



CESI INVESTOR – WELCOME COVER LETTER

Calendar Year: 2023

Dear friend,

College Esports International (CESI) is proud to share a limited-time investment opportunity to our closest friends, partners and associates, such as yourself!

Due to tremendous traction and success in a relatively short time (since just 4th Quarter of 2021), we are reaching out exclusively/solely to you as part of a select list of potential qualified investors to join CESI.

As a valued friend and potential investor, we are offering a **Simple Agreement for Future Equity (SAFE)** investment opportunity over the next few months.

Terms:

- \$50K Minimum Investment - To become a Founding Owner
- All Founding Investors will enjoy a discount of 20% of our Series A Equity Financing.
- Seeking a \$1.0 - \$1.5M raise - Once met, founder discount on future stock will be closed, please act now to lock in your benefits.

Important Attached Documents for Qualified Investors:

1. **CESI Pitch Deck** with an overview of who we are, our strategy, traction, fundraising plan opportunity, valued partners, and more.
2. **Investor Suitability Questionnaire** - This will help you and CESI determine your eligibility to invest in this unique offering. **Please Complete the DocuSign and submit.**
3. **Summary of Terms for SAFE** (Term Sheet)
4. **Simple Agreement for Future Equity Form (SAFE)** - **Please Complete the DocuSign and submit.**

Document Disclosures:

- I. Events (Equity, Liquidity, Dissolution, Termination, etc.)
- II. Definitions
- III. Company Representations
- IV. Investor Representations
- V. Miscellaneous Info. / Provisions

We look forward to welcoming you to the CESI Ownership Group!

Feel free to contact me anytime at 916-765-6122 with any questions about this information.

Sincerely,



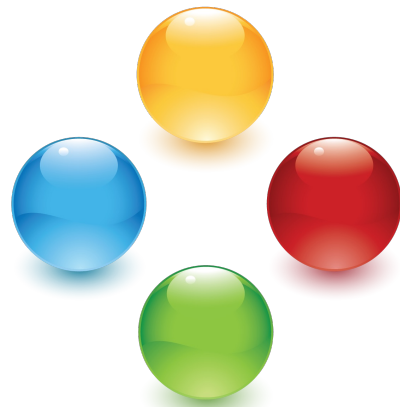
Gordon J. Hinkle

President | 2021/2022 Tournament Committee Chair
916-765-6122

www.CESIesports.com

Enhancing the College Esports Ecosystem

Innovation | Platforms | Tournaments | Education



CESI

COLLEGE ESPORTS INTERNATIONAL



The Opportunity

- ✓ To Create a New Outlook on Esports and Gaming

“Esports/gaming is no longer a waste of time for students!”

- ✓ To Fix a Disaggregated Market

Create cohesion in the college esports ranks and missing link to high schools and professional esports activities!



A Comprehensive Solution

CESI is the nexus between high school - college - professional esports

...and their collective link to industry!

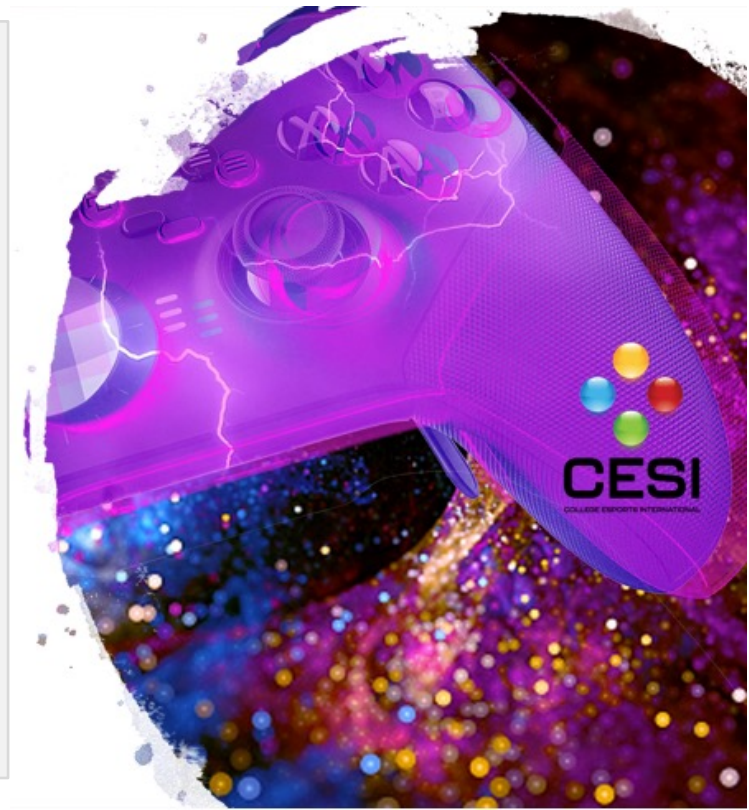


Our Vision

- ✓ **CESI** aspires to be the global leader in cultivating collegiate student esports athletes to be future professional industry leaders, competitors and innovation experts for the advancement of healthy and inspiring esports competition, environments, game creation/tech, and entertainment.

Our Technology

- ✓ **CESI** has built a state-of-the-art global NFT Market platform that will serve as a connecting point and fundraising tool for universities and colleges.
- ✓ **CESI** has its own world-class VR gaming system and stadiums - adding a physical component to the future of college esports.
- ✓ **CESI** has compiled collegiate esports data for over 2,000 colleges and high school esports teams, and collection tools for its large tournament audiences averaging 15k and higher per event.
- ✓ **CESI** is creating innovative virtual digital tournament stadiums and special events in the metaverse for year-long collegiate esports events!



Who **We Are** / What **We Do**

- ✓ **CESI is an innovative platform elevating the entire industry of competitive college esports competition and university club growth** - by providing elite nationwide and international online, virtual, and in-person events production, activities and services. CESI accomplishes this via state-of-the-art digital tools, expertise and global business experienced teams.

CESI has collected valuable data and esports team information on over 1,000 Universities/ Colleges and more than 700 High School Teams – to date!

- ✓ **CESI Connects University/College Esports Teams, Students, Gamers of All Ages!**
 - **Collect and Aggregate Valuable Esports Data on the Teams and Players**
 - **Connect College Esports Gamers Through Innovative Tournaments**
 - **Create Esports Academic Curriculum and Gamer Market Enhancements**
 - **Create Online Platforms and Management Systems**
 - **Fanfare / Fan Engagement**
 - **Connectivity to Industry**
 - **Engage Virtual Reality, Game Creators, Metaverse Experiences, and NFT Opportunities**
 - **Connect Global College and Esports Communities**



WHY COLLEGE ESPORTS?

“With Viewership and Revenue Booming, Esports Set to Compete with Traditional Sports”
– Syracuse University Report (MBA Syracuse)

CESI - Leader Organizing Elite Esports Tournaments and Events!

(College Competition Currently Has a Void/Unfocused)

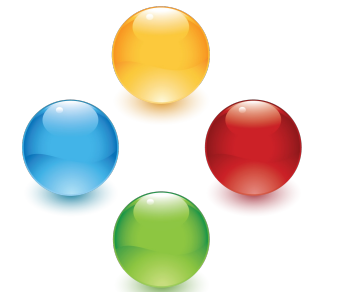
Traditional College Sports Leagues (Established)



Traditional Professional Sports Leagues (Established)



Professional Esports Leagues (Established)





MARKET OPPORTUNITY

ESPORTS IS TAKING OVER THE ENTERTAINMENT INDUSTRY

\$196B

Global Gaming Industry Revenue by 2022

Over 1.5B Gamers

Since 2015

Movie Box Office Global Revenue
\$43B
2019

Music Global Revenue
\$19B
2019

All Values in US\$
Sources: Newzoo, Billboard, IFPI

ESPORTS - WORLD'S FASTEST GROWING FORM OF ENTERTAINMENT! —————>

University/College Impact:

- ✓ No clear leader in creating successful college esports tournaments and competitions.
- ✓ NCAA doesn't own the games being played by millions of students.
- ✓ Not enough useful platforms for college and university clubs to compete and grow.
- ✓ Not enough education showing the benefits of esports as a career pathway for students.

The Traction: Major Committed Partners

Universities | Education | Esports Leaders

✓ **6 Select MOUs and Affiliations with World-Recognized Leaders in Education and Innovation. (est. \$600K value)**

- | | |
|----------------------------------|------------------------------------|
| 1) CA International Trade Center | 4) University of Colorado, Boulder |
| 2) The Digit Group | 5) CSU Dominguez Hills |
| 3) CSU Esports Collective | 6) Lens of Sport/Athleta-ED |

✓ **Created Signature Tools, NFT Marketplace, Curriculum, Database and Massive Data Aggregation. (est. \$1M value)**

Industry Leaders, Media and Sponsors

✓ **Multi-year Contracts and/or Agreements with Highly Recognized Sports and Esports Entities. (est. \$1.1M value)**

✓ **Major Sponsorships and Collaborations with Leading Brands and Media Partners. (\$400K)**

✓ **MaxPreps/CBS Sports Ongoing Media Opportunity and Features.**



The Traction: Demonstrated Successful “Proof of Concept” Events



“College Game Night!” - February 27th, 2022



Recent Event – 2022
SAMPLE

Las Vegas, Nevada at the Hyper X Arena, Luxor

Broadcast Partner
(NBC Sports Twitch Channel):



Recent Event Sample
August, 2021

CESI

COLLEGE ESPORTS TOURNAMENT

AUGUST 20, 2021



SPONSORED BY



KINGS GUARD
GAMING



PROVEN SUCCESS – 2021 EVENT

Partnership with Sacramento Kings Guard Gaming



Inside the Numbers from the 2021 CESI Tournament at Golden 1 Center, Sacramento, CA:

- ✓ Over **27,517** viewed minutes of our streams
- ✓ Finals Competition Viewership **5,011**
- ✓ Total online viewers reached over **10K** and additional **1,700** post event views
- ✓ **Over 7K** comments and likes over 3 Day event
- ✓ **35** top global industry executives and faculty experts/panelists and **119** students from numerous universities and colleges participating
- ✓ **500** live attendees (limited due to Covid-19 restrictions and University concerns)
- ✓ Generated Over **\$80k** in Overall Revenues

Notable Celebrity and Public Figures in Attendance:

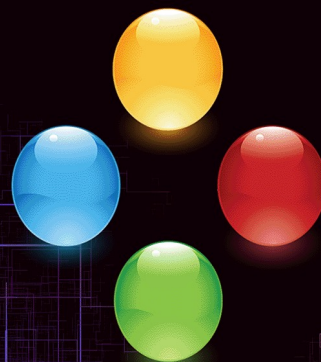
- ✓ **Cung Le** – Former International Kickboxing Federation Light Heavyweight World Champion, UFC ret.
- ✓ **Dr. Richard Pan** – CA State Senator
- ✓ **Ruthie Bolton** – 2x Olympic Gold Medalist (USA Basketball), Former WNBA World Champion, Sacramento Monarchs
- ✓ **Marlon Moore** – 9-year NFL veteran, Miami Dolphins, Cleveland Browns, San Francisco 49ers (Wide Receiver/Special Teams)
- ✓ **Kevin Brown** – Former MLB pitcher, NY Mets, Milwaukee Brewers
- ✓ **Kayla and Brooke** – Pop recording artists, PBS “Liberty’s Kids”, “World Children’s Day”, Hollywood contract singer for famed producer David Foster (sang national anthem for CESI Grand Finals)
- ✓ **DJ Eddie Z** – Sacramento Kings In-house DJ and online celebrity figure



Proud Member:



Recent Event Sample
September, 2022



CESI

COLLEGE ESPORTS INTERNATIONAL

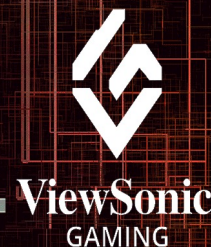
2nd Annual

COLLEGE ESPORTS FINALS 2022

Golden 1 Center, Sacramento, CA

September 9-11

Generous Sponsors:



Holiday Event

~

Featuring 6
University
Esports Clubs
Competing in
League of
Legends

MARYMOUNT UNIVERSITY PRESENTS -

SANDIAS
**FEAST
OF
CHAMPIONS**

DECEMBER 4TH | 10:00AM

- MARYMOUNT UNIVERSITY -
RANCHO PALOS VERDES

League of Legends Open & Closed Tournament Including:
Marymount University | San Diego State University | Norco College
El Camino College | CSU Dominguez Hills | Irvine Valley College

TWITCH.TV/NORCOESPORTS

SPONSORED BY:
CESI
COLLEGE ESPORTS INTERNATIONAL

Recent Event Sample
December 2021



ACTIVE ESPORTS ARENA / EINDHOVEN

RANCHO CORDOVA
CALIFORNIA

CSU The California
State University

CSU
esports

MAXPREPS

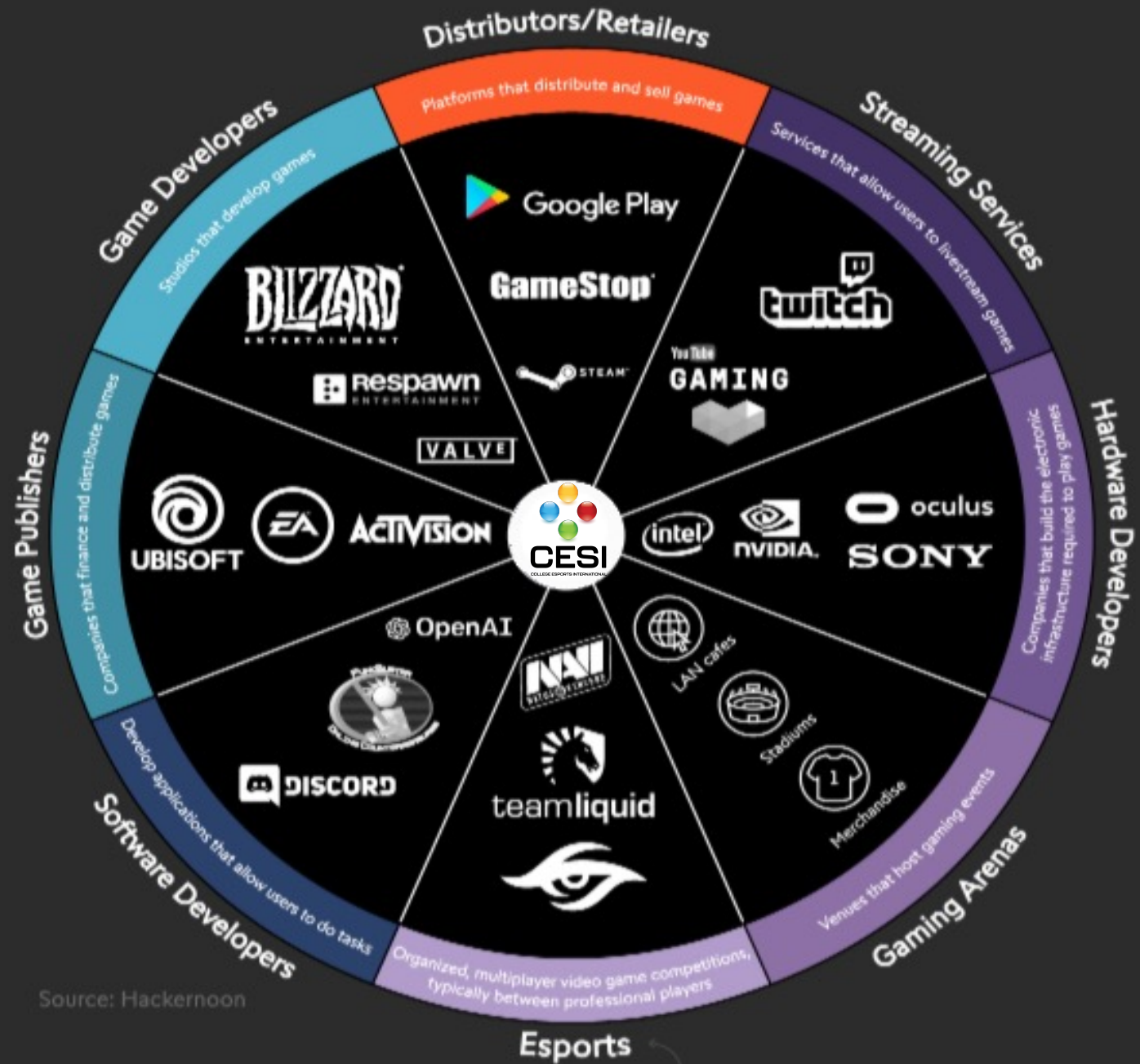
CBS SPORTS

Anchor Esports Clients In the Works

Build-Out of Esports Ecosystems & Esports Consulting

- ✓ Featured MOU with CSU Esports Collective and universities to build career pathway programs for students for the 23 universities in their system.
- ✓ Data and Information Contract with MaxPreps/CBS Sports for Esports scores for app and website nationwide.
- ✓ Contract with City of Rancho Cordova, CA for build-out of esports events for new arena and educational inroads with school district, city-wide.

The Online Gaming Ecosystem



Source: Hackernoon

Global: Ecosystem

GLOBAL MARKET CAPABILITIES

Our Competitive Advantage:

- ✓ CESI has a proven track record of working with game makers/developers on live events and concepts.
- ✓ Committed world-class arena partners as well as esports production and streaming platforms.
- ✓ Established network of professional entertainment experts and publishers.



ROI + Revenue Generation

Major Contract Agreements with Universities/Cities/School Districts & Esports Clients/Game Makers

Growth



Revenue

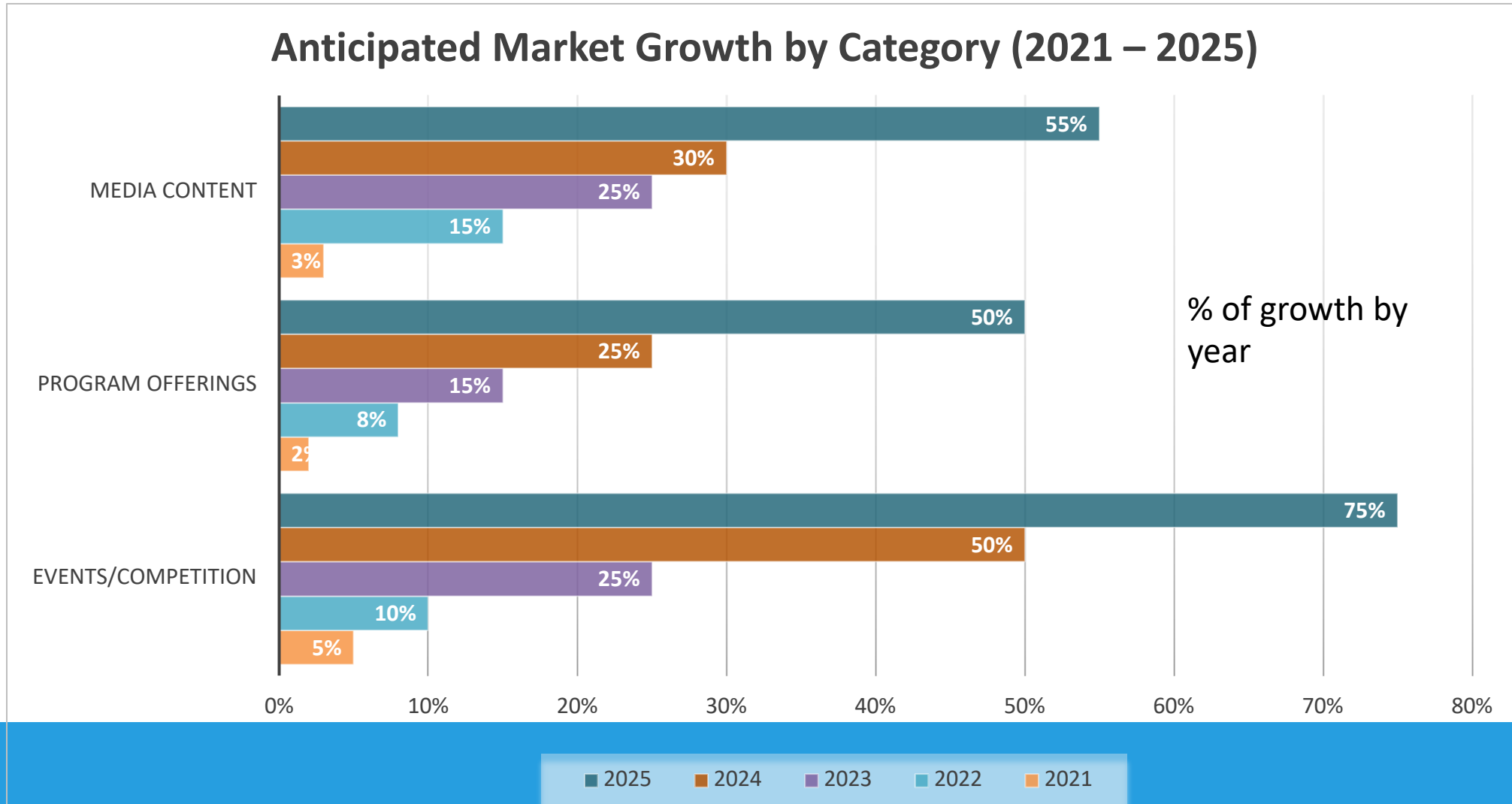
- ✓ Tournaments & Events (Nationwide and International)
- ✓ Sponsorship & Advertising
- ✓ Academic Engagement & Consulting
- ✓ Data Analytics Applications (CESI App Tool, Social Media Networks)
- ✓ Gamer Innovation Platforms

ROI

- ✓ 5x in 3 years.
- ✓ Valuation Increase Strategy on “Creative Platform” and “Data Collection”
- ✓ Seed Round then Series A Equity Raise in 12-18 months.



Economics + Scale up



CESI Five Year Projection

CESI's conservative revenue projections based on major income sources that includes ongoing monthly events (2 large-scale, 10 small/per year), ongoing sponsorship and advertising, consulting contracts, innovative online platforms, and valuable gamer data collection.

GRAND TOTALS SNAPSHOT	2021	2022	2023	2024	2025
Total Income	\$62.5K	\$41.4K	\$2.93M	\$5.14M	\$9.4M
COGS	\$68.3K	\$187.3K	\$476K	\$879K	\$1.36M
Gross Profit	(\$5.8K)	(\$145.9K)	\$2.46M	\$4.26M	\$8.04M
Operation and Overhead	(\$321.4K)	(\$283K)	(\$1.12M)	(\$1.96M)	(\$3.58M)
EBITDA	(\$327.2K)	(\$428.9K)	\$1.34M	\$2.30M	\$4.46M

Fundraising Plan

	Current Funding Round (USD)
Seeking	\$1.0 - \$1.5M
Round	Seed
Security Type	Simple Agreement for Future Equity (SAFE)
Valuation Cap	\$5M

Investment Opportunity



Simple Agreement for Future Equity (SAFE)



\$50K Minimum Investment



20% discount for early investors converting to shares – Series A preferred stock



Use of Funds

\$1.0 - \$1.5M Round to:

- Accelerate Tournaments, Events and Programs
- Branding + Marketing
- Establish Data Collection Platform
- Install Innovative Management System
- Operations



- › Hire Key Executive Management Team Members
- › Hire Product Development Team, Supply Chain Operations
- › Build Out of Branding and Marketing
- › Communications Strategy Deployment and Announcement of Major Partners, Events, Projects, Esports Industry Tools
- › Deployment of Large-Scale Events with Reputable Partners



Performance | Successes

Robust Activity in Esports and Entertainment Industry



› Multi-year Contract with Sacramento Kings/ Kings Guard Gaming for events at Golden1 Center

› Established partnerships for community events at Luxor/Hyper X Arena and UNLV Gaming

› Established MOUs with multiple leading University Esports Clubs and CSU Esports Collective

› Establishing Major City and School District Contracts to Promote Esports and Education



Our Team

World class team: **vision** & 100+ years of tech and business expertise



Margaret Wong

Founder/CEO

- › Global Entrepreneur/Innovator
- › Founder/Owner of multiple successful tech and innovation businesses.
- › Board Member, Themed Entertainment Association / CA Chamber of Commerce.



Gordon Hinkle

President

- › International Sports & Entertainment Director
- › University Event Production
- › Former Regional Director, Industry Engagement, CA Community Colleges
- › Former Hewlett Packard Executive
- › Former Director and Press Secretary CA Governor's Office, Senate, Assembly, U.S. House of Representative



Lucy Oback

Secretary / Programs Director

- › Former President/CEO and National Advisor, APAPA
- › Senior Administrative Expert
- › Business and Strategic Planning



Jeff Dubrow (Former Sega Exec.) Lead Gaming Consultant

- › Veteran of Video Game Industry
- › Contract Negotiations/Content Development
- › Mergers and Acquisitions



Sherry Si

Chief Financial Officer

- › Finance and Business Management
- › Strategic Financial Planning and Business Implementation
- › Personnel and Records Management



Samantha DeVore

Events Production Director

- › Large-Scale Events Coordinator
- › University/College Liaison and Advisor
- › Activity and Concepts Creation
- › Content Creation and Technical Advisor



Veronica Monell (CEO JumpStartNOW)

Lead Gaming Consultant

- › Marketing Innovation
- › Veteran of Video Game Industry
- › Super-connectors focusing on tech, gaming, metaverse, and crypto.



Advisory Team Members

Cory Vincent VP,
NRG Esports /
VP, SF Shock

Advisor

Matt Rallens
Lunia Blue
Owner/CEO

Advisor

Paul Dougherty
The Digit Group
CEO

Advisor

Matt Haines
Roc & Sol
President / CEO

Advisor

Jeffrey T. Pappas
NFL Alumni /
MLB Alumni Rep

Advisor



Stan Peralta
That's Cool
Concepts/
Gecko Hawaii
Founder/CEO

Advisor

Ruthie Bolton
2x Olympic Gold
Medalist/WNBA
Champion

Advisor

Marlon Moore
Former NFL
Wide Receiver

Advisor

Ruben Caputo
ViewSonic / CSU
Esports
Collective

Advisor



Youth Ambassador Program

Patrick Beninga

Gamer/ iOS and Mac Engineer, Grammarly

Advisor



Donovan Martin

Gamer/ Student

Advisor



Logan Pitman

Gamer / Former CESI Finals Champion, CSU Fullerton

Advisor



Robert A. Mattison III

The DMA Agency Entertainment Marketing Expert

Advisor



Our Youth Ambassadors help to advise CESI on gaming, social media interactions, education, industry connectivity, and career pathway opportunities in esports and entertainment.



TRADE/BUSINESS ASSOCIATION AFFILIATIONS



CESI is a proud member of the Esports Trade Association (ESTA) and is regularly featured as a special guest on podcasts to its audience. CESI also has representation on ESTA's education and business development committees.



CESI also is a proud member of the world's leading Themed Entertainment Association (TEA) which includes many of the biggest names in the industry, including: Disney, Warner Bros., Universal and more. CESI's Founder is also a Board Member of the Asia Board for TEA.



Through its relationship with Varsity Esports Foundation, CESI has the ability to provide unique offerings to its sponsors such as tax-deductible donation options to help support universities across the globe!

COMPETITION



NAC helps organize college esports activities (similar to CESI), but the main difference is that they are a non-profit organization with a different set of goals and objectives within the esports landscape – leaving room for valuable collaborations.



PARTNER TESTIMONIALS



Professional Sports and Arenas

"We are thrilled to partner with College Esports International to help host the inaugural Collegiate Esports Competition. Esports provides an engaging opportunity for young and eager gamers and Kings Guard Gaming players are the perfect mentors, proof that success and a career in the field is possible."

- John Rinehart, President of Business Operations

Business and Community

"CESI and the Sacramento Kings Guard have proven to be leaders in developing this high-quality esports competition for the Greater Sacramento region! Our council recognizes the value this type of activity is playing on a global scale... We wish this exciting tournament much ongoing success and are excited our city can play host,"

- Barry Broome, President/CEO

University Groups and Associations

"Esports is a ripe place for innovative and entrepreneurial energy, and we look forward to more and more students exploring this space with all the opportunities it holds,"

- Cameron Law, Executive Director, Carlsen center

Industry Partners

"Monkey Bubble is excited to continue pushing the envelope in esports production, experience, and education. We want participants to have an experience they can take home and remember forever. Gaming and esports is the future, our partners like CESI, are proud to help usher in this amazing new era in entertainment and education"

- Chris Lessard, Managing Director

THANK YOU!

For more information or details
about this report, contact:

GORDON HINKLE
College Esports International
(CESI)
President

916-765-6122
ghinkle@CESlesports.com
www.CESlesports.com



**INVESTOR SUITABILITY QUESTIONNAIRE
COLLEGE ESPORTS INTERNATIONAL, INC.**

This Questionnaire is being distributed to certain individuals and entities which may be offered the opportunity to purchase securities (the “*Securities*”) of College Esports International, Inc., a Delaware corporation (the “*Company*”). The purpose of this Questionnaire is to assure the Company that all such offers and purchases will meet the standards imposed by the Securities Act of 1933, as amended (the “*Act*”), and applicable state securities laws.

All answers will be kept confidential. However, by signing this Questionnaire, the undersigned agrees that this information may be provided by the Company to its legal and financial advisors, and the Company and such advisors may rely on the information set forth in this Questionnaire for purposes of complying with all applicable securities laws and may present this Questionnaire to such parties as it reasonably deems appropriate if called upon to establish its compliance with such securities laws. **The undersigned represents that the information contained herein is complete and accurate and will notify the Company of any material change in any of such information prior to the undersigned’s investment in the Company.**

FOR INDIVIDUAL INVESTORS

Accredited Investor Certification. The undersigned makes one of the following representations regarding its income, net worth, status as a “family client” of a “family office,” and/or certain professional certifications or designations and certain related matters ***and has checked the applicable representation:***

- The undersigned’s income¹ during each of the last two years exceeded \$200,000 or, if the undersigned is married or has a spousal equivalent¹, the joint income of the undersigned and the undersigned’s spouse or spousal equivalent, as applicable, during each of the last two years exceed \$300,000, and the undersigned reasonably expects the undersigned’s income, from all sources during this year, will exceed \$200,000 or, if the undersigned is married or has a spousal equivalent, the joint income of undersigned and the undersigned’s spouse or spousal equivalent, as applicable, from all sources during this year will exceed \$300,000.
- The undersigned’s net worth,² including the net worth of the undersigned’s spouse or spousal equivalent, as applicable, is in excess of \$1,000,000 (excluding the value of the undersigned’s primary residence).
- The undersigned is a holder in good standing of one or more of the following certifications or designations administered by the Financial Industry Regulatory Authority, Inc. (FINRA): the Licensed General Securities Representative (Series 7), Licensed Investment Adviser Representative (Series 65), or Licensed Private Securities Offerings Representative (Series 82).
- The undersigned is a “family client,” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), of a family office as defined in rule 202(a)(11)(G)-1 under the Advisers Act, (i) with assets under management in excess of \$5,000,000, (ii) that is not formed for the specific purpose of acquiring the securities offered, and (iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is

¹ For purposes of this Questionnaire, “spousal equivalent” means a cohabitant occupying a relationship generally equivalent to that of a spouse.

capable of evaluating the merits and risks of the prospective investment, and whose prospective investment is directed by such family office pursuant to clause (iii) of this sentence.

- The undersigned cannot make any of the representations set forth above.

FOR ENTITY INVESTORS

Accredited Investor Certification. The undersigned makes one of the following representations regarding its net worth and certain related matters *and has checked the applicable representation*:

- The undersigned is a trust with total assets in excess of \$5,000,000 whose purchase is directed by a person with such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of the prospective investment.
- The undersigned is a bank, an investment adviser registered pursuant to Section 203 of the Advisers Act or registered pursuant to the laws of a state, any investment adviser relying on the exemption from registering with the SEC under Section 203(l) or (m) of the Advisers Act, an insurance company, an investment company registered under the United States Investment Company Act of 1940, as amended, a broker or dealer registered pursuant to Section 15 of the United States Securities Exchange Act of 1934, as amended, a business development company, a Small Business Investment Company licensed by the United States Small Business Administration, a Rural Business Investment Company as defined in Section 384A of the Consolidated Farm and Rural Development Act, as amended, a plan with total assets in excess of \$5,000,000 established and maintained by a state for the benefit of its employees, or a private business development company as defined in Section 202(a)(22) of the Advisers Act.
- The undersigned is an employee benefit plan and *either* all investment decisions are made by a bank, savings and loan association, insurance company, or registered investment advisor, *or* the undersigned has total assets in excess of \$5,000,000 *or*, if such plan is a self-directed plan, investment decisions are made solely by persons who are accredited investors.
- The undersigned is a corporation, limited liability company, partnership, business trust, not formed for the purpose of acquiring the Securities, or an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “*Code*”), in each case with total assets in excess of \$5,000,000.
- The undersigned is an entity in which **all** of the equity owners (in the case of a revocable living trust, its grantor(s)) qualify under any of the above subparagraphs, or, if an individual, each such individual has a net worth,² either individually or upon a joint basis with such individual’s spouse or spousal equivalent, as applicable, in excess of \$1,000,000 (within the meaning of such terms as used in the definition of “*accredited investor*” contained in Rule 501 under the Act), *or* has had an individual income¹ in excess of \$200,000 for each of the two most recent years, or a joint income with such individual’s spouse or spousal equivalent, as applicable, in excess of \$300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year.
- The undersigned is an entity, of a type not listed in any of the paragraphs above, which was not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5,000,000.

- The undersigned is a “family office,” as defined in rule 202(a)(11)(G)-1 under the Advisers Act, (i) with assets under management in excess of \$5,000,000, (ii) that is not formed for the specific purpose of acquiring the securities offered, and (iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.
- The undersigned is a “family client,” as defined in rule 202(a)(11)(G)-1 under the Advisers Act, of a family office meeting the requirements in the above paragraph and whose prospective investment is directed by such family office pursuant to clause (iii) of the above paragraph.
- The undersigned cannot make any of the representations set forth above.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Investor Suitability Questionnaire as of the date written below.

Sherry Si

DocuSigned by: Name of Investor
Sherry Si
ACEFA31F961944B...
(Signature)

SHERRY SI

Name of Signing Party (Please Print)
CFO

Title of Signing Party (Please Print)
1921 Arena Blvd, Sacramento CA 95834

Address
sherry@cesiesports.com

Email
2/2/2023

Date Signed

¹ For purposes of this Questionnaire, “*income*” means adjusted gross income, as reported for federal income tax purposes, increased by the following amounts: (a) the amount of any tax exempt interest income received, (b) the amount of losses claimed as a limited partner in a limited partnership, (c) any deduction claimed for depletion, (d) amounts contributed to an IRA or Keogh retirement plan, (e) alimony paid, and (f) any amounts by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Section 1202 of the Code.

² For purposes of this Questionnaire, “*net worth*” means the excess of total assets, excluding your primary residence, at fair market value over total liabilities, including your mortgage or any other liability secured by your primary residence only if and to the extent that it exceeds the value of your primary residence. Net worth should include the value of any other shares of stock or options held by you and your spouse or spousal equivalent and any personal property owned by you or your spouse or spousal equivalent (e.g. furniture, jewelry, other valuables, etc.). For the purposes of calculating joint net worth: joint net worth can be the aggregate net worth of you and your spouse or spousal equivalent; assets need not be held jointly to be included in the calculation.

This term sheet summarizes some of the principal terms of the proposed Simple Agreement for Future Equity (“SAFE”) financing of College Esports International, Inc., a Delaware corporation, by certain Investors. This term sheet is for discussion purposes only. This term sheet does not constitute either an offer to sell or an offer to purchase securities. This term sheet does not include all material terms of the SAFEs or the proposed financing transaction, and is qualified in all respects by the actual terms of the SAFEs. This term sheet does not create any legally binding obligations on the part of any person and is provided for discussion purposes only. Any legal obligations will be created only pursuant to definitive agreements signed and delivered by all parties.

**Summary of Proposed Terms for SAFE
Financing of College Esports International, Inc.**

- Issuer: College Esports International, Inc. (the “**Company**”). Before the closing of the SAFE investment, the Company will convert from its current form as a Delaware limited liability company to a Delaware corporation.
- Investor(s): Those investors who invest in the Company by acquiring SAFEs (individually, an “**Investor**” and collectively, the “**Investors**”).
- Purchase Amount: The dollar amount invested by the Investor to purchase the SAFE will be the “**Purchase Amount**.”
- Type of Security: Simple Agreement for Future Equity (the “**SAFES**”).
- Amount of Financing: Up to an anticipated aggregate amount of approximately \$1.0 - \$1.5 million. However, there is no minimum or maximum offering size for the proposed SAFE financing, and the Company may issue SAFEs in aggregate amounts higher, or lower, than such anticipated amount. The Company may close the sale of SAFEs in one or more closings with one or more purchasers of SAFEs.
- Minimum Investment: Anticipated minimum Purchase Amount by an Investor is \$50,000.
- Equity Financing: If the Company subsequently raises funding in a transaction with the principal purpose of raising capital pursuant to which the Company sells preferred stock at a fixed valuation (an “**Equity Financing**” and such shares referred to as “**Standard Preferred Stock**”) before the termination of the SAFE, then the SAFE will automatically convert into a number of shares of a separate series of preferred stock (as described in the SAFE, the “**Safe Preferred Stock**”) equal to the Purchase Amount divided by the Discount Price. The “**Discount Price**” is the per share price of the preferred stock sold in the Equity Financing, multiplied by the Discount Rate. The

“**Discount Rate**” is 80%, resulting in the SAFE Investors acquiring shares of Safe Preferred Stock at a discount of 20% to the per share price paid by new investors in the Equity Financing for the Standard Preferred Stock.

Liquidity Event: If there is a Change of Control of the Company (whether by merger, sale of all or substantially all of the Company’s assets, or otherwise), as defined in the SAFE, or an initial public offering of the Company’s common stock or the common stock otherwise becomes listed and traded on a national stock exchange (a “**Liquidity Event**”) before the termination of the SAFE, then the SAFE holder will automatically be entitled (subject to the liquidation priority described in the SAFE, including being junior to payment of outstanding indebtedness and creditor claims, on par with payment for other SAFES or preferred stock, and senior to payments for Common Stock, and to certain other limitations and provisions described in the SAFE) to receive in connection with the closing of such transaction a portion of the cash and other assets (including without limitation stock consideration) that are proceeds from the Liquidity Event (or a Dissolution Event, as applicable and described below) and legally available for distribution (“**Proceeds**”), equal to the greater of (i) the Purchase Amount (the “**Cash-Out Amount**”) or (ii) the amount payable on the number of shares of Common Stock equal to (A) the Purchase Amount divided by (B) the price per share (“**Liquidity Price**”) equal to the fair market value of the Common Stock at the time of the Liquidity Event (as determined by reference to the purchase price payable in connection with such Liquidity Event) multiplied by the Discount Rate (the “**Conversion Amount**”).

Dissolution Event: If, before the termination of the SAFE, there is a (i) voluntary termination of operations; (ii) a general assignment for the benefit of the Company’s creditors; or (iii) any other liquidation, dissolution or winding up of the Company (excluding a Liquidity Event), whether voluntary or involuntary, then the Investor will automatically be entitled (subject to the liquidation priority described in the SAFE) to receive a portion of Proceeds equal to the Cash-Out Amount, due and payable to the Investor immediately prior to the consummation of the Dissolution Event.

Termination of Safe: The SAFE terminates immediately following the earliest to occur of (i) issuance of stock to the Investor pursuant to an Equity Financing, or (i) payment or setting aside for payment of amounts due to the Investor in a Liquidity Event or Dissolution Event.

- Not a Shareholder: The Investor is not entitled, as a holder of a SAFE, to vote or be treated as a holder of capital stock of the Company for any purpose other than tax purposes.
- Non-Transferable: Subject to certain exceptions, the SAFE and rights in the SAFE are not transferable or assignable without the prior written consent of the Company.
- Representations: The SAFEs will contain customary representations and warranties of the Company and the Investor, including investment representations of the Investor (including a representation that the Investor is an “accredited investor” as defined in federal Regulation D under the Securities Act of 1933).
- Amendment: Subject to certain limitations, any provision of the SAFEs may be amended, waived or modified by written consent of the Company and either (i) the Investor or (ii) the majority-in-interest (determined by Purchase Amount) of all then-outstanding SAFEs with the same “Discount Rate,” provided that such amendment, waiver or modification treats all such holders in the same manner.

THIS INSTRUMENT AND ANY SECURITIES ISSUABLE PURSUANT HERETO HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED IN THIS SAFE AND UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM.

COLLEGE ESPORTS INTERNATIONAL, INC.

**SAFE
(Simple Agreement for Future Equity)**

THIS CERTIFIES THAT in exchange for the payment by Sherry Si (the “Investor”) of \$[100,000] (the “Purchase Amount”) on or about 2/2, 2023, College Esports International, Inc., a Delaware corporation (the “Company”), issues to the Investor the right to certain shares of the Company’s Capital Stock, subject to the terms described below. The Investor acknowledges that this Safe may be one of a series of simple agreements for future equity being used by the Company for the purpose of funding the Company’s business operations. The following is a statement of the rights of the Investor and the conditions to which this Safe is subject, to which the Investor, by the acceptance of this Safe, agrees as follows:

The “Discount Rate” is 80%.

See Section 2 for certain additional defined terms.

1. Events

(a) **Equity Financing.** If there is an Equity Financing before the termination of this Safe, on the initial closing of such Equity Financing, this Safe will automatically convert into the number of shares of Safe Preferred Stock equal to the Purchase Amount divided by the Discount Price.

In connection with the automatic conversion of this Safe into shares of Safe Preferred Stock, the Investor will execute and deliver to the Company all of the transaction documents related to the Equity Financing; *provided*, that such documents (i) are the same documents to be entered into with the purchasers of Standard Preferred Stock, with appropriate variations for the Safe Preferred Stock if applicable, and (ii) have customary exceptions to any drag-along applicable to the Investor, including (without limitation) limited representations, warranties, liability and indemnification obligations for the Investor.

(b) **Liquidity Event.** If there is a Liquidity Event before the termination of this Safe, this Safe will automatically be entitled (subject to the liquidation priority set forth in Section 1(d) below) to receive a portion of Proceeds, due and payable to the Investor immediately prior to, or concurrent with, the consummation of such Liquidity Event, equal to the greater of (i) the Purchase Amount (the “Cash-Out Amount”), or (ii) the amount payable on the number of shares of Common Stock equal to the Purchase Amount divided by the Liquidity Price (the “Conversion Amount”). If any of the Company’s securityholders are given a choice as to the form and amount of Proceeds to be received in a Liquidity Event, the Investor will be given the same choice, *provided* that the Investor may not choose to receive a form of consideration that the Investor would be ineligible to receive as a result of the Investor’s failure to satisfy any requirement or limitation generally applicable to the Company’s securityholders, or under any applicable laws.

Notwithstanding the foregoing, in connection with a Change of Control intended to qualify as a tax-free reorganization, the Company may reduce the cash portion of Proceeds payable to the Investor by

the amount determined by its board of directors in good faith for such Change of Control to qualify as a tax-free reorganization for U.S. federal income tax purposes, provided that such reduction (A) does not reduce the total Proceeds payable to such Investor and (B) is applied in the same manner and on a pro rata basis to all securityholders who have equal priority to the Investor under Section 1(d).

(c) **Dissolution Event**. If there is a Dissolution Event before the termination of this Safe, the Investor will automatically be entitled (subject to the liquidation priority set forth in Section 1(d) below) to receive a portion of Proceeds equal to the Cash-Out Amount, due and payable to the Investor immediately prior to the consummation of the Dissolution Event.

(d) **Liquidation Priority**. In a Liquidity Event or Dissolution Event, this Safe is intended to operate like standard non-participating Preferred Stock. The Investor's right to receive its Cash-Out Amount is:

(i) Junior to payment of outstanding indebtedness and creditor claims, including contractual claims for payment and convertible promissory notes (to the extent such convertible promissory notes are not actually or notionally converted into Capital Stock);

(ii) On par with payments for other Safes and/or Preferred Stock, and if the applicable Proceeds are insufficient to permit full payments to the Investor and such other Safes and/or Preferred Stock, the applicable Proceeds will be distributed pro rata to the Investor and such other Safes and/or Preferred Stock in proportion to the full payments that would otherwise be due; and

(iii) Senior to payments for Common Stock.

The Investor's right to receive its Conversion Amount is (A) on par with payments for Common Stock and other Safes and/or Preferred Stock who are also receiving Conversion Amounts or Proceeds on a similar as-converted to Common Stock basis, and (B) junior to payments described in clauses (i) and (ii) above (in the latter case, to the extent such payments are Cash-Out Amounts or similar liquidation preferences).

(e) **Termination**. This Safe will automatically terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with this Safe) immediately following the earliest to occur of: (i) the issuance of Capital Stock to the Investor pursuant to the automatic conversion of this Safe under Section 1(a); or (ii) the payment, or setting aside for payment, of amounts due the Investor pursuant to Section 1(b) or Section 1(c).

2. ***Definitions***

“**Capital Stock**” means the capital stock of the Company, including, without limitation, the “**Common Stock**” and the “**Preferred Stock**.”

“**Change of Control**” means (i) a transaction or series of related transactions in which any “person” or “group” (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Company's board of directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of

the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

“**Direct Listing**” means the Company’s initial listing of its Common Stock (other than shares of Common Stock not eligible for resale under Rule 144 under the Securities Act) on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Company with the SEC that registers shares of existing capital stock of the Company for resale, as approved by the Company’s board of directors. For the avoidance of doubt, a Direct Listing shall not be deemed to be an underwritten offering and shall not involve any underwriting services.

“**Discount Price**” means the lowest price per share of the Standard Preferred Stock sold in the Equity Financing multiplied by the Discount Rate.

“**Dissolution Event**” means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company’s creditors or (iii) any other liquidation, dissolution or winding up of the Company (**excluding** a Liquidity Event), whether voluntary or involuntary.

“**Dividend Amount**” means, with respect to any date on which the Company pays a dividend on its outstanding Common Stock, the amount of such dividend that is paid per share of Common Stock multiplied by (x) the Purchase Amount divided by (y) the Liquidity Price (treating the dividend date as a Liquidity Event solely for purposes of calculating such Liquidity Price).

“**Equity Financing**” means a bona fide transaction or series of transactions with the principal purpose of raising capital, pursuant to which the Company issues and sells Preferred Stock at a fixed valuation, including but not limited to, a pre-money or post-money valuation.

“**Initial Public Offering**” means the closing of the Company’s first firm commitment underwritten initial public offering of Common Stock pursuant to a registration statement filed under the Securities Act.

“**Liquidity Event**” means a Change of Control, a Direct Listing or an Initial Public Offering.

“**Liquidity Price**” means the price per share equal to the fair market value of the Common Stock at the time of the Liquidity Event, as determined by reference to the purchase price payable in connection with such Liquidity Event, multiplied by the Discount Rate.

“**Proceeds**” means cash and other assets (including without limitation stock consideration) that are proceeds from the Liquidity Event or the Dissolution Event, as applicable, and legally available for distribution.

“**Safe**” means an instrument containing a future right to shares of Capital Stock, similar in form and content to this instrument, purchased by investors for the purpose of funding the Company’s business operations. References to “this Safe” mean this specific instrument.

“**Safe Preferred Stock**” means the shares of the series of Preferred Stock issued to the Investor in an Equity Financing, having the identical rights, privileges, preferences and restrictions as the shares of Standard Preferred Stock, other than with respect to: (i) the per share liquidation preference and the initial conversion price for purposes of price-based anti-dilution protection, which will equal the Discount Price; and (ii) the basis for any dividend rights, which will be based on the Discount Price.

“**Standard Preferred Stock**” means the shares of a series of Preferred Stock issued to the investors investing new money in the Company in connection with the initial closing of the Equity Financing.

3. *Company Representations*

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The execution, delivery and performance by the Company of this Safe is within the power of the Company and has, other than with respect to the actions to be taken when future equity is to be issued to the Investor, been duly authorized by all necessary actions on the part of the Company (subject to section 3(d)). This Safe constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. To its knowledge, the Company is not in violation of (i) its current certificate of incorporation or bylaws, (ii) any material statute, rule or regulation applicable to the Company or (iii) any material debt or contract to which the Company is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.

(c) The performance and consummation of the transactions contemplated by this Safe do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to the Company; (ii) result in the acceleration of any material debt or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien on any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations.

(d) No consents or approvals are required in connection with the performance of this Safe, other than: (i) the Company’s corporate approvals; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of Capital Stock issuable pursuant to Section 1.

(e) To its knowledge, the Company owns or possesses (or can obtain on commercially reasonable terms) sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights necessary for its business as now conducted and as currently proposed to be conducted, without any conflict with, or infringement of the rights of, others.

4. *Investor Representations*

(a) The Investor has full legal capacity, power and authority to execute and deliver this Safe and to perform its obligations hereunder. This Safe constitutes valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

(b) The Investor is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act, and acknowledges and agrees that if not an accredited investor at the time of an Equity Financing, the Company may void this Safe and return the Purchase Amount. The Investor agrees to provide such additional customary investor questionnaires or other information as the Company may

reasonably request in order establish applicable exemptions for the issuance of the Safes under applicable federal and state securities laws. The Investor has been advised that this Safe and the underlying securities have not been registered under the Securities Act, or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The Investor is purchasing this Safe and the securities to be acquired by the Investor hereunder for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing the Investor's financial condition and is able to bear the economic risk of such investment for an indefinite period of time. The Investor has either: (i) a pre-existing relationship with the Company or one or more of its officers or directors consisting of personal or business contacts of a nature and duration which enable Investor to be aware of the character, business acumen and general business and financial circumstances of the Company or any such employee or director with whom such relationship exists, or (ii) such business or financial expertise as to be able to protect Investor's own interests in connection with the investment represented by this Safe. Investor has had the opportunity to ask questions of, and to receive answers from, appropriate executive officers of the Company with respect to the terms and conditions of the transactions contemplated hereby and with respect to the business, affairs, financial condition and results of operations of the Company. The Investor has had access to such financial and other information as is necessary in order for the Investor to make a fully informed decision as to investment in the Company, and has had the opportunity to obtain any additional information necessary to verify any of such information to which the Investor has had access. The Investor understands that Investor's investment represented by this Safe is highly speculative in nature and is subject to a high degree of risk of loss in whole or in part. The amount of such investment is within the Investor's risk capital means and is not so great in relation to the Investor's total financial resources as would jeopardize the personal financial needs of the Investor and the Investor's family in the event such investment were lost in whole or in part.

(c) Investor acknowledges and agrees that an investment in the Company is highly speculative and involves numerous risks and uncertainties, including without limitation, those set forth on Exhibit A attached hereto, which Investor acknowledges having carefully reviewed and which are incorporated herein by reference.

5. *Miscellaneous*

(a) Any provision of this Safe may be amended, waived or modified by written consent of the Company and either (i) the Investor or (ii) the majority-in-interest of all then-outstanding Safes with the same "Post-Money Valuation Cap" and "Discount Rate" as this Safe (and Safes lacking one or both of such terms will be considered to be the same with respect to such term(s)), *provided that* with respect to clause (ii): (A) the Purchase Amount may not be amended, waived or modified in this manner, (B) the consent of the Investor and each holder of such Safes must be solicited (even if not obtained), and (C) such amendment, waiver or modification treats all such holders in the same manner. "Majority-in-interest" refers to the holders of the applicable group of Safes whose Safes have a total Purchase Amount greater than 50% of the total Purchase Amount of all of such applicable group of Safes.

(b) Any notice required or permitted by this Safe will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.

(c) The Investor is not entitled, as a holder of this Safe, to vote or be deemed a holder of Capital Stock for any purpose other than tax purposes, nor will anything in this Safe be construed to confer on the Investor, as such, any rights of a Company stockholder or rights to vote for the election of directors or on any matter submitted to Company stockholders, or to give or withhold consent to any corporate action or to receive notice of meetings, until shares have been issued on the terms described in Section 1. However, if the Company pays a dividend on outstanding shares of Common Stock (that is not payable in shares of Common Stock) while this Safe is outstanding, the Company will pay the Dividend Amount to the Investor at the same time.

(d) Neither this Safe nor the rights in this Safe are transferable or assignable, by operation of law or otherwise, by either party without the prior written consent of the other; *provided, however*, that this Safe and/or its rights may be assigned without the Company's consent by the Investor (i) to the Investor's estate, heirs, executors, administrators, guardians and/or successors in the event of Investor's death or disability, or (ii) to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general partner, managing member, officer or director of the Investor, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with, the Investor; and *provided, further*, that the Company may assign this Safe in whole, without the consent of the Investor, in connection with a reincorporation to change the Company's domicile.

(e) In the event any one or more of the provisions of this Safe is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Safe operate or would prospectively operate to invalidate this Safe, then and in any such event, such provision(s) only will be deemed null and void and will not affect any other provision of this Safe and the remaining provisions of this Safe will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.

(f) All rights and obligations hereunder will be governed by the laws of the State of California, without regard to the conflicts of law provisions of such jurisdiction.

(g) The parties acknowledge and agree that for United States federal and state income tax purposes this Safe is, and at all times has been, intended to be characterized as stock, and more particularly as common stock for purposes of Sections 304, 305, 306, 354, 368, 1036 and 1202 of the Internal Revenue Code of 1986, as amended. Accordingly, the parties agree to treat this Safe consistent with the foregoing intent for all United States federal and state income tax purposes (including, without limitation, on their respective tax returns or other informational statements).

(h) This Safe may be executed by means of electronic signatures and in one or more counterparts, each of which shall constitute an original but all of which taken together shall constitute one and the same instrument.

(Signature page follows)

IN WITNESS WHEREOF, the undersigned have caused this Safe to be duly executed and delivered.

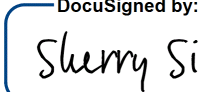
COLLEGE ESPORTS INTERNATIONAL, INC.

By: _____
Margaret Wong
Chief Executive Officer

Address: _____

Email: ghinkle@cesiesports.com _____

INVESTOR:

DocuSigned by:

By: _____
ACEFA31E961944B...
Sherry Si
Name: _____
Title: CFO _____

Address: 1921 Arena Blvd

Sacramento

CA 95834

Email: sherry@cesiesports.com _____

EXHIBIT A

INVESTMENT CONSIDERATIONS AND RISK FACTORS

Risk Factors. An investment in the Company represented by this Safe, and any Common Stock or other equity securities of the Company that Investor may acquire by virtue of this Safe (collectively, the “*Securities*”), involves a high degree of risk and should be regarded as speculative. As a result, the purchase of the Securities should be considered only by persons who can reasonably afford a loss of their entire investment. In addition to the other information contained in this document, prospective investors should consider carefully the following risk factors before purchasing Securities. *This description of certain risks is not meant to be inclusive, and investors must make their own determination as to the risks of any investment in the Company.*

Investor acknowledges and understands that any investment in the Company is highly speculative and subject to a high degree of risk. These risks include, but are not limited to, the following:

Start-Up. The Company is a new start-up company and has no lengthy operational history or material cash resources other than the net proceeds of this offering. The Company will require significant additional capital to conduct its intended operations. The successful development of our products and services will depend on the success of the efforts of our principals and employees. There can be no assurance that such efforts will be successful or, that, if successful, such efforts can be translated into reliable products and services capable of generating meaningful revenues to the Company. The products and services to be developed by the Company may not be accepted to any wide extent in the market. The degree of acceptance that the products and services, if successfully developed, will achieve is difficult to predict. If the Company’s products and services are not accepted by the market, a commercially viable market for our products and services may not develop.

No Assurance of Profitable Operations; Need for Additional Funds. The Company has incurred losses to date and may never become profitable and achieve or maintain net income. There can be no assurance that the Company will receive any significant income from products as developed. Even if we do successfully develop products that can be marketed, we will need to generate significant revenues from those products to achieve and maintain profitability.

Dilution. The Company intends to raise additional funds through issuance of Safes (which may contain different terms from this Safe), equity or convertible debt securities, and such issuances, as well as the Company’s other issuances of securities, may result in dilution of the Investor’s investment and percentage ownership of the securities of the Company.

Lack of Transferability, Marketability and Liquidity of the Shares. There will be no public market for the Securities following the completion of this offering and it is very unlikely that a public market for the Shares will ever develop in the near future. Consequently, investors should be prepared to hold the Securities indefinitely. Similarly, there can be no assurance that the Company will ever be viewed as an attractive acquisition candidate by a prospective acquiror. Consequently, owners of the Company’s securities may not be able to liquidate their investment in the event of emergency or for any other reason, and such securities may not be readily acceptable as collateral for a loan. Such securities should be considered only as a long-term investment and should be held only person persons who can afford a total loss of their investment.

Minimal Capital. The Company will rely on the capital being raised in this offering to help fund its initial corporate activities and working capital needs, which may include payment of salaries or other compensation. There are no assurances that such funding will be sufficient to permit the Company to achieve profitability. There can be no assurance that required additional funding will be available, and raising additional funds may result in a substantial dilution and a reduction in the returns to investors. If we are unable to raise additional funds when we need them, we would be required to reduce our activities and we might exhaust our cash resources, resulting in a partial or total loss of your investment.

Dependence on Key Personnel. The Company's development of its business is dependent on its key officers and employees. The loss of key employees could have a material adverse effect on the Company.

Competition. The markets in which we compete are large, and many companies already have, and others may develop and introduce, products and services that compete, both directly and indirectly, with the Company's products and services. Many of these companies have substantially greater capital, research and development, marketing and human resources than the Company. Such companies may succeed in developing products and services that are more effective and widely accepted than any that we may develop.

Intellectual Property. We cannot assure you that we will license or obtain any patents relating to any aspect of our products or services. We cannot assure you how much protection, if any, will be given to any patents or other intellectual property that we may obtain relating to our technology, if we attempt to enforce them and they are challenged in court or in other proceedings. In addition, the cost of litigation to uphold the validity of intellectual property rights can be substantial. Policing unauthorized use of intellectual property is difficult, and we cannot assure you that we will be able to prevent misappropriation of our proprietary rights, particularly in countries where the laws may not protect such rights as fully as in the United States. In addition, we cannot assure you that third parties will not assert patent, copyright, or other intellectual property infringement claims against us with respect to technologies used in our products and services. Any claims that might be brought against us relating to infringement of patents, copyrights or other intellectual property rights may cause us to incur significant expenses and, if successfully asserted against us, may cause us to pay substantial damages. Even if we were to prevail, any litigation could be costly and time-consuming and could divert the attention of our management and key personnel from our business operations. Furthermore, as a result of a patent or other intellectual property infringement suit brought against us, we may be forced to stop or delay developing, manufacturing or selling potential products that are claimed to infringe a third party's intellectual property, unless that party grants us or our collaboration partners rights to use its intellectual property. We may not be able to obtain these rights on acceptable terms or at all. We also rely on unpatented technology, trade secrets and confidential information. We may not be able to effectively protect our rights to this technology or information. Other parties may independently develop substantially equivalent information and techniques or otherwise gain access to or disclose our technology.