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Mobvista

Mobvista Inc.

匯量科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1860)

ANNOUNCEMENT OF QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2023

FINANCIAL HIGHLIGHTS

	For the Three Months Ended				
	31 March 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Unaudited)	31 March 2022 US\$'000 (Unaudited)	YoY Growth Rate	Chain Growth Rate
Revenue	244,554	224,677	232,836	5.0%	8.8%
Net Revenue ⁽¹⁾	64,363	59,235	54,904	17.2%	8.7%
Gross Profit	46,912	45,953	44,625	5.1%	2.1%
Operating expenses	(42,191)	(50,709)	(60,168)	(29.9%)	(16.8%)
Other net income ⁽²⁾	451	1,089	46,832	(99.0%)	(58.6%)
Operating profit/(Loss)	5,172	(3,667)	31,289	(83.5%)	—
Profit/(Loss) for the Period	3,201	1,806	30,940	(89.7%)	77.2%
Adjusted EBITDA⁽³⁾	26,071	18,849	1,137	2,193.0%	38.3%

Notes:

- (1) Net revenue is not an IFRS measure. We define net revenue as revenue adjusted by deducting cost distributed to the traffic publishers.
- (2) Other net income includes a gain of US\$48.8 million from the sale of subsidiaries and top media agency business.
- (3) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit/(loss) from operations plus depreciation and amortization expenses) for the Reporting Period (as defined below) adjusted by adding back or deducting share-based compensation expenses, investment (profit)/loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Beijing Reyun Technology Co., Ltd. (“**Reyun Data**”), foreign exchange 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 quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2023 (the “**Reporting Period**” or “**Q1 2023**”). Such quarterly results have been reviewed by the audit committee of the Company. As quarterly reports can provide more detailed and clear data, the Group will no longer separately disclose the unaudited operating data for Mintegral platform from Q2 2023.

SEGMENT FINANCIAL INFORMATION

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

	For The Three Months Ended 31 March					
	Ad-tech		Mar-tech		Total	
	2023	2022	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	240,995	229,645	3,559	3,191	244,554	232,836
Traffic cost	(180,191)	(177,932)	—	—	(180,191)	(177,932)
Net Revenue	60,804	51,713	3,559	3,191	64,363	54,904
Other cost and expenses	(47,630)	(56,645)	(9,948)	(10,613)	(57,578)	67,258
Cloud computing expenditure	(6,347)	(6,621)	(948)	(1,064)	(7,295)	(7,685)
Model training fee ⁽¹⁾	(7,321)	(15,498)	—	—	(7,321)	(15,498)
Incentive fee ⁽²⁾	(1,938)	(9,045)	—	—	(1,938)	(9,045)
Bidding fee ⁽³⁾	(6,216)	(5,118)	—	—	(6,216)	(5,118)
Interest income	376	112	20	6	396	118
Interest expense	(63)	(293)	(1,191)	(15)	(1,254)	(308)
Asset impairment loss	(301)	(205)	—	—	(301)	(205)
Depreciation and amortization	(14,837)	(10,233)	(3,364)	(3,440)	(18,201)	(13,673)
Other operating expenses	(10,983)	(9,744)	(4,465)	(6,100)	(15,448)	(15,844)
Reportable segment profit/(loss)	13,174	(4,932)	(6,389)	(7,422)	6,785	(12,354)
Reportable segment profit/(loss) (adjusted EBITDA)⁽⁴⁾	28,074	5,594	(1,834)	(3,967)	26,240	1,627

Notes:

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

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

	For the Three Months Ended 31 March	
	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Reportable segment profit/(loss) (adjusted EBITDA)	26,240	1,627
Other net income	55	46,714
Depreciation and amortization	(18,201)	(13,673)
Finance costs	(2,111)	(827)
Undistributed to head office and company expense ⁽¹⁾	(2,922)	(3,379)
	3,061	30,462
Profit/(loss) before taxation	<u>3,061</u>	<u>30,462</u>

Note:

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

BUSINESS REVIEW

For Mintegral, 2022 was the largest year of infrastructure building in our history. We launched a new bidding strategy and conducted a major system overhaul of the Mintegral platform, simplifying our system and improving the efficiency of model training and iteration. Financial performance validated these changes, as a result, Mintegral achieved its highest quarterly revenue and profit in Q4 2022.

The infrastructural groundwork laid in 2022 provides a solid foundation for 2023, ensuring a smooth start to the year for all company operations. Both revenue and profit reached new heights in Q1 2023, continuing growth from the previous quarter. Nativex performed impressively, doubling its revenue in Q1 2023 compared to Q4 2022, and continuing to contribute profits to the Ad-tech business. Despite macro-level uncertainties, we believe that our Ad-tech business will continue to grow healthily as Mintegral's competitive advantages are enhanced and the benefits of scale are realized.

In terms of Mar-tech, we integrated our existing Mar-tech team with that of Reyun Data in 2022, optimizing personnel, and redefining our strategy. Mar-tech revenue experienced slight year-on-year (“YoY”) growth in Q1 2023, and overall losses were further reduced due to cost-saving measures and increased efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

1. Revenue by Type of Services

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

	For the Three Months Ended 31 March				
	2023		2022		
	US\$'000	% of Total	US\$'000	% of Total	YoY
	(Unaudited)	Revenue	(Unaudited)	Revenue	Change
Ad-tech revenue	240,995	98.5%	229,645	98.6%	4.9%
Mar-tech revenue	3,559	1.5%	3,191	1.4%	11.5%
Total	244,554	100.0%	232,836	100.0%	5.0%

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

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

	For the Three Months Ended				
	31 March 2023	31 December 2022	30 September 2022	30 June 2022	31 March 2022
Ad-tech revenue	240,995	221,700	210,956	219,512	229,645
— Ad-tech net revenue ⁽¹⁾	60,804	56,258	51,408	52,746	51,713

Note:

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

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

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

	For the Three Months Ended 31 March				
	2023		2022		YoY Change
	US\$'000 (Unaudited)	% of Total Revenue	US\$'000 (Unaudited)	% of Total Revenue	
Mintegral revenue	226,057	93.8%	200,105	87.1%	
Nativex revenue	14,938	6.2%	29,540	12.9%	(49.4%)
Total ad-tech revenue	<u>240,995</u>	<u>100.0%</u>	<u>229,645</u>	<u>100.0%</u>	<u>4.9%</u>

For the three months ended 31 March 2023, we recorded advertising technology business revenue of US\$241.0 million (corresponding period in 2022: US\$229.6 million), representing an increase of 4.9% on a YoY basis. Our advertising technology business revenue comes from two business departments: Mintegral and Nativex. Among them, the revenue from Mintegral was US\$226.1 million, accounting for 93.8% of the advertising technology business revenue. Revenue from the Nativex was US\$14.9 million, accounting for 6.2% of the advertising technology business revenue.

During the Reporting Period, the revenue of Nativex decreased by 49.4% to US\$14.9 million (corresponding period in 2022: US\$29.5 million). The decrease is primarily due to our top media agency business being divested in Q1 2022.

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\$226.1 million (corresponding period in 2022: US\$200.1 million), a YoY increase of 13.0% compared to Q1 2022.

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

	Mintegral Platform Business Revenue <i>(US\$'000)</i> (Unaudited)	Chain Growth Rate	YoY Growth Rate
2023Q1	226,057	5.1%	13.0%
2022Q4	215,166	8.0%	13.0%
2022Q3	199,302	(5.4%)	24.6%
2022Q2	210,595	5.2%	64.1%

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

- 1) Further information on customers whose Mintegral platform revenue contribution exceeded US\$100,000⁽¹⁾.

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

We have counted the number of enterprise customers that contributed more than US\$100,000⁽¹⁾ in revenue in the past twelve months. These enterprise customers generally contribute the majority of the revenue of Mintegral. Their consistent spending and platform loyalty promote the expansion of the platform's scale and enhance its economic leverage.

As of the trailing twelve months ended 31 March 2022 and 2023, there were 288 and 421 enterprise customers respectively that had a trailing twelve-month revenue contribution of more than US\$100,000⁽¹⁾.

	31 March 2023 ⁽²⁾	31 December 2022 ⁽²⁾	30 September 2022 ⁽²⁾	30 June 2022 ⁽²⁾	31 March 2022 ⁽²⁾
The number of customers whose revenue contribution exceeded US\$100,000 ⁽¹⁾	421	390	361	320	288
Total revenue of customers whose revenue contribution exceeded US\$100,000 ⁽¹⁾ (US\$'000)	775,497.9	771,082.7	761,307.8	735,980.2	663,882.9
Average revenue contribution of customers whose revenue contribution exceeded US\$100,000 ⁽¹⁾ (US\$'000)	1,842.0	1,977.1	2,108.9	2,299.9	2,305.1
Proportion of customers whose revenue contribution exceeded US\$100,000 ⁽¹⁾	91.1%	93.4%	95.1%	96.7%	97.8%
YOY change in average revenue contribution of customers whose revenue contribution exceeded US\$100,000 ⁽¹⁾	(20.1%)	(6.0%)	19.0%	50.6%	64.9%

Notes:

(1) “More than US\$100,000” means US\$100,000 or more.

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

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

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

Compared to the twelve-month ended 31 March 2022, the retention rate of enterprise customers with revenue contributions of more than US\$100,000⁽¹⁾ for the twelve-month ended 31 March 2023 was 95.9%, and the dollar-based net expansion rate⁽²⁾ was 124.0%. The details are as follows:

	Overall Retention
The number of retained customers ⁽⁵⁾ for the current period ⁽³⁾ with revenue contribution of more than US\$100,000	355
The number ⁽⁵⁾ of customers for the base period ⁽⁴⁾ with revenue contribution of more than US\$100,000	370
Customer retention rate with revenue contribution of more than US\$100,000	95.9%
Dollar-based net expansion rate ⁽²⁾	124.0%

Notes:

- (1) “More than US\$100,000” means US\$100,000 or more.
- (2) Dollar-based net expansion rate: (Average revenue contribution of current retained enterprise customers in the current period/Average revenue contribution of the current retained enterprise customers in the base period) * 100%.
- (3) Current period: twelve-month ended 31 March 2023.
- (4) Base period: twelve-month ended 31 March 2022.
- (5) The number of customers includes the customers who were micro-sized customers during the base period, but whose revenue contribution in the current period exceeded US\$100,000.

3.1.2. Main operational data

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

Quarter-to-quarter change	For the Three Months Ended			
	31 March 2023	31 December 2022	30 September 2022	30 June 2022
Cooperating traffic publishers ⁽¹⁾ retention rate	93.4%	94.9%	95.2%	92.2%
Changes in the number of new cooperating traffic publishers	15.1%	16.6%	15.8%	19.0%
Changes in the number of new cooperating traffic Apps	19.3%	23.5%	23.6%	28.2%

Note:

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

As at the end of the Reporting Period, the publishers that Mintegral worked with were well retained and continued to grow. The quarter-on-quarter retention rate of cooperating traffic publishers is 93.4%, and the quarter-on-quarter growth rate of new cooperating traffic publishers is 15.1%; and the number of new cooperating traffic Apps increased by 19.3%.

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

We define casual games as those with IAP⁽¹⁾ (In-App Purchase) revenue accounting for less than or equal to 30% of the game's total revenue, and midcore and hardcore games as those with IAP⁽¹⁾ (In-App Purchase) revenue making up more than 30% of the game's total revenue. In gaming revenue, the proportion of IAP⁽¹⁾ (In-App Purchase) is generally provided by advertisers. In Q1 2023, Mintegral made significant breakthroughs in expanding into midcore and hardcore games. Revenue from these games accounts for 28.5% of Mintegral's revenue.

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

	For the Three Months Ended				
	31 March 2023	31 December 2022	30 September 2022	30 June 2022	31 March 2022
Casual games	52.0%	52.6%	51.2%	58.0%	61.0%
Midcore and hardcore games	28.5%	23.4%	21.1%	19.3%	19.1%
Non-games	19.5%	24.0%	27.7%	22.7%	19.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

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

Cost of Sales

During the Reporting Period, our cost of sales increased by 5.0% YoY to US\$197.6 million (corresponding period in 2022: US\$188.2 million). The increase comes primarily from the advertising technology business. The main costs of the advertising technology business include traffic costs and other business costs, with the majority of the latter consisting of server costs and intangible asset amortization formed through capitalization. On the one hand, traffic costs and server costs have increased as the scale of our advertising technology business expands. On the other hand, intangible assets formed by the advertising technology platform at different periods are gradually amortized over time, thus resulting in increasing expenses for the current period's amortization.

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

	For the Three Months Ended 31 March				
	2023		2022		
	<i>US\$'000</i>	<i>% of</i>	<i>US\$'000</i>	<i>% of</i>	YoY
	(Unaudited)	respective	(Unaudited)	respective	Change
		business		business	
		revenue		revenue	
Ad-tech	196,812	81.7%	187,281	81.6%	5.1%
Traffic cost	180,191	74.8%	177,932	77.5%	1.3%
Other business cost	16,621	6.9%	9,349	4.1%	77.8%
Mar-tech	830	23.3%	930	29.1%	(10.8%)
Mar-tech business cost	830	23.3%	930	29.1%	(10.8%)
Total	<u>197,642</u>	<u>80.8%</u>	<u>188,211</u>	<u>80.8%</u>	<u>5.0%</u>

Gross Profit and Gross Profit Margin

During the Reporting Period, the Group recorded a gross profit of US\$46.9 million (corresponding period in 2022: US\$44.6 million), a YoY increase of 5.1%. The gross profit margin remained unchanged compared to the same period in 2022.

Among these, the gross profit of the advertising technology business increased by 4.3% to US\$44.2 million on a YoY basis, with a gross profit margin of 18.3%, slightly lower than that for the same period in 2022 (corresponding period in 2022: 18.5%), mainly due to a significant increase in costs of other businesses in the first quarter of 2023. The gross profit of the marketing technology business was US\$2.7 million, and the gross profit margin was 76.7%, which increased compared to the same period in 2022.

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

	For the Three Months Ended 31 March				
	2023		2022		YoY Change
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	
	US\$'000		US\$'000		
	(Unaudited)		(Unaudited)		
Ad-tech	44,183	18.3%	42,364	18.5%	4.3%
Mar-tech	2,729	76.7%	2,261	70.9%	20.7%
Total	46,912	19.2%	44,625	19.2%	5.1%

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses decreased by 38.7% YoY to US\$12.5 million (corresponding period in 2022: US\$20.4 million). The main reason for the decrease is the reduction of incentive fee.

R&D Expenditure

During the Reporting Period, our R&D expenses decreased by 30.2% YoY to US\$18.7 million (corresponding period in 2022: US\$26.8 million). The reduction in R&D expenditures is mainly due to the decrease in model training fee.

General and Administrative Expenses

During the Reporting Period, our general administrative expenses have decreased by 15.5% YoY to US\$11.0 million (corresponding period in 2022: US\$13.0 million). This expense is relatively stable.

Operating Expenses

We classify operating expenses into fixed expenses (excluding share-based compensation), variable expenses and share-based compensation. Fixed expenses mainly consist of labour costs (cash), rental expenses, business travel expenses, agency fees, welfare expenses and other daily operating expenses, and we merge the capitalized R&D expenditure and expensed R&D expenditure of labor costs in the current period. In 2022, the fixed expenses fluctuated slightly between quarters due to team restructuring, etc., but the overall trend was stable.

Variable expenses are incentive fee directly related to advertising, model training fee of advertising platform, asset impairment gains and losses, etc. Since the first quarter of 2022, variable expenses have shown a gradually decreasing trend as the overall platform capabilities of Mintegral have improved. In the first quarter of 2023, variable expenses decreased by 35.1% compared to the same period in 2022.

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

	For the Three Months Ended				
	31 March 2023	31 December 2022	30 September 2022	30 June 2022	31 March 2022
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Variable expenses	25,914	32,565	33,632	39,933	39,951
Fixed expenses (excluding share-based compensation)	20,906	20,651	22,115	22,004	24,117
Share-based compensation	1,382	3,958	3,654	2,434	2,435
Total	<u>48,202</u>	<u>57,174</u>	<u>59,401</u>	<u>64,371</u>	<u>66,503</u>

Profit/(loss) from Operations

During the Reporting Period, our operating profit was US\$5.2 million (corresponding period in 2022: profit of US\$31.3 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 the media planning and procurement business during the Reporting Period, our operating profit increased US\$25.0 million to US\$26.1 million (corresponding period in 2022: US\$1.1 million).

With the improvement of platform capabilities, adjusted EBITDA has significantly increased between quarters, and scale effects are gradually being released.

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

	For the Three Months Ended				
	31 March 2023	31 December 2022	30 September 2022	30 June 2022	31 March 2022
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit/(loss)	3,201	1,806	(13,266)	(9,290)	30,940
Adjusted EBITDA	26,071	18,849	11,462	4,687	1,137

Other Financial Information (Non-IFRS measures)

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

	For the Three Months Ended 31 March				
	2023		2022		
	US\$'000	% of Total	US\$'000	% of Total	YoY Change
	(Unaudited)	Revenue	(Unaudited)	Revenue	
Profit/(loss) from operations	5,172	2.1%	31,289	13.4%	(83.5%)
Add back:					
Depreciation and amortization	18,201	7.4%	13,673	5.9%	33.1%
EBITDA	23,373	9.6%	44,962	19.3%	(48.0%)
Add back:					
Share-based compensation ⁽¹⁾	1,382	0.6%	2,435	1.0%	(43.2%)
Restructuring expenses of R&D team ⁽²⁾	—	—	31	0.0%	—
Attorney expenses of acquisition of Reyun Data ⁽³⁾	—	—	619	0.3%	—
Foreign exchange loss ⁽⁴⁾	1,389	0.6%	1,797	0.8%	(22.7%)
Investment (gain)/loss from financial assets at fair value through profit or loss ⁽⁵⁾	(73)	0.0%	71	0.0%	(202.8%)
Gain on disposal of subsidiaries and top media agency business ⁽⁶⁾	—	—	(48,778)	(20.9%)	—
Adjusted EBITDA⁽⁷⁾	26,071	10.7%	1,137	0.5%	2,193.0%
Profit/(loss) for the period	3,201	1.3%	30,940	13.3%	(89.7%)
Add back:					
Share-based compensation	1,382	0.6%	2,435	1.0%	(43.2%)
Investment (gain)/loss from financial assets at fair value through profit or loss	(73)	0.0%	71	0.0%	(202.8%)
(Gain)/loss from change in fair value of derivative financial liabilities	—	—	—	—	—
Adjusted net profit/(loss)⁽⁸⁾	4,510	1.8%	33,446	14.4%	(86.5%)

Notes:

- (1) Share-based compensation are expenses arising from granting restricted share units (“RSU”) and share options to selected executives and employees, the amount of which are non-cash in nature and commonly excluded in similar non-IFRS measures adopted by other companies in our industry.
- (2) Restructuring expenses of R&D team are employee termination costs for upgrading our research and development team strength, which are one-off expenses and may not directly correlate with the underlying performance of our business operations.

- (3) Attorney expenses of acquisition of Reyun Data are service fees paid to lawyers relating to our acquisition of Reyun Data, which are one-off expenses and may not directly correlate with the underlying performance of our business operations.
- (4) Foreign exchange loss is loss arising from exchange differences on translation of foreign currency monetary accounts. Foreign exchange loss may not directly correlate with the underlying performance of our business operations.
- (5) Investment (gain)/loss from financial assets at fair value through profit or loss arises from fair value change of certain investments held by the Group, which was recognized at fair value change through profit or loss. Such investment loss is not directly related to our principal operating activities.
- (6) Gain on disposal of subsidiaries and top media agency business is the disposal gain arising from the business restructuring of the Group, which is an one-off gain and may not directly correlate with the underlying performance of our business operations.
- (7) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit/(loss) from operations plus depreciation and amortization expenses) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment (gain)/loss from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Reyun Data, foreign exchange loss and gain on disposal of subsidiaries and top media agency business.
- (8) Adjusted net profit/(loss) is not an IFRS measure. We define adjusted net profit/(loss) as profit/(loss) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment (gain)/loss from financial assets at fair value through profit or loss and (gain)/loss from change in fair value of derivative financial liabilities.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2023 — UNAUDITED

(Expressed in United States dollar)

	Three Months Ended	
	31 March	
	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	244,554	232,836
Cost of sales	<u>(197,642)</u>	<u>(188,211)</u>
Gross profit	46,912	44,625
Selling and marketing expenses	(12,528)	(20,426)
Research and development expenses	(18,703)	(26,777)
General and administrative expenses	(10,960)	(12,965)
Other net income	<u>451</u>	<u>46,832</u>
Profit/(loss) from operations	5,172	31,289
Change in fair value of derivative financial liabilities	—	—
Finance costs	<u>(2,111)</u>	<u>(827)</u>
Profit/(loss) before taxation	3,061	30,462
Income tax	<u>140</u>	<u>478</u>
Profit/(loss) for the period	<u>3,201</u>	<u>30,940</u>
Attributable to:		
Equity shareholders of the Company	3,670	32,039
Non-controlling interests	<u>(469)</u>	<u>(1,099)</u>
Profit/(loss) for the period	<u>3,201</u>	<u>30,940</u>
Earnings/(loss) per share		
Basic <i>(United States dollar cents)</i>	0.21	1.97
Diluted <i>(United States dollar cents)</i>	<u>0.24</u>	<u>1.94</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31
MARCH 2023 — UNAUDITED**

(Expressed in United States dollar)

	Three Months Ended	
	31 March	
	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
Profit/(loss) for the period	3,201	30,940
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit/(loss):		
Exchange differences on translation of financial statements of overseas subsidiaries	(118)	(133)
Total comprehensive income for the period	3,083	30,807
Attributable to:		
Equity shareholders of the Company	3,552	31,906
Non-controlling interests	(469)	(1,099)
Total comprehensive income for the period	3,083	30,807

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023 — UNAUDITED

(Expressed in United States dollar)

	At 31 March 2023 US\$'000	At 31 December 2022 US\$'000
Non-current assets		
Property, plant and equipment	11,432	11,679
Intangible assets	141,783	137,587
Goodwill	115,344	115,342
Deferred tax assets	20,809	20,357
Financial assets measured at fair value through profit or loss (FVPL)	1,356	1,235
	290,724	286,200
Current assets		
Financial assets measured at FVPL	31,544	31,564
Contract costs	—	—
Trade and other receivables	144,160	141,104
Prepayments	45,609	32,179
Restricted cash	4,154	4,783
Cash and cash equivalents	76,826	105,716
Current tax recoverable	—	528
	302,293	315,874
Current liabilities		
Trade and other payables	233,423	251,164
Current tax payable	7,748	7,331
Bank loans	7,039	45,555
Lease liabilities	3,570	4,991
Derivative financial liabilities	2,194	2,194
Convertible bonds	30,614	—
	284,588	311,235
Net current assets	17,705	4,639
Total assets less current liabilities	308,429	290,839

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH
2023 — UNAUDITED (CONTINUED)**

(Expressed in United States dollar)

	At 31 March 2023 <i>US\$'000</i>	At 31 December 2022 <i>US\$'000</i>
Non-current liabilities		
Bank loans	40,000	—
Convertible bonds	—	29,980
Deferred tax liabilities	5,867	5,867
Lease liabilities	6,581	6,932
Other non-current liabilities	—	21
	<u>52,448</u>	<u>42,800</u>
NET ASSETS	<u>255,981</u>	<u>248,039</u>
CAPITAL AND RESERVES		
Share capital	16,366	16,366
Reserves	<u>227,446</u>	<u>219,037</u>
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	243,812	235,403
Non-controlling interests	<u>12,169</u>	<u>12,636</u>
TOTAL EQUITY	<u>255,981</u>	<u>248,039</u>

APPRECIATION

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

By order of the Board
Mobvista Inc.
DUAN Wei
Chairman

Guangzhou, PRC, 15 May 2023

As at the date of this announcement, the Board comprises Mr. DUAN Wei (Chairman), Mr. CAO Xiaohuan (Chief Executive Officer), Mr. FANG Zikai and Mr. SONG Xiaofei as executive Directors; Mr. WONG Tak-Wai as a non-executive Director; and Mr. SUN Hongbin, Ms. CHEUNG Ho Ling Honnus and Mr. WONG Ka Fai Jimmy as independent non-executive Directors.