

September 3, 2019



Allied Esports Entertainment Provides Second Quarter 2019 Results and Operational Update

Second Quarter 2019 Revenue of \$7.3 Million, Up 18% Quarter-Over-Quarter

First Half 2019 Revenue of \$13.6 Million, Up 40% Year-Over-Year

IRVINE, Calif.--(BUSINESS WIRE)-- **Allied Esports Entertainment, Inc. (NASDAQ: AESE)** (or the "Company"), today provided financial results for the three- and six-month periods ending June 30, 2019 as well as an update on several key business initiatives. As previously announced, the Company 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., WPT Enterprises, Inc. and other affiliates.

"In the second quarter and through the first half of 2019, we successfully executed on our business plan and are excited about how both Allied Esports and WPT are performing," said Frank Ng, CEO of Allied Esports Entertainment. "We are confident in our long-term strategy and look forward to continuing to drive growth and maximize shareholder value."

Capital Structure and Liquidity

The business combination generated \$20.8 million in gross proceeds for the Company. The table below outlines total cash following transaction-related expenses and payments.

	(USD, millions)
Cash on Balance Sheet ¹	\$ 7.0
Proceeds From Business Combination	20.8
Transaction Expenses and Cash Considerations ²	(6.1)
Total Cash ³	\$ 21.7

¹ Cash on Balance Sheet of Allied and WPT as of June 30, 2019

² Includes all cash transaction costs and cash paid at closing

³ Pro forma for business combination as of June 30, 2019. Includes restricted cash specifically allocated for strategic initiatives

After close of the business combination, the Company's basic and diluted common shares outstanding totaled 23.1 million shares.

Allied and WPT Financial Results for the Three Months Ended June 30, 2019

Revenues: Total revenues in the second quarter of 2019 increased 17.7% to \$7.3 million from \$6.2 million in the first quarter of 2019.

Revenue growth in the quarter was driven by a \$0.3 million increase in In-person revenues primarily generated from the Company's flagship Esports Arena Las Vegas and gaming truck events, as well as a \$0.8 million increase in Multiplatform revenues related to the distribution of WPT content. Total second quarter 2019 revenues derived from WPT grew 5% to \$5.1 million as compared to the first quarter of 2019 while revenues from Allied Esports grew 60% to \$2.3 million over the previous quarter. The Allied Esports growth was driven by an increase in revenues generated at the Company's flagship HyperX Esports Arena Las Vegas, which opened in March 2018, as well as increased revenue from the company's gaming truck events.

Revenue

	<i>(in thousands)</i> Three Months Ended			Six Months Ended		
	June 30,	March 31,	Percentage	June 30,	June 30,	Percentage
	2019	2019	Change	2019	2018	Change
Revenues:						
Multiplatform	\$ 1,657	\$ 852	94.5 %	\$ 2,509	\$ 1,172	114.1 %
Interactive	2,378	2,386	-0.3 %	4,764	4,681	1.8 %
In-person	3,303	2,997	10.2 %	6,300	3,866	63.0 %
Total revenues	\$ 7,338	\$ 6,235	17.7 %	\$ 13,573	\$ 9,719	39.7 %

Costs and expenses: Total costs and expenses for the three months ended June 30, 2019 were \$10.1 million, consistent with the previous quarter. Increases of \$1.0 million in multiplatform costs due primarily to increased productions costs and commissions were largely offset by reductions in Interactive expenses and the lack of any additional impairment related to the company's reduced ownership of Esports Arena Orange County and Esports Arena Oakland.

Expenses

	<i>(in thousands)</i> Three Months Ended			Six Months Ended		
	June 30,	March 31,	Percentage	June 30,	June 30,	Percentage
	2019	2019	Change	2019	2018	Change
Cost and expenses:						
Multiplatform (exclusive of depreciation and amortization)	\$ 1,540	\$ 581	165.1 %	\$ 2,121	\$ 1,054	101.2 %
Interactive (exclusive of depreciation and amortization)	515	892	-42.3 %	1,407	1,290	9.1 %
In-person (exclusive of depreciation and amortization)	753	738	2.0 %	1,491	2,778	-46.3 %

Online operating expenses	253	277	-8.7	%	530	1,771	-70.1	%
Selling and marketing expenses	1,036	903	14.7	%	1,939	2,841	-31.7	%
General and administrative expenses	4,254	4,412	-3.6	%	8,666	8,494	2.0	%
Depreciation and amortization	1,732	1,686	2.7	%	3,418	3,336	2.5	%
Impairment of investment in ESA	-	600	-		600	4,338	-86.2	%
Total costs and expenses	\$ 10,083	\$ 10,089	-0.1	%	\$ 20,172	\$ 25,902	-22.1	%

Loss from operations in the three months ended June 30, 2019 improved to \$2.7 million from \$3.9 million in the first quarter of 2019. Net loss improved to \$2.8 million from \$3.9 million in the previous quarter.

Second quarter adjusted EBITDA, a non-GAAP measure, improved by 35.5% to \$(1.0) million from \$(1.6) million in the first quarter of 2019. A reconciliation of the GAAP-basis net loss to EBITDA is provided in the table at the end of this press release.

Operational Update

Strategic Alliances: As previously announced, Simon, a global leader in the ownership of premier shopping, dining, entertainment and mixed-use destinations, and TV Azteca, a premier sports television network in Mexico, have made equity investments into Allied Esports Entertainment and are launching strategic alliances with the Company.

Simon and Allied Esports will collaborate to create a new product offering focused on delivering esports experiences through integrated gaming venues and production facilities in select Simon destinations around the U.S. The in-mall venues will be designed for tournament play and daily use with the capability to be expanded into common areas for larger esports activations and live events. The two companies plan to announce additional details for The Simon Cup, a co-branded esports competition and gaming tournament festival this fall combining online and in-person play at select mall locations in the New York and Los Angeles markets, with the winners of the regionals moving on to HyperX Esports Arena Las Vegas for the final.

TV Azteca and Allied Esports will continue to work together to expand the esports landscape in Mexico through a number of immediate initiatives, including creating a 24-hour digital esports channel dedicated to esports and video gaming for the Mexican market and developing a network of esports talent across Mexico and Latin America. Future considerations also include building a flagship esports venue and additional esports and content facilities in Mexico and developing a localized online esports tournament platform for the market.

The strategic alliance with TV Azteca has already proven to be successful. Weekly WPT programming, which debuted on TV Azteca's *Azteca 7* network in July, has delivered increased viewership numbers, including 3 million viewers for a single telecast.

In addition, Allied Esports and TV Azteca have co-produced two esports events from Mexico City *NATION VS NATION*, which featured 40 competitors in a USA vs. Mexico format playing *PLAYERUNKNOWN'S BATTLEGROUNDS*, reached over 2 million viewers in the Mexican market during its broadcast in May. The second event, *Smash Azteca*, which took place August 16 and 17, will likely air in the Mexican market at a date to be announced.

Properties: Growth driven by HyperX Esports Arena Las Vegas and the HyperX Esports Trucks in North America and Europe was due to a variety of successful esports and entertainment events in the first half of 2019. In Las Vegas, the arena hosted a number of partner events, including NBA 2K League "THE TURN," the 2019 NHL Gaming World Championship, the 2019 BIG3 Draft, Newegg's Triple Crown Royale and the Twitch Prime Crown Cup, as well as original events Rainbow Six Siege Allied Esports Vegas Minor, Day One and two episodes of PlayTime with KittyPlays.

The HyperX Esports Trucks continued to tour North America and Europe, making stops at some of the top pop

culture and entertainment events. In North America, the mobile esports venue made appearances at KAABOO Texas, Dreamhack Dallas, the 2019 Electronic Entertainment Expo and Vid Con 2019. The truck will make stops this fall at Posty Fest in Dallas, Texas, at Dreamhack Atlanta, and as part of The Simon Cup tournaments and festivals in New York and California.

In Europe, the HyperX Esports Truck appeared at TwitchCon Europe, Wacken Open Air and gamescon, and recently announced year two of the Mountain Dew Game Fuel League, in which Allied Esports will produce online qualifiers in nine countries and the HyperX Esports Truck will host the final stages of the tournament at MCM Comic Con London in October.

World Poker Tour: The World Poker Tour celebrated the end of its 17th season at HyperX Esports Arena in Las Vegas this June with three final tables filmed for FOX Sports Regional Networks that will be broadcast across the globe. Season XVII concluded with the Baccarat Crystal WPT Tournament of Champions won by Ole Schemion for more than \$440,000.

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. Along with the onsite events, the WPT continues to partner with philanthropic organizations including the TGR Foundation, where for the eighth consecutive year, the WPT Foundation was a proud sponsor of the annual Tiger's Poker Night at MGM Grand this May. The WPT and its naming sponsors, Baccarat and Hublot, enter another season of partnership for Season XVIII.

This fall, the WPT will travel to new destinations, including Australia and Cambodia, and will continue to build on its existing partnership with partypoker LIVE across Europe.

About Allied Esports Entertainment

Allied Esports Entertainment (NASDAQ: AESE) is a global esports entertainment venture dedicated to providing transformative live experiences, multiplatform content and interactive services to audiences worldwide through its strategic fusion of two powerful entertainment brands: Allied Esports and the World Poker Tour (WPT). Allied Esports Entertainment was created in August 2019 when Black Ridge Acquisition Corp. completed its business combination with Allied Esports and WPT Enterprises.

Allied Esports is an award-winning, innovative esports company comprised of a global network of dedicated esports properties and content production facilities. Its mission is to connect players, streamers and fans around the world through integrated arenas, including its flagship venue, HyperX Esports Arena Las Vegas, its fleet of mobile esports trucks, the HyperX Esports Trucks, and affiliate members of the Allied Esports Property Network, which serve as both competition battlegrounds and everyday content generation hubs.

World Poker Tour is the premier name in internationally televised gaming and entertainment with brand presence in land-based tournaments, television, online, and mobile. WPT ignited the global poker boom in 2002 with the creation of its iconic television show, now in its 18th season, based on a series of high-stakes poker tournaments. ClubWPT.com is a unique online membership platform that offers inside access to the WPT.

For more information about Allied Esports Entertainment and its subsidiaries, please visit AlliedEsportsEnt.com.

Non-GAAP Financial Measures

As a supplement to our financial measures presented in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), Allied Esports Entertainment presents certain non-GAAP measures of financial performance. These non-GAAP financial measures are not intended to be considered in isolation from, as a substitute for, or as more important than, the financial information prepared and presented in accordance with GAAP. In addition, these non-GAAP measures have limitations in that they do not reflect all of the items associated with the company's results of operations as determined in accordance with GAAP.

Allied Esports Entertainment provides net income (loss) and earnings (loss) per share in accordance with GAAP. In addition, Allied Esports Entertainment provides EBITDA (defined as GAAP net income (loss) before interest (income) expense, income taxes, depreciation, and amortization). The Company defines Adjusted EBITDA as EBITDA excluding stock-based compensation and impairment losses.

In the future, Allied Esports Entertainment may also consider whether other items should also be excluded in calculating the non-GAAP financial measures used by the company. Management believes that the presentation of these non-GAAP financial measures provides investors with additional useful information to measure Allied Esports Entertainment's financial and operating performance. In particular, the measures facilitate comparison of operating

performance between periods and help investors to better understand the operating results of Allied Esports Entertainment by excluding certain items that may not be indicative of the company's core business, operating results, or future outlook. Additionally, we consider quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of our ongoing financial and business performance or trends. Internally, management uses these non-GAAP financial measures, along with others, in assessing the company's operating results, and measuring compliance with the requirements of the company's debt financing agreements, as well as in planning and forecasting.

Allied Esports Entertainment's non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles, and the terms non-GAAP net income, non-GAAP earnings per share, and non-GAAP or adjusted EBITDA do not have a standardized meaning. Therefore, other companies may use the same or similarly named measures, but exclude different items, which may not provide investors a comparable view of Allied Esports Entertainment's performance in relation to other companies.

Management compensates for the limitations resulting from the exclusion of these items by considering the impact of the items separately and by considering Allied Esports Entertainment's GAAP, as well as non-GAAP, results and outlook, and by presenting the most comparable GAAP measures directly ahead of non-GAAP measures, and by providing a reconciliation that indicates and describes the adjustments made.

Forward Looking Statements

This press release includes "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. When used in this press release, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "propose" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify 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 the control of the parties, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Important factors, among others, that may affect actual results or outcomes include: the inability to recognize the anticipated benefits of the business combination; the ability to meet Nasdaq's continued listing standards; costs related to the business combination; AESE's ability to execute on its business plan; the ability to retain key personnel; potential litigation; and general economic and market conditions impacting demand for AESE's services. AESE does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Select World Poker Tour and Allied Esports Financial Information

Results of Operations

<i>(in thousands)</i>	Three Months Ended			Six Months Ended			
	June 30, 2019	March 31, 2019	Percentage Change	June 30, 2019	June 30, 2018	Percentage Change	
Revenues:							
Multiplatform	\$ 1,657	\$ 852	94.5 %	\$ 2,509	\$ 1,172	114.1 %	
Interactive	2,378	2,386	-0.3 %	4,764	4,681	1.8 %	
In-person	3,303	2,997	10.2 %	6,300	3,866	63.0 %	

Total revenues	7,338	6,235	17.7	%	13,573	9,719	39.7	%
Cost and expenses:								
Multiplatform (exclusive of depreciation and amortization)	1,540	581	165.1	%	2,121	1,054	101.2	%
Interactive (exclusive of depreciation and amortization)	515	892	-42.3	%	1,407	1,290	9.1	%
In-person (exclusive of depreciation and amortization)	753	738	2.0	%	1,491	2,778	-46.3	%
Online operating expenses	253	277	-8.7	%	530	1,771	-70.1	%
Selling and marketing expenses	1,036	903	14.7	%	1,939	2,841	-31.7	%
General and administrative expenses	4,254	4,412	-3.6	%	8,666	8,494	2.0	%
Depreciation and amortization	1,732	1,686	2.7	%	3,418	3,336	2.5	%
Impairment of investment in ESA	-	600	-100.0	%	600	4,338	-86.2	%
Loss from operations	(2,745)	(3,854)	-28.8	%	(6,599)	(16,183)	59.2	%
Loss on equity method investment	-	-	-		-	-	-	
Interest expense, net	(67)	-	-		(67)	(1,313)	94.9	%
Other income	-	-	-		-	(116)	-	
Net loss	\$(2,811)	\$(3,854)	27.1	%	\$(6,665)	\$(17,612)	62.2	%
Net loss attributed to non-controlling interest	-	-	-		-	2,804		
Net loss attributed to Parent	(2,811)	(3,854)	27.1	%	(6,665)	(14,808)	55.0	%

Balance Sheet

(in thousands)

Three Months Ended Year Ended

June 30, March 31, December 31,

	2019	2019	2018
ASSETS:			
Current assets			
Cash and cash equivalents	6,969	5,705	10,471
Restricted cash	-	-	-
Accounts receivable	2,914	1,958	1,533
Prepaid expenses and other current assets	863	709	712
Total current assets	10,747	8,372	12,716
Property and equipment, net	19,756	20,412	21,020
Goodwill	4,084	4,084	4,084
Intangible assets, net	16,066	16,680	17,235
Deposits	633	633	633
Deferred production costs	10,736	10,123	9,059
Investment, ESA	1,139	1,139	500
Cash and marketable securities held in Trust Account	-	-	-
Total assets	63,159	61,443	65,247

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable	1,219	1,587	1,072
Accrued expenses	3,198	2,394	2,442

Deferred revenue	3,223	3,118	3,308
Due to Parent	32,703	32,883	33,020
Convertible debt	3,000	-	-
Convertible debt, related party	1,000	-	-
Income taxes payable	-	-	-
Deferred income taxes	-	-	-
Note payable - related party	-	-	-
Total current liabilities	44,343	39,982	39,842
Interest payable	-	-	-
Convertible notes payable	-	-	-
Deferred rent	1,452	1,297	1,384
Total liabilities	45,795	41,279	41,226
Parent's net investment	17,364	20,164	24,021
Retained earnings (accumulated deficit)	-	-	-
Total Parent's Net Investment	17,364	20,164	24,021
Total Liabilities and Parent's Net Investment	63,159	61,443	65,247

Cash Flows from Operating, Investing and Financing Activities

(in thousands)

Three Months Ended Six Months Ended

June 30,	March 31,	June 30,	June 30,
2019	2019	2019	2018

Net cash provided by (used in)

Operating Activities	\$ (2,100)	\$ (2,865)	\$ (4,965)	\$ (9,989)
Investing Activities	(459)	(1,760)	(2,219)	(20,252)
Financing Activities	3,820	(137)	3,683	30,531

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.

Reconciliation of GAAP Net Loss to Adjusted EBITDA

(in thousands)

	Three Months Ended		Six Months Ended	
	June 30,	March 31,	June 30,	June 30,
	2019	2019	2019	2018
GAAP net loss	\$ (2,811)	\$ (3,854)	\$ (6,665)	\$ (14,808)
Interest expense	67	-	67	1,313
Income tax expense	-	-	-	-
Depreciation and amortization	1,732	1,686	3,418	3,336
Stock-based compensation expense	-	-	-	(779)

Impairment	-	600	600	4,338
Adjusted EBITDA*	(1,012)	(1,568)	(2,580)	(6,600)

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Investor Contact:

Lasse Glassen
Addo Investor Relations
lglasen@addoir.com
424-238-6249

Media Contact:

Brian Fisher
Allied Esports Entertainment
Brian@alliedesports.com
714-975-8368

Source: Allied Esports Entertainment, Inc.