

FansUnite to Acquire Askott Entertainment

The acquisition forms one of Canada's leading online gaming companies

Vancouver, British Columbia--(Newsfile Corp. - June 23, 2020) - FansUnite Entertainment Inc. (CSE: FANS) ("FansUnite" or the "Company") and Askott Entertainment Inc. ("Askott"), have entered into a definitive amalgamation agreement on June 22, 2020 (the "Agreement") to create one of Canada's leading online gaming companies, focused on sports betting, esports wagering and casino games. Under the terms of the Agreement, FansUnite will acquire all of the outstanding securities of Askott by way of a three-cornered amalgamation (the "Transaction") pursuant to which Askott and a newly incorporated subsidiary of FansUnite will amalgamate under the *Business Corporations Act* (British Columbia) and continue as one corporation.

Combined Company Highlights

- **Expanded Consumer Base.** The combined FansUnite and Askott will have four live business-to-consumer ("B2C") platforms that have generated over CDN\$350 million in wagers since inception and will have over 300,000 registered members;
- **Expanded Business Base.** FansUnite and Askott will have four executed business-to-business ("B2B") contracts, two of which are currently live and generating revenue with leading esports companies;
- **Expanded Betting Offerings.** Two esports themed casino games which will be released on multiple casino games aggregators platforms this year with more games currently in development;
- **Increased Gaming Licenses:** Applications have been completed for gaming licenses for both B2C and B2B;
- **Established History of Operations:** Askott has been in business since 2013, working closely with tier 1 partners around the world; and
- **Highly Accomplished and Experienced Team:** The completion of the Transaction will add a team with decades of experience in esports, sports betting, casino, poker, licensing, government relationships and transactions to develop shareholder value.

According to a recent report by Grandview Research¹, the global online gambling market size was valued at USD 53.7 billion in 2019 and is expected to grow at a compound annual growth rate (CAGR) of 11.5% from 2020 to 2027.

"As the online gambling market continues to grow, the amalgamation with Askott is a significant milestone and transforms us into one of Canada's premier iGaming companies," said Darius Eghdami, CEO of FansUnite Entertainment. "Combining with Askott provides us with a fully integrated gaming asset that offers multiple B2C platforms for users in a variety of betting offerings, B2B technology that can be licensed to all types of sportsbooks, and a seasoned team of executives that have led and grown multiple organizations on a global scale. This combination creates a leading online iGaming company, and positions us strongly for significant growth with new offerings and market opportunities."

"We are recognized globally as a leader and pioneer in esports betting technology," said Scott Burton, CEO of Askott Entertainment. "As an early entrant in the sector we have already had a number of milestones, including the launch of the first ever daily fantasy site dedicated to esports, the first esports betting site to receive an Isle of Man license gaming license in 2017 and more recently being shortlisted by EGR Magazine for the Esports Betting Supplier of the Year Award. This year, part of our growth strategy was to round out our offering with traditional sports and casinos to make us a complete iGaming solution. Merging with FansUnite accelerates our growth strategy and will bring us the scale and offerings to make our combined group the leading iGaming entity in the Canadian public markets."

Material Terms of the Transaction

- Askott shareholders will receive approximately 1.9193 common shares of FansUnite (the "FansUnite Shares") for each Askott common share (an "Askott Share") held at closing (the "Exchange Ratio"), representing an implied valuation of C\$0.7485 per Askott Share.
- FansUnite will issue an aggregate of approximately 68,457,313 FansUnite Shares to the Askott shareholders at a price of C\$0.39 per FansUnite Share.
- Holders of the currently outstanding 125,000 common share purchase warrants of Askott (each an "Askott Warrant") will be entitled to purchase an aggregate of up to 239,912 FansUnite Shares at an exercise price of approximately C\$0.26 per FansUnite Share and the holders of the currently outstanding 1,820,000 stock options of Askott (each an "Askott Option") will be entitled to purchase an aggregate of up to 3,493,125 FansUnite Shares at exercise prices ranging from approximately C\$0.26 to C\$0.32 per FansUnite Share. In addition, FansUnite may issue up to 2,582,072 FansUnite Shares in exchange for Askott Shares, at the Exchange Ratio, if certain Askott warrants are exercised, and don't otherwise expire, prior to the completion of the Transaction.
- Upon completion of the Transaction, FansUnite expects to have approximately 138,161,092 FansUnite Shares issued and

outstanding, of which the former holders of Askott will hold approximately 50% on a non-diluted and on a fully diluted basis.

- Upon Closing of the Transaction, the Board of Directors of FansUnite will continue to be composed of five members. It is anticipated that two of the current members will be replaced with Scott Burton, founder and CEO Askott, and another director to be nominated by Askott and a third member will be mutually agreeable to Askott and FansUnite. Scott Burton, CEO of Askott, will become the CEO of FansUnite and Darius Eghdami will become the President of FansUnite. Jeremy Hutchings, the CTO of Askott, will become the CTO of FansUnite, Ian Winter, the COO of Askott, will become the COO of FansUnite and management of FansUnite will otherwise remain the same.
- The Agreement provides that completion of the Transaction is subject to certain conditions, including receipt of all regulatory approvals and the approval of at least two-thirds of the votes cast by holders of Askott Shares at a special meeting of Askott shareholders to be called for the purpose of approving the Transaction.

The Board of Directors of FansUnite and Askott have both unanimously approved the Transaction and the Board of Directors of Askott has concluded that the Transaction is in the best interests of its shareholders and has resolved to recommend that Askott shareholders vote their shares in favour of the Transaction. All of the directors and officers of Askott have agreed to vote their Askott Shares in favour of the Transaction.

The Agreement provides for, among other things, customary representations, warranties and covenants including reciprocal non-solicitation and rights to match superior proposals, as well as a reciprocal \$800,000 termination fee payable to either Askott or FansUnite under certain circumstances. The Transaction is subject to regulatory review and other customary conditions.

Concurrent Private Placement

Prior to closing of the Transaction, Askott is expected to undertake a private placement of subscription receipts (the "Subscription Receipts") for up to \$5M (or such other amount as FansUnite and Askott agree to in the context of the market) (the "Askott Private Placement") at an issue price per Unit to be agreed upon by Askott and FansUnite (the "Offering Price"). Each Subscription Receipt will entitle the holder to receive, automatically and with no further action on the part of the holder upon the satisfaction of certain conditions including closing of the Transaction, one unit of Askott (each a "Unit"), with each such Unit consisting of: (i) one FansUnite Share; and (ii) one FansUnite common share purchase warrant exercisable into one FansUnite Share with an exercise price to be determined by Askott and FansUnite, exercisable for a period of up to 24 months from the closing date, with an exercise price to be determined in accordance with the market and the policies of the CSE and subject to adjustments in certain customary circumstances. As a result, the number of FansUnite Shares to be issued to Askott shareholders will increase based on the amount of the Askott Private Placement. The Askott Private Placement is subject to completion of definitive documentation, regulatory approvals and other customary closing conditions.

Askott will begin the process of engaging registered dealers to act as agents in the Askott Private Placement. The terms of the Askott Private Placement remain subject to negotiations among FansUnite, Askott and the dealers. Further details of the Askott Private Placement will be disclosed in due course.

Advisors

Haywood Securities Inc. ("Haywood") has acted as exclusive financial advisor to Askott and Gowling WLG (Canada) LLP is acting as legal advisor to Askott. Fasken Martineau DuMoulin LLP is acting as legal counsel to FansUnite.

Upon closing of the Transaction, the Company will assume a portion of its then wholly-owned subsidiary's obligations to Haywood in connection with Haywood's advisory services related to the Transaction, consisting of the payment of advisory fees equal to 1.125% of the value of the sale of Askott, to be determined in accordance with the terms of the applicable advisory agreement, in the form of FansUnite Shares, subject to any applicable regulatory approval, at a deemed price of C\$0.39 per M&A Advisory Share.

About Askott Entertainment Inc.

Askott is a Vancouver based software development company with a team that has been building award-winning online gambling software since 2013. Askott has produced a one of a kind complete iGaming platform, Chameleon Gaming Platform, with an esports first focus geared for the next generation of online bettors and casino players. The platform includes products for pre-match betting, in-play betting, daily fantasy, content and a certified RNG to produce casino style chance games. Askott has been using the Chameleon platform for their own free-to-play internal brands as well as recently signed external real-money partners.

About FansUnite Entertainment Inc.

FansUnite is a sports and entertainment company, focusing on technology related to regulated and lawful online gaming and other related products. The principal business is operating the FansUnite Sportsbook and the website of its wholly-owned subsidiary, McBookie Limited, offering online gaming services to the UK market. FansUnite is also a provider of technology solutions, products and services in the gaming and entertainment industry and looks to acquire technology platforms and assets with high-growth potential in new or developing markets.

For further information, please contact:

Prit Singh
Investor Relations

ir@fansunite.com
(905) 510 - 7636

Darius Eghdami
Chief Executive Officer
darius@fansunite.com
(778) 558-9067

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¹<https://www.grandviewresearch.com/industry-analysis/online-gambling-market>



FANSUNITE

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