

VIP Entertainment Technologies Inc.

Management's Discussion and Analysis

For the three and six months ended
September 30, 2024 and 2023

(Expressed in Canadian dollars)

GENERAL INFORMATION AND CAUTIONARY STATEMENTS

Introduction

The following management discussion and analysis ("**MD&A**") dated **May 14, 2025**, provides information concerning the financial condition and results of operations of VIP Entertainment Technologies Inc. ("**VIP**" or the "**Company**") for the three and six months ended September 30, 2024. The following MD&A should be read in conjunction with the Consolidated Financial Statements for the three and six months ended September 30, 2024 and 2023 and the notes to those financial statements, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

Additional public filings made by the Company with Canadian securities regulatory authorities can be found under the Company's SEDAR profile at www.sedar.com

Basis of Presentation

In this MD&A, unless otherwise indicated, all amounts are stated in CAD dollars, which is VIP's functional currency, unless otherwise indicated.

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking information"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under *Risks and Uncertainties* in this MD&A.

In some cases, forward-looking information can be identified using forward-looking terminology such as "anticipate", "believe", "expects" or "does not expect", "estimates", "outlook", "prospects"; "projection", "intends", "believes", "should", "will", "would" or the negative of these terms, and similar expressions intended to identify forward looking statements. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

COMPANY STRATEGY AND OBJECTIVES

VIP was previously engaged in the online sports betting and iGaming sector, with operations that included ambitions to expand into new jurisdictions such as Canada and the United Kingdom.

During the year ended March 31, 2024, VIP developed its ever-expanding player engagement and affiliate models by entering into an agreement to acquire Bet Rewards Ltd. Bet Rewards Ltd. was the beginning of the VIP Expansion plans through acquiring player retention tools. On January 11, 2024, the Company acquired all the issued and outstanding shares of Bet Rewards Ltd. by issuing 6,470,588 common shares of the Company. Bet Rewards Ltd. was expected to continue to operate its proprietary affiliate platform.

However, the Company's business operations have since ceased, and all subsidiaries have been impaired due to the failure of its original business model. As a result, the Company is no longer pursuing its former strategic direction.

In February 2024, the Company changed its financial year end from December 31 to March 31. Accordingly, these consolidated financial statements represent a reporting period of six months period from April 1, 2024 to September 30, 2024. Presented as comparative figures are the financial results for the six months period from April 1, 2023, to September 30, 2023.

The Company had been experiencing significant financial difficulties, including challenges in securing sufficient funding to operate its business and fulfill its obligations, such as paying its auditors. As a result, VIP's operations became inactive. On October 1, 2024, trading of the Company's shares was halted and subsequently suspended due to the failure to file its audited financial statements for the year ended March 31, 2024.

On September 30, 2024, a cease trade order was issued by the Alberta Securities Commission against the Company.

On January 20, 2025, a new management team was appointed to the board with the objective of restructuring the Company.

Following this change in leadership, VIP is undergoing a comprehensive restructuring process. The new management is in the early stages of developing and implementing a revised business plan, which includes the introduction of new e-gaming products and strategies aligned with current market trends. Further updates will be provided as the Company progresses with its new initiatives.

As of date of this MD&A, demo games currently under development can be accessed at the following demo website: <http://ec2-3-98-127-62.ca-central-1.compute.amazonaws.com:5000/>

RESULTS OF OPERATIONS

The following financial data prepared in accordance with IFRS in CAD dollars is presented for the variations of the Company's operating results.

Annual Information

	15 months ended March 31, 2024	12 months ended December 31, 2022	12 months ended December 31, 2021
	\$	\$	\$
Revenue	105,987	384,201	540,451
Direct costs	32,150	87,711	151,647
Gross profit	73,837	296,490	388,804
Expenses	(2,848,043)	(2,340,458)	(1,638,793)
Other items	(209,730)	(1,071,601)	(548,342)
Comprehensive loss for the year	(2,983,936)	(3,115,569)	(701,647)

Quarterly Information

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
	\$	\$	\$	\$
Revenue	-	-	(323,170)	6,720
Direct (costs) reversal	-	-	(29,062)	(2,836)
Gross profit	-	-	(294,108)	3,884
Expenses	(113,908)	(420,938)	(595,914)	(94,041)
Other items	(11,818)	(35,217)	(193,832)	(4,871)
Comprehensive loss for the period	(125,726)	(456,155)	(1,083,854)	(95,028)

	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
	\$	\$	\$	\$
Revenue	133,727	122,431	166,279	7,240
Direct costs	(2,666)	(5,001)	(50,709)	(7,900)
Gross profit	131,061	117,430	115,570	(660)
Expenses	(619,247)	(787,845)	(750,994)	(1,012,777)
Other items	(2,903)	(4,059)	(4,064)	426,417
Comprehensive loss for the period	(491,089)	(674,474)	(639,488)	(587,020)

Three Months Ended September 30, 2024 and 2023

Revenues

For the three months ended September 30, 2024, revenue was \$Nil, compared to revenue of \$133,727 for the three months ended September 30, 2023. The significant decrease was due to the Company having reduced its activities and based on the Company's assessment that the amounts were not collectible. VIP expected to see continuous revenue growth; however, due to a lack of operating funds, the Company's business operations have been suspended, resulting in minimal revenue generation up to the date of this MD&A.

Direct Cost

For the three months ended September 30, 2024, direct costs amounted to \$Nil as compared to direct cost of \$2,666 for the three months ended September 30, 2023, due to the reasons stated above.

Operating Expenses

For the three months ended September 30, 2024, expenses amounted to \$113,908, as compared to \$619,247 for the three months ended September 30, 2023. The decrease was because the Company underwent a review by securities regulators and voluntarily suspended wagering activities during that period and reduced its activities. Due to the suspended activities, the Company's activities were significantly reduced. The expenses were mainly attributed to:

- Advertising and promotion decreased by \$148,857 from \$151,558 during the three months ended September 30, 2023 to \$2,701 during the three months ended September 30, 2024.
- Consulting fees decreased by \$33,152 from \$78,900 during the three months ended September 30, 2023 to \$45,748 during the three months ended September 30, 2024.
- Director and management fees increased by \$21,850 from \$8,150 during the three months ended September 30, 2023 to \$30,000 during the three months ended September 30, 2024.
- Office and miscellaneous decreased by \$1,336 from \$10,966 during the three months ended September 30, 2023 to \$9,630 during the three months ended September 30, 2024.
- Professional fees increased by \$20,829, from \$5,000 for the three months ended September 30, 2023, to \$25,829 for the three months ended September 30, 2024.
- Software expenses decreased by \$66,581 from \$66,581 during the three months ended September 30, 2023, to \$Nil during the three months ended September 30, 2024. These expenses consisted of monthly fees for the use of platforms by the Company's subsidiaries.
- Share based payments decreased by \$294,937 from \$294,937 during the three months ended September 30, 2023, to \$Nil during the three months ended September 30, 2024. There were no additional options or warrants granted in 2024.
- Travel expense decreased by \$3,155 from \$3,155 during the three months ended September 30, 2023 to \$Nil during the three months ended September 30, 2024.

Other Items

For the three-month period ended September 30, 2024, the Company had expense of \$11,818 compared to \$3,776 during the three months ended September 30, 2023. The other income and expenses were mainly attributed to:

- Interest expense decreased by \$3,077, from \$3,776 during the three months ended September 30, 2023, to \$699 during the three months ended September 30, 2024. The decrease was due to reduced number of short-term loans.
- Forgiven of advances increased by \$11,119, from \$Nil during the three months ended September 30, 2023, to \$11,119 during the three months ended September 30, 2024. The increase was due to the forgiveness of advances made to related parties.
- Foreign currency translation income decreased by \$873 from \$873 during the three months ended

September 30, 2023 to \$Nil during the three months ended September 30, 2024. The decrease in foreign currency translation income was mainly attributed to the reduced overseas operations in subsidiaries.

Comprehensive loss

For the three-month period ended September 30, 2024, the comprehensive loss amounted to \$125,726 compared to \$491,089 for the three-month period ended September 30, 2023.

Six Months Ended September 30, 2024 and 2023

Revenues

For the six months ended September 30, 2024, revenue was \$Nil, compared to revenue of \$256,158 for the six months ended September 30, 2023. The significant decrease was due to the Company having reduced its activities and based on the Company's assessment that the amounts were not collectible. VIP expected to see continuous revenue growth; however, due to a lack of operating funds, the Company's business operations have been suspended, resulting in minimal revenue generation up to the date of this MD&A.

Direct Cost

For the six months ended September 30, 2024, direct costs amounted to \$Nil as compared to direct cost of \$7,667 for the six months ended September 30, 2023, due to the reasons stated above.

Operating Expenses

For the six months ended September 30, 2024, expenses amounted to \$534,846, as compared to \$1,407,092 for the six months ended September 30, 2023. The decrease was because the Company underwent a review by securities regulators and voluntarily suspended wagering activities during that period and reduced its activities. Due to the suspended activities, the Company's activities were significantly reduced. The expenses were mainly attributed to:

- Advertising and promotion decreased by \$218,588 from \$293,177 during the six months ended September 30, 2023 to \$74,589 during the six months ended September 30, 2024.
- Consulting fees decreased by \$228,411 from \$510,925 during the six months ended September 30, 2023 to \$282,514 during the six months ended September 30, 2024.
- Financing fee increased by \$2,000 from a reversal of \$2,000 during the six months ended September 30, 2023 to \$Nil during the six months ended September 30, 2024.
- Licenses decreased by \$22,420 from \$22,420 during the six months ended September 30, 2023, to \$Nil during the six months ended September 30, 2024.
- Director and management fees increased by \$14,150 from \$30,850 during the six months ended September 30, 2023 to \$45,000 during the six months ended September 30, 2024.
- Office and miscellaneous decreased by \$5,013 from \$27,675 during the six months ended September 30, 2023 to \$22,662 during the six months ended September 30, 2024.
- Professional fees decreased by \$37,863, from \$100,008 for the six months ended September 30, 2023, to \$62,145 for the six months ended September 30, 2024.
- Software expenses decreased by \$74,601 from \$122,537 during the six months ended September 30, 2023, to \$47,936 during the six months ended September 30, 2024. These expenses consisted of monthly fees for the use of platforms by the Company's subsidiaries.
- Share based payments decreased by \$294,937 from \$294,937 during the six months ended September 30, 2023, to \$Nil during the six months ended September 30, 2024. There were no additional options or warrants granted in 2024.
- Travel expense decreased by \$6,563 from \$6,563 during the six months ended September 30, 2023 to \$Nil during the six months ended September 30, 2024.

Other Items

For the six months ended September 30, 2024, the Company had expense of \$47,035 compared to \$7,337 during the six months ended September 30, 2023. The other income and expenses were mainly attributed to:

- Interest expense decreased by \$5,251, from \$7,337 during the six months ended September 30, 2023, to \$2,086 during the six months ended September 30, 2024. The decrease was due to reduced number of short-term loans.
- Forgiven of advances increased by \$43,869, from \$Nil during the six months ended September 30, 2023, to \$43,869 during the six months ended September 30, 2024. The increase was due to the forgiveness of advances made to related parties.
- Write off of receivables increased by \$1,080, from \$Nil during the six months ended September 30, 2023, to \$1,080 during the six months ended September 30, 2024.
- Foreign currency translation income decreased by \$395 from \$395 during the six months ended September 30, 2023 to \$Nil during the six months ended September 30, 2024. The decrease in foreign currency translation income was mainly attributed to the reduced overseas operations in subsidiaries.

Comprehensive loss

For the six months ended September 30, 2024, the comprehensive loss amounted to \$581,881 compared to \$1,165,563 for the six months ended September 30, 2023.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2024, the Company had a working capital deficit of \$1,436,415 (March 31, 2024 – \$971,159). The Company will need to obtain additional funding by way of equity or other structures to meet its financial obligations.

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuation of the Company as a going concern is dependent on its ability to obtain necessary equity financing for its commitments. There is no guarantee that management will be successful in securing future equity financing due to current market conditions.

OFF BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly and indirectly. Key management personnel include the Company’s current and former directors and members of the senior management group including Chief Executive Officer (CEO), Chief Financial Officer (CFO), family members of the current and former key management personnel.

During the six months ended September 30, 2024, the Company paid and/or accrued management fees of \$30,000 (2023 – \$Nil) to the former CEO, who was newly appointed and remained in the role during the reporting period prior to a subsequent management change.

During the six months ended September 30, 2024, the Company paid consulting fees of \$9,000 (2023 – \$Nil) to the former interim CFO, who was newly appointed as the CFO but immediately resigned during the six months ended September 30, 2024.

During the six months ended September 30, 2024, the Company paid and/or accrued management fees of \$15,000 (2023 – \$Nil) to the former CFO, who was newly appointed and remained in the role during the reporting period prior

to a subsequent management change.

During the six months ended September 30, 2024, the Company forgave \$43,869 advances made to the related parties (fifteen months ended March 31, 2024 - \$15,194).

As at September 30, 2024, the Company had \$45,000 due to the related parties of the Company included in accounts payable and accrued liabilities (March 31, 2024 - \$180,350).

FINANCIAL INSTRUMENTS AND FINANCIAL RISK EXPOSURES

The Company's financial instruments include cash, amounts due from a related party, accounts payable and accrued liabilities, customer deposits and short-term loans. The carrying value of amounts due from a related party, customer deposit and loans payable are reasonable estimates of fair values due to the relatively short periods to maturity and the terms of these instruments.

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities:

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

The Company does not have any Level 1 financial instruments.

The Company's financial instruments have been classified as follows:

<u>Financial instrument:</u>	<u>Classification:</u>
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Customer deposits	Amortized cost
Due to related party	Amortized cost
Short term loans	Amortized cost
Cash	Amortized cost

Risk exposure and management

The Company is exposed to various financial instrument risks and continuously assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, interest rate risk and currency risk. Where material these risks are reviewed and monitored by the Board of Directors.

Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its cash. The Company holds its cash with a highly reputable financial institution and the credit risk is considered minimal.

Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due or can only do so at excessive cost. At September 30, 2024, the Company had working capital deficit of \$1,436,415 (March 31, 2024 – \$971,159). All of the Company's financial liabilities have contractual maturity of less than 30 days and are subject to normal trade terms. The Company controls and monitors its cash flow on a regular basis, including forecasting future cash flow. To date, the Company's primary source of funding has been operations and the issuance of equity securities for cash, primarily through private placements. The Company will need to obtain additional funding by way of equity or other structures to meet its financial obligations.

Interest rate risk

Interest risk is the risk that the fair value or future cash flow will fluctuate as a result of changes in market risk. The Company does not have any financial instruments that are sensitive to interest rate changes and is therefore not exposed to any interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company periodically pays operating expenses in foreign currencies, but they are not significant. The Company's exposure to currency risk is minimal due to the nominal amounts of foreign assets and foreign liabilities and insignificant amount of foreign expenses.

CRITICAL ESTIMATES AND JUDGMENTS

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingencies at the date of the Company's financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimated. Significant estimates in the Company's financial statements include amortization of intangible assets. By their nature, estimates and assumptions are subject to measurement uncertainty and the effect on the Company's financial statements of changes in estimates in future periods could be significant.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date that could result in a material adjustment to the carrying value of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

- Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- Going Concern

The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

- Accounting for the acquisitions

The Company applies significant judgment to conclude whether an acquired set of activities and assets is a business. The acquisition of a business is accounted for as a business combination, under IFRS 3. If an acquired set of activities and assets does not meet the definition of a business, the transaction is accounted for as an asset acquisition. The Company also applied judgment in identifying the assets acquired and evaluating which IFRS standard the asset should be measured in.

OUTSTANDIGN SHARE DATA

As at September 30, 2024 and the date of this MD&A, the Company had 38,931,252 common shares issued and outstanding.

As at September 30, 2024 and the date of this MD&A, the Company had 8,181,500 and 7,207,900 warrants issued and outstanding, respectively.

As at September 30, 2024 and the date of this MD&A, the Company had 1,840,000 options issued and outstanding.

SUBSEQUENT EVENTS

On November 14, 2024, the Client Provider Authorization issued to the Company by Kahnawake Gaming Commission was suspended

On January 20, 2025, a new management team and directors were appointed to the board with the objective of restructuring the Company.

On April 3, 2025, a claim was filed against the Company for a short-term loan payable of \$20,000 plus interest which has been accrued as at September 30, 2024.

COMMITMENT AND CONTINGENCY

The Company is currently working with Kahnawake Gaming Commission ("Commission") to renew its global gaming license as required to ensure its full compliance with laws and regulations. The renewal application is expected to be approved in the near future.

RISKS AND UNCERTAINTIES

Risk Factors Relating to Company

Company has a Limited Operating History

The Company has been operating for over five years but has made significant changes to its operations to ensure all players comply with KYC (know your client) protocols that have been increased recently, and therefore the historical results may not reflect the future operations. Regulatory changes are taking place in the industry resulting in the need to acquire additional licensing to operate in certain jurisdictions. VIP continues to evaluate these requirements and applying for licenses in select jurisdictions is a key part of its growth. VIP also realizes the potential for mergers, acquisitions and partnerships to become a key proponent to growing the company and its revenue and continues to evaluate these opportunities as they become relevant or available.

Negative Cash Flow from Operations

Historically, the Company had negative cash flows from operating activities. Although the Company anticipates it will have positive cash flows from operating activities in future periods, to the extent that the Company has negative cash flows in any future period, certain of the net proceeds from the financing may be used to fund such negative cash flows from operating activities, if any.

Uncertainty of Company's Future Revenues

Although management is optimistic about the Company's prospects, there is no guarantee that expected outcomes and sustainable revenue streams will be achieved. The Company faces risks frequently encountered by gaming companies. In particular, its growth and prospects depend on its ability to expand its operation and grow its revenue streams, whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Company's business, financial condition and results.

Changing Economic Conditions

The demand for entertainment and leisure activities, including sports betting and gaming, more generally, can be highly sensitive to changes in consumers' disposable income, and thus can be affected by changes in the economy and consumer tastes, both of which are difficult to predict and beyond the Company's control. Unfavorable changes in general economic conditions, including recessions, economic slowdowns, sustained high levels of unemployment, and increasing fuel or transportation costs or the perception by customers of weak or weakening economic conditions, may reduce customers' disposable income or result in fewer individuals engaging in entertainment and leisure activities, such as sports betting or online gaming. As a result, the Company cannot ensure that demand for its product and service offerings will remain constant. Adverse developments affecting economies throughout the world, including a general tightening of availability of credit, decreased liquidity in certain financial markets, increased interest rates, foreign exchange fluctuations, increased energy costs, acts of war or terrorism, transportation disruptions, natural disasters, declining consumer confidence, sustained high levels of unemployment or significant declines in stock markets, as well as concerns regarding epidemics and the spread of contagious diseases, could lead to a further reduction in discretionary spending on leisure activities, such as sports betting and gaming. Any significant or prolonged decrease in consumer spending on entertainment or leisure activities could adversely affect the demand for the Company's product offerings, reducing its cash flows and revenues. If the Company experiences a significant unexpected decrease in demand for its product offerings, its business may be harmed.

Risks Associated with Acquisitions

As part of the Company's overall business strategy, the Company intends to pursue select strategic acquisitions, which would provide additional product and service offerings, vertical integrations, additional industry expertise and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential

risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions, in particular where cost synergies are not achieved or where significant additional regulatory risk or costs are associated with the entry into new jurisdictions as a result of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing customers resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Operational Risks

The Company will be affected by a number of operational risks and the Company may not be adequately insured for certain risks, including labor disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, difficulty obtaining banking and payment processing for companies involved in online gambling, difficulty in obtaining gaming licenses for gaming platforms, changing online gaming regulatory environment with previously open markets becoming closed, or adopting prohibitive regulations, markets adopting point of consumption tax regimes that can render some markets less lucrative over time, cost of player acquisition and likelihood to recoup value based on player lifetime values, impact of non-compliance with laws and regulations, natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in personal injury or death, environmental damage, adverse impacts on the Company's operation, costs, monetary losses, potential legal liability, and adverse governmental action, any of which could have an adverse impact on the Company's future cash flows, earnings and financial condition. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which the Company cannot insure or which the Company may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Cybersecurity Risks

The Company's operations involve the storage and transmission of customer data, including personally identifiable information, and security incidents could result in unauthorized access to, the loss of, or unauthorized disclosure of such information.

The Company has security systems in place and what it deems sufficient security around its system to prevent unauthorized access, it must ensure that it continually enhances security and fraud protection within its platform, and if the Company is unable to do so it may become subject to liability for privacy breaches or consequences that result from any unanticipated incident. As a result of advances in computer capabilities, new discoveries in the field of cryptography or other developments, a compromise or breach of the Company's security precautions may occur. The techniques used to obtain unauthorized, improper, or illegal access to the Company's systems, data or customers' data and to sabotage its system are constantly evolving and may be difficult to detect quickly. An information breach in the Company's system and loss of confidential information such as credit card numbers and related information, or interruption in the operation of the Company applications, could have a longer and more significant impact on the Company's business operations than any hardware failure. A compromise in the Company's security system could severely harm its business by the loss of its customers' confidence in it and thus the loss of their business. The Company may be required to spend significant funds and other resources to protect against the threat of security breaches or to alleviate problems caused by these breaches. However, protection may not be available at a reasonable price, or at all. Any failure to adequately comply with necessary protective measures could result in fees, penalties and/or litigation. Concerns regarding the security of e-commerce and the privacy of customers may also inhibit the growth of the Internet as a means of conducting commercial transactions. This may result in a reduction in revenues and increase operating expenses, which would prevent the Company from achieving profitability.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally

obtainable from other sources involved in the sports betting and gaming industries. A failure in the demand for its services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, and financial condition of the Company.

Industry Competition Generally

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company. To remain competitive, the Company will require a continued high level of investment in marketing, sales and customer relationship management and support.

Competition in Sports Betting Industry

The industry within which the Company operates is rapidly evolving and intensely competitive, and is subject to changing technology, changes to regulatory requirements, shifting customer needs and frequent introductions of new offerings. The Company's potential competitors include large and established companies as well as other start-up companies. Such competitors may spend more money and time on developing and testing products and services, undertake more extensive marketing campaigns, adopt more aggressive pricing or promotional policies or otherwise develop more commercially successful products or services than the Company, which could negatively impact its business. Furthermore, new competitors, whether licensed or not, may enter the Company's key product and/or geographic markets. There is no assurance that the Company will be able to maintain or grow its position in the marketplace.

As a result of the foregoing, among other factors, the Company will have to continually introduce and successfully market new and innovative technologies, product and service offerings and product and service enhancements to remain competitive and effectively stimulate customer demand, acceptance, and engagement. The process of developing new product and service offerings and systems is inherently complex and uncertain, and new product and service offerings may not be well received by customers, even if well-reviewed and of high quality. Furthermore, the Company may not recover the often-substantial up-front costs of developing and marketing new technologies and product and service offerings or recover the opportunity cost of diverting management and financial resources away from other technologies and product or service offerings. Additionally, if the Company cannot efficiently adapt its processes and infrastructure to meet the needs of its product and service offering innovations, its business could be negatively impacted.

Reliance on Third Parties

The Company is reliant to an extent on third parties, including information technology service providers. The Company's success is partially dependent on its ability to attract and retain quality service providers. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships or failure to engage third party service providers could be detrimental to the future business, operating results and/or profitability of the Company. Moreover, the Company's financial performance will be significantly determined by its success in adding, retaining, and engaging information technology service providers, which could adversely affect the business of the Company.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Reliance on Management

The success of the Company will be dependent upon the ability, expertise, judgment, discretion, and good faith of its key executives, including the directors and officers of the Company and a small number of highly skilled and experienced executives and personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition. The competition for highly skilled technical, management and other employees in the Company's industry is high and there can be no assurance that the Company will be able to engage or retain the services of such qualified personnel in the future.

Risks Relating to Insurance

The Company intends to insure its operations in accordance with technology industry practice. However, given the novelty of sports, gaming and associated businesses, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. Further, the Company intends to insure against cyber-theft or hacking attacks. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Company.

Brand development

The brand identity that the Company has developed has significantly contributed to the success of its business. Maintaining and enhancing the VIP brand is critical to expanding the Company's customer base and potential B2B clients. The Company believes that the importance of brand recognition will increase due to the relatively low barrier to entry in the industry. The VIP brand may be negatively impacted by a number of factors, including software malfunctions, and data privacy and security issues. If the Company fails to maintain and enhance its brand, or if the Company incurs excessive expenses in this effort, it could have a material adverse effect on the Company's prospects, business, financial condition, and results of operations. Maintaining and enhancing the VIP brand will depend largely on the Company's ability to continue to provide high-quality products and services, which the Company may not continue to do successfully.

Risks Factors Related to Regulation of the Company's Business

Sports Betting Industry is Heavily Regulated

The Company and its officers, directors, major shareholders, key employees and business partners will generally be subject to the laws and regulations relating to online gaming of the jurisdictions in which the Company may conduct business, as well as the general laws and regulations that apply to all e-commerce businesses, such as those related to privacy and personal information, tax and consumer protection. These laws and regulations vary from one jurisdiction to another and future legislative and regulatory action, court decisions or other governmental action, which may be affected by, among other things, political pressures, attitudes, and climates, as well as personal biases, may have a material impact on the Company's operations and financial results. In particular, some jurisdictions have introduced regulations attempting to restrict or prohibit online gaming, while others have taken the position that online gaming should be licensed and regulated and have adopted or are in the process of considering legislation to enable that to happen. Even where a jurisdiction purports to license and regulate online gaming, the licensing and regulatory regimes can vary considerably in terms of their business-friendliness and at times may be intended to provide incumbent operators with advantages over new licensees. As such, some "liberalized" regulatory regimes are considerably more commercially attractive than others.

Regulatory regimes imposed upon gaming providers vary by jurisdiction. Typically, however, most regulatory regimes include the following elements:

- a requirement for gaming license applicants to make detailed and extensive disclosures as to their beneficial ownership, their source of funds, the probity and integrity of certain persons associated with the applicant, the applicant's management competence and structure and business plans, the applicant's proposed geographical territories of operation and the applicant's ability to operate a gaming business in a socially responsible manner in compliance with regulation;
- interviews and assessments by the relevant gaming authority intended to inform a regulatory determination of the suitability of applicants for gaming licenses;
- ongoing reporting and disclosure obligations, both on a periodic and ad hoc basis in response to material issues affecting the business;
- the testing and certification of software and systems, generally designed to confirm such things as the fairness of the gaming products offered by the business, their genuine randomness and ability to accurately generate settlement instructions and recover from outages;
- the need to account for applicable gaming duties and other taxes and levies, such as fees or contributions to bodies that organize the sports on which bets are offered, as well as contributions to the prevention and treatment of problem gaming; and
- social responsibility obligations.

Any gaming license may be revoked, suspended or conditioned at any time, and the industry has recently experienced significantly more enforcement actions. The loss of a gaming license in one jurisdiction could trigger the loss of a gaming license or affect the Company's eligibility for such a license in another jurisdiction, and any of such losses, or potential for such loss, could cause the Company to cease offering some or all of its product offerings in the impacted jurisdictions. The Company may be unable to obtain or maintain all necessary registrations, licenses, permits or approvals, and could incur fines or experience delays related to the licensing process, which could adversely affect its operations. The determination of suitability process may be expensive and time-consuming. The Company's delay or failure to obtain gaming license in any jurisdiction may prevent it from distributing its product offerings, increasing its customer base and/or generating revenues. A gaming regulatory body may refuse to issue or renew a gaming license if the Company, or one of its directors, officers, employees, major shareholders or business partners:

- (a) are considered to be a detriment to the integrity or lawful conduct or management of gaming;
- (b) no longer meet a licensing or registration requirement;
- (c) have breached or are in breach of a condition of licensure or registration or an operational agreement with a regulatory authority;
- (d) have made a material misrepresentation, omission or mis-statement in an application for licensure or registration or in reply to an inquiry by a person conducting an audit, investigation or inspection for a gaming regulatory authority;
- (e) have been refused a similar gaming license in another jurisdiction;
- (f) have held a similar gaming license in that province, state or another jurisdiction which has been suspended, revoked or cancelled; or
- (g) has been convicted of an offence, inside or outside of a particular jurisdiction that calls into question the honesty or integrity of the Company or any of its directors, officers, employees or associates.

Additionally, the Company's product and service offerings must be approved in most regulated jurisdictions in which they are offered and will likely need to undergo third party testing by a certified testing lab. Such testing can be costly and time consuming, and this process cannot be assured or guaranteed. Obtaining these approvals is a time-consuming process that can be extremely costly. A developer and provider of online gaming products may pursue corporate regulatory approval with regulators of a particular jurisdiction while it pursues technical regulatory approval for its product offerings by that same jurisdiction. It is possible that after incurring significant expenses and dedicating substantial time and effort towards such regulatory approvals, the Company may not obtain either of them. If the Company fails to obtain the necessary gaming license in a given jurisdiction, it would likely be prohibited from distributing and providing its product offerings in that particular jurisdiction altogether. If the Company fails to seek a license, does not receive a license, or receives a suspension or revocation of a license in a particular jurisdiction for its product offerings (including any related technology and software) then it cannot offer the same in that jurisdiction and its gaming licenses in other jurisdictions may be impacted. Furthermore, some jurisdictions require license holders to obtain government approval before engaging in some transactions, such as business combinations, reorganizations, stock offerings and repurchases. The Company may not be able to obtain all necessary gaming licenses in a timely manner, or at all. Delays in regulatory approvals or failure to obtain such approvals may also serve as a barrier to entry to the market for the Company's product offerings. If the Company is unable to overcome the barriers to entry, it will materially affect its results of operations and future prospects.

There can be no assurance that legally enforceable prohibiting legislation will not be proposed and passed in jurisdictions relevant or potentially relevant to the Company's business to prohibit, legislate or regulate various aspects of the Internet, e-commerce, payment processing, or the online gaming industries. Compliance with any such legislation may have a material adverse effect on the Company's business, financial condition and results of operations.

Complex and Evolving Regulatory Environment for Online Gaming Industry

In addition to regulations governing online gaming, the Company will be subject to a variety of laws and regulations domestically and abroad that involve the Internet, e-commerce, privacy and protection of data and personal information, rights of publicity, acceptable content, intellectual property, advertising, marketing, distribution, data and information security, electronic contracts and electronic communications, competition, protection of minors, consumer protection, unfair commercial practices, product liability, taxation, economic or other trade prohibitions or sanctions, securities law compliance and online payment and payment processing services. The Company may introduce new products or services, expand its activities in certain jurisdictions, or take other actions that may subject it to additional laws, regulations or other government scrutiny. For example, the Company will handle, collect, store, retrieve, transmit and use confidential, personal information relating to its customers and personnel for various business purposes, including marketing and financial purposes.

These laws, regulations and legislation, along with other applicable laws and regulations, which in some cases can be enforced by private parties or government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations, including pre-existing laws regulating communications and commerce in the context of the Internet and e-commerce, are often uncertain, particularly in the rapidly evolving industry in which the Company operates, and may be interpreted and applied inconsistently across jurisdictions and inconsistently with its future policies and practices.

Legislators and regulators also look beyond online gaming regulations specifically to implement restrictive measures on online gaming. In certain jurisdictions, this has included restrictions on payment processing, internet blocking, account and identity verification requirements, and similar measures. Such regulations, if not appropriately mitigated, could materially adversely affect the Company's business, results of operations or financial condition.

In addition, such restrictive measures may impact the ability or desire of third-party suppliers, including payment processors, to provide services to the Company globally or in certain jurisdictions. A supplier could require the Company, as a condition of its continued use of the supplier's products and services, to restrict access from customers in certain jurisdictions. Such third-party restrictions could affect the manner in which the Company provides its products or services in certain jurisdictions and adversely affect its financial results due to, among other things, the potential need to determine whether to change suppliers, which may not be on as favorable terms, or comply with the supplier's requested restrictions.

Social Responsibility Concerns

Public opinion can significantly influence the regulation of online gaming. A negative shift in the perception of online gaming by the public or by politicians, lobbyists or others could affect future legislation or regulation in different jurisdictions. Among other things, such a shift could cause jurisdictions to abandon proposals to legalize online gaming, thereby limiting the number of new jurisdictions into which the Company could expand. Negative public perception could also lead to new restrictions on or to the prohibition of online gaming in jurisdictions in which the Company may operate.

In addition, concerns with safer betting and gaming could lead to negative publicity, resulting in increased regulatory attention, which may result in restrictions on the Company's future operations. If the Company had to restrict its future marketing or product offerings or incur increased compliance costs, this could have a material adverse effect on its business, results of operations, financial condition and prospects. The Company will likely face scrutiny related to environmental, social, governance and responsible gaming activities, and its reputation and the value of its brands can be materially adversely harmed if it fails to act responsibly in a number of areas, such as environmental, supply chain management, climate change, diversity and inclusion, workplace conduct, responsible gaming, human rights, philanthropy and support for local communities. Any harm to the Company's reputation could impact employee engagement and retention, and the willingness of future customers and the Company's partners to do business with it, which could have a materially adverse effect on its business, results of operations and cash flows.

The Company may be subject to regulatory investigations

From time to time, the Company may receive formal and informal inquiries from government authorities and regulators, including securities authorities, tax authorities and gaming regulators, regarding its compliance with laws and other matters. Violation of existing or future regulatory orders or consent decrees could subject the Company to substantial monetary fines and other penalties that could negatively affect its financial condition and results of operations. In addition, it is possible that future orders issued by, or inquiries or enforcement actions initiated by, government or regulatory authorities could cause the Company to incur substantial costs, expose it to unanticipated civil and criminal liability or penalties, or require it to change its business practices in a manner materially adverse to its business.

Risks Factors Related to the Company's Industry

Success of Sports Betting Products not Guaranteed

The sports betting industry is characterized by elements of chance. Although each sports bet generally performs within a defined statistical range of outcomes, actual outcomes may vary for any given period. In addition to the element of chance, win rates (hold percentages) may also (depending on the game involved) be affected by the spread of limits and factors that are beyond the Company's control, such as a customer's skill, experience and behavior, the mix of games played, the financial resources of customers, the volume of bets placed, and the amount of time spent gambling. As a result of the variability in these factors, the actual win rates of sports bets may differ from the theoretical win rates we have estimated and could result in the winnings of the Company's customers exceeding those anticipated. The variability of win rates (hold rates) also has the potential to negatively impact the Company's financial condition, results of operations, and cash flows.

The Company's success also depends in part on its ability to anticipate and satisfy customer preferences in a timely manner. The Company will operate in a dynamic environment characterized by rapidly changing industry and legal standards, and its products will be subject to changing consumer preferences that cannot be predicted with certainty. The Company will need to continually introduce new offerings and identify future product offerings that complement its existing platforms, respond to its customers' needs, and improve and enhance its existing platforms to maintain or increase customer engagement and growth of its business. The Company may not be able to compete effectively unless its product selection keeps up with trends in the digital sports entertainment and gaming industries, or trends in new gaming products.

The Company will rely on information technology and other systems and platforms, and any failures, errors, defects or disruptions in its systems or platforms could diminish its brand and reputation, subject it to liability, disrupt its business, affect its ability to scale technical infrastructure and adversely affect its operating results and growth prospects. The Company's software applications and systems, and the third-party platforms upon which they are made available could contain undetected errors. The Company's technology infrastructure will be critical to the performance of its platform and offerings and to customer satisfaction. The Company devotes significant resources to network and data security to protect systems and data. However, the Company's systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could be harmful to its business. The Company cannot ensure that the measures it takes to prevent or hinder cyber-attacks and protect its systems, data and user information and to prevent outages, data or information loss, fraud and to prevent or detect security breaches, including a disaster recovery strategy for server and equipment failure and back-office systems and the use of third parties for certain cybersecurity services, will provide absolute security. The Company has experienced, and may in the future experience, website disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors and capacity constraints. Such disruptions have not had a material impact on the Company; however, future disruptions from unauthorized access to, fraudulent manipulation of, or tampering with the Company's computer systems and technological infrastructure, or those of third parties, could result in a wide range of negative outcomes, each of which could materially adversely affect the Company's business, financial condition, results of operations and prospects.

Additionally, the Company's products may contain errors, bugs, flaws or corrupted data, and these defects may only become apparent after their launch. If a particular product offering is unavailable when customers attempt to access it or navigation through the Company platforms is slower than they expect, customers may be unable to place their bets and may be less likely to return to the Company's platforms as often, if at all. Furthermore, programming errors, defects and data corruption could disrupt operations, adversely affect the experience of the Company's customers, harm the Company's reputation, cause customers to stop utilizing the Company platforms, divert resources and delay market acceptance of the Company offerings, any of which could result in legal liability to the Company or harm its business, financial condition, results of operations and prospects.

If the Company's customer base and engagement continue to grow, and the amount and types of offerings continue to grow and evolve, it will need an increasing amount of technical infrastructure, including network capacity and computing power, to continue to satisfy customers' needs. Such infrastructure expansion may be complex, and unanticipated delays in completing these projects or availability of components may lead to increased project costs, operational inefficiencies, or interruptions in the delivery or degradation of the quality of the Company's offerings. In addition, there may be issues related to this infrastructure that are not identified during the testing phases of design and implementation, which may only become evident after the Company has started to fully use the underlying equipment or software, that could further degrade the customer experience or increase its costs. As such, the Company could fail to continue to effectively scale and grow its technical infrastructure to accommodate increased demands.

Failure to Retain or Add Customers

The financial performance of the Company is significantly determined by its success in adding, retaining, engaging and monetizing active customers of its product offerings, in particular high-value, net-depositing customers (primarily recreational players). If people do not perceive VIP's product offerings as enjoyable, reliable, relevant and trustworthy it may be unable to attract or retain customers or otherwise maintain or increase the frequency and duration of their engagement. Any number of factors could potentially negatively affect customer retention, growth and engagement, including if:

- the Company fails to introduce, or delays the introduction of, new products or services (whether developed internally, licensed or otherwise obtained or developed in conjunction with third parties) that customers find engaging or that work with a variety of operating systems or networks, or if it introduces new products or services, including using technologies with which it has little or no prior development or operating experience, or changes to its existing products or services, that are not favorably received by customers;
- customers have difficulty installing, updating or otherwise accessing the Company's product offerings on desktops or mobile devices as a result of actions by it or third parties that it relies on to distribute and deliver its product offerings, or the Company fails to price its product offerings competitively or provide adequate customer service;
- there are decreases in customer sentiment about the quality of the Company's product offerings or concerns related to privacy, safety, security or other factors, or technical or other problems prevent the Company from delivering its product offerings in a rapid and reliable manner or otherwise affecting the customer experience, such as security breaches or failure to prevent or limit spam or similar content;
- new industry standards or games are adopted or customers adopt new technologies where the Company's product offerings may be displaced in favor of other products or services, may not be featured or otherwise available, or may otherwise be rendered obsolete and unmarketable;
- there are adverse changes in the Company's product offerings that are mandated by legislation, regulatory authorities or litigation, including settlements, or the Company does not obtain applicable regulatory or other approvals or renewals of such approvals to offer, directly or indirectly, its product offerings in new or existing jurisdictions;
- the Company adopts policies or procedures related to areas such as customer data and information that are perceived negatively by its customers or the general public;
- the Company elects to focus its customer growth and engagement efforts more on longer-term initiatives, or if initiatives designed to attract and retain customers and engagement are unsuccessful or discontinued, whether as a result of actions by the Company, third parties or otherwise;
- customers increasingly engage with the products or services of the Company's competitors; or

- the Company or other companies in the industries in which it operates are the subject of adverse media reports or other negative publicity.

If the Company is unable to maintain or increase its customer base or engagement, or effectively monetize its customer base's use of its product offerings, its revenue and financial results may be adversely affected. Any decrease in customer retention, growth or engagement could render the Company's products less attractive to customers.

Reliance on Third-Party Networks

The delivery of The Company's offerings and a significant portion of The Company's revenues will be dependent on the continued use and expansion of third-party-owned communication networks, including wireless networks and the Internet. No assurance can be given as to the continued use and expansion of these networks as a medium of communications for The Company.

As it relates to its mobile platforms, the Company will be dependent on the interoperability of such platforms with popular mobile operating systems, technologies, networks and standards that it does not control, such as the Android and iOS operating systems, and any changes, bugs, technical or regulatory issues in such systems, the Company's relationships with mobile partners, manufacturers and carriers, or in their terms of service or policies that degrade the Company's product offerings' functionality, may reduce or eliminate its ability to distribute its product offerings, give preferential treatment to competitive products, limit its ability to deliver high quality product offerings, or impose fees or other charges related to delivering its product offerings. The foregoing may adversely affect its product usage and monetization on mobile devices. If it is difficult or unfavorable for the Company's customers to access and use its product offerings on their mobile devices, or if its customers choose not to access or use its product offerings on their mobile devices or use mobile products that do not offer access to its product offerings, its customer growth and engagement could be harmed, which could adversely affect its results of operation.

In addition, increasing traffic, customer numbers or bandwidth requirements may result in a decline in Internet (or a subset thereof, including mobile Internet) performance and/or Internet reliability. Internet outages or delays or loss of network connectivity may result in partial or total failure of the Company's offerings, additional and unexpected expenses to fund further development or to add programming personnel to complete a development project, loss of revenue which could have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

Litigation

The Company may be subject to litigation claims through the ordinary course of its business operations or otherwise, regarding, among other things, employment matters, tax matters, security of customer and employee personal information, third-party contracts, marketing, intellectual property right infringement, its current and former operations, and the operations of businesses it may acquire in the future prior to their respective acquisitions. Litigation to defend the Company against claims by third parties, or to enforce any rights that it may have against third parties, may be necessary, which could result in substantial costs and diversion of its resources, causing a material adverse effect on its business, financial condition and results of operations. Given the nature of the Company's business, it may from time to time in the future be, party to various, and at times numerous, legal, administrative, and regulatory inquiries, investigations, proceedings and claims that arise in the ordinary course of business, as well as potential class action lawsuits. Because the outcome of such legal matters is inherently uncertain, if one or more of such legal matters were to be resolved against the Company for amounts in excess of management's expectations or any applicable insurance coverage or indemnification right, or if such legal matters result in decrees or orders preventing it from offering certain features, functionalities, products or services, or requires that it changes its development process or other business practices, its results of operations and financial condition could be materially adversely affected. Any litigation to which the Company may be a party may result in an onerous or unfavorable judgment that may not be reversed upon appeal, or in payments of substantial monetary damages or fines, the posting of bonds requiring significant collateral, letters of credit or similar instruments.

Intellectual Property may be Insufficient

The Company's success may depend on its ability to obtain trademark protection for the names or symbols under which it markets its product offerings and to obtain copyright protection of its proprietary technologies, other game innovations and creative assets. The Company may not be able to build and maintain goodwill in its trademarks or obtain trademark protection. There can be no assurance that any trademark or copyright will provide competitive advantages for the Company or that its intellectual property will not be successfully challenged or circumvented by competitors.

The Company may also rely on trade secrets and proprietary know-how. Although the Company will generally require its employees and independent contractors to enter into confidentiality and intellectual property assignment agreements, it cannot be assured that the obligations therein will be maintained and honoured. If these agreements are breached, it is unlikely that the remedies available to the Company will be sufficient to compensate it for the damages suffered even if it promptly applies for injunctive relief. Despite confidentiality agreements and other methods of protecting trade secrets, the Company's proprietary information could become known to or independently developed by competitors. If the Company fails to adequately protect its intellectual property and confidential information, its business may be harmed and its liquidity and results of operations may be materially adversely impacted.

Risk of Intellectual Property Infringement or Invalidity Claims

If the registration and enforcement policies regarding the Company's intellectual property portfolios are inadequate to deter unauthorized use or appropriation by third parties, the value of the Company's brands and other intangible assets may be diminished and competitors may be able to more effectively mimic its brands, products, services and methods of operations. Such events could adversely affect the Company's business and financial results. At the same time, the Company has to be mindful of how it will be perceived by its customers and potential customers if it deploys an unduly strict enforcement policy; an overly aggressive position may deter its customers from supporting the brands and therefore damage not only the brands' reputation in the marketplace but also negatively impact financial results.

Moreover, due to the differences in foreign patent, trademark, copyright and other laws concerning proprietary rights, the Company's intellectual property may not receive the same degree of protection in each jurisdiction where it operates. The Company's failure to possess, obtain or maintain adequate protection of its intellectual property rights for any reason in these jurisdictions could have a material adverse effect on its business, results of operations

and financial condition.

Furthermore, infringement and other intellectual property claims, with or without merit, can be expensive and time-consuming to litigate, and the Company may not have the financial and human resources to defend itself against any infringement suits that may be brought against it. Litigation can also distract management from day-to-day operations of the business.

In addition, the Company's future success may depend upon its ability to obtain licenses to use new marks and its ability to retain or expand existing licenses for certain products. If the Company is unable to obtain new licenses or renew or expand existing licenses, it may be required to discontinue or limit its use of such products that use the licensed marks and its financial condition, operating results or prospects may be harmed.

The Company may also infringe other intellectual property rights belonging to third parties, such as trademarks, copyrights and confidential information. The infringement of trademarks, copyrights and confidential information involve complex legal and factual issues and the Company's products, branding or associated marketing materials may be found to have infringed existing third-party rights. When any third-party infringement occurs, the Company may be required to stop using the infringing intellectual property rights, pay damages and, if it wishes to keep using the third-party intellectual property, purchase a license or otherwise redesign the product, branding or associated marketing materials to avoid further infringement. Such a license may not be available or may require the Company to pay substantial royalties.

Risk of Failing to Adapt to Changing Technology and Industry Standards

The Company's future success depends on its ability to adapt and enhance its suite of technology and software, such as its platforms, as well as its product offerings. To attract new customers, the Company will need to enhance and improve its platforms, product offerings, features and enhancements to meet customer needs at competitive prices. Such efforts will require adding new functionality and responding to technological advancements or disruptive technologies, which will increase the Company's research and development costs. If the Company is unable to develop technology and products that address customers' needs or enhance and improve its platforms and product offerings in a timely manner, that could have a material adverse effect on its business, revenues, operating results and financial condition. The Company's ability to grow is also subject to the risk of future disruptive technologies. If new and/or disruptive technologies emerge that can deliver online betting and gaming and/or entertainment products and services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely affect the Company's ability to compete.