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ARCHOSAUR GAMES INC.

祖龙娱乐有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9990)

PROFIT WARNING IN RESPECT OF THE FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

This announcement is made by Archosaur Games Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on its preliminary assessment of the Company’s unaudited consolidated management accounts for the year ended 31 December 2022 (the “**Period**”) and information currently available, the Company is expected to report an adjusted net loss for the Period in the range of approximately RMB720.0 million to RMB750.0 million, while it recorded the adjusted net loss of approximately RMB237.7 million for the year ended 31 December 2021 (the “**Comparable Period**”). The aforementioned increase in loss was primarily attributable to the following factors:

- (i) the decrease in revenue due to the fact that:
 - (a) a new game published in mainland China in the first half of 2022 did not perform as well as expected;
 - (b) the postponement of obtaining the game publication number as scheduled for a game planned to be published in 2022 occurred leading to a delay in game launching; and
 - (c) the revenue from certain games that have been launched for a long time decreased, which is in line with the normal game lifecycles;
- (ii) the increase in labor costs resulting from increased expenses such as employees’ remuneration paid to research and development and publishing personnel in 2022; and
- (iii) the Company recorded a loss on the fair value of financial instruments at fair value through profit or loss due to fluctuations in the global and PRC capital markets in 2022.

The Company attaches great importance to long-term value investment and continues to implement the specific measure for key development strategy which is development of top-quality games of multiple genres, globalization and integration of research and operation. The Company believes that, the Group's global brand influence will be enhanced in the future and the Group will enter a new track of corporate development and value creation through strong technological advantages, international expansion, further improvement of integrated structure of research and operation, abundant product reserves in multiple genres, our partnerships with top-tier global IPs and our industry-leading research and development and operational strengths.

Adjusted net loss for the Period was calculated excluding of share-based compensation expenses which is non-cash in nature. For details of the methodology and calculation of the adjusted net loss for the Comparable Period, please refer to the announcement of the Company dated 25 March 2022. The Company believes that expected adjusted net loss for the Period disclosed in this announcement, as compared with the net loss for the Period as reported under International Financial Reporting Standards (the "IFRS"), can better reflect the underlying operating performance of the Group as well as facilitate annual comparison.

The information contained in this announcement is only based on a preliminary assessment by the Board based on the information currently available to it, which has not been audited or reviewed by the auditor or audit committee of the Company.

The presentation of adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS measure stated in this announcement has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's operating results or financial condition as reported under IFRS. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and read the results announcement of the Company for the year carefully when it is published by the end of March 2023 in compliance with the Listing Rules.

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

Beijing, China, 10 March 2023

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, Ms. Liu Ming and Mr. Lu Xiaoyin as Non-executive Directors, and Mr. Bai Kun, Mr. Zhu Lin and Mr. Ding Zhiping as Independent Non-executive Directors.