Mobvista

2023
INTERIM REPORT

匯量科技有限公司

Mobvista Inc.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1860

CONTENTS

BOARD OF DIRECTORS

Executive Directors

Mr. DUAN Wei *(Chairman)*
Mr. CAO Xiaohuan *(Chief Executive Officer)*
Mr. FANG Zikai
Mr. SONG Xiaofei

Non-executive Director

Mr. WONG Tak-Wai

Independent Non-executive Directors

Mr. SUN Hongbin
Ms. CHEUNG Ho Ling Honnus
Mr. WONG Ka Fai Jimmy *(appointed on 17 April 2023)*
Mr. HU Jie *(resigned on 17 April 2023)*

COMPANY SECRETARY

Ms. LEE Angel Pui Shan *(appointed on 11 May 2023)*
Ms. SO Shuk Yi Betty *(resigned on 11 May 2023)*

AUTHORISED REPRESENTATIVES

Mr. CAO Xiaohuan
Ms. LEE Angel Pui Shan *(appointed on 11 May 2023)*
Ms. SO Shuk Yi Betty *(resigned on 11 May 2023)*

AUDIT COMMITTEE

Mr. SUN Hongbin *(Chairman)*
Ms. CHEUNG Ho Ling Honnus
Mr. WONG Ka Fai Jimmy *(appointed on 17 April 2023)*
Mr. HU Jie *(resigned on 17 April 2023)*

REMUNERATION COMMITTEE

Mr. WONG Ka Fai Jimmy *(appointed as the Chairman on 17 April 2023)*
Mr. CAO Xiaohuan
Ms. CHEUNG Ho Ling Honnus
Mr. HU Jie *(resigned on 17 April 2023)*

NOMINATION COMMITTEE

Mr. DUAN Wei *(Chairman)*
Ms. CHEUNG Ho Ling Honnus
Mr. WONG Ka Fai Jimmy *(appointed on 17 April 2023)*
Mr. HU Jie *(resigned on 17 April 2023)*

AUDITOR

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Hong Kong

STOCK CODE

01860

COMPANY'S WEBSITE

www.mobvista.com

	For the Six Months Ended 30 June		
	2023 US$'000 (Unaudited)	2022 US$'000 (Unaudited)	**YoY Change**
Revenue[(1)]	**506,133**	455,796	**11.0%**
Net Revenue[(2)]	**136,365**	111,098	**22.7%**
Gross Profit	**102,960**	89,980	**14.4%**
Operating expenses	**95,031**	118,205	**(19.6%)**
Other net income	**4,742**	44,886	**(89.4%)**
Operating profit	**12,671**	16,661	**(23.9%)**
Profit for the Period[(3)]	**8,522**	21,650	**(60.6%)**
Adjusted EBITDA[(4)]	**51,802**	5,824	**789.5%**

Notes:

(1) Revenue does not exclude the impact of the top media agency business, which was divested from the Group in March 2022. The revenue from the top media agency business in the first half of 2022 was US$9.7 million. Excluding this portion, the Group's revenue would be US$446.1 million for the first half of 2022, with a year-on-year increase of 13.5% in the first half of 2023.

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

(3) The profit for the first half of 2022 included a gain of US$48.8 million from the sale of subsidiaries and the top media agency business. Excluding this portion, the loss for the first half of 2022 would be US$27.1 million.

(4) Adjusted EBITDA is not an IFRS measure. We define adjusted EBITDA as EBITDA (which is profit from operations plus depreciation and amortization expenses) for the Reporting Period adjusted by adding back or deducting share-based compensation expenses, investment gain/(loss) from financial assets at fair value through profit or loss, restructuring expenses of R&D team, attorney expenses of acquisition of Beijing Reyun Technology Co., Ltd. ("**Reyun Data**"), foreign exchange loss and gain on disposal of subsidiaries and top media agency business.

I. Company Overview

We are a technology service company based in China, committed to providing global customers (particularly Chinese customers aiming for global expansion) with advertising technology service 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**").

In recent years, Mobvista has achieved smooth progress in multiple business areas, continuously strengthening its own capabilities. According to the 15th edition of the "Ad Platform Performance Index Report" released by AppsFlyer, the largest third-party app performance monitoring platform, Mobvista's Mintegral platform (contributing to 92.4% of the total revenue of the Group for the Reporting Period), ranks 3rd globally in the overall App Retention Power Index for both iOS and Android platforms.

II. Industry overview

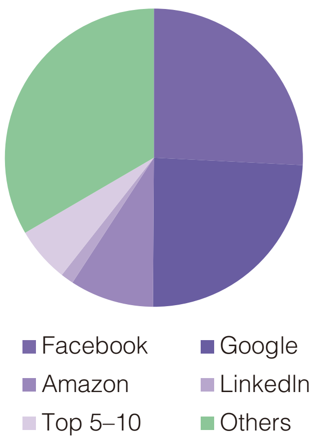
Since 2023, central banks across Europe and the United States have been compelled to implement a rapid interest rate hike monetary policy in response to inflation. As interest rates rise, the level of inflation has somewhat decreased. Simultaneously, major economies in Europe and the United States have 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 first half of the year. 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

Tightened anti-trust measures and privacy protection laws in Europe and the US deepens the trend of decentralization of European and American traffic. On 19 May 2022, in response to competition in the digital advertising market, the U.S. Senate proposed the Competition and Transparency in Digital Advertising Act ("**CTDA**"). The CTDA focuses on the digital advertising businesses of large technology companies and would prohibit large digital advertising companies from owning more than one part of the digital ad ecosystem if they process more than US$20 billion in digital ad transactions. Regulators in Europe and the United States recently filed lawsuits against certain industry giants for harming competition. 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. These anti-monopoly measures are beneficial for fostering a healthy competitive environment in the entire advertising market and stimulating technological advancements among smaller platforms. Moreover, they also aim to redistribute the advertising budget shares coming from top media platforms. Mintegral, the programmatic advertising trading platform under Mobvista, will continue to benefit from this industry trend.

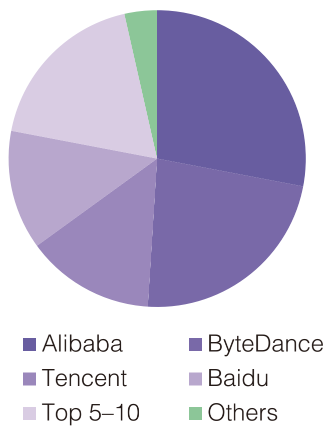
There are inherent differences in traffic structure between domestic and international markets, with higher value placed on medium and long-tail traffic in overseas markets. Overseas advertising channels are mainly classified into top media advertising (represented by Google and Meta) and third-party advertising technology platforms targeting medium and long-tail traffic. While Chinese media has strong leading effects (CR10 (concentration rate) = 95%), overseas marketing channels (take the US market as an example) only have a CR10 of 66.6%, their medium and long-tail traffic entail a relatively high value for advertising. In recent years, the share of top media has continued to decline, third-party advertising technology ("**Ad-tech**") platforms have greatly benefited significantly from the surge in supply from medium and long-tail Apps, and the trend of decentralisation of overseas traffic has further strengthened.

Figure 1: Share of the United States mobile advertising market in 2022



Data Source: eMarketer

Figure 2: Share of Chinese online advertising market in 2022



Data Source: Interactive Marketing Laboratory in Zhongguancun

2.2 Demand for user acquisition and monetization soars as the mobile application market flourishes

Competition within the mobile application ecosystem is becoming fierce while the in-App advertising market is booming. In the first half of 2023, global app downloads on iOS and Google Play reached 76.8 billion, representing a year-on-year growth of 3.23%. App developers are constantly challenged with their Apps' development, user acquisition, and monetization. User acquisition complexity is surging as the supply of Apps continues to grow. According to Statista, in the first half of 2023, the cumulative number of mobile applications released on iOS and Google Play exceeded 750,000. As of July 28, 2023, the total number of available applications on iOS and Google Play was over 5.63 million. The demand for advertising from App developers continues to rise with the increased supply of Apps. Moreover, demand for monetization has ballooned, which in turn drives the growth of the in-App advertising market. eMarketer predicts that mobile market advertising spending will reach US$443.91 billion in 2023, with a five-year compound annual growth rate (**CAGR**) of 8.3% from 2023 to 2027.

While online user activity may decline in the post-epidemic era, regions like Southeast Asia, Latin America, and India are still experiencing growth in mobile internet usage as user penetration rates continue to rise. In the six major Southeast Asian countries, smartphone usage keeps growing, with over 300 million users. Countries from Southeast Asia and Latin America (including India, Indonesia, Brazil, Nigeria, Mexico, and the Philippines) make up a significant portion of the top 10 countries with the largest digital populations in the world. These emerging markets are also precisely the key areas where Mobvista focuses its strategic layout and experiences rapid growth.

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

Global advertising service providers provide the tools for Chinese Apps to expand globally. China-to-Global's digital advertising market size is expected to exceed US$50 billion. With the disappearance of the demographic dividend in the domestic 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. As Chinese Apps go global, advertising service providers will benefit most from the transition. According to data from iResearch Consulting Group, the size of digital advertising for the China-to-Global market is expected to exceed US$50 billion, and the CAGR will reach 22.4% from 2020 to 2025. The global expansion trend exhibited by Chinese companies in sectors such as gaming and e-commerce remains robust. Sensor Tower's "App Store Data Digest Q1 2023" reveals that four of the top five most downloaded apps in the US App Store were developed by Chinese companies. This list includes Temu, a global e-commerce platform by Pinduoduo, video editing app CapCut and short video app TikTok, owned by ByteDance, and the fast-fashion brand Shein. In the gaming sector, competition among overseas developers is increasingly fierce. From a long-term perspective, this is a clear signal of the growing maturity of the overseas expansion track. The gaming industry is moving towards a direction of refinement and scalability, the positive trend of Chinese games expanding their global footprint remains unchanged.

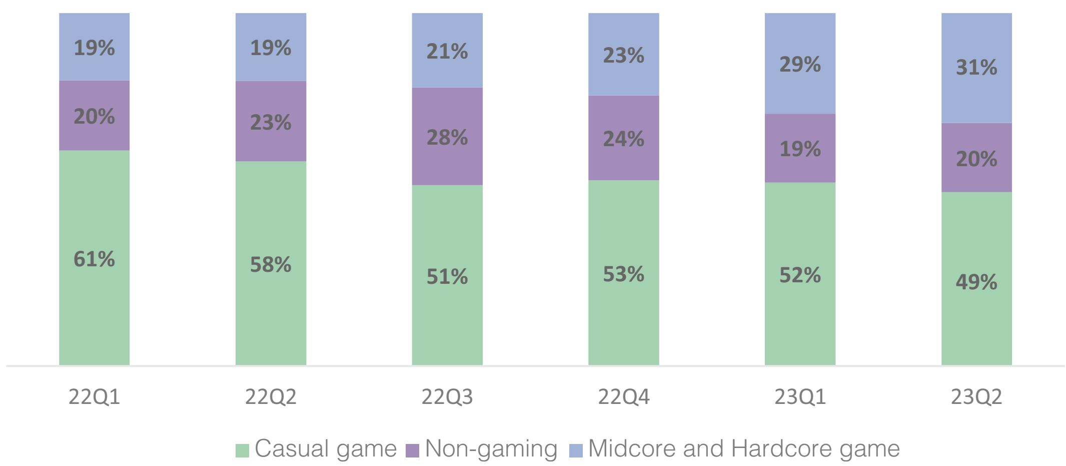
China has been optimizing its pandemic policies since the end of 2022, together with more transparent regulations on the mobile internet industry. These factors have embarked the China-to-Global strategy on a new journey, and programmatic advertising platforms will usher in a historic era of development. Programmatic advertising platforms based in China have 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 based in China that aims 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 in-app advertising 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 concurrently broadening our horizons into the midcore and hardcore gaming genres, where the proportion of IAP revenue is more substantial, reflecting the shift toward hybrid monetization. Consequently, the share of midcore and hardcore game revenue to Mintegral's total revenue has experienced considerable growth, rising from 19% in the first quarter of 2022 to 31% in the second quarter of 2023.

Figure 3: Mintegral revenue share by vertical category, 2022Q1–2023Q2



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. Nativex is the cornerstone of the Company's non-programmatic advertising business, while Mintegral is the foundation of the Company's programmatic advertising business. After years of development, Mintegral has 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

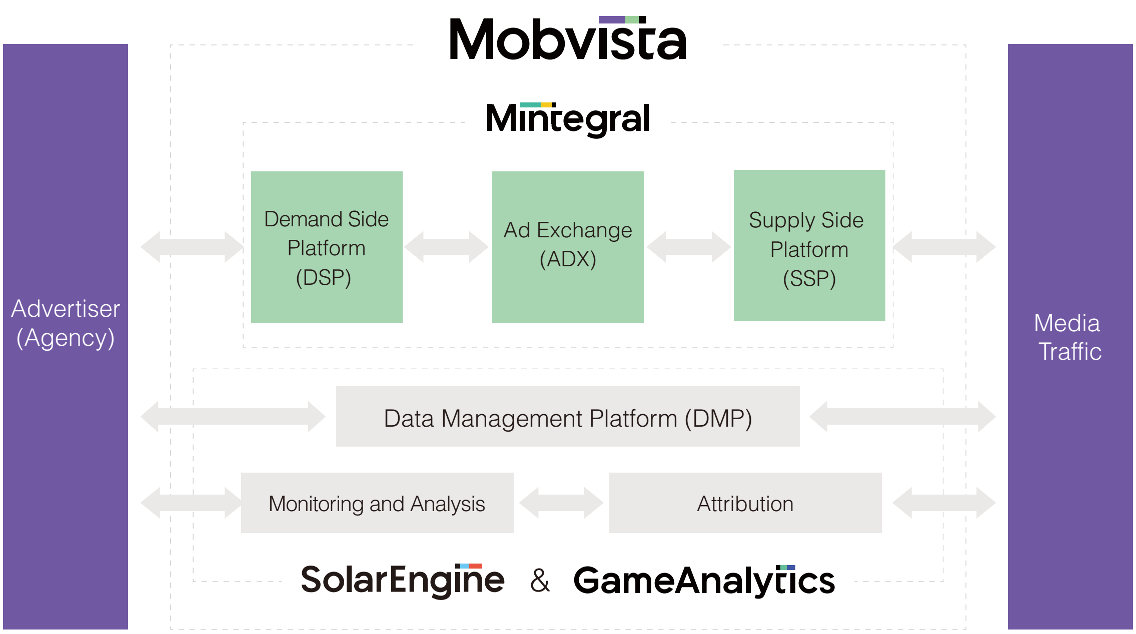
Platforms in the programmatic advertising ecosystem can be categorized into upstream, midstream, and downstream: 1) upstream participants are advertisers (agencies); 2) midstream participants are Ad-tech service providers, including Demand Side Platform (“**DSP**”), Ad Exchange (“**ADX**”) and Supply 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 based in China, the Company has established footing within the DSP, ADX, and SSP segments through its core Mintegral platform. Through complete coverage of the midstream 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 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

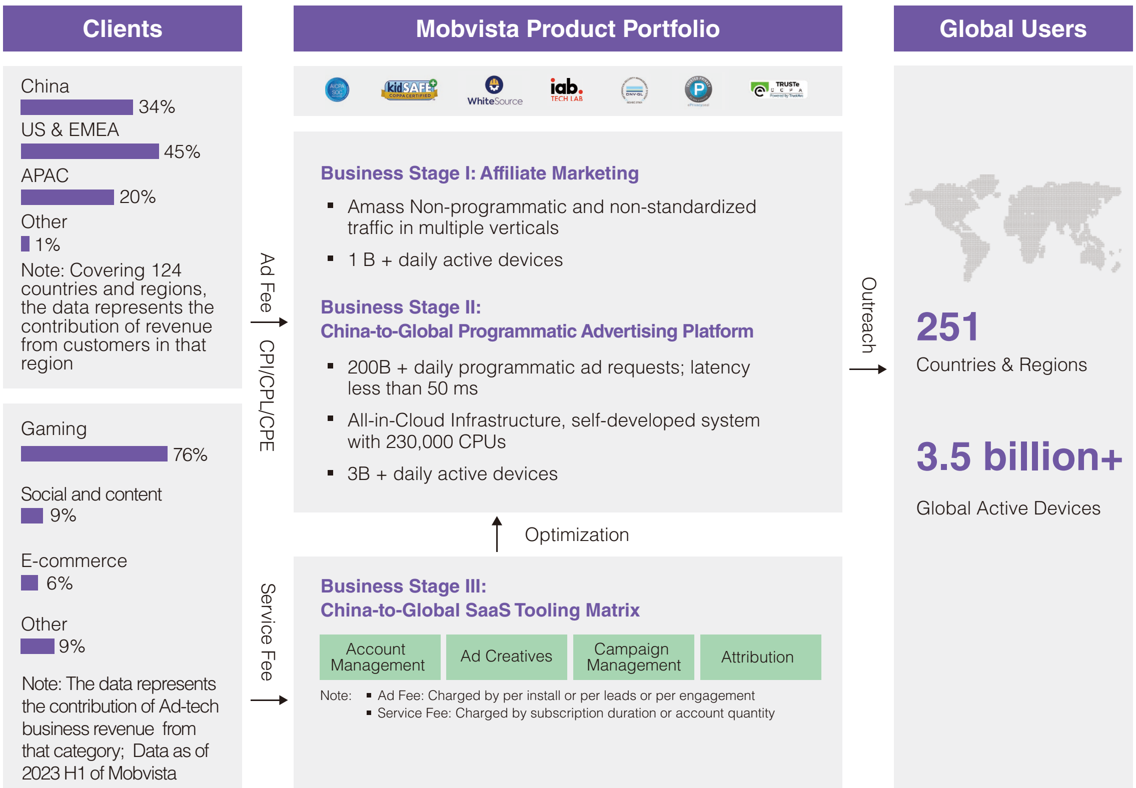


Source: Mobvista Inc.

IV. Stages of the Company 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

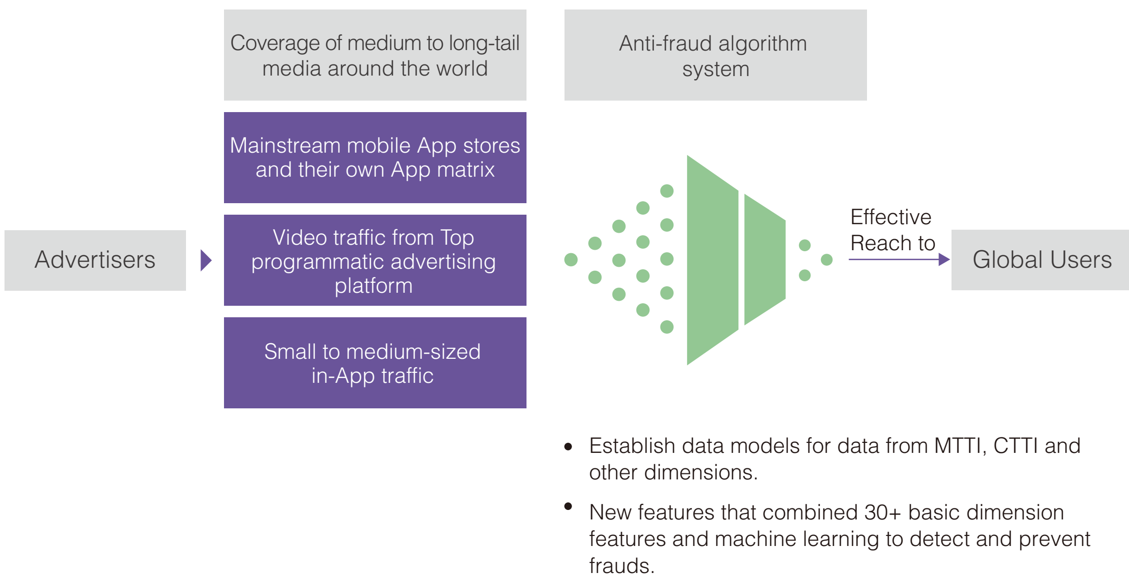


Data source: Mobvista Inc.

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 as Nativex, which is performance-based and covers both Chinese and overseas traffic across all channels, to provide intelligent advertising, creative materials, and Key Opinion Leader ("**KOL**") marketing services to our customers. We established our business network in the European & 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.

Figure 6: Nativex Business Profile



Source: Mobvista Inc.

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

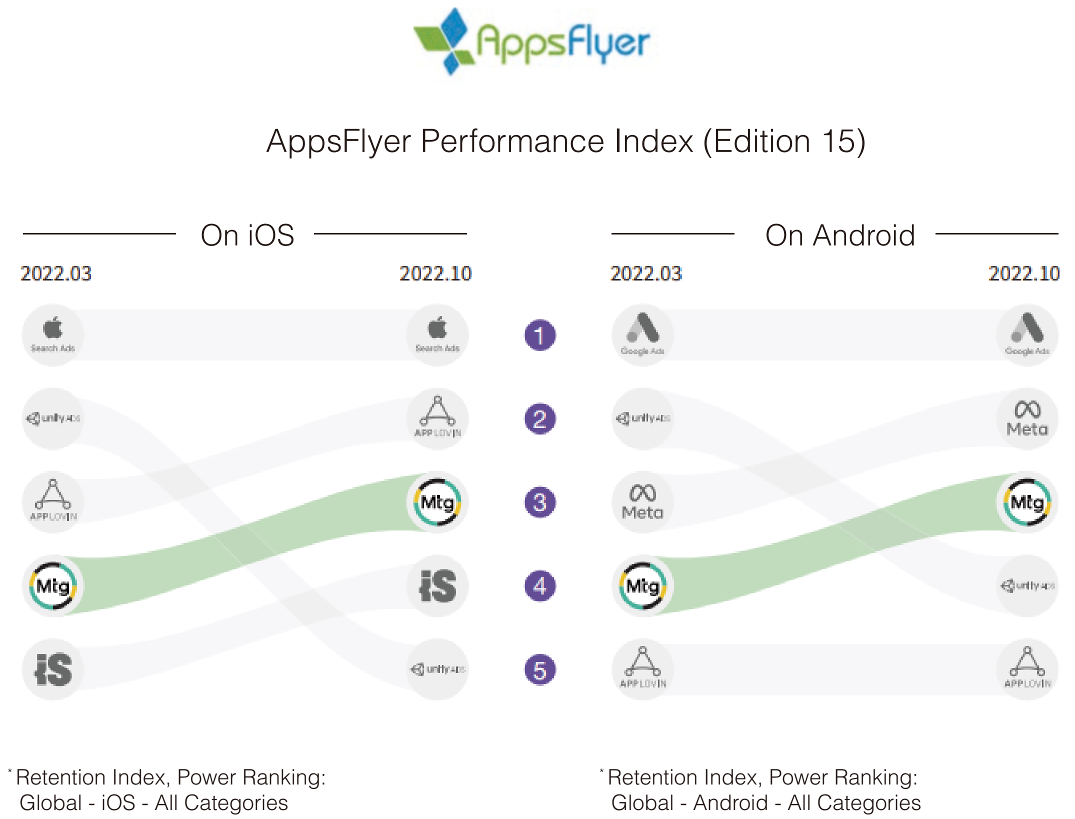
With the rapid growth of the mobile internet, the overseas mobile applications ecosystem has become increasingly fragmented. App developers are facing challenges with user acquisition and traffic monetization. They need a platform aggregating global traffic, especially medium and long-tail traffic, to 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 how Nativex operates its non-programmatic advertising business, Mintegral provides programmatic advertising that improves user experience in advertising services, platform connections, real-time bidding, and traffic conversions. Under the 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. In the latter half of 2022, Mintegral also achieved its best performance to date on the industry-leading AppsFlyer Performance Index. It secured historic rankings in the top three across all categories and global markets on both iOS and Android platforms, making it the only Asian platform among the top five.

Figure 7: The ranking of Mintegral in AppsFlyer Performance Index



Data source: AppsFlyer

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 — integrate "Ad-tech+Mar-tech" as dual-engines of business growth

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.

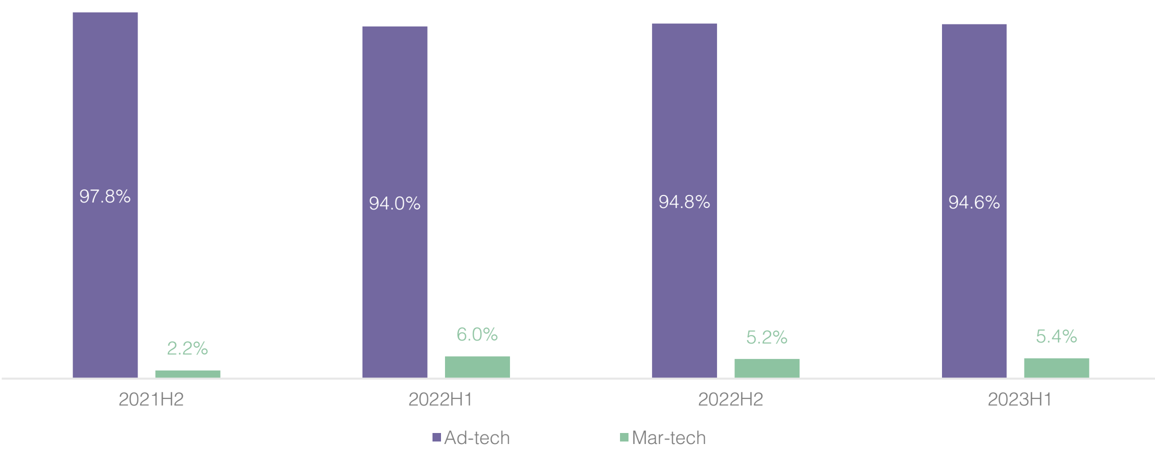
Starting from 2019, we put forth our "SaaS Tooling Matrix" strategy: We will create a complete tooling matrix by integrating our Ad-tech and Mar-tech capabilities. This matrix will cover the different stages of growth for developers, from statistical analysis, user growth, monetization, and operating 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 China, we will also promote our products in international markets, thus empowering Chinese enterprises to go global. Through this, we will become the first company in the world that can provide complete solutions covering both the Chinese and overseas markets.

V. Business Modules

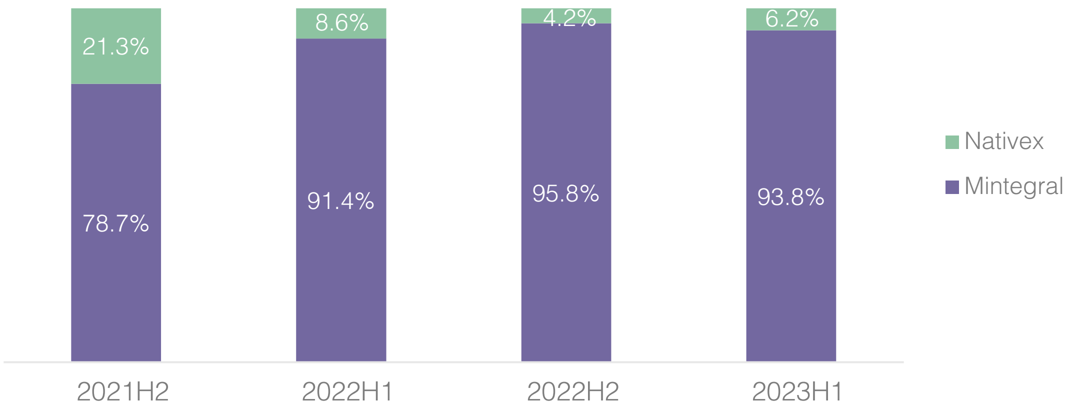
Our revenue comes from Ad-tech segment centered around Nativex and Mintegral, as well as the Mar-tech segment. Among these, the Ad-tech business is structured based on gross advertising revenue (including the cost paid to traffic publishers). Considering that the net revenue (i.e. gross revenue minus 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 8: Net revenue share of Ad-tech vs. Mar-tech (from 2021H2 to 2023H1)



Data Source: Mobvista Inc.

Figure 9: Revenue share of Mintegral vs Nativex (from 2021H2 to 2023H1)



Data Source: Mobvista Inc.

5.1. Ad-tech: Mintegral

5.1.1 Business Review

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

5.1.2 Business Model

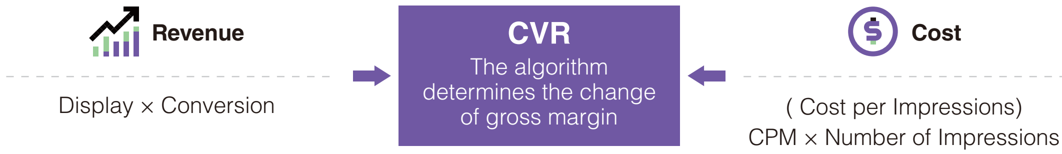
From the perspective of revenue, we charge customers performance-based advertising fees; that is, fees based on negotiated performance KPIs such as the number of users that download the App, the number of installs or registrations of an App followed by certain actions by users, such as ensuring users 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 10: 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 124 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 50.4% 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 251 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, 96.9% were from overseas regions outside of China, and 3.1% were from China; from the perspective of accumulated impressions, 96.4% were from overseas regions outside of China, and 3.6% 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*

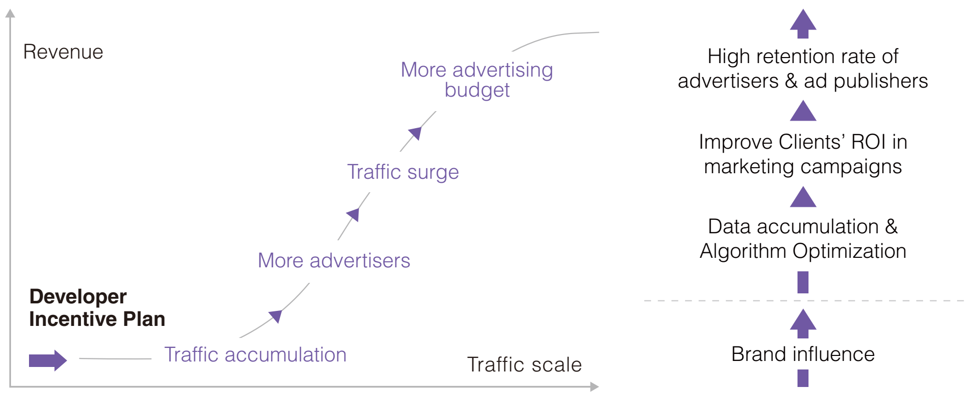
If we divide mobile device traffic into top media traffic represented by Meta/Google and medium and long-tail traffic represented by medium and long-tail Apps, the third-party advertising technology platform segment where Mintegral resides primarily connects to the fragmented medium and long-tail traffic through its programmatic trading platform. The programmatic advertising transaction method can create 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, ironSource, 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 *Reinforced first-mover advantages*

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

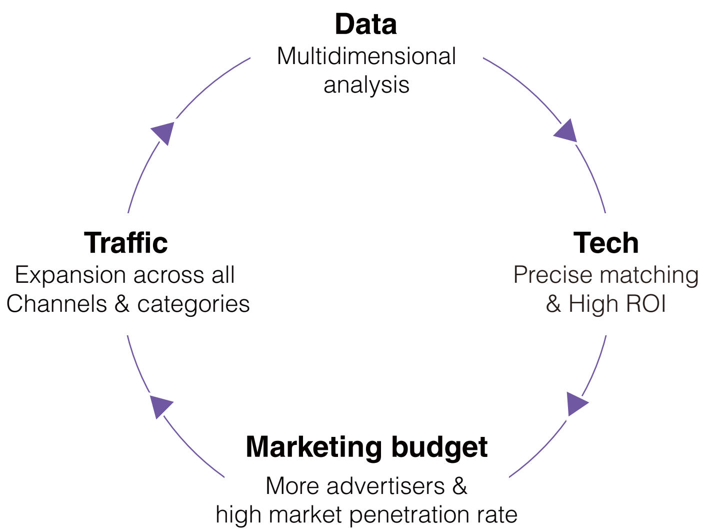
Typically, mobile application developers will only choose limited (generally 5–8) SDK plug-ins from advertising platforms to integrate into their mobile applications. Since the compliance and stability of SDK can affect the stability and user experience of mobile applications, replacing an SDK requires 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, the first-mover platform has advantages in algorithm iteration, model training, industry insight, etc., which can effectively improve the ROI of advertisers. Higher ROI encourages more advertising budget, thus forming a positive flywheel effect and a competitive advantage over new entrants.

Figure 11: The reinforced first-mover advantage



Source: Mobvista Inc.

Figure 12: 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 30 June 2023, Mintegral platform customers' dollar-based net expansion rate is up to 103.6%. 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 *Chinese roots, differentiated positioning*

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

As business grows, with its massive traffic ecosystem, the Company has built its ability to serve global customers step by step, aligning with its European and American counterparts. 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*

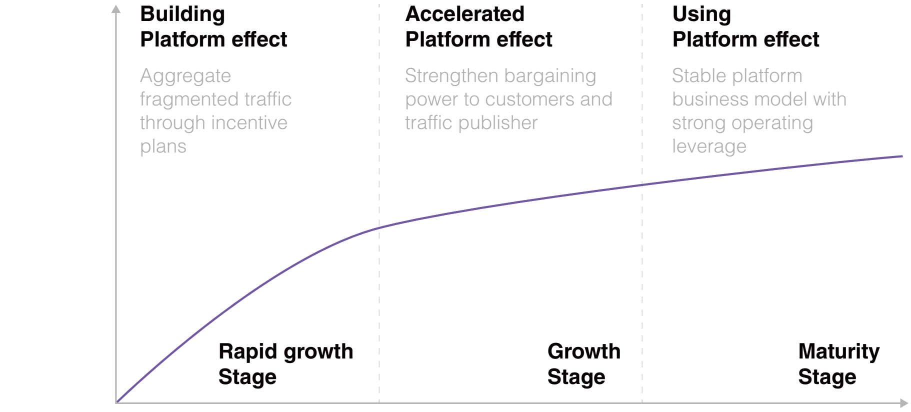
From the operational and financial perspective, the flywheel effect of the Mintegral platform means:

(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 13: The monetization model of Mintegral

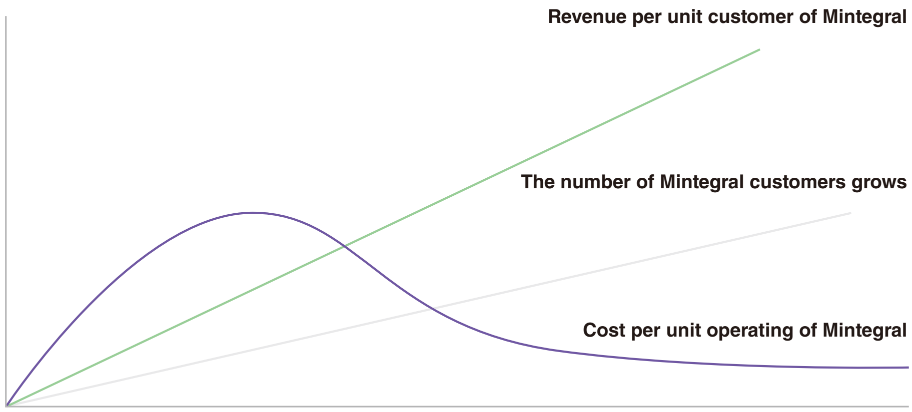


Revenue	Rapid growth	Rapid growth	Sustained growth
Gross profit	Lower	Rising	Stable
Operating Profit		Gradually improve	Rapid growth

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 14: Mintegral operating leverage



Source: Mobvista Inc.

5.1.6 Competitive/Cooperative Relationship With Top Media Publishers

With the development of advertising technology, customers will typically advertise initially through 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 publishers.

5.2. Ad-tech: Nativex

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

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

5.3. Mar-tech: GameAnalytics

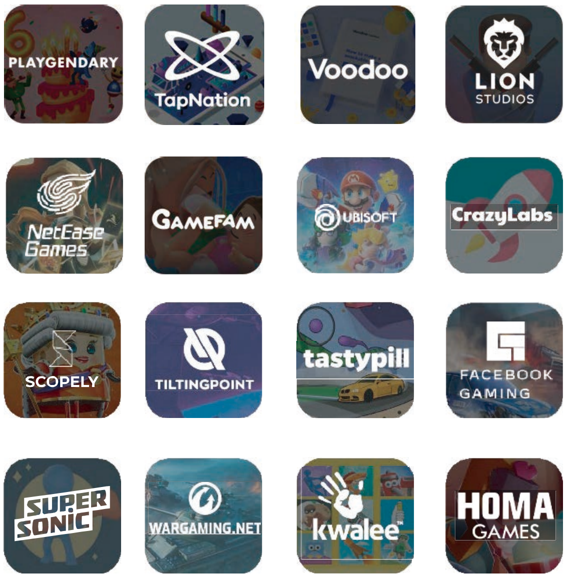
GameAnalytics is our SaaS-based in-App data statistical analysis tool. It is one of the world's largest casual and hyper-casual game data statistical analysis platforms. GA can provide game developers with in-depth analysis and insights about their products. It enables them to understand business operations 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 15: Major customers of GA

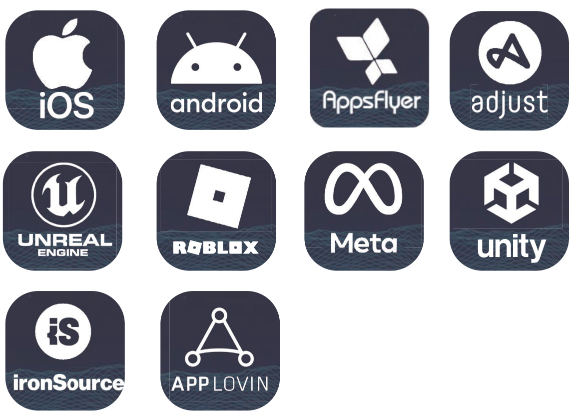
GameAnalytics's cooperative partners

Developer



Integration partners

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



Source: Mobvista Inc.

During the Reporting Period, GA revenue increased by 34.0% to US$0.8 million on a year-on-year basis.

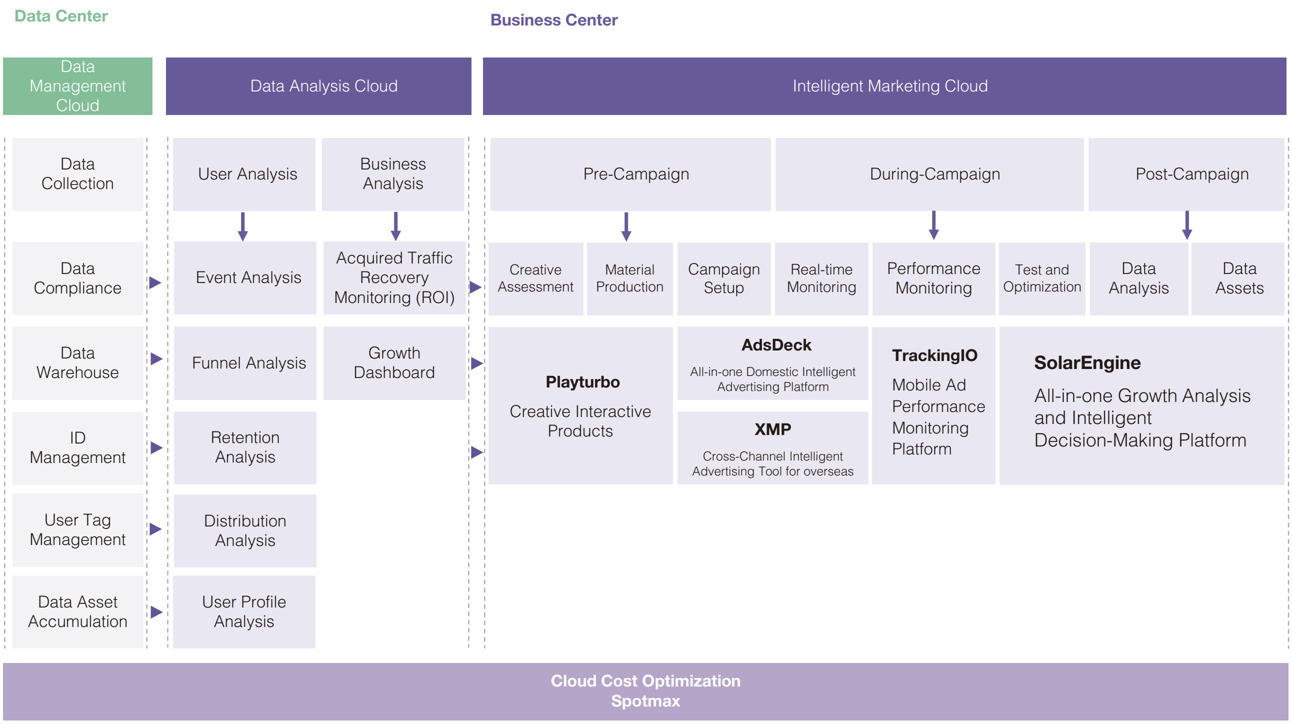
GA is strategically significant to consolidate the Group's core competitiveness in game advertising, helping the Group to reach potential game developer customers and high-quality advertising resources and improve the profile granularity of the advertising audience.

5.4. Mar-tech: SolarEngine

SolarEngine has made comprehensive product and service upgrades based on 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 16: SolarEngine Product Matrix



Source: Mobvista Inc.

Figure 17: Major customers of SolarEngine and Reyun Data

Game

Social and Content

Finance

Life and Service

Source: Reyun Data

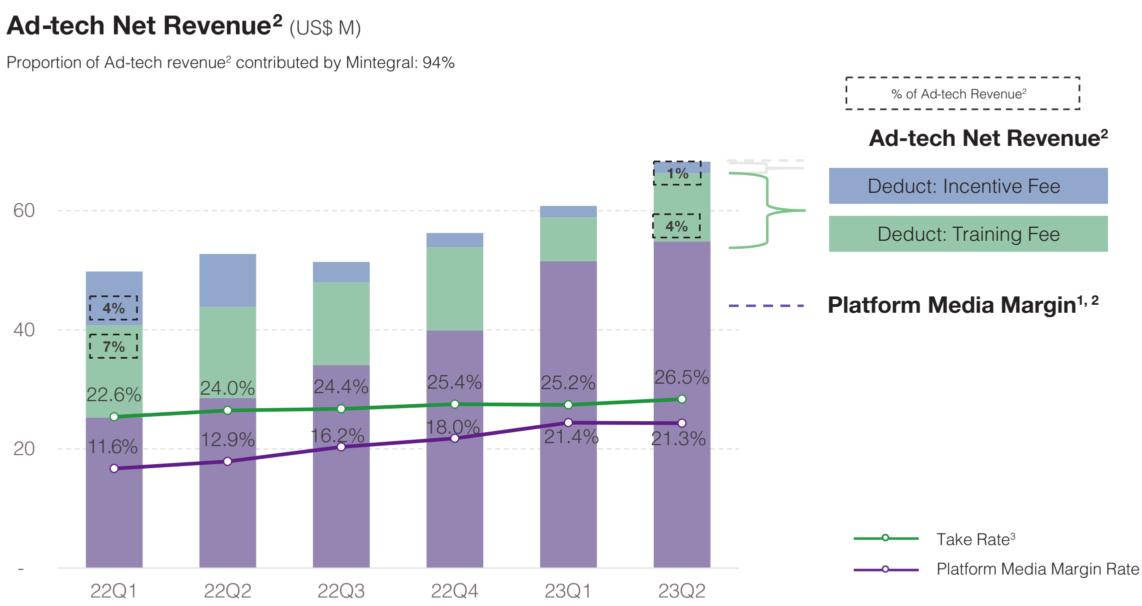
During the Reporting Period, SolarEngine recorded revenue of US$6.4 million.

5.5. Business review for the first half of 2023

For Mintegral, 2022 was the largest year of infrastructure building in our history. We launched a new bidding strategy and conducted a major system overhaul of the Mintegral platform, simplifying our system and improving the efficiency of model training and iteration. Financial performance validated these changes, as a result, Mintegral's revenue and profit have been steadily increasing quarter by quarter.

The infrastructural groundwork laid in 2022 provides us with a solid foundation for 2023, ensuring a smooth start to the year for all company operations. During the Reporting Period, Mintegral achieved new levels of revenue and profit. Due to Mintegral's years of cultivation in the field of machine learning, with the support of AI, we have successfully introduced a more refined traffic cost-effectiveness model. The user acquisition strategy has evolved from manually bidding for shallow-level installations to an intelligent bidding model based on advertiser ROI. In May 2023, the Target ROAS intelligent bidding feature was officially launched. Since the launch of Target ROAS, it has consistently and steadily contributed to revenue, and Mintegral's total revenue in July 2023 reached a new high. Meanwhile, Nativex has delivered impressive performance, with its revenue increasing by 70.3% compared to the second half of the previous year, consistently contributing profits to the Ad-tech business. 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.

Figure 18: Ad-tech net revenue (US$ million)



Notes:

1. We define platform media margin as Ad-tech net revenue minus incentive fee and training fee.
2. Exclude the impact of top media agency business.
3. Take Rate=Ad-tech Net Revenue/Ad-tech Revenue.

Data Source: Mobvista Inc.

In terms of Mar-tech, we are to integrate our existing Mar-tech team with that of Reyun Data in 2023 to leverage the synergy and improve operational efficiency, and our focus for the entire year of 2023 will be on team optimization and the development of new products for overseas 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$1.5 million, accounting for 20.2% of total marketing technology revenue. Overall, Mar-tech is still in the early stages of product refinement. The revenue has shown a slight year-on-year growth, while the overall losses have further narrowed.

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 H1. As we further align and collaborate with mediations, we expect them to provide even greater support for our revenue growth in the second half of the year.

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$235.9 million, representing an increase of 9.6% compared to the second half of 2022 (US$215.2 million), but a decrease of 3.4% year-on-year compared to the same period in 2022 (US$244.2 million). This category contributed 50.4% of Mintegral's total revenue. During the Reporting Period, there were slight fluctuations in revenue for the casual game category, primarily due to the industry's gradual shift towards the trend of blended 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. We are also committed to promoting the evolution of our advertising system towards ROAS (Return on Advertising Spend) model, where ad budgets are determined by target return rates rather than unit prices. The system evaluates each ad placement opportunity and automatically bids as closely as possible to the advertiser's target return.

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. In the second half of 2023, Mintegral will continue to focus on enhancing its intelligent bidding system.

5.5.4 Marketing technology business drives the expansion of new products in overseas markets

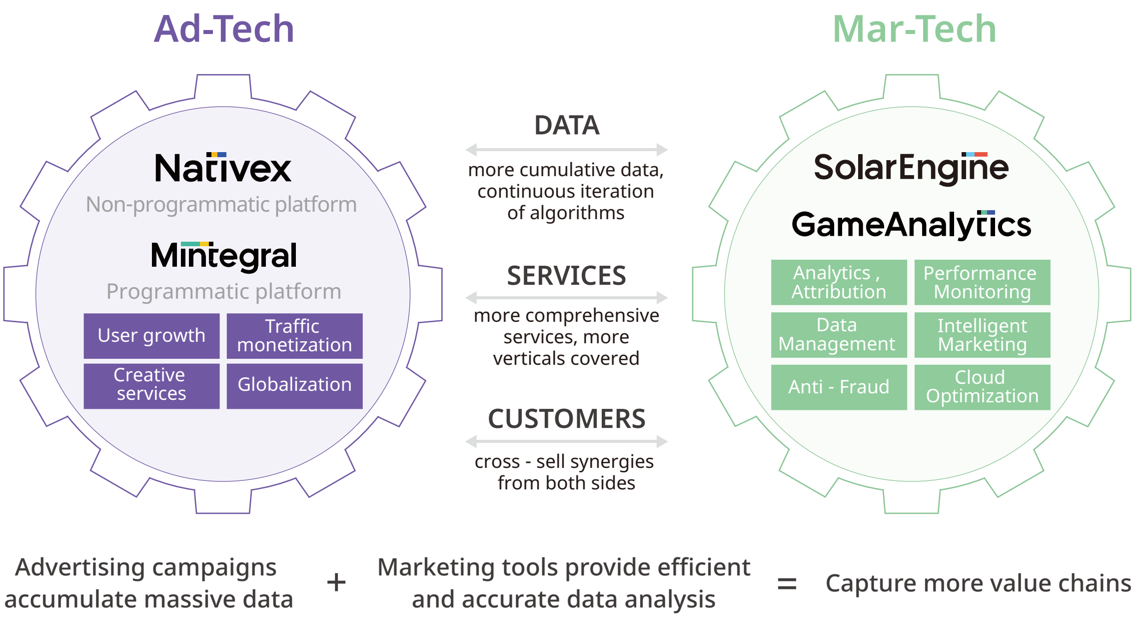
During the Reporting Period, we actively promoted the expansion of new products in overseas markets while assisting Chinese enterprises in expanding their presence and efficiently reaching overseas markets. Our all-in-one cross-channel intelligent advertising product, XMP, has facilitated enterprise expansion and achieved dual improvements in user acquisition effectiveness and efficiency. Leiting Games efficiently managed multiple international markets through XMP's cross-channel capabilities and rapid batch construction and management functions, while Supercent reduced 50% of ad creation and management time after using XMP. The creative production platform, Playturbo, has gained trust from global applications and brands, with top global publishers and game developers foraying into international markets, such as Voodoo and Dobest. In the future, we will continue to deepen our presence in overseas markets and expand the influence of our marketing technology products.

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

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

Following our vision of "Be the Bridge", we hope to build a bridge between the East and West markets by creating an ecosystem driven by the dual-flywheel of Ad-tech and Mar-tech and be a global connector and promoter. 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.

Figure 19: Future strategy of Mobvista



Source: Mobvista Inc.

In the wave of globalization and digitalization, the "dual-flywheel driven ecosystem" we are building is the "new digital infrastructure" in the mobile internet era, which will help more companies, especially small and medium-sized companies, to overcome the bottleneck of digital growth. We work with companies to reach a broader global market, from promotion, monetization, 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 service of purchasing traffic. 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 domestic purchase traffic 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 domestic 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 based on the China-to-Global market

As a third-party mobile advertising platform connecting the East and West markets, we are in the current wave of the China-to-Global market and invest greater energy and resources to help enterprises preparing to go overseas to enter overseas markets at a lower cost. 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 Type1 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 being a leader in practising 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

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, 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.

Figure 20: Example of Playturbo specific object removal/replacement functionality

VII. Testimonials

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

雷霆游戏

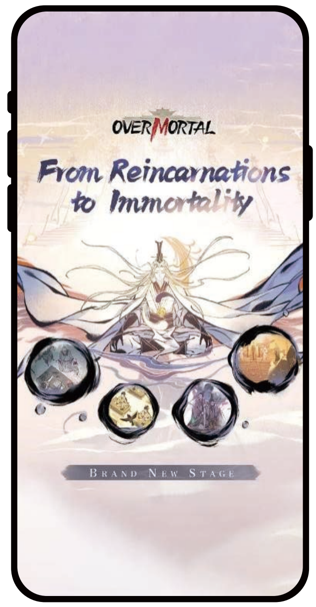
Midcore and hardcore Games	Domestic overseas enterprises

Leiting Games, a subsidiary of Xiamen G-bits Network, has released many popular games in the global market, covering midcore and hardcore games as well as causal games.

Leiting Games Testimonial:

The data reports from XMP have provided us with great convenience. Each team member can intuitively see the performance of various data tables through XMP. What used to take two hours in weekly meetings can now be completed in just half an hour. Furthermore, in the past, different module teams had limited understanding of delivery-side data. However, by using XMP, this barrier can be overcome, and data awareness will gradually become consistent, thus achieving data consensus.

—— Zehao
Global UA Lead at Leiting Games



Casual and midcore games | Domestic overseas enterprises

In just three years, Touka Games have released hundreds of games, many of which have ranked in the top ten or even claimed the top spot on major charts. Touka Games has accumulated over one hundred million users.

Touka Games Testimonial:

Mobvista's one-stop solution has helped us achieve cost reduction and efficiency improvement in interactive creativity, user growth, and monetization gains. Within a limited budget, it maximizes productivity and enhances overall effectiveness.

Take interactive creative production as an example. Due to cost and manpower constraints, our previous budget could only support the production of playable materials for high-potential games. However, after using Mobvista's automated creative production tool, we are now able to produce at least 3 interactive creatives for each product. The production cycle for materials has also been shortened from 1-2 weeks for one piece to now producing 2-3 creatives in just 1 day. This has greatly enhanced our advertising efficiency and effectiveness.

—— Kelly
Co-founder of Touka Games

MWM

Utility application | Overseas developers

MWM is a world-renowned creative app publisher established in 2012. With over 50 apps in segments such as music, drawing, photography, and video, MWM is focusing on powering its products with internal AI tech. The company has recorded over 500 million downloads worldwide.

MWM Testimonial:

Mintegral has outpaced our expectations with its accelerated campaign development. With a strong presence in Tier 1 countries and great support to deliver and propose a tailored strategy per app, they helped us explore different kinds of users and exceed our ROAS goals. We are looking forward to keeping building this collaboration with Mintegral.

—— Oscar Alfredo Dip
UA Manager at MWM

Revenue

1. Revenue by Type of Services

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

For the six months ended 30 June 2023, we recorded revenue of US$506.1 million (corresponding period in 2022: US$455.8 million), 11.0% higher on a YoY basis (excluding the impact of top media agency business, the year-on-year increase is 13.5%). Our revenue comes from the Ad-tech (advertising technology) segment which is centered around Nativex and 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 Six Months ended 30 June				
	2023		2022		
	US$'000 (Unaudited)	% of Total Revenue (Unaudited)	US$'000 (Unaudited)	% of Total Revenue (Unaudited)	YoY Change
Ad-tech Revenue	498,809	98.5%	449,157	98.6%	11.1%
Mar-tech Revenue	7,324	1.5%	6,639	1.4%	10.3%
Total	506,133	100.0%	455,796	100.0%	11.0%

2. Ad-tech (advertising technology) net revenue

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

	2023H1 US$'000 (Unaudited)	2022H2 US$'000 (Unaudited)	2022H1 US$'000 (Unaudited)	2021H2 US$'000 (Unaudited)
Advertising technology business revenue	498,809	432,656	449,157	445,386
— Advertising technology business net revenue[(1)]	129,041	107,666	104,459	90,984

Note:

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

For the six months ended 30 June 2023, the Group recorded advertising technology business revenue of US$498.8 million and advertising technology business net revenue of US$129.0 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 Six Months ended 30 June				
	2023		2022		
	US$'000 (Unaudited)	% of advertising technology business revenue (Unaudited)	US$'000 (Unaudited)	% of advertising technology business revenue (Unaudited)	YoY Change
Mintegral business revenue	**467,826**	**93.8%**	410,700	91.4%	**13.9%**
Nativex business revenue	**30,983**	**6.2%**	38,457	8.6%	**(19.4%)**
Total advertising technology business revenue	**498,809**	**100.0%**	449,157	100.0%	**11.1%**

For the six months ended 30 June 2023, we recorded advertising technology business revenue of US$498.8 million (corresponding period in 2022: US$449.2 million), 11.1% higher on a YoY basis. Our advertising technology business revenue comes from two business departments: Mintegral and Nativex. Among them, the revenue from Mintegral platform was US$467.8 million, accounting for 93.8% of the advertising technology business revenue. Revenue from the Nativex platform was US$31.0 million, accounting for 6.2% of advertising technology business revenue.

During the Reporting Period, Nativex platform's revenue declined YoY by 19.4% to US$31.0 million (compared to US$38.5 million in the same period of 2022). This is mainly because the data for the first half of 2022 includes revenue from the top media agency business for the first two months (which was officially divested in March 2022). Nativex has a good cash flow and is a stable source of profit for the Group, and therefore, the Group will continue to develop this business.

At the same time, benefiting from the Group's transformation strategy, Mintegral platform revenue achieved an increase of 13.9% on a YoY basis to US$467.8 million (corresponding period in 2022: US$410.7 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 also an important source of profits for the Group. As such, the Group will continue to focus on developing 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$467.8 million (corresponding period in 2022: US$410.7 million), a YoY increase of 13.9% compared to 2022. In the second and first quarters of 2023 and the fourth and third quarters of 2022, we recorded revenue of US$241.8 million, US$226.0 million, US$215.2 million and US$199.3 million with a change of 7.0%, 5.1%, 8.0% and -5.4% from the prior period, 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**
2023H1	467,826	12.9%	13.9%
2023Q2	241,769	7.0%	14.8%
2023Q1	226,057	5.1%	13.0%
2022H2	414,468	0.9%	18.3%
2022Q4	215,166	8.0%	13.0%
2022Q3	199,302	(5.4%)	24.6%

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 30 June of 2022 and 2023, there were 320 and 462 scaled enterprise customers respectively that had a revenue contribution of more than US$100,000[1].

	30 June 2023[2]	31 March 2023[2]	31 December 2022[2]	30 September 2022[2]	30 June 2022[2]
The number of customers with revenue contributions of more than US$100,000[1]	462	421	390	361	320
Total revenue of customers that contributed more than US$100,000[1] *(US$'000)*	767,134	775,564	771,083	761,308	735,980
Average revenue contribution of customers that contributed more than US$100,000[1] *(US$'000)*	1,661	1,842	1,977	2,109	2,300
Proportion of Mintegral platform revenue of the customers that contributed more than US$100,000[1]	86.9%	91.1%	93.4%	95.1%	96.7%
YOY change in average revenue contribution of customers with revenue contributions of more than US$100,000[1]	(27.8%)	(20.1%)	(6.0%)	19.0%	50.6%

Notes:

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

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

2) Retention of 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 30 June 2022, the retention rate of enterprise customers with revenue contributions of more than US$100,000[(1)] for the twelve-month as of 30 June 2023 was 93.5%, and the dollar-based net expansion rate[(2)] was 103.6%.

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

	30 June 2023	31 March 2023	31 December 2022	30 September 2022	30 June 2022
The number of retained customers[(5)] for the current period[(3)] with revenue contribution of more than US$100,000	371	355	343	307	279
The number of customers[(5)] for the base period[(4)] with revenue contribution of more than US$100,000	397	370	356	323	298
Customer retention rate with revenue contribution of more than US$100,000	93.5%	95.9%	96.3%	95.0%	93.6%
Dollar-based net expansion rate[(2)]	103.6%	124.0%	125.1%	163.9%	197.5%

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 30 June 2023.

(4) Base period: twelve-month as of 30 June 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 with revenue contribution 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 36.7% in the same period last year to 42.5%. This indicates a more stable and healthy client composition.

For the twelve months ended 30 June 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	316	127	19
Total customer revenue *(US$'000)*	111,786	374,854	354,182
Average revenue contribution of customers *(US$'000)*	354	2,952	18,641
% of total Mintegral revenue	12.7%	42.5%	40.1%

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 30 June 2023 and 30 June 2022
Small-sized enterprise customer (US$1 million > Revenue contribution ≥ US$100,000)	Number of customers retained in the current period[2]	189
	Number of customers in the base period[3]	212
	Customer retention rate	89.2%
	Dollar-based net expansion rate[1]	155.9%
Medium-sized enterprise customer (US$10 million > Revenue contribution ≥ US$1 million)	Number of customers retained in the current period[2]	88
	Number of customers in the base period[3]	91
	Customer retention rate	96.7%
	Dollar-based net expansion rate[1]	97.5%
Large-sized enterprise customer (Revenue contribution ≥ US$10 million)	Number of customers retained in the current period[2]	17
	Number of customers in the base period[3]	17
	Customer retention rate	100%
	Dollar-based net expansion rate[1]	78.2%

Notes:

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

(2) Current period: twelve-month as of 30 June 2023.

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

3.1.2. Main operational data

Quarter-to-quarter change	2023Q2	2023Q1	2022Q4	2022Q3
Cooperating traffic publishers[1] retention rate	95.4%	93.4%	94.9%	95.2%
Changes in the number of new cooperating traffic publishers	18.0%	15.1%	16.6%	15.8%
Changes in the number of new cooperating traffic Apps	23.8%	19.3%	23.5%	23.6%

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 2023Q2 and 2023Q1 are 95.4% and 93.4% respectively, and the quarter-on-quarter growth of new cooperative publishers is 18.0% and 15.1% respectively; and the number of cooperative Apps increased by 23.8% and 19.3% 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 Six Months Ended 30 June				
	2023		2022		
	US$'000 (Unaudited)	% of Mintegral platform business revenue (Unaudited)	US$'000 (Unaudited)	% of Mintegral platform business revenue (Unaudited)	YoY change
Game	374,899	80.1%	323,142	78.7%	16.0%
Casual game	235,873	50.4%	244,213	59.5%	(3.4%)
Midcore and hardcore game	139,026	29.7%	78,929	19.2%	76.1%
E-commerce	22,495	4.8%	21,653	5.3%	3.9%
Social and content	27,378	5.9%	34,465	8.4%	(20.6%)
Lifestyle	15,085	3.2%	4,831	1.2%	212.3%
Utility	18,655	4.0%	14,270	3.5%	30.7%
Others	9,314	2.0%	12,339	2.9%	(24.5%)
Total revenue from Mintegral platform business	467,826	100.0%	410,700	100.0%	13.9%

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 29.7% of Mintegral's revenue.

During the Reporting Period, the game category recorded revenue of US$374.9 million (corresponding period in 2022: US$323.1 million), a YoY increase of 16.0%, accounting for 80.1% of Mintegral's revenue. During the Reporting Period, the Group have maintained the leading position in the casual games and continued to strengthen its long-term advantages in the field of casual/hyper-casual games. 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 76.1% 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$22.5 million (corresponding period in 2022: US$21.7 million), a YoY increase of 3.9%, accounting for 4.8% of Mintegral's business revenue.

The revenue of social and content category declined by 20.6% to US$27.4 million (corresponding period in 2022: US$34.5 million).

The utility category recorded revenue of US$18.7 million (corresponding period of 2022: US$14.3 million), a YoY increase of 30.7%. 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 Six Months Ended 30 June				
	2023		2022		
	US$'000 (Unaudited)	**% of advertising technology business revenue (Unaudited)**	US$'000 (Unaudited)	% of advertising technology business revenue (Unaudited)	**YoY change**
China[2]	**167,491**	**33.6%**	145,373	32.4%	**15.2%**
EMEA(3) and Americas[4]	**227,122**	**45.5%**	201,856	44.9%	**12.5%**
Asia-Pacific[5]	**98,523**	**19.8%**	97,731	21.8%	**0.8%**
Other regions[6]	**5,673**	**1.1%**	4,197	0.9%	**35.2%**
Total advertising technology business revenue	**498,809**	**100.0%**	449,157	100.0%	**11.1%**

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$227.1 million (corresponding period of 2022: US$201.9 million), the proportion of its contribution to the advertising technology business revenue is 45.5% (among them, the Americas and the Middle East contributed to 6.9% and 15.7% of the revenue of advertising technology business respectively), the contribution ratio of advertising technology business revenue remained relatively stable. 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, consequently fostering the growth of revenue in the EMEA region.

China is the second largest source of income, with revenue of US$167.5 million (the same period in 2022: US$145.4 million), an increase of 15.2% on a YoY basis, and accounting for 33.6% 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$98.5 million (corresponding period of 2022: US$97.7 million), a YoY increase of 0.8%.

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 52.6% of the total revenue of marketing technology business.

	Statistics and Analysis US$'000 (Unaudited)	**Creative** US$'000 (Unaudited)	**Advertising** US$'000 (Unaudited)	**Cloud Computing Optimization** US$'000 (Unaudited)	**Total** US$'000 (Unaudited)
Revenue	3,856	2,421	877	170	7,324
% of marketing technology business revenue	52.6%	33.1%	12.0%	2.3%	100.0%

Cost of Sales

During the Reporting Period, our cost of sales increased by 10.2% YoY to US$403.2 million (corresponding period in 2022: US$365.8 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 Six Months Ended 30 June				
	2023		2022		
	US$'000 (Unaudited)	**% of respective business revenue (Unaudited)**	US$'000 (Unaudited)	% of respective business revenue (Unaudited)	**YoY Change**
Ad-tech business	**401,333**	**80.4%**	363,750	80.9%	**10.3%**
Traffic cost	**369,768**	**74.1%**	344,698	76.7%	**7.3%**
Other business cost	**31,565**	**6.3%**	19,052	4.2%	**65.7%**
Mar-tech business	**1,840**	**25.1%**	2,066	31.1%	**(10.9%)**
Mar-tech business cost	**1,840**	**25.1%**	2,066	31.1%	**(10.9%)**
Total	**403,173**	**79.7%**	365,816	80.3%	**10.2%**

Gross Profit and Gross Profit Margin

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

	For the Six Months Ended 30 June				
	2023		2022		
	Gross Profit US$'000 (Unaudited)	**Gross profit margin (Unaudited)**	Gross Profit US$'000 (Unaudited)	Gross profit margin (Unaudited)	**YoY change**
Ad-tech business	**97,476**	**19.5%**	85,407	19.0%	**14.1%**
Mar-tech business	**5,484**	**74.9%**	4,573	68.9%	**19.9%**
Total	**102,960**	**20.3%**	89,980	19.7%	**14.4%**

During the Reporting Period, the Group recorded a gross profit of US$103.0 million (corresponding period in 2022: US$90.0 million), a YoY increase of 14.4%. Gross profit margin increased to 20.3% (corresponding period in 2022: 19.7%).

The gross profit of the advertising technology business increased by 14.1% to US$97.5 million on a YoY basis, with a gross profit margin of 19.5%, which is slightly higher than that for the same period in 2022.

The gross profit of the marketing technology business was US$5.5 million, and the gross profit margin was 74.9%, 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 34.9% YoY to US$26.0 million (corresponding period in 2022: US$39.9 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 21.1% YoY to US$42.0 million (corresponding period in 2022: US$53.3 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$79.8 million, a decrease of 14.8% compared to the same period last year.

The Group continues to firmly believe that R&D and technological advancement are the core drivers of business growth. Therefore, share grants are given to R&D personnel as incentives. During the Reporting Period, the share-based compensation included in R&D expenditures amounted to US$3.6 million.

General and Administrative Expenses

During the Reporting Period, our general and administrative expenses have increased by 7.9% YoY to US$27.0 million (corresponding period in 2022: US$25.0 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 gain/(loss) from asset impairments.

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

Profit from Operations

During the Reporting Period, our operating profit was US$12.7 million (corresponding period in 2022: US$16.7 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 789.5% YoY to US$51.8 million (corresponding period in 2022: US$5.8 million).

Quarterly net profit, adjusted EBITDA

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

Note:

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

Trade receivable turnover days

During the Reporting Period, the Group's overall trade receivable turnover days was 40 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
2023H1	40
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 85 days. A relatively stable level was also maintained over the past three years.

(Unit: Days)	Total trade payables turnover days
2023H1	85
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$48.0 million, a year-on-year increase of 105.7% when compared with the previous reporting period. The net cash flow generated by operating activities increased significantly.

	For the Six Months Ended 30 June		
	2023 US$'000 (Unaudited)	2022 US$'000 (Unaudited)	**YoY Change**
Net cash flow from the operating activities	**47,997**	23,330	**105.7%**

Finance Costs

During the Reporting Period, our financial costs increased by 50.3% to US$3.2 million on a YoY basis (corresponding period in 2022: US$2.2 million).

Income Tax

During the Reporting Period, we recorded tax expenses of US$2.8 million (corresponding period in 2022: tax benefits 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$10.2 million (corresponding period in 2022: US$24.7 million).

Other Financial Information (Non-IFRS measures)

To supplement our consolidated financial statements presented in accordance with IFRS, we also use non-IFRS measures, namely EBITDA, adjusted EBITDA and adjusted net 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 Six Months Ended 30 June				
	2023		2022		
	US$'000 (Unaudited)	**% of Total Revenue (Unaudited)**	US$'000 (Unaudited)	% of Total Revenue (Unaudited)	**YoY Change**
Profit from operations	**12,671**	**2.5%**	16,661	3.7%	**(23.9%)**
Add back:					
Depreciation and amortization	**35,701**	**7.1%**	27,690	6.1%	**28.9%**
EBITDA	**48,372**	**9.6%**	44,351	9.7%	**9.1%**
Add back:					
Share-based compensation[1]	**6,084**	**1.2%**	4,869	1.1%	**25.0%**
Restructuring expenses of R&D team[2]	**–**	**–**	424	0.1%	**–**
Attorney expenses of acquisition of Reyun Data[3]	**–**	**–**	619	0.1%	**–**
Foreign exchange loss[4]	**1,104**	**0.2%**	3,596	0.8%	**(69.3%)**
Investment (gain)/loss from financial assets at fair value through profit or loss[5]	**(3,758)**	**(0.7%)**	743	0.2%	**605.8%**
Gain on disposal of subsidiaries and top media agency business[6]	**–**	**–**	(48,778)	(10.7%)	**–**
Non-IFRS measures					
Adjusted EBITDA[7]	**51,802**	**10.2%**	5,824	1.3%	**789.5%**
Profit for the period	**8,522**	**1.7%**	21,650	4.7%	**(60.6%)**
Add back:					
Share-based compensation[1]	**6,084**	**1.2%**	4,869	1.1%	**25.0%**
Investment (gain)/loss from financial assets at fair value through profit or loss[5]	**(3,758)**	**(0.7%)**	743	0.2%	**605.8%**
Gain from change in fair value of derivative financial liabilities[8]	**(1,907)**	**(0.4%)**	(6,193)	(1.4%)	**(69.2%)**
Adjusted net profit[9]	**8,941**	**1.8%**	21,069	4.6%	**(57.6%)**

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

(8) 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$51.8 million (corresponding period in 2022: US$5.8 million), which has increased by 789.5% YoY, and the adjusted net profit was US$8.9 million (corresponding period in 2022: US$21.1 million, which includes a 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 of 30 June 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 of 30 June 2023, the number of issued Shares of the Company was 1,627,722,164, 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 30 June 2023, our total assets were US$640.1 million (31 December 2022: US$602.1 million), while our total liabilities were US$384.1 million (31 December 2022: US$354.0 million). The gearing ratio (total liabilities divided by total assets) has risen to 60.0% (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 4.7%–7.8% (corresponding period in 2022: 1.2%–6.9%).

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 30 June 2023, our cash and cash equivalents amounted to US$106.6 million (31 December 2022: US$105.7 million). As of 30 June 2023, our bank loans balance amounted to US$47.8 million (31 December 2022: US$45.6 million), where 14.3% were at fixed interest rates. The aforementioned bank loans were denominated in US dollars, with a remaining maturity of less than one year for US$7.8 million and a maturity until March 2025 for US$40.0 million. The Group does not have seasonal borrowing requirements.

Capital Expenditures

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

	For the Six Months Ended 30 June	
	2023	2022
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Property, plant and equipment	**917**	335
Intangible assets and development costs	**37,774**	40,812
Total	**38,691**	41,147

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

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 30 June 2023, except for the restricted cash of US$4.8 million pledged for the bank loans and other deposits in banks, a facility of US$40 million from Hongkong and Shanghai Banking Corporation Limited was secured by cash in bank accounts of certain subsidiaries of the Group, shares of certain oversea subsidiaries of the Group, shares in certain domestic subsidiaries of the Group, and intellectual properties held by a subsidiary of the Group.

Save as the above disclosure, 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 the 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.

The facilities were repaid when due, except that the term of US$40 million of the facilities has been extended to 9 March 2025. For further details, please refer to the Company's announcement dated 10 March 2022.

Material Investments or Future Plans for Major Investment

As of 30 June 2023, the Group did not hold any material investment and had no specific plan for material investments or capital assets.

Contingent Liabilities and Financial Guarantees

As of 30 June 2023, there was no contingent liability or financial guarantee granted to third parties of the Group.

Employee and Remuneration Policies

As of 30 June 2023, the Group had 17 offices around the world, with 772 full-time employees (31 December 2022: 777 employees), primarily based in the headquarter in Guangzhou, China. We had 455 employees engaged in R&D activities, accounting for 58.9% 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. The Group manage foreign exchange risk by performing regular reviews of our foreign exchange exposure, and has not established any financial instruments to hedge against risks related to interest rate and exchange rate fluctuations.

To the Board of Directors of Mobvista Inc.
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 54 to 84 which comprises the consolidated statement of financial position of Mobvista Inc. (the "**Company**") as of 30 June 2023 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**"). The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

15 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023 — unaudited
(Expressed in United States dollar)

		Six months ended 30 June	
	Note	**2023 US$'000**	2022 US$'000
Revenue	3	**506,133**	455,796
Cost of sales		**(403,173)**	(365,816)
Gross Profit		**102,960**	89,980
Selling and marketing expenses		**(25,964)**	(39,888)
Research and development expenses		**(42,031)**	(53,268)
General and administrative expenses		**(27,036)**	(25,049)
Other net income		**4,742**	44,886
Profit from operations		**12,671**	16,661
Change in fair value of derivative financial liabilities	15	**1,907**	6,193
Finance costs	5(a)	**(3,245)**	(2,159)
Profit before taxation	5	**11,333**	20,695
Income tax	6	**(2,811)**	955
Profit for the period		**8,522**	21,650
Attributable to:			
Equity shareholders of the Company		**10,160**	24,681
Non-controlling interests		**(1,638)**	(3,031)
Profit for the period		**8,522**	21,650
Earnings per share	7		
Basic (US$ cent per share)		**0.66**	1.57
Diluted (US$ cent per share)		**0.60**	1.21

The notes on pages 62 to 84 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 16(a).

For the six months ended 30 June 2023 — unaudited
(Expressed in United States dollar)

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
Profit for the period	**8,522**	21,650
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(219)**	(1,165)
Total comprehensive income for the period	**8,303**	20,485
Attributable to:		
Equity shareholders of the Company	**9,941**	23,516
Non-controlling interests	**(1,638)**	(3,031)
Total comprehensive income for the period	**8,303**	20,485

The notes on pages 62 to 84 form part of this interim financial report.

At 30 June 2023 — unaudited
(Expressed in United States dollar)

	Note	At 30 June 2023 US$'000	At 31 December 2022 US$'000
Non-current assets			
Property, plant and equipment	8	**9,384**	11,679
Intangible assets	9	**142,052**	137,587
Goodwill	10	**115,342**	115,342
Deferred tax assets		**17,903**	20,357
Financial assets measured at fair value through profit or loss ("**FVPL**")		**1,190**	1,235
		285,871	286,200
Current assets			
Financial assets measured at FVPL		**35,617**	31,564
Trade and other receivables	11	**170,781**	141,104
Prepayments		**35,905**	32,179
Restricted cash	12(a)	**4,794**	4,783
Cash and cash equivalents	12(b)	**106,571**	105,716
Current tax recoverable		**515**	528
		354,183	315,874
Current liabilities			
Trade and other payables	13	**281,975**	251,164
Current tax payable		**9,480**	7,331
Bank loans and overdrafts	14	**7,820**	45,555
Lease liabilities		**3,618**	4,991
Convertible bonds	15	**31,247**	—
Derivative financial liabilities	15	**287**	2,194
		334,427	311,235
Net current assets		**19,756**	4,639
Total assets less current liabilities		**305,627**	290,839

At 30 June 2023 — unaudited
(Expressed in United States dollar)

	Note	At 30 June 2023 US$'000	At 31 December 2022 US$'000
Non-current liabilities			
Bank loans and overdrafts	14	**40,000**	—
Convertible bonds	15	**—**	29,980
Deferred tax liabilities		**4,042**	5,867
Lease liabilities		**5,592**	6,932
Other non-current liabilities		**—**	21
		49,634	42,800
NET ASSETS		**255,993**	248,039
CAPITAL AND RESERVES	16		
Share capital		**16,277**	16,366
Reserves		**228,718**	219,037
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**244,995**	235,403
Non-controlling interests		**10,998**	12,636
TOTAL EQUITY		**255,993**	248,039

Approved and authorised for issue by the Board of Directors on 15 August 2023.

Duan Wei
Director

Cao Xiaohuan
Director

The notes on pages 62 to 84 form part of this interim financial report.

For the six months ended 30 June 2023 — unaudited
(Expressed in United States dollar)

		Attributable to equity shareholders of the Company										
	Note	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Statutory reserve US$'000	Exchange reserve US$'000	Reserve for treasury shares US$'000 Note 16(d)	Share-based payments reserve US$'000 Note 16(b)	Retained profits US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total equity US$'000
As at 1 January 2022		16,640	268,389	36	1,653	41	(19,108)	18,623	50,530	336,804	22,554	359,358
Changes in equity for the six months ended 30 June 2022:												
Profit for the period		–	–	–	–	–	–	–	24,681	24,681	(3,031)	21,650
Other comprehensive income		–	–	–	–	(1,165)	–	–	–	(1,165)	–	(1,165)
Total comprehensive income		–	–	–	–	(1,165)	–	–	24,681	23,516	(3,031)	20,485
Vested restricted share units ("**RSUs**")	16(b)	–	988	–	–	–	8,943	(9,931)	–	–	–	–
Share-based compensation	5	–	–	–	–	–	–	4,869	–	4,869	–	4,869
Shares repurchased for cancellation	16(c)	–	–	–	–	–	(10,020)	–	–	(10,020)	–	(10,020)
Shares transferred from Seamless Technology Limited ("**Seamless**") as a consideration of business restructuring		–	–	–	–	–	(100,352)	–	–	(100,352)	–	(100,352)
Disposal of subsidiaries		–	–	–	–	160	–	–	–	160	–	160
Acquisition of non-controlling interests without a change in control		–	(8,556)	(36)	–	–	–	–	–	(8,592)	(4,199)	(12,791)
Cancellation of ordinary shares	16(c)	(126)	(10,441)	–	–	–	10,567	–	–	–	–	–
As at 30 June 2022 and 1 July 2022		16,514	250,380	–	1,653	(964)	(109,970)	13,561	75,211	246,385	15,324	261,709
Changes in equity for the six months ended 31 December 2022:												
Loss for the period		–	–	–	–	–	–	–	(9,687)	(9,687)	(1,773)	(11,460)
Other comprehensive income		–	–	–	–	667	–	–	–	667	–	667
Total comprehensive income		–	–	–	–	667	–	–	(9,687)	(9,020)	(1,773)	(10,793)
Vested RSUs	16(b)	–	(1,653)	–	–	–	5,054	(3,401)	–	–	–	–
Share-based compensation	5	–	–	–	–	–	–	7,612	–	7,612	–	7,612
Shares repurchased for cancellation	16(c)	–	–	–	–	–	(7,939)	–	–	(7,939)	–	(7,939)
Acquisition of non-controlling interests without a change in control		–	(1,635)	–	–	–	–	–	–	(1,635)	(915)	(2,550)
Cancellation of ordinary shares	16(c)	(148)	(9,705)	–	–	–	9,853	–	–	–	–	–
Balance at 31 December 2022		16,366	237,387	–	1,653	(297)	(103,002)	17,772	65,524	235,403	12,636	248,039

For the six months ended 30 June 2023 — unaudited
(Expressed in United States dollar)

	Note	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
		Share capital US$'000	Share premium US$'000	Statutory reserve US$'000	Exchange reserve US$'000	Reserve for Treasury shares US$'000 Note 16(d)	Share-based payments reserve US$'000 Note 16(b)	Retained profits US$'000	Sub-total US$'000	US$'000	US$'000
As at 1 January 2023		16,366	237,387	1,653	(297)	(103,002)	17,772	65,524	235,403	12,636	248,039
Changes in equity for the six months ended 30 June 2023:											
Profit for the period		–	–	–	–	–	–	10,160	10,160	(1,638)	8,522
Other comprehensive income		–	–	–	(219)	–	–	–	(219)	–	(219)
Total comprehensive income		–	–	–	(219)	–	–	10,160	9,941	(1,638)	8,303
Vested RSUs	16(b)	–	(7,777)	–	–	18,536	(10,759)	–	–	–	–
Share-based compensation	5	–	–	–	–	–	6,084	–	6,084	–	6,084
Shares repurchased for cancellation	16(c)	–	–	–	–	(6,433)	–	–	(6,433)	–	(6,433)
Cancellation of ordinary shares	16(c)	(89)	(4,592)	–	–	4,681	–	–	–	–	–
As at 30 June 2023		16,277	225,018	1,653	(516)	(86,218)	13,097	75,684	244,995	10,998	255,993

The notes on pages 62 to 84 form part of this interim financial report.

For the six months ended 30 June 2023 — unaudited
(Expressed in United States dollar)

	Note	Six months ended 30 June 2023 US$'000	2022 US$'000
Operating activities			
Cash generated from operations		**48,047**	24,354
Income tax paid		**(50)**	(1,024)
Net cash generated from operating activities		**47,997**	23,330
Investing activities			
Investment in other financial assets		**—**	(21,284)
Proceeds from disposal of other financial assets		**519**	10,713
Payment for intangible assets and development costs		**(37,774)**	(40,812)
Payment for property, plant and equipment		**(917)**	(335)
Disposal of subsidiaries		**—**	(3,577)
Proceeds from disposal of property, plant and equipment		**9**	7
Interest received		**330**	102
Net cash used in investing activities		**(37,833)**	(55,186)
Financing activities			
Proceeds from bank loans		**8,038**	162,036
Repayment of bank loans		**(10,482)**	(130,538)
Capital element of lease rentals paid		**(2,161)**	(3,308)
Interest element of lease rentals paid		**(220)**	(232)
Payment for acquisition of non-controlling interests		**—**	(12,791)
Interest and other borrowing cost paid		**(2,073)**	(500)
Change in restricted and pledged deposits		**(11)**	626
Payment for repurchase of shares	16(c)	**(6,433)**	(10,020)
Net cash (used in)/generated from financing activities		**(13,342)**	5,273
Net decrease in cash and cash equivalents		**(3,178)**	(26,583)
Cash and cash equivalents at 1 January	12	**103,599**	160,322
Effect of foreign exchanges rates changes		**(670)**	(1,233)
Cash and cash equivalents at 30 June	12	**99,751**	132,506

The notes on pages 62 to 84 form part of this interim financial report.

(Expressed in United States dollars unless otherwise indicated)

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, Interim financial reporting, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on 15 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 2(a).

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Mobvista Inc. (the "**Company**") and its subsidiaries (collectively, the "**Group**") since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

The interim financial report is unaudited but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 54.

2 Changes in accounting policies

(a) New and amended IFRSs

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

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accou*nting estimates
- 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*

(Expressed in United States dollars unless otherwise indicated)

2 Changes in accounting policies (Continued)

(a) New and amended IFRSs (Continued)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRSs are discussed below:

IFRS 17, Insurance contracts

IFRS 17, which replaces IFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of IFRS 17.

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

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

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

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

2 Changes in accounting policies (Continued)

(a) New and amended IFRSs (Continued)

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

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("**OECD**") (income tax arising from such tax laws is hereafter referred to as "**Pillar Two income taxes**"), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax. The amendments are immediately effective upon issuance and require retrospective application. The Group has applied the amendments retrospectively. After assessment, the amendments do not have a material impact on these financial statements.

(b) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting

In June 2022, the Government of the Hong Kong SAR (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will eventually abolish the statutory right of an employer to reduce its long service payment ("**LSP**") and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund ("**MPF**") scheme (also known as the "**offsetting mechanism**"). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "**Transition Date**"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

(Expressed in United States dollars unless otherwise indicated)

2 Changes in accounting policies (Continued)

(b) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting (Continued)

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of IAS 19 and recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability during the year ended 31 December 2022.

In this interim financial report and in prior periods, consistent with the HKICPA guidance the Group has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. However, the Group has been applying the abovementioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance. The Group expects to adopt this guidance with retrospective application in its annual financial statements for the year ending 31 December 2023.

(Expressed in United States dollars unless otherwise indicated)

3 Revenue and segment reporting

(a) Revenue

The principal services of the Group are the provisions of advertising technology services and marketing technology services.

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

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
Revenue from advertising technology services	**498,809**	449,157
Revenue from marketing technology services	**7,324**	6,639
	506,133	455,796

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

The Group's customer base is diversified. During the six months ended 30 June 2023, no single customer contributed to 10% or more of the Group's revenue (six months ended 30 June 2022: nil).

(b) Segment reporting

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

(Expressed in United States dollars unless otherwise indicated)

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

(i) Segment results

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's chief operating decision maker ("**CODM**") for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Advertising technology business		**Marketing technology business**		**Total**	
For the six months ended	**2023 US$'000**	2022 US$'000	**2023 US$'000**	2022 US$'000	**2023 US$'000**	2022 US$'000
Disaggregated by timing of revenue recognition						
Point in time	**498,809**	449,157	**171**	127	**498,980**	449,284
Over time	**–**	–	**7,153**	6,512	**7,153**	6,512
Reportable segment revenue	**498,809**	449,157	**7,324**	6,639	**506,133**	455,796
Reportable segment profit/(loss) (adjusted EBITDA)	**56,567**	13,948	**(3,603)**	(7,528)	**52,964**	6,420

Adjusted EBITDA is not an IFRS measure. The Group defines adjusted EBITDA as EBITDA (which is profit/(loss) from operations plus depreciation and amortization expenses) adjusted by adding back or deducting share-based compensation expenses, investment gain/(loss) from financial assets at fair value through profit or loss, personnel optimization expenses of research and development team, attorney expenses of acquisition of Beijing Reyun Technology Co., Ltd., foreign exchange loss and gain on disposal of subsidiaries and top media agency business.

(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.

(Expressed in United States dollars unless otherwise indicated)

3 Revenue and segment reporting (Continued)

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2023 **US$'000**	2022 US$'000
Reportable segment profit (adjusted EBITDA)	**52,964**	6,420
Other net income excluding interest income	**4,032**	44,688
Gain from change in fair value of derivative financial liabilities	**1,907**	6,193
Depreciation and amortisation	**(35,701)**	(27,690)
Finance costs	**(3,245)**	(2,159)
Unallocated head office and corporate expenses	**(8,624)**	(6,757)
Profit before taxation	**11,333**	20,695

(d) 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 for six months ended 30 June	
	2023 **US$'000**	2022 US$'000
China (note (i))	**173,926**	151,250
EMEA (note (ii)) and Americas (note (iii))	**227,943**	202,618
Asia Pacific (note (iv))	**98,591**	97,731
Other regions	**5,673**	4,197
	506,133	455,796

Notes:

(i) Includes Chinese mainland, 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 major Asian countries excluding China.

(Expressed in United States dollars unless otherwise indicated)

4 Seasonality of operations

The Group generally experiences higher revenue in the fourth quarter as compared with other quarters in the year, because more revenues are generated from mobile advertising solutions in the fourth quarter of the year prior to the New Year holiday. For the twelve months ended 30 June 2023, the Group reported revenue of US$944,743,000 (twelve months ended 30 June 2022: US$903,452,000), and gross profit of US$190,009,000 (twelve months ended 30 June 2022: US$169,477,000).

5 Profit before taxation

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

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
(a) Finance costs		
Interest on bank loans	**1,758**	722
Interest on lease liabilities	**220**	232
Interest on convertible bonds	**1,267**	1,205
	3,245	2,159
(b) Staff costs		
Contributions to defined contribution retirement plans	**1,935**	1,993
Share-based compensation expenses	**6,084**	4,869
Salaries, wages and other benefits	**20,419**	20,488
	28,438	27,350
(c) Other items		
Gain on business restructuring	**—**	(46,708)
Net foreign exchange loss	**1,104**	3,596
Net gain on disposal of subsidiaries	**—**	(2,070)
Net fair value (gain)/loss on financial assets at FVPL	**(3,758)**	743
Government grants (note)	**(467)**	(259)
Interest income	**(710)**	(198)
(Gain)/loss on disposal of property, plant and equipment	**(42)**	4
Depreciation charge		
— owned property, plant and equipment	**281**	286
— right-of-use assets	**2,386**	2,967
Amortisation	**33,034**	24,437
Operating lease charges in respect of properties	**358**	299

(Expressed in United States dollars unless otherwise indicated)

5 Profit before taxation (Continued)

Note: Government grant represented unconditional cash subsidies received by certain PRC subsidiaries from local government for the Group's achievement during the six months ended 30 June 2023 and 2022. There are no unfulfilled conditions or contingencies relating to such government grants income recognised.

6 Income tax

	Six months ended 30 June	
	2023 US$'000	2022 US$'000
Current tax	**2,212**	1,289
Deferred tax	**599**	(2,244)
	2,811	(955)

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of US$10,160,000 (six months ended 30 June 2022: US$24,681,000) and the weighted average of 1,539,431,888 ordinary shares (2022: 1,569,632,702 shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30 June	
	2023	2022
At 1 January (note)	**1,527,756,475**	1,633,671,546
Effect of vested RSUs	**14,625,938**	15,021,191
Effect of shares repurchase for cancellation	**(2,950,525)**	(7,738,735)
Effect of shares transferred from Seamless as a consideration of business restructuring	**–**	(71,321,300)
Weighted average number of ordinary shares as at 30 June	**1,539,431,888**	1,569,632,702

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 netting of 108,863,689 (2022: 30,446,618) treasure shares held by RSU trustees as at 1 January 2023.

(Expressed in United States dollars unless otherwise indicated)

7 Earnings per share (Continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of US$9,520,000 (six months ended 30 June 2022: US$19,693,000) and the weighted average number of 1,593,514,946 ordinary shares (2022: 1,624,661,150 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)

	Six months ended 30 June	
	2023	2022
	US$'000	US$'000
Profit attributable to ordinary equity shareholders	**10,160**	24,681
After tax effect of effective interest on the liability component of convertible bonds	**1,267**	1,205
After tax effect of gains recognised on the derivative component of convertible bonds	**(1,907)**	(6,193)
Profit attributable to ordinary equity shareholders (diluted)	**9,520**	19,693

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

	2023	2022
Weighted average number of ordinary shares as at 30 June	**1,539,431,888**	1,569,632,702
Effect of convertible bonds	**41,978,339**	41,978,339
Effect of unvested shares under the Company's share-based compensation scheme	**12,104,719**	9,505,377
Effect of unvested shares under the Company's share option scheme	**–**	3,221,935
Effect of contingent consideration	**–**	322,797
Weighted average number of ordinary shares (diluted) as at 30 June	**1,593,514,946**	1,624,661,150

(Expressed in United States dollars unless otherwise indicated)

8 Property, plant and equipment

(a) Right-of-use assets

During the six months ended 30 June 2023, the Group entered into three lease agreements for use of office, and therefore recognised the additions to right-of-use assets of US$179,000 (six months ended 30 June 2022: US$10,873,000).

9 Intangible assets

During the six months ended 30 June 2023, the Group capitalised internal development costs of approximately US$37,774,000 (six months ended 30 June 2022: US$40,409,000) and purchased software and other intangible assets of US$ nil (six months ended 30 June 2022: US$403,000). The expenditure capitalised includes the direct staff costs and cloud server costs.

10 Goodwill

	30 June 2023 US$'000	31 December 2022 US$'000
Goodwill in connection with the acquisition of:		
— NativeX, LLC.	**19,981**	19,981
— Game analytics Aps	**9,017**	9,017
— Reyun SaaS Business	**86,344**	86,344
Carrying amount:	**115,342**	115,342

In accordance with the Group's accounting policies, goodwill is tested for impairment on an annual basis at each year end.

(Expressed in United States dollars unless otherwise indicated)

11 Trade and other receivables

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

	At 30 June 2023 US$'000	At 31 December 2022 US$'000
Within 3 months	**100,220**	83,422
3 to 6 months	**5,439**	5,603
6 to 12 months	**6,222**	7,791
Over 12 months	**16,912**	13,200
Trade receivables, net of loss allowance	**128,793**	110,016
Amounts due from related parties (note 18)	**28,602**	17,212
Other receivables	**13,386**	13,876
	170,781	141,104

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

12 Cash and bank balances

(a) Restricted cash

Cash that is restricted as to withdrawal for use or pledged as security is reported separately on the face of the consolidated statement of financial position, and is not included in the total cash and cash equivalents in the condensed consolidated cash flow statement.

	At 30 June 2023 US$'000	At 31 December 2022 US$'000
Deposits pledged for bank borrowings	**4,154**	4,151
Other deposits in banks	**640**	632
	4,794	4,783

(Expressed in United States dollars unless otherwise indicated)

12 Cash and bank balances (Continued)

(b) Cash and cash equivalents

	At 30 June 2023 US$'000	At 31 December 2022 US$'000
Cash at bank and in hand	**106,571**	105,716
Cash and cash equivalents in the consolidated statement of financial position	**106,571**	105,716
Bank overdrafts (note 14)	**(6,820)**	(2,117)
Cash and cash equivalents in the consolidated cash flow statement	**99,751**	103,599

13 Trade and other payables

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

	At 30 June 2023 US$'000	At 31 December 2022 US$'000
Within 1 month	**65,897**	47,499
1 to 2 months	**66,061**	53,929
2 to 3 months	**49,741**	31,211
Over 3 months	**43,367**	74,000
Trade payables	**225,066**	206,639
Other payables	**5,831**	2,391
Contract liabilities	**43,799**	32,106
Staff costs payable	**4,086**	4,960
VAT and other tax payables	**3,193**	5,068
	281,975	251,164

(Expressed in United States dollars unless otherwise indicated)

14 Bank loans and overdrafts

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

	2023 US$'000	2022 US$'000
Within 1 year or on demand	**7,820**	45,555
After 1 year but within 2 years	**40,000**	—
	47,820	45,555

As at 30 June 2023 and 31 December 2022, the bank loans and overdrafts were secured as follows:

	2023 US$'000	2022 US$'000
Secured bank overdrafts (note (b) & note 12(b))	**6,820**	2,117
Unsecured bank loans (note (a))	**1,000**	1,433
Secured bank loans (note (b))	**40,000**	42,005
	47,820	45,555

Notes:

(a) At 30 June 2023, unsecured banking facilities of the Group amounted to US$57,992,000 (31 December 2022: US$52,976,000). The facilities were utilised to the extent of US$1,000,000 as at 30 June 2023 (31 December 2022: US$1,433,000).

(b) At 30 June 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$4,154,000 (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$46,820,000 as at 30 June 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 (31 December 2022: US$75,000,000) further requires the controlling shareholder and one of the directors to maintain their equity interest 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 30 June 2023, none of the covenants relating to drawn down facilities had been breached (31 December 2022: nil).

(Expressed in United States dollars unless otherwise indicated)

15 Convertible bonds and derivative financial liabilities

	Debt component US$'000	**Derivative component** US$'000	**Total** US$'000
At 1 January 2022	27,509	16,377	43,886
Changes for the period ended 30 June 2022:			
Gain arising on changes of fair value	—	(6,193)	(6,193)
Interest charge	1,205	—	1,205
At 30 June 2022 and 1 July 2022	28,714	10,184	38,898
Changes for the period ended 31 December 2022:			
Gain arising on changes of fair value	—	(7,990)	(7,990)
Interest charge	1,266	—	1,266
31 December 2022	29,980	2,194	32,174
Changes for the period ended 30 June 2023:			
Gain arising on changes of fair value	—	(1,907)	(1,907)
Interest charge	1,267	—	1,267
At 30 June 2023	31,247	287	31,534

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

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

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

(Expressed in United States dollars unless otherwise indicated)

15 Convertible bonds and derivative financial liabilities (Continued)

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

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

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

There was no conversion or redemption of the convertible bonds during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

16 Capital, reserves and dividends

(a) Dividends

No dividend has been declared or paid by the Company during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

(b) Share-based payment

The Company has adopted a share incentive scheme on 27 September 2018 and amended on 19 November 2018, 7 December 2020 and 22 February 2022 separately for the purposes of incentivise employees, directors, senior management and officers for their contribution to the Group and attract and retain skilled and experienced personnel for the future growth of the Group (the "**2018 Scheme**").

Two trusts have been set up to assist the Board of Directors with the administration and vesting of RSUs granted pursuant to the 2018 Scheme (the "**RSU trustees**").

Pursuant to the RSUs agreements under 2018 Scheme, subject to grantee's continued service to the Group through the applicable vesting date, the RSUs shall become vested after 1 months to 49 months from the date of grant.

(Expressed in United States dollars unless otherwise indicated)

16 Capital, reserves and dividends (Continued)

(b) Share-based payment (Continued)

Movements in the number of RSUs granted to the Group's directors, senior management and employees and the respective weighted-average grant date fair value are as follows:

	2023		2022	
	Number of RSUs	**Weighted average grant date fair value per RSU US$**	Number of RSUs	Weighted average grant date fair value per RSU US$
Outstanding as of 1 January	**21,864,433**	**0.58**	17,203,981	0.52
Granted during the period	**6,406,792**	**0.54**	9,559,063	0.71
Forfeited during the period	**(3,352,402)**	**0.59**	(1,333,517)	0.67
Vested during the period (note 16(d))	**(18,924,472)**	**0.56**	(18,438,892)	0.54
Outstanding as of 30 June	**5,994,351**	**0.59**	6,990,635	0.70

During the six months ended 30 June 2023, the Group granted 6,406,792 (six months ended 30 June 2022: 9,559,063) RSUs to certain employees, directors, senior management and officers of the Group. Each RSU is settled by transfer of one ordinary share of the Company from the RSU trustees to the grantee upon its vesting.

During the six months ended 30 June 2023, total number of 18,924,472 (six months ended 30 June 2022: 18,438,892) RSUs were vested and became ordinary shares. Share-based payments reserves of US$7,777,000 (six months ended 30 June 2022: US$988,000) were transferred to share premium.

(Expressed in United States dollars unless otherwise indicated)

16 Capital, reserves and dividends (Continued)

(c) Repurchase and cancellation of ordinary shares

On 19 June 2023, a new share repurchase plan (the "**Share Repurchase Plan**") has been approved, pursuant to which the Company intends to further use up to HK$150 million to repurchase shares in the open market from time to time under the general mandate (the "**Share Repurchase Mandate**") granted to the Directors by the shareholders at the Company's Annual General Meeting held on 15 June 2023.

During the interim period, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
January 2023	926,000	4.51	3.94	3,968
March 2023	569,000	4.19	4.03	2,335
April 2023	980,000	4.38	4.07	4,072
May 2023	3,659,000	4.08	3.63	14,352
June 2023	7,096,000	3.85	3.42	25,582
	13,230,000			50,309

The repurchase was governed by section 257 of the Hong Kong Companies Ordinance. The total amount paid on the repurchased shares of HK$50,309,000 (equivalent to US$6,433,000) (the six months ended 30 June 2022: HK$78,172,000, equivalent to US$10,020,000) was paid wholly out of retained profits.

During the six months ended 30 June 2023, the Company cancelled 8,898,000 shares of the Company (the six months ended 30 June 2022: 12,603,000 shares). The total carrying amount of these treasury shares were US$4,681,000 (the six months ended 30 June 2022: US$10,567,000). Consequently, US$89,000 (the six months ended 30 June 2022: US$126,000) was debited to share capital, and the remaining balance of US$4,592,000 (the six months ended 30 June 2022: US$10,441,000) was debited to share premium.

(Expressed in United States dollars unless otherwise indicated)

16 Capital, reserves and dividends (Continued)

(d) Treasury shares

The Company's treasury shares comprise the cost of the Company's shares held by the RSU trustees.

Movements in the number of shares held by the RSU trustees during the six months ended 30 June 2023 and 2022 are as follows:

	2023	2022
Outstanding as of 1 January	**108,863,689**	30,446,618
Repurchased from the market for cancellation during the period (note 16(c))	**13,230,000**	13,308,000
Transferred from Seamless as a consideration of business restructuring during the period	**–**	102,453,613
Vested during the period (note 16(b))	**(18,924,472)**	(18,438,892)
Cancellation of treasury shares (note16(c))	**(8,898,000)**	(12,603,000)
Outstanding as of 30 June	**94,271,217**	115,166,339

17 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

17 Fair value measurement of financial instruments (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

The Group has a team headed by the finance manager performing valuations for the financial instruments, including the unlisted equity securities, unlisted exchangeable bonds and the derivative component of convertible bonds. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

30 June 2023

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Financial asset at FVPL	**243**	**2,436**	**34,128**	**36,807**
Liabilities				
Derivative financial liabilities				
Derivative financial liabilities — derivative component of convertible bonds	**—**	**287**	**—**	**287**

31 December 2022

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Assets				
Financial asset at FVPL	277	2,522	30,000	32,799
Liabilities				
Derivative financial liabilities — derivative component of convertible bonds	—	2,194	—	2,194

During the six months ended 30 June 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (the six months ended 30 June 2022: nil).

(Expressed in United States dollars unless otherwise indicated)

17 Fair value measurement of financial instruments (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The financial assets at FVPL are not quoted in an active market. The fair value of financial assets at FVPL are the estimated amount that the Group would receive at the end of the reporting period, taking into account the current creditworthiness of the financial assets counterparties.

Fair value of derivative component of convertible bonds is measured by using the Option Price Model. The major inputs used in the valuation model as at 30 June 2023 are discount rate of 9.60% (31 December 2022: 10.22%) and expected volatility of 36.31% (31 December 2022: 44.95%). The discount rate used is derived from the relevant US government yield curve as at the end of reporting period plus an adequate constant credit spread. The expected volatility is derived from average volatility of the Company since the date backward from the end of reporting period by the remaining term of convertible bonds to the end of reporting period.

The movement during the period in the balance of derivative financial liabilities is set out in note 15.

The gain arising from the remeasurement of the derivative component of convertible bonds are presented in the "Change in fair value of derivative financial liabilities" line item in the consolidated statement of profit or loss.

(iii) Information about Level 3 fair value measurements

Financial instruments	Valuation technique	Significant unobservable inputs	Weighted average	Relationship of unobservable inputs to fair value
Unlisted exchangeable bonds	Option pricing model	Volatility	50% (2022:55%)	The higher of volatility, the higher of fair value

The fair value of unlisted exchangeable bonds is determined using option pricing model. The significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. As at 30 June 2023, it is estimated that with all other variables held constant, an increase in the expected volatility by 5% would have increased the Group's profit by US$537,000 (2022: US$1,000,000), while an decrease in the expected volatility by 5% would have decreased the Group's profit by US$541,000 (2022: US$500,000).

(Expressed in United States dollars unless otherwise indicated)

17 Fair value measurement of financial instruments (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(iii) Information about Level 3 fair value measurements (Continued)

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	2023 US$'000	2022 US$'000
Unlisted exchangeable bonds:		
Balance at 1 January	30,000	–
Payment for purchases	–	–
Interest charge	300	–
Gain arising on changes of fair value	3,828	–
Balance at 30 June	34,128	–

The gain arising from the remeasurement of the unlisted exchangeable bonds are presented in the "Other net income" line item in the consolidated statement of profit or loss.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2023 and 31 December 2022 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	At 30 June 2023		At 31 December 2022	
	Carrying amount US$'000	Fair value US$'000	Carrying amount US$'000	Fair value US$'000
Convertible bonds	31,247	31,225	29,980	28,651

The fair value of the debt component of convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

(Expressed in United States dollars unless otherwise indicated)

18 Material related party transactions

During the six months ended 30 June 2023, the total amounts of rent payable per month by the Group under the office lease with related parties are equivalent to US$278,000 (the six months ended 30 June 2022: US$265,000). As at 30 June 2023, lease liabilities due to related parties amounted to US$1,647,000 (31 December 2022: US$2,888,000).

During the six months ended 30 June 2023, the Group continued collecting receivables and settling payables with third parties, arising from certain business contracts relating to the media planning and procurement business disposed on 3 March 2022, on behalf of related parties amounted to US$3,724,000 (the six months ended 30 June 2022: US$19,631,000) and US$6,641,000 (the six months ended 30 June 2022: US$38,800,000) respectively. The related parties and the Group agreed to settle the receivables and payables aforesaid on a net basis. As at 30 June 2023, amounts due from the related parties amounted to US$22,345,000 (31 December 2022: US$15,128,000).

During the six months ended 30 June 2023, the Group provided digital marketing services to Marketlogic Technology amounted to US$10,254,000 (the six months ended 30 June 2022: nil) and received digital marketing services from Marketlogic Technology amounted to US$371,000 (the six months ended 30 June 2022: nil). As at 30 June 2023, the balance of amounts due from Marketlogic Technology amounted to US$6,257,000 (31 December 2022: US$2,084,000).

19 Non-adjusting events after the reporting period

In July 2023, the Company cancelled 12,304,000 shares of the Company which were repurchased during the six months ended 30 June 2023.

DIRECTORS

The Directors during the Reporting Period and up to the Latest Practicable Date were:

EXECUTIVE DIRECTORS

Mr. DUAN Wei *(Chairman)*
Mr. CAO Xiaohuan *(Chief Executive Officer)*
Mr. FANG Zikai
Mr. SONG Xiaofei

NON-EXECUTIVE DIRECTOR

Mr. WONG Tak-Wai

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SUN Hongbin
Ms. CHEUNG Ho Ling Honnus
Mr. WONG Ka Fai Jimmy *(appointed on 17 April 2023)*
Mr. HU Jie *(resigned on 17 April 2023)*

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

Mr. WONG Ka Fai Jimmy has been appointed as an independent non-executive director of Far East Horizon Limited (stock code: 3360.HK) in June 2023.

Save for the information disclosed above, during the Reporting Period and up to the Latest Practicable Date, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 30 June 2023, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Interest in Shares

Name of Director	Nature of Interest	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital[2]
Mr. DUAN Wei[1]	Interest in controlled corporation	1,028,464,229 (L)	63.18%
	Beneficial owner	1,838,000 (L)	0.11%
Mr. CAO Xiaohuan	Interest in controlled corporation	2,875,000(L)	0.18%
Mr. FANG Zikai	Interest in controlled corporation	2,969,100 (L)	0.18%
	Beneficial owner	300,000 (L)	0.02%
Mr. SONG Xiaofei	Interest in controlled corporation	2,492,400 (L)	0.15%

Note:

L: Long Position

(1) Guangzhou Mobvista, through its wholly-owned subsidiary Seamless, holds 1,028,464,229 Shares, representing 63.18% of total number of Shares. Mr. Duan, Guangzhou Huimao and Guangzhou Huihong directly holds 12.94%, 17.97% and 7.52% interest in Guangzhou Mobvista, respectively. The general partner of Guangzhou Huimao is Guangzhou Huisui, which is owned by Mr. Duan as to 95%. Guangzhou Huisui holds the entire voting and disposition power in Guangzhou Huimao. The general partner of Guangzhou Huihong is Guangzhou Huimu, which is owned by Mr. Duan as to 70%. Guangzhou Huimu holds the entire voting and disposition power in Guangzhou Huihong. Therefore, Mr. Duan is deemed to be interested in Guangzhou Huimao's and Guangzhou Huihong's interest in Guangzhou Mobvista under the SFO. As a result, Mr. Duan is deemed to be interested in an aggregate of 38.43% interest in Guangzhou Mobvista, and thus is further deemed to be interested in the 1,028,464,229 Shares which Guangzhou Mobvista is interested in. Apart from that, Mr. Duan owns 1,838,000 Shares in the Company directly.

(2) The calculation is based on the total number of 1,627,722,164 Shares in issue as at 30 June 2023.

(b) Interest in associated corporation

Name of Director	Associated Corporation	Registered capital of the associated corporation	Nature of interests	Number of shares	Approximate percentage of shareholding in the associated corporation
Mr. DUAN Wei[1]	Guangzhou Mobvista	RMB372,644,072	Beneficial owner	48,207,872 (L)	12.94%
		RMB372,644,072	Interest in controlled corporation	94,997,980 (L)	25.49%
Mr. CAO Xiaohuan[2]	Guangzhou Mobvista	RMB372,644,072	Beneficial owner	2,410,496 (L)	0.65%
		RMB372,644,072	Interest in controlled corporation	11,811,860 (L)	3.17%

Notes:

L: Long Position

(1) Mr. Duan, Guangzhou Huimao and Guangzhou Huihong directly holds 12.94%, 17.97% and 7.52% interest in Guangzhou Mobvista, respectively. The general partner of Guangzhou Huimao is Guangzhou Huisui, which is owned by Mr. Duan as to 95%. Guangzhou Huisui holds the entire voting and disposition power in Guangzhou Huimao. The general partner of Guangzhou Huihong is Guangzhou Huimu, which is owned by Mr. Duan as to 70%. Guangzhou Huimu holds the entire voting and disposition power in Guangzhou Huihong. Therefore, Mr. Duan is deemed to be interested in Guangzhou Huimao's and Guangzhou Huihong's interest in Guangzhou Mobvista under the SFO.

(2) Mr. Cao and Guangzhou Huiqian directly holds 0.65% and 3.17% interest in Guangzhou Mobvista, respectively. The general partner of Guangzhou Huiqian is Mr. Cao, who held 1% interest in Guangzhou Huiqian. The limited partners of Guangzhou Huiqian are Mr. Xi Yuan, Mr. Fang, Mr. Wang Ping, Guangzhou Huichun Investment Holdings Co., Ltd and Guangzhou Duanshi Investment Holdings Co., Ltd., holding 27.26%, 27.26%, 27.26%, 14.63% and 2.58% interest in Guangzhou Huiqian, respectively. Currently the general partner, namely Mr. Cao, holds the entire voting and disposition power in Guangzhou Huiqian.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2023, the following persons had interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and are therefore regarded as substantial shareholders of the Company under the Listing Rules:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of shareholding in our Company[3]
Seamless[1]	Beneficial owner	1,028,464,229 (L)	63.18%
Guangzhou Mobvista[1]	Interest in controlled corporation	1,028,464,229 (L)	63.18%
Mr. DUAN Wei[2]	Interest in controlled corporation	1,028,464,229 (L)	63.18%
	Beneficial owner	1,838,000 (L)	0.11%
GIC Private Limited	Investment Manager	130,189,000 (L)	7.99%

Notes:

L: Long Position

(1) Seamless holds 1,028,464,229 Shares in the Company, representing 63.18% of the issued Shares. Seamless is wholly-owned by Guangzhou Mobvista. Therefore, Guangzhou Mobvista is deemed to be interested in the 1,028,464,229 Shares held by Seamless under the SFO.

(2) Mr. Duan, Guangzhou Huimao and Guangzhou Huihong directly holds 12.94%, 17.97% and 7.52% interest in Guangzhou Mobvista, respectively. The general partner of Guangzhou Huimao is Guangzhou Huisui, which is owned by Mr. Duan as to 95%; Guangzhou Huisui holds the entire voting and disposition power in Guangzhou Huimao. The general partner of Guangzhou Huihong is Guangzhou Huimu, which is owned by Mr. Duan as to 70%. Guangzhou Huimu holds the entire voting and disposition power in Guangzhou Huihong. Therefore, Mr. Duan is deemed to be interested in Guangzhou Huimao and Guangzhou Huihong's interest in Guangzhou Mobvista under the SFO. As a result, Mr. Duan is deemed to be interested in an aggregate of 38.43% interest in Guangzhou Mobvista, and thus is further deemed to be interested in the 1,028,464,229 Shares which our Company which Guangzhou Mobvista is interested in. Apart from that, Mr. Duan owns 1,838,000 Shares in the Company directly.

(3) The calculation is based on the total number of 1,627,722,164 Shares in issue as at 30 June 2023.

Apart from the foregoing, the Company had not notified for any other interest by prescribed notices which were required to be recorded in the register kept under section 336 of the SFO.

RSU SCHEMES

(a) Employee RSU Scheme

We adopted the Employee RSU Scheme on 27 September 2018 and amended on 19 November 2018, 7 December 2020 and 22 February 2022. The purpose of the Employee RSU Scheme is to motivate employees and consultants to contribute to the Group and to attract and retain talent for the future growth of the Group. The Company has appointed Sovereign Trustees Limited as the Employee RSU trustee to assist with the administration and vesting of RSUs granted pursuant to the Employee RSU Scheme. The Company selects the Employee RSU participants under the RSU Scheme at its discretion. On a poll on a matter which is required by the Listing Rules to be approved by shareholders, the trustee shall abstain from voting on the unvested shares held by him/her. The Employee RSU Scheme is a share scheme funded by existing Shares.

Details of the Employee RSU Scheme are as follows:

(1) Scheme Participants

Persons eligible to receive RSUs under the Employee RSU Scheme (the "**Employee RSU Eligible Persons**") include existing employees and consultants of the Company or any of its subsidiaries, excluding persons who are directors, members of senior management and core connected persons of the Company or who is resident in a place where the award of the Shares and/or the vesting of the transfer of the Shares pursuant to the Employee RSU Scheme is not permitted under the laws and regulations of such place or where in the view of the Employee RSU Administrator or the Employee RSU Trustee as the case may be, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person. The Employee RSU Administrator selects the Employee RSU Eligible Persons to receive RSUs under the Employee RSU Scheme at its discretion.

(2) Maximum number of underlying shares that may be granted

At the EGM on 22 February 2022, the shareholders of the Company approved and adopted an increase in the maximum number of underlying shares that may be granted under the Employee RSU Scheme from an aggregate of 79,249,858 Shares to 139,249,858 Shares, representing approximately 8.62% of the issued share capital of the Company (i.e. 1,615,418,164 Shares) as at the Latest Practicable Date.

(3) Vesting period for the grant of RSUs

The vesting period is determined at the discretion of the Employee RSU Administrator. The Employee RSU Scheme does not specify a minimum vesting period.

(4) Payment on acceptance of the RSUs

An RSU gives an Employee RSU participant a conditional right when the RSU vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the RSUs, less any tax, stamp duty and other charges applicable. Participants are not required to pay any fees in connection with the acceptance of RSUs but are required to pay or deduct any taxes, levies, stamp duties and other expenses applicable to the transfer or sale of Shares.

(5) Maximum entitlement of each participant

There is no specific limitation the maximum entitlement of each participant under the Employee RSU Scheme.

(6) Term of the Employee RSU Scheme

The Employee RSU Scheme is and will be valid and effective for a period of ten (10) years, commencing from the date of the first grant of the RSUs, being 1 November 2018.

As at 30 June 2023, the Company has granted a total of 127,141,282 RSUs to participants under the Employee RSU Scheme, of which 97,821,954 RSUs had been vested and 23,324,977 RSUs had been lapsed. None of the grantees of the RSUs under the Employee RSU Scheme are Directors, members of the senior management of the Company or otherwise core connected person(s) of the Company. As at the Latest Practicable Date, the total number of RSUs available for grant under the Employee RSU Scheme is 36,193,553 Shares (including RSUs that have lapsed and are available for re-granting), representing approximately 2.24% of the Shares in issue (i.e. 1,615,418,164 Shares) as at the Latest Practicable Date.

As at 30 June 2023, here below are the details of the RSUs granted and outstanding under the Employee RSU Scheme:

Participant name/category	Date of grant	Vesting period	Unvested as of 1 January 2023	Granted during the period	Vested during the period	Lapsed during the period	Unvested as of 30 June 2023
Five employees with the highest emoluments	10 August 2022	2 January 2023	253,600	0	253,600	0	0
	10 November 2022	31 January 2023 to 30 April 2023	460,000	0	460,000	0	0
	10 April 2023	31 May 2023 to 31 August 2023	0	1,070,000	70,000	0	1,000,000
Other employees	1 December 2019	2 January 2023 to 2 January 2024	160,000	0	80,000	10,000	70,000
	10 June 2020	31 January 2023 to 31 January 2024	586,060	0	467,278	0	118,782
	10 December 2020	2 January 2023 to 2 January 2025	60,000	0	20,000	20,000	20,000
	10 March 2021	2 January 2023 to 2 January 2025	32,500	0	15,000	0	17,500
	22 February 2022	2 January 2023 to 30 June 2025	430,600	0	150,600	0	280,000
	10 March 2022	30 November 2023 to 29 November 2025	210,000	0	0	0	210,000
	10 June 2022	2 January 2023 to 30 April 2026	2,173,353	0	645,039	1,199,961	328,353
	10 July 2022	31 January 2023 to 31 January 2026	800,000	0	200,000	600,000	0
	10 August 2022	2 January 2023 to 31 July 2026	9,335,343	0	9,209,580	40,000	85,763
	10 October 2022	31 January 2023 to 30 April 2026	1,451,652	0	716,000	735,652	0
	10 November 2022	2 January 2023 to 30 April 2026	3,402,425	0	2,851,925	460,500	90,000
	10 December 2022	2 January 2023 to 30 April 2023	1,278,300	0	1,222,800	55,500	0
	10 January 2023	28 February 2023 to 30 April 2026	0	1,311,739	1,113,050	50,189	148,500
	10 April 2023	31 May 2023 to 31 October 2023	0	4,025,053	399,600	0	3,625,453
Total			20,633,833	6,406,792	17,874,472	3,171,802	5,994,351

Notes:

1. With respect to the five employees with the highest emoluments, the weighted average closing market price per share immediately prior to the date of vesting during the Reporting Period was HK$4.18 per Share.

2. With respect to other employees, the weighted average closing market price per share immediately prior to the date of vesting during the Reporting Period was HK$4.04 per Share.

3. The grants listed below were made during the Reporting Period:

Participant name/category	Date of grant	Date of vesting	Granted during the period	Closing market price per share immediately prior to the grant date (HK$)	Fair value per share on grant date (US$)
Five employees with the highest emoluments	10 April 2023	31 May 2023	70,000	4.2	0.52
	10 April 2023	31 August 2023	1,000,000	4.2	0.52
Other employees	10 January 2023	28 February 2023	152,800	4.9	0.61
	10 January 2023	30 April 2023	970,479	4.9	0.61
	10 January 2023	31 May 2023	4,000	4.9	0.61
	10 January 2023	30 April 2024	63,730	4.9	0.61
	10 January 2023	30 April 2025	63,730	4.9	0.61
	10 January 2023	30 April 2026	57,000	4.9	0.61
	10 April 2023	31 May 2023	399,600	4.2	0.52
	10 April 2023	31 July 2023	1,775,750	4.2	0.52
	10 April 2023	31 October 2023	1,849,703	4.2	0.52
Total			6,406,792		

(b) Management RSU Scheme

We adopted the Management RSU Scheme on 19 November 2018, as amended on 7 December 2020 and 22 February 2022. The purpose of the Management RSU Scheme is to motivate the directors, senior management, executives and consultants of the Company and its subsidiaries to contribute to the Group and to attract and retain talent for the future growth of the Group. The Company has appointed Sovereign Fiduciaries (Hong Kong) Limited as the Management RSU Trustee to assist with the administration and vesting of RSUs granted pursuant to the Management RSU Scheme. Connected Globe Holdings Limited (a wholly-owned subsidiary of the Management RSU Trustee) holds and manages shares underlying the RSUs for the benefit of eligible participants pursuant to the Management RSU Scheme. On a poll on a matter which is required by the Listing Rules to be approved by shareholders, the trustee shall abstain from voting on the unvested shares held by him/her. The Management RSU Scheme is a share scheme funded by existing Shares.

Details of the Management Restricted Share Unit Scheme are as follows:

(1) Scheme Participants

Persons eligible to receive RSUs under the Management RSU Scheme (the "**Management RSU Eligible Persons**") include senior management, Directors (whether executive or non-executive but excluding independent non-executive Directors) and officers of the Company or any of its subsidiaries, excluding any person who is resident in a place where the award of the Shares and/or the vesting of the transfer of the Shares pursuant to the Management RSU Scheme is not permitted under the laws and regulations of such place or where in the view of the Management RSU Administrator or the Management RSU Trustee as the case may be, compliance with applicable laws and regulations in such place makes in necessary or expedient to exclude such person. The Management RSU Administrator selects the Management RSU Eligible Persons to receive RSUs under the Management RSU Scheme at its discretion.

(2) Maximum number of underlying shares that may be granted

At the EGM on 22 February 2022, the shareholders of the Company approved and adopted an increase in the maximum number of underlying shares that may be granted under the Management RSU Scheme from an aggregate of 15,750,300 shares to 58,203,913 shares, representing approximately 3.60% of the issued share capital of the Company (i.e. 1,615,418,164 Shares) as at the Latest Practicable Date.

(3) Vesting period for the grant of RSUs

The vesting period is determined at the discretion of the Management RSU Administrator. The Management RSU Scheme does not specify a minimum vesting period.

(4) Payment on acceptance of the RSUs

An RSU gives a Management RSU participant a conditional right when the RSU vests to obtain either shares or an equivalent value in cash with reference to the market value of the shares on or about the date of exercise of the RSUs, less any tax, stamp duty and other charges applicable. Participants are not required to pay any fees in connection with the acceptance of RSUs but are required to pay or deduct any taxes, levies, stamp duties and other expenses applicable to the transfer or sale of shares.

(5) Maximum entitlement of each participant

There is no specific limit on the maximum entitlement of each participant under the Management RSU Scheme.

(6) *Term of the Management RSU Scheme*

The Management RSU Scheme is and will be valid and effective for a period of ten (10) years, commencing from the date of the first grant of the RSUs, being 21 November 2018. As at 30 June 2023, the Company has granted a total of 20,377,200 RSUs to participants under the Management RSU Scheme, of which 17,629,600 RSUs had been vested and 2,747,600 RSUs had been lapsed. As at the Latest Practicable Date, the total number of RSUs available for grant under the Management RSU Scheme is 40,574,313 Shares (including RSUs that have lapsed and are available for re-granting), representing approximately 2.51% of the Shares in issue (i.e. 1,615,418,164 Shares) as at the Latest Practicable Date.

As at 30 June 2023, here below are the details of the RSUs granted and outstanding under the Management RSU Scheme:

Participant name/category	Date of grant	Vesting date	Unvested as of 1 January 2023	Granted during the period	Vested during the period	Lapsed during the period	Unvested as of 30 June 2023
Director							
SONG Xiaofei	10 November 2022	30 April 2023	300,000	0	300,000[1]	0	0
Five employees with the highest emoluments	10 November 2022	30 April 2023	750,000	0	750,000[2]	0	0
Other members of the management	11 December 2020	30 April 2023	180,600	0	0	180,600	0
Total			1,230,600	0	1,050,000	180,600	0

Notes:

1. With respect to Mr. SONG, the weighted average closing market price per Share immediately prior to the vesting on 30 April 2023 was HK$3.9 per Share.

2. With respect to the five employees with the highest emoluments, the weighted average closing market price per Share immediately prior to the date of vesting on 30 April 2023 was HK$3.9 per Share.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved and adopted by our Shareholders on 30 October 2018, and became effective on the Listing Date. The purpose of the Share Option Scheme is to incentivize and reward eligible persons for their contribution to our Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date, after which period no further options will be granted, the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

During the Reporting Period, no share option was granted under the Share Option Scheme.

A summary of the Share Option Scheme is set out below:

1) Eligible persons

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to an employee (whether full time or part-time) or director of a member of our Group or associated companies of our Company (the "**Eligible Persons**").

2) Maximum number of Shares in respect of which options may be granted

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes (if any) of our Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date (the "**Scheme Mandate Limit**"). As at the Latest Practicable Date, the total number of Shares available for issue under the Share Option Scheme is 151,886,700 Shares, representing approximately 9.40% of the Shares in issue (i.e. 1,615,418,164 Shares) as at the Latest Practicable Date.

The Board may, with the approval of the Shareholders in general meeting refresh, the Scheme Mandate Limit provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company (the "**Other Schemes**") under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of on which the Shareholders approve the refreshment of the Scheme Mandate Limit. The Board may, with the approval of the Shareholders in general meeting, grant options to any Eligible Person who, as specifically identified by the Board, would cause the Scheme Mandate Limit to be exceeded. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval from the Shareholders.

At any time, the maximum number of Shares which may be issued upon the exercise of all outstanding options which have been granted and not yet exercised under the Share Option Scheme and any Other Schemes of our Company to Eligible Persons must not exceed 30% of the total number of Shares in issue from time to time.

The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of our Company whether by way of capitalization of profits or reserves, right issue, consolidation or subdivision of shares, or reduction of the share capital of our Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

3) Maximum entitlement of each individual

No options shall be granted to any Eligible Person under the Share Option Scheme and any Other Schemes of our Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised cancelled and outstanding Options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the Shares in issue at such date.

Any further grant of options to an Eligible Person in excess of this 1% limit shall be subject to the approval of the Shareholders in general meeting with such Eligible Person and his close associates (or if such Eligible Person is a connected person of our Company, his associates) abstaining from voting. Our Company must send a circular to the Shareholders disclosing the identity of the Eligible Person in question, the number and terms of the options to be granted (and options previously granted to such Eligible Person) and such information required under the Listing Rules.

The number and terms (including the exercise price) of the options to be granted to such Eligible Person must be fixed before the Shareholders' approval and the date of the Board meeting approving such further grant shall be taken as the date of grant for purpose of determining the exercise price of the options.

4) Option Period

Any option which remain unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option.

5) Minimum Period for which an Option must be held before it can be exercised

Unless the exercise of Option would, in the option of the Board, be in breach of a statutory or regulatory requirement or unless the Board determines otherwise in its absolute discretion, any Option (1) which has been vested; (2) of which conditions have been satisfied or waived by the Board in its sole discretion; and (3) which has not lapsed, may be exercised at any time from the next Business Day after the offer of Options has been accepted by an option-holder pursuant to the Share Option Scheme.

6) Payment on acceptance of the Option and the period within which payment must be made

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the Eligible Person concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Share Option Scheme. An offer of options which has not been accepted within this period shall lapse.

An amount of HK$1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

7) Basis of determining the exercise price

Subject to any adjustment made as described in the rules of Share Option Scheme, the exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option;

(ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and

(iii) the nominal value of Shares.

8) Remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date, after the period of which no further options will be granted but the provisions of the Share Option Schemes shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

As at the beginning and the end of the Reporting Period, the Company had no outstanding and unexercised share options. Additionally, during the Reporting Period, the Company did not grant, exercise, cancel, or expire any share options. As at the beginning and the end of the Reporting Period, the number of Shares available for grant under the Scheme Mandate Limit was 151,886,700 Shares and 151,886,700 Shares, respectively.

PRINCIPAL OPERATING ACTIVITIES

The Company was incorporated in the Cayman Islands on 16 April 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. We are a technology service company committed to providing global customers (in particular Chinese customers aiming for global expansion) with advertising technology services and marketing technology services required for developing mobile internet ecosystem.

An analysis of the Group's revenue and operating profit for the Reporting Period by principal activities is set out in the section headed "Management Discussion and Analysis" on pages 33 to 53 in this interim report and note 3 to the unaudited interim financial report.

RESULTS

The financial results of the Group for the six months ended 30 June 2023 are set out on pages 54 to 61 of this interim report.

INTERIM DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2023 (30 June 2022: nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the six months ended 30 June 2023, the Group's five largest customers in aggregate accounted for approximately 19.1% of the Group's total revenue. The Group's largest customer accounted for 5.3% of the Group's total revenue.

During the six months ended 30 June 2023, the Group's five largest suppliers in aggregate accounted for approximately 20.3% of the Group's total purchase. The Group's largest supplier accounted for 6.5% of the Group's total purchase.

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

USE OF NET PROCEEDS FROM THE SUBSCRIPTION

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

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

The following table sets out the breakdown of the use of net proceeds from the Subscription as at 30 June 2023:

Use of Net Proceeds	**Amount Allocated** (US$'million)	**Amount Utilized** (US$'million)	**Balance** (US$'million)
The development and expansion of Cloud Business Unit	13.6	13.6	0.0
The development and expansion of SaaS tooling matrix	41.0	41.0	0.0
Total	54.6	54.6	0.0

During the Reporting Period, the Group had followed the proposed use of proceeds as set out in the announcement of the Company dated 13 April 2021.

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

During the Reporting Period, the Company has purchased a total of 13,230,000 Shares (the "**Shares Repurchased**") of the Company on the Stock Exchange at an aggregate consideration (excluding transaction costs) of approximately HK$50.31 million. Among the Stock Exchange listed companies with a market capitalization of less than HK$10 billion that conducted share repurchase in the first half of 2023, the Company's repurchase amount ranked within the top one-fourth. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per Share		Aggregate Consideration
		Highest	Lowest	
		(HK$)	(HK$)	(HK$'000)
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
Total	13,230,000			50,309,40

As of 31 July 2023, all the Shares Repurchased have been cancelled.

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the unaudited Interim Financial Statements of the Group for the six months ended 30 June 2023 and this interim report.

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. During the Reporting Period, the Company appointed Mr. Wong Ka Fai Jimmy, who has over 20 years of investment banking experience, as an independent non-executive Director, further enhancing the professional diversity and decision-making and governance capabilities of the Board.

The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own corporate governance code. During the six months ended 30 June 2023, the Company had complied with the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules. Furthermore, the Company voluntarily adopted some recommended best practices, such as publicly disclosing quarterly financial results starting from the first quarter of 2023 and conducting regular assessments of the Board's performance, with the aim of continuously improving the Company's governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Certain of 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 six months ended 30 June 2023.

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 Latest Practicable Date, which was in line with the requirement under the Listing Rules.

SUBSEQUENT EVENTS

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

"AI"	artificial intelligence
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code" or "Corporate Governance Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China", "PRC" or "Mainland China"	the People's Republic of China, which for the purpose of this report only, excludes Hong Kong, Macau and Taiwan
"Companies Law"	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Company", "our Company", "the Company" or "Mobvista"	Mobvista Inc. (匯量科技有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 16 April 2018
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Seamless, Guangzhou Mobvista and Mr. Duan
"Director(s)"	the director(s) of our Company or any one of them
"EGM"	extraordinary general meeting
"Employee RSU Scheme"	the restricted share unit scheme of the Company approved and adopted by our Board on 27 September 2018 and amended on 19 November 2018，7 December 2020 and 22 February 2022
"FVPL"	fair value through profit or loss
"GameAnalytics", or "GA"	Game Analytics ApS, a Denmark-based company that operates a SaaS game data analytics platform for game developers
"Group", "our Group", or "the Group"	the Company and its subsidiaries from time to time
"Guangzhou Huihong"	Guangzhou Huihong Capital Management Partnership (Limited Partnership), a partnership established in the PRC on 28 June 2020 and controlled by Mr. Duan

"Guangzhou Huimao"	Guangzhou Huimao Investment Consulting Center (Limited Partnership), a partnership established in the PRC on 13 May 2015 and controlled by Mr. Duan
"Guangzhou Huimu"	Guangzhou Huimu Asset Management Co., Ltd., a company established in the PRC with limited liabilities on 27 December 2016 and is owned by Mr. Duan as to 70%
"Guangzhou Huiqian"	Guangzhou Huiqian Investment Management Centre (Limited Partnership), a partnership established in the PRC on 23 November 2015 and controlled by Mr. Cao
"Guangzhou Huisui"	Guangzhou Huisui Investment Co., Ltd., a company established in the PRC with limited liabilities on 8 May 2015 and is owned by Mr. Duan as to 95%
"Guangzhou Mobvista"	Mobvista Co., Ltd.* (廣州匯量網絡科技股份有限公司), a company established in the PRC as a joint stock limited company on 15 July 2015 through conversion from a limited liability company (i.e. Guangzhou Huitao), the shares of which were delisted from the National Equities Exchange and Quotations of the PRC on 8 June 2020
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Branch Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the International Accounting Standards Board
"Latest Practicable Date"	8 September 2023, the latest date prior to the printing of this interim report for ascertaining certain information in this interim report
"Listing Date"	12 December 2018, the date on which the Company was listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

"Management RSU Scheme"	the restricted share unit scheme of the Company approved and adopted by our Board on 19 November 2018
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Mr. CAO"	Mr. CAO Xiaohuan, one of our co-founders and the Controlling Shareholder, an executive Director and the chief executive officer of the Company
"Mr. DUAN"	Mr. DUAN Wei, one of our co-founders, the chairman and an executive Director of the Company
"Mr. FANG"	Mr. FANG Zikai, an executive Director and the chief product officer of our Company
"Mr. SONG"	Mr. SONG Xiaofei, an executive Director and the chief financial officer of our Company
"Nomination Committee"	the nomination committee of the Company
"programmatic advertising"	the automatic buying and selling of ad inventories and automatic ad delivery through SDK or application programming interface
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	from 1 January 2023 to 30 June 2023
"RMB"	Chinese yuan, the lawful currency of China
"RSUs"	restricted share units award granted to a participant under the RSU Schemes
"RSU Schemes"	the Employee RSU Scheme and the Management RSU Scheme
"SaaS"	software as a service, a way of delivering applications over the internet
"SDK"	software development kit, a set of software development tools that allows the creation of applications for a certain software package
"Seamless"	Seamless Technology Limited, a business company incorporated in the BVI with limited liability on 24 November 2014 and wholly-owned by Guangzhou Mobvista
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.01 each

"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the Share Option Scheme we conditionally adopted pursuant to a resolution passed by our Shareholders on 30 October 2018
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed thereto in the Listing Rules
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"We", "us" or "our"	our Company or our Group, as the context may require
"%"	per cent