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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 2021 ANNUAL RESULTS 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 annual report for the year ended December 31, 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.

On May 26, 2022 (U.S. time), AESE, an indirect non-wholly owned subsidiary of the Company, published its annual report for the year ended December 31, 2021. AESE’s shares are listed on Nasdaq Stock Market.

The following summary of major financial data of AESE for the years ended December 31, 2020 and 2021 was prepared in accordance with the Generally Accepted Accounting Principles of the United States (“U.S. GAAP”) and had been audited by its accountants:

	<b>For the Years Ended</b>	
	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<i>U.S.\$</i>	<i>U.S.\$</i>
<b>Revenues</b>		
In-person	<b>4,201,259</b>	2,988,363
Multiplatform content	<b>754,781</b>	222,442
<b>Total Revenues</b>	<b>4,956,040</b>	3,210,805
<b>Costs and expenses</b>		
In-person (exclusive of depreciation and amortization)	<b>3,688,527</b>	2,808,648
Multiplatform content (exclusive of depreciation and amortization)	<b>386,723</b>	54,256
Online operating expenses	<b>202,396</b>	186,702
Selling and marketing expenses	<b>294,417</b>	259,892
General and administrative expenses	<b>12,850,567</b>	16,283,617
Depreciation and amortization	<b>3,305,895</b>	3,609,480
Impairment of investments in Esports Arena, LLC	—	6,138,631
Impairment of property and equipment	—	5,595,557
<b>Total Costs and Expenses</b>	<b>20,728,525</b>	34,936,783
<b>Loss from Operations</b>	<b>(15,772,485)</b>	(31,725,978)
<b>Other Income (Expense)</b>		
Gain on forgiveness of PPP loans and interest	<b>912,475</b>	—
Other income, net	<b>68,917</b>	176,015
Conversion inducement expense	—	(5,247,531)
Extinguishment loss on acceleration of debt redemption	—	(3,438,261)
Interest expense	<b>(268,752)</b>	(5,548,583)
<b>Total Other Income (Expense)</b>	<b>712,640</b>	(14,058,360)
<b>Loss from Continuing Operations</b>	<b>(15,059,845)</b>	(45,784,338)
Income from discontinued operations, net of tax provision:		
Income from discontinued operations before the sale of the World Poker Tower business (“WPT”)	<b>66,741</b>	725,508
Gain on sale of WPT	<b>77,858,835</b>	—
<b>Income from Discontinued Operations</b>	<b>77,925,576</b>	725,508
<b>Net Income (Loss)</b>	<b>62,865,731</b>	(45,058,830)

<b>Items</b>	<b>As at December 31, 2021 U.S.\$</b>	<b>As at December 31, 2020 U.S.\$</b>
Total assets	<u><u>105,803,672</u></u>	<u><u>61,900,495</u></u>
Total liabilities	<u><u>7,156,865</u></u>	<u><u>28,494,911</u></u>
Total stockholders' equity	<u><u>98,646,807</u></u>	<u><u>33,405,584</u></u>

## **EXPLANATION ON THE OPERATING RESULTS**

### **Year Ended December 31, 2021 Compared to Year Ended December 31, 2020**

#### ***Revenues***

In-person experience revenues increased by approximately \$1.2 million, or 41%, to approximately \$4.2 million for the year ended December 31, 2021 from approximately \$3.0 million for the year ended December 31, 2020. The increase of in-person experience revenues was driven by (a) a \$1.9 million increase in event revenue, (b) a \$0.1 million increase in ticket and gaming revenue, and (c) a \$0.1 million increase in food and beverage revenue, partially offset by a \$1.0 million decrease in sponsorship and truck event revenues in Europe. The year-over-year revenue increases in the United States were primarily attributable to the removal of COVID-19 pandemic-related capacity restrictions at AESE's HyperX Esports Arena in Las Vegas. AESE's truck events in Europe continued to be negatively impacted by the COVID-19 pandemic, resulting in decreases in sponsorship and other revenues from these events.

Multiplatform content revenues increased by approximately \$532 thousand, or 239%, to approximately \$755 thousand for the year ended December 31, 2021 from approximately \$223 thousand for the year ended December 31, 2020. The increase of multiplatform 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 \$0.9 million, or 31%, to approximately \$3.7 million for the year ended December 31, 2021 from approximately \$2.8 million for the year ended December 31, 2020. The increase of in-person costs was primarily related to the increase of in-person revenues as a result of the removal of COVID-19 pandemic-related capacity restrictions during 2021.

Multiplatform costs (exclusive of depreciation and amortization) increased by approximately \$333 thousand, or 617%, to approximately \$387 thousand for the year ended December 31, 2021 from approximately \$54 thousand for the year ended December 31, 2020. The increase of multiplatform costs was driven by a new contract entered into in the second quarter of 2021.

Online operating expenses increased by approximately \$15 thousand, or 8%, to approximately \$202 thousand for the year ended December 31, 2021 from approximately \$187 thousand for the year ended December 31, 2020.

Selling and marketing expenses increased by approximately \$34 thousand, or 13%, to approximately \$294 thousand for the year ended December 31, 2021 from approximately \$260 thousand for the year ended December 31, 2020.

General and administrative expenses decreased by approximately \$3.4 million, or 21%, to approximately \$12.9 million for the year ended December 31, 2021 from approximately \$16.3 million for the year ended December 31, 2020. Stock-based compensation decreased by approximately \$3.2 million primarily due to a \$3.6 million stock-based compensation expense in 2020 related to the return

of cash held in escrow associated with an escrow agreement with Simon Properties during 2020. In addition, professional fees decreased by approximately \$0.6 million, which included higher legal fees in 2020 related to registration costs, trademark matters and discussions around the restructuring of ELC Gaming GMBH. This was slightly offset by a \$0.4 million increase in severance pay during the year ended December 31, 2021.

Depreciation and amortization decreased by approximately \$303 thousand, or 8%, to approximately \$3.3 million for the year ended December 31, 2021, from approximately \$3.6 million for the year ended December 31, 2020.

AESE recorded \$6.1 million of impairment of investments during the year ended December 31, 2020, of which \$5.0 million was the result of the write-off of AESE's investment in TV Azteca, for which management determined that the future cash flows are not expected to be sufficient to recover the carrying value of this investment, and \$1.1 million was related to the impairment of AESE's investment in Esports Arena, LLC. There was no impairment of investments during the year ended December 31, 2021.

Impairment of property and equipment was approximately \$0 for the year ended December 31, 2021 as compared to approximately \$5.6 million for the year ended December 31, 2020. The impairment resulted from management's determination that the projected cash flows from AESE's leasehold improvements and software will not be sufficient to recover the carrying value of those assets.

#### ***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 year ended December 31, 2021.

#### ***Other income***

Other income decreased by approximately \$107 thousand to approximately \$69 thousand for the year ended December 31, 2021 from approximately \$176 thousand for the year ended December 31, 2020. The decrease was the result of a tax refund received for the year ended December 31, 2020.

#### ***Conversion inducement expense***

Conversion inducement expense of approximately \$5.2 million during the year ended December 31, 2020 resulted from the reduction in the conversion price and the increase in interest payable to induce the conversion of certain convertible debt converted during the period. There was no conversion inducement expense recorded for the year ended December 31, 2021.

#### ***Extinguishment loss on acceleration of debt redemption***

Extinguishment loss on acceleration of debt redemption of approximately \$3.4 million during the year ended December 31, 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 year ended December 31, 2021.

### ***Interest expense***

Interest expense was approximately \$0.3 million and approximately \$5.5 million for the years ended December 31, 2021 and 2020, respectively, representing a decrease of approximately \$5.3 million, or 95%. The decrease was a result of the decrease in the principal balance of notes payable and convertible notes outstanding during the period since debt balances were repaid from the proceeds of the sale of WPT.

### ***Results of Discontinued Operations***

AESE recognized income from discontinued operations, net of tax, was approximately \$77.9 million and \$0.7 million during the years ended December 31, 2021 and 2020, respectively, representing an increase of approximately \$77.2 million. The improvement in results from discontinued operations was primarily due to the gain on the sale of the WPT business of approximately \$77.9 million, in addition to an increase in revenues from AESE's subscription-based poker service and other online products during the period in response to the COVID-19 pandemic. This was partially offset by bonus expenses and acceleration of stock-based compensation, each in connection with the sale of the WPT business.

Please refer to the Form 10-K 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-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 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 year ended December 31, 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, May 27, 2022

*As at the date of this announcement, the Board comprises Mr. Lu Jingsheng as executive Director; Mr. Li Yangyang, 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*