

STRAWBEAR ENTERTAINMENT GROUP

稻草熊娱乐集团

March 2021

2020 Earnings Presentation



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Our Presenters



LIU Xiaofeng

Chairman of the Board & CEO

- About **20 years** of experience in media industry
- Produced and/or distributed more than **20 drama series** with over **1,000 episodes**
- The first to initiate the **"Online first, TV next"** broadcasting model
- A **first-mover** in cooperation **with online video platforms**, so having **seized the opportunities** brought by the rise of such platforms
- The first to have **adopted the platform** business model to integrate **premium industry resources**



ZHAI Fang

Executive Director and 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.**

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Chapter 1

Business Updates



Strawbear Overview

Leading Industry Pioneer



First to introduce “Online first, TV next”

Led in cooperating with **online video platforms**, the first to introduce broadcasting model of “Online first, TV next”

Prominent Market Position



Industry ranking among the best

In terms of the **number of the first-run broadcast TV series** and **revenue generated** from drama series in 2019, ranked fourth and sixth respectively

Robust Operating Results



Strong investment and distribution capability

In 2020, produced, distributed and broadcast **12 drama series**, achieving **large-scale production** of drama series and **strengthening of brand image** and market influence



Large and diverse IP reserves

Owned 34 IP reserves with diverse content simultaneously and plan to initiate copyright licensing business. Some IPs are **high ranking stories on leading online literature platforms**.



Covering eight major distribution channels

The only drama series producer and distributor that distributed **new drama series** on all **top five TV channels** and **top three online video platforms** in the PRC in 2019



The only Class A permit in Jiangsu

As of December 31 2019, **one of the 73 Television Drama Production Permit (Class A) holders** (including only 29 non-stated-owned enterprises) in China as well as the only holder in Jiangsu Province

Platform Business Model

Produces a Platform for Content Creation and Distribution

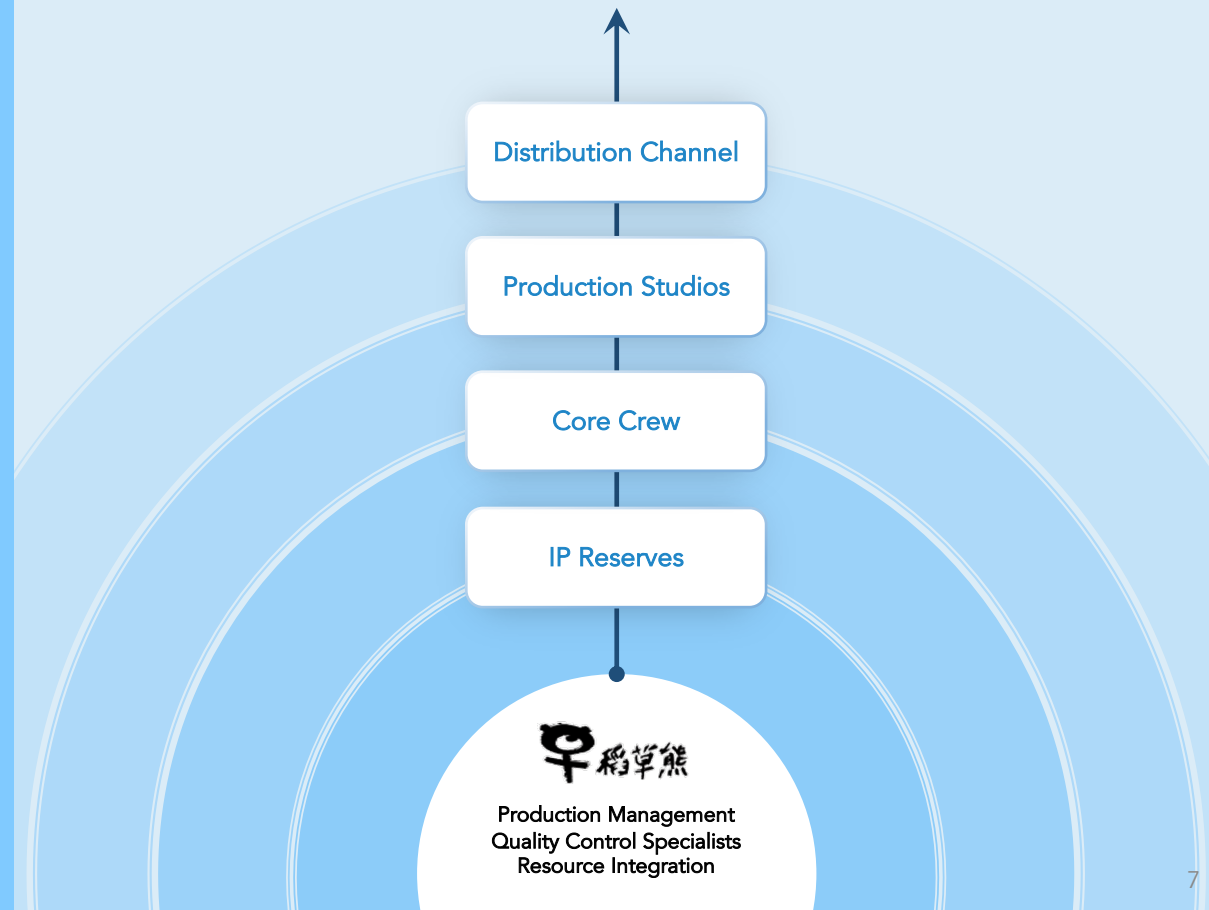
Industrialized production enable us to integrate professionals in the industry chain efficiently, enable professionals do professional things, and achieve professional workload division in the integrated production process

Integrate high quality production resources, realize the **professional** workload division for participants in each stage in production process



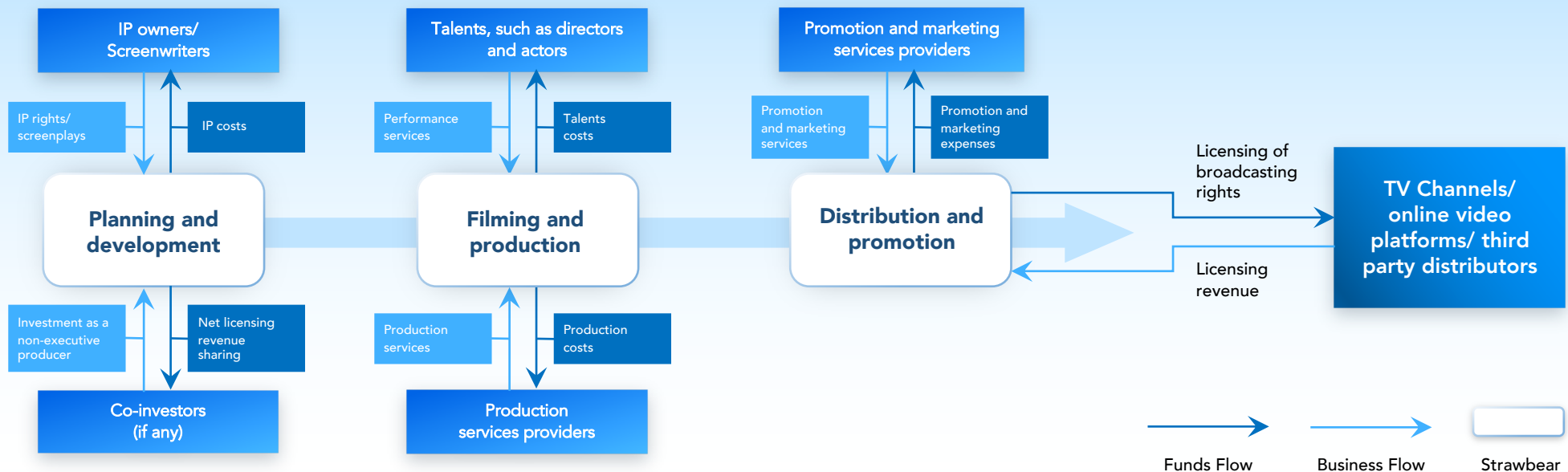
- Create an **industrialized drama production and distribution platform** with core creation crew, filming and production studios, quality control specialists and distribution channel
- Based on **rich industry resources**, the platform **effectively connects** the entire industry value chain for drama series production, which enable **professionals to do professional things**
- Ultimately forming a **highly efficient and standardized** movie production cycle

Strong Middle Platform Operation



Business Overview (Self-Produced Drama Series)

- We commenced producing our own drama series and licensing the related broadcasting rights of these self-produced drama series to major TV channels, top online video platforms and sometimes third party distributors since our inception
- Our self-produced drama series are developed either solely by ourselves or jointly with Independent Third Party investors under a co-investment arrangement. The co-investors include TV channels and other competitive producers. We act as the executive producer and take lead in the production and distribution of such drama series
- We share with our co-investors the net licensing revenue generated from licensing of broadcasting rights of our self-produced drama series pursuant to our percentage of investment specified in the co-investment arrangements
- We are generally entitled to distribution commission as a percentage of the total licensing revenue specified in the co-investment agreements, ranging from 10% to 15%



Self-produced Drama Series Distributed in 2020 and Pipeline

3 Self-produced Drama Series *broadcasted in 2020*



The Love Lasts Two Minds

Starring: Menglong Yu and Yuqi Chen

Status: Broadcasted in Feb 2020

Type: Romance

Intro: Childhood friends went on their separate ways due to hatred. They met again after each had assumed a new identity and joined hands to solve crimes in order to keep the people safe



Inside Man

Starring: Yishan Zhang and Yueming Pan

Status: Broadcasted in Jun 2020

Type: War/spy

Intro: Story of two brothers, who belong to opposite camps, gather in the same city. They run toward revolutionary way ultimately because of the same ideals and beliefs



Unbending Will

Starring: Tianyu Ma and Qing Jia

Status: Broadcasted in Nov 2020

Type: Patriotic

Intro: story of ten poverty areas with different regional characteristics and poverty alleviation difficulties, and how people and other social alleviation forces worked together to overcome poverty

More than 2 Self-produced Drama Series *in preparation*



My Bargain Queen

Starring: Kenny Lin, Jinyan Wu and Nicky Wu

Status: Post-production

Type: Romantic comedy

Intro: Story of "Xia Qian" started his career path in a bargaining company and found love after ending a period of terrible relationship



Party Group

Starring: Edward Zhang, Nie Yuan and Cecilia Han

Status: Filming

Type: Modern Revolutionary Drama

Intro: Story of a pair of brothers with different beliefs in the early 1930s, each embarking on a hardcore contest for the party



Metropolitan

Story of heart surgery expert Situ Shang and obstetrician Chen Si courageously marching forward on the road of benevolent medicine

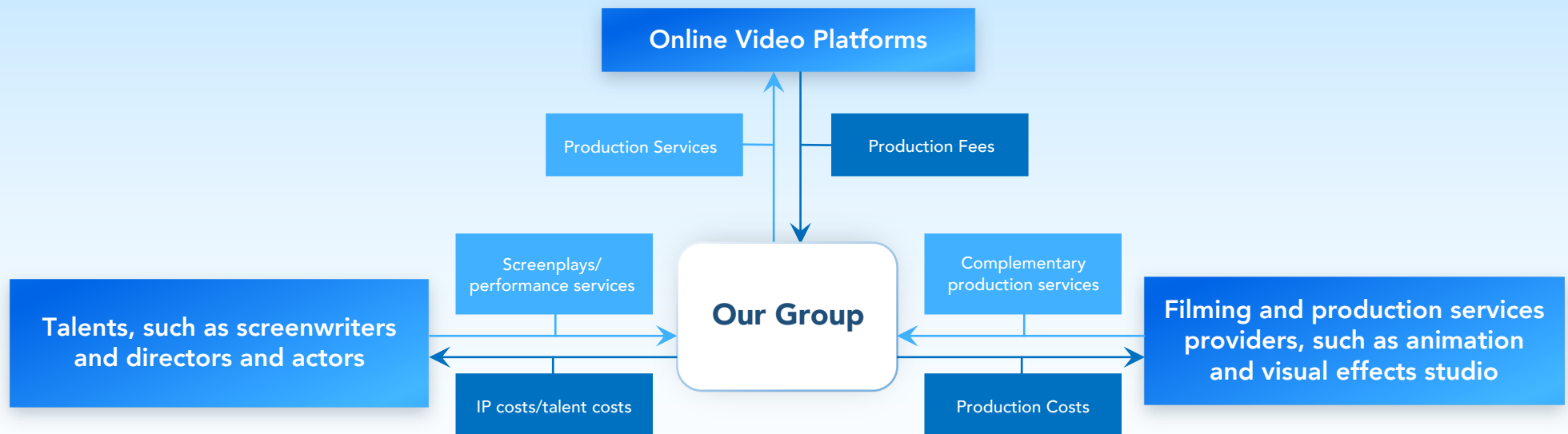


War/SpY

Story of Lu Feng dispute of the interests of power and join the Communist Party of China, become the underground party of the Communist Party of China

Business Overview (Made-to-Order Drama Series)

- Provide a full range of drama series production services for the top online video platforms
- We charge online video platforms production fees for provision of the overall production services, including cast talents and filming and production crew assembling, production management and quality control, as well as post-production editing
- We pay IP costs to screenwriters for their screenplays, talent costs to directors and actors for their performance services, and production costs to third party production services providers, such as animation and visual effects studios, for their complementary production services



→
Funds Flow

→
Business Flow

□
Straw Bear

Made-to-order Drama Series Distributed in 2020 and Pipelines

3 Made-to-Order Drama Series broadcasted in 2020



Customer First

Starring: Jiahang Li, YueXi Wang

Status: Broadcasted in Mar 2020

Type:

Intro: Dai Meng is an expert on analyzing people's micro-reaction. He and his team solve problems and discover the truths under the surface with their skills.



Marry Me

Starring: Zhaolin Xing, Yan Xiao

Status: Broadcasted in Sep 2020

Type: Period romance

Intro: Story of Muer Ju and Yue Long in the name of the couple to find the truth of the story



Dating In The Kitchen

Starring: Yushen Lin, Lusi Zhao

Status: Broadcasted in Sep 2020

Type: Metropolitan romance

Intro: Story of Lu Jin and the female chef Gu Shengnan, in the magic of food and eventually fall in love

More than 5 Made-to-Order Drama Series in preparation



Spirit Realm

Starring: Chengcheng Fan, Xiao Cheng

Status: Broadcast in January 2021



Breath of Destiny

Starring: Stephy Qi, Tony Yang

Status: Broadcast in March 2021



Flying To The Moon

Starring: Bingbing Zhang, Lu Xu

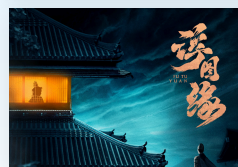
Status: Production



Handsome Young Master

Starring: Guanjin Bu, Xingyue Wang

Status: Filing and announced, start filming



Memories of Lives Lived

Starring: TBD

Status: Filing and announced, ready for filming



History Fantasy Drama

The Emperor of the Qin conquered the other 6 nations and unified China under the view of organization "Liusha" built by the main character



History Romance Drama

Legend of a love story which the main character pretends to be a man and smash the conspiracy together with a man from a feud family

Financial Analysis

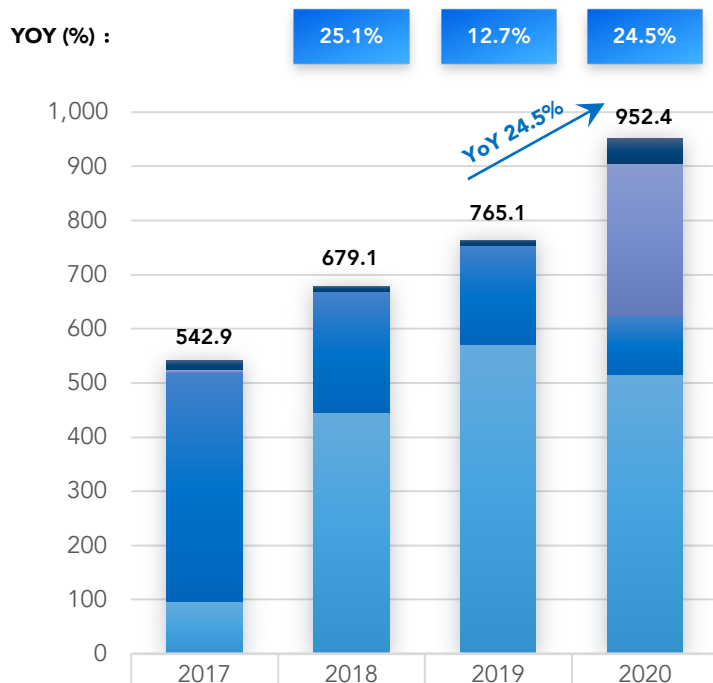


Revenue Overview

In 2020, our revenue steadily increased by 24.5% compared with that of 2019, while our gross profit increased significantly by 141.4%

Revenue

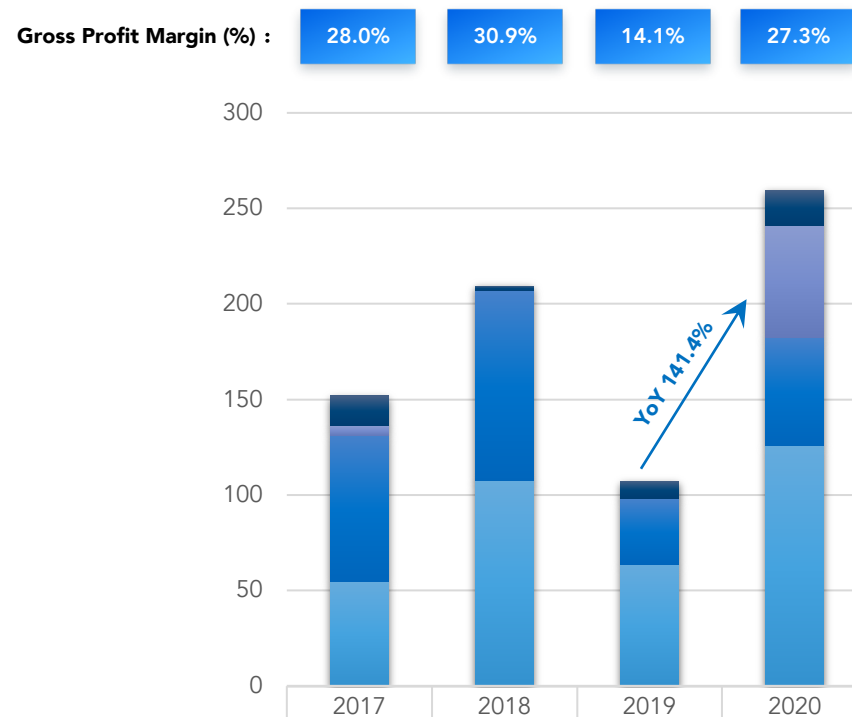
In RMB million



	2017	2018	2019	2020
Others	18.8	9.6	10.4	47.1
Made-to-order drama series	5.2	0	0	280.2
Outright-purchased drama series	423.1	224.2	183.3	108.8
Self-produced drama series	95.8	445.3	571.4	516.3

Gross Profit

In RMB million



	2017	2018	2019	2020
Others	15.5	3.0	9.5	18.5
Made-to-order drama series	5.2	0.0	0	58.7
Outright-purchased drama series	76.5	99.1	34.3	56.6
Self-produced drama series	54.9	107.8	63.8	125.9

Key Financial Ratios

Adjusted ROA*

2019



2020



Current Ratio

2019A



2020A

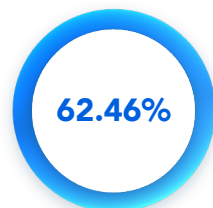


Adjusted ROE*

2019



2020

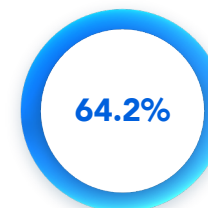


Debt/Equity Ratio

2019A



2020A

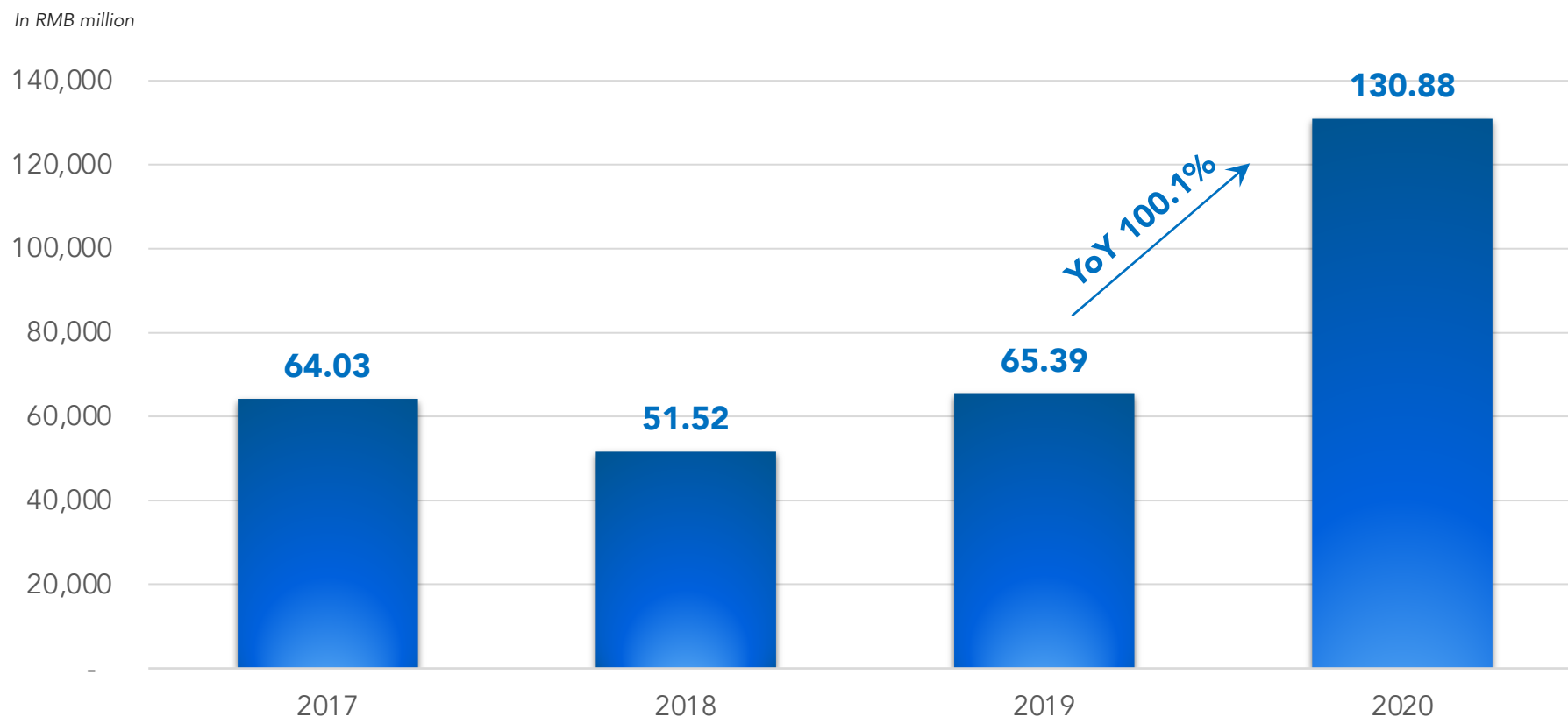


* Adjusted ROA= Adjusted net profit divided by the arithmetic mean of the opening and closing balances of total assets of the same year and multiplied by100%; Adjusted ROE= Adjusted net profit divided by the arithmetic mean of the opening and closing balances of total equity of the same year and multiplied by100%

Adjusted Net Profit *

Adjusted net profit rose from RMB65.4 million in 2019 to RMB130.0million in 2020, approximately an increase of 100.1%

Adjusted Net Profit (2017-2020)



*Adjusted net profit as profit for the year 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 year.

Financial Data: Income Statement

RMB '000	2019A	2020A	YoY
REVENUE	765,097	952,362	24.5%
Cost of sales	(657,457)	(692,541)	5.3%
Gross profit	107,640	259,821	141.4%
Other income and gains	34,343	24,882	(26.7%)
Selling and distribution expenses	(33,498)	(80,972)	141.7%
Administrative expenses	(17,655)	(68,017)	285.3%
Other expenses	(128)	-	N/A
Finance costs	(9,734)	(9,944)	2.2%
Share of profits of a joint venture	-	307	N/A
Changes in fair value of financial liabilities at fair value through profit or loss	(14,996)	(77,657)	417.9%
PROFIT BEFORE TAX	65,972	48,420	(26.6%)
Income tax expense	(15,572)	(30,228)	94.1%
PROFIT FOR THE YEAR	50,400	18,192	(63.9%)
Attributable to: Owners of the parent	50,032	18,430	(63.2%)
Adjusted net profit*	65,396	130,882	100.1%

*Adjusted net profit as profit for the year 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 year.

Chapter 3

Outlook



First Growth Driver – Platform Business Model, Fueling Stable Organic Growth

We continue to strengthen the service capacity of the middle-platform, improve the number of high-quality dramas broadcast

Integrate premium industry sources into well-established ecosystem



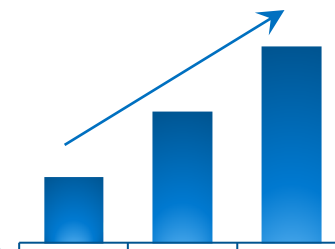
Match resources, jointly promote the content quality of drama industry, and promote the development of the industry

Continue to produce excellent drama series

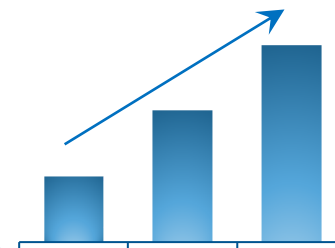


To achieve rapid improvement of business performance

Revenue



Net Profit



Second Growth Driver – Scarce Integration Platform, Creating Extensional Long-term Growth

We seek to enter into strategic cooperation agreements with outstanding industry players, providing us with competitive edge in obtaining premium resources. Our enhanced cooperation with industry players will further strengthen our resource integration capabilities as well as our operational efficiency

Obtain more diverse IP resources



Enhance cooperation with top writers /screenwriters, leading copyright companies and prevailing online literature platforms



Obtain more IP resources covering different genres and drama series themes, to meet diversified and specific demands of different distribution channels and their audiences



Guarantee our organic growth

To cooperate with and potentially acquire high-quality drama production companies in various market segments



Cooperate/discuss acquisitions with high-quality drama production companies that are deeply engaged in differentiated subdivisions



Past reputable boutique dramas and quality production capabilities, will enhance the company's drama production capabilities in different market segments and relationships with platforms



Enhance the breadth of our content production and drama quality, improve synergy within the industry, can also further increase the volume of content production and increase revenue

Develop a mature 2C content team through business cooperation / potential acquisitions



A team with extensive experience in and knowledge of distribution revenue sharing online movies/drama series

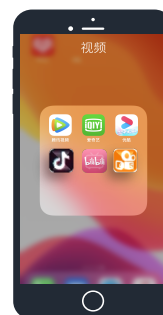


Utilize our platform and target company's expertise to form synergies, improving both quality and volume and establishing new revenue generation model



Ensure the quality of our drama series of different genres and themes as well as their popularity among audiences of different preferences

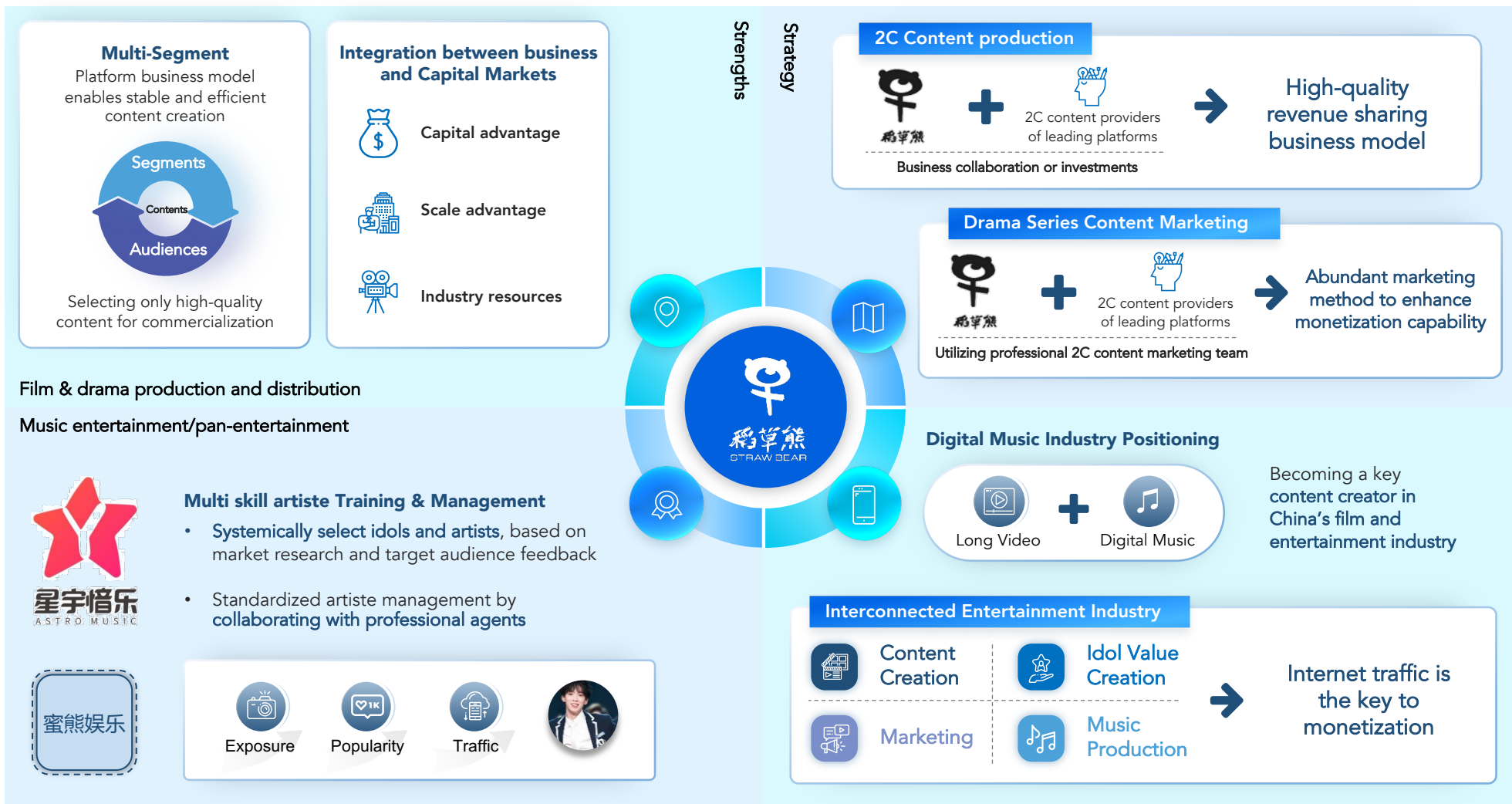
Continue to deepen the content production business and explore new business development opportunities



Strengthen cooperation with leading online video platforms Explore cooperation opportunities with short-form video platforms

Third Growth Driver – Breakthrough in New Businesses, Expanding to the Entire Industry Value Chain

Establish scarce integration platform, Improve 2B and 2C content ecosystem, Expand new business segments, Increase monetization opportunities



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Q&A

