

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 11, 2023

ALLIED GAMING & ENTERTAINMENT INC.
(Exact Name of Registrant as Specified in Charter)

Delaware

(State or other jurisdiction
of incorporation)

001-38226

(Commission File Number)

82-1659427

(I.R.S. Employer
Identification No.)

745 Fifth Avenue, Suite 500
New York, NY 10151

(Address of Principal Executive Offices) (Zip Code)

(646) 768-4240

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions *see* General Instruction A.2, below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	AGAE	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On May 11, 2023, Allied Gaming & Entertainment Inc. (the "Company") issued a press release announcing its financial results for the fiscal quarter ended March 31, 2023. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

The information in this Item 2.02, including the information contained in the press release furnished as Exhibit 99.1, is deemed to be "furnished" and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is not otherwise subject to the liabilities of that Section, and shall not be deemed incorporated by reference into any filing of the Company under the Exchange Act or the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press release dated May 11, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 11, 2023

ALLIED GAMING & ENTERTAINMENT INC.

By: /s/ Roy Anderson
Roy Anderson, *Chief Financial Officer*



Allied Gaming & Entertainment Announces First Quarter 2023 Financial Results

New York, NY (May 11, 2023) – Allied Gaming & Entertainment, Inc. (NASDAQ: AGAE) (the “Company” or “AGAE”), a global experiential entertainment company, today announced financial results for the first quarter ended March 31, 2023.

“It has been a strong start to the year so far at Allied and we are continuing to gain momentum in the second quarter as we advance on our strategic objectives,” said Yinghua Chen, the Company’s Chief Executive Officer. “We are also excited to have recently announced our continued relationship with HyperX/HP on the Arena branding side and renewal of sponsorship from Progressive Insurance on our original content programs. These growing relationships are further evidence that Allied is recognized as an established name in the gaming entertainment community and that we offer an inroad to this crucial and fast-growing multi-billion-dollar gaming marketplace.”

First Quarter 2023 Financial Results

Revenues: Total revenues of \$1.2 million were relatively flat from the fourth quarter of 2022 and down from \$2.4 million in the first quarter of 2022. The year-over-year decline was primarily attributable to the timing of the Company’s original content series, *ELEVATED*, which recognized revenues for Season 1 in the first quarter of 2022 and is expected to recognize revenues for Season 2 in the second quarter of 2023.

Costs and expenses: Total costs and expenses were \$3.8 million, a decrease of 38% compared to the first quarter of 2022. The decrease was in large part due to a 26% reduction in general & administrative expenses, principally cash, severance and stock-based compensation, as well as the aforementioned timing and related expense recognition of *ELEVATED*.

Net loss for the first quarter of 2023 was \$1.9 million compared to a net loss of \$3.8 million in the prior year period. Net loss in the first quarter of 2023 includes approximately \$734,000 of interest income earned on short-term investments.

Furthermore, adjusted EBITDA loss was \$2.0 million for the first quarter of 2023, a 20% reduction from a loss of \$2.5 million in the first quarter of 2022. A reconciliation of the GAAP-basis net loss to adjusted EBITDA is provided in the table at the end of this press release.

Balance Sheet

As of March 31, 2023, the Company had a cash and short-term investments position of \$84.4 million, including \$5.0 million of restricted cash. This compared to \$86.8 million in cash and short-term investments at December 31, 2022, which also included \$5.0 million of restricted cash. At March 31, 2023, the Company had a working capital position of \$75.6 million compared to \$79.1 million at December 31, 2022. AGAE’s working capital positions on March 31, 2023 and December 31, 2022 were reduced by operating lease liabilities of \$1.3 million and \$1.2 million, respectively, recorded in connection with the Company’s implementation of the new leasing standard (ASC 842) on December 31, 2022. As of March 31, 2023, the Company had approximately 39.1 million shares of outstanding common stock.

During the first quarter, the Company bought back a total of 1.1 million shares of its common stock at an average selling price of \$1.26 for a total cost of \$1.43 million, excluding broker fees. Moving forward, the manner, timing and amount of any purchases will continue to be based on an evaluation of market conditions, stock price and other factors.

Operational Update

Allied Esports produced 82 events in the first quarter of 2023, with 42 proprietary events and 40 third-party events. Third-party events were up 5.3% compared to the first quarter of 2022 and were highlighted by the View Sonic CES Event, the HyperX CES Event, Nighthawk Pictures Production, ReliaQuest, and Astral Clash.

The Allied Esports mobile arena was also active with six events during the quarter, including the 2023 Cotton Bowl Classic in Arlington, Texas; the Feld Motorsports eSX Finals in Los Angeles, California; the AIM Sports Volleyball SoCal Cup in Seal Beach, California; The Clash at the Coliseum NASCAR Race in Los Angeles, California; Superbowl LVII in Phoenix, Arizona; and NHL Stadium Series in Raleigh, North Carolina.

Subsequent to the end of the quarter, AGAE announced that AE Studios, its content development, storytelling and production services arm, will produce the second season of *ELEVATED*, Presented by Progressive Insurance, for a total of ten episodes. Season 2 premiered on May 3, 2023 on various creator channels from One True King (OTK), one of the most watched content organizations on Twitch.

Also subsequent to the end of the quarter, the Company announced the extension of its exclusive naming rights agreement with HyperX/HP, which ensures that AGAE’s flagship arena will remain known as HyperX Arena Las Vegas. HyperX/HP will continue to receive prominent branding and signage inside and outside of the venue, as well as partner with AGAE on a variety of co-branded experiences and events at the arena. In addition, as part of the expansion of the agreement, HP Omen will now sponsor the Allied Mobile Esports Truck as well.

First Quarter 2023 Conference Call

The Company will host a conference call today at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time to discuss its first quarter 2023 financial results. Participants may join the conference call by dialing 1-844-826-3035 (United States) or 1-412-317-5195 (international).

A live webcast of the conference call will also be available on Allied Gaming & Entertainment’s Investor Relations site at ir.alliedgaming.gg. Additionally, financial information presented on the call will be available on Allied Gaming & Entertainment’s Investor Relations site. For those unable to participate in the conference call, a telephonic replay of the call will also be available shortly after the completion of the call, until 11:59 p.m. Eastern Time on Thursday, May 25, 2023, by dialing 1-844-512-2921 (United States) or 1-412-317-6671 (International) and using the replay passcode: 10178258.

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.

Non-GAAP Financial Measures

As a supplement to our financial measures presented in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”), the Company 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. Non-GAAP financial measures are not an alternative to the Company’s GAAP financial results and may not be calculated in the same manner as similar measures presented by other companies.

The Company provides net income (loss) and earnings (loss) per share in accordance with GAAP. In addition, the Company provides EBITDA (defined as GAAP net income (loss) from continuing operations before interest (income) expense, income taxes, depreciation, and amortization). The Company defines “Adjusted EBITDA” as EBITDA excluding certain non-cash charges, such as stock-based compensation, inducement expense, extinguishment losses and impairment losses.

In the future, the Company 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 the Company’s financial and operating performance. In particular, these measures facilitate comparison of our operating performance between periods and help investors to better understand the operating results of the Company 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, measuring compliance with any applicable requirements of the Company’s debt financing agreements in place at such time, as well as in planning and forecasting.

The Company’s non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles, and our non-GAAP definitions of the “EBITDA” and “Adjusted EBITDA” do not have a standardized meaning. Therefore, other companies may use the same or similarly named measures, but include or exclude different items, which may not provide investors a comparable view of the Company’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 the Company’s GAAP, as well as non-GAAP, financial 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 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 the future direction or governance of the Company; our ability to execute on our business plan; the substantial uncertainties inherent in the acceptance of existing and future products and services; the ability to retain key personnel; potential litigation; general economic and market conditions impacting demand for our services; a change in our plans to retain or invest the net cash proceeds from the WPT sale transaction; our inability to enter into one or more future acquisition or strategic transactions using the net proceeds from the WPT sale transaction; 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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Allied Gaming & Entertainment, Inc. and Subsidiaries Condensed Consolidated Balance Sheets

	March 31, 2023	December 31, 2022
	(unaudited)	
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,587,191	\$ 11,167,442
Short-term investments	74,500,000	70,000,000
Interest receivable	1,302,212	677,397
Accounts receivable	306,423	72,739
Prepaid expenses and other current assets	724,111	459,274
Total Current Assets	80,419,937	82,376,852
Restricted cash	5,000,000	5,000,000
Property and equipment, net	3,459,550	4,005,622
Digital assets	49,392	49,761
Intangible assets, net	586,837	22,836

Deposits	379,105	379,105
Operating lease right-of-use asset	5,618,413	5,845,549
Other assets	99,900	49,950
Total Assets	\$ 95,613,134	\$ 97,729,675
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 538,227	\$ 317,561
Accrued expenses and other current liabilities	1,896,874	1,645,379
Deferred revenue	1,146,200	108,428
Operating lease liability, current portion	1,279,117	1,227,164
Total Current Liabilities	4,860,418	3,298,532
Operating lease liability, non-current portion	6,194,507	6,527,075
Total Liabilities	11,054,925	9,825,607
Commitments and Contingencies (Note 12)		
Stockholders' Equity		
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized, none issued and outstanding	-	-
Common stock, \$0.0001 par value; 100,000,000 shares authorized, 39,085,470 shares issued at March 31, 2023 and December 31, 2022, and 37,398,120 and 38,503,724 shares outstanding at March 31, 2023 and December 31, 2022, respectively	3,909	3,909
Additional paid in capital	198,531,740	198,526,614
Accumulated deficit	(112,129,355)	(110,235,568)
Accumulated other comprehensive income	221,555	219,675
Treasury stock, at cost, 1,687,350 and 581,746 shares at March 31, 2023 and December 31, 2022, respectively	(2,069,640)	(610,562)
Total Stockholders' Equity	84,558,209	87,904,068
Total Liabilities and Stockholders' Equity	\$ 95,613,134	\$ 97,729,675

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

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Allied Gaming & Entertainment, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)

	For the Three Months Ended	
	March 31,	
	2023	2022
Revenues:		
In-person	\$ 1,193,330	\$ 2,203,066
Multiplatform content	101	208,988
Total Revenues	1,193,431	2,412,054
Costs and Expenses:		
In-person (exclusive of depreciation and amortization)	672,222	1,810,353
Multiplatform content (exclusive of depreciation and amortization)	395	21,133
Selling and marketing expenses	54,598	69,038
General and administrative expenses	2,543,347	3,451,870
Depreciation and amortization	578,560	808,612
Total Costs and Expenses	3,849,122	6,161,006
Loss From Operations	(2,655,691)	(3,748,952)
Other Income (Expense):		
Other income (expense), net	27,455	(6,707)
Interest income, net	734,449	4,462
Total Other Income (Expense)	761,904	(2,245)
Net loss	(1,893,787)	(3,751,197)
Other comprehensive income:		
Foreign currency translation adjustments	1,880	12,964
Total Comprehensive Loss	\$ (1,891,907)	\$ (3,738,233)
Basic and Diluted Net Loss per Common Share	\$ (0.05)	\$ (0.10)
Weighted Average Number of Common Shares Outstanding:		
Basic and Diluted	38,389,202	39,064,463

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

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Non-GAAP Financial Measures

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 AGAE’s profitability or liquidity. AGAE’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 AGAE’s peers without regard to AGAE’s financing methods, hedging positions or capital structure and because it highlights trends in AGAE’s business that may not otherwise be apparent when relying solely on GAAP measures. AGAE 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 AGAE presents may not be comparable to similarly titled measures of other companies. AGAE defines “EBITDA” as earnings before interest, income taxes, depreciation and amortization of intangibles. AGAE defines “Adjusted EBITDA” as EBITDA excluding stock-based compensation, gain on forgiveness of PPP loans, transaction costs and other charges related to the sale of WPT, impairment losses, conversion inducement expenses and extinguishment losses.

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to net loss from continuing operations, AGAE’s most directly comparable financial measure calculated and presented in accordance with GAAP.

	Three Months Ended	
	March 31,	
	2023	2022
Continuing operations		
Net loss from continuing operations	\$ (1,893,787)	\$ (3,751,197)
Interest income, net	(734,449)	(4,462)
Depreciation and amortization	578,560	808,612
EBITDA	(2,049,676)	(2,947,047)
Stock compensation	5,126	401,296
Adjusted EBITDA	\$ (2,044,550)	\$ (2,545,751)