



## Maoyan Entertainment Announces Interim Results for the First Half of 2022

BEIJING, August 18, 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 six months ended June 30, 2022.

### First Half 2022 Financial Highlights

- **Revenue** was RMB1,191.4 million, compared with RMB1,799.8 million in the first half year of 2021.
- **Gross profit** was RMB622.4 million, compared with RMB1,045.5 million in the first half year of 2021.
- **Profit for the period** was RMB151.9 million, compared with RMB387.1 million in the first half of 2021.
- **Adjusted EBITDA** was RMB282.0 million, compared with RMB625.7 million in the first half of 2021.
- **Adjusted net profit**<sup>1</sup> was RMB233.7 million, compared with RMB484.2 million in the first half of 2021.

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

### BUSINESS REVIEW

In the first half of 2022, the entertainment industry faced immense difficulties and challenges due to the resurgence of COVID-19 pandemic. We continued to refine our operations to deliver high-quality products and services and achieved industry-leading performance in both the number of and box office of the movies in which we participated in the first half of 2022. In addition to our abundant content reserves in our pipeline, many movies in which we participated are expected to be released within 2022. Besides, our online entertainment ticketing services remained stable, while our other business lines are maturing. We have enhanced our business resilience and further demonstrated our profitability capability.

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<sup>1</sup> In the first half of 2022 and 2021, we defined adjusted net profit as net profit for the six months adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

## **Entertainment Content Services**

In the first half of 2022, the total box office for the China's movie market decreased by 37.68% to RMB17.18 billion, compared with the same period last year, resulting from the severe impact brought by the pandemic. In particular, from March to May, with the average operating rate of movie cinemas nationwide once dropping to below 50%, the gross box office suffered a year-over-year drop of about 80%. At the same time, certain movies slated for screening had to be rescheduled or postponed.

Despite the headwinds, we made continuous efforts in cultivating movie content and improving our operational capabilities, and we achieved industry-leading performances in both the number of and box office sales for the movies that Maoyan produced/distributed. During the reporting period, Maoyan participated in the production/distribution of 15 movies, including 6 of which the Company acted as a lead distributor. The percentage of the total gross of our participated movies to China's movie box office in first half of this year has recovered to almost the same level in the same period of 2019. In addition, we continued to enhance our involvement in the top-tier movies released during major seasons. For example, we participated in *Embrace Again* (穿過寒冬擁抱你) and *G Storm* (反貪風暴5：最終章), which ranked first and second, respectively, at the box office during the New Year's Day season. Moreover, we participated in 3 movies among the top 5 in terms of the box office in the Spring Festival season. Among which, "*Too Cool To Kill* (這個殺手不太冷靜)", for which we acted as both the producer and lead distributor, achieved total box office sales of RMB2.63 billion.

Since June 2022, the pandemic has stabilized, and the operating rate of movie theatres has gradually recovered to over 80%. Maoyan is well positioned to proceed with all our participated projects with abundant reserves of rich and diverse content. For example, movies where Maoyan has served as the producer/distributor, such as *My Blue Summer* (暗戀•橘生淮南), *Lighting Up The Stars* (人生大事), *Moon Man* (獨行月球) and *Warriors of Future* (明日戰記), have already been released in succession. Others include *Belle* (雀班公主), *Give Me Five* (哥，你好), *The Procurator* (檢察風雲), *Post Truth* (保你平安), *Too Beautiful To Lie* (請別相信她), *Journey to the West* (宇宙探索編輯部), *High Forces* (危機航線), *The Tipping Point* (掃黑行動), *Better Man* (絕望主夫), *Victimes* (被害人), *Who's the Suspect* (拯救嫌疑人) and *Full River Red* (滿江紅) have either been scheduled for release or are in the process of being scheduled.

During the reporting period, we also produced a number of premier TV series and online movies. For example, *Out of Court* (庭外), our self-produced legal drama TV series, was released exclusively on Youku in July 2022 and achieved excellent reputation. We also participated in *Hello, The Sharpshooter* (你好，神槍手), *Leverage* (槓桿) and *Babel* (通天塔), which have been broadcast on different platforms, and all performed very well. In addition, *The King of*

*Hot GUO* (火鍋之王), another online movie, for which we participated in the production, will be scheduled to be released soon.

Furthermore, leveraging our considerable and professional experience in promotion and distribution and our fine-tuned service matrix, many of our products and tools have been widely recognized by industry partners and increased in popularity. For example, during the reporting period, the projects served by our promotion and distribution products, such as “Cloud Block Booking” (雲包場) and “Lead Appreciation” (助力主創), maintained an encouraging growth momentum. In particular, “Cloud Block Booking” (雲包場) has been used by almost all domestic movies grossing over RMB100 million in box office. Furthermore, our promotion and distribution products further demonstrated their impressive commercial value. Deeply cooperating with hundreds of influential creators and thousands of incubated Key Opinion Consumers (KOC), our content marketing team provided quality marketing services to nearly 80% of the movies with over RMB100 million in box office during the reporting period. We also launched a variety of innovative promotion and distribution tools, such as “Box Office Estimates by Media” (第三方媒體超前票房預測) and “Same-period Performance Comparison” (同檔期對比), aiming to actively help improve the industry’s level of refinement and efficiency of distribution.

### ***Online Entertainment Ticketing Services***

During the reporting period, we continued to enhance our platform’s service capacity and further optimized the ticketing system; combined with our reasonable cost and expense control initiatives, we successfully maintained our industry-leading position. Meanwhile, we have proactively tracked the industry’s needs, striving to provide all-round assistance and support for the development and recovery of the industry. We helped more than 70% of the movie cinemas nationwide improve their customer acquisition efficiency through our services, including membership promotions and package sales. Besides, acting as an exclusive ticketing provider for the 12th Beijing International Film Festival (第十二屆北京國際電影節), we offer the audiences with premier ticketing services. Since June, as the movie market has been gradually recovering, our movie ticketing business has been picking up accordingly. Moving forward, with constant effort on the operation and service capability cultivation, we are committed to continuously upgrading audiences’ experience and consumption vitality while providing our industry partners with better services.

As an important market player, we made steady progress in our live entertainment business, expanding the offering categories and refining operation efficiency. Especially, we focused on cultivation in the emerging local entertainment categories, including talk shows, cross talks, immersive theaters, exhibitions, family shows, music festivals. During the reporting period, the GMV of our live entertainment business recovered to over 80% for the

same period last year. In addition, we achieved breakthrough growth in some verticals, such as talk shows, family shows and immersive theaters. Among these, the GMV of our talk shows tripled compared with the same period last year. Furthermore, we have actively been exploring new forms of entertainment catering to the young generation and achieved steady progress in many projects we engaged as a producer. For example, we developed a series of shows, including “The Grand Theater” (玩味放映廳), “The Grand Museum” (玩味博物館) and “The Grand Music” (玩味音律), following our success of “The Grand Expedition” (玩味探險家), an immersive food interactive drama, which achieved excellent performance in both box office and market reputation. Besides that, we have completed the initial preparation for a new Maoyan-produced immersive gaming drama “Dream Cruise” (明珠傳奇), and it will debut at an appropriate time.

### ***Advertisement Services and Others***

During the reporting period, we constantly improved our operational capability and efficiency, and continued to enhance our commercialization ability. Considering the distinct characters of different movies and the changing market conditions, we launched a variety of rich and innovative promotion campaigns. Meanwhile, we enhanced our distribution capability by further expanding our promotion and distribution channels. Currently, we have established deep cooperations with many high-quality platforms, such as Weibo, Douban and Xiaohongshu. The total users of Maoyan mini-program ecosystem, covering WeChat, Weibo, Douyin, Baidu and Kuaishou, etc., have exceeded 600 million. Moving forward, we will continue to leverage our capabilities of the full-channel marketing and industry’s leading platform, and provide matrixed and customized services for the promotion and marketing of film and TV projects.

Our Maoyan Research Institute continued to improve the data service capabilities and conducted extensive research on various themes. We also extended our research services to IP studies, including adaption, development and testing of IP. In addition, through profound analysis on market conditions and successful movies during the pandemic, we released various in-depth research reports, including pandemic-related reports, which provided our industry partners with valuable market information and insights into industry development trends.

## **OUTLOOK**

Benefiting from the effective control of the pandemic in China, business resumption across all fields is progressing steadily. The operating rate of movie theatres in China has recovered to more than 80% in early June. As of the date of this announcement, the summer-holiday box office has reached about RMB7.9 billion, which exceeded the same-period box office in last year. We maintain our full confidence in the market’s recovery.

In a complex and changing market environment, we will continue to grow and develop within the pan-entertainment industry with the firm execution of our core strategy of “technology + pan-entertainment”. Through mining and producing high quality content with a positive social value proposition, combined with enhanced infrastructure and service capability, we expect to further unlock Maoyan’s value in the industry. Meanwhile, we will constantly explore new initiatives, develop diverse growth drivers and optimize our layout of pan-entertainment industrial chain. Furthermore, by further enhancing and utilizing the synergy among our business lines, we will be able to maintain risk resistance capabilities and capture the market growth opportunities following the industry’s recovery, further enhancing our competitive advantages.

### **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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