



Maoyan Entertainment Announces 2021 Annual Results

BEIJING, March 24, 2022 – 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, 2021.

Full Year 2021 Financial Highlights

- **Revenue** increased by 143.9% to RMB3,323.4 million from RMB1,365.7 million in 2020.
- **Gross profit** increased by 242.9% to RMB1,842.3 million from RMB537.3 million in 2020.
- **Profit for the full year of 2021** was RMB368.5 million, compared with a loss of RMB646.3 million in 2020.
- **Adjusted EBITDA¹** was RMB742.7 million, compared with negative RMB360.3 million in 2020.
- **Adjusted net profit²** was RMB540.0 million, compared with an adjusted net loss of RMB435.6 million in 2020.

BUSINESS REVIEW AND OUTLOOK

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

1. BUSINESS REVIEW

ENTERTAINMENT CONTENT SERVICES

As a leading promoter and distributor of domestic movies, as well as a premier movie producer and self-developer in China, we have been proactively working with the industry and contributing to the production, promotion and distribution of various genres of domestic movies, including patriotic movies. By integrating our extensive experiences and technical capabilities, we have been able to strengthen our effective and precise services capabilities for movie promotion and distribution, as well as to constantly improve our movie selection criteria, and capabilities of producing more high-quality movies. In 2021, we achieved breakthrough growth in our entertainment content services business, with ever-better performance in both the quantity and quality of the movies we participated in, compared to previous years. In particular:

¹ In 2021 and 2020, the Company defined EBITDA as operating (loss)/profit for the period adjusted for depreciation and amortization expenses. The Company added back share-based compensation and listing expenses to EBITDA to derive adjusted EBITDA.

² In 2021 and 2020, the Company defined adjusted net (loss)/profit as net (loss)/profit for the year adjusted by adding back share-based compensation, net losses of convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and the amortization of intangible assets resulting from business combinations.

- We continued to cultivate our self-production capabilities for movies and further deepen our own IP reserves. These efforts helped us achieve significant breakthroughs as an independent self-developer and a lead distributor through enhanced premier content development and production capabilities. In 2021, our self-produced movies *On Your Mark* (了不起的老爸) and *Be Somebody* (揚名立萬) were released, both of which performed excellently. *On Your Mark* (了不起的老爸) was nominated to the 24th Shanghai International Film Festival, and *Be Somebody* (揚名立萬) consecutively topped the daily-box office since its release in November, while ranking Number One on the box-office chart for that month. The gross box office of RMB920 million and good reputation achieved by *Be Somebody* (揚名立萬) made it the dark horse for the annual box-office chart.
- Moreover, by fully leveraging our promotion and distribution capabilities, we were committed to providing outstanding services for the movies, enabling them to broaden their audience reach, as well as to achieve or even surpass their box-office forecasts and reputational expectations. With these objectives in mind, we participated in 18 domestic movies by acting as the lead distributor in 2021, some of which achieved outstanding performances with an overall box office of over RMB8.6 billion. For example, *Hi, Mom* (你好，李煥英), for which we acted as both producer and guaranteed distributor, generated more than RMB5.4 billion at the box office, ranking as the third highest in China's domestic movie box-office history; *Raging Fire* (怒火•重案) recorded a gross box office of more than RMB1.3 billion, thus becoming the champion for the Chinese-action movie box-office results for the year ; and *1921*, as one of the key movies in celebrating the centenary of the founding of the Chinese Communist Party, also performed well at the box office, becoming the monthly box-office champion for historical movie. These movies were also recognized with a number of awards and nominations across The China Golden Rooster Awards (中國電影金雞獎), the Hong Kong Film Awards and the Macau International Movie Festival. Furthermore, we also provided comprehensive promotion and distribution services for a number of other movies, including but not limited to *Dear Tutu: Operation T-Rex* (大耳朵圖圖之霸王龍在行動) and *Knock Knock* (不速來客).
- Throughout 2021, we covered a wide range of blockbusters during the major seasons throughout the year, and we also participated in self-production/promotion/distribution for 51 released domestic movies, which included 9 out of the top 10 on the 2021 domestic box office chart. These movies achieved a cumulative gross box office of approximately RMB26.0 billion, accounting for approximately 65% of the gross box office of all domestic movies in the same period. Examples include *A Little Red Flower* (送你一朵小紅花) and *Warm Hug* (溫暖的抱抱), for both of which we participated in as the producer/distributor, ranking first and second respectively at the box office during the New Year's Day holiday season; *Chinese Doctors* (中國醫生) and *White Snake 2: Green Snake* (白蛇2：青蛇劫起), for which we participated in as the producer/distributor, entered the top three at the box office during the summer vacation; and *Cloudy Mountain* (峰爆), *Sister* (我的姐姐), *My country, My Parents* (我和我的父輩), the *Cliff Walkers* (懸崖之上) and *Fireflies in the Sun* (誤殺2), for which we participated in as producer/distributor, also achieved excellent box-office performances, being either first or second place in their respective release seasons.

Moving into 2022, we will further deepen and improve our capabilities in content development, movie production, promotion and distribution. We will also strive to expand the breadth and depth of the movies we participate in, as well as to continue to enrich our high-quality content library. All these efforts will combine to drive our sustainable growth in the entertainment content services business.

- As of the date of this announcement, a number of movies we participated in have already released in 2022, and have performed excellently both at the box office and reputation. Among these movies, Too Cool To Kill (這個殺手不太冷靜), for which we acted as the co-producer and the lead distributor, ranked second in terms of box office during the 2022 Spring Festival holiday, and achieved a box office of more than RMB2.6 billion as of this announcement; G storm (反貪風暴 5), for which we acted as the co-producer and the lead distributor, ranked second in terms of box office in 2022 New Year's Day holiday; and Me And My Winter Games (我們的冬奧), for which we acted as the lead distributor, was the first animated mascot film in the history of the Olympic Games, and has received a large number of favorable reviews since its release in tandem with the success of the Beijing Winter Olympics.
- We have been proactively working with all parties across the industry to continue to enrich our library of quality movies. Currently, there are over 50 unreleased movies we have participated in and more than 20 self-produced projects at various stages of development in our pipeline, including Victims (被害人), The Procurator (檢察風雲), Give Me Five (哥，你好), Papa (學爸), High Forces (危機航線), The Goldfinger (金手指), Life Meeting (人生會議), The New Once a Thief (新縱橫四海) and more.

In addition to cinema movies, we consistently strengthened our efforts in both TV dramas and high-quality online movies in 2021. For example, the TV legal dramas, which we developed and produced, entitled Out of Court · The Last Straw (庭外•落水者) and Out of Court · Blinding Elephant (庭外•盲區), have both completed filming and will be broadcasted exclusively on Youku in the near future. The King of BBQ (燒烤之王), the first online movie that we produced, promoted and distributed has been broadcasted exclusively on Tencent Video, achieving outstanding performances in both reputation and box office. In addition, there will be numerous more TV dramas and other online movies we participated to be released in succession, including but not limited to Genius Go Talent (天才棋士), Beauty in Truth (女為悅己者), Love Me If You Dare (服不服), Heal Me (我還沒摠住她), Legend of Dan Zhu (問丹朱) and King of Hot GUO (火鍋之王).

In addition to the above, we also made remarkable progress in improving our promotion and distribution capabilities. As a top-notch domestic movie distributor and a leading pan-entertainment marketing services provider, we have established a unique intelligent promotion and distribution system. This forms a product matrix that provides comprehensive and diversified services for the whole industry. We will continue to upgrade these services and products through continuous innovation to further solidify their industry's leading service coverage. For example:

- Our indexes including “real-time wish-list gathering” (實時想看) and “real-time pre-sale” (實時預售), have been recognized as industry standard indicators with increasing high industry authority;

- Our “Cloud Block Booking” (雲包場) has successfully served hundreds of movies, and our “Movie Market Microscope Pro” (影市顯微鏡 Pro) designed for the attendance and scheduling analysis, has been widely recognized by the market since its launch in December;
- Our newly launched industry-focused tools providing refined and intelligent promotion and distribution services, including scheduling analysis, scheduling target decomposition and scheduling forecasts. These together with our self-developed intelligent systems, have combined to realize the monitoring and notification pushing on an hourly basis for data and event dynamics of a number of movies, such as Raging Fire (怒火•重案), Be Somebody (揚名立萬) and Too Cool To Kill (這個殺手不太冷靜), further demonstrating our professional and innovative capabilities in promotion and distribution services;
- While we have been gradually modularizing and standardizing our services and functions in promotion and distribution, we have also built dedicated professional teams, including the Alpha Short Video Team (阿爾法短視頻團隊) and the Wonder Studio (奇妙工作室), who have already provided premier promotion and distribution services for a number of movies, such as Endgame (人潮汹涌), Godzilla vs Kong (哥斯拉大戰金剛), No Time to Die (007:無瑕赴死) and Snipers (狙擊手).

ONLINE ENTERTAINMENT TICKETING SERVICES

In 2021, China’s gross box office reached RMB47.258 billion, continuing to lead the global box-office market. During the year, the domestic movies collectively recorded a box office of RMB39.927 billion, accounting for 84.5% of China’s gross box office, representing a recovery rate of over 90%, compared to that of 2019. Specifically, the box-office performances during major seasons of 2021, such as the New Year’s Day, Chinese Spring Festival, Qingming Festival, Labor Day holidays and Christmas, all surpassed those in the same period of 2019, demonstrating both the resilience and huge potential of the Chinese movie market.

As a leading movie ticketing service provider, we have been proactively addressing the needs of the whole industry with high quality services and products. At the same time, we have always been committed to constructively contributing to the industry’s recovery and development by strengthening our services and cooperating with all partners across the entire industry. In 2021, we provided the audiences with premier ticketing services as the general ticketing agents for the 11th Beijing International Film Festival (第 11 屆北京國際電影節) and the 16th Changchun Film Festival in China (第 16 屆中國長春電影節).

Our live entertainment business continued to grow and develop in 2021. We extended our coverage to serve a more diverse range of live entertainment projects through a constantly upgraded one-stop ticketing solution, which not only increased consumption vitality but also improved operational efficiency. In terms of ticketing services, we continued to provide services for many high-quality performances and events of various genres, such as the MIDI Festival 2021 (2021 迷笛音樂節), Maksim Classical Crossover Piano Concert, Joker Xue’s “Tian Wai Lai Wu” Concert

Tour (薛之謙“天外來物” 巡回演唱會), Li Ronghao’s “Sparrow” tour (李榮浩“麻雀”巡回演唱會), and the King Pro League 2021 (2021 年王者榮耀職業聯賽). Moreover, we have also enhanced our efforts in exploration and innovation on emerging modern entertainment events. For example, projects that we invested and developed, such as the immersive fine food interactive drama “The Grand Expedition” (玩味探險家) and the immersive escape room “Paramount” (百樂門—逆熵紀元), all performed well in terms of both reputation and box office.

ADVERTISING SERVICES AND OTHERS

In 2021, we proactively established and developed our promotion and marketing mechanisms and capabilities for both entertainment content and various brands. Through these efforts, we were able to integrate our resources to cover full entertainment scenarios, both online and offline, and devoted ourselves to delivering high-quality marketing and promotion services. During the Reporting Period, we executed advertising campaigns for various movies, and provided effective advertisement placements and customized marketing solutions for a large number of brand clients such as JD.COM, Douyin, Kuaishou, Chanel, L’Oreal, LEVIN (雷凌) and ALLION (亞洲獅).

In addition, we have further strengthened our capabilities to serve the whole industry. Our Maoyan Research Institute continuously serve the whole industry with comprehensive data services and market development trends research by regularly publishing industry data reports, covering all major seasons, as well as the thematic research reports on movie genres, including animation and Chinese action movies, etc. Moreover, through our test screening research services across the full practice of production, promotion and distribution for movies and TV dramas, we are able to provide our supports from all perspectives. Throughout 2021, we have served more than 50 movies, including approximately more than 30% of the domestic movies with a box office of over RMB100 million each, as well as many imported titles.

2. OUTLOOK

In 2021, China’s movie industry strived to overcome the adverse impacts of the ongoing recurrence of the COVID-19 pandemic. The China’s annual gross box office recovered to 74% of its pre-pandemic level, and continued to stay at Number One in the world in terms of both annual box office and total number of movie screens. During the 2022 Spring Festival holiday (from 31 January to 6 February), the national box office of movies in urban cinemas reached RMB6.035 billion, exceeding the level of the same period in 2019 and ranking second in China’s movie history. All of these reflected the strong resilience and vigorous vitality of China’s movie market. On 9 November 2021, China Film Administration (國家電影局) released the “14th Five-Year Plan for the Development of Chinese Films” (《“十四五” 中國電影發展規劃》), which aims to raise the total number of screens to 100,000 screens by 2025 and guides the way to fulfilling the Vision 2035 goal of building China into a major cinematic player. The 14th Five-Year Plan not only presents a clear and noble direction for the future development of the country’s film industry, but also sets up a goal for filmmakers to strive for, leading to the strengthened industry’s confidence in responding to the increasing expectations of audiences with more blockbusters.

Looking forward, we will continue to devote ourselves to China's pan-entertainment industry. By adhering to our core development strategy "Technology + Pan-Entertainment", we will continue to produce premier contents with positive values to tell China stories well and to strengthen our business synergies. We will also strive to create more values for the pan-entertainment industry and the society, as well as to progress towards the inspiring goal of building China into a major cinematic player. Meanwhile, we will continuously improve our competitiveness and innovation capacities in accordance with the core requirements of the industry and our company's own development. We are committed to working together and progressing steadily with our partners to embrace the bright future of the industry.

Last but not least, we would like to express our sincere gratitude to all of our colleagues, shareholders and industry partners for their trust and companionship. Let us forge ahead together and generate greater values for the industry!

About Maoyan Entertainment

Maoyan Entertainment (1896.HK) is a leading technology-driven entertainment company providing diversified services and valuable industry insights in China's pan-entertainment industry. The Company's mission is to make it easy to create, deliver, and enjoy great entertainment. Based on its core development strategy of "Technology + Pan-Entertainment", the Company has grown from an online movie ticketing service provider into an innovative one-stop platform with comprehensive entertainment services.

Non-GAAP Financial Measures

To supplement the consolidated results of the Company 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 Company'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 Company'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 Company'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 realized 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.

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