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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 2024 INTERIM RESULTS AND FINANCIAL RESULTS FOR THE SECOND QUARTER OF ALLIED GAMING & ENTERTAINMENT INC.

Allied Gaming & Entertainment Inc. (“AGAE”), an indirect non-wholly owned subsidiary of Ourgame International Holdings Limited (the “**Company**”), published its interim results for the six months ended June 30, 2024 and the financial results for the three months ended June 30, 2024.

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 August 19, 2024 (U.S. time), AGAE, an indirect non-wholly owned subsidiary of the Company, published its interim results for the six months ended June 30, 2024 and the financial results for the three months ended June 30, 2024. AGAE’s shares are listed on Nasdaq Stock Market.

The following summary of major financial data of AGAE for the six months ended June 30, 2024 and 2023 were prepared in accordance with the Generally Accepted Accounting Principles of the United States (the “U.S. GAAP”):

	For the Six Months Ended	
	June 30,	
	2024	2023
	<i>U.S.\$</i>	<i>U.S.\$</i>
	(unaudited)	(unaudited)
Revenues		
In-person	2,172,560	2,461,103
Multiplatform content	111	2,000,424
Causal mobile gaming	<u>2,846,258</u>	<u>—</u>
Total Revenues	<u>5,018,929</u>	<u>4,461,527</u>
Costs and Expenses		
In-person (exclusive of depreciation and amortization)	1,138,166	1,316,053
Multiplatform content (exclusive of depreciation and amortization)	—	1,517,707
Casual mobile gaming (exclusive of depreciation and amortization)	2,498,070	—
Research and development expenses	368,744	—
Selling and marketing expenses	108,049	121,539
General and administrative expenses	8,091,482	4,766,372
Depreciation and amortization	<u>780,168</u>	<u>790,778</u>
Total Costs and Expenses	<u>12,984,679</u>	<u>8,512,449</u>
Loss from Operations	<u>(7,965,750)</u>	<u>(4,050,922)</u>
Other Income		
Other income, net	1,241	16,342
Gain on foreign currency transactions	351,434	—
Interest income, net	<u>1,900,673</u>	<u>1,449,575</u>
Total Other Income	<u>2,253,348</u>	<u>1,465,917</u>
Net loss	<u>(5,712,402)</u>	<u>(2,585,005)</u>
Less: net loss attributable to non-controlling interest	<u>(210,034)</u>	<u>—</u>
Net Loss Attributable to Common Stockholders	<u>(5,502,368)</u>	<u>(2,585,005)</u>

Items

	As at June 30, 2024 U.S.\$ (unaudited)	As at December 31, 2023 U.S.\$ (audited)
Total Assets	<u>126,697,650</u>	<u>112,016,687</u>
Total Liabilities	<u>38,853,257</u>	<u>18,608,646</u>
Total Stockholders' Equity	<u>87,844,393</u>	<u>93,408,041</u>

The following summary of major financial data of AGAE for the three months ended June 30, 2024 and 2023 were prepared in accordance with the U.S. GAAP:

	For the Three Months Ended	
	June 30,	
	2024	2023
	<i>U.S.\$</i>	<i>U.S.\$</i>
	(unaudited)	(unaudited)
Revenues		
In-person	917,362	1,267,773
Multiplatform content	52	2,000,322
Casual mobile gaming	<u>1,722,454</u>	<u>—</u>
Total Revenues	<u>2,639,868</u>	<u>3,268,095</u>
Costs and Expenses		
In-person (exclusive of depreciation and amortization)	502,203	643,831
Multiplatform content (exclusive of depreciation and amortization)	—	1,517,311
Casual mobile gaming (exclusive of depreciation and amortization)	1,561,165	—
Research and development expenses	173,533	—
Selling and marketing expenses	54,361	66,941
General and administrative expenses	5,236,160	2,223,025
Depreciation and amortization	<u>402,698</u>	<u>212,218</u>
Total Costs and Expenses	<u>7,930,120</u>	<u>4,663,326</u>
Loss from Operations	<u>(5,290,252)</u>	<u>(1,395,231)</u>
Other Income (Expense)		
Other income (expense), net	14,399	(11,113)
Gain on foreign currency transactions	351,434	—
Interest income, net	<u>1,041,468</u>	<u>715,126</u>
Total Other Income	<u>1,407,301</u>	<u>704,013</u>
Net loss	<u>(3,882,951)</u>	<u>(691,218)</u>
Less: net loss attributable to non-controlling interest	<u>(79,693)</u>	<u>—</u>
Net Loss Attributable to Common Stockholders	<u>(3,803,258)</u>	<u>(691,218)</u>

EXPLANATION ON THE OPERATING RESULTS

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

Revenues

In-person revenues decreased by approximately \$0.3 million, or 12%, to approximately \$2.2 million for the six months ended June 30, 2024 from approximately \$2.5 million for the six months ended June 30, 2023. The decrease of in-person revenues was driven by a \$0.3 million decrease in arena and truck event revenue for the six months ended June 30, 2024 resulting from fewer events held during the period.

Multiplatform content revenue was nil for the six months ended June 30, 2024 and \$2.0 million for the six months ended June 30, 2023. The decrease was due to Season 2 of Elevated, a live streaming event, that occurred during the six months ended June 30, 2023 and did not occur in 2024.

Casual mobile gaming revenue was \$2.9 million for the six months ended June 30, 2024 and nil for the six months ended June 30, 2023, respectively. The increase in casual mobile games revenue was due to the casual mobile gaming revenue earned as the result of the business combination with ZTech on October 31, 2023.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) decreased by approximately \$0.2 million, or 14%, to approximately \$1.1 million for the six months ended June 30, 2024 from approximately \$1.3 million for the six months ended June 30, 2023. The decrease was the result of the decrease in costs associated with the arena and truck events for the six months ended June 30, 2024 resulting from fewer events held during the period.

Multiplatform costs (exclusive of depreciation and amortization) decreased by approximately \$1.5 million to nil for the six months ended June 30, 2024 from approximately \$1.5 million for the six months ended June 30, 2023. The decrease in multiplatform costs corresponds to the decrease in revenue as discussed above.

Casual mobile gaming costs (exclusive of depreciation and amortization) were \$2.5 million for the six months ended June 30, 2024 and nil for the six months ended June 30, 2023, respectively. The recognition of casual mobile gaming costs and expenses began in connection with the business combination with ZTech on October 31, 2023.

Research and development expenses were \$369 thousand and nil for the six months ended June 30, 2024 and 2023, respectively. Research and development expenses consisted principally of costs related to the development of new casual mobile games for ZTech.

Selling and marketing expenses decreased by approximately \$14 thousand, or 11%, to approximately \$108 thousand for the six months ended June 30, 2024 from approximately \$122 thousand for the six months ended June 30, 2023.

General and administrative expenses increased by approximately \$3.3 million, or 70%, to approximately \$8.1 million for the six months ended June 30, 2024, from approximately \$4.8 million for the six months ended June 30, 2023. The increase in general and administrative expenses was resulted primarily from a \$3.1 million increase in legal and professional fees related to a shareholder complaint filed in 2024, a \$0.3 million increase in other legal and professional fees, and a \$0.6 million increase in stock-based compensation related to restricted share awards granted on February 22, 2024. These increases were slightly offset by a \$0.4 million decrease in payroll and payroll related costs in 2024 due to a decrease in headcount, in addition to a \$0.3 million decrease in insurance costs related to directors and officers liability insurance that was renewed at a lower cost in August 2023.

Depreciation and amortization decreased by approximately \$0.1 million, or 1%, to approximately \$0.8 million for the six months ended June 30, 2024, from approximately \$0.8 million for the six months ended June 30, 2023. The decrease was primarily due to the disposal of office equipment and production equipment in 2023 related to the winding up of the Germany business, in addition to assets that became fully depreciated in 2023.

Other income

AGAE recognized other income, net, of approximately \$1 thousand during the six months ended June 30, 2024 compared to \$16 thousand for the six months ended June 30, 2023.

Gain realized on foreign currency transaction

The gain realized on foreign currency transaction was approximately \$0.4 million for the six months ended June 30, 2024 compared to nil for the six months ended June 30, 2023. The increase was a result of the change in the exchange rate of the Japanese Yen to United States Dollar for the loan received from Morgan Stanley Bank Asia Limited.

Interest income

Interest income was approximately \$1.9 million for the six months ended June 30, 2024 compared to approximately \$1.5 million for the six months ended June 30, 2023. The increase was a result of the interest earned on short-term investments purchased during the fourth quarter of 2023.

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

Revenues

In-person experience revenues decreased by approximately \$0.4 million, or 28%, to approximately \$0.9 million for the three months ended June 30, 2024 from approximately \$1.3 million for the three months ended June 30, 2023. The decrease of in-person revenues was driven by a \$0.4 million decrease in arena and truck event revenue for the three months ended June 30, 2024 resulting from fewer events held during the period.

Multiplatform content revenue was nil for the three months ended June 30, 2024 and \$2.0 million for the three months ended June 30, 2023. The decrease was due to Season 2 of Elevated, a live streaming event, that occurred during the three months ended June 30, 2023 and did not occur in 2024.

Casual mobile gaming revenue was \$1.7 million for the three months ended June 30, 2024 and nil for the three months ended June 30, 2023, respectively. The increase in casual mobile games revenue was due to the casual mobile gaming revenue earned as a result of the business combination with ZTech on October 31, 2023.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) decreased by approximately \$0.1 million, or 22%, to approximately \$0.5 million for the three months ended June 30, 2024 from approximately \$0.6 million for the three months ended June 30, 2023. The decrease was the result of the decrease in costs associated with the arena and truck events for the three months ended June 30, 2024 resulting from fewer events held during the period.

Multiplatform costs (exclusive of depreciation and amortization) decreased by approximately \$1.5 million to nil for the three months ended June 30, 2024 from approximately \$1.5 million for the three months ended June 30, 2023. The decrease in multiplatform costs corresponds to the decrease in revenue as discussed above.

Casual mobile gaming costs (exclusive of depreciation and amortization) were \$1.6 million for the three months ended June 30, 2024 and nil for the three months ended June 30, 2023, respectively. The recognition of casual mobile gaming costs and expenses began in connection with the business combination with ZTech on October 31, 2023.

Research and development expenses were \$174 thousand and nil for the three months ended June 30, 2024 and 2023, respectively. Research and development expenses consisted principally of costs related to the development of new casual mobile games for ZTech.

Selling and marketing expenses decreased by approximately \$13 thousand, or 19%, to approximately \$54 thousand for the three months ended June 30, 2024 from approximately \$67 thousand for the three months ended June 30, 2023.

General and administrative expenses increased by approximately \$3.0 million, or 136%, to approximately \$5.2 million for the three months ended June 30, 2024, from approximately \$2.2 million for the three months ended June 30, 2023. The increase in general and administrative expenses was resulted primarily from a \$3.0 million increase in legal and professional fees related to a shareholder complaint filed in 2024, a \$0.2 million increase in other legal and professional fees, and a \$0.1 million increase in stock-based compensation related to restricted share awards granted on February 22, 2024. These increases were slightly offset by a \$0.1 million decrease in payroll and payroll related costs in 2024 due to a decrease in headcount, in addition to a \$0.2 million decrease in insurance costs related to directors and officers liability insurance that was renewed at a lower cost in August 2023.

Depreciation and amortization increased by approximately \$0.2 million, or 91%, to approximately \$0.4 million for the three months ended June 30, 2024, from approximately \$0.2 million for the three months ended June 30, 2023. The increase was primarily due to the amortization of intangible assets that were recorded as part of the business combination with ZTech on October 31, 2023.

Other income (expense), net

AGAE recognized other income, net, of approximately \$14 thousand during the three months ended June 30, 2024 compared to \$11 thousand of other expense recorded for the three months ended June 30, 2023.

Gain realized on foreign currency transaction

The gain realized on foreign currency transaction was approximately \$0.4 million for the three months ended June 30, 2024 compared to nil for the three months ended June 30, 2023. The increase was a result of the change in the exchange rate of the Japanese Yen to United States Dollar for the loan received from Morgan Stanley Bank Asia Limited.

Interest income

Interest income was approximately \$1.0 million for the three months ended June 30, 2024 compared to approximately \$0.7 million for the three months ended June 30, 2023. The increase was a result of the interest earned on short-term investments purchased during the fourth quarter of 2023.

The financial results of AGAE 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 AGAE as reflected in the consolidated financial results that the Company discloses. Consequently, the Company offers no assurance that the financial results of AGAE for the six months ended June 30, 2024 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
Chairman and Executive Director

Beijing, August 20, 2024

As at the date of this announcement, the Board comprises Mr. Lu Jingsheng as executive Director; Ms. Gao Liping and Ms. Yu Bing as non-executive Directors; and Mr. Ma Shaohua, Mr. Zhang Li and Mr. Dai Bing as independent non-executive Directors.

* *For identification purpose only*