

Financial Analysis of Six Culture Media Listed Companies in 2022

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ABSTRACT

Some time ago, among the listed companies of cultural media, Sanqi Mutual Entertainment, Kunlun Wanwei, Phoenix Media, century huatong, Light Media, WANDA CINEMAS and other companies released their 2022 annual reports one after another. This paper will summarize and interpret the financial results of these six cultural media companies, and discuss the development situation of cultural media industry in 2022 "the first year of AIGC".

KEYWORDS

Cultural media; Listed companies; Financial reporting; Performance analysis; AIGC

1. PANORAMA OF CULTURAL MEDIA AND THE ARRIVAL OF AIGC ERA

Cultural media is an extension of the media industry. It usually refers to the creation, production, dissemination and distribution of culture, and communication between different cultures through the media. The cultural media industry covers a wide range of media and cultural activities, including film and television production, music industry, publishing industry, broadcasting industry, digital media, arts and performing arts and games industry. The development of cultural media industry can not only meet people's growing cultural needs, but also play an important role in promoting social and economic development. At the same time, Chatgpt was launched by openAI Company at the end of 2022, which has attracted worldwide attention to AIGC. Many people call 2023 "the first year of the beginning of the AIGC era". A brief talk on whether AIGC will bring any impact to cultural media companies.

1.1. Sanqi Mutual Entertainment: Operating Income of Approximately 16.406 Billion, Net Profit of Approximately 2.954 Billion

On April 28, 2023, Sanqi Mutual Entertainment released its annual report for 2022. According to the report, revenue in 2022 was 16.406 billion, representing an increase of 1.17% over 2021. Net profit attributable to shareholders of listed companies was approximately 2,954 million, representing an increase of 2.74% over last year. Net profit after non-recurring profit and loss attributable to shareholders of listed companies was approximately 2,883 million, representing an increase of 9.76% as compared with last year.

Net cash flows from operating activities amounted to approximately 3,557 million, representing a decrease of 2.78% as compared with last year. Basic earnings per share was 1.34, up 2.29% from last year. The weighted average return on net assets decreased by 4.83% from last year. Total assets at

the end of 2022 increased by 18.41% as compared with the end of 2021, and net assets attributable to shareholders of listed companies increased by 13.08% as compared with the end of 2021.

1.2. Kunlun Wanwei: Operating Income of Approximately 4,736 Million, Net Profit of Approximately 1,153 Million

On April 11, 2023, Kunlun Wanwei released its annual report for 2022. According to the report, revenue in 2022 was 4,736 million, representing a decrease of 2.35% as compared with 2021. Net profit attributable to shareholders of listed companies was approximately 1,153 million, representing a decrease of 25.49% as compared with last year. Net profit after non-recurring profit and loss attributable to shareholders of listed companies was approximately 1,154 million, representing a decrease of 10.15% as compared with last year.

Net cash flows from operating activities decreased by 29.19% from last year to approximately 831 million. Basic earnings per share was 0.97, down 25.95% from last year. The weighted average return on equity decreased by 6.08% from last year. Total assets at the end of 2022 decreased by 1.89% as compared with the end of 2021, and net assets attributable to shareholders of listed companies increased by 22.32% as compared with the end of 2021.

1.3. Phoenix Media: Operating Income of Approximately 13,596 Million, Net Profit of Approximately 2,107 Million

On April 21, 2023, Phoenix Media released its annual report for 2022. According to the report, revenue in 2022 was 13,596 million, representing an increase of 8.62% as compared with 2021. Net profit attributable to shareholders of listed companies was approximately 2,107 million, representing a decrease of 15.26% as compared with last year. Net profit after non-recurring profit and loss attributable to shareholders of listed companies was approximately 1,791 million, representing an increase of 30.64% as compared with last year.

Net cash flows from operating activities amounted to approximately 2,507 million, representing a decrease of 24.52% as compared with last year. Basic earnings per share was 0.818, down 15.27% from last year. The weighted average return on equity decreased by 3.37% from last year. Total assets at the end of 2022 increased by 3.59% as compared with the end of 2021, and net assets attributable to shareholders of listed companies increased by 7.02% as compared with the end of 2021.

1.4. Century huatong: Operating Income of Approximately 11,475 Million, Net Profit of Approximately-7,092 Million

On April 29, 2023, century huatong released its annual report for 2022. According to the report, revenue in 2022 was 11.475 billion, representing a decrease of 17.62% as compared with 2021. Net profit attributable to shareholders of listed companies was approximately-7,092 million, representing a decrease of 404.81% as compared with last year. Net profit after non-recurring profit and loss attributable to shareholders of listed companies was approximately-6,680 million, representing a decrease of 2,869.20% as compared with last year.

Net cash flows from operating activities amounted to approximately 1,491 million, representing an increase of 67.43% over last year. Basic earnings per share was -0.96, down 400.00% from last year. The weighted average return on equity was 33.43% lower than last year. Total assets at the end of 2022 decreased by 18.04% as compared with the end of 2021, and net assets attributable to shareholders of listed companies decreased by 22.38% as compared with the end of 2021.

During the Reporting Period, the Company impaired its assets based on the corresponding assets of the Company, resulting in a significant loss on net profit of the Company. In 2022, the Company recorded a revenue of RMB11,475 million, representing a year-on-year decrease of 17.62%. The net

profit attributable to the shareholders of the listed company was-7,092 million yuan. Operating cash flows maintained a high growth rate, reaching RMB1,491 million, up 67.43% year-on-year.

1.5. Ray Media: Revenue of Approximately 755 Million, Net Profit of Approximately-713 Million

On April 28, 2023, Light Media released its annual report for 2022. According to the report, revenue in 2022 was 755 million, representing a decrease of 35.35% as compared with 2021. Net profit attributable to shareholders of listed companies was approximately-713 million, representing a decrease of 128.72% as compared with last year. Net profit attributable to shareholders of listed companies after deducting non-recurring profit and loss was approximately-787 million, representing a decrease of 76.97% as compared with last year.

Net cash flows from operating activities decreased by 101.39% from last year to approximately-08 million. Basic earnings per share was -0.24, down 118.18% from last year. The weighted average return on net assets decreased by 4.86% from last year. Total assets at the end of 2022 decreased by 13.47% as compared with the end of 2021, and net assets attributable to shareholders of listed companies decreased by 13.57% as compared with the end of 2021.

1.6. WANDA CINEMAS: Operating Income of Approximately 9,695 Million, Net Profit of Approximately-1,923 Million

On April 28, 2023, WANDA CINEMAS released its annual report for 2022. According to the report, revenue in 2022 was 9,695 million, representing a decrease of 22.38% as compared with 2021. Net profit attributable to shareholders of listed companies was approximately-1,923 million. The net profit attributable to the shareholders of the listed company net of non-recurring profit or loss was approximately-2,081 million.

Net cash flows from operating activities amounted to approximately 1,194 million, representing a decrease of 59.94% as compared with last year. The basic earnings per share was -0.8670. The weighted average return on equity was 25.18% lower than last year. Total assets at the end of 2022 decreased by 8.41% as compared with the end of 2021, and net assets attributable to shareholders of listed companies decreased by 20.50% as compared with the end of 2021.

2. FOR THE 2022 FINANCIAL RESULTS OF THE SIX LISTED CULTURAL MEDIA COMPANIES, THE FOLLOWING OPINIONS ARE SUMMARIZED

2.1. The Game Industry is Better Than the Movie Industry Under the Background of the COVID-19 Epidemic After the Three Companies Achieved Revenue of More Than 10 Billion Yuan

In terms of revenue: the three companies achieved revenue of more than 10 billion yuan, and Sanqi Mutual Entertainment ranked first. Among them, Sanqi Mutual Entertainment and century huatong belong to the game industry, and Phoenix Media belongs to the publishing industry. The two companies with negative net profit are the film and television industry. In the context of the post-epidemic COVID-19 epidemic, people chose to stay at home and be isolated in order to comply with the emergency measures issued by government departments many times: staying away from home and not having parties.

In 2022, because of the repeated outbreak of the epidemic, domestic cinemas were often hit and closed. According to the "2022 China Film Market Data Insight" released by the Cat's Eye Research Institute, one-third of cinemas make less than a million dollars a year. During the year, a number of slots were

not functioning properly, many popular films were not released on schedule, and the announcement week of the films was not as expected due to the fact that the limit slot was shortened, the popularity before the opening and the insufficient opening of the films, which resulted in less than expected box office revenue. The epidemic has brought about a change in lifestyle and habits. The era features of extensive entertainment and rapid elimination have greatly impacted the entertainment and consumption behavior of movies. Games have become the first choice for mass leisure and entertainment activities.

2.2. There is a Big Gap Between Revenue Growth and Net Profit Growth Among Companies

In terms of revenue growth, excluding WANDA CINEMAS, where the growth rate of net profit is not announced, only Sanqi Mutual Entertainment and Phoenix Media showed a growth trend. The other four companies all showed negative growth trend. Since 2022, the international situation has been complicated and changeable, and the industry has also been affected by the fluctuation of RMB exchange rate. The global game market has generally declined, the production and research and development of enterprises have been restricted, and the consumption intensity and ability of the public have declined. In addition, under the background of the COVID-19 epidemic, the public have chosen to deposit cash in banks to reduce consumption.

In terms of net profit growth, it was "one positive and five negative". Only Sanqi Mutual Entertainment showed a positive growth trend, with a growth rate of 2.74%. Excluding century huatong, which has impaired assets, the growth rate was -404.81%, which was the biggest decline in the growth rate of Light Media, with a growth rate of -128.72%. It can be found that the impact of the epidemic on listed companies of cultural media is relatively large, and this situation may be improved in 2023.

2.3. Positive and Negative Net Profits Are 1: 1, With A Large Gap Between Net Profits

Sanqi Mutual Entertainment ranked first in terms of net profit. The Company began to distribute overseas markets in 2012 and realized overseas revenue of RMB5,994 million in 2022, representing an increase of 25.47% over the corresponding period of last year. In terms of research and development, Sanqi Mutual Entertainment has also made many attempts in the AI field. The company has independently developed the "Zeus" in game research and development, the "Athena" data analysis system, the "Poseidon" monitoring and early warning system, the "Ares" user portrait system and the "Cupid" intelligent research and development platform. The research cost of the game is greatly reduced, and the research and development efficiency of the game is improved. Panax notoginseng mutual entertainment statement: the company actively embraces the generative AI wave and gradually applies AIGC. Century huatong finished last with a profit of nearly minus 7.1 billion, with net profit down 404.81% from a year earlier. This is mainly because the Company has impaired its assets according to the corresponding asset conditions, but the Company's deep involvement in the investment of Shanghai Data Center and Shenzhen Data Center has the potential to make up deficits and return surpluses.

3. GENERATIVE ARTIFICIAL INTELLIGENCE —AIGC

Generative artificial intelligence—AIGC (Artificial Intelligence Generated Content) refers to the intelligence based onGenerating a countermeasure network, large-scale pre-training model and other artificial intelligence techniques, through the study of a large number of data and models, with appropriate generalization ability to generate related content technology. AIGC is not only a kind of

content classified from the perspective of content producers, but also a way of content production and a collection of technologies used for automatic content generation.

3.1. Aigc-a New Opportunity for Cultural Media Companies

At the end of 2022, openAI launched ChatGPT, which attracted worldwide attention to artificial intelligence. As a language model [1] based on AIGC technology and reinforced learning iteration through human feedback, its users of ChatGPT grew rapidly, and various major media also rushed to report on the use and benefits of ChatGPT. At the same time, most cultural media companies discovered that AIGC would have a huge impact on modern society and issued statements in succession to invest in research and development of AI and promote the development of AIGC in the cultural media industry.

We can all find AI or AIGC in the companies' 2022 results released in April 2023. In the financial report, Kunlun Wanwei said that it would actively promote the exploration and application of cutting-edge technologies and work with its strategic partners to achieve technological innovation and breakthrough in the algorithm of the AIGC model. Based on the strategy of "integration of research and transportation", Sanqi Mutual Entertainment applies artificial intelligence and big data technology throughout the game research and transportation, so as to improve the research and transportation efficiency. Century huatong is deeply involved in the investment of Shanghai Data Center and Shenzhen Data Center. Its business is located in the Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area respectively, and it is a national computing hub node of the east-west computing project. The three cultural media companies have made some progress in the field of AIGC and become strong competitors in the field of AIGC.

AIGC originated in the 1950s. through decades of technological accumulation and iterative optimization of the underlying algorithm, it developed well in 2022. AIGC (Generative Artificial Intelligence) is a disruptive technology that can generate artifacts that previously relied on humans, providing innovative results without human experience and biases in the thinking process [2].

In the production of games, AIGC can help design the plot text, use AIGC to assist in drawing the original figures, and use AIGC to help build 3d models of games, etc. By connecting a large number of corpora to train the model, the game NPC can communicate with the players more smoothly and naturally, and communicate in almost the same chat scene as the players, making the players feel as if the NPC exists in reality. Moreover, the research and development of the AIGC system can shorten the research and development time of the game. For example, Sanqi Mutual Entertainment Company has constructed the research and development side AI tool portfolio with the "1+3+1" architecture, which improves the research and development efficiency of the game and reduces the research and development cost.

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resource production, retrieval and application. Several cultural media companies have made some progress in the field of AIGC and become strong competitors in the field of AIGC.

4. SUMMARY

In the past, the cultural media industry was strongly impacted by the epidemic, making the whole market very turbulent, but from 2023 onwards it will become normal. Films that could not be released due to the impact of the epidemic will be released one after the other in 2023. At the same time, they can also be released for a sufficient period of time. Consumers' reduced spending in the past few years will resume one after another in 2023. Film and television companies should also be prepared accordingly. The year 2022 is the first year of AIGC. AI's blowout development is a new opportunity for the cultural media industry. As long as we grasp the opportunity of AIGC, strengthen research in the field of AIGC and liberate the productive forces, we believe that cultural media companies will make up deficits and turn surpluses in a relatively short period of time and develop rapidly.

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