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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 2023 ANNUAL RESULTS 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 annual report for the year ended December 31, 2023.

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.

On March 28, 2024 (U.S. time), AGAE, an indirect non-wholly owned subsidiary of the Company, published its annual report for the year ended December 31, 2023. AGAE’s shares are listed on Nasdaq Stock Market.

The following summary of major financial data of AGAE for the years ended December 31, 2022 and 2023 was prepared in accordance with the Generally Accepted Accounting Principles of the United States (“U.S. GAAP”) and had been audited by its accountants:

	For the Years Ended	
	December 31,	
	2023	2022
	<i>U.S.\$</i>	<i>U.S.\$</i>
Revenues:		
In-person	4,955,931	4,950,912
Multiplatform content	2,000,586	1,401,558
Casual mobile gaming	<u>698,522</u>	<u>—</u>
Total Revenues	<u>7,655,039</u>	<u>6,352,470</u>
Costs and Expenses:		
In-person (exclusive of depreciation and amortization)	2,684,287	3,777,231
Multiplatform content (exclusive of depreciation and amortization)	1,517,707	1,034,942
Casual mobile game (exclusive of depreciation and amortization)	593,894	—
Research and development expenses	162,888	—
Selling and marketing expenses	226,745	234,813
General and administrative expenses	7,569,154	10,774,421
Depreciation and amortization	1,499,980	2,065,348
Impairment of digital assets	—	164,411
Impairment of property and equipment	<u>—</u>	<u>67,500</u>
Total Costs and Expenses	<u>14,254,655</u>	<u>18,118,666</u>
Loss from Operations	<u>(6,599,616)</u>	<u>(11,766,196)</u>
Other Income:		
Other income, net	46,684	153,009
Interest income, net	<u>2,957,571</u>	<u>789,302</u>
Total Other Income	<u>3,004,255</u>	<u>942,311</u>
Net Loss	<u>(3,595,361)</u>	<u>(10,823,885)</u>

Items	As at December 31, 2023 U.S.\$	As at December 31, 2022 U.S.\$
Total Assets	<u><u>112,016,687</u></u>	<u><u>97,729,675</u></u>
Total Liabilities	<u><u>18,608,646</u></u>	<u><u>9,825,607</u></u>
Total Stockholders' Equity	<u><u>93,408,041</u></u>	<u><u>87,904,068</u></u>

EXPLANATION ON THE OPERATING RESULTS

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenues

In-person experience revenues were approximately \$5.0 million for each of the years ended December 31, 2023 and 2022. The in-person experience revenues consisted of a \$0.5 million decrease in event revenue and a \$0.6 million decrease in food and beverage revenue, both due to a decrease in HyperX Arena events in 2023. The decreases were offset by an increase in sponsorship revenue related to a new naming rights agreement for AGAE's HyperX Arena in Las Vegas.

Multiplatform content revenues increased by approximately \$0.6 million, or 43%, to approximately \$2.0 million for the year ended December 31, 2023 from approximately \$1.4 million for the year ended December 31, 2022. The increase in multiplatform revenues was the result of additional revenue generated from Season 2 of Elevated, a live streaming event which had 10 episodes in 2023 compared to 4 episodes in 2022.

Casual mobile games revenues were approximately \$0.7 million for the year ended December 31, 2023 and \$0 for the year ended December 31, 2022, respectively. The increase in casual mobile games revenues was due to the casual mobile gaming revenues earned subsequent to the business combination with ZTech on October 31, 2023.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) decreased by approximately \$1.1 million, or 29%, to approximately \$2.7 million for the year ended December 31, 2023 from approximately \$3.8 million for the year ended December 31, 2022. The decrease was a result of a decrease in HyperX Arena events in 2023.

Multiplatform content costs (exclusive of depreciation and amortization) increased by approximately \$0.5 million, or 47%, to approximately \$1.5 million for the year ended December 31, 2023 from approximately \$1.0 million for the year ended December 31, 2022. The increase in multiplatform content costs corresponded to the production costs for 10 episodes of Season Two of Elevated which aired in Q2 2023 versus only four episodes in Season One which aired in Q1 of 2022.

Casual mobile games costs (exclusive of depreciation and amortization) were approximately \$594 thousand for the year ended December 31, 2023 and \$0 for the year ended December 31, 2022, respectively. Casual mobile games costs and revenues were generated in connection with the business combination with ZTech on October 31, 2023.

Research and development expenses were approximately \$163 thousand and \$0 for the years ended December 31, 2023 and 2022, 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 \$8 thousand, or 3%, to approximately \$227 thousand for the year ended December 31, 2023 from approximately \$235 thousand for the year ended December 31, 2022.

General and administrative expenses decreased by approximately \$3.2 million, or 30%, to approximately \$7.6 million for the year ended December 31, 2023 from approximately \$10.8 million for the year ended December 31, 2022. The decrease in general and administrative expenses was resulted from (a) a \$1.5 million ERC credit recognized in 2023, (b) a \$0.8 million reduction in payroll and payroll related costs during 2023 due to reduced headcount, (c) \$0.8 million of higher stock-based compensation in 2022 related to the accelerated vesting of options previously granted to the former Chief Executive Officer, (d) a \$0.2 million decrease in insurance expenses, and (e) a \$0.1 million decrease in rent expense. These decreases were slightly offset by a \$0.2 million increase in legal and professional fees related to various employment and service provider transition matters, in addition to merger and acquisition related professional fees in connection with the acquisition of a 40% equity interest in ZTech and other strategic investment opportunities.

Depreciation and amortization decreased by approximately \$0.6 million, or 29%, to approximately \$1.5 million for the year ended December 31, 2023, from approximately \$2.1 million for the year ended December 31, 2022. The decrease was primarily due to production equipment with a gross cost of approximately \$7.0 million that became fully depreciated on March 31, 2023.

Impairment of digital assets was \$0 for the year ended December 31, 2023, compared to approximately \$164 thousand for the year ended December 31, 2022. The impairment loss during 2022 was the result of the market price on active exchanges going below the carrying value of the digital assets. The market price has not gone below the carrying value of the digital assets during the year ended December 31, 2023.

Impairment of property and equipment was \$0 for the year ended December 31, 2023, compared to approximately \$68 thousand for the year ended December 31, 2022. The impairment in 2022 was resulted from the management's determination that the projected cash flows from certain equipment will not be sufficient to recover the carrying value of those assets.

Other income (expense), net

AGAE recognized other income, net, of approximately \$47 thousand during the year ended December 31, 2023, compared to approximately \$153 thousand of other income, net, recorded for the year ended December 31, 2022. The decrease was a result of the reversal of an income tax payable in 2022 that was no longer due.

Interest income, net

Interest income, net was approximately \$3.0 million for the year ended December 31, 2023 compared to approximately \$0.8 million for the year ended December 31, 2022, representing an increase of approximately \$2.2 million, or 274%. The increase was a result of the interest earned on short-term investments purchased at various times commencing in the fourth quarter of 2022.

Please refer to the Form 10-K 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-K 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-K 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 year ended December 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

Beijing, March 29, 2024

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*