China Literature

2026 Interim Results

August 11, 2026

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CHINA LITERATURE

Disclaimer

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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.

2026 Interim Results Summary

IFRS Measures	• **Revenues** were **RMB3.5 bn (USD518.5 mn[1])**, up 10.7% YoY from RMB3.2 bn in 1H25 - **Revenues from online business** decreased by 7.3% YoY to **RMB1,840.0 mn (USD270.2 mn)** - **Revenues from intellectual property operations and others** increased by 40.3% YoY to **RMB1,691.4 mn (USD248.3 mn)** • **Net profit to shareholders** was **RMB135.4 mn (USD19.9 mn),** compared with RMB849.8 mn in 1H25, primarily due to RMB300 mn in tax-related payments incurred by a subsidiary of the Company (see P13 for details) and the high base effect set by a RMB512 mn after-tax gain on the deemed disposal of an investee during 1H25
Non-IFRS Measures	• **Non-IFRS net profit to shareholders** was **RMB258.8 mn (USD38.0 mn),** compared with RMB507.8 mn in 1H25, primarily due to the RMB300 mn tax-related impact noted above

Note:
(1) Figures stated in USD are based on USD1 to RMB6.8109.

Online Business: A Healthy and Vibrant Ecosystem

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High-Quality Online Content Ecosystem Continuously Enhanced by New Works, Emerging Talent, and Top-tier Creators

In 1H26, we added:

~240,000 writers

~460,000 literary works

~30 bn characters

Resilient Top-Writer Ecosystem

100% renewal among Platinum & Phenomenal writers in the past year

200k+ day-one readers on 2 debut titles from returning Platinum writers — new platform record

Emerging Young Writers

under-30s made up 57% of newly signed RMB1 mn+ writers, +49% YoY

new writers' debut works made up 54% of past-year titles with 10k+ paid subscriptions

Vibrant Community Engagement

the number of titles receiving user collections increased 37% YoY

the number of titles receiving monthly tickets grew 26% YoY

Ongoing Overseas Expansion:

WebNovel's overseas library — by 1H26, 33,000+ translated Chinese titles and ~910,000 local original works, plus ~2,000 comics on the platform

Traditional IP Businesses: A Powerful Engine for Blockbusters

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Our IPs Dominated Major Industry Rankings and Delivered Positive Results Across Our Traditional Areas of Strength

Drama Series

Blossoms of Power
(百花杀)

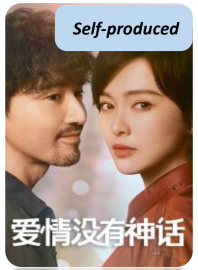
The Heir
(家业)

Ashes to Crown
(翘楚)

All these titles ranked among the top titles on platform popularity charts during their respective broadcasting periods

No Pain No Gain
(年少有为)

The Devil Between Us
(除恶)



Lady Liberty
(爱情没有神话)

These titles broke new ground across genres such as urban drama and crime drama, winning both critical acclaim and strong audience traction

Animated Series

Battle Through the Heavens
(斗破苍穹)

70 bn+ views
on short-video channels

The Outcast
(一人之下)

#1 most popular 2D animated series on Tencent Video in the past three years

Almighty Mage
(全职法师)

#1 on Tencent Video's Paid Bestseller Chart

Stellar Transformation
(星辰变)

#1 on Tencent Video's Trending Chart

Rising Market Influence of Premium IPs

50% of Tencent Video's Top 20 Rewatch list were adapted from ***China Literature's IPs***

iQIYI 爱奇艺

50% of iQiyi's Hall of Fame Top 10 were adapted from ***China Literature's IPs***

云合数据 ENLIGHTENT

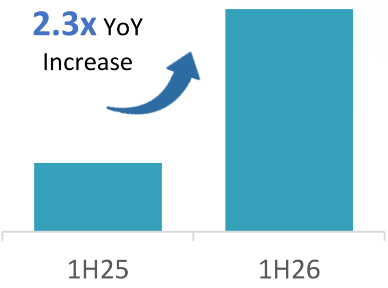
40% of the top 10 drama series by cumulative views across all platforms were adapted from ***China Literature's IPs***

云合数据 ENLIGHTENT

80% of the top 10 animation series by cumulative views across all platforms were adapted from ***China Literature's IPs***

Emerging IP Initiatives: Delivering Robust Performance

Revenue of Short Dramas and AI-animated Dramas in 2026H1:
RMB430 million+



Short Drama

Male-oriented Blockbuster

The Invisible Bodyguard (隐身侍卫)

100 mn+ ***popularity index***

5 bn+ ***total views***

Female-oriented Benchmark

Sequels of Sweet Wife (甜妻系列)

Setting a benchmark for commercialization

% of blockbuster was 4x the market average

AI-animated Drama

46 titles surpassed 100 mn views each

Million-view hit rate: 5x the industry average

Top-tier Title

Three Thousand Shelters (三千庇护)

3 bn+ views *across all platforms*

Original novel back to Qidian ***Top 10***

Premium AI-animated Drama Platform

In China

起点剧场

Overseas

TOON SCROLL

Emerging IP Initiatives: Delivering Robust Performance

IP Merchandise Business

GMV in 1H26 reached RMB780 mn

60%+ YoY

Product

- **Category expansion with a light-and-soft core:** built on high-frequency, strong repeat purchase categories and extended into plush toys, lifestyle, and precious-metal products
- **Brand momentum:** design and supply-chain strength produced a steady flow of quality merchandise, making "Yuewen Goods" (阅文好物) a leading brand in China's anime merchandise market


Channel

- **Omni-channel build-out:** expanded self-operated online channels (mini-programs, livestreams, flagship stores) while optimizing offline stores and partner ties, improving profitability and brand control
- **Operations leverage:** better sales velocity and supply-chain management, as well as improved inventory turnover, turning sales growth into profit contribution


Operation

- **Iconic-IP character campaigns:** lifted fan engagement and conversion; the "Glory Pilgrimage" pop-up in 4 cities celebrated Ye Xiu's birthday
- **IP to mass audience:** "The Outcast Boy Group" bringing "The Outcast" IP to a broader audience through idol-style marketing and deepening the emotional connection between the IP and users


Ecosystem

- **Overseas expansion momentum:** expanded the global footprint together with partners
- **"Lord of the Mysteries" overseas online store**: selected products sold out shortly after launch
- **Merchandise fuels the content flywheel**: hit products amplified IP appeal, pulling users back into our ecosystem of online reading, animation, and drama series, etc.


Exploration in New Technologies

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NovelBuddy (作家助手)

Designed for **online literature creators**, NovelBuddy provides **AI-assisted writing support**, as well as **copyright protection** and **anti-plagiarism services**, helping safeguard creators' rights.

DramaBuddy (漫剧助手)

Focusing on **AI-animated drama production**, DramaBuddy covers the entire process, including **creative ideation, content production, and project management**, enabling the scalable production of premium AI-animated dramas.

IPBuddy (版权助手)

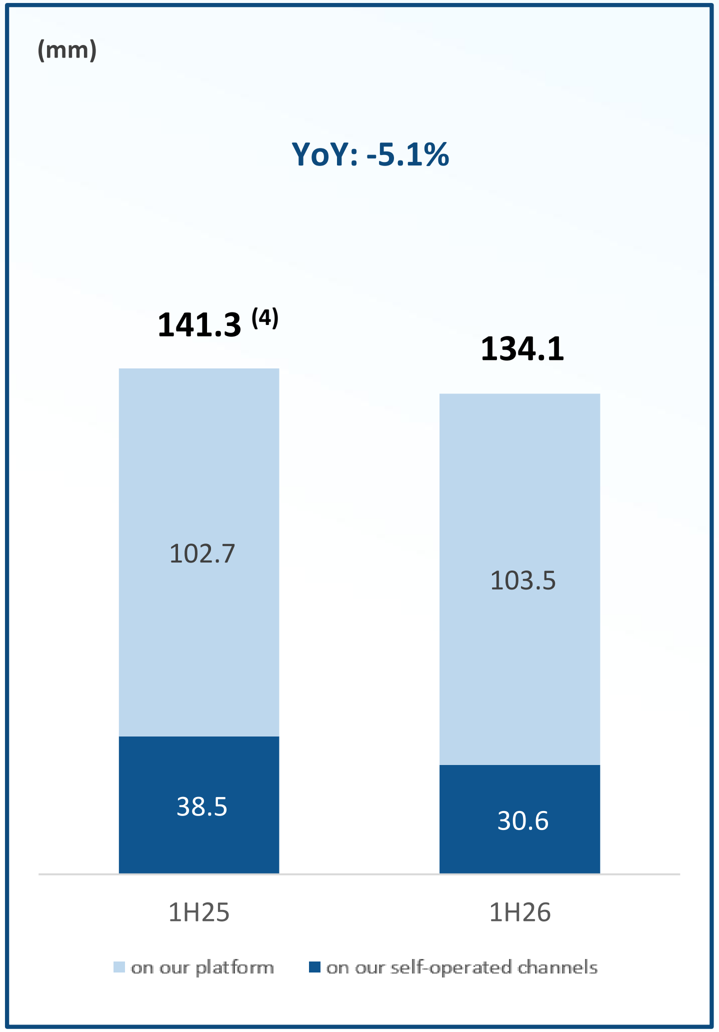
Serving as the "all-seeing eye" of our **in-house copyright team**, IPBuddy enables the **value assessment of a title** within minutes and greatly improves the efficiency of **selecting IP for adaptation and commercialization.**

WEBNOVEL

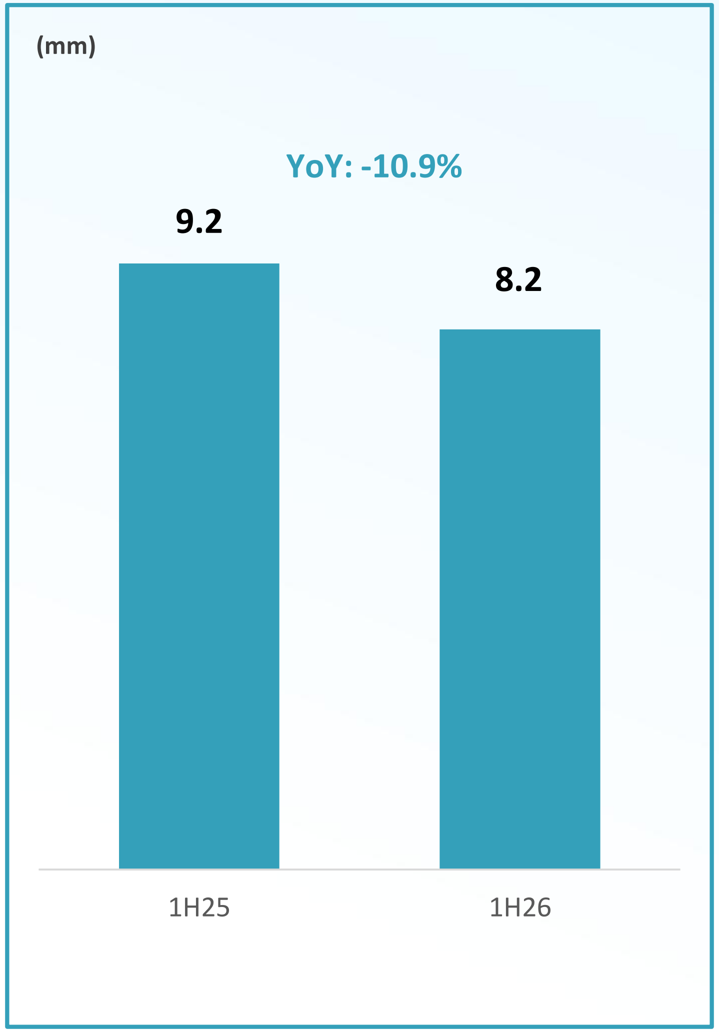
AI translation — As of June 30, 2026, 30,000+ AI-translated works are on WebNovel, contributing 40% of 1H26 novel revenue

Key Operating Metrics

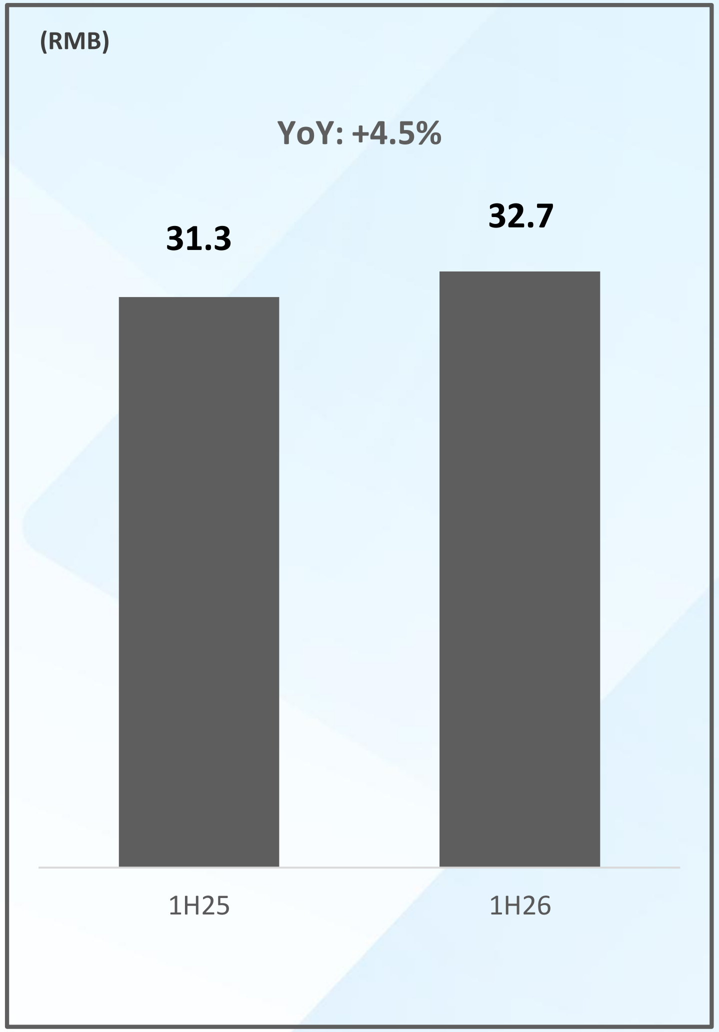
MAUs (1)



MPUs for Paid Reading (2)



Monthly ARPU (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.
(4) 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.

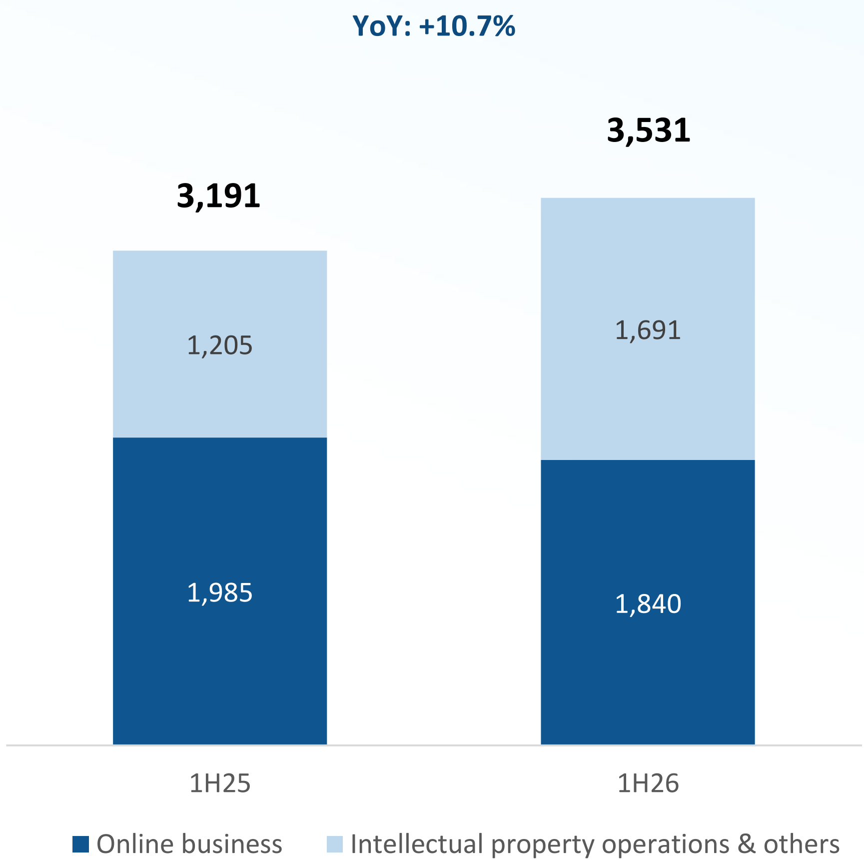
Financials: Income Statement

RMB'000	1H25	1H26	*YoY*
Revenues	3,190,584	3,531,388	*10.7%*
Cost of revenues	(1,578,200)	(1,739,295)	*10.2%*
Gross profit	1,612,384	1,792,093	*11.1%*
Interest income	81,856	81,306	*(0.7%)*
Other gains/(losses), net	582,499	(24,996)	*N/A*
Selling and marketing expenses	(922,398)	(1,011,398)	*9.6%*
General and administrative expenses	(484,739)	(559,988)	*15.5%*
Net reversal of/(provision for) impairment losses on financial assets	6,197	(6,220)	*N/A*
Operating profit	875,799	270,797	*(69.1)%*
Finance (costs)/income, net	(4,005)	529	*N/A*
Share of net profit of associates and joint ventures	127,250	88,778	*(30.2%)*
Income tax expense	(149,479)	(224,940)	*50.5%*
Net profit to shareholders	849,755	135,376	*(84.1%)*
Non-IFRS net profit to shareholders	507,807	258,838	*(49.0%)*

Financials: Revenue Breakdown

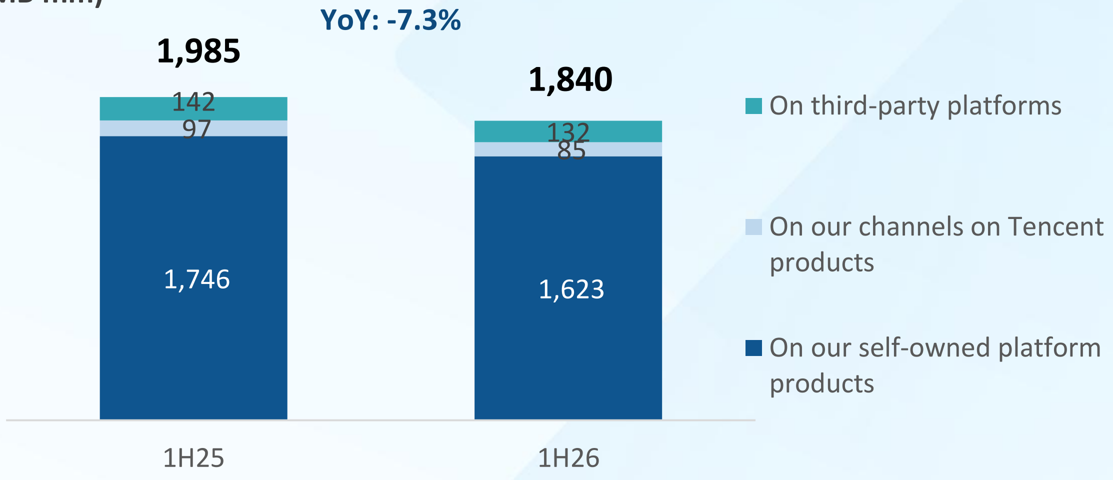
Revenues by Segment [1]

(RMB mm)



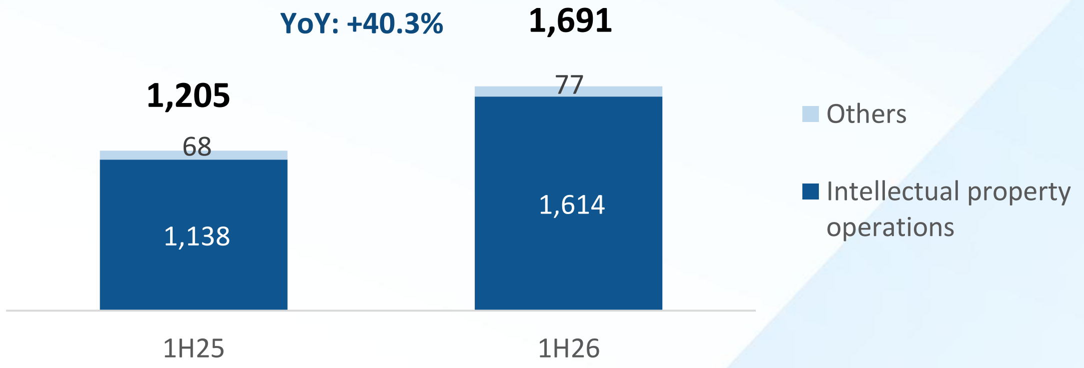
Online Business Revenues [1]

(RMB mm)



Intellectual Property Operations & Others Revenues [1]

(RMB mm)

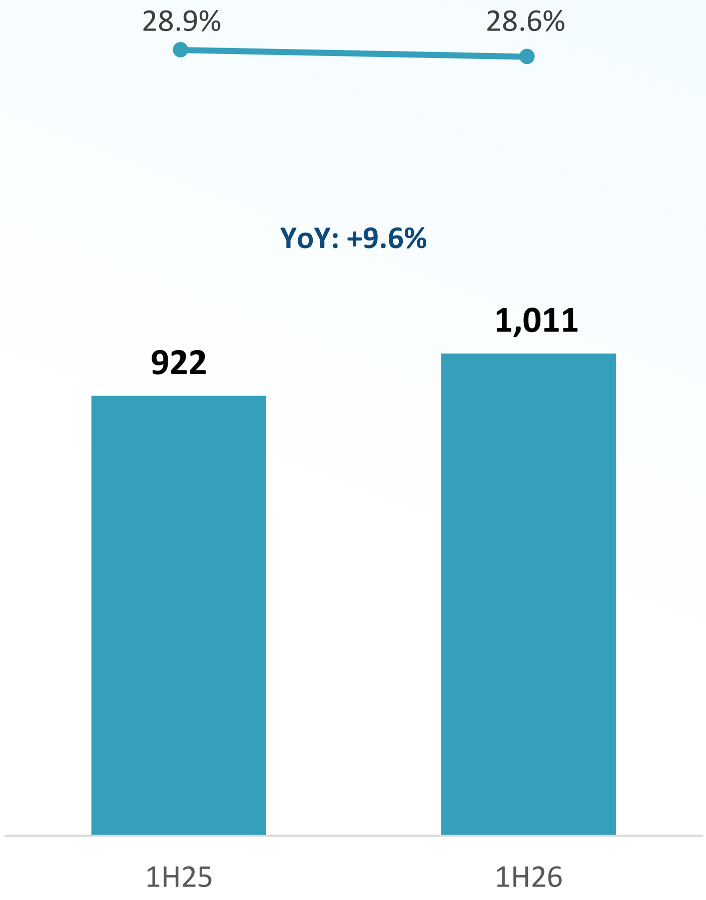


Note:
(1) Certain figures have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures shown in the breakdown items.

Financials: Operating Expenses

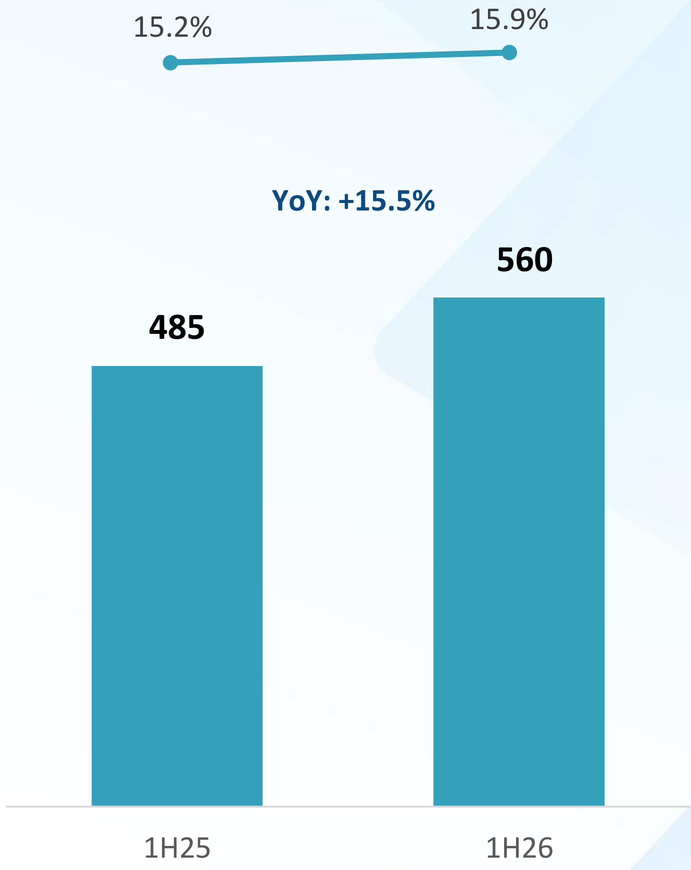
Selling & Marketing Expenses

as % of total revenue, RMB mn



General & Administrative Expenses

as % of total revenue, RMB mn

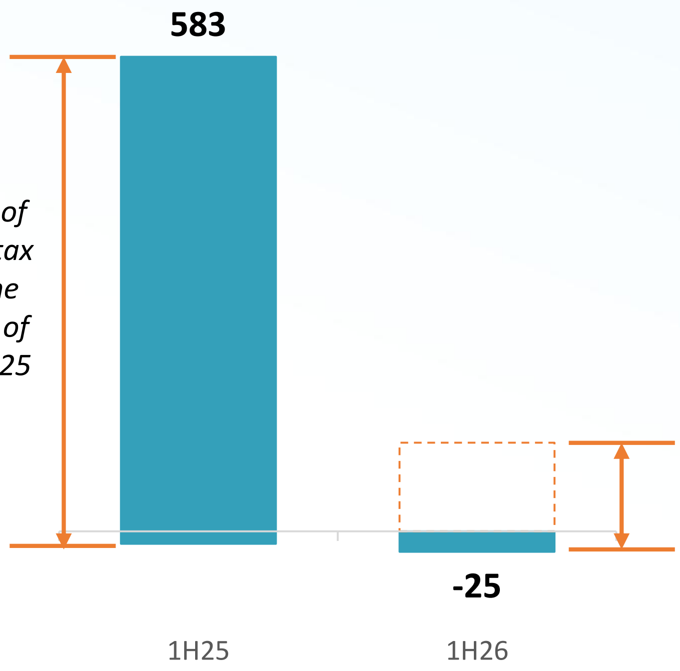


Financials: Net Other (Losses)/Gains & Income Tax Expenses

Net Other (Losses)/ Gains

(RMB mn)

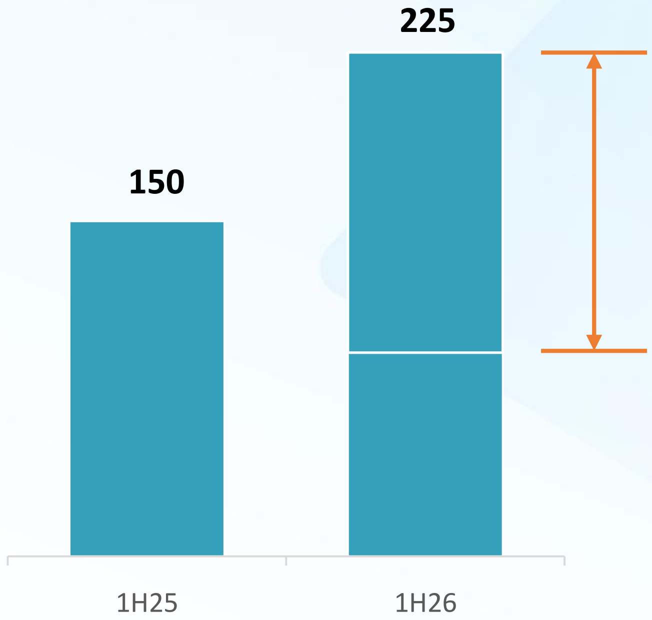
__RMB598 million__ of net gains before tax recognized on the deemed disposal of an investee in 1H25



__RMB134 million__[1] of late-payment tax surcharges incurred by a subsidiary of the Company in 1H26

Income Tax Expenses

(RMB mn)

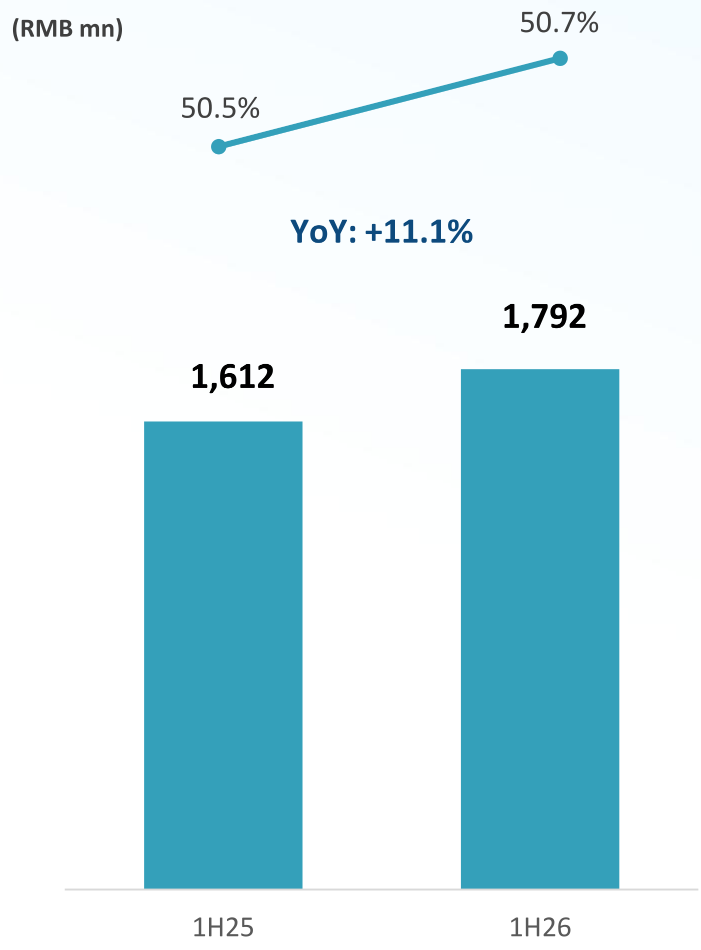


Supplementary income tax payments of __RMB166 million__[2] by a subsidiary of the Company in 1H26

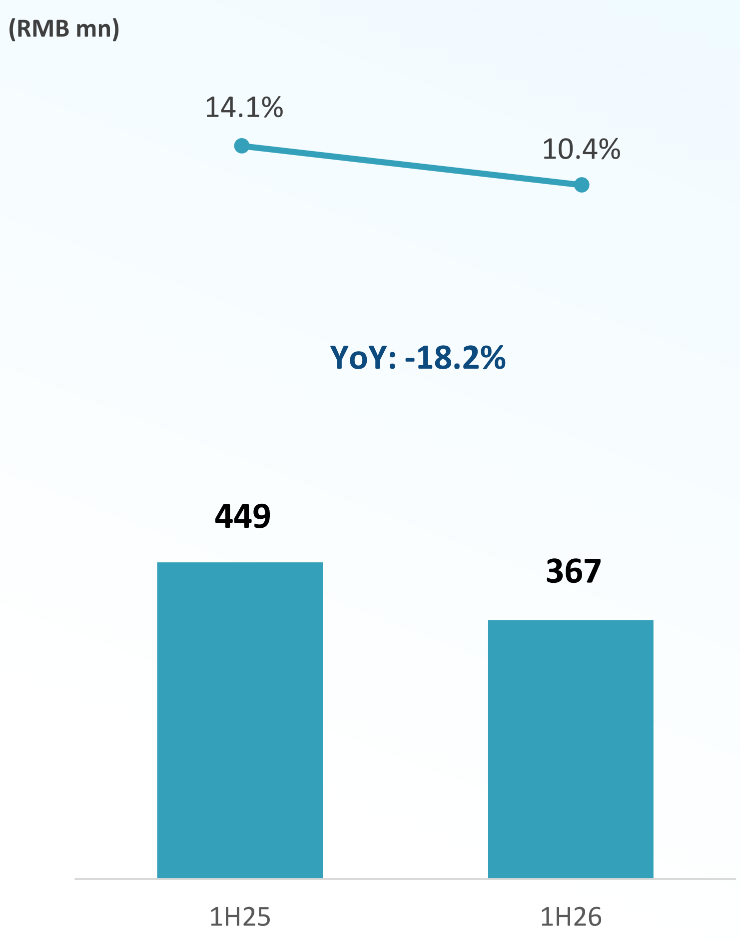
Together with (1), these items reduced Company's profit by __RMB300 million__ in 1H26

Financials: Key Profitability Metrics

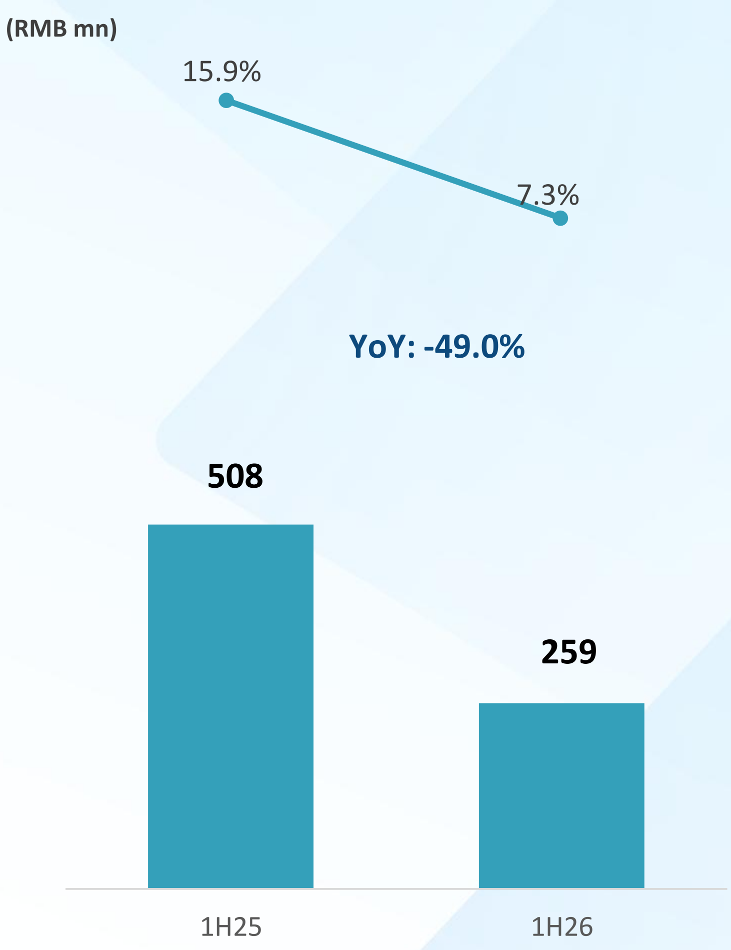
Gross Profit and Gross Margin



Non-IFRS Operating Profit and Operating Margin (1)



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



Note:
(1) Figures under Non-IFRS measures.

Financials: Non-IFRS Profitability

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(RMB'000)	1H25	1H26	YoY
EBITDA	**318,231**	**302,559**	***-4.9%***
Margin %	*10.0%*	*8.6%*	
Adjusted EBITDA (1)	**386,856**	**384,214**	***-0.7%***
Margin %	*12.1%*	*10.9%*	
Operating profit	**875,799**	**270,797**	***-69.1%***
Margin %	*27.4%*	*7.7%*	
Non-IFRS operating profit (2)	**448,681**	**367,170**	***-18.2%***
Margin %	*14.1%*	*10.4%*	
Net profit to shareholders	**849,755**	**135,376**	***-84.1%***
Margin %	*26.6%*	*3.8%*	
Non-IFRS net profit to shareholders (3)	**507,807**	**258,838**	***-49.0%***
Margin %	*15.9%*	*7.3%*	

Notes:
(1) Adjusted EBITDA is calculated as EBITDA for the period plus share-based compensation expense and expenditures related to acquisitions.
(2) Non-IFRS operating profit is defined as operating profit for the period adjusted by share-based compensation, net (gains)/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 (gains)/losses from investments and acquisitions, amortization of intangible assets resulting from acquisitions, and related tax effect.

Thank You

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