

ESE ANNOUNCES ACQUISITION OF ESPORTS COMPANY, DIGITAL MOTORSPORTS

VANCOUVER, BC, August 16, 2021 /CNW/ - **ESE Entertainment Inc.** (TSXV: ESE) (OTCQB: ENTEF) (the “**Company**” or “**ESE**”) is excited to announce that it has entered into a binding share purchase agreement (the “**Agreement**”) to acquire 100% of the shares of Auto Simulation Limited T/A Digital Motorsports (“**Digital Motorsports**”), an Ireland-based provider of advanced simulation racing (“**sim racing**”) infrastructure, technology, and support.

Under the terms of the Agreement, ESE will acquire 100% of the issued and outstanding shares of Digital Motorsports (the “**Transaction**”). The purchase price will consist of (i) CAD \$1,681,250 in cash payable on the closing of the Transaction (the “**Closing**”), subject to a customary working capital adjustment; (ii) up to 941,500 common shares of the Company (each, a “**Common Share**”) issuable on Closing; and (iii) up to 8,473,500 Common Shares (the “**Earn Out Shares**”) to be released in six equal installments every 6 months (each such installment, an “**Installment**”), with the first Installment being issuable on December 31, 2021. The Agreement will also contain an earn-out, whereby if DMS does not achieve certain revenue-based milestones during the earn-out period (commencing on execution and ending on January 1, 2027), certain of the security-based consideration under the Agreement will be delayed or withheld. The Company has also agreed to make an investment of €250,000 in Digital Motorsports on closing to fund its working capital needs.

The co-owners of Digital Motorsports have agreed to continue to run the operations of Digital Motorsports after Closing, to ensure continuous business operations and a smooth transfer of Digital Motorsports’ business to the Company, and will enter into employment agreements with Digital Motorsports.

Digital Motorsports is an award-winning organization and one of the leading sim racing solutions providers in Europe, specializing in building bespoke simulators and offering turnkey simulator packages. Included in the Transaction is Digital Motorsports’ portfolio of intellectual property related to racing simulator solutions, components, and cloud-based racing services. Additionally, Digital Motorsports is currently developing both products and technology to reduce the complexity and barriers to entry in sim racing. Digital Motorsports has key vendor distribution rights and partnerships in the industry, and they have worked with world champions across multiple disciplines from F1, WEC, WRC, Drifting, and more. Digital Motorsports are a customer-centric business offering a mix of professional products, turnkey solutions, and a world class esports racing league.

The Transaction is intended to build on ESE’s already strong position in the sim racing market and bring it one step closer to becoming one of the largest gaming and esports infrastructure companies in the world.

Niall Maher, CEO of Digital Motorsports commented, “*Digital Motorsports (DMS) has a proven track record of building world class simulators and hosting the most competitive and professionally run online racing leagues and events. We are very proud to have a 5-star customer service rating, thanks to the trust and support of our online community and the tireless efforts of all our employees who make DMS a truly unique place to work and a recognized leader in esports. Over the past 3 years DMS has built a differentiated global brand in the Sim Racing space. With the increasing complexity and advancements of today’s AR/VR Motion Simulators, we believe the demand for turnkey solutions, tier 1 components and professional online racing is poised for years of significant growth. We are extremely excited to now be part of the ESE family and are well positioned to capitalize on this unique opportunity. ESE has the infrastructure, resources, culture, strategy and brand which is aligned to the Digital Motorsports Vision. I firmly believe we have everything in place to be No.1 Globally by bringing game changing new technology, next generation products and unrivalled professional services to the market and realize continued growth and sustained success into the future.*”

Konrad Wasiela, CEO of ESE commented, *“Our vision, shared alongside Niall and his team, is for Digital Motorsports to become the #1 global brand in esports for the motorsport industry. By combining the resources of ESE and Digital Motorsports, we anticipate excellent synergies to be realized for our business. With the execution of this agreement, we are one step closer towards executing our vision.”*

Closing of the Transaction is subject to customary closing conditions, including TSX Venture Exchange approval.

About ESE

ESE is a Europe based entertainment and technology company focused on esports and gaming. ESE’s assets consist of multiple world-class operators in the gaming and esports industries. The Company’s capabilities include but are not limited to: physical infrastructure, broadcasting, global distribution for gaming and esports-related content, advertising, sponsorship support, and a growing esports team franchise, K1CK Esports. ESE is focused on bridging the gap between the European, Asian and North American esports industries. | www.e.se.gg

Forward-Looking Statements

This news release contains certain statements that may constitute forward-looking information under applicable securities laws. All statements, other than those of historical fact, which address activities, events, outcomes, results, developments, performance or achievements that ESE anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. Such information may involve, but is not limited to, statements with respect to (i) the Transaction and the timing for its completion; (ii) the satisfaction of closing conditions which include, without limitation, obtaining the necessary approvals from the TSX Venture Exchange, (iii) the effect of the Transaction on the parties, including the growth prospects of ESE following the Transaction; and (iv) the anticipated benefits associated with the Transaction. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements formed in the future tense or indicating that certain actions, events or results "may", "could", "would", "might" or "will" (or other variations of the forgoing) be taken, occur, be achieved, or come to pass. Forward-looking information is based on currently available competitive, financial and economic data and operating plans, strategies or beliefs as of the date of this news release, but involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of ESE to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Among other things, there can be no assurance that the Transaction will be completed or that the anticipated benefits from the Transaction will be achieved. Such factors may be based on information currently available to ESE, including information obtained from third-party industry analysts and other third-party sources, and are based on management's current expectations or beliefs regarding future growth, results of operations, future capital (including the amount, nature and sources of funding thereof) and expenditures. Any and all forward-looking information contained in this press release is expressly qualified by this cautionary statement. Trading in the securities of ESE should be considered highly speculative.

Neither the 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.

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