



**esports gold<sup>®</sup>**

**ESPORTS ENTERTAINMENT PLATFORM  
WITH DYNAMIC CONTENT-LED BETTING**

*"2016 was the biggest year in the digital games market and playable media .... hitting \$91B this year, and is growing at a tremendous rate .... expanding .... [and] .... is now one of the most valuable and engaged demographics....." <sup>1</sup>*

*"The global eSports market is worth \$1.13bn and will grow to \$1.24bn in 2018*

*eSports audience numbers will reach 330M by 2019" <sup>2</sup>*

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<sup>1</sup> <https://www.superdataresearch.com/market-data/market-brief-year-in-review/>

<sup>2</sup> Superdata-2017-eSports-market-brief

## Important Information

This document has been prepared by the founder and directors of Esports Gold Limited ("ESG") exclusively for the purpose of the ESG ICO.

It does not represent definitive or final advice in respect of the strategic position of ESG and the options available to it.

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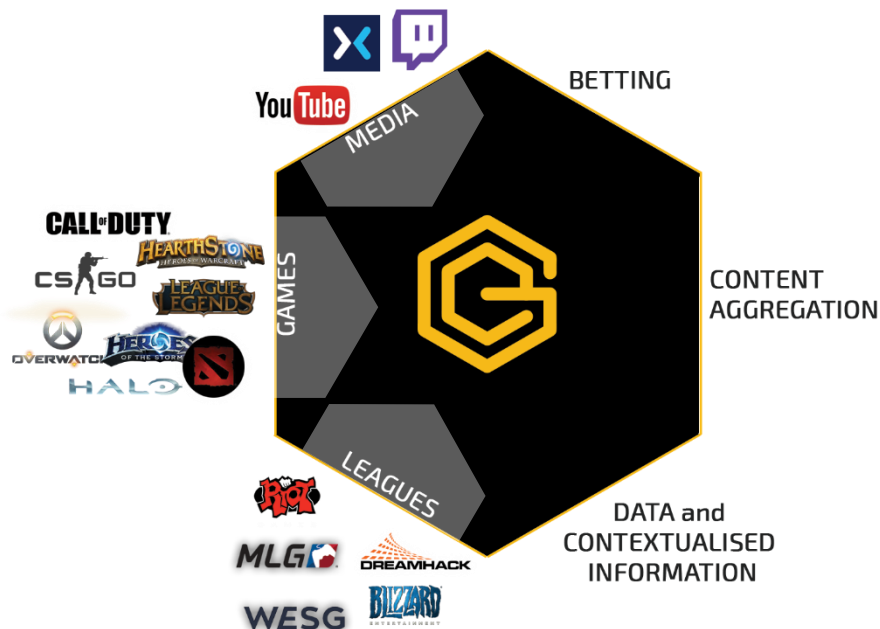
# 1. Executive Summary

## 1.1. A single hub for all eSports enthusiasts

ESG was established specifically as an eSports content aggregator and betting operator, to create a holistic entertainment platform.

By aggregating the fragmented eSports market to create a single point of convergence for enthusiasts to watch matches, stream live events, read news, find data and information, enjoy fantasy leagues and other content, ESG will bring together enthusiasts across all games and content.

Leveraging this entertainment platform with betting touchpoints will create a unique opportunity for an integrated customer journey for enthusiasts and a distinctive position in the market today.



ESG will become a unique provider of aggregated eSports data with a betting platform. This creates a significant value multiplier from customer acquisition and expanding market coverage.

ESG is undertaking an ICO of the ESG Token ("ESG TKN") to integrate and operate the ESG platform.

An experienced team has been assembled covering eSports betting, technology, gaming and regulatory aspects to provide all-round oversight of business operations.

ESG aims to hold its own gaming licences and become a regulated operator, which will help create a safe and secure platform for eSports betting fans.



## 1.2. Differentiation of the ESG ICO

- ESG aims to be a fully licenced betting operator, under oversight of regulated gaming commissions, unlike “Skins” betting operators (“skins” are a gaming virtual currency) who are currently unregulated. ESG will be an ethical eSports betting operator.
- ESG will provide market aggregation of content and information, delivering a single hub of entertainment and betting for eSports enthusiasts.
- ESG has assembled an experienced advisory board to provide strategic guidance and oversight to the business
- As a betting operator, ESG aims to have direct access to cash revenues without necessarily having to rely on content or advertising monetisation, creating value for ESG TKN holders from day 1 of operation
- Heads of terms agreed with all technical partners (section 2.2)
- ESG have engaged with a legal firm to provide legal advisory going forward
- Fully costed financial projections (section 7) based on prudent assumptions
- UK/EU company currently based out of London
- eSports betting is in its infancy and offers significant growth opportunity for ESG as wider current sector growth is exceeding forecasts (section 3)

## 1.3. The ESG Token (“ESG TKN”)



ESG is creating the ESG Token (“ESG TKN”) for a limited time and fixed quantity to be confirmed on the first day of the ICO, with a strike price reflecting the Ethereum price at that date.

ESG TKN holders acquire the following rights:

- The right to participate in the pro-rata share of the ESG Asset Contract, which accrues value from a fee charged to the ESG betting platform.
  - The ESG TKN holder has the right to realise the value of their token at any time by “burning” their token in exchange for their pro-rata share of the ESG Asset Contract. In this process, the ESG TKN is irrevocably destroyed and in exchange, the ESG Asset Contract will transfer the respective value to the holder.
- The right to use the ESG betting platform with an Ethereum wallet without incurring any integrated wallet fee on betting
- The right to use the ESG token as a stake for betting
- The right to access premium content, e.g. reduced delay feeds, premium event streams

The ESG Asset Contract accumulates value from a fee charged to the ESG betting platform equivalent to 0.70% of gross bets placed on the betting platform (gross bets being bets before winnings are paid i.e. ESG will accrue 0.70% of the amount being wagered towards the ESG Asset Contract). This approximates to c. 10% of the gross revenue line (section 7):



### \$12.2m in Value to ESG Asset Contract over time:

(£ GBP)	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yrs 1-5
Value to ESG Asset Contract (£m)	-	0.13m	0.69m	1.98m	3.09m	3.54m	9.43m
Accumulated Value	-	0.13m	0.82m	2.80m	5.89m	9.43m	9.43m

*An fx rate of 1.29 for GBP:USD has been used throughout this document*

The ESG Asset Contract is expected to accrue £9.43m (\$12.2m @ 1.29) over 5 years under prudent base case assumptions as (section 7).

This \$12.2m is based on the ICO base target of \$5.4m. Under the maximum ICO cap of \$50m, the value proposition above is enhanced and accelerated through expanded betting options, increased marketing and an acquisition opportunity. This should increase market share and the incremental value (see below).

### Substantial incremental value

ESG projections are based on prudent financial assumptions and forecasts. Section 7 details, numerous incremental upsides to the baseline value proposition. ESG has projected the potential value of a higher global forecast and increments to market share.

Scenario	Global Forecast used <sup>3</sup>	Year 5 market share	Accumulated value to ESG Asset Contract	Impact
Base case	Base	2.5%	£9.43m (\$12.2m)	-
+1% market share	Base	+ 1%	£13.22m (\$17.06m)	+ 40.2%
High case forecast	High	2.5%	£15.75m (\$20.32m)	+67.0%
+1% market share	High	+ 1%	£22.09m (\$28.49m)	+134.2%

The fee will be audited independently to secure accuracy for the ESG Asset Contract.

## 1.4.ESG Creation Event & Use of Funds

ESG aims to create \$5.4m of ESG TKN for sale in exchange for Ethereum in the ICO event. The event has a maximum cap of \$50m, with the additional Ethereum above the \$5.4m base enabling ESG to provide accelerated marketing, additional betting liquidity and acquisition opportunities, thus accelerating ESG's customer acquisition and revenue streams, creating a value multiplier effect.

<sup>3</sup> See section 7.1



<b>“Base” Target</b>	\$5.4m	Full development, operation, capital of the ESG platform <ul style="list-style-type: none"> <li>• Platform build: integration of ESG content platform with FSB Tech betting software (\$265k).</li> <li>• Funding to “go-live”: legal, equipment, marketing, gaming licences, staff (\$742k)</li> <li>• Operational costs until self-sustaining revenue generation: staff, marketing, office (\$928k - includes FSB Tech licence fee)</li> <li>• Betting liquidity/capital requirements (\$3.5m)</li> </ul>
<b>Above target</b>	+\$2m	Ability to include live in-game betting from start <ul style="list-style-type: none"> <li>• Marketing campaign to accelerate organic customer acquisition</li> <li>• Additional platform integration requirements</li> <li>• Operational costs from in-game live team</li> <li>• Further betting liquidity/capital requirements</li> <li>• Acquisition of live stream from eSports leagues (ESG have a pre-existing relationship with ELEAGUE for their CS:GO stream rights)</li> </ul>
<b>Event Cap</b>	at \$50m	Cap on the event to allow acquisition of target opportunity <ul style="list-style-type: none"> <li>• ESG management have identified several potential acquisition opportunities that would bring significant monthly active users to the ESG platform</li> <li>• The acquisition would also help consolidate the market</li> <li>• Provides ESG TKN holders accelerated value through inorganic customer acquisition and market share</li> </ul>

ESG are providing significant incentives for early investors up to the base target. If the event fails to achieve base target, ESG will still be able to develop the platform but without betting liquidity and capital. It will then seek private equity to complete the betting functionality and required liquidity.

### 3x early stage bonus tokens for ESG TKN

ESG TKN will be sold at a discount to early buyers at an initial rate of 300 ESG TKN : 1 ETH up to the base target of \$5.4m. Above \$5.4m to the event cap, ESG TKN will be sold at 100 ESG TKN:1 ETH.

### Tokens created

If funds are raised to target \$5.4m and ETH is priced at \$200, 8.1 million tokens will be available for sale. At the cap of \$50m, circa 31.2 million tokens will be available for sale.

### Management tied into 2-year holding

10% of the base target tokens will be minted and held in a time-locked smart contract with a holding period of 2 years. This will ensure a long-term incentive tied into the value of the ESG TKN and cap the management incentive at c. 10% of the base target value. .





### Best practice ICO

ESG management have pursued best practice protocol (where available) on ICO regarding governance, token creation and provision of information.

### Security audit

The ESG contracts have had an independent security audit before deployment. This review is publicly available at the Github code repository.

### Future platform smart contracts

Once the platform is operational, ESG management foresee the potential for further network effects between accessing different types of content, including betting options, using Ethereum blockchain smart contracts. This will enhance the ESG TKN and widen the Ethereum blockchain use.



## 2. Team & Partners

### 2.1. Management & Advisory Board

#### Sean Hynes, Founder & CEO

Dedicated full time on ESG strategy and business development, including sponsorship deals, and development of streamers/gamers/influencers.

Previously worked at Gleacher Shacklock in financial M&A and prior to that worked at AHP Partners from 2012, a start-up M&A firm specialising in consumer finance.

Qualified ACA chartered accountant (in 2010) with experience in assurance and financial modelling, including delivery of complex strategic and transaction models to third party clients.

#### [Confidential] Betting Director

Currently managing an eSports betting operation on a day-to-day basis, the ESG betting director will oversee the ESG betting operations and book across all markets.

With over 10 years experience in creating new markets and managing a betting book, he has the experience and capability to secure key market penetration from day one.

#### Raj Sharma (previously FD for Virgin Games)

Served as finance director for Virgin Games from Oct 2006 to Jun 2013 where he oversaw significant expansion of the Virgin Games offering, ultimately leading to a significant return to the Virgin Group when sold to Gamesys in January 2013.

#### Danny Meaney (founder of UP Ventures)

Danny is the founder and CEO of UP Ventures Group as well as Founder and Chairman of a number of software and technology companies.

Danny has an extensive, high value international network and a long track record of supporting digital businesses across software and technology in media, finance, health and telecoms to create enhanced shareholder value. He has become expert in accelerating the growth of venture-backed start-ups and/or new ventures within “market-making” corporations.

#### Brendan Thomas (fund partner, technology entrepreneur)

Brendan is an entrepreneur whose career experience includes being a founder Director in the start-up, build out and sale of multiple technology companies, recently Sherwood Technology Solutions in 2014. Since then he has lead the identification and investment into other software businesses. Brendan is also operations Director of a successful privately held services enterprise and is a partner of a UK focused search fund.



## 2.2.Tech Partners



### FSB TECH

**Responsibility:** *ESG are licencing betting software from FSB Tech. The FSB Tech platform is proven technology.*

#### **About:**

FSB Technology (UK) Ltd. is one of the most innovative and entrepreneurial companies in the online gaming sector today. The founder's vision of the future of sports betting helped win the gaming industry's first EIG Launch Pad competition in 2008 and the company has gone on to supply sports betting services to some of the world's largest casino and media companies.

With the FSB service, fixed overheads can be replaced with a low monthly fee and a variable cost. The overall savings in both costs and management effort are dramatic. This enables ESG to avoid high cost of entry into the market.

The FSB technology platform can handle multi-million pound transactions every month and can offer our licensees with access to over 100,000 in-play events annually. The systems are built to the highest standards required for regulated gaming, including annual security audits and penetration testing. The hardware platform is fully clustered and redundant throughout, professionally hosted and designed to avoid any single points of failure. FSB are proud to have run all services at greater than 99.9% uptime for every client every year that they have been in business.

FSB is privately held company registered in England and operates under a licence provided by the UK Gambling Commission. The company was founded by David McDowell and Sam Lawrence, who previously founded, built and operated now publicly-listed GameAccount Network.

Notably, FSB launched the UK operations for Asian sports betting giant, Dafabet in 2016. This included the integration of Skrill, Netteller and Paysafe Payments as new customer deposit and withdrawal methods.

### VSourz



**Responsibility:** *Vsourz have undertaken the design of the ESG platform and will develop and build the ESG platform. ESG have access to the FSB Tech API to allow integration of the content and betting operations.*

#### **About:**

Vsourz is a digital agency with over 200 employees across 4 continents. Vsourz – group companies are now operating in the UK, Spain, USA, UAE and India.

With over 15 years of experience and a biz-tech focused team, Vsourz has become valued partners to a diverse set of clients from Government, Corporates, Start-ups, E-commerce, Fashion, Retail, Healthcare etc. Vsourz services include digital strategy, online marketing, design UX/ UI, web development, software development and mobile app development.



## 3. Market Opportunity

### 3.1. What is eSports

“eSports” refers to competitive video gaming played globally, a global phenomenon played largely by gamers for substantial sponsorship and prize money. It has grown from a niche spot within the gaming community to become a global sport that has a cult-like captive audience with similar characteristics to ‘normal’ sports.

The top 3 games in eSports currently are Dota2, League of Legends, Counter-Strike from a viewer, tournament and prize pool perspective. Overwatch will be the largest funded tournament once the Overwatch league goes live.

### 3.2. The eSports Market

*“2016 was the biggest year in the digital games market and playable media world ever. The vast market, hitting \$91B this year, is growing at tremendous rates and incorporating new media and platforms, expanding its reach. Going far beyond the traditional “gamer” dynamic, the games and playable media audience is now one of the most valuable and engaged demographics, and brand owners are paying attention.”<sup>4</sup>*



*“The global eSports market is worth \$1.13bn and will grow to \$1.24bn in 2018*

*eSports audience numbers will reach 330M by 2019”<sup>5</sup>*

eSports forecasts increased from early predictions of \$1bn+ by 2020 (Superdata research) to \$1.8bn, underpinned by increased number of viewers.

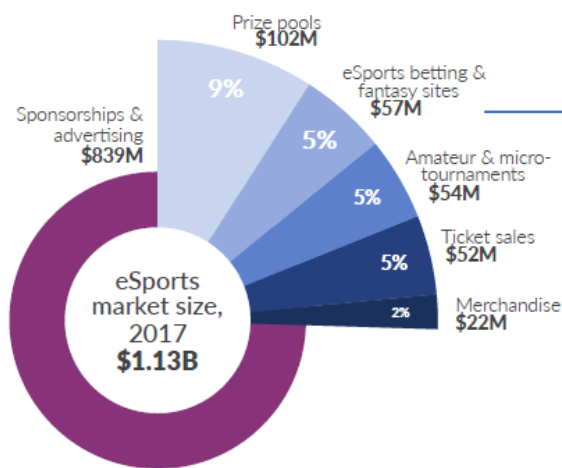
<sup>4</sup> <https://www.superdataresearch.com/market-data/market-brief-year-in-review/>

<sup>5</sup> Superdata-2017-esports-market-brief



“Competitive online gaming in 2016 attracted \$280m of advertising dollars from big advertisers in 2016 with the capital primarily funnelled into video, influencer marketing and sponsorship”<sup>6</sup>.

eSports growth continues to be rapid as Superdata research put 2016 eSports earnings totalling \$892m<sup>7</sup> and in February 2017 put the global market at \$1.13bn. The majority of earnings are indirect.



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eSports betting today is a fraction of the forecasted 2020 \$1.8bn market. Given growth in eSports is exceeding expectations, there is a large opportunity for ESG.

*“Our base case calls for eSports betting to grow into a vertical where 19.4m bettors will wager \$23.5bn on eSports by 2020, generating \$1.8bn in revenue for operators. In our bull case, 32.5m bettors will wager \$42.9bn by 2020, generating \$3.3bn in revenue.”<sup>9</sup>*

### The value opportunity – ESG will help drive eSports betting

With an expected base case forecast of \$1.8bn in revenue for eSports betting operators by 2020 and the current eSports betting market at \$57m there is a significant market opportunity for ESG.

In ESG’s view, the reason eSports betting growth is slower than the wider eSports market is due to:

- 1) Traditional betting operators appear to have resources aligned to traditional sports betting
- 2) A limited coverage of eSports games
- 3) A limited coverage of eSports events
- 4) Limited betting infrastructure to provide a customer journey.

The ESG betting proposition aims to solve these issues and, in management’s view, will not only help grow eSports betting overall, but allow ESG to acquire a material share of the market as its platform provides the infrastructure for viewers to transition into betting.

<sup>6</sup> thedrum.com 9 May 2017

<sup>7</sup> <https://www.superdataresearch.com/market-data/market-brief-year-in-review/>

<sup>8</sup> Superdata-2017-esports-market-brief

<sup>9</sup> Eiliers Research 2015 eSports Betting White Paper Exec Summary



### 3.3. Prudent Financial Assumptions

Given the growth potential of eSports betting and interest around eSports, ESG management have adopted prudent financial projections based on a market share of 2.5% of the base case 2020 market forecast referenced in section 7.1.

Any market share in excess of this is incremental to the ESG projection and value proposition.

### 3.4. eSports Betting Landscape Today

eSports betting is provided by various mainstream betting operators including Betfair, Bet365, SkyBet, Vital Bet with odds feeds provided by BetGenius, SportRadar, RTSmunity, and Ultraplay. There are two dedicated eSports betting operators: EGB betting and Unikrn.

ESG management believes there are several areas that can be exploited in the current market:

#### 1) Limited coverage of eSports games

A prominent focus around the top three games: CS:GO, League of Legends, and Dota 2.

There are many more games that have eSports leagues which have limited coverage: Heroes of the Storm, Hearthstone, Smite, StarCraft II, Call of Duty, FIFA, Street Fighter, Super Smash, Injustice 2, Gears of War, Rocket League, World of Tanks, NBA2K17

#### 2) A focus on major events, specifically US/Western EU

Odds are provided primarily for the major events, with a focus on US and Western EU events. Coverage of events below \$250k prize pools becomes more limited.

#### 3) Limited betting infrastructure and customer journey

There are no eSports betting operators today that integrate their offering with either content or data. ESG believes this significantly reduces customer acquisition opportunities and limits enthusiasts from placing a bet due to lack of readily available information and analysis. For example, there are no free fantasy leagues or contextualised information to help viewers and repositories of data are fragmented by game and with varying levels of detail.

#### 4) Potentially limited jurisdictional coverage

Some operators appear to be potentially limited in the jurisdictions they can cover and accept cash betting.



### 3.5.The Market Opportunities for ESG

#### 1) Provide eSports betting markets across more games and events

ESG's strategy is to create our own markets and odds without relying on third-party data feeds. ESG can market any eSports event, including lower prize pool events, to cover the events and games it chooses. This should result in greater choice of markets and geographical event coverage to customers.

#### 2) Hold our own gaming licences

ESG aims to acquire its own gaming licences (starting with UK and Malta) enabling us to have flexibility to target the jurisdictions we operates in.

#### 3) Market aggregator with holistic data and content offering

ESG will be a market aggregator with content and data offerings. This allows ESG to integrate betting touchpoints to create a customer journey for bettors.

ESG will not take bets in black-listed or prohibited jurisdictions where betting is not allowed.

### 3.6. ESG work already undertaken

ESG has already accomplished the following ahead of the token offering. ESG now requires completion of the ICO to move onto development of the integrated platform:

- ESG initial company website is operational (to be replaced by the platform currently under design)
- Heads of terms agreed with technical partners
- Jurisdictional research undertaken by legal advisors for initial target geographies
- Contacts/relationships with influencers and streamers initiated
- Customer journey around content/betting touchpoints completed
- Advisory board established
- Front end design/development initiated



## 4. ESG Customer journey concepts

### 4.1. ESG betting touchpoints and customer journey

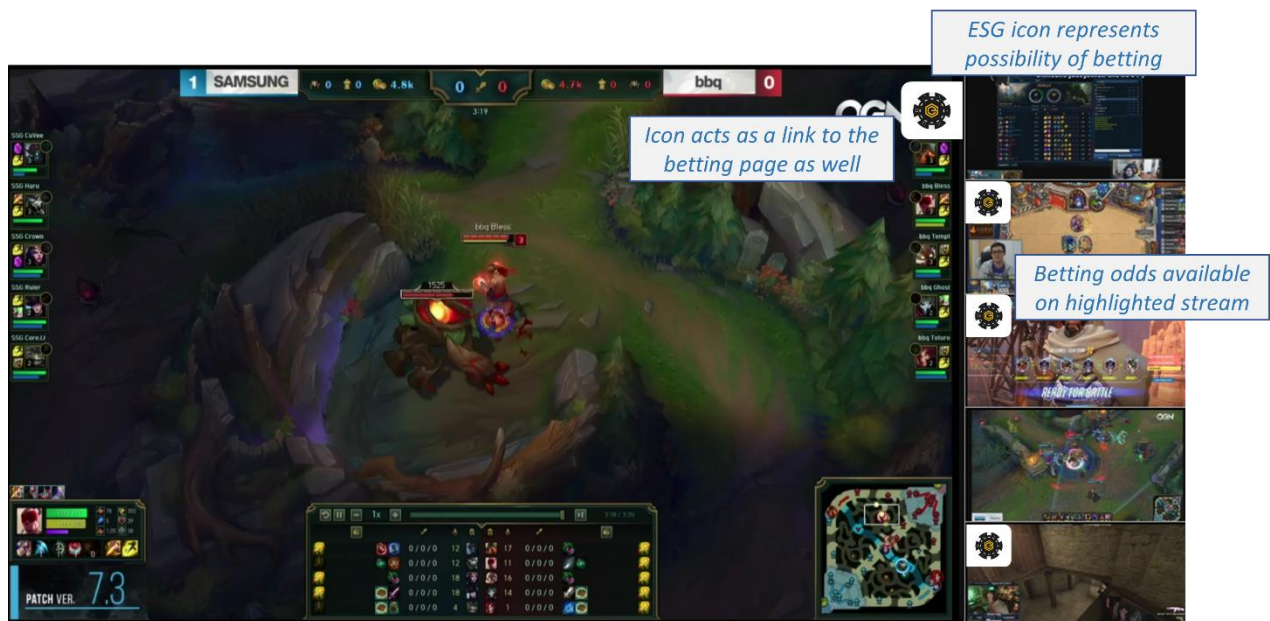
The ESG platform will have two types of customer, those looking for content and those looking for betting.

This creates two customer experiences: 1) comprehensive content aggregation to use ESG as a one-stop portal, and 2) wide range of betting coverage for a customer to use ESG as the go-to betting site for eSports.

There is an interaction between data and betting that can provide touchpoints to the customer journey from viewer to bettor.

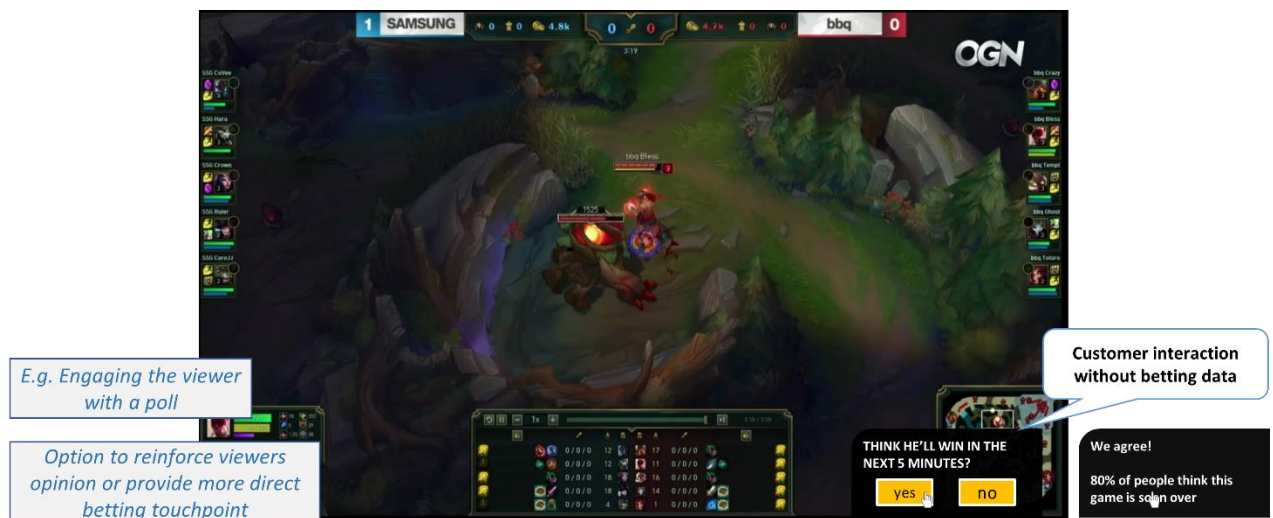
### 4.2. Touchpoint concepts around a stream to engage the viewer

Concept 1: Betting touchpoint overlay on streams (indication of betting available).

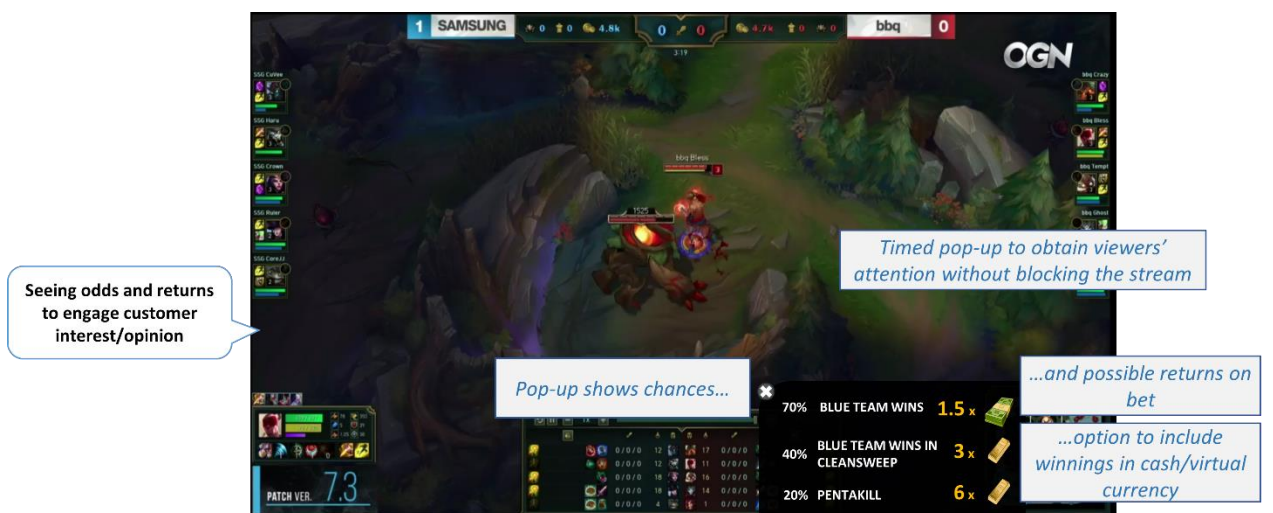




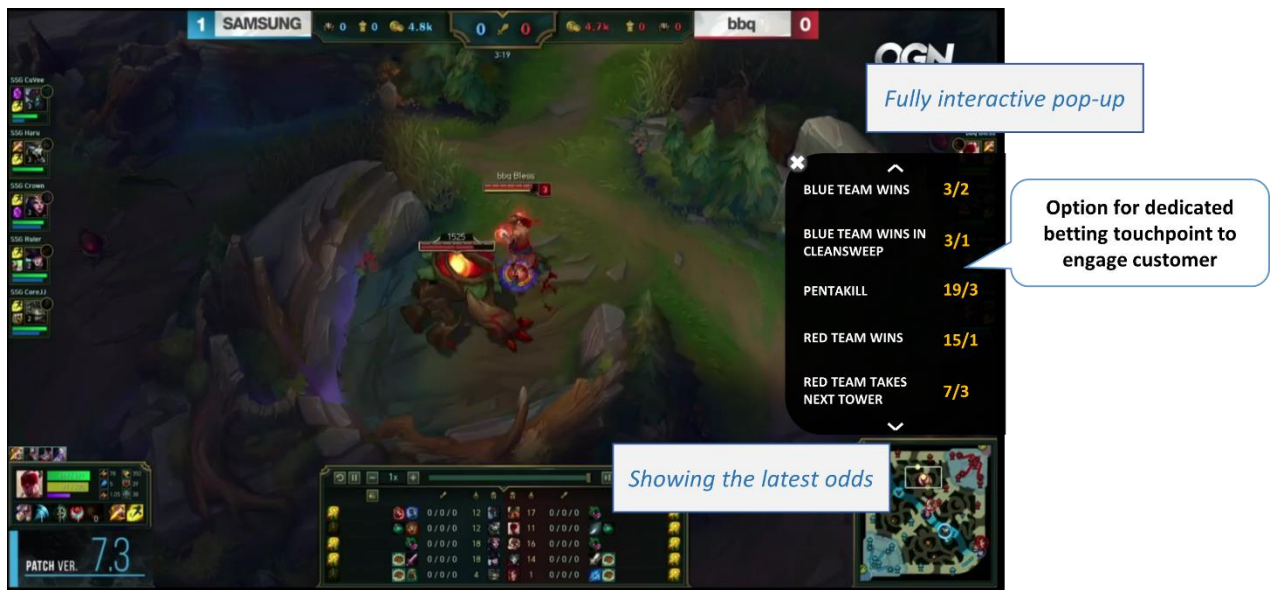
Concept 2: Social interaction on streams to engage viewers (no cash betting).



Concept 3: Direct odds touchpoint (engaging viewers with data).



Concept 4: Fully interactive touchpoint (odds and option to bet).



### 4.3. Betting markets

#### Pre-match odds

ESG plans to offer pre-match odds on wider coverage of eSports games than is currently offered. Specifically creating markets for all tournaments with prize pools of \$10,000+ and notably across HOTS, LOL, HS, CSGO, COD, GEARS, FIFA, SF5, OVERWATCH, SMITE, DOTA2, SCII.

#### Live in-game betting

Due to funding required, ESG will be unable to offer live in-game betting markets until pre-match offerings are fully developed. ESG has the option to accelerate this option if sufficient funding is raised above the base target (section 1.4).

## 5. ESG Token Overview

### 5.1.Community

The project will help develop a solution for the Ethereum community to bet legally on eSports through the integrated ERC20 wallet.

The ESG TKN is expected to be backed by a strong value proposition creating a diversified opportunity for the community.

Once the platform is operational, ESG management foresee the potential for further network effects between accessing different types of content, including betting options, using Ethereum blockchain smart contracts. This will enhance the ESG TKN and widen the Ethereum blockchain use.

### 5.2.Link to cash generating business

The ESG TKN has a direct link to a cash generating business, therefore providing a mechanism for ESG TKN holders to have an economic link to non-virtual currency and receive significant value from distributions.

### 5.3.Integrated wallet and ESG TKN

The ESG TKN allows the token holder to bet on the eSports platform without incurring any fee. Other token holders will be allowed to bet on the eSports platform, but will incur a nominal fee for being a non ESG TKN holder.

This fee will be minimal and is expected to be about 0.5% of bet wagered. Under this proposal the ESG TKN holder will have incremental rights beyond the ESG Asset Contract.

ESG TKN holders will need to open an account on the betting platform.



## 6. Licences and Timeframe

### 6.1. Gaming Licences

ESG aims to acquire a UK remote gaming licence and a Maltese gaming licence. This should allow ESG to operate in all our preliminary target jurisdictions.

ESG have budgeted initial cost of licences, plus legal advice and applicable revenue licence fees relating to the cost of gaming licences (included in forecasts in section 7).

### 6.2. Platform integration

The platform build will integrate four key components

1. Front end user design (underway)
2. Third party sportsbook software from FSB Tech
3. Bespoke database to handle all data to manage odds/statistical information
4. CMS system for articles, fantasy league

This will be handled by the two technical partners with whom ESG has agreed heads of terms.

### 6.3. Timeframes

ESG has budgeted and planned for a 6 month platform build, which includes 3 months' contingency and operational testing and recruitment of the markets team within this timeframe.

ESG has identified target jurisdictions for initial market penetration and expects to start generating revenue within a year from the closing of the ICO event. In the first few years of operation, ESG will focus on expanding jurisdictions to increase jurisdictional coverage and obtain market share.



## 7. Finances

### 7.1. Base Case

*“Our base case calls for eSports betting to grow into a vertical where 19.4m bettors will wager \$23.5bn on eSports by 2020, generating \$1.8bn in revenue for operators. In our bull case, 32.5m bettors will wager \$42.9bn by 2020, generating \$3.3bn in revenue.”<sup>10</sup>*

#### Prudent approach

Given the potential for eSports betting over next 5 years, ESG has taken a prudent approach to assumptions: a low global market share of 2.5% and a betting revenue per bettor of £65. These are disclosed under section 7.2.

#### Financial outcome

Based on a 5 year projection, ESG acquires £50.63m in cash. Assuming a minimum distribution of £9.4m (\$12.2m @ 1.29) means the ICO event ESG TKNs will receive a near doubling of value over the period on base case.

#### Incremental outcomes

ESG has not included incremental revenue streams such as revenue from content, users or upside cases from the eSports betting market in these forecasts.

Therefore, the forecasts presented are expected to increase substantially. For instance, the high case for the eSports betting market (but keeping a 2.5% market share) returns an incremental £51m in cash generation as more bettors bet on eSports, and wager more.

#### Base case projections

KPIs	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yrs 1-5
Betting - global share	-	0.8%	1.4%	2.3%	2.4%	2.5%	2.5%
Rev. per bettor p.a.	-	31	45	57	59	59	57
Betting margin		7.3%	6.9%	6.6%	6.4%	6.4%	6.5%
Marketing as % of rev		38%	12%	8%	7%	7%	9%
Head count	3	13	25	30	31	31	31

P&L (£ m's)	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yrs 1-5
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<sup>10</sup> Eiliers Research 2015 eSports Betting White Paper Exec Summary



Gross revenues	-	1.38m	6.87m	18.51m	28.21m	32.40m	87.38m
Licence fee costs	-	(0.13)m	(0.98)m	(3.27)m	(5.27)m	(6.05)m	(15.71)m
Net betting revenues	-	1.25m	5.88m	15.24m	22.95m	26.35m	71.67m
Advertising income	-	-	-	-	-	-	-
Net total revenues	-	1.25m	5.88m	15.24m	22.95m	26.35m	71.67m
Marketing cost	(0.08)m	(0.46)m	(0.62)m	(1.68)m	(2.07)m	(2.20)m	(7.10)m
Operating costs	(0.26)m	(1.16)m	(1.56)m	(1.68)m	(1.85)m	(1.89)m	(8.40)m
Total costs	(0.34)m	(1.62)m	(2.17)m	(3.36)m	(3.92)m	(4.10)m	(15.50)m
PBT	(0.34)m	(0.38)m	3.71m	11.88m	19.03m	22.26m	56.17m
Tax @ 10%	0.03m	0.04m	(0.37)m	(1.19)m	(1.90)m	(2.23)m	(5.62)m
PAT	(0.31)m	(0.34)m	3.34m	10.69m	17.13m	20.03m	50.55m

Balance sheet	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yrs 1-5
Capitalised IP	0.44m	0.64m	1.43m	1.44m	1.44m	1.44m	1.44m
Cash	0.74m	0.17m	2.78m	13.47m	30.60m	50.63m	50.63m
Assets	1.18m	0.80m	4.22m	14.91m	32.04m	52.07m	52.07m

Note: Gross revenues reflect takings less payouts

The above forecast includes the operational value of the base target Ethereum (£1.5m / \$1.92m per section 7.4) but not the remaining \$3.5m Ethereum required for betting liquidity.

## 7.2. Summary of key assumptions in the projection

The following are key assumptions to the ESG financial case:

1. Eilers research paper outlining base case eSports betting market forecast:
  - a. 2.5% market share of the forecast global bettors (19.4m) in 5 years
  - b. Revenue per bettor of £59 in year 5 (by comparison William Hill: £238 per online bettor in 2016<sup>11</sup>).
2. 6-month ramp up of marketing for each jurisdiction to become fully operational
3. 6-month build of the platform
4. ESG projections attribute overall marketing of 9% of revenue (average years 1-5)
5. Full operating costs based in central London
6. All ESG revenues in the base case are betting revenues (does not include upsides in section 7.3).

<sup>11</sup> William Hill 2016 annual report – online division



### 7.3.Upsides to the base case (not in the projected numbers)

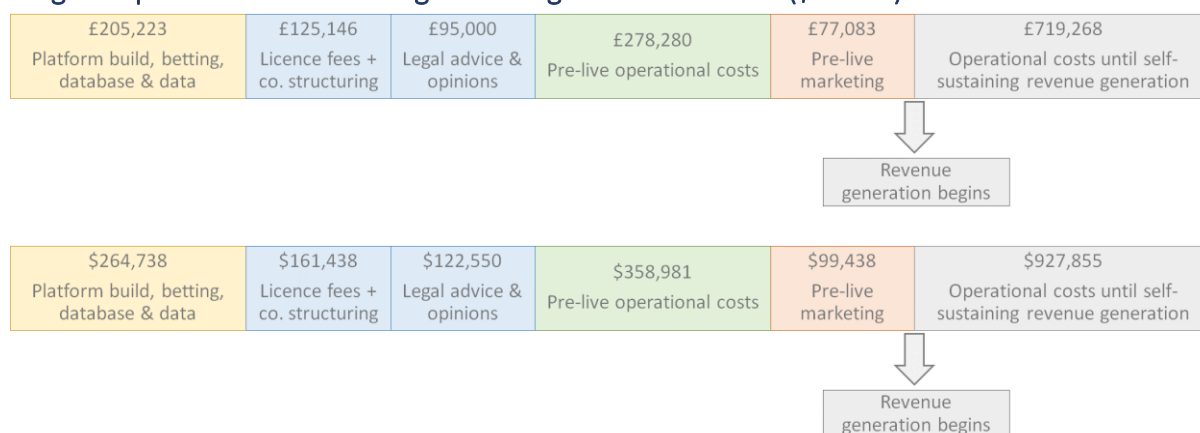
ESG have based the financial return for this event purely on betting revenue potential. There are other revenue opportunities for ESG.

The following are incremental opportunities:

1. High case of Eilers betting forecast (this would generate an incremental £51m cash):
  - a. ESG forecasting £75 revenue per bettor
  - b. ESG forecasting 2.5% market share of the increased number of 35.8m bettors
2. Market share increases from current assumption of 2.5% of the global betting audience
3. Advertising revenue from web platform
4. Virtual currency offerings
5. Agency revenues for developing/sponsorship management of players
6. Merchandising
7. Growth in additional high internet/gaming population (i.e. Africa, India, Middle East, currently not included)
8. Own branded tournaments

### 7.4.Uses of ICO base target funds

Target required to self-sustaining revenue generation: £1.5m (\$1.92m)



### Betting liquidity (\$3.5m)

The remaining \$3.5m is required for betting liquidity and capital structuring for betting operations.

