2021Q4**	**2021Q3**	**2021Q2**	**2021Q1**
Cooperating advertisers[1] retention rate	84.6%	86.0%	86.0%	86.2%
Changes in the number of new cooperating advertisers	22.4%	25.7%	28.1%	24.3%
Cooperating traffic publishers[2] retention rate	92.0%	92.9%	92.9%	92.8%
Changes in the number of new cooperating traffic publishers	16.1%	17.2%	16.8%	18.3%
Changes in the number of new cooperating traffic apps	27.5%	24.8%	15.3%	10.3%

Notes:

(1) Cooperating advertisers: defined as advertisers who have cooperated with the platform within a certain period of time. They may generate revenue for us, and may also be our potential customers.

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

At the end of the Reporting Period, the cooperating advertisers and traffic publishers are well-retained and growing constantly. The quarter-over-quarter retention rates of cooperating advertisers in 2021Q4 and 2021Q3 were 84.6% and 86.0%, respectively, and the number of new cooperating advertisers has increased by 22.4% and 25.7% respectively compared with last period; the cooperating traffic publishers' retention rate in 2021Q4 and 2021Q3 were 92.0% and 92.9%, respectively, and the number of new cooperating traffic publishers has increased by 16.1% and 17.2% respectively compared with last period, and the number of cooperating traffic apps has increased by 27.5% and 24.8% compared with last period.

4. *Revenue from Advertising Technology Business by Mobile App Category*

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

	For the year ended 31 December				
	2021		2020		
	US$'000	**% of advertising technology business revenue**	*US$'000*	% of advertising technology business revenue	YoY Change
Game	**477,371**	**63.4%**	306,159	59.4%	55.9%
E-commerce	**95,532**	**12.7%**	102,619	19.9%	–6.9%
Social and content	**107,011**	**14.2%**	33,552	6.5%	218.9%
Lifestyle	**26,096**	**3.5%**	15,360	3.0%	69.9%
Utility	**34,482**	**4.6%**	17,840	3.5%	93.3%
Others	**12,181**	**1.6%**	39,927	7.7%	–69.5%
Total revenue from advertising technology business	**752,673**	**100.0%**	515,457	100.0%	46.0%

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 game category recorded revenue of US$477.4 million (corresponding period of 2020: US$306.2 million), with a steady increase of 55.9% YoY, accounting for 63.4% of advertising technology business revenue. The main reasons for this increase are: 1) during the Reporting Period, the Group continued to strengthen the synergies between GA and advertising technology business, consolidating its long-term advantages in the casual/hyper-casual game field, laying a foundation for the further development of the game category, and making Mintegral's game category revenue grow rapidly; In addition, the Group actively expanded the mid-core and hardcore game vertical category, and the revenue contribution and proportion of mid-core and hardcore game enterprise customers increased; 2) However, due to the Group's initiative to reduce the top media agency business in Nativex, the revenue of Nativex's game category has declined significantly, thus dragging down the overall game category revenue growth;

The E-commerce category recorded revenue of US$95.5 million (corresponding period of 2020: US$102.6 million), a YoY decrease of 6.9%, accounting for 12.7% of advertising technology business revenue. The main reasons for the decline in E-commerce revenue are: 1) due to the Group's active strategic contraction of top media agency business and the impact of the epidemic, some Nativex's E-commerce customers in the Americas have reduced their budget, resulting in a significant decline in Nativex's E-commerce revenue; 2) but at the same time, the rapid vertical development of E-commerce on the Mintegral platform has partially offset the impact of the decline in E-commerce revenue in the Nativex business on revenue growth;

Social and content category has grown substantially by 218.9% to US$107.0 million (corresponding period in 2020: US$33.6 million), this increase is mainly due to the large increase of demand for overseas launches of Chinese social and content category, which resulted in faster growth in both Nativex and Mintegral's revenue contribution from customers in this category;

The advertising revenue of lifestyle apps has steadily increased. During the Reporting Period, revenues were recorded at US$26.1 million (corresponding period in 2020: US$15.4 million), a YoY increase of 69.9%. This increase is mainly due to: 1) as some lifestyle customers in the Asia-Pacific region have begun to actively establish cooperation with the Group, Nativex's income in lifestyle has increased significantly; 2) Mintegral's income in lifestyle from China and EMEA region has also maintained steady growth;

During the Reporting Period, the Group continued to improve the scenario 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.

4.1 Revenue from Mintegral business by Mobile App Category

The following table sets forth a breakdown of revenue from Mintegral by mobile App categories[1] during the indicated periods:

	For the Year Ended 31 December				
	2021		2020		
	US$'000	**% of Mintegral revenue**	*US$'000*	% of Mintegral revenue	YoY Change
Game	**444,238**	**77.3%**	223,397	73.1%	98.9%
E-commerce	**49,462**	**8.6%**	25,828	8.4%	91.5%
Social and content	**54,736**	**9.5%**	21,043	6.9%	160.1%
Lifestyle	**12,131**	**2.1%**	7,361	2.4%	64.8%
Utility	**8,457**	**1.5%**	3,112	1.0%	171.8%
Others	**6,035**	**1.0%**	25,076	8.2%	–75.9%
Total revenue from Mintegral	**575,059**	**100.0%**	305,817	100.0%	88.0%

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 game category recorded revenue of US$444.2 million (corresponding period in 2020: US$223.4 million), a YoY increase of 98.9%, accounting for 77.3% of Mintegral's revenue. During the Reporting Period, the Group continued to strengthen the synergies between GA and advertising technology businesses, and continued to strengthen its long-term advantages in the field of casual/hyper-casual games, attracting many enterprise customers of casual games to cooperate with the platform, and at the same time, the casual games that have already cooperated with us continued to increase their delivery on the Mintegral platform, which has promoted the rapid growth of Mintegral's game category revenue;

The E-commerce category recorded revenue of US$49.5 million (corresponding period of 2020: US$25.8 million), a YoY increase of 91.5%, accounting for 8.6% of Mintegral's revenue. The increase in E-commerce revenue was mainly due to the rapid development of the E-commerce category of the Mintegral platform during the Reporting Period. Medium and large E-commerce corporate customers in China and the Asia-Pacific region began to strengthen their cooperation with the platform, which led to the rapid increase of revenue from E-commerce customers at Mintegral platform;

Social and content revenue increased by 160.1% to US$54.7 million (corresponding period in 2020: US$21.0 million), this increase is mainly due to some medium to large scale enterprise customers of social and content category in China and the Asia-Pacific Region have strong demand to go overseas, which resulted in fast growth of their budget spent on Mintegral platform;

The advertising revenue of lifestyle apps has also shown growth, and during the Reporting Period, it recorded revenue of US$12.1 million (corresponding period in 2020: US$7.4 million), a YoY increase of 64.8%. This growth is mainly due to the increase in delivery budget of lifestyle business customers from China and EMEA region on the Mintegral platform, but at the same time, due to the epidemic, many small and micro enterprise customers have reduced their display, which has slowed down the growth of this category's revenue to a certain extent;

During the Reporting Period, the Group continued to improve the scenario 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 Advertising Technology Business by Geographic Region*

The following table sets forth a breakdown of revenue from advertising technology business by geographic regions[1] for the period indicated:

	For the Year Ended 31 December				
	2021		2020		
	US$'000	**% of Advertising Technology Business Revenue**	*US$'000*	% of Advertising Technology Business Revenue	YoY Change
China[2]	**265,749**	**35.3%**	171,460	33.3%	55.0%
EMEA[3] and Americas[4]	**328,966**	**43.7%**	261,923	50.8%	25.6%
Asia-Pacific[5]	**145,746**	**19.4%**	77,361	15.0%	88.4%
Other regions[6]	**12,212**	**1.6%**	4,713	0.9%	159.1%
Total advertising technology business revenue	**752,673**	**100.0%**	515,457	100.0%	46.0%

Notes:

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

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

(3) Includes the United Kingdom, Switzerland, Germany, Russia, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Iraq, Turkey.

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

(5) Mainly includes Australia, New Zealand and other Asian countries excluding China.

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

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

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

Among them, EMEA and Americas are the largest source of income, with a total revenue of US$329.0 million (corresponding period of 2020: US$261.9 million), and the proportion of its contribution to advertising technology business revenue has decreased to 43.7%. The revenue growth in EMEA and Americas is mainly due to: 1) With the gradual enhancement of the Group's technology and the scale of traffic delivered in the casual game category, the casual game enterprise customers in the EMEA region continue to increase their deliveries in the Mintegral platform, leading to the increase of the number of large enterprise customers in the EMEA region. Moreover, the increase in the average deliveries of large enterprise customers has promoted the rapid growth of revenue in the EMEA region. Besides, due to the impact of the epidemic and other special factors, several enterprise customers above the designated size controlled the advertising budget, Mintegral's customer revenue in the Americas fell, offsetting some revenue growth; 2) In addition, due to the impact of the epidemic and the Group's retrenchment strategy in Nativex's business, E-commerce enterprise customers above designated size in Americas have controlled their budgets, some micro business have also been affected to a certain extent, which has led to a decline in the revenue of e-commerce in the Americas. At the same time, affected by domestic policies, Nativex's game customers in the Americas also reduced their deliveries in China and dragged down the overall revenue growth in EMEA and Americas.

China is the second largest source of income, with revenue of US$265.7 million (the same period in 2020: US$171.5 million), an increase of 55.0% on a YoY basis, accounting for 35.3% of advertising technology business revenue. The advertising technology business revenue contribution slightly increased. The revenue growth in China was mainly due to: 1) during the Reporting Period, the large increase of demand for overseas deliveries of Chinese social and content category, as well as the continuous increased budgets of medium and large e-commerce enterprises, have led to the rapid growth of the Nativex business revenue in China; 2) At the same time, with the expansion of different categories and the continuous enhancement of platform strength, the revenue of Mintegral business in China has also maintained steady growth;

In addition, revenue in the Asia-Pacific region has grown significantly, with revenue of US$145.7 million (corresponding period of 2020: US$77.4 million), a YoY increase of 88.4%, and its contribution to advertising technology business revenue has increased slightly. The growth in revenue in the Asia-Pacific region was mainly due to: 1) during the Reporting Period, the revenue of Nativex business from customers in the Asia-Pacific region increased rapidly, mainly due to the gradual enhancement of the platform's technical capabilities and the scale of delivery traffic in the casual game category, and the continuous increase in the number of customers and the average delivery scale of game enterprises in the Asia-Pacific region. 2) in addition, due to the Group's continuous expansion in the e-commerce field in the Asia-Pacific region, medium and large-scale e-commerce enterprise customers in Southeast Asia have been increasing their budgets for Mintegral and Nativex, driving the overall revenue growth in the Asia-Pacific region.

Cost of Sales

For the year ended 31 December 2021, our cost of sales increased by 46.0% YoY to US$633.5 million (corresponding period in 2020: US$434.0 million). The cost mainly comes from the advertising technology business, and the growth is mainly due to the cost increase caused by the growth of the advertising technology business.

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

	For the year ended 31 December				
	2021		2020		
	US$'000	**% of respective business revenue**	*US$'000*	% of respective business revenue	YoY Change
Marketing technology business cost					
Advertising technology business costs	**632,955**	**84.1%**	433,978	84.2%	45.9%
Traffic cost	**606,461**	**80.6%**	414,207	80.4%	46.4%
Server cost	**26,494**	**3.5%**	19,771	3.8%	34.0%
Other marketing technology business cost	**500**	**20.6%**	13	2.3%	3,746.2%
Other marketing technology business cost	**500**	**20.6%**	13	2.3%	3,746.2%
Cloud computing business cost	**35**	**11.1%**	17	13.0%	105.9%
Cloud computing product and service cost	**35**	**11.1%**	17	13.0%	105.9%
Total	**633,490**	**83.9%**	434,008	84.2%	46.0%

Advertising technology business costs mainly include traffic costs and server costs. The increase in server costs and traffic costs is mainly caused by the expansion of the advertising technology platform.

The increase in other marketing technology business costs is mainly due to: 1) Data analytics business revenue increases, resulting in the corresponding increase in operation and maintenance costs; 2) Reyun Data has been consolidated in December, 2021.

In addition, the cost of the cloud computing technology business also increased due to the development of related businesses.

Gross Profit and Gross Profit Margin

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

	For the year ended 31 December				
	2021		2020		
	Gross profit *US$'000*	**Gross profit margin**	Gross profit *US$'000*	Gross profit margin	YoY Change
Marketing technology business					
Advertising technology business	**119,718**	**15.9%**	81,479	15.8%	46.9%
Other marketing technology business	**1,924**	**79.4%**	547	97.7%	251.7%
Cloud computing business	**280**	**88.9%**	114	87.0%	145.6%
Total	**121,922**	**16.1%**	82,140	15.9%	48.4%

During the Reporting Period, the Group recorded a gross profit of US$121.9 million (corresponding period in 2020: US$82.1 million), a YoY increase of 48.4%. Gross profit margin increased to 16.1% (corresponding period in 2020: 15.9%).

Among them, the gross profit of the advertising technology business increased by 46.9% to US$119.7 million on a YoY basis, with a gross profit margin of 15.9%, which is basically stable compared to the same period last year; changes in the gross profit margin of the advertising technology business are mainly caused by: 1) changes in gross profit structure; 2) in the first quarter of the Reporting Period, Mintegral's business was affected by the short-term impact of last year. It adopted an active recovery and expansion strategy, resulting in a rapid increase in traffic costs, which resulted in a lower gross profit for the Mintegral business in the first quarter; 3) in the second quarter of the Reporting Period, the Mintegral platform maintained the platform expansion strategy, and the traffic purchase strategy was more active compared with the same period last year, so that the gross profit margin in the second quarter is slightly lower than the gross profit margin in the same period last year; 4) in the third and fourth quarter of the Reporting Period, with the rapid recovery of Mintegral business and the rapid development of the Group's business, the gross profit of the platform remained stable and increased slightly, so that the gross profit margin for the year remained stable compared with the same period last year;

The gross profit of the other marketing technology business is US$1.9 million, and the gross profit margin is 79.4%; The main reason for the change in the gross profit margin of other marketing technology business is: the Reyun Data was consolidated in December 2021, which led to changes in the business structure of other marketing technology business.

The gross profit of cloud computing business is US$0.3 million, and the gross profit margin is 88.9%, which is basically stable.

In addition, the following table sets forth the gross profit margin of the advertising technology business based on net revenue for the period indicated:

		2021			2020	
	2021	**2021H2**	**2021H1**	2020	2020H2	2020H1
		US$'000			*US$'000*	
Advertising technology business net revenue[(1)]	**146,212**	**90,984**	**55,228**	101,250	30,681	70,569
Advertising technology business gross profit	**119,718**	**77,729**	**41,989**	81,479	23,387	58,092
Gross profit margin of the advertising technology business based on net revenue	**81.9%**	**85.4%**	**76.0%**	80.5%	76.2%	82.3%

Note:

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

During the Reporting Period, the Group recorded advertising technology business gross profit margin based on net revenue of 81.9% (corresponding period in 2020: 80.5%), which remained basically stable. Among them, affected by the external impact on the Mintegral platform in the third quarter of 2020, the gross profit margin of the advertising technology business based on net revenue fluctuated to a certain extent in the second half of 2020 and the first half of 2021, and with the recovery of the business, the gross profit margin of the advertising technology business based on net revenue in the second half of 2021 recovered and exceeded the pre-impact level.

Selling and Marketing Expenses

For the year ended 31 December 2021, our selling and marketing expenses increased by 178.0% YoY to US$47.1 million (corresponding period in 2020: US$17.0 million). The main reasons for this increase are: 1) in 2020, due to COVID-19, the travel and publicity related expenses were relatively low; 2) actively promoting the recovery of programmatic advertising business from the incident related to public opinions in 2020, rebuilding customer relationships, and increasing the scale of cooperation; 3) focusing on expanding new vertical categories of the programmatic advertising business, laying the foundation for the long-term rapid growth of the platform's transaction scale.

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

Research and Development Expenditure

For the year ended December 31, 2021, our expensed R&D expenses increased by 115% YoY to US$68.8 million (corresponding period in 2020: US$31.9 million). The increase in expensed R&D expenditures mainly comes from: 1) Upgrading R&D strength, increasing investment in Data Scientist, Algorithm Engineer and Cloud Architect teams, and accelerating high-end R&D talent pool; 2) comprehensively upgrading the algorithmic framework of programmatic advertising, and using higher-cost GPU computing power for system testing. In 2021, the global shortage of chips and the general rise in computing power costs have pushed up the R&D and testing costs.

In addition, if we combine capitalized R&D expenses with expensed R&D expenditures, the total R&D expenditures will be US$113.3 million, an increase of 113.4% over the same period last year.

The Group continues to firmly believes that R&D and technological upgrading are the core drivers of business growth. Therefore, share grants are given to R&D personnel as incentives.

General and Administrative Expenses

For the year ended 31 December 2021, our general administrative expenses have decreased by 37.7% YoY to US$27.6 million (corresponding period in 2020: US$44.3 million). The decrease was mainly due to: 1) The Group continued to strengthen receivable management, resulting in the reversal of accounts receivable with bad debts accrued in the previous reporting period; 2) a decrease in share compensation for general and administrative personnel by US$3.3 million to US$1.9 million.

Loss from Operations

For the year ended 31 December 2021, our operating loss was US$12.4 million (corresponding period in 2020: loss of US$5.2 million). If we exclude the effects of share based compensation, depreciation and amortization, and investment loss from financial assets at fair value through profit or loss during the Reporting Period, our operating profit will increase by 9.2% YoY to US$23.5 million (corresponding period in 2020: US$21.5 million).

After the Reporting Period, the amortization expense of intangible assets caused by the acquisition of Reyun Data will be included in profit/loss.

Trade receivable turnover days

During the Reporting Period, the Group's overall trade receivable turnover days was 66, a significant improvement compared to the same period in 2020. This was mainly due to: 1) Mintegral business continued to strengthen its bargaining power for customers and the trade receivables turnover days have been further decreased. And the proportion of Mintegral's business has continued to increase, making the overall trade receivable turnover days continue to decrease; 2) As at 31 December 2021, the accounts receivable generated from the top media agency business are classified as assets held for sale, and as of the date of this announcement, we have completed the overall divestiture of the related business.

During the Reporting Period, the trade receivable of the Group's business in the corresponding accounting period was basically collected according to the agreed terms, and the Group's trade receivable management continued to be strengthened.

(Unit: Days)	**Total trade receivable turnover days**
2021	66 (Not consider assets held for sale)
2021	102 (Consider assets held for sale)
2020	124

Note: Considering that the relevant divested business has been classified as accounts receivable held for sale, the Company's trade accounts turnover days are 102 days.

Net Cash Flow from the Operating Activities

During the Reporting Period, as the share of Mintegral business revenue continued to increase, the Group strategically shrank the Nativex business that occupied more operating cash flow. At the same time, management of accounts receivable continued to be strengthened and the condition of operating cash flow continued to improve. As of the end of the Reporting Period, the amount of cash flow generated by the Group's operating activities in 2021 was US$42.5 million, a year-on-year increase of 172.9% compared with the end of the previous Reporting Period. The net cash flow generated by operating activities increased significantly.

	For the year ended 31 December		
	2021	2020	**YoY**
	US$'000	*US$'000*	**Change**
Net Cash Flow from the Operating Activities	**42,479**	15,563	**172.9%**

Finance Costs

For the year ended 31 December 2021, our financial costs increased by 130.8% YoY to US$4.4 million (corresponding period in 2020: US$1.9 million).

Income Tax

For the year ended 31 December 2021, we received tax benefits US$6.0 million (corresponding period in 2020: tax benefits US$1.9 million), mainly due to losses during the Reporting Period.

Loss Attributable to Equity Holder of the Company

For the year ended 31 December 2021, the loss attributable to equity shareholders of the company was US$25.0 million (corresponding period in 2020: loss of US$5.2 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 EBITDA, adjusted EBITDA and adjusted net (loss)/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 may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of our results of operations or financial conditions as reported under IFRS.

	For the year ended 31 December				
	2021		2020		
	US$'000	**% of Total Revenue**	*US$'000*	% of Total Revenue	YoY Change
Loss from operations	**(12,536)**	**-1.6%**	(5,213)	-1.0%	-137.0%
Add back:					
Depreciation and amortization	**29,049**	**3.9%**	12,572	2.4%	131.1%
EBITDA	**16,693**	**2.2%**	7,359	1.4%	126.8%

	For the year ended 31 December				
	2021		2020		
	US$'000	**% of Total Revenue**	*US$'000*	% of Total Revenue	YoY Change
Add back:					
Share-based compensation	**5,836**	**0.8%**	13,194	2.6%	-55.8%
Investment loss from financial assets at fair value through profit or loss	**1,004**	**0.1%**	991	0.2%	1.3%
Non-IFRS measures Adjusted EBITDA[(1)]	**23,533**	**3.1%**	21,544	4.2%	9.2%
Loss for the year	**(24,764)**	**-3.3%**	(5,206)	-1.0%	375.7%
Add back:					
Share-based compensation	**5,836**	**0.8%**	13,194	2.6%	-55.8%
Investment loss from financial assets at fair value through profit or loss	**1,004**	**0.1%**	991	0.2%	1.3%
Loss from change in fair value of derivative financial liabilities	**13,979**	**1.9%**	—	—	—
Non-IFRS measures Adjusted net (loss)/ profit[(2)]	**(3,945)**	**-0.5%**	8,979	1.7%	-144.0%

Notes:

(1) We define adjusted EBITDA as EBITDA (which is loss from operations plus depreciation and amortization expenses) for the year adjusted by adding back share-based compensation expenses and investment loss from financial assets at fair value through profit or loss.

(2) We define adjusted net (loss)/profit as loss for the year adjusted by adding back share-based compensation expenses, investment loss from financial assets at fair value through profit or loss and loss from change in fair value of derivative financial liabilities.

During the Reporting Period, the adjusted EBITDA profit of the Group was US$23.5 million (corresponding period in 2020: profit of US$21.5 million), which has increased by 9.2% YoY, and the adjusted net loss was US$3.9 million (corresponding period in 2020: profit of US$9.0 million).

Capital Structure and Gearing Ratio

The Company was incorporated in the Cayman Islands, and as of 31 December 2021 the Company's authorized share capital US$100,000,000 was divided into 10,000,000,000 shares of US$0.01 each. As of 31 December 2021, the number of issued ordinary shares of the Company was 1,664,118,164, which has been fully paid up.

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

The Group's gearing ratio is defined as the Group's total liabilities over its total assets. As of 31 December 2021, our total assets were US$747.0 million (31 December 2020: US$497.6 million), while our total liabilities were US$387.6 million (31 December 2020: US$229.8 million). The gearing ratio (total liabilities divided by total assets) has rose to 51.9% (31 December 2020: 46.2%).

We operate our business internationally and the major currencies of the receipt of our payments and the payments we make are denominated in US dollars. The Group's interest rate risk arises primarily from variable rates bank loans, the effective interest rate of variable rate borrowings in 2021 is 1.20%–4.35% (2020: 4.00%–4.79%).

Financial Resources

Our Company's cash flow is principally sourced from capital contribution from shareholders, cash generated from our operations and bank loans. As of 31 December 2021, our cash and cash equivalents amounted to US$160.3 million (31 December 2020: US$39.3 million).

Capital Expenditure

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

	For the year ended 31 December	
	2021	2020
	US$'000	*US$'000*
Property, plant and equipment	**564**	240
Intangible assets and development costs	**54,755**	35,436
Total	**55,319**	35,676

Our capital expenditure primarily consisted of expenditures on (i) property, plant and equipment, and (ii) intangible assets, including developed technologies (capitalized research and development expenditures), royalties, software and trademark. As of 31 December 2021, capital expenditure has increased by 55.1% on a YoY basis to US$55.3 million (corresponding period in 2020: US$35.7 million).

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

1. The acquisition of Reyun Data

On 27 April 2021, the Company and the founders ("**Vendors B**") and the financial investors ("**Vendors A**") of Reyun Data entered into the acquisition agreements, respectively, pursuant to which the Company has conditionally agreed to acquire and the Vendors A and Vendors B have conditionally agreed to sell in aggregate 100% equity interest in Reyun Data.

On 17 September 2021, the Company and the Vendors B entered into a supplemental agreement for the purpose of adjusting the consideration for approximately 52.13% of equity interest in Reyun Data from approximately RMB781,828,744 to approximately RMB469,097,246, which include cash consideration of RMB140,729,172.60, and the allotment and issuance of 57,433,164 consideration shares at the issue price of HK$6.83 each by the Company. All conditions precedent to the acquisition of approximately 52.13% equity interest of Reyun Data were satisfied in November 2021.

On 29 November 2021, the Company and certain of the Vendors A who in aggregate own approximately 2.33% equity interest in Reyun Data, entered into a supplemental agreement for the purposes of adjusting the part of consideration payable to the subject Vendors A from RMB34,959,737 to RMB20,975,842.2 in aggregate.

After the Reporting Period, as at the date of this announcement, the Company has entered into supplemental agreement with certain of the Vendors A who in aggregate own approximately 9.69% equity interest in Reyun Data to adjust down the part of consideration payable to such Vendors A. The Company is still under negotiation with the remaining Vendors A to adjust and agree the remaining portion of the acquisition consideration.

For further details, please refer to the Company's announcements dated 27 April 2021, 17 September 2021, 29 November 2021 and 26 January 2022.

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

On 17 November 2021, 9 subsidiaries of the Company, as transferors, entered into the business restructuring agreement with Zhuhai Huiliang Investment Holdings Company Limited and Marketlogic Technology Limited, as transferees, Seamless and Guangzhou Huiliang Marketing Technology Company Limited ("**Guangzhou Huiliang Marketing**"), pursuant to which, the transferors conditionally agreed to transfer, and the transferees conditionally agreed to receive, the entire issued share capital of Guangzhou Huiliang Marketing and certain business contracts and employment contracts relating to the media planning and procurement business of the Group, for the consideration of US$100,352,000.

The consideration was satisfied by Seamless by way of transfer of a total of 102,453,613 issued Shares to the restricted share unit schemes of the Company (the "**RSU Schemes**"), which have been added to the share pools under the RSU Schemes. Upon completion of the restructuring on 3 March 2022, Guangzhou Huiliang Marketing ceased to be a subsidiary of the Company.

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

Save as disclosed above, there were no significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Charges on Group's Assets

As of 31 December 2021, none of the Group's assets were charged with any parties or financial institutions, except for the restricted cash of US$6.3 million pledged for the bank loan.

Material Investments or Future Plan for Major Investment

As of 31 December 2021, the Group did not hold any material investment and there was no specific plan for material investments or capital assets, except for the acquisition of Reyun Data set out in the section headed "Business Review".

Contingent Liabilities and Financial Guarantees

As of 31 December 2021, there is no contingent liability or financial guarantee granted to third parties of the Group, except for the contingent liabilities of US$0.3 million in relation to the acquisition of Reyun Data..

Employee and Remuneration Policies

As of 31 December 2021, after the acquisition of Reyun Data, the Group has 21 offices around the world, with 925 full-time employees (31 December 2020: 670 employees), mainly based in the headquarter in Guangzhou, China. We have 527 employees engaged in R&D activities, and R&D employees are composed of 57% of full-time employees. The number of employees employed by the Group changes from time to time based on needs, and employee salaries are determined with reference to market conditions and the performance, qualifications and experience of individual employees.

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

Foreign Exchange Risk Management

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

OTHER INFORMATION

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, the Group's five largest customers in aggregate accounted for approximately 31.3% of the Group's total revenue. The Group's largest customer accounted for 11.2% of the Group's total revenue.

During the year ended 31 December 2021, the Group's five largest suppliers in aggregate accounted for approximately 32.7% of the Group's total purchase. The Group's largest supplier accounted for 9.5% of the Group's total purchase.

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

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The ordinary shares of the Company (the "**Shares**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 December 2018 (the "**Listing Date**") by way of global offering. The total net proceeds including those from the partial exercise of the over-allotment option was approximately US$154.2 million.

As at 31 December 2021, the following table sets out the breakdown of the use of proceeds from the global offering:

	Purpose of Net Proceeds	**Amount Allocated** *(US$' million)*	**Amount Utilized** *(US$' million)*	**Balance** *(US$' million)*
1	Big data and AI technologies and IT infrastructure	46.3	46.3	0.0
2	Improvement of services on our mobile advertising and mobile analytics platform	46.3	46.3	0.0
3	Implement our "Glocal" strategy by enhancing our local service capabilities and expanding our global footprint	15.4	15.4	0.0
4	Strategic investments and acquisitions	30.8	30.8	0.0
5	General working Capital	15.4	15.4	0.0
	Total (Net Proceeds)	**154.2**	**154.2**	**0.00**

Considering that (a) there was no immediate demand for the Company to utilise part of the proceeds from the global offering and (b) the Company had reserved sufficient cash for its operation and immediate usage plan for utilising the proceeds from the global offering, and the Company believed that the investment in wealth management product is similar to traditional deposits placed with banks or financial institutions; the Company entered into an investment management agreement (the "**Investment Management Agreement**") in December 2018 with a financial institution in Hong Kong (the "**Financial Institution**"), being an independent third party, pursuant to which the Company invested in wealth management product (the "**Wealth Management Product**") with a principal amount of US$70,000,000 (the "**Principal Amount**"). According to the usage plan for utilising the proceeds from the global offering and taking into account the then available internal resources, the Company entered into a supplemental agreement to the Investment Management Agreement (the "**Supplemental Agreement**") with the Financial Institution in March 2019 and as of May 2021, the Company had withdrawn all the remaining Principal Amount from the Financial Institution. Pursuant to terms of the Investment Management Agreement and the Supplemental Agreement, the Wealth Management Product was renewed upon its maturity by December 2020 with guaranteed Principal Amount and no fixed interest rate attached to it and the Company may withdraw part or all of Principal Amount at any time upon the written consent by the parties.

During the Reporting Period, save as discussed in the foregoing paragraph, the Group has followed the plan for the use of proceeds as set out in the prospectus of the Company dated 30 November 2018 (the "**Prospectus**"). As at December 2021, all of the proceeds from the global offering has been used according to the timeline as set out in the Prospectus.

ISSUE OF CONVERTIBLE BONDS

On 3 January 2021, the Company and PAGAC III Munich Holding (Cayman) Limited (the "**Investor**") entered into a conditional investment agreement (the "**Investment Agreement**"), pursuant to which:

(1) the Investor conditionally agreed to subscribe, and the Company agreed to issue bonds (the "**Convertible Bonds**") in the principal amount of US$30,000,000; and

(2) the Company conditionally agreed to issue 41,978,339 Shares to the Investor at HK$5.5 per Share (the "**Conversion Price**") assuming all the conversion rights attaching to the bonds in the principal amount of US$30,000,000 are exercised.

The Conversion Price represents a premium of approximately 14.9% to the closing price per Share of HK$4.8 as quoted on the Stock Exchange on 31 December 2020 (being the last trading date before the date of the Investment Agreement). The reason for the issuance of the Convertible Bonds is to enhance the Company's working capital and accelerate the expansion of advertising and cloud computing business. The net proceeds, after deducting all related fees and expenses, from the issue of the Convertible Bonds are approximately US$28.0 million. Assuming conversion of the Convertible Bonds into conversion shares in full at the Conversion Price, the net price per conversion share is US$0.7 and a total of 41,978,339 new Shares of the Company with an aggregate nominal value of approximately US$419,783 will fall to be issued. None of the Convertible Bonds was converted since issuance.

On 22 January 2021, all conditions precedent as set out in the Investment Agreement were fulfilled and completion took place. The Convertible Bonds with the principal amount of US$30,000,000 were issued to the Investor. The Company currently uses the net proceeds for global expansion of advertising technology business and marketing of cloud computing business of the Group. The following table sets out the breakdown of the use of net proceeds as at 31 December 2021:

Use of Net Proceeds	**Amount Allocated**	**Amount Utilized**	**Balance**
	(US$' million)	*(US$' million)*	*(US$' million)*
Global expansion of advertising technology business	23.3	23.3	0.0
Marketing of cloud computing business	4.7	4.7	0.0
Total	**28.0**	**28.0**	**0.0**

During the Reporting Period, the Group had followed the proposed use of proceeds as set out in the announcement of the Company dated 4 January 2021.

PLACING EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

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

On 15 April 2021, the completion of the Placing took place, as a result of which (i) a total of 72,481,000 Sale Shares were successfully placed by the Placing Agent to the placee, being GIC Private Limited, at the Placing Price. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, GIC Private Limited and its ultimate beneficial owners, save for its existing interest in the Company, (a) are independent of, and not connected with, the Company and their respective associates and connected persons and (b) are independent of, and not acting in concert with the Seamless, their respective associates and persons acting in concert with the Seamless. A total of 72,481,000 new Subscription Shares (being the same number as the Sale Shares) were allotted and issued to the Seamless at the Subscription Price on 21 April 2021.

The Subscription Price represents a discount of approximately 8.8% to the closing price of HK$6.5 per Share as quoted on the Stock Exchange on 12 April 2021, being the last trading date immediately prior to the date of the Placing and Subscription Agreement. The reason for the Subscription is to raise additional funding for the business operations, drive the development and expansion of Cloud Business Unit and SaaS tooling matrix of the Company and strengthen the Company's financial position, and provide working capital to the Company to meet any financial obligations. The net proceeds, after deducting all related fees and expenses, from the Subscription amounted to approximately US$54.6 million. The net price per Subscription Share is US$0.8. The aggregate nominal value of the Subscription Shares is US$724,810.

The following table sets out the breakdown of the use of net proceeds from the Subscription as at 31 December 2021:

Use of Net Proceeds	Amount Allocated	Amount Utilized	Balance
	(US$' million)	*(US$' million)*	*(US$' million)*
The development and expansion of Cloud Business Unit	13.6	4.1	9.5
The development and expansion of SaaS tooling matrix	41.0	11.9	29.2
Total	**54.6**	**16.0**	**38.7**

During the Reporting Period, the Group had followed the proposed use of proceeds as set out in the announcement of the Company dated 13 April 2021 and expects to utilise the balance of the net proceeds of approximately US$38.7 million by April 2023.

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

During the Reporting Period, the Company has purchased a total of 8,055,000 Shares (the "**Shares Repurchased**") of the Company on the Stock Exchange at an aggregate consideration (excluding transaction costs) of approximately HK$51,536,096.3. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per Share		Aggregate consideration
		Highest	**Lowest**	
		(HK$)	*(HK$)*	*HK$'000*
December 2021	8,055,000	6.8	6.0	51,536,096.3
Total	**8,055,000**			**51,536,096.3**

The Shares Repurchased were canceled on 26 January 2022.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

During the year ended 31 December 2021, the Company had complied with the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules other than code provision C.2.1, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. DUAN Wei ("**Mr. DUAN**") was the chairman of the Board and chief executive officer of our Company during the period from 1 January 2021 to 13 January 2021. With extensive experience in the mobile advertising and mobile analytics industry, during the period from 1 January 2021 to 13 January 2021, Mr. DUAN was responsible for the overall strategic planning and general management of our Group and has been an instrumental part of our growth and business expansion since the establishment of our Group. During the same period, the balance of power was ensured by the following reasons: (i) the audit committee of the Company was comprised of all independent non-executive Directors; and (ii) the independent non-executive Directors had free and direct access to the Company's external auditor and independent professional advisers when considered necessary. The Board believes that such structure was considered to be appropriate under the size of operation, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. DUAN, and believes that his appointment to the posts of chairman and chief executive officer was beneficial to the business prospects of the Company during the period from 1 January 2021 to 13 January 2021. Save for the above, the Company has applied the principles and code provisions as set out in the CG Code during the Reporting Period.

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

MODEL CODE

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

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the year ended 31 December 2021.

DIVIDEND POLICY AND FINAL DIVIDEND

No final dividend was recommended by the Board for the year ended 31 December 2021.

SUBSEQUENT EVENTS

On 22 February 2022, the restructuring of the top media agency business (the media planning and procurement business) of the Group and the proposed amendments to the rules of the restricted share units schemes of the Company were approved at the AGM of the Company. On 3 March 2022, All the conditions precedent under the business restructuring agreement have been fulfilled and completion took place. For further details, please refer to the Company's announcements dated 22 February 2022 and 3 March 2022.

On 10 March 2022, the Group, as borrower, and Hong Kong and Shanghai Banking Corporation Limited, as lender, entered into a facility agreement (the "**Facility Agreement**"), pursuant to which the bank agreed to provide the Company non-revolving loan facilities of up to US$75,000,000. Pursuant to the terms of the Facility Agreement, the final repayment date is the date falling 364 days from the date of the Facility Agreement, unless extended by the parties in accordance with the Facility Agreement. Under the terms of the Facility Agreement, if Mr. Duan Wei (the chairman of the Board, an executive director and a controlling shareholder of the Company) and Mr. Cao Xiaohuan (an executive director and the chief executive officer of the Company) 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 cancelled 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.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the audited consolidated financial statements of the Group during the Reporting Period. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss , consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained a public float of no less than 25% of the issued shares as at the date of this announcement, which was in line with the requirement under the Listing Rules.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting ("**AGM**") will be held on Wednesday, 8 June 2022. A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders in April 2022.

CLOSURE OF REGISTER OF MEMBERS

The registers of members of the Company will be closed from Thursday, 2 June 2022 to Wednesday, 8 June 2022, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at AGM to be held on 8 June 2022, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfers documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 1 June 2022.

PUBLICATION OF 2021 ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement of the Group for 2021 is published on the websites of the Stock Exchanges (www.hkexnews.hk) and the Company (www.mobvista.com). The 2021 Annual Report containing all applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in April 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	**2021**	2020
		US$'000	*US$'000*
Revenue	*2*	**755,412**	516,148
Cost of sales		**(633,490)**	(434,008)
Gross profit		**121,922**	82,140
Selling and marketing expenses		**(47,146)**	(16,957)
Research and development expenses		**(68,771)**	(31,874)
General and administrative expenses		**(27,633)**	(44,342)
Other net income		**9,272**	5,820
Loss from operations		**(12,356)**	(5,213)
Change in fair value of derivative financial liabilities		**(13,979)**	—
Finance costs		**(4,379)**	(1,897)
Loss before taxation		**(30,714)**	(7,110)
Income tax	*3*	**5,950**	1,904
Loss for the year		**(24,764)**	(5,206)
Attributable to:			
Equity shareholders of the Company		**(24,958)**	(5,206)
Non-controlling interests		**194**	—
Loss for the year		**(24,764)**	(5,206)
Loss per share	*4*		
Basic (United States dollar cents)		**(1.59)**	(0.35)
Diluted (United States dollar cents)		**(1.59)**	(0.35)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2021	2020
	US$'000	*US$'000*
Loss for the year	**(24,764)**	(5,206)
Other comprehensive income/(loss) for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**824**	(1,842)
Total comprehensive loss for the year	**(23,940)**	(7,048)
Attributable to:		
Equity shareholders of the Company	**(24,134)**	(7,048)
Non-controlling interests	**194**	—
Total comprehensive loss for the year	**(23,940)**	(7,048)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 December 2021** **US$'000**	31 December 2020 *US$'000*
Non-current assets			
Property, plant and equipment		**7,613**	10,888
Intangible assets		**117,668**	43,324
Goodwill		**115,342**	28,998
Deferred tax assets		**22,040**	15,111
Financial assets measured at fair value through profit or loss (FVPL)		**1,663**	3,065
Deposits		**—**	676
		264,326	102,062
Current assets			
Financial assets measured at fair value through profit or loss (FVPL)		**12,199**	54,274
Contract costs		**552**	—
Trade and other receivables	*5*	**170,158**	286,830
Prepayments		**12,668**	9,693
Restricted cash		**6,320**	4,887
Cash and cash equivalents		**160,322**	39,311
Current tax recoverable		**1,226**	549
Assets held for sale		**119,197**	—
		482,642	395,544
Current liabilities			
Trade and other payables	*6*	**214,846**	149,863
Current tax payable		**8,040**	9,670
Bank loans		**59,269**	56,441
Lease liabilities		**3,992**	4,600
Derivative financial liabilities		**16,377**	—
Liabilities held for sale		**47,007**	—
		349,531	220,574
Net current assets		**133,111**	174,970
Total assets less current liabilities		**397,437**	277,032

	Note	**31 December 2021** *US$'000*	31 December 2020 *US$'000*
Non-current liabilities			
Convertible bonds		**27,509**	—
Deferred tax liabilities		**7,558**	2,101
Lease liabilities		**2,854**	6,972
Other non-current liabilities		**158**	157
		38,079	9,230
NET ASSETS		**359,358**	267,802
CAPITAL AND RESERVES			
Share capital	*7*	**16,640**	15,341
Reserves		**320,164**	252,461
Total equity attributable to equity shareholders of the Company		**336,804**	267,802
Non-controlling interests		**22,554**	—
TOTAL EQUITY		**359,358**	267,802

NOTES TO THE FINANCIAL STATEMENTS

1 Significant accounting policies

(a) Statement of compliance

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

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as "**the Group**").

The financial statements are presented in United States dollar ("**US$**"), rounded to the nearest thousand. The directors of the Company re-evaluated the economic environment of the Company and determined that the functional currency of the Company should be changed from Hong Kong Dollar ("**HK$**") to US$ from 1 September 2021 as a result of the change in financing strategy of the Company. The directors have made an assessment of the impact of the change of the functional currency of the Company and concluded that there was no material effect on the results and financial position of the Group.

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

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

— share-based payments.

— derivative financial liabilities.

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

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

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

(c) Changes in accounting policies

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

- Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform — phase 2*

- Amendment to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*

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

2 Revenue and Segment Reporting

(a) Revenue

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

(i) Disaggregation of revenue

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

	2021	2020
	US$'000	*US$'000*
Revenue from mobile advertising related services	**752,673**	515,457
Revenue from other marketing technology related products and services	**2,424**	560
Revenue from cloud related products and services	**315**	131
	755,412	516,148

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

The Group's customer base is diversified. During the year ended 31 December 2021, one single customer contributed to 10% or more of the Group's revenue (2020: Nil).

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

As at 31 December 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is US$259,000 (2020: US$190,000).This amount represents revenue expected to be recognised in the future upon expiration of the subscription periods to the Group's data analytics platform. The Group will recognise the expected revenue in future as the expiring of subscription periods, which is expected to occur over the next 1 to 12 months (2020: 1 to 12 months).

(b) Segment reporting

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

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

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

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

(i) Segment results

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

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below:

	Mobile marketing business		Other marketing technology business		Cloud business		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Disaggregated by timing of revenue recognition								
Point in time	**752,673**	515,457	**1,880**	424	**8**	131	**754,561**	516,012
Over time	**—**	—	**544**	136	**307**	—	**851**	136
Reportable segment revenue	**752,673**	515,457	**2,424**	560	**315**	131	**755,412**	516,148
Reportable segment costs	**(632,955)**	(433,978)	**(500)**	(13)	**(35)**	(17)	**(633,490)**	(434,008)
Gross profit	**119,718**	81,479	**1,924**	547	**280**	114	**121,922**	82,140

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

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

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

(c) Geographic information

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

	Revenue from external customers	
	2021	2020
	US$'000	*US$'000*
China *(note (i))*	**266,276**	171,591
EMEA *(note (ii))* and Americas *(note (iii))*	**330,492**	262,483
Asia-Pacific *(note (iv))*	**146,236**	77,361
Others	**12,408**	4,713
	755,412	516,148

Notes:

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

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

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

(iv) Primarily includes Australia, New Zealand and other Asian countries excluding China.

3 Income tax in the consolidated statements of profit or loss

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

	2021	2020
	US$'000	*US$'000*
Current tax	**855**	2,150
Deferred tax	**(6,805)**	(4,054)
	(5,950)	(1,904)

Notes:

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

(ii) Adlogic Technology Pte. Ltd., a subsidiary in Singapore, is subject to the prevailing corporate income tax rate of 17% in Singapore. The provision for Singapore Profit Tax for 2021 is taken into account a reduction granted by the Inland Revenue Authority of Singapore of 75% of the tax payable subject to a maximum reduction of Singapore Dollar ("**S$**") 10,000 (2020: S$10,000 for the year of assessment 2021–2022) and 50% of the tax payable subject to a maximum reduction of S$190,000 (2020: S$190,000 for the year of assessment 2021–2022) for the year of assessment 2022–2023.

(iii) USCore, Inc. and GT Inc, subsidiaries in the United States, are subject to federal income tax rate of 21% in the United States for the years ended 31 December 2021 and 31 December 2020, according to the U.S. Tax Cuts and Jobs Acts effective on 1 January 2018. In addition, USCore, Inc. is subject to taxation in various states of the United States. nativeX, LLC, a wholly-owned subsidiary of USCore, Inc., is treated as a disregarded entity for income tax purpose and its income or loss are included in the income tax calculation of USCore, Inc..

(iv) The Enterprise Income Tax ("**EIT**") rate applicable to the subsidiaries registered in the PRC is 25% for the year, except for Guangzhou Huiliang Information Technology Company Limited, Beijing Reyun Technology Co., Ltd. ("**Beijing Reyun**"), and Beijing Qiuqiu Quwan Technology Co., Ltd. subsidiaries in the PRC, which are accredited as a "high and new technology enterprise" and applicable for a preferential enterprise income tax rate of 15% commencing from 2017 to 2021, 2017 to 2021, 2020 to 2021 respectively.

(v) The EIT rate applicable to the subsidiaries registered in the Hong Kong is 16.5% for the year.

(vi) According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2017 onwards, PRC subsidiaries of the Group engaging in research and development activities are entitled to claim 175% for the three years ended 31 December 2021 of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for each year ("**Super Deduction**"). The Group has made its best estimate for Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year.

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

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

	2021	2020
	US$'000	*US$'000*
Loss before taxation	**(30,714)**	(7,110)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the countries concerned	**(4,600)**	(1,966)
Tax effect of non-deductible expenses	**82**	278
Tax effect of non-taxable income	**(27)**	(299)
Tax effect of unrecognised tax loss in current year	**667**	525
Utilisation of previously unrecognised tax loss	**(229)**	—
Tax concession	**(11)**	(162)
Super Deduction of research and development expenses	**(1,593)**	(634)
Others	**(239)**	354
Actual tax credit	**(5,950)**	(1,904)

4 Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of US$24,958,000 (2020: loss of US$5,206,000) and the weighted average of 1,568,338,080 shares (2020: 1,505,258,184 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2021	2020
At 1 January *(note)*	**1,503,437,750**	1,474,115,242
Effect of vested RSUs	**19,821,162**	31,306,084
Effect of share purchase for RSUs	**(12,746,964)**	(163,142)
Effect of share purchase for cancellation	**(347,748)**	—
Effect of Issuance of ordinary share upon subscription *(note 7(b)(vi))*	**52,226,036**	—
Effect of Issuance of ordinary share related to business combination *(note 7(b)(vii))*	**6,136,694**	—
Weighted average number of ordinary shares at 31 December	**1,568,526,930**	1,505,258,184

Note:

The number of ordinary shares as at 1 January 2021 represents 1,534,204,000 (2020: 1,534,204,000) outstanding ordinary shares as of the date netting of 30,766,250 (2020: 60,088,758) treasure shares held by RSU trustees as at 1 January 2021.

(b) Diluted loss per share

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

For the year ended 31 December 2020, the potential ordinary shares of RSUs were anti-dilutive due to their effect to ordinary shares would decrease the loss per share.

5 Trade and other receivables

	Note	2021 US$'000	2020 US$'000
Trade receivables		**153,127**	216,829
Less: Allowance for doubtful debts	*(i)*	**(3,963)**	(17,744)
		149,164	199,085
Deposits		**769**	1,448
Other receivables	*(ii) & (iii)*	**20,225**	86,973
		170,158	287,506
Less: Non-current deposits		**—**	(676)
		170,158	286,830

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

Notes:

(i) As at 31 December 2021, allowance for doubtful debts decreased mainly due to the reclassification of disposal group held-for-sale and improvement of the turnover day of trade receivables.

(ii) As at 31 December 2020, the Group held wealth management products of US$74,640,000 from financial institutions in the PRC and Hong Kong with guaranteed principals and fixed returns per annum, which was fully settled by the financial institutions during the year ended 31 December 2021.

(iii) As at 31 December 2021, the Group held a loan receivable from a third party, which has a principal amount of US$1,260,000 maturing within one year and bears an interest rate of 5% per annum.

Ageing analysis

As at 31 December 2021, the ageing analysis of trade receivables, based on the revenue recognition date and net of allowance for doubtful debts, is as follows:

	2021	2020
	US$'000	*US$'000*
Within 3 months	**129,930**	97,833
3 to 6 months	**2,946**	47,801
6 to 12 months	**4,772**	47,702
Over 12 months	**11,516**	5,749
	149,164	199,085

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

6 Trade and other payables

	2021	2020
	US$'000	*US$'000*
Trade payables *(note (a))*	**176,576**	122,060
Bills payable	**4,706**	915
Amounts due to related parties	**192**	193
Other payables	**4,356**	7,627
Receipt in advance	**19,389**	11,198
Staff costs payables	**6,294**	6,285
Contingent consideration	**346**	—
Value added tax ("**VAT**") and other tax payables	**2,987**	1,585
	214,846	149,863

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

As at 31 December 2021 and 2020, the amounts due to related parties were non-trade related, unsecured and interest-free.

Bills payable as at 31 December 2021 were secured by pledged bank deposits of US$1,176,000 (2020: US$229,000).

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

	2021	2020
	US$'000	*US$'000*
Within 1 month	**65,311**	26,745
1 to 2 months	**44,478**	24,753
2 to 3 months	**21,768**	9,657
Over 3 months	**49,725**	61,820
	181,282	122,975

7 Share capital

(a) Authorised

	2021		2020	
	Number of shares	**Nominal value of shares**	Number of shares	Nominal value of shares
		US$'000		*US$'000*
At 1 January	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Additions	**—**	**—**	—	—
At 31 December	**10,000,000,000**	**100,000**	10,000,000,000	100,000

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

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

(b) Issued and fully paid

	Note	Ordinary shares Number of ordinary shares	 Nominal value of fully paid ordinary shares *US$'000*
As at 1 January 2020, 31 December 2020 and 1 January 2021		1,534,204,000	15,341
Issuance of ordinary share upon subscription	*vi*	72,481,000	725
Issuance of ordinary share related to business combination	*vii*	57,433,164	574
As at 31 December 2021		1,664,118,164	16,640

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

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

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

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

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

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

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

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

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

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

(viii) Purchase of own shares

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

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

The total amount paid on the repurchased shares was HK$51,536,000 (equivalent to US$6,634,000).

8 Reserves and dividends

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

	Share capital *US$'000*	Capital redemption reserve *US$'000*	Share premium *US$'000*	Reserve for treasury shares *US$'000*	Share-based payments reserve *US$'000*	Retained profits / accumulated (loss) *US$'000*	Total equity *US$'000*
At 1 January 2020	15,341	60,207	136,700	(601)	19,506	5,117	236,270
Profit for the year	—	—	—	—	—	382	382
Total comprehensive income	—	—	—	—	—	382	382
Vested RSUs	—	—	18,122	372	(18,494)	—	—
Share-based payments	—	—	—	—	13,194	—	13,194
Share purchased for RSUs	—	—	—	(4,384)	—	—	(4,384)
At 31 December 2020 and 1 January 2021	15,341	60,207	154,822	(4,613)	14,206	5,499	245,462
Loss for the year	—	—	—	—	—	(13,425)	(13,425)
Total comprehensive loss	—	—	—	—	—	(13,425)	(13,425)
Issuance of ordinary share upon subscription, net of issuance cost	725	—	53,912	—	—	—	54,637
Issuance of ordinary share related to business combinations, net of issuance cost	574	—	49,714	—	—	—	50,288
Vested RSUs	—	—	9,941	3,130	(13,071)	—	—
Share-based payments	—	—	—	—	5,836	—	5,836
Share purchased for RSUs	—	—	—	(10,991)	—	—	(10,991)
Share purchased for cancellation	—	—	—	(6,634)	—	—	(6,634)
At 31 December 2021	16,640	60,207	268,389	(19,108)	6,971	(7,926)	325,173

(a) Capital reserve

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

(b) Share premium

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

(c) Statutory reserve

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

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

(d) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations which are dealt with in accordance with the accounting policies.

(e) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of RSUs granted to the directors, employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments.

(f) Treasury shares

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

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

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

Movements in the number of treasury shares for the years ended 31 December 2021 and 2020 are as follows:

	2021	2020
Outstanding as of 1 January	**30,766,250**	60,088,758
Purchased from the market for RSUs during the year	**14,972,000**	7,993,000
Purchased from the market for cancellation during the year	**8,055,000**	—
Decrease due to RSU vested during the year	**(23,346,632)**	(37,315,508)
Outstanding as of 31 December	**30,446,618**	30,766,250

(g) Distributability of reserves

At 31 December 2021, the aggregate amount of reserves available for distribution to equity shareholders of the Company was US$267,434,000 (2020: US$174,527,000).

(h) Dividends

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

There is no dividend declared and paid by the Company in 2021 and 2020. There is no final dividend proposed after the end of the reporting period.

(i) Capital management

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

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

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at 31 December 2021 and 2020 was 52% and 46%, respectively.

The Group's debt to asset ratio at 31 December 2021 and 2020 was as follows:

	31 December 2021	31 December 2020
	US$'000	*US$'000*
Current liabilities:		
Trade and other payables	**214,846**	149,863
Current tax payable	**8,040**	9,670
Bank loans	**59,269**	56,441
Lease liabilities	**3,992**	4,600
Derivative financial liabilities	**16,377**	—
Liabilities held for sale	**47,007**	—
Non-current liabilities:		
Convertible bonds	**27,509**	—
Deferred tax liabilities	**7,558**	2,101
Lease liabilities	**2,854**	6,972
Other non-current liabilities	**158**	157
Total debt	**387,610**	229,804
Total Asset	**746,968**	497,606
Debt to asset ratio	**52%**	46%

APPRECIATION

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

By order of the Board
Mobvista Inc.
DUAN Wei
Chairman

Guangzhou, PRC, 31 March 2022

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

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

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