RIVALRY CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DEC. 31, 2022 AND 2021

RIVALRY

APRIL 25, 2023

2022 ANNUAL LETTER TO SHAREHOLDERS

To our shareholders,

Rivalry is in the midst of a transformative point in the company's journey.

This past year we've established and iterated on core pillars of our business that resulted in several breakthrough milestones and further positioned Rivalry for long-term success and profitability. We've entered new jurisdictions to increase our total addressable market, launched an innovative casino product to great success, furthered our market leadership of next generation bettors, and doubled down on product and brand differentiation. All while maintaining our position at the cutting edge of this emerging vertical and audience.

Our efforts and strategic vision have delivered record results in 2022 and positioned us for a blistering start to the year. Our betting handle grew 198% over 2021, revenue increased 140%, and gross profit up 349%, while also surpassing 1.5 million registered users as of this letter. Player margins have improved with the addition of casino and other engagement-based features that continue to add depth and diversity to our platform. This momentum has continued into 2023, with preliminary Q1 2023 figures highlighting a record-setting quarter of KPIs and our narrowest net loss since taking the company public in 2021, signaling a continued strong trend toward profitability.

Subsequent to 2022 year-end, we announced a $10,000,000 offering led by sports betting and technology leaders, which will enable us to accelerate our operational execution, extend our leadership position among digitally native consumers, and pursue strategic growth opportunities. We believe the parties and terms of the investment at this inflection point for our business, and within the context of the current challenging market environment, represents a significant vote of confidence in our one-of-a-kind team, market strategy, and unique ability to execute within this emerging vertical.

We are executing against a generational opportunity in sports betting. Underpinning our approach is an unwavering vision to:

1. Become the global leader in betting and entertainment for the next generation.
2. Build the most engaged brand and portfolio of IP in esports betting (original games, content, and creators).
3. Leverage our technology to innovate on product at every turn, creating a proprietary, interactive, and entertaining betting experience unique to Rivalry.

Our differentiated strategy is increasingly gaining recognition among our peers, particularly as sports betting and iGaming stakeholders navigate saturated and unpredictable markets.

The current economic environment has raised the stakes even higher in an already deeply competitive industry – the days of easy money are over. The cheap capital which underwrote strategies driven by endlessly subsidizing player activity through bonus and promotion are beginning to dry up, and operators who once pushed growth at all costs must now shift that bloated approach to one that charts a clear path to profitability. But big companies, like big ships, need time to change course.

Acquisition costs have risen to unsustainable heights as the industry competes against each other for the same customer cohort. Operators are scrambling to correct in real-time as their market share slips on bonus-driven marketing strategies void of lasting consumer touchpoints. This is a race to the bottom with the erosion of margin profiles and any inherent operating leverage going with it.

Meanwhile, product and brand remains stagnant. Outside of marginally better promotions, customers see an uninventive experience with little difference from one sports betting product to the next.

All of this highlights the industry's underlying retention problem. Acquiring, engaging, and retaining a habitually transient customer base is only temporarily solved with the provision of player subsidy. In this model, competitive advantages are dictated by balance sheets instead of innovative products and experiences.

Rivalry's strategy is visibly different from our peers. Our approach prioritizes what we believe is the new blueprint for success in sports betting:

1. Product innovation & differentiation.
2. Brand equity and organic word-of-mouth marketing.
3. Tailored strategy targeting specific demographics and communities.

Great consumer products and category leaders win through a combination of these three things, and the continuity that connects an engaging brand to a product heightens the experience for customers.

It's why we obsess over product, engineering interactive entertainment across our sportsbook and casino to create a deeply custom betting experience tailored for the demographic of sports bettors that we're building for. These initiatives are technically challenging, but economically rewarding, giving us an important proprietary edge in a space where most products are perceived as the same. We believe this is a key value add of our business.

Our market-leading creative execution continues to not only position our brand chiefly among a generation of Millennial and Gen Z consumers, which represent 97% of our active users, but also enhance key business economics.

This content and brand strategy is built on entertainment, not marketing. Creating real value for fans drives increased brand loyalty and organic word-of-mouth awareness. This approach delivers profitable customer acquisition costs and keeps users engaged while reducing our reliance on linear spend to achieve growth.

Gaming and internet culture is now a universally understood language connecting online communities globally, and it's at this intersection where Rivalry's brand lives. An intimate understanding of these communities, more than 100 brand partners, and dozens of social media properties equip us to attract and engage an audience of the internet that legacy operators can't. The business impact of this is operating leverage. When you cultivate true brand love, every dollar of marketing goes further, and customer retention is greater.

Rivalry's unique approach and DNA is a result of our team and culture. We are not cut from the traditional gambling industry cloth; we are tech-forward engineers, world class creatives, and gaming fans. We celebrate out-of-the-box ideas and empower the black sheep, understanding very well that innovation is not borne from conforming to industry status quo.

Rivalry has an exciting road ahead, with a number of strategic and measured investments in 2023 that will enable us to reach the next phase of company growth, and ultimately, long-term profitability. These initiatives include:

- Expanding our esports offering to deepen our core product, attract new customers, and establish the most comprehensive product globally.
- Continued evolution of our interactive Casino.exe platform and release of additional proprietary and third-party games that cater to our core demographic and further establish a betting experience unique to Rivalry.
- Continued product development, including new betting markets and proprietary platform features to meet the shifting consumption habits of Millennial and Gen Z consumers.
- Launch of a mobile app in our regulated markets to increase accessibility of our product and player acquisition.
- Geographic expansion to increase our addressable market and customer base.
- Expanding brand execution through premium content, creator partner programming, and community activations to enhance customer engagement and retention, solidifying Rivalry's leadership position among next generation consumers.
- Continuing to grow our investor base through proactive capital markets outreach.

We look forward to another record setting year and delivering on our promise to produce long-term value for our shareholders and reach profitability. Thank you all for your continued support.

Steven Salz
Co-Founder & CEO
Rivalry Corp.

RIVALRY CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("**MD&A**") should be read in conjunction with Rivalry Corp.'s (the "**Company**" or "**Rivalry**" or "**we**") consolidated financial statements and notes for the years ended December 31, 2022 and 2021 (the "**Financial Statements**"). This MD&A was prepared with reference to the MD&A disclosure requirements set out by the National Instrument 51-102 – *Continuous Disclosure Obligations*. The Financial Statements, together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to future performance. Results are reported in Canadian dollars unless otherwise noted. All references to "**US$**" refer to United States dollars. The Financial Statements are prepared in accordance with the International Financial Reporting Standards ("**IFRS**"). Information contained herein is presented as at April 25, 2023, unless otherwise indicated. Additional information regarding the Company is available on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Such forward-looking statements relate to the Company's current expectations and views of future events or future performance. All statements other than statements of historical fact may be forward-looking statements. The forward-looking statements are included in this MD&A are made only as of the date of this MD&A.

In some cases, these forward-looking statements can be identified by words or phrases such as "**may**", "**might**", "**will**", "**expect**", "**anticipate**", "**estimate**", "**intend**", "**plan**", "**indicate**", "**seek**", "**believe**", "**predict**" or "**likely**", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. These statements involve known and unknown risks, uncertainties and other factors, including those risk factors identified in the Company's MD&A for the year ended December 31, 2022 dated April 25, 2023 below under the heading "*Risk Factors*", that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under Risks and Factors. Except as required by law, the Company does not have any obligation to advise any person if it becomes aware of any inaccuracy in or omission of any forward-looking statement, nor does it intend, or assume any obligation, to update or revise these forward-looking statements to reflect new events or circumstances.

TRADEMARKS, TRADE NAMES AND SERVICE MARKS

This MD&A includes certain trademarks, trade names and service marks which are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, the Company's trademarks, such as Rushlane, may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that the Company will not assert its rights to these trademarks, trade names and service marks to the fullest extent under applicable law. Trademarks used in this MD&A, other than those that belong to the Company, are the property of their respective owners.

DESCRIPTION OF BUSINESS

The Company was incorporated on October 28, 2016 under the *Business Corporations Act* (Ontario) as "PMML Corp.". The registered head office is located at 116 Spadina Avenue Suite 701, Toronto, ON M5V 2K6, Canada. On September 20, 2021, PMML Corp. filed articles of amendment to, *inter alia*, change its name to "Rivalry Corp." and consolidate its share capital on the basis of 4.5 pre-consolidation shares for every 1 post-consolidation shares (the "**Consolidation**") and reorganize its share capital (the "**Reorganization**"). Effective October 5, 2021, the Company's subordinate voting shares (the "**Subordinate Voting Shares**") began trading on the TSX Venture Exchange (the "**TSXV**") under the symbol RVLY. The Subordinate Voting Shares are also traded on the Frankfurt Stock Exchange under the symbol 9VK and the OTCQX Best Market under the symbol RVLCF. Unless otherwise indicated, all references to the share capital of the Company contemplated herein shall be on a post-Consolidation and post-Reorganization basis notwithstanding that such event may have occurred prior to September 20, 2021.

Rivalry is an internationally licensed sports betting and media company offering regulated online wagering on sports and casino for an emerging demographic of Millennial and Gen Z bettors. Rivalry has developed an in-house technology platform offering fixed odds sports betting, in addition to originally developed (e.g Rushlane) and third-party gaming products (e.g Aviator), which it offers through its proprietary casino platform, "Casino.exe.". As the sports betting is a regulated industry, on January 19, 2018, Rivalry Limited, a wholly owned subsidiary of the Company, was granted an Isle of Man licence ("**IOM licence**") to operate by the Gambling Supervision Commission, pursuant to the *Online Gambling Regulation Act* 2011. The IOM Licence allows Rivalry to offer multiple forms of sports betting such as eports, and traditional sports and casino games. On February 9, 2022, Rivalry Australia Pty Ltd., a wholly owned subsidiary of the Company was granted its sports bookmaker licence by the Northern Territory Racing Commission (the "**Australian licence"**) pursuant to the Racing and Betting Act 1983 (NT), which allows the Company to legally operate throughout the whole of the country. On April 4, 2022, the Company officially launched internet gaming in the Province of Ontario ("**Ontario licence**") as one of the first fully registered operators of internet gaming and sports betting in Ontario.

Rivalry's overall strategic vision is to market and grow the existing sportsbook and casino gaming segments and build Rivalry into a positive cash flow business. The Company views its strategy in three broad pillars: continued market leading product innovation; ongoing expansion into new jurisdictions under the Company's existing IOM Licence and new regulated market licences such as its recently granted Ontario licence and Australian Licence; and developing best-in-class content and social media properties to create global brand resonance for Rivalry and its portfolio of intellectual property such as independently branded content series and originally developed on-site products.

The Company will continue to apply for additional licences to further expand its active legal betting markets. The Company will ensure that when seeking licences, it understands the requirements in each market it operates in and will maintain and develop protocols to address compliance. Finally, the Company endeavors to develop and maintain the appropriate financial processes to provide transparency to shareholders.

Together with its management team, the Company continues to work towards delivering a profitable betting business. The Company seeks to identify strategic investments and partnerships to expand its total addressable market and overall customer engagement. The Company is continually reviewing potential acquisitions, strategic partnerships and joint ventures, and it is in the normal course of the Company's business to routinely consider and evaluate offers on assets or acquisitions that fit within its business model.

The Company believes that the available funds together with cash flow from operations will be sufficient to achieve the Company's objectives over the next twelve months. Management of the Company will provide operational, marketing and administrative expertise to all operating subsidiaries.

ANNUAL HIGHLIGHTS

Fully Registered Operator in Ontario and Launch

On February 4, 2022, the Company announced that it had become one of the first fully registered operators of internet gaming and sports betting in Ontario, as Ontario's Alcohol and Gaming Commission had approved the Company's registration. On April 4, 2022, the Company announced that it had launched as a fully registered operator of internet gaming and sports betting in Ontario, as one of the only Canadian companies launching on the first day of regulated online gaming in the province.

Sports Bookmaker License for Australia and Launch

On February 9, 2022, the Company was granted approval of its sports bookmaker licence by the Northern Territory Racing Commission (Australia) pursuant to the Racing and Betting Act 1983 (NT), which allows the Company to legally operate throughout the whole of the country. Australia became Rivalry's first fully regulated market, representing a key milestone in the Company's growth strategy. On May 9, 2022, the Company announced that it had launched its online sports betting service in Australia.

Mobile Sports

On March 23, 2022, the Company announced the addition of mobile sports to its sportsbook. Customers can wager on competitive sports played on mobile devices, considered to be one of the fastest-growing segments of the industry. Rivalry is among the first sportsbooks globally to introduce a comprehensive mobile sports betting offering. Its titles currently include Mobile Legends: Bang Bang, League of Legends Wild Rift, Call of Duty Mobile, PUBG Mobile and Free Fire, with additional games to be introduced in the future.

Casino Launch

On September 13, 2022, the Company announced that it has expanded its product offering into the casino segment. This offering was initially available in markets subject to the IOM Licence and became available in Ontario in March 2023. On November 16, 2022, the Company announced that it had launched four new casino games within the casino segment as well as Casino.exe, its proprietary interactive casino platform, that will house current and future games on the website. Rivalry has since added eight new games, including a variety of single player table games, live dealer and multiplayer offerings, to its casino product with the intent to add more in the future.

RG Check Accreditation

On October 6, 2022, the Company announced receipt of its RG Check Accreditation from the Responsible Gambling Council. The RG Check Accreditation Program is a comprehensive responsible gambling accreditation that provides iGaming sites with the tools to evaluate, monitor and manage gambling risks. The RG Check Accreditation Program was embedded into requirements for all igaming operators entering the Ontario marketplace, with the expectation set that the program must be completed within two years of launching in the market. The Company began the evaluation process prior to the official program launch in Ontario and completed the RG Check Accreditation Program well before the required deadline.

Partnership with Low6

On October 27, 2022, the Company announced a partnership with Low6, the award-winning leader in sports gamification, to design and launch a new free-to-play Pick'em game for the 2022 League of Legends World Championship and The International 11, two of the world's most popular esports events.

BASIS OF PRESENTATION

Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

SELECTED ANNUAL FINANCIAL DATA

The following table sets forth a summary of our selected financial data for each of the years in the three-year period ended December 31, 2022.

	For the Year Ended		
	December 31, 2022	**December 31, 2021**	**December 31, 2020**
Revenue	$ 26,634,324	$ 11,079,455	$ 1,545,314
Net Loss	(31,124,281)	(24,304,602)	(6,900,197)
Net Loss per Share - Basic and Diluted	(0.53)	(0.57)	(0.26)
Total Comprehensive Loss	(32,727,698)	(24,357,761)	(6,854,725)
Total Comprehensive Loss per Share - Basic and Diluted	(0.56)	(0.57)	(0.26)
Total Assets	18,056,211	40,455,286	7,623,341
Total Non-Current liabilities	326,124	17,753	228,183

RESULTS OF OPERATIONS

Revenue

As of the year ended December 31, 2022, the Company's revenue is comprised of sportsbook revenue consisting of wagering on sports and gaming revenue which currently contains casino products. The Company recognized total revenue of $26,634,324 and $11,079,455 for the years ended December 31, 2022, and 2021 respectively. The Company generated $232,843,119 and $78,230,711 in Handle[1] for the years ended December 31, 2022, and 2021, respectively.

[1] The Company defines "Betting Handle" or "Handle" as the total dollar value accepted in wagers, adjusted for cancellations and corrections.

For the year ended December 31, 2022, the total revenue breakdown by operating segment is detailed below:

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Revenue		
Sportsbook Revenue	23,298,727	11,024,052
Gaming Revenue	3,335,597	55,403.00
Total Revenue	$26,634,324	$11,079,455

Sportsbook revenue increased by $12,274,675 for the year ended December 31, 2022, in comparison to the year ended December 31, 2021. Sportsbook handle for the years ended December 31, 2022, and 2021 was $170,002,307 and $78,048,719 respectively.

Gaming revenue for the year ended December 31, 2022, increased by $3,280,194 for the year ended December 31, 2022 in comparison to the year ended December 31, 2021. Gaming handle was $62,840,812 for the year ended December 31, 2022, and $181,992 for the year ended December 31, 2021.

The increase in sportsbook revenue continues to be due to the success of Rivalry's unique marketing strategy and growth in global brand equity which enabled the Company to attract, retain, and engage users to the site more effectively. In addition, the Company launched its third-party casino products during the third quarter of 2022 which has contributed to 13% of the total revenue for the year.

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
Total Revenue	$ 26,634,324	$ 11,079,455
Cost of Revenue	(16,826,696)	(8,892,975)
	9,807,628	2,186,480

Cost of Revenue

Cost of revenue increased by $7,933,721 to $16,826,696 for the year ended December 31, 2022, when compared to the year ended December 31, 2021, due to the increased level of activity which also drove the increase in revenue.

Operating Expenses

The Company incurred total operating expenses of $39,950,056 and $27,003,704 for the years ended December 31, 2022, and 2021, respectively. The breakdown is provided below with commentary on all variances above 10% or greater than $25,000.

	For the Year Ended		
	December 31, 2022	December 31, 2021	$ Change
Marketing, advertising and promotion	14,228,509	6,050,133	$ 8,178,376
General and Administration	13,545,598	6,281,618	$ 7,263,980
Share based compensation	8,163,486	10,511,595	$ (2,348,109)
Technology and content	3,107,432	1,262,187	$ 1,845,245
Miscellaneous expenses (net of SR&ED recoveries)	401,626	711,787	$ (310,161)
Finders warrants expense	282,235	432,194	$ (149,959)
Depreciation and amortization	221,170	212,528	$ 8,642
Bad debt expense	-	1,541,662	$ (1,541,662)
Total Operating Expenses	39,950,056	27,003,704	$12,946,352

Marketing, advertising and promotion
Marketing, advertising and promotion expenses increased by $8,178,376 to $14,228,509 for the year ended December 31, 2022, in comparison to the previous year. This is due to additional spending on marketing campaigns to attract and retain users to the site in additional regions under the IOM Licence as well as marketing campaigns for the newly launched Ontario and Australia regions in 2022. The Company views marketing expenditure as an investment where the full impact will be realized over multiple quarters.

General and Administration
General and Administration expenses increased by $7,263,980 to $13,545,598 for the year ended December 31, 2022, when compared to the year ended December 31. 2021. The Company has increased its headcount across the organization as it scaled its business and incurred legal and professional fees to support its operations, its public listing, and new licensed regions.

Share-based compensation
Share-based compensation decreased by $2,348,109 to $8,163,486 for the year ended December 31, 2022 due to fewer issuances of security-based compensation under the Company's equity incentive plan (the "**Equity Incentive Plan**"). In connection with the Company's listing on the TSXV in 2021, the Company issued equity incentive awards to directors, officers, and staff in recognition of years of service, with no additional awards issued to many of these parties in the preceding four years. The Equity Incentive Plan allows the board of directors of the Company to issue (a) options to purchase a rolling 10% of the issued and outstanding Subordinate Voting Shares and (b) up to 5,882,108 Subordinate Voting Shares underlying restricted shares and restricted share units (all as further set out in the Equity Incentive Plan). As at December 31, 2022, 279,531 awards were outstanding in comparison to the 1,562,933 awards outstanding as at December 31, 2021.

Technology and content
Technology and content expense increased by $1,845,245 to $3,107,432 for the year ended December 31, 2022, when compared to the year ended December 31, 2021. This is primarily due to fees paid to odds providers, and costs associated with additional technology support which is required to maintain the betting and gaming platform.

Miscellaneous expenses
Miscellaneous expenses decreased by $310,161 to $401,626 for the year ended December 31, 2022. The reduction is due to the stabilization of operating expenses for the Company and establishing trusted vendor arrangements.

Finders warrants expense
After satisfying the escrow release conditions on September 24, 2021, the Company issued 419,235 Subordinate Voting Share purchase warrants to the agents in connection with the Company's September 9, 2021, offering of subscription receipts (the "**Subscription Receipt Offering**") at an exercise price of US$2.61 per Subordinate Voting Share exercisable until March 24, 2023. There are 419,235 total warrants outstanding as of December 31, 2022, and valued at $282,235 based on a Black-Scholes valuation model.

Bad debt expense
For the year ended December 31, 2022, there has been no bad debt expense. This line item for the previous year corresponds to a loan made to a related party, GG Corp., for operational purposes and no additional loans have been made since August 24, 2021.

CONSOLIDATED SUMMARY OF QUARTERLY RESULTS

The following shows the summary of quarterly financial data for the preceding eight quarters, inclusive of the quarter ended December 31, 2022:

Quarterly Results	Revenue	Net Loss	Loss per share - Basic and Diluted
December 31, 2022	9,430,534	(12,349,716)	(0.21)
September 30, 2022	7,143,431	(5,975,211)	(0.10)
June 30, 2022	5,294,578	(6,244,360)	(0.11)
March 31, 2022	4,765,782	(6,554,994)	(0.11)
December 31, 2021	2,150,871	(15,233,327)	(0.36)
September 30, 2021	3,697,226	(4,187,690)	(0.08)
June 30, 2021	3,317,393	(2,591,216)	(0.06)
March 31, 2021	1,911,481	(2,292,369)	(0.06)

The main contributor to the quarterly losses for the quarter ending December 31, 2022, and 2021 is share based compensation. These amounts were $6,379,408 and $10,414,044, respectively and are not expected to recur in the future given the current outstanding grants under the Equity Incentive Plan.

Quarterly revenue fluctuations are due to the seasonality of the esports calendar of events which can be irregular throughout the calendar year, and typically goes into the 'off season' in early November through to early January. This 'off-season' period sees a material reduction in events, which naturally / typically impacts user activity. In 2022, the International 10 Dota 2 Championship happened in October 2022 which generated a record Betting Handle month ($37M) for the Company.

During the year ended December 31, 2022, the company incurred $1,282,031 in expenses that have been included under other income and expenses as non-recurring licensing fees in relation to a third-party agreement. These expenses are considered non-recurring in the normal course business of the Company and are not expected to repeat in the future. The Company believes that it is important to disclose these fees separately for transparency and context to the readers of these statements.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2022, the Company had working capital of $13,566,740 in comparison to $38,531,150 as at December 31, 2021. The Company's management has historically financed its cash needs through the issuance of Subordinate Voting Shares.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	For the Year Ended	
	December 31, 2022	**December 31, 2021**
	$	**$**
Cash used in operating activities	(21,276,389)	(10,380,571)
Cash used in investing	(606,215)	(58,760)
Cash provided by (used in) financing activities	(124,386)	45,296,351
Net increase (decrease) in cash and cash equivalents	(22,006,989)	34,857,020
Exchange rate differences on translation of foreign operations	(1,252,249)	(26,421)
Cash and cash equivalents at beginning of period	35,450,760	620,162
Cash and cash equivalents at end of period	12,191,522	35,450,760

Operating Activities

Cash used in operating activities includes the impact of changes in accounts receivable and subscription receivable and payables and also share based compensation. Cash used in operating activities for the year ended December 31, 2022 increased by $10,895,818 when compared to the year ended December 31, 2021. The difference is mainly attributed to the net loss, fluctuations in accounts receivable and subscription receivable, and restricted cash.

Investing Activities

The amounts impacting cash used in investing activities increased by $547,455 and include purchases of property and equipment, the new right-of-use asset, along with the Loan (as defined herein) to Kevin Wimer effective April 17, 2022 with a carrying amount of $496,424 as of December 31, 2022.

Financing Activities

The cash provided by financing activities decreased by $45,420,737 when compared to the year ended December 31, 2021. The difference is due to the financing rounds completed in 2021 in the amount of $42,133,832.

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company has no debt guarantees, off-balance sheet arrangements or long-term obligations.

RELATED PARTY DISCLOSURES

The remuneration of directors and key management personnel during the years ended December 31, 2022 and 2021, included management fees of $1,228,815 and $887,445, respectively, and share based compensation of $5,914,113 and $9,779,292 respectively; which is included in share-based compensation expense. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by both parties.

The Company loaned a related party, GG Corp., funds for operating purposes starting in 2020 with no additional loans made since August 2021. As of December 31, 2022, the balance due was $2,605,070 and this entire amount has been fully reserved.

Starting in February 2022, a related party, Cheesan Chew, provided services to the Company in relation to consulting and project planning. The amount paid during the year ended December 31, 2022 was $209,742 included in general and administration expenses. The Company will continue to assess the services provided on a monthly basis.

On April 17, 2022 the Company entered into a secured demand loan (the "**Loan**") with Kevin Wimer, the Chief Operating Officer and a Director of the Company. Pursuant to the terms of the Loan, the Company loaned Mr. Wimer $484,917 (USD $385,000) which amount bears interest at 3.2% per annum and is repayable on demand by the Company and in any event by April 17, 2024. The Loan was entered into to assist Mr. Wimer with the funding of certain tax obligations and is secured by a pledge of Mr. Wimer's Subordinate Voting Shares of the Company. The Loan was approved by the non-interested directors of the Company. As of December 31, 2022, the carrying amount of the receivable was $496,424 with interest receivable of $11,507.

FOURTH QUARTER RESULTS

The following table sets forth a summary of our highlighted financial results for the three-month period ended December 31, 2022.

	For the Quarter Ended	
	December 31, 2022	**December 31, 2021**
Revenue	$ 9,430,534	$ 2,150,871
Net Loss	(12,349,716)	(15,594,070)
Net Loss per Share - Basic and Diluted	(0.21)	(0.36)
Total Comprehensive Loss	(13,634,793)	(16,311,294)
Total Comprehensive Loss per Share - Basic and Diluted	(0.23)	(0.38)
Total Assets	18,056,211	40,455,286
Total Non-Current liabilities	326,124	17,753

Revenue

For the period ended December 31, 2022, the total revenue breakdown by operating segment is detailed below:

	For the Quarter Ended	
	December 31, 2022	**December 31, 2021**
Revenue		
Sportsbook Revenue	7,147,240	2,095,468
Gaming Revenue	2,283,294	55,403
Total Revenue	$9,430,534	$2,150,871

The Company's revenue is comprised of sportsbook revenue consisting of wagering on sports and gaming revenue which currently contains casino products. The Company recognized total revenue of $9,430,534 and $2,150,871 for the three months ended December 31, 2022 and 2021 respectively. The Company generated $83,932,598 and $24,874,118 in Handle[1] for the three months ended December 31, 2022, and 2021, respectively.

Sportsbook revenue increased by $5,051,772 for the three months ended December 31, 2022, in comparison to the three months ended December 31, 2021. Sportsbook handle for the three months ended December 31, 2022, and 2021 was $42,638,235 and $24,757,172 respectively.

Gaming revenue for the three months ended December 31, 2022, increased by $2,256,207 for the three months ended December 31, 2022, in comparison to the three months ended December 31, 2021. Gaming handle was $41,294,362 for the three months ended December 31, 2022, and $116,945 for the three months ended December 31, 2022.

	For the Quarter Ended	
	December 31, 2022	December 31, 2021
Total Revenue	$ 9,430,534	$ 2,150,871
Cost of Revenue	(4,442,259)	(1,752,417)
	4,988,275	398,454

Cost of Revenues

Cost of revenues increased by $2,689,842 for the three months ended December 31, 2022, in comparison to the same time period in the previous year as a function of the increased level of betting activity which also drove the much higher increase in revenue.

Operating Expenses

The Company incurred total operating expenses of $16,358,851 and $15,990,961 for the three months ended December 31, 2022, and 2021, respectively. The breakdown is provided below with commentary on all variances above 10% or greater than $25,000.

	For the Quarter Ended		
	December 31, 2022	December 31, 2021	$ Change
Marketing, advertising and promotion	4,306,333	2,390,308	$ 1,916,025
General and Administration	3,960,733	2,703,664	$ 1,257,069
Share based compensation	6,379,408	10,414,044	$ (4,034,636)
Technology and content	1,433,683	350,205	$ 1,083,478
Miscellaneous expenses (net of SR&ED recoveries)	222,014	174,992	$ 47,022
Depreciation and amortization	56,680	53,944	$ 2,736
Finders warrants expense	-	(96,196)	$ 96,196
Bad debt expense	-	-	$ -
Total Operating Expenses	16,358,851	15,990,961	$ 367,890

Marketing, advertising and promotion

Marketing, advertising and promotion expenses increased by $1,916,025 to $4,306,333 for the three months ended December 31, 2022, in comparison to the same time period the previous year, due to additional spending on marketing campaigns to attract and retain users to the site in additional regions under the IOM Licence as well as marketing campaigns for the newly launched Ontario and Australia regions in 2022. The Company views marketing expenditure as an investment where the full impact will be realized over multiple quarters.

General and Administration
General and Administration expenses increased by $1,257,069 to $3,960,733 for the three months ended December 31, 2022, when compared to the same time period the previous year. The Company has increased its headcount across the organization as it scaled its business and incurred legal and professional fees to support its operations, its public listing, and new licensed regions.

Share-based compensation
Share-based compensation decreased by $4,034,636 to $6,379,408 for the three months ended December 31, 2022, due to further but fewer vesting of restricted shares and restricted share units under the Equity Incentive Plan. In connection with the Company's listing on the TSXV in 2021, the Company issued equity incentive awards to directors, officers, and staff in recognition of years of service, with no additional awards issued to many of these parties in the preceding four years. The Equity Incentive Plan allows the board of directors of the Company to issue (a) options to purchase a rolling 10% of the issued and outstanding Subordinate Voting Shares and (b) up to 5,882,108 Subordinate Voting shares underlying restricted shares and restricted share units (all as further set out in the Equity Incentive Plan). As at December 31, 2022, 279,531 awards were outstanding in comparison to the 1,562,933 awards outstanding as at December 31, 2021.

Technology and content
Technology and content expenses increased by $1,083,478 to $1,433,683 for the three months ended December 31, 2022, when compared to the three months ended December 31, 2021. This is primarily due to fees paid to odds providers, and costs associated with additional technology support which is required to maintain the betting and gaming platform.

Miscellaneous expenses
Miscellaneous expenses increased by $47,022 to $222,014 for the three months ended December 31, 2022, in comparison to the same time period in the previous year as the amounts in 2021 include the Scientific Research and Experimental Development recoveries which further reduces these expenses for this category.

Finders warrants expense
There have been no additional finders warrants issued for the three months ended December 31, 2022. As at December 31, 2022, 419,235 finders warrants remain unexercised.

OUTSTANDING SHARE DATA

Description	**As at the date of this MD&A**
Subordinate Voting Shares	59,878,728
Multiple Voting Shares	2,222,220
Compensation Warrants	419,235
Options	3,506,120
Restricted Share Units	279,531

USE OF PROCEEDS – Subscription Receipt Offering

The following is a tabular comparison of the use of proceeds disclosed in the Company's prospectus dated September 17, 2021 and the estimated use of the net proceeds by the Company subsequent to the Subscription Receipt Offering. The following includes the net proceeds from the Subscription Receipt Offering and other available funds as of the date of the prospectus in the amount of US$33,992,787. On December 31, 2022, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US$1.00 = $1.3455 and was used to prepare the conversion below.

	Disclosed in the Prospectus filed September 17, 2021		Estimated Use of Proceeds	Variance
	US	CAD	CAD	CAD
Marketing	$ 18,800,000	$ 25,295,400	(17,717,649)	$ 7,577,751
New Hires	3,600,000	$ 4,843,800	(2,865,741)	1,978,059
Platform Development	3,600,000	$ 4,843,800	(3,642,514)	1,201,286
License Application, Acquisition and Maintenance	1,800,000	$ 2,421,900	(2,119,038)	302,862
Working Capital and General Corporate Purposes	6,192,787	$ 8,332,395	(7,200,831)	1,131,563
	$ 33,992,787	$ 45,737,295	$ (33,545,773)	$ 12,191,521

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Right-of-Use Assets and Lease Liabilities

The Company assesses whether a contract is or contains a lease, at inception of a contract. Leases are recognized as a right-of-use asset and corresponding liability at the commencement date. The right-of-use asset is amortized over the estimated life of the asset. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in net finance costs in the consolidated statements of operations and comprehensive income (loss) over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Share-Based Payments

The estimation of share-based payments requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of the grant. The Company makes estimates as to the volatility, the expected life, dividend yield and the time of exercise, as applicable. The expected volatility is based on the average volatility of share prices of similar companies over the period of the expected life of the applicable warrants and stock options. The expected life is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Loss per Share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of Subordinate and Multiple Voting Shares outstanding during each of the periods presented. Contingently issuable shares (including shares held in escrow) are not considered outstanding Subordinate Voting Shares and consequently are not included in the loss per share calculations.

Diluted loss per share is calculated by adjusting the weighted average number of Subordinate Voting Shares outstanding to assume conversion of all dilutive potential Subordinate Voting Shares. The Company has three categories of dilutive potential Subordinate Voting Shares: warrants, stock options, and restricted share units. In order to determine diluted loss per share, it is assumed that any proceeds from the exercise of dilutive stock options would be used to repurchase Subordinate Voting Shares at the average market price during the period. The diluted loss per share calculation excludes any potential conversion of options or warrants that would increase earnings per share or decrease loss per share.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at December 31, 2022, the Company's significant foreign exchange currency exposure on its financial instruments expressed in Canadian dollars was as follows:

	EUR	GBP	USD
Cash	2,183,270	467,714	8,550,724
Restricted cash	465,315	745,607	261,313
Accounts payable and accrued liabilities	(23,885)	(193,692)	(1,017,454)
Net exposure	2,624,700	1,019,629	7,794,582
Effect of +/- 10% change in currency	262,470	101,963	779,458

Based on the above net exposures at December 31, 2022, a 10% depreciation or appreciation of the foreign currencies against the Canadian dollar would result in an increase or decrease, respectively, in the Company's loss by $1,143,891.

At December 31, 2022 and 2021, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

RISK FACTORS

Risks Related to the Regulatory Environment

Sports Betting Industry is Heavily Regulated

Rivalry 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 Rivalry 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 Rivalry'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 licenced and regulated and have adopted or are in the process of considering legislation to enable that to happen. Even where a jurisdiction purports to licence and regulate online gaming, the licencing 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 licencees.

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

- a requirement for gaming licence 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 licences;

- 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 licence 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 its regulatory body 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 Rivalry's eligibility for such a licence in another jurisdiction, and any of such losses, or potential for such loss, could cause Rivalry to cease offering some or all of its product offerings in the impacted jurisdictions. Rivalry may be unable to obtain or maintain all necessary registrations, licences, permits or approvals, and could incur fines or experience delays related to the licencing process, which could adversely affect its operations. The determination of suitability process may be expensive and time-consuming. Rivalry's delay or failure to obtain gaming licences 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 licence if Rivalry, 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 licencing 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 misstatement 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 licence in another jurisdiction; (f) have held a similar gaming licence 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 Rivalry or any of its directors, officers, employees or associates.

Additionally, Rivalry'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, Rivalry may not obtain either of them. If Rivalry fails to obtain the necessary gaming licence in a given jurisdiction, it would likely be prohibited from distributing and providing its product offerings in that particular jurisdiction altogether. If Rivalry fails to seek a licence, does not receive a licence, or receives a suspension or revocation of a licence 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 licences in other jurisdictions may be impacted. Furthermore, some jurisdictions require licence holders to obtain government approval before engaging in some transactions, such as business combinations, reorganizations, stock offerings and repurchases. Rivalry 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 Rivalry's product offerings. If Rivalry 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 Rivalry'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 Rivalry's business, financial condition and results of operations.

Complex and Evolving Regulatory Environment for Online Gaming Industry

In addition to regulations governing online gaming, Rivalry 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. Rivalry 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, Rivalry 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. Rivalry may share this personal or confidential information with vendors or other third parties in connection with processing of transactions, operating certain aspects of its business, combating fraud or for marketing 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 new and rapidly evolving industry in which Rivalry 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. For example, in June 2010, Norway enacted a law prohibiting the remittance of monies from Norwegian bank accounts to gaming operators. In January 2020, there were subsequent amendments to this law to further ensure compliance so that not only banks but other companies are required to investigate all payment transactions. Additionally, in July 2018, Italy introduced legislation banning gaming advertising in various forms, with the ban extending to in-game advertising and sponsorships of sports or cultural events beginning on July 1, 2019. This total advertising ban outlaws any form of advertising, even indirect, relating to games or betting with money prizes. Such regulations, if not appropriately mitigated, could materially adversely affect Rivalry'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 Rivalry globally or in certain jurisdictions. A supplier could require Rivalry, 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 Rivalry 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.

Rivalry is also vulnerable to developments in intellectual property laws and/or political, legislative, regulatory developments that may seek further liability to pay royalties, integrity fees or other types of levy to the organizers of sports events or data right owners, which arise from the concept of the so-called "**right-to-bet**", where the organizers of sporting events and competitions and those claiming to have data rights in relation to such events seek to obtain a share of the revenue gaming operators generate on such events and competitions. In all such cases, the level of any such royalty, fee or levy will be outside Rivalry's control. Rivalry cannot predict with any certainty what further payments may be required in the future and what other additional resources may need to be made available to address the conditions on which royalties, fees or other levies may be imposed, as well as sports integrity issues.

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 Rivalry'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 Rivalry's business, results of operations or financial condition.

Rivalry 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 Rivalry 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 Related to the Company's Business

Negative Cash Flow from Operations

During the fiscal year ended December 31, 2022, Rivalry 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 Rivalry has negative cash flows in any future period, certain of the net proceeds from a financing may be used to fund such negative cash flows from operating activities, if any.

Uncertainty of Rivalry's Future Revenues

Although management is optimistic about Rivalry's prospects, there is no guarantee that expected outcomes and sustainable revenue streams will be achieved. Rivalry faces risks frequently encountered by early-stage 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 Rivalry's business, financial condition and results.

Global Economic Risk

While the cancellation or postponement of traditional sports has paved the way for an increase in new opportunities for the industry of sports betting; the ongoing economic slowdown and downturn of global capital markets (in particular as a result of Inflation) has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Company is subject to liquidity risks in meeting development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact Rivalry's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, Rivalry's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and trading price of the Subordinate Voting Shares.

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. 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 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, increase inflation, 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 Rivalry'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 Future Acquisitions

As part of the Company's overall business strategy, Rivalry may 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 Rivalry'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.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Company. While the Company may obtain appropriate indemnification provisions in connection with its acquisitions and dispositions, the Company may still be exposed to significant financial or reputational risk as a result of entering into such transactions.

Operational Risks

Rivalry will be affected by a number of operational risks and Rivalry may not be adequately insured for certain risks, including changes in the regulatory environment, difficulty obtaining banking and payment processing for companies involved in online gaming, difficulty in obtaining gaming licences for gaming platforms, changing online gaming regulatory environments 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 and impact of non-compliance with laws and regulations. There is no assurance that the foregoing risks will not result in adverse impacts on Rivalry's operation, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on Rivalry'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 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 Rivalry's future cash flows, earnings, results of operations and financial condition.

Cybersecurity Risks

The Company's operations involve the storage and transmission of a large volume of customer data, including personally identifiable information, and security breaches, incidents technical malfunctions, errors or malfeasance could result in unauthorized access to, the loss of, or unauthorized disclosure of such information. To mitigate cybersecurity risks, the Company has built a culture around cybersecurity, implementing a variety of information segregation measures, secure password storage, and multiple redundancy measures across different elements of the technology stack. Importantly, access to information and any material technical deployment requires layers of approval that limits access to key technical items to a small number of trusted staff members. Rivalry does not currently have cybersecurity insurance.

Although 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 Rivalry 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 Rivalry's security precautions may occur. The techniques used to obtain unauthorized, improper or illegal access to the Company systems, data or customers' data and to sabotage its system are constantly evolving and may be difficult to detect quickly. An information breach in Rivalry'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 Rivalry's business operations than any hardware failure. A compromise in Rivalry's security system could severely harm its business by the loss of customer confidence, damage to its reputation and brands, diminished competitive position and thus the loss of 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 Rivalry from achieving profitability.

Foreign Operational Risks

The Company is domiciled and headquartered in Canada, however a significant portion of the business and operations of the Company is conducted in foreign jurisdictions. The Company's business and operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the control of the Company, including, but not limited to, renegotiation or nullification of existing contracts or licenses, changes in policies, regulatory requirements or the personnel administering them, economic sanctions, risk of terrorist activities, border disputes and other risks arising out of foreign governmental sovereignty over the areas in which the Company's business is conducted. The Company's operations may also be adversely affected by laws and policies of such foreign jurisdictions affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with the Company's operations in a foreign jurisdiction where the Company conducts or will conduct its business, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's activities in foreign jurisdictions could be substantially affected by factors beyond their control, any of which could have a material adverse effect on the Company.

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 or sports betting, thereby limiting the number of new jurisdictions into which Rivalry could expand. Negative public perception could also lead to new restrictions on or to the prohibition of online gaming or sports betting in jurisdictions in which Rivalry 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 Rivalry's future operations. If Rivalry 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.

Rivalry 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 Rivalry's reputation could impact employee engagement and retention, and the willingness of future customers and Rivalry's partners to do business with it, which could have a materially adverse effect on its business, results of operations and cash flows.

Financial Projections May Prove Materially Inaccurate or Incorrect

Rivalry's financial estimates, projections and other forward-looking information contained in this MD&A were prepared by the Company based on its own internal data and research without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking statements. The Company's user metrics are based on internal Company data that are not independently verified, data from third-party analytics providers that measure the performance of its mobile applications and websites, and/or data from third-party platforms where its content is distributed, such as Facebook, Instagram, Twitter, YouTube and Twitch. While these numbers are based on what the Company believes to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring usage and user engagement across multiple platforms and across the Company's large user base around the world. Rivalry's measures of user growth and user engagement may differ from estimates published by third parties or from similarly titled metrics of the Company's competitors due to differences in methodology. If advertisers, partners or investors do not perceive the Company's user metrics to be accurate representations of Rivalry's user base or user engagement, or if they discover material inaccuracies in the Company's user metrics, Rivalry's reputation may be harmed and advertisers and partners may be less willing to allocate their budgets or resources to the Company's products and services, which could have a material adverse effect on the Company's prospects, business, financial condition or results of operations. Further, as Rivalry's business develops, we may revise or cease reporting metrics if we determine that such metrics are no longer accurate or appropriate measures of the Company's performance. Such forward-looking information is based on assumptions of future events that may or may not occur. Investors should inquire of the Company and become familiar with the assumptions underlying any estimates, projections or other forward-looking statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including sales and operational results not being maintained in line with historical performance on which such projections may be based or failing to increase along expected trajectories based on past performance, increases in operational expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results the Company and its subsidiaries might achieve.

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 at this early stage of 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.

Competition in Sports Betting Industry

The industry within which Rivalry operates is rapidly evolving and intensely competitive, and is subject to changing technology, shifting customer needs and frequent introductions of new offerings. Rivalry'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 Rivalry, which could negatively impact its business. Furthermore, new competitors, whether licensed or not, may enter Rivalry's key product and/or geographic markets. There is no assurance that Rivalry will be able to maintain or grow its position in the marketplace.

As a result of the foregoing, among other factors, Rivalry 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, Rivalry 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 Rivalry 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 Continued and Increasing Popularity of Sports Industry

The sports industry is in the early stages of its development. Although the sports industry has experienced rapid growth, consumer preferences may shift and there is no assurance that this growth will continue in the future. Due to the rapidly evolving nature of technology and online gaming, the sports industry may experience volatile and declining popularity as new options for online gaming and sports become available, or consumer preferences shift to other forms of entertainment, and as a consequence, the Company's business and results of operations may be materially negatively affected.

Reliance on Third Parties and Third-Party Networks

The Company is reliant to an extent on third parties, including information technology service providers, casino game providers, odds providers and payment processors. Rivalry'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, Rivalry'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.

Further, the delivery of Rivalry's offerings and a significant portion of Rivalry'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, Rivalry's relationships with mobile partners, manufacturers and carriers, or in their terms of service or policies that degrade Rivalry'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 Rivalry'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 in particular mobile Internet) performance and/or Internet reliability. Internet outages or delays or loss of network connectivity may result in partial or total failure of Rivalry'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 Rivalry's prospects, business, financial condition or results of operations.

Management of Growth

Rivalry may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Rivalry 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 Rivalry to deal with this growth may have a material adverse effect on Rivalry's business, financial condition, results of operations and prospects.

Reliance on Management

The success of Rivalry will be dependent upon the ability, expertise, judgment, discretion and good faith of its key executives, including the directors and officers of Rivalry 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 Rivalry's business, operating results, or financial condition. The competition for highly skilled technical, management and other employees in Rivalry's industry is high and there can be no assurance that Rivalry will be able to engage or retain the services of such qualified personnel in the future.

Furthermore, equity-based awards comprise a key component of executive and senior management compensation, and if the share price of the Subordinate Voting Shares declines or is volatile, it may be difficult to retain such individuals. Rivalry's retention and recruiting may require significant increases in compensation expense, which may adversely affect its results of operation.

Risks Relating to Insurance

Rivalry 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 Rivalry, or the nature or level may be insufficient to provide adequate insurance cover. Rivalry does not currently have cybersecurity insurance. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on Rivalry.

Risks Related to Brand Development

The brand identity in Rivalry that Rivalry has developed has significantly contributed to the success of its business. Maintaining and enhancing the "**Rivalry**" brand is critical to expanding the Company's customer base. Rivalry believes that the importance of brand recognition will increase due to the relatively low barrier to entry in the industry. The "**Rivalry**" 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 "**Rivalry**" brand will depend largely on Rivalry's ability to continue to provide high-quality products and services, which Rivalry may not continue to do successfully.

Risks Relating to Cryptocurrency Transactions

It is currently intended that Rivalry will accept cryptocurrencies such as Bitcoin and Ethereum as a payment for certain products or services on its platform and there are risks associated with participating in cryptocurrency transactions. Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred tokens may be irretrievable. Coin transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to the Blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible and Rivalry may not be capable of seeking compensation for any such transfer or theft. Although Rivalry's transfers of tokens will regularly be made by experienced members of the management team, it is possible that, through computer or human error, or through theft or criminal action, cryptocurrencies could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete other transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may adversely affect Rivalry's operations. The factors affecting the further development of the industry, include, but are not limited to:

- the continued worldwide growth in the adoption and use of cryptocurrencies;
- governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- changes in consumer demographics and public tastes and preferences;
- the maintenance and development of the open-source software protocol of the network;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- general economic conditions and the regulatory environment relating to digital assets; and
- negative consumer sentiment and perception of cryptocurrencies.

Success of Sports Betting Products and Outcomes not Guaranteed

The sports betting industry is characterized by elements of chance. Accordingly, Rivalry employs theoretical win rates to estimate what a certain type of sports bet, on average, will win or lose in the long run. Net win is impacted by variations in the hold percentage (the ratio of net win to total amount wagered), or actual outcome. Rivalry uses the hold percentage as an indicator of a sports bet's performance against its expected outcome. 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 Rivalry'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 gaming. As a result of the variability in these factors, the actual win rates of sports bets may differ from the theoretical win rates estimated and could result in the winnings of Rivalry's customers exceeding those anticipated. The variability of win rates (hold rates) also have the potential to negatively impact Rivalry's financial condition, results of operations, and cash flows.

Rivalry's success also depends in part on its ability to anticipate and satisfy customer preferences in a timely manner. Rivalry 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. Rivalry 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. Rivalry 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. Rivalry's software applications and systems, and the third-party platforms upon which they are made available could contain undetected errors. Rivalry's technology infrastructure will be critical to the performance of its platform and offerings and to customer satisfaction. Rivalry devotes significant resources to network and data security to protect systems and data. However, Rivalry'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. Rivalry 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 Rivalry; however, future disruptions from unauthorized access to, fraudulent manipulation of, or tampering with Rivalry'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 Rivalry's business, financial condition, results of operations and prospects.

Additionally, Rivalry'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 Rivalry platforms is slower than they expect, customers may be unable to place their bets and may be less likely to return to Rivalry's platforms as often, if at all. Furthermore, programming errors, defects and data corruption could disrupt operations, adversely affect the experience of Rivalry's customers, harm Rivalry's reputation, cause customers to stop utilizing Rivalry platforms, divert resources and delay market acceptance of Rivalry offerings, any of which could result in legal liability to Rivalry or harm its business, financial condition, results of operations and prospects.

Risk of Failing to Adapt to Changing Technology and Industry Standards

Rivalry'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, Rivalry 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 Rivalry's research and development costs. If Rivalry 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. Rivalry'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 Rivalry's ability to compete.

Reliance on Information Technology and System Infrastructure

If Rivalry'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 Rivalry'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 Rivalry has started to fully use the underlying equipment or software, that could further degrade the customer experience or increase its costs. As such, Rivalry could fail to continue to effectively scale and grow its technical infrastructure to accommodate increased demands.

Company's Products

Because the Company's industry is relatively new, there is limited information about comparable companies available for potential investors to review in making a decision about whether to invest in the Company.

Shareholders and investors should further consider, among other factors, the Company's prospects for success in light of the risks and uncertainties encountered by companies that, like the Company, are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur and they may result in material delays in the operation of the Company's business. The Company may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Company fails to do so, it could materially harm the Company's business to the point of having to cease operations and could impair the value of the securities of the Company to the point investors may lose their entire investment.

The Company expects to commit significant resources and capital to develop and market existing products and new products and services. These products are relatively untested, and the Company cannot assure shareholders and investors that it will achieve market acceptance for these products, or other new products and services that the Company may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Company to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Company's business, financial condition and results of operations.

Dependence on key inputs, suppliers and skilled labour

The sports betting business is dependent on a number of key inputs and their related costs including materials, and supplies related to creating new software, building of new games and platforms. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition, results of operations or prospects of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers. Given the COVID-19 risk and the interruption of global supply chains, it may be even more difficult for the Company to obtain the necessary supplies and materials to carry on the business. For example, if a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Company.

The Company has two key third-party dependencies, namely its odds provider and PSP's. The Company receives sports betting odds feeds for its sports sportsbook and traditional sportsbook offering through a third-party provider. Any rapid loss of odds feed could cause a material disruption to the Company's business. The Company has redundancy measures in the event of such a disruption, however it would still provide impactful to the business while being resolved. PSP's are the gateway for customers to deposit and withdraw funds from the Company's website. A loss of particular PSP's in major markets where the Company operates would result in customers being unable to get funds onto the website, which would mean an inability to use the service at all. The Company has a variety of backup PSP's in the event of such disruption in core markets, however the efficacy of such methods is not always comparable to the primary method. As a result, the loss of primary PSP's could impact the Company's business continuity in the markets where such loss occurs.

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

The Company's access to affordable skilled labour may be impeded by the existence of unionization or other collective bargaining efforts among the Company's employees or independent contractors. The

Company may also be legally required to participate in or facilitate such unionization or collective bargaining efforts within certain jurisdictions, which could limit the Company's access to affordable skilled labour and have a materially adverse impact on the business, financial condition, and results of operations or prospects of the Company.

Failure to Retain or Add Customers

The financial performance of Rivalry will be 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 Rivalry'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. A number of other online gaming companies that achieved early popularity have since seen their active customer bases or levels of engagement decline. Any number of factors could potentially negatively affect customer retention, growth and engagement, including if:

- Rivalry 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 Rivalry'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 Rivalry fails to price its product offerings competitively or provide adequate customer service;
- there are decreases in customer sentiment about the quality of Rivalry's product offerings or concerns related to privacy, safety, security or other factors, or technical or other problems prevent Rivalry 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 Rivalry'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 Rivalry's product offerings that are mandated by legislation, regulatory authorities or litigation, including settlements, or Rivalry 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;
- Rivalry adopts policies or procedures related to areas such as customer data and information that are perceived negatively by its customers or the general public;
- Rivalry 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 Rivalry, third parties or otherwise;
- customers increasingly engage with the products or services of Rivalry's competitors; or
- Rivalry or other companies in the industries in which it operates are the subject of adverse media reports or other negative publicity.

If Rivalry 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 Rivalry's products less attractive to customers.

Intellectual Property may be Insufficient

Rivalry'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. Rivalry 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 Rivalry or that its intellectual property will not be successfully challenged or circumvented by competitors.

Source codes for Rivalry's technology may receive protection under international copyright laws. However, for many third parties who intend to use Rivalry source codes without its consent, the presence of copyright protection in the source codes alone may not be enough of a deterrent to prevent such use. As such Rivalry may need to initiate legal proceedings following such use to obtain orders to prevent further use of the source code.

Rivalry may also rely on trade secrets and proprietary know-how. Although Rivalry 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 Rivalry will be sufficient to compensate it for the damages suffered even if it promptly applies for injunctive relief. In spite of confidentiality agreements and other methods of protecting trade secrets, Rivalry's proprietary information could become known to or independently developed by competitors. If Rivalry 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 Rivalry's intellectual property portfolios are inadequate to deter unauthorized use or appropriation by third parties, the value of Rivalry'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 Rivalry's business and financial results. At the same time, Rivalry 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 market place but also negatively impact financial results.

Moreover, due to the differences in foreign patent, trademark, copyright and other laws concerning proprietary rights, Rivalry's intellectual property may not receive the same degree of protection in each jurisdiction where it operates. Rivalry'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 Rivalry 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, Rivalry's future success may depend upon its ability to obtain licences to use new marks and its ability to retain or expand existing licences for certain products. If Rivalry is unable to obtain new licences or renew or expand existing licences, 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.

Rivalry 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 Rivalry's products, branding or associated marketing materials may be found to have infringed existing third-party rights. When any third-party infringement occurs, Rivalry 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 licence or otherwise redesign the product, branding or associated marketing materials to avoid further infringement. Such a licence may not be available or may require Rivalry to pay substantial royalties.

Continued Support of Banks and Payment Processors

We rely on payment processing and banking providers to facilitate the movement of funds between the Company and the Company's customer base for its sports betting platform. Anything that could interfere with or otherwise harm the Company's relationships with payment and banking service providers could have a material adverse effect on the Company's business, results of operations, financial condition and prospects. The Company's ability to accept payment from its customers or facilitate withdrawals by them may be restricted by any introduction of legislation or regulations restricting financial transactions with online or mobile sports betting operators or prohibiting the use of credit cards and other banking instruments for online or mobile sports betting transactions, or any other increase in the stringency of regulation of financial transactions, whether in general or in relation to the gambling industry in particular.

Stricter anti-money laundering regulations may also affect the quickness and accessibility of payment processing systems, resulting in added inconvenience to the Company's customers. Card issuers and acquirers may dictate how transactions and products need to be coded and treated which could also make an impact on acceptance rates. Card issuers, acquirers, payment processors and banks may also cease to process transactions relating to the online or mobile sports betting industry as a whole or certain operators, such as the Company. This could be due to reputational and/or regulatory reasons or in light of increased compliance standards of such third parties that seek to limit their business relationships with certain industry sectors considered as "high risk." It may also result in customers being dissuaded from accessing the Company's product offerings if they cannot use a preferred payment option, or the quality or the speed of the supply is not suitable or accessible to the customers. Any such developments may have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Free and Open Source Software Utilization

Rivalry and its other third-party suppliers and partners make use of Free and Open Source Software ("**FOSS**") in the development of applications, web properties and related operational IT systems. The law surrounding the use of FOSS is in a state of evolution and the legal ramifications of such use remain uncertain in Canada and in other countries. The use of FOSS may therefore lead to unintended legal consequences that may have a material adverse effect on the Company's proprietary technology and intellectual property, or those of the Company's third-party suppliers and partners, including potential tainting and a loss of the Company's or its suppliers' or partners' proprietary positions in relation to the said applications, properties and systems. In addition, there is the possibility of intellectual property infringement claims or breach of contract claims from FOSS licensors or from the Company's third-party suppliers or collaborative partners.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares.

Newly established legal regime

The Company's business activities will rely on newly established and/or developing laws and regulations in the jurisdictions in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The sports betting industry may come under the scrutiny or further scrutiny by various regulatory bodies that supervise or regulate the participation in sports betting. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

Litigation

Rivalry 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 Rivalry 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 Rivalry'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 Rivalry 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 Rivalry may be a party may result in an onerous or unfavourable 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.

Being a Public Company and Limited Public Company Management Experience

As a public issuer, Rivalry is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Company's securities are listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations increase the Company's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition, and results of operations. Rivalry's management team also has limited experience managing a publicly-traded company and the increased regulatory compliance may divert its attention from day-to-day management of the Company.

Currency fluctuations

Due to the Company's varied customer-base, international presence, and its intention to continue future operations worldwide, the Company is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Company's revenue will be earned in US dollars, but a portion of its operating expenses are incurred in Canadian dollars. The Company does not have currency hedging arrangements in place and there is no expectation that the Company will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the US dollar and the Canadian dollar, may have a material adverse effect on the Company's business, financial position or results of operations. At December 31, 2022 and 2021, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Risks Related to Securities of the Company

Dual Class Voting Structure

The Multiple Voting Shares carry 100 votes per share and the Subordinate Voting Shares will have one vote per share. As of April 25, 2023, the holders of Multiple Voting Shares (the "**MVS Holders**") hold approximately 3.64% of the outstanding equity interest in the Company and approximately 82.87% of the voting rights of the Company and, accordingly, the MVS Holders will have a significant influence and control over the Company, including election of directors and significant corporate transactions.

In addition, because of the 100-to-1 voting ratio between the Multiple Voting Shares and Subordinate Voting Shares, the MVS Holders will continue to control a majority of the combined voting power of the voting shares even where the Multiple Voting Shares represent a substantially reduced percentage of the total outstanding shares. The MVS Holders will continue to hold and may acquire additional investments and assets that will compete with the Company. Accordingly, the interests of the MVS Holders may not be the same as those of the Company's other shareholders, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to the Company or the Company's minority shareholders.

The control of the Multiple Voting Shares by the MVS Holders will limit the ability of holders of Subordinate Voting Shares to influence corporate matters for the foreseeable future, including the election of directors as well as with respect to decisions regarding amendment of share capital, creating and issuing additional classes of shares, making significant acquisitions, selling significant assets or parts of the business, merging with other companies and undertaking other significant transactions. As a result, the MVS Holders will have the ability to influence many matters affecting the Company and actions may be taken that holders of Subordinate Voting Shares may not view as beneficial.

The market price of the Subordinate Voting Shares could be adversely affected due to the significant influence and voting power of the MVS Holders. Additionally, the significant voting interest of the MVS

Holders may discourage transactions involving a change of control, including transactions in which an investor, as a holder of the Subordinate Voting Shares, might otherwise receive a premium for the Subordinate Voting Shares over the then-current market price, or discourage competing proposals if a going private transaction is proposed by the MVS Holders.

Future transfers by holders of Multiple Voting Shares will, subject to certain permitted exceptions, generally result in those shares converting to Subordinate Voting Shares, which will have the effect of increasing the relative voting power of those holders of Multiple Voting Shares who retain their shares. The Company's directors and officers owe a fiduciary duty and must act honestly and in good faith with a view to the Company's best interests. However, any director and/or officer that holds Multiple Voting Shares or Subordinate Voting Shares is entitled to vote their shares in their own interests, which may not always be in the interests of the holders of the shareholders generally.

Volatile Market Price for the Subordinate Voting Shares

The market price for the Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Company's control, including, but not limited to the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations; recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company will operate;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on Subordinate Voting Shares;
- sales or perceived sales of additional Subordinate Voting Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry generally and its business and operations both domestically and abroad;
- regulatory changes affecting businesses generally within jurisdictions in which the Company operates or does business both domestically and abroad;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of Subordinate Voting Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the Subordinate Voting Shares may be materially adversely affected.

A Decline in the Price of the Subordinate Voting Shares Could Affect the Company's Ability to Raise Further Working Capital and Adversely Impact its Ability to Continue Operations.

A prolonged decline in the price of the Subordinate Voting Shares could result in a reduction in the liquidity of the Subordinate Voting Shares and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its shares could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

SUBSEQUENT EVENTS

On January 30, 2023, Rivalry announced the expansion of its casino offering with a slate of eight new games including Roulette, Blackjack, Baccarat and more. This includes a variety of single player table games as well live dealer and multiplayer offerings.

On March 24, 2023, Rivalry announced the launch of its casino product in Ontario with a total of 8 casino games.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.