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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2024

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________to _______

Commission file number: 001-38226

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

Delaware	**82-1659427**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

745 Fifth Ave, Suite 500
New York, NY 10151
(Address of principal executive offices)

(646) 768-4240
(Issuer's telephone number)

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

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 11, 2024, 44,106,014 shares of common stock, par value $0.0001 per share, were outstanding.

ALLIED GAMING & ENTERTAINMENT INC.
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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

ALLIED GAMING & ENTERTAINMENT INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	September 30, 2024 (unaudited)	December 31, 2023
Assets		
Current Assets		
Cash and cash equivalents	$ 10,992,235	$ 16,320,583
Short-term investments	66,739,322	56,500,000
Interest receivable	2,432,372	792,223
Accounts receivable	297,025	529,369
Insurance recovery receivable	3,700,000	-
Loans receivable	14,429,317	-
Deposits, current portion	3,700,000	3,700,000
Prepaid expenses and other current assets	515,430	498,886
Total Current Assets	102,805,701	78,341,061
Restricted cash	-	5,000,000
Property and equipment, net	3,189,350	3,834,193
Digital assets	49,300	49,300
Intangible assets, net	5,875,048	6,254,731
Deposits, non-current portion	376,324	392,668
Operating lease right-of-use asset	4,668,461	5,415,678
Goodwill	12,863,072	12,729,056
Total Assets	$ 129,827,256	$ 112,016,687
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 365,509	$ 371,830
Accrued expenses and other current liabilities	453,901	763,512
Deferred revenue	413,238	103,748
Operating lease liability, current portion	1,550,004	1,482,977
Loans payable	37,256,831	9,230,168
Total Current Liabilities	40,039,483	11,952,235
Operating lease liability, non-current portion	4,443,362	5,560,251
Deferred tax liability	774,839	1,096,160
Total Liabilities	45,257,684	18,608,646
Commitments and Contingencies (Note 8)		
Stockholders' Equity		
Preferred stock, $0.0001 par value, 1,000,000 shares authorized, Series A Preferred stock, $0.0001 par value, 50,000 shares designated, none issued and outstanding	-	-
Common stock, $0.0001 par value; 100,000,000 shares authorized, 40,385,798 and 39,085,470 shares issued at September 30, 2024 and December 31, 2023, and 38,106,014 and 36,805,686 shares outstanding at September 30, 2024 and December 31, 2023, respectively	4,039	3,909
Additional paid in capital	199,401,299	198,677,132
Accumulated deficit	(123,201,338)	(113,671,029)
Accumulated other comprehensive income	504,914	433,565
Treasury stock, at cost, 2,279,784 shares at September 30, 2024 and December 31, 2023	(2,693,653)	(2,693,653)
Total Allied Gaming & Entertainment Inc. Stockholders' Equity	74,015,261	82,749,924
Non-controlling interest	10,554,311	10,658,117
Total Stockholders' Equity	84,569,572	93,408,041
Total Liabilities and Stockholders' Equity	$ 129,827,256	$ 112,016,687

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

ALLIED GAMING & ENTERTAINMENT INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(unaudited)

	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Revenues:				
In-person	$ 1,345,484	$ 1,119,865	$ 3,518,044	$ 3,580,968
Multiplatform content	71	94	182	2,000,518
Casual mobile gaming	817,986	-	3,664,244	-
Total Revenues	2,163,541	1,119,959	7,182,470	5,581,486
Costs and Expenses:				
In-person (exclusive of depreciation and amortization)	682,652	575,176	1,820,818	1,891,229
Multiplatform content (exclusive of depreciation and amortization)	-	-	-	1,517,707
Casual mobile gaming (exclusive of depreciation and amortization)	700,918	-	3,198,988	-
Research and development expenses	158,162	-	526,906	-
Selling and marketing expenses	90,512	51,448	198,561	172,987
General and administrative expenses	1,308,346	894,181	9,399,828	5,660,553
Depreciation and amortization	403,524	239,413	1,183,692	1,030,191
Total Costs and Expenses	3,344,114	1,760,218	16,328,793	10,272,667
Loss From Operations	(1,180,573)	(640,259)	(9,146,323)	(4,691,181)
Other Income (Expense):				
Other (expense) income, net	(827)	(388)	414	15,954
Loss on escrow settlement	(3,000,000)	-	(3,000,000)	-
Loss on foreign currency transactions	(1,213,446)	-	(862,012)	-
Interest income, net	1,033,362	715,893	2,934,035	2,165,468
Pre-Tax (Loss) Income	(4,361,484)	75,246	(10,073,886)	(2,509,759)
Income tax benefit	332,862	-	332,862	-
Net (Loss) Income	(4,028,622)	75,246	(9,741,024)	(2,509,759)
Less: net income (loss) attributable to non-controlling interest	(681)	-	(210,715)	-
Net (Loss) Income Attributable to Common Stockholders	$ (4,027,941)	$ 75,246	$ (9,530,309)	$ (2,509,759)
Net Loss per Common Share				
Basic	$ (0.11)	$ 0.00	$ (0.24)	$ (0.07)
Diluted	$ (0.11)	$ 0.00	$ (0.24)	$ (0.07)
Weighted Average Number of Common Shares Outstanding:				
Basic	37,219,904	36,942,149	39,753,952	37,351,735
Diluted	37,219,904	37,134,457	39,753,952	37,351,735

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

ALLIED GAMING & ENTERTAINMENT INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Loss
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Net (Loss) Income	$ (4,028,622)	$ 75,246	$ (9,741,024)	$ (2,509,759)
Other comprehensive (loss) income:				
Foreign currency translation adjustments	619,228	-	178,258	1,880
Total comprehensive loss	(3,409,394)	75,246	(9,562,766)	(2,507,879)
Less: net loss attributable to non-controlling interest	(681)	-	(210,715)	-
Less: other comprehensive income attributable to non-controlling interest	371,536	-	106,909	-
Comprehensive (Loss) Income Attributable to Common Stockholders	$ (3,780,249)	$ 75,246	$ (9,458,960)	$ (2,507,879)

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

ALLIED GAMING & ENTERTAINMENT INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Stockholders' Equity
(unaudited)

For The Three and Nine Months Ended September 30, 2024

	Common Stock		Treasury Stock								
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Subscription Receivable	Accumulated Other Comprehensive Income	Accumulated Deficit	Allied Gaming & Entertainment Inc. Stockholders' Equity	Non-Controlling Interest	Total Stockholders' Equity
Balance - January 1, 2024	39,085,470	$ 3,909	2,279,784	$ (2,693,653)	$ 198,677,132	$ -	$ 433,565	$(113,671,029)	$ 82,749,924	$ 10,658,117	$ 93,408,041
Stock-based compensation:											
Restricted common stock	1,460,000	146	-	-	458,374	-	-	-	458,520	-	458,520
Stock options	-	-	-	-	13,080	-	-	-	13,080	-	13,080
Shares withheld for employee payroll tax	(80,373)	(8)	-	-	(84,176)	-	-	-	(84,184)	-	(84,184)
Issuance of common stock pursuant to a Share Purchase Agreement	7,330,000	733	-	-	6,596,267	(4,597,000)	-	-	2,000,000	-	2,000,000
Net loss	-	-	-	-	-	-	-	(1,699,110)	(1,699,110)	(130,341)	(1,829,451)
Other comprehensive loss	-	-	-	-	-	-	(133,685)	-	(133,685)	(200,644)	(334,329)
Balance - March 31, 2024	47,795,097	4,780	2,279,784	(2,693,653)	205,660,677	(4,597,000)	299,880	(115,370,139)	83,304,545	10,327,132	93,631,677
Stock-based compensation:											
Restricted common stock	-	-	-	-	189,229	-	-	-	189,229	-	189,229
Stock options	-	-	-	-	13,079	-	-	-	13,079	-	13,079
Cancellation of common stock previously issued pursuant to a Share Purchase Agreement	(7,330,000)	(733)	-	-	(6,596,267)	4,597,000	-	-	(2,000,000)	-	(2,000,000)
Net loss	-	-	-	-	-	-	-	(3,803,258)	(3,803,258)	(79,693)	(3,882,951)
Other comprehensive loss	-	-	-	-	-	-	(42,658)	-	(42,658)	(63,983)	(106,641)
Balance - June 30, 2024	40,465,097	4,047	2,279,784	(2,693,653)	199,266,718	-	257,222	(119,173,397)	77,660,937	10,183,456	87,844,393
Stock-based compensation:											
Restricted common stock	-	-	-	-	211,017	-	-	-	211,017	-	211,017
Stock options	-	-	-	-	18,714	-	-	-	18,714	-	18,714
Shares withheld for employee payroll tax	(79,299)	(8)	-	-	(95,150)	-	-	-	(95,158)	-	(95,158)
Net loss	-	-	-	-	-	-	-	(4,027,941)	(4,027,941)	(681)	(4,028,622)
Other comprehensive income	-	-	-	-	-	-	247,692	-	247,692	371,536	619,228
Balance - September 30, 2024	40,385,798	$ 4,039	2,279,784	$ (2,693,653)	$ 199,401,299	$ -	$ 504,914	$(123,201,338)	$ 74,015,261	$ 10,554,311	$ 84,569,572

For The Three and Nine Months Ended September 30, 2023

	Common Stock		Treasury Stock								
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Subscription Receivable	Accumulated Other Comprehensive Income	Accumulated Deficit	Allied Gaming & Entertainment Inc. Stockholders' Equity	Non-Controlling Interest	Total Stockholders' Equity
Balance - January 1, 2023	39,085,470	$ 3,909	581,746	$ (610,562)	$ 198,526,614	$ -	$ 219,675	$(110,235,568)	$ 87,904,068	$ -	$ 87,904,068
Stock-based compensation:											
Stock options	-	-	-	-	5,126	-	-	-	5,126	-	5,126
Repurchases of common stock	-	-	1,105,604	(1,459,078)	-	-	-	-	(1,459,078)	-	(1,459,078)
Net loss	-	-	-	-	-	-	-	(1,893,787)	(1,893,787)	-	(1,893,787)
Other comprehensive income	-	-	-	-	-	-	1,880	-	1,880	-	1,880
Balance - March 31, 2023	39,085,470	3,909	1,687,350	(2,069,640)	198,531,740	-	221,555	(112,129,355)	84,558,209	-	84,558,209
Stock-based compensation:											
Stock options	-	-	-	-	66,856	-	-	-	66,856	-	66,856
Repurchases of common stock	-	-	372,436	(415,313)	-	-	-	-	(415,313)	-	(415,313)
Net loss	-	-	-	-	-	-	-	(691,218)	(691,218)	-	(691,218)
Balance - June 30, 2023	39,085,470	3,909	2,059,786	(2,484,953)	198,598,596	-	221,555	(112,820,573)	83,518,534	-	83,518,534
Stock-based compensation:											
Stock options	-	-	-	-	64,623	-	-	-	64,623	-	64,623
Repurchases of common stock	-	-	183,021	(176,746)	-	-	-	-	(176,746)	-	(176,746)
Net income	-	-	-	-	-	-	-	75,246	75,246	-	75,246
Balance - September 30, 2023	39,085,470	$ 3,909	2,242,807	$ (2,661,699)	$ 198,663,219	$ -	$ 221,555	$(112,745,327)	$ 83,481,657	$ -	$ 83,481,657

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

ALLIED GAMING & ENTERTAINMENT INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(unaudited)

	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Cash Flows From Operating Activities		
Net loss	$ (9,741,024)	$ (2,509,759)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	903,639	136,605
Non-cash operating lease expense	836,296	723,594
Net gains on sale of equipment	-	(8,388)
Expenses paid using digital assets	-	461
Change in fair value of warrant liabilities	(100)	-
Depreciation and amortization	1,183,692	1,030,191
Changes in operating assets and liabilities:		
Accounts receivable	248,602	62,066
Insurance recovery receivable	(3,700,000)	-
Interest receivable	(1,640,139)	(1,381,179)
Prepaid expenses and other current assets	(16,157)	(11,116)
Deposit returns	-	(1,598)
Accounts payable	(130,032)	152,701
Accrued expenses and other current liabilities	(365,104)	(1,339,109)
Operating lease liability	(1,138,342)	(909,426)
Deferred revenue	309,491	(543,786)
Total Adjustments	(3,508,154)	(2,088,984)
Net Cash Used In Operating Activities	(13,249,178)	(4,598,743)
Cash Flows From Investing Activities		
Issuance of short-term loan	(1,340,149)	-
Proceeds from repayment of short-term loan	1,340,149	-
Proceeds from maturing of short-term investments	62,655,361	30,000,000
Purchases of short-term investments	(72,894,683)	(19,950,000)
Loan to affiliate	-	(3,500,000)
Loans receivable	(14,429,317)	-
Proceeds from sale of equipment	-	106,914
Purchases of intangible assets	(49,950)	(618,930)
Purchases of property and equipment	(48,520)	(119,525)
Net Cash (Used In) Provided By Investing Activities	(24,767,109)	5,918,459
Cash Flows From Financing Activities		
Repurchases of common stock	-	(2,051,137)
Proceeds from issuance of common stock in share purchase agreement	2,000,000	-
Return of proceeds upon cancellation of common stock previously issued pursuant to a share purchase agreement	(2,000,000)	-
Proceeds from short-term loans	28,026,663	-
Net Cash Provided By (Used In) Financing Activities	28,026,663	(2,051,137)

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

ALLIED GAMING & ENTERTAINMENT INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows, continued
(unaudited)

	For the Nine Months Ended September 30,	
	2024	**2023**
Effect of Exchange Rate Changes on Cash	(338,724)	(31)
Net Decrease In Cash, Cash Equivalents, And Restricted Cash	(10,328,348)	(731,452)
Cash, cash equivalents, and restricted cash - Beginning of Period	21,320,583	16,167,442
Cash, cash equivalents, and restricted cash - End of Period	$ 10,992,235	$ 15,435,990
Cash and cash equivalents and restricted cash consisted of the following:		
Cash and cash equivalents	$ 10,992,235	$ 10,435,990
Restricted cash	-	5,000,000
	$ 10,992,235	$ 15,435,990
Non-Cash Investing and Financing Activities:		
ROU asset for lease liability	$ 85,095	$ 289,886
Property and equipment received as deferred revenue	$ -	$ 793,035

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

Note 1 – Business Organization and Nature of Operations

Allied Gaming & Entertainment Inc. ("AGAE" and together with its subsidiaries, the "Company") operates a public esports and entertainment company through its wholly owned subsidiaries Allied Esports International, Inc., ("AEII"), Esports Arena Las Vegas, LLC ("ESALV"), Allied Mobile Entertainment Inc. ("AME"), Allied Mobile Entertainment (Hong Kong) Limited ("AME-HK"), Allied Experiential Entertainment Inc. ("AEE"), AGAE Investment Limited, formerly known as Skyline Music Entertainment (Hong Kong) Limited ("Skyline HK"), Beijing Lianhuan Technology Co., Ltd ("BLT"), and Allied Esports GmbH ("AEG"). AEII produces a variety of esports and gaming-related content, including world class tournaments, live and virtual events, and original programming to continuously foster an engaged gaming community. ESALV operates HyperX Arena Las Vegas, the world's most recognized esports facility. AME-HK is a wholly owned subsidiary of AME and owns a 40% interest in Beijing Lianzhong Zhihe Technology Co. ("ZTech"). ZTech is engaged in the development and distribution of mobile casual games in China. AEE owns a 51% interest in Skyline Music Entertainment Limited, which is principally engaged in the organization of events, shows and concerts by top entertainment artists. BLT is currently inactive and AEG is in the final stage of liquidation.

Note 2 – Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies as set forth in the Company's audited consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission ("SEC") on March 28, 2024, as amended by the Form 10-K/A filed on April 29, 2024.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for annual consolidated financial statements. In the opinion of management, the accompanying condensed consolidated financial statements include all adjustments which are considered necessary for a fair presentation of the unaudited condensed consolidated financial statements of the Company as of September 30, 2024, and for the three and nine months ended September 30, 2024 and 2023. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the operating results for the full year ending December 31, 2024 or any other period. These unaudited condensed consolidated financial statements have been derived from the Company's accounting records and should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 28, 2024, as amended by the Form 10-K/A filed on April 29, 2024.

Investments in Equity Linked and FX Linked Notes

The Company has elected the fair value option for recording its equity linked and FX linked notes (the "Notes"), pursuant to ASC 825-10, Financial Instruments ("ASC 825"), whereby the hybrid instrument is initially recorded in its entirety at fair value and changes in fair value are recorded in other income (expense) on the condensed consolidated statements of operations. The Company determines the appropriate classification of these investments at the time of purchase and reevaluates such designation at each balance sheet date. The Company's Notes are classified as current assets if the maturity date is less than one year from the balance sheet date.

Fair Value of Financial Instruments

The Company measures the fair value of financial assets and liabilities based on the guidance of ASC 820 "Fair Value Measurements and Disclosures" ("ASC 820").

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - quoted prices for similar assets and liabilities in active markets or inputs that are observable.

Level 3 - inputs that are unobservable (for example, cash flow modeling inputs based on assumptions).

The following table provides information about the Company's financial assets measured at fair value on a recurring basis and indicates the level of the fair value hierarchy utilized to determine such fair values:

As of September 30, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Digital assets	$ 49,300	$ -	$ -	$ 49,300
Equity linked notes	-	10,439,321	-	10,439,321
Total	$ 49,300	$ 10,439,321	$ -	$ 10,488,621

As of December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Digital assets	$ 49,300	$ -	$ -	$ 49,300
Sponsor warrants	-	-	100	100
Total	$ 49,300	$ -	$ 100	$ 49,400

The carrying amounts of the Company's financial instruments, such as cash equivalents, accounts receivable, short-term investments (excluding equity and FX linked notes), insurance recovery receivable, interest receivable, loans receivable, accounts payable, operating lease liabilities – current portion, accrued liabilities, and loans payable approximate fair value due to the short-term nature of these instruments.

Equity linked notes and FX linked notes are categorized within Level 2 of the fair value hierarchy, as the fair value is based on the price of the underlying equity securities or foreign exchange rates. See Note 4 – Short-Term Investments for further details on short-term investments.

See *Digital Assets* below for further details on digital assets.

The sponsor warrants are carried at fair value as of September 30, 2024 and December 31, 2023 and are included in accrued expenses on the accompanying condensed consolidated balance sheets. The sponsor warrants are valued using Level 3 inputs. The fair value of the sponsor warrants is estimated using the Black-Scholes option pricing method. Significant Level 3 inputs used to calculate the fair value of the sponsor warrants include the share price on the valuation date, expected volatility, expected term and the risk-free interest rate. The sponsor warrants expired on August 9, 2024.

The following is a roll forward of the Company's Level 3 instruments during the nine months ended September 30, 2024:

Balance, January 1, 2024	$ 100
Expiration of sponsor warrants	(100)
Balance, September 30, 2024	$ -

The key inputs into the Black-Scholes model used to value sponsor warrants at the relevant measurement dates were as follows:

Input	**September 30, 2024**	**December 31, 2023**
Risk-free rate	n/a	5.41%
Remaining term in years	n/a	0.61
Expected volatility	n/a	68.0%
Exercise price	n/a	$ 11.50
Fair value of common stock	n/a	$ 1.06

Net Loss per Common Share

Basic loss per common share is computed by dividing net loss attributable to the Company by the weighted average number of common shares outstanding during the period. Diluted loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding, plus the impact of common shares, if dilutive, resulting from the potential exercise of outstanding stock options and warrants and vesting of restricted stock awards.

The following table presents the computation of basic and diluted net loss per common share:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Numerator:				
Net income (loss) attributable to common stockholders	$ (4,027,941)	$ 75,246	$ (9,530,309)	$ (2,509,759)
Denominator (weighted average quantities):				
Common shares outstanding	38,151,697	36,942,149	40,582,346	37,351,735
Less: Unvested restricted shares	(931,793)	-	(828,394)	-
Denominator for basic net loss per share	37,219,904	36,942,149	39,753,952	37,351,735
Add: Contingent consideration shares	-	192,308	-	-
Denominator for fully diluted net loss per share	37,219,904	37,134,457	39,753,952	37,351,735
Income (Loss) per common shares				
Basic	$ (0.11)	$ 0.00	$ (0.24)	$ (0.07)
Diluted	$ (0.11)	$ 0.00	$ (0.24)	$ (0.07)

The following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	As of September 30,	
	2024	**2023**
Options	1,320,000	1,540,000
Warrants	1,454,546	20,091,549
Contingent consideration shares [1]	-	192,308
	2,774,546	21,823,857

(1) Holders who elected to convert their convertible debt into common stock were entitled to receive contingent consideration shares equal to the product of (i) 3,846,153 shares, multiplied by (ii) that holder's investment amount, divided by (iii) $100,000,000, if at any time within five years after August 9, 2019, the last exchange reported sale price of common stock trades at or above $13.00 for thirty (30) consecutive calendar days.

Revenue Recognition

To determine the proper revenue recognition method, the Company evaluates each of its contractual arrangements to identify its performance obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The majority of the Company's contracts have a single performance obligation because the promise to transfer the individual good or service is not separately identifiable from other promises within the contract and is therefore not distinct. Some of the Company's contracts have multiple performance obligations, primarily related to the provision of multiple goods or services. For contracts with more than one performance obligation, the Company allocates the total transaction price in an amount based on the estimated relative standalone selling prices underlying each performance obligation.

The Company recognizes revenue primarily from the following sources:

In-person revenue

In-person revenue was comprised of the following for the three and nine months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Event revenue	$ 700,943	$ 420,192	$ 1,572,864	$ 1,593,277
Sponsorship revenue	460,237	457,740	1,378,711	1,275,218
Food and beverage revenue	44,615	47,535	115,746	173,326
Ticket and gaming revenue	103,376	151,391	325,788	401,096
Merchandising revenue	36,313	43,007	124,935	138,051
	$ 1,345,484	$ 1,119,865	$ 3,518,044	$ 3,580,968

Event revenues from the rental of the ESALV arena and gaming trucks are recognized over the term of the event based on the number of days completed relative to the total days of the event, as this method best depicts the transfer of control to the customer. In-person revenue also includes revenue from ticket sales, admission fees and food and beverage sales for events held at the Company's esports properties. Ticket revenue is recognized at the completion of the applicable event. Point of sale revenues, such as food and beverage, gaming and merchandising revenues, are recognized when control of the related goods are transferred to the customer.

The Company generates sponsorship revenue from the naming rights of its esports arena which is recognized on a straight-line basis over the contractual term of the agreement.

The Company records deferred revenue to the extent that payment has been received for services that have yet to be performed.

Multiplatform revenue

Multiplatform revenue was comprised of the following for the three and nine months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Sponsorship revenue	$ -	$ -	$ -	$ 2,000,000
Distribution revenue	71	94	182	518
Total multiplatform revenue	$ 71	$ 94	$ 182	$ 2,000,518

The Company's distribution revenue is generated primarily through the distribution of content to online channels. Any advertising revenue earned by online channels is shared with the Company. The Company recognizes online advertising revenue at the point in time when the advertisements are placed in the video content.

The Company generates sponsorship revenue from the production and distribution of programming over interactive live-streaming services.

Casual mobile gaming revenue

The Company's casual mobile gaming revenue is generated through ZTech which was acquired on October 31, 2023. See Note 3 – Business Combination for additional details. Casual mobile gaming revenue amounted to approximately $0.8 million and $0 for the three months ended September 30, 2024 and 2023, respectively. Casual mobile gaming revenue amounted to approximately $3.6 million and $0 for the nine months ended September 30, 2024 and 2023, respectively. Casual mobile gaming revenue is generated through contractual relationships with various advertising service providers for advertisements within the Company's casual mobile games. Advertisements can be in the form of an impression, click-throughs, videos, or banners. The Company has determined the advertising service provider to be its customer and displaying the advertisements within its games is identified as the single performance obligation. Revenue from advertisements is recognized when the ad is displayed or clicked and the advertising service provider receives the benefits provided from this service. The price can be determined by the applicable evidence of the arrangement, which may include a master contract or a third-party statement of activity.

The transaction price is generally the product of the advertising units delivered (e.g. impressions, click-throughs) and the contractually agreed upon price per advertising unit. The price per advertising unit can also be based on revenue share percentages stated in the contract. The number of advertising units delivered is determined at the end of each month so there is no uncertainty about the transaction price.

The Company's casual games are played on various mobile third-party platforms for which such third parties collect monies from advertisers and remit the net proceeds after deducting payment processing fees and player incentive payments. The Company is primarily responsible for providing access to the games, has control over the content and functionality of games before they are accessed by players, and has the discretion to establish the pricing for the advertisements. Therefore, the Company concluded that it is the principal in the transaction, and as a result, revenues are reported gross of payment processing fees and player incentive fees. Payment processing fees and player incentive fees are recorded as components of cost of revenue in the accompanying condensed consolidated statements of operations.

Revenue recognition

The following table summarizes our revenue recognized under ASC 606 in our condensed consolidated statements of operations:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenues Recognized at a Point in Time:				
Food and beverage revenue	$ 44,615	$ 47,535	$ 115,746	$ 173,326
Ticket and gaming revenue	103,376	151,391	325,788	401,096
Merchandising revenue	36,313	43,007	124,935	138,051
Casual mobile games	817,986	-	3,664,244	-
Distribution revenue	71	94	182	518
Total Revenues Recognized at a Point in Time	1,002,361	242,027	4,230,895	712,991
Revenues Recognized Over a Period of Time:				
Event revenue	700,943	420,192	1,572,864	1,593,277
Sponsorship revenue	460,237	457,740	1,378,711	3,275,218
Total Revenues Recognized Over a Period of Time	1,161,180	877,932	2,951,575	4,868,495
Total Revenues	$ 2,163,541	$ 1,119,959	$ 7,182,470	$ 5,581,486

The timing of the Company's revenue recognition may differ from the timing of payment by its customers. A receivable is recorded when revenue is recognized prior to payment and the Company has an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied. As of September 30, 2024 and December 31, 2023, the Company had contract liabilities of $413,238 and $103,748 respectively, which is included in deferred revenue on the condensed consolidated balance sheet.

Through September 30, 2024, the Company has satisfied $89,251 of performance obligations in connection with contract liabilities included within deferred revenue on the December 31, 2023 consolidated balance sheet. The Company expects to satisfy the remaining performance obligations of $14,497 related to its December 31, 2023 deferred revenue balance within the next twelve months. During the nine months ended September 30, 2024 and 2023, there was no revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods.

Digital Assets

The Company accounts for digital assets held as the result of the receipt of Ether, as indefinite-lived intangible assets in accordance with ASC 350, Intangibles—Goodwill and Other. The Company has ownership of and control over the digital assets and the Company may use third-party custodial services to secure them. The digital assets are initially recorded at cost and are subsequently remeasured, net of any impairment losses incurred since the date of acquisition.

The Company determines the fair value of its digital assets on a nonrecurring basis in accordance with ASC 820, Fair Value Measurement, based on quoted prices on the active exchange(s) that the Company has determined is the principal market for Ether (Level 1 inputs). The Company performs an analysis each quarter to identify whether events or changes in circumstances, or decreases in the quoted prices on active exchanges, indicate that it is more likely than not that the Company's digital assets are impaired. In determining if an impairment has occurred, the Company considers the lowest market price quoted on an active exchange since acquiring the respective digital asset. If the then current carrying value of a digital asset exceeds the fair value, an impairment loss has occurred with respect to those digital assets in the amount equal to the difference between their carrying values and the fair value of such assets.

The impaired digital assets are written down to their fair value at the time of impairment and this new cost basis will not be adjusted upward for any subsequent increase in fair value. Gains are not recorded until realized upon sale, at which point they are presented net of any impairment losses for the same digital assets held. In determining the gain or loss to be recognized upon sale, the Company calculates the difference between the sales price and carrying value of the digital assets sold immediately prior to sale. Impairment losses and gains or losses on sales are recognized within operating expenses in our consolidated statements of operations and comprehensive loss. There were no impairment losses for the three and nine months ended September 30, 2024 and 2023 and no digital assets were sold during the same time periods.

There were no changes in the balance of the Company's digital assets during the nine months ended September 30, 2024.

Concentration Risks

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents, restricted cash, short-term investments, loans receivable, insurance recovery receivable, interest receivable, and accounts receivable. Concentrations of credit risk with respect to trade accounts receivable are generally diversified due to the large number of entities comprising the Company's customer base and their dispersion across many different industries and geographies. The Company maintains cash deposits and short-term investments with major U.S. financial institutions that at various times may exceed Federal Deposit Insurance Corporation ("FDIC") insurance limits. As of September, 30, 2024, three customers represented an aggregate of 96% of the Company's accounts receivable balance. Historically, the Company has not experienced any losses due to such concentration of credit risk.

During the three months ended September 30, 2024 and 2023, 38% and less than 1%, respectively, of the Company's revenues were from customers located outside the United States. During the nine months ended September 30, 2024 and 2023, 51% and less than 1%, respectively, of the Company's revenues were from customers located outside the United States.

During the three months ended September 30, 2024, the Company's three largest customers accounted for 15%, 21%, and 38% of the Company's consolidated revenues. During the nine months ended September 30, 2024, the Company's two largest customers accounted for 51% and 19% of the Company's consolidated revenues. During the three months ended September 30, 2023, the Company's two largest customers accounted 36%, and 18% of the Company's consolidated revenues. During the nine months ended September 30, 2023, the Company's two largest customers accounted for 36%, and 20% of the Company's consolidated revenues.

Foreign Currency Translation

The Company's reporting currency is the United States Dollar. The functional currencies of the Company's operating subsidiaries are their local currencies (United States Dollar ("USD"), Euro ("EUR"), and Chinese Yuan ("RMB")). Since the acquisition of ZTech on October 31, 2023, Yuan-denominated assets and liabilities are translated into the United States Dollar using the exchange rate at the balance sheet date (0.1426 and 0.1410 at September 30, 2024 and December 31, 2023, respectively) and revenue and expense accounts are translated using the weighted average exchange rate in effect for the period (0.1396 and 0.1382 for the three months ended September 30, 2024 and 2023, respectively, and 0.1391 and 0.1423 for the nine months ended September 30, 2024 and 2023, respectively). Resulting translation adjustments are made directly to accumulated other comprehensive income (loss).

Euro-denominated assets and liabilities are translated into the United States Dollar using the exchange rate at the balance sheet date 1.1163 and 1.1036 at September 30, 2024 and December 31, 2023, respectively), and revenue and expense accounts are translated using the weighted average exchange rate in effect for the period (1.0989 and 1.0883 for the three months ended September 30, 2024 and 2023, respectively, and 1.0870 and 1.0078 for the nine months ended September 30, 2024 and 2023, respectively). Resulting translation adjustments are made directly to accumulated other comprehensive income (loss).

The Company engages in foreign currency denominated transactions with customers and suppliers, as well as between subsidiaries with different functional currencies. Realized and unrealized losses of approximately $0.9 million and $0 arising from exchange rate fluctuations on transactions denominated in a currency other than the functional currency for the nine months ended September 30, 2024 and 2023, respectively, are recognized in other income (expense) in the accompanying condensed consolidated statements of operations.

Segment Reporting

Reportable segments are components of an enterprise about which separate financial information is available for evaluation by the chief operating decision maker in making decisions about how to allocate resources and assess performance. The chief operating decision maker of Allied Esports is Allied Esports's chief executive officer and the chief operating decision makers of ZTech and Skyline are senior executives of these subsidiaries. Separate discrete financial information for each of Allied Esports, ZTech and Skyline are reviewed separately by chief operating decision makers and the operations of Allied Esports, ZTech and Skyline are managed separately. As such, the operations of Allied Esports (principally video game events and tournaments), ZTech (casual mobile games) and Skyline (live concert promotion) are reported as separate operating segments. See Note 11 – Segment Data.

Subsequent Events

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the condensed consolidated financial statements, except as disclosed.

Recently Issued Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segments Disclosures (Topic 280), which updates reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses on both an annual and interim basis. The guidance becomes effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Since this new ASU addresses only disclosures, the Company does not expect the adoption of this ASU to have any material effects on its financial condition, results of operations or cash flows. The Company is currently evaluating any new disclosures that may be required upon adoption of ASU 2023-07.

In December 2023, the FASB issued ASU 2023-08, Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350 – 06). This update requires an entity to subsequently measure certain assets at fair value with changes recognized in net income each reporting period. This update also requires that an entity present crypto assets measured at fair value separately from other intangible assets in the balance sheet and changes from the remeasurement of crypto assets separately from changes in the carrying amounts of other intangible assets in the consolidated statement of operations. Although early adoption is permitted, the new guidance becomes effective on January 1, 2025, and should be applied using a modified retrospective transition method with a cumulative-effect adjustment recorded to the opening balance of retained earnings as of the beginning of the year of adoption. The Company does not believe the adoption of ASU 2023-06 will have a material impact on the Company's financial position and expects the cumulative adjustment to increase retained earnings as of January 1, 2025 as a result of adopting this guidance in 2025.

Note 3 – Business Combination

On October 31, 2023, AME-HK completed its acquisition of a 40% equity interest in ZTech for $7 million in cash from Beijing Lianzhong Co., Ltd, an entity owned by Ourgame International Holdings Limited, the holder of approximately 32% of AGAE's outstanding common stock as of the acquisition date. Founded in Beijing in April 2022, ZTech is a mobile games developer and operator, specializing in the innovation, research, development and operation of premium card and Mahjong casual games. The acquisition of ZTech will allow the Company to expand its operations into one of the most revenue generating segments of the global games industry.

The following information represents the unaudited pro forma combined results of operations, giving effect to the acquisitions as if they occurred at the beginning of the year ended December 31, 2023.

	For the Three Months Ended September 30, 2023			For the Nine Months Ended September 30, 2023		
	As reported	Pro-forma Adjustments	Pro-forma	As reported	Pro-forma Adjustments	Pro-forma
Revenues	$ 1,119,959	$ 3,952,118	$ 5,072,077	$ 5,581,486	$ 15,732,034	$ 21,313,520
Net income (loss)	$ 75,246	$ (78,742)	$ (3,496)	$ (2,509,759)	$ 322,651	$ (2,187,108)
Basic and diluted income (loss) per common share						
- Basic	$ 0.00		$ (0.00)	$ (0.07)		$ (0.06)
- Diluted	$ 0.00		$ (0.00)	$ (0.07)		$ (0.06)
Weighted-average common shares outstanding						
- Basic	36,942,149		36,942,149	37,351,735		37,351,735
- Diluted	37,134,457		36,942,149	37,351,735		37,351,735

Note 4 – Short-Term Investments

Short-term investments consist of the following:

	Certificates of Deposit	Fixed Rate Deposits	Equity Linked Notes	FX Linked Notes	Total Short-Term Investments
Balance as of January 1, 2024	$ 56,500,000	$ -	$ -	$ -	$ 56,500,000
Maturing of short-term investments	(17,500,000)	-	-	-	(17,500,000)
Early withdrawal of short-term investments	(2,500,000)	-	-	-	(2,500,000)
Purchase of fixed rate and certificates of deposit	4,800,000	15,000,000	-	-	19,800,000
Purchase of equity linked notes	-	-	24,182,317	-	24,182,317
Purchase of FX linked notes	-	-	-	30,303,628	30,303,628
Foreign currency transaction adjustment	-	-	1,109,077	-	1,109,078
Maturity of equity linked notes	-	-	(14,852,073)	-	(14,852,073)
Maturity of FX linked notes	-	-	-	(30,303,628)	(30,303,628)
Balance as of September 30, 2024	$ 41,300,000	$ 15,000,000	$ 10,439,321	$ -	$ 66,739,322

Short-term investments include certificates of deposit and fixed rate deposits with original maturities of greater than three months but less than or equal to twelve months when purchased. Interest income on certificates of deposit and fixed rate deposits amounted to $1,965,314 for the nine months ended September 30, 2024.

Between March 5, 2024 and July 18, 2024, the Company entered into six one-month FX linked notes, an investment product which provides for a fixed interest payment between 3% and 6% per annum on the notional amount with the ultimate return or loss linked to the change in the Japanese Yen/United States Dollar exchange rate. As of September 30, 2024 all FX linked notes had matured with no gain or loss recognized on the investment. Interest income on these notes for the nine months ended September 30, 2024 amounted to $122,275.

Between March 15, 2024 and May 1, 2024, the Company entered into three three-month equity linked notes which are investment products that provide for a coupon amount between 6% and 8% per annum and an ultimate return (or loss) tied to the performance of the underlying equities. The notes are callable by the issuer at the end of each month at which time no further coupon amounts shall be payable. As of September 30, 2024, all three equity linked notes had matured with no gain or loss recognized on the investment. Interest income on these notes for the nine months ended September 30, 2024 amounted to $142,222.

On July 12, 2024, the Company entered into two three-month equity linked notes which are investment products that provide for a coupon between 6% and 8% per annum and an ultimate return (or loss) tied to the performance of the underlying equities. The notes are callable by the issuer at the end of each month at which time no further coupon amounts shall be payable. The maturity date of the equity linked notes was October 17, 2024. Interest income on these notes for the nine months ended September 30, 2024 amounted to $114,110.

Note 5 – Loans Receivable

On February 21, 2024, Skyline loaned an unrelated third-party vendor $1.34 million under a one-year loan contract. The loan was unsecured and bore interest at 5% per annum, payable at maturity. The loan, along with accrued interest thereon of $23,058, was repaid on June 27, 2024.

On July 2, 2024, AME-HK loaned an unrelated third party 1.324 billion JPY, or approximately $8.2 million (USD) under a six-month loan contract. The loan is fully guaranteed by an individual's assets and bears interest at 5% per annum, payable at maturity.

On August 14, 2024, AME-HK loaned an unrelated third party 736.9 million JPY, or $5.0 million (USD) under a six-month loan contract. The loan is fully guaranteed by an individual's assets and bears interest at 7.5% per annum, payable at maturity.

The following is a roll forward of the Company's loans receivable balance during the nine months ended September 30, 2024:

Balance as of January 1, 2024	$ -
Loans issued	14,562,401
Loan repayments	(1,340,000)
Foreign currency transaction adjustment	1,206,916
Balance as of September 30, 2024	$ 14,429,317

Note 6 – Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	September 30, 2024	December 31, 2023
Compensation expense	$ 276,628	$ 655,458
Event costs	39,955	5,534
Legal and professional fees	22,500	32,150
Warrant liabilities	-	100
Other accrued expenses	114,818	70,270
Accrued expenses and other current liabilities	$ 453,901	$ 763,512

Note 7 – Loans Payable

On December 13, 2023, AME-HK borrowed 1.3 billion Japanese Yen ("JPY") or approximately $9.0 million (USD) under a $10 million credit facility provided by Morgan Stanley Bank Asia Limited (the "Bank") in connection with the Company's $40 million investment in 12-month certificates of deposit with the Bank. The credit facility includes term loans, bank overdrafts, margin loans and certain other borrowings. The 12-month term loan is non-interest bearing.

On March 8, 2024, the credit facility was increased to $20 million under which, on March 15, 2024, AME-HK borrowed an additional 948.2 million JPY or approximately $6.5 million (USD). This 12-month term loan bears interest at a fixed rate of 0.3% per annum, payable at maturity on March 17, 2025.

On May 14, 2024, AME-HK borrowed an additional 837.4 million JPY, or approximately $5.4 million (USD) . This 12-month term loan bears interest at a fixed rate of 0.65% per annum, payable at maturity on May 14, 2025.

On June 28, 2024, the credit facility was increased to $35 million under which, on June 28, 2024, AME-HK borrowed an additional 1.6 billion JPY or approximately $10.0 million (USD). This 12-month term loan bears interest at a fixed rate of 0.45% per annum, payable at maturity on June 30, 2025.

On July 23, 2024, AME-HK borrowed an additional 677.7 million JPY or approximately $4.3 million (USD). This 12-month term loan bears interest at a fixed rate of 0.45% per annum, payable at maturity on July 23, 2025.

The proceeds of these low and non-interest-bearing loans were used to acquire the equity and FX linked notes discussed in Note 4 – Short Term Investments and the loans discussed in Note 5 – Loans Receivable.

The following is a roll forward of the Company's loans payable balance during the nine months ended September 30, 2024:

Balance as of January 1, 2024	$ 9,230,168
Additional borrowings under credit facility	26,038,919
Foreign currency transaction adjustment	1,987,744
Balance as of September 30, 2024	$ 37,256,831

For the three and nine months ended September 30, 2024, the Company recorded interest expense of $23,587 and $42,409, respectively, on these loans.

Note 8 – Commitments and Contingencies

Litigations, Claims, and Assessments

The Company is periodically involved in various disputes, claims, liens and litigation matters arising out of the normal course of business. Such litigation may have an adverse impact on the Company's business and results of operations, may be costly to defend, or may cause disruptions to the Company's operations.

On March 7, 2024, Knighted Pastures, LLC ("Knighted"), an AGAE stockholder, filed a complaint in the Court of Chancery of the State of Delaware (the "Court") against the Company (as a nominal defendant), the members of its Board of Directors, and certain additional defendants (the "Knighted Action"). The complaint alleged, among other things, that the members of the Company's Board of Directors breached their fiduciary duty in connection with (1) the approval of a Share Purchase Agreement that AGAE entered into on or around December 28, 2023, (2) the approval and adoption of certain amendments to AGAE's Bylaws on or around January 5, 2024, and (3) the approval and adoption of a rights agreement on or around February 9, 2024. The Knighted Action sought both injunctive reliefs and money damages.

On June 20, 2024, following expedited discovery and entry of resolutions by the Board of Directors addressing issues raised by the Knighted Action, the Court entered an Order granting in part the Company and Board of Directors' motion to dismiss the Knighted Action as moot. The Court therefore cancelled the trial in the Knighted Action. The Court ordered the parties to submit further filings on Knighted's claim for attorneys' fees and costs and any other issues required to bring the Knighted Action to a final conclusion. On August 2, 2024, Knighted filed a motion for an attorney's fee award based on the purported corporate benefit its case provided to the Company and its other shareholders.

On August 28, 2024, the Court granted Knighted an attorney's fee award of $3.0 million which was paid on September 11, 2024. Subsequent to September 30, 2024, the Company received reimbursements of $3.7 million, in aggregate, from its directors' and officers' insurance carrier representing the attorney fee award and its defense costs in excess of the policy's retention amount, which is presented as an insurance recovery receivable on the condensed consolidated balance sheet at September 30, 2024.

Operating Leases

The Company leases office space in Beijing, China pursuant to a lease dated April 1, 2023 through an operating lease that expires on June 30, 2027. The lease provides for a monthly base rent of 50,000 RMB or approximately $6,900, payable quarterly. Effective April 1, 2024, the Beijing lease was amended to provide for a monthly base rent of 63,000 RMB or approximately $8,800 payable quarterly. There were no additional changes to the lease agreement. The increase in monthly base rent increased the right-of-use asset and lease liability by $85,095.

The Company's aggregate operating lease expense incurred during the three months ended September 30, 2024 and 2023 amounted to $463,620 and $438,874, respectively, of which $349,605 and $321,522, respectively, is included within in-person costs and $114,015 and $117,352, respectively, is included in general and administrative expenses on the accompanying condensed consolidated statements of operations.

The Company's aggregate operating lease expense incurred during the nine months ended September 30, 2024 and 2023 amounted to $1,368,725 and $1,281,075, respectively, of which $1,048,815 and $964,038, respectively, is included within in-person costs and $319,910 and $317,037, respectively, is included in general and administrative expenses on the accompanying condensed consolidated statements of operations.

A summary of the Company's right-of-use assets and liabilities is as follows:

	For the Nine Months Ended September 30,	
	2024	**2023**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating activities	$ 1,138,342	$ 909,426
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	$ 85,095	$ 289,886
Weighted Average Remaining Lease Term (Years)		
Operating leases	3.60	4.63
Weighted Average Discount Rate		
Operating leases	5.00% - 5.75%	5.00% - 5.75%

A summary of the Company's remaining operating lease liabilities as of September 30, 2024 is as follows:

For the Years Ending December 31,	**Amount**
2024 (October 1, 2024 through December 31, 2024)	$ 468,803
2025	1,876,411
2026	1,852,951
2027	1,736,939
2028	712,500
Total lease payments	6,647,604
Less: amount representing imputed interest	(654,239)
Present value of lease liability	5,993,366
Less: current portion	(1,550,004)
Lease liability, non-current portion	$ 4,443,362

Investment Agreement

On January 14, 2020, the Company sold 758,725 shares of its common stock to BPR Cumulus LLC, an affiliate of Brookfield Property Partners ("Brookfield") for $5,000,000 (the "Purchase Price") pursuant to a Share Purchase Agreement (the "Brookfield Agreement"). Under the terms of the Brookfield Agreement, the Purchase Price was placed into escrow to be used by the Company or its subsidiaries to develop integrated esports experience venues at mutually agreed upon shopping malls owned and/or operated by Brookfield or any of its affiliates that will include a dedicated gaming space and production capabilities to attract esports and other emerging live events (each, an "Esports Venue").

To that end, half of the Purchase Price would be released from escrow to the Company upon the execution of a written lease agreement between Brookfield and the Company for the first Esports Venue, and the other half would be released to the Company upon the execution of a written lease agreement between Brookfield and the Company for the second Esports Venue.

On September 16, 2024, the Company and Brookfield entered into a Settlement Agreement and Release (the "Settlement Agreement") to resolve and terminate all obligations under the Brookfield Agreement. Pursuant to the Settlement Agreement, the entire Purchase Price was released from escrow of which $3,000,000 was paid to Brookfield and $2,000,000 was paid to the Company. The parties further agreed to release and discharge each other from any and all present and future obligations under the Brookfield Agreement. The $3,000,000 payment to Brookfield was included in other income (expense) on the condensed consolidated statements of operations.

Employment Agreement

On March 6, 2024 (the "Effective Date"), the Company entered into an employment agreement with Ms. Yinghua Chen, the Chief Executive Officer of the Company (the "Employment Agreement"). Pursuant to the Employment Agreement, Ms. Chen will, among other things, (i) receive a base annual salary of $300,000, subject to adjustment as the Board deems appropriate; and (ii) be eligible to receive an annual incentive bonus of up to 60% of her annual salary, as determined annually at the discretion of the Board. If Ms. Chen is terminated without cause, she will be entitled to receive severance equal to sixty (60) months of her base salary payable in equal installments over a sixty-month period, as well as any accrued and unused vacation pay, and all equity compensation will be fully accelerated.

On August 16, 2024, the Board of Directors of the Company, upon recommendation by the Compensation Committee, approved an annual base salary of $400,000 for Mr. Yangyang Li, the President of the Company. Mr. Li was appointed by the Board to serve as the President of the Company effective as of April 30, 2024.

Note 9 – Income Taxes

The Company recorded income tax benefit of $332 thousand and $0 during the three months ended September 30, 2024 and September 30, 2023, respectively. The Company recorded income tax benefit of $332 thousand and $0 during the nine months ended September 30, 2024 and September 30, 2023, respectively.

The Company's effective tax rate for nine months ended September 30, 2024 is 2.9% and September 30, 2023 is 0 which vary from the statutory U.S. federal tax rate of 21.0% primarily due to the tax impact of foreign operating activities in China and Hong Kong both of which are taxed at rates different than the statutory U.S. federal tax rate.

Note 10 – Stockholders' Equity

Share Purchase Agreement

On December 28, 2023, the Company entered into a Share Purchase Agreement (the "Purchase Agreement") with Elite Fun Entertainment Co., Ltd. (the "Purchaser"), pursuant to which the Purchaser agreed to purchase 7,330,000 shares of the Company's common stock, par value $0.0001 per share, at a purchase price of $0.90 per share (the "Purchased Shares") for a total purchase price of $6,597,000.

The Purchase Agreement is subject to customary representations, warranties, covenants and conditions, including an agreement that the Company and Purchaser will each use its best efforts to negotiate and finalize a collaboration or partnership agreement under which the Purchaser will assist the Company with organizing live shows and events in Asia.

On March 7, 2024, the Company closed on the share purchase agreement and received $2 million of the total purchase price for the Purchased Shares and the Purchaser agreed to pay the remaining consideration of $4.597 million within 2 months of the closing along with interest thereon at a simple interest rate of 5% per annum. The remaining consideration is collateralized by a pledge and first priority lien and security interest in 5,107,778 shares issued by the Company to the Purchaser.

On June 15, 2024, the Company and the Purchaser entered into a termination agreement pursuant to which each party agreed to terminate the Purchase Agreement. Pursuant to the termination agreement, the Company agreed to pay the Purchaser $2,000,000 in cash and to forgive the Purchaser's obligation to pay the remaining purchase price for the shares of $4,597,000, in exchange for the Purchaser transferring back to the Company all of the shares of common stock previously issued. All obligations under the termination agreement were satisfied as of July 3, 2024.

Rights Agreement

On February 9, 2024, the Company entered into a rights agreement with Continental Stock Transfer & Trust, as rights agent (the "Rights Agreement") pursuant to which the Board declared a dividend of one preferred share purchase right (the "Right" or collectively the "Rights") for each outstanding share of the Company's common stock. The Rights were distributed to the stockholders of record at the start of business on that date (the "Record Date"). Each Right provides the registered holder, under certain circumstances and if the Rights become exercisable, the right to purchase from the Company one one-thousandth of a share of a newly designated Series A Junior Participating Preferred Stock, par value $0.0001 per share (the "Series A Preferred Shares") at an exercise price of $7.00 per one one-thousandth of a Series A Preferred Share. On that date, the Board also authorized the issuance of one Right with respect to each additional Common Share that becomes outstanding after the Record Date, but before the Distribution Date (as defined in the Rights Agreement) and, in certain limited circumstances, after the Distribution Date.

The Rights are not exercisable until the Distribution Date. Until a Right is exercised, the holder has no right as a stockholder of the Company, including dividend, voting or liquidation rights.

At any time until the earlier of (a) a person becomes an Acquiring Person (as defined in the Rights Agreement) and (b) the final expiration date (as defined in the Rights Agreement), the Board may, at its option and in its sole discretion, direct the Company to redeem the Rights in whole but not in part, at a price of $0.0001 per Right (the "Redemption Price").

Stock Options

A summary of the option activity during the nine months ended September 30, 2024 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Term (Yrs)	Intrinsic Value
Outstanding, January 1, 2024	1,490,000	$ 3.55		
Granted	-	-		
Exercised	-	-		
Expired	(170,000)	4.09		
Outstanding, September 30, 2024	1,320,000	$ 3.48	5.53	$ -
Exercisable, September 30, 2024	1,212,500	$ 3.59	5.42	$ -

Options outstanding and exercisable as of September 30, 2024 are as follows:

Options Outstanding		Options Exercisable	
Exercise Price	Outstanding Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options
$ 2.11	40,000	5.75	40,000
$ 2.17	120,000	5.85	120,000
$ 2.21	350,000	5.59	262,500
$ 2.48	120,000	6.60	100,000
$ 4.09	460,000	5.14	460,000
$ 5.66	230,000	4.97	230,000
	1,320,000	5.42	1,212,500

For the three months ended September 30, 2024 and 2023, the Company recorded $18,714 and $64,623, respectively, of stock-based compensation expense related to stock options. For the nine months ended September 30, 2024 and 2023, the Company recorded $44,872 and $136,605, respectively, of stock-based compensation expense related to stock options. As of September 30, 2024, there was $33,126 of unrecognized stock-based compensation expense related to the stock options that will be recognized over the weighted average remaining vesting period of 0.94 years.

Restricted Common Stock

On February 22, 2024, the Company awarded, in aggregate, 1,460,000 shares of common stock (the "Restricted Shares"), with an aggregate grant date value of $1,518,000, to its directors and certain executive officers which are subject to certain transfer and other restrictions set forth in the grant agreement signed by each recipient under the Equity Incentive Plan. The Restricted Shares vest in four equal installments as follows: twenty-five (25%) on the date of grant and 25% in three (3) successive installments upon the completion of each six (6) month period of service over an eighteen (18) month period measured from the date of grant. The transfer restrictions include a lock-up agreement under which, among other things, each recipient agreed not to sell, pledge, or otherwise dispose of the shares for a three-year period commencing on the date of the grant.

For the three months ended September 30, 2024 and 2023, the Company recorded $211,017 and $0, respectively, of stock-based compensation expense related to restricted stock. For the nine months ended September 30, 2024 and 2023, the Company recorded $858,766 and $0, respectively, of stock-based compensation expense related to restricted stock. As of September 30, 2024, there was $659,234 of unrecognized stock-based compensation expense related to the restricted stock that will be recognized over the weighted average remaining vesting period of 0.8 years.

Warrants

In 2017, Black Ridge Acquisition Corp. ("BRAC") issued 14,305,000 warrants (the "BRAC Warrants") for the purchase of BRAC's common stock at $11.50 per share in connection with BRAC's initial public offering. The warrants expired on August 9, 2024.

As of result of the August 9, 2019 Merger, in which the Company and BRAC merged, the Company issued to the former owners of Allied Gaming and WPT five-year warrants to purchase an aggregate of 3,800,003 shares of common stock at a price of $11.50 per share and issued five-year warrants for the purchase of an aggregate of 532,000 shares of common stock to noteholders with an exercise price of $11.50 per share. The warrants expired on August 9, 2024.

A summary of warrants outstanding and exercisable as of September 30, 2024 is presented below:

Warrants Outstanding			Warrants Exercisable	
Exercise Price	Exercisable Into	Outstanding Number of Warrants	Weighted Average Remaining Life in Years	Exercisable Number of Warrants
$ 4.13	Common Stock	1,454,546	0.7	1,454,546
		1,454,546		1,454,546

Note 11 – Segment Data

Each of the Company's business segments offer different, but synergistic products and services, and are managed separately, by different chief operating decision makers. Segment performance is evaluated based on operating results. Adjustments to reconcile segment results to consolidated results are included under the caption "Corporate," which primarily includes unallocated corporate activity.

The Company's business consists of three reportable business segments:

- E-sports, provided through Allied Esports, including video game events and tournaments.
- Casual mobile gaming, provided through ZTech.
- Live concert promotion and events organizing, provided through Skyline.

The following tables present segment information for the three and nine months ended September 30, 2024 and 2023:

	For the Three Months Ended September 30, 2024					For the Three Months Ended September 30, 2023				
	E-sports	Causal Mobile Gaming	Concerts	Corporate(1)	TOTAL	E-sports	Causal Mobile Gaming	Concerts	Corporate(1)	TOTAL
Revenues	$ 1,345,555	$ 817,986	$ -	$ -	$ 2,163,541	$ 1,119,959	$ -	$ -	$ -	$ 1,119,959
Revenues from foreign operations	$ -	$ 817,986	$ -	$ -	$ 817,986	$ -	$ -	$ -	$ -	$ -
Depreciation and amortization	$ 251,974	$ 151,550	$ -	$ -	$ 403,524	$ 239,413	$ -	$ -	$ -	$ 239,413
Loss from operations	$ (481,203)	$ (352,208)	$ (16,813)	$ (330,349)	$ (1,180,573)	$ 191,821	$ -	$ -	$ (832,080)	$ (640,259)
Interest income	$ -	$ -	$ -	$ 1,066,311	$ 1,066,311	$ -	$ -	$ -	$ 715,893	$ 715,893
Interest expense	$ -	$ -	$ -	$ (32,949)	$ (32,949)	$ -	$ -	$ -	$ -	$ -

	For the Nine Months Ended September 30, 2024					For the Nine Months Ended September 30, 2023				
	E-sports	Causal Mobile Gaming	Concerts	Corporate(1)	TOTAL	E-sports	Causal Mobile Gaming	Concerts	Corporate(1)	TOTAL
Revenues	$ 3,518,226	$ 3,664,244	$ -	$ -	$ 7,182,470	$ 5,581,486	$ -	$ -	$ -	$ 5,581,486
Revenues from foreign operations	$ -	$ 3,664,244	$ -	$ -	$ 3,664,244	$ -	$ -	$ -	$ -	$ -
Depreciation and amortization	$ 689,509	$ 407,864	$ -	$ 86,319	$ 1,183,692	$ 1,028,668	$ -	$ -	$ 1,523	$ 1,030,191
Loss from operations	$ (1,733,922)	$ (833,463)	$ (153,232)	$ (6,425,706)	$ (9,146,323)	$ (1,339,523)	$ -	$ -	$ (3,351,658)	$ (4,691,181)
Interest income	$ -	$ -	$ -	$ 2,977,266	$ 2,977,266	$ -	$ -	$ -	$ 2,165,514	$ 2,165,514
Interest expense	$ -	$ -	$ -	$ (43,231)	$ (43,231)	$ -	$ -	$ -	$ (46)	$ (46)

(1) Represents unallocated corporate operating losses resulting from general corporate overhead expenses not directly attributable to any one of the business segments. Corporate operating expense are reported separate from the Company's identified segments and are included in general and administrative expenses on the accompanying consolidated statements of operations.

The following table presents segment information as of September 30, 2024 and December 31, 2023:

	As of September 30, 2024					As of December 31, 2023				
	E-sports	Causal Mobile Gaming	Concerts	Corporate(1)	TOTAL	E-sports	Causal Mobile Gaming	Concerts	Corporate(1)	TOTAL
Goodwill and intangible assets, net	$ 15,846	$ 18,132,813	$ -	$ 589,461	$ 18,738,120	$ 18,843	$ 18,340,383	$ -	$ 624,561	$ 18,983,787
Property and equipment, net	$ 3,166,226	$ 23,124	$ -	$ -	$ 3,189,350	$ 3,808,985	$ 23,939	$ -	$ 1,269	$ 3,834,193
Property and equipment, net - foreign operations	$ -	$ 23,124	$ -	$ -	$ 23,124	$ -	$ 23,939	$ -	$ -	$ 23,939
Total assets (2)	$ 8,707,254	$ 18,628,914	$ 7,492,819	$ 94,998,909	$129,827,256	$ 10,842,100	$ 18,793,420	$ 6,007,381	$ 76,373,786	$112,016,687

(1) Represents unallocated corporate assets not directly attributable to any one of the business segments and unallocated corporate operating losses resulting from general corporate overhead expenses not directly attributable to any one of the business segments. Corporate operating expense are reported separate from the Company's identified segments and are included in general and administrative expenses on the accompanying consolidated statements of operations.

(2) Reflects reclassification of AME's short-term investments, interest receivable and cash and cash equivalents to Corporate

Note 12 – Subsequent Events

Securities Purchase Agreement

Blue Planet New Energy Technology Limited

On October 18, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with Blue Planet New Energy Technology Limited ("Blue Planet"), pursuant to which the Company agreed to sell and issue and Blue Planet agreed to purchase (i) 6,000,000 shares of Common Stock of the Company at a purchase price of $1.10 per share (the "Purchased Shares") for a total purchase price of $6,600,000 and (ii) a corresponding warrant (the "Warrant") to purchase up to 6,000,000 shares of Common Stock, with an exercise price of $1.80 per share, which represents a 50% premium to the closing sales price of the Common Stock on October 17, 2024, issuable upon exercise of the Warrant (the "Warrant Shares" and together with the Purchased Shares and the Warrant, the "Registrable Securities") (such transaction, the "Transaction"). The Warrant expires five years from the date of issuance. The Purchase Agreement is subject to customary representations, warranties, covenants and conditions. In addition, Blue Planet is subject to a 6-month lock-up period commencing from the date of closing.

The Purchase Agreement does not contain any voting commitment, and Blue Planet may vote its shares of Common Stock in its discretion for any matter requiring a vote of the Company's stockholders. The Warrant may not be exercised if Blue Planet, together with its affiliates, would beneficially own more than 19.99% of the number of shares of the Common Stock outstanding immediately after giving effect to such exercise, unless the Company obtains shareholder approval pursuant to applicable NASDAQ rules. Finally, the Company agreed to register the resale of Registrable Securities pursuant to a registration statement to be filed under the Securities Act of 1933, as amended.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statements

The following discussion and analysis of the results of operations and financial condition of Allied Gaming & Entertainment Inc. (the "Company") as of September 30, 2024 and for the three and nine months ended September 30, 2024 and 2023 should be read in conjunction with our financial statements and the notes to those financial statements that are included elsewhere in this Quarterly Report on Form 10-Q. This discussion and analysis should be read in conjunction with the Company's audited financial statements and related disclosures as of December 31, 2023, which are included in the Form 10-K (the "Annual Report") filed with the Securities and Exchange Commission ("SEC") on March 28, 2024, as amended on Form 10-K/A which was filed on April 29, 2024. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "us", "we", "our" and similar terms refer to the Company and its subsidiaries. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risk, uncertainties and other factors. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. Actual results could differ materially because of the factors discussed in "Risk Factors" in our Annual Report, and other factors that we may not know. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements above, to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

The Company

Allied Gaming and Entertainment Inc., along with its subsidiaries ("AGAE" or the "Company") is a global experiential entertainment company focused on providing a growing audience of gamers with unique experiences through renowned assets, products, and services. Under the Allied Esports International subsidiary ("AEI") we operate global competitive esports properties designed to connect players and fans via a network of connected arenas and creation of original esports content. Esports Arena Las Vegas, LLC subsidiary, operates a flagship gaming arena located at the Luxor Hotel in Las Vegas, Nevada. Meanwhile, Allied Mobile Entertainment subsidiary ("AME"), is dedicated to exploring opportunities in the massive and growing mobile games markets. AME's ownership of a 40% equity interest in Beijing Lianzhong Zhihe Technology Co. Ltd ("ZTech"), a prominent mobile games developer and operator, is engaged in the development and distribution of casual mobile games in Mainland China, solidifies our presence in this lucrative sector. Moreover, our subsidiary Allied Experiential Entertainment ("AEE"), focuses on orchestrating live entertainment events and offers management and consultation service to experiential entertainment venue operation. The Company offers a variety of esports and gaming-related content, including world class tournaments, live and virtual entertainment and gaming events, and original programming to continuously nurture vibrant communities primarily comprising of Gen Y, Z, and Alpha consumers.

Allied's in-person experiences include live events hosted at its flagship arena, HyperX Arena Las Vegas, an affiliate arena with one of its global network of esports arena partners, and its mobile arenas. Allied's multiplatform content includes its partnerships with live streamers, post-produced episodic content, and short-form repackaged content. Allied's casual mobile gaming includes contractual relationships with various advertising service providers for advertisements within the Company's casual mobile games.

Our growth depends, in part, on our ability to adapt to technological advancements, shifts in gamer trends and demands, introductions of new games, evolving intellectual property practices among game publishers, the fusion of gaming and music and industry standards and practices. While change in this industry may be inevitable, we are committed to flexibly adjusting our business model as necessary to accommodate such shifts and maintain a leading position among our competitors.

Our business plan requires significant capital expenditures, and we expect our operating expenses to increase as we continue to expand our marketing efforts and operations in existing and new geographies as well as new vertical markets (including live influencer events, top artist events and concerts, experiential entertainment, casual mobile gaming, live streaming platforms and channels, interactive content monetization, and online esports tournament and gaming subscription platforms), which we believe will provide attractive returns on investment.

Corporate Developments

Elite Fun Entertainment Co., Ltd. Strategic Investment

On December 28, 2023, the Company entered into a Share Purchase Agreement (the "Elite Purchase Agreement") with Elite Fun Entertainment Co., Ltd. (the "Purchaser"), pursuant to which the Purchaser agreed to purchase 7,330,000 shares of Common Stock at a purchase price of $0.90 per share (the "Purchased Shares") for a total purchase price of $6,597,000. The Purchased Shares represented less than 20% of the total issued and outstanding shares of the Company prior to the closing of the transaction.

On March 7, 2024, the Company received an initial payment of the Purchase Price of $2 million for the Purchased Shares and entered into a side letter agreement (the "Elite Side Letter Agreement") with the Purchaser whereby the Purchaser agreed to pay the remaining consideration of $4.597 million within 2 months of the closing along with interest thereon at a simple interest rate of 5% per annum. The remaining consideration was collateralized by a pledge and first priority lien and security interest in 5,107,778 shares of Common Stock of the Purchased Shares issued by the Company to the Purchaser. All obligations under the termination agreement were satisfied as of July 3, 2024.

On June 15, 2024, the Company entered into a Termination Agreement (the "Termination Agreement") with the Purchaser, pursuant to which the Parties agreed to mutually terminate each of that certain Share Purchase Agreement, dated December 28, 2023 (the "SPA"), First Letter Agreement, dated February 1, 2024, Second Letter Agreement, dated February 28, 2024, and Third Letter Agreement, dated March 7, 2024. In addition, the Company agreed to (i) pay the Purchaser a total of $2,000,000, in cash, and (ii) forgive the Purchaser's obligation to pay the remaining purchase price of $4.597 million for the shares, in exchange for the Purchaser transferring back to the Company all of the shares of common stock previously issued to the Purchaser pursuant to the SPA.

Brookfield Settlement

On September 16, 2024, the Company and Brookfield entered into a Settlement Agreement and Release (the "Settlement Agreement") to resolve and terminate all obligations under the Brookfield Agreement. Pursuant to the Settlement Agreement, the entire Purchase Price was released from escrow of which $3,000,000 was paid to Brookfield and $2,000,000 was paid to the Company. The parties further agreed to release and discharge each other from any and all present and future obligations under the Brookfield Agreement.

Blue Planet New Energy Technology Limited Securities Purchase Agreement

On October 18, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with Blue Planet New Energy Technology Limited ("Blue Planet"), pursuant to which the Company agreed to sell and issue and Blue Planet agreed to purchase (i) 6,000,000 shares of Common Stock of the Company at a purchase price of $1.10 per share (the "Purchased Shares") for a total purchase price of $6,600,000 and (ii) a corresponding warrant (the "Warrant") to purchase up to 6,000,000 shares of Common Stock, with an exercise price of $1.80 per share, which represents a 50% premium to the closing sales price of the Common Stock on October 17, 2024, issuable upon exercise of the Warrant (the "Warrant Shares" and together with the Purchased Shares and the Warrant, the "Registrable Securities") (such transaction, the "Transaction"). The Warrant expires five years from the date of issuance. The Purchase Agreement is subject to customary representations, warranties, covenants and conditions. In addition, Blue Planet is subject to a 6-month lock-up period commencing from the date of closing.

The Purchase Agreement does not contain any voting commitment, and Blue Planet may vote its shares of Common Stock in its discretion for any matter requiring a vote of the Company's stockholders. The Warrant may not be exercised if Blue Planet, together with its affiliates, would beneficially own more than 19.99% of the number of shares of the Common Stock outstanding immediately after giving effect to such exercise, unless the Company obtains shareholder approval pursuant to applicable NASDAQ rules. Finally, the Company agreed to register the resale of Registrable Securities pursuant to a registration statement to be filed under the Securities Act of 1933, as amended.

Results of Operations

Our operations consist of our esports gaming operations, casual mobile games and live entertainment events organizing. Through our subsidiaries, we offer esports fans state-of-the-art facilities to compete against other players in esports competitions, host live events with esports superstars that potentially stream to millions of viewers worldwide and produce and distribute esports content at our on-site production facilities and studios. At our flagship arena in Las Vegas, Nevada, we provide an attractive facility for hosting a diverse range of events, including corporate events, tournaments, game launches, and brand activation. Furthermore, we boast a mobile esports arena, an 18-wheel semi-trailer, which seamlessly transforms into a top-tier esports arena and competition stage or a dynamic live show arena complete with full content production capabilities and an interactive talent studio.

Results of Operations for the Three Months Ended September 30, 2024 and 2023

(in thousands)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	Favorable (Unfavorable)
Revenues:			
In-person	$ 1,345	$ 1,120	$ 225
Casual mobile gaming	818	-	818
Total Revenues	2,163	1,120	1,043
Costs and Expenses:			
In-person (exclusive of depreciation and amortization)	683	576	(107)
Casual mobile gaming (exclusive of depreciation and amortization)	701	-	(701)
Research and development expenses	158	-	(158)
Selling and marketing expenses	91	51	(40)
General and administrative expenses	1,310	894	(416)
Depreciation and amortization	401	239	(162)
Total Costs and Expenses	3,344	1,760	(1,584)
Loss From Operations	(1,181)	(640)	(541)
Other Income (Expense):			
Other income (expense), net	(1)	-	(1)
Loss on escrow settlement	(3,000)	-	(3,000)
Loss on foreign currency transactions	(1,213)	-	(1,213)
Interest income, net	1,033	715	318
Pre-Tax (Loss) Income	(4,362)	75	(4,437)
Income tax benefit	333	-	333
Net (Loss) Income	(4,029)	75	(4,104)
Less: net loss attributable to non-controlling interest	(1)	-	1
Net (Loss) Income Attributable to Common Stockholders	$ (4,028)	$ 75	$ (4,105)

Revenues

In-person experience revenues increased by approximately $0.2 million, or 20%, to approximately $1.3 million for the three months ended September 30, 2024 from approximately $1.1 million for the three months ended September 30, 2023. The increase of in-person experience revenues was driven by a $0.2 million increase in arena and truck event revenue for the three months ended September 30, 2024 resulting from an increase in revenue earned per event held during the period.

Casual mobile gaming revenue was $0.8 million for the three months ended September 30, 2024 and $0.0 million for the three months ended September 30, 2023, respectively. The increase in casual mobile games revenue was due to the casual mobile gaming revenue recognized in the current year as a result of the business combination with ZTech on October 31, 2023.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) increased by approximately $0.1 million, or 19%, to approximately $0.7 million for the three months ended September 30, 2024 from approximately $0.6 million for the three months ended September 30, 2023. The increase is the result of the increase in costs associated with the arena and truck events for the three months ended September 30, 2024 resulting from an increase in costs per event held during the period.

Casual mobile gaming costs (exclusive of depreciation and amortization) were $0.7 million for the three months ended September 30, 2024 and $0.0 million for the three months ended September 30, 2023, respectively. The recognition of casual gaming costs and expenses began in connection with the business combination with ZTech on October 31, 2023.

Research and development expenses were $158 thousand and $0 for the three months ended September 30, 2024 and 2023, respectively. Research and development expenses consist principally of costs related to the development of new casual mobile games for ZTech.

Selling and marketing expenses increased by approximately $40 thousand, or 78%, to approximately $91 thousand for the three months ended September 30, 2024 from approximately $52 thousand for the three months ended September 30, 2023.

General and administrative expenses increased by approximately $0.4 million, or 47%, to approximately $1.3 million for the three months ended September 30, 2024, from approximately $0.9 million for the three months ended September 30, 2023. The increase in general and administrative expenses is primarily attributable to an increase in payroll and payroll related costs resulting from a $1.5 million Employee Retention Credit ("ERC") received and recorded as a reduction of expense during the three months ended September 30, 2023, a $0.2 million increase in payroll due to the hiring of our new president during the second quarter of 2024, and a $0.2 million increase in stock-based compensation related to restricted share awards granted on February 22, 2024. These increases were slightly offset by a) a $1.3 million decrease in legal and professional fees resulting from (i) an insurance reimbursement of second quarter 2024 defense costs incurred in connection with a shareholder complaint filed in March 2024, and (ii) costs related to various merger and acquisition activities during the third quarter of 2023, and b) a $0.2 million decrease in insurance costs related to a D&O insurance policy that was renewed at a lower cost in August 2023.

Depreciation and amortization increased by approximately $0.2 million, or 68% to approximately $0.4 million for the three months ended September 30, 2024, from approximately $0.2 million for the three months ended September 30, 2023. The increase was primarily due to the amortization of intangibles that were recorded as part of the business combination with ZTech on October 31, 2023.

Other income (expense), net

We recognized other expense, net, of approximately $1 thousand during the three months ended September 30, 2024 compared to $0 thousand of other expense recorded for the three months ended September 30, 2023.

Loss on escrow settlement

We recognized a loss in connection with a Settlement and Release Agreement dated September 16, 2024, with Brookfield Property Partners ("Brookfield"), under which $3.0 million was released and paid to Brookfield from an escrow account established in January 2020 (see Note 8 – Commitments and Contingencies – Investment Agreement). The entire escrow account of $5.0 million was included in restricted cash on the condensed consolidated balance sheets since that date.

Loss on foreign currency transactions

The loss on foreign currency transactions was approximately $1.2 million for the three months ended September 30, 2024 compared to $0.0 million for the three months ended September 30, 2023. The increase is a result of changes in the exchange rate of the Japanese Yen to United States Dollar between the dates certain loans payable were borrowed, the dates certain loans receivable were issued, and the dates certain equity linked notes were purchased and September 30, 2024.

Interest income, net

Interest income, net, was approximately $1.0 million for the three months ended September 30, 2024 compared to approximately $0.7 million of interest income for the three months ended September 30, 2023. The increase is a result of the interest earned on certificates of deposit purchased during the fourth quarter of 2023, in addition to equity linked notes purchased in the third quarter of 2024.

Results of Operations for the Nine Months Ended September 30, 2024 and 2023

(in thousands)	For the Nine Months Ended September 30, 2024	2023	Favorable (Unfavorable)
Revenues:			
In-person	$ 3,518	$ 3,581	$ (63)
Multiplatform content	-	2,001	(2,001)
Casual mobile gaming	3,664	-	3,664
Total Revenues	7,182	5,582	1,600
Costs and Expenses:			
In-person (exclusive of depreciation and amortization)	1,821	1,891	70
Multiplatform content (exclusive of depreciation and amortization)	-	1,518	1,518
Casual mobile gaming (exclusive of depreciation and amortization)	3,199	-	(3,199)
Research and development expenses	527	-	(527)
Selling and marketing expenses	198	173	(25)
General and administrative expenses	9,402	5,661	(3,741)
Depreciation and amortization	1,182	1,030	(152)
Total Costs and Expenses	16,329	10,273	(6,056)
Loss From Operations	(9,147)	(4,691)	(4,456)
Other Income (Expense):			
Other income (expense), net	1	16	(15)
Loss on escrow settlement	(3,000)	-	(3,000)
Loss on foreign currency transactions	(862)	-	(862)
Interest income, net	2,934	2,165	769
Pre-Tax Loss	(10,074)	(2,510)	(7,564)
Income tax benefit	333	-	333
Net Loss	(9,741)	(2,510)	(7,231)
Less: net loss attributable to non-controlling interest	(211)	-	211
Net Loss Attributable to Common Stockholders	$ (9,530)	$ (2,510)	$ (7,442)

Revenues

In-person experience revenues decreased by approximately $0.1 million, or 2%, to approximately $3.5 million for the nine months ended September 30, 2024 from approximately $3.6 million for the nine months ended September 30, 2023. The decrease of in-person experience revenues was driven by a $0.1 million decrease in truck event revenue for the nine months ended September 30, 2024 resulting from fewer events held during the period.

Multiplatform content revenue was $0.0 million for the nine months ended September 30, 2024 and $2.0 million for the nine months ended September 30, 2023. The decrease was due to Season 2 of Elevated, a live streaming event, that occurred during the nine months ended September 30, 2023 and did not occur in 2024.

Casual mobile gaming revenue was $3.7 million for the nine months ended September 30, 2024 and $0.0 million for the nine months ended September 30, 2023, respectively. The increase in casual mobile games revenue was due to the casual mobile gaming revenue recognized in the current year as a result of the business combination with ZTech on October 31, 2023.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) decreased by approximately $0.1 million, or 4%, to approximately $1.8 million for the nine months ended September 30, 2024 from approximately $1.9 million for the nine months ended September 30, 2023. The decrease is the result of the decrease in costs associated with the truck events for the nine months ended September 30, 2024 resulting from fewer events held during the period.

Multiplatform costs (exclusive of depreciation and amortization) decreased by approximately $1.5 million to $0.0 million for the nine months ended September 30, 2024 from approximately $1.5 million for the nine months ended September 30, 2023. The decrease in multiplatform costs corresponds to the decrease in revenues, as discussed above.

Casual mobile gaming costs (exclusive of depreciation and amortization) were $3.2 million for the nine months ended September 30, 2024 and $0.0 million for the nine months ended September 30, 2023, respectively. The recognition of casual mobile gaming costs and expenses began in connection with the business combination with ZTech on October 31, 2023.

Research and development expenses were $527 thousand and $0.0 million for the nine months ended September 30, 2024 and 2023, respectively. Research and development expenses consist principally of costs related to the development of new casual mobile games for ZTech.

Selling and marketing expenses increased by approximately $25 thousand, or 14%, to approximately $198 thousand for the nine months ended September 30, 2024 from approximately $173 thousand for the nine months ended September 30, 2023.

General and administrative expenses increased by approximately $3.7 million, or 66%, to approximately $9.4 million for the nine months ended September 30, 2024, from approximately $5.7 million for the nine months ended September 30, 2023. The increase in general and administrative expenses resulted primarily from a $2.1 million increase in legal and professional fees related to a shareholder complaint filed in 2024, a $1.3 million increase in payroll and payroll related costs due to an Employee Retention Credit (“ERC”) received and recorded as a reduction of expenses during the nine months ended September 30, 2023, and a $0.8 million increase in stock-based compensation related to restricted share awards granted on February 22, 2024. These increases were slightly offset by a $0.2 million decrease in payroll and payroll related costs in 2024 due to a decrease in headcount, in addition to a $0.3 million decrease in insurance costs related to a D&O insurance policy that was renewed at a lower cost in August 2023.

Depreciation and amortization increased by approximately $152 thousand, or 15%, to approximately $1.2 million for the nine months ended September 30, 2024, from approximately $1.0 million for the nine months ended September 30, 2023. The increase was primarily due to the depreciation and amortization of fixed assets and intangibles that were part of the business combination in the fourth quarter of 2023.

Other income (expense), net

We recognized $0 thousand in other expense, net, during the nine months ended September 30, 2024 compared to $16 thousand of other income recorded for the nine months ended September 30, 2023.

Loss on escrow settlement

We recognized a loss in connection with a Settlement and Release Agreement dated September 16, 2024, with Brookfield Property Partners (“Brookfield”), under which $3.0 million was released and paid to Brookfield from an escrow account established in January 2020 (see Note 8 – Commitments and Contingencies – Investment Agreement). The entire escrow account of $5.0 million was included in restricted cash on the condensed consolidated balance sheets since that date.

Loss on foreign currency transactions

The loss on foreign currency transactions was approximately $0.8 million for the nine months ended September 30, 2024 compared to $0.0 million for the nine months ended September 30, 2023. The increase is a result of changes in the exchange rate of the Japanese Yen to United States Dollar between the dates certain loans payable were borrowed, the dates certain loans receivable were issued, and the dates certain equity linked notes were purchased and September 30, 2024.

Interest income, net

Interest income, net, was approximately $2.9 million for the nine months ended September 30, 2024 compared to approximately $2.2 million for the nine months ended September 30, 2023. The increase is a result of the interest earned on certificates of deposit purchased during the fourth quarter of 2023, loans receivable issued in 2024, and equity linked and Fx notes purchased in 2024. This was slightly offset by interest expense of $0.04 million on loans borrowed during the fourth quarter of 2023 and the nine month period ended September 30, 2024.

Liquidity and Capital Resources

The following table summarizes our total current assets, current liabilities and working capital at September 30, 2024 and December 31, 2023, respectively:

(in thousands)	September 30, 2024	December 31, 2023
Current Assets	$ 102,806	$ 78,341
Current Liabilities	$ 40,039	$ 11,952
Working Capital Surplus	$ 62,767	$ 66,389

Our primary sources of liquidity and capital resources are cash and short-term investments on the balance sheet and funds that can be raised through debt or equity financing. We intend to utilize our credit facilities provided by our financial institutions for investment purposes, including but not limited to fixed interest returns on notes, bonds, and loans to qualified borrowers.

As of September 30, 2024, we had cash and cash equivalents of approximately $10.9 million (not including approximately $66.7 million of short-term investments) and working capital of approximately $62.8 million. For the nine months ended September 30, 2024 and 2023, we incurred a net loss of approximately $9.7 million and $2.5 million, respectively, and used cash in operations of approximately $13.2 million and $4.6 million, respectively.

Cash requirements for our current liabilities include approximately $37.3 million for loans payable, $0.4 million for accounts payable, $0.5 million for accrued expenses, and $1.6 million for the current portion of an operating lease liability. Cash requirements for non-current liabilities include approximately $1.5 million for the non-current portion of an operating lease liability. The Company intends to meet these cash requirements from its current cash and short-term investments balance.

Cash Flows from Operating, Investing and Financing Activities

The table below summarizes cash flows for the nine months ended September 30, 2024 and 2023:

(in thousands)	For the Nine Months Ended September 30, 2024	2023
Net cash provided by (used in):		
Operating activities	$ (13,249)	$ (4,599)
Investing activities	$ (24,767)	$ 5,918
Financing activities	$ 28,027	$ (2,051)

Net Cash Used in Operating Activities

Net cash used in operating activities for the nine months ended September 30, 2024 and 2023 was approximately $13.2 million and $4.6 million, respectively, representing increased usage of cash of approximately $8.6 million. During the nine months ended September 30, 2024 and 2023, the net cash used in operating activities was primarily attributable to the net loss of approximately $9.7 million and $2.5 million, respectively, adjusted for approximately $2.9 million and $1.9 million, respectively, of net non-cash expenses, and approximately $6.4 million and $4.0 million, respectively, of cash used in changes in the levels of operating assets and liabilities.

Net Cash Provided By Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2024 was approximately $24.7 million, which consisted of approximately $72.9 million used for the purchase of short-term investments and $14.4 million used for the issuance of a short-term loan. This was partially offset by approximately $62.7 million in proceeds from the maturing of short-term investments.

Net cash provided by investing activities for the nine months ended September 30, 2023 was approximately $5.9 million, which consisted primarily of proceeds from the maturing of certificate of deposits of $30.0 million and $0.1 million in proceeds from the sale of equipment. This was partially offset by $20.0 million of certificate of deposit purchases, $0.1 million of property and equipment purchases, $0.6 million related to the acquisition of a mobile games license, and $3.5 million in a loan to an affiliate.

Net Cash Provided By (Used In) Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2024 was approximately $28 million compared to approximately $2.1 million of net cash used in financing activities during the nine months ended September 30, 2023. Net cash provided by financing activities during the nine months ended September 30, 2024 represented proceeds from short-term loans of approximately $28 million and proceeds from the issuance of common stock in a share purchase agreement of $2 million, offset by the $2 million return of proceeds upon cancellation of common stock previously issued. Net cash used in financing activities during the nine months ended September 30, 2023 represented the purchase of treasury stock.

Off-Balance Sheet Arrangements

The Company does not engage in any off-balance sheet financing activities, nor does the Company have any interest in entities referred to as variable interest entities.

Critical Accounting Estimates

We prepare our condensed consolidated financial statements in accordance with U.S. generally accepted accounting principles, which require our management to make estimates that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the balance sheet dates, as well as the reported amounts of revenues and expenses during the reporting periods. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on our own historical experience and other assumptions that we believe are reasonable after taking account of our circumstances and expectations for the future based on available information. We evaluate these estimates on an ongoing basis.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. We consider accounting for goodwill impairment to be a critical accounting estimate. There are additional items within our financial statements that require estimation but are not deemed critical, as defined above.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Effectiveness of Disclosure Controls and Procedures

Our management, under the direction of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such terms are defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2024. Based on this evaluation our management, including the Company's Chief Executive Officer and Chief Financial Officer, has concluded that the Company's disclosure controls and procedures were effective as of September 30, 2024 to ensure that the information required to be disclosed in our Exchange Act reports was recorded, processed, summarized and reported on a timely basis.

Inherent Limitations on Effectiveness of Controls

Even assuming the effectiveness of our controls and procedures, our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error or all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. In general, our controls and procedures are designed to provide reasonable assurance that our control system's objective will be met, and our principal executive officer and principal financial officer has concluded that our disclosure controls and procedures are effective at the reasonable assurance level. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls in future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Changes in Internal Control Over Financial Reporting

During the quarter ended September 30, 2024, there were no changes in our internal control over financial reporting that have affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We may be subject to litigation from stockholders, suppliers and other third parties from time to time. Such litigation may have an adverse impact on our business and results of operations, may be costly to defend, or may cause disruptions to our operations. As discussed in more detail below, Knighted Pastures, LLC ("Knighted") recently filed a complaint against, among other defendants, us and the members of our Board of Directors. We are incurring additional costs to defend such litigation and it may continue to cause our management to divert attention and resources from our business operations. In addition, the complaint states that Knighted seeks to nominate directors to AGAE's Board and effect certain changes with respect to the business and management of AGAE. In the event directors nominated by Knighted are elected to our board of directors, such directors may disagree with the strategic direction of the Company or otherwise take actions that may adversely affect the interest of our shareholders.

Knighted Pastures, LLC

On March 7, 2024, Knighted Pastures, LLC ("Knighted"), an AGAE stockholder, filed a complaint captioned *Knighted Pastures, LLC v. Yangyang Li, et al.*, C.A. No. 2024-0222 in the Court of Chancery of the State of Delaware against us, the members of our Board of Directors, and certain additional defendants (the "Knighted Action"). The complaint alleges, among other things, that the members of our Board of Directors breached their fiduciary duty in connection with (1) the approval of a Share Purchase Agreement that AGAE entered into on or around December 28, 2023, (2) the approval and adoption of certain amendments to AGAE's Bylaws on or around January 5, 2024, and (3) the approval and adoption of a rights agreement on or around February 8, 2024. The Knighted Action sought both injunctive reliefs and money damages.

On June 20, 2024, following expedited discovery and entry of resolutions by the Board of Directors addressing issues raised by the Knighted Action, the Court of Chancery entered an Order granting in part the Company and Board of Directors' motion to dismiss the Knighted Action as moot. The Court therefore cancelled the trial in the Knighted Action. The Court ordered the parties to submit further filings on Knighted's claim for attorneys' fees and costs and any other issues required to bring the Knighted Action to a final conclusion. On August 2, 2024, Knighted filed a motion for an attorney's fee award based on the purported corporate benefit its case provided to the Company and its other shareholders. The Company intends to oppose the motion in its entirety.

On August 28, 2024, the Court granted Knighted an attorney's fee award of $3.0 million which was paid on September 11, 2024. On October 31, 2024, the Company received reimbursement of legal costs from the directors and officers insurance carrier of $3.7 million.

ITEM 1A. RISK FACTORS.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in the "Risk Factors" in the Company's Form 10-K for the year ended December 31, 2023 and our other public filings, which could materially affect our business, financial condition or future results.

Our business could be negatively affected as a result of actions of activist stockholders or others.

We are subject to actions and proposals from stockholders and others that do not align with our business strategies or the interests of our other stockholders. Responding to such actions is costly and time-consuming, disrupts our business and operations and diverts the attention of our board of directors, management and employees from the pursuit of our business strategies. Such activities interferes with our ability to execute our strategic plan. Activist stockholders or others may create perceived uncertainties as to the future direction of our business or strategy which may be exploited by our competitors and may make it more difficult to attract and retain qualified personnel and potential customers, and may affect our relationships with current customers, vendors, investors and other third parties. In addition, Knighted Pastures LLC has initiated a proxy contest for the election of directors at our 2024 annual meeting of stockholders which has required us to incur significant legal fees and proxy solicitation expenses and require significant time and attention by management and our board of directors. The perceived uncertainties as to our future direction also could affect the market price and volatility of our securities.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

10b5-1 Arrangements

To the best of the Company's knowledge during the fiscal quarter ended September 30, 2024, no director or officer (as defined in Rule 16a-1(f) of the Securities Exchange Act) of the Company adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements.

ITEM 6. EXHIBITS.

Exhibit	Description
10.1*	Settlement Agreement and Release, dated September 16, 2024, by and between the Company and BPR Cumulus LLC.
31.1*	Chief Executive Officer Certification pursuant to Exchange Act Rule 13a-14(a)
31.2*	Chief Financial Officer Certification pursuant to Exchange Act Rule 13a-14(a)
32.1**	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350
32.2**	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith
** Furnished herewith

SIGNATURES

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 thereunto duly authorized.

ALLIED GAMING & ENTERTAINMENT INC.

Dated: November 14, 2024	By:	*/s/ Yinghua Chen*
		Yinghua Chen, Chief Executive Officer, (Principal Executive Officer)
Dated: November 14, 2024	By:	*/s/ Roy Anderson*
		Roy Anderson, Chief Financial Officer (Principal Financial Officer)

Exhibit 10.1

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (this "**Agreement**") is entered into as of September 16, 2024 (the "**Effective Date**"), by BPR Cumulus LLC, a Delaware limited liability company ("**BPR Cumulus**"), and Allied Gaming and Entertainment, Inc, formerly Allied Esports Entertainment, Inc., a Delaware Corporation ("**AGAE**"). BPR Cumulus and AGAE may collectively be referred to herein as the "**Parties**" and each, a "**Party**".

RECITALS.

FIRST: On January 14, 2020, BPR Cumulus and AGAE executed that certain *Share Purchase Agreement* (as amended, the "**SPA**") and *Escrow Agreement* (as amended, "**Escrow Agreement**") where BPR Cumulus agreed to purchase and acquire 758,725 shares of Common Stock of AGAE (the "**Purchased Shares**") for the purchase price of $5,000,000 (approximately $6.59 per share) (the "**Purchase Price**"). BPR Cumulus directed the Purchase Price funds of $5,000,000 (the "**Funds**") to be deposited into an Escrow Account entitled Continental Stock Transfer & Trust Company as Agent (the "**Escrow Agent**") for Allied Esports Entertainment Inc. 2020 Escrow (the "**Escrow Account**"), and AGAE asserts it issued the Purchased Shares to BPR Cumulus pursuant to the terms of the SPA.

SECOND: The Purchase Price was to be used by AGAE for the development and operation of at least two (2) Esports Venues at malls owned and/or operated by BPR Cumulus or any of its affiliates (each, a "**Brookfield Properties Mall**" and collectively, the "**Brookfield Properties Malls**"). Pursuant to the SPA, the parties agreed to enter into the First Esports Venue Lease as soon as reasonably practicable following the Closing Date and the parties were to mutually agree upon the location of the second Esports Venue and enter into the Second Esports Venue Lease as soon as reasonably practicable following the full execution of the First Esports Venue Lease. Among other things, AGAE was also required to file a registration statement with the Securities and Exchange Commission registering the resale of the Purchased Shares on or prior to March 30, 2020.

THIRD: After the Closing Date of January 16, 2020, Allied Esports International Inc. asserts that it executed an Event Agreement (Single Shopping Center) ("**Event Agreement**") dated February 4, 2021 with First Colony Mall, LLC. Due to the covid-19 epidemic, Allied Esports International Inc. asserts that the performance of SPA and Event Agreement were adversely affected.

FOURTH: To avoid litigation and further attorney's fees, the Parties desire to settle their dispute related to the performance of SPA, Escrow Agreement and Event Agreement in its entirety.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the Parties, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

OPERATIVE PROVISIONS

1. ACCURACY OF RECITALS. All of the statements contained in the Recitals above are accurate and, by this reference, are hereby incorporated into and made a part of the body of this Agreement. Each of the Parties hereby acknowledges that all of the Recitals stated above are true and correct.

2. TERMINATION AND SETTLEMENT PAYMENT. To settle the aforesaid dispute and avoid the time and expense of litigation, BPR Cumulus and AGAE agreed to the following arrangement ("Settlement Payments"):

2.1 $5,000,000 will be released from the Escrow Account pursuant to the Joint Instructions to Escrow Company, as described in Section 4 below, with $3,000,000 paid to BPR Cumulus and $2,000,000 paid to AGAE, or their respective designee.

3. MUTUAL RELEASE.

3.1 Except for the obligations of the Parties set forth in this Agreement, upon the Parties' receipt of the Settlement Payments pursuant to Section 2.1 of this Agreement, the Parties each hereby fully, finally, absolutely, and forever release and discharge each other and their respective present and former subsidiaries, affiliates, members, partners, directors, officers, employees, agents, representatives, stockholders, attorneys, successors, and assigns (collectively, the "**Released Parties**"), of and from any and all claims, controversies, disputes, rights of set-off, liabilities, obligations, demands, damages, debts, liens, actions, and causes of action of any and every nature whatsoever, known or unknown, liquidated or unliquidated, contingent or non-contingent, whether at law, by statute or in equity, in contract or in tort, under state and federal jurisdiction, and whether or not the economic effect of such alleged matters arise or are discovered in the future, that any of the Parties may now have or may claim to have against any of the Released Parties arising out of, connected with, or relating to (i) the Brookfield Properties Malls, the Escrow Agreement, the SPA, the Event Agreement and (ii) any other act or omission of any of the Released Parties arising on or before the Effective Date of this Agreement.

3.2 Except for the obligations of the Parties as set forth in this Agreement, the release described in Section 3.1 above is intended to be, and is, a full, complete, and general release in favor of each of the Released Parties.

3.3 The Parties hereby absolutely, unconditionally, and irrevocably, covenant and agree with and in favor of each of the Released Parties that they will not sue (at law or in equity) any of the Released Parties on the basis of any claim released, remised, and discharged by any of the Parties pursuant to Section 3.1 above. If the Parties or any of their respective successors, assigns, or other legal representatives violate the foregoing covenant, the Parties, for themselves and respective successors, assigns and legal representatives, agree to pay, in addition to such other damages as any of the Released Parties may sustain as a result of such violation, all attorneys' fees and costs incurred by any of the Released Parties as a result of such violation.

4. <u>JOINT INSTRUCTIONS TO ESCROW COMPANY</u>.

4.1 Upon execution of this Agreement by the Parties and delivery of this Agreement to the Escrow Agent, the Escrow Agent is hereby authorized and instructed to immediately distribute the Funds in the Escrow Account as follows:

4.2 The Escrow Agent shall disburse $3,000,000 to BPR Cumulus.

4.3 The Escrow Agent shall disburse $2,000,000 to AGAE.

4.3 The Escrow Agent shall disburse the Funds by wire transfer to the following accounts for BPR Cumulus and AGAE:

For BPR Cumulus:

Bank Name: US Bank
Bank Address: St. Paul, MN
Account Title: BPR Nimbus LLC
Account Number: 104791443336
Routing Number: 091000022
Swift Code: USBKUS44IM

For AGAE:

Bank Name: Cathay Bank
Bank Address: 777 North Broadway Los Angeles, CA 90012
Account Title: Preferred Business Money Market
Account Number: 85006599
Routing Number: 122203950 (domestic wire)
Swift Code: CATHUS6LXXX (international wire)

4.4 Upon disbursement of all of the Funds pursuant to the terms of this Section 4, and in accordance with the Escrow Agreement, the Escrow Agent shall be relieved of further obligations.

5. <u>REPRESENTATIONS, WARRANTIES AND COVENANTS</u>.

5.1 The Parties represent, warrant and covenant to each other that the execution and delivery of this Agreement, and the performance of the obligations hereunder have been duly authorized and constitute legal, valid, and binding obligations of the Parties.

5.2 The Parties represent and warrant that they are the owners of, and have not sold, assigned, conveyed, or otherwise transferred, prior to execution of this Agreement, any claim, counterclaim, demand, cause of action, obligation, damage, or liability settled herein, released herein, or related to this Agreement.

5.3 The Parties are entering into this Agreement freely, without coercion, and not in reliance upon any representations or promises made by each to the other, except for the representations and promises contained in this Agreement. Each Party has been represented by counsel of its choice with respect to this Agreement, and has had the opportunity to consult with its respective counsel. Each Party understands and is fully aware of this Agreement's contents and of its legal effect, and each is voluntarily entering into this Agreement upon the legal advice of its counsel.

5.4 Between AGAE and BPR Cumulus themselves only, the entities agree that the **SPA** and **Escrow Agreement** are hereby terminated and that there no surviving clauses or provisions—including any and all indemnity provisions—from either agreement. Otherwise, the original indemnification provisions remain unchanged.

6. COVENANT AS TO FURTHER ASSURANCES. Each of the Parties hereto covenants that each will, from time to time, execute and deliver such further instruments and take such further action as are reasonably necessary to carry out the purposes of this Agreement.

7. NO ADMISSION. The Parties each agree that this Agreement and the matters set forth herein, including the actions of the Parties, is a result of compromise and shall not be construed as any admission by any Party of any wrongdoing, fault, and/or liability of any kind or nature whatsoever, of/to any person and/or entity, with respect to the matters described herein, any breach of any agreement, and/or any violation of any law and/or regulation, or otherwise.

8. SEVERABILITY OF PROVISIONS. A determination that any provision of this Agreement that is of an immaterial nature is unenforceable or invalid will not affect the enforceability or validity of any other provision hereof, and any determination that the application of any provision of this Agreement to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

9. BINDING EFFECT. The terms, provisions, representations, and warranties set forth herein will inure to the benefit of, and bind the Parties hereto and their respective heirs, devisees, representatives, successors, and assigns

10. THE PURCHASED SHARES. Within ten (10) business days of the execution of this Agreement, AGAE shall (i) remove any currently existing restrictions on the Purchased Shares, which otherwise limit BPR's ability to freely resell the Purchased Shares, including, but not limited to, removing any restrictive legends applicable to the Purchased Shares, whether they be in certificate or book entry form, and (ii) provide documentation that AGAE has removed any and all currently existing restrictions, including confirmation from AGAE's transfer agent or an opinion from AGAE's counsel. AGAE further agrees that it will take all reasonably necessary actions to allow, and will use reasonable best efforts to ensure, that AGAE's counsel and transfer agent facilitate the sale or transfer of the Purchased Shares to any purchaser which BPR in its sole discretion selects. The Parties agree that BPR has the right in its sole discretion, but not the obligation, to request that AGAE undertake reasonable efforts to locate potential purchasers of the Purchased Shares.

11. COUNTERPARTS. This Agreement may be executed in any number of counterparts with the same effect as if all Parties hereto had signed the same document. All such counterparts will be construed together and will constitute one instrument, but in making proof hereof it will only be necessary to produce one such counterpart. Signatures transmitted via facsimile, .pdf, or other electronic means will be deemed to be original signatures and will bind the respective signing Party.

12. SOLE AGREEMENT. THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

13. ATTORNEYS' FEES. In the event of any breach, claim, or dispute among any of the Parties affecting or relating to the subject matter or performance of this Agreement, the prevailing party will be entitled to recover from the non-prevailing party all of the prevailing party's fees and costs, including, without limitation, attorneys' and expert witness fees, regardless of whether any formal lawsuit or similar proceeding is filed.

14. APPLICABLE LAW. This Agreement will in all respects be governed by and construed in accordance with the laws of the State of Delaware. Each Party hereto hereby irrevocably agrees that any dispute related to this Agreement shall exclusively be held in a venue in any court of competent jurisdiction in the State of Delaware, and the Parties submit to the jurisdiction thereof and hereby irrevocably agrees that all claims in respect of such action or proceeding will be heard and determined in a state or federal court in the State of Delaware.

15. CONSTRUCTION. The Parties acknowledge that the Parties and their counsel have reviewed and revised this Agreement and that the normal rules of construction to the effect that any ambiguities are to be resolved against the drafting Party will not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

16. NO THIRD PARTY BENEFICIARIES. No other person or entity is intended to benefit from this Agreement other than the Parties hereto.

17. MISCELLANEOUS. Within this Agreement, words of any gender will be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires. Captions in this Agreement are intended for convenience only and are not to be considered in interpreting the provisions hereof. The Parties agree that time is of the essence with respect to this Agreement.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK; SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Settlement Agreement and Release to be effective as of the date set forth above.

BPR CUMULUS LLC,
a Delaware limited liability company

By: BPR OP, LP, a Delaware limited partnership, its managing member

By: BPR Real Estate Holding II LLC, a Delaware limited liability company, its general partner

By: /s/ Jeff Stevenson
Name: Jeff Stevenson
Title: Assistant Secretary

AGAE:

ALLIED GAMING AND ENTERTAINMENT, INC.

By: /s/ Yinghua Chen
Name: Yinghua Chen
Title: Chief Executive Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Yinghua Chen, certify that:

1) I have reviewed this report on Form 10-Q of Allied Gaming & Entertainment Inc,

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: November 14, 2024

/s/ Yinghua Chen

Yinghua Chen, Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Roy Anderson, certify that:

1) I have reviewed this report on Form 10-Q of Allied Gaming & Entertainment Inc,

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: November 14, 2024

/s/ Roy Anderson

Roy Anderson, Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Allied Gaming & Entertainment Inc. (the "Company") on Form 10-Q for the period ending September 30, 2024 (the "Report"), I, Yinghua Chen, President and Chief Executive Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2024

/s/ Yinghua Chen

Yinghua Chen, Chief Executive Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Allied Gaming & Entertainment Inc. (the "Company") on Form 10-Q for the period ending September 30, 2024 (the "Report"), I, Roy Anderson, Chief Financial Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2024

/s/ Roy Anderson
Roy Anderson, Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.