



Maoyan Entertainment Announces 2020 Annual Results

BEIJING, March 30, 2021 – Maoyan Entertainment (“Maoyan” or the “Company”, 1896.HK), a leading platform providing innovative Internet empowered entertainment services in China, today announced its audited consolidated results for the year ended December 31, 2020.

Full Year 2020 Financial Highlights

- **Revenue** was RMB1,365.7 million, compared with RMB4,267.5 million in 2019.
- **Gross profit** was RMB537.3 million, compared with RMB2,657.1 million in 2019.
- **Selling and marketing expenses** decreased by 68.6% to RMB485.8 million from RMB1,547.8 million in 2019.
- **Loss for the year of 2020** was RMB646.3 million, compared with a profit of RMB458.9 million in 2019.
- **Adjusted EBITDA¹** was negative RMB360.3 million, compared with positive RMB946.4 million in 2019.
- **Adjusted net loss²** was RMB435.6 million, compared with an adjusted net profit of RMB703.2 million in 2019.

BUSINESS REVIEW AND OUTLOOK

In this announcement, “we”, “us” and “our” refer to the Company.

In 2020, due to COVID-19, all the cinemas in mainland China had been shut down for 183 days from January 23, 2020, which posed unprecedented difficulties and challenges throughout the entire movie industry value chain. As the epidemic was kept under control in China and the strong consumer demand for offline movie watching was released continuously, the box office of the Chinese movie market has bounced back significantly, taking the lead in industry recovery among global movie markets.

¹ In 2020 and 2019, the Company defined EBITDA as operating (loss)/profit for the year adjusted for depreciation and amortization expenses. The Company added back share-based compensation and listing expenses to EBITDA to derive adjusted EBITDA.

² In 2020 and 2019, the Company defined adjusted net (loss)/profit as net (loss)/profit for the year adjusted by adding back share-based compensation, fair value loss on convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and amortization of intangible assets resulting from business combinations.

During the outbreak of the epidemic, we took active measures to assist the recovery of the industry, enhanced our platform service capabilities, diversified our reserve of contents and strengthened the extent and depth of our participation in the industry. Meanwhile, leveraging on our asset-light business model and strict cost management, we had excellent risk-resistant ability and driving force of business development, which help us better mitigate the impact of the epidemic and promote the recovery and robust development of the Company's business.

Keep Firm Foothold to Reduce Cost and Increase Efficiency

Since 2020, the national box office market has showed strong momentum of recovery and development. In 2020, the total gross box office for China's movie industry was approximately RMB20.3 billion. Even as cinemas strictly implemented the 75% attendance limit imposed by the government, the seven-day box office on National Day Holiday in 2020 was RMB3.7 billion, which was recovered to more than 80% level compared to that in 2019 holiday period. As of December 31, 2020, the cumulative number of cinema screens in mainland China increased by 8.3% year-over-year to 75,581. As of February 28, 2021, China's year-to-date total box office grew by 7% to more than RMB15.5 billion.

For Maoyan, our movie ticketing business has recovered along with the recovery of the market. During the reporting period, our market share was stable and we continued to maintain our leading position in the industry. In the future, we will continue to promote the construction of ticketing system, strictly control our costs and expenses of ticketing business, stabilize the market share and revenue performance, and further improve the profitability of ticketing business.

Build up Profound Strength by Cultivating Quality Contents

In 2020, we have participated in many movies and TV series, which have been successively released to the public with the re-opening of cinemas and the broadcasting of TV stations and video platforms. As an important participant in the pan entertainment industry, we continued to enhance our extent and depth of participation in the industry, strengthened content reserves, continued to expand our footprints upstream into the industry, and further improved the penetration and profitability of the blockbuster contents.

In terms of cinema movies, Maoyan has participated as a producer/distributor in three of the four movies that each achieved more than RMB1 billion box offices in 2020, respectively My People, My Homeland (我和我的家鄉), Legend of Deification (姜子牙) and The Sacrifice (金剛川). In addition, the movies, such as One Second (一秒鐘) and Back To The Wharf (風平浪靜) produced and mainly distributed by us have had positive reception in the industry, which further validate our ability in movie

selection, promotion and distribution. For example, Back To The Wharf (風平浪靜), as the first realised movie self-produced by Maoyan, was shortlisted for the 23rd session of SIFF Golden Goblet Awards, and related unit of Cairo International Movie Festival and IFFAM.

We have built up an abundant reserve of contents which will be released in 2021 and beyond. We will also continue to enhance our participation in quality movies going forward, especially to deeply participate in the blockbusters for the important occasions. For example, we have participated in five of the seven movies that were released on the first day of the Spring Festival in 2021 as a producer/distributor. Among them, the movie Hi, Mom (你好 · 李煥英), which we acted as the main producer and guaranteed distributor, realized excellent performance and turned out to be the dark horse in the Spring Festival of 2021. As of March 30, 2021, the box office is over RMB5.3 billion, ranking the Second in the history of Chinese movies. There will be a series of quality movies that we acting as producer/distributor at opportune time, including but not limited to 1921 (1921), Raging Fire (怒火·重案), Chinese Doctors (中國醫生), Across the Furious Sea (涉過憤怒的海), Warriors of Future (明日戰記) and Knock, Knock (不速來客).

In addition, we have also started the self-production of cinema movies since 2019. Leveraging our high professional standard and content development expertise, we have produced more quality contents to extend the depth of our proprietary content reserves and strengthen our own IPs development. After Back to the Wharf (風平浪靜), we are currently in active production of movies such as On Your Mark (了不起的老爸), Game Start (天才遊戲), A Film Is Born (揚名立萬), Flaming Cloud (三貴情史), Moses On The Plain (平原上的摩西), The Woman in the Storm (我經過風暴) and New Five Golden Flower (新五朵金花) which will be released successively.

In addition to cinema movies, we were also constantly enriching content categories, and continued to increase the production and participation of TV series and streaming movies. In 2020, we co-produced two TV dramas with Tencent such as Miss Crow and Mr. Lizard (烏鴉小姐與蜥蜴先生) and Babel (通天塔). The law-themed suspense TV series The Last Straw (庭外辯護) developed and produced by us is planned to be shot in the first half of 2021, which will be exclusively broadcasted on Youku. Genius Go Talent (天才棋士), Beauty in Truth (女為悅己者), Love Me If You Dare (服不服) and several other TV series self-produced by Maoyan are planned to be shot this year. Besides, we have gradually established a solid roadmap for producing streaming movie content in a variety of categories such as

northeastern comedy, new martial arts, and military, etc. We plan to release those online movies gradually in 2021 and beyond.

Make Whole Network Integration to Continue to Strengthen Internet Entertainment Promotion Platform Capabilities

As a leading domestic movie distributor and a comprehensive Internet entertainment marketing platform, we gave full play to the nature and advantages of our “Internet and Entertainment” platform. We continued to build an online and offline integrated marketing ecosystem, integrated the resources and advantages of Maoyan’s own platform and the major platforms in the industry to assist the movie producers with increasingly targeted and effectively promotion solutions.

To address the different levels of marketing demands across the whole industry, we provide both standardized and customized movie promotion solutions. Our standardized promotion and distribution products, such as data consulting, precision marketing, material management and monitoring listed in Maoyan Pro (貓眼專業版), provide assistance to movie producers to improve efficiency. In addition, we also provided customized products and services for industry partner to achieve optimal promotion and distribution performance. For example, for the movie Hi, Mom (你好·李煥英), which was main produced and guaranteed distributed by us, we made continuous innovations by combining the environmental changes and the characteristics of the movie under the epidemic situation, and successively launched several innovative promotion and distribution solutions, such as “cloud road show (雲路演)” , “cloud block booking (雲包場)” and “red packet (助力主創紅包)” etc., helped to boost the movie’ s appeal, generate audience interest leading to its official release, and make it stand out above other competing titles. Our ability of continuous accumulation and innovation has been widely recognized by the market and further proved the promotion and distribution ability of Maoyan.

In order to support the realization and implementation of promotion and distribution products, we continued to build and enrich our promotion and distribution resources, and devoted ourselves to building our omni-channel media ecosystem covering the whole scenes of users’ online life. Up to now, the total user number of our Maoyan mini program ecosystem covering WeChat, Douyin, Baidu and other platforms has exceeded 450 million.

We were committed to creating industry standardization indicators, such as “real-time wish-list gathering” (實時想看) and “real-time pre-sale” (實時預售) index of Maoyan Pro (貓眼專業版), and improved the width, depth and accuracy of the coverage of such indicators, aiming to provide a more accurate and

effective reference indicators and codes of conduct. Take “real-time wishlist gathering” as an example, we continued to strengthen cooperation with major platforms such as Douyin on film data and platform cooperation to get access to the entry of each viewer, and we accessed with Douyin’s “wish-list” (想看) index, enabling the movie producers to constantly monitor the accuracy and effectiveness of the promotion and distribution performance of all platforms.

Embrace Changes to Fortify Service Ability of Data Platform

Leveraging on Maoyan’s advantages in the movie ticketing platform and continuous participation in the pan entertainment industry, we have accumulated a wealth of industry data. Besides, we constantly expanded data sources, updated data dimensions and professional functions, strived to provide comprehensive and professional data reference for the entire industry, and to provide the best data analysis and data support solutions for industry partners.

In 2020, we further strengthened the cooperation with major online platforms, accessed to data sharing resources, and improved the industry reference indicators in film box office, original music, movie traffic data, user search data and other aspects, including but not limited to:

- Accessed to Tencent Video’s streaming movie box office performance data, becoming the first platform to collect this key metric from all three of the major Chinese video platforms including Tencent Video, iQIYI and Youku;
- Launched “Uni Chart” (由你音樂榜) of Tencent Music Group which syndicated data on movie MV lists, movie soundtrack lists, TV series MV lists, TV series soundtrack lists and variety show soundtrack lists to help our industry partners easily monitor the effectiveness of their music marketing initiatives;
- Launched “Weibo Movie Chart” (微博電影榜) and combined WeChat Movie Popularity Chart and Baidu Movie Popularity Chart to provide more complete social media popularity monitoring data for the industry;
- Launched “Douyin Movie Chart” (抖音電影榜), “Douyin Drama Chart” (抖音劇集榜) and “Douyin Shows Chart” (抖音綜藝榜). The complete user data link and ecosystem brought by such data complementarity means the comprehensive upgrade of the refinement of online promotion and distribution in the content industry;

- Connected the cinema resources of Maoyan to Baidu ecosystem through mini programs to obtain accurate traffic of users' searches. At the same time, linked with Baidu App, Bai Jiahao and Baidu Map to realize traffic aggregation within Baidu ecosystem.

The comprehensive coverage and integration of the above data capabilities further lift Maoyan's platform service capabilities and data service capabilities. In 2020, we provided data service for more than 40 movies, covering movies released on National Day, New Year's Day and Spring Festival and other major Chinese holiday seasons. In 2021, we will continue to enhance our data analysis capabilities and data support solutions for entertainment contents. For example, four of the seven movies released in the Spring Festival in 2021 used the data service of Maoyan Research Institute, which reflects the coverage rate of our data service. In addition to cinema movies, we have also expanded the data service and platform service for streaming contents. For example, we provided research and testing services for Run For Young (風犬少年的天空), A Murderous Affair in Horizon Tower (摩天大樓) and other TV series, and provided data service for Legend of Ravaging Dynasties 2 (爵跡 2), Once Upon a Time in the Northeast I Am Haizhu (東北往事：我叫劉海柱) and other streaming movies.

Meanwhile, Maoyan also continued to attach importance to the data service and support for the whole industry, to keep the whole industry partners informed of industry information and trends. In 2020, Maoyan Research Institute released dozens of research reports on the impact of the epidemic, box office and schedule, the streaming movie market, etc., to assist the rapid recovery of the industry with big data.

Achieve Sound Growth to Build a Better Life

Based on the above, the pan entertainment industry was severely impacted by the epidemic in 2020. However, due to the effective management and control over the epidemic and with the joint efforts of all industry participants, the entertainment industry in China ushered in full recovery after general shutdown, and the New Year's Day and Spring Festival releases in 2021 also recorded notable box office. Moreover, certain movies that we participated in, such as Hi, Mom(你好·李煥英), Detective Chinatown 3(唐人街探案 3) and A Writer's Odyssey(刺殺小說家), recorded excellent performance as a result of recovery of the Chinese movie market, which is expected to further boost the Company's performance for the first quarter of 2021. We remain confident about our own growth prospect as well as the overall industry's long-term healthy development. We believe the audiences will always support quality contents. By embracing data and innovations, making quality contents reach to suitable audiences we can help to leverage the value of the content industry and build a better life.

As a leading platform to provide innovative Internet services for the whole entertainment industry, we will continue to enhance our core abilities, present more quality contents, further improve the basic service capacity of the platform and facilitate the recovery and development of the industry. Finally, we would like to express our heartfelt thanks to all colleagues, shareholders and industry partners for their trust and companionship. Let us work together and generate great values for our industry!

About Maoyan Entertainment

Maoyan Entertainment (1896.HK) is a leading internet platform providing innovative services in China's comprehensive entertainment industry. Since its inception, Maoyan has grown from an online movie ticketing service provider to an innovative one-stop platform for entertainment services. Maoyan has a comprehensive strategy to become a leading platform servicing the entire entertainment industry in China. This strategy is supported by its five key platforms: its comprehensive entertainment ticketing platform, product platform, data platform, marketing platform, and financing platform.

Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with IFRS, certain additional non-GAAP financial measures (in terms of, operating profit, operating margin, profit for the period, net margin, profit attributable to equity holders of the Company, basic EPS and diluted EPS), have been presented in this press release. These unaudited non-GAAP financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with IFRS. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies.

The Company's management believes that the non-GAAP financial measures provide investors with useful supplementary information to assess the performance of the Group's core operations by excluding certain noncash items and certain impact of M&A transactions. In addition, non-GAAP adjustments include relevant non-GAAP adjustments for the Group's material associates based on available published financials of the relevant material associates, or estimates made by the Company's management based on available information, certain expectations, assumptions and premises.

Forward-Looking Statements

This press release contains forward-looking statements relating to the business outlook, forecast business plans and growth strategies of the Company. These forward-looking statements are based on information currently available to the Company and are stated herein on the basis of the outlook at the time of this press release. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realised in future. Underlying the forward-looking statements is a large number of risks and

uncertainties. Further information regarding these risks and uncertainties is included in our other public disclosure documents on our corporate website.

Investor Relations Contact

Maoyan Entertainment

Email: ir@maoyan.com

ICR Inc.

Xinran Rao

Email: Maoyan@icrinc.com

Tel: +1 (212) 517-4035