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Mobvista Inc.

匯量科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1860)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	FY2023	**2023H2**	**2023H1**	FY2022	2022H2	2022H1
	US$'000	***US$'000***	***US$'000***	*US$'000*	*US$'000*	*US$'000*
Revenue	**1,054,092**	**547,959**	**506,133**	894,405	438,609	455,796
Net Revenue[(1)]	**284,204**	**147,839**	**136,365**	224,717	113,619	111,098
Gross Profit	**217,291**	**114,331**	**102,960**	177,029	87,049	89,980
Net Profit/(Loss) for the Period	**18,588**	**10,066**	**8,522**	10,190	(11,460)	21,650
Adjusted Net Profit/ (Loss)[(2)]	**19,120**	**10,179**	**8,941**	9,699	(11,370)	21,069
Adjusted EBITDA[(3)]	**105,270**	**53,468**	**51,802**	36,135	30,311	5,824

Notes:

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

(2) Adjusted net profit/(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 from change in fair value of derivative financial liabilities.

(3) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit from operations plus depreciation and amortization expenses, which is not an IFRS measure) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses and investment gain/(loss) from financial assets at fair value through profit or loss.

The Board (the "**Board**") of Directors (the "**Directors**") of Mobvista Inc. (the "**Company**") hereby announces the audited annual results of the Company and its subsidiaries (collectively, the "**Group**") prepared under International Financial Reporting Standards ("**IFRS**") for the year ended 31 December 2023 (the "**Reporting Period**"). Such annual results have been reviewed by the audit committee of the Company.

LETTER TO SHAREHOLDERS

To our shareholders:

Let's revisit the three organizational mission iterations of Mobvista:

2013: To share with every globe user the contents and services of universal quality and standard
2018: Be the Bridge
2023: Growth Hub

When we started our journey, our ambition was to create a comprehensive app distribution network capable of bringing exceptional apps to users worldwide, especially focusing on the emerging markets in Asia that were rapidly entering the mobile internet phase. Transitioning into 2018, we became acutely aware of the vast differences between Eastern and Western markets and aimed to help developers on both sides overcome the cognitive gap, while gradually expanding our business network to cover both mature and emerging markets globally. By 2023, shifting our perspective from the market to our core value as a third-party technology platform, we focused on assisting resource-limited small and medium-sized developers with growth. By the end of 2023, the number of apps integrating the Mintegral SDK quadrupled that of the beginning of 2022, predominantly driven by small and medium-sized developers.

Becoming a Growth Hub for developers is challenging, involving numerous capabilities and significant time iterating on product details and even educating developers to adjust their workflow. Mobvista's business is divided into Ad-tech and Mar-tech, with the latter experiencing continuous losses in recent years. In 2023, the advertising business achieved a record-high profit, with segment profits reaching US$51.11 million. However, the Mar-tech business incurred a loss of US$19.89 million, which financially seems impractical. The journey from a fast company benefiting from global mobile traffic to diving into the deep end of enterprise services reflects our commitment to creating long-term value for developers, earning recognition and trust from small and medium-sized developers. In a market valued at hundreds of billions of dollars, we are confident about long-term profitability. It's a change of business philosophy.

In 2023, Mobvista's Ad-tech businesses experienced consistent growth, buoyed by Mintegral's infrastructure upgrades in 2022. Last year marked a significant milestone in Mintegral's capability enhancement, with the algorithm engine starting to dynamically select potential users based on developers' expected returns. This intelligent bidding mode, known as "ROAS" (Return On Ad Spend), quickly became the go-to option for developers utilizing Mintegral, setting the stage for the platform's ascent to new performance records in 2024. Furthermore, Mintegral's strategy of identifying and leveraging the varying value of traffic and strategic computing resource allocation significantly reduced infrastructure costs in the latter half of the year and substantially boosted the platform's efficiency.

In 2023, although generative AI hasn't yet revolutionized the consumer market with a breakthrough "iPhone moment," it has made a notable impact in the B2B space. Starting in early 2023, we integrated LLMs (Large Language Models) into our software development, creating a "DevOps Copilot" system for internal engineers to simplify and automate the entire software development workflow. After three-quarters of use, our users were able to produce over 90 lines of effective code daily, nearly half the output of an average engineer, marking a tenfold increase since the beginning of the year. Meanwhile, software bugs were reduced by 50%, and the MTTR (Mean Time To Repair) dropped to one-sixth of its previous duration, significantly enhancing Mobvista's productivity and product quality.

2023 marks the beginning of Mobvista's second decade, and from a shareholder's perspective, we are fully confident in enlarging the leverage of the Company's operations and entering a trajectory of scalable profitability. More importantly, our commitment lies in continued investment to establish a Growth Hub for small and medium-sized developers globally, simply accelerating their growth process.

Regards,

Cao Xiaohuan
Co-founder and Chief Executive Officer of Mobvista

SEGMENT FINANCIAL INFORMATION

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

	For the Twelve Months Ended 31 December					
	Ad-tech		Mar-tech		Total	
	2023	2022	**2023**	2022	**2023**	2022
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Revenue	**1,038,491**	881,813	**15,601**	12,592	**1,054,092**	894,405
Traffic cost	**(769,888)**	(669,688)	**0**	0	**(769,888)**	(669,688)
Net Revenue*	**268,603**	212,125	**15,601**	12,592	**284,204**	224,717
Other cost and expenses	**(217,494)**	(215,970)	**(35,494)**	(41,442)	**(252,988)**	(257,412)
Cloud computing expenditure	**(30,010)**	(24,130)	**(3,889)**	(4,565)	**(33,899)**	(28,695)
Model training fee(1)	**(52,128)**	(58,547)	**0**	0	**(52,128)**	(58,547)
Incentive fee(2)	**(5,312)**	(23,843)	**0**	0	**(5,312)**	(23,843)
Bidding fee(3)	**(28,747)**	(21,506)	**0**	0	**(28,747)**	(21,506)
Interest income	**2,547**	706	**134**	37	**2,681**	743
Interest expense	**(219)**	(795)	**(4,153)**	(2,022)	**(4,372)**	(2,817)
Asset impairment loss	**(7,582)**	(3,707)	**0**	0	**(7,582)**	(3,707)
Depreciation and amortization	**(59,530)**	(47,801)	**(13,305)**	(13,760)	**(72,835)**	(61,561)
Other operating expenses	**(36,513)**	(36,347)	**(14,281)**	(21,132)	**(50,794)**	(57,479)
Reportable segment profit/(loss)	**51,109**	(3,845)	**(19,893)**	(28,850)	**31,216**	(32,695)
Reportable segment profit/(loss) (adjusted EBITDA*)	**110,858**	44,751	**(2,435)**	(13,068)	**108,423**	31,683

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.

* *Non-IFRS measure*

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

	For the Twelve Months Ended 31 December	
	2023	2022
	US$'000	*US$'000*
Reportable segment profit (adjusted EBITDA*)	**108,423**	31,683
Other net income excluding interest income	**8,384**	46,321
Gain from change in fair value of derivative financial liabilities	**2,093**	14,183
Depreciation and amortization	**(72,835)**	(61,561)
Finance costs	**(7,154)**	(5,288)
Undistributed to head office and company expense(1)	**(14,394)**	(14,198)
Profit before taxation	**24,517**	11,140

Note:

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

* *Non-IFRS measure*

BUSINESS REVIEW

I. Company Overview

We are a technology service company committed to providing global customers (particularly Chinese customers aiming for global expansion) with advertising technology services and marketing technology services required to develop 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 our customers' marketing return on investment ("**ROI**").

II. Industry Overview

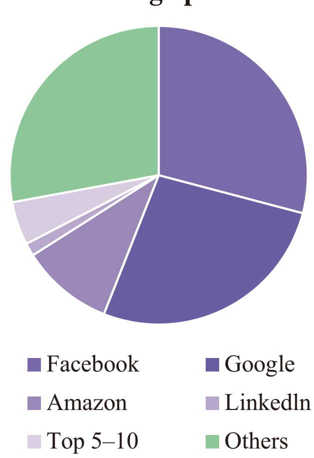
Since 2023, central banks across Europe and the United States have been compelled to implement a rapid interest rate hike monetary policy in response to inflation. As interest rates rise, the level of inflation has somewhat decreased. Simultaneously, major economies in Europe and the United States have exhibited significant resilience, enhancing the probability of achieving a manageable economic slowdown, often referred to as a "soft landing". The global advertising market has shown overall stability and growth. Top media platforms such as Google and Meta have performed impressively, outpacing market expectations with their year-on-year growth. In the prevailing climate of sustained high-interest rates, advertisers within the app install market, are pressing for expedited product return cycles and enhanced efficacy from performance advertising. Consequently, this has placed greater demands on advertising algorithms to perform more precisely and efficiently. With the alleviation of the pandemic, China's domestic advertising market has shown a remarkable recovery from its previous slump. Simultaneously, the Chinese government and investors continue prioritizing and encouraging expansion into overseas markets. In May 2023, six departments, including the Ministry of Commerce, put forward a directive advocating for a cultural "global outreach". This led to the launch of the "Thousand Sails Going Global" action plan, an initiative to foster trade cooperation, advance the growth of critical sectors in cultural trade, and catalyze the internationalization of Chinese culture.

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

In Europe and the United States, strict anti-trust and privacy legislation underpin fairness and transparency within the advertising industry. On 6 March 2024, the European Union's Digital Markets Act (DMA) came into full effect, imposing regulatory requirements on the first batch of designated "gatekeepers". The DMA targets the reduction of large technology companies' dominance in the EU's digital market, striving to ensure a balanced and open competitive arena. It focuses on major platforms that exercise considerable control over crucial market entry points, such as app stores, impacting a vast number of consumers and advertisers. These entities are now mandated to modify their practices regarding data management and ad placements. For advertisers, the DMA looks to foster innovation and expand options for more effective and compliant engagement with target audiences through emerging advertising technologies and platforms. It can be foreseen that regulatory institutions in Europe and America, as third-party regulators, will adopt stricter attitudes and measures to balance the Internet economy ecosystem. In the long run, these anti-monopoly measures are beneficial for fostering a healthy competitive environment in the entire advertising market and stimulating technological advancements among smaller platforms.

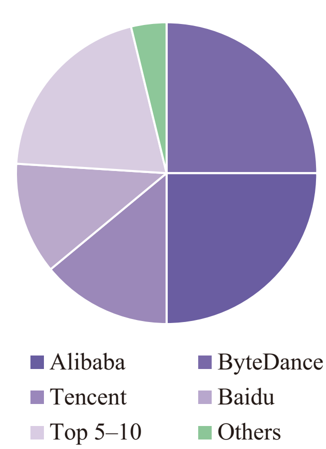
The composition of traffic varies between domestic and international markets, with international markets valuing medium and long-tail traffic more highly. Overseas advertising channels are mainly classified into top media advertising (represented by Google and Meta) and third-party advertising technology platforms targeting medium and long-tail traffic. While Chinese medias have strong leading effects (CR10 (concentration rate)=96.2%), overseas marketing channels (take the US market as an example) only have a CR10 of 72.1%, their medium and long-tail traffic entail a relatively high value for advertising. Therefore, Mobvista's traffic side is primarily focused on overseas markets.

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



Data Source: eMarketer

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



Data Source: Interactive Marketing Laboratory in Zhongguancun

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

The competition in the mobile application ecosystem has intensified, while the in-app advertising market remains resilient. In 2023, global app downloads on iOS and Google Play reached 257 billion, a year-on-year growth of 1%. The entertainment and social networking app categories experienced strong growth, indicating overall stability and growth in the industry. The "Apps development, user acquisition and monetization" of mobile applications has always been a challenge for mobile app developers, especially with the increasing difficulty of acquiring users amidst the continuous growth in mobile app supply. As of 23 February 2024, there were over 5.37 million available applications on iOS and Google Play combined. Faced with such a massive supply, developers' demand for advertising placements continues to rise. Furthermore, the growing focus on commercial monetization drives the rapid development of the in-app advertising market. According to the "2024 Mobile Market Report" released by Data.ai, as users spend more time on mobile apps, global mobile user spending increased by 3% in 2023. Emerging markets like South Korea, Brazil, Mexico, and Turkey saw a 25% year-on-year growth, coinciding with Mobvista's strategic focus and rapid growth in these regions. The increased user engagement and spending in the mobile market also contribute to the development of the mobile advertising market in 2023. Mobile ad spending reached US$362 billion in 2023, an 8% year-on-year growth, and it is expected to surpass US$400 billion in 2024. The compound annual growth rate (CAGR) of the industry for the five-year period from 2019 to 2024 is projected to be 16.2%.

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

International advertising service providers offer the necessary tools for Chinese Apps to achieve global expansion. China-to-Global's digital advertising market size is expected to exceed US$50 billion. With the disappearance of the demographic dividend in the Chinese market, globalization has become necessary for Chinese companies to reach their next growth phase. As shown from the "Copy From China" model adopted by traditional internet companies to the "Born Global" trend, globalization is vital for the new emerging technology companies. According to the "2023 China Enterprise Overseas Confidence Report" published by BeyondClick, 87.6% of surveyed companies exhibited a positive attitude towards expanding their overseas business. As Chinese Apps go global, advertising service providers will benefit most from the transition, the global expansion trend exhibited by Chinese companies in sectors such as gaming and e-commerce remains robust. In the gaming sector, although competition among overseas developers is increasingly fierce, the difficulty and operational costs of international expansion are increasing, however, from a long-term perspective, the gaming industry is moving towards a direction of refinement and scalability, the positive trend of Chinese games expanding their global footprint remains unchanged.

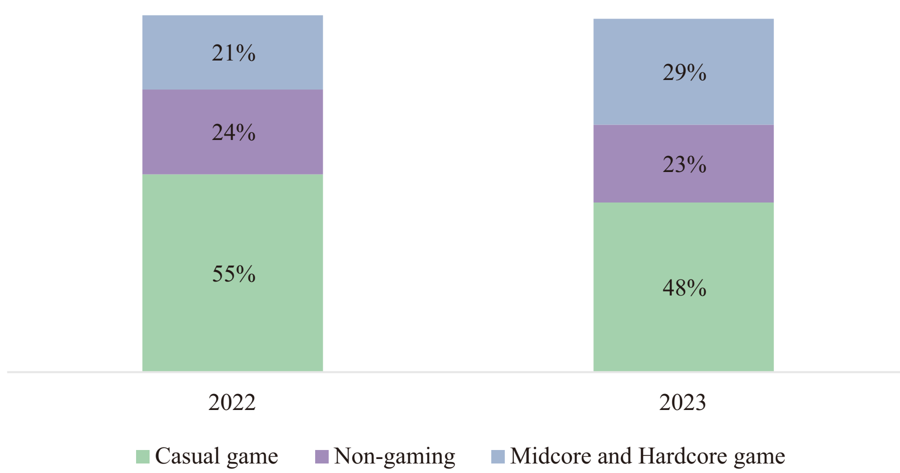
In December 2023, the National Press and Publication Administration of China issued the "Regulations on the Management of Online Games (Draft for Soliciting Opinions)," in which Article 51 explicitly encourages international cooperation. It encourages online game publishing and operating units to explore overseas markets, enhance international cooperation in online games, promote international cultural exchange, and enhance the international influence of Chinese culture. We expect that China's outbound expansion will embark on a new journey, and programmatic advertising platforms will usher in a historic era of development. Mintegral has established strong business relationships with App developers seeking global expansion and a sound reputation in the industry due to their insightful outlook in the Chinese market and rich experience working with Chinese App developers. Furthermore, there is a growing consensus in the advertising industry that programmatic advertising is the future. With a more mature and large-scale traffic network built in overseas markets, as well as the continuous accumulation of algorithms, data and industry insights, top programmatic advertising platforms that aim to link the world, represented by Mintegral, will continue to benefit from the dramatic growth of the industry and their economies of scale, laying the foundation of their global expansion.

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

According to the "State of Mobile Gaming 2023" report issued by Sensor Tower, a hybrid monetization strategy has become the mainstream trend for some top-grossing mobile games worldwide, enabling revenue growth and long-term profitability. Since 2023, game developers have become more cautious in their operations and expansion due to macroeconomic factors, emphasizing the importance of maintaining stable cash flows. The single-model monetization approach gradually fails to meet developers' revenue goals. Under the traditional business model, casual games with simple gameplay have limited in-app purchase ("**IAP**") scenarios, making in-app advertising ("**IAA**") the prevailing monetization method. On the other hand, midcore and hardcore games focus more on long-term operations, requiring a balance between monetization efficiency and user experience. Within hybrid monetization, developers strategically incorporate both IAA and IAP, thereby maximizing each method's unique advantages. There is a gradual introduction of IAP monetization tactics into casual games with straightforward gameplay and an expansion in the range of IAA in the more intricate midcore and hardcore games.

For Mintegral, casual games that primarily rely on IAA have been foundational to its business and it has established a strong competitive advantage in this category. As hybrid monetization trends evolve, we are witnessing an escalating demand for our advanced algorithmic solutions. This surge is driven by the need for our platform to provide insights predicated on post-install user behaviors. Commencing in the latter half of 2021, we have made considerable investments in constructing an intelligent bidding system. Significant strides were achieved in this area in the fourth quarter of 2022. While sustaining our industry-leading position in casual games, we are simultaneously expanding our reach into both midcore and hardcore gaming genres, where the proportion of IAP revenue is more substantial, adapting to the evolving landscape of hybrid monetization models. The share of midcore and hardcore game revenue to Mintegral's total revenue has risen from 21% in 2022 to 29% in 2023.

Figure 3: Mintegral revenue share by vertical category, 2022–2023



III. The Ad-tech industry ecosystem and the Company's strategic structure

Generally, Ad-tech is categorized as programmatic advertising and non-programmatic advertising. Programmatic advertising platforms rely on machine learning and algorithm iteration to improve their transaction efficiency, such technology will be the future of the Ad-tech industry. The Company focuses on programmatic advertising transactions through the Mintegral platform. After years of development, Mintegral has become one of the top third-party programmatic advertising platforms in the world and the main revenue contributor of Mobvista.

3.1. The programmatic advertising platform ecosystem

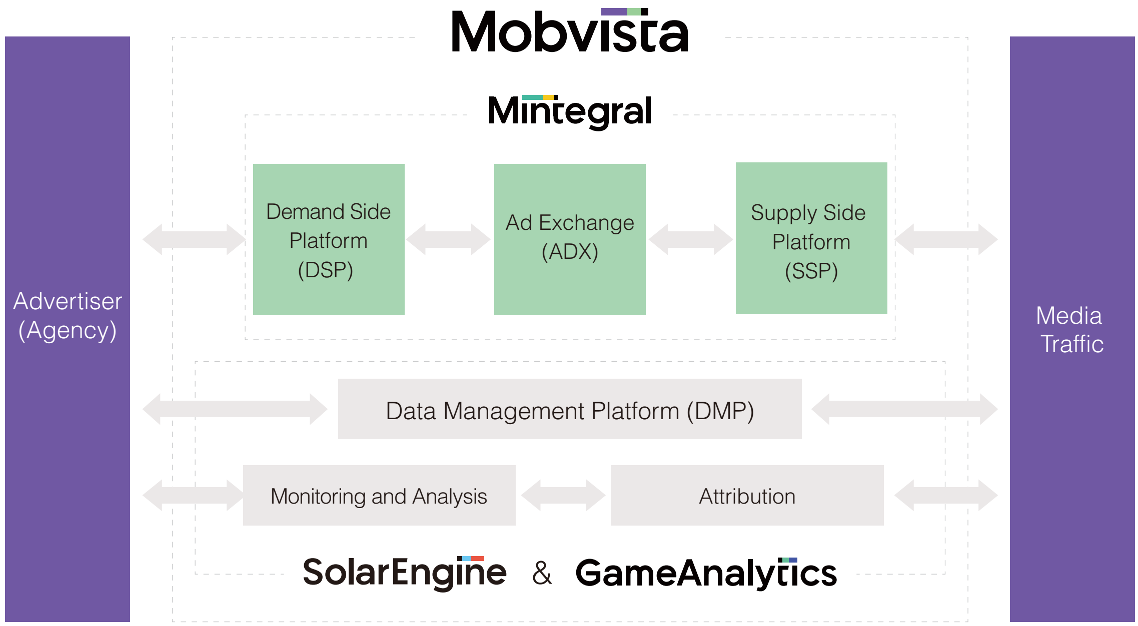
Platforms in the programmatic advertising ecosystem can be categorized into upstream, midstream, and downstream: 1) upstream participants are advertisers (agencies); 2) midstream participants are Ad-tech service providers, including Demand Side Platform ("**DSP**"), Ad Exchange ("**ADX**") and Supply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

3.2. The programmatic advertising platform of the Company

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

In addition, the Company conducts statistical analysis of user behavior through the GameAnalytics ("**GA**") platform while providing attribution services and monitoring the analytics of performance-based ads through SolarEngine. The Company provides multiple marketing tools to upstream advertisers and mines its data assets to optimize and iterate its algorithms.

Figure 4: The strategic planning of Mobvista in the programmatic advertising industry chain

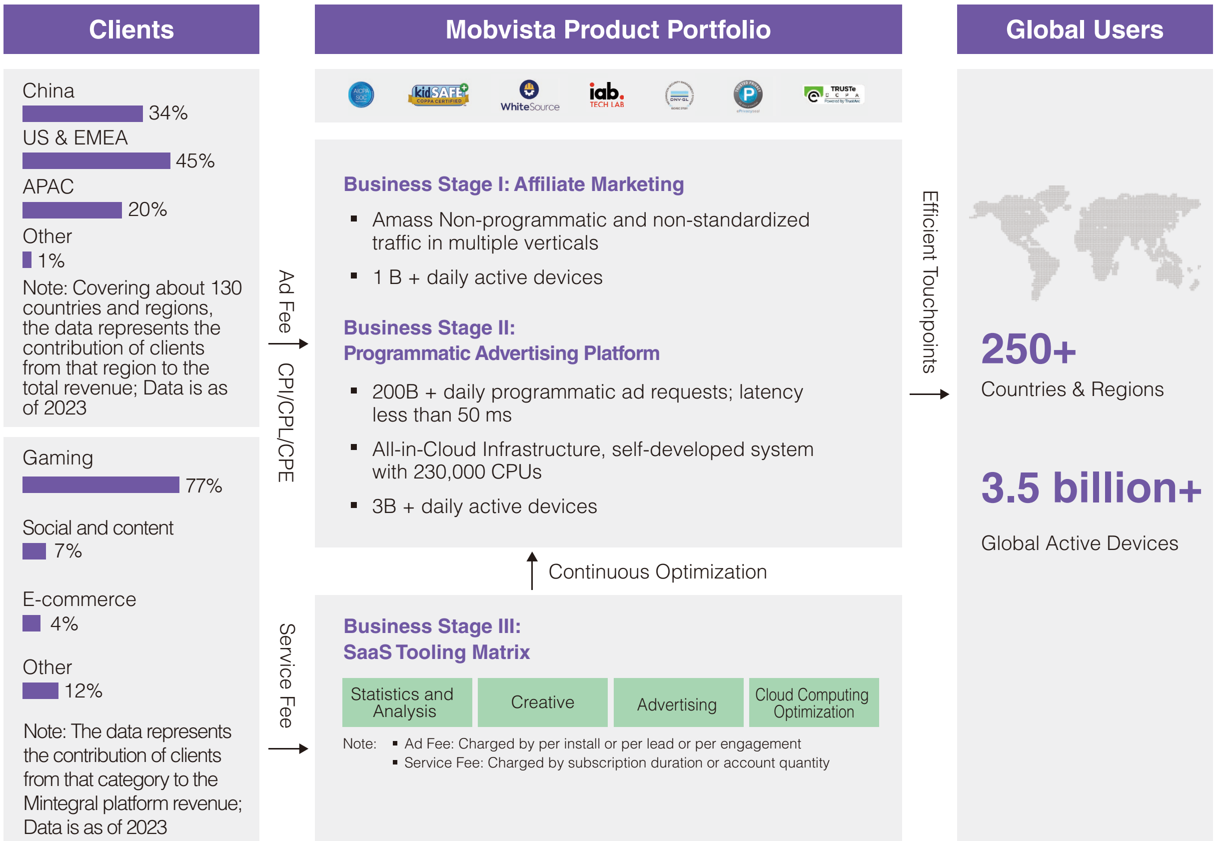


Source: Mobvista Inc.

IV. Stages of the Company's development

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

Figure 5: Three stages of Mobvista's development



Data Source: Mobvista Inc.

4.1. First stage: Affiliate marketing that focuses on the globalization of Chinese Apps

When we started our business in 2013, we aspired to become a promoter and connector of globalization. We built one of the very first ad networks in China for the globalization of Chinese Apps, helping our clients acquire users globally. The Company has branded its non-programmatic advertising business, which is performance-based and covers both Chinese and overseas traffic across all channels, to provide intelligent advertising, creative materials, and Key Opinion Leader ("**KOL**") marketing services to our customers. We established our business network in the European & American market, which marked the first stage of growth of the Company. Affiliate marketing is the original business of Mobvista, and after years of development, it still maintains a leading position in the industry.

4.2. *Second stage: Programmatic advertising platform — "Glocal strategy" to expand to overseas markets*

With the rapid growth of the mobile internet, the overseas mobile applications ecosystem has become increasingly fragmented. App developers are facing challenges with user acquisition and traffic monetization. They need a platform aggregating global traffic, especially medium and long-tail traffic, to help them reach global users at scale, growing both users and revenues. In the meantime, because of its transparency and high efficiency, and intelligence, programmatic advertising is popular among top App developers.

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

The Mintegral platform is our Ad-tech business's core platform, which has been the centerpiece of our strategic development since its inception. Unlike the operational approach of non-programmatic advertising, Mintegral provides programmatic advertising that improves user experience in advertising services, platform connections, real-time bidding, and traffic conversions. Under the programmatic advertising model, advertisers utilize digital platforms to select the parameters for user matching. The platform will automatically purchase traffic and launch campaigns, calculating ROI from real-time feedback through clickthrough rate and user personas to achieve workflow automation from ad content creation, advertising campaigns, and attribution, significantly improving advertising efficiency. Long-tail App traffic amassed by Mintegral can also reach advertisers quickly and efficiently to monetize their traffic. We are proud to announce that some of our traffic providers are also our customers, which helps Mintegral to leverage closed-loop data. Along with business growth, Mintegral has become one of the top global advertising platforms.

At present, Mintegral has helped more than 10,000 top advertisers and 100,000 top Apps worldwide to acquire quality users in European, American, and Asia-Pacific markets, with more than 200 billion daily advertising requests.

4.3. *Third stage: SaaS Tooling Matrix — achieve business growth with "Ad-tech + Mar-tech" integration*

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

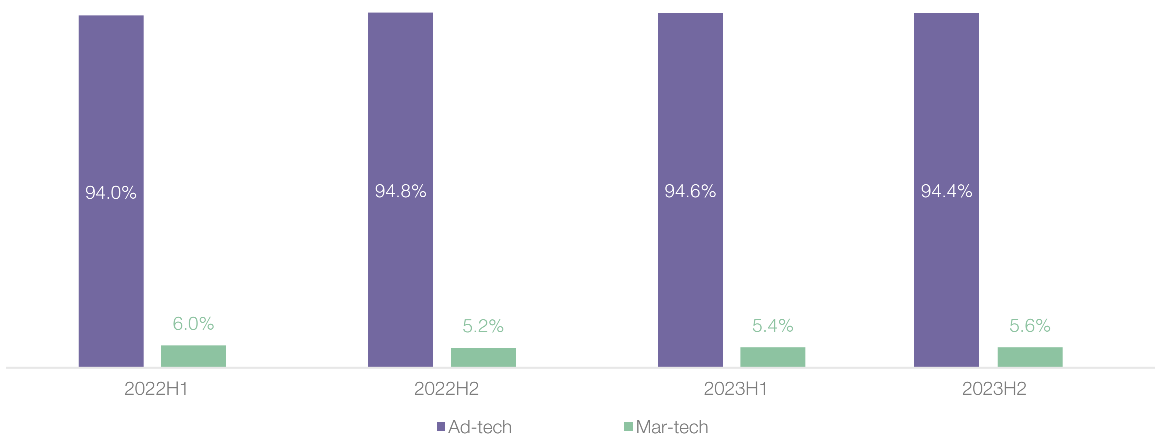
Starting from 2019, we put forth our "SaaS Tooling Matrix" strategy: We will create a complete tooling matrix by integrating our Ad-tech and Mar-tech capabilities. This matrix will cover the different stages of growth for developers, from statistical analysis, user growth, monetization, and operating efficiency refinement to cloud infrastructure cost optimization.

As the marketing technology product matrix gradually matures, we will further strengthen our domestic traffic expansion and technological competitiveness. While assisting overseas clients in expanding into Chinese market, we will also promote our products in international markets, thus empowering Chinese enterprises to go global. By strategically positioning in both the Chinese and global markets, Mobvista has become the first company in the world that can provide complete solutions covering both the Chinese and overseas markets.

V. Business Modules

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

Figure 6: Net revenue share of Ad-tech vs. Mar-tech (from 2022H1 to 2023H2)



Data Source: Mobvista Inc.

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

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

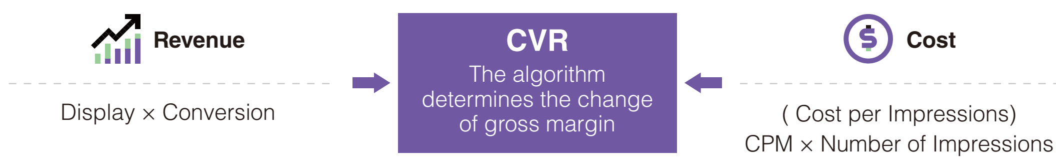
From the perspective of revenue, we charge customers performance-based advertising fees; that is, fees based on negotiated performance KPIs such as the number of users that download the App, the number of installs or registrations of an App followed by certain actions by users, such as ensuring users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

From the perspective of cost, we purchase advertising resources from traffic owners or administrators to display ads for our customers. The fee is usually settled with traffic publishers by the number of impressions. It is worth noting that the acquisition of advertising resources is in real-time, so we do not assume resources risk of advertising.

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

We settle with our customers and traffic owners or administrators with bank transfer within one month after we confirm the transaction amount. For relatively small-sized new customers, prepayment is required. We may extend the standard payment terms by one to two more weeks for a small number of large customers. In terms of cloud computing costs, all the terms of our contracts exceed three months. Unlike an advertising agency, Mintegral does not need to pay in advance. As its business continues to grow, Mintegral will enjoy even better terms with its customers and vendors.

Figure 7: Business model diagram



Source: Mobvista Inc.

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

5.1.3 Customer Distribution

From the perspective of customer region distribution, Mintegral's customers are located in Europe, the Middle East and Africa ("**EMEA**"), China, Asia-Pacific (including Australia, New Zealand, and other major Asian countries excluding China), the Americas and other regions, distributed in about 130 countries and regions around the world.

In terms of the types of customers, during the Reporting Period, Mintegral's main customers were casual game customers, whose revenue accounted for 48.3% of Mintegral's platform revenue. In recent years, the Group is actively expanding customers of midcore and hardcore games, e-commerce, and other categories and the proportion of non-casual game customers has continued to increase.

5.1.4 Traffic Distribution

From the perspective of traffic region distribution, the traffic reached by the Mintegral platform spreads across EMEA, China, Asia-Pacific (including Australia, New Zealand, and other major Asian countries excluding China), the Americas and other regions, distributed in more than 250 countries and regions around the world, and primarily distributed outside of China in the overseas areas.

From the perspective of cumulative number of devices reached during the Reporting Period, 97.3% were from overseas regions outside of China, and 2.7% were from China; from the perspective of accumulated impressions, 96.9% were from overseas regions outside of China, and 3.1% were from China.

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

5.1.5 Competitive Landscape

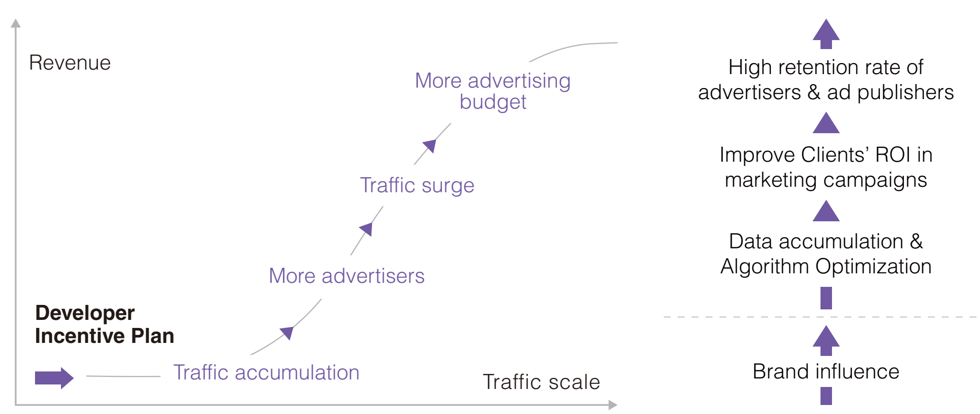
If we categorize mobile device traffic into two types — top media traffic from sources like Meta/Google and more dispersed traffic from medium to long-tail apps — then a third-party Ad-tech platform such as Mintegral primarily serves to bridge these segmented medium and long-tail channels through its programmatic trading platform. The programmatic advertising transaction method can create a strong platform effect and scale effect. It will become the dominant participant in monetizing medium and long-tail traffic in the future. Therefore, Mintegral's primary competitors include third-party programmatic advertising platforms represented by AppLovin, and Unity Ads and the advertising network platforms of leading internet companies represented by Google AdMob, Pangle, and Meta Audience Network. Overall, Mintegral has a unique competitive advantage despite a large number of players in the industry.

5.1.5.1 Consistently enhancing our core strengths

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

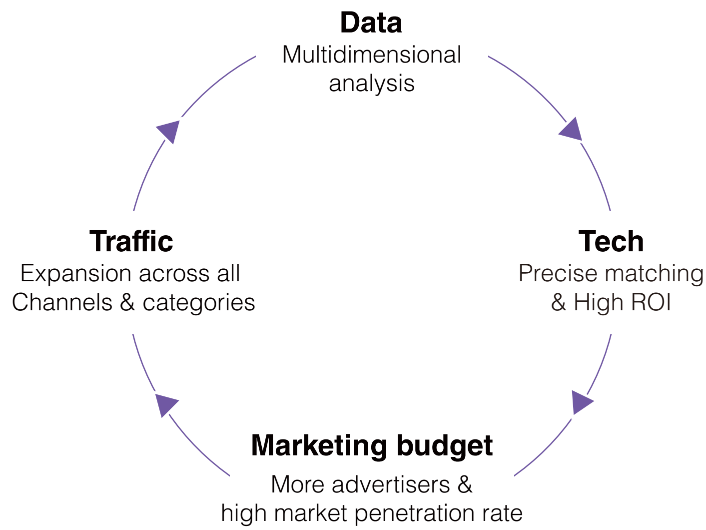
Typically, mobile application developers will only choose limited (generally 5–8) SDK plug-ins from advertising platforms to integrate into their mobile applications. Since the compliance and stability of SDK can affect the stability and user experience of mobile applications, replacing an SDK requires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

Figure 8: Consistently enhancing our core strengths



Source: Mobvista Inc.

Figure 9: The flywheel effect of Mintegral's Ad-tech business



Source: Mobvista Inc.

Currently, the Mintegral platform reaches traffic and customers all over the world. During the rolling twelve months as of 31 December 2023, Mintegral platform customers' dollar-based net expansion rate is up to 115.0%. The exceptional performance of both the traffic and customer sides proves that the Mintegral platform continues growing rapidly under the flywheel effect's influence.

5.1.5.2 Benefiting from China's international expansion, differentiated positioning

Since its establishment, the Company has been committed to serving 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 considerable advantages in serving Chinese customers.

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. We will continue to take advantage of the opportunities emerging in the China-to-Global wave and form a competitive advantage different to 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, algorithm, architecture engineering and cloud computing. Team members are mainly graduates from Cornell University, Illinois Institute of Technology, Tsinghua University, Peking University, Zhejiang University, Huazhong University of Science and Technology, Beihang University, Xi'an Jiaotong University, Sun Yat-sen University, Beijing University of Posts and Telecommunications, with doctoral and masters degrees and rich experience in related fields.

It is well-known that China is at the forefront of the global mobile internet industry and has mature experience and forward-looking judgment concerning mobile internet development. China is in a leading position compared with its European and American counterparts. In addition, leveraging Chinese engineers 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 game, the Company has become the favourable platform for developers to promote and monetize their Apps.

5.1.5.4 Scale effect and operating leverage

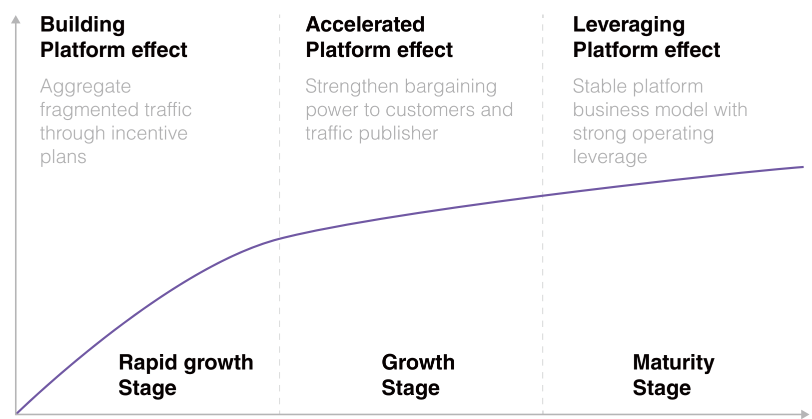
From the operational and financial perspective, the flywheel effect of the Mintegral platform means:

(1) With the industry's growing popularity, the number of new customers and the size of advertising budgets continue to rise. Existing customers' retention and net expansion rates continue to rise, and the revenue scale grows sustainably;

(2) As we continue to attract new traffic developers to access the Mintegral platform, the size of the traffic pool keeps growing, and the bargaining power of the platform continues to be strengthened with respect to App developers. Consequently, the unit traffic cost is reduced;

(3) The growth of the size of the platform and the improvement of its algorithm efficiency drive the growth of the gross profit margin of the platform;

Figure 10: The monetization model of Mintegral

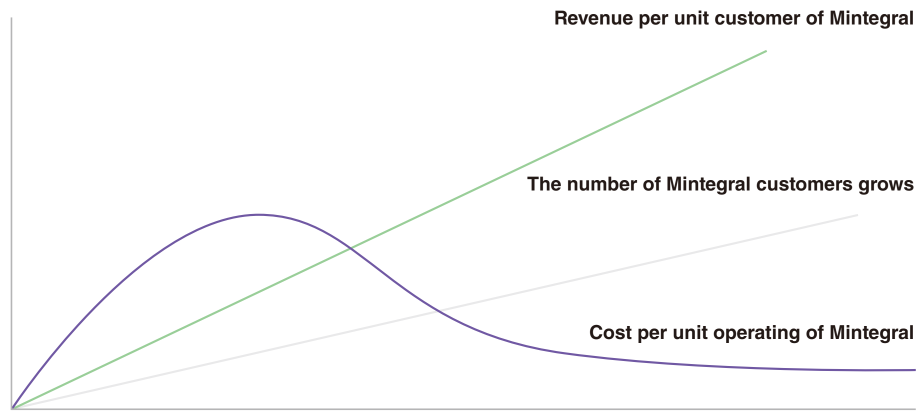


Revenue	Rapid growth	Rapid growth	Sustained growth
Gross profit	Lower	Increasing	Stable
Operating Profit		Gradual improvement	Rapid growth

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 11: Mintegral operating leverage



Source: Mobvista Inc.

5.1.6 Competitive/Cooperative Relationship With Top Media

With the development of advertising technology, customers will typically advertise initially through top media traffic and medium and long-tail traffic, then reallocate the budget based on the actual advertising performance. Even though the allocation of the budget of advertisers varies, medium and long-tail traffic still account for more than 30% of the budget in the industry, and the proportion is increasing under the influence of privacy protection and anti-trust, with the industry as a whole showing a trend of decentralization. Due to the differences in technical specialties and data sources between medium and long-tail traffic platforms and top media, developers need to constantly look for more traffic with high ROI other than top media traffic. Although Mintegral focuses on medium and long-tail traffic in the advertising campaigns to meet customers' needs for one-step delivery, it will also participate in real-time bidding of traffic managed by top media. Therefore, Mintegral also has a cooperative relationship with top media.

5.2. *Ad-tech: Non-programmatic advertising platform*

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

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

5.3. *Mar-tech: GameAnalytics*

GameAnalytics ("**GA**") is our SaaS-based in-App data statistical analysis tool. It is one of the world's largest casual and hyper-casual game data statistical analysis platforms. GA can provide game developers with in-depth analysis and insights about their products. It enables them to understand business operations in real-time, track key in-App performance indicators, and improve user engagement.

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

Figure 12: Major customers of GA

GameAnalytics's cooperative partners

Developers

Integration partners

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

Source: Mobvista Inc.

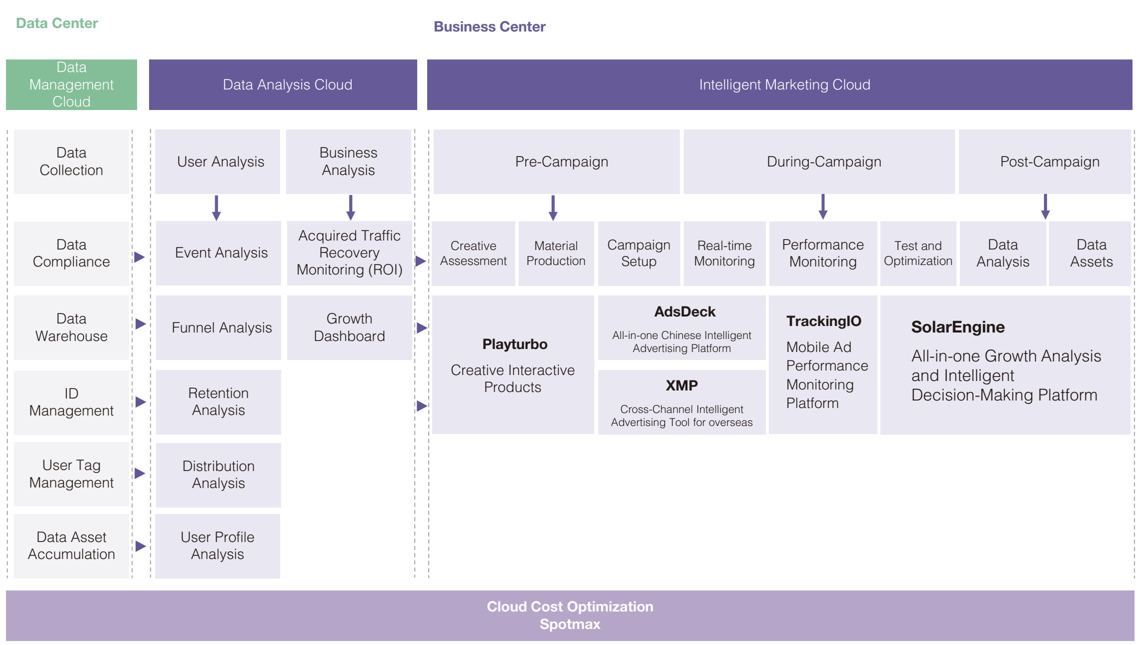
GA plays a pivotal role in reinforcing the Group's core competitive edge in game advertising. It helps the Group to reach potential game developer customers and high-quality advertising resources and improve the profile granularity of the advertising audience.

5.4. Mar-tech: SolarEngine

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

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

Figure 13: SolarEngine Product Matrix



Source: Mobvista Inc.

Figure 14: Major customers of SolarEngine and Reyun Data

During the Reporting Period, SolarEngine recorded revenue of US$13.9 million.

5.5. *Business Review and Outlook*

For Mintegral, 2022 was the largest year of infrastructure building in the history of the Group. We launched a new bidding strategy on the Mintegral platform and conducted a major system overhaul of the platform, simplifying our system and improving the efficiency of model training and iteration. The financial results of 2023 serve as a testament to these enhanced underpinnings, with Mintegral witnessing consistent quarter-over-quarter growth in both revenue and profits.

Since 2023, the tide of AI has spread throughout the globe, and all enterprises are aggressively embracing AI to improve the efficiency of their operations. Mintegral has extensive experience in machine learning and an in-depth understanding of AI. Based on 2022 years of system restructuring, we successfully introduced a more sophisticated traffic-related pricing model under the auspices of AI. In May 2023, we unveiled the Target ROAS smart bidding feature, which upgrades the buying model from a manual low-level installation to an advertiser ROI-focused automated bidding system, which means that the advertising budget no longer set a fixed price but target a desired return rate; our system dynamically adjusts bids with each ad display, aiming to meet the advertiser's specified return goals. Since its launch, the smart bidding product has steadily increased the Group's revenue, with daily contributions nearing US$1.5 million by the end of 2023. During the Reporting Period, Mintegral's revenue increased by 18.8% compared to the last year. Meanwhile, excluding the top media agency business that was divested in March 2022, the non-programmatic advertising business revenue increased by 23.7% year-on-year during the Reporting Period and continued to contribute profits to the Ad-tech business. The net revenue of the Ad-tech business also grew by 27.8% year-on-year. In regard to cloud computing, we have continuously optimized the underlying cloud-native platform, reduced resource utilization costs by leveraging multi-cloud scheduling and introducing more advanced computing power (ARM, etc.), and applied personalized computing power technology. As a result, we successfully achieved our goal of reducing unit server costs to 5% (9% at the beginning of 2022) by the end of 2023. We believe that our Ad-tech business will continue to grow healthily as Mintegral's competitive advantages are enhanced and the benefits of scale are realized.

Regarding Mar-tech, we merged our existing team with Reyun Data's talent in 2023, to leverage the synergy and enhance operational performance. Throughout the year, our emphasis remained on refining team dynamics and crafting innovative products for international markets. Starting from the second quarter of 2023, we officially initiated the overseas expansion of new products and formed a dedicated overseas sales team to achieve better localization operations. During the Reporting Period, combined revenue from overseas clients and Chinese clients expanding abroad amounted to US$3.4 million, accounting for 21.7% of total marketing technology revenue. Overall, Mar-tech is still in the early stages of product refinement, with revenue-side growth of 23.9% compared to the last year, and overall losses further narrowing.

5.5.1 Progress on Accessing Mintegral Traffic (Mediation)

As of now, Mintegral has integrated with multiple mainstream aggregation platforms such as AppLovin Max, DT FairBid, and Unity, among others. Additionally, we resumed our partnership with ironSource in the fourth quarter of 2022 and integrated Google AdMob in June 2023. The integration with these mediations further enriched our traffic pool, providing advertisers with more traffic options and boosting their ROI. The continuous access to high-quality traffic has been one of the driving forces behind our revenue growth in 2023. As we further align and collaborate with mediations, we expect them to provide even greater support for our revenue growth in 2024.

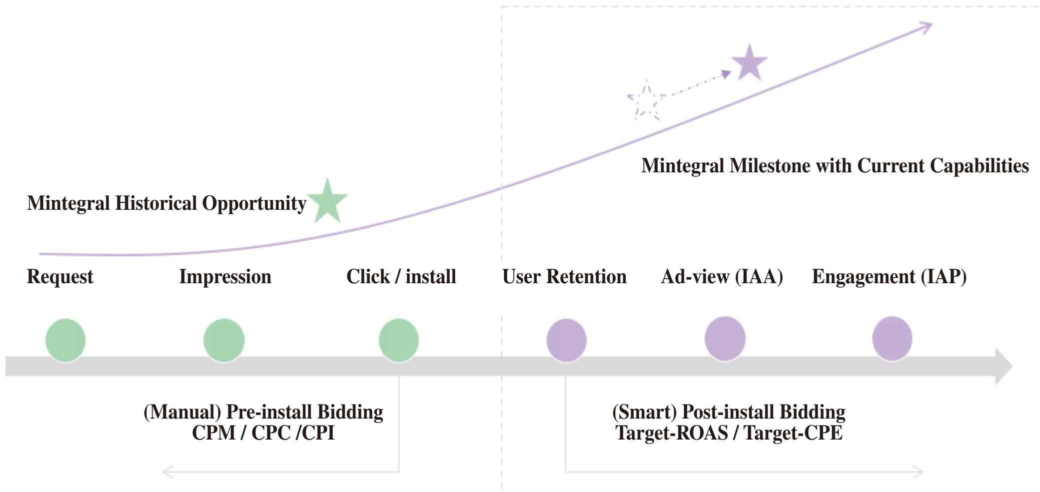
5.5.2 Stable Revenue for Casual Games, Rapid Growth in Non-Casual Game Categories

During the Reporting Period, the casual game category generated a revenue of US$474.0 million, representing an increase of 3.2% compared to the last year (US$459.4 million), and contributed 48.3% of Mintegral's total revenue. During the Reporting Period, there were slow growth in revenue for the casual game category, primarily due to the industry's gradual shift towards the trend of hybrid monetization involving IAA and IAP. This trend has had some impact on the growth rate of our revenue in the casual game category. Nevertheless, Mintegral continues to maintain its leading position in the casual gaming sector. With the strengthening of Mintegral's platform capabilities, we are gradually expanding into other verticals such as midcore and hardcore games, e-commerce, and utility apps, resulting in an increasing proportion of non-casual gaming revenue. It is worth noting that the current Mintegral platform ensures strong control over profit margins across different verticals. During the Reporting Period, the entire Mintegral programmatic trading platform achieved simultaneous growth in revenue and profit.

5.5.3 Further Refining the Intelligent Bidding System

Due to macro-economic challenges, advertisers have become more demanding and stringent in their requirements for ROI. If we analyze the user behavior trajectory, starting with their initial access and request generation for the ad system, followed by the ad platform's bidding and winning process, which leads to exposure, user clicks, ad installation, potential retention, ad browsing (ad revenue generation), and in-App purchases. The system's bidding requirements are relatively low for shallow-level user behavior (from initial access to download), making it suitable for casual games and utility advertising. However, midcore and hardcore games and other vertical categories require an intelligent bidding product based on deep events (post-installation behavior). Since the second half of 2021, we have heavily invested in developing an intelligent bidding system. In May 2023, Mintegral officially launched the Target ROAS intelligent bidding feature. Advertisers only need to enable comprehensive data feedback to Mintegral across all channels. They can then set their IAA ROAS goals on the Mintegral self-serve platform and achieve automated delivery with the support of Mintegral's intelligent algorithm. Mintegral will continue to focus on the IAP ROAS delivery system, better catering to the intelligent delivery needs of advertisers for hybrid monetization.

Figure 15: User Behavior Trajectory Chart



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

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

Following our vision of "Growth Hub", we hope to shift our perspective from the market to our core value as a third-party advertising technology platform, and focus on assisting resource-limited small and medium-sized developers with growth. Mobvista's business is divided into Ad-tech and Mar-tech, Ad-tech leverages the Mintegral platform at its core, linking advertisers and traffic publishers through its programmatic platform and accumulating a large amount of advertising campaign data. Mar-tech provides various value-adding services in the form of SaaS tools, including creative optimization, comparative analysis of ROI among channels, data insight, marketing automation, cloud cost optimization, etc., in the form of SaaS tools. Ad-tech and Mar-tech not only jointly cover the entire digital marketing chain of customers but also have a strong synergy effect through data.

In the wave of globalization and digitalization, we are committed to becoming the 'Growth Hub' for developers, and help more companies, especially small and medium-sized companies, to overcome the bottleneck of digital growth. We work with companies to reach a broader global market, from promotion, monetization, and data insights to cloud architecture and cost optimization, achieving exceptional growth for our customers and Mobvista.

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

Algorithms and creativity are combined to improve product and technical strength continuously. As a programmatic platform, algorithm technology is the core driving force of Mintegral's long-term growth, especially at the intersection of algorithm and creativity, which will lead to qualitative changes in marketing performance. To better help developers achieve global growth, Mintegral combines creativity with algorithms and continuously invests in dynamic creative optimization. As each ad request filters ads, the algorithm will automatically optimize creative elements that meet the needs of different users according to the user's behavior preference. Dynamic creative optimization significantly improves user interaction and helps advertisers enhance the efficiency and quality of acquisition.

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

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

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

Penetrate the Chinese traffic acquisition market, promote the expansion of SaaS products into overseas markets and further implement the global strategy. The Company has been deeply engaged in overseas markets for many years. Currently, 40% of the customers come from China, and 97% of the traffic (device reach) come from overseas. The acquisition of Reyun Data will help us further expand Chinese traffic, realize the globalization strategy, and become one of the few third-party service platforms worldwide to build a multi-regional traffic network at home and abroad. Our SaaS products will also expand to overseas markets, providing both Chinese and overseas customers with high-quality and cost-effective SaaS product services.

6.3. Adhere to the globalization strategy

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

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

6.4. Adhere to data and privacy protections

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

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 user behavior rely primarily on contextual information rather than private customer data. We will not identify specific individuals through the collected data, nor do we associate data and information with specific individuals.

At the same time, the core business of the Group, Mintegral open-sourced its SDK and obtained authoritative privacy certificates such as SOC2 TypeI and Type2, SOC3, ISO27001, kidSAFE+COPPA, etc., to continuously verify the effectiveness of products and technologies, build a moat for user data privacy, and protect user rights and interests.

We always insist on implementing data and privacy protections. We believe that protecting customer data is the backbone of the Company's sound corporate governance and long-term mutual trust with customers. This measure will benefit the Group in the long run.

6.5. Embracing Artificial Intelligence ("AI")

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

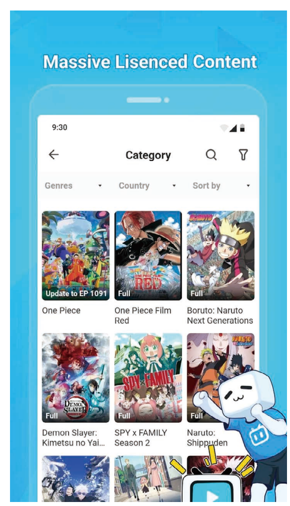
Since late 2022, the groundbreaking developments in generative AI, spurred by advancements amongst Silicon Valley tech companies, have presented an array of opportunities for the advertising industry. We have actively seized this trend and embraced the transformative power of AI. Regarding our daily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

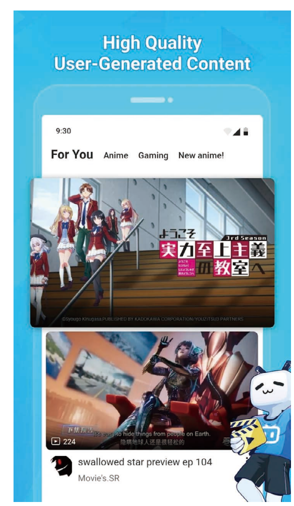
VII. Testimonials

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

Chinese Developer | Video Application

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





Testimonial from Bilibili:

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

—— Youwei
Director of User Growth at Bilibili

HOMA

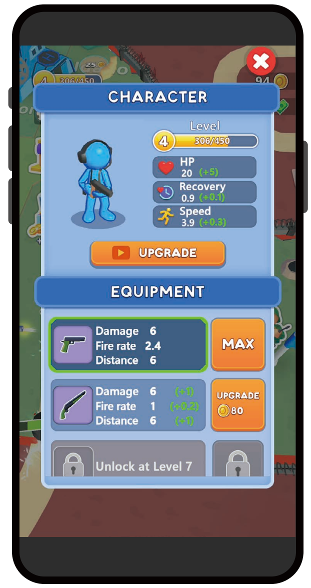
Overseas Developer | Casual Games | Hypercasual Games

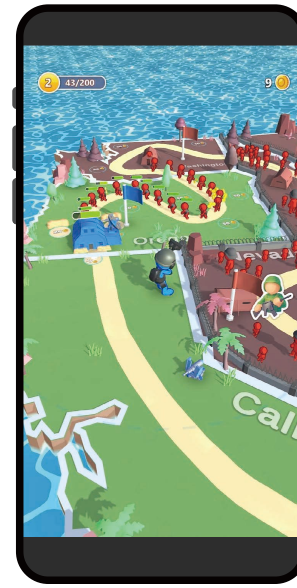
HOMA Games is a French casual game company founded in 2018. It focuses on publishing casual and hyper-casual games with different gaming developers and companies. Now, HOMA Games has released more than 80 mobile games worldwide, with total global downloads surpassing 1 billion.

Testimonial from HOMA Games:

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

—— SAMRAT SINGH
UA & Monetization Associate at HOMA





alictus

Overseas Developer | Hypercasual Games

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

Testimonial from Alictus:

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

—— Talha Alver
Alictus Growth Team Lead

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

1. Revenue by Type of Services

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

For the year ended 31 December 2023, we recorded revenue of US$1,054.1 million (corresponding period in 2022: US$894.4 million), 17.9% higher on a year-over-year ("**YoY**") basis (excluding the impact of top media agency business, the YoY increase is 19.1%). Our revenue comes from the Ad-tech (advertising technology) segment which is centered around Mintegral, and the Mar-tech (marketing technology) segment.

1.1. Revenue Model

1) Ad-tech (advertising technology) segment

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

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.

2) Mar-tech (marketing technology) segment:

Our Mar-tech business is usually subscription-based or pay-per-use software business. During the contract period, revenue is generally recognized on a pro rata/usage basis. SpotMax business is a consumption-based business model, and we will recognize revenue from the fee charged based on the number of cloud computing resources managed by the customer through the platform.

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

	For the Twelve Months ended 31 December				
	2023		2022		
	US$'000	**% of Total Revenue**	*US$'000*	% of Total Revenue	**YoY Change**
Ad-tech Revenue	**1,038,491**	**98.5%**	881,813	98.6%	**17.8%**
Mar-tech Revenue	**15,601**	**1.5%**	12,592	1.4%	**23.9%**
Total	**1,054,092**	**100.0%**	894,405	100.0%	**17.9%**

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

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

	2023	**2023**		2022	2022	
	2023	**2023H2**	**2023H1**	2022	2022H2	2022H1
	US$'000	***US$'000***	***US$'000***	*US$'000*	*US$'000*	*US$'000*
Advertising technology business revenue	**1,038,491**	**539,682**	**498,809**	881,813	432,656	449,157
— Advertising technology business net revenue[1]	**268,603**	**139,562**	**129,041**	212,125	107,666	104,459

Note:

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

During the Reporting Period, the Group recorded advertising technology business revenue of US$1,038.5 million and advertising technology business net revenue of US$268.6 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:

	For the Twelve Months ended 31 December				
	2023		2022		
	US$'000	**% of Advertising Technology Business Revenue**	*US$'000*	% of Advertising Technology Business Revenue	**YoY Change**
Programmatic advertising business	**980,413**	**94.4%**	825,168	93.6%	**18.8%**
Non-programmatic advertising business	**58,078**	**5.6%**	56,645	6.4%	**2.5%**
Total Advertising technology business revenue	**1,038,491**	**100.0%**	881,813	100.0%	**17.8%**

During the Reporting Period, we recorded advertising technology business revenue of US$1,038.5 million (corresponding period in 2022: US$881.8 million), 17.8% higher on a YoY basis. Among them, the programmatic advertising business revenue from Mintegral platform was US$980.4 million, accounting for 94.4% of the advertising technology business revenue. Revenue from the non-programmatic advertising business was US$58.1 million, accounting for 5.6% of advertising technology business revenue.

Benefiting from the Group's transformation strategy, Mintegral platform revenue achieved an increase of 18.8% on a YoY basis to US$980.4 million (corresponding period in 2022: US$825.2 million). Our programmatic business centered around Mintegral lies in an industry that is growing rapidly with a relatively large addressable market. Moreover, as we have leading technology in the industry, this business is growing rapidly and brings in healthy cash flow, and is an important source of profits for the Group. As such, the Group will continue to focus on developing this business.

During the Reporting Period, the non-programmatic advertising business revenue increased YoY by 2.5% to US$58.1 million (compared to US$56.6 million in the same period of 2022). The data for 2022 includes the revenue from the top media agency business in the first two months (which was officially divested in March 2022). If we exclude the impact of this business, the non-programmatic advertising revenue increased YoY by 23.7% during the Reporting Period. The non-programmatic advertising business has a good cash flow and is also a stable source of profit for the Group, and therefore, the Group will also continue to develop this business.

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$980.4 million (corresponding period in 2022: US$825.2 million), a YoY increase of 18.8% compared to 2022. Among them, the revenue recorded in the fourth quarter, third quarter, second quarter, and first quarter of 2023 were $257.2 million, $255.4 million, $241.8 million, and $226.1 million, respectively, representing a YoY increase of 19.5%, 28.2%, 14.8% and 13.0%, respectively.

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

	Mintegral Platform Business Revenue *(US$'000)*	**Chain Growth Rate**	**YoY Growth Rate**
2023H2	512,587	9.6%	23.7%
2023Q4	257,170	0.7%	19.5%
2023Q3	255,417	5.6%	28.2%
2023H1	467,826	12.9%	13.9%
2023Q2	241,769	7.0%	14.8%
2023Q1	226,057	5.1%	13.0%

1) Further information on enterprise customers whose Mintegral platform revenue contribution were more than 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 scaled enterprise customers that contributed more than US$100,000[1] in revenue in the past twelve months. These scaled enterprise customers generally contribute the 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 rolling twelve months ended 31 December of 2022 and 2023, there were 390 and 544 scaled enterprise customers respectively that had a revenue contribution of more than US$100,000[(1)],

As the Company's brand influence continues to increase, it is gradually penetrating into the small and medium-sized customers, as a result, the contribution of enterprise customers with revenue contribution of more than US$100,000[(1)] to the total revenue has declined.

	31 December 2023	**30 September 2023**	**30 June 2023**	**31 March 2023**	**31 December 2022**	**30 September 2022**
The number of customers with revenue contributions of more than US$100,000[(1)]	544	493	462	421	390	361
Total revenue of customers that contributed more than US$100,000[(1)] *(US$'000)*	862,887	774,091	767,134	775,564	771,083	761,308
Average revenue contribution of customers that contributed more than US$100,000[(1)] *(US$'000)*	1,586	1,570	1,661	1,842	1,977	2,109
Proportion of Mintegral platform revenue of the customers that contributed more than US$100,000[(1)]	88.0%	82.5%	86.9%	91.1%	93.4%	95.1%
YOY change in average revenue contribution of customers with revenue contributions of more than US$100,000[(1)]	(19.8%)	(25.5%)	(27.8%)	(20.1%)	(6.0%)	19.0%

Notes:

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

(2) The date indicated in the table refers to the rolling twelve-month ended the indicated date.

2) Retention of enterprise customers whose Mintegral platform revenue contribution were more than US$100,000[(1)]

Our 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 as of 31 December 2022, the retention rate of customers with revenue contributions of more than US$100,000[(1)] for the twelve-month as of 31 December 2023 was 93.3%, and the dollar-based net expansion rate[(2)] was 115.0%.

The table below shows the overall retention situation during the specified periods:

	31 December 2023	**30 September 2023**	**30 June 2023**	**31 March 2023**	**31 December 2022**	**30 September 2022**
The number of retained customers[(5)] for the current period[(3)] with revenue contribution of more than US$100,000	471	430	371	355	343	307
The number of customers[(5)] for the base period[(4)] with revenue contribution of more than US$100,000	505	454	397	370	356	323
Customer retention rate with revenue contribution of more than US$100,000	93.3%	94.7%	93.5%	95.9%	96.3%	95.0%
Dollar-based net expansion rate[(2)]	115.0%	111.0%	103.6%	124.0%	125.1%	163.9%

Notes:

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

(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 31 December 2023.

(4) Base period: twelve-month as of 31 December 2022.

(5) The number of customers includes the customers who during the base period were micro-sized customers, but whose revenue contribution in the current period is more than US$100,000.

3) Enterprise customers whose Mintegral platform revenue contribution were more than 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 (that is, US$1 million > revenue contribution ≥ US$100,000), between US$1 million and US$10 million (that is, US$10 million > revenue contribution ≥ US$1 million), and US$10 million or more (that is, revenue contribution ≥ US$10 million) in the past 12 months. According to the scale of revenue contribution, we define them as small-sized enterprise customer, medium-sized enterprise customer and large-sized enterprise customer. In addition, we define customers whose revenue contribution is less than US$100,000 (i.e., US$100,000 > revenue contribution > US$0) as micro-sized enterprise customer. Our medium-sized enterprise clients contribute the highest proportion of revenue, increasing from 35.1% in the same period of last year to 47.7%. This indicates a more stable and healthy client composition.

For the twelve months ended 31 December 2023, the number of customers including small-sized enterprise customers (US$1 million > revenue contribution ≥ US$100,000), medium-sized enterprise customers (US$10 million >revenue contribution ≥US$1 million) and large-sized enterprise customers (revenue contribution ≥ US$10 million) and their revenue contribution are as follows:

	Small-sized enterprise customer	**Medium-sized enterprise customer**	**Large-sized enterprise customer**
Number of customers	374	152	18
Total customer revenue *(US$'000)*	127,881	467,311	346,155
Average revenue contribution of customers *(US$'000)*	342	3,074	19,231
% of total Mintegral revenue	13.0%	47.7%	35.3%

4) Retention of enterprise customers whose Mintegral platform revenue contribution were more than 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.

		Data for the 12 months period as of 31 December 2023 and 31 December 2022
Small-sized enterprise customer (US$1 million > Revenue contribution ≥ US$100,000)	Number of customers retained in the current period(2)	226
	Number of customers in the base period(3)	258
	Customer retention rate	87.6%
	Dollar-based net expansion rate(1)	160.9%
Medium-sized enterprise customer (US$10 million > Revenue contribution ≥ US$1 million)	Number of customers retained in the current period(2)	112
	Number of customers in the base period(3)	114
	Customer retention rate	98.3%
	Dollar-based net expansion rate(1)	124.7%
Large-sized enterprise customer (Revenue contribution ≥ US$10 million)	Number of customers retained in the current period(2)	18
	Number of customers in the base period(3)	18
	Customer retention rate	100.0%
	Dollar-based net expansion rate(1)	80.6%

Notes:

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

(2) Current period: twelve-month as of 31 December 2023.

(3) Base period: twelve-month as of 31 December 2022.

3.1.2. Main operational data

Quarter-on-quarter Change	2023Q4	2023Q3	2023Q2	2023Q1
Cooperating traffic publishers(1) retention rate	94.7%	93.5%	95.4%	93.4%
Changes in the number of new cooperating traffic publishers(1)	12.8%	15.7%	18.0%	15.1%
Changes in the number of new cooperating traffic Apps	21.8%	23.6%	23.8%	19.3%

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.

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 rates of cooperative publishers in 2023Q4 and 2023Q3 are 94.7% and 93.5% respectively, and the quarter-on-quarter growth of new cooperative publishers is 12.8% and 15.7% respectively; and the number of cooperative Apps increased by 21.8% and 23.6% quarter-on-quarter.

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

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

	For the Twelve Months Ended 31 December				
	2023		2022		
	US$'000	**% of Mintegral platform business revenue**	*US$'000*	% of Mintegral platform business revenue	**YoY change**
Game	**758,820**	**77.4%**	630,704	76.4%	**20.3%**
Casual game	**473,964**	**48.3%**	459,392	55.6%	**3.2%**
Midcore and hardcore game	**284,856**	**29.1%**	171,312	20.8%	**66.3%**
E-commerce	**37,890**	**3.9%**	48,777	5.9%	**(22.3%)**
Social and content	**63,933**	**6.5%**	66,419	8.0%	**(3.7%)**
Lifestyle	**46,293**	**4.7%**	19,050	2.3%	**143.0%**
Utility	**42,342**	**4.3%**	34,449	4.2%	**22.9%**
Others	**31,135**	**3.2%**	25,769	3.2%	**20.8%**
Total revenue from Mintegral platform business	**980,413**	**100.0%**	825,168	100.0%	**18.8%**

Note:

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

We define casual games as those with IAP revenue accounting for less than or equal to 30% of the game's total revenue, and midcore and hardcore games as those with IAP revenue making up more than 30% of the game's total revenue. In gaming revenue, the proportion of IAP is generally provided by advertisers. During the Reporting Period, Mintegral made significant breakthroughs in expanding into midcore and hardcore games. Revenue from these games accounts for 29.1% of Mintegral's revenue.

During the Reporting Period, the game category recorded revenue of US$758.8 million (corresponding period in 2022: US$630.7 million), a YoY increase of 20.3%, accounting for 77.4% of Mintegral's revenue. During the Reporting Period, revenue from casual game categories increased by 3.2% YoY. This is mainly due to the industry's gradual shift towards a trend of hybrid monetization through IAA and IAP, which has somewhat impacted the growth rate of our revenue from casual games. However, we still maintain a leading position in the casual game market. In addition, the Group continued to grow the midcore and hardcore game segments. During the Reporting Period, the revenue contribution from midcore and hardcore game enterprise customers had a big breakthrough, a YoY increase of 66.3% in 2023 compared with 2022, which has accelerated the rapid growth of Mintegral's game category revenue.

The e-commerce category recorded revenue of US$37.9 million (corresponding period in 2022: US$48.8 million), a YoY decrease of 22.3%, accounting for 3.9% of Mintegral's business revenue.

The revenue of social and content category declined by 3.7% to US$63.9 million (corresponding period in 2022: US$66.4 million).

The utility category recorded revenue of US$42.3 million (corresponding period of 2022: US$34.4 million), a YoY increase of 22.9%. The increase was primarily driven by the 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[1] for the periods indicated:

	For the Twelve Months Ended 31 December				
	2023		2022		
	US$'000	**% of Advertising Technology Business Revenue**	*US$'000*	% of Advertising Technology Business Revenue	**YoY change**
China[2]	**341,518**	**32.9%**	296,837	33.7%	**15.1%**
EMEA[3] and Americas[4]	**477,386**	**46.0%**	380,062	43.1%	**25.6%**
Asia-Pacific[5]	**210,884**	**20.3%**	191,382	21.7%	**10.2%**
Other regions[6]	**8,703**	**0.8%**	13,532	1.5%	**(35.7%)**
Total advertising technology business revenue	**1,038,491**	**100.0%**	881,813	100.0%	**17.8%**

Notes:

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

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

(3) Includes the United Kingdom, France, Switzerland, Germany, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Israel and Turkey.

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

(5) Other major Asian countries excluding China.

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

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

EMEA and the Americas are the largest sources of income, with a total revenue of US$477.4 million (corresponding period of 2022: US$380.1 million), the proportion of its contribution to the advertising technology business revenue is 46.0% (among them, the Americas and the Middle East contributed to 7.2% and 15.3% of the revenue of advertising technology business respectively), the contribution ratio of advertising technology business revenue increased slightly. The revenue growth in EMEA and the Americas is mainly attributed to the following factors: as the Group's technology and the scale of traffic delivered continue to strengthen, there has been an increase in the number of large enterprise clients in the EMEA region, additionally, the Group has further penetrated into small and medium-sized clients, leading to a significant increase in the number of such clients and their average revenue contribution, consequently fostering the growth of revenue in the EMEA region.

China is the second largest source of income, with revenue of US$341.5 million (the same period in 2022: US$296.8 million), an increase of 15.1% on a YoY basis, and accounting for 32.9% of advertising technology business revenue. 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. This trend has fostered the rapid growth of the business of Mintegral in China.

In addition, Asia-Pacific region recorded revenue of US$210.9 million (corresponding period of 2022: US$191.4 million), a YoY increase of 10.2%.

Revenue from our Marketing Technology Business by Categories

We divided our marketing technology business during the Reporting Period into four revenue categories: statistics and analysis, creative, advertising, and cloud computing optimization. Among them, statistics and analysis have the highest proportion, accounting for 50.8% of the total revenue of marketing technology business.

	Statistics and Analysis	**Creative**	**Advertising**	**Cloud Computing Optimization**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	7,931	4,948	2,444	278	15,601
% of marketing technology business revenue	50.8%	31.7%	15.7%	1.8%	100.0%

Cost of Sales

During the Reporting Period, our cost of sales increased by 16.6% YoY to US$836.8 million (corresponding period in 2022: US$717.4 million). The increase primarily comes from the advertising technology business. The main costs of advertising technology business include traffic costs and other business costs, with the other business costs mainly consisting of server costs and the amortization of intangible assets capitalized. On the one hand, as the scale of the advertising technology business expands, there is an increase in both traffic costs and server costs. On the other hand, over time, the intangible assets formed by the advertising technology platform during different periods gradually amortize. Therefore, there is an increase in the amortization expenses for the Reporting Period.

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

	For the Twelve Months Ended 31 December				
	2023		2022		
	US$'000	**% of respective business revenue**	US$'000	% of respective business revenue	**YoY Change**
Ad-tech business	**833,401**	**80.3%**	713,311	80.9%	**16.8%**
Traffic cost	**769,888**	**74.1%**	669,688	75.9%	**15.0%**
Other business cost	**63,513**	**6.1%**	43,623	4.9%	**45.6%**
Mar-tech business	**3,400**	**21.8%**	4,065	32.3%	**(16.4%)**
Mar-tech business cost	**3,400**	**21.8%**	4,065	32.3%	**(16.4%)**
Total	**836,801**	**79.4%**	717,376	80.2%	**16.6%**

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 Twelve Months Ended 31 December				
	2023		2022		
	Gross Profit *US$'000*	**Gross profit margin**	Gross Profit *US$'000*	Gross profit margin	**YoY change**
Ad-tech business	**205,090**	**19.7%**	168,502	19.1%	**21.7%**
Mar-tech business	**12,201**	**78.2%**	8,527	67.7%	**43.1%**
Total	**217,291**	**20.6%**	177,029	19.8%	**22.7%**

During the Reporting Period, the Group recorded a gross profit of US$217.3 million (corresponding period in 2022: US$177.0 million), a YoY increase of 22.7%. Gross profit margin increased to 20.6% (corresponding period in 2022: 19.8%).

The gross profit of the advertising technology business increased by 21.7% to US$205.1 million on a YoY basis, with a gross profit margin of 19.7%, which is slightly higher than the same period in 2022.

The gross profit of the marketing technology business was US$12.2 million, and the gross profit margin was 78.2%, which is a significant increase compared to the same period in 2022.

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses decreased by 23.1% YoY to US$50.9 million (corresponding period in 2022: US$66.1 million). The primary reason for this decrease is the reduction in incentive fee.

During the Reporting Period, the share-based compensation included in selling and marketing expenses amounted to US$0.7 million.

R&D Expenditures

During the Reporting Period, our expensed R&D expenditures decreased by 11.8% YoY to US$94.3 million (corresponding period in 2022: US$106.9 million). The decrease in R&D expenditures is primarily due to the gradual maturity of algorithms, resulting in a reduction in model training costs.

In addition, if we combine capitalized R&D expenditures with expensed R&D expenditures, total R&D expenditures will be US$170.8 million, a decrease of 8.2% compared to the same period of last year.

The Group continues to firmly believe that R&D and technological advancement are the core drivers of business growth. Therefore, share grants are given to R&D personnel as incentives. During the Reporting Period, the share-based compensation included in R&D expenditures amounted to US$5.6 million.

General and Administrative Expenses

During the Reporting Period, our general and administrative expenses have increased by 9.8% YoY to US$53.6 million (corresponding period in 2022: US$48.8 million).

Operating Expenses

We classify operating expenses into fixed expenses (excluding share-based compensation), variable expenses and share-based compensation. Fixed expenses mainly consist of labour costs (cash), rental expenses, business travel expenses, agency fees, welfare expenses and other daily operating expenses, and we merge the capitalized R&D expenditures and expensed R&D expenditures of labor costs in the current period. Fixed expenses remained relatively stable between quarters. Variable expenses include subsidies directly related to advertising delivery, model training costs for the advertising platform, and loss from asset impairments.

	For the Three Months Ended on the following date							
	31 December 2023	**30 September 2023**	**30 June 2023**	**31 March 2023**	31 December 2022	30 September 2022	30 June 2022	31 March 2022
	US$'000	***US$'000***	***US$'000***	***US$'000***	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Variable expenses	**35,989**	**37,403**	**32,796**	**25,914**	32,565	33,632	39,933	39,951
Fixed expenses (excluding share-based compensation)	**21,101**	**19,902**	**22,252**	**20,906**	20,651	22,115	22,004	24,117
Share-based compensation	**2,506**	**750**	**4,702**	**1,382**	3,958	3,654	2,434	2,435
Total	**59,596**	**58,055**	**59,750**	**48,202**	57,174	59,401	64,371	66,503

Profit from Operations

During the Reporting Period, our operating profit was US$29.6 million (corresponding period in 2022: US$2.2 million). If we exclude the effects of share-based compensation expenses, depreciation and amortization, 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 the media planning and procurement business during the Reporting Period, our operating profit increased by 191.3% YoY to US$105.3 million (corresponding period in 2022: US$36.1 million).

Quarterly net profit, adjusted EBITDA

	For the Three Months Ended on the following date							
	31 December 2023	**30 September 2023**	**30 June 2023**	**31 March 2023**	31 December 2022	30 September 2022	30 June 2022	31 March 2022
	US$'000	***US$'000***	***US$'000***	***US$'000***	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Net Profit	**6,805**	**3,261**	**5,321**	**3,201**	1,806	(13,266)	(9,290)	30,940[(1)]
Adjusted EBITDA	**29,891**	**23,577**	**25,731**	**26,071**	18,849	11,462	4,687	1,137

Notes:

(1) The net profit for the three months ended 31 March 2022 included an one-off gain of US$48.8 million from the sale of subsidiaries and the top media agency business.

(2) Adjusted EBITDA is not an IFRS measure.

Trade receivable turnover days

During the Reporting Period, the Group's overall trade receivable turnover days was 51 days, the Group has always highly valued trade receivable management, and most of the trade receivables of the Group's business could basically be collected within agreed upon terms.

(Unit: Days)	**Total trade receivable turnover days**
2023	51
2022[(1)]	52
2021 (including assets held for sale)	102

Note:

(1) Turnover days after the disposal of subsidiaries and top media agency business.

Trade payables turnover days

During the Reporting Period, the Group's overall trade payables turnover days was 86 days. A relatively stable level was also maintained over the past three years.

(Unit: Days)	**Total trade payables turnover days**
2023	86
2022[(1)]	90
2021 (including assets held for sale)	84

Note:

(1) Turnover days after the disposal of subsidiaries and top media agency business.

Net Cash Flow from the Operating Activities

During the Reporting Period, management of accounts receivable continued to be strengthened. In the second half of 2022, we launched a credit system to unify the review and management of credit lines (credit lines refer to the maximum amount that a customer can postpay). We utilize systems instead of manual processes to control potential financial risks. We have implemented systematic management for client groups, including approving credit limits, monitoring credit utilization comprehensively, automating the supervision of customer payment cycles, implementing early warning mechanisms for risk points, and further enhancing the quality of accounts receivable. Our operational cash flow continues to improve. During the Reporting Period, the amount of cash flow generated by the Group's operating activities was US$108.0 million, a YoY increase of 10.3% when compared with the previous reporting period. The net cash flow generated by operating activities increased significantly.

	For the Twelve Months Ended 31 December		
	2023	2022	**YoY Change**
	US$'000	*US$'000*	
Net cash flow from the operating activities	**108,005**	97,889	**10.3%**

Finance Costs

During the Reporting Period, our financial costs increased by 35.3% to US$7.2 million on a YoY basis (corresponding period in 2022: US$5.3 million).

Income Tax

During the Reporting Period, we recorded tax expenses of US$5.9 million (corresponding period in 2022: tax expenses of US$1.0 million).

Profit Attributable to Equity Holder of the Company

During the Reporting Period, the profit attributable to equity shareholders of the Company was US$21.8 million (corresponding period in 2022: US$15.0 million).

Other Financial Information (Non-IFRS measures)

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

	For the Twelve Months Ended 31 December				
	2023		2022		
	US $'000	***% of Total Revenue***	*US $'000*	*% of Total Revenue*	**YoY Change**
Revenue	**1,054,092**	**100.0%**	894,405	100.0%	**17.9%**
Traffic cost	**(769,888)**	**(73.0%)**	(669,688)	(74.9%)	**15.0%**
Net Revenue	**284,204**	**27.0%**	224,717	25.1%	**26.5%**
Profit from operations	**29,578**	**2.8%**	2,245	0.3%	**1,217.5%**
Add back:					
Depreciation and amortization	**72,835**	**6.9%**	61,561	6.9%	**18.3%**
EBITDA	**102,413**	**9.7%**	63,806	7.1%	**60.5%**
Add back:					
Share-based compensation(1)	**9,340**	**0.9%**	12,481	1.4%	**(25.2%)**
Restructuring expenses of R&D team (2)	**—**	**—**	1,347	0.2%	**—**
Attorney expenses of acquisition of Reyun Data(3)	**—**	**—**	619	0.1%	**—**
Foreign exchange loss(4)	**232**	**0.0%**	5,449	0.6%	**(95.7%)**
Investment (gain)/loss from financial assets at fair value through profit or loss (5)	**(6,715)**	**(0.6%)**	1,211	0.1%	**—**
Gain on disposal of subsidiaries and top media agency business (6)	**—**	**—**	(48,778)	(5.5%)	**—**
Non-IFRS measures					
Adjusted EBITDA (7)	**105,270**	**10.0%**	36,135	4.0%	**191.3%**
Profit for the period	**18,588**	**1.8%**	10,190	1.1%	**82.4%**
Add back:					
Share-based compensation(1)	**9,340**	**0.9%**	12,481	1.4%	**(25.2%)**
Investment (gain)/loss from financial assets at fair value through profit or loss (5)	**(6,715)**	**(0.6%)**	1,211	0.1%	**—**
Gain from change in fair value of derivative financial liabilities (8)	**(2,093)**	**(0.2%)**	(14,183)	(1.6%)	**(85.2%)**
Adjusted net profit (9)	**19,120**	**1.8%**	9,699	1.1%	**97.1%**

Notes:

(1) Share-based compensation are expenses arising from granting RSU and share options to selected executives and employees, the amount of which are non-cash in nature and commonly excluded in similar non-IFRS measures adopted by other companies in our industry.

(2) Restructuring expenses of R&D team are employee termination expenses 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 (gain)/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 from operations plus depreciation and amortization expenses, which is not an IFRS measure) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, 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) Gain from change in fair value of derivative financial liabilities is gain arising from the fair value remeasurement of the derivative component of convertible bonds. Such changes are not directly related to our principal operating activities.

(9) Adjusted net profit is not an IFRS measure. We define adjusted net profit as profit for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment gain/(loss) from financial assets at fair value through profit or loss and gain from change in fair value of derivative financial liabilities.

During the Reporting Period, the adjusted EBITDA of the Group was US$105.3 million (corresponding period in 2022: US$36.1 million), which has increased by 191.3% YoY, and the adjusted net profit was US$19.1 million (corresponding period in 2022: US$9.7 million, which includes an one-off gain of US$48.8 million from the sale of subsidiaries and the top media agency business).

Capital Structure and Gearing Ratio

The Company was incorporated in the Cayman Islands. As at 31 December 2023, the Company's authorized share capital US$100,000,000 was divided into 10,000,000,000 ordinary shares of US$0.01 each. As at 31 December 2023, the number of issued Shares of the Company was 1,601,073,164, which have been fully paid up.

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

The Group's gearing ratio is defined as the Group's total liabilities over its total assets. As of 31 December 2023, our total assets were US$691.6 million (31 December 2022: US$602.1 million), while our total liabilities were US$432.4 million (31 December 2022: US$354.0 million). The gearing ratio (total liabilities divided by total assets) has risen to 62.5% (31 December 2022: 58.8%).

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 during the Reporting Period is 3.5%–8.0% (corresponding period in 2022: 1.2%–7.3%).

Liquidity and Financial Resources

Our Company's cash flow is principally sourced from capital contribution from shareholders, cash generated from our operations and bank loans. As of 31 December 2023, our cash and cash equivalents amounted to US$146.3 million (31 December 2022: US$105.7 million).

Capital Expenditures

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

	For the Twelve Months Ended 31 December		
	2023	2022	**YoY Change**
	US$'000	*US$'000*	
Property, plant and equipment	**1,366**	738	**85.1%**
Intangible assets and development costs	**76,556**	79,571	**(3.8%)**
Total	**77,922**	80,309	**(3.0%)**

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

1. 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 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 (the “**Acquisition**”). As at 31 December 2023, the Company and all Vendors B (who in aggregate held approximately 52% equity in Reyun Data) and certain of Vendors A (who in aggregate held approximately 14% equity in Reyun Data) entered into certain supplemental agreements to adjust the acquisition consideration. As at 31 December 2023, the acquisition of approximately 66% equity interest of Reyun Data has been completed by the Group. The Company is still under negotiation with the remaining Vendors A, which in aggregate own approximately 34% of the equity interest in Reyun Data (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, respectively.

The Company received arbitral awards (the “**Awards**”) dated 4 September 2023 and 8 September 2023 respectively issued by the Guangzhou Arbitration Commission in relation to the arbitration petition filed by the Remaining Vendors A against Reyun Technology Co., Limited* (熱雲科技(香港)有限公司) (“**Reyun Technology**”, an indirect wholly-owned subsidiary of the Company which directly holds approximately 66% of the equity interest in Reyun Data) and the Company to claim for their respective portions of the consideration under the Acquisition, plus accrued interest and other ancillary costs and fees. On 15 September 2023 and 19 September 2023, the Company and Reyun Technology filed applications to the Guangzhou Intermediate People’s Court to set aside the Awards. In addition, Reyun Technology has made an application to the National Development and Reform Commission (“**NDRC**”) for security review of the Acquisition, and the NDRC has accepted and is currently reviewing such application. Pursuant to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法), until the NDRC returns with a decision with respect to the security review, the Company should not further proceed with completion of the equity transfer and payment pursuant to the relevant acquisition agreement or the Awards. In light of the setting aside applications in relation to the arbitral award dated 4 September 2023, the Company and Reyun Technology have applied for, and the Beijing No. 1 Intermediate People’s Court has granted, a stay of enforcement of the award, pending the outcomes of the said setting aside applications. For details, please refer to the Company's announcements dated 8 September 2023, 13 September 2023, 17 September 2023, 19 September 2023, 9 November 2023 and 13 November 2023 respectively.

2. ***VIE Contractual Arrangements***

On 12 January 2023, an indirect wholly-owned subsidiary of the Company, Guangzhou Huiliang Cloud Computing Technology Co., Ltd (the "**WFOE**"), entered into certain contractual arrangements with, inter alia, Mobvista Cloud (Beijing) Technology Company Limited (the "**OPCO**", and together with its subsidiaries, the "**OPCO Group**") and its registered shareholders Mr. Cao Xiaohuan and Mr. Song Xiaofei (who are both executive Directors), to enable the Company to control and enjoy substantially all economic benefits of the visual development and operations (DevOps) service platform business operated by the OPCO Group (the "**VIE Structure**"). Such business falls within the "B11 internet data center" business scope which is prohibited from foreign investment under the PRC laws. Under the VIE Structure, the financial results of the OPCO Group will be accounted for and consolidated into the accounts of the Group. The OPCO will therefore be accounted for as if it is a wholly-owned subsidiary of the Company. For further details, please refer to the Company's announcement dated 12 January 2023.

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

Charges on Group's Assets

As at 31 December 2023, except for the restricted cash of US$5.3 million pledged for the bank loans, a facility of US$40 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 in certain domestic subsidiaries of the Group, and by charged intellectual properties held by a subsidiary of the Group.

Save as disclosed above, none of the Group's assets were charged to any parties or financial institutions.

Specific Performance Obligation on Mr. Duan Wei as a Controlling Shareholder

On 10 March 2022, the Company, as borrower, and Hongkong and Shanghai Banking Corporation Limited, as lender, entered into a facility agreement, pursuant to which the lender agreed to provide the Company non-revolving loan facilities of up to US$75 million.

Under the facility agreement, if Mr. Duan Wei and Mr. Cao Xiaohuan cease to hold (directly or indirectly) beneficially more than 23% of the issued share capital of the Company in aggregate (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital), the facilities will be canceled and all outstanding amounts accrued under the facilities shall become immediately due and payable. For further details, please refer to the Company's announcement dated 10 March 2022.

The facilities have been repaid at maturity, except that the repayment date of US$8 million of the facilities has been extended to 9 March 2024, and US$32 million of that facilities has been extended to 9 March 2025.

Material Investments or Future Plans for Major Investment

As of 31 December 2023, the Group did not hold any material investment and had no specific plan for material investments or capital assets.

Employee and Remuneration Policies

As of 31 December 2023, the Group had 18 offices around the world, with 739 full-time employees (31 December 2022: 777 employees), primarily based in Guangzhou, China. We had 431 employees engaged in R&D activities, accounting for 58.3% 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. As the risk was within controllable limits, no financial instruments have been entered into to hedge against interest rate and exchange rate-related risks.

OTHER INFORMATION

Major Customers and Suppliers

During the year ended 31 December 2023, the Group's five largest customers in aggregate accounted for approximately 18.2% of the Group's total revenue. The Group's largest customer accounted for 4.7% of the Group's total revenue.

During the year ended 31 December 2023, the Group's five largest suppliers in aggregate accounted for approximately 17.3% of the Group's total purchase. The Group's largest supplier accounted for 4.9% of the Group's total purchase.

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

Use of Net Proceeds from the Placing

On 13 April 2021, the Company and Seamless Technology Limited ("**Seamless**"), a controlling shareholder of the Company, 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, 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 Placing as at 31 December 2023:

Use of Net Proceeds	**Amount Allocated**	**Amount Utilized during the Reporting Period**	**Total Amount Utilized as at 31 December 2023**	**Balance**
	(US$' million)	***(US$' million)***	***(US$' million)***	***(US$' million)***
The development and expansion of Cloud Business Unit	13.6	2.1	13.6	0
The development and expansion of SaaS tooling matrix	41.0	4.7	41.0	0
Total	**54.6**	**6.8**	**54.6**	**0**

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.

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

During the Reporting Period, the Company has purchased a total of 37,791,000 Shares (the "**Shares Repurchased**") of the Company on the Stock Exchange at an aggregate consideration (excluding transaction costs) of approximately HK$129.20 million. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per share Highest *(HK$)*	Price paid per share Lowest *(HK$)*	Aggregate consideration *(HK$'000)*
January 2023	926,000	4.51	3.94	3,968.01
March 2023	569,000	4.19	4.03	2,335.05
April 2023	980,000	4.38	4.07	4,072.25
May 2023	3,659,000	4.08	3.63	14,352.04
June 2023	7,096,000	3.85	3.42	25,582.05
July 2023	6,168,000	3.65	3.32	21,071.03
August 2023	3,743,000	3.79	3.49	13,544.00
September 2023	2,257,000	3.67	3.05	7,463.45
October 2023	2,177,000	3.30	3.10	6,960.37
November 2023	3,655,000	3.06	2.91	10,839.52
December 2023	6,561,000	3.00	2.80	19,009.13
Total	**37,791,000**			**129,196.90**

As of 29 February 2024, all the Shares Repurchased during the Reporting Period have been cancelled.

The Company has repurchased a total of 88,410,000 shares ("**Historical Repurchased Shares**") in the open market, since it began to repurchase Shares on 7 December 2021. The total consideration for these shares amounts to approximately HKD365.7 million (including transaction costs). As of 29 February 2024, 73,261,000 Shares of the Historical Repurchased Shares repurchased prior to 31 December 2023 have been cancelled. The issued share capital of the Company was therefore reduced by 4.4% from 1,664,118,164 Shares to 1,590,857,164 Shares, which consequently resulted in a corresponding increase in shareholders' equity stakes in the Company and showcases the management's confidence in the long-term value and future growth of the Company.

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

Compliance with the Corporate Governance Code

The Group is committed to maintaining high standard of corporate governance to safeguard the interest of the Shareholders and to enhance corporate value and accountability. The Company has adopted the corporate governance code (the "**CG Code**") as set out in Appendix C1 of the Listing Rules as its own corporate governance code.

During the year ended 31 December 2023, the Company had complied with the applicable code provisions of the CG Code as set out in Appendix C1 to the Listing Rules. Furthermore, the Company voluntarily adopted some recommended best practices, such as disclosing quarterly financial results and conducting regular assessments of the Board's performance, with the aim of continuously improving the Company's governance.

Model Code

The Group has adopted the Model Code for Securities Transactions by Directors of Listing Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules for securities transactions by Directors as its own code of conduct. Having made specific enquiry of all Directors, each of the Directors has complied with the required standards as set out in the Model Code during the Reporting Period.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the year ended 31 December 2023.

Dividend Policy and Final Dividend

No final dividend was recommended by the Board for the year ended 31 December 2023.

Subsequent Events

There has been no material subsequent event after the Reporting Period.

Review of Financial Statements

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group during the Reporting Period. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

Public Float

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

Annual General Meeting

The forthcoming Annual General Meeting ("**AGM**") will be held on Tuesday, 18 June 2024. A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders, if shareholders request, in April 2024.

Closure of Register of Members

The registers of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfers documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 12 June 2024.

Publication of 2023 Annual Results and Annual Report

This annual results announcement of the Group for 2023 is published on the websites of the Stock Exchanges (www.hkexnews.hk) and the Company (www.mobvista.com). The 2023 Annual Report containing all applicable information required by the Listing Rules will be dispatched to the shareholders of the Company, if shareholders request, and published on the above websites in April 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2023
(Expressed in United States dollar)

	Note	2023 US$'000	2022 US$'000
Revenue	*2*	**1,054,092**	894,405
Cost of sales		**(836,801)**	(717,376)
Gross profit		**217,291**	177,029
Selling and marketing expenses		**(50,880)**	(66,131)
Research and development expenses		**(94,283)**	(106,890)
General and administrative expenses		**(53,615)**	(48,827)
Other net income		**11,065**	47,064
Profit from operations		**29,578**	2,245
Change in fair value of derivative financial liabilities		**2,093**	14,183
Finance costs		**(7,154)**	(5,288)
Profit before taxation		**24,517**	11,140
Income tax	*3*	**(5,929)**	(950)
Profit for the year		**18,588**	10,190
Attributable to:			
Equity shareholders of the Company		**21,804**	14,994
Non-controlling interests		**(3,216)**	(4,804)
Profit for the year		**18,588**	10,190
Earnings per share	*4*		
Basic (United States dollar cents)		**1.42**	0.97
Diluted (United States dollar cents)		**1.41**	0.20

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023
(Expressed in United States dollar)

	2023	2022
	US$'000	*US$'000*
Profit for the year	**18,588**	10,190
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries	**(315)**	(498)
Total comprehensive income for the year	**18,273**	9,692
Attributable to:		
Equity shareholders of the Company	**21,891**	14,496
Non-controlling interests	**(3,618)**	(4,804)
Total comprehensive income for the year	**18,273**	9,692

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2023
(Expressed in United States dollar)

	Note	**31 December 2023** *US$'000*	31 December 2022 *US$'000*
Non-current assets			
Property, plant and equipment		**15,459**	11,679
Intangible assets		**146,408**	137,587
Goodwill		**115,342**	115,342
Deferred tax assets		**12,924**	20,357
Financial assets measured at fair value through profit or loss (FVPL)		**1,214**	1,235
		291,347	286,200
Current assets			
Financial assets measured at FVPL		**39,026**	31,564
Trade and other receivables	*5(a)*	**164,294**	141,104
Prepayments	*5(b)*	**44,969**	32,179
Restricted cash		**5,281**	4,783
Cash and cash equivalents		**146,348**	105,716
Current tax recoverable		**286**	528
		400,204	315,874
Current liabilities			
Trade and other payables	*6*	**292,452**	251,164
Current tax payable		**10,441**	7,331
Bank loans and overdrafts	*7*	**49,542**	45,555
Lease liabilities		**4,027**	4,991
Derivative financial liabilities		**101**	2,194
		356,563	311,235
Net current assets		**43,641**	4,639
Total assets less current liabilities		**334,988**	290,839

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

at 31 December 2023
(Expressed in United States dollar)

	Note	**31 December 2023** ***US$'000***	31 December 2022 *US$'000*
Non-current liabilities			
Bank loans and overdrafts	*7*	**32,000**	—
Convertible bonds		**32,762**	29,980
Deferred tax liabilities		**1,786**	5,867
Lease liabilities		**9,330**	6,932
Other non-current liabilities		**—**	21
		75,878	42,800
NET ASSETS		**259,110**	248,039
CAPITAL AND RESERVES			
Share capital	*8*	**16,010**	16,366
Reserves		**234,082**	219,037
Total equity attributable to equity shareholders of the Company		**250,092**	235,403
Non-controlling interests		**9,018**	12,636
TOTAL EQUITY		**259,110**	248,039

1 Material accounting policies

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as "**the Group**")

The financial statements are presented in United States dollar ("**US$**"), rounded to the nearest thousand, which is the functional currency of the subsidiaries carrying out the principal activities of the Group. The functional currency of the Company is US$.

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

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

— share-based payments;

— derivative financial liabilities.

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

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

(c) Changes in accounting policies

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

- IFRS 17, *Insurance contracts*

- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

- Amendments to IAS 1, *Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*

- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

- Amendments to IAS 12, *Income taxes: International tax reform — Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. 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.

2 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 2(b).

(i) Disaggregation of revenue

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

	2023	2022
	US$'000	*US$'000*
Revenue from advertising technology related services	**1,038,491**	881,813
Revenue from marketing technology related services	**15,601**	12,592
	1,054,092	894,405

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

The Group's customer base is diversified. During the year ended 31 December 2023, no (2022: Nil) single customer contributed to 10% or more of the Group's revenue.

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

As at 31 December 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is US$36,545,000 (2022: US$32,106,000). This amount represents revenue expected to be recognised in the future upon expiration of the subscription periods to the Group's data analytics platform or provision of advertising technology service. The Group will recognise the expected revenue in future as the expiring of subscription periods or the provision of advertising technology service, which is expected to occur over the next 1 to 12 months (2022: 1 to 12 months).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both by service lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented the following 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 external revenue and segment gross profit. The revenues from external customers reported to CODM are measured as segment external revenue, which are the revenue derived from the external customers in each segment. The segment gross profit is calculated as segment external revenue minus segment external cost of sales. This is the measure reported to the Group's most senior executive management.

Disaggregation of revenue from contracts with external customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below:

	Advertising technology business		**Marketing technology business**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Disaggregated by timing of external revenue recognition						
Point in time	**1,038,491**	881,813	**13,817**	10,830	**1,052,308**	892,643
Over time	**—**	—	**1,784**	1,762	**1,784**	1,762
Reportable segment external revenue	**1,038,491**	881,813	**15,601**	12,592	**1,054,092**	894,405
Reportable segment costs	**(833,401)**	(713,311)	**(3,400)**	(4,065)	**(836,801)**	(717,376)
Gross profit	**205,090**	168,502	**12,201**	8,527	**217,291**	177,029

(ii) Segment assets and liabilities

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

(c) *Geographic information*

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

	Revenue from external customers	
	2023	2022
	US$'000	*US$'000*
China *(note (i))*	**355,300**	305,543
EMEA *(note (ii))* and Americas *(note (iii))*	**478,895**	383,379
Asia-Pacific *(note (iv))*	**211,124**	191,714
Others	**8,773**	13,769
	1,054,092	894,405

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, France, Switzerland, Germany, Greece, Iceland, Saudi Arabia, Jordan, Egypt, Israel and Turkey.

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

(iv) Primarily includes other Asian countries or regions excluding China.

3 Income tax in the consolidated statements of profit or loss

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

	2023	2022
	US$'000	*US$'000*
Current tax	**2,591**	1,446
Deferred tax	**3,338**	(496)
	5,929	950

Notes:

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

(ii) Adlogic Technology Pte. Ltd., a subsidiary in Singapore, is subject to the prevailing corporate income tax rate of 17% in Singapore. The provision for Singapore Profit Tax for 2023 is taken into account a reduction granted by the Inland Revenue Authority of Singapore of 75% of the tax payable subject to a maximum reduction of Singapore Dollar ("**S$**") 10,000 (2022: S$10,000 for the year of assessment 2022–2023) and 50% of the tax payable subject to a maximum reduction of S$190,000 (2022: S$190,000 for the year of assessment 2022–2023) for the year of assessment 2023–2024.

(iii) USCore, Inc. and Mintegral North America Inc., subsidiaries in the United States, are subject to federal income tax rate of 21% in the United States for the years ended 31 December 2023 and 31 December 2022. In addition, USCore, Inc. is subject to taxation in various states of the United States. nativeX, LLC and Adeer, LLC, wholly-owned subsidiaries of USCore, Inc., are treated as disregarded entities for income tax purpose and their income or loss are included in the income tax calculation of USCore, Inc..

(iv) The Enterprise Income Tax ("**EIT**") rate applicable to the subsidiaries registered in the PRC is 25% for the year, except for Guangzhou Huiliang Information Technology Company Limited, Beijing Huiliang Shanhe Information Technology Company Limited, Beijing Reyun Technology Co., Ltd. ("**Beijing Reyun**") Reyun Data and Beijing Qiuqiu Quwan Technology Co., Ltd., which are accredited as a "high and new technology enterprise" and applicable for a preferential enterprise income tax rate of 15% during the year ended 31 December 2023.

(v) The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

The provision for Hong Kong Profits Tax for 2023 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2022/23 subject to a maximum reduction of HK$6,000 for each business (2022: a maximum reduction of HK$10,000 was granted for the year of assessment 2021/22 and was taken into account in calculating the provision for 2022).

(vi) According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2023 onwards, PRC subsidiaries of the Group engaging in research and development activities are entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for each year ("**Super Deduction**") for the years begin with 2023 (2022: 175% for the year ended 31 December 2022). The Group has made its best estimate for Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year.

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

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2023	2022
	US$'000	*US$'000*
Profit before taxation	**24,517**	11,140
Notional tax on profit before taxation, calculated at the rates applicable to profit in the countries concerned	**4,023**	948
Tax effect of non-deductible expenses	**591**	496
Tax effect of non-taxable income	**(333)**	(1,127)
Tax effect of unrecognised tax loss in current year	**5,833**	4,747
Utilisation of previously unrecognised tax loss	**(66)**	(11)
Super Deduction of research and development expenses and other tax concession	**(3,965)**	(2,865)
Over-provision in prior years	**(154)**	(1,238)
Actual tax expense	**5,929**	950

4 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of US$21,804,000 (2022: profit of US$14,994,000) and the weighted average of 1,531,506,334 shares (2022: 1,549,970,313 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2023	2022
At 1 January *(note)*	**1,527,756,475**	1,633,671,546
Effect of vested RSUs	**18,027,349**	17,491,022
Effect of share repurchase for cancellation	**(14,277,490)**	(14,176,858)
Effect of shares transferred from Seamless as a consideration of business restructuring	**—**	(87,015,397)
Weighted average number of ordinary shares at 31 December	**1,531,506,334**	1,549,970,313

Note:

The number of ordinary shares as at 1 January 2023 represents 1,636,620,164 (2022: 1,664,118,164) outstanding ordinary shares as of the date (note 8(b)) netting of 108,863,689 (2022: 30,446,618) treasure shares as at 1 January 2023 (note 9(f)).

(b) Diluted earnings per share

For the year ended 31 December 2023, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company (diluted) of US$22,493,000 (note 4(b)(i)) (2022: US$3,282,000) and the weighted average number of ordinary shares of 1,593,204,949 (note 4(b)(ii)) (2022: 1,617,298,596) shares in issue adjusted for the potential dilutive effect caused by convertible bonds and the shares granted under the share award scheme.

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

	2023	2022
	US$'000	*US$'000*
Profit attributable to ordinary equity shareholders	**21,804**	14,994
After tax effect of effective interest on the liability component of convertible bonds	**2,782**	2,471
After tax effect of gains recognised on the derivative component of convertible bonds	**(2,093)**	(14,183)
Profit attributable to ordinary equity shareholders (diluted)	**22,493**	3,282

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

	2023	2022
Weighted average number of ordinary shares as at 31 December	**1,531,506,334**	1,549,970,313
Effect of convertible bonds	**41,978,339**	41,978,339
Effect of unvested shares under the Company's share-based compensation scheme	**19,720,276**	25,349,944
Weighted average number of ordinary shares (diluted) as at 31 December	**1,593,204,949**	1,617,298,596

5 Trade receivables, other receivables and prepayments

(a) Trade and other receivables

	2023	2022
	US$'000	*US$'000*
Trade receivables	**139,671**	116,321
Less: Allowance for doubtful debts	**(4,355)**	(6,305)
	135,316	110,016
Amounts due from related parties	**15,849**	17,212
Other receivables	**13,129**	13,876
	164,294	141,104

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

Ageing analysis

As at 31 December 2023, the ageing analysis of trade receivables, based on the revenue recognition date and net of allowance for doubtful debts, is as follows:

	2023	2022
	US$'000	*US$'000*
Within 3 months	**117,160**	83,422
3 to 6 months	**6,337**	5,603
6 to 12 months	**3,405**	7,791
Over 12 months	**8,414**	13,200
	135,316	110,016

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

(b) Prepayments

	2023	2022
	US$'000	*US$'000*
Prepayments for:		
— Traffic	**35,104**	27,168
— Others	**9,865**	5,011
	44,969	32,179

6 Trade and other payables

	2023	2022
	US$'000	*US$'000*
Trade payables *(note (a))*	**243,877**	206,639
Other payables	**3,581**	2,391
Contract liabilities *(note (b))*	**36,545**	32,106
Staff costs payables	**5,093**	4,960
Value added tax ("**VAT**") and other tax payables	**3,356**	5,068
	292,452	251,164

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

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

	2023	2022
	US$'000	*US$'000*
Within 1 month	**76,818**	47,499
1 to 2 months	**63,676**	53,929
2 to 3 months	**46,494**	31,211
Over 3 months	**56,889**	74,000
	243,877	206,639

(b) ***Contract liabilities***

	2023	2022
	US$'000	*US$'000*
Advertising technology business contracts		
— Billings in advance of performance	**26,031**	25,108
Marketing technology business contracts		
— Billings in advance of performance	**10,514**	6,998
	36,545	32,106

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

— *Advertising technology business and marketing technology business contracts*

When the Group receives a deposit before the advertising technology and marketing technology services commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the contracts exceeds the amount of the deposit. The amount of the deposit, if any, was negotiated on a case by case basis with customers.

Movements in contract liabilities

	2023	2022
	US$'000	*US$'000*
Balance at 1 January	**32,106**	19,389
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(32,106)**	(19,389)
Increase in contract liabilities as a result of billing in advance of advertising technology business	**26,031**	25,108
Increase in contract liabilities as a result of billing in advance of marketing technology business	**10,514**	6,998
Balance at 31 December	**36,545**	32,106

All of the contract liabilities are expected to be recognised as income within one year.

7 Bank loans and overdrafts

The analysis of the repayment schedule of bank loans and overdrafts is as follows:

	2023	2022
	US$'000	*US$'000*
Within 1 year or on demand	**49,542**	45,555
After 1 year but within 2 years	**32,000**	—
	81,542	45,555

The Group reached an agreement with its bank to extend a loan of US$40,000,000 originally due on 9 March 2023. The extended loan facility is now due on 9 March 2025. The Group shall make repayment in instalments with US$8,000,000 due on 9 March 2024, and US$32,000,000 due on 9 March 2025.

As at 31 December 2023 and 2022, the bank loans and overdrafts were secured as follows:

	2023	2022
	US$'000	*US$'000*
Secured bank overdrafts *(note (b)/ (c))*	**4,473**	2,117
Unsecured bank loans *(note (a))*	**28,634**	1,433
Secured bank loans *(note (b)/(c))*	**48,435**	42,005
	81,542	45,555

Notes:

(a) At 31 December 2023, unsecured banking facilities of the Group amounted to US$68,356,000 (2022: US$52,976,000) were guaranteed by Mobvista Inc. The facilities were utilised to the extent of US$28,634,000 (2022: US$1,433,000).

(b) At 31 December 2023, secured banking facilities of the Group amounted to US$108,000,000 (31 December 2022: US$140,000,000), among which, (1) US$68,000,000 (31 December 2022: US$65,000,000) were secured by restricted cash of US$5,277,000 (31 December 2022: US$4,151,000) and guaranteed by Mobvista Inc.; and (2) US$40,000,000 (31 December 2022: US$75,000,000) 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. The facilities were utilised to the extent of US$52,908,000 as at 31 December 2023 (31 December 2022: US$44,122,000).

(c) The Group's banking facilities of US$118,000,000 (31 December 2022: US$140,000,000) are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions, and at the same time, of which US$40,000,000 further requires the controlling shareholder and one of the directors to maintain their equity interests and voting rights in the Company at certain level. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2023, none of the covenants relating to drawn down facilities had been breached (2022: none).

8 Share capital

(a) Authorised

	2023		2022	
	Number of shares	**Nominal value of shares** ***US$'000***	Number of shares	Nominal value of shares *US$'000*
At 1 January	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Additions	**—**	**—**	—	—
At 31 December	**10,000,000,000**	**100,000**	10,000,000,000	100,000

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

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

(b) ***Issued and fully paid***

	Ordinary shares	
	Number of ordinary shares	Nominal value of fully paid ordinary shares *US$'000*
As at 1 January 2022	1,664,118,164	16,640
Cancellation of ordinary shares	(27,498,000)	(274)
As at 31 December 2022	1,636,620,164	16,366
Cancellation of ordinary shares	(35,547,000)	(356)
As at 31 December 2023	1,601,073,164	16,010

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

During the year ended 31 December 2023, the Company repurchased a total of 37,791,000 (2022: 27,415,000) shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK$129,196,000 (equivalent to US$16,542,000) (2022: HK$140,248,000 (equivalent to US$17,959,000)), with highest price paid per share of HK$7.04 and lowest price paid per share of HK$3.84.

During the year ended 31 December 2023, the Company cancelled 35,547,000 (2022: 27,498,000) shares of the Company. The total carrying amount of these treasury shares were US$16,884,000 (2022: US$20,420,000). Consequently, US$356,000 (2022: US$274,000) was debited to share capital, US$16,528,000 (2022: US$20,146,000) was debited to share premium.

9 Reserves and dividends

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

	Share capital	Capital reserve	Share premium	Reserve for treasury shares	Share-based payments reserve	Accumulated loss	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(note 8)	*(note 9(a))*	*(note 9(b))*	*(note 9(f))*	*(note 9(e))*		
At 1 January 2022	16,640	60,207	268,389	(19,108)	6,971	(7,926)	325,173
Profit for the year	—	—	—	—	—	6,470	6,470
Total comprehensive income	—	—	—	—	—	6,470	6,470
Vested RSUs	—	—	(665)	13,997	(13,332)	—	—
Share-based compensation	—	—	—	—	12,481	—	12,481
Share repurchased for cancellation	—	—	—	(17,959)	—	—	(17,959)
Share transferred from Seamless as a consideration of business restructuring	—	—	—	(100,352)	—	—	(100,352)
Cancellation of ordinary shares	(274)	—	(20,146)	20,420	—	—	—
At 31 December 2022 and 1 January 2023	16,366	60,207	247,578	(103,002)	6,120	(1,456)	225,813
Profit for the year	—	—	—	—	—	(372)	(372)
Total comprehensive income	—	—	—	—	—	(372)	(372)
Vested RSUs	—	—	(9,435)	22,129	(12,694)	—	—
Share-based compensation	—	—	—	—	9,340	—	9,340
Share repurchased for cancellation	—	—	—	(16,542)	—	—	(16,542)
Cancellation of ordinary shares	(356)	—	(16,528)	16,884	—	—	—
At 31 December 2023	16,010	60,207	221,615	(80,531)	2,766	(1,828)	218,239

(a) Capital reserve

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

(b) ***Share premium***

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

(c) ***Statutory reserve***

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

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

(d) ***Exchange reserve***

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

(e) ***Share-based payments reserve***

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

(f) ***Treasury shares***

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

Movements in the number of treasury shares for the years ended 31 December 2023 and 2022 are as follows:

	2023	2022
Outstanding as of 1 January	**108,863,689**	30,446,618
Purchased from the market for cancellation during the year *(note 8(b))*	**37,791,000**	27,415,000
Transferred from Seamless as a consideration of business restructuring during the year	**—**	102,453,613
Cancellation of ordinary shares *(note 8(b))*	**(35,547,000)**	(27,498,000)
Decrease due to RSU vested during the year	**(22,592,147)**	(23,953,542)
Outstanding as of 31 December	**88,515,542**	108,863,689

(g) Dividends

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

There is no dividend declared and paid by the Company in 2023 and 2022. There is no final dividend proposed after the end of the reporting period.

(h) Capital management

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

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

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at 31 December 2023 and 2022 was 63% and 59%, respectively.

The Group's debt to asset ratio at 31 December 2023 and 2022 was as follows:

	31 December 2023 *US$'000*	31 December 2022 *US$'000*
Current liabilities:		
Trade and other payables	**292,452**	251,164
Current tax payable	**10,441**	7,331
Bank loans and overdrafts	**49,542**	45,555
Lease liabilities	**4,027**	4,991
Derivative financial liabilities	**101**	2,194
Non-current liabilities:		
Bank loans and overdrafts	**32,000**	—
Convertible bonds	**32,762**	29,980
Deferred tax liabilities	**1,786**	5,867
Lease liabilities	**9,330**	6,932
Other non-current liabilities	**—**	21
Total debt	**432,441**	354,035
Total Asset	**691,551**	602,074
Debt to asset ratio	**63%**	59%

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 March 2024

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

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

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