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Allied Gaming & Entertainment Announces Closing of Strategic Investment to Become Largest Shareholder of Beijing Lianzhong Zhihe Technology Co.

NEW YORK--(BUSINESS WIRE)-- Allied Gaming & Entertainment, Inc. (NASDAQ: AGAE) (the "Company" or "AGAE"), a global experiential entertainment company, announced today the closing of the previously announced strategic investment in Beijing Lianzhong Zhihe Technology Co. ("Zhihe"). As of October 31, 2023, AGAE has assumed a controlling interest in the Board for purpose of financial statement consolidation and became the largest shareholder of Zhihe, a prominent developer and operator of casual mobile games.

Founded in Beijing in April, 2022, Zhihe has rapidly become a trailblazing mobile games developer and operator, specializing in the innovation, research, development and operation of premium card and Mahjong casual games. Leveraging advanced in-game advertising strategies, Zhihe has efficiently generated significant revenue streams since inception. Within a relatively short timeframe, Zhihe has established a premier leisure entertainment platform and community, which further solidifies its connection with customers, enhancing engagement and fostering enduring relationships.

"We are delighted to finalize our strategic investment, establishing AGAE as the majority shareholder in Zhihe. This step strengthens our position immediately to grow our business in one of the most revenue-generating segments of the global games industry," stated Yinghua Chen, Allied Gaming & Entertainment's Chief Executive Officer. "We expect to consolidate Zhihe's financials into AGAE's which will be immediately accretive to both the top and bottom lines. Zhihe has demonstrated impressive growth in the 18 months since founding and we look forward to capitalizing on our synergies and expertise to fuel the growth of both companies."

In just nine months of operations in the fiscal year of 2022, Zhihe generated revenue of approximately \$10 million (USD), with positive results in key financial areas, including EBITDA, operating cash flow and net income. Unaudited interim results for the first eight months of 2023 indicate an upward trajectory in all key financial areas, including revenues.

Terms of Deal

On October 31, 2023, AGAE closed on its acquisition of 40% of the equity interests of Beijing Lianzhong Zhihe Technology Co., indirectly held by Ourgame International Holdings Limited, a major stockholder of AGAE, for approximately \$7 million (USD), in cash. For financial reporting purposes, the Company expects to consolidate the post-acquisition financial statements of Zhihe, which the Company believes will strengthen its financial performance measures and enhance value for its stockholders.

About Allied Gaming & Entertainment

Allied Gaming & Entertainment Inc. (Nasdaq: AGAE) is a global experiential entertainment company focused on providing a growing world of gamers with unique experiences through renowned assets, products and services. For more information, visit alliedgaming.gg.

Forward Looking Statements

This communication contains certain forward-looking statements under federal securities laws. Forward-looking statements may include our statements regarding our goals, beliefs, strategies, objectives, plans, including product and service developments, future financial conditions, results or projections or current expectations. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “intend” or “continue,” the negative of such terms, or other comparable terminology. These statements are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results to be materially different from those contemplated by the forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside our control, that could cause actual results or outcomes to differ materially from those discussed in these forward-looking statements. The inclusion of such information should not be regarded as a representation by the Company, or any person, that the objectives of the Company will be achieved. Important factors, among others, that may affect actual results or outcomes include: risks associated with our ability to execute on our business and strategic plans; the substantial uncertainties inherent in the acceptance of existing and future products and services; our ability to acquire and integrate new businesses and assets, the ability to retain key personnel; general economic and market conditions impacting demand for our services;; our inability to enter into one or more future acquisition or strategic transactions using our cash reserve; and our ability, or a decision not to pursue strategic options for the esports business. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. The business and operations of AGAE are subject to substantial risks, which increase the uncertainty inherent in the forward-looking statements contained in this communication. Except as required by law, we undertake no obligation to release publicly the result of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Further information on potential factors that could affect our business and results is described under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on March 24, 2023, as well as subsequent reports we file with the SEC. Readers are also urged to carefully review and consider the various disclosures we made in such Annual Report on Form 10-K and in subsequent reports with the SEC.

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