

December 28, 2022



Elys Game Technology Issues Letter to Shareholders

NEW YORK, NY, Dec. 28, 2022 (GLOBE NEWSWIRE) -- [Elys Game Technology, Corp.](#) ("Elys" or the "Company") (Nasdaq: ELYS)(BER:3UW), an interactive gaming and sports betting technology company, today issued the following letter to shareholders:

Dear Shareholders,

As we approach the conclusion of another year of formative developments for Elys, I would like to take this opportunity to highlight several positive accomplishments and assuage any concern in light of the recent turmoil in both global and U.S. markets and the negative impact it has had on the gaming sector, particularly on our stock price, and to further discuss the sustainability of the Company and dedication of our founders and senior management with the upcoming annual meeting of shareholders.

Company Road-map

This year marks the 8th year in our initial long-term strategy and development road map whereby we set out to strengthen and grow our presence in the Italian market and to take advantage of opening opportunities in the U.S. and global markets. During this period we managed to adapt to changes in market conditions that included an unprecedented global pandemic, which we sensibly navigated by growing our on-line presence to offset the closure of almost all of our retail locations in the Italian market, growing our overall revenue and market share, and expanding from a small private 6-person business in one market, into a multinational group with approximately 127 employees and contractors in approximately 12 countries around the world.

During the period 2014 through 2017, we rolled up of a number of small gaming operators in the regulated Italian market and also acquired and integrated an in-house technology and highly skilled development team. Between 2018 and 2022, with the repeal of PASPA, we focused on developing a custom-built technology specifically for the U.S. market based on best practices gleaned from our experience in the highly regulated Italian market, and after a temporary slowdown due to COVID-19, we launched our leading-edge sports betting platform with our first U.S. retail customer in Washington D.C. Following directly on the heels of this successful launch, we developed a substantially new casino property sports betting platform with several unique features. We launched this new platform in March 2022 for [Ocean Casino Resort](#) (Ocean) based in New Jersey, and together with the experienced management team at Ocean we are steadily improving system operations and trading procedures and developing several new features unique for the casino market.

During this 8-year period, Elys experienced remarkable growth with annual betting turnover increasing from approximately \$30.5 million in 2014 to \$841.9 million in 2021 and revenue growth from approximately \$1.7 million in 2014 to \$45.6 million in 2021. As a result of this remarkable growth, our aspirational milestone of reaching one billion in non-GAAP betting turnover seems within reach in the very near future.

This update also coincides with the anniversary of our first year of U.S. operations with the deployment of our proof-of-concept location at [Grand Central Restaurant and Sportsbook](#), in the Adams Morgan district of Washington, D.C. We have also overcome challenges related to licensing and implementing compliance tools needed to properly and effectively operate a sportsbook within a small business. These efforts have been rewarded with the recent approval to operate a joint venture sportsbook at the [Cloakroom Gentlemen's Club](#) and in its rooftop venue the [Over Under Sportsbook and Rooftop Lounge](#), our second location in Washington D.C. With this, we anticipate further launches in this sector to be much more efficient as we continue collaborating with local regulators to simplify the onboarding process for small business sportsbooks.

Transition from Expansion to Profits

We are seeing a reshaping of the competitive landscape in the regulated U.S. sports betting market with a greater appreciation for licensing neighborhood businesses to offer retail sports betting as an ancillary product alongside lottery ticket sales, and the potential positive effect this could have on creating employment and driving business opportunities in the local economy. We believe that Elys is well positioned to take advantage of this next phase of regulation in the U.S., while management implements its pathway to profitability by strengthening our product offering and reducing expenses by right sizing operations commensurate with the revenue generating potential of the markets we have chosen to operate in.

I believe the encouraging results of the first 3 quarters of 2022 are a good indicator of our strategy as we continue to improve profitability in our B2C vertical in Italy while steadily scaling up and reduce costs in our U.S. facing operations. On October 4, 2022, Elys took over the management of our USBookmaking (USB) subsidiary from prior management and have rapidly turned this subsidiary from losing approximately \$110,000 per month, before non-cash amortization of intangibles, to a virtually cash-flow breakeven position while maintaining the full level of services to all our USB customers.

Scaling up U.S. Retail (Land-based) Operations

We currently have 7 signed locations in Washington D.C., 2 in Maryland, 1 in New Jersey and 6 tribal casino clients in 4 other states, and through our agreement with the Ohio Lottery, have already signed over 100 retail host locations to offer sports betting alongside their existing lottery kiosks in Ohio.

We believe that we are in a unique position as many of our competitive peers drove hard to compete in mobile betting space after the repeal of the U.S. PASPA law in 2018. While this crowded market continues to battle, we built a cost-effective land-based solution which we believe is highly scalable and sets Elys apart and is ahead of the curve in the quickly developing land-based sector in the evolving U.S. sports betting market.

Mobile Segment Strategy

In January 2022, we reached an agreement to provide our sportsbook platform for Lottomatica's global initiatives. Our mobile strategy was to let other competitors slug it out in the U.S. markets in the early years and plan to launch our mobile solution with better visibility on market dynamics in partnership with industry giant Lottomatica in 2023.

With our efficient U.S. development team, extensive experience of our Italian operations and outstanding engineering team, coupled with our proven technology and unique build-your-bet product, Elys is poised for effective scaling of our global business.

Shareholder Value

We strongly disagree with the current market capitalization, which remains significantly underpriced due to circumstances beyond our control, and which is adversely affecting our stock price and shareholder value. Consequently, the current value of our capital stock lacks credit for the value of our cutting-edge betting technology and engineering talent, our growing and profitable Italian operations, or our future growth potential, particularly in the U.S market, and in other global markets.

Notably, the Company's strength lies in the lack of significant debt on our balance sheet and successful strategic execution of our cost containment exercises. In the first nine months of 2022, we began re-opening our post-pandemic land-based channel in Italy. Despite the adverse effect of the strength of the U.S Dollar on our foreign operations we reported growth in our betting turnover and gross gaming revenue for the three months ending September 30, 2022, to \$166.5 million and \$11.7 million respectively. This positive trend also produced a profit in our Italian B2C segment, and we deeply focused on returning Elys to being a cash flow positive group enterprise through the next 12 to 18 months. With our planned Ohio project getting underway over the coming months, we believe that the Company is at a key inflection point for future success and revaluation. Indeed, we believe there could be significant opportunity in current and future operations that is not currently baked into our market valuation.

We have just begun to make considerable gains in the exciting and massive U.S. market opportunity and look forward to sharing our continued success with our committed shareholder base. I hope you share our enthusiasm for the future and the potential for breakthroughs over the next few years and thank you for your trust and your continuing support through these extraordinary times.

Yours sincerely,

Michele Ciavarella
Executive Chairman

About Elys Game Technology, Corp.

[Elys Game Technology, Corp.](#), is a B2B global gaming technology company operating in multiple countries worldwide, with B2C online and land-based gaming operations in Italy. Elys offers its clients a full suite of leisure gaming products and services, such as sports betting, e-sports, virtual sports, online casino, poker, bingo, interactive games and slots in

Italy and has operations in five states as well as the District of Columbia in the U.S. market. Elys' vision is to become a global leader in the gaming industry through the development of pioneering and innovative technology.

The Company provides wagering solutions, services online operators, casinos, retail betting establishments and franchise distribution networks. Additional information is available on our corporate website at www.elysgame.com.

Investors may also find us on Twitter [@ELYS_gaming](https://twitter.com/ELYS_gaming).

Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are identified by the use of the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “may,” “continue,” “predict,” “potential,” “project” and similar expressions that are intended to identify forward-looking statements. These forward-looking statements are based on management's expectations and assumptions as of the date of this press release and are subject to a number of risks and uncertainties, many of which are difficult to predict that could cause actual results to differ materially from current expectations and assumptions from those set forth or implied by any forward-looking statements. Although the Company believes such forward-looking statements are based on reasonable assumptions, it can give no assurance that any of its expectations will be attained. Important factors that could cause actual results to differ materially from current expectations include, among others, the Company's ability to improve system operations and develop new features for the casino market, to reach one billion in non-GAAP betting turnover in the near future, to be more efficient with further launches, to simplify the onboarding process for small business sportsbooks, to improve profitability in our B2C vertical in Italy while steadily scaling up and reduce costs in our U.S. facing operations, to take advantage of the next phase of regulation in the U.S., to launch our mobile solution with better visibility on market dynamics in 2023, to effectively scale our global business, to achieve future growth potential, to achieve a key inflection point for future success and revaluation, to achieve breakthroughs over the next year, the duration and scope of the COVID-19 outbreak worldwide, including the impact to state and local economies, and the risk factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 and its subsequent filings with the U.S. Securities and Exchange Commission, including subsequent quarterly reports on Form 10-Q and current reports on Form 8-K. The information in this release is provided only as of the date of this release, and the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events, except as required by law.

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