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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 2019 OF ALLIED ESPORTS ENTERTAINMENT, INC.

Reference is made to the announcement (the “**Announcement**”) of Ourgame International Holdings Limited (the “**Company**”) dated 13 November 2019 in relation to the Form 10-Q published by Allied Esports Entertainment, Inc. (“**AESE**”) on the website of the U.S. Securities and Exchange Commission on 12 November 2019 (U.S. Eastern Time) (the “**Form 10-Q**”). This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The financial results of AESE contained in the Form 10-Q have been prepared in accordance with the Generally Accepted Accounting Principles of the United States (“**U.S. GAAP**”), which are different from the International Financial Reporting Standards (“**IFRS**”) 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 third quarter of 2019 or any period will be the same as that presented in the Company’s own consolidated financial results.

To ensure that all shareholders and potential investors of the Company have equal and timely access to the information pertaining to the Company, set forth below are the key highlights of financial information (which are presented in U.S. dollars) and other information as published by AESE in the Form 10-Q.

IRVINE, Calif. (November 12, 2019) — Allied Esports Entertainment, Inc. (NASDAQ: AESE) (“AESE”), a global esports entertainment company, announced its financial results for the third quarter ended September 30, 2019 as well as an update on several key business initiatives. As previously

announced, AESE was formed on August 9, 2019 as a result of the completion of a business combination among Black Ridge Acquisition Corp., Allied Esports International, Inc. (“**Allied Esports**”), WPT Enterprises, Inc. (“**WPT**”) and other affiliates.

Commenting on AESE’s third quarter results, AESE’s CEO, Frank Ng, said, “In our first quarter as a public esports company, AESE delivered solid results driven by continued execution of our operating model along with early benefits from our strategic alliances with Simon and TV Azteca. At the topline, total revenues expanded more than 10% compared to the third quarter of last year, with each of our three strategic pillars-In-person, Multiplatform Content, and Interactive-generating year-over-year growth. I am also pleased with the progress we are making in our partnership with our strategic investors, Simon and TV Azteca, as evidenced by the launch of the Simon Cup esports tournament as well as the premier of WPT® television programming and social gaming in Mexico across various distribution channels via TV Azteca. Looking ahead to the fourth quarter, momentum continues to build and we expect a strong finish to the year.”

THIRD QUARTER 2019 FINANCIAL RESULTS

Revenues: Total revenues in the third quarter of 2019 increased 10.2% to \$6.0 million from \$5.5 million in the third quarter of 2018, reflecting growth from all strategic pillars.

In-person revenues increased by approximately \$0.4 million, or 17%, to approximately \$2.6 million for the third quarter of 2019 from approximately \$2.2 million in the third quarter of last year. The increase in In-person revenues is driven by the Allied business, particularly revenue generated from Allied Esports’ flagship venue, the HyperX Esports Arena Las Vegas, which opened its doors in March of 2018.

Multiplatform Content revenues increased by approximately \$0.1 million, or 9%, to approximately \$1.0 million for the three months ended September 30, 2019 from approximately \$0.9 million for the three months ended September 30, 2018. The increase in Multiplatform Content revenues all relates to the WPT business, with increased sponsorship revenue of \$0.2 million being the greatest contributor.

Interactive revenues increased by approximately \$0.1 million, or 4%, to approximately \$2.4 million for the third quarter of 2019 from approximately \$2.3 million in the prior year quarter. The increase in Interactive revenues all relates to the WPT business. Increases in product licensing revenue (\$0.1 million) and social gaming revenue (\$0.2 million) were the primary drivers for the increase. WPT managed social gaming in-house in 2018, but has licensed out the product, resulting in a \$0.2 million decrease in the third quarter of 2019 period as compared to a year ago.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues				
In-person	\$2,586,965	\$2,202,443	\$ 8,887,366	\$ 6,068,081
Multiplatform content	1,031,383	949,345	3,540,373	2,121,645
Interactive	<u>2,423,193</u>	<u>2,328,453</u>	<u>7,187,196</u>	<u>7,009,570</u>
Total Revenues	<u>6,041,541</u>	<u>5,480,241</u>	<u>19,614,935</u>	<u>15,199,296</u>

Costs and expenses: Total costs and expenses for the third quarter decreased 17.1% to \$9.9 million from \$11.9 million in the third quarter of 2018. The year-over-year decrease was primarily related to the \$3.3 million impairment investment in the prior year period without a corresponding expense in the third quarter of 2019. This was partially offset by increased In-person expenses and higher SG&A, including public company costs.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Costs and expenses				
In-person (exclusive of depreciation and amortization)	\$1,196,572	\$ 975,254	\$2,901,220	\$3,992,607
Multiplatform content (exclusive of depreciation and amortization)	786,706	860,332	2,907,827	2,033,834
Interactive (exclusive of depreciation and amortization)	569,478	612,786	1,976,012	1,903,347
Online operating expenses	172,879	129,770	489,269	1,541,789
Selling and marketing expenses	705,714	302,508	2,644,645	3,143,563
General and administrative expenses	4,711,692	3,871,179	13,378,166	12,364,722
Depreciation and amortization	1,716,103	1,892,665	5,133,947	5,228,709
Impairment expense	<u>—</u>	<u>3,252,545</u>	<u>600,000</u>	<u>7,590,205</u>
Total Costs and Expenses	<u>9,859,144</u>	<u>11,897,039</u>	<u>30,031,086</u>	<u>37,798,776</u>

Net loss attributed to AESE for the third quarter of 2019 improved to \$4.3 million, compared to a net loss of \$6.7 million in the prior year period.

Third quarter adjusted EBITDA, a non-GAAP measure, was (\$2.1) million from (\$1.2) million in the third quarter of 2018. A reconciliation of the GAAP-basis net loss to adjusted EBITDA is provided in the table at the end of this announcement.

At quarter-end, the cash position totaled \$14.3 million, including \$5.0 million of restricted cash, compared to \$10.5 million at December 31, 2018. The increase was due to the proceeds from the merger. AESE's convertible debt totaled \$14.0 million. As of September 30, 2019, AESE's basic and diluted common shares outstanding totaled 23.1 million shares.

OPERATIONAL UPDATE

Allied Esports

Allied Esports held 85 events at its flagship location, HyperX Esports Arena Las Vegas, during the quarter, including notable events such as, Twitch Prime Crown Cup, EVO Official Red Bull After Party, HyperX Kickoff to WoW Classic, Newegg FragFest and AESE's lineup of weekly original programming, including Wednesday Whiffs, Friday Frags and Saturday Night Speedway.

The HyperX Esports Trucks in North America and in Europe activated with sponsors such as HyperX, Lenovo, Intel, Warsteiner and Acer, and were deployed at eight events, including Anime Expo, VidCon, Gamescom, Wacken Open Air, GameStop Expo and Scotland's Resonate Total Gaming Festival.

Fortress Esports, the newest member of the Allied Esports Property Network covering Australia and New Zealand, released renderings and announced the planned opening of its first location in 2020 at Australia's largest shopping mall, Emporium, in Melbourne, Australia.

Allied Esports and TV Azteca produced two esports events out of Mexico City: Glory Road, a Smash Ultimate event featuring top players Samsora and 2019 EVO Champion, MKLeo, and Kombat to Glory, a Mortal Kombat event with Captain Morgan. The events were live streamed across TV Azteca's social and digital platforms.

As part of its strategic partnership with Simon, AESE launched a new national esports tournament in the third quarter, the Simon Cup, which exemplifies all three pillars of Allied Esports' three pillar strategy. The tournament combines online and in-person qualifying rounds and events in the New York and Los Angeles markets and was activated using on-mall advertising inventory at 13 Simon destinations, with appearances by popular influencers from FaZe Clan to drive participation. The Grand Final will be streamed live from HyperX Esports Arena Las Vegas on November 23, 2019 on Allied Esports' distribution channels as well as simulcast on popular FaZe Clan member NickMercs' Twitch channel. Through this partnership, AESE has developed an online platform enabling participant registration and tournament results tracking while creating a replicable offering together with Simon that engages with sponsors and retailers.

World Poker Tour®

A localized version of the WPT television show for the Mexico market premiered on Channel 7 in July 2019 and coincided with the launch of the social gaming platform in Mexico, WPTGO. The show has already garnered more than 2.5 million weekly viewers.

Season XVII of the World Poker Tour featured more than 60 global events, which will likely grow higher in Season XVIII, starting with the Zynga Poker WPT500 in Las Vegas. The WPT and its naming sponsors, Baccarat and Hublot, enter another season of partnership for Season XVIII.

In September 2019, the World Poker Tour hosted global events across 10 countries and 4 continents, including Asia, Africa, Europe, and North America. The WPT set records for the largest prize pool in Vietnamese poker history at WPT Vietnam and advanced its partnership with PartyPoker LIVE by hosting WPT UK at Dusk Till Dawn Casino.

On September 20, 2019, WPT announced a four-year partnership with Club Pierre Charon to host WPTDeepStacks Paris — the first-ever WPTDeepStacks event held in Paris.

CORPORATE DEVELOPMENTS

On August 9, 2019, Black Ridge Acquisition Corp. completed its business combination with the entities comprising Allied Esports and WPT, pursuant to which those entities became wholly-owned subsidiaries of Black Ridge Acquisition Corp. As part of the transaction, Black Ridge changed its name to Allied Esports Entertainment, Inc. Shares of common stock continue to trade on the NASDAQ Capital Market under the new ticker symbol “AESE”, and warrants trade on the OTC Markets under the new ticker symbol, “AESEW”.

On September 30, 2019, AESE announced the appointment of Anthony A. Hung as Chief Financial Officer, effective September 24, 2019. Mr. Hung brings nearly 30 years of finance, strategy and operational expertise to AESE. Mr. Hung replaces Kenneth DeCubellis, who stepped down from his role as Chief Financial Officer and Treasurer on September 24, 2019. Mr. DeCubellis will remain with AESE through the end of the year as a consultant to help ensure a smooth transition.

FINANCIAL STATEMENTS OF AESE IN THIRD QUARTER 2019

Condensed Consolidated Balance Sheets

	September 30, 2019 (unaudited)	December 31, 2018
Assets		
Current Assets		
Cash	\$ 9,355,496	\$10,471,296
Restricted cash	4,950,000	—
Accounts receivable	2,446,427	1,533,235
Prepaid expenses and other current assets	<u>1,706,102</u>	<u>711,889</u>
 Total Current Assets	 18,458,025	 12,716,420
Property and equipment, net	19,918,061	21,020,097
Goodwill	4,083,621	4,083,621
Intangible assets, net	15,459,080	17,234,992
Deposits	712,463	632,963
Deferred production costs	11,204,843	9,058,844
Investments	<u>4,638,631</u>	<u>500,000</u>
 Total Assets	 <u><u>\$74,474,724</u></u>	 <u><u>\$65,246,937</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 1,285,149	\$ 1,072,499
Accrued expenses and other current liabilities	3,474,902	2,442,145
Deferred revenue	3,153,197	3,307,843
Convertible debt, net of discount	12,785,519	—
Convertible debt, related party, net of discount	983,501	—
Accrued interest on convertible debt	1,462,173	—
Due to Former Parent	<u>—</u>	<u>33,019,510</u>
 Total Current Liabilities	 23,144,441	 39,841,997
Deferred rent	<u>1,558,958</u>	<u>1,383,644</u>
 Total Liabilities	 <u><u>24,703,399</u></u>	 <u><u>41,225,641</u></u>
 Commitments and Contingencies	 —	 —

	September 30, 2019	December 31, 2018
	(unaudited)	
Stockholders' Equity		
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.0001 par value; 35,000,000 shares authorized, 23,176,146 and 11,602,754 shares issued and outstanding at September 30, 2019 and December 31,2018, respectively	2,317	1,160
Additional paid in capital	161,042,278	124,361,130
Accumulated deficit	(111,398,765)	(100,479,855)
Accumulated other comprehensive income	<u>125,495</u>	<u>138,861</u>
 Total Stockholders' Equity	 <u>49,771,325</u>	 <u>24,021,296</u>
 Total Liabilities and Stockholders' Equity	 <u><u>\$74,474,724</u></u>	 <u><u>\$65,246,937</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statements of Operations (unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues				
In-person	\$ 2,586,965	\$ 2,202,443	\$ 8,887,366	\$ 6,068,081
Multiplatform content	1,031,383	949,345	3,540,373	2,121,645
Interactive	<u>2,423,193</u>	<u>2,328,453</u>	<u>7,187,196</u>	<u>7,009,570</u>
Total Revenues	<u>6,041,541</u>	<u>5,480,241</u>	<u>19,614,935</u>	<u>15,199,296</u>
Costs and expenses				
In-person (exclusive of depreciation and amortization)	1,196,572	975,254	2,901,220	3,992,607
Multiplatform content (exclusive of depreciation and amortization)	786,706	860,332	2,907,827	2,033,834
Interactive (exclusive of depreciation and amortization)	569,478	612,786	1,976,012	1,903,347
Online operating expenses	172,879	129,770	489,269	1,541,789
Selling and marketing expenses	705,714	302,508	2,644,645	3,143,563
General and administrative expenses	4,711,692	3,871,179	13,378,166	12,364,722
Depreciation and amortization	1,716,103	1,892,665	5,133,947	5,228,709
Impairment expense	<u>—</u>	<u>3,252,545</u>	<u>600,000</u>	<u>7,590,205</u>
Total Costs and Expenses	<u>9,859,144</u>	<u>11,897,039</u>	<u>30,031,086</u>	<u>37,798,776</u>
Loss From Operations	<u>(3,817,603)</u>	<u>(6,416,798)</u>	<u>(10,416,151)</u>	<u>(22,599,480)</u>
Other (Expense) Income:				
Other income	15,684	102,613	15,684	115,508
Interest expense	(451,553)	(564,358)	(518,443)	(1,877,616)
Foreign currency exchange income (loss)	<u>—</u>	<u>113,916</u>	<u>—</u>	<u>(15,394)</u>
Total Other Expense	<u>(435,869)</u>	<u>(347,829)</u>	<u>(502,759)</u>	<u>(1,777,502)</u>

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Loss	(4,253,472)	(6,764,627)	(10,918,910)	(24,376,982)
Net loss attributed to non-controlling interest	<u>—</u>	<u>(76,525)</u>	<u>—</u>	<u>(403,627)</u>
Net Loss Attributable to Allied Esports Entertainment, Inc.	<u>\$ (4,253,472)</u>	<u>\$ (6,688,102)</u>	<u>\$ (10,918,910)</u>	<u>\$ (23,973,355)</u>
Basic and Diluted Net Loss per Common Share	<u>\$ (0.24)</u>	<u>\$ (0.58)</u>	<u>\$ (0.79)</u>	<u>\$ (2.07)</u>
Weighted Average Number of Common Shares Outstanding:				
Basic and Diluted	<u>18,098,797</u>	<u>11,602,754</u>	<u>13,791,896</u>	<u>11,602,754</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statements of Operations and Comprehensive Loss (unaudited)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Net loss	\$(4,253,472)	\$(6,764,627)	\$(10,918,910)	\$(24,376,982)
Other comprehensive (loss) gain:				
Foreign currency translation adjustments	<u>(21,083)</u>	<u>253,814</u>	<u>(13,366)</u>	<u>70,787</u>
Total comprehensive loss	(4,274,555)	(6,510,813)	(10,932,276)	(24,306,195)
Less: Comprehensive loss attributable to non-controlling interests	<u>—</u>	<u>(76,525)</u>	<u>—</u>	<u>(403,627)</u>
Comprehensive loss attributable to Allied Esports Entertainment, Inc.	<u><u>\$(4,274,555)</u></u>	<u><u>\$(6,434,288)</u></u>	<u><u>\$(10,932,276)</u></u>	<u><u>\$(23,902,568)</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

RECONCILIATION OF GAAP NET LOSS TO ADJUSTED EBITDA

(in thousands)

(unaudited)

EBITDA and Adjusted EBITDA are non-GAAP financial measures and should not be considered as a substitute for net income (loss), operating income (loss) or any other performance measure derived in accordance with United States generally accepted accounting principles (“GAAP”) or as an alternative to net cash provided by operating activities as a measure of AESE’s profitability or liquidity. AESE’s management believes EBITDA and Adjusted EBITDA are useful because they allow external users of its financial statements, such as industry analysts, investors, lenders and rating agencies, to more effectively evaluate its operating performance, compare the results of its operations from period to period and against AESE’s peers without regard to AESE’s financing methods, hedging positions or capital structure and because it highlights trends in AESE’s business that may not otherwise be apparent when relying solely on GAAP measures. AESE presents EBITDA and Adjusted EBITDA because it believes EBITDA and Adjusted EBITDA are important supplemental measures of its performance that are frequently used by others in evaluating companies in its industry. Because EBITDA and Adjusted EBITDA exclude some, but not all, items that affect net income (loss) and may vary among companies, the EBITDA and Adjusted EBITDA AESE presents may not be comparable to similarly titled measures of other companies. AESE defines EBITDA as earnings before interest, income taxes, depreciation and amortization of intangibles. AESE defines Adjusted EBITDA as EBITDA excluding stock-based compensation and impairment losses.

The following table presents a reconciliation of EBITDA and Adjusted EBITDA from net loss, AESE's most directly comparable financial measure calculated and presented in accordance with GAAP.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Income (Loss)	\$(4,253,472)	\$(6,688,102)	\$(10,918,910)	\$(23,973,355)
Depreciation and amortization	1,716,103	1,892,665	5,133,947	5,228,709
Federal, state and foreign tax	—	24,962	4,554	78,090
Impairment expense	—	3,252,545	600,000	7,590,205
Other (income)	(15,684)	(102,613)	(15,684)	(115,508)
Interest expense	451,553	564,358	518,443	1,877,616
Foreign currency exchange income (loss)	—	(113,916)	—	15,394
Net loss attributed to non-controlling interest	—	(76,525)	—	(403,627)
EBITDA	<u>\$ (2,101,500)</u>	<u>\$ (1,246,626)</u>	<u>\$ (4,677,650)</u>	<u>\$ (9,702,476)</u>

By order of the Board
Ourgame International Holdings Limited
Yang Eric Qing
Chairman and Chief Executive Officer

Hong Kong, 14 November 2019

As at the date of this announcement, the Board comprises Mr. Yang Eric Qing as executive Director; Mr. Liu Jiang, Ms. Fu Qiang, Mr. Chen Xian and Mr. Hu Wen as non-executive Directors; and Mr. Lu Zhong and Dr. Tyen Kan Hee Anthony as independent non-executive Directors.

* *For identification purpose only*