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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 FIRST QUARTER OF 2024 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, 2024.

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 20, 2024 (U.S. time), AGAE, an indirect non-wholly owned subsidiary of the Company, published its financial results for the three months ended March 31, 2024. 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, 2024 and March 31, 2023 were prepared in accordance with the Generally Accepted Accounting Principles of the United States (“U.S. GAAP”):

	For the Three Months	
	Ended March 31,	
	2024	2023
	<i>U.S.\$</i>	<i>U.S.\$</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenues		
In-person	1,255,198	1,193,330
Multiplatform content	59	101
Casual mobile gaming	<u>1,123,804</u>	<u>—</u>
Total Revenues	<u>2,379,061</u>	<u>1,193,431</u>
Costs and Expenses		
In-person (exclusive of depreciation and amortization)	635,963	672,222
Multiplatform content (exclusive of depreciation and amortization)	—	395
Casual mobile gaming (exclusive of depreciation and amortization)	936,905	—
Research and development expenses	195,211	—
Selling and marketing expenses	53,688	54,598
General and administrative expenses	2,857,800	2,543,347
Depreciation and amortization	<u>374,992</u>	<u>578,560</u>
Total Costs and Expenses	<u>5,054,559</u>	<u>3,849,122</u>
Loss from Operations	<u>(2,675,498)</u>	<u>(2,655,691)</u>
Other Income (Expense)		
Other (expense) income, net	(13,158)	27,455
Interest income, net	<u>859,205</u>	<u>734,449</u>
Net Loss	<u>(1,829,451)</u>	<u>(1,893,787)</u>

Items	March 31, 2024 U.S.\$ (unaudited)	December 31, 2023 U.S.\$
Total Assets	<u>117,015,606</u>	<u>112,016,687</u>
Total Liabilities	<u>23,383,929</u>	<u>18,608,646</u>
Total Stockholders' Equity	<u>93,631,677</u>	<u>93,408,041</u>

EXPLANATION ON THE OPERATING RESULTS

Revenues

In-person revenues increased by approximately \$62 thousand, or 5%, to approximately \$1.3 million for the three months ended March 31, 2024 from approximately \$1.2 million for the three months ended March 31, 2023. The increase of in-person revenues was driven by a \$0.1 million increase in sponsorship revenue related to a new naming rights agreement for the HyperX Arena that occurred at the end of the first quarter 2023. In addition, there was a \$0.2 million increase in HyperX event revenue for the three months ended March 31, 2024 which was offset by a \$0.2 million decrease in truck revenue for the same period.

Casual mobile gaming revenue was \$1.1 million for the three months ended March 31, 2024 and \$0 for the three months ended March 31, 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 Z-Tech on October 31, 2023.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) decreased by approximately \$36 thousand, or 5%, to approximately \$0.6 million for the three months ended March 31, 2024 from approximately \$0.7 million for the three months ended March 31, 2023. The decrease is the result of the decrease in costs associated with the truck events for the three months ended March 31, 2024 due to fewer truck events held during the period.

Casual mobile gaming costs (exclusive of depreciation and amortization) were \$937 thousand for the three months ended March 31, 2024 and \$0 for the three months ended March 31, 2023, respectively. Casual mobile gaming costs consisted principally of user acquisition, distribution and player incentive costs incurred by Z-Tech.

Research and development expenses were \$195 thousand and \$0 for the three months ended March 31, 2024 and 2023, respectively. Research and development expenses consisted principally of costs related to the development of new casual mobile games for Z-Tech.

Selling and marketing expenses decreased by approximately \$1 thousand, or 2%, to approximately \$54 thousand for the three months ended March 31, 2024 from approximately \$55 thousand for the three months ended March 31, 2023.

General and administrative expenses increased by approximately \$0.3 million, or 12%, to approximately \$2.9 million for the three months ended March 31, 2024, from approximately \$2.5 million for the three months ended March 31, 2023. The increase in general and administrative expenses was resulted primarily from a \$0.5 million increase in stock-based compensation related to restricted share awards granted on February 22, 2024, along with a \$0.2 million increase in legal and professional fees. These increases were slightly offset by a \$0.3 million decrease in payroll and payroll related costs in 2024 due to a decrease in headcount, in addition to a \$0.1 million decrease in insurance costs related to D&O insurance that was renewed at a lower cost in August 2023.

Depreciation and amortization decreased by approximately \$0.2 million, or 35%, to approximately \$0.4 million for the three months ended March 31, 2024, from approximately \$0.6 million for the three months ended March 31, 2023. The decrease was primarily due to the disposal of office equipment and production equipment in 2023 related to the shut-down of AGAE's German operations, in addition to assets that became fully depreciated in 2023.

Other income (expense), net

Other expense, net, of approximately \$13 thousand during the three months ended March 31, 2024 compared to \$27 thousand of other income recorded for the three months ended March 31, 2023 was the result of realized foreign exchange gains/losses.

Interest income, net

Interest income, net, was approximately \$859 thousand for the three months ended March 31, 2024 compared to approximately \$735 thousand of interest income for the three months ended March 31, 2023. The increase was a result of the interest earned on a short-term investment purchased during the fourth quarter of 2023.

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, 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

May 20, 2024

As at the date of this announcement, the Board comprises Mr. Lu Jingsheng as executive Director; Ms. Gao Liping, Mr. Hua Yumin, Ms. Yu Bing and Ms. Wang Ruyuan 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*