

Maoyan Entertainment Announces Interim Results for the First Half of 2023

BEIJING, August 17, 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 six months ended June 30, 2023.

First Half 2023 Financial Highlights

- **Revenue** was RMB2,196.9 million, representing a year-over-year increase of 84.4%, compared with RMB1,191.4 million in the first half year of 2022.
- **Gross profit** was RMB1,101.2 million, representing a year-over-year increase of 76.9%, compared with RMB622.4 million in the first half year of 2022.
- **Net Profit** was RMB405.2 million, representing a year-over-year increase of 166.8%, compared with RMB151.9 million in the first half year of 2022.
- **Adjusted EBITDA** was RMB584.4 million, representing a year-over-year increase of 107.2%, compared with RMB282.0 million in the first half year of 2022.
- **Adjusted net profit**¹ was RMB455.7 million, representing a year-over-year increase of 95.0%, compared with RMB233.7 million in the first half year of 2022.

BUSINESS REVIEW

In the first half of 2023, the entertainment industry experienced an all-encompassing recovery fueled by a rebound in domestic consumption and robust support from national policies. According to data released by the China Film Administration (國家電影局), Chinese Mainland’s total box office (including service fees) in the first half of 2023 was RMB26.271 billion, representing a year-over-year increase of 52.91%. The recovery in the national performing arts market also demonstrated significant momentum. According to the *National Performance Market Briefing for the First Half of 2023* (2023上半年全國演出市場簡報) published by the China Association of Performing Arts (中國演出行業協會), the box office revenue of commercial performances nationwide in the first half of 2023 increased by 673.49% compared with the same period last year, and audience size increased more than 10 times year-on-year.

In the midst of this full recovery in the entertainment industry, the Company seized the opportunity to vigorously resume the development of various businesses, outperforming the wider market in overall terms with the continual optimization of its revenue structure. Revenue and profitability hit record highs over the same period in previous

¹ In the first half of 2023 and 2022, we defined adjusted net profit as net profit for the six months adjusted by adding back share-based compensation (share options and RSUs granted to directors and employees and expenses from other share-based payment transaction) and amortization of intangible assets resulting from business combinations.

years. In particular, the entertainment content service business achieved impressive results in its performance. The Company continued to maintain a leading edge in terms of its distribution and promotion services and market coverage.

Entertainment Content Services

As a leading player in the entertainment industry, we further deepened our involvement in movie promotion and distribution, production, and self-production of theatrical movies. In the first half of 2023, owing to our forward-looking deployment of content, abundant content reserves in our pipeline, constantly refined promotion and distribution capabilities, and excellent movie selection capabilities, our entertainment content service business continued to achieve outstanding business performance, consistently outperforming the market, as evidenced by our participation in the distribution/production of 24 domestic movies, among which we acted as a lead distributor in 13 of them, representing a significant increase as compared to the same period in previous years. We participated in domestic movies that accounted for over 80% of the total box office of domestic movies during the same period, including 9 of the top 10 domestic movies in terms of box office during the Reporting Period. Our market coverage rate and coverage rate for top-tier movies reached historical highs.

In particular, we continued to achieve significant improvements in our promotion and distribution capabilities and achievements. We currently have an industry-leading promotion and distribution system in place, with high-quality service capabilities in the promotion and distribution supported by a professional and efficient team. As a result, we delivered stellar performances in our market coverage, industry influence, and revenue contribution, all of which show ongoing improvements. We continue to build an open, transparent, accurate, and real-time data system, providing comprehensive professional services for the industry. For example, during the movie promotion and release stages, we achieve precise marketing by mining and using real-time data to execute “one strategy for one movie,” “one strategy for one city,” and “one strategy for one day” to promote movies “to a wider audience base” and generate box office growth. At the same time, we also continue to enrich our intelligent promotion and distribution of products and services. For example, with the improvement in comprehensiveness, stability and accuracy after multiple iterations, our “Real-Time Trending List” (實時熱搜) function has become an indispensable and practical tool for industry practitioners. Our “Cloud Block Booking” (雲包場) services, which have served over 100 movies, saw orders grow by over 140% year-on-year. During the Spring Festival and Labor Day holidays, we entered into in-depth collaborations with over 50 platforms to provide nearly 20 movies with a total exposure of over 47.5 billion times. At the same time, in terms of customized promotion and marketing services, we have been exploring innovative promotion and distribution solutions, and we have successfully implemented in various movie projects, which have gradually developed industry-leading models. 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 and developed voice cards and role cards for movie characters, using creative materials to enrich communication channels between users and characters.

Based on the above, we accomplished an outstanding performance in terms of movie promotion and distribution in the first half of 2023. During the Reporting Period, we participated in the promotion and distribution of 23 domestic movies, accounting for approximately 80% of the total domestic box office, with both the number of movies and share of box office hitting record highs for the same period in previous years. Among them were 13 movies for which we acted as a lead distributor, exceeding the historical records in terms of quantity, and many of these movies ranked a top-tier box office performance during their respective release period. For example, *Full River Red* (滿江紅), for which we acted as a lead distributor and producer, became a champion of the Spring Festival season with a box office over RMB4.5 billion and ranked sixth in China’s movie history. *Godspeed* (人生路不熟), for which we acted as a lead distributor and producer, became the box office champion during the Labor Day holiday with a box office over RMB1.1 billion. In particular, we have seen a steady increase in the number and market coverage rate of movies for which we were a lead distributor from 2021 to 2023, reporting outstanding performances in popular box office periods each year. For example, during the past three Spring Festival seasons, the movies for which we acted as a lead distributor successfully claimed the top two places in the box office performance, which once again proved Maoyan’s ability to select top-tier movies, as well as its exceptional capacity on promotion and distribution services and consistent financial performances.

Furthermore, with our high-quality promotion and distribution capabilities, as well as our progressively improving movie selection capabilities, we increased our participation in high-quality movies in terms of both breadth and depth. Our professional promotion and distribution capabilities and movie selection capabilities complement each other, together with our mature promotion and distribution system, provided fundamental support for our sustainable outstanding performance in business and finance. The number of movies we participated in gradually increased, with the number of movies in which we served as the producer/distributor during the Reporting Period reaching an all-time high. At the same time, we have been redoubling our efforts to participate in the highest-ranking movies. We participated in the production/distribution of the top three movies in terms of box office performance during the Spring Festival season, including *Full River Red* (滿江紅), *The Wandering Earth 2* (流浪地球2) and *Boonie Bears: Guardian Code* (熊出沒 • 伴我「熊芯」), as well as the box office champion and runner-up movies during the Labor Day season, including *Godspeed* (人生路不熟) and *Born to Fly* (長空之王), and the box office champion movie during the Dragon Boat Festival season, *Lost in the Stars* (消失的她).

During the summer movie season, we distributed/produced a number of movies, released successively, such as *Lost in the Stars* (消失的她), *Never Say Never* (八角籠中), *Chang'an* (長安三萬里), and *Creation of the Gods I: Kingdom of Storms* (封神第一部), many of which performed well in terms of box office and reputation. There will be a series of high-quality movies, including *Papa* (學爸), *The Woman in the Storm* (我經過風暴), *Just for Meeting You* (念念相忘), *Flaming Cloud* (三貴情史), *Lose to Win* (好像也沒那麼熱血沸騰), *One and Four* (一個和四個), *Who's The Suspect* (拯救嫌疑人), *Johnny Keep Walking!* (年會不能停!) and *The Goldfinger* (金手指), which are scheduled for release at various time slots in the second half of this year. In addition, we continue to maintain an abundant reserve of movie content. The movies in which we participated as a distributor/producer include *High Forces* (危機航線), *Shining For One Thing* (一閃一閃亮星星), *Burning Star* (盜火者), *Follow You* (藏地白皮書), and *Shuke and Beita: Flying Saucer* (舒克貝塔之五角飛碟), as well as the movies we have self-produced, such as *Game Start* (天才遊戲), *Endless Journey of Love* (時間之子), *Sanshaonv* (傘少女), and *Chongsheng* (重生), all of which are making steady progress and will be released in due course.

Online Entertainment Ticketing Services

In the first half of 2023, we progressed with enhancing the service capabilities of our online movie ticketing platform, further optimizing the users' consumption experience, and strengthening the interaction between online and offline resources in order to maintain our competitive edge in the market. During the Reporting Period, we provided more diversified products and marketing solutions to support the sales of products and exclusive memberships in cinemas. We continued to serve as the official designated screening and ticketing platform of the 13th Beijing International Film Festival by providing various thematic promotion and ticketing services, allowing more movie fans to experience the cultural connotations of the film festival and local culture. We received unanimous recognition from the organizing committee and movie fans. In addition, we also supported cultural activities held by various provincial and municipal governments, such as those in Sichuan, Zhejiang, Guangxi, and Hangzhou.

Since 2023, the offline performance market has shown robust and rapid growth in both supply and demand. Capitalizing on this opportunity, we continued to invest in and develop live entertainment services, including online ticketing services, with an emphasis on concerts by top-tier artists. We also actively explored and developed the investment in, the production of, and the IP development for performance events. During the Reporting Period, Maoyan's total GMV and the number of orders for performances exceeded pre-pandemic levels, and several sub-categories, such as concerts, sports events, and music festivals, achieved breakthrough growth. In terms of large-scale concerts, we provided on-site ticketing services as the general ticketing agents for a number of concerts featuring artists such as Jacky Cheung, Jay Chou, and JJ Lin. In addition, we continue to extend our business

cooperation with large sports venues in various regions and various kinds of small and medium-sized performance venues, effectively providing these venues with ticketing solutions and services. To better serve various types of performance activities, we have upgraded the hardware system for ticket checking and validation, effectively supporting diverse categories of performance activities of varying scales and admission models in different regions across China. In terms of local entertainment, we continued to deepen our business collaborations with other platforms, for example, our entry interfaced with Meituan's leisure/play channel to exchange data, and our immersive and successfully premiered gaming drama *Legend of the Pearl* (明珠傳奇), for which we participated in the production/self-production. In addition, we continued to tap into the box office aftermarket of movie IPs to explore more commercial opportunities.

We continued to make steady progress in expanding our ticketing-related business outside of mainland China. During the Reporting Period, we provided high-quality ticketing systems and operational services in Hong Kong for URBOTIX, as well as served a number of large-scale performance projects in Hong Kong, including, among others, the You & Mi Sammi Cheng World Tour Hong Kong Station (You & Mi 鄭秀文世界巡回演唱會香港站), the 47th Hong Kong International Film Festival (第四十七屆香港國際電影節), and the FIVB Volleyball Nations League Hong Kong 2023 presented by China Life (Overseas) (中國人壽海外FIVB世界女排聯賽).

Advertising Services and Others

We continued to enhance and launch various self-owned promotion and distribution products and services and increase their commercial value. During the Reporting Period, the platforms we covered for collaboration purposes have expanded to a broader range, including gaming platforms, music platforms, travel terminals, and mobile manufacturers, allowing us to utilize diverse scenarios to enhance the promotion exposure and user coverage of movies while also providing channel-centric quality services for the promotion and distribution of the movies. In addition, in terms of movie content marketing services, commercial efficiency has been further improved, with the total number of movie projects served in the first half of the year reaching a new high, an increase of 85% compared with the same period last year.

In terms of promotional data, we have integrated data from multiple channels, such as Douyin, Weibo, Kuaishou, WeChat, and Baidu, in order to achieve one-stop promotional data services. In addition to creating an industry-leading movie data system, our Maoyan Pro (貓眼專業版) has further refined its data visualization capabilities, addressing industrial pain points. For example, the “by province” box office map for the movies released during the Labor Day holiday assisted industry practitioners to analyze and interpret box office and market trends more clearly.

Global Box Office Ranking (全球票房榜) has become the first in the industry to provide updates on box office performances across the global movie market on a daily basis.

Given our Company's technology attributes and strong R&D prowess, we continued to explore the possibility of integrating new technologies such as AI into the entertainment industry, leveraging our technological capabilities to promote the development of the industry. We are currently evaluating and implementing the application of AI technology and products in several stages of the movie industry chain, including planning, production, promotion, marketing, and distribution. In the promotion and distribution stage, for example, we have been able to use AI technology to analyze and mine the relevant data including hotspot events to aid promotion and distribution strategies, guide the output of promotion and distribution materials, and produce promotion and distribution materials by using AI technology, thereby helping to improve marketing effectiveness. We have provided corresponding services for several movies, including *Never Say Never* (八角籠中), *Lost in the Stars* (消失的她) and *Transformers* (變形金剛). We continued to apply AI technology to strengthen our data analysis capabilities, and by using our AI big data model, we have improved the intelligence of Maoyan Pro (貓眼專業版)'s box office predictions. We also launched AI+ Movie & TV Entertainment related products aimed at relevant industry professionals, such as "AI Poster Assistant" (AI海報助手), "AI Outline Mapping" (AI大綱配圖), and "AI Conceptual Drawing Service" (AI概念圖服務), etc., to help the industry understand and explore the integration of AI and movie & TV creation both as a space and in terms of its direction. In addition, we are also exploring the application of AI technology in pre- project planning and creation, such as employing AI data models to develop specific IP subjects and aid story analysis, providing plot clues and inspiration for the creative team.

OUTLOOK

Driven by the tremendous support of national policies under the strong leadership of the Publicity Department of the CPC Central Committee (中宣部) and the China Film Administration (國家電影局), the movie industry has been united in its determination to move forward, promoting the sustained recovery and development of the movie market. Since the beginning of the year, the industry has witnessed a full revival, achieving the second-highest same-period box office performance in China's movie history during both the Spring Festival and Dragon Boat Festival holidays. The summer season has also seen continuous growth. As of August 16, 2023, the box office for the summer season had surpassed RMB17 billion, the accumulated box office of 2023 had reached RMB39.7 billion. These achievements reflect the remarkable resilience and vitality of the Chinese movie market, greatly bolstering confidence across the industry.

As one of the key participants in the entertainment industry, Maoyan is fully confident in the future of the Chinese entertainment industry. 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 better serve high-quality movie content and contribute to the growth of the industry.

- In terms of entertainment content services, we will continue to maintain and leverage our leading advantages and capabilities in movie promotion and distribution. By upholding the strategy of “distribution drives investment,” we will increase our participation in the lead distribution and production of blockbusters during key movie periods while maintaining outstanding business operations and financial performances.
- Live entertainment is one of our Company’s strategic development focuses. By closely riding on the momentum of the strong market recovery, we will increase investments in key performance projects while continuing to enhance market participation and competitiveness. Furthermore, we will continue to strengthen the infrastructure and service capabilities of our movie ticketing business.
- Capitalizing on our comprehensive capabilities covering both technology services and the entertainment industry, we will continue to strengthen technological integration and exploration efforts in the entertainment industry. We will build our team armed with AI research and development capabilities to explore and implement AI technology in various segments across the entertainment industry chain. Additionally, we will leverage our technical advantages to drive the development of this entertainment industry.
- Furthermore, we will continue to consolidate our cooperation in the performance business in the Hong Kong region and further expand commercial cooperation in other countries and regions as part of our campaign to identify new growth opportunities 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 contribute our efforts to promote the high-quality development of the entertainment industry and build China 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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