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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 year ended December 31, 2023 and the information currently available to the Board, it is expected that the Group will record (i) a consolidated net loss attributable to Shareholders of approximately RMB90.0 million to RMB130.0 million for the year ended December 31, 2023 as compared to a consolidated net profit attributable to Shareholders of approximately RMB50.9 million for the year ended December 31, 2022; and (ii) an adjusted net loss of approximately RMB68.7 million to RMB108.7 million for the year ended December 31, 2023 as compared to an adjusted net profit of approximately RMB73.6 million for the year ended December 31, 2022.

Based on the information currently available to the Board, the Board believes that the above changes were primarily attributable to: (i) a decrease in revenue of the Group for the year ended December 31, 2023 resulting from the decrease in revenue from drama series broadcast by the Group due to the tightened procurement budgets from broadcast platforms and the decline in traffic of the direct-to-consumer content market, while the operating costs of the Group for the year ended December 31, 2023 remained relatively stable as compared to that of last year; and (ii) the provisions for impairment of relevant assets with signs of impairment (i.e. the reserved IPs of those projects which are either unable to meet the conditions for the

commencement of filming or unlikely to be successful in project incubation), based on the Group's estimate after taking into account of a number of factors such as the development of the industry, project genres, policy direction, age of inventory, intended sales, the conversion rate of the current IP reserves and the prospects of its future operation.

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 annual results of the Group for the year ended December 31, 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 year ended December 31, 2023 may differ from the information contained in this announcement. Shareholders and potential investors are advised to read carefully the announcement of the annual results of the Group for the year ended December 31, 2023, which is expected to be released in March 2024.

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, February 29, 2024

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.