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Strawbear Entertainment Group **稻草熊娱乐集团**

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2125)

PROFIT WARNING

This announcement is made by Strawbear Entertainment Group (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2023 and the information currently available to the Board, it is expected that the Group will record (i) a consolidated net profit attributable to Shareholders of approximately RMB0.3 million to RMB5.8 million for the six months ended June 30, 2023 as compared to that of approximately RMB73.5 million for the six months ended June 30, 2022, representing a decrease by approximately 99.6% to 92.1%; and (ii) an adjusted net profit of approximately RMB14.3 million to RMB19.8 million for the six months ended June 30, 2023 as compared to that of approximately RMB85.7 million for the six months ended June 30, 2022, representing a decrease by approximately 83.3% to 76.9%.

Based on the information currently available to the Board, the Board believes that such decrease in the consolidated net profit attributable to Shareholders and the adjusted net profit was primarily attributable to the increase in selling and distribution expenses and cost of sales for the six months ended June 30, 2023 as compared to that of the corresponding period of last year, resulting from the combined effects of (i) the substantial increase in the number of drama series under multiple-round releases (including first-run and re-run broadcast) broadcast by the Group in the first half of 2023 and (ii) the intensified marketing competition in drama series market on the wave of market recovery.

The Board wishes to highlight that the “adjusted net profit” is not defined under the Hong Kong Financial Reporting Standards. It is defined by the Group as net profit adjusted by adding back equity-settled share award expense (the “**Adjusted Item**”). The management of the Company believes that the “adjusted net profit” would facilitate the comparison of the operating results of the Group from period to period by eliminating potential impact of the Adjusted Item, which is non-operating in nature and is not indicative of the actual operating performance of the Group.

As of the date of this announcement, the Company is in the process of finalizing the consolidated interim results of the Group for the six months ended June 30, 2023. The information contained in this announcement is based on a preliminary review of the unaudited consolidated management accounts of the Group and the information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company. The actual results of the Group for the six months ended June 30, 2023 may differ from the information contained in this announcement. Shareholders and potential investors are advised to read carefully the announcement of the interim results of the Group for the six months ended June 30, 2023, which is expected to be released in August 2023.

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

By order of the Board
Strawbear Entertainment Group
Liu Xiaofeng
Chairman

Nanjing, PRC, July 28, 2023

As of the date of this announcement, the Board comprises Mr. Liu Xiaofeng, Mr. Chen Chen and Ms. Zhai Fang as executive Directors, Mr. Wang Xiaohui and Ms. Liu Fan as non-executive Directors, and Mr. Zhang Senquan, Mr. Ma Zhongjun and Mr. Chung Chong Sun as independent non-executive Directors.