

China Literature

2024 Annual Results

March 18, 2025



This presentation contains forward-looking statements relating to the industry and 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 presentation. 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 the Company's other public disclosure documents on its corporate website.

Furthermore, this presentation also contains statements based on the Company's management accounts, which have not been audited by the Auditor. Shareholders and potential investors should therefore not place undue reliance on such statements.

2024 Annual Results Summary

IFRS Measures

- **Revenues** increased by **15.8% YoY** to **RMB8,121.1 million (USD1,129.7 million¹)**
 - **Revenues from online business** increased by **2.1% YoY** to **RMB4,030.6 million (USD560.7 million)**
 - **Revenues from intellectual property operations and others** increased by **33.5% YoY** to **RMB4,090.5 million (USD569.0 million)**
- **Operating loss** was **RMB336.1 million (USD46.8 million)**, mainly due to a non-cash impairment loss of goodwill of RMB1,104.6 million (USD153.7 million) attributable to New Classics Media, compared with RMB709.3 million operating profit in 2023
- **Net loss to shareholders** was **RMB209.2 million (USD29.1 million)**, compared with RMB804.9 million net profit to shareholders in 2023

Non-IFRS Measures

- **Non-IFRS operating profit** was **RMB985.4 million (USD137.1 million)**, compared with RMB1,049.8 million in 2023
- **Non-IFRS net profit to shareholders** was **RMB1.141.7 million (USD158.8 million)**, compared with RMB1,130.4 million in 2023

Note:

(1) Figures stated in USD are based on USD1 to RMB7.1884.

Focusing on Building a High-Quality Online Content Ecosystem

In 2024, we added:



~330,000 writers



~650,000 works of literature



~42 bn Chinese characters

Newly signed literary works
with 50,000+ average
subscribers per chapter:

 **50%+** YoY

New writers with annual
income exceeding
RMB500,000:

 **70%+** YoY

Users casting
over 1,000
monthly tickets:

 **60%+** YoY



MPU grew 4.6% YoY to 9.1 million

Releasing a series of Top-Tier Titles

Drama Series and Films

- One box office champion film grossed **RMB3.5 billion** in box office revenue
- Released four blockbuster drama series, dominating domestic online viewership rankings in 2024



Comics

- Top-tier Comic IPs such as "The Outcast (一人之下)" and "The Fox Spirit Matchmaker (狐妖小红娘)" enriched our IP portfolio and continued to perform strongly



- **No. 1** in revenue among domestic comics on



- **No. 1** in revenue growth on



Animation Series

- Released several new series that topped popularity rankings during release windows
- Battle Through the Heavens (斗破苍穹): Tencent Video's annual **best-selling title** & **"2024 VIP Member's Favorite Animation"**



Short Dramas

- Launched **100+** titles in 2024, with the top title generating nearly **RMB40 million** in gross revenue
- A new release at the beginning of 2025 achieved **RMB50 million** in gross revenue within 7 days



IP Commercialization and Monetization

Accelerating IP Merchandise Progress

Total IP merchandise
GMV in 2024:
RMB500 million +

Total collectible cards
GMV in 2024:
RMB200 million +



- Main IPs including "The King's Avatar (全职高手)", "Joy of Life (庆余年)", "Lord of the Mysteries (诡秘之主)", "The Outcast (一人之下)", and "The Fox Spirit Matchmaker (狐妖小红娘)" all set **new historical revenue records** in 2024
- Collaborating with **over 150 authorized partners** to develop merchandise products covering **multiple verticals** such as toys, 3C digital, and food and beverages etc.
- Building an omni-channel sales network, including:
 - **10+ self-operated livestream channels** + Taobao and Tmall's **official online stores**
 - **8 offline stores** covering leading ACG (Anime, Comics, and Games) shopping districts in key cities such as Beijing, Shanghai, and Hangzhou
 - **6,000+ & 3,000+ online sales outlets**
- Obtaining the domestic general distribution rights for FunCrazy's '**Nezha 2**' light merchandise products during the 2025 Spring Festival

Exploration in New Technologies

Embracing AI Opportunities

“Writer Assistant (作家助手)” became the first in the industry to integrate the DeepSeek-R1 model



Daily active users
of ‘Writer Assistant’:

↗ **30%+**

Weekly usage rate of
AI functions:

↗ **50%+**

Average number of writers
using the ‘Intelligent Q&A’
function per day:

↗ **tenfold**

Accelerating the IP globalization with AI tools



~6,800
Chinese-translated
works in total

~700,000
Locally created
original works in
total

3,200+

AI-translated works added in
2024



AI-Translated works in 2024
account for

~47% of all
Chinese-translated
works

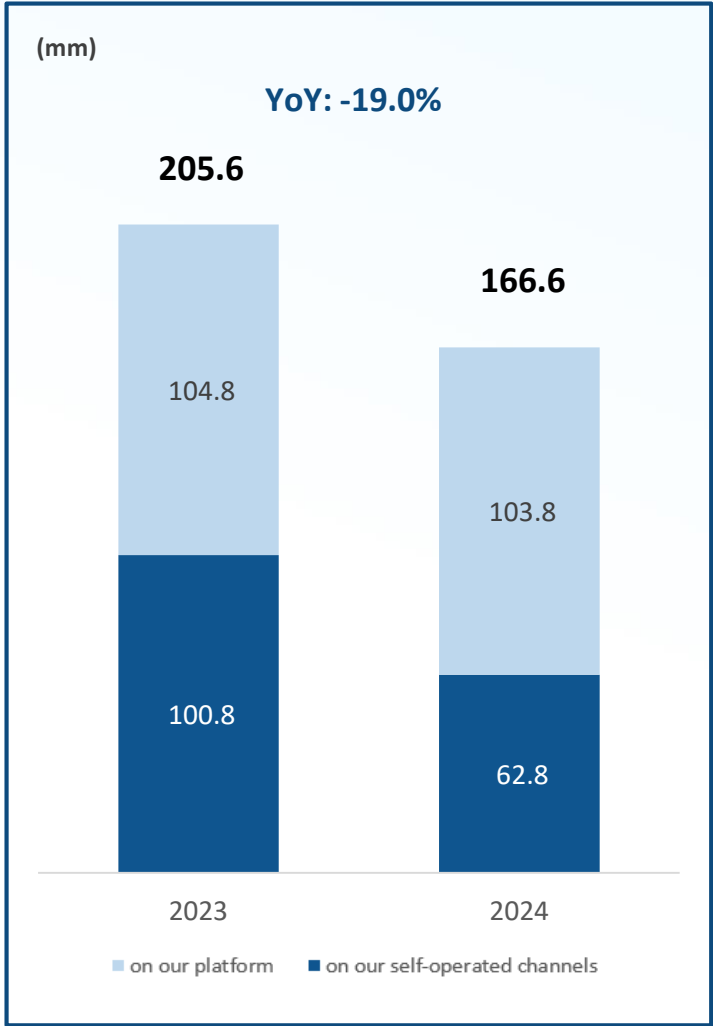
~40% of the top
100 best-selling
lists

Revenue from non-English
works translated by AI in
2024:

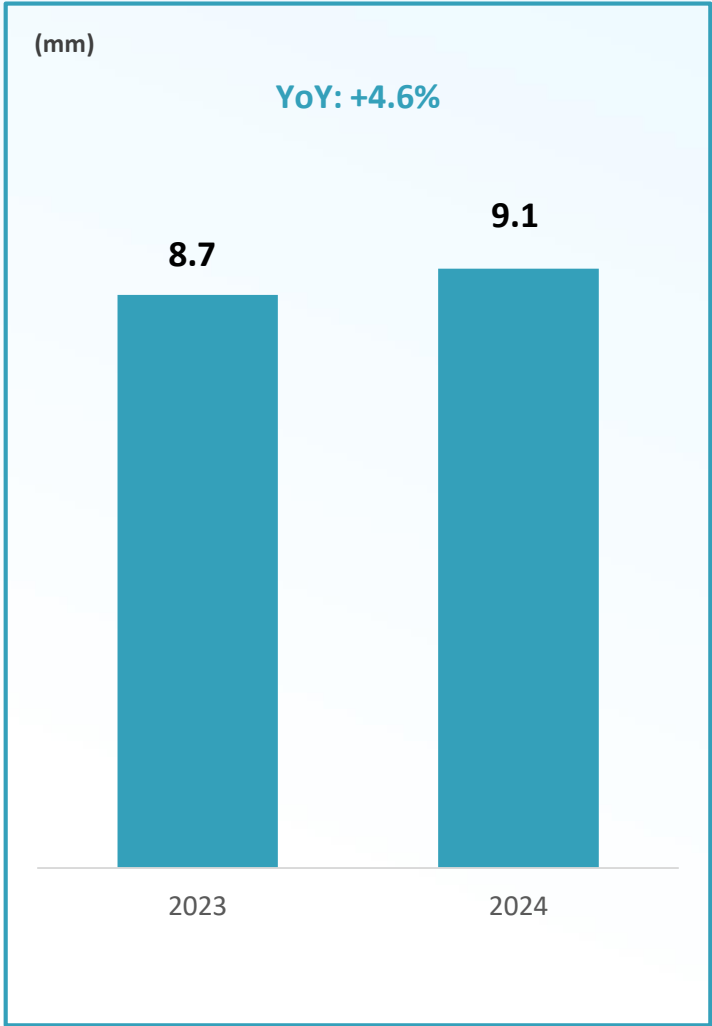
↗ **350%+** YoY

Key Operating Metrics

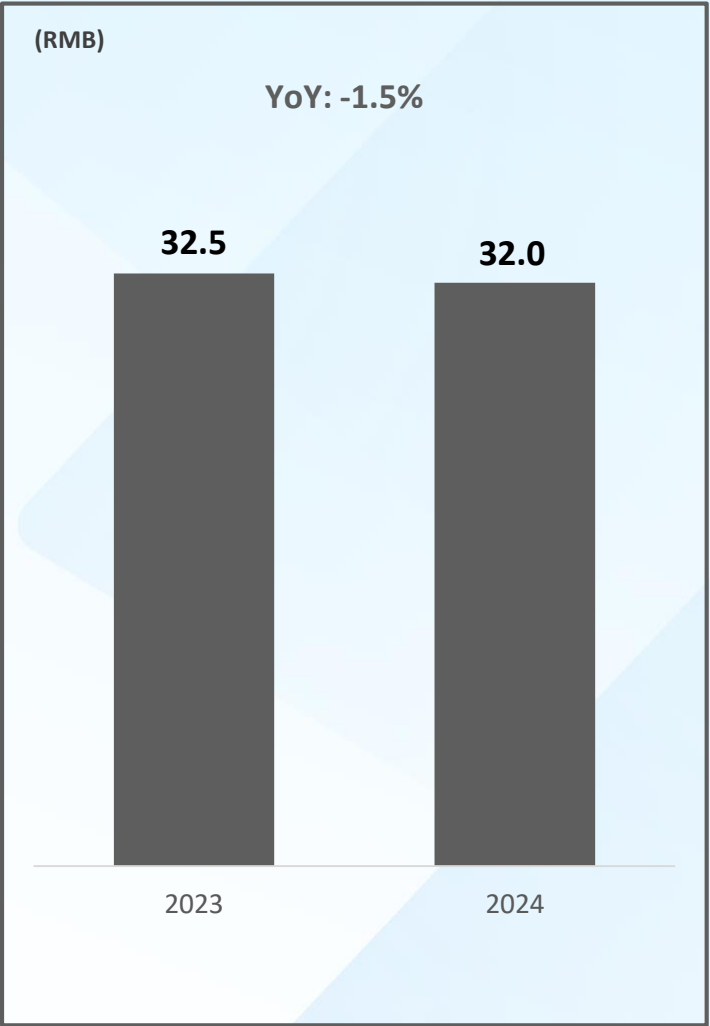
MAUs ⁽¹⁾



MPUs for Paid Reading ⁽²⁾



Monthly ARPU for Paid Reading ⁽³⁾



Notes:

(1) Average MAU is calculated as the average of MAUs for each calendar month during the respective year or period, on our platform and our self-operated channels on partner distribution platforms.

(2) Average MPU is calculated as the average of MPUs for each calendar month during the respective year or period, on our platform and our self-operated channels on partner distribution platforms.

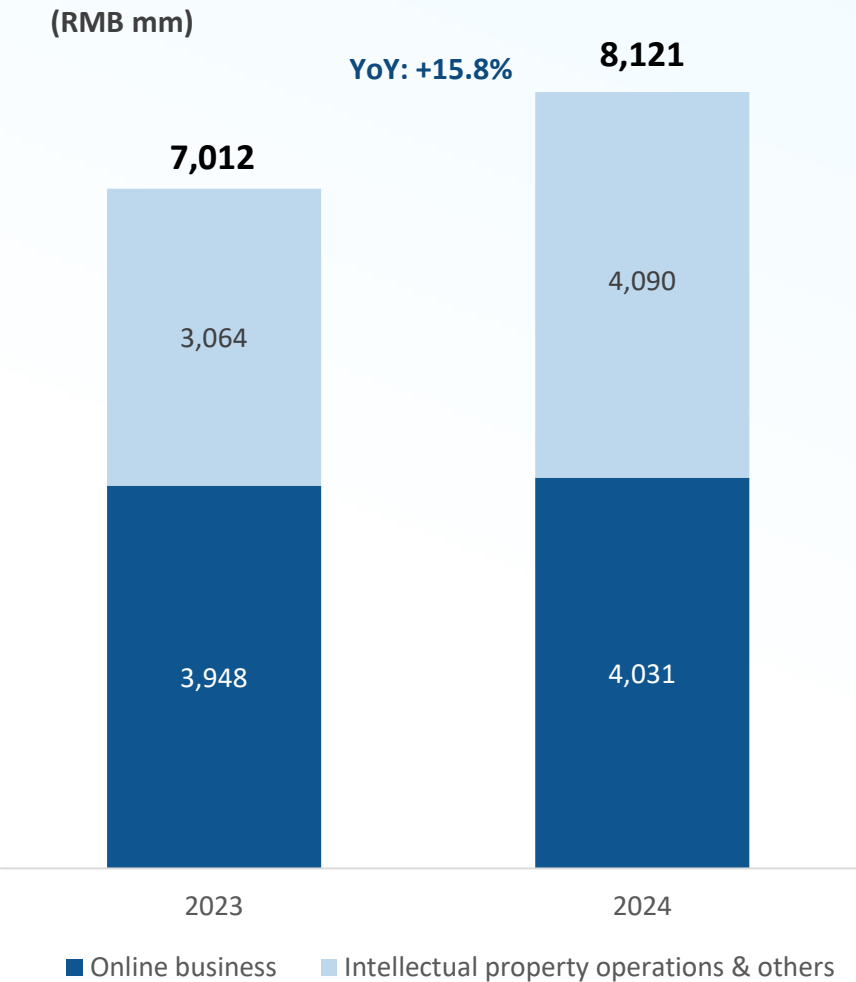
(3) Average monthly ARPU is calculated as online reading revenue on our platform and self-operated channels divided by average MPUs during the period, then divided by the number of months during the period.

Financials: Income Statement

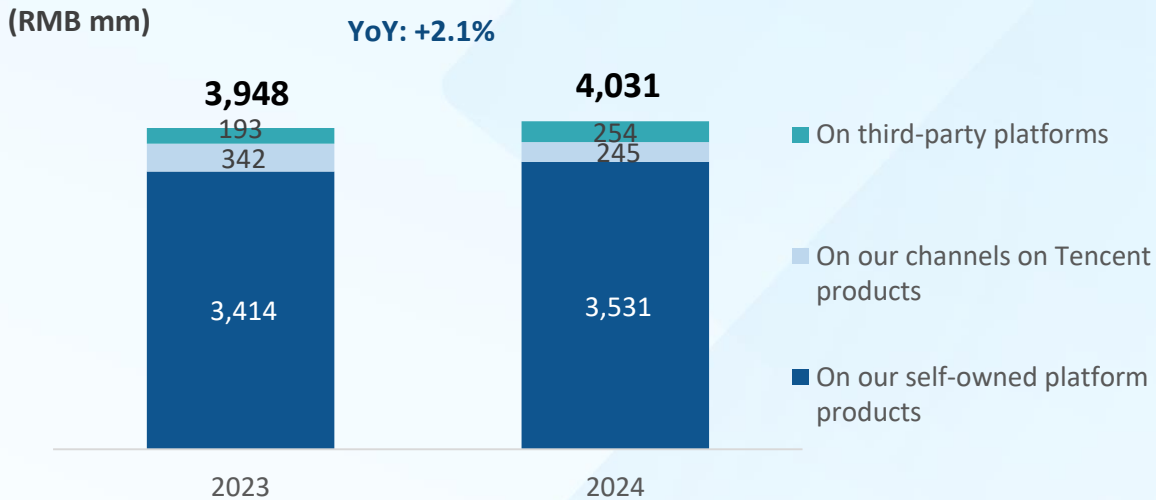
RMB'000	2023	2024	YoY
Revenues	7,011,785	8,121,081	15.8%
Cost of revenues	(3,640,322)	(4,199,141)	15.4%
Gross profit	3,371,463	3,921,940	16.3%
Interest income	166,316	178,320	7.2%
Other (losses)/gains, net	11,493	(973,892)	n/a
Selling and marketing expenses	(1,719,519)	(2,261,000)	31.5%
General and administrative expenses	(1,161,035)	(1,143,501)	(1.5%)
Net (provision for)/reversal of impairment losses on financial assets	40,591	(57,983)	n/a
Operating (loss)/profit	709,309	(336,116)	n/a
Finance costs, net	(12,891)	(1,836)	(85.8%)
Share of net profit of associates and joint ventures	204,979	239,027	16.6%
Income tax expense	(97,850)	(110,670)	13.1%
Net (loss)/profit to shareholders	804,879	(209,216)	n/a
Non-IFRS net profit to shareholders	1,130,379	1,141,657	1.0%

Financials: Revenue Structure

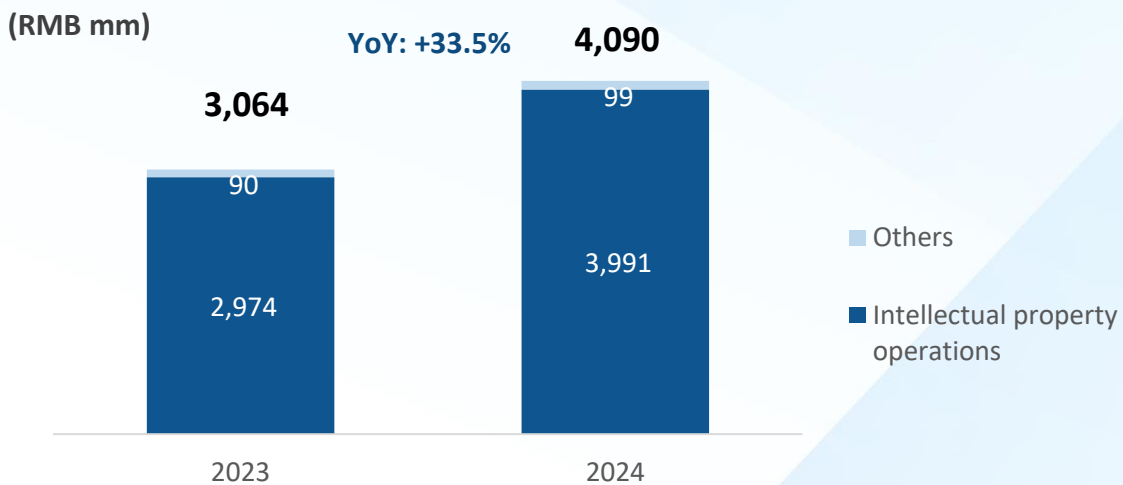
Revenues by Segment ⁽¹⁾



Online Business Revenues Breakdown ⁽¹⁾



Intellectual Property Operations & Others Revenues Breakdown ⁽¹⁾

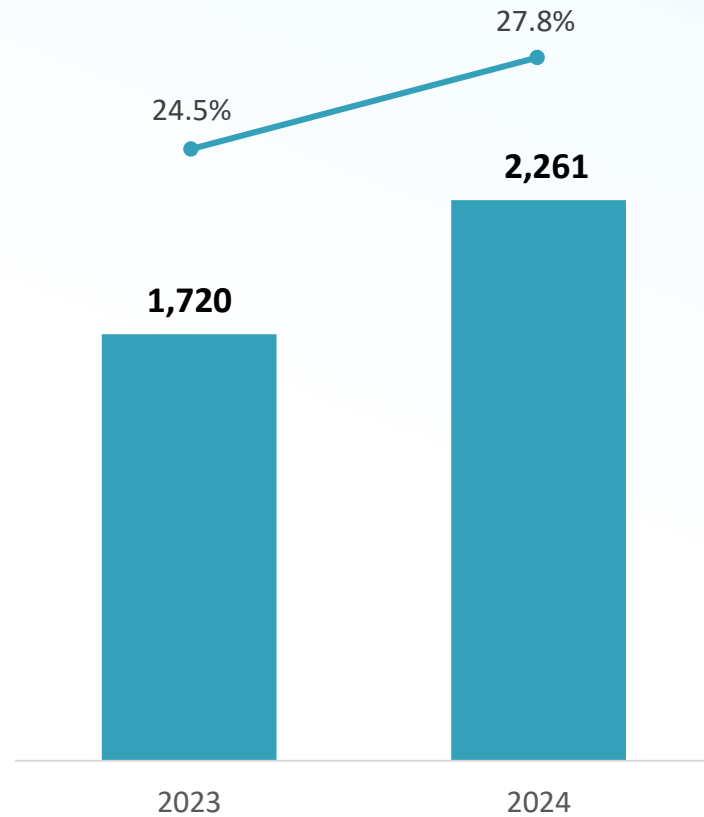


Note:
(1) Certain figures have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures shown in the breakdown items.

Financials: Operating Expenses

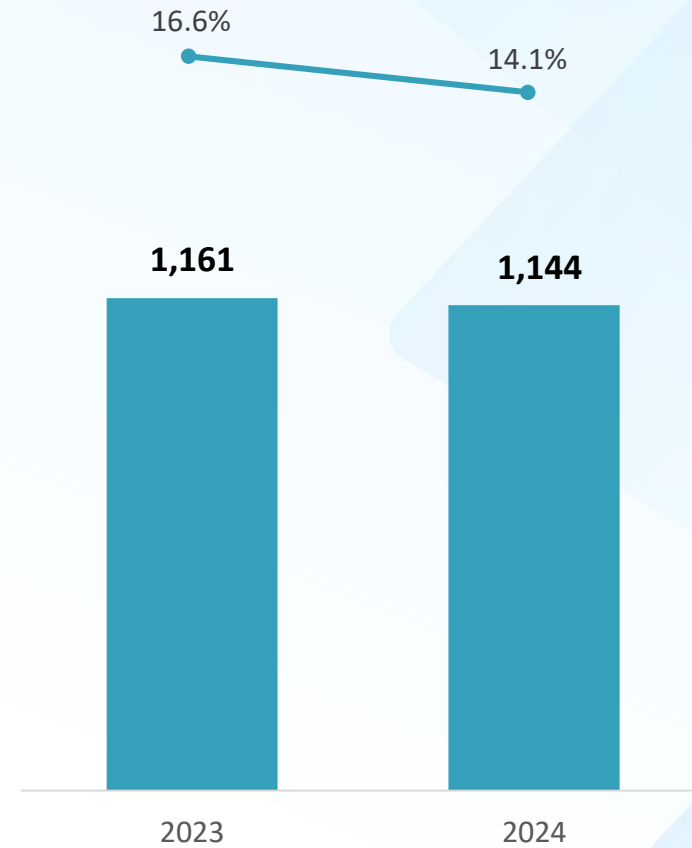
Selling & Marketing Expenses

as % of total revenue, total amount in RMB mn



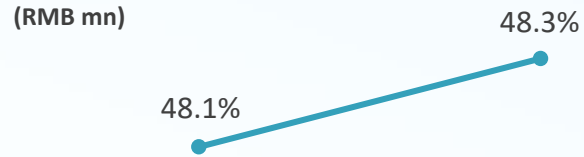
General & Administrative Expenses

as % of total revenue, total amount in RMB mn



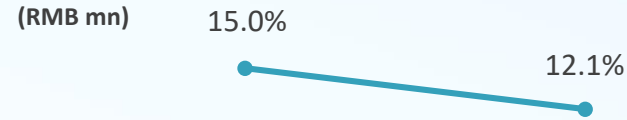
Financials: Key Profitability Metrics

Gross Profit and Gross Margin



YoY: +16.3%

Non-IFRS Operating Profit and Operating Margin ⁽¹⁾



YoY: -6.1%

Non-IFRS Net Profit to Shareholders and Net Profit to Shareholders Margin ⁽¹⁾



YoY: +1.0%

Financials: Non-IFRS Profitability

(RMB'000)	2023	2024	YoY
EBITDA	829,523	729,297	(12.1%)
<i>Margin %</i>	<i>11.8%</i>	<i>9.0%</i>	
Adjusted EBITDA ⁽¹⁾	1,017,926	923,127	(9.3%)
<i>Margin %</i>	<i>14.5%</i>	<i>11.4%</i>	
Operating (loss)/profit	709,309	(336,116)	n/a
<i>Margin %</i>	<i>10.1%</i>	<i>(4.1%)</i>	
Non-IFRS operating profit ⁽²⁾	1,049,814	985,391	(6.1%)
<i>Margin %</i>	<i>15.0%</i>	<i>12.1%</i>	
Net (loss)/profit to shareholders	804,879	(209,216)	n/a
<i>Margin %</i>	<i>11.5%</i>	<i>(2.6%)</i>	
Non-IFRS net profit to shareholders ⁽³⁾	1,130,379	1,141,657	1.0%
<i>Margin %</i>	<i>16.1%</i>	<i>14.1%</i>	

Notes:

(1) Adjusted EBITDA is calculated as EBITDA for the period plus share-based compensation expense and expenditures related to acquisition.

(2) Non-IFRS operating profit is defined as operating profit for the period adjusted by share-based compensation, net losses from investments and acquisitions, and amortization of intangible assets resulting from acquisitions.

(3) Non-IFRS net profit to shareholders is defined as net profit to shareholders adjusted by share-based compensation, net losses from investments and acquisitions, amortization of intangible assets resulting from acquisitions, and related tax effect.

Thank You

