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netjoy⁺

NETJOY HOLDINGS LIMITED

云想科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2131)

PROFIT WARNING

This announcement is made by Netjoy Holdings Limited (the “**Company**”, and its subsidiaries and consolidated affiliated entities, together, the “**Group**”) in accordance with Rule 13.09(2) (a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended December 31, 2022 (the “**Year**”) and the information currently available to the Board, the Group is expected to record (i) a revenue is not less than RMB3.2 billion, the revenue for the year ended December 31, 2021 (the “**corresponding period**”) was about RMB3.1 billion; and (ii) a net loss is not more than RMB185 million for the Year as compared to the net profit of approximately RMB117 million for the corresponding period. Based on the information currently available, the Board considers that the financial changes for the Year were primarily due to the following reasons:

- (i) The market environment of the game industry has improved, and the Group’s online marketing solution business team has actively acquired clients in this industry vertical, which fueled the increase in the gross billing with no less than 11% of a year-on-year increase, thus contributing to revenue growth to some extent;
- (ii) Leveraging the advantages of existing resources and technical capabilities, the Group has actively expanded potential new business areas, for example, extending live-streaming operation services to pan-e-commerce services, so as to provide more comprehensive intelligent marketing services for e-commerce clients. For the entire year, the effective gross merchandise volume (the “**effective GMV**”) generated under the pan-e-commerce services reached approximately RMB287 million, achieving a year-on-year increase of about 294% compared to RMB73 million in the corresponding period, further enhancing the income and gross profit contribution;

- (iii) Under the complicated and ever-changing global macro-environment as well as the tough domestic economic environment, advertisers were generally in a low sentiment, and the competition in the online advertising market was intensified. In addition, one mainstream media platform suddenly increased the traffic cost, which caused the gross profit of the online marketing solution business, which provided the main revenue contribution to the Group, to shrink significantly in the short term, thus greatly offset the increase in gross profit increase of other diversified business lines;
- (iv) Considering that the operation of domestic enterprises in various industries was affected by economic factors, the Group has strictly examined and evaluated the credit risk of clients. After timely and in-depth investigation, the Group judged that the operating stability of a few clients may fluctuate greatly. Therefore, based on prudent consideration, the Group increased the expected credit loss ratio of trade receivables for the Year. At present, the Group's client base still maintains a diversified and balanced structure, and will continue to adopt a rigorous and comprehensive client credit risk management system.

In 2022, both the Group and its clients were affected and challenged by the COVID-19 pandemic and the unstable global macro-environment. With the efforts of the Group, the scale of business and revenue were stable and progressive. Although some gross profit and net profit were sacrificed, the stable and close cooperative relationship with high-quality clients and multiple media platforms has been effectively consolidated. At the same time, in 2022, the Group expanded diversified business areas and further deepened the full-chain service matrix based on the short-video marketing ecology. In 2023, with the optimization of the COVID-19 pandemic prevention policies and the promotion of economic development policies, the Group will continue to closely monitor the market conditions and the development of the global economy, and thanks to its high-tech barriers, diversified business landscape and solid client and media relationships, the Group will continue to consolidate its own industry advantages and business development resilience, and improve its profitability and financial stability while maintaining a steady increase in business revenue.

The information contained in this announcement is only based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the Year and the information currently available to the Board, and is not based on any information or figures which have been audited or reviewed by the Company's auditor and may be subject to possible adjustments. The Group is in the process of finalizing the consolidated financial results of the Group for the Year, and the actual results of the Group for the Year may differ from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the Company's annual results announcement for the year ended December 31, 2022 which is expected to be published on March 31, 2023.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Netjoy Holdings Limited
XU Jiaqing
Chairman of the Board

Shanghai • the PRC, March 24, 2023

As at the date of this announcement, the Board comprises Mr. XU Jiaqing, Mr. WANG Chen, Mr. LIN Qian and Ms. ZHA Lijun as executive Directors; Mr. DAI Liqun and Mr. WANG Jianshuo as non-executive Directors; and Mr. CHEN Changhua, Dr. RU Liyun and Ms. CUI Wen as independent non-executive Directors.