

## Maoyan Entertainment Announces 2023 Annual Results: Revenue and Profitability Exceed Historical Levels

BEIJING, March 21, 2024 – 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, 2023.

### Full Year 2023 Financial Highlights

- **Revenue** was RMB4,757.4 million, representing a year-over-year increase of 105.1%, compared with RMB2,319.5 million in 2022.
- **Gross profit** was RMB2,384.9 million, representing a year-over-year increase of 133.8%, compared with RMB1,020.0 million in 2022.
- **Profit** was RMB907.8 million, representing a year-over-year increase of 766.2%, compared with RMB104.8 million in 2022.
- **Adjusted EBITDA** was RMB1,249.7 million, representing a year-over-year increase of 290.4%, compared with RMB320.1 million in 2022.
- **Adjusted net profit**<sup>1</sup> was RMB1,029.0 million, representing a year-over-year increase of 342.2%, compared with RMB232.7 million in 2022.

### BUSINESS REVIEW

In 2023, the entertainment industry witnessed a robust recovery and significant growth. The film market was lively and vibrant, with the development of high-quality films progressing steadily. According to data released by the China Film Administration (國家電影局), the total box office of the film market in the PRC in 2023 was RMB54.915 billion, representing a year-over-year increase of 82.64%. Domestic movies achieved an annual box office of RMB46.005 billion, marking a new historical high. In particular, the box office in the 2023 Lunar New Year season amounted to RMB6.758 billion, ranking second in history, and in the Summer-holiday Movie Season, it broke the record for consecutive days with ticket sales exceeding RMB100 million, reaching a record high for the same period in history with a box office performance of RMB20.619 billion. The offline performance market also experienced a rapid recovery, with the RMB 50.232 billion in the full-year box office revenue, increasing by 150.65% compared to the same period of 2019, according to the National Performance Market Development Briefing for 2023 released by the China Association of Performing Arts (中國演出行業協會).

In the midst of this strong industry recovery, the Company has capitalised on the opportunity to achieve continuous breakthroughs and developments in its business, with a number of business and financial indicators reaching record

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<sup>1</sup> We defined adjusted net profit as net profit for the year adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

highs over the same period in history. These results reflect the Company's ongoing excellence in business operations and profitability. During the Reporting Period, the Company has consistently improved its strength, exceeding historical levels in terms of revenue and profitability. Of particular note is the remarkable growth in the entertainment content services segment in terms of business results and financial performance, with further improvement in its promotion and distribution service capability and market coverage. The Company experienced stable growth in its revenue performance for three consecutive years, further confirming its exceptional development capabilities and expertise in the entertainment content field.

### ***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 actively serve the industry and contribute to the distribution, production and development of various genres of domestic movies. In 2023, we were involved in a total of 54 released domestic movies, which achieving historical highs in terms of the movie number, cumulative box office and market coverage of films we participated in. We also increased the number of top-tier movies we participated in and deepened our vertical involvement. It is worth noting that out of the top ten Chinese movies at the box office in 2023, Maoyan acted as a lead distributor for four movies and as a lead producer for five. In total, we participated in the production of eight out of ten movies, with the box office contribution of the films we were involved in hitting a historical high during the same period.

During the Reporting Period, we have continuously refined our promotion and distribution capabilities and products, maintaining a keen sense of project evaluation and an innovative approach to embrace change. We have leveraged our practical experience from numerous projects and iterated our methodologies accordingly. By combining film genres and their own unique characteristics, as well as utilizing our cross-platform resources and data analysis capabilities, we have developed "one strategy for one movie," "one strategy for one city," and "one strategy for one moment" for precise marketing. We also proposed innovative promotional and marketing service solutions in the industry, contributing to increased industry acknowledgment and the exploration of diversified distribution approaches. These efforts have greatly assisted a number of films in achieving impressive box office results. For example, in the promotion and distribution service plan for *Full River Red* (滿江紅), we collaborated with multiple airlines and high-speed railway companies to implement an innovative "by-air-and-by-land" promotion and distribution model. For *Creation of the Gods I: Kingdom of Storms* (封神第一部：朝歌風雲), we introduced an extended promotional campaign that included offline events and real-time online streaming, and successfully generated continuous buzz and increased the film's popularity through a "co-creation marketing" strategy. As for *Shining For One Thing* (一閃一閃亮星星), we created a special New Year's snowfall ceremony and promoted the film through "interactive promotion and distribution" to achieve outstanding results across multiple dimensions, such as box office performance and popularity. Furthermore, we actively integrated our promotion and distribution resources and pioneered the "Seasonal Marketing" strategy for the movies released in the 2024

New Year's Eve season. Through collaborative creation, platform collaboration, user collaboration, as well as online and offline cinema collaborations, we developed integrated promotion and distribution plans for six movies during the season, which expanded the market potential during the season and helped the movies released in the New Year's Eve season set new historical records in terms of box office, screenings, and audience attendance. In addition, we continuously improved our product capabilities and regularly updated various promotional tools to provide more diverse and flexible options for film promotion and distribution. For example, our "Cloud Block Booking" (雲包場) service gained widespread recognition in the industry, serving over 200 theatrical films during the year and propelling a 227% year-over-year increase in their box office compared with that of 2022.

Leveraging our high-quality promotion and distribution services, as well as our long-standing and continuously evolving movie selection and data capabilities, we continue to increase our investment in high quality movies in terms of both breadth and depth. During the Reporting Period, the number of movies in which we served as the producer/distributor and their cumulative box office performance reached the highest levels ever recorded for the same period. Our coverage across major release periods also continued to expand. Additionally, our projects generated historically high investment returns, validating our business growth and profitability. Notably, during the Reporting Period, we participated in the promotion and distribution of 52 domestic movies, among which we acted as a lead distributor for 30 domestic movies, setting new records in terms of both the number of movies and the box office. Many of these films performed exceptionally well, such as *Creation of the Gods I: Kingdom of Storms* (封神第一部：朝歌風雲), which recorded a box office of RMB2.634 billion and became the champion for the Chinese-action movie box-office results for the year, *Never Say Never* (八角籠中), which recorded a box office of RMB2.207 billion and was a surprise hit during the Summer-holiday Movie Season, *Godspeed* (人生路不熟), which recorded a box office of RMB1.184 billion and became the box office champion during the Labor Day holiday, and the top three movies in terms of box office performance during the New Year's Eve season, namely *Shining For One Thing* (一閃一閃亮星星), *Johnny Keep Walking!* (年會不能停!) and *The Goldfinger* (金手指). Many of these movies also received awards and nominations at the Asian Film Awards, the China Golden Rooster Awards, the Hong Kong Film Awards and the Changchun Film Festival. Furthermore, during the last four consecutive Lunar New Year seasons, from 2021 to 2024, the movies for which we acted as lead distributor achieved outstanding performances and claimed the top two spots in the corresponding film seasons, including *Pegasus 2* (飛馳人生2) in 2024, *Full River Red* (滿江紅) (ranking sixth in China's movie history) in 2023, *Too Cool To Kill* (這個殺手不太冷靜) in 2022, and *Hi, Mom* (你好，李煥英) (ranking third in China's movie history) in 2021. These successes demonstrate our consistent and reliable ability to identify and capture high-quality content.

In 2024, we have continued to capitalise on our strengths in content promotion, distribution and production. We participated in the top three movies in terms of box office performance during the New Year's Day Holiday Season, including *Johnny Keep Walking!* (年會不能停!), *Shining For One Thing* (一閃一閃亮星星) and *The Goldfinger* (金手

指). During the Lunar New Year season, we produced and served as the lead distributor for *Pegasus 2* (飛馳人生2), which secured the second spot in the box office. We were also involved in distributing *YOLO* (熱辣滾燙) and *Boonie Bears: Time Twist* (熊出沒•逆轉時空). Currently, a series of movies in which we participated as the distributor/producer have been scheduled for release, including *The Victims* (黃雀在後!), *Super Villain* (大“反”派) and *The Last Frenzy* (末路狂花錢). We also continue to maintain a diverse and abundant pipeline of movie content across varied themes. An array of movies in our pipeline are steadily progressing, such as *The Murderer* (醬園弄), *High Forces* (危機航線), *Casual Revenge* (即興謀殺), *Burning Star* (盜火者), *Project P* (P計劃), *Decoded* (解密), *Life Hotel* (來福大酒店) and *Reversed Destiny* (沙漏), as well as over 10 movies we self-produced, such as *Fire on the Plain* (平原上的火焰), *Chongsheng* (重生), *Game Start* (天才遊戲), *Endless Journey of Love* (時間之子), and *Sanshaonv* (傘少女).

### **Online Entertainment Ticketing Services**

In 2023, we continued to provide high-quality ticketing services to the industry. Our online movie ticketing business maintained its market-leading position and continued to consolidate its competitiveness. First, we continued to enhance our service capabilities for film festivals and government cultural activities, providing various high-quality services such as thematic promotions and ticketing services for events including the 13th Beijing International Film Festival, the 5th Hainan Island International Film Festival and the 10th Silk Road International Film Festival. We also provided service support for over 40 provincial, municipal and district-level film and live performance-related government initiatives, facilitating their consumer-focused cultural activities. In addition, we continued to deepen our presence in cinema scenarios, helping theaters fully leverage their multifunctional characteristics. For instance, we collaborated with theaters to organise special marketing events such as themed events and promotional activities, and we provided theaters with diverse and effective marketing solutions to support their membership and merchandise sales businesses.

Since 2023, the offline performance market has experienced robust growth, and we have seized opportunities arising from the market recovery by increasing our investments and development efforts. As a result, our competitiveness in the ticketing business for live performances has increased. During the Reporting Period, the total revenue and GMV of our offline performances reached new highs compared to the same period in previous years. In particular, we made significant progress in various categories of large-scale performance events. For example, as the general ticketing agent, we provided comprehensive ticketing services for over 100 concerts, including a number of performances featuring top artists such as Jacky Cheung (張學友), Eason Chan (陳奕迅), Jay Chou (周杰倫), and JJ Lin (林俊傑). We also offered high-quality services for over a hundred esports tournaments, such as the LPL 2023 Spring Playoffs (2023英雄聯盟職業聯賽春季賽季後賽) and the Honor of Kings International Championship (KIC) 2023 Qualifiers (2023年王者榮耀世界冠軍杯淘汰賽). Additionally, we served more than 300 sports events, including top events such as the 2023 CBA All-Star Weekend Rookie Challenge (2023年CBA全明星

週末星銳挑戰賽)。Meanwhile, we continued to explore overseas markets. In addition to providing ongoing support for various performance events in Hong Kong through URBTIX, we officially launched our UUTIX ticketing platform in the second half of 2023 to start our own ticketing business in Hong Kong. Moreover, we established strategic partnerships with Tencent Video and Sands China in Macau, engaging in comprehensive and in-depth cooperation in areas such as large-scale offline events, content recording for leisure and entertainment programmes, and online marketing promotions.

### ***Advertising Services and Others***

We continue to integrate industry resources and expand our communication channels to enhance the breadth and depth of our promotion and distribution efforts. In 2023, we deepened cooperation with multiple internet platforms, covering various scenarios including gaming, lifestyle services, social media and transportation. We also pioneered a new model of integrated live-streaming marketing, encompassing the top domestic internet ecosystems. In addition, we enhanced brand building and commercial capabilities through live-streaming channels. Meanwhile, we upgraded our presence in new media by consistently delivering high-quality content across platforms such as video channels, Douyin and Weibo. This boosted our movie promotion and distribution efforts, resulting in a cumulative fan base of over 80 million and hundreds of millions of daily video views. As a result, we have become the top-ranked film and television account on several platforms.

We continuously develop a globally leading, transparent, accurate and real-time data system, and consistently iterate our products to serve the film industry with “technology + big data” solutions. During the Reporting Period, our Maoyan Pro (貓眼專業版) continued to grow and strengthen its industry influence. Maoyan Pro (貓眼專業版) introduced multiple data-driven products, providing industry users with more visualised industry information exposure capabilities and multidimensional support throughout the movie production, promotion and distribution process. These products include the “Project Filing Inquiry (備案立項查詢),” which enriches industry information visualisation, and the “Box Office Map (票房地圖),” which showcases real-time market competition dynamics. Furthermore, Maoyan Pro (貓眼專業版) continued to increase its investment in AI and big data technologies. For example, we developed AI video content production and distribution capabilities to capitalize on the short video trend in movie promotion and distribution. We also consistently iterated our AI-powered box office prediction capabilities, providing more robust support for film distributors in adjusting their promotion and distribution strategies. In addition, Maoyan Pro (貓眼專業版) upgraded its cinema services, promoted the adoption of targeted release policies, and provided services for specific customer profiles, real-time precise competitive intelligence, and a one-click application for targeted release. These services helped cinemas and film distributors make informed choices and drive box office growth.

Our Maoyan Research Institute (貓眼研究院) is committed to providing in-depth and systematic data services, as well as timely insights into user demands and industry trends for films across various stages with its precise and scientific data capabilities. During the Reporting Period, as a bridge connecting film distributors, cinemas and audiences, Maoyan Research Institute engaged in deep collaborations with major platforms, providing market trend analysis reports for the film and television industry. We also offered content marketing solutions such as test screenings, buzz monitoring, and promotion and distribution recommendations to industry partners, to help the industry efficiently reach audiences and maximise the value of movie content.

## OUTLOOK

Looking back at 2023, the Chinese film market moved in a positive direction and exhibited strong vitality from the demand side, supply side and distribution side, showcasing the immense resilience and potential of the entertainment market. With the combined efforts of government support, market regulations, enterprises' enhanced efficiency and increased audience participation, the film industry has come together and made consistent efforts to forge ahead, striving to drive the prosperous development of the film market with enhanced professional capabilities. Since the beginning of 2024, we have witnessed a steady stream of high-quality films hitting the screens, and the New Year's Day Holiday and the Lunar New Year releases achieved outstanding box office of RMB1.533 billion and RMB8.016 billion, respectively, setting new records for box office performance during these periods in China's movie history.

As a key participant in China's film industry, we have witnessed the high-quality development and strong momentum of the Chinese film market, and we eagerly anticipate an even more exciting future for Chinese movies. Embracing the opportunities arising from the recovery, we will adhere to the core development strategy of "Technology + Pan-entertainment" by continuing to deepen our presence in the pan-entertainment industry while constantly improving our core competitiveness and profitability to provide audiences and the industry with the entertainment industry's very best entertainment products, entertainment platform services, and technological value.

- We will further strengthen and leverage our leading advantages and capabilities in movie promotion and distribution. We will increase our participation in the lead distribution and production of blockbusters during key movie periods while optimising the operational efficiency of our content business and enhancing financial performances.
- Live entertainment is one of our Company's strategic development focuses, and we aim to continuously enhance market engagement and competitiveness in this area. Riding on the momentum of the strong market recovery,

we will increase investments in key performance projects while continuing to strengthen the infrastructure and service capabilities of our performance business.

- We will also continue to strengthen our exploration of innovative businesses and embrace new technologies, including the implementation of AI technology in various segments across the entertainment industry chain, particularly innovative applications in movie production, promotion and distribution. In addition, we will continue to explore and develop the post-box office market with initiatives such as integrating movie IP with theater and gaming, providing diversified commercial monetisation channels for movies. Furthermore, building upon our business cooperation and development in Hong Kong and Macau, we will further expand commercial cooperation in other countries and regions as part of our campaign to identify new growth opportunities and possibilities for the Company's development.

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 support. Let us forge ahead together and propel the high-quality development of the film industry and the establishment of China as a major cinematic player.

### **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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