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Flowing Cloud Technology Ltd
飛天雲動科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6610)

PROFIT WARNING

This announcement is made by Flowing Cloud Technology Ltd (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") pursuant to 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 of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended December 31, 2024 and an assessment of the information currently available to the Board, the Group is expected to record (i) revenue in the range of RMB950.0 million to RMB1,050.0 million for the year ended December 31, 2024 as compared to revenue of RMB1,244.7 million for the year ended December 31, 2023; and (ii) net loss in the range of RMB20 million to RMB50 million for the year ended December 31, 2024 as compared to net profit of RMB263.9 million for the year ended December 31, 2023.

The decrease in revenue and the change from profit to loss are mainly attributable to the following factors: (i) impacted by the macro economy, internet advertisement customers generally devote less budget, leading to a decrease in revenue from augmented reality and virtual reality ("**AR/VR**") marketing services business of the Company, while the increment in traffic costs also contributed to the decrease in profit margin of such business; (ii) in terms of AR/VR content business, the market has become more competitive, leading to a decrease in both revenue and profit margin; (iii) an increase in the promotion expenses of emerging C-end business such as "XR (extended reality) + content" and overseas market by the Company in 2024; and (iv) an increase in the investment in research and development expenses.

The Company has yet to finalize the consolidated annual results of the Group for the year ended December 31, 2024. The information contained in this announcement is only based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended December 31, 2024 and an assessment of the information currently available to the Board as at the date of this announcement, which have not been audited nor reviewed by the Company's auditors or reviewed by the audit committee of the Board. The actual results of the Group for the year ended December 31, 2024 may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to refer to the details in the results announcement for the year ended December 31, 2024, which is expected to be published by the end of March 2025.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
Flowing Cloud Technology Ltd
Wang Lei
Chairman

Hong Kong, February 21, 2025

As at the date of this announcement, the Board comprises Mr. Wang Lei, Ms. Xu Bing and Mr. Li Yao as executive Directors and Mr. Jiang Yi, Mr. Tan Deqing and Ms. Wang Beili as independent non-executive Directors.