Real Luck Group Ltd.

Management's Discussion and Analysis

For the three and six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

INTRODUCTION

The following management's discussion and analysis ("**MD&A**") is dated August 29, 2023, and provides information concerning the financial condition and results of operations of Real Luck Group Ltd. ("**Real Luck**", the "**Company**" and "**us**", "**our**" or "**we**"), for the three months and six months ended June 30, 2023. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three and six months ended June 30, 2023 and 2022 and the related notes thereto, and the audited consolidated financial statements for the years ended December 31, 2022, and 2021 and the related notes thereto. The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All currency amounts are expressed in Canadian dollars, unless otherwise noted.

Additional information relating to the Company is available on the Company's website at www.realluckgroup.com. The Company's annual information form ("**AIF**") and other public filings made by the Company with Canadian securities regulatory authorities can be found under the Company's SEDAR profile atwww.sedarplus.ca.

CAUTIONARY NOTE 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 section "Risks and Uncertainties" in this MD&A.

In some cases, forward-looking information can be identified by the use of 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.

NON-IFRS FINANCIAL MEASURES

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to compliment those IFRS measures by providing further understanding of the results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Non-IFRS measures including "Working Capital" (calculated as current assets less current liabilities) were used in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets and forecasts.

GOING CONCERN

The Company's condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has had recurring net losses and, as at and for the six months ended June 30, 2023, had negative cash flow from continuing operations of $3,858,308 and an accumulated deficit of $58,373,859. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. The Company will likely require additional capital resources to meet its product development costs, administrative expenses and overhead in the future. While the Company has been successful in raising capital in the past, no assurance can be provided that future capital-raising activities will also be successful. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

OVERVIEW

Real Luck Group Ltd. was incorporated under the Business Corporations Act of Alberta on January 15, 2018. The head office, principal address and registered office of the Company are located at 350 7th Avenue SW, Suite 3400, Calgary, Alberta, Canada, T2P 3N9.

On December 11, 2020, the Company completed a reverse takeover (the "**RTO Transaction**") with EH IOM SubCo Limited ("**Elephant Hill Sub Co.**"), the Company's wholly owned subsidiary, and Esports Limited ("**EL**"), a private company limited by share capital, incorporated and domiciled in the Isle of Man. The Company acquired all of the issued and outstanding common shares of EL. The RTO Transaction was completed by way of a three-cornered amalgamation under the laws of Isle of Man and resulted in EL becoming a wholly owned subsidiary of the Corporation.

On December 16, 2020, the Company changed its name from "Elephant Hill Capital Inc." to "Real Luck Group Ltd." and began trading on the TSX Venture Exchange as a Tier 2 Issuer under ticker symbol "LUCK". Effective April 5, 2021, the Company is also quoted on the OTCQB Venture Market under the ticker symbol "LUKEF".

As at June 30, 2023, the Company had the following wholly-owned subsidiaries: Real Time Games Holdings Limited ("**RTGH**"), Real Time Games Services Limited ("**RTGS**"), Real Time Games Development Ltd. ("**RTGD**"), Esports Limited ("**EL**"), Esports Tech Limited ("**ETL**"), and Real Luck Group Holdings Ltd. ("**RLGH**"). During June 2023, the Company ceased operations of RTGD and began procedures to dissolve the subsidiary. The financial results of RTGD are reflected as discontinued operations in the condensed consolidated interim financial statements for the three and six months ended June 30, 2023 in compliance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

DESCRIPTION OF BUSINESS

The Company, through its subsidiaries, is a fully licensed operator of an award-winning global online betting platform called "Luckbox" ("**the Luckbox platform**" or "**the platform**"), which offers real-money wagering on esports, sports and casino games.

Through its proprietary Luckbox platform, the Company currently offers players the ability to bet on professional competitive video game events and matches across thirteen game titles, and ten sports. The Company added a third revenue stream in the form of casino betting in December 2021, which as of June 30, 2023, allowed players to play more than 800 games. The Company started developing a proprietary B2B platform during 2022 for commercialization in 2023.

Through its Isle of Man license, the Luckbox platform is currently able to accept players from more than 80 countries.

COMPANY STRATEGY AND OBJECTIVES

The Company works to maintain healthy margins through various methods, including odds creation, lowering costs and intelligent player acquisition and retention - working to decrease cost per acquisition ("**CPA**") and increase player lifetime value ("**LTV**").

During the 2021 fiscal year, the Company focused on continuing to enhance its proprietary Luckbox platform by building a superior business intelligence infrastructure, which enables the Company to offer a unique and modern user experience tailored to the next generation of bettors, while ensuring maximum coverage of esports betting opportunities.

The Company was, through much of 2021 and the beginning of 2022, engaged in an extensive process of improving its proprietary Luckbox platform, in order to optimize player conversion and retention. A key milestone was reached in December 2021 with the launch of the Luckbox casino, which is intended to compliment the existing esports and sports betting offerings and to add a near-term revenue stream to the business. The Luckbox casino now features more than 800 games as a result of key partnerships with game providers including Microgaming and Pragmatic Play, which were signed in March 2022.

The Company believes the Luckbox casino is now competitive with the offerings from many casino-dedicated operators (based on metrics such as number of games available, variety of features, user interface and user experience). Player marketing efforts were soft launched in July 2022 with the intent to gradually increase the spend during the rest of the year, into 2023 and beyond.

As highlighted at the Company's Annual General Meeting on August 11, 2022, Real Luck completed its transformation from updating the Luckbox platform to reinitiating the marketing of its esports betting offer in a measured manner. This enabled the Company to engage in meaningful player marketing efforts for the first time in the Company's history. Robust business intelligence tools enable the Company to closely monitor the effectiveness of player marketing campaigns. Management believes customer acquisitions via player referral sites, or affiliate networks, is particularly important. During fiscal 2022, the Company established partnerships with more than 50 global sites as well as announced deals with Raketech which operates more than 1,700 player referral sites.

In 2022, the Company also worked to strengthen its leadership team, appointing Benn Timbury as Chief Operating Officer and Bo Wänghammar to its Board of Directors. Mr. Timbury's most recent role was with one of Europe's fastest growing igaming start-ups, the Gibraltar-based Lottoland Group, which is active in 15 global markets, has over 350 employees and more than 15 million customers. Mr. Wänghammar was formerly Managing Director of Casino at PokerStars (acquired by Flutter Entertainment for US$6 billion in October 2019) and the CEO at Mr. Green & Co online casino (acquired by William Hill for £242 million in October 2018). In 2022, the Company also appointed Dr. Daniel Sanders as Director of Marketing. Dr. Sanders brings extensive marketing and player acquisition experience gained from similar roles at Tencent Games and Red Bull.

The Company has commenced development of innovative software products designed to engage with and convert a new and growing digital audience. Over time, the Company expects that these new products could significantly expand the Company's growth trajectory. The Company is witnessing an unprecedented shift in entertainment where gaming is increasingly dominant, and the Company is working to build products and a brand to target this digital audience in a way that it believes no other operator is.

The Company knows what this audience enjoys, how to reach them and, importantly, how to monetize them, based upon the Company's leadership team's prior responsibilities and accomplishments. Player behaviour of much of the Company's targeted market is already attuned to igaming and the Company is building products and features to enrich viewing and playing experiences. This provides the Company with a unique B2C opportunity and also adds potential for a significant B2B element to the Company's Luckbox platform. A B2B offering can be served to players via other operators as a white label solution which adds an additional revenue stream for the Company, without the accompanying player marketing costs and risks of a B2C offering. These products and tools will be highly social and can be used by influencers, communities and peers, increasing potential virality and adoption. Management expects to announce key partnerships and customer wins in this regard in 2023.

The Company also plans to add further in-house capabilities, including the addition of its own odds compilation team which will aid the Company in capturing greater value in addition to providing a more streamlined platform.

Most third-party odds providers in the market provide limited esports event coverage, increasing the complexity of user facing platforms. To get to market quickly and with as broad an offering as possible, the Company has elected to use a best-of-breed third-party supplier for odds.

As the Company expands and seeks to scale, there is a business rationale to bring odds creation in-house. A proprietary solution will not only reduce costs and help ensure the highest quality but also enable the Company to control the only part of the esports betting value chain that it does not currently perform in-house.

The Company is also targeting growth opportunities in new market segments and geographical regions by seeking to acquire additional licenses in selected regulated markets.

SUMMARY OF SIGNIFICANT EVENTS

The Company has undergone an intense and necessary phase of recalibrating the Luckbox platform, with "under the hood" improvements designed to provide a frictionless customer acquisition experience as well as improving player retention. This was completed in August 2022, and the next phase of growing player numbers has started.

The Luckbox platform's technology now allows the Company to not only develop its own in-house solutions to seamlessly plug into the platform and user experience but also partner with relevant third-parties in a modular fashion.

During the six months ended June 30, 2023, the Company announced the following:

Player and handle growth since Q1 2023

On May 12th, the Company announced that marketing optimization drove a player surge in the month of April and boosted average stake per player by 80% versus Q1 2023. This marketing optimization was a major step towards profitability in April, as the Company outperformed March's record player deposits, with 40% less marketing spend.

The player base continued to grow; from 387,000 at the end of Q1 2023 to 420,000 by the end of April with the average stake per player growing by over 17% month on month, and over 80% versus Q1 2023. April's results were led by data driven traffic source optimization, CRM and product improvements.

On July 7th, the Company announced that during May 2023, average player stakes exceeded $1,000 per active player for the first time in its history. Average Revenue Per User ("ARPU") also grew significantly with an 87% uplift versus the Company's April 2023 ARPU. Gross Gaming Revenue increased 8% compared to April. Global Betting Handle in May was up 6% month-over-month (in EUR base currency) to $4.9 million.

On August 14th, the Company announced that over $23.9 million has been wagered across the site from a Registered Player Base of over 450,000. The Company has also achieved yet another high in July for ARPU.

Renewal of license under the Online Gambling Regulation Act

Real Time Games Holdings Limited ("**RTGH**"), one of the Company's subsidiaries, holds a full license under the Online Gambling Regulation Act ("**OGRA**"), issued by the Isle of Man Gaming Supervision Commission (the "**Commission**"). This license was renewed in May 2023 and is valid until April 2028.

Financing Announced on July 7, 2023

On July 7, 2023, the Company announced a private placement of 60,000,000 units at a price of $0.04 per unit for gross proceeds of up to $2,400,000. Each unit would consist of one common share in the capital of the Company and one common share purchase warrant. Each common share purchase warrant would be exercisable at a price of $0.08 for one common share in the capital of the Company for a period of 36 months following the closing date of the private placement. On August 14, 2023, the Company announced that it was unable to complete this private placement due to a difficult fundraising environment.

The Company has received significant interest from industry investors in both its B2C platform and wholly owned B2B micro-betting product and is now actively exploring alternative strategic options. The management team and Board are reviewing these options, that will allow the Company to grow and maximize value for all shareholders. There can be no assurance that this process will result in any specific strategic plan or financial transaction and no timetable has been set for its completion. The Company does not plan to provide updates on the status of the review unless there are material developments to report.

DISCUSSION AND RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2023

	For the six months ended June 30, 2023	For the six months ended June 30, 2022	$ Change	% Change
Gaming revenue	$ 1,196,317	$ 32,468	$ 1,163,849	3,585%
Cost of sales	929,798	430,183	499,615	116%
	266,519	(397,715)	664,234	(167%)
Operating expenses				
Advertising and marketing	3,612,232	386,996	3,225,236	833%
Depreciation	19,993	19,971	22	0%
Consulting fees	1,054,524	708,655	345,869	49%
Legal and professional fees	418,461	327,020	91,441	28%
General and administrative	310,572	224,250	86,322	38%
Insurance	69,425	80,582	(11,157)	(14%)
Investor relations	85,916	86,529	(613)	(1%)
Salaries and director fees	481,265	269,698	211,567	78%
Share-based payments	234,811	484,653	(249,842)	(52%)
Transfer agent and filing fees	24,667	58,287	(33,620)	(58%)
Travel and accommodation	96,515	59,567	36,948	62%
	(6,408,381)	(2,706,208)	(3,702,173)	137%
Other items	261,250	(142,218)	403,468	(284%)
Net loss from continuing operations	(5,880,612)	(3,246,141)	(2,634,471)	81%
Net loss from discontinued operations	(996,780)	(784,490)	(212,290)	27%
Net loss	(6,877,392)	(4,030,631)	(2,846,761)	71%
Other comprehensive income (loss)	(271,832)	160,776	(432,608)	(269%)
Comprehensive loss	$ (7,149,224)	$ (3,869,855)	$ (3,279,369)	85%

Gaming revenue

The increase in gaming revenue of $1,163,849 from $32,468 for the six month period ended June 30, 2022 to $1,196,317 for the six month period ended June 30, 2023 is mostly due to higher gaming revenues generated from online casino betting. The Company finished optimising the Luckbox Platform as of Q3, 2022 and has since scaled gaming revenue through meaningful marketing campaigns.

Cost of sales

The increase in cost of sales of $499,615 from $430,183 for the six month period ended June 30, 2022 to $929,798 for the six month period ended June 30, 2023 is mostly due to higher casino royalty costs, payment processing fees and player onboarding costs resulting from an increase in players using the Luckbox platform during the six months ended June 30, 2023 compared the six months ended June 30, 2022.

Operating expenses

The Company incurred operating expenses of $6,408,381 during the six months ended June 30, 2023 compared to $2,706,208 for the six months ended June 30, 2022.

The variance in operating expenses is attributed to the following factors:

- The increase in advertising and marketing of $3,225,236 is a result of the Company's efforts to bring more new players to the Luckbox Platform through the use of marketing affiliates and online media advertising.
- The increase in consulting fees of $345,869 is largely due to the Company engaging more consultants during the six months ended June 30, 2023 in comparison to the six months ended June 30, 2022 relating to developing operations, improving the Luckbox betting platform and betting products, building business intelligence and acquiring players.
- The increase in legal and professional fees of $91,441 is mostly a result of legal costs incurred relating to the proposed financing announced in June 2023 and higher accounting fees in connection to reporting the Company's developing operations and tax compliance.
- The increase in general and administrative expenses of $86,322 is largely a result of costs incurred in support of the Company's developing operations.
- The increase in salaries and director fees of $211,567 is mostly due to the Company having a higher average headcount and paying higher compensation to retain staff during the six months ended June 30, 2023 in comparison to the six months ended June 30, 2022.
- The decrease in share-based payments of $249,842 is attributed the timing of the vesting periods of outstanding options and variability in the fair values and number of outstanding options.

Other items and other comprehensive loss

The variations in other items and other comprehensive loss for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 is mostly a result of fluctuations in the exchange rates among currencies used by the Company and its subsidiaries.

Net loss from discontinued operations

During June 2023, the Company discontinued the operations of RTGD and began procedures to dissolve the subsidiary. The net losses from discontinued operations for the six months ended June 30, 2023 and June 30, 2022 are entirely reflective of the net losses incurred by RTGD in those periods.

The increase in net loss from discontinued operations of $212,290 is mostly a result of RTGD incurring higher salaries and director fees due to RTGD having a higher average headcount and paying higher compensation to retain staff during the six months ended June 30, 2023 in comparison to the six months ended June 30, 2022.

Reconciliation of use of proceeds from financing activities

On March 9, 2021, the Company completed a private placement of 14,837,317 special warrants of the Company for net proceeds of $16,108,181. The following tables display a comparison of how the Company intended to use the net proceeds from the private placement (as described in the associated Short Form Prospectus dated June 3, 2021) and the Company's actual use of the proceeds as at June 30, 2023:

Use of Net Proceeds	Estimated Expenditure	Actual Expenditure
User acquisition	$5,361,958	$5,003,495
M&A activity	$7,000,000	$Nil
General and administrative expenses	$2,872,469	$11,104,686
General working capital	$873,754	$Nil
Total	**$16,108,181**	**$16,108,181**

Included in general and administrative expenses were the following milestones:

Milestone	Estimated Cost	Cost Incurred
Upgrade the backend of the Company's platform	$458,454	$1,196,457
Adding casino games to the Company's platform	$229,227	$123,395
Total	**$687,681**	**$1,319,852**

As at June 30, 2023 actual expenditure relating to user acquisition approximated what was estimated. Marketing campaigns to bring players to the Luckbox platform commenced in the second half of 2022 and continued into the six months ended June 30, 2023.

As at June 30, 2023, none of the $7,000,000 proposed spend on M&A was incurred. Various targets were identified and in November 2022, the Company signed an LOI to acquire an Asian-Focused iGaming platform. After conducting the appropriate due diligence, the Company decided not to proceed with the proposed acquisition. Legal fees were immaterial and exclude an allocation of internal costs.

As at June 30, 2023, G&A spend of approximately $11,000,000 exceeded the original estimate of approximately $2,900,000 because the platform rebuild and casino development was not completed until August 2022 (these projects were initially estimated to be completed in Q3/Q4 2021). The completion of these projects marked the transition of the Company's focus from product development to player acquisition. In addition to this, amounts relating to M&A activity were not incurred as expected and proceeds were reallocated to general and administrative expenses.

DISCUSSION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2023

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	$ Change	% Change
Gaming revenue	$ 571,814	$ 13,855	$ 557,959	4027%
Cost of sales	434,514	223,157	211,357	95%
	137,300	(209,302)	346,602	(166%)
Operating expenses				
Advertising and marketing	1,018,044	163,524	854,520	523%
Depreciation	10,350	9,664	686	7%
Consulting fees	541,629	324,748	216,881	67%
Legal and professional fees	242,437	152,992	89,445	58%
General and administrative	152,347	82,866	69,481	84%
Insurance	34,904	40,514	(5,610)	(14%)
Investor relations	41,816	45,353	(3,537)	(8%)
Salaries and director fees	248,032	153,500	94,532	62%
Share-based payments	114,529	236,519	(121,990)	(52%)
Transfer agent and filing fees	15,754	34,075	(18,321)	(54%)
Travel and accommodation	35,661	23,028	12,633	55%
	(2,455,503)	(1,266,783)	(1,188,720)	94%
Other items	109,025	(93,229)	202,254	(217%)
Net loss from continuing operations	(2,209,178)	(1,569,314)	(639,864)	41%
Net loss from discontinued operations	(503,153)	(391,457)	(111,696)	29%
Net loss	(2,712,331)	(1,960,771)	(751,560)	38%
Other comprehensive income (loss)	(79,583)	105,565	(185,148)	(175%)
Comprehensive loss	$ (2,791,914)	$ (1,855,206)	$ (936,708)	50%

Gaming revenue

The increase in gaming revenue of $557,959 from $13,855 for the three month period ended June 30, 2022 to $571,814 for the three month period ended June 30, 2023 is mostly due to higher gaming revenues generated from online casino betting. The Company finished optimising the Luckbox Platform as of Q3, 2022 and has since scaled gaming revenue through meaningful marketing campaigns.

Cost of sales

The increase in cost of sales of $211,357 from $223,157 for the three month period ended June 30, 2022 to $434,514 for the three month period ended June 30, 2023 is mostly due to higher casino royalty costs, payment processing fees and player onboarding costs resulting from an increase in players using the Luckbox platform during the three months ended June 30, 2023 compared the three months ended June 30, 2022.

Operating expenses

The Company incurred operating expenses of $2,455,503 during the three months ended June 30, 2023 compared to $1,226,783 for the three months ended June 30, 2022.

The variance in operating expenses is attributable to the following factors:

- The increase in advertising and marketing of $854,520 is a result of the Company's efforts to bring more new players to the Luckbox Platform through the use of marketing affiliates and online media advertising.

- The increase in consulting fees of $216,881 is largely due to the Company engaging more consultants during the three months ended June 30, 2023 in comparison to the three months ended June 30, 2022 relating to developing operations, improving the Luckbox betting platform and betting products, building business intelligence and acquiring players.

- The increase in legal and professional fees of $89,445 is mostly a result of legal costs incurred relating to the financing announced in June 2023 and higher accounting fees in connection to reporting the Company's developing operations and tax compliance.

- The increase in general and administrative of $69,481 is largely a result of costs incurred in support of the Company's developing operations.

- The increase in salaries and director fees of $94,532 is mostly due to the Company having a higher average headcount and paying higher compensation to retain staff during the three months ended June 30, 2023 in comparison to the three months ended June 30, 2022.

- The decrease in share-based payments of $121,990 is attributed the timing of the vesting periods of outstanding options and variability in the fair values and number of outstanding options.

Other items and other comprehensive loss

The variations in other items and other comprehensive loss for the three months ended June 30, 2023 compared to the three months ended June 30, 2022 is mostly a result of fluctuations in the exchange rates among currencies used by the Company and its subsidiaries.

Net loss from discontinued operations

The net losses from discontinued operations for the three months ended June 30, 2023 and June 30, 2022 are entirely reflective of the net losses incurred by RTGD in those periods. The increase in net loss from discontinued operations of $111,696 is mostly a result of RTGD incurring higher salaries and director fees due to RTGD having a higher average headcount and paying higher compensation to retain staff during the three months ended June 30, 2023 in comparison to the three months ended June 30, 2022.

SUMMARY OF QUARTERLY RESULTS

For the three months ended:	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
Total revenue	$ 38,016	$ 89,508	$ 624,503	$ 571,814
Net loss	$ (1,966,811)	$ (3,119,068)	$ (4,165,061)	$ (2,712,331)
Total comprehensive loss	$ (1,917,152)	$ (3,372,863)	$ (4,357,310)	$ (2,791,914)
Basic and diluted net loss per share	$ (0.03)	$ (0.05)	$ (0.06)	$ (0.04)
For the three months ended:	**September 30, 2021**	**December 31, 2021**	**March 31, 2022**	**June 30, 2022**
Total revenue	$ 7,238	$ 9,934	$ 18,613	$ 13,855
Net loss	$ (1,920,603)	$ (2,030,648)	$ (2,069,860)	$ (1,960,771)
Total comprehensive loss	$ (1,883,422)	$ (2,045,560)	$ (2,014,649)	$ (1,855,206)
Basic and diluted net loss per share	$ (0.03)	$ (0.03)	$ (0.03)	$ (0.03)

Quarter to quarter fluctuations in net loss are typically due to the following factors:

- Additional costs incurred as a result of the Company entering into new agreements and contracts with consultants in support of the Company continuing and developing operations, improving the Luckbox platform and betting products, building business intelligence, and acquiring players.
- The timing of grants, vesting periods, and forfeitures of options with variations in the associated fair values and the number of options vesting contribute to variations in quarterly amounts of share-based payments.
- Variations in general and administrative expenses associated with changes to suppliers for existing services and the addition of new suppliers for new services, among other things, in support of the Company's growth and development.
- Timing of recognition of non-recurring expenses such as, for example, legal and professional fees incurred in connection with the application for trading on the OTCQB Venture Market, fees incurred to address an activist shareholder, and other legal matters.
- Variable spend on advertising and marketing on initiatives to enhance brand recognition and to attract players to the Luckbox platform and betting products.
- Fluctuations in the exchange rates among currencies used by the Company and its subsidiaries resulting in foreign exchange gains and losses.

Quarter to quarter fluctuations in other comprehensive income or loss:

Quarter to quarter fluctuations in other comprehensive income or loss are due to fluctuations in the foreign exchange rates among the presentation currency (Canadian dollar), and the functional currencies of the subsidiaries (Pound Sterling and Bulgarian Lev), that result in exchange differences recognized in other comprehensive income on translation.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates transactions and, in some cases, makes or is presented with proposals. These proposals, which are usually subject to Board, regulatory and sometimes shareholder approvals, may involve future payments, share issuances, or other commitments. These future obligations are usually contingent in nature. As of the date of this MD&A, the Company has possible transactions that it is examining. Management is uncertain whether any of these proposals will ultimately be completed.

LIQUIDITY AND CAPITAL RESOURCES

The accompanying consolidated financial statements have been prepared on a basis that contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company anticipates that it may need to raise additional equity capital in the future to meet its working capital requirements for at least the next 12 months.

During the six months ended June 30, 2023, working capital decreased to a working capital deficiency of $1,150,342 from working capital of $5,720,736 as at December 31, 2022. The $6,871,078 decrease in working capital is mostly attributed to a decrease in cash of $5,282,707 and an increase in accounts payable and accrued liabilities of $1,723,068. The increase in accounts payable and accrued liabilities is mostly due to the timing of payments against outstanding payables.

Cash flows

The following table summarizes the Company's cash flows for the three months ended June 30, 2023 and 2022:

		June 30, 2023		June 30, 2022
Net cash used in continuing operating activities	$	(3,858,308)	$	(3,209,919)
Net cash used in discontinued operating activities*		(1,185,001)		(754,396)
Net cash from (used in) continuing investing activities		752		(11,826)
Net cash from discontinued investing activities*		4,405		-
Net cash used in discontinued financing activities*		(2,449)		(10,162)
Decrease in cash		(5,040,601)		(3,986,303)
Effects of exchange difference		(242,106)		139,605
Cash, beginning of period		6,069,971		14,398,356
Cash, end of period	$	787,264	$	10,551,658

**Cashflows from discontinued operations are entirely reflective of the cashflows of RTGD in those periods*.

As at June 30, 2023, the Company held cash of $787,264 (December 31, 2022 – $6,069,971). The decrease in cash from December 31, 2022 to June 30, 2023 is primarily attributed to the payment of operational costs.

Cash used in continuing operating activities for the six months ended June 30, 2023 was $3,858,308 (2022 – $3,209,919). The increase in cash used in continuing operating activities for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 is mostly a result of the Company spending higher amounts on advertising and marketing in support of bringing new players to the Luckbox platform.

Cash used in discontinued operating activities for the six months ended June 30, 2023 was $1,185,001 (2022 – $754,396). The increase in cash used in discontinued operating activities is partially due to RTGD paying higher salaries as a result of having a higher average headcount and paying higher compensation to retain staff during the six months ended June 30, 2023 in comparison to the six months ended June 30, 2022. RTGD also made higher payments against outstanding accounts payable during the six months ended June 30, 2023 as compared the six months ended June 30, 2022.

Cash generated by continuing and discontinued investing activities for the six months ended June 30, 2023 was from proceeds associated with the sale of office equipment. Cash used in continuing investing activities for the six months ended June 30, 2022 was used to purchase office equipment and a website domain.

Cash used in discontinued financing activities for the six months ended June 30, 2023 and June 30, 2022 was used to repay lease liabilities.

Other factors affecting liquidity

The Company has not yet generated enough cashflows from revenue to sustain the business. As a result, the Company has relied on its ability to raise financing through the issuance of equity securities to obtain sufficient cash flows.

Although the Company anticipates it will have positive cash flows from operating activities in future periods, the Company may raise additional equity or debt capital or enter into arrangements or alternative strategic options to secure necessary financing to fund the completion of development projects, to meet obligations or for the general corporate purposes of the Company. Such arrangements may take the form of loans or other agreements. The sale of additional equity could result in additional dilution to the Company's existing stockholders. There is also the possibility that financing arrangements may not be available to the Company or may not be available in sufficient amounts or on acceptable terms.

RELATED PARTY DISCLOSURES

The Company's related parties are its key management personnel and the companies controlled by its key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and certain corporate officers. The key management personnel of the Company are:

- Thomas Rosander, CEO and a director of Real Luck (appointed on May 7, 2021)
- Drew Green, a director of Real Luck (appointed on December 11, 2020)
- Maruf Raza, a director of Real Luck (appointed on December 11, 2020)
- Lloyd Melnick, a director of Real Luck (appointed on December 11, 2020)
- Bo Wänghammar, a director of Real Luck (appointed on March 8, 2022)
- Lee Hills, a Director of RTGS, a subsidiary of Esports Limited (appointed August 13, 2018)
- William Moore, CFO of Real Luck (appointed on December 17, 2021)
- Benn Timbury, COO of Real Luck (appointed on March 1, 2022)
- Richard Macnee, a former director of RTGS and RTGH, subsidiaries of Esports Limited (appointed December 16, 2022, resigned August 1, 2023)
- Michael Stevens, a former director of Real Luck (resigned on March 8, 2022)

Key management compensation

During the six months ended June 30, 2023 and 2022, the Company incurred charges with related parties which were recorded as follows:

Cash fees and salaries	2023	2022
Consulting fees		
Rost Malta Limited, a company controlled by Thomas Rosander	$ 146,769	$ 110,946
Red 27 Ventures Ltd, a company controlled by Benn Timbury	137,088	60,539
Grayson Services Limited, a company controlled by William Moore	74,775	74,298
Legal and professional fees		
ILS World, a company at which Richard Macnee is a key member of management	22,602	-
General and administration		
SolutionsHub, a company controlled by Lee Hills	19,940	19,813
Salaries and director fees		
Bawik Consulting AB, a company controlled by Bo Wänghammar	34,859	20,298
Drew Green	33,000	31,500
Maruf Raza	33,000	31,500
Lloyd Melnick	33,000	24,000
SolutionsHub, a company controlled by Lee Hills	19,940	19,813
ILS World, a company at which Richard Macnee is a key member of management	6,231	-
	$ 561,204	$ 392,707

Share-based payments		2023		2022
Bo Wänghammar	$	7,724	$	12,859
Thomas Rosander		104,853		274,671
Drew Green		16,829		44,979
Maruf Raza		11,105		28,035
Lloyd Melnick		16,076		25,211
Benn Timbury		18,783		33,557
William Moore		12,147		27,899
Michael Stevens		-		5,443
	$	187,517	$	452,654

During the six months ended June 30, 2022, the Company granted 750,000 options to Benn Timbury and 300,000 options to Bo Wänghammar. These options have an exercise price of $0.21. 10% of these options vested immediately on the grant date, 10% vested six months from the grant date, and 20% will vest each six months thereafter. No options were granted to related parties during the six months ended June 30, 2023.

Related party balances

As at June 30, 2023, included in prepaid expenses and deposits is $5,311 in director and secretarial fees prepaid to ILS World (December 31, 2022 - $9,565), a company at which Richard Macnee is a key member of management. As at June 30, 2022, there were no salaries prepaid to Drew Green included in prepaid expenses and deposits (December 31, 2022 - $33,000).

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares. As at June 30, 2023, the Company had a total of 68,900,548 issued and outstanding common shares, total unit warrants outstanding of 7,789,591, total agent warrants outstanding of 1,186,985, total issued and outstanding stock options of 12,120,000, and total exercisable stock options of 8,252,000. As at the date of this MD&A, the number of issued and outstanding common shares, unit warrants outstanding, agent warrants outstanding, and stock options outstanding remain unchanged since June 30, 2023. As at the date of this MD&A, of the 12,120,000 options outstanding, 8,502,000 are exercisable.

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The significant accounting policies, estimates and judgements followed by the Company are set out in Note 3 and Note 4 to the audited consolidated financial statements for the years ended December 31, 2022 and 2021, and Note 3 and Note 4 to the condensed consolidated interim financial statements for the three and six months ended June 30, 2023 and 2022. There have been no changes to the Company’s accounting policies since the issue of the consolidated financial statements for the years ended December 31, 2022 and 2021 to the date of this MD&A, with the exception of the adoption of an accounting policy for discontinued operations during the six months ended June 30, 2023. This accounting policy is described in Note 3 to the condensed consolidated interim financial statements for the three and six months ended June 30, 2023 and 2022.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit arises principally from cash and cash equivalents, restricted cash, other receivables and the promissory note receivable.

The Company limits its exposure to credit losses on cash, restricted cash, and cash equivalents by placing its cash and cash equivalents with reputable financial institutions. The Company places the majority of its cash at a brokerage firm in Canada that maintains private insurance for up to $10 million for all self-directed and managed accounts and is a member of both the Canadian Investment Regulatory Organization ("**CIRO**") and the Canadian Investor Protection Fund ("**CIPF**") which provides an additional $1 million in coverage in the event the brokerage goes out of business. The Company believes the credit risk associated with cash is mitigated by the brokerage's insurance coverage.

The exposure to credit loss on other receivables is limited as other receivables are mostly comprised of money deposited on a reputable and secured payment platform and refundable goods and services tax. Customers are required to make deposits in advance of the Company rendering its betting and online casino gaming services. The Company does not grant credit to customers.

The maximum exposure to credit risk is reflected in the carrying amounts for cash and cash equivalents, restricted cash, other receivables and the promissory note receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Management controls and monitors the Company’s cash flow on a regular basis, including forecasting future cash flows and maintaining sufficient cash balances to enable settlement of transactions on the due date.

To date, the Company's primary source of funding has been the issuance of equity securities of the Company for cash, primarily through private placements. While the Company has completed some successful financings in the past, there is no assurance that the Company will be able to do so in the future.

The following is an analysis of the contractual maturities of the Company’s financial liabilities and lease liabilities as at June 30, 2023:

	Within one year	Between one and five years	Total
Accounts payable and accrued liabilities	$ 2,792,246	$ -	$ 2,792,246
Lease obligations	-	-	-
Income tax payable	6,257	-	6,257
	$ 2,798,503	$ -	$ 2,798,503

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2023, the Company is not exposed to significant interest rate risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk as it holds financial instruments which are denominated in currencies that are different from their functional currencies. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The Company's controlled entities Real Time Games Holdings Limited (RTGH) and Real Time Games Services Limited (RTGS) conduct business using the Pound Sterling (GBP) as their functional currency. A portion of the financial assets and liabilities held by these two entities are denominated in United States Dollars (USD) and Euros (EUR). The following table displays the Canadian dollar value of these assets and liabilities which are denominated in currencies other than the applicable functional currency as at June 30, 2023:

	Canadian dollar value of assets and liabilities denominated in:	
	USD	**EUR**
Cash and cash equivalents	$ -	$ 30,191
Other receivables	11,616	92,769
Accounts payable and accrued liabilities	-	2,189,145
	$ 11,616	$ 2,312,105

If the USD strengthened or weakened against the GBP by 10%, the exchange rate would impact net and comprehensive loss by approximately CAD $1,000 at June 30, 2023 (December 31, 2022 - CAD $700). If the EUR strengthened or weakened against the GBP by 10%, the exchange rate would impact net and comprehensive loss by approximately CAD $206,000 as at June 30, 2023 (December 31, 2022 - CAD $34,000).

CAPITAL RESOURCES AND MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide future returns for shareholders and maintain an optimal capital structure. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

As defined in National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", disclosure controls and procedures ("**DC&P**") require that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting ("**ICFR**"). This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The condensed consolidated interim financial statements for the six months ended June 30, 2023 and 2022 have been prepared by management in accordance with IFRS and in accordance with accounting policies set out therein.

Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As a Venture Issuer, the Company is not required to certify the design and evaluation of the issuer's DC&P and ICFR and has not completed such an evaluation; and there are inherent limitations on the ability of Management to design and implement on a cost effective basis DC&P and ICFR for the Company which may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports required under securities legislation.

RISKS AND UNCERTAINTIES

Company has a Limited Operating History

The Company began carrying on business in its current capacity on April 25, 2019 and has not yet reached profitability. The Company is, therefore, subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment, and the likelihood of success must be considered in light of the early stage of operations. The Company's lack of operating history may also make it difficult for investors to evaluate the Company's prospects for success and there is no guarantee that the Company's business model will continue to achieve its strategic objectives.

Liquidity / Financing Risk

The Company has a history of operating losses and negative cash flow. To support our existing and new business objectives, we will need to raise additional capital to fund our future operations. Our cash needs will depend on numerous factors, including our revenues, completion of our product development activities, our ability to commercialize products and customer and market acceptance and use of our products. We expect to devote substantial capital resources to, among other things, fund operations, continue development programs, and to build out and increase our portfolio of products. If we are unable to secure such additional financing, it will have a material adverse effect on our business, and we may have to limit operations in a manner inconsistent with our development and commercialization plans. If additional funds are raised through the issuance of equity securities or convertible debt securities, it will be dilutive to our shareholders and could result in a decrease in our stock price.

We have funded our operations primarily with proceeds from public and private offerings of our common shares. Our history of operating losses and cash uses, our projections of the level of cash that will be required for our operations to reach profitability, the terms of the private placement transactions that we completed in the past, and the restricted availability of credit for emerging industries, may impair our ability to raise capital on terms that we consider reasonable and at the levels that we will require over the coming months. We cannot provide any assurances that we will be able to secure additional funding from public or private offerings on terms acceptable to us, if at all. If we are unable to obtain the requisite amount of financing needed to fund our planned operations, it would have a material adverse effect on our business and ability to continue as a going concern.

Global Economic Risk

Ongoing economic slowdown and downturn of global capital markets generally makes raising capital by equity or debt financing more difficult. Access to financing can also be negatively impacted by ongoing global economic risks. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's business and operations.

Changing Economic Conditions

The demand for entertainment and leisure activities, including esports 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. Unfavourable 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 esports 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 esports 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.

Competition in Esports Betting and Online Casino Industries

The industry within which the Company operates is rapidly evolving and intensely competitive and is subject to changing technology, 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 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.

Esports Betting Industry Is Heavily Regulated

The Company and its officers, directors, major shareholders, key employees and business partners are subject to the laws and regulations relating to online gaming of the jurisdictions in which the Company conducts 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. 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.

Any gaming licence that the Company currently holds may be revoked, suspended or conditioned at any time, and the industry has recently experienced significantly more enforcement actions, particularly in the United Kingdom, where the Gambling Commission has issued fines against numerous operators for regulatory failings. The loss of a gaming licence in one jurisdiction could trigger the loss of a gaming licence or affect the Company's eligibility for such a licence 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, increasing its customer base and/or generating revenues in the impacted jurisdictions.

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 and does not guarantee the Company to obtain such approvals.

Furthermore, some jurisdictions require licence 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 licences 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.

Complex and Evolving Regulatory Environment for Online Gaming Industry

In addition to regulations governing online gaming, the Company might 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.

These laws, regulations and legislation, along with other applicable laws and regulations 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 new and 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. This would adversely affect the Company's financial results due to 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.

These laws and regulations, as well as any changes to the same and any related inquiries, investigations or any other government actions, may be costly to comply with and may delay or impede new product development, result in negative publicity, increase the Company's operating costs, require significant management time and attention, and subject it to remedies that may harm its business, including fines or demands or orders that modify or cease certain or all existing business practices, such as limiting its use of personal information to add value for customers, or implement costly and burdensome compliance measures. Any such consequences could adversely affect the Company's business, results of operations or financial condition.

Social Responsibility Concerns

Negative public perception and concerns with safer betting and online gaming could lead to new regulatory restrictions on the Company's current and future operations. Such restrictions on the Company's future marketing or product offerings could result in increased compliance costs and have a material adverse effect on its business, results of operations, financial condition and prospects. In addition, public scrutiny related to betting and gaming activities could negatively impact the Company's reputation and the value of its brand. This can result in a decrease in 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.

Success of Esports Betting Products Not Guaranteed

The esports betting industry is characterized by elements of chance. Accordingly, the Company employs theoretical win rates to estimate what a certain type of esports bet, on average, will win or lose in the long run. The actual win rates of esports bets may differ from the theoretical win rates that the Company has 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.

Failure to Retain or Add Customers

The Company operates 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 keep up with trends in the digital sports entertainment and gaming industries to continually introduce new offerings that complement its existing platforms to maintain or increase customer engagement and growth of its business. 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.

Intellectual Property and Risk of Infringement

The Company's success depends 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. 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. 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 allow competitors to mimic its brands, products, services and methods of operations, and have a material adverse effect on its business, results of operations and financial condition.

Risk of Failing to Adapt to Changing Technology and to Effectively Scale

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 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. The Company's ability to grow is also subject to the risk of future disruptive technologies. If new and/or disruptive technologies emerge that are able to 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.

In addition, as the customer base and the amount and types of product offerings continue to grow and evolve, the Company needs 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. As such, the Company could fail to continue to effectively scale and grow its technical infrastructure to accommodate increased demands.

Reliance on technical infrastructure and third-party networks

The Company relies on information technology and other systems and platforms to deliver its product offerings to customers. 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.

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