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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 ALERT

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).

Life Makeover, an ultra-free fashion female-oriented mobile game which was launched by the Company in regions including mainland China, Europe, America and Southeast Asia during the six months ended 30 June 2023 (the “**Period**”). Based on the characteristics of in-game props consumption of the aforesaid game, part of the proceeds from its in-game items that have been topped up but not yet consumed will be recognized as revenue of the Company upon consumption by paying players or during the period during which the relevant services are provided on a pro rata basis over the average playing period of the paying players. In the above context, 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 Period and information currently available by the Board, it is expected that the Company will record an adjusted net loss for the Period in the range of approximately RMB210 million to RMB220 million, while it recorded the adjusted net loss of approximately RMB279.8 million for the six months ended 30 June 2022 (the “**Comparable Period**”). The aforementioned decrease in loss was primarily attributable to the following factors:

- (i) an increase in operating income, which was attributable to the increase in revenue due to the launch of Life Makeover in regions including mainland China, Europe, America and Southeast Asia during the Period;
- (ii) an increase in interest income arising from the balance of United States dollar term deposits and bank deposits; and
- (iii) cost control in research and development which resulted in reduction of related expenses.

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 26 August 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 Company is still in the process of finalising the results of the Group for the Period. The information contained in this announcement is only a preliminary assessment by management of the Company based on information currently available to the Board, including the Group’s unaudited consolidated management accounts for the Period, and has not been audited or reviewed by the Company’s auditors or the audit committee.

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. The interim results of the Company for the Period will be published in due course.

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

Beijing, China, 14 August 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.