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# Mobvista

**Mobvista Inc.**

**匯量科技有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1860)**

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

### **FINANCIAL HIGHLIGHTS**

	<b>Six months ended 30 June</b>		
	<b>2022</b>	<b>2021</b>	
	<b>US\$'000</b>	<b>US\$'000</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>YoY Change</b>
<b>Revenue</b>	<b>455,796</b>	307,756	<b>48.1%</b>
<b>Net Revenue <sup>(1)</sup></b>	<b>111,098</b>	55,697	<b>99.5%</b>
<b>Gross Profit</b>	<b>89,980</b>	42,425	<b>112.1%</b>
<b>Profit/(loss) for the period</b>	<b>21,650</b>	(38,773)	<b>155.8%</b>
<b>Non-IFRS measures</b>			
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>5,824</b>	2,225	<b>161.7%</b>

*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 EBITDA as EBITDA (which is profit/(loss) from operations plus depreciation and amortization expenses) for the period adjusted by adding back or deducting share-based compensation expenses, investment loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Reyun Data, foreign exchange loss and gain on disposal of subsidiaries and top media agency business.

The board (the “**Board**”) of directors (the “**Directors**”) of Mobvista Inc. (the “**Company**”) hereby announces the unaudited interim consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) prepared under International Financial Reporting Standards (“**IFRS**”) for the six months ended 30 June 2022 (the “**Reporting Period**”). The interim consolidated results have been reviewed by the Audit Committee of the Company and the external auditor.

## **BUSINESS REVIEW**

### **I. Company Overview**

We are a technology service company committed to providing global customers (in particular Chinese customers aiming for global expansion) with advertising technology service and marketing technology service required for developing the mobile internet ecosystem.

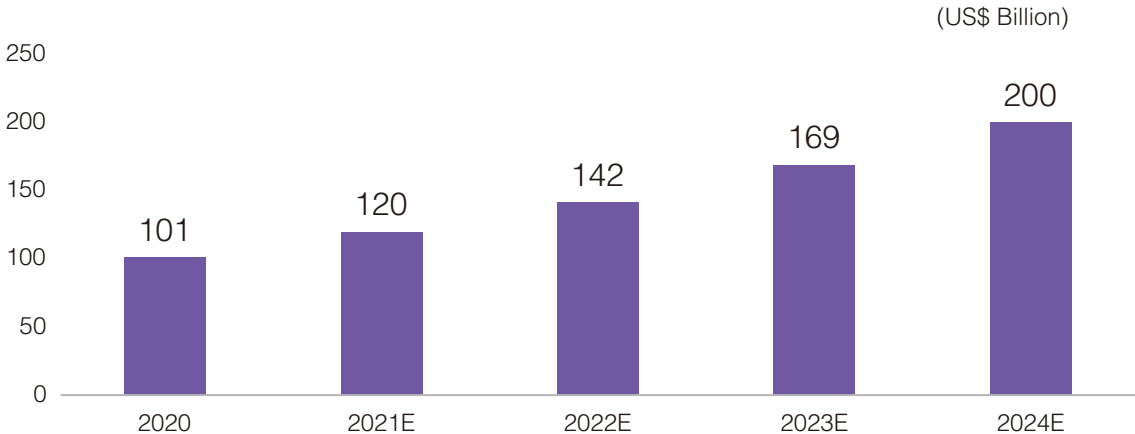
Through our one-stop advertising platforms and Software-as-a-Service (“**SaaS**”) tooling matrix, mobile application (“**App(s)**”) developers can easily, quickly, and efficiently undertake full spectrum marketing activities to promote and monetize their Apps. Our platform and technology can significantly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

### **II. Industry overview**

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

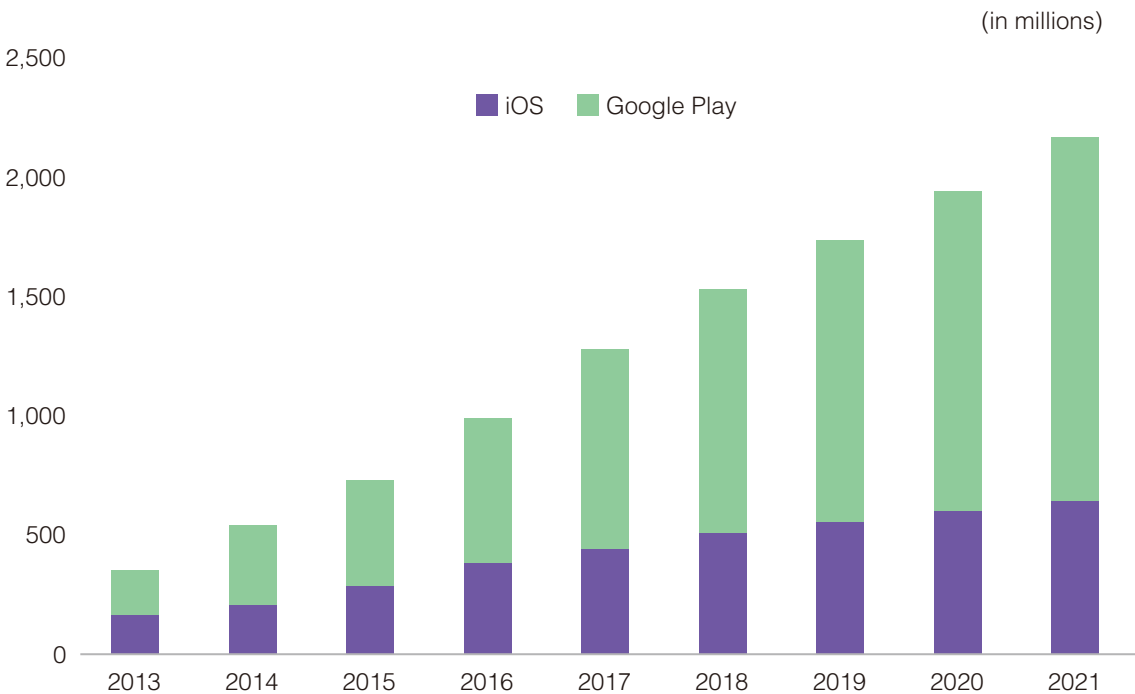
**Competition within the mobile application ecosystem is getting fierce while the in-App advertising market is booming.** “*Development, user acquisition and monetization*” of Apps are the constant challenges for App developers. User acquisition complexity is surging as the supply of Apps continues to grow. According to data.ai, as of the end of 2021, the cumulative number of Apps published on iOS and Google Play exceeded 21 million, while more than 2 million new Apps on average have emerged annually in the past five years. The demand for advertising from App developers continues to rise as the supply of Apps has increased. Demand for monetization has ballooned as well, which in turn drives the growth of the in-App advertising market. Data from research has shown that approximately 80% of App developers have chosen video ads or display ads to monetize their Apps. The way ads are displayed in-App is more rich and increasingly diverse, which provides end-users with more attractive ad content, boosts user participation, and enhances user experience. According to IDC, the size of the global in-App advertising market will reach US\$200 billion in 2024, and the compound annual growth rate (“**CAGR**”) of the industry will reach 18.6% in the 2020–2024 period.

**Figure 1: Global Mobile In-App Advertising Market Size**



Data Source: IDC

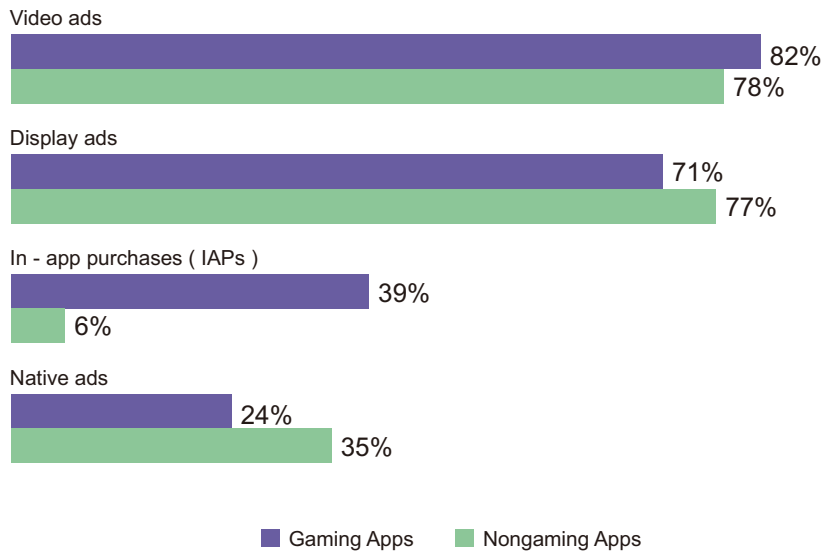
**Figure 2: Cumulative number of Apps published on App Stores**



Data Source: data.ai

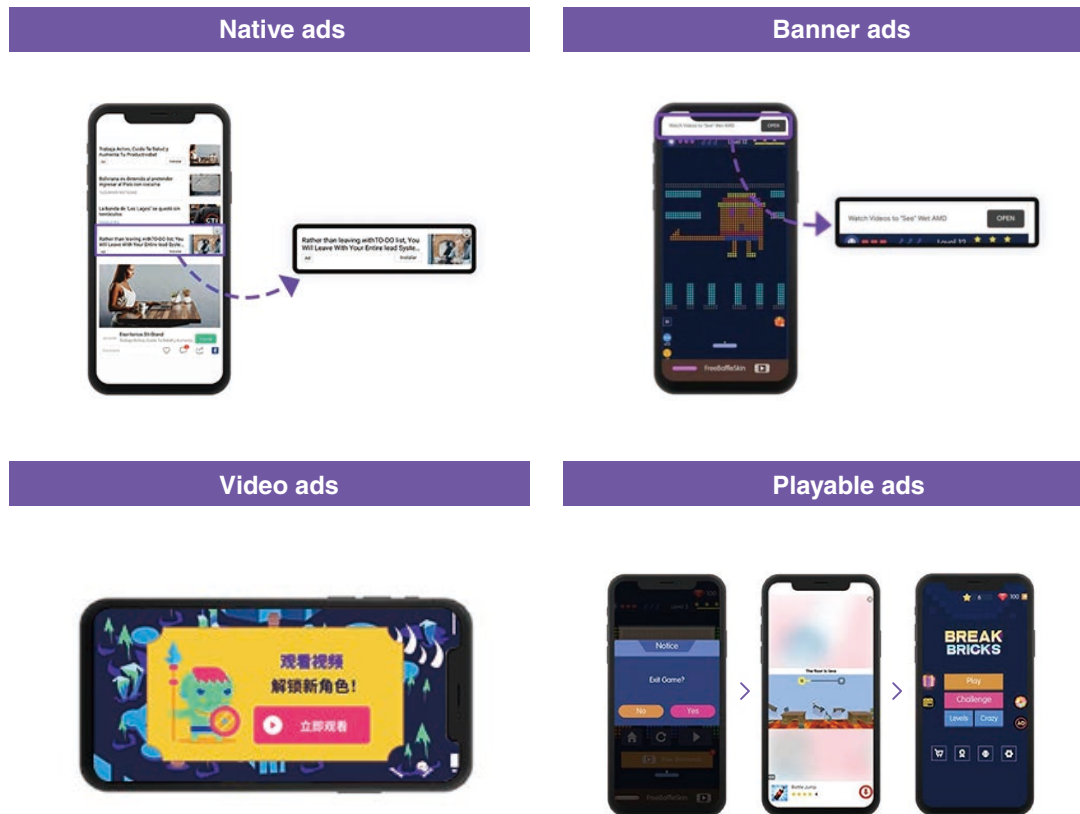
**Figure 3: Monetization methods that App Publishers worldwide use for their Apps**

**Monetization Methods that Mobile App Publishers Worldwide Use for Their Apps, Gaming vs. Nongaming, Oct 2021**  
**% of respondents**



Data Source: Statista

**Figure 4: Diagrams of Ad types**

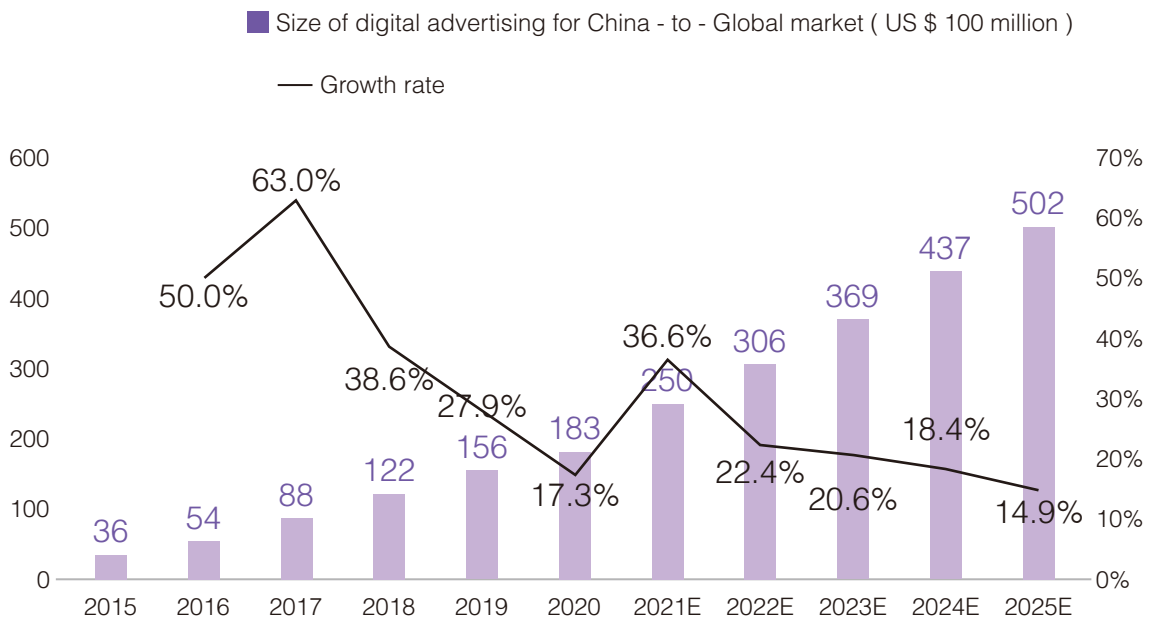


Data Source: Mobvista Inc.

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

Global advertising service providers are the supplies who provide tools for Chinese Apps to expand globally. The market size of digital advertising for China-to-Global market is expected to exceed US\$50 billion. In light of the diminishment of demographic dividend in China, globalization has become necessary for Chinese companies to reach their next phase of growth. From the “Copy From China” of model adopted by traditional technology companies to the “Born Global” trend as seen among by the emerging new technology companies, globalization is a vital part for them. As the Chinese Apps go global, advertising service providers will benefit most from the transition. According to data from iResearch Consulting Group, the size of digital advertising for China-to-Global market is expected to exceed US\$50 billion, and the CAGR will reach 22.4% from 2020 to 2025.

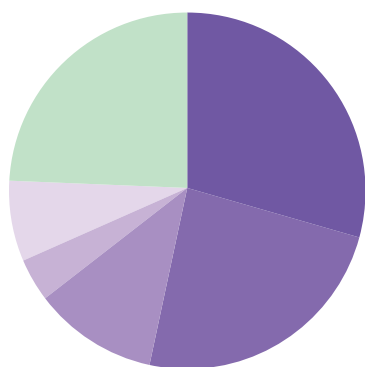
**Figure 5: Size of digital advertising for China-to-Global market**



Data Source: iResearch Consulting Group

**There are differences between the Chinese and overseas market traffic structures, for example medium and long tail traffic has high value in overseas markets.** Overseas advertising channels can be mainly classified into top media advertising (represented by Google and Meta), and third-party advertising technology platforms targeting medium and long tail traffic. Meanwhile, Chinese advertising platforms for China-to-Global service providers gradually merge into two types, which are (i) advertising agencies such as Papaya Mobile and Yeahmobi (top media intermediaries) which advertise on top media like Google and Meta; and (ii) third-party programmatic advertising platforms such as Mintegral. While Chinese media has strong leading effects (CR10 (concentration rate) = 95%), overseas marketing channels (i.e. the American market) only have a CR10 of 76%; their medium and long tail traffic entail a relatively high value for advertising. Third-party Ad-tech platforms benefit significantly from the surge of supply of long tail Apps, connecting advertisers and medium and long-tail App traffic with their own platforms, providing one-step, programmatic and end-to-end traffic procurement services and contributing to the globalization of Chinese companies.

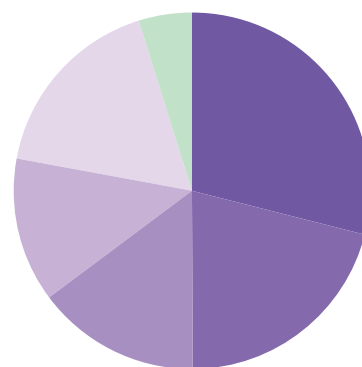
**Figure 6: Share of United States digital advertising market in 2021**



■ Google Play ■ Meta  
■ Amazon ■ Microsoft  
■ Top 5-10 ■ Other

Data Source: eMarketer

**Figure 7: Share of Chinese online advertising in 2021**



■ Alibaba ■ ByteDance  
■ Tencent ■ Baidu  
■ Top 5-10 ■ Other

Data Source: eMarketer

**In the wave of China’s globalization, programmatic platforms usher in a new era of dramatic growth.** While both types of service providers enjoy the opportunities brought by the wave of China’s globalization, top media agencies and programmatic Ad-tech platforms cover different traffic types and their business models are completely different. Top media agencies have concentrated upstream supply-side and fragmented downstream buy-side. While the third-party programmatic advertising platforms have fragmented upstream supply-side and downstream buy-side, which strengthen their bargaining power when negotiating with upstream suppliers and downstream customers. Programmatic advertising platforms based in China have established strong business relationships with app developers who seek for global expansion, a sound reputation in the industry due to their insightful outlook on Chinese market, and rich experience working with Chinese app developers. Also, there is a growing consensus in the advertising industry that programmatic advertising is the future. With their mature and large-scale traffic network established in overseas markets, and their accumulated knowledge on algorithms, data and industry insight, top programmatic advertising platforms in China will continue to benefit from the dramatic growth of the industry and their economies of scale, laying the foundation of their global expansion.

### **III. The ecosystem of Ad-tech industry and company strategic layout**

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

#### ***3.1 The ecosystem of programmatic advertising platforms***

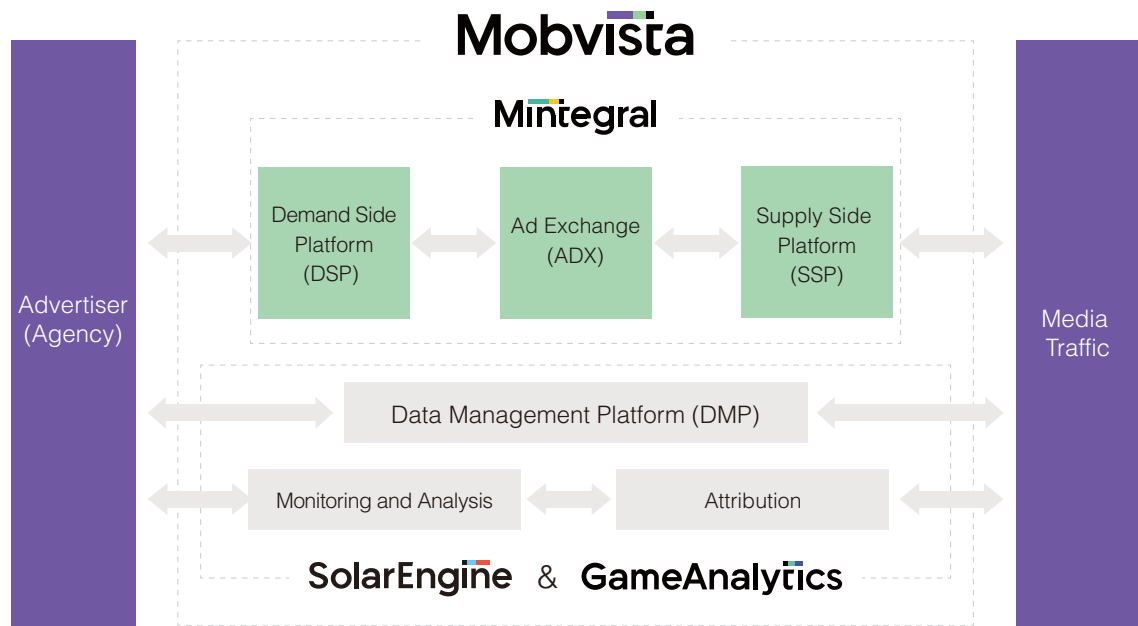
Participants of the ecosystem of programmatic advertising platforms can be divided into upstream, midstream and downstream; 1) upstream participants are advertisers (agencies); and 2) midstream participants are Ad-tech service providers including Demand Side Platforms (“**DSP**”), Ad Exchanges (“**ADX**”)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

### 3.2 Programmatic advertising platform of the Company

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

In addition, the Company conducts statistical analysis of user behavior through the GameAnalytics platform, while providing attribution services and monitoring analytics of performance-based ads through SolarEngine. Not only does the Company provide multiple marketing tools to upstream advertisers, it also mines its data assets to optimize and iterate its algorithms.

**Figure 8: The strategic placement of Mobvista in the programmatic advertising industry**



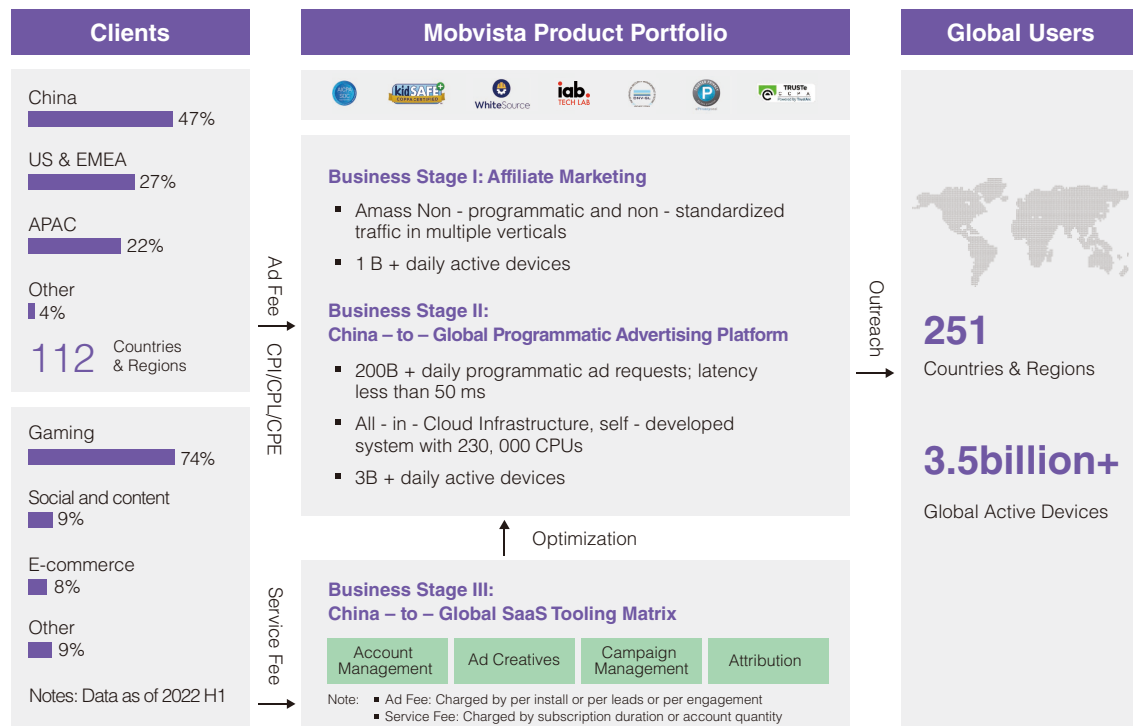
Source: Mobvista Inc.



## IV. Stages of the Company development

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

**Figure 9: Three stages of Mobvista's development**



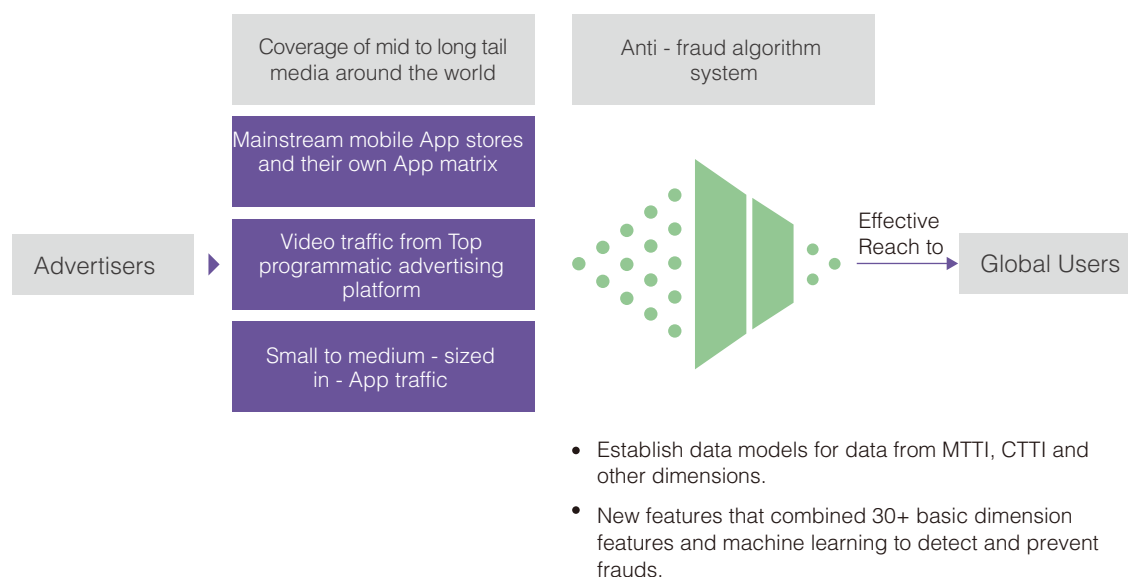
Data Source: Mobvista Inc.

### 4.1 First stage: affiliate marketing that focus on the globalization of Chinese Apps

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

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

**Figure 10: Nativex Business Profile**



Source: Mobvista Inc.

#### **4.2 *Second stage: programmatic advertising platform with its “Glocal strategy” to expand to overseas markets***

With the rapid growth of the mobile internet, the overseas mobile applications ecosystem has become more and more fragmented. App developers are facing challenges with user acquisition and traffic monetization and need a platform that aggregates global traffic, especially medium and long tail traffic, in order to help them reach global users effectively at scale growing both users and revenues. Because of its transparency and highly efficiency and intelligence, programmatic advertising is popular among top App developers.

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

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

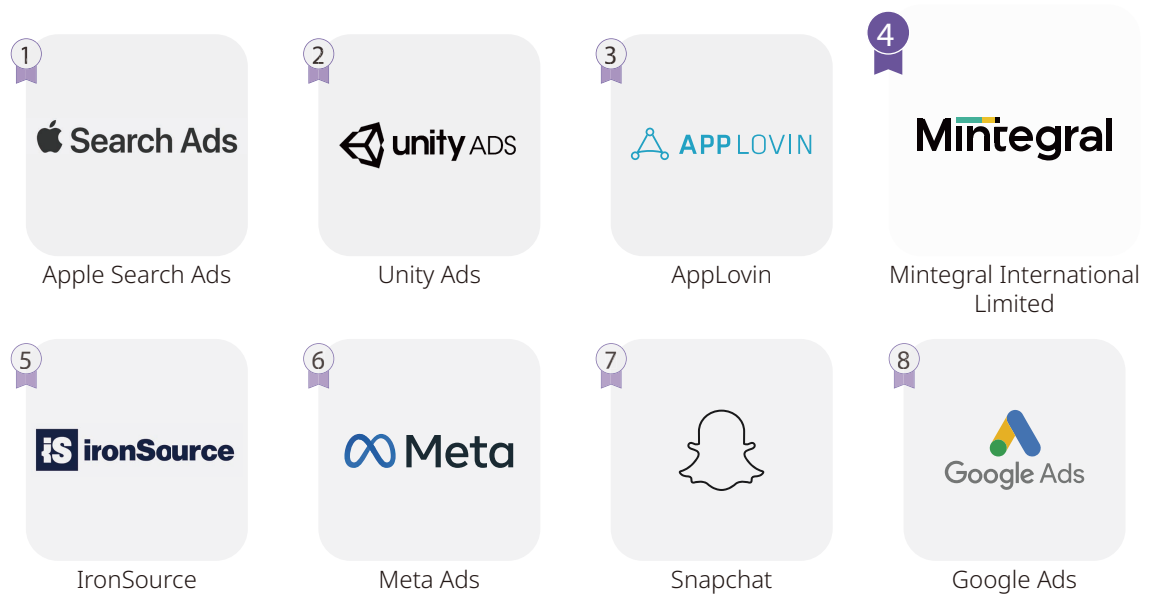
Along with the growth of business, Mintegral has become one of the top global advertising platforms. For the two years to the first half of 2022, the CAGR of Mintegral's revenue is 73.61%. In the recently published AppsFlyer Performance Index, Mintegral also achieved its best ranking to date: it became one of the top four platforms across all categories in global market on both the iOS and Android platforms, and the only platform from China ranked in the top five in the second half of 2021.

**Figure 11: The ranking of Mintegral in AppsFlyer Performance Index**

**Mintegral**



**PERFORMANCE INDEX**



Global Performance Index-Power Ranking ( All Categories Android & iOS )

Data Source: AppsFlyer

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

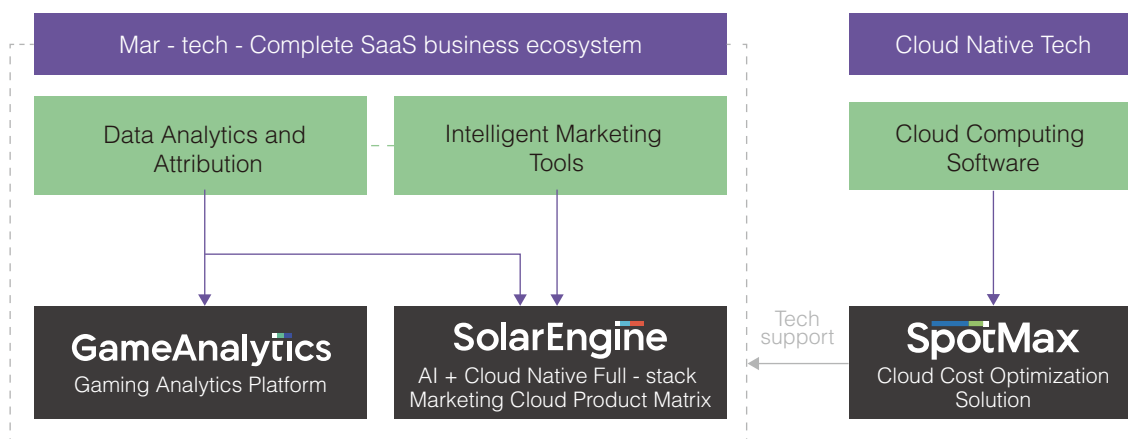
#### ***4.3 Third stage: SaaS Tooling matrix — integrate “Ad-tech+Mar-tech” as dual-engines of business growth***

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

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

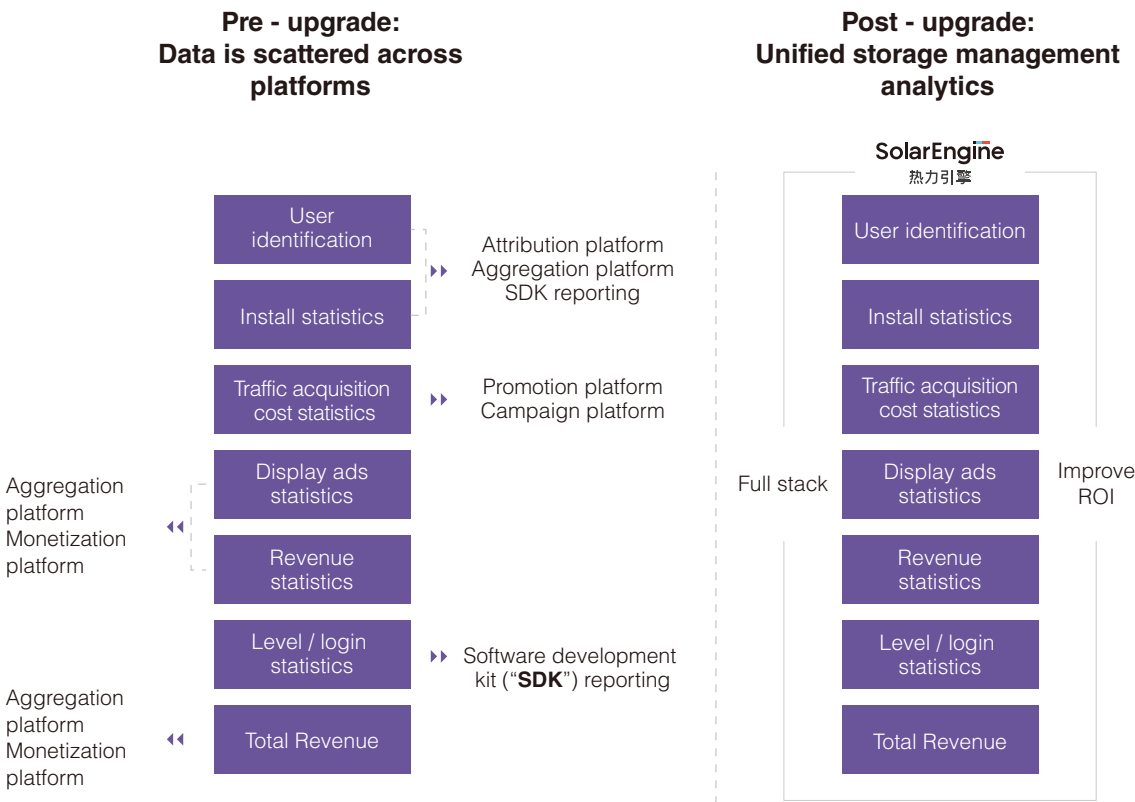
As the SolarEngine ecosystem matures, we will strengthen our traffic expansion and technology competitiveness in China. While helping overseas clients expand their business into the Chinese market, we will launch SolarEngine to the overseas market to drive the globalization of Chinese companies. Through the all-round business layout of “Chinese + overseas markets”, we will become the first company in the world that is able to provide complete solutions covering both the Chinese and overseas markets.

**Figure 12: SaaS tools included under SolarEngine**



Source: Mobvista Inc.

**Figure 13: Comparison of Reyun Data before and after its upgrades to SolarEngine**

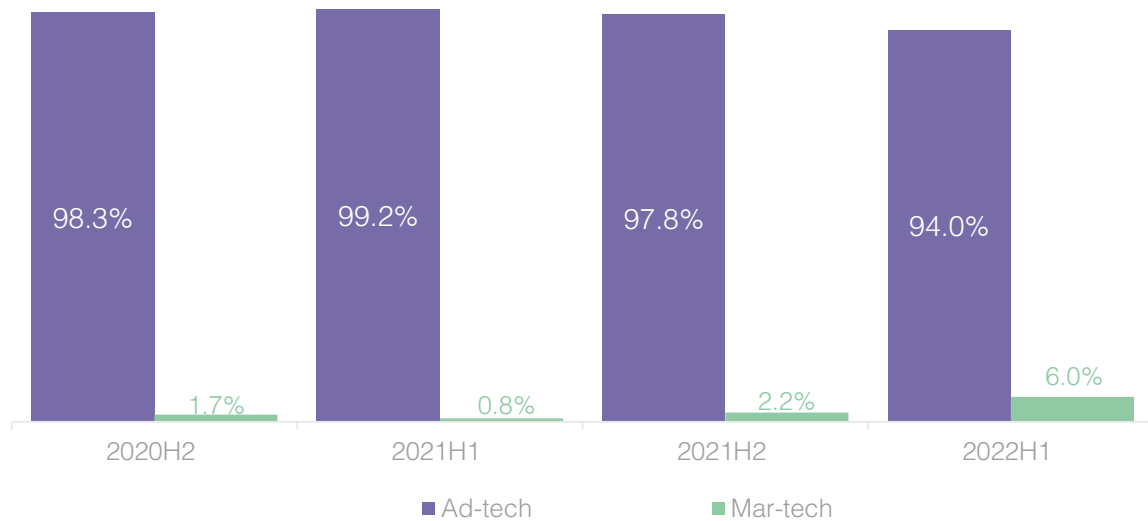


Source: Mobvista Inc.

## V. Business Modules

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

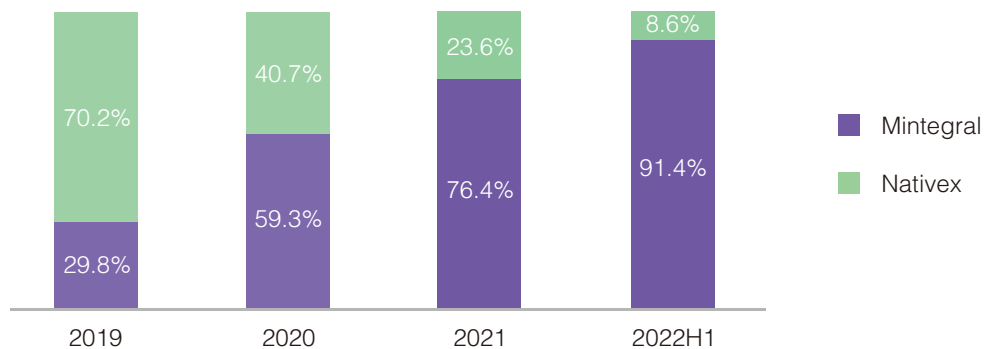
**Figure 14: Net revenue share of Ad-tech vs Mar-tech (from 2020H2 to 2022H1)**



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

Data Source: Mobvista Inc.

**Figure 15: Revenue share of Mintegral vs Nativex (from 2019 to 2022H1)**



Data Source: Mobvista Inc.

## **5.1 Ad-tech: Mintegral**

### *5.1.1 Business Review*

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

### 5.1.2 Business model

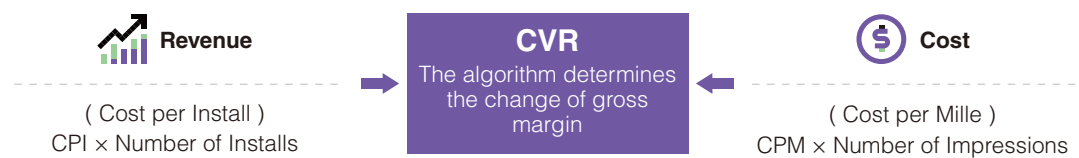
From the perspective of revenue, we charge customers performance-based advertising fees; that is, fees based on negotiated performance KPIs such as number of users that download the App, number of installs, or registrations of an App followed by certain actions by users, such as ensuring users will retain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

From the perspective of cost, we purchase advertising inventory from traffic owners or administrators to display ads of our customer, and the fee is usually settled with traffic publishers by the number of impressions. It is worth noting that the acquisition of advertising inventory is real time, which means we do not assume inventory risk of advertising.

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

We settle with our customers and traffic owners or administrators with bank transfer within one month after we confirm the transaction amount. For relatively small-sized new customers, prepayment is required. For a small number of large customers, we may extend one to two more weeks to the standard payment terms. In terms of cloud computing costs, all the terms of our contracts exceed three months. Unlike an advertising agency, Mintegral has almost no need to pay in advance. As its business continue to grow, Mintegral will enjoy even better terms with its customers and vendors.

**Figure 16: Business model diagram**



Source: Mobvista Inc.

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



### *5.1.3 Customer Distribution*

From the perspective of customer region distribution, Mintegral's customers are located in Europe, 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 112 countries and regions around the world. China had the largest number of customers, accounting for 46.9% of the total, followed by the major regions in Asia-Pacific, accounting for 22.4% of the total, while the number of customers in major regions of EMEA, major regions of the Americas and other regions accounted for 19.3%, 7.4% and 4.0% of the total number of customers respectively.

From the perspective of customer types, during the Reporting Period, Mintegral's main customers were casual game customers, whose revenue accounted for 59.7% of Mintegral platform revenue. In addition, the Group is actively expanding customers of hardcore games, e-commerce and other categories.

### *5.1.4 Traffic Distribution*

From the perspective of traffic region distribution, 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 251 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, 96.2% were from overseas regions outside of China and 3.8% were from China; from the perspective of accumulated impressions, 94.2% were from overseas regions outside of China, and 5.8% were from China.

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

### *5.1.5 Competitive landscape*

If we divide mobile device traffic into top media traffic represented by Meta/Google and medium and long tail traffic represented by medium and long tail Apps, then the third-party advertising technology platform segment where Mintegral resides primarily connects to the fragmented medium and long tail traffic through its programmatic trading platform. The programmatic advertising transaction method can create strong platform effect and scale effect, and will become the dominant participant in the monetization of medium and long tail traffic in the future. Therefore, Mintegral's primary competitors include third-party programmatic advertising platforms represented by AppLovin, IronSource, and Unity Ads, as well as the advertising network platforms of leading Internet companies represented by Google Admob, Pangle, and Meta Audience Network.

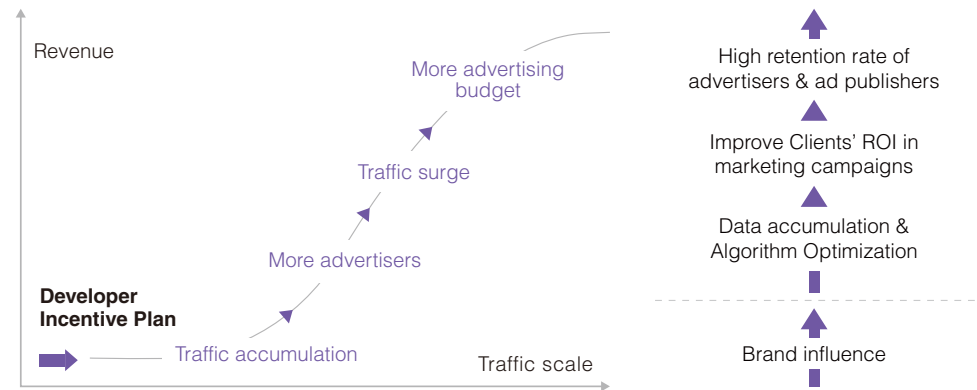
Overall, Mintegral has a unique competitive advantage despite the large number of players in the industry.

#### *5.1.5.1 Reinforced first-mover advantages*

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

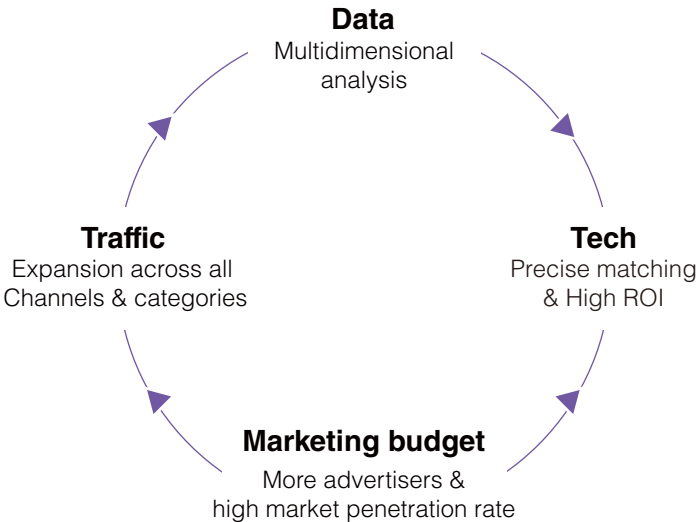
Normally, mobile application developers will only choose limited (generally 5–8) SDK plug-ins from advertising platforms to integrate into their mobile applications. Since the compliance and stability of SDK can affect the stability and user experience of mobile applications, the replacement of an SDK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

**Figure 17: The reinforced first-mover advantage**



Source: Mobvista Inc.

**Figure 18: The flywheel effect of Mintegral’s Ad-tech business**



Source: Mobvista Inc.

Currently, the Mintegral platform reaches traffic and customers all over the world. As of 30 June 2022, Mintegral platform customers' dollar-based expansion rate is up to 198%. The exceptional performance of both the traffic side and the customer side is proof that the Mintegral platform continues to grow rapidly under the influence of flywheel effect.

According to the *Appsflyer Performance Index: 14th edition*, Mintegral ranks among the top four global companies in both iOS and Android retention index, becoming the only Chinese advertising platform among the top five in the world.

#### 5.1.5.2 Chinese roots, differentiated positioning

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

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

#### 5.1.5.3 Continuously strengthened technical strength

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

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

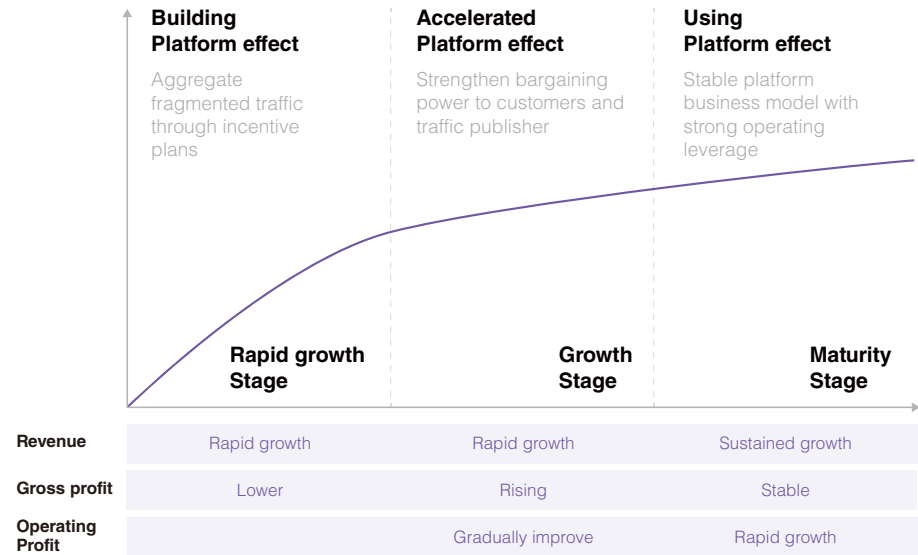
Benefiting from the huge supply of engineers from the Chinese mobile internet industry, we have formed a leading R&D team in the industry, consisting of data scientists, AI algorithm experts, engineering architects and cloud experts with work experience in leading technology giants such as Amazon, Alibaba,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

#### 5.1.5.4 Scale effect and operating leverage

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

- (1) With the growing popularity of the industry, the number of new customers and the size of advertising budgets continue to rise. The retention and net expansion rates of existing customers continue to raise, and the revenue scale grows sustainably.
- (2) As we continue to attract new traffic developers to access the Mintegral platform, the size of the traffic pool keeps growing, and the bargaining power of the platform continues to be strengthened with respect to App developers. Consequently, the unit traffic cost is reduced.
- (3) The growth of the size of the platform and the improvement of its algorithm efficiency drive the growth of the gross profit margin of the platform.

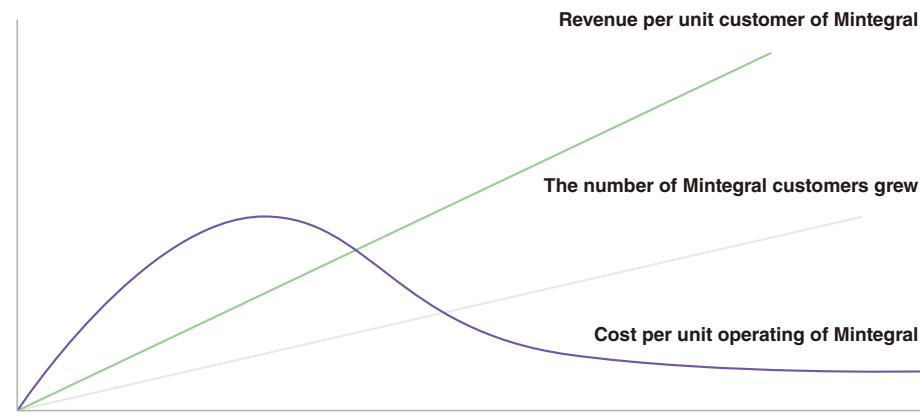
**Figure 19: The monetization model of Mintegral**



Source: Mobvista Inc.

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

**Figure 20: Mintegral operating leverage**



Source: Mobvista Inc.

### *5.1.6 Competitive/cooperative relationship with top media publishers*

With the development of advertising technology, customers will typically advertise initially through the top media traffic and medium and long-tail traffic, then reallocate the budget based on the actual advertising performance. Even though the allocation of budget of advertisers varies, medium and long-tail traffic still accounts for more than 30% of the budget in the industry. Due to the differences in technical specialties and data sources between medium and long-tail traffic platforms and top media, developers need to constantly look for more traffic with high ROI other than top media traffic. In addition, although Mintegral focuses on medium and long-tail traffic, in the actual advertising campaigns, in order to meet the needs of customers for advertising on one platform, it will also participate in real-time bidding of traffic managed by top media. Therefore, Mintegral also has a cooperative relationship with top media publishers.

### **5.2 *Ad-tech: Nativex***

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

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

### **5.3 *Mar-tech: GameAnalytics***

GameAnalytics (“GA”) is our SaaS based in-App data statistical analysis tool. It is currently 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.

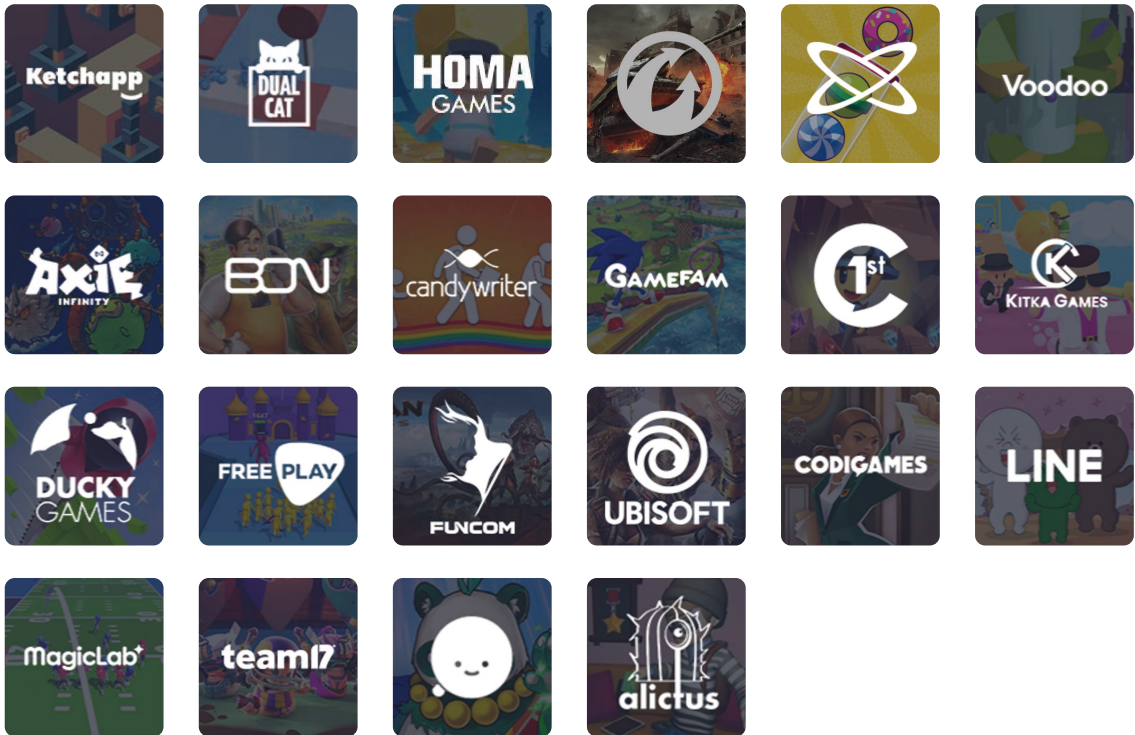


The product charges monthly subscription fees based on different automation features and data analytics dimensions. Subscription fees range from US\$350 to US\$3,000 per month.

**Figure 21 : Major customers of GA**

GameAnalytics cooperative partner

**Developer**



**Platform side**



25 Million daily  
active users  
840 games



Microsoft UWP

Source: Mobvista Inc.



During the reporting period, GA revenue increased 75.7% to US\$0.6 million on a year-on-year basis.

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

During the Reporting Period, among GA customers, there were 1,118 game developers with MAU greater than 100,000, of which 79 were Mintegral customers, contributing 28.1% of the Mintegral platform's revenue.

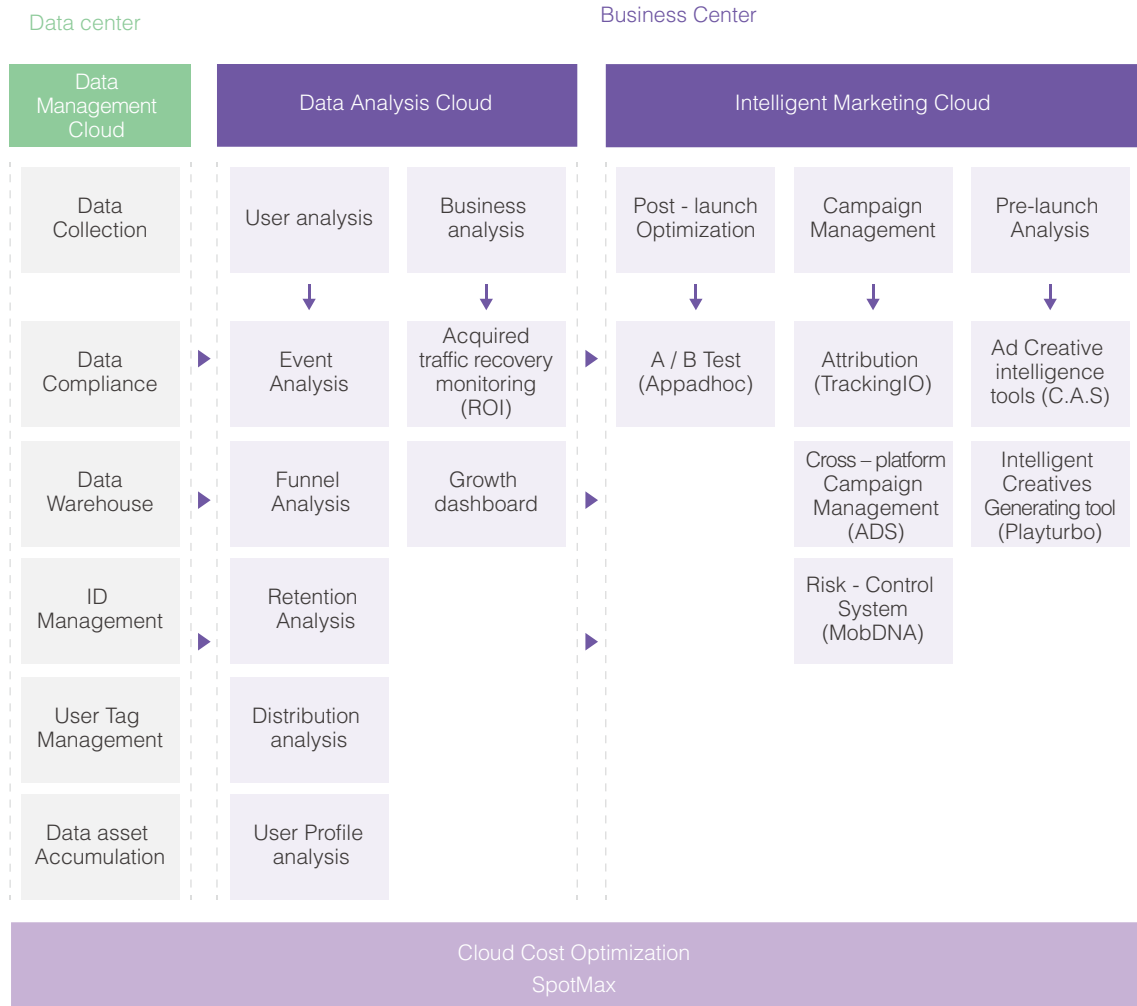
As of the end of the Reporting Period, among the customers who spent more than US\$100,000 on the Mintegral platform for the trailing twelve months, 44 used GA services, approximately accounting for 13.8%.

#### **5.4 Mar-tech: SolarEngine**

SolarEngine has made comprehensive product and service upgrades based on Beijing Reyun Technology Co., Ltd. ("**Reyun Data**"), which is a third-party platform that focuses on the monitoring of mobile advertising delivery and data analysis. It leverages mobile advertising monitoring as the entry point to the platform and also offers data collection and mining, to help customers conduct advertising delivery data analysis, data management, material intelligent analysis, cloud computing resource optimization, etc., to optimize customers' marketing activities.

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

**Figure 22: SolarEngine Product Matrix**



Source: Mobvista Inc.

**Figure 23: Major customers of SolarEngine and Reyun Data**



Source: Reyun Data

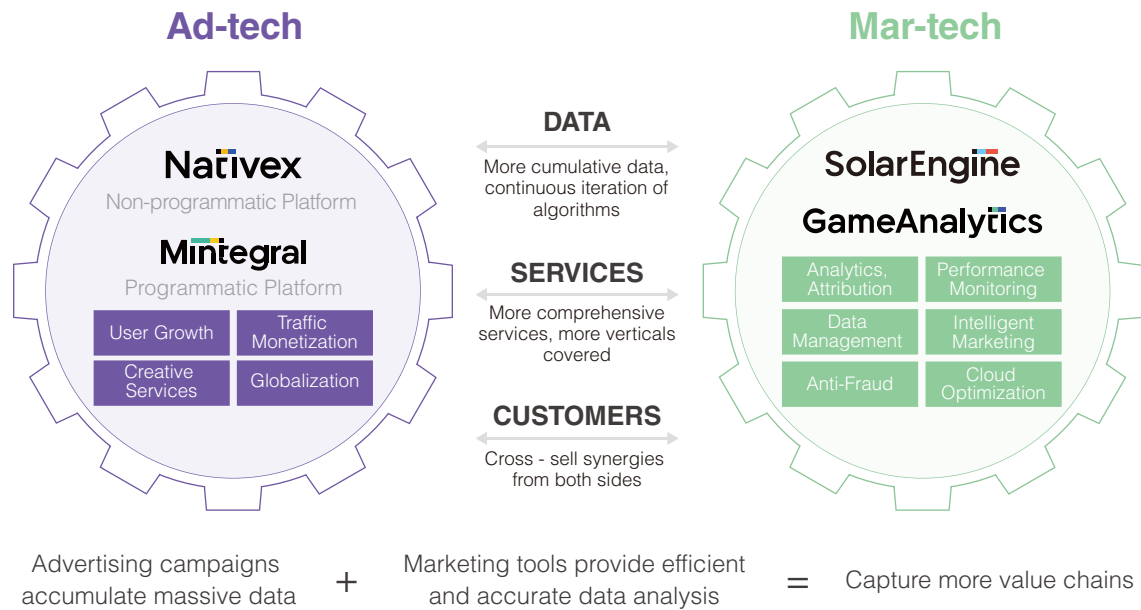
During the Reporting Period, SolarEngine recorded revenue of US\$6.0 million.

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

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

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

**Figure 24: Future strategy of Mobvista**



Source: Mobvista Inc.

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

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

**Algorithms and creativity are combined to continuously improve product and technical strength.** As a programmatic platform, algorithm technology is the core driving force of Mintegral’s long-term growth, especially at the intersection of algorithm and creativity, which will lead to qualitative changes in marketing performance. In order to better help developers achieve global growth, Mintegral combines creativity with algorithms, and continuously invests in dynamic creative optimization. As each ad request filters ads, the algorithm will automatically add a creative combination dimension to generate more candidate results, that is, it 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, to help advertisers improve customer acquisition efficiency and quality faster and better.

**Real-time context-based user interest modeling enhances our competitiveness in the post-identifier for advertisers (“IDFA”) era.** We laid out the user interest modeling algorithm under IDFA-less conditions very early. As opposed to the technology commonly used in the industry that completely relies on IDFA to obtain long-term interest profile of users, we focus on the behavioral interest modeling technology that does not violate user privacy. Our algorithms primarily rely on modeling systems of real-time contextual information, rather than customer private data. Based on this technical planning, in the context of the recent tightening of global data privacy and protection policies, we are less affected by IDFA, and accordingly, the advantages of our advertising technology platform have gradually become apparent.

**Data flywheel effects began to work, promoting the expansion of business across categories.** Mintegral initially entered the programmatic advertising market from the field of casual games. With years of hard work, we already are the leader in this field. In this process, Mintegral has widely reached scale in the global programmatic advertising market and accumulated massive data sets on both sides of “traffic-user”. This bilateral accumulation has promoted the flywheel effect of Mintegral’s business. At present, our business has further expanded into more vertical categories, including new categories such as medium and hardcore games, e-commerce and tools. The large amount of data samples accumulated before can help our algorithm to learn faster and more efficiently, contributing to Mintegral’s cross-category expansion strategy.

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

**Enrich the product matrix, strengthen the capability to monitor advertising performance, and deliver closed-loop service of purchasing traffic.** After the acquisition of Reyun Data, we quickly built a more complete product matrix to achieve a full-spectrum advertising services. With the help of SolarEngine, we will realize the construction of a full-spectrum marketing technology business from pre-launch market insight in the marketing link, multi-channel management, advertising transaction, creative production in the campaign process, performance tracking, channel analysis, creative analysis, user data management in post-launch, across customers’ entire value chain and product life cycle, and increase customer value and customer loyalty. The data of the Mar-tech system will be help Mintegral to form a closed cycle with our advertising business, providing feedback for optimization iterations.

**Open up the domestic purchase traffic market and further implement the global layout.** The company has been deeply engaged in overseas markets for many years, at present, 47% of the customers come from China, and 94% of the traffic comes overseas. The acquisition of Reyun Data helps us further expand domestic traffic, realize the globalization strategy in a true sense, and become one of the few third-party service platforms in the world that can build a multi-regional traffic network at home and abroad. SolarEngine was upgraded based on Reyun and will also go overseas to provide Chinese and overseas customers with better and more cost-effective SaaS products and services.

### **6.3 *Based on China-to-Global market, adhere to the globalization strategy***

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

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

### **6.4 *Adhere to data privacy and security protections***

Data privacy is crucial to business development and partnership relationship management in the mobile advertising industry. As a market leading mobile advertising platform, the Group always prioritizes data privacy and security protection in our business strategies.

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

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

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

## VII. Testimonials

After years of development, Mobvista has won high praise from customers with their own excellent products and services:



**CrazyLabs**

Hyper – casual games

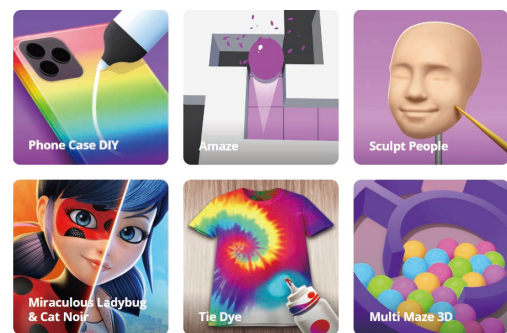
Overseas developers

CrazyLabs is a top 5 mobile game developer and publisher with over 5 billion downloads to date and over 250 million monthly active players.

### Crazylabs Testimony:

Working with Mintegral has helped CrazyLabs' UA campaigns get a sustainable boost. They have been a key factor in optimizing CrazyLabs' monetization strategies and we appreciate their professional support and technological solutions.

### CrazyLabs Game



— Igor Ilievski,

Head of Ad Monetization at CrazyLabs



# kika

Tool application

Domestic overseas enterprises

Major Product: Kika Keyboard

Application of keypad input method for overseas market

Kika Testimony:

Mintegral offers us a good balance of quality and quantity in their approach. They deliver efficient and impactful growth; rich conversions while safeguarding the user experience. We are also impressed by their positive and efficient response times. We look forward to continuing our close partnership now and in the future, and working together to achieve more breakthroughs in the process of going overseas.

—Xue Shao,  
Director of Kika  
Overseas Business Unit



# Tactile

Head mobile game

Overseas developers

A head mobile game publisher in Europe, which has released a number of plot-oriented SIM leisure games such as ("Lily's Garden") and ("Penny & Flo").

Tactile Games Testimony:

Mintegral has proven to be a very strong user acquisition partner of ours. Their expertise in the Match-3 / puzzle genre is evident through consistently bringing quality users for us and exceeding our ROAS goals. We are looking forward to extending our partnership across other games in our portfolio.

—Louis Tom Andreassen,  
Performance Marketing Manager at Tactile Games





## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

#### *1. Revenue by Type of Services*

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

For the six months ended 30 June 2022, we recorded revenue of US\$455.8 million (corresponding period in 2021: US\$307.8 million), 48.1% higher on a YoY basis. Our revenue comes from the Ad-tech (advertising technology) centered around Nativex and Mintegral, and the Mar-tech (marketing technology) centered around SolarEngine (cloud business also integrated into SolarEngine) and GameAnalytics.

##### *1.1 Revenue Model*

##### *1) Ad-tech (advertising technology) segment*

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

##### *2) Mar-tech (marketing technology) segment*

##### *i. GameAnalytics*

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

##### *ii. SolarEngine*

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

## 1.2 Principles of Revenue Recognition

### 1) Ad-tech (advertising technology) segment:

Generally, we charge customers based on the performance of the services provided to them, and are responsible for fulfilling the obligation of advertising performance delivered. Therefore, our advertising technology business revenue recognition principle is generally the gross method (except for Nativex's marketing software platform);

### 2) Mar-tech (marketing technology) segment:

Our Mar-tech (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. 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 type of service for the periods indicated:

	For the Six Months Ended 30 June				
	2022		2021		YoY Change
	US\$'000 (unaudited)	% of Total Revenue (unaudited)	US\$'000 (unaudited)	% of Total Revenue (unaudited)	
Ad-tech (advertising technology) revenue	449,157	98.6%	307,287	99.9%	46.2%
Mar-tech (marketing technology) revenue	6,639	1.4%	469	0.1%	1,315.6%
Total	<u>455,796</u>	<u>100.0%</u>	<u>307,756</u>	<u>100.0%</u>	<u>48.1%</u>

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

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

	<b>2022H1</b> <b>US\$'000</b> <b>(unaudited)</b>	2021H2 <i>US\$'000</i> (unaudited)	2021H1 <i>US\$'000</i> (unaudited)	2020H2 <i>US\$'000</i> (unaudited)
Advertising technology business revenue	<b>449,157</b>	445,386	307,287	248,710
— Advertising technology business net revenue <sup>(1)</sup>	<b>104,459</b>	90,984	55,228	30,681

*Note:*

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

As of 30 June 2022, the Group recorded advertising technology business revenue of US\$449.2 million and advertising technology business net revenue of US\$104.5 million.

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

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

	<b>For the Six Months Ended 30 June</b>				
	<b>2022</b>		<b>2021</b>		
	<i>US\$'000</i> (unaudited)	<b>% of Advertising Technology Business Revenue (unaudited)</b>	<i>US\$'000</i> (unaudited)	<b>% of Advertising Technology Business Revenue (unaudited)</b>	<b>YoY Change</b>
Mintegral business revenue	<b>410,700</b>	<b>91.4%</b>	224,679	73.1%	<b>82.8%</b>
Nativex business revenue	<b>38,457</b>	<b>8.6%</b>	82,608	26.9%	<b>-53.4%</b>
Total advertising technology business revenue	<b>449,157</b>	<b>100.0%</b>	<b>307,287</b>	<b>100.0%</b>	<b>46.2%</b>

As of 30 June 2022, we recorded advertising technology business revenue of US\$449.2 million (corresponding period in 2021: US\$307.3 million), 46.2% higher on a YoY basis. Our advertising technology business revenue comes from two business departments: Mintegral and Nativex. Among them, the revenue from Mintegral platform was US\$410.7 million, accounting for 91.4% of the advertising technology business revenue. Revenue from the Nativex platform was US\$38.5 million, accounting for 8.6% of advertising technology business revenue.

During the Reporting Period, the revenue of Nativex platform decreased by 53.4% to US\$38.5 million (corresponding period in 2021: US\$82.6 million). The decrease is primarily due to our top media agency business being divested during the reporting period.

At the same time, benefiting from the Group's transformation strategy, 2022 Mintegral's scale-priority development strategy, and various factors such as the intensified scale effect and platform effect of the Mintegral platform, Mintegral platform revenue achieved an increase of 82.8% on a YoY basis to US\$410.7 million (corresponding period in 2021: US\$224.7 million).

Although the Group withdrew from the top media agency business from March 2022, the affiliates marketing business in Nativex has a good cash flow and is a stable source of profit for the Group; Therefore the Group will continue to develop this business. In addition, the industry in which our programmatic business centered around Mintegral lies in, has grown rapidly with a relatively large addressable market. Lastly, 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, therefore 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\$410.7 million (corresponding period in 2021: US\$224.7 million), a YoY increase of 82.8% compared to 2021, an increase of 17.2% comparing the first half of 2022 to the second half of 2021 (the second half of 2021: US\$350.4 million). The third and fourth quarter of 2021, the first and second quarter of 2022, recorded revenue of US\$160.0 million, US\$190.4 million, US\$200.1 million and US\$210.6 million with an increase of 24.7%, 19.0%, 5.1% and 5.2% from the prior period, respectively.

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

	<b>Mintegral Platform Business Revenue (US\$'000) (unaudited)</b>	<b>Chain Growth Rate</b>	<b>YoY Growth Rate</b>
2022H1	410,700	17.2%	82.8%
2022Q2	210,595	5.2%	64.1%
2022Q1	200,105	5.1%	107.7%
2021H2	350,380	56.0%	139.9%
2021Q4	190,379	19.0%	256.1%
2021Q3	160,001	24.7%	72.8%

- 1) The state of customers whose Mintegral platform revenue contribution exceeded US\$100,000<sup>(1)</sup>

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

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

As of the trailing twelve months ended 30 June of 2021 and 2022, there were 232 and 320 scaled enterprise customers respectively that had a trailing twelve-month revenue contribution of more than US\$100,000<sup>(1)</sup>.

	30 June 2022 <sup>(2)</sup>	31 March 2022 <sup>(2)</sup>	31 December 2021 <sup>(2)</sup>	30 September 2021 <sup>(2)</sup>	30 June 2021 <sup>(2)</sup>
The number of customers whose revenue contribution exceeded US\$100,000 <sup>(1)</sup>	320	288	267	242	232
Total revenue of customers whose revenue contribution exceeded US\$100,000 <sup>(1)</sup> (US\$'000)	735,980.2	663,882.9	561,838.5	428,906.7	354,372.6
Average revenue contribution of customers whose revenue contribution exceeded US\$100,000 <sup>(1)</sup> (US\$'000)	2,299.9	2,305.1	2,104.3	1,772.3	1,527.5
Proportion of Mintegral platform revenue of the customers that contributed more than US\$100,000 <sup>(1)</sup>	96.7%	97.8%	97.7%	97.9%	95.6%
YOY change in average revenue contribution of customers whose revenue contribution exceeded US\$100,000 <sup>(1)</sup>	50.6%	64.9%	50.8%	26.5%	23.3%

*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<sup>(1)</sup>

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 as of 30 June 2021, the retention rate of customers with revenue contributions of more than US\$100,000<sup>(1)</sup> for the twelve-month as of 30 June 2022 was 93.6%, and the dollar-based net expansion rate<sup>(2)</sup> was 197.5%. The details are as follows:

	<b>Overall retention</b>
The number <sup>(5)</sup> of retained customers for the current period <sup>(3)</sup> with revenue contribution of more than US\$100,000	279
The number <sup>(5)</sup> of customers for the base period <sup>(4)</sup> with revenue contribution of more than US\$100,000	298
Customer retention rate with revenue contribution of more than US\$100,000	93.6%
Dollar-based net expansion rate <sup>(2)</sup>	197.5%

*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 as of 30 June 2022.
- (4) Base period: twelve-month as of 30 June 2021.
- (5) The number of customers includes the customers whose base period was micro-sized customer, but revenue contribution in the current period exceeds US \$100,000.

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

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

For the twelve months ended 30 June 2022, the number of customers including small-sized enterprise customers (i.e.,  $\text{US\$1 million} > \text{revenue contribution} \geq \text{US\$100,000}$ ), medium-sized enterprise customers (i.e.,  $\text{US\$10 million} > \text{revenue contribution} \geq \text{US\$1 million}$ ) and large-sized enterprise customers (i.e.,  $\text{revenue contribution} \geq \text{US\$10 million}$ ) and their revenue contribution are as follows:

	<b>Small-sized enterprise customer</b>	<b>Medium-sized enterprise customer</b>	<b>Large-sized enterprise customer</b>
Number of customers	212	91	17
Total customer revenue (US\$'000)	77,071.5	278,991.8	379,916.9
Average revenue contribution of customers (US\$'000)	363.5	3,065.8	22,348.1
Percentage of total Mintegral revenue	10.1%	36.7%	49.9%



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

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

<b>Data for the 12 months period as of 30 June 2022 and 30 June 2021</b>		
Small-sized enterprise customer (US\$1 million > Revenue contribution ≥ US\$100,000)	Number of customers retained in the current period <sup>(2)</sup>	149
	Number of customers in the base period <sup>(3)</sup>	166
	Customer retention rate	89.8%
	Dollar-based net expansion rate <sup>(1)</sup>	230.8%
Medium-sized enterprise customer (US\$10 million > Revenue contribution ≥ US\$1 million)	Number of customers retained in the current period <sup>(2)</sup>	58
	Number of customers in the base period <sup>(3)</sup>	60
	Customer retention rate	96.7%
	Dollar-based net expansion rate <sup>(1)</sup>	202.2%
Large-sized enterprise customer (Revenue contribution ≥ US\$10 million)	Number of customers retained in the current period <sup>(2)</sup>	6
	Number of customers in the base period <sup>(3)</sup>	6
	Customer retention rate	100.0%
	Dollar-based net expansion rate <sup>(1)</sup>	150.7%

*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 30 June 2022.
- (3) Base period: twelve-month as of 30 June 2021.

### 3.1.2 Main operational data

<b>Quarter-to-quarter change</b>	<b>2022Q2</b>	<b>2022Q1</b>	<b>2021Q4</b>	<b>2021Q3</b>
Cooperating advertisers <sup>(1)</sup>				
retention rate	87.7%	81.8%	84.6%	86.0%
Changes in the number of new cooperating advertisers	29.3%	16.1%	22.4%	25.7%
Cooperating traffic publishers <sup>(2)</sup>				
retention rate	92.2%	93.5%	92.0%	92.9%
Changes in the number of new cooperating traffic publishers	19.0%	16.7%	16.1%	17.2%
Changes in the number of new cooperating traffic Apps	28.2%	26.2%	27.5%	24.8%

*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 traffic publishers who send ad requests to the platform within a certain period of time. It may be a traffic provider that we need to pay, or it may be a traffic provider that we may pay in the future.

At the end of the Reporting Period, the number of cooperating advertisers and traffic publishers show high retention and consistent growth. The quarter-over-quarter retention rates of cooperating advertisers in 2022Q2 and 2022Q1 were 87.7% and 81.8%, respectively, and the number of new cooperating advertisers has increased by 29.3% and 16.1% respectively compared with last period. The cooperating traffic publishers' retention rate in 2022Q2 and 2022Q1 were 92.2% and 93.5%, respectively, the number of new cooperating traffic publishers has increased by 19.0% and 16.7% respectively compared with last period, and the number of cooperating traffic Apps has increased by 28.2% and 26.2% compared with last period.

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

The following table sets forth a breakdown of revenue from Mintegral platform business by mobile App category<sup>(1)</sup> for the periods indicated:

	For the Six Months Ended 30 June				
	2022		2021		
	US\$'000	% of	US\$'000	% of	YoY Change
	(unaudited)	Mintegral platform business revenue (unaudited)	(unaudited)	Mintegral platform business revenue (unaudited)	
Game	323,142	78.7%	169,856	75.6%	90.2%
E-commerce	21,653	5.3%	18,179	8.1%	19.1%
Social and content	34,465	8.4%	24,216	10.8%	42.3%
Lifestyle	4,831	1.2%	7,741	3.4%	-37.6%
Utility	14,270	3.5%	1,483	0.7%	862.2%
Others	12,339	2.9%	3,204	1.4%	285.1%
<b>Total revenue from Mintegral platform business</b>	<b>410,700</b>	<b>100.0%</b>	<b>224,679</b>	<b>100.0%</b>	<b>82.8%</b>

*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\$323.1 million (corresponding period in 2021: US\$169.9 million), a YoY increase of 90.2%, accounting for 78.7% of Mintegral's revenue. During the Reporting Period, the Group continued to strengthen the synergies between GA and the advertising technology businesses, and continued to strengthen its long-term advantages in the field of casual/hyper-casual games, attracting many enterprise customers of casual games to cooperate with the platform. At the same time, the casual games that have already cooperated with us continued to increase their activity on the Mintegral platform. In addition, the group continued to grow the medium and hardcore game segments. During the Reporting Period, the share of revenue of medium and hardcore games enterprise customers rose, which has accelerated the rapid growth of Mintegral's game category revenue.

The E-commerce category recorded revenue of US\$21.7 million (corresponding period of 2021: US\$18.2 million), a YoY increase of 19.1%, accounting for 5.3% of Mintegral's business revenue. The increase in e-commerce revenue was primarily due to the rapid development of the e-commerce category on the Mintegral platform during the Reporting Period. Medium and large e-commerce corporate customers in the Asia-Pacific region began to strengthen their cooperation with the platform, which led to the rapid increase of revenue from e-commerce customers on the Mintegral platform;

The social and content category has grown substantially by 42.3% to US\$34.5 million (corresponding period in 2021: US\$24.2 million), this increase is primarily due to the increasing demand of some medium to large scale enterprise customers in China and the Asia-Pacific within the social and content category to go overseas, which resulted in accelerating growth of their budget allocated to the Mintegral platform;

The utility category recorded revenue of US\$14.3 million (corresponding period of 2021: US\$1.5 million), a YoY increase of 862.2%. The increase was primarily driven by strong demand from Chinese customers in the small and medium-sized utility category aiming for global expansion of their business.

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

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

The following table sets forth a breakdown of revenue from our advertising technology business by geography<sup>(1)</sup> for the periods indicated:

	For the Six Months Ended 30 June				YoY Change
	2022	% of	2021	% of	
		Advertising		Advertising	
		Technology		Technology	
		Business		Business	
	US\$'000	Revenue	US\$'000	Revenue	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
China <sup>(2)</sup>	145,373	32.4%	100,315	32.6%	44.9%
EMEA <sup>(3)</sup> and Americas <sup>(4)</sup>	201,856	44.9%	142,162	46.3%	42.0%
Asia-Pacific <sup>(5)</sup>	97,731	21.8%	56,890	18.5%	71.8%
Other regions <sup>(6)</sup>	4,197	0.9%	7,920	2.6%	-47.0%
<b>Total advertising technology business revenue</b>	<b>449,157</b>	<b>100.0%</b>	<b>307,287</b>	<b>100.0%</b>	<b>46.2%</b>

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 and 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 our advertising technology revenue was diversified. Among these, EMEA and the Americas accounted for a large proportion, China remained basically unchanged, and the rest of the world accounted for a relatively small proportion.

Among these, EMEA and the Americas are the largest sources of income, with a total revenue of US\$201.9 million (corresponding period of 2021: US\$142.2 million), and the proportion of its contribution to the advertising technology business revenue has decreased to 44.9%. The revenue growth in EMEA and Americas is primarily due to the gradual enhancement of the Group's technology and the scale of traffic delivered in the casual game category, and casual game enterprise customers in the EMEA region continuing to increase activity in the Mintegral platform leading to an increase of the number of large enterprise customers in the EMEA region. Moreover, the increase in the activity of large enterprise customers has fostered the rapid growth of revenue in the EMEA region.

China is the second largest source of income, with revenue of US\$145.4 million (the same period in 2021: US\$100.3 million), an increase of 44.9% on a YoY basis, accounting for 32.4% of advertising technology business revenue. The share of revenue of the Ad-tech business remained basically stable. The revenue growth in China during the Reporting Period primarily stemmed from the lift in demand from Apps of the Chinese social and content category to advertise in overseas markets, which in turn attracted more small and medium-sized customers to use our services. This trend has fostered the rapid growth of the business of Mintegral in China as well.

In addition, revenue in Asia-Pacific has grown significantly, with revenue of US\$97.7 million (corresponding period of 2021: US\$56.9 million), a YoY increase of 71.8%, and its contribution to advertising technology business revenue has increased slightly. The growth in revenue in Asia-Pacific was primarily due to: 1) during the Reporting Period, the revenue of Mintegral business from customers in Asia-Pacific increased rapidly due to the gradual enhancement of the platform's technical capabilities and scale of traffic in the casual game category, and the continuous increase in the number of customers and the size of game enterprises in Asia-Pacific; 2) due to the Group's continuous expansion in the e-commerce field in Asia-Pacific, medium and large-scale e-commerce enterprise customers in Southeast Asia have been increasing their budgets for Mintegral and Nativex, driving the overall revenue growth in Asia-Pacific.

## **Cost of Sales**

During the Reporting Period, our cost of sales increased by 37.9% YoY to US\$365.8 million (corresponding period in 2021: US\$265.3 million). The increase primarily comes from the advertising technology business, and is mostly due to the cost associated with increasing the scale of traffic.

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

	For the six months ended 30 June				
	2022		2021		
		% of		% of	
		respective		respective	
		business		business	
	US\$'000	revenue	US\$'000	revenue	YoY Change
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Ad-tech					
Advertising technology business costs	363,750	81.0%	265,298	86.3%	37.1%
Traffic cost	344,698	76.7%	252,059	82.0%	36.8%
Server cost	19,052	4.2%	13,239	4.3%	43.9%
Mar Tech	2,066	31.1%	33	7.0%	6,160.6%
Server cost	2,066	31.1%	33	7.0%	6,160.6%
<b>Total</b>	<b>365,816</b>	<b>80.3%</b>	<b>265,331</b>	<b>86.2%</b>	<b>37.9%</b>

Advertising technology business costs primarily include traffic costs and server costs. The increase in server costs and traffic costs is primarily due to the expansion of the advertising technology platform.

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

## Gross Profit and Gross Profit Margin

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

	For the six months ended 30 June				YoY Change
	2022		2021		
	Gross profit US\$'000 (unaudited)	Gross profit margin (unaudited)	Gross profit US\$'000 (unaudited)	Gross profit margin (unaudited)	
Ad-tech (advertising technology Business)	85,407	19.0%	41,989	13.7%	103.4%
Mar-tech (marketing Technology Business)	4,573	68.9%	436	93.0%	948.9%
<b>Total</b>	<b>89,980</b>	<b>19.7%</b>	<b>42,425</b>	<b>13.8%</b>	<b>112.1%</b>

During the Reporting Period, the Group recorded a gross profit of US\$90.0 million (corresponding period in 2021: US\$42.4 million), a YoY increase of 112.1%. Gross profit margin increased to 19.7% (corresponding period in 2021: 13.8%).

Among these, the gross profit of the advertising technology business increased by 103.4% to US\$85.4 million on a YoY basis, with a gross profit margin of 19.0%, which is a significant increase compared to the same period last year; changes in the gross profit margin of the advertising technology business are primarily caused by: 1) in the first half of 2021, Mintegral's business was affected by the short-term impact of 2020. It adopted an active recovery and expansion strategy, resulting in a rapid increase in traffic costs which led to lower gross profit for the Mintegral business in the first half of 2021; 2) during the Reporting Period, with the rapid growth of the Mintegral business and the enhancement of its algorithm capabilities, the gross profit margin of the platform increased significantly.

The gross profit of the marketing technology business was US\$4.6 million, and the gross profit margin was 68.9%; The primary reason for the change in the gross profit margin of the marketing technology business was due to the acquisition of Reyun Data, which led to changes in the business structure of other marketing technology business.



The following table sets forth the gross profit margin of the advertising technology business based on net revenue for the periods indicated:

	<b>2022H1</b> <b>US\$'000</b> <b>(unaudited)</b>	2021H2 US\$'000 (unaudited)	2021H1 US\$'000 (unaudited)	2020H2 US\$'000 (unaudited)
Advertising technology business net revenue <sup>(1)</sup>	<b>104,459</b>	90,984	55,228	30,681
Advertising technology business gross profit	<b>85,407</b>	77,729	41,989	23,387
Gross profit margin of the advertising technology business based on net revenue	<b>81.8%</b>	85.4%	76.0%	76.2%

*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 81.8% (corresponding period in 2021: 76.0%), an increase of 5.8pct on a YoY basis. The effect of the external impact on the Mintegral platform in the third quarter of 2020 led the gross profit margin of the advertising technology business based on net revenue to fluctuate 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.

## **Selling and Marketing Expenses**

During the Reporting Period, our selling and marketing expenses increased by 74.8% YoY to US\$39.9 million (corresponding period in 2021: US\$22.8 million). The primary reasons for this increase are: 1) focusing on expanding new vertical categories of the programmatic advertising business which generates channel subsidies for expanding vertical categories and lays the foundation for the long-term rapid growth of the platform's transaction scale; and (2) the development of SaaS business has prompted more sales investment.

During the Reporting Period, the share-based compensation included in selling and marketing expenses amounted to US\$0.01 million.

## **Research and Development (“R&D”) Expenditure**

During the Reporting Period, our expensed R&D expenses increased by 201.8% YoY to US\$53.3 million (corresponding period in 2021: US\$17.6 million). The increase in expensed R&D expenditures primarily comes from: 1) Upgrading our R&D team strength, increasing investment in the scientist, Algorithm Engineer and Cloud Architect teams, and accelerating our high-end R&D talent pool; 2) accelerated investment in R&D during the process of actively expanding into new vertical categories.

In addition, if we combine capitalized R&D expenses with expensed R&D expenditures, total R&D expenditures will be US\$93.7 million, an increase of 203.7% over the same period last year.

The Group continues to firmly believe that R&D and technological advancement are the core drivers of business growth. Therefore, share grants are given to R&D personnel as incentives. During the Reporting Period, the share-based compensation included in research and development expenditure amounted to US\$2.1 million.

## **General and Administrative Expenses**

During the Reporting Period, our general administrative expenses have increased by 52.0% YoY to US\$25.0 million (corresponding period in 2021: US\$16.5 million). The increase primarily stems from; 1) an increase in labor costs (including the share-based compensation) by US\$5.6 million to US\$14.4 million; 2) an increase in professional service fees, including professional service fees incurred for the completion of the restructuring.

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

During the Reporting Period, our operating profit was US\$16.7 million (corresponding period in 2021: loss of US\$9.6 million). If we exclude the effects of share-based compensation expenses, depreciation and amortization, investment loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Reyun Data, foreign exchange loss and gain on disposal of subsidiaries and top media agency business during the Reporting Period, our operating profit increased by 161.7% YoY to US\$5.8 million (corresponding period in 2021: US\$2.2 million).

## Trade receivable turnover days

During the Reporting Period, the Group's overall trade receivable turnover days was 55, decreasing from the end of 2021 without considering assets held for sale. During the Reporting Period, the Group has always held a high value in trade receivable management, and the trade receivables of the Group's business in the corresponding accounting period could basically be collected within agreed upon terms.

	<b>Total trade receivable turnover days (unaudited)</b>
(Unit: Days)	
2022H1	55
2021 (not consider assets held for sale)	66
2021 (consider assets held for sale)	102

## Net Cash Flow from the Operating Activities

During the Reporting Period, as the share of Mintegral business revenue continued to increase, the Group strategically reduced the Nativex business which occupies 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. During the Reporting Period, the amount of cash flow generated by the Group's operating activities was US\$23.3 million, a year-on-year increase of 381.7% when compared with the previous reporting period. The net cash flow generated by operating activities increased significantly.

	<b>For the six months ended 30 June</b>		
	<b>2022</b>	<b>2021</b>	<b>YoY Change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	
	<b>(unaudited)</b>	<b>(unaudited)</b>	
Net cash flow from the operating activities	<b><u>23,330</u></b>	<b><u>4,843</u></b>	<b><u>381.7%</u></b>

## **Finance Costs**

During the Reporting Period, our financial costs remained relatively stable and increased by 2.7% to US\$2.2 million on a YoY basis (corresponding period in 2021: US\$2.1 million).

## **Income Tax**

During the Reporting Period, we received tax benefits US\$1.0 million (corresponding period in 2021: tax benefits US\$1.4 million).

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

During the Reporting Period, the profit attributable to equity shareholders of the Company was US\$24.7 million (corresponding period in 2021: loss of US\$38.8 million), after taking in account the gain on disposal of subsidiaries and the top media agency business of US\$48.8 million (corresponding period in 2021: nil).

## **Other Financial Information (Non-IFRS measures)**

To supplement our consolidated financial statements presented in accordance with IFRS, we also use non-IFRS measures, namely EBITDA, adjusted EBITDA and adjusted net profit/(loss), as additional financial measures, which are not required by or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from time to time by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of our results of operations or financial conditions as reported under IFRS.

	For the six months ended 30 June				
	2022		2021		YoY Change
	US\$'000 (unaudited)	% of Total Revenue (unaudited)	US\$'000 (unaudited)	% of Total Revenue (unaudited)	
Profit/(loss) from operations	16,661	3.7%	(9,610)	-3.1%	273.4%
Add back:					
Depreciation and amortization	27,690	6.1%	8,266	2.7%	235.0%
<b>EBITDA</b>	<b>44,351</b>	<b>9.7%</b>	<b>(1,344)</b>	<b>-0.4%</b>	<b>3,399.9%</b>
Add back:					
Share-based compensation	4,869	1.1%	3,494	1.1%	39.4%
Restructuring expenses of R&D team	424	0.1%	—	—	—
Attorney expenses of acquisition of Reyun Data	619	0.1%	—	—	—
Foreign exchange loss	3,596	0.8%	—	—	—
Investment loss from financial assets at fair value through profit or loss	743	0.2%	75	0.0%	890.7%
Gain on disposal of subsidiaries and top media agency business	(48,778)	-10.7%	—	—	—
<b>Non-IFRS measures</b>					
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>5,824</b>	<b>1.3%</b>	<b>2,225</b>	<b>0.7%</b>	<b>161.7%</b>
Profit/(loss) for the period	21,650	4.7%	(38,773)	-12.6%	155.8%
Add back:					
Share-based compensation	4,869	1.1%	3,494	1.1%	39.4%
Investment loss from financial assets at fair value through profit or loss	743	0.2%	75	0.0%	890.7%
(Gain)/loss from change in fair value of derivative financial liabilities	(6,193)	-1.4%	28,432	9.2%	121.8%
<b>Non-IFRS measures Adjusted net profit/(loss)<sup>(2)</sup></b>	<b>21,069</b>	<b>4.6%</b>	<b>(6,772)</b>	<b>-2.2%</b>	<b>411.1%</b>

Notes:

- (1) We define adjusted EBITDA as EBITDA (which is profit/(loss) from operations plus depreciation and amortization expenses) for the period adjusted by adding back or deducting share-based compensation expenses, investment loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Reyun Data, foreign exchange loss and gain on disposal of subsidiaries and top media agency business.
- (2) We define adjusted net profit/(loss) as profit/(loss) for the period adjusted by adding back or deducting share-based compensation expenses, investment loss from financial assets at fair value through profit or loss and gain/(loss) from change in fair value of derivative financial liabilities.

During the Reporting Period, the adjusted EBITDA of the Group was US\$5.8 million (corresponding period in 2021: profit of US\$2.2 million), which has increased by 161.7% YoY, and the adjusted net profit was US\$21.1 million (corresponding period in 2021: loss of US\$6.8 million).

### **Capital Structure and Gearing Ratio**

The Company was incorporated in the Cayman Islands, and as of 30 June 2022, 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 30 June 2022, the number of issued ordinary shares of the Company was 1,651,515,164, 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 30 June 2022, our total assets were US\$663.5 million (31 December 2021: US\$747.0 million), while our total liabilities were US\$401.8 million (31 December 2021: US\$387.6 million). The gearing ratio (total liabilities divided by total assets) has rose to 60.6% (31 December 2021: 51.9%).

We operate our business internationally and the major currencies of the receipt of our payments and the payments we make are denominated in US dollars. The Group's interest rate risk arises primarily from variable rates bank loans, the effective interest rate of variable rate borrowings in the first half of 2022 is 1.2%–6.9% (corresponding period in 2021: 1.20%–4.35%).

### **Financial Resources**

Our Company's cash flow is principally sourced from capital contribution from shareholders, cash generated from our operations and bank loans. As of 30 June 2022, our cash and cash equivalents amounted to US\$132.5 million (31 December 2021: US\$160.3 million).

## Capital Expenditure

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

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	2021
	<b>US\$'000</b>	US\$'000
	<b>(unaudited)</b>	(unaudited)
Property, plant and equipment	<b>335</b>	281
Intangible assets and development costs	<b>40,812</b>	23,200
Total	<b>41,147</b>	23,481

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. During the Reporting Period, capital expenditure has increased by 75.2% on a YoY basis to US\$41.1 million (corresponding period in 2021: US\$23.5 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. As at 31 December 2021, the Company and all the Vendors B, who own approximately 52.13% equity interest in Reyun Data, and certain of the Vendors A, who in aggregate own approximately 2.33% equity interest in Reyun Data, have entered into supplemental agreements, respectively, for the purpose of adjusting the acquisition consideration.

During the Reporting Period, the Company and certain of the Vendors A who in aggregate own approximately 11.68% equity interest in Reyun Data, entered into a supplemental agreements, to adjust downwards the acquisition consideration payable by the Company to such Vendors A. As of 30 June 2022, with an additional acquisition of 9.54% interest, the acquisition of approximately 64% equity interest of Reyun Data has been completed by the Group. Upon completion of the transactions contemplated under the supplemental agreements mentioned above, the Group will hold approximately 66.14% equity interest in Reyun Data.



The Company is still under negotiation with the remaining Vendors A to adjust and agree on the remaining portion of the acquisition consideration.

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

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

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

The consideration was satisfied by Seamless by way of transfer 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.

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

As disclosed in the circular of the Company dated 31 January 2022, the transferees agreed to return to the Company other payables as at completion on a dollar-for-dollar basis by cash. During the Reporting Period, the Group received payables of US\$12,462,000 returned from the transferees.

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



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

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

Outside of the above disclosure, 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 30 June 2022, except for the restricted cash of US\$5.7 million pledged for the bank loan, a facility of US\$75 million from Hongkong and Shanghai Banking Corporation Limited were secured by charged cash in bank accounts of certain subsidiaries of the Group, by charged shares of certain oversea subsidiaries of the Group, by pledged shares of certain domestic subsidiaries of the Group, and by charged intellectual properties held by a subsidiary of the Group.

Outside of the above disclosure, none of the Group's assets were charged with any parties or financial institutions.

### **Material Investments or Future Plans for Major Investment**

As of 30 June 2022, 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 the non-controlling interest of Reyun Data mentioned above.

### **Contingent Liabilities and Financial Guarantees**

As of 30 June 2022, 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 30 June 2022, after the acquisition of Reyun Data, the Group has 17 offices around the world, with 852 full-time employees (31 December 2021: 925 employees), primarily based in the headquarter in Guangzhou, China. We have 545 employees engaged in R&D activities, accounting for 64% of total full-time employees. The number of employees employed by the Group is subject to change from time to time based on needs, and employee salaries are determined with reference to market conditions and the performance, qualification and experience of individual employees.

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

### **Foreign Exchange Risk Management**

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

## **OTHER INFORMATION**

### **Major Customers and Suppliers**

During the Reporting Period, the Group's five largest customers in aggregate accounted for approximately 23.4% of the Group's total revenue. The Group's largest customer accounted for 6.6% of the Group's total revenue.

During the Reporting Period, the Group's five largest suppliers in aggregate accounted for approximately 27.8% of the Group's total purchase. The Group's largest supplier accounted for 8.3% of the Group's total purchase.

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

### **Interim Dividends**

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2022.

## Compliance with the Corporate Governance Code

The Group is committed to maintaining high standard of corporate governance to safeguard the interest of the Shareholders and to enhance corporate value and accountability. The Company has adopted the corporate governance code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules as its own corporate governance code.

During the Reporting Period, the Company had complied with the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

## Use of Net Proceeds from the Subscription

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

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

The following table sets out the breakdown of the use of net proceeds from the Subscription as at 30 June 2022:

Use of Net Proceeds	Amount Allocated <i>US\$'million</i>	Amount Utilized <i>US\$'million</i>	Balance <i>US\$'million</i>
The development and expansion of Cloud Business Unit	13.6	8.5	5.1
The development and expansion of SaaS tooling matrix	41.0	28.8	12.2
<b>Total</b>	<b>54.6</b>	<b>37.3</b>	<b>17.3</b>

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\$17.3 million by April 2023.

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

During the Reporting Period, the Company has repurchased a total of 13,308,000 Shares (the “**Repurchased Shares**”) of the Company on the Stock Exchange at an aggregate consideration (excluding transaction costs) of approximately HK\$78.17 million. Particulars of the Repurchased Shares are as follows:

<b>Month of Repurchase</b>	<b>No. of Shares Repurchased</b>	<b>Price paid per Share</b>		<b>Aggregate Consideration</b>
		<b>Highest</b>	<b>Lowest</b>	
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$'000</i>
January 2022	3,564,000	7.0	6.7	24,519.10
February 2022	984,000	6.3	6.0	6,061.84
April 2022	8,760,000	5.7	5.0	47,590.59
<b>Total</b>	<b><u>13,308,000</u></b>			<b><u>78,171.53</u></b>

All the Repurchased Shares were canceled by 6 July 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.

### **Audit Committee**

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed the financial matters and internal control systems, including reviewed and approved of the Group's unaudited Interim Results for the six months ended 30 June 2022.

### **Subsequent Events**

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

## **Publication of 2022 Interim Results and Interim Report**

This interim results announcement will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.mobvista.com](http://www.mobvista.com)). The interim report of the Company for Reporting Period will be despatched to shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in September 2022.

## INTERIM RESULTS

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2022 — unaudited*

*(Expressed in United States dollar)*

		Six months ended 30 June	
		2022	2021
	Note	US\$'000	US\$'000
<b>Revenue</b>	3	<b>455,796</b>	307,756
Cost of sales		<u>(365,816)</u>	<u>(265,331)</u>
<b>Gross Profit</b>		<b>89,980</b>	42,425
Selling and marketing expenses		(39,888)	(22,813)
Research and development expenses		(53,268)	(17,649)
General and administrative expenses		(25,049)	(16,475)
Other net income		<u>44,886</u>	<u>4,902</u>
<b>Profit/(loss) from operations</b>		<b>16,661</b>	(9,610)
Change in fair value of derivative financial liabilities		6,193	(28,432)
Finance costs		<u>(2,159)</u>	<u>(2,103)</u>
<b>Profit/(loss) before taxation</b>	4	<b>20,695</b>	(40,145)
Income tax	5	<u>955</u>	<u>1,372</u>
<b>Profit/(loss) for the period</b>		<b><u>21,650</u></b>	<b><u>(38,773)</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		24,681	(38,773)
Non-controlling interests		<u>(3,031)</u>	<u>—</u>
<b>Profit/(loss) for the period</b>		<b><u>21,650</u></b>	<b><u>(38,773)</u></b>
<b>Earnings/(loss) per share</b>	6		
Basic (United States dollar per cents)		1.57	(2.52)
Diluted (United States dollar per cents)		<u>1.21</u>	<u>(2.52)</u>

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

*For the six months ended 30 June 2022 — unaudited*

*(Expressed in United States dollar)*

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Profit/(loss) for the period</b>	<b>21,650</b>	<b>(38,773)</b>
<b>Other comprehensive loss for the period (after tax and reclassification adjustments):</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(1,165)</u>	<u>(336)</u>
<b>Total comprehensive income/(loss) for the period</b>	<b><u>20,485</u></b>	<b><u>(39,109)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>23,516</b>	<b>(39,109)</b>
Non-controlling interests	<u><b>(3,031)</b></u>	<u>—</u>
<b>Total comprehensive income/(loss) for the period</b>	<b><u>20,485</u></b>	<b><u>(39,109)</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022 — unaudited

(Expressed in United States dollar)

		At 30 June 2022 US\$'000	At 31 December 2021 US\$'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		14,226	7,613
Intangible assets		130,254	117,668
Goodwill		115,342	115,342
Deferred tax assets		22,936	22,040
Financial assets measured at fair value through profit or loss (FVPL)		1,579	1,663
Other non-current assets		20,000	—
		<u>304,337</u>	<u>264,326</u>
<b>Current assets</b>			
Financial assets measured at FVPL		2,038	12,199
Contract costs		392	552
Trade and other receivables	7	198,451	170,158
Prepayments		19,793	12,668
Restricted cash		5,694	6,320
Cash and cash equivalents		132,506	160,322
Current tax recoverable		317	1,226
Assets held for sale		—	119,197
		<u>359,191</u>	<u>482,642</u>
<b>Current liabilities</b>			
Trade and other payables	8	245,419	214,846
Current tax payable		7,244	8,040
Bank loans		67,418	59,269
Lease liabilities		4,599	3,992
Derivative financial liabilities	9	10,184	16,377
Liabilities held for sale		—	47,007
		<u>334,864</u>	<u>349,531</u>
<b>Net current assets</b>		<u>24,327</u>	<u>133,111</u>
<b>Total assets less current liabilities</b>		<u>328,664</u>	<u>397,437</u>



# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

*At 30 June 2022 — unaudited*

*(Expressed in United States dollar)*

		At 30 June 2022 US\$'000	At 31 December 2021 US\$'000
	<i>Note</i>		
<b>Non-current liabilities</b>			
Bank loans		22,532	—
Convertible bonds	9	28,714	27,509
Deferred tax liabilities		6,670	7,558
Lease liabilities		8,882	2,854
Other non-current liabilities		157	158
		<u>66,955</u>	<u>38,079</u>
<b>NET ASSETS</b>		<u><b>261,709</b></u>	<u><b>359,358</b></u>
<b>CAPITAL AND RESERVES</b>	10		
Share capital		16,514	16,640
Reserves		229,871	320,164
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>		<u><b>246,385</b></u>	<u>336,804</u>
<b>Non-controlling interests</b>		<u><b>15,324</b></u>	<u>22,554</u>
<b>TOTAL EQUITY</b>		<u><b>261,709</b></u>	<u><b>359,358</b></u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in United States dollars unless otherwise indicated)*

## 1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 29 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Mobvista Inc. (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

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

## 2 Changes in accounting policies

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

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

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

## 3 Revenue and segment reporting

### (a) Revenue

The principal services of the Group are the provisions of advertising technology related services and marketing technology related services. Further details regarding the Group's principal activities are disclosed in note 3(b).

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Revenue from advertising technology related services	<b>449,157</b>	307,287
Revenue from marketing technology related services	<b>6,639</b>	469
	<b><u>455,796</u></b>	<b><u>307,756</u></b>

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

The Group's customer base is diversified. During the six months ended 30 June 2022, no single customer contributed to 10% or more of the Group's revenue (six months ended 30 June 2021: Nil).

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

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

**(i) *Segment results***

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

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

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

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

	Advertising technology business		Marketing technology business		Total	
For the six months ended	2022	2021	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Disaggregated by timing of revenue recognition</b>						
Point in time	449,157	307,287	127	289	449,284	307,576
Over time	—	—	6,512	180	6,512	180
<b>Reportable segment revenue</b>	<b>449,157</b>	<b>307,287</b>	<b>6,639</b>	<b>469</b>	<b>455,796</b>	<b>307,756</b>
<b>Reportable segment costs</b>	<b>(363,750)</b>	<b>(265,298)</b>	<b>(2,066)</b>	<b>(33)</b>	<b>(365,816)</b>	<b>(265,331)</b>
<b>Gross profit</b>	<b>85,407</b>	<b>41,989</b>	<b>4,573</b>	<b>436</b>	<b>89,980</b>	<b>42,425</b>

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.

	<b>Revenue from external customers for six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
China ( <i>note (i)</i> )	<b>151,250</b>	100,315
EMEA ( <i>note (ii)</i> ) and Americas ( <i>note (iii)</i> )	<b>202,618</b>	142,631
Asia Pacific ( <i>note (iv)</i> )	<b>97,731</b>	56,890
Others	<b>4,197</b>	7,920
	<b><u>455,796</u></b>	<b><u>307,756</u></b>

*Notes:*

- (i) Includes Mainland China, the Hong Kong Special Administrative Region of the People's Republic of China (the "PRC"), the Macau Special Administrative Region of the PRC and Chinese Taiwan.
- (ii) Primarily includes the United Kingdom, Switzerland, Germany, Russia, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Iraq and 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.

#### 4 Profit/(loss) before taxation

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>(a) Finance costs</b>		
Interest on bank loans	722	793
Interest on lease liabilities	232	260
Interest on convertible bonds	1,205	1,050
	<u>2,159</u>	<u>2,103</u>
<b>(b) Staff costs</b>		
Contributions to defined contribution retirement plans	1,993	1,351
Share-based compensation expenses	4,869	3,494
Salaries, wages and other benefits	20,488	15,866
	<u>27,350</u>	<u>20,711</u>
<b>(c) Other items</b>		
Gain on the disposal of the Target Business	(46,708)	—
Net foreign exchange loss	3,596	96
Net gain on disposal of subsidiaries	(2,070)	—
Net fair value loss on financial assets measured at FVPL	743	75
Government grants ( <i>note</i> )	(259)	(91)
Interest income	(198)	(4,737)
Loss/(gain) on disposal of property, plant and equipment	4	(8)
Depreciation charge		
— owned property, plant and equipment	286	157
— right-of-use assets	2,967	1,925
Amortisation	24,437	6,184
Operating lease charges in respect of properties	<u>299</u>	<u>397</u>

*Note:* Government grant represented unconditional cash subsidies received by certain PRC subsidiaries from local government for the Group's achievement during the six months ended 30 June 2022 and 2021. There are no unfulfilled conditions or contingencies relating to such government grants income recognised.

## 5 Income tax

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Current tax	1,289	(88)
Deferred tax	(2,244)	(1,284)
	<u>(955)</u>	<u>(1,372)</u>

## 6 Earnings/(loss) per share

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the earnings attributable to ordinary equity shareholders of the Company of US\$24,681,000 (2021: loss of US\$38,773,000) and the weighted average of 1,569,632,702 ordinary shares (2021: 1,541,622,883 shares) in issue during the period, calculated as follows:

	Six months ended 30 June	
	2022	2021
Ordinary shares as at 1 January ( <i>note</i> )	1,633,671,546	1,503,437,750
Effect of vested RSUs	15,021,191	17,034,829
Effect of shares purchase for RSUs	—	(10,485,050)
Effect of share purchase for cancellation	(7,738,735)	—
Effect of shares transferred from Seamless as a consideration of business restructuring	(71,321,300)	—
Effect of issuance of ordinary shares	<u>—</u>	<u>31,635,354</u>
Weighted average number of ordinary shares as at 30 June	<u>1,569,632,702</u>	<u>1,541,622,883</u>

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



**(b) Diluted earnings/(loss) per share**

For the six months ended 30 June 2022, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of US\$19,693,000 and the weighted average number of shares of 1,624,661,150 shares in issue adjusted for the potential dilutive effect caused by convertible bonds, the shares granted under the share award scheme and contingent consideration.

For the six months ended 30 June 2021, as the Group incurred losses, the potential ordinary shares of RSUs 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 six months ended 30 June 2021 are the same as basic loss per share.

*Weighted average number of ordinary shares (diluted)*

	<b>2022</b>
Weighted average number of ordinary shares as at 30 June	<b>1,569,632,702</b>
Effect of convertible bonds	<b>41,978,339</b>
Effect of unvested shares under the Company's share-based compensation scheme	<b>9,505,377</b>
Effect of unvested shares under the Company's share option scheme	<b>3,221,935</b>
Effect of contingent consideration	<b>322,797</b>
	<hr/>
Weighted average number of ordinary shares (diluted) as at 30 June	<b><u><u>1,624,661,150</u></u></b>

## 7 Trade and other receivables

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

	At <b>30 June</b> <b>2022</b> <i>US\$'000</i>	At 31 December 2021 <i>US\$'000</i>
Within 3 months	<b>127,084</b>	129,930
3 to 6 months	<b>4,041</b>	2,946
6 to 12 months	<b>3,764</b>	4,772
Over 12 months	<b>15,394</b>	11,516
	<hr/>	<hr/>
Trade receivables, net of allowance for doubtful accounts	<b>150,283</b>	149,164
Deposits	<b>—</b>	769
Amounts due from the Transferees	<b>29,099</b>	—
Other receivables	<b>19,069</b>	20,225
	<hr/>	<hr/>
	<b><u>198,451</u></b>	<b><u>170,158</u></b>

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

## 8 Trade and other payables

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

	At <b>30 June</b> <b>2022</b> <i>US\$'000</i>	At 31 December 2021 <i>US\$'000</i>
Within 1 month	<b>84,967</b>	65,311
1 to 2 months	<b>51,611</b>	44,478
2 to 3 months	<b>28,994</b>	21,768
Over 3 months	<b>48,090</b>	49,725
	<hr/>	<hr/>
Trade payables	<b>213,662</b>	181,282
Amounts due to related parties	<b>63</b>	192
Other payables	<b>2,495</b>	4,356
Receipt in advance	<b>19,487</b>	19,389
Staff costs payable	<b>7,007</b>	6,294
Contingent consideration	<b>346</b>	346
VAT and other tax payables	<b>2,359</b>	2,987
	<hr/>	<hr/>
	<b>245,419</b>	214,846
	<hr/> <hr/>	<hr/> <hr/>

## 9 Convertible bonds and derivative financial liabilities

	Debt component US\$'000	Derivative component US\$'000	Total US\$'000
At 1 January 2021	—	—	—
Changes for the period ended 30 June 2021:			
Issuance of convertible bonds	25,756	2,398	28,154
Loss arising on changes of fair value	—	28,432	28,432
Interest charge	1,050	—	1,050
At 30 June 2021 and 1 July 2021	<u>26,806</u>	<u>30,830</u>	<u>57,636</u>
Changes for the period ended 31 December 2021:			
Gain arising on changes of fair value	—	(14,453)	(14,453)
Interest charge	1,138	—	1,138
Interest payment	(435)	—	(435)
At 31 December 2021 and 1 January 2022	<u>27,509</u>	<u>16,377</u>	<u>43,886</u>
Changes for the period ended 30 June 2022:			
Gain arising on changes of fair value	—	(6,193)	(6,193)
Interest charge	1,205	—	1,205
At 30 June 2022	<u>28,714</u>	<u>10,184</u>	<u>38,898</u>

On 22 January 2021 (“**Issue Date**”), the Company issued convertible bonds to an independent third party (the “**holder**”) with principal amount of US\$30,000,000 with a maturity period of three years to 21 January 2024 (“**Maturity Date**”). The Maturity Date may be extended to the date falling 48 months or 60 months from the Issue Date (“**the Extended Maturity Date**”) at the request of the holder.

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

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

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is financial liability.

The convertible bonds contain two components, a debt component and a derivative component representing the conversion option, maturity date extension option, mandatory redemption option and other options. At initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as "Derivative financial liabilities". Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the host liability component and presented as "Convertible bonds". Transaction costs that relate to the issue of the convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values.

The derivative component is subsequently remeasured with fair value and any change in fair value are recognised in the profit or loss immediately. The host liability component is subsequent carried at amortised cost with interest expense calculated using the effective interest method.

There was no conversion or redemption of the convertible bonds during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## **10 Capital, reserves and dividends**

### ***Dividends***

No dividend has been declared or paid by the Company during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## 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 period. I would also like to express my appreciation to the guidance from the regulators and continuing support from our shareholders and customers.

By order of the Board  
**Mobvista Inc.**  
**DUAN Wei**  
Chairman

Guangzhou, PRC, 29 August 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. HU Jie, Mr. SUN Hongbin and Ms. CHEUNG Ho Ling Honnus as independent non-executive Directors.*

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

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