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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)

FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2022 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 financial results for the three months ended September 30, 2022.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) 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 (Chapter 571 of the laws of Hong Kong).

On November 16, 2022 (U.S. time), AESE, an indirect non-wholly owned subsidiary of the Company, published its financial results for the three months ended September 30, 2022. AESE’s shares are listed on Nasdaq Stock Market.

The following summary of major financial data of AESE for the three months ended September 30, 2022 and September 30, 2021, and the nine months ended September 30, 2022 and September 30, 2021 were prepared in accordance with the Generally Accepted Accounting Principles of the United States (“U.S. GAAP”):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022 U.S.\$ (unaudited)	2021 U.S.\$ (unaudited)	2022 U.S.\$ (unaudited)	2021 U.S.\$ (unaudited)
Revenues				
In-person	1,551,963	1,455,867	4,884,400	2,627,781
Multiplatform content	13,679	229,961	251,130	383,684
Total Revenues	<u>1,565,642</u>	<u>1,685,828</u>	<u>5,135,530</u>	<u>3,011,465</u>
Costs and Expenses				
In-person (exclusive of depreciation and amortization)	1,112,645	1,249,640	4,002,312	2,442,750
Multiplatform content (exclusive of depreciation and amortization)	31,010	87,373	95,507	214,258
Selling and marketing expenses	54,445	87,755	185,614	216,428
General and administrative expenses	2,397,901	3,385,418	8,470,193	9,659,425
Depreciation and amortization	(328,739)	806,137	1,288,106	2,495,939
Impairment of digital assets	—	—	164,411	—
Total Costs and Expenses	<u>3,267,262</u>	<u>5,616,323</u>	<u>14,206,143</u>	<u>15,028,800</u>
Loss from Operations	<u>(1,701,620)</u>	<u>(3,930,495)</u>	<u>(9,070,613)</u>	<u>(12,017,335)</u>
Other Income (Expense)				
Gain on forgiveness of PPP loans and interest	—	912,475	—	912,475
Other income (expense), net	34,073	54,434	(45,859)	69,413
Interest income (expense), net	25,316	(11,809)	34,093	(269,411)
Total Other Income (Expense)	<u>59,389</u>	<u>955,100</u>	<u>(11,766)</u>	<u>712,477</u>
Loss from continuing operations	<u>(1,642,231)</u>	<u>(2,975,395)</u>	<u>(9,082,379)</u>	<u>(11,304,858)</u>
(Loss) income from discontinued operations, net of tax provision				
Loss from discontinued operations before the sale of WPT	—	(3,151,740)	—	(1,099,033)
Gain on sale of WPT	—	80,429,729	—	80,429,729
Income from discontinued operations	<u>—</u>	<u>77,277,989</u>	<u>—</u>	<u>79,330,696</u>
Net (Loss) Income	<u>(1,642,231)</u>	<u>74,302,594</u>	<u>(9,082,379)</u>	<u>68,025,838</u>

Items	As at September 30, 2022 U.S.\$ (unaudited)	As at December 31, 2021 U.S.\$
Total assets	95,851,713	105,803,672
Total liabilities	5,634,104	7,156,865
Total stockholders' equity	90,217,609	98,646,807

EXPLANATION ON THE OPERATING RESULTS

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

Revenues

In-person revenues increased by approximately \$0.1 million, or 7%, to approximately \$1.6 million for the three months ended September 30, 2022, from approximately \$1.5 million for the three months ended September 30, 2021. The increase of in-person revenues was driven by a \$0.2 million increase in food and beverage revenue primarily attributable to larger events occurring in 2022 compared to 2021. This was slightly offset by a \$0.1 million decrease in event revenue. The \$0.1 million decrease in event revenue included a \$0.5 million decrease in rental revenue that was driven by a new contract entered into in 2021 which did not renew in 2022, a \$0.2 million increase in truck revenue from an agreement with NASCAR that included four additional stops in 2022 compared to 2021, and a \$0.2 million increase in HyperX Esports Arena event revenue primarily attributable to larger events occurring in 2022 compared to 2021.

Multiplatform content revenue decreased by approximately \$216 thousand to approximately \$14 thousand for the three months ended September 30, 2022, from \$230 thousand for the three months ended September 30, 2021. The decrease in multiplatform revenues was driven by a decrease in distribution revenue resulting from a new contract entered into in 2021 which did not renew in 2022.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) decreased by approximately \$0.1 million, or 11%, to approximately \$1.1 million for the three months ended September 30, 2022, from approximately \$1.2 million for the three months ended September 30, 2021. The decrease of in-person costs was driven by a \$0.4 million decrease in production costs related to the new contract that was entered into in 2021 which did not renew in 2022. This was offset by higher in-person costs related to the larger events occurring in 2022.

Multiplatform costs (exclusive of depreciation and amortization) decreased by approximately \$56 thousand to \$31 thousand, from \$87 thousand for the three months ended September 30, 2021. The decrease in multiplatform costs relates to the decrease in revenue discussed above.

Selling and marketing expenses decreased by approximately \$34 thousand, or 39%, to approximately \$54 thousand for the three months ended September 30, 2022, from approximately \$88 thousand for the three months ended September 30, 2021. The decrease in selling and marketing expenses was driven by higher expenses in 2021 as AESE increased marketing efforts to increase awareness of the HyperX Esports Arena in Las Vegas returning to full capacity.

General and administrative expenses decreased by approximately \$1.0 million, or 29%, to approximately \$2.4 million for the three months ended September 30, 2022, from approximately \$3.4 million for the three months ended September 30, 2021. The overall decrease in general and administrative expenses was attributable to \$0.7 million in non-recurring 2021 professional fees related to the sale of World Poker Tour (“WPT”), \$0.4 million in severance payouts to AESE’s former Chief Executive Officer (“CEO”), and \$0.1 million in operating expenses. These reductions were slightly offset by \$0.1 million in higher payroll costs related to the hiring of new business development and other strategic positions in 2022 and \$0.1 million in higher stock based compensation to correct the vesting of options of a former employee.

Depreciation and amortization decreased by approximately \$1.1 million, or 141%, to approximately (\$329) thousand for the three months ended September 30, 2022, from approximately \$806 thousand for the three months ended September 30, 2021. The decrease was due to an adjustment of \$1.0 million to correct the amortization of leasehold improvements in prior periods.

Gain on forgiveness of Paycheck Protection Program (“PPP”) loans and interest

AESE recognized a gain on the full forgiveness of the PPP loans and related interest of approximately \$912 thousand during the three months ended September 30, 2021.

Other income, net

AESE recognized other income of approximately \$34 thousand during the three months ended September 30, 2022, compared to other income of \$55 thousand recorded for the three months ended September 30, 2021. The decrease was due to an insurance payment received in 2021 for a claim submitted for damaged equipment.

Interest income (expense), net

Interest income, net, was approximately \$25 thousand for the three months ended September 30, 2022 compared to \$12 thousand of interest expense, net, for the three months ended September 30, 2021. The decrease in interest expense is a result of the elimination of the principal balance of notes payable and convertible notes outstanding during 2021 utilizing proceeds of the sale of WPT. Interest income for the three months ended September 30, 2022 was a result of interest earned on the cash received from the sale of WPT.

Results of Discontinued Operations

AESE recognized income from discontinued operations, net of tax, of \$77.3 million during the three months ended September 30, 2021. The decrease is due to the sale of the WPT business on July 12, 2021.

Please refer to the Form 10-Q 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-Q have been prepared in accordance with U.S. GAAP, which are different from the International Financial Reporting Standards that the Company uses to prepare and present its financial information. As such, the financial information in the Form 10-Q 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 three months ended September 30, 2022 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
Lu Jingsheng
Chief Executive Officer and Executive Director

Beijing, November 17, 2022

As at the date of this announcement, the Board comprises Mr. Lu Jingsheng as executive Director; Mr. Liu Xueming, Ms. Gao Liping, Mr. Hua Yumin, Ms. Yu Bing, Ms. Wang Ruyuan, Mr. Wang Runqun and Ms. Xiao Yundan as non-executive Directors, and Mr. Ma Shaohua, Mr. Zhang Li and Mr. Guo Yushi as independent non-executive Directors.

* *For identification purpose only*