ARCHOSAUR GAMES INC.
祖 龙 娱 乐 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9990)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "**Board**") of directors (the "**Directors**") of Archosaur Games Inc. (the "**Company**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2026 (the "**Results Announcement**").

The interim results of the Group for the six months ended 30 June 2026 have been reviewed by the Audit Committee and by PricewaterhouseCoopers, the independent auditor of the Company, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

FINANCIAL PERFORMANCE HIGHLIGHTS

	For the six months ended 30 June		
	2026	2025	
	RMB million	RMB million	Change
	(Unaudited)	(Unaudited)	%
Revenue	**608.6**	634.3	(4.1%)
Cost of revenue	**(175.5)**	(181.5)	(3.3%)
Gross profit	**433.1**	452.8	(4.4%)
Research and development expenses	**(261.6)**	(265.5)	(1.5%)
Selling and marketing expenses	**(288.3)**	(222.3)	29.7%
Administrative expenses	**(46.2)**	(44.8)	3.1%
Net impairment reversal/(losses) on financial assets	**4.8**	(0.3)	(1,700.0%)
Other income	**4.0**	4.0	0.0%
Other gains, net	**56.4**	39.3	43.5%
Operating loss	**(97.8)**	(36.8)	165.8%
Finance income	**15.7**	24.1	(34.9%)
Finance costs	**(2.6)**	(0.4)	550.0%
Finance income, net	**13.1**	23.7	(44.7%)
Share of results of investments accounted for using the equity method	**4.9**	3.0	63.3%
Loss before income tax	**(79.8)**	(10.1)	690.1%
Income tax credit/(expense)	**11.3**	(1.6)	(806.3%)
Loss for the period	**(68.5)**	(11.7)	485.5%
Non-IFRS measure:			
Adjusted net loss(1)	**(64.1)**	(7.7)	732.5%

Note:

(1) We define adjusted net loss as loss for the period adjusted by the add back of share-based compensation expenses. We eliminate the impact of the item that our management does not consider to be indicative of our operating performance considering it is non-cash in nature.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our mission is to be a top-class gaming company in the world, serving global game players by continuously creating industry-leading games of various genres with excellent online entertainment experience.

We are a pioneer in China's mobile game industry focusing on developing high-quality mobile female-oriented games, MMORPGs, strategy card games, idle RPGs, SLGs and other genres, and our strength in research and development has been proven over and over again. We continue to provide superior game content to players and have won excellent market reputation.

OUR EXISTING GAMES

As at the date of this Results Announcement, we had launched 24 high-quality mobile games with multiple regional versions in 14 languages available in the vast majority of countries and regions globally, among which (i) the global cumulative gross billings generated by 2 mobile games had exceeded RMB4 billion; (ii) the global cumulative gross billings generated by 1 mobile game had been between RMB3 billion and RMB4 billion; (iii) the global cumulative gross billings generated by 5 mobile games had been between RMB1 billion and RMB3 billion; and (iv) the gross billings generated by 9 mobile games had exceeded RMB100 million in the first month after they were launched in Chinese mainland.

Since its launch in Chinese mainland in March 2023, Life Makeover (以閃亮之名) has maintained robust vitality, ranking among top 30 of the Bestsellers Games Chart for iOS over a hundred times and ranking among top 10 of the Bestsellers Games Chart for iOS for 15 times. The paying user base during the month of its third anniversary celebration (i.e., March 2026) achieved growth compared to the same period in 2025, hitting its highest level since May 2024, and the average DAU (Daily Active Users) in the first half of this year surpassed the average DAU of previous years. This ultra-free fashionable female-oriented mobile game, sincerely presented by the VVANNA Business Unit, continuously enriches its gameplay system and expands diverse integrated life simulation content, constantly delivering freshness to players. The game attaches great importance to player experience, actively absorbs and implements players' ideas and demands, and continues to gain player recognition and trust. At the same time, it guides players to produce original content and disseminate it on social platforms, leverages the UGC (User Generated Content) ecosystem and KOC (Key Opinion Consumer) influence to activate community vitality, creates a rich and authentic player atmosphere, and achieves a high-quality immersive experience both in and out of the game. From Sichuan embroidery (蜀繡) to Tibetan-Qiang embroidery (藏羌織繡), from Miao silver jewelry (苗族銀飾) to Nuo mask carving (儺面具雕刻), Life Makeover (以閃亮之名) has been committed to presenting the beauty of traditional intangible cultural heritage on digital fashion. In 2026, the game, on behalf of all its partners, bid at auction for the "Qing Dynasty Dark Blue Zhuanghua satin with phoenixes encircling peonies weaved with gold threads (清•深藍色團鳳穿牡丹紋織金妝花緞匹料)" and proceeded with the donation arrangements, helping cultural relic that has been scattered overseas to return to its homeland. The game also joined hands with the Henan Provincial Charity Federation to rebuild a road in Xinzhuang Village, Yeyi Town, Pingdingshan City, Henan Province, which had been muddy all year round. The game continues to engage in diverse cross-industry collaborations. In 2026, it launched collaborations with Subway Surfers (地鐵跑酷), Pleasant Goat and Big Big Wolf (喜羊羊與灰太狼), etc., achieving excellent performance. In addition, the game also carried out IP licensing cooperation with brands such as Mingren Soda Water and Cuishengsheng, which reflects the successful commercialization of the game's IP. In the future, the game will continue to provide players with long-lasting and high-quality companionship through mature and efficient production pipelines and continuous breakthrough version iterations and quality innovations.

Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) is a strategy card game adapted and developed based on the Dragon Raja (龍族) series of novels and animations and powered by Unreal Engine 4. The game has maintained stable long-term operations through continuous content updates and themed events: following the launch of the UR (Ultra Rare) twin partners "Lu Mingfei (路明非) & Lu Mingze (路鳴澤)" in February 2026, which achieved the highest gross billings record of gacha (卡池) in the game's history, the UR partner "Selenarch Erii" (汐月神樞繪梨衣) was introduced during the summer season (July 2026), receiving enthusiastic responses from players; various themed events such as the World Cup "Football Carnival" (綠茵狂歡) and "Boundless Music Festival" (無界音樂節) further enriched the gaming experience. In terms of collaborations, the promotion video for the collaboration with the comic FEI REN ZAI (非人哉) quickly climbed the Bilibili Trending List after its first unveiling, garnering wide popularity from players; the game also engaged in extensive cross-industry partnerships with snack brands such as naco naco and Hsu Fu Chi (徐福記). Building on stable long-term operations, we continue to deliver new breakthroughs: on the first day of the launch of the "The Moon Shines Bright" (白月長明處) version (i.e., 18 July 2026), both single-day gross billings and single-day paying user numbers reached new highs after the first day of the anniversary celebration in 2025 (i.e., 12 September 2025), while DAU and single-day new user acquisition also reached new highs after the National Day holiday in 2024. In the first half of 2026, the game was launched separately in Japan, South Korea, Europe and North America. Following its launch, it topped Japan's iOS Free Games Chart for three consecutive days, with outstanding performance in key metrics. As of the date of this Results Announcement, the cumulative global gross billings of Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) have exceeded RMB1 billion.

Two MMORPG masterpieces of the Company, Fantasy Zhuxian (夢幻誅仙) and Dragon Raja (龍族幻想), launched in 2016 and 2019 respectively, have maintained robust long-term operational performance. Classic games such as Sango Heroes: Under the Firmament (鴻圖之下), Love & Sword (御劍情緣), The Hegemony (三國群英傳: 鴻鵠霸業), Loong Craft (六龍爭霸) and World of Kings (萬王之王 3D) have performed relatively steadily and continue to contribute revenue to the Group. Our R&D team updates and iterates the games with exceptional efficiency in terms of headcount, and will continue to make efforts to promote the long-term stability of the gaming experience and gross billings.

OUR GAME PIPELINE

To build up a diversified game portfolio across a wide range of genres, 5 game products are expected to be launched globally over the period from the second half of 2026 to 2028, covering different genres of games.

As of the date of this Results Announcement, the table below sets out certain information regarding our new games which are expected to be launched for the periods indicated, including title, genre, IP source, development stage, expected launch year and major markets.

Title(1)	Genre(1)	IP source(1)	Development stage as at the date of this Results Announcement(1)	Expected launch year(1)	Major markets(1)(2)
2026					
LOM mobile(3) (詭秘之主: 愚者)	Strategy Card Game	Licensed IP	Game Production	2026	Worldwide
2027					
Project: Silent Whispers(4) (代號: 神不言)	Female-oriented Game	Original IP	Game Production	2027	Worldwide
Project J	Casual Game	Original IP	Game Production	2027	Worldwide
2028					
Project Code: One	Action Shooting Game	Original IP	Game Production	2028	Worldwide
Project L	Idle RPG	Licensed IP	Game Proposal	2028	Worldwide

Notes:

(1) The game pipeline is for indicative purpose only as at the date of this Results Announcement. The title, genre, IP source, development stage, expected launch year, major markets and other information of each game in the pipeline may be subject to further changes according to their respective development and pre-approval status.

(2) The major markets refer to target publishing markets. The games will be launched successively in different regions according to their respective publishing plans.

(3) LOM mobile (詭秘之主: 愚者) is former Project G.

(4) Project: Silent Whispers (代號: 神不言) is former Project K.

The introduction of several new games in our game pipeline is provided as follows:

LOM mobile (詭秘之主: 愚者) is a strategy card game adapted and developed from the novel and animated series of Lord of Mysteries (詭秘之主). Lord of Mysteries (詭秘之主) is set in a Western fantasy setting, with a large number of global audiences and immense appeal. The Company will combine the IP's unique worldview and distinctive character traits to present players with highly charismatic card designs and rich derivative content, while maintaining a high degree of fidelity to the IP. The game first unveiled its promotion video in June 2026, which achieved a highest ranking of no. 3 on the Bilibili game section charts, and subsequently topped both the TapTap and Bilibili game Pre-registration List. As of the date of this Results Announcement, pre-registrations in Chinese mainland have exceeded 1 million.

Project: Silent Whispers (代號: 神不言) is a female-oriented game powered by Unreal Engine 5, dedicated to delivering a fantasy gaming experience through advanced 3D visual technology. The game team was invited to attend and share their technical insights at the Unreal Fest Chicago 2026: leveraging the full Unreal Engine 5 technology stack, they meticulously craft characters using MetaHuman and Substrate materials to restore realistic human textures such as pores, dynamic blood vessels and sweat beads; employing MegaLights and cinematic lighting techniques including side lighting and bottom lighting to shape character personas and enhance narrative atmosphere; and balancing visual quality on PC with performance on mobile devices through resource management, tiered rendering and dynamic effect adaptation, ensuring that cinematic-grade visuals are presented stably and smoothly across different devices with refined cross-platform adaptation. The game was first unveiled in April 2026. Its promotion video and in-engine tech demo garnered over 10 million views on the second day and exceeded 22 million views within five days globally after release. As of the date of this Results Announcement, it has surpassed 5 million global pre-registrations, attracting significant attention and high expectations from players.

Project J is an in-development casual game, with testing and launch plans scheduled for 2027.

During the Reporting Period, we recorded revenue of RMB608.6 million, representing a slight decrease of 4.1% as compared with RMB634.3 million for the same period in 2025, which was primarily attributable to (i) the broadly steady performance of Life Makeover (以閃亮之名) and Dragon Raja: Cassell Gate (龍族：卡塞爾之門) during the Reporting Period, though the further extension of the Player Relationship Period compared with the end of last year, resulted in a larger portion of revenue being deferred for recognition in future periods, (ii) the underperformance of Immortal Skywalker (踏風行), launched in the first half of 2025, against expectations during the Reporting Period, and (iii) the above decrease was partially offset by revenue generated from the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) in multiple regions outside Chinese mainland in the second quarter of 2026. In the future, with the expansion of our product genres from female-oriented games, MMORPGs, strategy card games, SLGs to idle RPGs, casual games and other more diversified games with a variety of styles, and with the continuous improvement of our organic model of "integrating R&D and operation", the lifecycle of our games is expected to be further extended, which will make a more stable and sustainable contribution to the Group's revenue.

FINANCIAL REVIEW

REVENUE

The following table sets forth the breakdown of our revenue by business segment for the periods indicated:

	For the six months ended 30 June			
	2026		2025	
	RMB million (Unaudited)	**% of total revenue**	RMB million (Unaudited)	% of total revenue
Development and licensing	**43.9**	**7.2%**	55.1	8.7%
– Revenue share	**41.0**	**6.7%**	51.6	8.1%
– Non-refundable fixed licensing fees	**2.9**	**0.5%**	3.5	0.6%
Integrated game publishing and operation	**563.3**	**92.6%**	579.0	91.3%
Others	**1.4**	**0.2%**	0.2	0.0%
Total	**608.6**	**100.0%**	634.3	100.0%

For the six months ended 30 June 2026, our revenue from development and licensing was RMB43.9 million, representing a decrease of 20.3% from RMB55.1 million for the corresponding period in 2025, and our revenue from integrated game publishing and operation was RMB563.3 million, representing a decrease of 2.7% from RMB579.0 million for the corresponding period in 2025.

The following table sets forth the breakdown of our revenue by geographical segment for the periods indicated:

	For the six months ended 30 June			
	2026		2025	
	RMB million (Unaudited)	**% of total revenue**	RMB million (Unaudited)	% of total revenue
Chinese mainland	**466.5**	**76.7%**	511.7	80.7%
Areas outside Chinese mainland	**142.1**	**23.3%**	122.6	19.3%
Total	**608.6**	**100.0%**	634.3	100.0%

For the six months ended 30 June 2026, our revenue generated from market in Chinese mainland was RMB466.5 million, representing a decrease of 8.8%, from RMB511.7 million for the corresponding period in 2025, and our revenue generated from areas outside Chinese mainland was RMB142.1 million, representing an increase of 15.9%, from RMB122.6 million for the corresponding period in 2025.

The slight decrease in total revenue was mainly attributable to: (i) the broadly steady performance of Life Makeover (以閃亮之名) and Dragon Raja: Cassell Gate (龍族：卡塞爾之門) during the Reporting Period, though the further extension of the Player Relationship Period compared with the end of last year, resulted in a larger portion of revenue being deferred for recognition in future periods, (ii) the underperformance of Immortal Skywalker (踏風行), launched in the first half of 2025, against expectations during the Reporting Period, and (iii) the above decrease was partially offset by revenue generated from the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) in multiple areas outside Chinese mainland in the second quarter of 2026.

COST OF REVENUE

The following table sets out a breakdown of our cost of revenue by nature in absolute amounts and as percentages of our cost of revenue for the periods indicated:

	For the six months ended 30 June			
	2026		2025	
	RMB million (Unaudited)	**% of cost of revenue**	RMB million (Unaudited)	% of cost of revenue
Commissions charged by distribution channels and payment channels	**129.6**	**73.8%**	135.2	74.5%
Commissions charged by IP holders	**18.0**	**10.3%**	19.9	11.0%
Bandwidth and servers custody fee	**11.4**	**6.5%**	13.3	7.3%
Employee benefit expenses	**6.4**	**3.6%**	6.4	3.5%
Depreciation and amortization charges	**4.0**	**2.3%**	3.7	2.0%
Others	**6.1**	**3.5%**	3.0	1.7%
Total	**175.5**	**100.0%**	181.5	100.0%

Our cost of revenue primarily consisted of (i) commissions charged by distribution channels and payment channels; (ii) commissions charged by IP holders; and (iii) bandwidth and servers custody fee. Our cost of revenue slightly decreased to RMB175.5 million for the six months ended 30 June 2026 as compared with RMB181.5 million for the corresponding period in 2025. The decrease trend was in line with the decrease in the revenue of the integrated game publishing and operation business.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the six months ended 30 June 2026, the gross profit of the Group decreased by 4.4% to RMB433.1 million as compared with RMB452.8 million for the corresponding period in 2025, which was primarily attributable to the decline in revenue, which mainly resulted from: (i) the broadly steady performance of Life Makeover (以閃亮之名) and Dragon Raja: Cassell Gate (龍族：卡塞爾之門) during the Reporting Period, though the further extension of the Player Relationship Period compared with the end of last year, resulted in a larger portion of revenue being deferred for recognition in future periods, (ii) the underperformance of Immortal Skywalker (踏風行), launched in the first half of 2025, against expectations during the Reporting Period, and (iii) the above decrease was partially offset by revenue generated from the launch of Dragon Raja: Cassell Gate (龍族: 卡塞爾之門) in multiple areas outside Chinese mainland in the second quarter of 2026. The gross profit margin of the Group decreased to 71.2% for the six months ended 30 June 2026 from 71.4% for the corresponding period in 2025, remaining largely consistent with the comparable period.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses primarily consisted of (i) employee benefit expenses; (ii) outsourced technical services; and (iii) depreciation and amortization charges. For the six months ended 30 June 2026, our research and development expenses slightly decreased by 1.5% to RMB261.6 million as compared with RMB265.5 million for the corresponding period in 2025, remaining relatively stable during the comparable period, benefiting from optimized research and development resource allocation and efficiency gains, which enabled the Company to both sustain high-quality, frequent updates for games in operation and ramp up investment in new in-development games Project: Silent Whispers (代號：神不言) and LOM mobile (詭秘之主：愚者).

SELLING AND MARKETING EXPENSES

Our selling and marketing expenses primarily consisted of (i) promotion and advertising expenses; and (ii) employee benefit expenses. For the six months ended 30 June 2026, our selling and marketing expenses increased by 29.7% to RMB288.3 million as compared with RMB222.3 million for the corresponding period in 2025, mainly attributable to: (i) the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) in multiple areas outside Chinese mainland in the second quarter of 2026; and (ii) exposure-building promotional activities for the new in-development games Project: Silent Whispers (代號：神不言) and LOM mobile (詭秘之主：愚者) during the Reporting Period.

ADMINISTRATIVE EXPENSES

Our administrative expenses primarily consisted of employee benefit expenses. For the six months ended 30 June 2026, our administrative expenses slightly increased by 3.1% to RMB46.2 million as compared with RMB44.8 million for the corresponding period in 2025, remaining relatively stable during the comparable period.

OTHER INCOME

Our other income primarily consisted of (i) interest income on other financial assets at amortized cost; and (ii) government grants. For the six months ended 30 June 2026, our other income was RMB4.0 million as compared with RMB4.0 million for the corresponding period in 2025, remaining stable during the comparable period.

OTHER GAINS, NET

Our net other gains primarily consisted of (i) net foreign exchange gains; and (ii) gains on financial assets at fair value through profit or loss. For the six months ended 30 June 2026, our net other gains increased by 43.5% to RMB56.4 million as compared with RMB39.3 million for the corresponding period in 2025, mainly attributable to the increase in both net foreign exchange gains and gains on financial assets at fair value through profit or loss generated during the Reporting Period.

FINANCE INCOME, NET

Finance income represented interest income from bank deposits, including bank balance and term deposits. Finance costs primarily consisted of interest expenses accrued from our lease liabilities. For the six months ended 30 June 2026, our net finance income decreased by 44.7% to RMB13.1 million as compared with RMB23.7 million for the corresponding period in 2025, mainly attributable to the decrease in the interest income from term deposits.

INCOME TAX CREDIT/(EXPENSE)

Our income tax credit/(expense) consisted of deferred income tax credit and current income tax expense, and we incurred total income tax credit of RMB11.3 million for the six months ended 30 June 2026, compared with income tax expense of RMB1.6 million for the corresponding period in 2025, mainly attributable to the increase in deferred income tax assets related to deductible temporary differences during the Reporting Period.

ADJUSTED NET LOSS

The adjusted net loss for the six months ended 30 June 2026 amounted to RMB64.1 million as compared with adjusted net loss of RMB7.7 million for the corresponding period in 2025. Such increase in loss was primarily attributable to (i) the significant ramp-up of investment in new in-development games Project: Silent Whispers (代號：神不言) and LOM mobile (詭秘之主：愚者) during the Reporting Period, and (ii) the increase in promotion and advertising expenses for the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) in multiple areas outside Chinese mainland in the second quarter of 2026.

The Company believes that adjusted net loss for the six months ended 30 June 2026, as compared with loss for the six months ended 30 June 2026 as reported under the IFRS, can better reflect the underlying operating performance of the Group as well as facilitate period to period comparison. The use of these non-IFRS measures has limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following table sets forth the reconciliations of the Group's non-IFRS financial measures for the six months ended 30 June 2026 and 2025 to the nearest measures prepared in accordance with IFRS:

	For the six months ended 30 June	
	2026	2025
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Reconciliation of loss for the period to adjusted net loss for the period:		
Loss for the period	**(68.5)**	(11.7)
Add back:		
Share-based compensation expenses	**4.4**	4.0
Adjusted net loss for the period	**(64.1)**	(7.7)

LIQUIDITY AND FINANCIAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operations, and to a lesser extent, equity financing. We adopt a prudent treasury management policy to ensure that our Group maintains a healthy financial position. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, cash generated from operations and available facilities of the Group, and the net proceeds from the issuance of ordinary shares relating to the initial public offering, and after diligent and careful investigation, the Directors are of the view that the Group has sufficient working capital required for the Group's operations at present.

The following table sets out our cash flows for the periods indicated:

	For the six months ended 30 June		
	2026	2025	
	RMB million	RMB million	Change
	(Unaudited)	(Unaudited)	%
Net cash used in operating activities	**(142.6)**	(36.1)	295.0%
Net cash from/(used in) investing activities	**118.9**	(117.7)	(201.0%)
Net cash used in financing activities	**(16.0)**	(16.2)	(1.2%)
Net decrease in cash and cash equivalents	**(39.7)**	(170.0)	(76.6%)
Cash and cash equivalents at the beginning of the period	**281.1**	433.7	(35.2%)
Exchange losses on cash and cash equivalents	**(5.4)**	(2.0)	170.0%
Cash and cash equivalents at the end of the period	**236.0**	261.7	(9.8%)

Operating Activities

For the six months ended 30 June 2026, net cash used in operating activities was RMB142.6 million, compared with RMB36.1 million for the corresponding period in 2025, representing an increase of 295.0%. The increase was mainly attributable to (i) the increase in cash outflows for investment in new in-development games Project: Silent Whispers (代號：神不言) and LOM mobile (詭秘之主：愚者) during the Reporting Period; and (ii) the increase in cash outflows for promotion and advertising expenses arising from the launch of Dragon Raja: Cassell Gate (龍族：卡塞爾之門) in multiple areas outside Chinese mainland during the second quarter of 2026.

Investing Activities

For the six months ended 30 June 2026, net cash generated from investing activities was RMB118.9 million, compared with RMB117.7 million used in investing activities for the corresponding period in 2025, mainly attributable to the proceeds from maturity of term deposit during the Reporting Period.

Financing Activities

For the six months ended 30 June 2026, net cash used in financing activities was RMB16.0 million, compared with RMB16.2 million for the corresponding period in 2025, remaining relatively stable during the comparable period.

GEARING RATIO

As at 30 June 2026, our gearing ratio, which is calculated as total liabilities divided by total assets, was 25.6%, as compared with 24.6% as at 31 December 2025.

CAPITAL EXPENDITURE

Our capital expenditure comprised expenditures on purchase of intangible assets and purchase of property, plant and equipment. For the six months ended 30 June 2026 and 2025, total capital expenditure amounted to RMB23.8 million and RMB4.4 million respectively, representing an increase of 440.9%. The increase was mainly attributable to the increase in payment for intangible assets purchases.

SIGNIFICANT INVESTMENTS HELD/FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

Subscription of Wealth Management Products through Morgan Stanley Bank Asia Limited

Archosaur Entertainment Limited ("**Archosaur Entertainment**"), a wholly-owned subsidiary of the Company, subscribed for the wealth management products through Morgan Stanley Bank Asia Limited ("**Morgan Stanley Asia**") (the "**Subscriptions through Morgan Stanley Asia**"), of which, (i) on 3 July 2024, subscribed for bonds (US TREASURY NOTE) in a principal amount of US$10.1 million; and (ii) on 23 January 2026, subscribed for 5yNC1y USD denominated Callable Range Accrual Notes in a principal amount of US$5.7 million and Callable Zero Coupon Notes in a principal amount of US$5.0 million. The total investment amount of the 2026 Notes Subscriptions amounted to US$10.7 million in aggregate. As at 30 June 2026, none of such wealth management products had expired.

As at 30 June 2026, the Group held the following significant investments through Morgan Stanley Asia which represent 5% or more of the total assets of the Group as at 30 June 2026 and are measured at amortized cost or fair value:

Name of investment	Trading date	Nature of product	Cost[(1)] (RMB million)	Carrying amount as at 30 June 2026 (RMB million)	Expected annualized yield %	Issuer's optional early redemption right %	Dividends received	Gains incurred for the six months ended 30 June 2026 (RMB million)	Percentage to the Group's total assets as at 30 June 2026 %
Relevant Financial Products of Morgan Stanley Asia and measured at amortized cost[(2)]:									
US TREASURY NOTE	3 July 2024	US Treasury Note	68.4	68.8	4.43%	N/A	N/A	1.5	2.8%
Callable Zero Coupon Notes	23 January 2026	Callable Zero Coupon Notes	34.1	34.7	4.18%[(3)]	1st year: 107.00%, 2nd year: 112.77%, 3rd year: 117.31%, 4th year: 120.62%, 5th year: 122.70%	N/A	0.6	1.4%
Total			**102.5**	**103.5**				**2.1**	**4.2%**

Notes:

(1) Such costs of the investments are translated into RMB at the exchange rate as at 30 June 2026.

(2) These investments are held for collection of contractual cash flows and the contractual cash flows of these investments qualify for solely payments of principal and interest, hence they are measured at amortized costs.

(3) The indicative yield-to-maturity of the notes is calculated based on the assumption that the notes are held to the maturity date and that the issuer does not exercise its early redemption rights.

Name of investment	Trading date	Principal amount(1) (RMB million)	Fair value as at 30 June 2026 (RMB million)	Dividends received	Gains incurred for the six months ended 30 June 2026 (RMB million)	Percentage to the Group's total assets as at 30 June 2026 %
Relevant Financial Products of Morgan Stanley Asia and measured at fair value:						
5yNC1y USD denominated Callable Range Accrual Notes	23 January 2026	38.8	37.6	N/A	(0.5)	1.5%
Total		**38.8**	**37.6**		**(0.5)**	**1.5%**

Note:

(1) Such principal amount of the investment is translated into RMB at the exchange rate as at 30 June 2026.

Description of Financial Products of Morgan Stanley Asia

The Group subscribed for financial products of Morgan Stanley Asia, including US TREASURY NOTE in 2024, Callable Zero Coupon Notes and 5yNC1y USD denominated Callable Range Accrual Notes in 2026. Among them, the carrying amount of the US TREASURY NOTE, measured at amortized cost was approximately RMB68.8 million as at 30 June 2026, with an expected annualized yield of 4.43%. The carrying amount of Callable Zero Coupon Notes measured at amortized cost was approximately RMB34.7 million as at 30 June 2026, and the indicative yield-to-maturity is 4.18%, assuming the notes are held to maturity and not redeemed early. The issuer has the right to redeem the notes in full but not in part on any optional early redemption date at the corresponding optional early redemption amount. The optional early redemption amount as a percentage of principal amount are 107.00% in the first year, 112.77% in the second year, 117.31% in the third year, 120.62% in the fourth year and the final redemption amount as a percentage of principal amount is 122.70% in the fifth year. The fair value of 5yNC1y USD denominated Callable Range Accrual Notes were approximately RMB37.6 million as at 30 June 2026. The sources of funds for the investment in the relevant financial products of Morgan Stanley Asia are the Group's own funds.

For further details, please refer to the announcement of the Company dated 23 January 2026.

Subscription of Wealth Management Products through UBS AG, Singapore Branch

Archosaur Entertainment, a wholly-owned subsidiary of the Company, subscribed for the wealth management products through UBS AG, Singapore Branch ("**UBS Singapore**"), of which, (i) on 2 July 2024, Archosaur Entertainment subscribed for 24-Month USD Equity Linked Twinwin Capital Return Notes in a principal amount of US$6.6 million; and (ii) on 12 September 2025, Archosaur Entertainment subscribed for Bond Linked Notes in a principal amount of US$12.6 million and 3yNC1y USD denominated Callable Range Accrual Notes in a principal amount of US$5.0 million (the "**Subscriptions through UBS Singapore**", together with the "**Subscriptions through Morgan Stanley Asia**", the "**Subscriptions**"). As at 30 June 2026, none of such wealth management products had expired.

As at 30 June 2026, the Group held the following significant investments through UBS Singapore which represent 5% or more of the total assets of the Group as at 30 June 2026 and are measured at fair value:

Name of investment	**Trading date**	**Principal amount**[(1)] (RMB million)	**Fair value as at 30 June 2026** (RMB million)	**Dividends received**	**Gains incurred for the six months ended 30 June 2026** (RMB million)	**Percentage to the Group's total assets as at 30 June 2026** %
Relevant Financial Products of UBS Singapore						
24-Month USD Equity Linked Twinwin Capital Return Notes	2 July 2024	45.0	48.4	N/A	0.9	2.0%
Bond Linked Notes	12 September 2025	85.8	85.1	N/A	1.8	3.4%
3yNC1y USD denominated Callable Range Accrual Notes	12 September 2025	34.1	32.5	N/A	(0.2)	1.3%
Total		164.9	166.0		2.5	6.7%

Note:

(1) Such principal amount of the investments are translated into RMB at the exchange rate as at 30 June 2026.

Description of Financial Products of UBS Singapore

The Group subscribed for financial products of UBS Singapore, including 24-Month USD Equity Linked Twinwin Capital Return Notes in 2024 and Bond Linked Notes and 3yNC1y USD denominated Callable Range Accrual Notes in 2025. Among them, the fair value of 24-Month USD Equity Linked Twinwin Capital Return Notes, Bond Linked Notes and 3yNC1y USD denominated Callable Range Accrual Notes were RMB48.4 million, RMB85.1 million and RMB32.5 million as at 30 June 2026, respectively. The sources of funds for the investment in the relevant financial products of UBS Singapore are the Group's own funds.

For further details, please refer to the announcement of the Company dated 12 September 2025.

Significant Investment Strategy

The Board believes that reasonable and effective utilization of temporary idle funds will enhance the capital gain of the Company, which accords with the core objectives of the Company to ensure capital safety and liquidity and meets the working capital requirements of the Group's daily operations. Having considered the level of risk involved in the Subscriptions and compared different price quotes, the Company is of the view that the Subscriptions will deliver relatively stable returns. The Subscriptions have been made on the premise that the Group has the working capital requirements for the daily operations. The Group has fully assessed and measured the risks and returns of the Subscriptions as well as the future capital requirements, which will not affect the normal operation of the daily working capital and the development of our principal business operations.

Save as disclosed in this Results Announcement, as at 30 June 2026, there was no significant investment held by the Group or future plans for significant investments or capital assets, and none of each individual investment held by the Group constituted 5% or above of the total assets of the Group as at 30 June 2026.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six months ended 30 June 2026, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures.

CHARGE ON ASSETS

As at 30 June 2026, no property, plant and equipment was pledged.

CONTINGENT LIABILITIES

As at 30 June 2026, we did not have any unrecorded significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, we employed approximately 1,143 full-time staff in total, approximately 75.50% of whom are research and development personnel. Substantially all of our employees are based in PRC, primarily at our headquarters in Beijing, with the remainder in Chengdu, Changchun, Shanghai and Hainan. For the six months ended 30 June 2026, cost of employees' remuneration and benefit was approximately RMB280.5 million as compared with RMB276.4 million for the six months ended 30 June 2025.

We are committed to establishing a competitive and fair remuneration and benefits environment for our employees. To effectively motivate our business development team through remuneration incentives and ensure that our employees receive competitive remuneration packages, we continually refine our remuneration and incentive policies through market research and comparisons with our competitors. We conduct monthly performance evaluations to provide employee performance feedback, and conduct quarterly selections to affirm and encourage outstanding employees. Remuneration for our employees typically consists of a base salary and performance-based and year-end bonuses. To incentivize our Directors, senior management and employees of the Group for their contribution to our Group, the Company adopted the Pre-IPO RSU Scheme, the 2022 RSU Scheme, which was terminated by the Shareholders on 19 August 2026, the Share Option Scheme and the 2026 RSU Scheme. For details, please refer to the circular of the Company dated 4 August 2026.

As required by PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing provident fund, pension insurance, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance.

We provide regular and specialized training tailored to the needs of our employees in different departments. We regularly organize training sessions conducted by senior employees or external consultants, covering various aspects of our business operations, including overall management, project execution and technical know-how. We constantly review the content of training and follow up with employees to evaluate the effect of such training. Through the training, we help our employees to stay up to date with both industry development, skills and technologies. We also organize workshops, from time to time, to discuss specific topics.

FOREIGN CURRENCY EXCHANGE RISKS

For the six months ended 30 June 2026, most of transactions of the Group and our cash and cash equivalents were denominated in RMB, US$ and HK$. The management team closely monitors foreign currency exchange risks to ensure that appropriate measures are implemented in a timely and effective manner. For the six months ended 30 June 2026, the Group has not incurred any significant foreign currency exchange losses in its operations. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares have been listed on the Stock Exchange since 15 July 2020. The net proceeds raised from the Global Offering (after taking account of the exercise of over-allotment option), after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, were approximately HK$2,358.5 million.

The below table sets forth the proposed and actual applications of the net proceeds from the Listing Date to 30 June 2026:

Use of net proceeds	Percentage	Net proceeds from the Global Offering (HK$ million)	The amount utilized during the Reporting Period (HK$ million)	As at 30 June 2026 Utilized amount (HK$ million)	As at 30 June 2026 Unutilized amount (HK$ million)	Expected timeline for utilizing the remaining net proceeds[1]
Enhancing the development capabilities and technology and expanding our game portfolio	40%	943.5	–	943.5	–	–
Expanding game publishing and operation business, particularly in markets outside Chinese mainland	20%	471.7	–	471.7	–	–
Funding strategic acquisition of and investment in upstream and downstream businesses along the industry value chain and investment in investment funds focusing on pan-entertainment or technology, media, and telecom	20%	471.7	25.1	250.7	221.0	2026.01-2026.12
Expanding the IP reserve and enriching our content offerings	10%	235.8	–	235.8	–	–
Working capital and general corporate uses	10%	235.8	–	235.8	–	–
Total	**100%**	**2,358.5**	**25.1**	**2,137.5**	**221.0**	

Note:

(1) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to changes based on the current and future development of the market conditions.

Since the Listing Date and up to 30 June 2026, approximately HK$2,137.5 million out of net proceeds from the Global Offering had been used.

As disclosed in the 2025 annual report of the Company, the expected timeline of utilizing the remaining net proceeds in respect of funding strategic acquisition of and investment in upstream and downstream businesses along the industry value chain and investment in investment funds focusing on pan-entertainment or technology, media and telecom was extended to December 2026, and the delay in the use of such net proceeds was mainly attributable to additional time required for and more cautious approach taken by the Group to look for suitable acquisition and investment targets due to the unstable and uncertain external factors.

Apart from the above-mentioned adjustments, as at the date of this Results Announcement, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and the paragraphs headed "Use of Net Proceeds from Global Offering" in the 2025 annual report of the Company.

To the extent that net proceeds are not immediately used for the intended use, the Company currently intends to place such proceeds in short-term interest bearing instruments, such as liquid fixed income securities, short-term bank deposits, short-term and low risk wealth management products or money market instruments with licensed commercial banks or other authorized financial institutions so long as it is deemed to be in the best interests of the Company.

EVENTS AFTER REPORTING PERIOD

As the awards available for future grants under the 2022 RSU Scheme were expected to be fully utilised in the near term based on the Company's forward-looking assessment, the Company is of the view that the adoption of the 2026 RSU Scheme to replace the 2022 RSU Scheme is a necessary and proactive measure to ensure the Company's ongoing ability to attract, retain and motivate talent, which is vital to the Company's long-term growth and competitiveness. The 2026 RSU Scheme was approved and adopted by the Shareholders on 19 August 2026 and the 2022 RSU Scheme was terminated (save with respect to any outstanding, issued and unvested RSUs thereof) with effect from the adoption of the 2026 RSU Scheme by the Shareholders on 19 August 2026. The provisions of the 2022 RSU Scheme shall remain in full force and effect in respect of the awards which have been granted (to the extent not already converted or in respect of which Shares are not yet issued to the participant) pursuant to the rules of the 2022 RSU Scheme prior to the termination of the operation of the 2022 RSU Scheme. Therefore, the termination of the 2022 RSU Scheme will not in any event affect the terms of the grant of any outstanding awards that have already been granted under the 2022 RSU Scheme, and any outstanding awards granted under the 2022 RSU Scheme shall continue to be subject to the provisions of the 2022 RSU Scheme. For details, please refer the circular of the Company dated 4 August 2026.

Save as disclosed in this Results Announcement, the Group did not have any significant events after the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules. During the six months ended 30 June 2026, the Company has complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code save for the deviation from code provision C.2.1 of the Corporate Governance Code.

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Li Qing is the executive Director, chairman of the Board and the chief executive officer of the Company. With extensive experience in the information technology and game industry, Mr. Li Qing is responsible for the overall management, decision-making and strategy planning of the Group and has been instrumental to the Group's growth and business expansion since the establishment of the Group. Since Mr. Li Qing is one of the key persons for the Group's management, the Board considers that vesting the roles of chairman and chief executive officer in the same person, Mr. Li Qing, would not create any potential harm to the interest of the Group and it is, on the contrary, beneficial to the management of the Group. In addition, the operation of the senior management of the Group and the Board, which are comprised of experienced individuals, effectively checks and balances the power and authority of Mr. Li Qing. The Board currently comprises two executive Directors (including Mr. Li Qing), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will continue to review the effectiveness of the corporate governance structure in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code during the six months ended 30 June 2026.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. As at the date of this Results Announcement, the Audit Committee consists of three members, namely Mr. Zhu Lin, Ms.Wang Jing and Mr. Ding Zhiping. Mr. Zhu Lin is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2026 and this Results Announcement. The Audit Committee has no disagreement with the accounting treatment in the unaudited interim financial information and this Results Announcement.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2026, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at 30 June 2026, 3,009,000 Shares in aggregate were repurchased by the Company for cancellation and such Shares were canceled on 23 July 2026, and the Company did not hold any treasury shares (as defined under the Listing Rules).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2026.

PUBLICATION OF THIS RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This Results Announcement is published on the websites of the Company (www.zulong.com) and the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2026 will be dispatched to the Shareholders and published on the above websites in due course.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Note	**Six months ended 30 June**	
		2026	2025
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	*3*	**608,613**	634,366
Cost of revenue	*5*	**(175,491)**	(181,545)
Gross profit		**433,122**	452,821
Research and development expenses	*5*	**(261,642)**	(265,481)
Selling and marketing expenses	*5*	**(288,258)**	(222,313)
Administrative expenses	*5*	**(46,228)**	(44,748)
Net impairment reversal/(losses) on financial assets	*5*	**4,824**	(335)
Other income		**4,023**	4,038
Other gains, net	*4*	**56,356**	39,257
Operating loss		**(97,803)**	(36,761)
Finance income		**15,711**	24,053
Finance costs		**(2,603)**	(411)
Finance income, net		**13,108**	23,642
Share of results of investments accounted for using the equity method		**4,898**	3,022
Loss before income tax		**(79,797)**	(10,097)
Income tax credit/(expense)	*6*	**11,281**	(1,633)
Loss for the period attributable to owners of the Company		**(68,516)**	(11,730)
Loss per share attributable to owners of the Company for the period (in RMB per share)	*7*		
– Basic		**(0.09)**	(0.01)
– Diluted		**(0.09)**	(0.01)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period	**(68,516)**	(11,730)
Other comprehensive loss, net of tax:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(11,251)**	(2,484)
Items that will not be reclassified to profit or loss		
Currency translation differences	**(80,956)**	(31,156)
Total comprehensive loss for the period attributable to owners of the Company	**(160,723)**	(45,370)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2026

	Note	**As at 30 June 2026 RMB'000 (Unaudited)**	As at 31 December 2025 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		**7,263**	5,395
Right-of-use assets		**118,045**	132,909
Intangible assets		**113,371**	110,054
Investments accounted for using the equity method		**62,315**	57,417
Prepayments, other receivables and other assets		**13,010**	13,669
Financial assets at fair value through profit or loss		**245,533**	221,995
Other financial assets at amortized cost		**189,709**	70,620
Deferred income tax assets		**40,079**	30,292
		789,325	642,351
Current assets			
Trade receivables	*9*	**120,837**	104,184
Prepayments, other receivables and other assets		**115,370**	100,843
Financial assets at fair value through profit or loss		**540,995**	652,279
Other financial assets at amortized cost		**383**	72,574
Term deposits		**690,313**	813,697
Cash and cash equivalents		**235,997**	281,133
		1,703,895	2,024,710
Total assets		**2,493,220**	2,667,061

	Note	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**55**	55
Share premium		**7,003,636**	6,994,090
Other reserves		**(1,755,597)**	(1,658,224)
Accumulated losses		**(3,392,280)**	(3,323,764)
Total equity		**1,855,814**	2,012,157
Liabilities			
Non-current liabilities			
Contract liabilities	*3*	**733**	1,998
Lease liabilities		**88,428**	102,581
Deferred income tax liabilities		**1,438**	2,970
		90,599	107,549
Current liabilities			
Trade and other payables	*10*	**208,729**	207,550
Contract liabilities	*3*	**303,916**	305,297
Current income tax liabilities		**6,079**	6,736
Lease liabilities		**28,083**	27,772
		546,807	547,355
Total liabilities		**637,406**	654,904
Total equity and liabilities		**2,493,220**	2,667,061

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(142,614)**	(36,079)
Net cash from/(used in) investing activities	**118,933**	(117,721)
Net cash used in financing activities	**(16,024)**	(16,203)
Net decrease in cash and cash equivalents	**(39,705)**	(170,003)
Cash and cash equivalents at beginning of the period	**281,133**	433,689
Exchange losses on cash and cash equivalents	**(5,431)**	(2,033)
Cash and cash equivalents at end of the period	**235,997**	261,653

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Archosaur Games Inc. (the "**Company**") was incorporated in the Cayman Islands on 2 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Ascentium (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the development and operating of mobile games in the People's Republic of China (the "**PRC**") and other countries and regions (the "**Group's Business**").

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 15 July 2020.

The interim condensed consolidated financial information for the six months ended 30 June 2026 is presented in Renminbi and all values are rounded to the nearest thousand of RMB (RMB'000), unless otherwise indicated. The interim condensed consolidated financial information for the six months ended 30 June 2026 has been approved by the Board of Directors of the Company on 19 August 2026.

This interim condensed consolidated financial information for the six months ended 30 June 2026 has not been audited.

2 BASIS OF PREPARATION

2.1 Compliance with IFRS Accounting Standards

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with International Accounting Standards ("**IAS**") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("**IASB**"). This interim condensed consolidated financial information should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2025 (the "**2025 Financial Statements**"), which have been prepared in accordance with IFRS Accounting Standards.

The accounting policies adopted are consistent with those set out in the 2025 Financial Statements.

2.2 Amended standards and annual improvements and adopted by the Group

The Group has applied the following amended standards and annual improvements for the first time for the current reporting period commencing 1 January 2026:

Standards and amendments	Effective for annual periods beginning on or after
Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
Amendment to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026

The adoption of the above amendments and annual improvements to IFRS Accounting Standards in the current period did not have any material effect on the Group's interim condensed consolidated financial information.

2 BASIS OF PREPARATION (CONTINUED)

2.3 New standards and amendments not yet adopted

Certain new accounting standards and amendments have been published that are not mandatory in this interim condensed consolidated financial information and have not been early adopted by the Group.

Standards and amendments	**Effective for annual periods beginning on or after**
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to IAS 28 – Amendments to the Fair Value Option for Investments in Associates and Joint Venture	1 January 2027
IFRS 20 Regulatory Assets and Regulatory Liabilities	1 January 2029
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate	To be determined

These new or amended accounting standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except that the adoption of IFRS 18 upon its effective date is expected to have certain pervasive impact on the presentation and disclosures of the Group's consolidated financial statements which were described in the Group's annual consolidated financial statements for the year ended 31 December 2025.

The material accounting policies applied in the preparation of the Interim Financial Information are consistent with those used in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2025.

3 SEGMENT INFORMATION AND REVENUE

The Group's business activities, for which discrete financial information are available, are regularly reviewed and evaluated by the chief operating decision makers (i.e. the executive directors of the Company). As a result of this evaluation, the directors of the Company consider that the Group's operations are operated and managed as a single segment and no segment information is presented, accordingly.

As at 30 June 2026 and 31 December 2025, substantially all of the non-current assets of the Group were located in the PRC.

3 SEGMENT INFORMATION AND REVENUE (CONTINUED)

Revenue for the six months ended 30 June 2026 and 2025 are as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Online game revenue		
– Development and licensing		
Revenue share	**41,036**	51,648
Non-refundable fixed licensing fees	**2,932**	3,498
– Integrated game publishing and operation	**563,289**	579,036
– Others	**1,356**	184
	608,613	634,366
Timing of revenue recognition		
– At a point in time	**42,392**	51,832
– Over time	**566,221**	582,534
	608,613	634,366

The Group considered itself as an agent in arrangements of "development and licensing business", and recorded revenue on a net basis; whereas, the Group considered itself as a principal in arrangements of "integrated game publishing and operation business", and recorded revenue on a gross basis.

Revenues of approximately RMB42,092,000 and RMB53,463,000 for the six months ended 30 June 2026 and 2025, respectively were derived from five largest single external customers.

During the six months ended 30 June 2026 and 2025, no revenue derived from a single external customer accounted for more than 10% of the Group's total revenue.

The Group's revenue from external customers analyzed by location of the customers is shown in the table below.

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue by geographical segment		
Chinese mainland	**466,536**	511,688
Areas outside Chinese mainland	**142,077**	122,678
	608,613	634,366

3 SEGMENT INFORMATION AND REVENUE (CONTINUED)

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Contract costs		
Current		
Contract costs for online game revenue	**66,181**	66,009
Contract liabilities		
Current		
Unamortised revenue from sales of in-game virtual items	**285,646**	288,834
Revenue share received in advance	**7,800**	5,516
Unamortised balance of the non-refundable fixed licensing fees	**10,470**	10,947
	303,916	305,297
Non-current		
Unamortised balance of the non-refundable fixed licensing fees	**733**	1,998
	304,649	307,295

Contract costs are mainly unamortized commissions charged by the distribution channels. They are capitalized as contract costs and amortized over their respective player relationship periods, which is consistent with the pattern of recognition of the associated revenue.

Contract liabilities primarily represent the unamortized revenue from sales of in-game virtual items in the Group's online game services, the non-refundable fixed licensing fees and revenue share received in advance from customers, which the Group continued to have obligations as of the reporting date.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue recognised that was included in the contract liabilities balance at beginning of the period		
Unamortised revenue from sales of in-game virtual items	**253,263**	225,673
Revenue share received in advance	**822**	–
Unamortised balance of the non-refundable fixed licensing fees	**2,711**	3,354
	256,796	229,027

4 OTHER GAINS, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gains on financial assets at fair value through profit or loss	**14,267**	11,789
Foreign exchange gains, net	**41,396**	26,635
Others	**693**	833
	56,356	39,257

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	**280,541**	276,378
Promotion and advertising expenses	**245,174**	186,676
Commissions charged by distribution channels and payment channels	**129,633**	135,196
Outsourced technical services	**39,127**	34,735
Depreciation and amortization charges	**25,081**	26,748
Commissions charged by IP holders	**18,007**	19,872
Bandwidth and servers custody fee	**11,423**	13,351
Utilities and office expenses	**9,854**	9,343
Other professional consulting fees	**3,264**	2,672
VAT input transfer out and tax surcharges	**2,739**	2,174
Travelling expenses	**2,177**	1,832
Auditors' remuneration	**924**	1,023
– Audit services	**900**	1,000
– Non-audit services	**24**	23
Net impairment (reversal)/losses on financial assets	**(4,824)**	335
Others	**3,675**	4,087
	766,795	714,422

6 INCOME TAX CREDIT/(EXPENSE)

The income tax credit/(expense) of the Group for the six months ended 30 June 2026 and 2025 is analyzed as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax expense	**36**	591
Deferred income tax (credit)/expense	**(11,317)**	1,042
	(11,281)	1,633

(a) Cayman Islands and British Virgin Islands ("BVI") Income Tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities established under the International Business Companies Acts of BVI are exempted from BVI income taxes.

(b) Hong Kong Income Tax

The entity incorporated in Hong Kong is subject to Hong Kong profits tax of which the tax rate is 8.25% for assessable profits in the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million for the six months ended 30 June 2026 and 2025, based on the existing legislation, interpretations and practices in respect thereof.

(c) Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in Chinese mainland was calculated at the tax rate of 25% on the assessable profits for the six months ended 30 June 2026 and 2025, based on the existing legislation, interpretations and practices in respect thereof.

Tianjin Loong Technology Co., Ltd. (祖龍(天津)科技股份有限公司) ("**Tianjin Loong**") qualified as a "High and New Technology Enterprise" ("**HNTE**") under the EIT law in 2017. In November 2023, Tianjin Loong renewed its HNTE qualification and is therefore entitled to a preferential income tax rate of 15% on its assessable profits for three-year periods from November 2023 to November 2026. Currently, management expects that Tianjin Loong could only be qualified and renewed as a HNTE again in 2028 and hence the EIT rate applicable to Tianjin Loong for the year ending 31 December 2026 is 25%.

Beijing Fantasy Mermaid Technology Limited (北京幻想美人魚科技有限公司) ("**Beijing Fantasy Mermaid**") qualified as a HNTE under the EIT law in 2019. In December 2025, Beijing Fantasy Mermaid renewed its HNTE qualification and is therefore entitled to a preferential income tax rate of 15% on its assessable profits for three-year periods from December 2025 to December 2028.

6 INCOME TAX CREDIT/(EXPENSE) (CONTINUED)

(c) Enterprise Income Tax ("EIT") (Continued)

Shanghai Zu Yun Technology Co., Ltd. (上海祖昀科技有限公司), Hainan Loong Technology Co., Ltd. (海南祖龍科技有限公司) and Hainan Long Yao Technology Co., Ltd. (海南龍耀科技有限公司) are qualified as small and micro enterprise in 2026. According to the Announcement of the Ministry of Finance of the PRC and the State Taxation Administration on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (Cai Shui 2023 No. 12), only 25% the aforesaid subsidiaries' taxable profits will be subject to enterprise income tax at a preferential tax rate of 20%.

Chengdu Fantasy Mermaid Technology Limited (成都幻想美人魚科技有限公司), Beihai Loong Venture Capital Co., Ltd. (北海祖龍創業投資有限公司) and Beihai Longhao Venture Capital Co., Ltd. (北海龍灝創業投資有限公司) met the requirements of the revised catalogue of industries whose development are to be encouraged in the country's western regions. They are eligible to a preferential income tax rate of 15% in accordance with Announcement on Continuing the Enterprise Income Tax Policy for the Development of the Western Regions (Announcement 2020 No. 23 of the Ministry of Finance of the PRC, the State Taxation Administration, and the National Development and Reform Commission).

According to a policy promulgated by the Ministry of Finance of the PRC and the State Taxation Administration that was effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses in determining tax assessable profits ("**Super Deduction**"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the period.

7 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares in issue (excluding any treasury shares) during the period.

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (RMB'000)	**(68,516)**	(11,730)
Weighted average number of ordinary shares in issue (in thousands)	**789,903**	787,494
Less: weighted average number of treasury shares (in thousands)	**(3,009)**	(2,573)
Weighted average number of ordinary shares outstanding (in thousands)	**786,894**	784,921
Basic loss per share (in RMB per share)	**(0.09)**	(0.01)

7 LOSS PER SHARE (CONTINUED)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended 30 June 2026 and 2025, the Company has two categories of dilutive potential ordinary shares: the restricted share unit ("**RSU**") and the share options granted by the Company.

For the purpose of calculating diluted loss per share for the six months ended 30 June 2026 and 2025, RSUs and share options are assumed to have been converted into ordinary shares with no corresponding change in net loss attributable to ordinary shareholders. As the Group incurred losses for the respective periods, this potential adjustment resulted in an anti-dilutive effect in the calculation of diluted loss per share. Accordingly, diluted loss per share for the six months ended 30 June 2026 and 2025 are the same as basic loss per share for the respective periods.

8 DIVIDENDS

No dividend has been declared or paid by the Company for the six months ended 30 June 2026 and 2025.

9 TRADE RECEIVABLES

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Trade receivables	**128,949**	117,120
Less: allowance for impairment of trade receivables	**(8,112)**	(12,936)
Trade receivables – net	**120,837**	104,184

The following table sets forth the gross carrying amount of trade receivables by customer types:

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Related parties	**20,054**	17,643
Third parties	**108,895**	99,477
	128,949	117,120

9 TRADE RECEIVABLES (CONTINUED)

The gross carrying amount of the Group's trade receivables is denominated in the following currencies:

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
RMB	**72,629**	69,190
United States Dollar ("**US$**")	**44,936**	42,947
Hong Kong Dollar ("**HK$**")	**11,371**	4,959
Others	**13**	24
	128,949	117,120

The Group allows a credit period of 90 – 150 days to its customers. An aging analysis of trade receivables based on revenue recognition date is as follows:

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Up to 3 months	**113,462**	96,044
3 to 6 months	**98**	2,575
6 months to 1 year	**634**	549
Over 1 year	**14,755**	17,952
	128,949	117,120

Movements in the Group's allowance for impairment of trade receivables are as follows:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Beginning of the period	**(12,936)**	(14,354)
Reversal/(provision) of loss allowance	**4,824**	(1,018)
End of the period	**(8,112)**	(15,372)

The creation and release of provision for impaired receivables have been included in "Net impairment reversal/(losses) on financial assets" in the interim condensed consolidated statement of profit or loss.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables. The Group does not hold any collateral as security.

10 TRADE AND OTHER PAYABLES

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Trade payables	**154,038**	115,719
Payroll liabilities	**43,828**	65,087
Tax payables	**4,214**	17,376
Others	**6,649**	9,368
	208,729	207,550

The following table sets forth the carrying amount of trade payables by customer types:

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Related parties	**26,406**	35,149
Third parties	**127,632**	80,570
	154,038	115,719

The aging analysis of trade payables based on recognition date is as follows:

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Up to 6 months	**128,713**	86,259
6 months to 1 year	**7,553**	9,383
Over 1 year	**17,772**	20,077
	154,038	115,719

DEFINITIONS

In this Results Announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"2022 RSU Scheme"	the restricted share unit scheme of the Company approved and adopted by the Shareholders on 22 December 2022, in its present form or as may be amended from time to time and terminated by the Shareholders on 19 August 2026
"2026 RSU Scheme"	the restricted share unit scheme of the Company approved and adopted by the Shareholders on 19 August 2026, in its present form or as may be amended from time to time
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Company" or "Archosaur Games"	Archosaur Games Inc. 祖龙娱乐有限公司, an exempted company incorporated under the laws of the Cayman Islands with limited liability, whose Shares are listed and traded on the Main Board of the Stock Exchange (stock code: 9990)
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Global Offering"	the initial public offering of the Shares for subscription by the public and the institutional, professional, corporate and other investors
"Group", "we" or "us"	the Company and all of its subsidiaries and companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of certain contractual arrangements, or, where the context so requires, in respect of the period before our Company became the holding company of our current subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	IFRS Accounting Standards

“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	the date on which the Shares initially commenced their dealings on the Stock Exchange, i.e. 15 July 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“MMORPG”	massively multiplayer online role-playing game, a genre of games that combine role-playing games and massively multiplayer online games in which a large number of players interact with one another within a virtual world
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Player Relationship Period(s)”	expected playing period(s) of paying players in the Group’s self-operated online game
“PRC”	the People’s Republic of China
“Pre-IPO RSU Scheme”	the restricted share unit scheme of the Company approved and adopted by the Board on 1 April 2020, in its present form or as may be amended from time to time
“Prospectus”	the prospectus of the Company dated 30 June 2020
“Reporting Period”	the period for the six months ended 30 June 2026
“RMB”	Renminbi, the lawful currency of the PRC
“Share Option Scheme”	the share option scheme of the Company approved and adopted by the Shareholders on 5 February 2021 and 22 December 2022, in its present form or as may be amended from time to time
“Share(s)”	ordinary share(s) of US$0.00001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“SLG”	simulation games, a genre of games that attempt to emulate various activities from real life in the game format
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

"subsidiary(ies)"	for the purpose of this Results Announcement, has the meaning ascribed to it in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and includes companies whose financial results have been consolidated and accounted as the subsidiaries of our Company by virtue of certain contractual arrangements
"Unreal Engine 4" and "Unreal Engine 5"	game engines developed by Epic Games
"US$"	United States dollars, the lawful currency of the United States
"%"	per cent

By order of the Board
Archosaur Games Inc.
Mr. Li Qing
Chairman and Executive Director

Beijing, China, 19 August 2026

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Li Qing as Chairman and an Executive Director, Mr. Bai Wei as an Executive Director, Mr. Li Nachuan and Mr. Lu Xiaoyin as Non-executive Directors, and Ms. Wang Jing, Mr. Zhu Lin and Mr. Ding Zhiping as Independent Non-executive Directors.