

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 FIRST QUARTER OF 2023 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 financial results for the three months ended March 31, 2023.

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 May 11, 2023 (U.S. time), AGAE, an indirect non-wholly owned subsidiary of the Company, published its financial results for the three months ended March 31, 2023. AGAE’s shares are listed on Nasdaq Stock Market.

The following summary of major financial data of AGAE for the three months ended March 31, 2023 and March 31, 2022 were prepared in accordance with the Generally Accepted Accounting Principles of the United States (“U.S. GAAP”):

	For the Three Months	
	Ended March 31,	
	2023	2022
	<i>U.S.\$</i>	<i>U.S.\$</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenues		
In-person	1,193,330	2,203,066
Multiplatform content	<u>101</u>	<u>208,988</u>
Total Revenues	<u>1,193,431</u>	<u>2,412,054</u>
Costs and Expenses		
In-person (exclusive of depreciation and amortization)	672,222	1,810,353
Multiplatform content (exclusive of depreciation and amortization)	395	21,133
Selling and marketing expenses	54,598	69,038
General and administrative expenses	2,543,347	3,451,870
Depreciation and amortization	<u>578,560</u>	<u>808,612</u>
Total Costs and Expenses	<u>3,849,122</u>	<u>6,161,006</u>
Loss From Operations	<u>(2,655,691)</u>	<u>(3,748,952)</u>
Other Income (Expense)		
Other income (expense), net	27,455	(6,707)
Interest income, net	<u>734,449</u>	<u>4,462</u>
Total Other Income (Expense)	<u>761,904</u>	<u>(2,245)</u>
Net loss	<u>(1,893,787)</u>	<u>(3,751,197)</u>

Items	March 31, 2023 U.S.\$ (unaudited)	December 31, 2022 U.S.\$
Total Assets	<u>95,613,134</u>	<u>97,729,675</u>
Total Liabilities	<u>11,054,925</u>	<u>9,825,607</u>
Total Stockholders' Equity	<u>84,558,209</u>	<u>87,904,068</u>

EXPLANATION ON THE OPERATING RESULTS

Revenues

In-person revenues decreased by approximately \$1.0 million, or 46%, to approximately \$1.2 million for the three months ended March 31, 2023 from approximately \$2.2 million for the three months ended March 31, 2022. The decrease of in-person revenues was driven by a \$1.0 million decrease in sponsorship revenue related to the timing of a live streaming event in which Season 1 occurred in the first quarter of 2022 and Season 2 is scheduled to occur in the second quarter of 2023.

Multiplatform revenues decreased by approximately \$209 thousand for the three months ended March 31, 2023 from approximately \$209 thousand for the three months ended March 31, 2022 to approximately \$0 for the three months ended March 31, 2023. The decrease in multiplatform revenues is the result of NFT sales, which were launched in March of 2022 and were no longer sold after the initial launch.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) decreased by approximately \$1.1 million, or 63%, to approximately \$0.7 million for the three months ended March 31, 2023 from approximately \$1.8 million for the three months ended March 31, 2022. The decrease was the result of lower revenues described above.

Multiplatform costs (exclusive of depreciation and amortization) decreased to approximately \$0 for the three months ended March 31, 2023 from approximately \$21 thousand for the three months ended March 31, 2022. The decrease in multiplatform costs corresponds to the decrease in revenue as discussed above.

Selling and marketing expenses decreased by approximately \$14 thousand, or 20%, to approximately \$55 thousand for the three months ended March 31, 2023 from approximately \$69 thousand for the three months ended March 31, 2022.

General and administrative expenses decreased by approximately \$0.9 million, or 26%, to approximately \$2.5 million for the three months ended March 31, 2023, from approximately \$3.5 million for the three months ended March 31, 2022. The decrease in general and administrative expenses resulted primarily from higher expenses during the first quarter of 2022 related to \$0.7 million higher payroll resulting from severance costs incurred upon the termination of employment of AGAE's former Chief Executive Officer ("CEO") in addition to \$0.4 million of higher stock-based compensation during the first quarter of 2022 related to the accelerated vesting of options previously granted to the former CEO upon her termination. These decreases were slightly offset by a \$0.3 million increase in legal and professional fees related to various employment and independent auditor transition matters.

Depreciation and amortization decreased by approximately \$0.2 million, or 28%, to approximately \$0.6 million for the three months ended March 31, 2023, from approximately \$0.8 million for the three months ended March 31, 2022. The decrease was primarily due to additional amortization of leasehold improvements that occurred in the first quarter of 2022 that was corrected as an out-of-period adjustment in the third quarter of 2022.

Other income (expense)

AGAE recognized other income of approximately \$27 thousand for the three months ended March 31, 2023 compared to other expense of approximately \$7 thousand for the three months ended March 31, 2022.

Interest income

Interest income was approximately \$735 thousand for the three months ended March 31, 2023 compared to approximately \$5 thousand for the three months ended March 31, 2022. The increase was a result of the interest earned on a short-term investment purchased during the fourth quarter of 2022.

Please refer to the Form 10-Q published by AGAE 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 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 three months ended March 31, 2023 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

May 12, 2023

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, Mr. Guo Yushi and Mr. Dai Bing as independent non-executive Directors.

* *For identification purpose only*