



3rd Quarter 2023 Earnings Presentation

November 2023



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Agenda

01

3rd Quarter 2023 Achievements and Growth Strategies

02

Recent Developments

03

3rd Quarter 2023 Financial Performance Overview

04

Q&A





3rd Quarter 2023 Achievements and Growth Strategies



Robust 3rd Quarter 2023 Results Further Strengthen Yalla's Position as the Largest MENA-based Online Social Networking and Gaming Company

US\$85.2MM

3Q2023 Revenues

US\$38.3MM

3Q2023 Non-GAAP
Net Income ⁽¹⁾

44.9%

3Q2023 Non-GAAP
Net Margin ⁽²⁾

Core Competitive Strengths



First Mover

In voice-centric mobile social networking and entertainment in MENA



**Innovative
Business Model**

Focusing on users' interaction and social networking experience lead to leading position in MENA



Pure UGC Platform

Encourages user engagement and helps build a healthy and cohesive user community



**Localized and
Customized**

Product features specifically designed to fit the social networking and entertainment needs of MENA users



**Expanding
Product Portfolio**

Continually diversifying our platform's product offerings to extend our brand and deepen user loyalty



Note:

1. Non-GAAP net income represents net income excluding share-based compensation. Non-GAAP net income is a non-GAAP financial measure.
2. Non-GAAP net margin is non-GAAP net income as a percentage of revenues.



Recent Developments



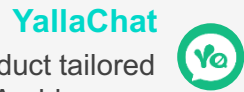
Our Integrated Ecosystem



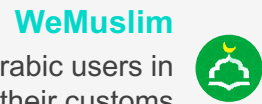
Social



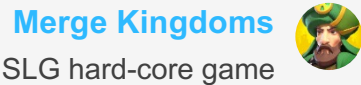
Group voice-chatting



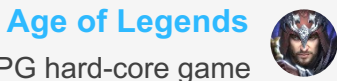
IM product tailored for Arabic users



Supports Arabic users in observing their customs

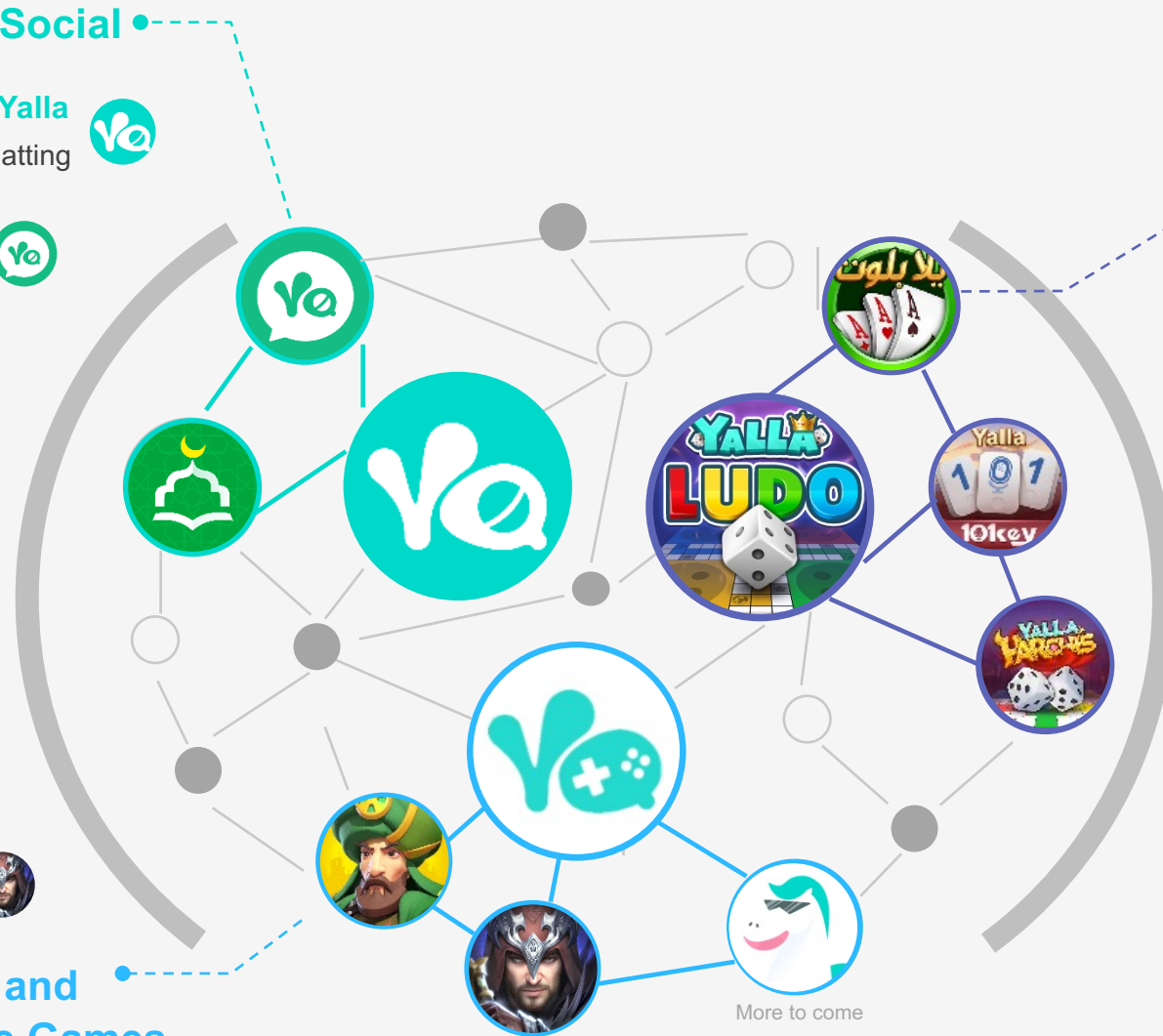


SLG hard-core game



RPG hard-core game

Mid-core and Hard-core Games



Casual Games



Yalla Ludo

MENA casual games+social networking



Yalla Baloot

Saudi Arabian card game



101 Okey Yalla

Turkish board game



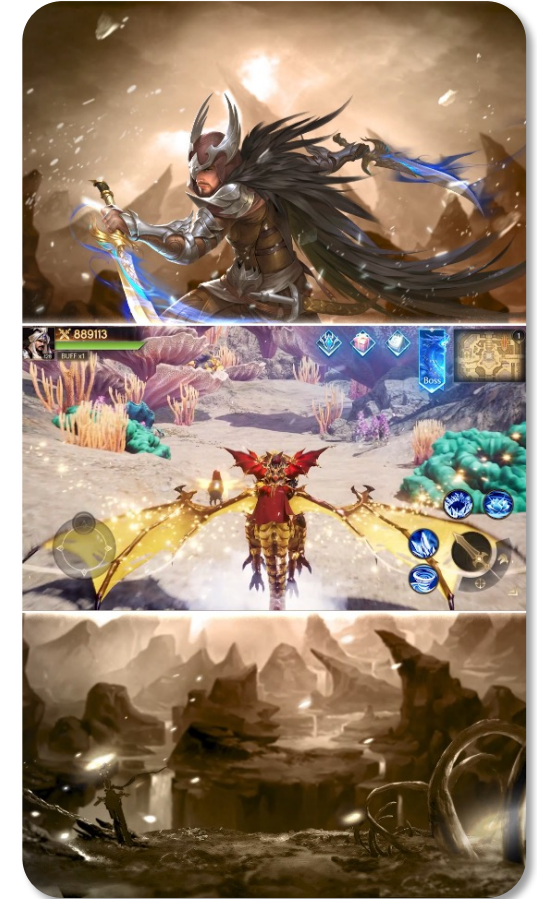
Yalla Parchis

South American Ludo exploring opportunities overseas



Yalla Game: Strong Commitment to Mid-core and Hard-core Games

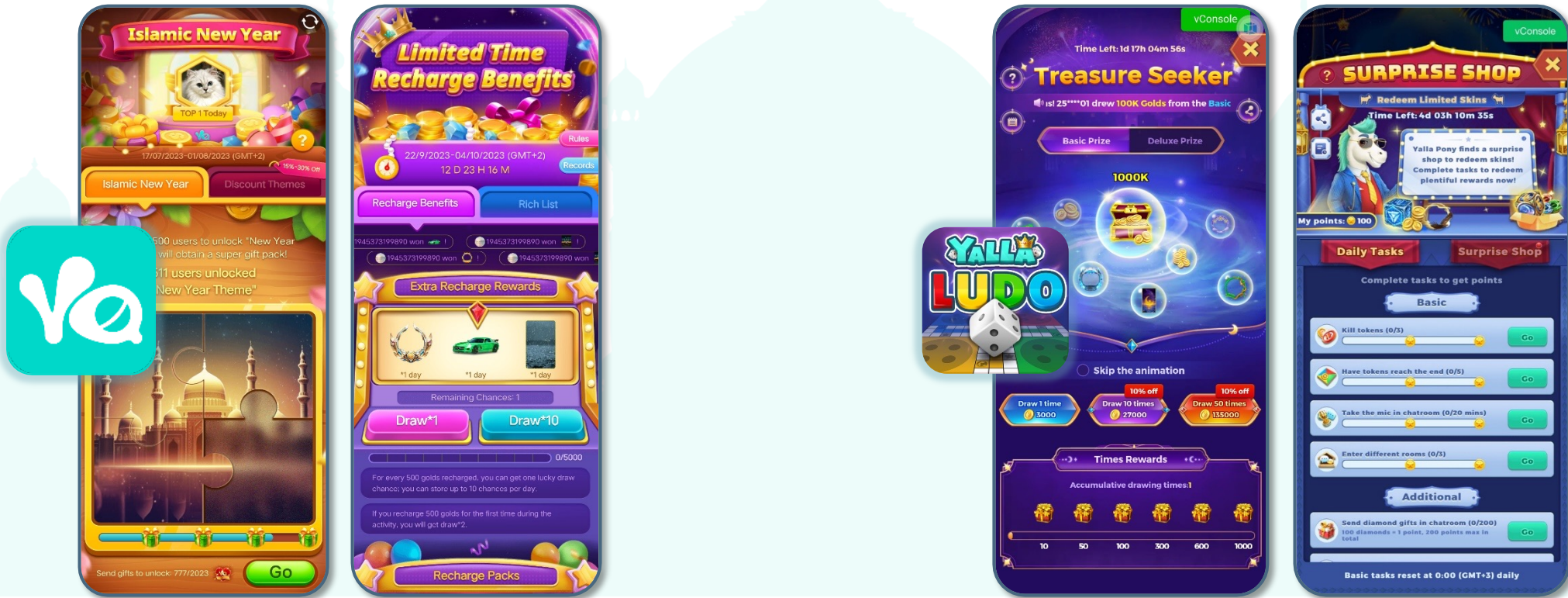
- **Merge Kingdoms** was ranked in the top 10 Strategy Games category in Gulf countries including Saudi Arabia and Qatar this quarter in terms of revenues on IOS.
- **Age of Legends** climbed to the top spot in Google Play's Role Playing Games category in terms of revenues in Saudi Arabia, UAE and Oman.
- Moving forward, we will gradually increase our investment in mid- and hard-core games, unleashing our growth potential in this flourishing market.



Yalla & Yalla Ludo: *Flagship Applications' Performances Remain Robust*

- **Yalla:** Improved gaming features and rolled out a series of operational activities such as Islamic New Year and National Day events, demonstrating Yalla's commitment to user satisfaction and strengthening the platform's sense of community.

- **Yalla Ludo:** Launched engaging operational events and continued to improve the app's gamification, driving a substantial increase in consumption.



Yalla's Brand Across MENA

Yalla's Appearance at GITEX GLOBAL's Expand North Star 2023

- Yalla Group was invited to speak at GITEX GLOBAL's Expand North Star 2023, the world's largest technology and startup event, held in Dubai in October 2023.



— 15-18 OCT 2023 - DUBAI HARBOUR —



Yalla's Brand Across MENA (Cont'd)

Yalla's Commitment to Sustainability

- Yalla established a Sustainable Account for Cash Management with Standard Chartered, one of the world's leading international banks.
- Ensures that our cash management procedures contribute to enhancing local and international sustainability.





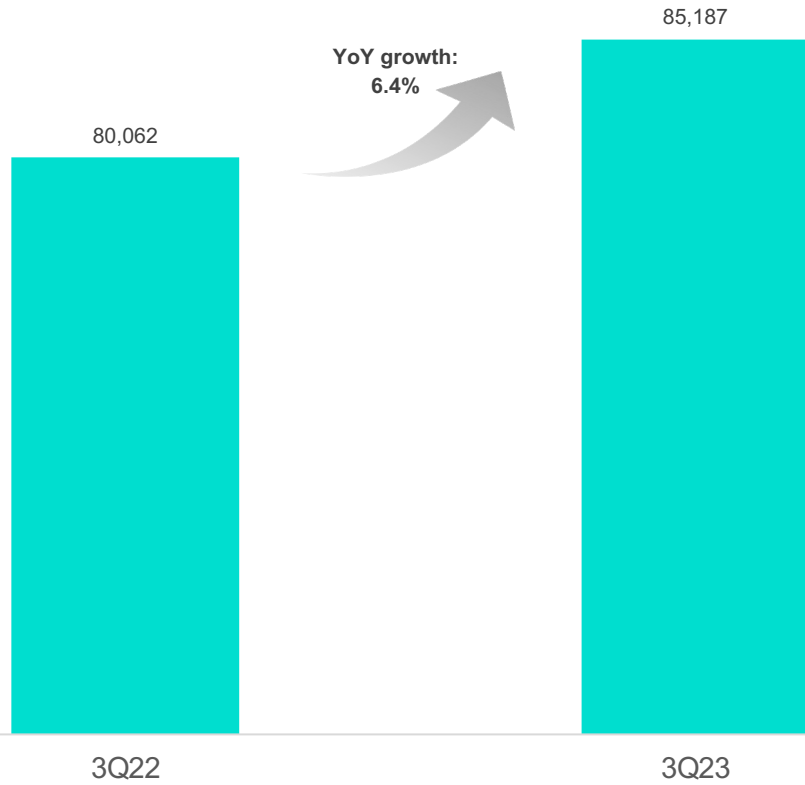
3rd Quarter 2023 Financial Performance Overview



Robust Financial Performance in 3Q2023

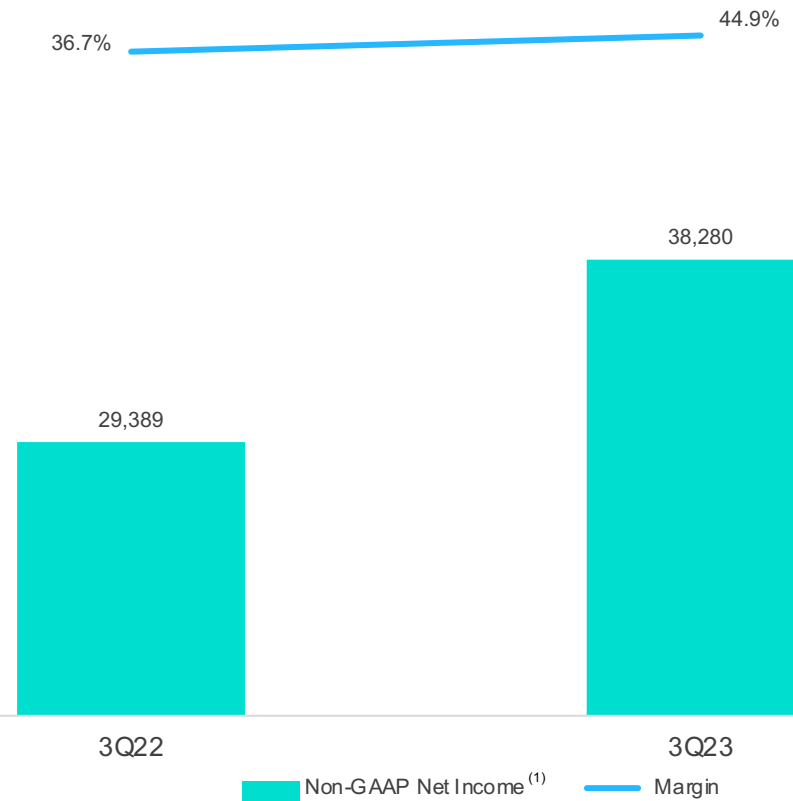
Revenues

US\$000



Non-GAAP Net Income⁽¹⁾

US\$000

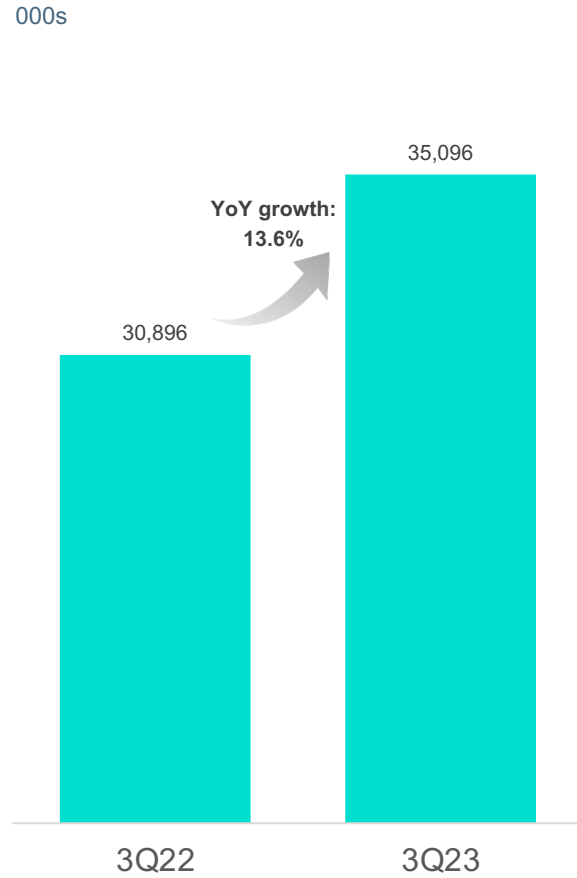


Note:

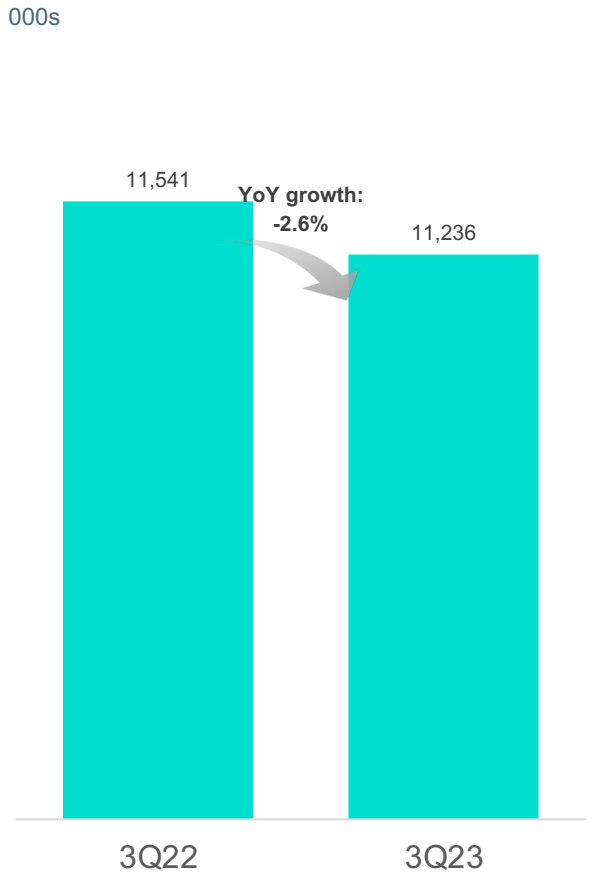
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MAUs and Paying Users

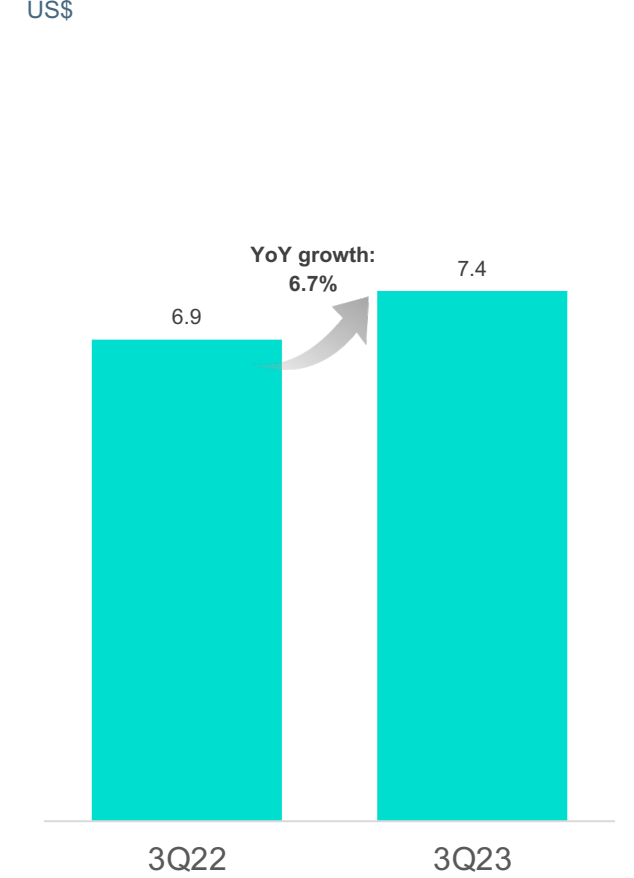
Average Monthly Active Users



Quarterly Paying Users ⁽¹⁾



Quarterly ARPPU



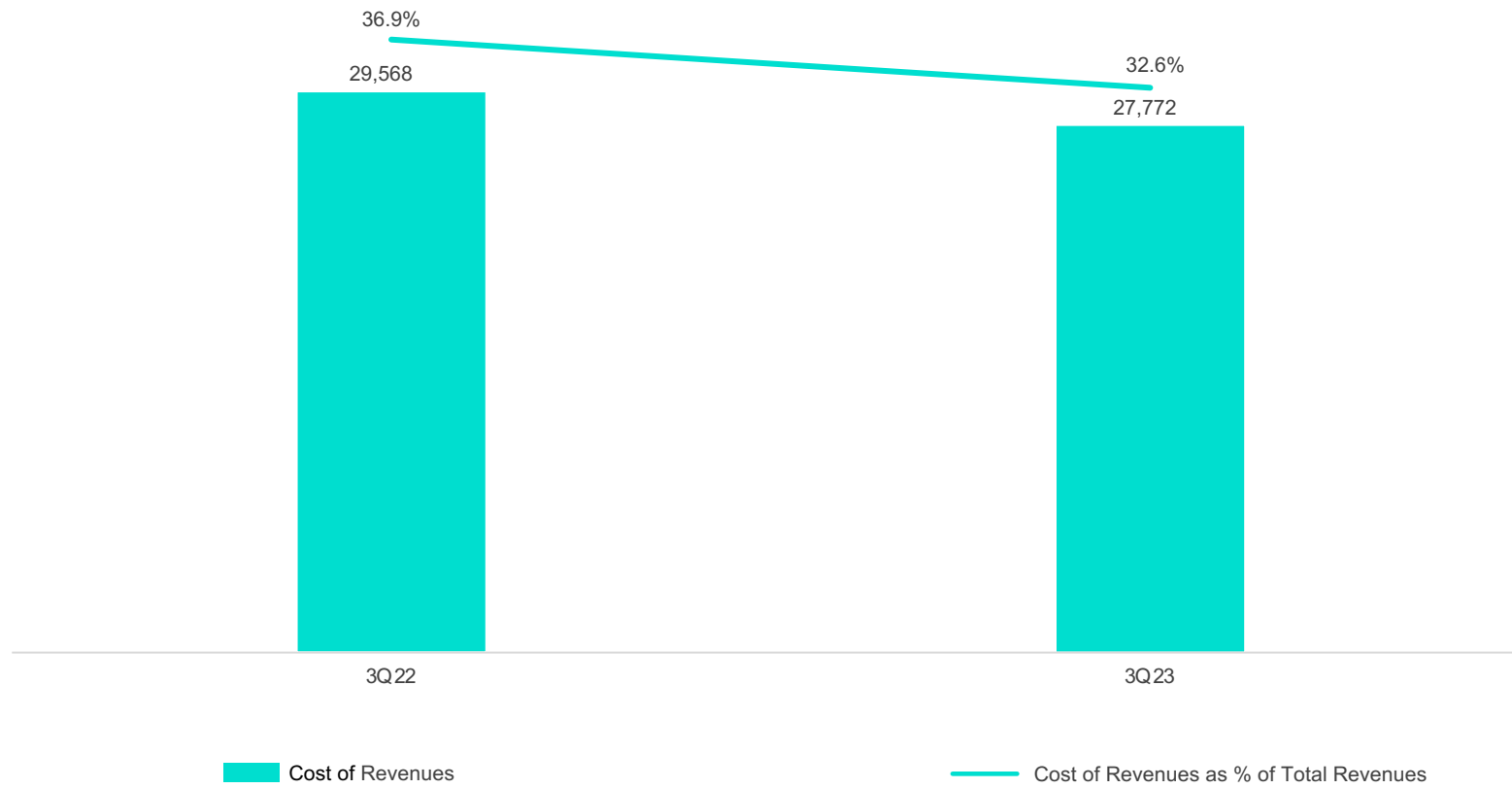
Note:

1. The slight decrease of Quarterly Paying Users was mainly due to the near-term game mechanism adjustment resulted in lowered frequency of certain low-spend consumption on the platform in the third quarter. We expect the fluctuation in paying users will be temporary as we are closely monitoring the impact of this adjustment and will adapt accordingly to seek right balance.

Continued Efficient Operations with Stable Cost Margin – Cost of Revenues

Cost of Revenues

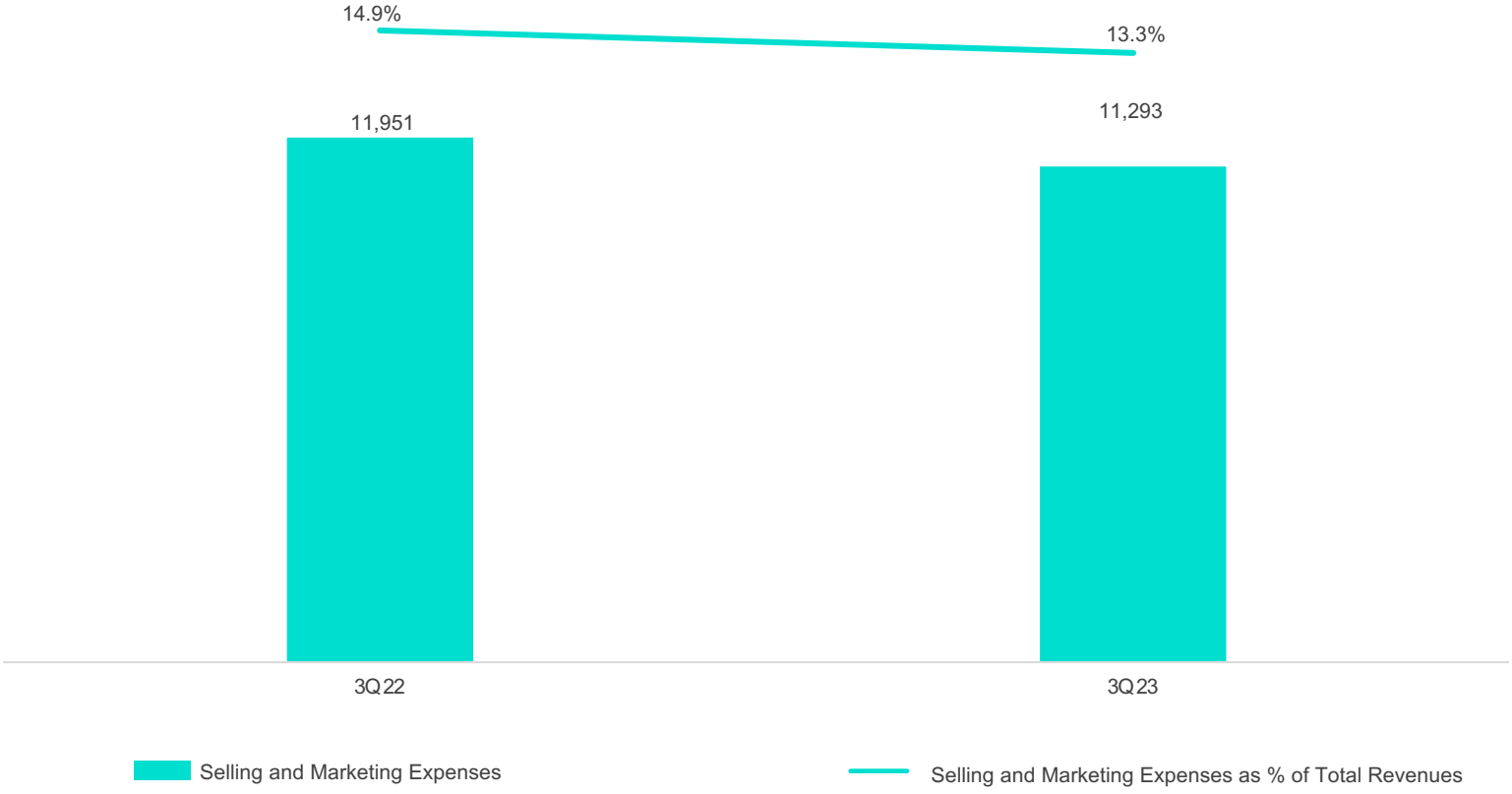
US\$000



Continued Efficient Operations with Stable Cost Margin – Selling and Marketing Expenses

Selling and Marketing Expenses

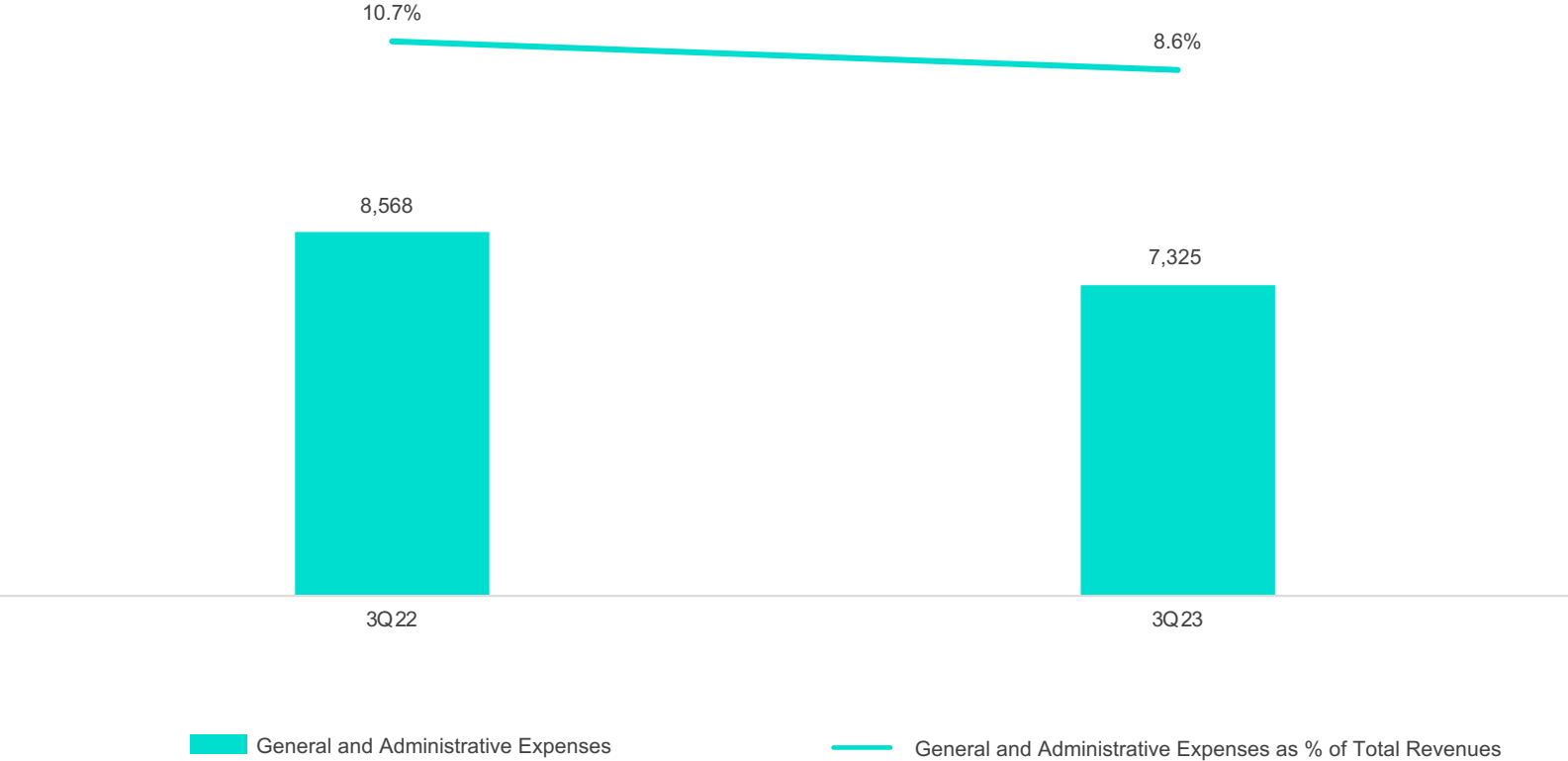
US\$000



Continued Efficient Operations with Stable Cost Margin – General and Administrative Expenses

General and Administrative Expenses

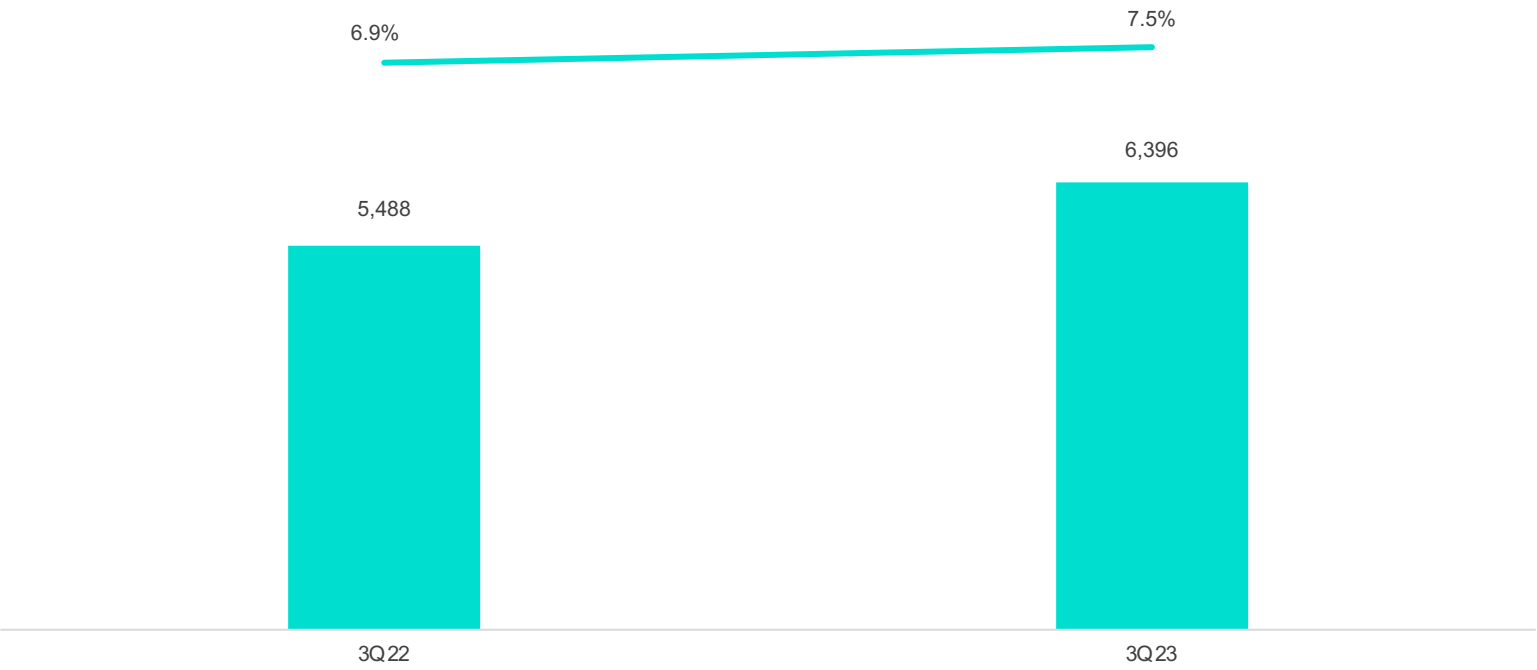
US\$000



Continued Efficient Operations with Stable Cost Margin – Technology and Product Development Expenses

Technology and Product Development Expenses

US\$000



Technology and Product Development Expenses

Technology and Product Development Expenses as % of Total Revenues



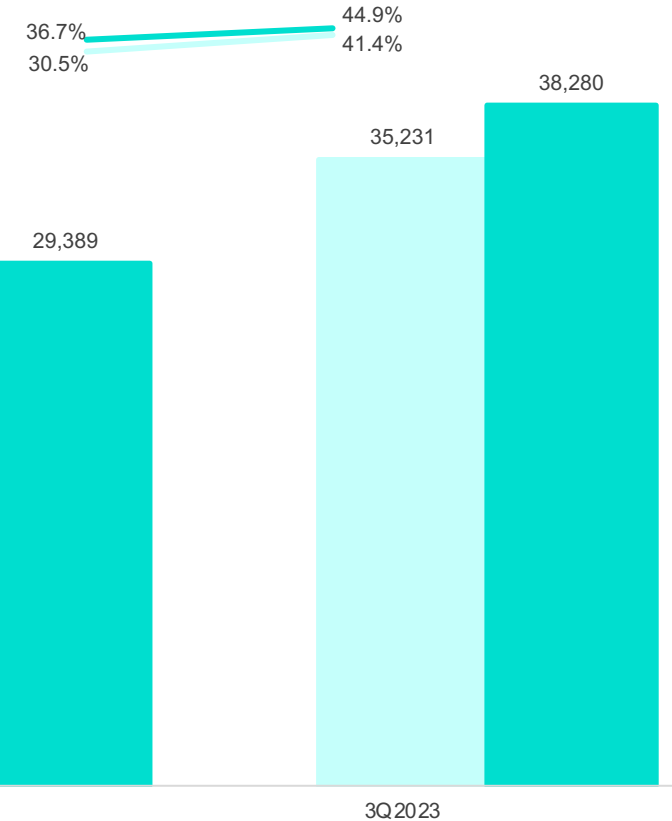
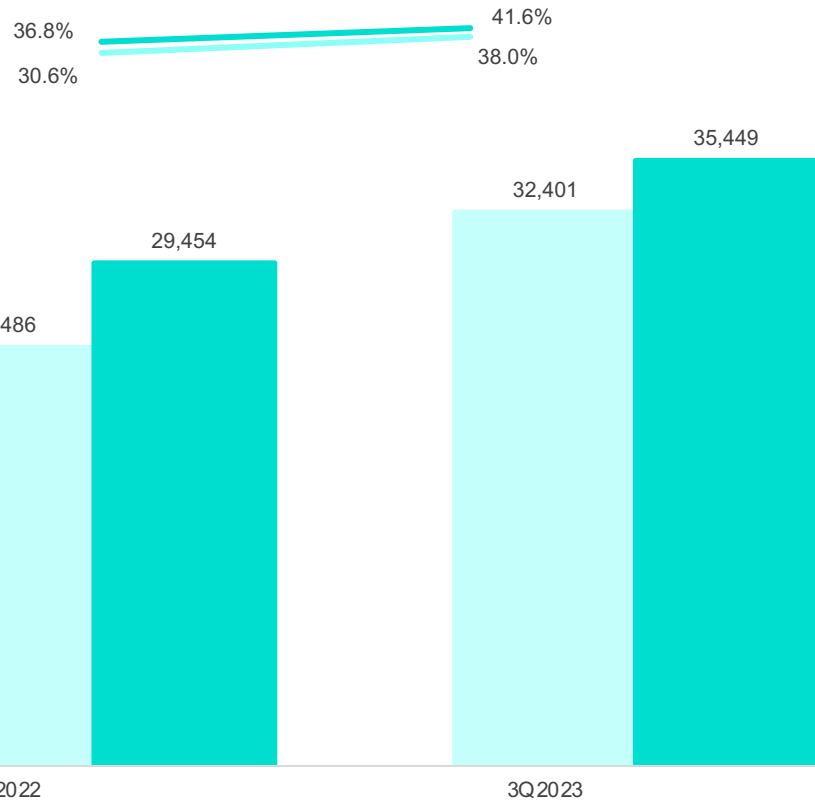
Profit Margin Expanded

Operating Income

Net Income

US\$000

US\$000



■ Operating Income
 ■ Non-GAAP Operating Income
 ■ Net Income
 ■ Non-GAAP Net Income
— Operating Income as % of Total Revenues
 — Non-GAAP Operating Income as % of Total Revenues⁽¹⁾
 — Net Income as % of Total Revenues
 — Non-GAAP Net Income as % of Total Revenues

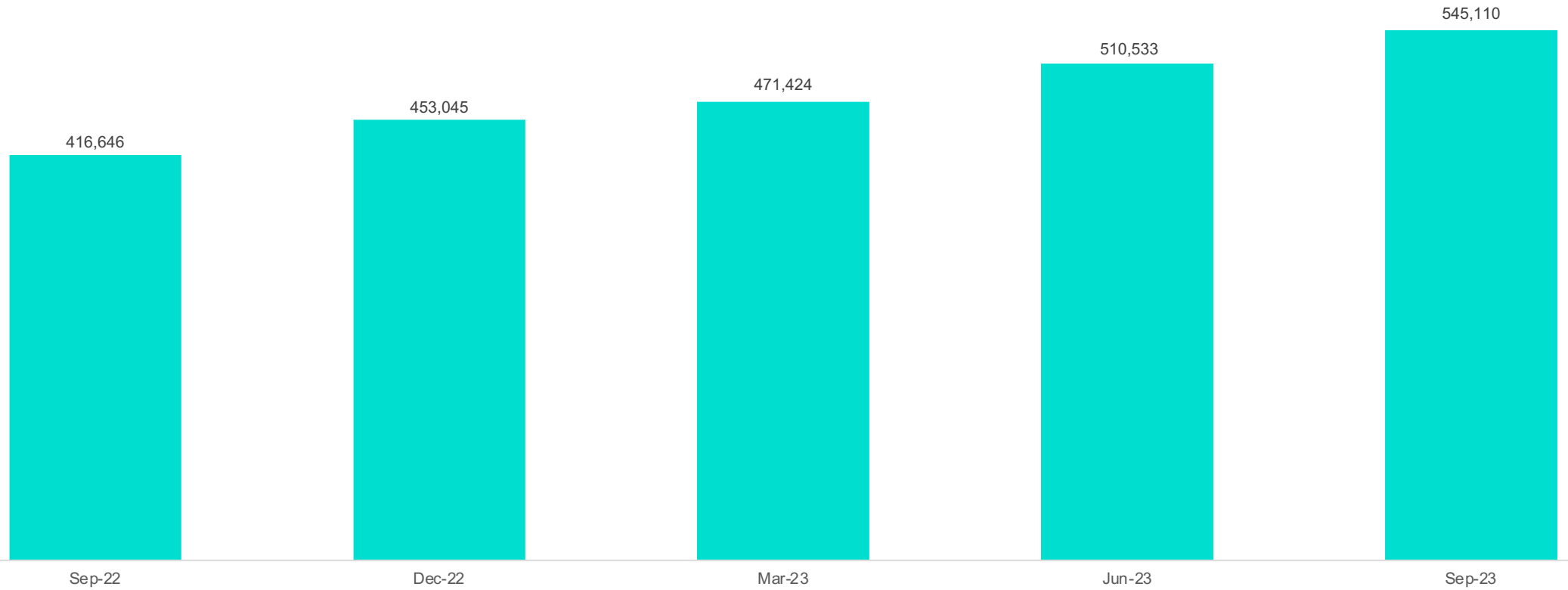


Note:
 1. Non-GAAP operating income represents operating income excluding share-based compensation. Non-GAAP operating income is a non-GAAP financial measure.

Continued Strong Cash Flow Position

Cash and Cash Equivalents & Restricted Cash & Term Deposits & Short-term Investments

US\$000





Appendix



STATEMENTS OF OPERATIONS

US\$	Year ended		Three months ended	
	December 31, 2021	December 31, 2022	September 30, 2022	September 30, 2023
Revenues	273,134,908	303,603,522	80,061,650	85,187,360
Costs and expenses				
Cost of revenues	(95,144,945)	(113,808,128)	(29,568,306)	(27,772,226)
Selling and marketing expenses	(42,404,862)	(49,939,683)	(11,951,117)	(11,292,732)
General and administrative expenses	(38,271,252)	(36,582,626)	(8,567,865)	(7,325,451)
Technology and product development expenses	(14,286,120)	(24,575,485)	(5,487,884)	(6,396,426)
Total costs and expenses	(190,107,179)	(224,905,922)	(55,575,172)	(52,786,835)
Operating Income	83,027,729	78,697,600	24,486,478	32,400,525
Interest income	111,881	3,300,976	777,581	5,612,861
Government grants	1,419,837	322,273	51,483	228
Investment income (loss)	54,824	21,407	(104,944)	435,545
Impairment loss of investments	-	(705,428)	-	(2,509,480)
Income before income taxes	84,614,271	81,636,828	25,210,598	35,939,679
Income tax expense	(2,019,911)	(2,598,983)	(788,985)	(708,673)
Net Income	82,594,360	79,037,845	24,421,613	35,231,006



RECONCILIATIONS OF GAAP AND NON-GAAP RESULTS

US\$	Year ended		Three months ended	
	December 31, 2021	December 31, 2022	September 30, 2022	September 30, 2023
Operating income	83,027,729	78,697,600	24,486,478	32,400,525
Share-based compensation expenses	43,939,447	26,690,970	4,967,227	3,048,700
Non-GAAP operating income	126,967,176	105,388,570	29,453,705	35,449,225
Net income	82,594,360	79,037,845	24,421,613	35,231,006
Share-based compensation expenses, net of tax effect of nil	43,939,447	26,690,970	4,967,227	3,048,700
Non-GAAP net income	126,533,807	105,728,815	29,388,840	38,279,706



BALANCE SHEETS

US\$	As of December 31,	As of September 30,
	2022	2023
ASSETS		
Current assets		
Cash and cash equivalents	407,256,837	267,454,622
Restricted cash	-	417,839
Term deposits	20,000,000	236,761,209
Short-term investments	25,788,304	40,476,760
Amounts due from a related party	-	111,665
Prepayments and other current assets	28,652,840	33,453,298
Total current assets	481,697,981	578,675,393
Non-current assets		
Property and equipment, net	2,121,613	1,952,303
Intangible asset, net	1,328,470	1,198,768
Operating lease right-of-use assets	1,950,364	2,993,403
Long-term investments	3,833,750	1,328,491
Other assets	15,406,078	15,080,531
Total non-current assets	24,640,275	22,553,496
Total assets	506,338,256	601,228,889
LIABILITIES		
Current liabilities		
Accounts payable	5,382,276	1,147,827
Deferred revenue	35,957,485	44,468,280
Operating lease liabilities, current	858,452	1,286,661
Accrued expenses and other current liabilities	22,821,168	24,017,537
Total current liabilities	65,019,381	70,920,305
Non-current liabilities		
Operating lease liabilities, non-current	744,612	1,118,285
Amounts due to a related party	709,789	616,904
Total non-current liabilities	1,454,401	1,735,189
Total liabilities	66,473,782	72,655,494
EQUITY		
Shareholders' equity of Yalla Group Limited		
Class A Ordinary shares	13,356	13,726
Class B Ordinary shares	2,473	2,473
Additional paid-in capital	294,406,395	309,383,994
Treasury stock	(27,014,697)	(35,527,305)
Accumulated other comprehensive loss	(1,701,111)	(2,862,193)
Retained earnings	174,880,748	261,038,063
Total shareholders' equity of Yalla Group Limited	440,587,164	532,048,758
Non-controlling interests	(722,690)	(3,475,363)
Total equity	439,864,474	528,573,395
Total liabilities and equity	506,338,256	601,228,889



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