
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 25, 2021

Motorsport Games Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39868
(Commission
File Number)

86-1791356
(I.R.S. Employer
Identification No.)

5972 NE 4th Avenue
Miami, FL
(Address of principal executive offices)

33137
(Zip Code)

Registrant's telephone number, including area code: **(305) 507-8799**

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.0001 par value per share	MSGM	The Nasdaq Stock Market LLC (The Nasdaq Capital Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On February 25, 2021, Motorsport Games Inc., a Delaware corporation (the “Company”), entered into a binding term sheet (the “Binding Term Sheet”) with Luminis International BV (“Luminis”).

Pursuant to the Binding Term Sheet, the Company and Luminis intend that the Company will acquire from Luminis 100% of the share capital (the “Shares”) of Studio397 BV (“Studio397”). The purchase price for the Shares will be U.S. \$16,000,000, payable in two installments, as follows: U.S. \$12,800,000 at closing and U.S. \$3,200,000 on the first-year anniversary of closing.

Pursuant to the Binding Term Sheet, at closing, the Company will grant to Luminis a right of pledge on the number of shares of capital of Studio397 making up 20% of the total outstanding shares of Studio397, with pledge to be first in rank, to secure the U.S. \$3,200,000 installment payment.

The parties intend to negotiate and enter into the definitive acquisition documents and close this transaction on or before March 15, 2021 or such other date as mutually agreed by the parties.

Pursuant to the Binding Term Sheet, Luminis agreed to an “Exclusivity Period” with respect to Studio397. The Exclusivity Period will continue through the earlier of (i) such date that the definitive acquisition documents are executed and the acquisition of the Target Assets is closed and (ii) March 31, 2021. During such period, Luminis agreed not to, directly or indirectly, solicit, initiate, or encourage the submission of, or respond to, any expression of interest, inquiry, proposal or offer from any person or entity relating to the acquisition of any material part of the capital stock or assets of Studio397 or the merger, joint venture, exclusive license, liquidation, recapitalization, reorganization, or any similar transaction involving Studio397 or its assets.

The Company’s acquisition of the Shares is subject to negotiation of definitive documentation customary for a transaction of this nature, containing representations, warranties and covenants that are customary for transactions of this nature, as well as the satisfaction of various conditions required prior to closing as are customary for transactions of this nature, including, without limitation, the satisfaction of the Company, in its sole discretion, of a due diligence investigation into Studio397, including but not limited to technical, intellectual property, financial, accounting and tax, and legal due diligence, the approval of the acquisition by the Company’s board of directors and receipt of necessary government or third-party approvals.

The foregoing description of the Binding Term Sheet does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Binding Term Sheet, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1 [Binding Term Sheet, dated February 25, 2021, between Motorsport Games Inc. and Luminis International BV](#)

Cautionary Note Regarding Forward-Looking Statements

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Any statements contained in this communication that are not statements of historical fact may be deemed forward-looking statements. Words such as “continue,” “will,” “may,” “could,” “should,” “expect,” “expected,” “plans,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” and similar expressions are intended to identify such forward-looking statements. All forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, many of which are generally outside the control of the Company and are difficult to predict. Examples of such risks and uncertainties include, but are not limited to, whether the Company will be able to negotiate and enter into the definitive agreements with respect to the acquisition of the Shares, whether all conditions precedent in such definitive agreements will be satisfied, whether the closing of such acquisition of the Shares will occur and whether the Company will achieve its goals. Additional examples of such risks and uncertainties include, but are not limited to (i) the Company’s ability (or inability) to maintain existing, and secure additional, licenses and contracts with the sports series; (ii) the Company’s ability to successfully manage and integrate any joint ventures, acquisitions of businesses, solutions or technologies; (iii) unanticipated operating costs, transaction costs and actual or contingent liabilities; (iv) the ability to attract and retain qualified employees and key personnel; (v) adverse effects of increased competition on the Company’s business; (vi) the risk that changes in consumer behavior could adversely affect the Company’s business; (vii) the Company’s ability to protect its intellectual property; and (viii) local, industry and general business and economic conditions. Additional factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements can be found in the most recent registration statement on Form S-1 and current reports on Form 8-K filed by the Company with the Securities and Exchange Commission. The Company anticipates that subsequent events and developments may cause its plans, intentions and expectations to change. The Company assumes no obligation, and it specifically disclaims any intention or obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by law. Forward-looking statements speak only as of the date they are made and should not be relied upon as representing the Company’s plans and expectations as of any subsequent date.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Motorsport Games Inc.

Date: March 3, 2021

By: */s/ Dmitry Kozko*

Dmitry Kozko
Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
10.1	Binding Term Sheet, dated February 25, 2021, between Motorsport Games Inc. and Luminis International BV

BINDING TERM SHEET

This Binding Term Sheet (the "Term Sheet") constitutes a commitment by the Parties hereto to negotiate in good faith and to enter into one or more definitive agreements as set forth herein. The terms and conditions of the potential transaction described below are not limited to those set forth herein. Matters that are not covered by the provisions hereof are subject to the approval and mutual agreement of the parties.

Effective Date: February 25, 2021

Parties: Motorsport Games Inc. ("MSG") and Luminis International BV ("Luminis"), Studio397 BV ("S397" or the "Target Company")

Subject Matter: MSG desires to purchase from Luminis one hundred percent (100%) of the shares of S397 (the "Shares") (including all related assets) subject to the terms to be determined as stated herein and further negotiated, and Luminis agrees to sell the Shares for such purchase price and in accordance with such terms (the "Transaction"). The Parties intend to close this transaction on or before March 15, 2021 or such other date as mutually agreed by the parties in writing.

Definitive Agreements: The Transaction will be subject to negotiation of definitive documentation customary for a transaction of this nature ("Definitive Documents"), including but not limited to a Share Purchase Agreement. The Definitive Documents will contain representations, warranties and covenants that are customary for transactions of this nature. The Definitive Documents will require that the consummation of the Transaction will be subject to the satisfaction of various conditions required prior to closing as are customary for transactions of this nature.

I. Consideration and Payment Terms:

- a. MSG to purchase from Luminis all of the outstanding shares in S397 for a total purchase price of Sixteen Million United States Dollars (\$16,000,000) (the "Purchase Price").
- b. MSG to pay the Purchase Price in two installments, as follows:
 - i. Eighty percent (80%), equal to Twelve Million Eight Hundred Thousand United States Dollars (\$12,800,000), of the Purchase Price to be paid at closing (the "Initial Payment").
 - ii. Twenty percent (20%), equal to Three Million Two Hundred Thousand United States Dollars (\$3,200,000) of the Purchase Price to be paid on the first anniversary of the closing date (the "Instalment Payment").
- c. On closing, MSG will grant a right of pledge on the number of shares making up twenty percent (20%) of the total outstanding shares in the Company (the "Pledged Shares") (which pledge shall be first in rank) to secure the Instalment Payment, by means of the execution of a deed of pledge. Voting rights under the Pledged Shares will be transferred to Seller if and as long as Buyer does not pay the Instalment Payment when it comes due, subject to a reasonable cure period to be defined in the SPA.

II. Conditions to Closing: Execution of Definitive Agreements relating to the Transaction is subject to certain conditions precedent including: (i) the satisfaction of MSG, in its sole discretion, of a due diligence investigation into the Target Company, its operations and its assets, including but not limited to technical, intellectual property, financial, accounting and tax, and legal due diligence; (ii) the approval of MSG's Board of Directors; and (iii) satisfaction of customary conditions to closing, including without limitation receipt of necessary government or third-party approvals. Additionally, the Definitive Documents shall be negotiated and include customary representations and warranties for a transaction of this nature, including, without limitation, regarding the ownership, free of all encumbrances, of the copyrights and other applicable rights in and to, or otherwise associated the rFactor2 ("rF2") software (as related to racing simulation), the rF2 content and the rF2 brand.

- III. Governing Law:** This Term Sheet shall be governed by the laws of the State of Florida, without regard to the conflicts of law principles thereof. The Share Purchase Agreement shall be subject to the laws of the Netherlands and the exclusive jurisdiction of the Dutch courts.
- IV. Expenses:** Each of the Parties will be responsible for its own fees, costs and expenses (including any fees and expenses of their legal or accounting representatives, bankers or brokers) incurred in connection with this Term Sheet, the discussions, the Definitive Documents or otherwise the proposed Transaction.
- V. Exclusivity:** As of the date of execution of this Binding Term Sheet and until 31st of March 2021, Luminis agrees to enter an “Exclusivity Period” with respect to the Target Company and its assets. The Exclusivity Period shall continue through such date that the Definitive Documents are executed and the transaction contemplated in this Term Sheet and the Definitive Documents is completed or 31st of March 2021, whichever comes first. During this period Luminis shall not, and shall cause each of its directors, officers, employees, stockholders, affiliates, agents, advisors and other representatives not to, directly or indirectly, solicit, initiate, or encourage the submission of, or respond to, any expression of interest, inquiry, proposal or offer from any person or entity relating to the acquisition of any material part of the capital stock or assets of the Target Company or the merger, joint venture, exclusive license, liquidation, recapitalization, reorganization, or any similar transaction involving the Target Company or its assets, except as approved by MSG in writing in advance. Luminis agrees to notify MSG immediately if any person or entity makes any proposal, offer, inquiry, or contact with respect to any of the foregoing, and the details of such proposal, offer, inquiry or contact including the identity of the potential buyer and/or investor and terms of such proposal.
- VI. Disclosure:** MSG shall have the right to disclose this Binding Term Sheet and the contents hereof in (i) MSG’s current report on Form 8-K filed with the U.S. Securities and Exchange Commission (the “SEC”) and other required SEC filings, such as Form 10-K annual reports and Form 10-Q quarterly reports, and (ii) MSG’s press release about the Binding Term Sheet and the transactions contemplated by the Binding Term Sheet.
- VII. Binding Agreement:** The Parties hereto acknowledge the binding nature of this Term Sheet and agree to be bound by the obligations set forth herein from the Effective Date. This Term Sheet, including but not limited to the obligations of confidentiality and exclusivity, shall remain in effect until June 30, 2021 (the “Drop Dead Date”). If the Definitive Documents have not been executed by the Drop Dead Date, then this Term Sheet shall be considered void and the Parties shall each be released of their obligations set forth herein. Notwithstanding the foregoing, the Parties may extend the Drop Date at any time by mutual agreement in writing.

Signed:

Luminis International BV

/s/ H.C. Bossenbroek

Title: CEO

Name: H.C. Bossenbroek

Date: February 24, 2021

Motorsport Games Inc.

/s/ Dmitry Kozko

Title: CEO

Name: Dmitry Kozko\

Date: 02/25/2021