

Strawbear Entertainment Group

2022 Interim Results Presentation

August 25, 2022



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Speakers



LIU Xiaofeng

Chairman of the Board & CEO

- Around **20** years of experience in media industry
- Produced and/or distributed **dozens of** drama series
- Firstly initiated the “**Online first, TV next**” broadcasting model, cooperated with online video platforms in advance to seize **the opportunities brought by the rise of platforms**
- Member of **China Television Artists Association** (中國電視藝術家協會), **Jiangsu Provincial Television Artists Association** (江蘇省電視藝術家協會), Vice President of **Film and Television Artists Association of Nanjing City** (南京市電影電視動漫藝術家協會)
- 2020 **Leading Talent** in China's Radio, Television, and Internet Audiovisual Industries



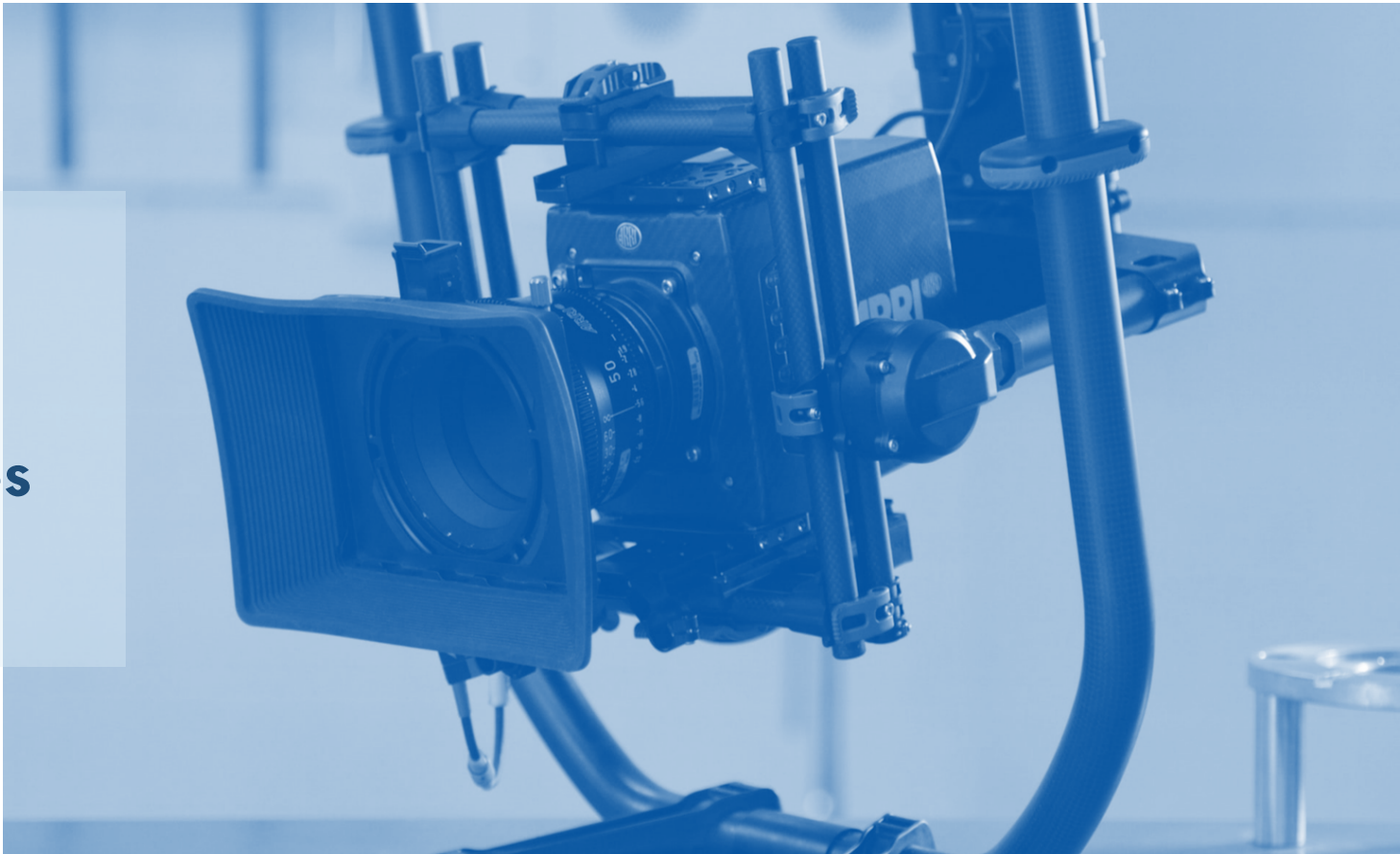
ZHAI Fang

Executive Director & COO

- More than **10 years** of experience in equity investment and management
- Worked for China Allied Shengshi Culture (Beijing) Co., Ltd. which is a subsidiary of **Alibaba Pictures Group** Limited (Stock Code: 1060.HK and S91.SGX), **Shanghai Fosun Capital Investment Management Co., Ltd.**, and **Ping An Asset Management Co., Ltd.**

Chapter 1

Business Updates



Persevering in producing quality content as a long-termist, laying a solid foundation for long-term sustainable growth.



Financial Results

- Gross profit margin 30.83% · increased 6.86 percent*.
 - Net profit margin 15.81% · increased 6.12 percent*.
-
- Sales expense decreased 78.4%*.
 - Management expense decreased 6.5%*.

*2022H1 to 2021H1



Business Results

- keeping an orderly filming rhythm, we started shooting 5 dramas. The number of dramas which commenced shooting exceeded the number of 2020 (whole year), and 2 dramas more than interim 2021.
-
- Wide reserves of dramas awaiting broadcast or in preparation pipeline: more than 12 dramas in post-production period or awaiting broadcast.
-
- Emphasis on long-term stable high-quality IP reserves: more than 40 original IPs and adaptation IPs.

Competitive Advantage

Sophisticated middle platform services and content ecosystem, continuing to provide professional business services to distinctive creators in the industry

Platform Operation Model

Expedited the gathering and allocation of quality resources

Having a prudent and positive attitude towards the continuous exploration and all-round layout of the content segment and new forms of content also allowed the Group to **adapt quickly to the constant changes in content demand in the market.**

The Group's **Scaled, industrialised and diversified** production mode gives sufficient momentum to the Group. There are more than 10 quality drama series that cover a wide variety of genres and forms in the Group's pipeline.

Diversified Business Partners and Forms of Cooperation

Successful expansion of upstream and downstream business partners

In addition to the existing content production mode and customer structure, the Group is also actively exploring and developing D2C content, online-offline real-scene interaction based on quality IP and cooperative development opportunities with domestic and overseas streaming platform.

By using various means, such as business/equity cooperation and equity incentive mechanisms, the Group **increased its cooperation stickiness with those outstanding artists**, to further attract industrial talents and outstanding artists and empowering the production of quality content.

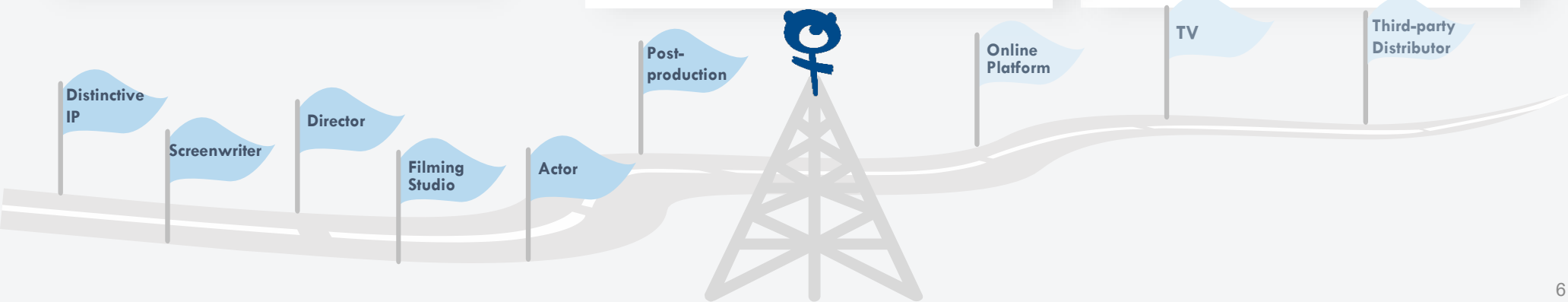
Diversified IP Reserves

Multiple target circles and tiers and diversified segments

The Group prioritises IP development and **strengthens original creation and research and development.** The Group cooperates with top-notch screenwriting teams at the initial stages of IP development, laying a solid foundation for managing quality IPs as series and branding operation.

As of June 30, 2022, we achieved an **IP conversion rate by 15%, increased 9 percent***.

*2022H1 to 2021H1



Our wide and diversified content pipeline continuing to further brand effect



Industrial production model achieved significant results

In the first half of 2022, we started shooting 5 dramas, increased 2 more than 2021H1. As of the end of 2022H1, 4 of them had completed filming, and the other one had been completed filming at July.



Wide and diversified content pipeline

We cover realism, comedy, teen and period dramas, but also keep abreast with the market and actively set the trend for mainstream businesses.



Continuing to further brand effect

Strawbear brand effect continues to further. In April 2022, the Group was awarded the accolade of the fourth-year "Top 30 Private Cultural Enterprise in Jiangsu Province" (第四届"江苏民营文化企业30强"). The Group will also strengthen the company's and single products' branding operation in the future.

Continuing market recognition

The Group has been listed as the holder of the Television Drama Production Permit (Class A) (《电视剧制作许可证(甲种)》) for six consecutive years, and became one of the 41 holders of the permit in 2021-2023 as well as the only non-state-owned company holding the permit in Jiangsu Province.



Diversified broadcasting channel

Our broadcasting episodes cover the three major online video platforms and multiple mainstream TV stations. In the first half of 2022, we continued to optimize customer structure.



Continuously explore the benign circles of production capacity and quality, and continue to improve the quality of the content.



Genre: Metropolitan
Major Cast Members:
Guo Jingfei, Jia Nailiang,
Tan Zhuo, Xiong Ziqi



Genre: Period Legend
Major Cast Members:
Wang Heli, Chen Yuqi



Genre: Crime (Light Comedy)
Major Cast Members:
Huang Jingyu, Xiu Rui



Genre: Metropolitan (Comedy)
Major Cast Member: Zheng Kai, Wang Heli, Chen Yuqi



Genre: Metropolitan (Comedy)
Major Cast Member: Qiao Shan, Yang Zishan



Genre: Modern Spy War
Major Cast Member:
Huang Jingyu, Xin Zhilei



Genre: Metropolitan
Major Cast Member:
Wang Ziwen, Deng Jie, Bai Jingting



Genre: Metropolitan
Major Cast Member: Mao Xiaotong, Zhang Li, Li Zefeng



Genre: Metropolitan Romance
Major Cast Member:
Zhuang Dafei, Zhou Yiran



Genre: Metropolitan
Major Cast Member: Jia Yi, Jin Zixuan

2022 Drama Series Examples – Made-to-order Productions

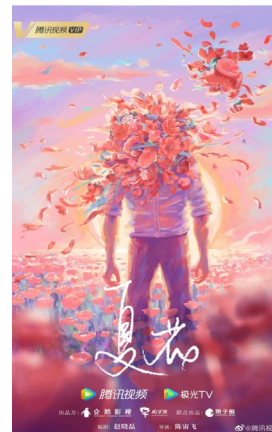
- The Group has conducted professional analysis on the target circles and tiers and various audiences of the drama series broadcast through different platforms, and then developed content based on the evident style/preference of different broadcast platforms. The Group further made use of its own platform to quickly allocate quality resources so as to precisely launch customised content products, in order to provide multi-types made-to-order production services for diversified platforms.
- By the end of June 30 2022, the Group has several quality made-to-order series awaiting to broadcast.



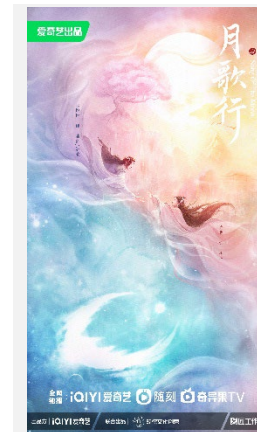
Genre: Metropolitan
Major Cast Member: Chen Baoguo, Wang Qianyuan, Hu Xianxu



Genre: Period Legend
Major Cast Member: Ren Jialun, Li Qin



Genre: Metropolitan
Major Cast Member: Yan Chengxu, Xu Ruohan



Genre: Period Legend
Major Cast Member: Zhang Binbin, Xu Lu

Chapter 2

Financial Updates

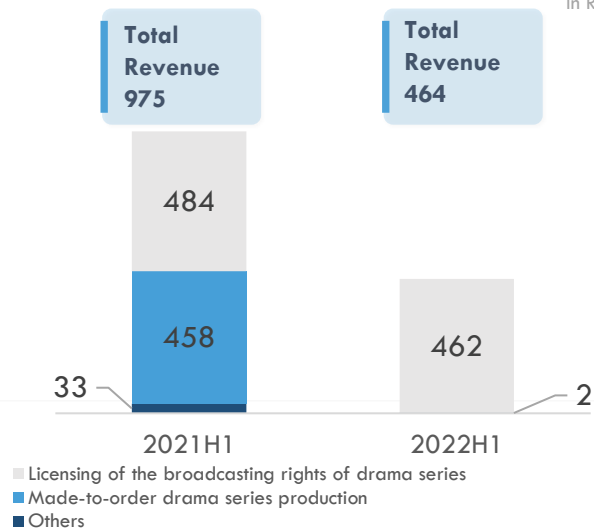


Earnings Results

Continuing to implement “Cost Reduction and Efficiency Enhancement”, further improve net profit margin and gross profit margin

Revenue Structure

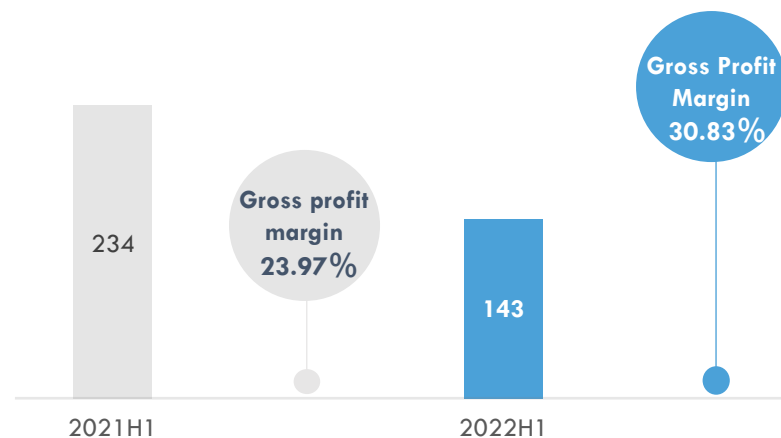
In RMB million



Gross Profit Margin

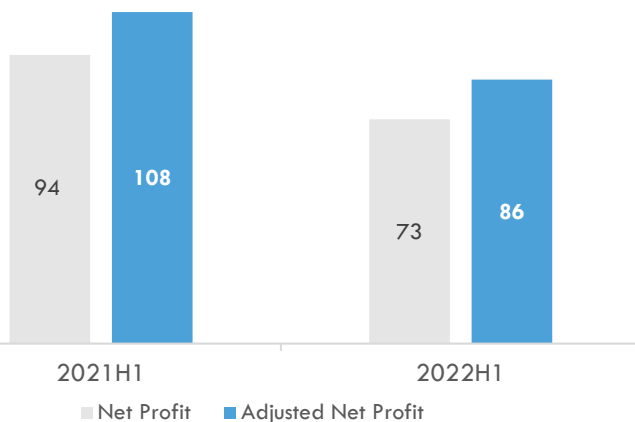
In RMB million

Increased 6.86 percent



Net Profit

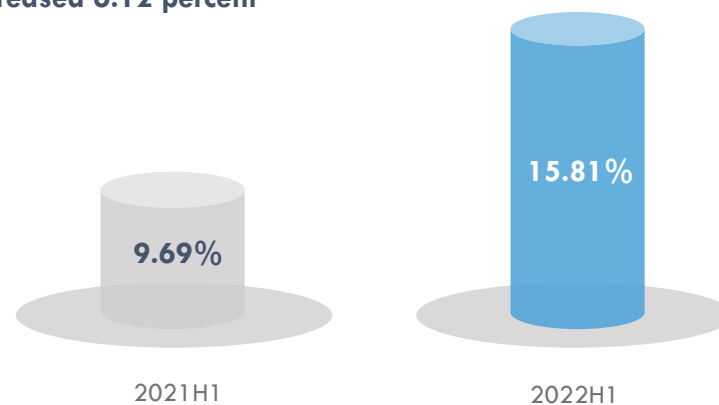
In RMB million



Net Profit Margin

In RMB million

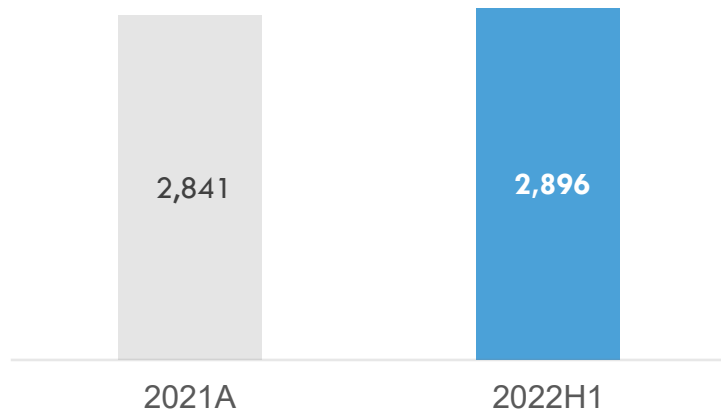
Increased 6.12 percent



Total Assets

In RMB million

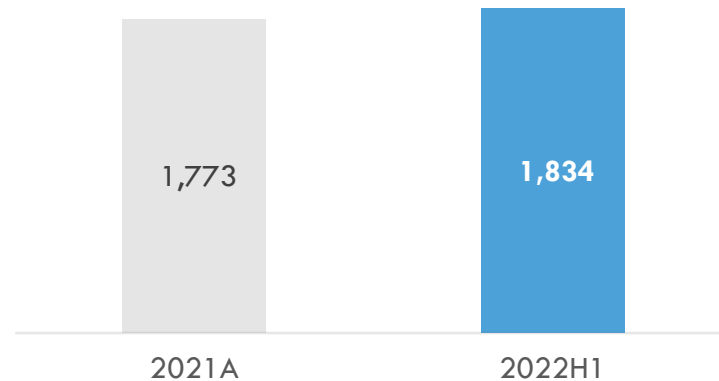
YOY +1.9%



Net Assets

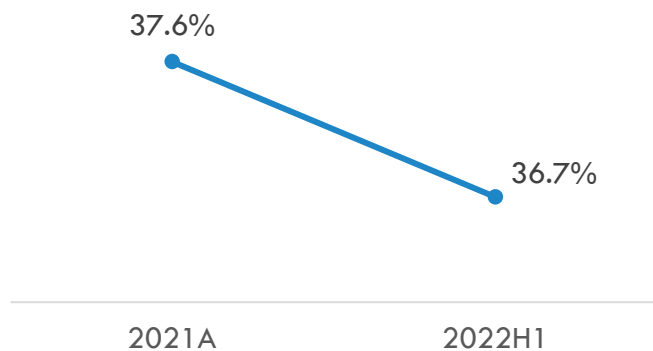
In RMB million

YOY +3.4%



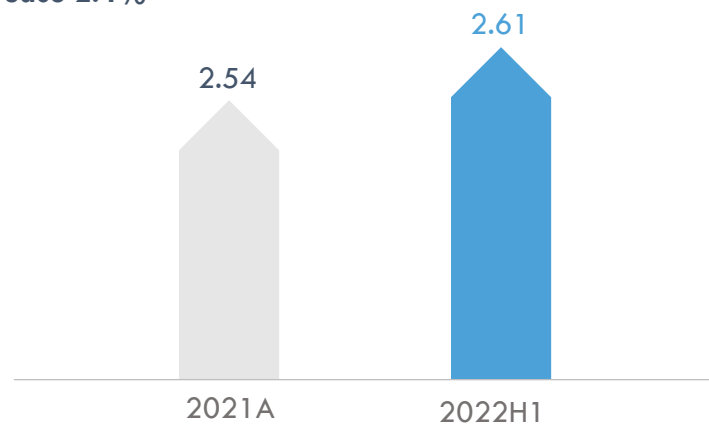
Liabilities-to-assets Ratio

Decrease 0.9%



Current Ratio

Increase 2.4%



In RMB '000	2021H	2022H	YOY
REVENUE	974,983	463,599	(52.5%)
Cost of sales	(741,261)	(320,673)	(56.7%)
Gross profit	233,722	142,926	(38.8%)
Other income and gains	17,831	17,904	0.4%
Selling and distribution expenses	(76,286)	(16,498)	(78.4%)
Administrative expenses	(30,150)	(28,177)	(6.5%)
Impairment of trade receivables, net	(405)	-	(100.0%)
Other expenses	(622)	(188)	(69.8%)
Finance costs	(5,426)	(7,823)	44.2%
Share of profits and losses of joint ventures	(1,082)	(1,433)	32.4%
Changes in fair value of financial liabilities at fair value through profit or loss	(1,610)	-	(100.0%)
PROFIT BEFORE TAX	135,972	106,711	(21.5%)
Income tax expense	(41,492)	(33,436)	(19.4%)
PROFIT FOR THE PERIOD	94,480	73,275	(22.4%)
Attributable to owners of the parent	94,147	73,518	(21.9%)
Adjusted net profit*	108,367	85,701	(20.9%)

*Adjusted net profit as profit for the period adjusted by adding back changes in fair value of financial liabilities at fair value through profit or loss, equity-settled share award expense and/or listing expenses incurred during the respective period

Chapter 3
Outlook



The Group is determined to make great strides forward hand in hand with industry participants, to share diversified and high-quality premium content for the public.



Continue adhering to “organic growth”

The Group will improve the output rate of “High-quality drama series” by emphasizing the development and production of content products with self-sourced IP as the core.



Actively expand various types of business partners and customers

The Group regards quality content as its core resource and leverage its enduring value to strengthen the Group’s position in the content ecosystem. The Group will continue to provide efficient interactive platforms and solutions for business partners and customers, and actively explore innovation in business models, thereby optimising product and customer structure.



Continue developing original and serialised IP

The Group will continue to develop original and serialised IP to achieve serialised and branded operations of high-quality IP.



Further explore new segments in cultural and entertainment industry

The Group actively expands overseas content market, OST segment as well as develop cooperation channel and business model for offline live-action interactive entertainment, and explore diversified monetisation channel and revenue model.

STRAWBEAR ENTERTAINMENT GROUP

稻草熊娛樂集團

Q&A



稻草熊
STRAWBEAR

| 彼之所乐, 我之所幸

