



# GAMING STARS

Play2Earn token for Playstation, Xbox and PC games

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# Introduction

As the eSports and video games industry grows, so does the demand for a thrilling gaming experience. However, no existing platform currently offers a versatile, global solution that merges video gaming with the possibility to win money with your own gaming skills from home similar to online Poker. There are numerous eSports competitions tailored to the needs of pro teams but for the other 99% of gamers there is no way to monetize their gaming skills in a secure way.

Innovations in the emerging field of blockchain are finally enabling us to push the boundaries of online gaming and create the next-generation platform for eSports and video game tournaments with the growing adoption of play2earn tokens.

Highly successful projects like Axie Infinity prove that the merging of gaming and blockchain will be the basis of a new economy for gamers who want to monetize their gaming skills. We outline our vision for the future of gaming, where players can earn money on the Gaming Stars platform by competing against opponents in skill-based video games in a unique game mode.

We are creating the first engaging eSports video gaming environment, coupled with the countless economic and structural benefits of the Binance blockchain.

We want to allow the community to harness the potential to merge two of the most dynamic industries - gaming and sports betting - and create real value for millions of users worldwide through blockchain adoption and the integration of a newly developed utility token into an existing and technologically highly sophisticated product.



**Play2Earn tokens will be the next big trend in the crypto industry. The leading adaption of gaming tokens provides big oppurtunities.**

# Executive summary

Esports is the fastest growing sport worldwide. There are a few hundred million gamers who love to compete in the most popular games on PlayStation, Xbox or on the PC. The competitive spirit is the most important fun element for gamers from all over the world. The thrill of games can be further increased when it is possible to win real money with your skills.

However, there is currently no app on the market that allows gamers to play their favorite PlayStation, Xbox, or PC games for real money against their friends or random opponents in the same way it is possible play online Poker for cash.

After more than two years of development, the Berlin-based Gaming Stars app was launched in summer 2020 and since gained traction. Unlike almost all other ICO projects, the Gaming Stars product is not just an idea but a quickly growing and fully working product with real users and powerful marketing partnerships with some of the most known German rappers.

Through the adoption of complex technology, gamers can not only compete in classic 1vs1 matches or tournaments but also by placing bets on their own gameplay in a game mode unique in the world. For example, gamers can place a bet to kill at least 5 opponents and finish in the top 10 at Fortnite or Warzone. Gaming Stars uses a highly sophisticated AI to calculate the odds for this event in real-time allowing the user to “play against the house”. This game mode can revolutionize the gaming world by applying for the first time ever the concept of sports betting to skill-based video gaming. Gaming Stars intends to further improve their existing product by adding a utility token to the platform.

The app will be heavily promoted by some of the leading German rappers through an affiliate marketing partnership that will lead to an explosively growing user base generating a high demand for the GAMES token.

Gamers who hold Gaming Stars tokens (called “GAMES”) will get higher odds, pay less platform fees and have exclusive access to premium features and tournaments with celebrities on the platform.



**Berlin-based Gaming Stars has a fully working product with more than 100,000 users. You can already place bets in fiat currency (we accept Paypal, credit cards or Paysafecard).**

# One-pager



Fully working iOS/Android app and website



Play more than 15 games for money



Available for Playstation, Xbox or PC



1vs1 matches, tournaments, Skill Challenges



Worldwide unique AI technology for odds calculation



More than 300,000 bets placed with a volume of more than €1 mln



100,000 registered users



Rapper cooperation deal for massive social media reach



Strong team (+20 people)



Investors: founders of Defshop.com (70+ million € exit) and Miles (biggest German carsharing provider)



Broke German fastest crowdfunding record – €300,000 in only 23 hours in January 2021



No gambling license required (backed by various legal opinions)



Paypal, VISA, American Express, Mastercard and Paysafecard can be used for fiat transactions



Highly scalable business model

# Why Gaming Stars ICO?



Did you know? Gaming Stars is one of only a few hundred German startups that holds an official BAFA certificate for innovation.

# How Gaming Stars works

Gaming Stars is a website and iOS/Android app that allows users to compete in Playstation, Xbox and PC games for real money. We are applying the concept of poker stars to video games. This is very promising in the booming gaming industry.

Gaming Stars offers three game modes:

**1vs1**

## 1vs1 Matches

The 1vs1 game mode allows users to play the most popular video games against friends or random opponents on PlayStation, Xbox or PC for real money. It is currently available for more than 10 games.



Users can compete for fiat currency or bonus cash. Gaming Stars charges a platform fee of 20% (max. €1) for all matches from €2-25. Matches for €1 do not generate any platform fee for Gaming Stars.

Users who pay the platform fee in GAMES tokens receive a 50% discount.

**Example:** User A plays FIFA 21 against User B for €10. Both users are charged €11 (€10 entry stake + €1 platform fee). The winner receives €10 from the opponent as well as his initial €10 entry stake and has therefore gained a net profit of €9. At the same time Gaming Stars generated a revenue of €2 from this match.



## Tournaments

Gaming Stars' tournament feature was developed for up to 16 participants. Users can



register to compete against other users. GAMES token holders can play tournaments against celebrities such as rappers or streamers as part of their access to premium features. Gaming Stars charges a €1 platform fee per participant and match. Gamers who pay in GAMES tokens receive a 50% discount.

**Example:** User A competes in a FIFA 21 tournament with 16 participants. The entry fee is €5 and the additional platform fee is €1. The tournament winner gets €60 and the 2nd place winner receives €20. At the same time Gaming Stars generated a revenue of €16 for this tournament.



## Skill Challenges

WORLDWIDE UNIQUE

Gaming Stars has successfully developed a globally unique technology for a groundbreaking new game mode called Skill Challenges, which combines the concept of gaming and sports betting, creating an entirely new market with enormous potential. It allows gamers to place bets on their own game play such as killing at least x opponents and/or finishing in the top 10. Using innovative AI technology, Gaming Stars calculates the odds for specific outcomes – similar to bookmakers.

Available for:



**Example:** The user bets €5 on himself to kill at least 5 opponents in Fortnite. The odds for this bet are 3.0.

If the user wins, he gets €15. If the user loses, Gaming Stars wins €5.

GAMES token holders with a minimum number of tokens will profit from higher odds as. The skill challenge gaming mode is highly scalable, since we are directly connected to the games, while the bets are settled fully automatically.





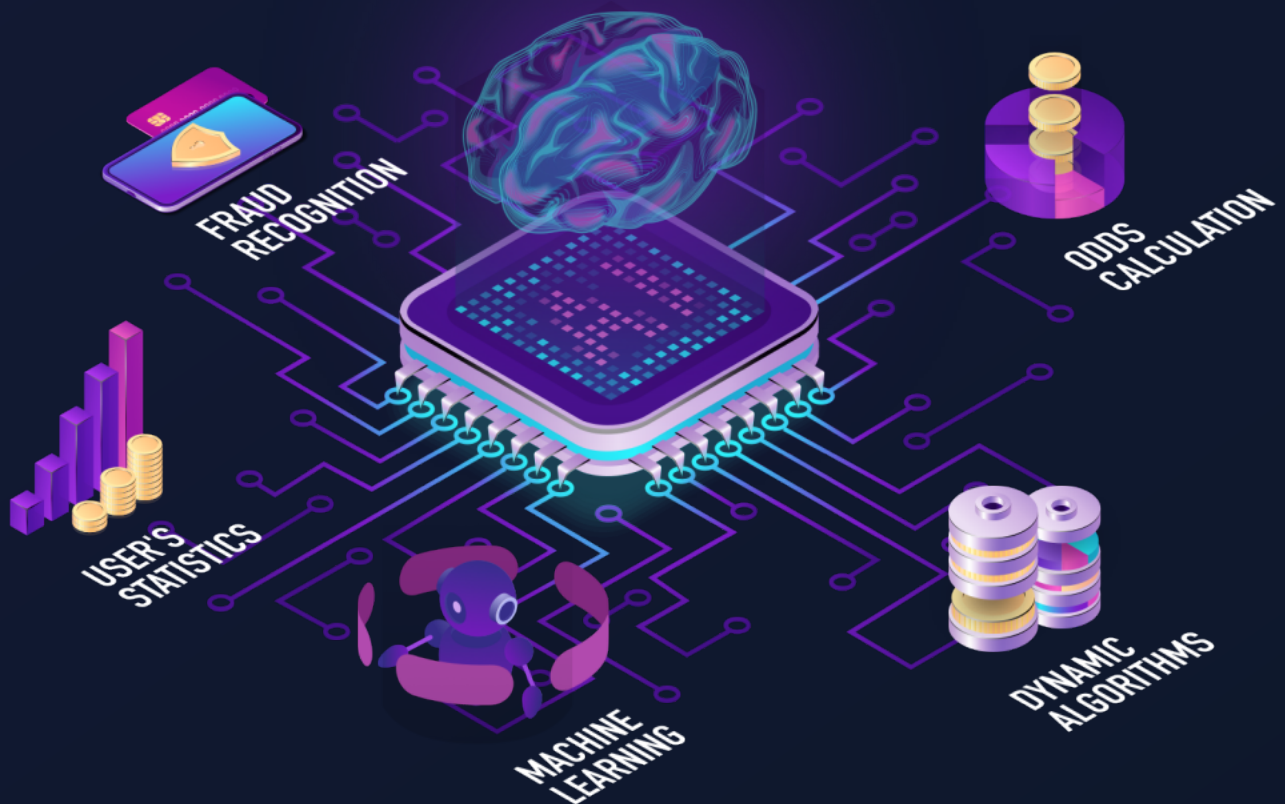
## The technology behind Skill Challenges

Gaming Stars has developed an AI that checks gamer's data and calculates the probabilities based on their previous stats and determines the odds for each user. This feature is fully functional, already live and can be played at any time. The odds are calculated and adjusted dynamically to give us a long-term profit of 10-20%. This makes Gaming Stars more profitable than sports betting (5-10%) or roulette (house advantage only 2.7%).

The **Bet Constructor** is our newest feature. With this feature, players will be able to build their own bets while the odds are calculated in real time.

**Example Bet Constructor for Warzone:** The gamer must select the mode (solo, duo or quad), the placement (top 25, top 10 or victory) and the min. number of kills (from 1-10). Our AI calculates individual odds for each player based on complex algorithms and machine learning.

The user places a bet and plays the match on his PlayStation. Gaming Stars settles the bet automatically through a direct connection to the game.



**Skill challenges allow users to bet on themselves while the AI calculates the odds for in-game challenges. The concept of sports betting on skill-based video games is applied for the first time.**

# Our business model

Gaming Stars generates revenue via two main sources.

## Platform fees

Users who compete in 1vs1 matches or tournaments pay a platform fee of 20% (max. €1) of the entry stake.

## House advantage in Skill Challenges

Casino games have a house advantage of up to 5%. The house advantage is the long-term profit of casinos because the probability of a certain event is lower than the pay-out.

**Example:** In European Roulette, there are 37 different numbers (1-36 and the 0). However, if you bet €1 and successfully hit a number, you get a return of only €36 which means that the casino has a long-term advantage of  $1/37 = 2,70\%$ .

In the above example, the casino “earns” 2.70% of the entire amounts that are bet over the long run. If €1 million worth of bets are placed in a month, the casino would theoretically earn €27,000.

Using complex algorithms, machine learning and AI, Gaming Stars calculates the probability of almost all in-game events, such as placements, kills and other game-specific and relevant gameplay events. Once the probability is calculated, odds are offered slightly below the true probability to provide a house advantage. The odds are adjusted to the gamer’s winning history. This ensures that the house always makes a profit, even if the player improves.

Gaming Stars has a house advantage of 10-15% and is therefore more profitable than either sports betting or roulette.

These high profit margins allow Gaming Stars to offer discounts or better odds for users who hold a certain amount of GAMES to incentivize token usage.

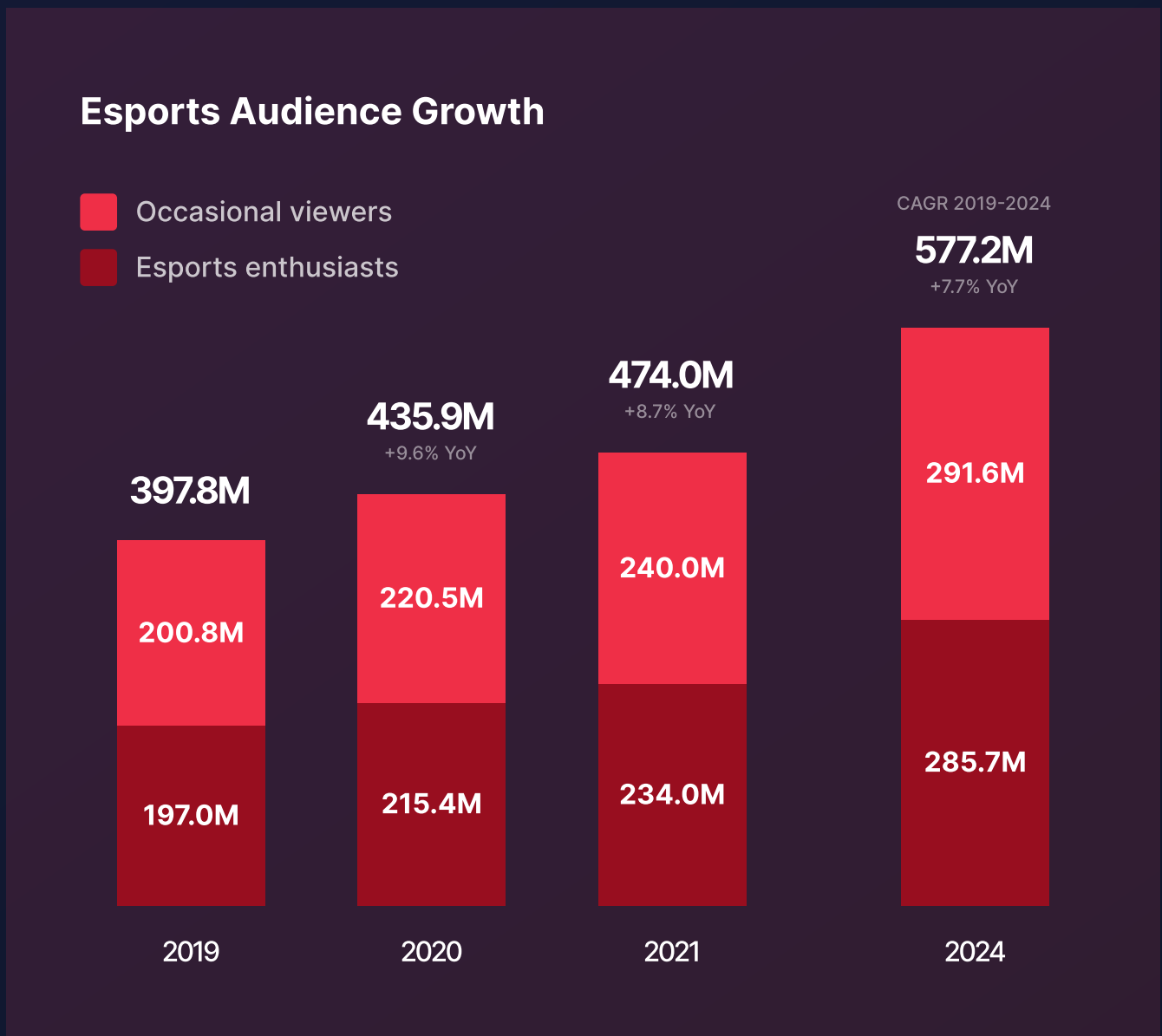


**Skill Challenges have a long-term house advantage of 10-15%. Platform fees at 1vs1 matches are 20% (max. €1) per gamer.**

# Market size

The eSports market is turning heads as it continues to grow at a pace that exceeds expectations. The global market for video games has already surpassed that of the film industry and will exceed \$100 billion in 2021.

The market of our target group of amateur and semi-pro gamers grew steadily during the pandemic, while the eSports audience is expected to surpass 500 million viewers in the coming years.



For a complete analysis, we recommend reading the global eSports market report of Newzoo, a research company specializing in the gaming industry.

# The GAMES token

## Economy assumptions

**Token feature.** The GAMES token is a standard BEP 20 token that can be used exclusively on the Gaming Stars platform to pay the platform fees at a discount. The token enables additional functions such as rewards for user's good platform performance and access to premium content.

List of token functions:

- Access gated content by holding a certain number of tokens in their wallets
- Get a discount by paying the platform fees by token
- Get rewarded via a referral program for attracting new platform users
- Get rewarded for good performance on the platform
- Users can compete in 1vs1 matches for GAMES or place their bets in GAMES at skill challenges
- Planned: Voting on new features & staking

**Similarities and benchmarks.** Conceptually the GAMES token is very similar to the Binance coin (BNB) in that it is used to settle fees and has a buyback program.

**Important differences from the benchmark.** Although we will be using BNB as a benchmark, it is essential to point out their differences.

- BNB offers token burns as part of its economics, while the GAMES token will not burn coins. Instead, a percentage of all fees will be used to provide more liquidity to the token. It is worth noting that BNB has burned a minimal amount of tokens so far (a total of 7.43% of BNB's supply has been burned to date<sup>1</sup>).
- The GAMES token can act as a payment token on the Gaming Stars platform.

**Referral program.** Users can earn rewards through the referral program by receiving tokens for each new user attracted by their referral link. The reward is equivalent to a 15% bonus on all tokens purchases by the referred person during the token sale. There is no limit to the number of people who count as referrers. As long as they register via the referral link and buy tokens, rewards will be distributed.

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<sup>1</sup> Source: <https://www.binance.com/en/blog/391462665575727104/9th-BNB-Burn-Q3-2019-Recap-from-CZ>



**Discounts & Payment settlement.** Users on the platform have the option to pay fees in either FIAT or GAMES tokens. Payments with GAMES tokens are subject to a 25% discount.

**Gated content.** Users who hold a certain number of tokens in their wallets will have access to gated content on the platform. Any users who want access to gated content must have the equivalent of 25 EUR of GAMES tokens in their wallet. Gated content includes, for example, matches and tournaments against rappers and other celebrities.

**Rewards.** Gaming Stars will offer incentives for users on the platform.

- Rewards in GAMES tokens for good performance
- Rewards in GAMES token for LP providers on PancakeSwap

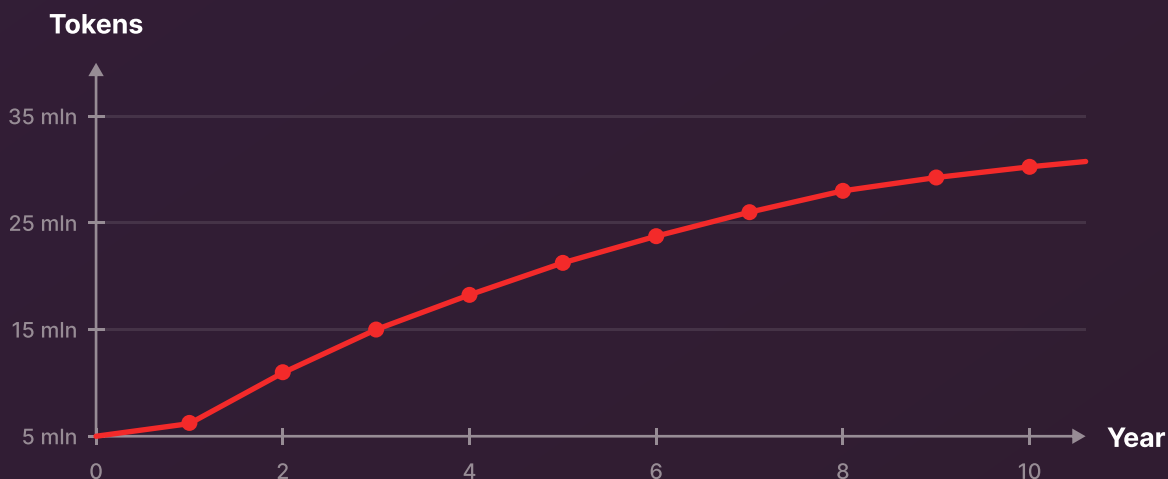
Rewards will be distributed from the reward pool at a rate of 0.05% per day. The rewards will then be further split between the LP providers and the platform users with good performance. Gaming Stars will determine the final distribution.

The setup described above has two desirable features:

- It makes the pool non-depletable as we only ever issue a certain percentage of outstanding tokens
- Early platform adopters will receive significantly higher rewards driving adoption

Using the above setup, we can plot the gradual distribution of the Reward Pool tokens over time:

## Reward pool token distribution schedule



**Lost tokens.** Inevitably a tiny % of tokens will be lost each year (lost private keys). We assume a loss rate of 0.5% of all tokens per year. This is a conservative estimate, as studies have shown that about 4 million Bitcoins have been lost (about 25% of the available bitcoin supply as of 2017) over ten years<sup>2</sup>. According to other estimates, the proportion of coins likely to be lost is closer to 11%<sup>3</sup>.

**Free float offering.** For each cryptocurrency, a certain percentage of the supply is held by long-term holders and thus not into circulated. According to CoinMetrics, this percentages ranges from 20% to 40% for most coins<sup>4</sup>. In our estimates, we used a mean value of 30% for our calculations.

## Token Sale Details

Basics	
Ticker:	GAMES
Token sale start date:	Q1 2022
Token sale end date:	Q1 2022
Token sale Denomination currency:	BUSD
Accepted currencies:	EUR, BUSD
Jurisdiction:	Germany
Special Guidelines:	KYC & AML
Compliance:	None
Token purchase contract:	Simple Agreement for Future Tokens (SAFT)

<sup>2</sup> JEFF JOHN ROBERTS and NICOLAS RAPP (2017) Exclusive: Nearly 4 Million Bitcoins Lost Forever, New Study Says <http://fortune.com/2017/11/25/lost-bitcoins/>

<sup>3</sup> Coinmetrics: <https://coinmetrics.substack.com/p/coin-metrics-state-of-the-network-d2e>

<sup>4</sup> Source: <https://medium.com/@coinmetrics/cryptoasset-free-float-an-exploration-of-supply-dynamics-67382f01f91d>

## Token Generation Event Summary

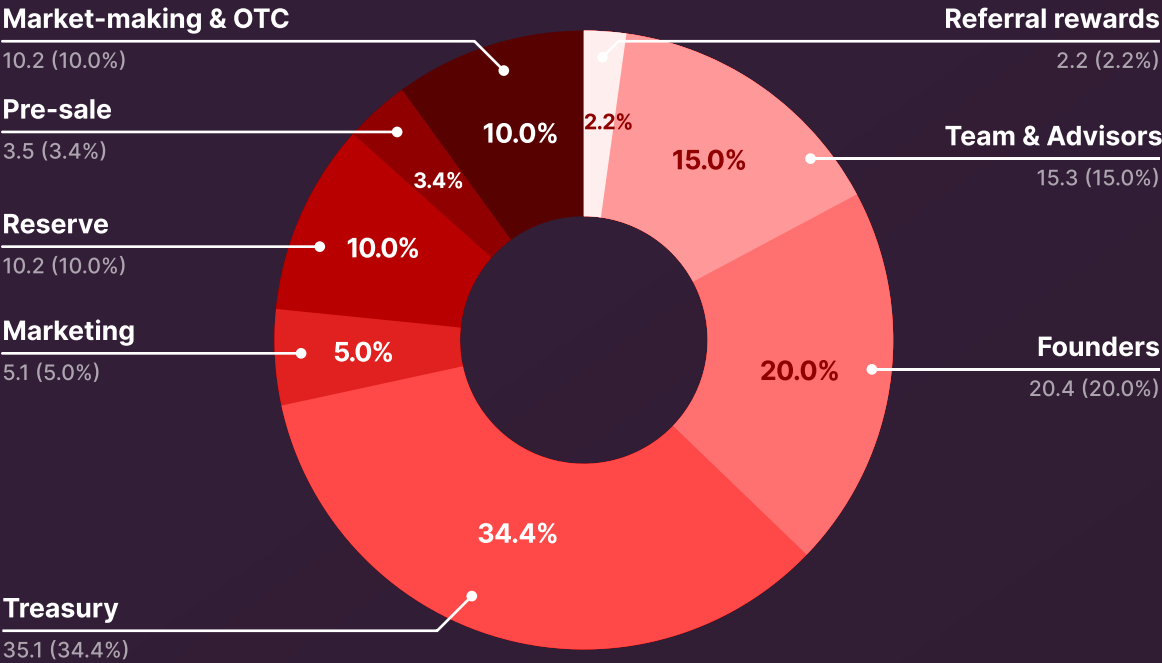
Sale type:	Token sale
Token sale Tokens:	3 million GAMES
Remaining tokens post Token sale:	Burned
Token sale allocation:	2.9%
Initial Total Tokens:	102 million GAMES
Token type:	Deflationary (buybacks)
<b>Important notice:</b>	US citizens are not allowed to participate in the token sale

## Stage 1

Token price:	0.10 EUR
Bonuses:	0.0%
Bonuses for large investors:	0.0%
Stage number of tokens available:	3 million GAMES
Stage cap:	0.3 million EUR
Cumulative number of tokens available:	3 million GAMES
Cumulative cap:	0.3 million EUR
Minimum investment:	EUR 10.000
Maximum investment:	EUR 300.000
Vesting:	12 months
Stage start:	October 22, 2021
Stage end:	December 31, 2021

# Token Distribution

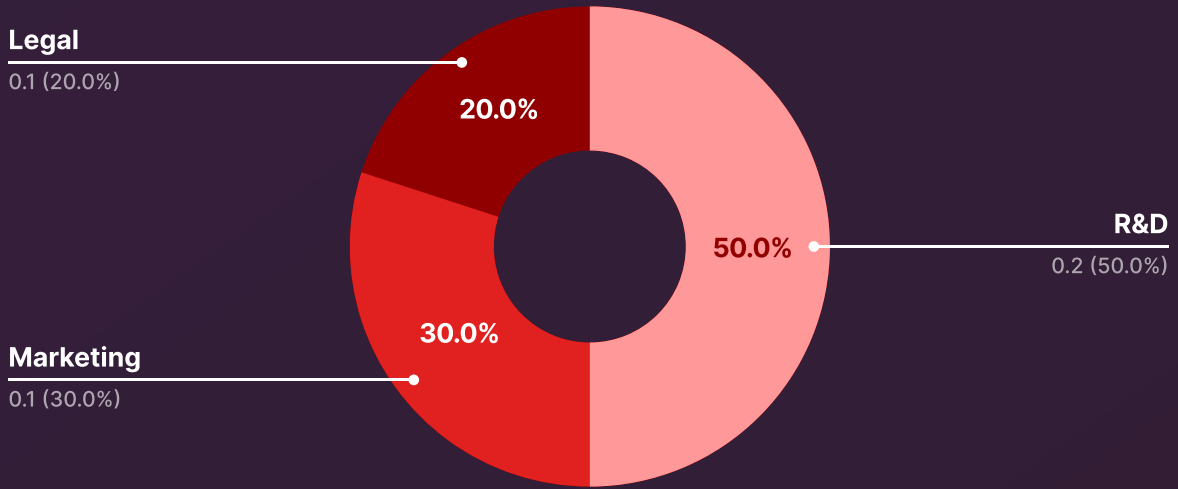
When hardcap reached





## Use of Funds

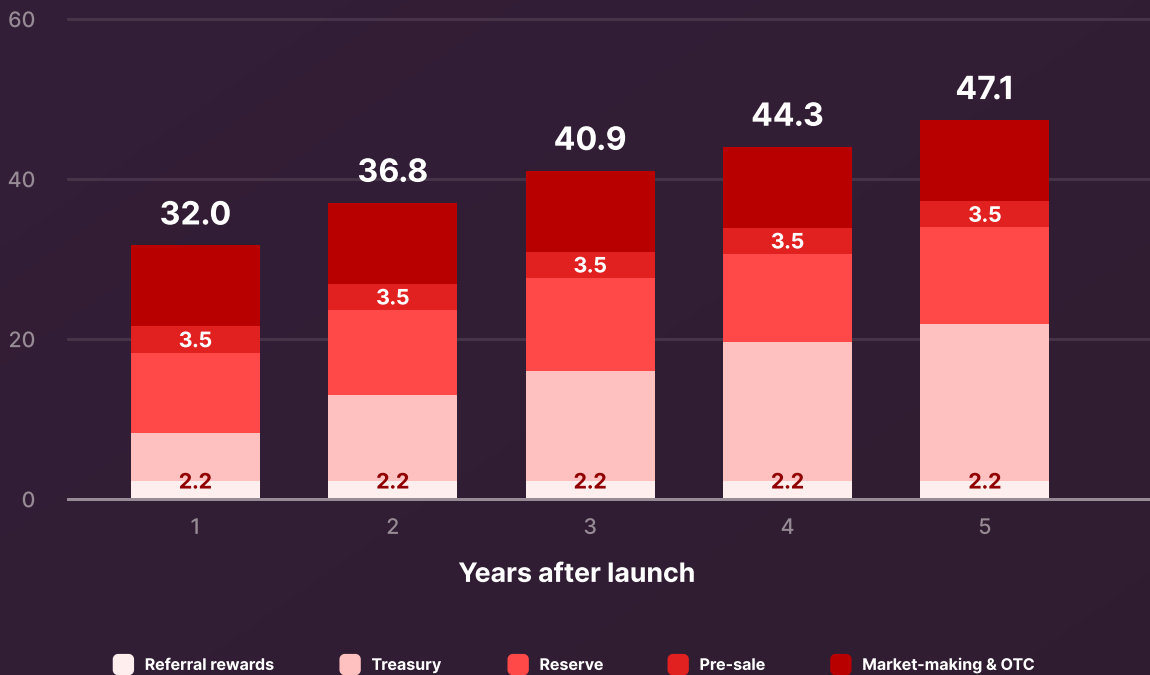
Assuming hardcap is reached



## Breakdown of the token release

Schedule by year and by allocation

Tokens (millions)



## Our token



### ***Discounted Platform Fees***

Token holders get 25% discount

### ***Get Higher Odds***

Token holders get better odds as a reward at skill challenges

### ***Access to Exclusive***

Play tournaments with celebrities and rappers

### ***Governance***

Token holders can vote for new features

# Marketing strategy

There are several main directions in the Gaming Stars marketing strategy to attract eSports and video game enthusiasts to the platform through the following channels. In addition, the welcome bonus will be aggressively promoted.

## Rapper cooperation

Gaming Stars has signed a media for equity deal with one of the leading German music production companies called Goldman Entertainment GmbH. As part of this deal, Goldman will promote the app and the token with their 100 artists for a share of the platform fee. Moreover, Goldman has an incentive to attract a large number of new users, as they they will receive additional compensation in the form of company equity after reaching certain milestones.

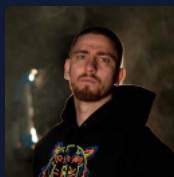
The list of rappers signed by Goldman includes:



### Xatar

Founder  
Goldman Entertainment

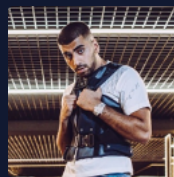
1 mln Instagram subs



### Mois

Entertainer

1.8 mln Youtube subs  
1.1 mln Instagram subs



### Eno

German rapper

1.4 mln Instagram subs  
"Ferrari" song has 100+ mln views

...and many more

The Goldman artists have a combined social media reach of several million users and will promote the app at least every two weeks with combinations of the following marketing activities:

- Rappers play against other rappers
- Rappers play tournament against other rappers
- Rappers play against their fans
- Rappers stream how they use the platform
- Rappers explain what the GAMES token is and how it works on the platform
- Social media stories
- Announcements
- And much more



**We have signed an exclusive marketing deal with Goldman Entertainment to promote the app and token to millions of fans.**

The deal and involvement of Goldman Entertainment was announced in the leading German media publications:



## **Social media marketing**

Gaming Stars can use social media marketing to leverage target group-specific parameters such as brand loyalty to other relevant companies, demographic data (age, origin, place of residence), income distribution, user behavior (purchase of in-game items) and much more to reach the exact target group with the intended advertising message. Social media campaigns make it possible to reach users with minimal losses and to statistically evaluate all campaigns and adjust and optimize them if necessary.

## **Partnerships**

Partnerships with gaming portals or hardware manufacturers make it possible to reach the users of these websites specifically by e-mail. In this way, many potential users can be addressed at once. For example, it is possible to send so-called “sponsored e-mails” to users of large gaming communities and thus easily measure the overall success of the campaign.

## **Tell-a-friend marketing**

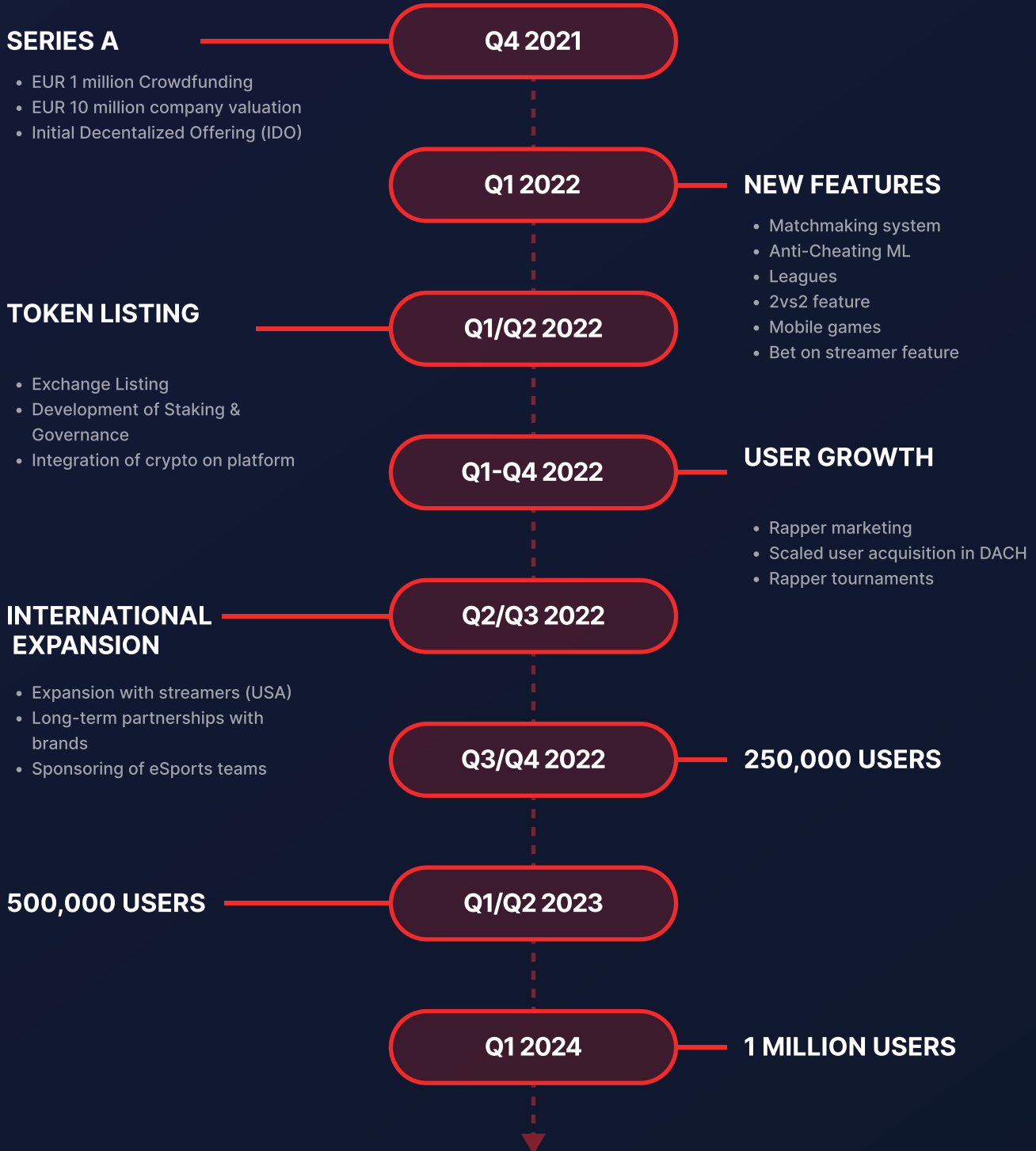
We pay a reward in GAMES tokens to all users who invite a friend to Gaming Stars. The friend will also receive a bonus reward in GAMES tokens. These incentives are designed to grow our community quickly and specifically. In the app and on the website, it is possible to quickly and easily copy the invitation code or send it to your friends via email or WhatsApp.

This form of marketing is efficient and cost-effective, as it is not possible to simply cash out the bonus, but you have to use it at least 5 times on the Gaming Stars platform and make at least one deposit beforehand. This is to protect against bonus fraud and has proven to be effective. Also, we only pay out the bonus if the friend has not only registered, but also verified his console. This automatically checks if the console account has a paid membership (necessary to play online) and if the account has been around for a while. These are measures to specifically prevent fraud.



# Roadmap

Where and when we are going



**Gaming Stars' business model is not gambling according to several legal opinions, but only a Maltese gambling license allows us to promote the app internationally without restrictions.**

# Team

The team of more than 20 consists of the founders, backend & frontend coders, PhD in machine learning, marketing experts and legal advisors. Gaming Stars has broken the German crowdfunding record on [www.seedmatch.de](http://www.seedmatch.de). The founders and business angels have many years of experience in founding new companies and have generated a combined turnover of over 200 million euros in recent years. One of the investors made a successful exit of 70 million euros with the sale of Defshop to Equistone. Another investor, Alexander Eitner, is the founder of Miles.



**Artem Morgunov**

Founder

Artem was born in Ukraine in 1986 and has shown a unique and dedicated passion for efficient learning techniques that make complicated concepts easy to understand throughout his life. After moving to Berlin at the age of 5, Artem grew up in two different cultures, which continues to shape his profound experiences and worldview today. He speaks Ukrainian, Russian, German and English. Knowing these languages at a young age has given him the unique ability to communicate with many business circles and groups across the European continent.

This has proven to be an immense advantage for him, both in his career and personal life. Artem studied International Business Management and achieved a GMAT score of 750. He has been involved in the creation and day-to-day operations of a number of startups ranging from online stores to leading providers of discount cards for students in Germany. He is the founder of Optimus Prep, a Germany-based admissions test preparation provider. In his free time, Artem is a constant observer of the stock market and a fan of chess, sports and eSports.

Artem has been heavily involved in the Counter-Strike scene since childhood. He never misses a tournament and has always dreamed of starting an eSports company that would revolutionize the industry.





## Alexander Büchler

Business Angel

Alexander is the founder of Def-Shop, an online fashion store with more than 25,000 items. He has also 9 fashion labels, such as DEF, Thug Life and Dangerous Goods. He is also a shareholder at Optimus Prep (a test prep and admissions consulting company) and majority shareholder of Evidanza (a German IT company).

“Learning by doing” is Alexander’s motto. He founded Def-Shop more than 10 years ago and turned it into one of the leading online urban fashion stores in Europe with annual sales of more than 60 million Euros. Alexander became an online marketing expert on this journey and his experience will be of great value for Gaming Stars. Recently, Alexander sold Def-Shop to an investment group and is now working on new projects such like Gaming Stars. He is a father of three children and lives in Berlin. As a true entrepreneur, his passion is to build companies from the scratch.



## Alexander Eitner

Business Angel

Founder of Miles, the first profitable German carsharing company. Alexander founded Miles with only 7 cars and built it into to a major player in the German carsharing industry, backed by venture capital.



## Giwar Hajabi

Marketing Partner & Shareholder

Giwar is one of the most famous German rappers. He is the founder of rap labels “Alles oder Nix” and Goldmann Entertainment and is involved in various ventures. Giwar is better known by his name Xatar and has around 100 artists signed to his label. He is considered the “king of memes” in the German rap industry.



**Gaming Stars’ investors are successful founders themselves, with hundreds of millions in revenue and exits of over EUR 70 million.**

# Investment Risks

## A. GENERAL RISKS

### **Maximum risk - total risk of loss**

There is a risk of total loss of the investment amount. The occurrence of individual risks or the cumulative interaction of various risks may have significant adverse effects on the expected results of the Issuer, which could lead to its insolvency.

Individually, the investor may suffer additional financial disadvantages, for example, if the investor finances the acquisition of the tokens through a loan or if the investor plans to repay the investment amount to cover other obligations despite the existing risk of loss. In the worst case, such additional financial disadvantages can even lead to the private insolvency of the investor. Therefore, the investor should examine all risks under consideration of his personal circumstances and, if necessary, obtain individual professional advice. External financing of the tokens (e.g. through a bank loan) is expressly discouraged.

The token is only suitable as an admixture in an investment portfolio and only for investors who could accept a resulting loss up to the total loss of their investment amount. This token is not suitable for investors with short-term liquidity needs and is not suitable for retirement provision.

### **Loss of Private Key**

The tokens are tradable. The tokens are allocated to the respective wallets of the investors. After issuance and entry into the wallets, the tokens are only accessible via their respective personal access (so-called private key) to their wallet or the wallet partner. Should the private key fall into the hands of a third party, this third party can misuse an investor's wallet and make unauthorized asset transactions. The loss of the private key, even if it was simply "forgotten", leads to an irretrievable loss of the tokens.



## **Technology risks**

The Blockchain technology as well as all related technological components are still in an early technical development stage. The token is created by the Issuer generating the number of subscribed tokens on the Blockchain and then transferring them to the investors' wallet addresses by assigning the tokens to the investors' respective addresses. The Blockchain technology may contain errors that are currently unknown but from which unforeseeable consequences could arise in the future. The Blockchain technology may further be subject to technical difficulties that impair its functionality. A partial or complete breakdown of the Blockchain may disrupt or render impossible the issuance of the Tokens and the tradability of the Tokens. In the worst case, this may lead to the irretrievable loss of the tokens and thus to a total loss.

## **Risk due to investors' rights of withdrawal**

If investors exercise their statutory right of revocation, there is a risk that the Issuer will suffer a corresponding outflow of liquidity due to the obligation that would then arise for the Issuer to repay investment amounts already paid in. In this case, planned investments could not be made or not be made as planned. In such a case, the economic results of the Issuer could deviate from the forecast.

Issuer, in particular no participation or voting rights in shareholders' meetings. Investors therefore do not have the possibility to influence the realization of the entrepreneurial risk (in particular, they do not have the possibility to terminate loss-making business activities at the level of the issuer before the contributed capital is used up).

## **B. RISKS AT THE LEVEL OF THE ISSUER**

### **Business risk of the issuer**

There is an entrepreneurial risk. The investor indirectly bears the risk of an adverse business development of the Issuer. There is a risk that the Issuer will not have the necessary funds available in the future to develop the product successfully. Neither the economic success of the Issuer's future business activities nor the success of the entrepreneurial strategy pursued by the Issuer can be predicted with certainty. The Issuer can neither assure nor guarantee the amount and timing of inflows.

*Economic success depends on several influencing variables, in particular::*

1. The Issuer's ability to implement the aforementioned plans for customer growth and monetization within the planned cost framework. In this context, the success of the marketing measures may fail to materialize, existing marketing agreements with G-Ventures or other marketing partners may be unexpectedly terminated or not performed, or the development of the relevant software and products may take longer than planned.
2. Payment and performance capacity of customers and contractual partners of the Issuer.
3. Changes in the legal framework. In particular, in gambling regulation at the national and international level.

Various other factors, such as in particular changes in the economic situation combined with changes in the purchasing power of the Issuer's customers, changes in competitive conditions, planning errors, dependence on key personnel, and changes in the legal and tax environment, may have an adverse effect on the Issuer. This may mean that the claims arising from the profit participation right cannot be serviced or cannot be serviced in the planned amount, and may even result in the total loss of the contribution.

## **Risk from pandemics (Covid-19)**

There is a risk that a global spread of diseases, such as Covid-19, could cause lasting disruption to the planned pursuit of investments or the Issuer's business.

## **Issuer default risk (issuer risk)**

The Issuer may become insolvent or overindebted. This may be the case in particular if the Issuer has lower revenues and/or higher expenses than expected or if the Issuer is unable to raise any follow-up financing that may be required. The insolvency of the Issuer may lead to a total loss of value of the Tokens, as the Issuer does not belong to any deposit guarantee scheme.

## **Early stage of the company**

The Issuer is a company in an early corporate phase. The financing of such a young company is associated with specific risks. If a business idea is not successful on the market or if the planned business development cannot be implemented as hoped, there is a risk of total loss for investors. The company's success depends on various factors, such as financing, the team, specialists and consultants, the market environment, supplier relationships, technological developments, intellectual property rights, legal conditions, competitors and other factors.

Investors who invest in an early-stage company are much more likely to lose their invested capital than to earn a return on their invested capital.

## **Risks arising from the business activities and the implementation of the the business strategy pursued by the Issuer**

Various risk factors may impair the Issuer's ability to meet its obligations under the terms and conditions of the profit participation certificates.

These are, on the one hand, risks from the implementation of the entrepreneurial strategy pursued by the Issuer. The implementation of this strategy could be more complex than expected. Unexpected and / or higher implementation risks could arise and / or business processes could involve more effort and costs than expected. Planning errors could come to light or the Issuer's contractual partners could provide inadequate services. Necessary permits and/or approvals may not be granted. There could be delays in the planned process and / or problems in generating revenues in the planned amount or at the planned time. Legal requirements could change and this could require changes or additional measures in connection with the implementation of the entrepreneurial strategy, which could lead to additional costs and / or delays. These and / or other risks could have a negative impact on the Issuer's net assets, financial position and results of operations. As a result, the Issuer may not have the necessary funds available in the future to meet the interest claims, repayment of the investment amount and claims based on the profit and exit participation of the investors.

On the other hand, the Issuer's general business activities are associated with risks, such as market-related risks (e.g., decline in demand and sales; licensing risks, cost increases and capacity bottlenecks on the procurement side; political changes; interest rate and inflation developments; changes in the legal and tax framework for the Issuer's activities) and company-related risks (e.g., quality risks; product defects; financing and interest rate risks; risks from brands and property rights; dependence on partner companies and qualified personnel; risks from inadequate insurance coverage, from shareholder risks and from the risk of insolvency). (e.g., quality risks; product defects; financing and interest rate risks; risks from brands and property rights; dependence on partner companies and qualified personnel; risks from insufficient insurance coverage, from the shareholder and/or group structure, from the internal organization, from asset valuations, and from back taxes).

These and/or other risks could have a negative impact on the Issuer's net assets, financial position and results of operations. As a result, the Issuer may not have the necessary funds available in the future to further develop the product.

## **Capital structure risk**

The Issuer may draw on additional debt financing and thereby incur obligations that must be serviced (regardless of its revenue situation).

## **Key person risk, management**

Due to a possible loss of key employees, there is a risk that the Issuer will no longer have access to specialist knowledge and that qualified investment and risk management can therefore no longer be fully guaranteed. The loss of such key personnel could have an adverse effect on the economic development of the Issuer. Management errors at the level of the Issuer and / or key contractual partners of the Issuer cannot be ruled out. There may be technical, legal or economic errors of judgment. It also cannot be ruled out that the shareholder structure may change in the future and that third parties may gain a controlling influence over the Issuer.

## **Supervisory risk**

There is a risk that the legal framework is changed in such a way that the business concept is prohibited, partially prohibited or only permitted in a modified form. This can lead to a loss of value of the tokens up to a total loss.

## **Permit risk**

Global Esports Entertainment GmbH may have permits withdrawn or be prohibited from distributing or marketing the service. The loss of capital inflows due to a production or service stop of individual products or services can lead to the issuer not being able to further develop the product and can lead to a loss of value of the Tokn up to a total loss.

## **Risks associated with the addition of further business areas**

A risk to the Issuer's net assets, financial position and results of operations may arise from the Issuer taking up further business areas in the future which are not yet known at the time of publication of the terms and conditions of the Tokens. If the Issuer takes up further business areas in the future, it will have to expend financial resources for this purpose. By taking up further business fields, the Issuer might not have sufficient funds left to successfully work on the original business field, so that the taking up of further business fields could have a negative effect on the ability and can lead to a loss of value of the Tokens up to a total loss.

## **Forecast risk**

The forecasts regarding the costs of implementing the entrepreneurial strategy, the earnings that can be generated and other aspects could prove to be inaccurate. Past market or business developments are not a basis or indicator for future developments.

## **Risk of legal changes**

The presentation of the legal consequences of an investment in the Issuer's token is based on the beach of the law applicable at the time of the publication of the terms and conditions of the token and the legal norms applied by authorities and courts so far. Likewise, future changes in legal norms could have negative consequences for the Issuer and its investors.

## **Expansion risks**

The Issuer intends to offer its products and services in the future also starting abroad. If the Issuer does not find a suitable market access, this could lead to the Issuer not being able to expand as planned. This could lead to a loss of value of the tokens up to a total loss.

## **New competitors**

In the business areas in which the Issuer is active, competitors could enter the market and thus increase competition. This competition could intensify significantly if competitors with more capital resources enter the market. This could increase price pressure, reduce demand for the Issuer's products or have other conceivable adverse effects on the Issuer's business development. Furthermore, it cannot be ruled out that competitors may develop and offer products or services that are superior to those of the Issuer and/or meet with greater market acceptance. In general, there is no guarantee that the Issuer will be able to successfully hold its own in the face of current and increasing competition in the future. The occurrence of any of the aforementioned circumstances could lead to a loss of value of the Token up to a total loss.

## **Natural disasters and force majeure**

Both the investors and the Issuer are subject to a general risk of natural disasters and force majeure. These may include, for example, earthquakes, volcanic eruptions, droughts, floods, forest fires, nuclear accidents, (civil) wars or war-like conditions or pandemics (hereinafter "events"). These events do not necessarily have to occur in the region or at the location of the Issuer, but may also take place elsewhere in the world. Due to the highly interconnected and globalized world, such events may have a negative impact on the Issuer's business development. The events do not necessarily have to have a direct effect, but can also have an indirect effect on business operations or the forecast of business development (production, sales, revenue, cost development, revenue development, etc.), for example through official (protective) orders.

Such events may thus affect, for example, suppliers or partner companies of the Issuer and thus impair the supply chains and the maintenance of business operations. Such events could also affect the ability to maintain business operations at the Issuer's offices or production facilities. The ability of the Issuer and its cooperation partners and suppliers to deal with such crisis situations, the size of storage capacities and alternative supply and procurement options may influence the extent of the impact of these types of risk as much as the immediate event itself.

## **C. RISKS AT THE LEVEL OF THE INVESTORS**

### **Debt financing risk**

If the investor borrows the investment amount, for example by taking out a private loan with a bank, the investor's other assets may be at risk in addition to the loss of the invested capital. In this case, the investor's maximum risk is over-indebtedness, which in the worst case can lead to the investor's personal insolvency. This can be the case if the token loses value up to a total loss. The issuer therefore advises against external financing of the investment amount.

### **Risk of changes in the legal and tax general conditions**

It cannot be ruled out that the tokens are affected by future tax, corporate or other legal changes in such a way that a corresponding discount must be applied to the tokens and thus the expected results cannot (or can no longer) be achieved for the investor. Furthermore, there is the risk that the acquisition, sale or redemption of the tokens is taxed, which would result in additional costs for the investor. These costs would also have to be borne by the investor in the event of a total loss of the investment amount. The assumption of these costs can lead to a private insolvency of the investor.

### **Note: Risk diversification, avoidance of risk concentration**

Due to the risk structure, the investment in the token should only be considered as one component of a diversified (risk-mixed) investment portfolio. Basically, the higher the return or yield, the greater the risk of loss. By spreading the invested capital over several asset classes and projects, a better risk diversification can be achieved and "cluster risks" can be avoided.