

Maoyan Entertainment Announces 2022 Annual Results

BEIJING, March 23, 2023 – 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, 2022.

Full Year 2022 Financial Highlights

- **Revenue** was RMB2,319.5 million, compared with RMB3,323.4 million in 2021.
- **Gross profit** was RMB1,020.0 million, compared with RMB1,842.2 million in 2021.
- **Profit** was RMB104.8 million, compared with RMB368.5 million in 2021.
- **Adjusted EBITDA** was RMB320.1 million, compared with RMB742.7 million in 2021.
- **Adjusted net profit**¹ was RMB232.7 million, compared with RMB540.0 million in 2021.

BUSINESS REVIEW

During 2022, the entertainment industry continued to face complex situation and the various related risks and challenges caused by the pandemic. According to statistics from the China Film Administration, the total box office (including service fees) of Mainland China in 2022 was RMB30.067 billion, representing a year-over-year decrease of 36.38% from RMB47.258 billion in 2021. Furthermore, the live entertainment market was also significantly affected. For instance, according to the relevant market data released on the official website of the China Association of Performing Arts, nearly 9,000 performances were cancelled or postponed nationwide in the first quarter of 2022, and the total number of performances decreased by approximately 80% at the box office during the Labor Day holiday.

Outperforming the market in the severely challenging environment of 2022, the Company continued to maintain its overall profitability with its revenue structure further optimized, ability to resist risks improved, and business driving force enhanced. In particular, our entertainment content services continued to develop in 2022, with revenue performance in this segment outpacing the market, further validating our promotion and distribution capabilities and market coverage.

¹ 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.

Entertainment Content Services

As a key player in the entertainment industry, we continue to deepen our involvement in movie promotion and distribution, production and self-production. Despite the severe impact of the pandemic on the industry in 2022, our expanding entertainment content services countered the negative effects of the market's periodic decline due to our forward-looking business framework, ongoing content development, and continuous refinement and iteration of promotion and distribution capabilities. During the Reporting Period, the number of movies for which we acted as a distributor/producer, together with these movies' box office takings, remained at the forefront of the industry. The coverage rate of the total box office of released domestic movies for which we acted as a distributor/producer remained at 50% or above of the domestic movies in the entire market. Specifically, the proportion in quantity of top 10 domestic movies in which we participated and acted as lead distributor continued to align with that of 2021 and even significantly exceeded pre-pandemic levels.

With our movie promotion and distribution capabilities further enhanced in 2022, we delivered stellar performances in our market coverage, market influence and revenue contribution. By fully leveraging the strengths and capabilities of our promotion and distribution resources and services, we continued to promote real-time data transparency. Furthermore, by keeping informed of market trends, exploring actual demands, iterating and innovating promotion and distribution products, and optimizing promotion and distribution channels, we further enhanced our intelligent promotion and distribution systems, enabling the movies to achieve better promotional results and boost growth in box office takings. During the Reporting Period, we first proposed the concept of "real-time promotion and distribution" (實時宣發) by officially upgrading the "Real-Time Wish-List Gathering" (實時想看) channel to a "real-time promotion and distribution" (實時宣發) channel while launching the industry's first all-network live trending list to assist users in keeping abreast of changes in movie promotion topics in real-time. Our further upgraded "Real-Time Report" (實時戰報) and "Same-period Movie Comparison" (同檔期對比) services, providing the industry with promotion and distribution information services at a lower fault tolerance rate. Our "Cloud Block Booking" (雲包場) services further improved its personalized customization and expanded the movie promotion channels, achieving a dual conversion of promotion and consumption. In 2022, orders placed with the "Cloud Block Booking" (雲包場) services grew by approximately 50% year-over-year, successfully covering all domestic movies whose box office exceeded RMB100 million. In addition, during the 2023 Spring Festival season, we realized the industry's first closed-loop promotion and distribution via WeChat short video (微信視頻號) as part of our continued efforts to explore new promotion and distribution paths.

Based on the above, we achieved outstanding results in movie promotion and distribution in 2022. Comparing with the movies we participated in, those movies we were lead distributor during the year outperformed those in

previous years in terms of quantity, proportion, and GMV ratio. Also, the coverage rate of movies we acted as lead distributor to the whole movie market was essentially the same as in 2021, significantly better than pre-pandemic levels. Notably, during the last three consecutive Spring Festival seasons, from 2021 to 2023, the movies for which we acted as lead distributor successfully claimed the top two spots in the box office performance, including *Full River Red* (滿江紅) (ranking sixth in China's movie history), *Too Cool To Kill* (這個殺手不太冷靜), and *Hi, Mom* (你好，李煥英) (ranking third in China's movie history). These successes fully reflect Maoyan's consistent abilities in content recognition for top-tier movies and the steady improvements in its promotion and distribution resources. In turn, these improved promotion and distribution capabilities further enhanced our abilities and strengths in identifying top-tier and high-quality movies and increased our coverage rate and revenue contribution for top-tier movies. In 2022, we participated in a number of movies that performed exceptionally well both at the box office and reputation. These included *Too Cool To Kill* (這個殺手不太冷靜), for which we acted as lead distributor and producer. This movie claimed second place under the comedy category with a total box office of RMB2.63 billion in 2022. In addition, *Someday or One Day* (想見你), *G Storm* (反貪風暴5: 最終章), *Warriors of Future* (明日戰記) and *Give Me Five* (哥你好) achieved excellent box office performances, ranking either the first or the second domestic movies in their respective release seasons, and receiving a number of awards and nominations at the Golden Rooster Awards, Huading Awards, Hong Kong Film Awards, and Macau International Film Festival.

In 2023, we will continue to enhance our promotion and distribution, production and self-production competencies and further enrich our smart promotion and distribution service matrix. Besides increasing our involvement in first-tier movies, we will actively expand our reserve of high-quality content while deepening our sustainable growth in entertainment content services. For the six movies released during the 2023 Spring Festival season, we participated in four as a distributor/producer. Among these was *Full River Red* (滿江紅), for which we acted as lead distributor and producer, grossing RMB4.5 billion at the box office, becoming the Spring Festival season champion, and ranking sixth in China's movie history. Subsequently, we participated in a series of high-quality movies as a distributor and producer, including *The Best is Yet to Come* (不止不休), *Journey to the West* (宇宙探索編輯部), *The Procurator* (檢察風雲), and *Castle in the Sky* (天空之城), all of which have been scheduled for release at various time slots throughout 2023. In addition, we continue to maintain an abundant reserve of movie content. The movies, in which we participated as a distributor/producer, include *Never Say Never* (八角籠中), *Papa* (學爸), *Who's the Suspect* (拯救嫌疑人), *High Forces* (危機航線), and *The Goldfinger* (金手指), as well as the movies we self-produced, include *The Woman in the Storm* (我經過風暴), and *Game Start* (天才遊戲), all of which are making steady progress and will be released in due course.

Online Entertainment Ticketing Services

In 2022, our online movie ticketing services business and market competitiveness remained stable and strong, maintaining our leading position in the industry. We continuously enhanced the service capabilities of our online ticketing platform by actively improving service efficiency to help the industry and our partners increase efficiency at lower costs. Our progressively deepening strategic cooperation with Tencent and Meituan has further solidified our user base. During the Reporting Period, a variety of marketing functions, such as family ticket packages and cinema combo deals, were newly launched to meet the different consumption demands of our users. We also helped achieve the integration of the interests of movie distributors, cinemas, partners, and platforms, further optimizing users' experience in ticket purchasing. Additionally, we proactively continued to address the needs of the whole industry and made valuable contributions. In 2022, we provided audiences with premier ticketing services as the official designated ticketing provider for the 12th Beijing International Film Festival (第十二屆北京國際電影節), the 4th Hainan Island International Film Festival (第四屆海南島國際電影節), and the 9th Silk Road International Film Festival (第九屆絲綢之路國際電影節).

In 2022, we continued to invest in and develop live entertainment services, including online ticketing services, and actively explored and developed investments in the production of and IP development for live entertainment events. During the Reporting Period, we also actively addressed the needs of the whole industry and constructively contributed to its recovery by providing complete sets of smart venue ticketing system solutions to nearly 200 emerging small and medium-sized venues across the country. At the same time, we continued to expand our production and distribution coverage for various emerging local entertainment consumer projects and extensively explored the category supply to improve service capabilities and quality in lower-tier cities. Our high-quality projects in production/self-production have made steady progress. Among these, *The Grand Expedition* (玩味探險家), an immersive fine food interactive drama, was originally shown in Shanghai and subsequently introduced to Shenzhen, and *The Grand Studio* (玩味製片廠), an immersive interactive drama, was put on in Shanghai. The immersive gaming drama *A Film Is Born* (揚名立萬) started performances in Shanghai, and is in preparation for performance in other cities. Given the rapid recovery of the entertainment market in 2023, various kinds of live entertainment projects, including large-scale concerts and music festivals, have gradually returned. We will continue to provide professional services for various high-quality projects, such as ticketing agent services for the relevant stops of the Jay Chou Carnival World Tour in 2023 (周杰倫2023嘉年華世界巡迴演唱會).

With our professional ticketing system service capabilities and rich industry experience, we successfully established a partnership with the URBIX (Hong Kong Urban Ticketing System), providing ticketing system and operational services for their live-entertainment business throughout Hong Kong. Since December 2022, our newly developed

ticketing system with enlarged capacity has been officially launched, enabling effective handling of ticket purchase requests for numerous events and providing more convenient services and functions. Our system's service capabilities have been effectively proven by multiple performances from the outset of its launch, including Eason Chan FEAR AND DREAMS concert tour in Hong Kong (陳奕迅 FEAR AND DREAMS 香港演唱會). In the future, we plan to provide further live entertainment ticketing and relevant services for the audience in Hong Kong and other regions, leveraging our deep understanding of the performing arts market and the professional service team we have built.

Advertisement Services and Others

In 2022, we consistently enriched our product promotion tools to assist movies in achieving unsurpassed promotional results, reflected in the significant increase in the commercial value of these products. To support the development of product promotion and distribution, we continued to enrich our promotion and distribution channels and resources and build our omnichannel media ecosystem, covering the entire range of users' online and offline activities. Our channel capabilities serve 60% of the movies released for the year. In terms of content marketing services, we expanded our business from movies to TV dramas and movie makers, establishing extensive and interactive cooperation with multiple platforms. The number of projects we served increased by over 50% compared to last year.

In 2022, we continued to improve our data capabilities and services. Leveraging our focus on data analysis as well as our considerable insights into the entertainment market, we committed ourselves to enhancing efficiency and transparency of the industry by addressing pain points while strengthening the service capabilities of the entire industry. During the Reporting Period, our Maoyan Pro (貓眼專業版) further enhanced data diversity and improved data service efficiency. For example, we added box office data from across major countries and regions worldwide, including the UK, France, Japan, and Germany, to the box office rankings. The "Real-time trending List" (實時熱搜) was launched to provide the required promotional data in seconds to industrial partners in a highly efficient manner. Our Maoyan Research Institute (貓眼研究院) produced and released various in-depth thematic research reports, including pandemic-related reports and movie schedule data insights. Moreover, our Maoyan Research Institute is working to provide an increasing number of third parties with early-stage IP studies, and other IP-related research including IP adaptation, development, and testing. Our data and industry integration analysis capabilities and monetization scenarios have been further enhanced, enabling the more efficient business operations of our industry partners.

OUTLOOK

In line with the optimized and adjusted national pandemic control policies, the operating rate of cinemas nationwide has rapidly increased since December 2022, indicating a significant recovery in the entertainment industry. The total box office for the 2023 Spring Festival season amounted to RMB6.758 billion, making it the second highest-grossing Spring Festival season in China's movie history and breaking the record for the fastest Chinese annual box office to exceed RMB10 billion, surpassing this milestone by 6 p.m. on January 31, 2023. According to the relevant market data released on the official website of the Chinese Association of Performing Arts, the box office and audience numbers for commercial performances during the 2023 Spring Festival season both recovered to approximately 80% of those in 2019, reflecting the strong resilience and vitality of the entertainment market in China. According to the report to the 20th National Congress of the Communist Party of China, the direction has been set for the prosperous development of China's cultural and artistic industries, allowing for greater room for development and providing clearer objectives for the industry's practitioners. We are confident in the entertainment market's recovery and progress in 2023.

Looking to the future, we will adhere to the core 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 contribute more value to the industry. In terms of entertainment content services, we will continue to iterate and enhance our core strengths and capabilities in movie promotion and distribution and strengthen our horizontal and vertical involvement in the promotion and distribution, production and self-production of top-tier movies. In the live entertainment, we will also ride this market's robust recovery trend to boost our business, including ticketing services for live entertainment as well as the production and distribution of projects. In the movie ticketing business, we will continue to steadily develop our movie ticketing services while continuing to increase efficiency at lower costs to improve our profitability. In addition, based on our combined advantages covering technology services and the entertainment industry, we will actively explore other innovative business areas and regions, including further expanding our business scope and exploring commercial cooperation scenarios in different countries and regions, building on the foundation of solid partnerships with live entertainment businesses in Hong Kong. Furthermore, we will strengthen our exploration of the post-movie box office market, including inter-adaptation of movies and live entertainment, IP merchandises development, etc.

Last but not least, we would like to embrace opportunities and challenges together with our industry peers and focus on creating high-quality literary and artistic products. We hereby express our sincere gratitude to all of our colleagues, shareholders, and industry partners for their trust and support. Let us forge ahead together and create greater value 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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