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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 2021 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, 2021.

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 22, 2021 (U.S. time), AESE, an indirect non-wholly owned subsidiary of the Company, published its financial results for the three months ended September 30, 2021. 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, 2021 and September 30, 2020, and the nine months ended September 30, 2021 and September 30, 2020 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,	
	2021	2020	2021	2020
	U.S.\$	U.S.\$	U.S.\$	U.S.\$
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenues				
In-person	1,455,867	595,932	2,627,781	2,274,135
Multiplatform content	229,961	951	383,684	951
Total Revenues	1,685,828	596,883	3,011,465	2,275,086
Costs and Expenses:				
In-person (exclusive of depreciation and amortization)	1,249,640	640,409	2,442,750	2,134,964
Multiplatform content (exclusive of depreciation and amortization)	87,373	—	214,258	—
Online operating expenses	37,462	34,577	134,009	148,977
Selling and marketing expenses	87,755	52,788	216,428	185,004
General and administrative expenses	3,196,736	2,270,018	8,444,054	8,039,358
Stock-based compensation	151,220	508,268	1,081,362	4,729,643
Depreciation and amortization	806,137	905,580	2,495,939	2,715,007
Impairment of investment in ESA	—	—	—	1,138,631
Total Costs and Expenses	5,616,323	4,411,640	15,028,800	19,091,584
Loss from Operations	(3,930,495)	(3,814,757)	(12,017,335)	(16,816,498)
Other Income (Expense):				
Gain on forgiveness of PPP loans and interest	912,475	—	912,475	—
Other income (expense), net	54,434	(2,973)	69,413	(5,432)
Conversion inducement expense	—	—	—	(5,247,531)
Extinguishment loss on acceleration of debt redemption	—	(1,733,768)	—	(1,733,768)
Interest expense	(11,809)	(1,488,517)	(269,411)	(3,033,524)
Total Other Income (Expense)	955,100	(3,225,258)	712,477	(10,020,255)
Loss from continuing operations	(2,975,395)	(7,040,015)	(11,304,858)	(26,836,753)
(Loss) income from discontinued operations, net of tax provision:				
(Loss) income from discontinued operations before the sale of WPT	(3,151,740)	491,138	(1,099,033)	630,678
Gain on sale of WPT	80,429,729	—	80,429,729	—
Income from discontinued operations	77,277,989	491,138	79,330,696	630,678
Net Income (Loss)	74,302,594	(6,548,877)	68,025,838	(26,206,075)

Items	As at September 30, 2021 U.S.\$ (unaudited)	As at December 31, 2020 U.S.\$
Total assets	109,099,686	61,900,495
Total liabilities	5,478,034	28,494,911
Total stockholders' equity	103,621,652	33,405,584

EXPLANATION ON THE OPERATING RESULTS

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020

Revenues

In-person experience revenues increased by approximately \$860 thousand, or 144%, to approximately \$1.5 million for the three months ended September 30, 2021 from approximately \$596 thousand for the three months ended September 30, 2020. The increase of in-person experience revenues was driven by a \$876 thousand increase in event revenue, a \$95 thousand increase in food and beverage revenue and a \$40.5 thousand increase in ticket and gaming revenue. These increases were a direct result of the COVID-19 pandemic in 2020 and removal of capacity restrictions in the arena for the three months ended September 30, 2021. These increases were offset by a \$153 thousand decrease in sponsorship revenue due to decreases in event sponsorships and truck event sponsorships in Europe, as such events have not yet fully picked up again as a result of the COVID-19 pandemic.

Multiplatform content revenues increased by approximately \$229 thousand to approximately \$230 thousand for the three months ended September 30, 2021 from approximately \$1 thousand for the three months ended September 30, 2020. The increase of multiplatform content revenues was driven by a new contract entered into in the second quarter of 2021.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) increased by approximately \$610 thousand, or 95%, to approximately \$1,250 thousand for the three months ended September 30, 2021 from approximately \$640 thousand for the three months ended September 30, 2020. The increase of in-person costs was primarily related to the continuation of events in 2021 that were postponed or canceled in 2020 due to the COVID-19 pandemic.

Multiplatform content costs (exclusive of depreciation and amortization) increased by approximately \$87 thousand for the three months ended September 30, 2021 from \$0 for the three months ended September 30, 2020. The increase of multiplatform content costs was driven by a new contract entered into in the second quarter of 2021.

Online operating expenses increased by approximately \$2 thousand, or 6%, to approximately \$37 thousand for the three months ended September 30, 2021, from \$35 thousand for the three months ended September 30, 2020.

Selling and marketing expenses increased by approximately \$35 thousand, or 66%, to approximately \$88 thousand for the three months ended September 30, 2021 from approximately \$53 thousand for the three months ended September 30, 2020. The increase in selling and marketing expenses was driven by the continuation of events in 2021 that were canceled in 2020 due to the COVID-19 pandemic.

General and administrative expenses increased by approximately \$0.9 million, or 41%, to approximately \$3.2 million for the three months ended September 30, 2021, from approximately \$2.3 million for the three months ended September 30, 2020. During the three months ended September 30, 2021, AESE incurred approximately \$0.4 million in severance costs upon the termination of employment of AESE's former Chief Executive Officer ("CEO"), and approximately \$0.2 million in connection with a signing bonus upon the engagement of AESE's new CEO. Compensation and other operating expenses also increased during the three months ended September 30, 2021 as a result of AESE's increase in salaries in November 2020 after being reduced in March 2020 due to COVID-19.

Stock-based compensation was \$151 thousand for the three months ended September 30, 2021, compared to \$508 thousand for the three months ended September 30, 2020. The decrease was a result of the forfeiture of awards for employees who resigned from AESE.

Depreciation and amortization decreased by approximately \$100 thousand, or 11%, to approximately \$806 thousand for the three months ended September 30, 2021, from approximately \$906 thousand for the three months ended September 30, 2020.

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 (expense)

AESE recognized other income of approximately \$55 thousand during the three months ended September 30, 2021 compared to approximately \$(3) thousand of other expense recorded for the three months ended September 30, 2020, representing an increase of approximately \$58 thousand. The increase was due to an insurance payment received for a claim submitted for damaged equipment.

Extinguishment loss on acceleration of debt redemption

Extinguishment loss on acceleration of debt redemption was approximately \$1.7 million for the three months ended September 30, 2020, resulted from the acceleration of monthly payments on the senior secured notes that were issued in June 2020. There was no extinguishment loss recorded for the three months ended September 30, 2021.

Interest expense

Interest expense was approximately \$12 thousand for the three months ended September 30, 2021 compared to approximately \$1.5 million for the three months ended September 30, 2020, representing a decrease of approximately \$1.5 million, or 99%. The decrease was a result of the decrease in the principal balance of notes payable and convertible notes outstanding during the period.

Results of Discontinued Operations

AESE recognized income from discontinued operations, net of tax, of approximately \$77.3 million and \$0.5 million during the three months ended September 30, 2021 and 2020, respectively, representing an increase of approximately \$76.8 million. The income from discontinued operations of approximately \$77.3 million for the three months ended September 30, 2021 is comprised of a gain on the sale of the WPT business of approximately \$80.4 million offset by an operational loss of \$3.1 million. The operational loss includes a \$0.7 million loss from business activities for the 12-day period ended July 12, 2021, plus non-recurring items that include approximately \$1.0 million of bonus expense in connection with the sale of WPT, approximately \$1.1 million in legal and professional fees in connection with the sale of WPT, and approximately \$0.3 million of accelerated stock-based compensation upon the sale of WPT.

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, 2021 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 23, 2021

As at the date of this announcement, the Board comprises Mr. Li Yangyang and Mr. Lu Jingsheng as executive Directors, Mr. Liu Jiang, Mr. Liu Xueming, Ms. Gao Liping and Mr. Hua Yumin as non-executive Directors; and Mr. Ma Shaohua, Mr. Zhang Li and Mr. Guo Yushi as independent non-executive Directors.

* For identification purpose only