

TGS Esports Signs Non-Binding Term Sheet to be Acquired by Midnight Gaming

VANCOUVER, British Columbia, Jan. 31, 2023 (GLOBE NEWSWIRE) -- TGS Esports Inc. ("**TGS**" or the "**Company**") (TSXV: [TGS](#)) is pleased to announce that it has entered into a non-binding term sheet dated Jan. 26, 2023 with respect to a potential acquisition (the "**Transaction**") with Midnight Gaming Corporation ("**Midnight**"). Under the terms of the Transaction Midnight is expected to acquire all of the outstanding securities of TGS.

Illinois-based Midnight is a fast growing, premier esports media & entertainment company that provides content to some of the top media platforms in the gaming industry. Midnight owns and operates Gaming Television ("**GTV**"), a global esports and gaming entertainment network available via their website at <https://www.gtvnetworks.tv/home> as well as Apple TV, Roku, Amazon Fire, Smart TVs, and more.

The issuer resulting from the Transaction is expected to remain a diversified entertainment company with esports and gaming and media divisions, and to carry on the current business of TGS and Midnight. The Transaction with Midnight is intended to provide the Company with an opportunity to drive additional revenue through digital inventory while also reaching a larger audience of gaming enthusiasts globally. It is expected that upon completion of the Transaction Midnight will pursue a listing on the Nasdaq stock exchange.

TGS's previously announced Securities Exchange Agreement (<https://www.newswire.ca/news-releases/tgs-esports-to-acquire-reinhart-digital-tv-and-nexttrip-in-business-combination-with-nextplay-technologies-818863016.html>) with NextPlay Technologies, Inc., Don Monaco, and William Kerby has been mutually terminated. TGS thanks the parties for their diligence during the process.

"This is an exciting day for all of us at TGS. Ken and the team at Midnight have built an amazing piece of entertainment technology that fits right in with our future goals at TGS. The alignment here is perfect and we cannot wait to dive in and get to work with Midnight," said Spiro Khouri, CEO of TGS. "TGS would also like to thank Bill, Don, and the entire NextPlay team for their work over the past 11 months. While we could not complete the previously announced transaction with them, we remain strong strategic partners and look forward to working with them on many projects in the future."

"The future for Midnight Gaming Corp is very bright. With the acquisition of TGS Esports, Midnight Gaming Corp, its investors and employees are very excited for the future," said Kinney McGraw, CEO of Midnight. "TGS has a proven business model and adds tremendous value to Midnight. Midnight and TGS together will make an impact in the esports and gaming events and media space for many years to come."

Summary of Acquisition

The Term Sheet sets out the principal terms on which the parties have agreed to complete the Transaction. The parties have agreed to negotiate in good faith to formalize completion of the Transaction (the "**Closing Date**") on or before June 30, 2023, and they have agreed to a mutual exclusivity and due diligence period expiring 120 days from the date of the Term Sheet.

On Closing, Midnight will acquire all of the issued and outstanding common shares of TGS (the "**TGS Shares**") at a deemed price of \$0.135 CAD per Consideration Share for aggregate deemed consideration of approximately \$18,824,969 CAD.

Each outstanding security of TGS that is convertible or exchangeable for TGS Shares will be exchanged for corresponding securities that are convertible or exchangeable for Midnight Shares on substantially the same economic conditions.

On Closing, Midnight will enter into employment agreements with Spiro Khouri, current CEO of TGS, and Kinney McGraw, current CEO of Midnight. It is proposed that Mr. Khouri will serve as CEO of Midnight while Mr. McGraw will serve as Executive Chairman. Both Mr. Khouri and Mr. McGraw will serve on the Board of Directors.

The Company has also agreed, pursuant to the Transaction, that following Closing it will complete a consolidation of the TGS Shares on the basis of 40 pre-consolidation shares for 1 post-consolidation shares (the "**Consolidation**"). The Consolidation will be subject to shareholder approval.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of TGS Esports Inc. should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.

About TGS Esports Inc.

TGS Esports is a full-service marketing solutions provider that specializes in engaging video game and esports fans. TGS creates gaming strategies and marketing programs for brands that want to connect with diverse communities of gamers in any genre, anywhere they play. TGS works with an extensive network of influencers, creators, and gaming community organizations to create unique content for every digital and social media platform. TGS builds custom brand activations for live, in-person engagement, for long and short form video, and for live streaming events and tournaments. TGS Esports has unmatched expertise in cultivating relationships and driving viewership among highly coveted and elusive young audiences.

On behalf of the Board of Directors
Spiro Khouri, CEO

Disclaimer for Forward-Looking Information

This news release contains "forward-looking statements." Statements in this news release that are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, expectations, or intentions regarding the future. Such forward-looking statements include, among other things statements regarding the Transaction and business of the issuer resulting from the Transaction. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The reader is cautioned that assumptions used in preparing forward-looking statements may prove incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, including that a binding agreement may not be entered into with respect to the Transaction, that even if a binding agreement is entered into that the Transaction may not be completed, and that the Company may not identify or complete on any strategic transactions, or that if they do complete such transactions that those transactions will be beneficial for the business of the Company. The reader is cautioned not to place undue reliance on any forward-looking statement. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. Risks and uncertainties about the Company's business are more fully discussed in the Company's disclosure materials which can be obtained from www.sedar.com. The forward-looking statements contained in this news release are made as of the date of this news release and the Company assumes no obligation to update any forward-looking statement or to update the reasons why actual results could differ from such statements except to the extent required by law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For more information:

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