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OURGAME INTERNATIONAL HOLDINGS LIMITED

聯眾國際控股有限公司*

(a company incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 6899)

PUBLICATION OF THE 2019 ANNUAL RESULTS AND FINANCIAL RESULTS FOR THE FOURTH QUARTER OF ALLIED ESPORTS ENTERTAINMENT, INC.

Allied Esports Entertainment, Inc. (“**AESE**”), an indirect non-wholly owned subsidiary of Ourgame International Holdings Limited (the “**Company**”), published its annual report for the year ended December 31, 2019 and the financial results for the three months ended December 31, 2019.

This announcement is made by the Company pursuant to Rule 13.09(2) 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

On March 16, 2020 (U.S. time), AESE, an indirect non-wholly owned subsidiary of the Company, published its annual report for the year ended December 31, 2019 and the financial results for the three months ended December 31, 2019. AESE’s shares are listed on Nasdaq.

The following summary of major financial data of AESE for the years ended December 2018 and 2019 were prepared in accordance with the Generally Accepted Accounting Principles of the United States (“U.S. GAAP”) and were audited by its accountants:

| | For the Years Ended | |
|--|-----------------------------------|-----------------------------------|
| | December 31, | |
| | <u>2019</u> | <u>2018</u> |
| | <i>U.S.\$</i> | <i>U.S.\$</i> |
| Revenues | | |
| In-person | 11,133,412 | 8,181,355 |
| Multiplatform content | 5,498,404 | 3,246,657 |
| Interactive | 9,440,179 | 9,175,243 |
| | <u>26,071,995</u> | <u>20,603,255</u> |
| Costs and expenses | | |
| In-person (exclusive of depreciation and amortization) | 4,832,897 | 4,543,542 |
| Multiplatform content (exclusive of depreciation and amortization) | 3,813,116 | 2,296,790 |
| Interactive (exclusive of depreciation and amortization) | 2,479,040 | 2,473,970 |
| Online operating expenses | 688,045 | 2,244,574 |
| Selling and marketing expenses | 3,575,903 | 4,022,602 |
| General and administrative expenses | 18,530,000 | 16,452,392 |
| Depreciation and amortization | 6,767,741 | 6,711,398 |
| Impairment of investment in ESA | 600,000 | 9,683,158 |
| Impairment of deferred production costs and intangible assets | 330,340 | 1,005,292 |
| | <u>41,617,082</u> | <u>49,433,718</u> |
| Loss From Operations | <u>(15,545,087)</u> | <u>(28,830,463)</u> |
| Other Income (Expense): | | |
| Other income | 18,426 | 126,689 |
| Interest expense | (1,197,127) | (2,117,438) |
| Foreign currency exchange loss | (14,941) | (198,513) |
| | <u>(1,193,642)</u> | <u>(2,189,262)</u> |
| Total Other Expense | <u>(1,193,642)</u> | <u>(2,189,262)</u> |
| Net Loss | <u><u>(16,738,729)</u></u> | <u><u>(31,019,725)</u></u> |

| Items | As at December 31, 2019 U.S.\$ | As at December 31, 2018 U.S.\$ |
|----------------------------|---|---|
| Total assets | <u><u>71,321,074</u></u> | <u><u>65,666,937</u></u> |
| Total liabilities | <u><u>27,100,248</u></u> | <u><u>41,645,641</u></u> |
| Total stockholders' equity | <u><u>44,220,826</u></u> | <u><u>24,021,296</u></u> |

The following summary of major financial data of AESE for the three months ended December 31, 2018 and 2019 were prepared in accordance with the U.S. GAAP:

| | For the Three Months Ended December 31, | |
|--|--|--------------------------|
| | 2019 U.S.\$ | 2018 U.S.\$ |
| Revenues | | |
| In-person | 2,246,046 | 2,113,274 |
| Multiplatform content | 1,958,031 | 1,125,012 |
| Interactive | <u>2,252,983</u> | <u>2,165,673</u> |
| Total Revenues | <u><u>6,457,060</u></u> | <u><u>5,403,959</u></u> |
| Costs and expenses | | |
| In-person (exclusive of depreciation and amortization) | 1,931,677 | 550,935 |
| Multiplatform content (exclusive of depreciation and amortization) | 905,289 | 262,956 |
| Interactive (exclusive of depreciation and amortization) | 503,028 | 570,623 |
| Online operating expenses | 198,776 | 702,785 |
| Selling and marketing expenses | 931,258 | 879,039 |
| General and administrative expenses | 5,151,834 | 4,087,670 |
| Depreciation and amortization | 1,633,794 | 1,482,689 |
| Impairment of investment in ESA | — | 2,092,953 |
| Impairment of deferred production costs and intangible asset | <u>330,340</u> | <u>1,005,292</u> |
| Total Costs and Expenses | <u><u>11,585,996</u></u> | <u><u>11,634,942</u></u> |

EXPLANATION ON THE OPERATING RESULTS

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenues

In-person experience revenues increased by approximately \$2.9 million, or 36%, to approximately \$11.1 million for the year ended December 31, 2019 from approximately \$8.2 million for the year ended December 31, 2018. The increase in in-person experience revenues was driven by revenue from Allied Esports International Inc. (“**Allied Esports**”). Allied Esports’ in-person revenues increased by approximately \$3.0 million when comparing the year ended December 31, 2019 to the same period in 2018, of which approximately \$2.5 million was generated by Esports Arena Las Vegas, Allied Esports’ flagship arena in Las Vegas, approximately \$0.2 million was generated from increased revenues for the U. S. mobile arena truck, approximately \$0.5 million was generated from increased revenues for the European mobile arena truck and approximately \$0.7 million was generated from increased sponsorship and internet revenues, offset by approximately \$0.9 million resulting from the deconsolidation of Esports affiliates in Santa Ana and Oakland (together “**ESA**”) on August 1, 2018.

Multiplatform content revenues increased by approximately \$2.3 million, or 69%, to approximately \$5.5 million for the year ended December 31, 2019 from approximately \$3.2 million for the year ended December 31, 2018. The increase in multiplatform content revenues related primarily to the World Poker Tour (“**WPT**”) business with increases in distribution revenue of approximately \$0.8 million, sponsorship and advertising revenue of approximately \$1.3 million and music royalty revenue of approximately \$0.5 million, offset by an aggregate decrease of approximately \$0.2 million in revenues from television sponsorship, streaming and online advertising.

Interactive revenues increased by approximately \$0.3 million, or 3%, to approximately \$9.4 million for the year ended December 31, 2019 from approximately \$9.1 million for the year ended December 31, 2018.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) increased by approximately \$0.3 million, or 6%, to approximately \$4.8 million for the year ended December 31, 2019 from approximately \$4.5 million in for the year ended December 31, 2018. Increases of approximately \$1.3 million of in-person costs as a result of increased activity from the opening of the Las Vegas flagship arena in March of 2018, approximately \$0.8 million increase in event costs and approximately \$0.2 million increase in costs related to our mobile arena trucks, were partially offset by a decrease of \$2.0 million in costs related to ESA prior to its deconsolidation on August 1, 2018.

Multiplatform costs (exclusive of depreciation and amortization) increased by approximately \$1.5 million, or 66%, to approximately \$3.8 million for the year ended December 31, 2019 from approximately \$2.3 million for the year ended December 31, 2018, as a result of increases in multiplatform revenues during the period.

Interactive costs (exclusive of depreciation and amortization) were approximately \$2.5 million in each of the years ended December 31, 2019 and December 31, 2018, on flat revenues.

Online operating expenses decreased by approximately \$1.5 million, or 70%, to approximately \$0.7 million for the year ended December 31, 2019 from approximately \$2.2 million for the year ended December 31, 2018. The PlayWPT platform was managed and operated by the Company through May 2018. Since May 2018, the operation of PlayWPT has been licensed to a third party in exchange for a royalty based on revenues earned by the third party.

Selling and marketing expenses decreased by approximately \$0.4 million, or 11%, to approximately \$3.6 million for the year ended December 31, 2019 from approximately \$4.0 million for the year ended December 31, 2018. The decrease in selling and marketing expenses is primarily the result of expenses incurred in 2018 related to the grand opening of Allied Esports' flagship arena in Las Vegas.

General and administrative expenses increased by approximately \$2.0 million, or 12%, to approximately \$18.5 million for the year ended December 31, 2019 from approximately \$16.5 million for the year ended December 31, 2018. Corporate expenses increased approximately \$2.2 million at the corporate level, including approximately \$1.0 million of legal and professional fees, \$0.8 million of compensation expense, \$0.2 million of insurance expense and \$0.1 million of travel expenses. WPT expenses increased by approximately \$1.7 million at WPT, which included approximately \$1.1 million of increases in compensation expense (of which \$0.8 million resulted from a 2018 credit to stock based compensation expense due to the forfeiture of certain equity awards, and \$0.3 million resulted in from increased employee costs) and \$0.5 million increase in legal and professional fees incurred preparation for the merger transaction between Black Ridge Acquisition Corp, Noble Link Global Limited and Allied Esports Media, Inc. as approved by the Company's shareholders on July 5, 2019. The corporate and WPT increases were partially offset by an approximate \$1.9 million decrease in general and administrative expense at Allied Esports, primarily as a result of the deconsolidation of ESA.

Depreciation and amortization increased by approximately \$0.06 million or 1%, for the year ended December 31, 2019 as compared to the year ended December 31, 2018. The approximate \$0.8 million increase in depreciation and amortization related to Allied Esports' flagship arena in Las Vegas, which was put into service in March of 2018, was partially offset by decreases in depreciation of fixed assets and amortization of intangibles at WPT resulting from assets becoming fully depreciated or amortized.

Impairment of investment in ESA was approximately \$0.6 million for the year ended December 31, 2019 as compared to \$9.7 million for the year ended December 31, 2018. The losses were the result of the derecognition and disposal of the assets, liabilities and equity of an investment made in 2018 by Allied Esports for which Allied Esports conveyed a portion of its membership interests to the former non-controlling interest members in order to reduce its ongoing cash contribution requirements, thus reducing its membership interest to a non-voting 25 percent equity interest.

Impairment of deferred production costs and intangible assets decreased by approximately \$0.7 million, to approximately \$0.3 million for the year ended December 31, 2019 from approximately \$1.0 million for the year ended December 2018. The impairment resulted from management's determination that the projected cash flows from certain deferred production costs and intellectual property will not be sufficient to recover the carrying value of those assets.

Three Months Ended December 31, 2019 Compared to Three Months Ended December 31, 2018

Revenues

Total revenues in the fourth quarter of 2019 increased 19% to \$6.5 million from \$5.4 million in the fourth quarter of 2018, reflecting growth in each of the three pillars- In-person, Multiplatform Content, Interactive.

In-person revenues increased approximately 6%, to approximately \$2.2 million for the fourth quarter of 2019 from approximately \$2.1 million in the fourth quarter of last year. The increase in In-person revenues relate primarily to growth in the Allied Esports business offset slightly by lower poker event revenues primarily due to timing issues.

Multiplatform Content revenues increased 74%, to approximately \$2.0 million for the fourth quarter of 2019 from approximately \$1.1 million in the fourth quarter of last year. The increase in Multiplatform Content revenues relate primarily to the WPT business, with increased sponsorship revenues as well as higher distribution revenues and music royalties.

Interactive revenues increased 4%, to approximately \$2.3 million for the fourth quarter of 2019 from approximately \$2.2 million in the prior year quarter. The increase in Interactive revenues all relates to the WPT business, driven by increased subscriptions and virtual product purchases.

Costs and expenses

Total costs and expenses for the fourth quarter was \$11.6 million, flat compared to the fourth quarter of 2018. Costs and Expenses in 2019 benefitted from lower impairment expense versus the prior year period. This was offset by increased In-person and Multiplatform expenses and higher Selling, General & Administrative Expenses, including public company costs.

Please refer to the Form 10-K published by AESE on the website of the U.S. Securities and Exchange Commission (<https://www.sec.gov>) and the website of The Stock Exchange of Hong Kong Limited (<https://www.hkexnews.hk>) for further details.

The financial results of AESE contained in the Form 10-K have been prepared in accordance with U.S. GAAP, which are different from the International Financial Reporting Standards (“**IFRS**”) that the Company uses to prepare and present its financial information. As such, the financial information in the Form 10-K is not directly comparable to the financial results of AESE as reflected in the consolidated financial results that the Company discloses. Consequently, the Company offers no assurance that the financial results of AESE for the year ended December 31, 2019 or any period will be the same as that to be presented in the Company’s own consolidated financial results.

By order of the Board
Ourgame International Holdings Limited
Yang Eric Qing
Chairman and Chief Executive Officer

Beijing, March 17, 2020

As at the date of this announcement, the Board comprises Mr. Yang Eric Qing as executive Director; Mr. Liu Jiang, Ms. Fu Qiang, Mr. Chen Xian and Mr. Hu Wen as non-executive Directors; and Mr. Lu Zhong, Dr. Tyen Kan Hee Anthony and Professor Huang Yong as independent non-executive Directors.

* *For identification purpose only*