OFFERING DOCUMENT UNDER THE LISTED ISSUER FINANCING EXEMPTION

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|  | **March 6, 2023** |

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# FANSUNITE ENTERTAINMENT INC.

**(“FansUnite” or the “Company”)**

**PART 1. SUMMARY OF OFFERING**

**What are we offering?**

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| **Securities Offered:** | Up to 62,500,000 units of the Company (the “**Units**”) (the “**Offering**”). The Offering is being made to purchasers resident in all provinces of Canada (except Quebec) and in certain foreign jurisdictions. |
| **Description of Securities Offered:** | Each Unit will consist of one common share in the capital of the Company (each, a “**Common Share**”) and one Common Share purchase Warrant (each, a “**Warrant**”). Each Warrant will entitle the holder thereof to purchase one Common Share (each, a “**Warrant Share**”) at a price of $0.12 per Warrant Share for a period of 36 months after the closing date of ‎the Offering.‎ The Warrants will be governed by the terms and conditions set forth in the certificates representing the Warrants.  Holders of Common Shares are entitled to: (i) receive notice of and to attend all meetings of shareholders of the Company, and to have one vote for each Common Share held at such time, except for meetings at which only holders of another specified class of shares of the Company are entitled to vote; (ii) receive dividends, if any, as and when declared by FansUnite’s board of directors; and (iii) and to participate equally in any distribution of net assets upon dissolution. |
| **Offering Price:** | $0.08 per Unit. |
| **Offering Amount:** | A minimum of 25,000,000 Units, for gross proceeds of $2,000,000, and a maximum of 62,500,000 Units, for gross proceeds of up to $5,000,000. |
| **Closing Date:** | The Offering may close in one or more tranches, the first of which is expected to close on or about March 9, 2023, and subsequent tranche(s) as may be agreed by the Company and the subscribers‎, and, in any event, on or before a date not later than 45 days after the date of the filing of this Offering Document. |
| **Exchange:** | The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**FANS**”. |
| **Last Closing Price:** | On March 6, 2023, the last trading day completed prior to the date of this Offering Document, the closing price of the Common Shares on the TSX was $0.09. |

All references in this Offering Document to “dollars”, “C$” or “$” are to Canadian dollars, unless otherwise stated.

***No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. This offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.***

**FansUnite Entertainment Inc is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 *Prospectus Exemptions*. In connection with this Offering, the issuer represents the following is true:**

* **FansUnite has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
* **FansUnite has filed all periodic and timely disclosure documents that it is required to have filed.**
* **The total dollar amount of this Offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this Offering Document, will not exceed $5,000,000.**
* **FansUnite will not close this Offering unless the issuer reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
* **FansUnite will not allocate the available funds from this Offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the issuer seeks security holder approval.**

# CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Document contains “forward-looking information” within the meaning of applicable securities laws. Forward-looking information is generally identifiable by use of the words “believes”, “may”, “plans”, “will”, “anticipates”, “intends”, “could”, “estimates”, “expects”, “forecasts”, “projects” and similar expressions, and the negative of such expressions.

Forward-looking information in this Offering Document includes, but is not limited to, statements that: FansUnite’s expectations with respect to the use of proceeds and the use of the available funds following completion of the Offering; and completion of the Offering and the date of such completion; FansUnite’s future plans, objectives, strategies and goals relating to its business, technology and products; the repaying of its line of credit; and FansUnite’s belief that FansUnite’s current cash and short-term investments together with anticipated cash flow from operations will be sufficient to meet FansUnite’s working capital requirements and capital expenditure requirements for the foreseeable future.

In connection with the forward-looking information contained in this Offering Document, we have made numerous assumptions, regarding, among other things: the strength of our balance sheet; the present or potential value of our core technologies, business operations and asset holdings; our ability to continue our relationships with a few key customers; our ability to deliver products associated with key contracts; our ability to manage our business and growth successfully; our ability to meet customers’ requirements for manufacturing capacity; our ability to develop new products and enhance our existing products; our ability to expand current distribution channels and develop new distribution channels; our third party suppliers and contract manufacturers upon which we rely continue to meet our needs; we are not subject to warranty, intellectual property or product liability claims or indemnification obligations that harm our business; and we are not subject to competition from new or existing technologies that adversely affect our business. While we consider these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies.

There are known and unknown risk factors which could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward- looking information contained in this Offering Document. Known risk factors include, among others: our statement of financial position, as well as the value of our core technologies, business operations and asset holdings may be significantly weaker than we currently estimate; our operating results are expected to fluctuate; we derive a substantial part of our revenue from a few large customers; a small number of our shareholders control us; sale of common shares by our controlling shareholders could cause the share price to fall; volatility in our common share price; dilution from the exercise of stock options or settlement of performance share units; if we cannot meet our customers’ requirements for manufacturing capacity, sales may suffer; our success depends on our ability to develop new products and enhance our existing products; if content providers, such as movie studios, limit the scope of content licensed for use in the digital content delivery market, our business, financial condition and results of operations could be negatively affected because the potential market for our products would be more limited than we currently believe; we are dependent on the expansion of our current distribution channels and the development of new distribution channels; growth in our key markets may not continue; and our inability to adapt to technological change, new products and standards could harm our business.

All forward-looking information in this Offering Document is qualified in its entirety by this cautionary statement and we disclaim any obligation to revise or update such forward-looking information to reflect future results, events or developments, except as required by law.

**PART 2. SUMMARY DESCRIPTION OF BUSINESS**

**What is our business?**

FansUnite is a global sports and entertainment company, focusing on technology related to regulated and lawful online gaming. FansUnite’s one-of-a-kind iGaming platform Chameleon offers operators a full suite of gaming solutions for the next generation of online bettors and casino players.

Along with providing Business to Business (“**B2B**”) technology solutions, FansUnite operates Scottish sportsbook McBookie. FansUnite is the parent company of North American-focused American Affiliate, which operates leading affiliate brands such as the No. 1 live activation company Betting Hero and top-notch content platform Props.com.

**Recent developments**

In the third quarter of 2022, the Company began to focus more earnestly on its various lines of business, determined to mature from a ‘growth’ company into one that is consistently cash flow positive. To this effect, we paused development on our Random Number Generated Games division. Similarly, our acquisition of American Affiliate in November, 2021 (“**American Affiliate Acquisition**”) brought both Betting Hero and various digital affiliate businesses into FansUnite’s portfolio. Upon further review, we are now focused solely on Betting Hero and the Props.com website, and have moved to reduce the spend associated with other assets acquired in the American Affiliate acquisition. As our B2B solution went live in the UK in September, 2022 and in Ohio in January, 2023, we refined our operating strategy and made the decision to divest of our Malta Gaming Authority and Curacao licenses held.

**Material facts**

There are no material facts about the securities being distributed that have not been disclosed in this Offering Document or in any other document filed by the Company in the 12 months preceding the date of this Offering Document.

**What are the business objectives that we expect to accomplish using the available funds?**

The business objective that FansUnite expects to accomplish using the net proceeds of the Offering, together with existing cash and cash equivalents, is operational capital to support FansUnite’s growth.

There are no significant events which must occur in order to accomplish this business objective.

# PART 3. USE OF AVAILABLE FUNDS

**What will our available funds be upon the closing of the Offering?**

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| --- | --- | --- | --- |
|  |  | **Assuming Minimum Offering Only** | **Assuming 100% of Offering** |
| **A** | **Amount to be raised by this Offering** | 2,000,000 | 5,000,000 |
| **B** | **Selling commissions and fees** | 50,000 | 200,000 |
| **C** | **Estimated offering costs (e.g., legal, accounting, audit)** | 50,000 | 50,000 |
| **D** | **Net proceeds of offering: D = A - (B+C)** | 1,900,000 | 4,750,000 |
| **E** | **Working capital as at most recent month end** | 4,000,000 | 4,000,000 |
| **F** | **Additional sources of funding** | - | - |
| **G** | **Total available funds: G = D+E+F** | 5,900,000 | 8,750,000 |

**How will we use the available funds?**

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| --- | --- | --- |
| **Description of intended use of available funds listed in order of priority1** | **Assuming Minimum Offering Only** | **Assuming 100% of Offering** |
| Working capital purposes | 5,900,000 | 8,750,000 |
| **Total:** | 5,900,000 | 8,750,000 |

1The available funds will not be paid to insiders, associates or affiliates of the Company, except for normal course salaries.

FansUnite will use the funds to facilitate the working capital of the company, as it strives to hit its revenue and cash flow targets for 2023 and beyond.

The Company’s most recently filed interim financial report included a going concern note. This Offering is not anticipated to address any uncertainties that affect the decision on whether a going concern is included in our next annual financial statements.

The above noted allocation represents the Company’s intentions with respect to its use of available funds based on current knowledge, planning and expectations of management of the Company. Actual use of funds may differ from the estimates set forth above. There may be circumstances where for sound business reasons, the Company reallocates the use of available funds. Such uses will not include a significant acquisition, a restructuring transaction, or any transaction requiring approval of the Company’s security holders.

**How have we used the other funds we have raised in the past 12 months?**

In September 2022, the Company entered into a definitive agreement with Centurion Financial Trust in respect of a senior term loan of up to $12,350,000 (the “**Loan**”). The Company has drawn on $8,233,000 of the Loan.

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| --- | --- | --- |
| **Previous Financing Activity** | **Disclosed Use of Funds** | **Actual Use of Funds to Date** |
| The Company has drawn on $8,233,000 of the Loan. | Restructuring of earn-out obligations owed to a number of individuals under the definitive agreement dated November 22, 2021. | To date, $7,175,000 has been used in connection with the restructuring of earn-out obligations. No variance from disclosed use. |

# PART 4. FEES AND COMMISSIONS

**Who are the dealers or finders that we have engaged in connection with this Offering, if any, and what are their fees?**

The Company has not engaged any dealers or finders in connection with this Offering. The Company may compensate certain finders with a finder’s fee in connection with the sale of Units to purchasers ‎introduced to the Company by such finders, if applicable.

# PART 5. PURCHASERS’ RIGHTS

**Rights of Action in the Event of a Misrepresentation**

**If there is a misrepresentation in this Offering Document, you have a right**

1. **to rescind your purchase of these securities with FansUnite, or**
2. **to damages against FansUnite and may, in certain jurisdictions, have a statutory right to damages from other persons.**

**These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.**

**If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.**

**You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.**

# PART 6. ADDITIONAL INFORMATION

**Where you can find more information about us?**

Security holders can access FansUnite’s continuous disclosure at [www.sedar.com](http://www.sedar.com/) and may find additional information at our website [www.FansUnite.com.](http://www.vecima.com/)

***Purchasers should read this Offering Document and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment of the Offered Shares.***

# PART 7. DATE AND CERTIFICATE OF THE COMPANY

**This Offering Document, together with any document filed under Canadian securities legislation on or after March 6, 2022, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.**

**MARCH 6, 2023**

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| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Scott Burton  Chief Executive Officer | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Graeme Moore  Chief Financial Officer |