UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2021

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-39170

ELYS GAME TECHNOLOGY, CORP.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**33-0823179**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

130 Adelaide Street, West, Suite 701
Toronto, Ontario, Canada M5H 2K4
(Address Principal Executive Offices) (Zip Code)

1-628-258-5148
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	ELYS	The Nasdaq Capital Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes☐ No☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes☐ No☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes☒ No☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes☒ No☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold on June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, was $67,531,340.

As of April 14, 2022, there were 23,674,277 shares of the registrant's common stock outstanding.

Documents incorporated by reference: None.

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Cautionary Statement Regarding Forward-Looking Statements

This report contains forward-looking statements. The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This report and other written and oral statements that we make from time to time contain such forward-looking statements that set out anticipated results based on management's plans and assumptions regarding future events or performance. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "will" and similar expressions in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated gaming turnover, expenses, the outcome of contingencies, such as legal proceedings, and financial results. Factors that could cause our actual results of operations and financial condition to differ materially are discussed in greater detail under Item 1A - "Risk Factors" of this Annual Report.

We caution that the factors described herein and other factors could cause our actual results of operations and financial condition to differ materially from those expressed in any forward-looking statements we make and that investors should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of anticipated or unanticipated events or circumstances, except as required by federal securities laws. New factors emerge from time to time, and it is not possible for us to predict all of such factors. Further, we cannot assess the impact of each such factor on our results of operations or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

In this Annual Report, unless the context indicates otherwise, references to the “Company,” “Elys” “Newgioco,” “we,” “us” and “our” refer to Elys Game Technology, Corp., a Delaware corporation formed in 1998 (formerly known as Newgioco Group, Inc.), and, where appropriate, its current subsidiaries, Ulisse GmbH, a company organized under the laws of Austria, Odissea Betriebsinformatik Beratung GmbH, a company organized under the laws of Austria, Multigioco Srl., a company organized under the laws of the Republic of Italy, Newgioco Group, Inc. (Canada), a company organized under the Canadian laws, Virtual Generation Limited, a company organized under the laws of Republic of Malta, Elys Technology Group Limited, a company organized under the laws of Republic of Malta, Newgioco Colombia SAS, a company organized under the laws of Colombia, Elys Gameboard Technologies, LLC a limited liability company organized in State of Delaware and Bookmakers Company US LLC, a Nevada limited liability company doing business as U.S. Bookmaking.

Summary Risk Factors

Our business faces significant risks and uncertainties of which investors should be aware before making a decision to invest in our common stock. If any of the following risks are realized, our business, financial condition and results of operations could be materially and adversely affected. The following is a summary of the more significant risks relating to the Company. A more detailed description of our risk factors is set forth below under the caption "Risk Factors" in Item 1A in Part I of this Annual Report.

Risks Related to our Financial Condition

- The effects of the COVID-19 pandemic have strained and negatively impact our businesses and operations, and the duration and extent to which COVID-19 may impact our future results of operations and overall financial performance remains uncertain.
- Because we have a limited operating history, we may not be able to successfully manage our business or achieve profitability.
- We have incurred substantial losses in the past and it may be difficult to achieve profitability**.**
- If we do not have sufficient capital resources to complete acquisitions and manage our operations, our ability to implement our business plan could be adversely affected.
- If we fail to comply with the rules under Sarbanes-Oxley related to accounting controls and procedures in the future, or, if we discover additional material weaknesses and other deficiencies in our internal control and accounting procedures, our stock price could decline significantly and raising capital could be more difficult.
- We have material weaknesses and other deficiencies in our internal control and accounting procedures.
- We expect to continue relying on our discretionary available cash and available bank credit facilities to fund our additional acquisitions or enter into new business opportunities, which bank credit facilities may not be available at reasonable terms, if at all.

Risks Related to our Business

- If we should lose our online or land-based licenses, or if the licenses are not renewed for any reason, including our failure to successfully bid for location rights at the renewal auction, our business would be materially adversely impacted and it could result in the impairment of the carrying value of a substantial portion of assets.
- In order to expand our land-based operations in Italy, we will be required to acquire additional location rights under our licenses or acquire operators that have location rights under their licenses and our inability to acquire such additional rights or operators or restrictions from using any licenses associated with such acquired operators, will result in an adverse effect on our operating results.
- If we are unable to respond to changes in consumer preferences, attract new customers or sell new or additional products, our future revenue and business will be adversely affected.
- If we fail to acquire, integrate and develop operators and new technologies on favorable economic terms, our future growth and operating results could be adversely affected.
- If we are unsuccessful in establishing or maintaining relationships with third parties, our business may be adversely impacted.
- We cannot assure you that any acquisition we complete will result in short-term or long-term benefits to us.
- We derive a significant portion of our revenue from gaming sales through our website and websites of our betting Platform clients. A decline in the popularity of our gaming websites or those of our Platform clients will negatively impact our business and risk our future growth.
- Because our gaming operations are largely concentrated within Italy at present, we are subject to greater risks than a gaming company that is more geographically and internationally diversified.
- Our current expansion strategy, which includes expansion through Virtual Generation Limited in the various countries in which it operates and in the United States through the use of our Platform certifications, may be difficult to implement because the licensing and certification requirements to operate in the United States is complex and licensing requirements in other countries are currently indeterminable.
- We depend upon our officers and other key employees. Our inability to retain such officers and key employees or recruit additional qualified personnel may have a material adverse effect on our business.
- If we are not able to maintain and enhance our brand, our business, operating results and financial condition may be adversely affected.
- We currently depend on and may continue to be dependent on third parties to provide certain components and products we distribute through our online gaming platform, and any increased costs associated with third party developers or any delay or interruption in production may negatively affect both our ability to provide access to the Platform and our ability to continue our operations.
- We depend on payments from third-party service providers, including government regulated gaming agencies. If we are unable to collect such payments or these payments decrease or do not increase as our costs increase, our financial condition and operating results may be adversely affected.
- If we have a security incident or breach involving unauthorized access to customer data, our platform may be perceived as lacking sufficient security, customers may reduce their use of, or stop using our betting software and we may incur significant liabilities.
- Privacy concerns and domestic or foreign privacy laws or regulations may result in significant costs and compliance challenges, reduce demand for our solutions, and adversely affect our business.
- If we are unable to maintain successful relationships with retail agents, partners, our business, operating results, and financial condition could be adversely affected.
- If we fail or are unable to protect our intellectual property effectively, we may be unable to prevent third parties from using our technologies, which could impair our competitive advantage, proprietary technology and our brand.
- We have experienced rapid growth and organizational change in recent periods and if we fail to manage our growth effectively, we may be unable to execute our business plan.
- We may not be able to successfully scale our technology and manage the growth of our business if we are unable to improve our internal systems, processes and controls.
- Our estimates of market opportunity and forecasts of market growth included in this Annual Report may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.
- Our research and development efforts are costly and subject to international risks and may not contribute significantly to revenues for several years, if at all.
- If we fail to manage our technical operations infrastructure, our customers may experience service outages and delays, which may adversely affect our business.
- We may not have exclusive control over the distribution of cash from any operators that we may acquire in the future and may be unable to cause all or a portion of the cash of such operators to be distributed to us.
- If we acquire an operator that has made submission and reporting errors prior to our acquisition, we may be liable for such errors that may have a material adverse effect on our business.
- If any executive officers or key personnel of operators we may acquire are unable to assist with the transition of operations and customers, our business may be adversely affected.
- Any violation of the Foreign Corrupt Practices Act or any other similar anti-corruption laws could have a negative impact on us.
- War, terrorism, other acts of violence or natural or manmade disasters may affect the markets in which the Company operates, the Company's customers, the Company's delivery of software and customer service, and could have a material adverse impact on our business, results of operations, or financial condition

Risks Related to our Industry

- Economic conditions, particularly in Italy and Europe, that have an adverse effect on the gaming industry may have an adverse effect on our results of operations.
- Intense competition in the leisure gaming industry may adversely affect our revenue and profitability.
- We expect that competition from internet gaming will continue to grow and intensify in the United States.
- If we fail to comply with applicable laws and regulations, we could suffer penalties or be required to make significant changes to our operations. In addition, changes in laws and regulations with respect to the gaming industry, and the application or interpretation of existing laws and regulations applicable to our operations may have a material adverse effect on our business, financial condition and results of operations.
- Regulators at the federal and provincial level in Italy are monitoring and restricting the issuance and renewal of gaming licenses which could have an adverse effect on our growth.
- We might be required to acquire additional location rights under our licenses or acquire operators that have existing location rights under their licenses in order to remain in compliance with laws that are required to operate in Italy. Our inability to acquire such additional location rights or operators or any restrictions from using our Austrian license to operate in Italy, could result in an adverse effect on our operating results.
- Our records and submissions to regulatory agencies may contain inaccurate or unsupportable submissions which may result in an under or overstatement of our revenues and subject us to various penalties and may adversely affect our operations.
- We may become the subject of Italian federal and provincial investigations in the future and our business may be adversely affected.
- Our current operations are international in scope and we are planning further geographic expansion, creating a variety of potential operational challenges.
- We face exposure to foreign currency exchange rate fluctuations that could harm our results of operations.

Risks Related to Ownership of our Securities

- Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future, and as a result, investors in our common stock could incur substantial losses.
- Future sales of shares of our common stock or the perception in the public markets that these sales may occur, may depress our stock price.
  We may issue additional shares of common stock and preferred stock without stockholder approval, which would dilute the current holders of our common stock. In addition, the exercise or conversion of currently outstanding securities would further dilute holders of our common stock.
- The rights of the holders of our common stock may be impaired by the potential issuance of preferred stock.
- If securities or industry analysts do not publish research or reports, or publish unfavorable research or reports about our business, our stock price and trading volume may decline.
- Our failure to meet the continued listing requirements of The Nasdaq Capital Market could result in a de-listing of our common stock.
- Because certain of our stockholders control a significant number of shares of our common stock, they may have effective control over actions requiring stockholder approval.
- Delaware law and our corporate charter and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

- Our certificate of incorporation has an exclusive forum for adjudication of disputes provision which limits the forum to the Delaware Court of Chancery for certain actions against the Company.
- We do not intend to pay cash dividends on our shares of common stock so any returns will be limited to the value of our shares.
- An active trading market for our common stock may not be maintained, or we may fail to satisfy applicable Nasdaq Capital Market ("Nasdaq") listing requirements.
- The warrants that we issued in our 2020 public offering are speculative in nature and have certain provisions that could deter an acquisition of our company.

PART I.

Item 1. BUSINESS

Company Overview

We are a global gaming technology company which owns and operates a betting software designed with a unique "distributed model" architecture colloquially named Elys Game Board (the "Platform") through our subsidiary, Odissea Betriebsinformatik Beratung GmbH ("Odissea"). The Platform is a fully integrated "omni-channel" framework that combines centralized technology for updating, servicing and operations with multi-channel functionality to accept all forms of customer payment through our distribution channels described below. The omni-channel software design is fully integrated with a built in player gaming account management system, built-in sports book and a virtual sports platform through our subsidiary, Virtual Generation Limited ("Virtual Generation"). The Platform also provides seamless application programming interface integration of third-party supplied products such as online casino, poker, lottery and horse racing and has the capability to incorporate e-sports and daily fantasy sports providers.

We believe that our Platform is considered one of the newest betting software platforms in the world and our plan is to expand our Platform offering to new jurisdictions around the world on a business-to-business ("B2B") basis, including expansion through Europe, South America, South Africa and the developing market in the United States. We also generate service revenue from royalties through authorized agents by providing our virtual sports products through our Virtual Generation subsidiary and generated service revenues through the provision of bookmaking and platform services through our recently acquired subsidiary, Bookmakers Company US, LLC d/b/a U.S. Bookmaking ("US Bookmaking"). We intend to leverage our partnerships in these countries to cross-sell our Platform services to expand the global distribution of our betting solutions.

The Platform is certified by the Agenzia delle Dogane e dei Monopoli ("ADM"), the Malta Gaming Authority ("MGA") in Malta and Gaming Laboratories International ("GLI") and is owned by our Odissea subsidiary. The software architecture was developed and built on the latest Microsoft.Net Core framework, supporting both online customer gaming accounts as well as land-based bet processing capability with multi-channel functionality accepting all forms of payment methods (i.e., cash, e-wallet, bank card and wire transfer, etc.) backed by a real-time customer relationship management ("CRM") and business intelligence ("BI") program for streamlined cross-platform marketing as well as a synchronized financial accounting processes. Data is communicated directly to on-the-ground sales and marketing agents that manage and maintain both our online and land-based retail distribution. The Platform allows our independent B2B customers to (i) rapidly and effectively model their gaming businesses and manage gaming accounts, (ii) monitor and analyze performance on an ongoing basis, (iii) share dashboards, and (iv) generate management reports all within a fully integrated solution. In addition, our clients can use the built-in business intelligence modules to evaluate actual performance and leverage insights from analytics to make informed, timely decisions to drive future business. The unique 'shop-client' architecture of the Platform is to our knowledge a one-of-a-kind solution in the leisure betting industry. Elys was built around the specific needs of leisure betting operators and proven through our existing Multigioco distribution throughout Italy.

Our intention is to focus our attention on developing and expanding the U.S. market. We currently provide gaming services in the U.S. market on a B2B basis via our recently acquired subsidiary , US Bookmaking, in certain licensed states where we offer bookmaking and platform services to our customers and recently expanded our operations is Washington, D.C. through a Class B Managed Service Provider and Class B Operator license to operate a sportsbook within the Grand Central Bar and Grill located in the Adams Morgan area of Washington, D.C., and have recently entered into an agreement to provide services with another location in Washington, D.C. In addition, in March 2022 we commenced operations with Ocean Resort Casino in Atlantic City, New Jersey. Our penetration into the U.S. market is significant as we have demonstrated that we can provide our bookmaking and platform services to both smaller retail locations and large casino operators using the same technology and platform base for all potential customers with minimal modification required to our operating systems and bookmaking services, which is extremely cost effective.

We provide our gaming services in Italy through our subsidiary, Multigioco Srl ("Multigioco"), which operations are carried out via both land-based or online retail gaming licenses regulated by the ADM that permits us to distribute leisure betting products such as sports betting, and virtual sports betting products through both physical, land-based retail locations as well as online through our licensed website www.newgioco.it or commercial webskins linked to our licensed website and through mobile devices. Our Austria Bookmaker license that was regulated by the Austrian Federal Finance Ministry ("BMF") permitted us to operate online sports betting in certain European jurisdictions through our subsidiary, Ulisse GmbH ("Ulisse"), under the free-trade principles incorporated within bilateral Intra-EU trade agreements that refers to all trade, including e-commerce transactions in most goods, services and products between member states of the European Union ("EU"). Since the majority of Ulisse Data Transmission Centers (CTD) locations were not expected to re-open after the COVID-19 related lockdowns in Italy subsided, management decided to simplify our Italian footprint by focusing our investment towards the Multigioco operations and discontinued Ulisse presence in Italy during Q2-2021. Management decided during the fourth quarter of 2021 to focus all of its attention and technical resources on developing the significant opportunities and new business leads in the U.S. market. After careful consideration of the potential of developing gaming operations in the Austrian and other European markets, management decided to let the Austrian license lapse, which resulted in a license impairment charge of $4,827,914.

In Italy, our gaming products and services are offered to customers throughout the following three distribution channels:

- Online gaming websites or mobile solutions where players, through an online account and an e-wallet, using the internet, can play online poker, online casinos games, sports betting wagers, play i-lottery games etc.

- Punti Virtuali di Ricarica ("PVR") (translated as Virtual Reload Centers) or Web-shop ("web cafe" or "internet cafe"): A PVR or web-shop is a physical location that is operated by third-party independent businesses that promote our online gaming websites, acquires online customers and via manned or self-service automated terminals permit online-players to make cash deposits that are electronically credited to their personal online gaming accounts. While at the PVR online-players could also play games and wager through their personal online account by using the public internet accessing communal PC's available at the venue.

- Corner or Punto Sportivo (translated as Sporting Point-of-sale): A corner is distinguished from an agency insofar as the principal business situated at the location that is operated by third-party independent businesses and is an activity that is primarily different from gaming (such as a coffee shop or convenience store) with a terminal connected to the ADM network. The primary purpose of such facility is not gaming, but rather, there is only a small 'corner' for extra cash flow in exchange for a fee and/or commission. Specifically, a maximum of 30% of floor space of a corner location can be dedicated to gaming where gaming transactions are collected and processed by a counter clerk.

We currently service approximately 100,000 online user accounts and an indeterminate number of walk-in customers at a combination of the three types of venues: approximately 1,300 web-shops, 8 corners and 1 land based shop.

Our corporate group is based in North America, which includes an executive suite situated in Las Vegas Nevada and a Canadian office in Toronto, Ontario through which we carry-out corporate activities, handle day-to-day reporting and U.S. development planning, and through which various employees, independent contractors and vendors are engaged.

For the year ended December 31, 2021, transaction revenue generated through our subsidiaries Multigioco and Ulisse consisted of wagering and gaming transactions income broken down to: (i) spread on sports bet wagers, and (ii) fixed rate commissions on casino, poker, lotto and horse racing wagers from online based betting web-shops and websites as well as land-based retail betting shops located throughout Italy; while our service revenue generated by our Platform is primarily derived from bet and wager processing through Multigioco and Odissea.

In the USA we operate as a B2B, the same as the "Corner or Punto Sportivo". We are licensed to operate in several regulated states including Washington, D.C. (District of Columbia) and New Jersey. The locations oversee the wagers and paying out winnings and use our technology and support for the bookmaking services and our operating platform. We earn revenue generated from the use of the Platform as well as a share of the Net Gaming Revenue (NGR).

Organizational Structure

Our operations are carried out through three geographically organized groups: (i) operational groups based in Europe and administrative offices headquartered in Rome, Italy and satellite offices for operations administration and risk management trading in Naples and Teramo, Italy and San Gwann, Malta, as well as Las Vegas, Nevada for U.S. operations; (ii) a technology group which is based in Innsbruck, Austria and manages software development, training and administration; and (iii) a corporate group which is based in North America and maintains an executive suite in Las Vegas, Nevada and a Canadian office in Toronto, Ontario through which we carry-out corporate activities, handle day-to-day reporting and U.S. development planning, and through which various employees, independent contractors and vendors are engaged.

Our Strategy

Our goal is to expand our market presence by expanding our penetration into the U.S. market, entering new foreign markets while at the same time further penetrating the Italian and additional European markets. We expect the U.S. market and other new markets, such as Canada and Africa, to be a large source of our future growth, in particular, the U.S. market is one where we intend to offer the use of our Platform to existing commercial and tribal casinos, retail betting operators and franchise enterprises.

Our Strengths

We believe we have established ourselves as one of the leaders in the Italian leisure betting market. Below are our strengths that we believe should enable us to capture a meaningful share of the United States and global leisure betting market:

- Highly Differentiated Technology Platform. Built from the ground-up, the Platform is designed to be a highly flexible and robust sportsbook engine able to cope with the demands of today's betting operators and players. The Platform is an industry designed, user centric multi-channel solution and can offer any type of sport (or non-sport) event and any type of betting market (i.e., soccer, football, basketball, hockey, baseball, tennis, etc.) in both pre-match and in-game modes across both fixed-odds (player versus bookie) and pool (player versus player) styles and manage the risk for each individual transaction through all verticals (i.e., online or land-based). Our proprietary Platform is designed to address the independent operator's ability to compete against larger and more established franchise operators effectively and inexpensively. It is designed also to monitor, evaluate and permit the risk management of each bet transaction at each location from which a bet is placed.

- Market Momentum. We believe that our unique multi-channel designed Platform is gaining momentum in the Italian leisure betting market also thanks to our comprehensive retail shop-client application with integrated gaming account management functionalities and business intelligence modules. We currently have approximately 100,000 online user accounts and an indeterminate number of walk-in customers through the three existing distribution channels: mobile/desktop web sites, 1,000 web-cafés (or "web-shops"), and 7 corners.

- Scalable Platform at Minimal Cost. Our Platform is highly scalable. Expansion of the Platform under our existing infrastructure requires little additional overhead and should create in-house efficiencies for our corporate operations and for our agents and operator clients. Many of the inherent functions and features of our ADM Platform certification in Italy have received prior approval and adhere to multi-jurisdictional standards which in our view will enable us to receive certification in new markets and expand into new markets in a timely manner.

- Growing Industry. Online gambling is growing in popularity. Gamblers worldwide increasingly prefer Internet and mobile channels for their betting activities due to the ease of access offered and safety provided. Extensive usage of digital processes and growing bettor demand is driving the market for online betting platforms. Recent liberalization and state-by-state legislation in the United States has resulted in new opportunities in the United States sports betting market. We anticipate that the United States market will begin to have a strong and steady uptake in active wagers. As of March 2022, twenty-six jurisdictions (including the District of Columbia) have some form of legal sports betting available. Nine others, including Washington and North Carolina, have authorized legal sports betting but not yet launched their market.

- Highly Experienced Senior Management Team. We are led by a dedicated and highly experienced senior management team with significant industry experience and proven ability to develop novel solutions. Each of the members of our senior management have more than 20 years of relevant experience.

Development of Foreign Markets

The North America Sports Betting Market.
In the U.S., until 2018 the Interstate Wire Act of 1961 combined with the Professional and Amateur Sports Protection Act of 1992 ("PASPA" or the "Bradley Act"), prohibited sports betting in the U.S. in all but four grandfathered states (Montana, Oregon, Nevada, Delaware). In May 2018, the U.S. Supreme Court overturned PASPA in a 6-3 decision that found the law conflicted with the Tenth Amendment leaving individual states to decide whether to allow its residents to bet on sports. As described below under the section "Developments in the U.S. Market", many states, such as New Jersey, Montana, New Hampshire, Pennsylvania and others, have moved quickly to establish sports betting as a means to increase their respective capital resources. While several states have recently passed legislation to allow online gambling, we believe that the U.S. sports betting market will take 5 – 10 years to fully develop. We believe that the United States represents a large addressable market opportunity for us with our Elys betting Platform. Additionally, in Canada we are observing promising legislative developments and we expect a new digital gaming regulatory framework, combined with the permission of single-wagering sport betting events, to be in place soon. This additional jurisdiction could represent a meaningful opportunity for our gaming solution.

Mergers and Acquisition in the Global Gaming Industry.
Mergers and Acquisition in the Global Gaming Industry. In an effort to scale and grow the business, we intend to evaluate potential acquisitions that can be easily integrated into our business. The global gaming industry is still very much fragmented. There have been a significant number of noteworthy consolidations such as: (1) The Stars Group/SkyBet (July 2018) and CrownBet/William Hill Australia (April 2018); (2) Paddy Power/Betfair (February 2016) and with Stars Group (April 2020); (3) GVC/BWIN Ladbrokes/Coral (March 2018), and (4) in gaming machine and lottery concentration (IGT/GTECH (April 2015); as well as others such as Pollard/Innova (July 2017); NYX Gaming Group/Scientific Games (January 2018), which we believe provide us with an opportunity to capitalize on the acquisition of smaller operators forced to compete against newly formed larger players. In addition to the above, and specifically in the U.S., we observed consolidations and acceleration of gaming operators acquiring sports betting technology providers like (1) DraftKings acquiring SBTech (April 2020; (2) Caesars Entertainment acquiring William Hill (September 2020); and (3) Bally's Corporation acquiring Bet.Works (November 2020) which strengthens our position as one of few remaining, truly independent sport betting providers in the market.

Further Penetration in the Italian Market

- **Acquisitions of Smaller Operators**.
Government legislated consolidation of the regulated Italian lottery and gaming market have driven smaller regional operators in Italy to our licensed brand "New Gioco"™ in both the online and land-based sales channels. The Italian regulated gaming market is the largest in the EU and is extremely fragmented. Recent new regulations in Italy have made it more difficult for smaller regional operators throughout Italy to operate and we believe that our innovative and cost-effective Platform is an attractive alternative for such smaller regional operators throughout Italy that will not be able to maintain the new standards set out by the Italian regulator on their own.

- **Organic Growth.**
The Italian online gaming market continues to drive substantial growth in our core operations. From January 1, 2021 through December 31, 2021, we increased the number of registered online accounts to over 100,000 players and webshop locations we operate in Italy from approximately 1,200 to approximately 1,300 and believe that there is ample room for continued growth in the Italian market.

Expansion and New Markets

Developments in the U.S. Market

In May 2018, the U.S. Supreme Court ("SCOTUS") ruled that the PASPA was unconstitutional as it violated the Tenth Amendment prohibition against forcing states to implement federal laws. Enacted in 1992, PASPA generally prohibited states from authorizing, licensing or sponsoring betting on competitive games in which amateur or professional athletes participate. PASPA did not make sports betting a federal crime; rather, it allowed the attorney general for the Department of Justice, as well as professional and amateur sports organizations, to bring civil actions to enjoin violations of the act. The SCOTUS decision opens the door for all states to legalize and regulate sports gambling within their borders. States such as Nevada, New Jersey, Delaware, West Virginia, Rhode Island, Pennsylvania, Arkansas, Montana, Illinois, Indiana, Iowa, Tennessee, New York, New Mexico, New Hampshire, North Carolina, Oregon, Michigan, Mississippi, Colorado and the District of Columbia have passed laws that were ready to be enacted once the federal ban on sports betting was lifted. In addition, additional states including Maine, California, Connecticut, Louisiana, South Carolina, Oklahoma, Kansas, Missouri, Kentucky, Ohio and Maryland are considering active bills.

We believe that the U.S. sports betting and online gaming market presents a large opportunity to deploy our Platform on a business-to-business-to-consumer ("B2B2C") basis to several potential independent commercial and tribal casino and gaming operators throughout the United States. In September 2020, our retail sports betting solution obtained Gaming Laboratories International ("GLI") certification allowing our technology to be ready for deployment in the U.S. land-based gaming segment. Furthermore, we have analyzed the technical specifications checklist supplied by GLI to verify that coding in our online product meets the functional specifications set forth in the GLI-33 standards GLI's technical standard for event wagering systems). We believe that our online Platform currently meets the majority of the GLI-33 certification standards and we expect to be in a position to send our digital software to GLI for certification in 2022. Upon obtaining GLI-33 certification and obtaining regulatory approvals to operate in the digital segment, we also expect to be well-positioned to commence processing online sports bets in the U.S. on a B2B2C basis through our Platform.

As part of our multi-year business growth strategy, during 2021 and 2020 we made significant investments for expansion into the U.S. market with the acquisition of US Bookmaking, the acquisition of operating licenses and customers in Washington, D.C. and New Jersey and GLI-33 certification of our Platform, professional services, trade show marketing and brand promotion to enter and then to build a foundation aimed at accelerating our U.S. expansion plans. To support these principal objectives, we initiated an ambitious investment strategy that is fundamental to the successful execution of our long-term business plan. These fundamental investments have resulted in short-term, non-recurring expenses related to key elements such as regulatory and policy requirements and establishing a centralized US-based headquarters.

On September 1, 2020, our Odissea subsidiary obtained ISO-27001:2013 certification for safety management. The process involved a detailed and formal compliance audit and independent testing of the Information Security Management System (ISMS) that now certifies Odissea to manage the security of sensitive third party information such as financial assets, legal and personal details.

Products and Services and Distribution Methods

Betting Platform

We believe that our Platform, engineered and launched by our software development team at Odissea, is a highly efficient, cutting edge betting Platform technology that supports the processing of online client gaming account protocols as well as land-based betting protocols with seamless multi-channel functionality accepting all forms of payment methods (i.e., cash, e-wallet, bank card and wire transfer, etc.) and integrated with a real-time CRM and Business Intelligence program for streamlined cross-platform marketing as well as a synchronized financial accounting process.

Payment channels for both deposit and withdrawals online are as set forth below:

- Player indirect – meaning that the player makes a deposit indirectly to their gaming account through a licensed agent (such as a cash deposit to their gaming account at a web-shop counter (e-credit to player account)).

- Player direct – meaning that the player makes a deposit directly to their own gaming account through one or more of the following methods:

  - Credit card;
  - ATM/debit card;
  - Bank wire
  - Postal money order; and
  - E-wallet or e-credit transfer.

Payment channels for both play of wagers and settlement of winnings at the land-based or retail agency or corner counter is as follows:

- Player direct – meaning that the customer pays for the wager in cash and accepted debit or credit cards.

We currently employ a customizable client-focused and cost-effective "hands-on" method, rather than a "general approach" to our Platform design with the goal of empowering our player-facing customers, agents and employees to enhance the players' experience by allowing personalized dashboard design and customer care for all customer call-ins to our service agents. We believe that this strategy has been highly effective in the Italian retail betting market and has been instrumental in increasing our revenues, net earnings and player retention.

Gaming Product Offerings

Our online sales channel (websites and web-shops) in Italy offers a full suite of gaming products that can be played in both real-money or free-play modes which include:

- Sports Betting: Considered the largest and most well-known industry segment offering both pre-match and live in-game betting events on a wide variety of sports.
- Online Casino: includes the following:

  - Traditional Online Slot Games: Automated (using random number generated ("RNG")) casino games and slot machines.
  - Traditional Online Table Games: Table games such as roulette, blackjack and baccarat.

- Poker: Texas Hold'em and Omaha in both cash and tournament formats.
- Bingo and Skilled and Interactive Games: Games that are programmed with a random number generator to ensure constant fairness for all parties. These games include card games such as tresette (3 Sevens), scopa (Sweep) and briscola (Trump).
- Virtual Sports Betting: Various computer generated sport and racing events that are programmed with an RNG
- Horse Racing: Live track horse racing events.

Our land-based customer locations generally offer only sports betting, and may also carry virtual sports betting and horse racing in Italy.

Current Markets, Other Services and Facilities

In addition to complementing gaming offerings originally provided by our acquired operators with our Newgioco branding, we intend to add new products and services with the assistance of gaming specialists, software providers and market research professionals. We believe that we can generate additional revenues by establishing more marketing centers and web-shops in Italy and expand our services in restaurants, bars and other similar small businesses across the U.S.

In Italy, we currently service approximately 100,000 online user accounts and estimate that our online user base will continue to further increase based on projections of both organic growth and acquisitions of existing operators. In addition, we also service an indeterminate number of walk-in customers at our physical locations throughout the U.S. and Italy. Subject to licensing requirements in each state, we also expect to increase our penetration in the U.S. and other North American markets in 2022.

Our client's range in age from ages 18 through 79 and are a mix of 70% male and 30% female. In addition, we separate our revenue source by (a) sports betting, (b) casino and card game betting and (c) poker. Our in-house analysis indicates that sports betting and casino games are more popular than poker and other card games among our customer base. Furthermore, sports betting is our most profitable revenue stream yielding the highest percentage of our gross gaming revenue at 52% of revenues, which is representative of industry metrics when measured by completed sports seasons on a year over year basis. Our second largest source of revenue is currently casino followed by poker. We anticipate a shift in revenue in the future and that our largest source of our future revenue growth will be from B2B2C, which is expected to have the highest gross margin followed by sportsbook, casino and poker.

Our internal analysis further indicates different gaming patterns among our male and female online users. Male players prefer sports-bets, while approximately 10% of them also explore casino and poker. Conversely, female players prefer casino and bingo while approximately 1% try our other games such as poker, sports-betting or lotteries.

Most of our users are currently located throughout Italy, with the highest concentrations in larger centers such as Rome and Naples.

We expect that users from any operators that we acquire will continue to utilize our services and anticipate that any operators we acquire will have existing revenues from users who frequent their establishments and venues or use their gaming websites. In addition to acquiring customers through the acquisition of operators, we intend to obtain additional licenses and pursue contracts and relationships with other operators that we believe will attract and secure new users as we increase our customer base globally.

Revenue Streams

Our revenue streams primarily consist of transactional income and service revenue.

In the U.S. we currently generate service revenue from providing our platform and bookmaking services on a B2B basis to retail locations and casino operators in the U.S. market, through our subsidiaries, Elys Gameboard Technologies, ("Gameboard") and US Bookmaking. We also intend to expand our presence in the U.S. market and are considering expanding our operations to provide a digital solution to customers in the U.S. on a business-to-consumer ("B2C") basis.

In Italy, we currently generate transactional revenue through collection of bets from sports wagering and gaming from online betting and land-based betting shops located throughout Italy through our subsidiary Multigioco. We also generate service revenue from providing our Platform services to third party operators on a B2B basis through our Odissea subsidiary.

As we increase our customer base in Italy, our handle in our Italian operations reached approximately $574 million by the end of 2020 and $842 million by the end of 2021. In addition, our revenue during the year ended December 31, 2021 included revenue generated by Gameboard consisting of a percentage of net gaming revenues and revenue generated by Virtual Generation consisting of royalties invoiced for the sale of virtual games through authorized agents. We generated revenue of approximately $45.5 million for the year ended December 31, 2021 and approximately $37.3 million for the year ended December 31, 2020, respectively, substantially all of which was generated from revenue from operations or services provided in Italy. For the years ended December 31, 2021 and 2020, net gaming revenues represented 97.7% and 99.6%, respectively, and platform and service revenue represented 2.3% and 0.4%, respectively, of revenue.

Gaming revenues

Revenues from sports-betting, casino, cash and skill games, slots, bingo and horse race wagers represent the gross pay-ins (also referred to as turnover) from customers less gaming taxes and payouts to customers. Revenues are recorded when the game is closed which is representative of the point in time at which we have satisfied our performance obligation. In addition, we receive commissions from the sale of scratch tickets and other lottery games. Commissions are recorded when the ticket for scratch off tickets and lottery tickets are sold.

Betting platform

Revenues from the Betting Platform include license fees, training, installation, and product support services. Revenue is recognized when transfer of control to the customer has been made and our performance obligation has been fulfilled. License fees are calculated as a percentage of each licensee's level of activity and are contingent upon the licensee's usage. The license fees are recognized on an accrual basis as earned.

Mobile Browser Application

Based upon customer demand for improved performance, speed, and ease-of-use for sports betting on mobile devices, we engaged a dedicated internal team of engineers to this distribution channel and have already launched and intend to continue to launch several new and innovative features.

Our next-generation mobile browser and application based betting solution on our Platform is constantly evolving and being customized for deployment in each specific country market. The mobile solution is dedicated to improving the user experience with respect to sports betting with a unique modular design that allows quick go-to-market with plug-and-play features, we have the ability to tailor the mobile app to each market, including specific look and feel features, while end users quickly get to the desired bet ticket with just a few clicks. The modular architecture design of our mobile platform includes features inherent in the leading-edge Material Design framework developed by Google™ in 2014. Material Design is a visual language that synthesizes the classic principles of good design with the innovation of technology and science allowing the flexibility to quickly create new layouts for a variety of both enterprise brands and chain store locations, private brands and applications to add other features such as loyalty rewards for restaurants and cruise lines, push marketing for customer acquisition and retention and importantly, the ability to offer both online and land-based betting distribution under a variety of gaming regulations.

Our Websites

In Italy, we own our branded URL (uniform resource locator) newgioco.it that we operate in accordance with the ADM GAD licensing requirements either directly or through white label websites with online customers, or alternatively, contract the websites to third party agents or promoters operating webskin URLs under the newgioco.it licensed website. Our licensed gaming website, newgioco.it, currently processes live and virtual sports bets and mobile sports betting transactions through our Platform, while online casino and poker are provided under a third-party service provider agreement with Microgame SpA, and lotto products are provided by Lottomatica SpA.

Our gaming websites are tailored for the Italian market and Odissea provides and operates all aspects of our online gaming websites including servers, routers, software development, sportsbook trading, telephone betting, licensing, website hosting, payment solutions, security, and gaming related customer support needs.

The branded website newgioco.it serves both players directly and web-shops (i.e., internet café's) through the online channel of our Platform. There are some variations in website style because we offer different services through distinctive marketing campaigns:

- newgioco.it is mainly devoted to marketing for shops, including marketing with respect to campaigns, branding, and proposals/marketing for prospective operators to become a "Newgioco shop" and is the landing page for all white-label websites. A landing page refers to a webpage that is generally owned by a promoter (which can also be referred to as a betting shop) which redirects their marketing (social network, friends or other forms of marketing) to this main webpage. Apart from a few advertisements, the landing page links patrons to sign-up or register directly on the newgioco.it main page except that a promotional code is tied to the link, such that the web promoter can funnel its marketing through a subnet. In the case of Italy, the entire subnet (a subnet is a logical grouping of connected network devices; nodes on a subnet tend to be located in close physical proximity to each other such as on a LAN) must be connected to the ADM network (and all games offered through the network) must be certified and approved by SOGEI (an entity authorized to conduct such certification and approval by the Italian Ministry of Finance).

Our newgioco.it website offers wagering in many categories of sports events. We intend to capture a larger share of the Italian sports betting market by focusing on the Serie A, Serie B, and Serie C soccer matches as well as virtual sports betting, online poker, online casino and slots, skill games, and Italian horse racing through agent-based sales campaigns.

Our direct sales campaigns aimed at end users and agent-based sales campaigns are offered through white-label pages or webskins that direct gaming transactions through our licensed website newgioco.it. We currently operate eleven such webskins as follows:

- originalbet.it
- lovingbet.it
- tecknogame.it
- clubgames.it
- gamesmart.it
- 782xbet.it
- timetobet.it
- quibet.it
- fullmatchnew.it
- newbetlive5k.it
- guadagnomatematicobet.it

Webskins or white-label pages are dedicated to the end-user, or player, and focus on regional campaigns and gaming offerings directed at local players, such as welcome bonuses, poker rake rebate for poker players, etc. A white-label page is a complete gaming website (similar to the main website of the licenser (in our case Multigioco)) but with the interface and logo of the promoter. The promoter earns fees based on a percentage of the handle (turnover) generated through their website.

In relation to the third-party websites, the promoter ("partner", "shop", "agent" or "promoter") is responsible for marketing strategies, administration and costs. The promoter may utilize special promotions, draws and incentives to drive players to their website to increase gaming handle (turnover) or visits. Generally, these regional promoters operate in areas that are remote or distant from our central operations based in Rome. Therefore, some promotions may be tied to local events in the jurisdictions surrounding the "home base" of the promoter rather than originating from our main operations. The relationship with local shops and players from the promoter region remains with the promoter since there may be regional nuances that attract their clientele to our gaming offerings. Notwithstanding the foregoing, the gaming business is owned by the underlying licensor (i.e., Multigioco) and is included in our overall financial results as gaming handle (turnover).

The promoter does not have direct access to our client gaming accounts and is therefore not legally responsible or liable for maintaining gaming account balances. Instead, the licensor is legally responsible for compliance and client gaming account control such as anti-money laundering, know-your-client and minimum age restrictions, and is also required to ensure that all payouts due to players are credited to each players' gaming account and are available to players within seven business days of the completion of the play.

In the Italian market, our websites are only published in Italian. We may include additional languages if we determine that such services are commercially viable and if we agree to pay the related development fees. We currently have plans to expand our websites to include additional languages in the future.

Although we have a diverse portfolio of product and service offerings through our websites, we intend to focus on creating in-house cost savings and synergies by undertaking strategic acquisitions of competing webskin operators and to operate them under our Newgioco branding. We intend to replicate our successful operational model developed in the regulated Italian market through the U.S. and into other international markets.

Information contained on our website is not incorporated by reference into, and does not form any part of, this Form 10-K. We have included our website address as a factual reference and do not intend it to be an active link to our website. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge through the investor relations page of our internet website as soon as reasonably practicable.

Intellectual Property

We do not own any patents or have any patent applications pending in Italy or any other jurisdiction. As a result of our acquisitions of Multigioco, Rifa and the gaming assets of Newgioco Srl, we obtained the rights to the domestic distribution brand known throughout Italy as New Gioco, and in July 2015, we obtained a trademark on the brand and logo for New Gioco. Our prior subsidiary Rifa was amalgamated into Multigioco with effect on January 20, 2020.

As a result of the acquisition of Odissea, we obtained the intellectual property and technical know-how behind our betting Platform.

We also have proprietary rights to a number of trademarks, service marks and trade names used in this Annual Report which are important to our business including “NewGioco”, “OriginalBet”, “LovingBet” and “Elys.”

Research and Development

We are continually updating the Platform and the products that we offer. We incurred expenses in the amount of approximately $2.0 million and $1.7 million for each of the years ended December 31, 2021 and 2020, respectively for research and development. We expect that expenses we incur for development and improving our betting software to be continuous recurring research and development expenses.

Industry Overview

See the section entitled COVID-19 Update found elsewhere in this Annual Report for additional information regarding the impact of the COVID-19 pandemic on our industry.

Overview of the US Gaming Market

In May 2018, the U.S. Supreme Court ruled that the national ban on sports betting (PASPA) was unconstitutional, paving the way for states to enact laws authorizing sports gambling.

The future of sports betting in the United States remains very promising for future years. Despite the sudden COVID-related suspensions of nearly all sports from March to early summer of 2020, the first two years since the repeal of PASPA still saw growth for legal sports betting, both in terms of market expansion in legal states and new legislation paving the pathway to regulated sports betting in additional jurisdictions.

As of February 2022, twenty-six jurisdictions (including the District of Columbia) have some form of legal sports betting available. Nine others, including the states of Washington and North Carolina, have authorized legal sports betting but not yet opened their market. Larger markets such as California and Texas remain uncertain at this time.

Overview of the Italian Leisure Betting Industry

Leisure betting describes consumer entertainment products such as purchase of lottery tickets, scratch off tickets, sports betting and online casino, which customers play on a daily or regular basis.

Gambling has been culturally rooted since Roman times, and as such, Italian gaming laws are governed by a well-defined set of regulations which are considered to be some of the most advanced and robust regulations in the world. The ADM has created a barrier to entry into the gaming industry in Italy through its implementation of processes and regulations aimed at consolidating and reducing the number of licenses including, but not limited to, increased insurance requirements, increased minimum number of locations.

Overview of the Global Leisure Gaming Market

The easing of government regulations on sports betting is expected to be a primary growth driver for the global online gambling market. We believe that the tax revenue in addition to increase in employment opportunities derived from online gambling will motivate governments around the globe to legalize online gambling

The global online gambling market is gaining popularity in Europe, the Middle East and Africa (EMEA) because online sports betting sites generate substantial revenues for governments. Their significant contribution to national revenues is encouraging several countries to legalize online gambling.

The global online gambling market is characterized by the presence of several vendors competing to gain market dominance. Some small vendors are operating only in specific product verticals such as casino and lottery, while other vendors are operating in multiple areas including poker and sports betting. The growth opportunity for these vendors is increasing due to the rise in the number of online gambling providers and improved access to the internet around the world, as well as the increase in the number of players.

Certain key vendors in the global online gambling market are:

- Bet 365 (Hillside Group);
- The Stars Group (formerly Poker Stars);
- Paddy Power Betfair;
  (now merged with Stars Group);
- DraftKings;
- 888 Holdings;
- William Hill;
- bet-at-home.com;
- GVC Holdings;
- Ladbrokes Coral Group:
  (now merged with GVC Holdings);
- GAN Limited
- IGT/GTECH Lottomatica SpA, and
- Kindred (Unibet Group).

Other notable product vendors in the market also include Betsson, Gamenet/Intralot/Goldbet, Camelot Group, Genting UK, NetEnt, Playtech (acquired Snaitech), and Rank Group. See “Competition” below for additional information on major operators in Italy.

The sports betting segment is expected to grow with the increased popularity of global soccer sporting events such as the FIFA World Cup and ongoing global growth of cricket and rugby tournaments. In addition, online betting is popular in many sports events that take place around the globe including basketball, horse and greyhound racing, ice hockey, baseball, golf, tennis and American football. Sports betting is becoming more popular due to the expansion of wagering on these sports through online channels.

Competition

Competition in the leisure gaming industry is moderate with operators competing for customers in various geographic markets. These include online operations of “land- based” casino operators, poker rooms, sports/race books, bingo, skills games, lottery, betting exchanges as well as internet or web only based operators. The global reach of the internet together with the abundant supply of games and operators means that users can easily switch gaming platforms and operators, thereby increasing competition. Government and other regulations make it more difficult for operators to expand their footprint in certain markets leading to the consolidation of operators in such markets, while the easing of regulations in some markets has permitted more operators to expand to new marketplaces.

We compete with several private and publicly listed companies that provide land-based and/or online gaming, many of which have greater sources of financing, greater name recognition and have been engaged in the industry longer than we have. In addition, current land-based casino competitors, many of which have longer operating histories, greater brand recognition and greater financial and other resources than us, may provide Internet gaming services in the future.

We face direct competition in Italy from established online gaming sites including:

- Lottomatica S.p.A.: large gaming operating with a range of products and services from online casinos, sport betting and gaming machines;
- Snaitech: (recently acquired by Playtech) an Italian corporation that deals with the management of betting odds and horse racing contests;
- Sisal: (wholly owned by CVC Capital Partners) one of the oldest Italian gaming companies offering Internet betting, lotteries, poker and casino, slots and arcade games;
- GVC Holdings/BWIN: one of the largest online gaming companies in the world focused primarily on sports betting, as well as online casino and poker;
- Ladbrokes/Gala Coral Group/Eurobet: a UK based betting and gambling company which was acquired by GVC Holdings in March 2018;
- Bet365 (Hillside Media): a UK based online gambling company offering sports betting, poker, casino, games, and bingo, as well as video streams of sporting events;
- PaddyPower/Betfair (Flutter Entertainment): is a London Stock Exchange listed company and a constituent of the FTSE 100 Index. The company is a bookmaking business created by the merger of Paddy Power and Betfair, and operates under various brands including Betfair, Paddy Power, Sportsbet, TVG and FanDuel;
- The Stars Group (PokerStars): a Canadian online gaming company formerly known as Amaya Gaming Group produces and offers online gaming products and services including poker, casino and sportsbook through its online gaming division, Stars Interactive under the brands PokerStars, PokerStars Casino, BetStars and Full Tilt Poker and in May 2020, The Stars Group completed its merger with Flutter Entertainment;
- 888 Holdings: a multinational online gambling company which operates several international gambling websites including 888casino (one of the oldest online casino websites); 888poker and 888bingo; and
- William Hill: a UK based bookmaker founded in 1934 is listed on the London Stock Exchange and a constituent of the FTSE 250 Index operates an online sportsbook and offers online casino games, ‘skill games’, online bingo and online poker. The company operates approximately 2,300 betting shops and employs over 16,000 people worldwide.

Government Regulations

We conduct business in a number of jurisdictions, of which Italy has historically contributed the most significant recurring gaming revenue, while our Virtual Generation subsidiary operates as a vendor or supplier to the gaming industry in such other jurisdictions. We are subject to various government regulations in the jurisdictions in which we currently operate or intend to operate in as set forth below. Current and future laws and regulations may impede the growth of regulated online and land-based gaming and wagering. Any noncompliance with the various laws and regulations that our operations are subject to may harm our business and results of operations.

United States

There is no federal United States legislation that explicitly addresses the legality of online gambling. However, there are several acts that impact online gambling.

The Federal Wire Act of 1961 makes the placing of sports bets over the telephone illegal. The Federal Wire Act of 1961 does not explicitly refer to online gambling, leaving its applicability to on online gambling open to interpretation.

The Unlawful Internet Gambling Enforcement Act of 2006 ("UIGEA") prohibits any person engaged in the business of betting or wagering from knowingly accepting payments related to unlawful bets or wagers transmitted over the Internet. While the UIGEA does not define online gambling as being illegal, the UIGEA instructs the U.S. Treasury Department and Federal Reserve to impose obligations upon financial institutions and other payment processors to establish procedures designed to block online gaming-related financial transactions. It also expressly requires Internet bets and wagers to comply with the law of the jurisdiction where the wagers are initiated and received (i.e., within state borders). As a result of the UIGEA we may not accept bets received by use of wire communications facilities, including telephones and computers, unless such bets originated and terminated in jurisdictions where such betting or wagering is legal.

In May 2018, the U.S. Supreme Court ruled that the Professional and Amateur Sports Protection Act (the "PASPA") was unconstitutional as it violated the Tenth Amendment prohibition against forcing states to implement federal laws. Enacted in 1992, PASPA generally prohibited states from authorizing, licensing or sponsoring betting on competitive games in which amateur or professional athletes participate. PASPA did not make sports betting a federal crime; but rather, it allowed the attorney general for the Department of Justice, as well as professional and amateur sports organizations, to bring civil actions to enjoin violations of PASPA. The U.S. Supreme Court decision opens the door for all states to legalize and regulate sports gambling within their borders. States such as Nevada, New Jersey, Delaware, West Virginia, Rhode Island, Pennsylvania, Arkansas, Montana, Illinois, Indiana, Iowa, Tennessee, New York, New Mexico, New Hampshire, North Carolina, Oregon, Michigan, Mississippi, Colorado and the District of Columbia have passed laws that were ready to be enacted once the federal ban on sports betting was lifted. In addition, additional states including Maine, California, Connecticut, Louisiana, South Carolina, Oklahoma, Kansas, Missouri, Kentucky, Ohio and Maryland are considering active bills.

Italy

Italian operation of land-based and online gaming activities requires a license awarded by the ADM. The ADM is responsible for, among other things:

- regulating games and enforcing relevant regulatory provisions;
- issuing licenses, and supervising compliance by licensees;
- monitoring the distribution of gaming services; and
- collecting gaming taxes.

There are currently two main categories of licenses (land-based and online) issued or awarded by the ADM in three series:

- Series 1 first issued by legal decree in 1992, renewed in 2009 under the Abruzzo decree and are colloquially branded as "Monti" licenses, that expired in 2016 and are expected to be called for renewal tender between 2021 and 2023;
- Finance Act series which were awarded by tender in 2006 and are known as "Bersani" Licenses that expired in 2016 and are expected to be called for renewal tender between 2021 and 2023; and
- New series Gioco a Distanza (Games at a Distance) ("GAD") issued by application process under the Comunitaria decree in 2010 expire in 2021 and are expected to be renewed through a license tender auction.

The Monti and Bersani licenses provide distribution authorization to operate both Negozio Sportivo (agency) and Punto Sportivo (corner) land-based establishments as well as GAD online (web-based) distribution. Land-based Monti licenses and Bersani licenses are subject to and expected to be consolidated under a new decree at renewal auction which is expected to be called for renewal tender between 2022 and 2023, to match up with the limited number of Comunitaria Series GAD licenses which expired in 2021.

We currently hold, through our Multigioco subsidiary, three gaming licenses upon which our business is dependent: (i) a Bersani license, (ii) a Monti license, and (iii) a GAD license. Our Italian Bersani, Monti and GAD licenses are issued by the ADM. Each Italian license is typically valid for a term of nine years which can be terminated if we fail to comply with required regulations in each country. The renewal process for the Bersani license and Monti license, is a call to tender auction process held at the same time for all licensees approximately once every nine years with the highest bidders being awarded not only licenses but rights to operate a certain number of land-based locations. In addition, the maximum number of land-based license rights that any one operator may bid on at auction is 20% of the total market being auctioned.

Each of the Bersani and Monti land-based licenses allow us to offer specific gaming products through physical retail locations that require one license right per each physical location. The rights granted under the Bersani and Monti licenses are not fixed to any specific physical location and can be moved at the discretion of the licensee to any physical address so long as the physical address has a police issued municipal license (as prescribed by article 86, paragraph 3, of the Italian Unified Text of Public Security Law (TULPS)) to sell gaming products and so long as the physical locations meet the ADM requirements, most of which are zoning requirements that require that the location is situated at a minimum distance from schools, churches and ATM's and banks. Multigioco currently holds one land-based Bersani license with seven corner location rights that was issued to it in 2006, and one land-based Monti license with three agency location rights that was issued to it in 2010. Each of the Monti and Bersani licenses held by Multigioco expired in 2016. Although both of these land-based "concession" series of licenses expired for all Italian licensed operators in 2016, the ADM has granted a letter of authority which permits us to continue our land-based operations in Italy until the government holds the next organized auction for the renewal of licenses, which is expected to take place between 2022 and 2023.

By extending the pre-2016 concession licenses, the ADM has instituted an environment that authorizes licensed Operators to continue operating until the next license renewal auction. In this regard, certain non-Italian, European-based operators have commenced civil proceedings in the European Court of Justice against the ADM's efforts to prohibit access to the regulated Italian betting market by foreign operators. The outcome of these proceedings and the effect on our business in the Italian market are presently unknown.

Multigioco was awarded a Comunitaria Series GAD license by the ADM in 2011. The licenses provide Multigioco the right to:

- offer gaming products that ADM authorizes for deployment in Italy through online channels which include websites and apps displayed on a PC, tablet or mobile phone;
- enter into licensing, joint venture and acquisition agreements with shops and private enterprises as concessionaires that provide various local services such as convenience stores, bars, cafes, and restaurants in Italy;
- establish web cafe`s as permitted by the regulations enforced by the ADM regional office within Italy; and
- take such steps such as know your client ("KYC") and anti-money laundering controls ("AML") that are deemed necessary to develop the business of regulated gaming in Italy.

An online account allows a player to fund an account through a variety of electronic payment channels such as credit cards, ATM/debit cards and bank wires. The GAD license allows us the opportunity to open an unlimited number of web-shops and to close any of the web-shops that we open in our sole discretion. We currently operate approximately 1,300 web-shops throughout Italy. Our GAD license expired on June 15, 2021 and can be renewed provided that we have not violated any regulations. Although we believe that we will be able to renew this license through a tender notice process, no assurances can be given that the renewal will be timely, if at all.

Our Italian licenses could also be terminated if we fail to comply with required regulations in Italy.

In addition, our software Platform has been certified for use in Italy in accordance with the ADM requirements by Quinel M. Limited, an international technology auditor that conducted an audit of the Platform in June 2017. The purpose of the certification is to prove the effectiveness and accuracy of communications between the supplier interface and the user/operator interface. Any updates to the software or changes to key functions that we implement, require recertification, for which there can be no assurance that our software will qualify.

As a result of ongoing proceedings in the European Court of Justice regarding the application of Italian regulation for wagering under the Intra-EU model since the past renewal date of June 30, 2016 the ADM has imposed a moratorium on the issuance of new sports betting licenses and standardization of regulations. In the interim, the ADM is delaying the Italian license renewal process and has temporarily instituted operating authorizations for pre-2016 concessions that allow operators, including Multigioco, to continue to operate until the next license renewal is announced and concluded. The outcome and duration of this process is presently unknown.

Ulisse held one Austrian bookmaker license that was issued in June 2018 which had no termination date but could be terminated or cancelled by the regulator if Ulisse had failed to comply with any regulations. In accordance with established inter-European business principles that permit the formation and operation of business within EU state members, we previously operated gaming websites and 110 CTD retail locations in Italy under our Austrian bookmaker license. All 110 CTD retails locations were closed for the greater part of 2020 due to the COVID-19 restrictions. Management decided during the fourth

quarter of 2021 to focus all of its attention and technical resources on developing the significant opportunities and new business leads in the U.S. market. After careful consideration of the potential of developing gaming operations in the Austrian and other European markets, management decided to let the Austrian license lapse and acquired the Ulisse customer relationships through Multigioco, operating under the Multigioco licenses and platform.

United Kingdom and European Union

The United Kingdom and certain EU countries, such as Germany, France, Spain and Greece, have enacted online gaming laws and regulations. To the extent that we operate in any of these jurisdictions, our operations will need to be in compliance with the laws and regulations of such jurisdiction.

Additional Government Regulations

We are subject to general business regulations and laws which cover among others, taxation, virtual currencies, identity theft, account management guidelines, privacy, disclosure rules, security and marketing.

For a description of the risks associated with the licenses and their renewal see the Risk Factors. Our failure to successfully acquire the requisite number of location rights we desire at the renewal auction in Italy may adversely impact our business. In such event, we will most likely either acquire rights in the secondary market from someone selling rights they acquired at auction at prices which are typically higher than the auction prices of the ADM or open additional web-shops, which will be less expensive but also have lower profit margins than the land-based operations.

Human Capital Resources

As a multinational company our business success is dependent upon our global workforce which spans five countries. As of December 31, 2021, we employed 1 person directly located in Canada, and 5 people in the United States and engaged 5 persons as independent contractors, while our subsidiaries Multigioco employed 46 full-time employees and 1 part time employee located in Italy, and approximately 11 independent contractors and sales agents, Odissea employed 18 full-time employees located in Austria, Ulisse employed 1 full-time employees and Virtual Generation employed 1 full time employees between Italy, Malta and its international offices. Approximately 19% of our employees are part of our technology team and 81% are involved in finance, general management and other administrative functions. In July 2021, we acquired US Bookmaking that has 16 employees based in Las Vegas, Nevada. None of our employees are covered by a collective bargaining agreement, and we consider our relations with our employees to be very good. Although, management continually seeks to add additional talent to its work force, management believes that it has sufficient human capital to operate its business successfully. Our recruitment programs are regionally focused, and hiring is done at a local level to ensure compliance with applicable regulations.

We also offer our employees a compensation packages with premier health and welfare programs for employees and family members. In addition, every employee is eligible for equity awards to share in the Company's financial success. Our paid time off programs enable our workforce to enjoy personal time away from their job responsibilities.

In early March 2020, we implemented a safe work plan to protect the health of our employees in response to the COVID-19 pandemic, including closing our administrative offices. We had encouraged most of our employees to work from home, and we implemented health and safety protocols in our administrative offices to ensure that we are ready for the safe return of our employees to our offices, in order to ensure the success of our employees during the shift to remote work, we developed training resources for managers to ensure they had the proper skills to lead remote teams and provided training to employees on how to be effective while working remotely.

Most of our employees have returned to our workplaces during the second and third quarter of 2021 as local government restrictions were eased. We allow employees to work from home where circumstances warrant it and anticipate that we will continue this policy in the foreseeable future.

COVID-19 Update

As a result of the global outbreak of the COVID-19 virus, on March 8, 2020 the Italian government issued a decree which imposed certain restrictions on public gatherings and travel, and closures of physical venues that included betting shops, arcades and bingo halls across Italy. Accordingly, we had temporarily closed all betting shop locations throughout Italy as a result of the decree until May 4, 2020. Subsequently, on March 10, 2020 the Italian government imposed further restrictions on travel throughout Italy as well as transborder crossings and had either postponed or cancelled most professional sports events which had an effect on the Company's overall sports betting handle and revenues and negatively impacted the Company's operating results.

On June 19, 2020 all land-based betting shops, including corner locations such as coffee shops throughout Italy temporarily reopened until November 2020 when the Italian government imposed new lockdowns that were lifted on June 14, 2021. The closing of physical betting shop locations did not affect our online and mobile business operations which has mitigated some of the impact. Due to the high percentage of vaccinations administered in Italy, we do not anticipate further severely restrictive lockdowns.

During Q2 2021, management decided to close our Ulisse operations in Italy due to the uncertainty at that time of the duration and scope of the COVID-19 outbreak, while focusing investments on growing our U.S. market and the more familiar Multigioco brand, the result of which management believes has reduced the complexity and improved the efficiency of our gaming operations in Italy.

Corporate Information

Elys Game Technology, Corp. is a Delaware corporation incorporated on August 26, 1998. On November 2, 2020, we filed a Certificate of Amendment (the "Certificate of Amendment") to our Certificate of Incorporation to reflect our corporate name change from "Newgioco Group, Inc." to "Elys Game Technology, Corp.". On November 6, 2020, we filed a Certificate of Correction ("Certificate of Correction") to the Certificate of Amendment to correct and delete the errant references in the Certificate of Amendment regarding a stockholder meeting.

We currently maintain an executive suite situated at 107 East Warm Springs Road, Las Vegas, Nevada, 89119, and the offices of our wholly-owned subsidiaries are located in Canada, Italy, Malta, Colombia and Austria (See Part I, Item 2. Properties). Our current subsidiaries include: Multigioco Srl (acquired on August 15, 2014), Ulisse GmbH and Odissea Betriebsinformatik Beratung GmbH (both acquired on July 1, 2016), Virtual Generation (acquired on January 30, 2019), Newgioco Group, Inc. (Canada) formed on January 17, 2017 for potential future operations in Canada, Elys Technology Group Limited, a company organized under the laws of Republic of Malta on April 4, 2019 for future business opportunities in Europe, Newgioco Colombia SAS, a company organized under the laws of Colombia on November 26, 2019 to develop our operations through South and Central America, Gameboard, a limited liability company organized in the State of Delaware, on May 28, 2020 to develop our U.S. business operations and US Bookmaking, a company organized under the laws of Nevada, acquired on July 15, 2021. Our prior subsidiaries included Rifa Srl from January 1, 2015 that was amalgamated into Multigioco with effect on January 20, 2020 and Naos Holding Limited a non-operating holding company from January 30, 2019 that was discontinued with effect on December 31, 2019. Our telephone number is 1-628-258-5148. Our corporate website address is www.elysgame.com. The information contained on our website is not incorporated by reference into this Annual Report, and you should not consider any information contained on, or that can be accessed through, our website as part of this Annual Report or in deciding whether to purchase or sell our securities.

We have proprietary rights to a number of trademarks, service marks and trade names used in this Annual Report which are important to our business including "New Gioco", "OriginalBet", "LovingBet" and "Elys". Solely for convenience, the trademarks, service marks and trade names in this Annual Report are referred to without the ® and TM symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. All other trademarks, trade names and service marks appearing in this Annual Report are the property of their respective owners.

Available Investor Information

We file electronically with the Securities and Exchange Commission ("SEC") our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) of 15(d) of the Securities Exchange Act of 1934, as amended. We make available through our website, free of charge, copies of these reports as soon as reasonably practicable after we electronically file or furnish them to the SEC. Our website is located at www.elysgame.com. You can also request copies of such documents by contacting us at 1-628-258-5148 or sending an email to investor@elysgame.com. The information contained on our website is not incorporated by reference into this Annual Report, and you should not consider any information contained on, or that can be accessed through, our website as part of this Annual Report or in deciding whether to purchase or sell our securities. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission. The address of that website is www.sec.gov.

Item 1A. RISK FACTORS

In addition to the other information contained in this Form 10-K, the following risk factors should be considered carefully in evaluating the Company. Our business, financial condition, liquidity, or results of operations could be materially adversely affected by any of these risks. Accordingly, when we refer to "our operators" below, it is with reference to operators that we currently own or are in the process of acquiring or may acquire in the future, regardless of the level of ownership or operators that are involved in joint ventures with us. The risks and uncertainties described below are not the only ones facing our company, additional risks and uncertainties not presently known to us or that we currently consider immaterial may also have an adverse effect on us. If any of the matters discussed in the following risk factors were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially and adversely affected.

Risks Related to our Financial Condition

The effects of the COVID-19 pandemic have strained and negatively impact our businesses and operations, and the duration and extent to which COVID-19 may impact our future results of operations and overall financial performance remains uncertain.

The outbreak and spread of COVID-19 and the related adverse public health developments, have adversely affected work forces, economies and financial markets globally. The outbreak had caused the closures of physical locations throughout Italy where we provide our gaming services. Although most major sporting events and leagues have recommenced, the suspension of professional sports competitions throughout the world negatively impacted our ability to offer sports gaming products, and COVID-19 could have a continued material adverse impact on economic and market conditions and trigger a period of continued global economic slowdown, especially in light of potential subsequent waves or new strains of the virus. Our revenue depends on the continuation of major league sports and other sporting events, and we may not generate as much revenue as we would have without the cancellations or postponements that occurred in the wake of COVID-19.

In response to the spread of COVID-19 as well as guidance from public health directives, and orders of national and local government and health authorities, we had implemented work-from-home policies to support community efforts to reduce the transmission of COVID-19 and protect employees. We implemented a number of measures to ensure employee safety and business continuity. Business travel was suspended, and online and teleconference technology was and still is used to meet virtually rather than in person. The effects of the governmental orders and our work-from-home policies had negatively impact productivity, disrupted our business and delayed our progress in implementing our business plan and our ability to conduct our business in the ordinary course. Our operations have mostly resumed normal operations within local government guidelines.

The global outbreak of the COVID-19 coronavirus continues to rapidly evolve. The extent to which the COVID-19 outbreak may continue to impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of any future outbreaks, additional travel restrictions and the reimplementation of social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease. We do not yet know the full extent or impacts on our business, operations, or the global economy as a whole. While the spread of COVID-19 may eventually be contained or mitigated, there is no guarantee that a future outbreak of this or any other widespread epidemics will not occur, or that the global economy will recover, either of which could continue to impact on our business.

Because we have a limited operating history, we may not be able to successfully manage our business or achieve profitability.

We have a limited operating history with respect to our gaming operations upon which you can evaluate our prospects and our potential value. We began our gaming operations in 2014, when we completed the acquisition of Multigioco, a corporation organized under the laws of the Republic of Italy, which is now our wholly owned subsidiary and was granted its ADM Comunitaria GAD (Online Gaming) license on July 4, 2012. As a result of the acquisition of Multigioco, our principal business became a licensed leisure gaming operator offering web-based and land-based sports betting, lottery and gaming products for our customers. The subsidiary that owns our Platform, Odissea, was acquired by us along with our Austrian bookmaker subsidiary, Ulisse in June 2016. In January 2019, we acquired Virtual Generation, a company that owns and has developed a virtual gaming software platform and we acquired US Bookmaking in July 2021. In addition, we commenced processing sports bets in the U.S. on a B2B basis in Washington D.C. in October 2021. Therefore, it is difficult to evaluate our business. If we cannot successfully manage our business, we may not be able to generate future profits and may not be able to support our operations.

The likelihood of our success and performance must be considered in light of the expenses, complications and delays frequently encountered in connection with the establishment and expansion of new business and the highly competitive environment in which we operate.

We have incurred substantial losses in the past and it may be difficult to achieve profitability.

We have a history of losses and are anticipated to incur additional losses in the development of our business. For the year ended December 31, 2021, we had a net loss of $15.1 million after an intangible impairment charge of $17.4 million and a revised contingent purchase consideration credit of $11.9 million and a net loss of $9.9 million after an intangible impairment charge of $4.9 million for the year ended December 31, 2020. As of December 31, 2021, and 2020 we had accumulated deficits of $48.2 million, and $33.2 million, respectively. Since we are currently in the early stages of our development and strategy, we intend to continue to invest in sales and marketing, product and solution development and operations, including the hiring of additional personnel, upgrading our technology and infrastructure and expanding into new geographical markets. Even if we are successful in increasing our customer base, we expect to also incur increased losses in the short term. Costs associated with entering new markets, acquiring clients, customers and operators are generally incurred up front, while service and transactional revenues are generally recognized at future dates if at all. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenues enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this section, and unforeseen expenses, difficulties, complications and delays and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and common stock may significantly decrease.

If we do not have sufficient capital resources to complete acquisitions and manage our operations, our ability to implement our business plan could be adversely affected.

We intend to continue to make investments to support our business and may require additional funds to respond to business challenges, including the need to develop new features or enhance our existing solutions, improve our operating infrastructure or acquire complementary businesses and technologies. We continue to embark on an aggressive roll out of our operation in the U.S. market over the next twenty-four months and anticipate that we will need cash of approximately $10 million to $15 million to execute this successfully and to fund our increasing working capital requirements. Accordingly, we will need capital to implement our business plan, and may seek to finance operator acquisitions and development projects through bank, debt or equity financings. Disruptions to financial markets or other challenging economic conditions may adversely impact our ability to complete any such financings or the terms of any such financings may be unacceptable or unfavorable to us. To the extent that we issue equity securities in connection with our proposed acquisition, our current stockholders will experience dilution of their holdings. To the extent we incur debt, we may be subject to restrictive covenants that impact our ability to conduct our business. We can provide no assurance that we will be able to obtain financing necessary to implement our business plan or that any such financing will be on terms acceptable to us. not be sufficient to fund existing operations over the next twelve months from the date hereof.

If we fail to comply with the rules under Sarbanes-Oxley related to accounting controls and procedures in the future, or, if we discover additional material weaknesses and other deficiencies in our internal control and accounting procedures, our stock price could decline significantly and raising capital could be more difficult.

Section 404 of Sarbanes-Oxley requires annual management assessments of the effectiveness of our internal control over financial reporting. If we fail to comply with the rules under Sarbanes-Oxley related to disclosure controls and procedures in the future, or, if we discover additional material weaknesses and other deficiencies in our internal control and accounting procedures, our stock price could decline significantly and raising capital could be more difficult. If material weaknesses or significant deficiencies are discovered or if we otherwise fail to achieve and maintain the adequacy of our internal control, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of Sarbanes-Oxley. Moreover, effective internal controls are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our common stock could drop significantly.

We have material weaknesses and other deficiencies in our internal control and accounting procedures.

Section 404 of Sarbanes-Oxley requires annual management assessments of the effectiveness of our internal control over financial reporting. Our management assessed the effectiveness of our disclosure controls and procedures as of December 31, 2021 and concluded that we had a material weakness in our internal controls due to our limited resources and therefore our disclosure controls and procedures are not effective in providing material information required to be included in our periodic SEC filings on a timely basis and to ensure that information required to be disclosed in our periodic SEC filings is accumulated and communicated to our management to allow timely decisions regarding required disclosure about our internal control over financial reporting. More specifically, our internal control over financial reporting was not effective due to material weaknesses related to a segregation of duties due to our limited resources and small number of employees. Due to limited staffing, we are not always able to detect minor errors or omissions in financial reporting. If we fail to comply with the rules under Sarbanes-Oxley related to disclosure controls and procedures in the future, or, if we continue to have material weaknesses and other deficiencies in our internal control and accounting procedures and disclosure controls and procedures, our stock price could decline significantly and raising capital could be more difficult. If additional material weaknesses or significant deficiencies are discovered or if we otherwise fail to address the adequacy of our internal control and disclosure controls and procedures our business may be harmed. Moreover, effective internal controls are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our securities could drop significantly.

We expect to continue relying on our discretionary available cash and available bank credit facilities to fund our additional acquisitions or enter into new business opportunities, which bank credit facilities may not be available at reasonable terms, if at all.

We have recently initiated an ambitious investment strategy including taking steps to enter the U.S. market which has led to an increase in expenses. Our ability to execute our growth plan is dependent upon our ability to generate profits from operations in the future, bank credit facilities and/or our ability to obtain additional financing and such financing may not be available on reasonable terms, if at all.

Risks Related to our Business

If we should lose our online or land-based licenses, or if the licenses are not renewed for any reason, including our failure to successfully bid for location rights at the renewal auction, our business would be materially adversely impacted, and it could result in the impairment of the carrying value of a substantial portion of our assets.

Our ability to generate revenue from gaming operations in Italy is dependent upon our ability to maintain our Italian online and land-based licenses. We currently hold three gaming licenses upon which our business is dependent: a Bersani license, a Monti license, and a GAD license. Each of the three licenses that we hold can be terminated by the regulator at any time if we fail to comply with their regulations.

In addition, our GAD license that was issued to Multigioco in 2011 is up for renewal in 2022 and our Bersani and Monti land-based licenses that provides rights to seven corners and three agencies is currently up for renewal at such time as the ADM should determine (which is expected to occur between 2022 and 2023). Insofar as the renewal process for licenses is conducted through a call to tender auction process, there is no guarantee that we will be the highest bidder at auction and therefore there is no guarantee that our licenses or location will continue to operate. In addition, although our software is currently certified for use in Italy and in the U.S. for land-based application, any updates to the software or changes to key functions that we implement, require recertification, for which there can be no assurance that our software will qualify. We have also obtained our first U.S. based license from the Office of Lottery and Gaming in the District of Columbia. If we are unable to renew our licenses or obtain new licenses or software recertification, our business would be materially adversely impacted, and we may need to impair the carrying value of a substantial portion of our assets.

In order to expand our land-based operations in Italy, we will be required to acquire additional location rights under our licenses or acquire operators that have location rights under their licenses and our inability to acquire such additional rights or operators or restrictions from using any license associated with such acquired operators, will result in an adverse effect on our operating results.

Rights to online and land-based licenses are only available in Italy at limited times when licenses are being renewed. In addition, the maximum number of land-based location rights that any one operator may bid on at auction is 20% of the total market being auctioned. Due to such limitations on acquiring new location rights in Italy, our ability to expand the number of land-based locations that we operate will depend in large part upon our ability to acquire operators that hold land-based licenses and location rights. We expect a significant portion of our additional revenue to be derived from gaming revenue earned by operators that we have recently acquired or will acquire in the future. Although the operators which we have acquired and those that we acquire in the future may have active gaming licenses and location rights, we can provide no assurance that the existing license and location rights of any particular operator we have acquired or that we acquire in the future will be renewed or retained or that we will be able to acquire additional operators and increase our client base. If we are restricted from acquiring target operators or their client base, our operating results may will be adversely affected.

If we are unable to respond to changes in consumer preferences, attract new customers or sell new or additional products, our future revenue and business will be adversely affected.

Our retail leisure betting business, website and web-shops operate in an industry that is subject to:

- rapid technological change;
- the proliferation of new and changing online gaming sites;
- frequent new product introductions and updates; and
- changes in customer preferences and demands.0

If we fail to anticipate and effectively respond to any of the above changes, the demand for our products and services that we currently offer or that we may offer in the future may be reduced. Additionally, increasing incremental sales to our current customer base will require additional sales and marketing efforts, which may not be successful. Any failure to attract new customers or maintain and expand current customer relationships will have an adverse effect on our business and results of operations. Failure to anticipate and respond to changes in consumer preferences and demands could lead to, among other things, customer dissatisfaction and failure to attract and retain consumers of our products which could have a material adverse effect on our business, financial condition and operating results.

If we fail to acquire, integrate and develop operators and new technologies on favorable economic terms, our future growth and operating results could be adversely affected.

We anticipate that the future growth and success of our business will be dependent upon our successful acquisition of operators and development of new technologies, such as our acquisition of Virtual Generation and US Bookmaking. We may in the future seek to acquire or invest in businesses, products or technologies that we believe could complement or expand our solutions, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not the acquisition purchases are completed. In addition, we have limited experience in acquiring other businesses. If we acquire additional businesses, we may not be able to successfully integrate the acquired personnel, operations and technologies, or effectively manage the combined business following the acquisition. We may not be able to find and identify desirable acquisition targets or be successful in entering into an agreement with any particular target. Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. In addition, if an acquired business fails to meet our expectations, our operating results, business and financial condition may suffer. The difficulties and risks associated with the integration of the operations of new operators into our existing business, include:

- the possibility that we will fail to implement our business plans for the integrated company, including as a result of new legislation or regulation in the gaming industry that affects the timing or costs associated with our operations or our acquisition plans;
- possible inconsistencies between our standards, controls, procedures, policies and compensation structures and those of operators that we acquire;
- the increased scope and complexity of our operations following the acquisition of multiple operators;
- the potential loss of key employees and the costs associated with our efforts to retain key employees;
- provisions in contracts that we and the acquired operators have with third parties that may limit our flexibility to take certain actions;
- risks and limitations on our ability to consolidate the corporate and administrative infrastructures of new operators with our existing infrastructures; and
- failure to discover liabilities of operators prior to our acquisitions of such operators; and the possibility of unanticipated delays, costs or inefficiencies associated with the integration of operations of new operators with our existing operations.

As a result of these difficulties and risks, we may not be able to successfully grow our business.

If we are unsuccessful in establishing or maintaining relationships with third parties, our business may be adversely impacted.

In order to grow our business, we anticipate that we will continue to depend on relationships with third parties, such as deployment partners, and technology and content providers. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. Our competitors may be more effective in providing incentives to third parties to favor their products or services or to prevent or reduce the use of our services. In addition, acquisitions of our partners by our competitors could result in a decrease in the number of our current and potential customers, as our partners may no longer facilitate the adoption of our solutions by potential customers.

If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our revenues could be impaired and our operating results may suffer.

We cannot assure you that any acquisition we complete will result in short-term or long-term benefits to us.

Our business strategy includes expanding our products and services and we may seek acquisitions of synergistic companies to do so. Acquisitions involve numerous risks, including substantial cash expenditures; potentially dilutive issuance of equity securities; the potential incurrence of debt and contingent liabilities, some of which may be difficult or impossible to identify at the time of acquisition; difficulties in assimilating the acquired technologies or the operations of the acquired companies; diverting our management's attention away from other business concerns; risks of entering markets in which we have limited or no direct experience; and the potential loss of our key employees or key employees of the acquired companies.

We may misjudge the value or worth of an acquired product, company or business. In addition, our future success will depend in part on our ability to integrate and manage the associated acquisitions. We cannot assure you that we will be able to make the combination of our business with that of acquired products, businesses or companies work or be successful. Furthermore, the development or expansion of our business or any acquired products, business or companies may require a substantial capital investment by us. We may not have the necessary funds or they might not be available to us on acceptable terms or at all. We may also seek to raise funds by selling shares of our preferred or common stock, which could dilute each current shareholder's ownership interest in our company. Our operating results and financial condition will be adversely affected if we fail to implement our business strategy or if we invest resources in a strategy that ultimately proves unsuccessful.

We derive a significant portion of our revenue from gaming sales through our website and websites of our betting Platform clients. A decline in the popularity of our gaming websites or those of our Platform clients will negatively impact our business and risk our future growth.

We currently derive and expect to continue to derive substantially all of our primary source of revenue and service fees from the sales of gaming products and services sold through our website or websites operated by clients of our betting Platform. As such, the growth and market demand for our products and services are dependent upon, among other things, our ability to attract and retain new users and having existing users increase their activity on these websites. If we are unable to maintain or grow our revenue from sales through our website and our client's websites, our future growth and revenues may be adversely affected.

Because our gaming operations are concentrated within Italy, we are subject to greater risks than a gaming company that is more geographically and internationally diversified.

Due to the fact that our gaming operations are concentrated within Italy, we are subject to greater risks than a gaming company that is more geographically and internationally diversified. As such, our business may be significantly affected by risks common to the Italian leisure betting market. For example, the changing government regulations on Italian gaming licenses or on the tolerance toward European licenses, as well as general economic conditions in Italy and the impact of any events that disrupt our ability to offer our products and services can adversely affect our business. We cannot control the government process that awards domestic gaming licenses to operators or the tolerance of allowing other European license holders to operate in Italy. Reductions in the number of licenses and frequency of issuing licenses by any government regulator can impact our ability to operate our business.

Our current expansion strategy, which includes expansion through Virtual Generation in the various countries in which it operates and in the United States through the use of our Platform certifications, may be difficult to implement because the licensing and certification requirements to operate in the United States are complex and other countries are currently indeterminable.

Our current expansion strategy includes soliciting existing licensed operators in the United States offering sports betting in states that allow sports betting to use our Platform. Furthermore, we have analyzed the technical specifications checklist supplied by GLI to verify that coding in our online product meets the functional specifications set forth in the GLI-33 standards (The Gaming Laboratories International technical standard for event wagering systems). In September 2020, we obtained GLI-33 certification on our land-based sports betting platform and commenced processing sports bets in the U.S. on a B2B basis in Washington D.C. in October 2021. We also began the process of licensing our platform in other States that allow sports betting. However, before being able to commence operations in any state we will be required to obtain licenses and other governmental approvals and there can be no assurance that we will be able to do so. Each state has its own approval process and approval in one state does not guarantee approval in any other state. We also intend to expand our operations through Virtual Generation in the various countries in which it operates; however, to date we have not had operations in most of those countries and there can be no assurance that our expansion in those countries will be successful.

We depend upon our officers and other key employees. Our inability to retain such officers and key employees or recruit additional qualified personnel may have a material adverse effect on our business.

Our future operations and successes depend in large part upon the continued service of our officers and other key employees. Changes in our management could have an adverse effect on our business. We are dependent upon the active participation of several key management personnel all of whom provide our strategic direction. Any failure to retain our key management could negatively affect our ability to recruit and retain personnel. We do not carry key person life insurance on any of our senior management or other key personnel. In addition, several members of our key management personnel are Canadian and Italian citizens. If they become unable or ineligible to legally travel to and work in the United States, their ability to perform some of their duties for our company could be materially adversely affected.

We must hire highly skilled technical personnel as employees and/or as independent contractors in order to develop our products. As of the date of this Annual Report, we have 97 employees and 16 independent contractors. The competition for highly skilled technical, managerial and other personnel is intense and we may not be able to retain or recruit such personnel. Our recruiting and retention success is substantially dependent on our ability to offer competitive salaries and benefits to our employees. We must compete with companies that possess greater financial and other resources than we do and that may be more attractive to potential employees and contractors. To be competitive, we may have to increase the compensation, bonuses, stock options and other fringe benefits offered to employees in order to attract and retain such personnel. The costs of retaining or attracting new personnel may have a material adverse effect on our business and operating results. If we fail to attract and retain the technical and managerial personnel, we need to be successful, our business, operating results and financial condition could be materially adversely affected.

If we are not able to maintain and enhance our brand, our business, operating results and financial condition may be adversely affected.

We believe that maintaining and enhancing our reputation for our advanced, cost effective sports betting and gaming technology software is critical to our relationships with our existing customers and operators and to our ability to attract new customers and operators. We also believe that the importance of brand recognition and software creativity will increase as competition in our market increases. We devote significant resources to developing and maintaining our brand and innovative betting technology leadership, with a focus on identifying and interpreting emerging trends in the market, shaping and guiding industry dialogue, and expanding the adoption of online sports betting and gaming software solutions. Our brand promotion activities may not ultimately be successful or yield increased revenue. In addition, independent industry analysts provide reviews of our platform, as well as products and services offered by our competitors, and perception of our betting platform in the marketplace may be significantly influenced by these reviews. If these reviews are negative, or less positive as compared to those of our competitors' products and services, our brand and business may be adversely affected.

The promotion of our brand requires us to make substantial expenditures, and we anticipate that the expenditures will increase as our market becomes more competitive, as we expand into new markets and as more sales are generated. To the extent that these activities yield increased revenue, this revenue may not offset the increased expenses we incur. If we do not successfully maintain and enhance our brand, our business may not grow, we may have reduced pricing power relative to competitors, and we could lose customers and operators or fail to attract potential new customers and operators, all of which would adversely affect our business, results of operations and financial condition.

We currently depend on and may continue to be dependent on third parties to provide certain components and products we distribute through our online gaming platform, and any increased costs associated with third party developers or any delay or interruption in production may negatively affect both our ability to provide access to the Platform and our ability to continue our operations.

We currently depend on third parties to provide some products through our Platform. The costs associated with relying on third parties may increase our operating and development costs and negatively affect our ability to operate because we cannot control the developer's personnel, schedule or resources. We may experience delays in finalizing Platform updates. In addition, our reliance upon third party developers exposes us to risks, including reduced control over quality assurance and costs of development. If any of the foregoing occurs, we could lose our current and prospective customers. In addition, we may be required to rely on certain technology that we license from third-parties, including software that we integrate and use with software that we may develop internally. We cannot provide any assurances that these third-party technology licenses will be available to us on commercially reasonable terms, if at all. The inability to establish any of these technology licenses, or the loss of such licenses if established, could result in delays in completing any Platform updates or changes until equivalent technology can be identified, licensed and integrated. Any such delays could materially adversely affect our business, operating results and financial condition.

Specifically, our agreements with Microgame and SNAI to develop and operate some components of our gaming products and process certain land-based retail transactions is important to our operations. If we fail to comply with any of the terms or conditions of any such agreement, Microgame or SNAI may terminate our agreement or if such agreement expires and we are unable to find a suitable replacement, our business, operating results and financial condition would be materially adversely affected.

We depend on payments from third-party service providers, including government regulated gaming agencies. If we are unable to collect such payments or these payments decrease or do not increase as our costs increase, our financial condition and operating results may be adversely affected.

We depend, in part, on private entities and regulated third-party sources of payment for the gross gaming revenue earned by our operators. The amount our operators receive for their services may be adversely affected by market and cost factors as well as other factors over which we have no control, including future changes to the payment systems, the cost containment and utilization decisions of third-party service providers and the global economy. We have no assurance that future changes to betting odds from data providers for sporting events, table rake from poker providers and tax rates on game offerings, cost containment measures implemented by private third-party service providers, or other factors affecting payments for gaming services or our ability to collect such payments will not adversely affect our, financial condition and operating results.

If we have a security incident or breach involving unauthorized access to customer data, our Platform may be perceived as lacking sufficient security, customers may reduce their use of, or stop using our Platform and we may incur significant liabilities

Our Platform involves the storage and transmission of our customer's confidential and proprietary information, which may include the personal data and information on their customers, players, suppliers and agents. As a result, unauthorized access or use of customer data could expose us to regulatory actions, litigation, investigations, remediation costs, damage to our reputation and brand, disclosure obligations, loss of customer and partner confidence in the security of our solutions and resulting fees, costs, expenses, loss of revenues, and other potential liabilities. While we have security measures in place designed to protect the integrity of customer information and prevent data loss, misappropriation, and other security breaches, if these measures are inadequate or are compromised as a result of third-party action, including intentional misconduct by computer hackers, theft, employee error, malfeasance or otherwise, our reputation could be damaged, our business may suffer, and we could incur significant liabilities. Cybersecurity challenges, including threats to our IT infrastructure or those of our customers or third-party providers, are often targeted at companies such as ours, and may take a variety of forms ranging from malware, phishing, ransomware, man-in-the-middle attacks, session hijacking, denial-of-service, password attacks, viruses, worms and other malicious software programs or cybersecurity attacks to "mega breaches" targeted against hosted software and cloud based IT services. A cybersecurity incident or breach could result in disclosure of confidential information and intellectual property, or cause production downtimes and compromised data. Because cybersecurity attacks and techniques change frequently, we may be unable to anticipate these techniques or implement adequate preventative measures. Any or all of these issues could negatively affect our ability to attract new customers, cause existing customers to elect to terminate their business with us or switch their business to a competitor, result in reputational damage, cause us to pay remediation costs or issue service credits or refunds to customers for improper bets or false claims of improper bets, or result in lawsuits, regulatory fines or other action or liabilities, which could adversely affect our business and results of operations.

Many states in the United States as well as foreign governments have enacted laws requiring companies to provide notice of data security breaches involving certain types of personal data, and significant fines on companies involved in such incidents may be imposed. In addition, some of our regulators and certifying agents contractually require notification of data security breaches. Security compromises experienced by us or by our competitors may lead to public disclosures, which may lead to widespread negative publicity. Any security compromise in our industry, whether actual or perceived, could harm our reputation, erode customer confidence in the effectiveness of our security measures, negatively impact our ability to attract new clients, cause existing clients to switch to a competing betting software provider, or subject us to third-party lawsuits, regulatory fines or other action or liability, which could materially and adversely affect our business and operating results.

Privacy concerns and domestic or foreign privacy laws or regulations may result in significant costs and compliance challenges, reduce demand for our solutions, and adversely affect our business.

Our clients can use our Platform to collect, use and store certain personal data regarding their agents, employees, players/customers and suppliers. National and local governments, agencies, and authorities in the countries in which we and our clients operate have adopted or may adopt laws and regulations regarding the collection, use, storage, processing and disclosure of personal data obtained from consumers and individuals, which could impact our ability to offer our solutions in certain jurisdictions or our customers' ability to deploy our solutions globally. Privacy-related laws are particularly stringent in Europe. If we or our third-party sub-processors fail to adequately comply with privacy-related laws, regulations and standards, it may limit the use and adoption of our solutions, reduce overall demand for our

solutions, lead to significant fines, penalties or liabilities for noncompliance, or slow the pace at which we close sales transactions, any of which could harm our business. Moreover, if we or our third-party sub-processors fail to adhere to adequate data protection practices around the usage of our clients' personal data, it may damage our reputation and brand.

In 2016 the EU adopted a new regulation governing data privacy called the General Data Protection Regulation, or the GDPR, which became effective on May 25, 2018. The GDPR establishes requirements applicable to the handling of personal data and imposes penalties for non-compliance of up to four percent of worldwide annual handle or 20 million euro, whichever is higher. Customers, particularly in the EU, are seeking assurances from their suppliers, including us, that their processing of personal data of EU nationals is in accordance with the GDPR, and if we are unable to provide adequate assurances to such customers, demand for our solutions and our business could be adversely affected. In addition, we must continue to seek assurances from our third-party subprocessors that they are handling personal data in accordance with GDPR requirements in order to meet our own obligations under the GDPR. Compliance with privacy laws and regulations, particularly the GDPR, that are applicable to our business and the businesses of our clients is costly and time-consuming. Such laws and regulations may adversely affect our clients' ability and willingness to process, handle, store, use and transmit personal data of their employees, players/customers and suppliers, which in turn could limit the use, effectiveness and adoption of our solutions and reduce overall demand. Even the perception of privacy concerns, whether or not valid, may inhibit the adoption, effectiveness or use of our betting Platform. Future laws, regulations, standards and other obligations, and changes in the interpretation of existing laws, including challenges to onward transfer mechanisms such as Privacy Shield and model contractual clauses, regulations, standards and other obligations could result in increased regulation, increased costs of compliance and penalties for non-compliance, as well as limitations on data collection, use, disclosure and transfer for us and our clients.

In addition, the other bases on which we and our clients rely for the transfer of data, such as certain contractual clauses, continue to be subjected to regulatory and judicial scrutiny. If we or our clients are unable to transfer data between and among countries and regions in which we operate, it could decrease demand for our betting software solutions, require us to restrict our business operations, and impair our ability to maintain and grow our client base, expand geographically and increase our revenues.

If we are unable to maintain successful relationships with retail agents, partners, our business, operating results, and financial condition could be adversely affected.

We have historically relied on retail agents, affiliates and partners, such as referral partners, resellers, and integration partners (collectively "partners"), to attract new clients and sell additional services to our existing clients and players. Our agreements with our partners are generally non-exclusive and some of our partners have entered, and may continue to enter, into strategic relationships with our competitors. Further, many of our partners have multiple strategic relationships, and they may not regard us as to be of significant importance for their businesses. Our partners may terminate their respective relationships with us with limited or no notice and with limited or no penalty, pursue other partnerships or relationships, or attempt to develop or acquire products or services that compete with our Platform. We may also terminate our relationships with partners who choose to work with our competitors or for other reasons. Moreover, we may have difficulty attracting effective partners to sell our Platform to other clients and players, particularly given our smaller size relative to larger franchise and well-established betting operators. If we are not able to maintain and grow our partner relationships, our business could be adversely affected.

Our partners also may impair our ability to enter into other desirable strategic relationships. If our partners do not effectively market and sell our betting products and Platform solution, if they choose to place greater emphasis on products of their own or those offered by our competitors, or if they fail to meet the needs of our clients and players, our ability to sell our Platform and our business may be adversely affected. Similarly, the loss of a substantial number of our partners, and our possible inability to replace them, the failure to recruit additional partners, any reduction or delay in their sales of our betting Platform, or any conflicts between partner sales and our direct sales and marketing activities could materially and adversely affect our business and results of operations.

If we fail or are unable to protect our intellectual property effectively, we may be unable to prevent third parties from using our technologies, which would impair our competitive advantage, proprietary technology and our brand.

Our success is dependent, in part, upon protecting our proprietary technology which supports our betting Platform and other operations. We rely on a combination of proprietary programming and source codes, copyright, trademarks, service marks, trade secret laws and contractual provisions in an effort to establish and protect our proprietary rights. However, the steps we take to protect our intellectual property may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Any of our trademarks or other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. We do not have any patent applications pending anywhere we operate and may not be able to obtain patent protection for the technology covered in any future patent applications should we enter such applications. In addition, any patents, if any, that are issued to us in the future may not provide us with competitive advantages or may be successfully challenged by third parties. Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our solutions and use information that we regard as proprietary to create products and services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer and disclosure of our technology may be unenforceable under the laws of jurisdictions outside the United States. In addition, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States. To the extent we expand our international activities, our exposure to unauthorized copying and use of our solutions and proprietary information may increase.

Although we enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances, we do not currently enter into confidentiality and invention assignment agreements with all of our employees and consultants and as a result, our business may be harmed. No assurance can be given that the agreements we enter into will be effective in controlling access to and distribution of our solutions and proprietary information. Further, these agreements do not prevent our competitors or partners from independently developing technologies that are substantially equivalent or superior to our solutions.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Litigation brought to protect and enforce our intellectual property rights could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our solutions, impair the functionality of our solutions, delay introductions of new solutions, result in our substituting inferior or more costly technologies into our solutions, or harm our business and reputation. In addition, we may be required to license additional technology from third parties to develop and market new solutions, and we cannot assure you that we would be able to license that technology on commercially reasonable terms or at all from them. Any inability to license third party technology in the future would have a material adverse effect on our business or operating results and would adversely affect our ability to compete.

We have experienced rapid growth and organizational change in recent periods and if we fail to manage our growth effectively, we may be unable to execute our business plan.

We increased our number of full-time and part-time employees from 15 as of August 15, 2014 to 97 as of December 31, 2021 as we have expanded our operations, completed additional business acquisitions and experienced growth in number of customers and operators. Our growth has placed, and may continue to place, a significant strain on our managerial, administrative, operational, financial and other resources. We intend to further expand our headcount and operations both domestically and internationally, with no assurance that our business or revenue will continue to grow. Continuing to create a global organization and managing a geographically dispersed workforce will require substantial management effort, the allocation of valuable management resources and significant additional investment in our infrastructure. We will be required to continually improve our operational, financial and management controls and our reporting procedures and we may not be able to do so effectively, which could negatively affect our results of operations and overall business. In addition, we may be unable to manage our expenses effectively in the future, which may negatively impact our gross margins or operating expenses in any particular quarter. Moreover, if we fail to manage our anticipated growth and change in a manner that preserves the key aspects of our corporate culture, the quality of our software solutions may suffer, which could negatively affect our brand and reputation and harm our ability to retain and attract customers.

We may not be able to successfully scale our technology and manage the growth of our business if we are unable to improve our internal systems, processes and controls.

We need to continue to improve our internal systems, processes and controls to effectively manage our operations and growth. We may not be able to successfully implement and scale improvements to our systems and processes in a timely or efficient manner or in a manner that does not negatively affect our operating results. In addition, our systems and processes may not prevent or detect all errors, omissions or fraud. We have licensed technology from third parties to help us improve our internal systems, processes and controls. The support services available for such third-party technology may be negatively affected by mergers and consolidation in the software industry, and support services for such technology may not be available to us in the future. We may experience difficulties in managing improvements to our systems, processes and controls or in connection with third-party software, which could impair our ability to provide our solutions or professional services to our customers in a timely manner, causing us to lose customers, limit us to smaller deployments of our solutions or increase our technical support costs.

Our estimates of market opportunity and forecasts of market growth included in this Annual Report may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Not all geographic or regional metrics covered by our market opportunity estimates will necessarily implement regulated or online gaming at all, and in some cases many potential customers and operators may choose to continue using their existing betting platform provider, or choose a solution offered by our competitors. It is impossible to build every product feature that every customer wants, and our competitors may develop and offer features that our solutions do not offer. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of customers covered by our market opportunity estimates will purchase our solutions at all or generate any particular level of revenues for us. Even if the market in which we compete meets the size estimates and growth forecasted in this Annual Report, our business could fail to grow for a variety of reasons outside of our control, including competition in our industry. Furthermore, we have historically focused our selling and marketing efforts in regulated markets in Europe, specifically Italy. In order for us to successfully address the broader market opportunity, we will need to successfully market and sell our betting Platform to larger enterprise customers and also further expand our international presence. If any of these risks materialize, it could adversely affect our results of operations.

Our research and development efforts are costly and subject to international risks and may not contribute significantly to revenues for several years, if at all.

In order to remain competitive, we must continue to invest in research and development. During the years ended December 31, 2021 and 2020, we spent approximately $2.0 million and $1.7 million for research and development, respectively, this R&D is mainly compromised of salary and wages at Odissea our platform supply company and a third party vendor, Engage IT. This company is creating a custom-made platform for us which will make us industry leaders in the market. We have made and expect to continue to make significant investments in development and related opportunities, such as our acquisition of US Bookmaking, and these investments could adversely affect our operating results if not offset by increases in revenues. However, we may not receive significant revenue from these investments for several years, if at all.

Further, our competitors may expend a greater amount of funds on their research and development programs. Our failure to maintain adequate research and development resources or to compete effectively with the research and development programs of our competitors could materially and adversely affect our business and results of operations.

If we fail to manage our technical operations infrastructure, our customers may experience service outages and delays, which may adversely affect our business.

We derive significant revenue from the use of our websites and Platform. In the past, we have experienced significant growth in the number of users, transactions and data that our operations infrastructure supports. We seek to maintain sufficient excess capacity in our operations infrastructure to meet the needs of all of our customers. We also seek to maintain excess capacity to facilitate the rapid provision of new customer deployments and the expansion of existing customer deployments. In addition, we need to properly manage our technological operations infrastructure in order to support version control, changes in hardware and software parameters and the evolution of our Platform. As we transition to larger infrastructure and pursue geographic expansion, we may experience interruptions, delays and outages in service and availability, and we may experience a decline in our gross gaming margin in the near term reflecting the costs of this transition.

We have experienced, and may in the future experience, website disruptions, outages and other performance problems. These problems may be caused by a variety of factors, including infrastructure changes, vendor issues, human or software errors, viruses, security attacks, fraud, general Internet availability issues, spikes in customer usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. If we do not accurately predict our infrastructure requirements, our existing customers may experience service outages that may subject us to financial penalties, financial liabilities and customer losses. If our operations infrastructure fails to keep pace with increased sales, customers may experience delays as we seek to obtain additional capacity, which could adversely affect our reputation, business and results of operations.

We may not have exclusive control over the distribution of cash from any operators that we may acquire in the future and may be unable to cause all or a portion of the cash of such operators to be distributed to us.

We anticipate having a complete or a majority ownership in the operators we may acquire in the future. We expect any future agreements we execute with such operators will provide for the distribution of available cash to us. However, it is possible that these agreements may impose limits on the ability of our acquired operators to make distributions of cash to us. If we are unable to cause sufficient cash to be distributed from one or more of the operators we may acquire in the future, our ability to pay our obligations as they become due may be harmed.

If we acquire an operator that has made submission and reporting errors prior to our acquisition, we may be liable for such errors that may have a material adverse effect on our business.

Historical submissions and reporting errors in gaming accounts made by an operator we may acquire in the future, may require us to provide refunds to customers and may also subject us to civil penalties, which involve monetary damages. If operators we may acquire in the future overpaid their obligation, it is unlikely that we would be able to collect funds that were owed to the operator prior to our acquisition. There can be no assurance that a compliance audit will disclose any future liabilities for underpayments or overpayments that any of our operators may have incurred.

If any executive officers or key personnel of operators we may acquire are unable to assist with the transition of operations and customers, our business may be adversely affected.

In connection with any potential acquisition of operators, we believe that it is necessary and desirable to retain the services of executive officers and key personnel of such operators to assist with the transition and integration of operations and customers into our existing operations; however, no assurances can be given that such executive officers and key personnel will be willing and able to assist us with such transition and integration. In the event that such executive officers and key personnel are unable to assist us after the consummation of the future acquisition of an operator, we may need to hire additional personnel to assist with the transaction, which new personnel may not be readily available to us or on acceptable terms.

Any violation of the Foreign Corrupt Practices Act or any other similar anti-corruption laws could have a negative impact on us.

The majority of our revenue is derived from operations outside the United States, which exposes us to complex foreign and U.S. regulations inherent in doing cross-border business and in each of the countries in which we transact business. We are subject to compliance with the United States Foreign Corrupt Practices Act ("FCPA") and other similar anti-corruption laws, which generally prohibit companies and their intermediaries from making improper payments to foreign government officials for the purpose of obtaining or retaining business. While our employees and agents are required to comply with these laws, we cannot be sure that our internal policies and procedures will always protect us from violations of these laws, despite our commitment to legal compliance and corporate ethics. Violations of these laws may result in severe criminal and civil sanctions as well as other penalties, and the Securities and Exchange Commission (the "SEC") and U.S. Department of Justice have increased their enforcement activities with respect to the FCPA. Violations or allegations of non-compliance with any such laws or regulations may adversely affect our business, performance, prospects, value, financial condition, and results of operations.

War, terrorism, other acts of violence or natural or manmade disasters may affect the markets in which the Company operates, the Company's customers, the Company's delivery of software and customer service, and could have a material adverse impact on our business, results of operations, or financial condition.

The Company's business may be adversely affected by instability, disruption or destruction in a geographic region in which it operates, regardless of cause, including war, terrorism, riot, civil insurrection or social unrest, and natural or manmade disasters, including famine, flood, fire, earthquake, storm or pandemic events and spread of disease. Such events may cause customers to suspend their decisions on using the Company's products and services, make it impossible for our customers to visit our physical locations, cause restrictions, postponements and cancellations of sports events that attract large crowds and public gatherings, and give rise to sudden significant changes in regional and global economic conditions and cycles. These events also pose significant risks to the Company's personnel and to physical facilities and operations, which could materially adversely affect the Company's financial results.

Risks Related to Our Industry

Economic conditions, particularly in Italy and Europe, that have an adverse effect on the gaming industry may have an adverse effect on our results of operations.

Our business operations are currently concentrated in a single industry and largely in one geographic area (Italy) that is affected by international, national and local economic conditions. A downturn in the overall economy or economy in a specific region such as Italy or a reduction in demand for gaming in such area, may have an adverse effect on our financial condition or results of operations. We cannot predict the effect or duration of an economic slowdown in Italy or in the gaming industry, or the impact such slowdown may have on the demand for our leisure gaming products and services. If economic conditions deteriorate our consumers will have less disposable income to spend on wagers and our business may be adversely affected.

Intense competition in the leisure gaming industry may adversely affect our revenue and profitability.

We operate in a highly competitive environment and we compete for operators, customers and advertisers with numerous well-established leisure gaming operators, as well as numerous smaller and newer gaming website operators. Many of our principal competitors have substantially longer operating histories, greater financial, technical, marketing or other resources, stronger brand and customer recognition, larger intellectual property portfolios and broader global distribution and presence than we have. Our competitors may be able to offer products or functionality similar to ours at a more attractive price than we can by integrating or bundling such products with their other product offerings or may develop new technologies or services that are more attractive to other operators or our customers. Acquisitions and consolidation in our industry may provide our competitors with even more resources or may increase the likelihood of our competitors offering bundled or integrated products with which we cannot effectively compete. New innovative start-ups and existing large companies that are making significant investments in research and development could also launch new products and services that are competitive with ours and that could gain market acceptance quickly. In addition, we face potential competition from participants in adjacent markets that may enter our markets by leveraging related technologies and partnering with or acquiring other companies or providing alternative approaches to provide similar results. We also face competition for employees with the necessary technical skills.

With the introduction of new technologies, the evolution of our Platform and new market entrants, we expect competition to intensify in the future. Increased competition generally could result in reduced sales, reduced margins, losses or the failure of our Platform to achieve or maintain more widespread market acceptance, any of which could harm our business.

We expect that competition from internet gaming will continue to grow and intensify in the United States.

We intend to expand the use of our Platform in the United States; however, that will be dependent upon changes in legislation and our ability to obtain licenses and other regulatory approvals and we expect that we will face increased competition from other leisure betting operators as the potential for legalized internet gaming continues to grow. Several states in the United States are currently considering legislation that would legalize internet gaming at the state level. As a result of the Justice Department's ("DOJ") December 2011 opinion concerning the applicability of the Wire Act to internet gaming, certain states including Nevada, Delaware and New Jersey have enacted legislation to authorize various forms of intrastate internet gaming. In addition, the recently revised DOJ opinion on the Unlawful

Internet Gambling Enforcement Act of 2006 ("UIGEA") and competition from internet lotteries and other internet wagering gaming services, which allow their customers to wager on a wide variety of sporting events and play Las Vegas-style casino games from home, could divert customers from our products and thus adversely affect our business. Such internet wagering services are likely to expand in future years and become more accessible to domestic customers as a result of initiatives in some states to consider legislation to legalize intrastate internet wagering. There have also been proposals that would specifically legalize internet gaming under federal law. If we are unable to execute our U.S. strategy, anticipate, react to or penetrate the U.S. market in a timely manner, our competitive position could weaken, which could adversely affect our business and results of operations.

If we fail to comply with applicable laws and regulations, we could suffer penalties or be required to make significant changes to our operations. In addition, changes in laws and regulations with respect to the gaming industry, and the application or interpretation of existing laws and regulations applicable to our operations may have a material adverse effect on our business, financial condition and results of operations.

Our business is highly regulated, and we are subject to many laws and regulations at the federal, provincial and local government levels in the jurisdictions in which we operate. These laws and regulations require that our operators and our operations meet various licensing, certification and other requirements, including those relating to:

ownership of our operators;
our and our operators' relationships with sponsors and other referral sources;
approvals and other regulations affecting the acquisition of operators, capital expenditures or the addition of services;
qualifications of management and support personnel;
maintenance and protection of records;
billing for services by gaming product providers, including appropriate treatment of overpayments and credit balances;
privacy and security of individually identifiable personal information;
online gaming and gaming in general;
commercial advertising;
subscription rates; and
foreign investments.

Furthermore, the rules and regulations governing the gaming industry are evolving and subject to interpretation in the territories in which we operate and the territories in which we may operate in the future. Promulgation of new laws, changes in current laws, and changes in interpretations by courts and other government agencies of existing laws, may require us to modify or cease our operations. Compliance with changes in such laws and regulations may increase our operating expenses. In addition, our failure to comply with current or future laws and regulations may expose us to significant liabilities. Our inability or failure to comply with laws and regulations that govern the gaming industry in the territories in which we operate may result in the loss of our licenses which would have a material adverse effect on our business, financial conditions and results of operations.

Regulators at the federal and provincial level in Italy are monitoring and restricting the issuance and renewal of gaming licenses which could have an adverse effect on our growth.

Federal regulators in Italy are enforcing new restrictions to reduce the number of independent operators in the gaming industry, and a moratorium on new licenses for gaming operators in Italy has been implemented. The success of our business depends upon our ability to acquire operators in new regional locations throughout Italy. The restrictions on the licensing of new operators may make it more difficult for us to locate operators that we may be able to acquire. Our inability to acquire operators and expand our operations into new regional locations throughout Italy may have a material adverse effect on our business and financial condition.

We might be required to acquire additional location rights under our licenses or acquire operators that have existing location rights under their licenses in order to remain in compliance with laws that are required to operate in Italy. Our inability to acquire such additional location rights or operators could result in an adverse effect on our operating results.

Rights to land-based licenses and online licenses are only distributed during infrequent license renewal auctions held by the ADM. Since June 30, 2016, the last renewal date that passed, the ADM has postponed the renewal auction and imposed a moratorium on the issuance of new sports betting licenses and the standardization of regulations in Italy. The outcome of ongoing proceedings in the European Court of Justice regarding the application of Italian regulations for wagering under the Intra-EU model remains pending. In the Interim, the ADM is delaying the Italian license renewal process. As such, the ADM has temporarily instituted operating authorizations for pre-2016 concessions that allow operators, including Multigioco to continue to operate until the next license renewal is announced and concluded. The outcome and duration of this process is presently unknown. No assurance can be provided that our gaming website and locations of any particular operator we have acquired or that we may acquire in the future will be permitted to operate or that we will be able to acquire additional operators and increase our client base.

Our records and submissions to regulatory agencies may contain inaccurate or unsupportable submissions which may result in an under or overstatement of our revenues and subject us to various penalties and may adversely affect our operations.

A major component of the regulatory environment is the interpretation of winnings and tax calculation procedures established by the US and Italian gaming regulators. Inaccurate or unsupportable submissions, inaccurate records for gaming coin-in or handle (turnover), client data and erroneous winning claims could result in inaccurate revenues being reported. Such errors are subject to correction or retroactive adjustment in later periods and may be reflected in financial statements for periods subsequent to the period in which the revenue was recorded. We may also be required to refund a portion of the revenue that we have received which, depending on its magnitude, may damage our reputation and relationship with regulatory agencies and may have a material adverse effect on our results of operations or cash flows.

The ADM in Italy conducts weekly account audits and sweeps for taxes in addition to random onsite inspections for online connection to the ADM network as well as searches for nefarious programming or routers which can alter the reporting requirements of the ADM. It is possible that our acquired Austrian operator, that did not hold a domestic Italian license and was operating under inter-European business principles, could receive letters from ADM auditors requesting the payment of fines for alleged violations and errors. As such, we will incur expenses associated with responding to and appealing such requests, as well as the costs of paying any shortfalls in addition to the possible fines and penalties. Demands for payments can also occur even if an operator is acquired by means of an asset transfer. Our inability to dispute demands or pay requests for underpayments may have a material adverse effect on our financial condition and results of operations.

We may become the subject of Italian federal and provincial investigations in the future and our business may be adversely affected.

Both Italian federal and provincial government agencies have heightened and coordinated civil and criminal enforcement efforts as part of numerous ongoing investigations of gaming companies, as well as their executives and managers. These investigations relate to, among other things diversion practices if an agent or store owner were to disconnect (i.e., remove ethernet plug from internet) the betting terminal or PC from the ADM network.

In addition, we may employ executives and managers, some of whom may have worked at other gaming companies that are or may become the subject of ADM investigations and private litigation. Such executives and managers may be included in governmental investigations or named as defendants in private litigation. A governmental investigation of us, our executives or our managers could divert our management's attention, result in significant expenses, as well as negative publicity and adversely affect our business.

Our current operations are international in scope and we are planning further geographic expansion, creating a variety of potential operational challenges.

We currently have an office location in Canada, business operations and office location in the United States and business operations and offices in Europe and intend to open additional offices in other countries. If we expand in the future, our offices, personnel and operations may be further dispersed around the world. In connection with such expansion, we may face a number of challenges, including costs associated with developing software and providing support in additional languages, varying seasonality patterns, potential adverse movement of currency exchange rates, longer payment cycles and difficulties in collecting accounts receivable in some countries, tariffs and trade barriers, a variety of regulatory or contractual limitations on our ability to operate, adverse tax events, reduced protection of intellectual property rights in some countries and a geographically and culturally diverse workforce and customer base. Failure to overcome any of these challenges could negatively affect our business and results of operations.

We face exposure to foreign currency exchange rate fluctuations that could harm our results of operations.

We conduct transactions, including intercompany transactions, in currencies other than the U.S. dollar. As we grow our international operations, we expect the amount of our revenues denominated in foreign currencies to increase. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar could affect our reported revenues and operating results due to transactional and translational re-measurements that are reflected in our results of operations. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our common stock could be adversely affected.

We do not currently maintain a program to hedge transactional exposures in foreign currencies. However, in the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable

movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

Risks Related to Ownership of our Securities

Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future, and as a result, investors in our common stock could incur substantial losses.

Our stock price has fluctuated in the past, has recently been volatile and may be volatile in the future. Our closing share price on January 4, 2021 was $5.38 with a high closing price of $7.21 and a closing share price on December 31, 2021 of $2.72. These fluctuations do not appear to be based on any business fundamentals. We may incur rapid and substantial decreases in our stock price in the foreseeable future that are unrelated to our operating performance or prospects. In addition, the recent outbreak of war in the Ukraine has caused broad stock market and industry fluctuations. The stock market generally and the market for gaming companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may experience losses on their investment in our common stock. The market price for our common stock may be influenced by many factors, including the following:

- sale of our common stock by our stockholders, executives, and directors;
- volatility and limitations in trading volumes of our securities;
- our ability to obtain financings to implement our business plans, including the acquisitions of operators;
- the timing and success of introductions of new products by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors;
- our ability to attract new customers;
- the continued impact of COVID-19;
- changes in our capital structure or dividend policy, future issuances of securities and sales of large blocks of securities by our stockholders;
- our cash position;
- announcements and events surrounding financing efforts, including debt and equity securities;
- our inability to enter into new markets or develop new products;
- reputational issues;
- our inability to successfully manage our business or achieve profitability;
- announcements of acquisitions, partnerships, collaborations, joint ventures, new products, capital commitments, or other events by us or our competitors;
- changes in general economic, political and market conditions in any of the regions in which we conduct our business;
- changes in industry conditions or perceptions;
- analyst research reports, recommendation and changes in recommendations, price targets, and withdrawals of coverage;
- departures and additions of key personnel;
- disputes and litigation related to intellectual properties, proprietary rights, and contractual obligations;
- changes in applicable laws, rules, regulations, or accounting practices and other dynamics;
- market conditions or trends in the gaming industry; and
- other events or factors, many of which may be out of our control.

These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance. Since the stock price of our common stock has fluctuated in the past, has been recently volatile and may be volatile in the future, investors in our common stock could incur substantial losses. In the past, following periods of volatility in the market, securities class-action litigation has often been instituted against companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business, financial condition, results of operations and growth prospects. There can be no guarantee that our stock price will remain at current prices or that future sales of our common stock will not be at prices lower than those sold to investors.

Additionally, recently, securities of certain companies have experienced significant and extreme volatility in stock price due to short sellers need to purchase of shares of common stock, known as a "short squeeze." These short squeezes have caused extreme volatility in the common stock price of those companies and in the market and have led to the price per share of common stock of those companies trading at a significantly inflated price that is disconnected from the underlying value of the company. Many investors who have purchased shares of common stock in those companies at an inflated price face the risk of losing a significant portion of their original investment as the price per share has declined steadily as interest in those stocks has abated. While we have no reason to believe our shares of common stock would be the target of a short squeeze, there can be no assurance that we will not be in the future, and you may lose a significant portion or all of your investment if you purchase our shares of common stock at a rate that is significantly disconnected from our underlying value.

Future sales of shares of our common stock or the perception in the public markets that these sales may occur, may depress our stock price.

The market price of our common stock could decline significantly as a result of sales of a large number of shares of our common stock in the market. In addition, if our significant stockholders sell a large number of shares, or if our warrant holders exercise their warrants and sell the underlying shares or if we issue a large number of shares, the market price of our common stock could decline. Any issuance of additional common stock, or common stock equivalents by us would result in dilution to our existing shareholders. Such issuances could be made at a price that reflects a discount to the then-current trading price of our common stock. Moreover, the perception in the public market that stockholders may sell shares of our stock or that we may issue additional shares of common stock could depress the market for our shares. and make it more difficult for us to sell equity securities at any time in the future if at all.

We may issue additional shares of common stock and preferred stock without stockholder approval, which would dilute the current holders of our common stock. In addition, the exercise or conversion of currently outstanding securities would further dilute holders of our common stock.

Our Board of Directors (the "Board") has authority, without action or vote of our shareholders, to issue shares of common and preferred stock. We may issue shares of our common stock or preferred stock to complete a business combination or to raise capital. Such stock issuances could be made at a price that reflects a discount from the then-current trading price of our common stock. These issuances would dilute our stockholders' ownership interest, which among other things would have the effect of reducing their influence on matters on which our stockholders vote. In addition, our stockholders and prospective investors may incur additional dilution if holders of stock options and warrants, whether currently outstanding or subsequently granted, exercise their options or warrants to purchase shares of our common stock or if our convertible debt holders convert their debt.

The rights of the holders of our common stock may be impaired by the potential issuance of preferred stock.

Our certificate of incorporation gives our Board the right to create one or more new series of preferred stock. As a result, the Board may, without stockholder approval, issue preferred stock with voting, dividend, conversion, liquidation or other rights that could adversely affect the voting power and equity interests of the holders of our common stock. Preferred stock, which could be issued with the right to more than one vote per share, would dilute the rights of our common stockholders and could be used to discourage, delay or prevent a change of control of our company, which could materially adversely affect the price of our common stock.

If securities or industry analysts do not publish research or reports, or publish unfavorable research or reports about our business, our stock price and trading volume may decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us, our business, our markets and our competitors. We currently have limited analyst coverage. If securities analysts do not cover our common stock, the lack of research coverage may adversely affect the market price of our common stock. Furthermore, if we should have analyst coverage and one or more of the analysts who do cover us downgrade our stock or if those analysts issue other unfavorable commentary about us or our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fails to regularly publish reports on us, we could lose visibility in the market and interest in our stock could decrease, which in turn could cause our stock price or trading volume to decline and may also impair our ability to expand our business with existing customers and attract new customers.

Our failure to meet the continued listing requirements of The Nasdaq Capital Market could result in a de-listing of our common stock.

Our shares of common stock are currently listed on The Nasdaq Capital Market. If we fail to satisfy the continued listing requirements of The Nasdaq Capital Market, such as the corporate governance requirements, minimum bid price requirement or the minimum stockholder's equity requirement, The Nasdaq Capital Market may take steps to de-list our common stock. Any such steps for de-listing would likely have a negative effect on the price of our common stock and would impair stockholders' ability to sell or purchase their common stock when they wish to do so. No assurance can be given that we will be able to satisfy our continued listing requirements and maintain the listing of our common stock on The Nasdaq Capital Market.

Because certain of our stockholders control a significant number of shares of our common stock, they may have effective control over actions requiring stockholder approval.

Gilda Pia Ciavarella, the spouse of our Executive Chairman of the Board is the beneficial owner of 4,728,478 shares of our common stock and therefore our Executive Chairman is deemed to beneficially own approximately 23.8% of our outstanding shares of common stock on a fully diluted basis as of the date of the filing of this Annual Report. As a result, Ms. Ciavarella, has the ability to effectively control the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets and the ability to control the

management and affairs of our company. In addition, other members of our senior management team beneficially own 2.9% of our outstanding shares of common stock on a fully diluted basis as of the date of the filing of this Annual Report. Accordingly, this concentration of ownership might harm the market price of our common stock by:

- delaying, deferring or preventing a change in corporate control;
- impeding a merger, consolidation, takeover or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

Delaware law and our corporate charter and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control of our company. For example, our Board has the authority to issue up to 5,000,000 shares of preferred stock in one or more series and to fix the powers, preferences and rights of each series without stockholder approval. The ability to issue preferred stock could discourage unsolicited acquisition proposals or make it more difficult for a third party to gain control of our company, or otherwise could materially adversely affect the market price of our common stock.

Furthermore, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the General Corporation Law of the State of Delaware. This provision may prohibit or restrict large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us, which could discourage potential takeover attempts, reduce the price that investors may be willing to pay for shares of our common stock in the future and result in our market price being lower than it would be without these provisions.

Our certificate of incorporation has an exclusive forum for adjudication of disputes provision which limits the forum to the Delaware Court of Chancery for certain actions against the Company.

Our certificate of incorporation provides that the Delaware Court of Chancery, to the fullest extent permitted by law, is the sole and exclusive forum for certain actions including claims in the right of our company brought by a stockholder that are based upon a violation of a duty by a current or former director or officer or stockholder in such capacity or as to which the Delaware corporate law confers jurisdiction upon the Court of Chancery of the State of Delaware.

A Delaware corporation is allowed to mandate in its corporate governance documents a chosen forum for the resolution of state law-based shareholder class actions, derivative suits and other intra-corporate disputes. Our management believes limiting state law-based claims to Delaware mitigate against the potential risk of another forum misapplying Delaware law is avoided. In addition, Delaware courts have a well-developed body of case law and we believe limiting the forum for the adjudication of any disputes will prevent costly and duplicative litigation and avoid the risk of inconsistent outcomes. Our Bylaws limit any shareholder's ability to bring a claim in a forum it believes is favorable to shareholders in disputes with directors, officers or other employees.

The exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act or other federal securities laws for which there is exclusive federal or concurrent federal and state jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Although our certificate contains the choice of forum provision described above, it is possible that a court could rule that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable. Investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

This provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or our directors, officers, employees or stockholders, which may discourage such lawsuits against the Company and our directors, officers, employees or stockholders. Alternatively, if a court were to find this provision in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.

We do not intend to pay cash dividends on our shares of common stock so any returns will be limited to the value of our shares.

We currently anticipate that we will retain any future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future.

An active trading market for our common stock may not be maintained, or we may fail to satisfy applicable Nasdaq Capital Market ("Nasdaq") listing requirements.

Our common stock is currently traded on Nasdaq, but we can provide no assurance that we will be able to maintain an active trading market for our shares on Nasdaq or any other exchange in the future. The fact that a significant portion of our outstanding shares of common stock is closely held by a few individuals, results in it being more difficult for us to maintain an active trading market. If there is no active market for our common stock, it may be difficult for our stockholders to sell shares without depressing the market price for the shares or at all, our stock price could decline, and we may be unable to maintain compliance with applicable Nasdaq listing requirements.

The warrants that we issued in our 2020 public offering are speculative in nature and have certain provisions that could deter an acquisition of our company.

The warrants that we issued in our 2020 public offering do not confer any rights of common stock ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire shares of common stock at a fixed price, subject to certain adjustments. Moreover, the market value of the warrants is uncertain and there can be no assurance that the market value of the warrants will equal or exceed their exercise price. Furthermore, each warrant will expire five years from the original issuance date. In the event our common stock price does not exceed the exercise price of the warrants during the period when the warrants are exercisable, the warrants may not have any value.

In addition to the provisions of our certificate of incorporation and our bylaws, certain provisions of the warrants issued in our 2020 public offering could make it more difficult or expensive for a third party to acquire us. The warrants prohibit us from engaging in certain transactions constituting "fundamental transactions" unless, among other things, the surviving entity assumes our obligations under the warrants. These and other provisions of the warrants could prevent or deter a third party from acquiring us even where the acquisition could be beneficial to you.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

The Company maintains an executive suite located at 107 East Warms Springs Road, Las Vegas, Nevada, 89119, and a Canadian office at 130 Adelaide St. West, Suite 701, Toronto, Ontario, M5H 2K4, Canada. The Company pays $5,000 per month for the offices situated in Las Vegas, Nevada and approximately $289 per month for an office situated in San Francisco, California and pays no rent for the offices situated in Toronto, Ontario.

Our subsidiary Multigioco rented office space on a year-by-year basis located at Via Macchia dello Sterparo 31, Frascati, Rome, for approximately $2,722 per month. With effect from February 15, 2022, the lease was terminated and a new lease was entered into at Villa Cavalletti, Via Maggio 73, Grottaferrata, Rome at a monthly rental of approximately $11,200 per month. The office is used primarily for administrative functions. There are no gaming operations carried out at this office.

Our subsidiaries Ulisse and Odissea rent office space on a year-by-year basis at Salurnerstrasse 12 – 6020, Innsbruck, Austria and pay approximately $1,430 and approximately $1,700 per month, respectively. The offices are used primarily for administrative functions. There are no gaming operations carried out at this office.

Our subsidiary Virtual Generation shares an office space for 1 employee with our customer service provider in Malta situated at Level 2, Farrugia Building, 9, St., Michael Street, San Gwann, Malta.

We believe that our current office spaces are adequate and suitable for our anticipated needs, and those of our subsidiaries, and that suitable additional space will be available at commercially reasonable prices as needed.

Item 3. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are not presently a party to and currently are not aware of any legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters And Issuer Purchases Of Equity Securities

Market Information and Stockholder Matters

Our common stock is currently traded on the Nasdaq Capital Market under the symbol "ELYS".

A small number of our stockholders own a substantial number of shares of our common stock, and if such stockholders were to sell those shares in the public market within a short period of time, the price of our common stock could drop significantly. A large number of shares of outstanding common stock are restricted and are not freely-trading. An established public trading market for our common stock may never develop or, if developed, may not be sustained.

Please see the section captioned "Risk Factors" for more information and risks related to ownership of our securities

Shareholders

As of April 14, 2022, there were an estimated 48 holders of record of our common stock. A certain amount of the shares of common stock are held in street name and may, therefore, be held by additional beneficial owners.

Dividends

We have never paid a cash dividend on our common stock since inception. The payment of dividends may be made at the discretion of our Board, and will depend upon, but not limited to, our operations, capital requirements, and overall financial condition.

We do not anticipate paying cash dividends on our common stock in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting it at such time as the Board may consider relevant. We intend to follow a policy of retaining all of our earnings to finance the development and execution of our strategy and the expansion of our business. If we do not pay dividends, our common stock may be less valuable because a return on your investment will occur only if our stock price appreciates.

Transfer Agent

The transfer agent and registrar for our common stock is Signature Stock Transfer, Inc. Its address is 14673 Midway Road, Suite #220, Addison, Texas 75001 and its telephone number is (972) 612-4120.

Description of our securities

Common Stock

As of April 14, 2022, 23,674,277 shares of our common stock were issued and outstanding, which were held by 48 holders of record.

Please see the section captioned "Risk Factors" for more information and risks associated with our common stock.

On December 12, 2019, we effected a one-for-eight reverse stock split of our common stock and amended our certificate of incorporation to authorize the issuance of up to 80,000,000 shares of common stock, par value $0.0001 per share.

On July 5, 2018, we amended our certificate of incorporation to authorize the issuance of up to 160,000,000 shares of common stock, par value $0.0001 per share.

Each share of our common stock entitles the holder to receive notice of and to attend all meetings of our stockholders with the entitlement to one vote. Holders of common stock are entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares ranking in priority to the common stock, to receive any dividend declared by the Board. If our company is voluntarily or involuntarily liquidated, dissolved or wound-up, the holders of common stock will be entitled to receive, after distribution in full of preferential amounts, if any, all the remaining assets available for distribution ratably in proportion to the number of shares of common stock held by them. Holders of common stock have no redemption or conversion rights. The rights, preferences and privileges of holders of shares of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

As of December 31, 2021, we have authorized 5,000,000 preferred shares. We currently have no shares of preferred stock issued and have no plans to issue any shares of preferred stock at present.

Reverse Stock Split

We effected a one-for-eight reverse stock split on December 12, 2019. Upon the effectiveness of the reverse stock split, every eight shares of outstanding common stock decreased to one share of common stock. Similarly, the number of shares of common stock into which each outstanding warrant and option to purchase common stock was exercisable and each convertible note was convertible into, decreased on a one-for-eight basis, and the exercise price of each outstanding warrant and option to purchase common stock increased proportionately. All share and per share amounts have been retrospectively restated.

Securities Authorized for Issuance under Equity Compensation Plans

Equity Compensation Plan Information

In September 2018, our stockholders approved our 2018 Equity Incentive Plan, which initially provided for a maximum of 1,150,000 shares of common stock that may be issued as options, stock appreciation rights, restricted stock, stock units, other equity awards or cash awards. In November 2020, our stockholders approved an amendment to the 2018 Equity Incentive Plan (Amendment No. 1) to increase by 1,850,000 the number of shares that may be granted as awards under the 2018 Equity Incentive Plan.

On December 8, 2021 the stockholders approved an amendment to the 2018 Equity Incentive Plan (Amendment No. 2) to increase by 4,000,000 the number of shares of common stock that may be issued as options, stock appreciation rights. restricted stock, stock units, other equity awards or cash awards.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders			
2018 Equity Incentive Plan	2,766,438	$ 2.92	3,741,096
Equity compensation plans not approved by security holders	—	—	—
Total	2,766,438	$ 2.92	3,741,096

See Item 11. - Executive Compensation for additional equity compensation plan information.

Performance Graph and Purchases of Equity Securities

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Warrants

As of December 31, 2021, there were outstanding warrants to purchase up to 546,336 shares of our common stock at a weighted average exercise price of $2.66 per share exercisable between May 31, 2020 and August 18, 2025. The warrants provide for adjustment to the exercise price and number of shares of common stock issuable upon exercise of the warrant in the case of any stock split, stock dividend, recapitalization, reorganization, scheme, arrangement or otherwise).

Debentures

As of December 31, 2021, we do not have any debentures outstanding.

We issued to the former stockholders of Virtual Generation a non-interest bearing promissory note providing for the payment of (a) an aggregate of €2,392,000 (approximately $2,737,000) in cash in 23 equal and consecutive monthly installments of €104,000 (approximately $119,000) commencing February 2019; and (b) an aggregate of €1,411,000 (approximately $1,615,000) in shares of our common stock in seventeen (17) equal and consecutive monthly installments of €83,000 (approximately $95,000) as determined by the average of the closing prices of such shares on the last 10 trading days immediately preceding the determination date of each monthly issuance, commencing on March 1, 2019. As of December 31, 2021, we have issued to such former stockholders of Virtual Generation 562,605 shares of common stock, representing payment of €1,411,000 (approximately $1,572,196) under the note.

In addition, pursuant to the terms of the Purchase Agreement that we entered into with Virtual Generation, we agreed to pay the former stockholders of Virtual Generation as an earnout payment in shares of our common stock within one month from the end of the business year 2019 equal to an aggregate amount of €500,000 (approximately $561,500), if the amounts of bets made by the users through the Virtual Generation platform related to our 2019 fiscal year were at least 5% higher than the amounts of bets made by the users through the Virtual Generation platform related to our 2018 fiscal year. Based on the 18,449,380 tickets sold in 2019 the Virtual Generation sellers qualified for the earnout payment of 132,735 shares of common stock at a price of $4.23 per share, which shares were issued effective January 2020.

Recent Sales of Unregistered Securities.

There have been no recent sales of unregistered securities by the Company during fiscal year ended December 31, 2021, which have not been previously disclosed in Form 10-Q filings or Form 8-K filings.

Purchases of Equity Securities by the Registrant

None

Anti-Takeover Provisions of Delaware Law, our Certificate of Incorporation and our Bylaws

We are governed by the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- the transaction was approved by the Board prior to the time that the stockholder became an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by directors who are also officers of the corporation and shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the time the stockholder became an interested stockholder, the business combination was approved by the Board and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

In general, Section 203 defines a “business combination” to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an “interested stockholder” as a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of delaying, deferring or preventing changes in control of our company.

Our Amended and Restated Certificate of Incorporation and our Bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our Board or management team, including the following:

(1) Potential Effects of Authorized but Unissued Stock

We have shares of common stock and preferred stock available for future issuance without stockholder approval. We may utilize these additional shares for a variety of corporate purposes, including securities public offerings and other financings to raise additional capital, to facilitate corporate acquisitions or payment as a dividend on the capital stock.

The existence of unissued and unreserved common stock and preferred stock may enable our Board to issue shares to persons friendly to current management or to issue preferred stock with terms that could render more difficult or discourage a third-party attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise, thereby protecting the continuity of our management. In addition, the Board has the discretion to determine designations, rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences of each series of preferred stock, all to the fullest extent permissible under the Delaware General Corporation Law and subject to any limitations set forth in our Amended and Restated Certificate of Incorporation. The purpose of authorizing the Board to issue preferred stock and to determine the rights and preferences applicable to such preferred stock is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing desirable flexibility in connection with possible financings, acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from acquiring, a majority of our outstanding voting stock.

(2) Limitations of Director Liability and Indemnification of Directors, Officers and Employees

The Amended and Restated Certificate of Incorporation limits the liability of directors to the fullest extent permitted by Delaware General Corporation Law. The Amended and Restated Certificate of Incorporation provides that directors will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except for liability for any:

- breach of their duty of loyalty to us or our stockholders;
- act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- transaction from which the directors derived an improper personal benefit.

Our Amended and Restated Certificate of Incorporation also provides that we will indemnify our directors and officers to the extent permitted by law, and may indemnify employees and other agents. Our Amended and Restated Certificate of Incorporation also provides that we may advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding.

We have entered into separate indemnification agreements with certain of our directors and officers. These agreements, among other things, require us to indemnify the directors and officers for any and all expenses (including reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees) judgments, fines and amounts paid in settlement actually and reasonably incurred by such directors or officers or on his or her behalf in connection with any action or proceeding arising out of their services as one of our directors or officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request provided that such person follows the procedures for determining entitlement to indemnification and advancement of expenses set forth in the indemnification agreement. We believe that these provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

The limitation of liability and indemnification provisions in our Amended and Restated Certificate of Incorporation may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might provide a benefit to us and our stockholders. Our results of operations and financial condition may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Board Vacancies

Our Bylaws authorize only our Board to fill vacant directorships, including newly created seats.

No Cumulative Voting. The Delaware General Corporation Law provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our Amended and Restated Certificate of Incorporation does not provide for cumulative voting.

Choice of Forum

Our certificate of incorporation provides that unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, all Internal Corporate Claims (as defined therein) shall be brought solely and exclusively in the Court of Chancery of the State of Delaware (or, if such court does not have jurisdiction, the Superior Court of the State of Delaware, or, if such other court does not have jurisdiction, the United States District Court for the District of Delaware).

A Delaware corporation is allowed to mandate in its corporate governance documents a chosen forum for the resolution of state law based shareholder class actions, derivative suits and other intra-corporate disputes.

The exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act or other federal securities laws for which there is exclusive federal or concurrent federal and state jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Although our certificate contains the choice of forum provision described above, it is possible that a court could rule that such a provision is inapplicable for a particular claim or action or that such provision is unenforceable.

The Company's management believes limiting state law based claims to Delaware will provide the most appropriate outcomes as the risk of another forum misapplying Delaware law is avoided. Delaware courts have a well-developed body of case law and limiting the forum will preclude costly and duplicative litigation and avoids the risk of inconsistent outcomes. Additionally, Delaware Chancery Courts can typically resolve disputes on an accelerated schedule when compared to other forums.

While management believes limiting the forum for state law based claims is a benefit, shareholders could be inconvenienced by not being able to bring a state law based action in another forum they find favorable.

Item 6. [Reserved]

Item 7. Management's Discussion And Analysis Of Financial Condition And Results Of Operations

You should read the following discussion and analysis of our financial condition and plan of operations together with our financial statements and the related notes appearing elsewhere in this Annual Report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included elsewhere in this Annual Report. All amounts in this Annual Report are in U.S. dollars, unless otherwise noted.

Overview

Except as expressly stated, the financial condition and results of operations discussed throughout the Management's Discussion and Analysis of Financial Condition and Results of Operations are those of Elys Game Technology, Corp. and its consolidated subsidiaries.

We currently provide our gaming services in Italy through our subsidiary, Multigioco Srl ("Multigioco"), which operations are carried out via both land-based or online retail gaming licenses regulated by the Agenzia delle Dogane e dei Monopoli ("ADM") that permits us to distribute leisure betting products such as sports betting, and virtual sports betting products through both physical, land-based retail locations as well as online through our licensed website www.newgioco.it or commercial webskins linked to our licensed website and through mobile devices. Management decided to focus its attention on developing the U.S. market for future growth and allowed the Austria Bookmaker license that is regulated by the Austrian Federal Finance Ministry ("BMF") to be revoked by not renewing required monetary deposits.

We also provide Gaming services in the U.S. market via our recently acquired subsidiary US Bookmaking in certain regulated states where we offer bookmaking and platform services to our customers. Our intention is to focus our attention on expanding the U.S. market. We recently began operation is Washington, D.C. through a Class B Managed Service Provider and Class B Operator license to operate a sportsbook within the Grand Central Bar and Grill located in the Adams Morgan area of Washington, D.C., and in October 2021 we entered into an agreement with Ocean Casino Resort in Atlantic City and commenced operations in the state of New Jersey in March 2022.

Additionally, we are a global gaming technology company which owns and operates a betting software designed with a unique "distributed model" architecture colloquially named Elys Game Board (the "Platform") through our Odissea subsidiary. The Platform is a fully integrated "omni-channel" framework that combines centralized technology for updating, servicing and operations with multi-channel functionality to accept all forms of customer payment through the two distribution channels described above. The omni-channel software design is fully integrated with a built in player gaming account management system, built-in sports book and a virtual sports platform through our Virtual Generation subsidiary. The Platform also provides seamless application programming interface integration of third-party supplied products such as online casino, poker, lottery and horse racing and has the capability to incorporate e-sports and daily fantasy sports providers.

Our corporate group is based in North America, which includes an executive suite situated in Las Vegas, Nevada and a Canadian office in Toronto, Ontario through which we carry-out corporate activities, handle day-to-day reporting and U.S. development planning, and through which various employees, independent contractors and vendors are engaged.

For the period ended December 31, 2021, transaction revenue generated through our subsidiaries Multigioco and Ulisse consisted of wagering and gaming transaction income broken down to: (i) spread on sports bet wagers, and (ii) fixed rate commissions on casino, poker, lotto and horse racing wagers from online based betting web-shops and websites as well as land-based retail betting shops located throughout Italy; while our service revenue generated by our Platform is primarily derived from bet and wager processing in Italy through Multigioco and Ulisse, and in the U.S., through US Bookmaking and Gameboard. Since the majority of CTD locations were not expected to re-open after the COVID-19 related lockdowns in Italy subsided, management simplified our Italian footprint by focusing our investment towards the Multigioco operations and discontinued Ulisse presence in Italy during the second quarter of 2021.

We believe that our Platform is considered one of the newest betting software platforms in the world and our plan is to expand our Platform offering to new jurisdictions around the world on a B2B basis, including expansion through Europe, South America, South Africa and the developing market in the United States. During the year ended December 31, 2021 and 2020, we also generated service revenue from royalties through authorized agents by providing our virtual sports products through our Virtual Generation subsidiary and generated service revenues through the provision of bookmaking and platform services through our recently acquired subsidiary, US Bookmaking. We intend to leverage our partnerships in these countries to cross-sell our Platform services to expand the global distribution of our betting solutions.

We operate two business segments in the leisure gaming industry and our revenue is derived as follows:

1. **Betting establishments**

   Transaction revenue through our offering of leisure betting products to retail customers directly through our online distribution on websites or a betting shop establishment or through third party agents that operate white-label websites and/or land-based retail venues; and

2. **Betting platform software and services**

   SaaS based service revenue through providing our Platform and virtual sports products to betting operators.

This Management's Discussion and Analysis includes a discussion of our operations for the year ended December 31, 2021 and 2020, which reflects the operations of US Bookmaking for the five and a half months of the year ended December 31, 2021.

Recent Developments

On November 19, 2021,we entered into an Open Market Sale Agreement[SM](the "Sale Agreement") with Jefferies LLC (the "Sales Agent") pursuant to which we may offer and sell our shares of common stock (the "Common Stock"), from time to time, through the Sales Agent (the "Offering"). The Common Stock is being offered and sold pursuant to the Company's Registration Statement on Form S-3 (File No. 333-256815), which was declared effective on June 14, 2021 (the "Registration Statement"). We will pay the Sales Agent a commission for its services in acting as agent in the sale of shares of Common Stock. The Sales Agent will be entitled to compensation in an amount equal to three percent of the gross sales price of all of the shares of Common Stock sold through it under the Sale Agreement. In addition, we will reimburse the Sales Agent for certain expenses, including the fees and disbursements of the Sales Agent's legal counsel, in an amount not to exceed $200,000 in addition to certain ongoing disbursements of its legal counsel, unless the Company and the Sales Agent otherwise agree. The Sale Agreement will terminate upon the earlier of (1)the sale of all the shares of Common Stock subject to

the Sale Agreement or (2)termination of the Sale Agreement by the Sales Agent or us, as permitted therein. We intend to use the net proceeds from the Offering, if any, for general corporate purposes, which may include, among other things, working capital.

On March 28, 2022, we activated the Open Market Sale Agreement we entered into with Jeffries LLC on November 19, 2021 and sold a total of 147,710 shares of common stock for net proceeds of $331,520 after commission of $10,253.

Results of Operations

Results of operations for the years ended December 31, 2021 and December 31, 2020.

The comparisons below include a discussion of our operations for the years ended December 31, 2021 and 2020, which includes the results of operations of US Bookmaking subsequent to its acquisition on July 31, 2021.

Revenues

The following table represents disaggregated revenues from our gaming operations for the years ended December 31, 2021 and 2020. Net Gaming Revenues represents turnover (also referred to as "handle"), the total bets processed for the period, less customer winnings paid out, commissions paid to agents, and taxes due to government authorities. Commission and service revenues represent commissions on lotto ticket sales and revenue invoiced for our Platform service and royalties invoiced for the sale of virtual products.

	Years Ended			
	December 31, 2021	**December 31, 2020**	**Increase/ (decrease)**	**Percentage change**
Turnover				
Web-based	$ 826,789,619	$ 505,369,803	$ 321,419,816	63.6%
Land-based	15,071,218	68,888,592	(53,817,374)	(78.1)%
Total Turnover	**841,860,837**	**574,258,395**	**267,602,442**	**46.6%**
Winnings/Payouts				
Winnings web-based	771,852,252	473,794,175	298,058,077	62.9%
Winnings land-based	12,842,577	56,467,865	(43,625,288)	(77.3)%
Total Winnings/payouts	**784,694,829**	**530,262,040**	**254,432,789**	**48.0%**
Gross Gaming Revenues	**57,166,008**	**43,996,355**	**13,169,653**	**29.9%**
Less:				
Gaming Taxes	12,657,930	6,874,752	5,783,178	84.1%
Net Gaming Revenues	**44,508,078**	**37,121,603**	**7,386,475**	**19.9%**
Betting platform software and services	1,038,713	144,764	893,949	617.5%
Total Revenues	**$ 45,546,791**	**$ 37,266,367**	**$ 8,280,424**	**22.2%**

The Company generated total revenues of $45,546,791 and $37,266,367 for the years ended December 31, 2021 and 2020, respectively, an increase of $8,280,424 or 22.2%.

The change in total revenues is primarily due to the following:

Web-based turnover increased by $321,419,816 or 63.6%. The increase was due to the significant number of new online players while the physical betting shops were closed for a significant portion of the current year, only re-opening on June 14, 2021 due to the pandemic. The increase over the prior year was impacted by the temporary shutdown of betting shops in Italy on March 8, 2020 due to COVID-19. This trend has continued with more people relying on using web based platforms to place wagers. The ratio of payouts on online turnover improved from 93.8% in the prior year to 93.4% in the current year. The payout ratio varies based on the skill and luck of our customers and the outcome of sporting events which are inherently unpredictable and can fluctuate significantly from period to period.

Land-based turnover decreased by $53,817,374 or 78.1%. The decrease over the prior period was impacted by the shutdown of betting shops in Italy that started on March 8, 2020 due to COVID-19 and the majority of which were effectively terminated on June 14, 2021. The impact was significant for both our Ulisse operation, which ceased operations in Italy in June 2021 and our Multigioco land-based operation, which impact was offset by increased online based gaming in both Multigioco and Ulisse during the period January to June 2021. The ratio of payouts on land-based turnover deteriorated to 85.2% in the current year from 82.0% in the prior year. The payout ratio varies based on the skill and luck of our customers and the outcome of sporting events which are inherently unpredictable and can fluctuate significantly from period to period.

Disaggregated sportsbook hold decreased to 15.7% from 18.9% of handle for the years ended December 31, 2021 and 2020, respectively, a decrease of 3.2 percentage points in sportsbook hold while our casino style game hold increased to 4.2% from 3.8% for the years ended December 31, 2021 and 2020, respectively, an increase of 0.4 percentage points. The blended hold decreased to 6.8% from 7.7% for the years ended December 31, 2021 and 2020, respectively, a decrease of 0.9 percentage points. The decrease in sports betting hold had an overall negative impact on our overall gross gaming revenue. The shift towards growing our online channel, with higher pay-out casino games and lower margin poker rake, resulted in an overall decrease in blended conversion of turnover to revenue.

Gaming taxes increased by $5,783,178 or 84.1% over the prior year. The relative rate of our gaming taxes, which is based on Gross Gaming Revenues, of 22.2% for the year ended December 31, 2021 is significantly higher than the 15.6% for the year ended December 31, 2020, respectively, and is primarily due to the mix of our Gross Gaming revenues shifting to Multigioco which has an average gaming tax of approximately 24.4% compared to Ulisse with a significantly lower tax rate due to its incorporation being situated outside of Italy. The increase in taxes is due to the shift of Ulisse business to Multigioco with effect from June 2021.

Service revenues increased by $893,949 or 617.5%. This is predominantly due to revenues generated by our Colombian operations and our newly acquired US Bookmaking operations. Our Platform services customer base is currently limited primarily to services provided to external US and international retail customers and internal group operations of Multigioco, Ulisse and Virtual Generation. This revenue remains insignificant to total revenues during the periods presented.

Selling expenses

We incurred selling expenses of $36,274,752 and $26,109,221 for the years ended December 31, 2021 and 2020, respectively, an increase of $10,165,531 or 38.9%. Selling expenses are commissions that are paid to our sales agents and are directly tied to handle (turnover) as they are based on a percentage of handle (turnover) and are not affected by the winnings that are paid. Therefore, increases in handle, will typically result in increases in selling expenses but may not result in increases in overall revenue if winnings/payouts, that are subject to the unknown outcome of sports events over which we have no control, are very high. Due to a concerted effort to manage the rates at which we agree to pay commissions to selling agents, based on a 46.6% increase in turnover during the year ended December 31, 2021, our percentage of selling expenses to turnover was approximately 4.3%, compared to 4.5% for the year ended December 31, 2020.

General and Administrative Expenses

General and administrative expenses were $18,817,959 and $13,789,391 for the years ended December 31, 2021 and 2020, respectively, an increase of $5,028,568 or 36.5%. The increase in general and administrative is due to the following:

i) Personnel costs were $6,846,226 and $4,815,047 for the years ended December 31, 2021 and 2020, respectively, an increase of $2,031,179 or 42.2%. This included the addition of personnel costs in US Bookmaking of $373,831, an increase in salary expenses of approximately $1,657,348, primarily due to; (i) the increase in personnel at corporate level associated with our expansion into the U.S. market, including the head of special projects, head of corporate affairs and salary increases to our CEO in line with market related salaries; and (ii) an increase in the headcount of our development personnel in our European operations.

ii) Stock based compensation expense was $1,845,019 and $518,506 for the years ended December 31, 2021 and 2020, respectively, an increase of $1,326,513 or 255.8%. The increase is primarily due to the issuance of 1,193,500 options during the current year and the amortization expense associated with these options and the 648,000 options issued to our head of special projects during the last quarter of 2020.

(iii) Platform related fees were $2,799,473 and $2,060,132 for the years ended December 31, 2021 and 2020, respectively, an increase of $739,341 or 35.9%, this is primarily due to the increase in turnover of 46.6%, a portion of our platform fees is linked to turnover.

(iv) Professional fees were $2,496,045 and $1,316,272 for the years ended December 31, 2021 and 2020, respectively, an increase of $1,179,773 or 89.6%. the increase is primarily due to legal fees associated with absorbing the Ulisse business into Multigioco and fees associated with licensing the Elys platform in the first U.S. state during the current year, as well as licensing and administrative consultants associated with the launch into the US market.

(v) The remaining decrease of $248,238 consists of several individually immaterial expense items.

Impairment of indefinite lived assets and goodwill

Impairment of indefinite lived assets and goodwill was $17,350,628 and $4,900,000 for the years ended December 31, 2021 and 2020, respectively. We evaluated our long-lived assets for impairment in terms of ASC 350 and determined that an impairment charge of the remaining value of our Ulisse bookmakers license was appropriate of $4,827,914 as we have decided to concentrate a significant amount of our efforts on developing the U.S. market. In addition, we considered the fair value of purchased goodwill on the acquisition of US Bookmaking in terms of ASC 360, and determined that, based on management's revised future projections that an impairment charge of $12,522,714 was appropriate. In the prior year we impaired the Ulisse bookmakers license by $4,900,000 in terms of an ASC 350 evaluation.

As discussed below under *contingent purchase consideration*, management recently reviewed the future revenue and profit projections of US Bookmaking based on the forecasts provided by the vendors at the time of performing the business valuation, factoring in the ability to source new customers. The customer acquisition process has proven to take longer than expected with a resultant downward revision of new customers acquired over the forecast period and the resultant downward impact on forecasted revenue streams. We reviewed the forecasts and made appropriate adjustments based on our current understanding of the addressable market, the growth rates forecast by third party market analysts, our expected share of revenue and the expectation of how many new clients we would realistically be able to add over the forecast period. Management is currently forecasting expected discounted cash flows over the forecast period to be approximately 40% lower than originally estimated. This has a significant impact on our current valuation of US Bookmaking, resulting in a goodwill impairment charge of approximately $12,522,714.

Loss from Operations

The loss from operations was $26,896,548 and $7,532,245 for the years ended December 31, 2021 and 2020, respectively, an increase of $19,364,303 or 257.1%. The increase in loss from operations is primarily due to the following: (i) the impairment of the Ulisse license of $4,827,914 and the impairment of the Goodwill on the acquisition of US Bookmaking of $12,522,714; (ii) an increase of $10,165,531 in selling expenses, which are based on turnover that had increased by 46.6% and (iii) an increase in U.S. corporate related expenses as we increased the size of our operation and personnel to enter into the U.S. market.

Interest Expense, Net of Interest Income

Interest expense was $20,985 and $328,663 for the years ended December 31, 2021 and 2020, respectively, a decrease of $307,678 or 93.6%. The decrease is primarily related to the conversion of convertible debentures into equity, primarily in the prior year period. Interest during the current year represents minor interest on the remaining debenture and other bank loans and related party payables.

Amortization of debt discount

Amortization of debt discount was $12,833 and $818,182 for the years ended December 31, 20210 and 2020, respectively, a decrease of $805,349 or 98.4%.The decrease is primarily due to the conversion of convertible debentures into equity, primarily in the prior period, resulting in accelerated amortization and the maturity of the convertible notes in May 2020.

Change in fair value of contingent purchase consideration

Change in fair value of contingent purchase consideration was $11,857,558 and $0 for the years ended December 31, 2021 and 2020, respectively, a decrease of $11,857,558.The change in fair value of contingent purchase consideration includes the reevaluation of the fair value of contingent purchase consideration on the acquisition of US Bookmaking.

Contingent purchase consideration on the acquisition of US bookmaking is due to the vendors for the years ended December 31, 2022 to December 31, 2025. The basis for determining contingent purchase consideration at each reporting period is based on cumulative EBITDA for the period July 15, 2021 to December 31, 2025, with the first measurement period being December 31, 2022. The forecasts provided by the vendors at the time of performing the business valuation was based on achieving a certain number of new customers on an annual basis. The customer acquisition process has proven to take longer than expected with a resultant impact on forecasted revenue streams over the contingent earnout period. Management revised its estimated revenues during January 2022. These forecasts were reviewed and adjusted to ensure they appeared reasonable based on our current understanding of addressable market, the growth rates forecast by third party market analysts, our expected share of revenue and the expectation of how many new clients we would realistically be able to add in a fiscal period. The most significant impact on the contingent purchase consideration is expected to be in the 2022 fiscal year, where we currently forecast that no contingent purchase consideration will be payable. This has a knock-on effect on the future 2023 to 2024 fiscal periods as the calculation of contingent purchase consideration is based on cumulative EBITDA.

Other income

Other income was $227,788 and $165,375 for years ended December 31, 2021 and 2020, respectively, an increase of $62,413 or 37.7%. Other income included approximately $201,171 of Covid relief funds received by Odissea during the current year.

Other expense

Other expense was $49,967 and $86,933 for the years ended December 31, 2021 and 2020, respectively, a decrease of $36,966 or 42.5%. Other expense represents several individually insignificant amounts such as minor fines and penalties and non-operational commitments not related to operations, expensed during the year.

Loss on extinguishment of convertible debt

The loss on extinguishment of convertible debt was $0 and $719,390 for the years ended December 31, 2021 and 2020, respectively, a decrease of $719,390 or 100%. In May 2020, we issued additional warrants to certain debenture holders who agreed to extend the maturity date of their debentures by between 90 and 120 days to allow us to complete a fund raising exercise resulting in a non-cash charge of $719,390. These warrants were valued using a Black-Scholes valuation model that were recorded as a discount against the gross value of the convertible debentures with the following assumptions: no dividend yield, expected volatility of between 139.5% and 183.5%, risk free interest rate between 0.16% and 0.19% and warrant life of approximately 2 - 3 years.

(Loss) gain on Marketable Securities

The loss on marketable securities was $460,000 and the gain on marketable securities was $290,000 for the years ended December 31, 2021, and 2020, respectively, a decrease of $750,000 or 258.6%. The gain and loss on marketable securities is directly related to the stock price of our investment in Zoompass which is marked-to-market each period. The shares in Zoompass were acquired by the Company as settlement of the litigation matter.

Loss Before Income Taxes

Loss before income taxes was $15,354,987 and $9,030,038 for the years ended December 31, 2021 and 2020, respectively, an increase of $6,324,949 or 70.0%. The increase is primarily attributable to the increase in the loss from operations, including the impairment of indefinite lived assets and goodwill, and the loss on marketable securities, as discussed above, offset by the change in the fair value of contingent purchase consideration, a decrease in interest expense and a decrease in the amortization of debt discount, as discussed above.

Income Tax Provision

The income tax provision was a credit of $290,476 and a charge of $906,644 for the years ended December 31, 2021 and 2020, respectively, a decrease of $1,197,120 or 132.0%.The decrease is attributable to deferred tax movements on imputed goodwill charges and the reversal of a tax charge from prior years related to commissions not recognized as an expense in the prior year.

Net Loss

Net loss was $15,064,511 and $9,936,682 for the years ended December 31, 2021 and 2020, respectively, an increase of $5,127,829 or 51.6%, due to the reasons discussed above.

Comprehensive Loss

Our reporting currency is the U.S. dollar while the functional currency of our subsidies is the Euro, the local currency in Italy and Austria, the functional currency of our Canadian subsidiary is the Canadian dollar and the functional currency of our Colombian operations is the Colombian Peso. The financial statements of our subsidiaries are translated into United States dollars in accordance with ASC 830, using year-end rates of exchange for assets and liabilities, and average rates of exchange for the period for revenues, costs, and expenses and historical rates for equity. Translation adjustments resulting from the process of translating the local currency financial statements into U.S. dollars are included in determining other comprehensive income.

We recorded a foreign currency translation loss of $519,031 and a foreign currency translation gain of $444,665 for the years ended December 31, 2021 and 2020, respectively.

Liquidity and Capital Resources

The closing of physical betting shop locations that occurred as a result of orders imposed due to the COVID-19 outbreak did not affect our online and mobile business operations, which mitigated some of the impact of the closure of the physical locations. On March 8, 2020 the Italian government imposed further restrictions on travel throughout Italy as well as transborder crossings and had either postponed or cancelled most professional sports events. Although most major sporting events and leagues have recently recommenced, the suspension of professional sports competitions throughout the world negatively impacted our ability to offer sports gaming products and COVID-19 could have a continued material adverse impact on economic and market conditions and trigger a period of continued global economic slowdown, especially in light of potential subsequent waves or new strains of the virus.

Assets

On December 31, 2021, we had total assets of $44,578,841 compared to total assets of $35,857,979 on December 31, 2020. The increase of $8,720,862 is primarily related to the increase in Goodwill of $14,501,217 after impairment charges of $12,522,714 on the acquisition of US Bookmaking, the impairment charge was due to a revision on the timing of management's expected profitability over the earnout period. An increase in intangible assets of $5,299,979 due to the acquisition of US Bookmaking and included non-compete agreements, tradenames and customer relationships. A reduction in cash balances and restricted cash balances of $12,338,412 primarily due to the cash paid in the acquisition of US Bookmaking of $5,973,839, the cash used in operation of $7,553,511, predominantly from U.S. operations, which included the funding of expenses related to the setup of U.S. operations, including consultants and legal expenses related to licensing activities and the absorption of cash in Ulisse as it wound down its operations and settled its outstanding liabilities, including accounts payable, gaming payables and tax liabilities, offset by net proceeds from financing activities of $2,857,084, which included proceeds from warrants exercised of $3,962,482 and the repayment of the bank line of credit of $500,000 and deferred purchase consideration of $410,383.

Liabilities

On December 31, 2021, we had total liabilities of $26,837,324 compared to $15,701,626 on December 31, 2020. The increase of $11,135,698 is primarily due to the Contingent Purchase Consideration of $12,859,399 which was fair valued during the current period based on management's revised estimate of the profitability of US Bookmaking, an increase in the deferred tax liability of $2,069,465, a decrease in accounts payable and accrued liabilities of $1,140,867 and a decrease of $474,463 in Gaming Payables, primarily due to the winding down of Ulisse operations and the repayment of longer outstanding liabilities at corporate level, a reduction in tax liabilities of $899,071 due to the lower profitability of our European operations this year, in particular, the winding down of Ulisse operations, and the repayment of the $500,000 bank line of credit.

Working Capital

We had $7,319,765 in cash and cash equivalents on December 31, 2021 compared to $18,945,817 on December 31, 2020.

We had a working capital surplus of $1,556,306 as of December 31, 2021 and a working capital surplus of $7,879,631 on December 31, 2020.

We continue to embark on an aggressive roll out of our operation in the U.S. market over the next twenty-four months and anticipate that we will need cash of approximately $10 million to $15 million to execute this successfully and to fund our increasing working capital requirements. We believe that we will need to raise additional cash resources either from equity markets or from debt funding during the near term as our existing cash resources together with the revenue from operations will not be sufficient to fund existing operations over the next twelve months from the date hereof. Historically, we have primarily financed our operations through revenue generated from providing online and land-based gaming products, services, and Platform services in Italy and the sales of our securities and we expect to continue to seek to obtain required capital in a similar manner. Recently, we have spent, and expect to continue to spend, a substantial amount of funds in connection with our expansion strategy.

Accumulated Deficit

As of December 31, 2021, we had an accumulated deficit of $48,243,028 compared to an accumulated deficit of $33,178,517 on December 31, 2020.

Cash Flows from Operating Activities

Cash flows from operating activities resulted in net cash used in operating activities of $7,553,511 and $165,493 for the years ended December 31, 2021 and 2020, respectively. The $(7,388,018) increase in cash used in operating activities is primarily related to; (i) the increase in net loss of $(5,127,829) offset by (ii) a net movement in non-cash items of $1,148,714, including a movement in impairment costs of long-lived assets and goodwill of $12,450,628, an increase in the movement of stock option compensation expense of $1,326,513, an increase in the movement in loss on marketable securities of $750,000, offset by a change in the fair value of contingent purchase consideration of $11,857,558, the decrease in the movement in the loss on extinguishment of debt of $(719,390) and a decrease in the movement on the amortization of debt discount of $805,349; and (iii) an increase in working capital movement of $(3,408,903), primarily due to the decrease in movement of gaming accounts payable of $(1,552,573) and the movement in taxes payable of $(1,445,398), primarily related to the winding down of Ulisse operations, an increase in the movement of the gaming accounts receivable balances of $880,226 due to the increase in business activity at our Multigioco operation, an increase in the movement of prepaid expenses of $534,099, predominantly due to prepaid licensed software for US operations, offset by an increase in accounts payable of $1,585,327, primarily related to an increase in payables balances at our Multigioco operation and an increase in corporate payables due to the expansion activities into the U.S. market taking place at the corporate level.

Cash Flows from Investing Activities

The net cash used in investing activities for the year ended December 31, 2021 was $6,690,919 and $291,501 for the year ended December 31, 2020, the increase over the prior year is primarily due to the acquisition of US Bookmaking amounting to $5,973,839, net of cash balances acquired and the acquisition of property and equipment and intangibles of $717,080, primarily to support the U.S. expansion efforts.

Cash Flows from Financing Activities

Net cash provided by financing activities for the for the year ended December 31, 2021 was $2,857,084 and net cash provided by financing activities for the year ended December 31, 2020 was $12,711,416. The cash generated by financing activities during the current year included warrant exercises of $3,962,482, offset by the repayment of the bank line of credit of $500,000 and deferred purchase price payments of $410,383. In the prior year, we raised net proceeds of $8,966,122 in a public offering and further proceeds of $8,541,896 on warrants exercised, a portion of the proceeds were used to repay debentures of $2,778,349 and the bank line of credit of $500,000 as well as deferred purchase price payments of $1,577,010.

Contractual Obligations

Contractual obligations consist of the following:

A cash and equity obligation to meet potential contingent purchase consideration obligations upon the achievement of financial targets by our recently acquired subsidiary, US Bookmaking.

Off-Balance-Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that we expect to be material to investors. We do not have any non-consolidated, special-purpose entities.

Inflation

We do not believe that general price inflation will have a material effect on the Company's business in the near future.

Foreign Exchange

We operate in several foreign countries, including Austria, Italy, Malta, Colombia and Canada and we incur operating expenses and have foreign currency denominated assets and liabilities associated with these operations. Transactions involving our corporate expenditures are generally denominated in U.S. dollars and Canadian dollars while the functional currency of our subsidiaries is in Euro and Colombian

Pesos. Changes and fluctuations in the foreign exchange rate between the Euro and the U.S. dollar, the Canadian dollar and the U.S. dollar and the Colombian Peso and the US Dollar, will have an effect on our results of operations.

Critical Accounting Policies and Estimates

Preparation of our consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") requires us to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenses, as well as related disclosure of contingent assets and liabilities. Significant accounting policies are fundamental to understanding our financial condition and results as they require the use of estimates and assumptions which affect the financial statements and accompanying notes. See Note 2 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10- K for further information.

The critical accounting policies that involved significant estimation included the following:

Impairment of indefinite lived assets and goodwill

We carried intangible assets in the amount of $15.6 million and goodwill in the amount of $16.2 million as more fully described in Notes 7 and 8 to the consolidated financial statements. The intangible assets and goodwill are allocated between reporting units. The Company tests its goodwill and intangible assets with an indefinite useful life annually for impairment or more frequently if indicators for impairment exist. Impairment for goodwill is determined by comparing the fair value of the respective reporting unit to their carrying amount. For impairment testing of indefinite-lived intangibles (Ulisse Bookmaker License) the Company fully impaired the indefinite-lived intangibles due to the Company's decision not to renew the cash deposits required to retain the license. The Company determines the fair value of the reporting units using an income-based approach which estimates the fair value using a discounted cash flow model. Key assumptions in estimating fair values include projected revenue growth and the weighted average cost of capital. In addition, management recently reviewed the future revenue and profit projections of US Bookmaking based on the forecasts provided by the vendors at the time of performing the business valuation, which factored in the ability to source new customers. The customer acquisition process has proven to take longer than expected with a resultant downward revision of new customers acquired over the forecast period and the resultant downward impact on forecasted revenue streams. We reviewed the forecasts and made appropriate adjustments based on our current understanding of the addressable market, the growth rates forecast by third party market analysts, our expected share of revenue and the expectation of how many new clients we would realistically be able to add over the forecast period. Management is currently forecasting expected discounted cash flows over the forecast period to be approximately 40% lower than originally estimated. This has a significant impact on our current valuation of US Bookmaking, resulting in a goodwill impairment charge of approximately $12,522,714.

Fair Value of Contingent Consideration

As of December 31, 2021, the Company carried contingent purchase consideration in the amount of $12.9 million as more fully described in Note 14 to the consolidated financial statements. The contingent consideration relates to the business combination of US Bookmaking on July 15, 2021. The contingent consideration is based upon achievement of certain EBITDA milestones during the next 4 years, payable 50% in cash and 50% in stock, the contingent consideration is up to $41.8 million. At each reporting period, the Company estimates changes in the fair value of the contingent consideration and any change in fair value is recognized in the consolidated statements of operations and comprehensive (loss) income.

The basis for determining contingent purchase consideration at each reporting period is based on cumulative EBITDA for the period July 15, 2021 to December 31, 2025, with the first measurement period being December 31, 2022. The forecasts provided by the vendors at the time of performing the business valuation was based on achieving a certain number of new customers on an annual basis. The customer acquisition process has proven to take longer than expected with a resultant impact on forecasted revenue streams over the contingent earnout period. Management revised its estimated revenues as of December 31, 2021. These forecasts were reviewed and adjusted to ensure they appeared reasonable based on our current understanding of addressable market, the growth rates forecast by third party market analysts, our expected share of revenue and the expectation of how many new clients we would realistically be able to add in a fiscal period. The most significant impact on the contingent purchase consideration is expected to be in the 2022 fiscal year, where we currently forecast that no contingent purchase consideration will be payable. This has a knock-on effect on the future 2023 to 2024 fiscal periods as the calculation of contingent purchase consideration is based on cumulative EBITDA.

Business Combination

As of July 15, 2021, we acquired 100% of US Bookmaking for a consideration of $6 million in cash, the issuance of 1,265,823 shares of our common stock plus an opportunity to the seller to receive up to an additional $41.8 million based upon achievement of certain EBITDA milestones during the upcoming four years as more fully described in Note 3 to the consolidated financial statements. We determined the fair values of the tangible and intangible assets acquired and the liabilities assumed using valuation techniques, and goodwill using an income-based approach which estimates the fair value using a discounted cash flow model. Key assumptions in estimating fair values include projected revenue growth and the weighted average cost of capital (WACC).

We retained the services of a specialist valuation company to assist in assessing the reasonableness of the assumptions used in valuing the business as well as to perform a purchase price allocation. These assumptions were deemed reasonable at the time of performing the valuation.

Recently Issued Accounting Pronouncements

See Note 2 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for information regarding recently issued accounting standards.

Item 7A. Quantitative And Qualitative Disclosures About Market Risk

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

Item 8. Financial Statements And Supplementary Data

ELYS TECHNOLOGY GROUP, CORP
CONSOLIDATED FINANCIAL STATEMENTS
INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Elys Game Technology, Corp.
130 Adelaide St. W, Suite 701
Toronto, Ontario M5H 2K4

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Elys Game Technology, Corp. (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive (loss) income, changes in stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment Assessment of Goodwill and Intangible Assets

As of December 31, 2021, the Company carried intangible assets in the amount of $15.6 million and goodwill in the amount of $16.2 million as more fully described in Notes 7 and 8 to the consolidated financial statements. The intangible assets and goodwill are allocated between reporting units. The Company tests its goodwill and intangible assets with an indefinite useful life annually for impairment or more frequently if indicators for impairment exist. Impairment for goodwill is determined by comparing the fair value of the respective reporting units to their carrying amount. For impairment testing of indefinite-lived intangible asset (Ulisse Bookmaker License) the Company fully impaired the indefinite-lived intangible asset due to the Company's decision not to renew the cash deposits required to retain the license. The Company determines the fair value of the reporting units using an income-based approach which estimates the fair value using a discounted cash flow model. Key assumptions in estimating fair values include projected revenue growth and the weighted average cost of capital (WACC).

We identified the impairment assessment for goodwill and intangible assets as a critical audit matter because of the significant estimates and assumptions management makes as part of the quantitative assessment to estimate the fair value of the reporting unit (goodwill) and the single asset (indefinite-lived intangible asset). The income approach requires significant management assumptions such as assumptions used in the cash flow forecast and the WACC. Auditing these significant assumptions and judgements involved a high degree of auditor judgment and an increased extent of effort, including the need to involve valuation specialists.

The primary procedures we performed to address this critical audit matter included:

- Assessing management's forecast including testing the completeness, accuracy and relevance of underlying data and evaluating significant management assumptions.
- Performing a sensitivity analysis on significant assumptions and evaluating the impact on the fair value that would result from change in the assumptions.
- Utilizing personnel with specialized knowledge and skill in valuation to assist in: (i) assessing the appropriateness of the fair value model, (ii) evaluating the reasonableness of certain assumptions used including the WACC, and (iii) assessing the reasonableness of the WACC by developing independent estimates and comparing estimates to those utilized by management.

Fair Value of Contingent Consideration

As of December 31, 2021, the Company carried contingent purchase consideration in the amount of $13.6 million as more fully described in Note 14 to the consolidated financial statements. The contingent consideration relates to the business combination of Bookmakers Company US, LLC on July 15, 2021. The contingent consideration is based upon achievement of certain EBITDA milestones during the next 4 years, payable 50% in cash and 50% in stock, the contingent consideration is up to $41.8 million. At each reporting period, the Company estimates changes in the fair value of the contingent consideration and any change in fair value is recognized in the consolidated statements of operations and comprehensive (loss) income.

We identified the fair value of contingent consideration as a critical audit matter because of the significant estimates and assumptions management makes as part of the quantitative assessment to estimate the fair value of the contingent consideration. The contingent consideration requires significant management assumptions such as assumptions regarding future operating results, discount rates and assumptions used in considering the probability of different operating result scenarios. Auditing these significant assumptions and judgements involved a high degree of auditor judgment and an increased extent of effort, including the need to involve valuation specialists.

The primary procedures we performed to address this critical audit matter included:

- Assessing management's forecast including testing the completeness, accuracy and relevance of underlying data and evaluating significant management assumptions.
- Utilizing personnel with specialized knowledge and skill in valuation to assist in: (i) assessing the appropriateness of the fair value model, (ii) evaluating the reasonableness of certain assumptions used including the discount rate, and (iii) assessing the reasonableness of the discount rate by developing independent estimates and comparing estimates to those utilized by management.

Business Combination

As of July 15, 2021, the Company acquired 100% of Bookmakers Company US LLC for a consideration of $6 million in cash, the issuance of 1,265,823 shares of the Company's common stock plus an opportunity for the seller to receive up to an additional $41.8 million based upon achievement of certain EBITDA milestones during the upcoming four years as more fully described in Note 3 to the consolidated financial statements. The Company determined the fair values of the tangible and intangible assets acquired and the liabilities assumed using valuation techniques and goodwill using an income-based approach which estimates the fair value using a discounted cash flow model. Key assumptions in estimating fair values include projected revenue growth and the weighted average cost of capital (WACC).

We identified the valuation assessment for goodwill and intangible assets from business combination as a critical audit matter because of the significant estimates and assumptions used to identify and determine the fair value of the tangible and intangible assets acquired and the liabilities assumed. The relief from royalty method, excess earnings method and probable loss model requires significant management assumptions such as assumptions regarding future revenues and cash flows, discount rates, royalty rates, attrition rate of acquired customer based, discount rates and assumptions used in considering the probability of different scenarios. Auditing these significant assumptions and judgements involved a high degree of auditor judgment and an increased extent of effort, including the need to involve valuation specialists.

The primary procedures we performed to address this critical audit matter included:

- Assessing management's forecast including testing the completeness, accuracy and relevance of underlying data and evaluating significant management assumptions.
- Utilizing personnel with specialized knowledge and skill in valuation to assist in: (i) assessing the appropriateness of the fair value model, (ii) evaluating the reasonableness of certain assumptions used, and (iii) assessing the reasonableness of the discount rates by developing independent estimates and comparing estimates to those utilized by management.

Zurich, Switzerland, April 15, 2022

BDO AG

Christoph Tschumi i.V. Eva Waldmeier

We have served as the Company's auditor since 2019.

ELYS GAME TECHNOLOGY, CORP
Consolidated Balance Sheets

	December 31, 2021	December 31, 2020
Current Assets		
Cash and cash equivalents	$ 7,319,765	$ 18,945,817
Accounts receivable	271,161	162,141
Gaming accounts receivable	2,418,492	1,455,710
Prepaid expenses	968,682	327,190
Related party receivable	1,413	1,519
Other current assets	403,972	301,289
Total Current Assets	**11,383,485**	**21,193,666**
Non - Current Assets		
Restricted cash	386,592	1,098,952
Property and equipment	490,079	489,591
Right of use assets	589,288	687,568
Intangible assets	15,557,561	10,257,582
Goodwill	16,164,337	1,663,120
Marketable securities	7,499	467,500
Total Non - Current Assets	**33,195,356**	**14,664,313**
Total Assets	**$ 44,578,841**	**$ 35,857,979**
Current Liabilities		
Bank overdraft	$ 7,520	$ 3,902
Line of credit - bank	—	500,000
Accounts payable and accrued liabilities	6,820,279	7,961,146
Gaming accounts payable	2,610,305	3,084,768
Taxes payable	47,787	946,858
Advances from stockholders	502	565
Deferred purchase consideration, net of discount of $0 and $7,761	—	17,673
Deferred purchase consideration - related parties, net of discount of $0 and $5,174	—	376,954
Promissory notes payable - related parties	51,878	—
Debentures	—	34,547
Operating lease liability	244,467	238,899
Financial lease liability	8,347	10,511
Bank loan payable - current portion	36,094	138,212
Total Current Liabilities	**9,827,179**	**13,314,035**
Non-Current Liabilities		
Contingent Purchase Consideration	12,859,399	—
Deferred tax liability	3,291,978	1,222,513
Operating lease liability	340,164	416,861
Financial lease liability	7,716	17,265
Bank loan payable	151,321	66,885
Other long-term liabilities	359,567	664,067
Total Non – Current Liabilities	**17,010,145**	**2,387,591**
Total Liabilities	**26,837,324**	**15,701,626**
Stockholders' Equity		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized, none issued	—	—
Common stock, $0.0001 par value, 80,000,000 shares authorized; 23,363,732 and 20,029,834 shares issued and outstanding as of December 31, 2021 and 2020	2,336	2,003
Additional paid-in capital	66,233,292	53,064,919
Accumulated other comprehensive (loss) income	(251,083)	267,948
Accumulated deficit	(48,243,028)	(33,178,517)
Total Stockholders' Equity	**17,741,517**	**20,156,353**
Total Liabilities and Stockholders' Equity	**$ 44,578,841**	**$ 35,857,979**

See notes to consolidated financial statements

ELYS GAME TECHNOLOGY, CORP
Consolidated Statements of Operations and Comprehensive (Loss) Income

	For the years ended December 31,	
	2021	**2020**
Revenue	**$ 45,546,791**	**$ 37,266,367**
Costs and Expenses		
Selling expenses	36,274,752	26,109,221
General and administrative expenses	18,817,959	13,789,391
Impairment of indefinite lived assets and goodwill	17,350,628	4,900,000
Total Costs and Expenses	**72,443,339**	**44,798,612**
Loss from Operations	**(26,896,548)**	**(7,532,245)**
Other (Expenses) Income		
Interest expense, net	(20,985)	(328,663)
Amortization of debt discount	(12,833)	(818,182)
Change in fair value of contingent purchase consideration	11,857,558	—
Other income	227,788	165,375
Other expense	(49,967)	(86,933)
Loss on extinguishment of convertible debt	—	(719,390)
(Loss) gain on marketable securities	(460,000)	290,000
Total Other Income (Expenses)	**11,541,561**	**(1,497,793)**
Loss Before income taxes	**(15,354,987)**	**(9,030,038)**
Income tax benefit (provision)	290,476	(906,644)
Net Loss	**$ (15,064,511)**	**$ (9,936,682)**
Other Comprehensive Loss		
Foreign currency translation adjustment	(519,031)	444,665
Comprehensive Loss	**$ (15,583,542)**	**$ (9,492,017)**
Loss per common share - basic and diluted	$ (0.67)	$ (0.71)
Weighted average number of common shares outstanding - basic and diluted	22,500,716	14,047,725

See notes to consolidated financial statements

ELYS GAME TECHNOLOGY, CORP
Consolidated Statements of Changes in Stockholders' Equity

	Common Stock		Additional	Accumulated Other Comprehensive		
	Shares	Amount	Paid-In Capital	Income	Accumulated Deficit	Total
Balance at December 31, 2019	**11,949,042**	**$ 1,194**	**$ 32,218,643**	**$ (176,717)**	**$ (23,241,835)**	**$ 8,801,285**
Shares issued on conversion of convertible debentures	230 ,326	23	738,981	—	—	739,004
Common stock issued to settle deferred purchase consideration	354,105	36	1,207,409	—	—	1,207,445
Common stock issued to settle liabilities	8,469	1	46,665	—	—	46,666
Public offering proceeds	4,166,666	417	10,005,832	—	—	10,006,249
Expenses related to public offering	—	—	(1,040,127)	—	—	(1,040,127)
Proceeds from warrants exercised	3,278,004	328	8,541,568	—	—	8,541,896
Promissory note, related party applied to warrant exercise	43,222	4	108,052	—	—	108,056
Fair value of warrants issued on debt extension	—	—	719,390	—	—	719,390
Stock based compensation expense	—	—	518,506			518,506
Foreign currency translation adjustment	—	—	—	444,665	—	444,665
Net loss	—	—	—	—	(9,936,682)	(9,936,682)
Balance at December 31, 2020	**20,029,834**	**$ 2,003**	**$ 53,064,919**	**$ 267,948**	**$ (33,178,517)**	**$ 20,156,353**
Common stock issued to settle liabilities	533,790	53	2,676,849	—	—	2,676,902
Proceeds from warrants exercised	1,509,809	151	3,962,330	—	—	3,962,481
Acquisition of Bookmakers Company US, LLC	1,265,823	127	4,544,177	—	—	4,544,304
Shares issued for services	24,476	2	139,998	—	—	140,000
Stock based compensation expense	—	—	1,845,019	—	—	1,845,019
Foreign currency translation adjustment	—	—	—	(519,031)	—	(519,031)
Net loss	—	—	—	—	(15,064,511)	(15,064,511)
Balance at December 31, 2021	**23,363,732**	**$ 2,336**	**$ 66,233,292**	**$ (251,083)**	**$ (48,243,028)**	**$ 17,741,517**

See notes to consolidated financial statements

ELYS GAME TECHNOLOGY, CORP
Consolidated Statements of Cash Flows

	For the years ended December 31,	
	2021	**2020**
Cash Flows from Operating Activities		
Net loss	$ (15,064,511)	$ (9,936,682)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,351,174	1,058,113
Amortization of debt discount	12,833	818,182
Impairment of license and goodwill	17,350,628	4,900,000
Non-cash interest	9,265	216,268
Change in Fair Value Contingent Consideration	(11,857,558)	—
Unrealized (gain) loss on marketable securities	460,000	(290,000)
Shares issued for services	140,000	—
Stock based compensation expense	1,845,019	518,506
Loss on extinguishment of convertible debt	—	719,390
Gain on settlement of liabilities	(7,977)	—
Bad debt expense	(98,167)	13,051
Deferred taxation movement	(196,434)	(93,441)
Changes in Operating Assets and Liabilities		
Prepaid expenses	(632,012)	(97,913)
Accounts payable and accrued liabilities	1,663,340	78,013
Accounts receivable	(145,367)	(55,750)
Gaming accounts receivable	(933,273)	(53,047)
Gaming accounts payable	(270,063)	1,282,510
Taxes payable	(865,174)	580,224
Due from related parties	(1,979)	(302)
Retirement Obligation	86,480	—
Other current assets	(44,626)	187,390
Long term liabilities	(355,109)	(10,005)
Net Cash used in Operating Activities	**(7,553,511)**	**(165,493)**
Cash Flows from Investing Activities		
Acquisition of property and equipment, and intangible assets	(717,080)	(291,501)
Acquisition of Bookmakers Company US, LLC, net of cash of $26,161	(5,973,839)	—
Net Cash used in Investing Activities	**(6,690,919)**	**(291,501)**
Cash Flows from Financing Activities		
Proceeds from public offering, less expenses related to public offering of $1,040,127	—	8,966,122
Proceeds from warrants exercised	3,962,482	8,541,896
Proceeds from bank overdraft	4,047	3,641
Repayment of bank line of credit	(500,000)	(500,000)
Repayment of bank loan	(133,742)	(62,364)
Repayment of debentures	(27,562)	(2,778,349)
Proceeds from promissory note – related party	—	300,000
Repayment of promissory note- related party	—	(200,000)
Proceeds from Government relief loan	—	30,146
Repayment of government relief loan	(27,586)	—
Deferred purchase price payments	(410,383)	(1,577,010)
Repayment of finance leases	(10,172)	(12,666)
Net Cash provided by Financing Activities	**2,857,084**	**12,711,416**
Effect of change in exchange rate	(951,066)	1,057,832)
Net (decrease) increase in cash	**(12,338,412)**	**13,312,254**
Cash and cash equivalents and restricted cash– beginning of the year	20,044,769	6,732,515
Cash and cash equivalents and restricted cash – end of the year	$ 7,706,357	$ 20,044,769

Reconciliation of cash, cash equivalents and restricted cash within the Balance Sheets to the Statements of Cash Flows

Cash and cash equivalents	$ 7,319,765	$ 18,945,817
Restricted cash included in non-current assets	386,592	1,098,952
Total cash and cash equivalents at end of year	**$ 7,706,357**	**$ 20,044,769**
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	$ 39,682	$ 741,510
Income tax	$ 805,030	$ 359,863
Supplemental cash flow disclosure for non-cash activities		
Conversion of convertible debt to common stock	$ —	$ 739,004
Promissory note, related party, applied to warrant exercise	$ —	$ 108,056
Deferred purchase consideration settled by the issuance of common stock	$ —	$ 1,207,445
Settlement of liabilities by the issuance of common stock	$ 2,676,902	$ 46,666
Acquisition of Bookmakers Company US, LLC by the issuance of common stock	$ 4,544,304	$ —

See notes to consolidated financial statements

1. Nature of Business

On November 2, 2020, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the Secretary of State of the State of Delaware to reflect its corporate name change from Newgioco Group, Inc. to Elys Game Technology, Corp.

Established in the state of Delaware in 1998, Elys Game Technology, Corp ("Elys" or the "Company"), the Company provides Gaming services in the US market via our recently acquired subsidiary Bookmakers Company US, LLC ("USB") in certain licensed states where we offer bookmaking and platform services to the Company's customers. The Company's intention is to focus its attention on expanding the US market. The Company recently began operation in Washington DC through a Class B Managed Service Provider and Class B Operator license to operate a sportsbook within the Grand Central Bar and Grill located in the Adams Morgan area of Washington, D.C., and in October 2021 we entered into an agreement with Ocean Resort Casino in Atlantic City, New Jersey, to provide platform and bookmaking services, Ocean Resort Casino began using the Company's platform and bookmaking services in March 2022.

The Company also provides gaming services in Italy through its subsidiary, Multigioco, which operations are carried out via both land-based or online retail gaming licenses regulated by the ADM that permits the Company to distribute leisure betting products such as sports betting, and virtual sports betting products through both physical, land-based retail locations as well as online through our licensed website www.newgioco.it or commercial webskins linked to the Company's licensed website and through mobile devices. Management decided to focus its attention on developing the US market for future growth and allowed the Austrian Bookmakers license, that is regulated by the Austrian Federal Finance Ministry ("BMF"), to be revoked by not renewing required monetary deposits.

Additionally, the Company is a global gaming technology company which owns and operates a betting software designed with a unique "distributed model" architecture colloquially named Elys Game Board (the "Platform") through its Odissea subsidiary. The Platform is a fully integrated "omni-channel" framework that combines centralized technology for updating, servicing and operations with multi-channel functionality to accept all forms of customer payment through the two distribution channels described above. The omni-channel software design is fully integrated with a built in player gaming account management system, built-in sports book and a virtual sports platform through its Virtual Generation subsidiary. The Platform also provides seamless application programming interface integration of third-party supplied products such as online casino, poker, lottery and horse racing and has the capability to incorporate e-sports and daily fantasy sports providers.

Our corporate group is based in North America, which includes an executive suite situated in Las Vegas, Nevada and a Canadian office in Toronto, Ontario through which we carry-out corporate activities, handle day-to-day reporting and U.S. development planning, and through which various employees, independent contractors and vendors are engaged.

The Company and its subsidiaries are as follows:

Name	Acquisition or Formation Date	Domicile	Functional Currency
Elys Game Technology, Corp.	Parent Company	USA	US Dollar
Multigioco Srl ("Multigioco")	August 15, 2014	Italy	Euro
Ulisse GmbH ("Ulisse")	July 1, 2016	Austria	Euro
Odissea Betriebsinformatik Beratung GmbH ("Odissea")	July 1, 2016	Austria	Euro
Virtual Generation Limited ("Virtual Generation")	January 31, 2019	Malta	Euro
Newgioco Group Inc. ("NG Canada")	January 17, 2017	Canada	Canadian Dollar
Elys Technology Group Limited	April 4, 2019	Malta	Euro
Newgioco Colombia SAS	November 22, 2019	Colombia	Colombian Peso
Elys Gameboard Technologies, LLC	May 28, 2020	USA	US Dollar
Bookmakers Company US, LLC ("USB")	July 15, 2021	USA	US Dollar

On July 5, 2021, the Company entered into a Membership Purchase Agreement (the "Purchase Agreement") to acquire 100% of Bookmakers Company US LLC, a Nevada limited liability company doing business as U.S. Bookmaking ("USB"), from its members (the "Sellers"). On July 15, 2021 the Company consummated the acquisition of USB and in terms of the Purchase Agreement the Company acquired 100% of USB, from its members (the "Sellers") and USB became a wholly owned subsidiary of the Company.

USB is a provider of sports wagering services such as design and consulting, turn-key sports wagering solutions, and risk management.

Pursuant to the terms of the Purchase Agreement, the consideration paid for all of the equity of USB was $6 million in cash plus the issuance of 1,265,823 shares of the Company's common stock with a market value of $4,544,304. The number of shares issued was calculated using an agreed upon value of $6,000,000 divided by $4.74 per share, based on the volume weighted average closing price of the stock for the 90 trading days preceding the closing date.

The Sellers will have an opportunity to receive up to an additional $38 million plus a potential premium of 10% (or $3.8 million) based upon achievement of stated adjusted cumulative EBITDA milestones during the next four years, payable 50% in cash and 50% in the Company's stock at a price equal to volume weighted average price of the company's common stock for the 90 consecutive trading days preceding January 1 of each subsequent fiscal year for the duration of the earnout period ending December 31, 2025, subject to obtaining shareholder approval, if the aggregate number of shares to be issued pursuant to the Purchase Agreement exceeds 4,401,020 and with a cap of 5,065,000 on the aggregate number of shares to be issued. Any excess not approved by shareholders or exceeding the cap will be paid in cash. Refer to footnote 3 and 14 below.

The Company operates in two lines of business: (i) provider of certified betting platform software services to leisure betting establishments in Italy and 9 other countries and; (ii) the operating of web based as well as land-based leisure betting establishments situated throughout Italy. The Company's operations are carried out through the following three geographically organized groups:

a) an operational group is based in Europe and maintains administrative offices headquartered in Rome, Italy with satellite offices for operations administration in Naples and Teramo, Italy and San Gwann, Malta;

b) a technology group which is based in Innsbruck, Austria and manages software development, training and administration; and

c) a corporate group which is based in North America and maintains an executive suite in Las Vegas, Nevada and a Canadian office in Toronto, through which we carry-out corporate activities, handle day-to-day reporting and U.S. development planning, and through which various employees, independent contractors and vendors are engaged.

2. Accounting Policies and Estimates

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

The company previously had a secondary listing on the NEO exchange in Canada, which was terminated with effect from December 31, 2021. For the purposes of its previous listing in Canada, the Company is an "SEC Issuer" as defined under National Instrument 52-107*"Accounting Principles and Audit Standards"* and is relying on the exemptions of Section 3.7 of NI 52-107 and of Section 1.4(8) of the Companion Policy to National Instrument 51-102*"Continuous Disclosure Obligations"*("NI 51-102CP") which permits the Company to prepare its financial statements in accord with U.S. GAAP.

Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, all of which are wholly-owned. All significant inter-company transactions are eliminated upon consolidation.

All amounts referred to in the Notes to the consolidated financial statements are in United States Dollars ($) unless stated otherwise.

Foreign operations

The Company translated the assets and liabilities of its foreign subsidiaries into US Dollars at the exchange rate in effect at year end and the results of operations and cash flows at the average rate throughout the year. The translation adjustments are recorded directly as a separate component of stockholders' equity, while transaction gains (losses) are included in net income (loss).

Revenues were generated in US Dollars, Euros and Colombian Pesos during the years presented.

Gains and losses from foreign currency transactions are recognized in current operations.

Business Combinations

The Company allocates the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill.

Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired users, acquired technology, and trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates and assumptions include valuing equity securities issued in share-based payment arrangements, determining the fair value of assets acquired, allocation of purchase price, impairment of long-lived intangible assets and goodwill, the collectability of receivables, leasing arrangements, convertible debentures, contingent purchase consideration, contingencies and the value of deferred taxes and related valuation allowances. Certain estimates, including evaluating the collectability of receivables and advances, could be affected by external conditions, including those unique to the Company's industry and general economic conditions. It is possible that these external factors could have an effect on the Company's estimates that could cause actual results to differ from the Company's estimates. The Company re-evaluates all of its accounting estimates at least quarterly based on these conditions and records adjustments when necessary.

Loss Contingencies

The Company may be subject to claims, suits, government investigations, and other proceedings involving competition and antitrust, intellectual property, privacy, indirect taxes, labor and employment, commercial disputes, content generated by our users, goods and services offered by advertisers or publishers using the Company's website platforms, and other matters. Certain of these matters include speculative claims for substantial or indeterminate amounts of damages. The Company records a liability when it believes that it is both probable that a loss has been incurred, and the amount can be reasonably estimated. If the Company determines that a loss is possible, and a range of the loss can be reasonably estimated, it discloses the range of the possible loss in the Notes to the Consolidated Financial Statements.

The Company evaluates, on a regular basis, developments in its legal matters that could affect the amount of liability that has been previously accrued, and the matters and related ranges of possible losses disclosed and makes adjustments and changes to our disclosures as appropriate. Significant judgment is required to determine both likelihood of there being and the estimated amount of a loss related to such matters. Until the final resolution of such matters, there may be an exposure to loss in excess of the amount recorded, and such amounts could be material. Should any of the Company's estimates and assumptions change or prove to have been incorrect, it could have a material impact on its business, consolidated financial position, results of operations, or cash flows.

To date, none of these types of litigation matters, most of which are typically covered by insurance, has had a material impact on the Company's operations or financial condition. The Company has insured and continues to insure against most of these types of claims.

Fair Value Measurements

ASC Topic 820, Fair Value Measurement and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This topic also establishes a fair value hierarchy which requires classification based on observable and unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

The carrying value of the Company's accounts receivables, gaming accounts receivable, lines of credit - bank, accounts payable, gaming accounts payable and bank loans payable approximate fair value because of the short-term maturity of these financial instruments.

2. Accounting Policies and Estimates (continued)
Derivative Financial Instruments

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

Cash and Cash Equivalents

The Company primarily places cash balances in the U.S. with high-credit quality financial institutions located in the United States which are insured by the Federal Deposit Insurance Corporation up to a limit of $250,000 per institution, in Canada which are insured by the Canadian Deposit Insurance Corporation up to a limit of CDN $100,000 per institution, in Italy which is insured by the Italian deposit guarantee fund Fondo Interbancario di Tutela dei Depositi (FITD) up to a limit of €100,000 per institution, and in Germany which is a member of the Deposit Protection Fund of the Association of German Banks (Einlagensicherungsfonds des Bundesverbandes deutscher Banken) up to a limit of €100,000 per institution.

Gaming Accounts Receivable

Gaming accounts receivable represent gaming deposits made by customers to their online gaming accounts either directly by credit card, bank wire, e-wallet or other accepted method through one of our websites or indirectly by cash collected at the cashier of a betting shop but not yet credited to the Company's bank accounts and subject to normal trade collection terms without discounts. The Company periodically evaluates the collectability of its gaming accounts receivable and considers the need to record or adjust an allowance for doubtful accounts based upon historical collection experience and specific customer information. Actual amounts could vary from the recorded estimates. The Company does not require collateral to support customer receivables. The Company recorded a release from the bad debt provision of $98,167 and an increase in bad debt provision of $13,051 for the years ended December 31, 2021 and 2020, respectively.

Gaming Accounts Payable

Gaming accounts payable represent customer balances, including winnings and deposits, that are held as credits in online gaming accounts and have not as of yet been used or withdrawn by the customers. Customers can request payment of winnings from the Company at any time and the payment to customers can be made through bank wire, credit card, or cash disbursement from one of our locations. Online gaming account credit balances are non-interest bearing.

Long Lived Assets

The Company evaluates the carrying value of its long-lived assets for impairment by comparing the expected undiscounted future cash flows of the assets to the net book value of the assets when events or circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. If the expected undiscounted future cash flows are less than the net book value of the assets, the excess of the net book value over the estimated fair value will be charged to earnings.

Fair value is based upon discounted cash flows of the assets at a rate deemed reasonable for the type of asset and prevailing market conditions, appraisals, and, if appropriate, current estimated net sales proceeds from pending offers.

Property and Equipment

Property and equipment is stated at acquisition cost less accumulated depreciation and adjustments for impairment losses. Expenditures are capitalized only when they increase the future economic benefits embodied in an item of property and equipment. All other expenditures are recognized as expenses in the statement of operations as incurred.

Depreciation is charged on a straight-line basis over the estimated remaining useful lives of the individual assets. Amortization commences from the time an asset is put into operation. The range of the estimated useful lives is as follows:

Description	Useful Life (in years)		
Leasehold improvements		Life of the underlying lease	
Computer and office equipment	3	to	5
Furniture and fittings	7	to	10
Computer Software	3	to	5
Vehicles	4	to	5

Intangible Assets

Intangible assets are stated at acquisition cost less accumulated amortization, if applicable, less any adjustments for impairment losses.

Amortization is charged on a straight-line basis over the estimated remaining useful lives of the individual intangibles. Where intangibles are deemed to be impaired the Company recognizes an impairment loss measured as the difference between the estimated fair value of the intangible and its book value.

The range of the estimated useful lives is as follows:

Description	Useful Life (in years)		
Betting Platform Software			15
Ulisse Bookmaker License			Indefinite
Multigioco and Rifa ADM Licenses	1.5	-	7
Location contracts	5	-	7
Customer relationships	10	-	18
Trademarks/Tradenames	10	-	14
Websites			5
Non-compete agreements			4

The Ulisse Bookmaker License has no expiration date and is therefore not amortized but is tested from impairment on an annual basis in terms of ASC 350 using estimated fair value. The company impaired the remaining balance of $4,827,914 of the Ulisse Bookmakers license during the current year.

2. Accounting Policies and Estimates (continued)

Goodwill

The Company allocates the fair value of purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill.

Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired users, acquired technology, and trade names from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

The Company annually assesses whether the carrying value of its reporting unit exceeds its fair value and, if necessary, records an impairment loss equal to any such excess. Each interim reporting period, the Company assesses whether events or circumstances have occurred which indicate that the carrying amount of the reporting unit exceeds its fair value. If the carrying amount of the reporting unit exceeds its fair value, an asset impairment charge will be recognized in an amount equal to that excess.

In terms of ASC 350, the Company performed a qualitative assessment and based on the outcome of the quantitative analysis, performed a quantitative assessment on its goodwill as of December 31, 2021 and determined that an impairment of $12,522,714 was considered necessary.

Leases

The Company accounts for leases in terms of ASC 842. In terms of ASC 842, the Company assesses whether any asset based leases entered into for periods longer than twelve months meet the definition of financial leases or operation leases, by evaluating the terms of the lease, including the following; the duration of the lease; the implied interest rate in the lease; the cash flows of the lease; and whether the Company intends to retain ownership of the asset at the end of the lease term.

Leases which imply that the Company will retain ownership at the end of the lease term are classified as financial leases, are included in property and equipment with a corresponding financial liability raised at the date of lease inception. Interest incurred on financial leases are expensed using the effective interest rate method.

Leases which imply that the Company will not acquire the asset at the end of the lease term are classified as operating leases, the Company's right to use the asset is reflected as a non-current right of use asset with a corresponding operational lease liability raised at the date of lease inception. The right of use asset and the operational lease liability are amortized over the right of use period using the effective interest rate implied in the operating lease agreement.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, "Income Taxes." Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

ASC Topic 740-10-30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740-10-40 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company has no material uncertain tax positions for any of the reporting periods presented.

In Italy, tax years beginning 2016 forward, are open and subject to examination, while in Austria companies are open and subject to inspection for five years and ten years for inspection of serious infractions. In the United States and Canada, tax years beginning 2017 forward, are subject to examination. The Company is not currently under examination and it has not been notified of a pending examination.

Revenue Recognition

The Company recognizes revenue when control of its products and services is transferred to its customers in an amount that reflects the consideration the Company expects to receive from its customers in exchange for those products and services. Revenues from sports-betting, casino, cash and skill games, slots, bingo and horse race wagers represent the gross pay-ins (also referred to as turnover) from customers less gaming taxes and payouts to customers. Revenues are recorded when the game is closed which is representative of the point in time at which the Company has satisfied its performance obligation. In addition, the Company receives commissions from the sale of scratch tickets and other lottery games. Commissions are recorded when the ticket for scratch off tickets and lottery tickets are sold.

Revenues from the Betting Platform include software licensing fees, training, installation, and product support services. The Company does not sell its proprietary software. Revenue is recognized when transfer of control to the customer has been made and the Company's performance obligation has been fulfilled.

- License fees are calculated as a percentage of each licensee's level of activity and are contingent upon the licensee's usage. The license fees are recognized on an accrual basis as earned.
- Training fees, installation fees are recognized when each task has been completed.
- Product support services are recognized based on the nature of the agreement with our customers, ad-hoc support service revenue will be recognized when the task is completed and revenue from product support service contracts will be recognized on a periodic basis where we charge a recurring fee to provide ongoing support services.

Stock-Based Compensation

The Company records its compensation expense associated with stock options and other forms of equity compensation based on their fair value at the date of grant using the Black-Scholes option pricing model. Stock-based compensation includes amortization related to stock option awards based on the estimated grant date fair value. Stock-based compensation expense related to stock options is recognized ratably over the vesting period of the option. In addition, the Company records expense related to Restricted Stock Units ("RSU's") granted based on the fair value of those awards on the grant date. The fair value related to the RSUs is amortized to expense over the vesting term of those awards. Forfeitures of stock options and RSUs are recognized as they occur.

Stock-based compensation expense for a stock-based award with a performance condition is recognized when the achievement of such performance condition is determined to be probable. If the outcome of such performance condition is not determined to be probable or is not met, no compensation expense is recognized and any previously recognized compensation expense is reversed.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, including foreign currency translation adjustments.

2. Accounting Policies and Estimates (continued)

Earnings Per Share

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 260, "Earnings Per Share" provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflects the dilutive impact on the number of shares outstanding should they be exercised. Securities that have the potential to dilute shareholder's interests include unexercised stock options and warrants as well as unconverted debentures.

Related Parties

Parties are considered to be related to the Company if the parties directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions. All transactions are recorded at fair value of the goods or services exchanged.

Recent Accounting Pronouncements

In November 2021, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2021-10, Disclosures by Entities about Government Assistance (Topic 832), the update increases the transparency of government assistance, including the following disclosures: (1) the types of assistance, (2) an entity's accounting for the assistance, and (3) the effect of the assistance on an entity's financial statements.

This ASU is effective for fiscal years beginning after December 15, 2021.

The effects of this ASU on the Company's consolidated financial statements is currently being assessed and is not expected to have an impact on current disclosure.

The FASB issued several additional updates during the period, none of these standards are either applicable to the Company or require adoption at a future date and none are expected to have a material impact on the consolidated financial statements upon adoption.

Reporting by segment

The Company has two operating segments from which it derives revenue. These segments are:

(i) the operating of web based as well as land based leisure betting establishments situated throughout Italy, and

(ii) provider of certified betting Platform software services to leisure betting establishments in Italy and 9 other countries.

3. Acquisition of subsidiaries

On July 5, 2021, the Company entered into a Membership Purchase Agreement (the "Purchase Agreement") to acquire 100% of Bookmakers Company US LLC, a Nevada limited liability company doing business as U.S. Bookmaking ("USB"), from its members (the "Sellers"). On July 15, 2021 the Company consummated the acquisition of USB and in terms of the Purchase Agreement the Company acquired 100% of USB, from its members (the "Sellers") and USB became a wholly owned subsidiary of the Company.

USB is a provider of sports wagering services such as design and consulting, turn-key sports wagering solutions, and risk management.

Pursuant to the terms of the Purchase Agreement, the consideration paid for all of the equity of USB was $6 million in cash plus the issuance of 1,265,823 shares of the Company's common stock with a market value of $4,544,304 on the date of acquisition.

The Sellers will have an opportunity to receive up to an additional $38,000,000 (undiscounted) plus a potential undiscounted premium of 10% (or $3,800,000) based upon achievement of stated adjusted cumulative EBITDA milestones during the next four years, payable 50% in cash and 50% in the Company's stock at a price equal to volume weighted average price of the company's common stock for the 90 consecutive trading days preceding January 1 of each subsequent fiscal year for the duration of the earnout period ending December 31, 2025, subject to obtaining shareholder approval, if the aggregate number of shares to be issued pursuant to the Purchase Agreement exceeds 4,401,020 and with a cap of 5,065,000 on the aggregate number of shares to be issued. Any excess not approved by shareholders or exceeding the cap will be paid in cash. The fair value of the contingent purchase consideration of $24,716,957 was estimated by applying the income approach, which uses significant assumptions (Level 3 assumptions) which are not readily available in the market.

The goodwill of $27,024,383 arising on consolidation consists largely of the reputation and knowledge of USB in the sports betting market in the US markets which should facilitate the Company's penetration into the U.S. market.

None of the goodwill is expected to be deducted for income tax purposes.

3. Acquisition of subsidiaries (continued)

In terms of the agreement, the purchase price was allocated to the fair market value of tangible and intangible assets acquired and liabilities assumed as follows:

		Amount
Consideration		
Cash	$	6,000,000
1,265,823 shares of common stock at fair market value		4,554,304
Contingent purchase consideration		24,716,957
Total purchase consideration	**$**	**35,261,261**
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash		26,161
Other Current assets	$	151,284
Property and equipment		788
Other non-current assets		4,000
Tradenames/Trademarks		1,419,000
Customer relationships		7,275,000
Non-compete agreements		2,096,000
	$	10,972,233
Less: liabilities assumed		
Current liabilities assumed	$	(264,135)
Non-current liabilities assumed		(205,320)
Imputed Deferred taxation on identifiable intangible acquired		(2,265,900)
	$	(2,735,355)
Net identifiable assets acquired and liabilities assumed		8,236,878
Goodwill		27,024,383
Total purchase consideration	**$**	**35,261,261**

The amount of revenue and earnings included in the Company's consolidated statement of operations and comprehensive income (loss) for the year ended December 31, 2021 and the revenue and earnings of the combined entity had the acquisition date been January 1, 2020.

		Revenue		Earnings
Actual from July 15, 2021 to December 31, 2021	$	363,030	$	(398,279)
2021 Supplemental pro forma from January 1, 2021 to December 31, 2021	$	45,957,894	$	(15,887,232)
2020 Supplemental pro forma from January 1, 2020 to December 31, 2020	$	37,607,873	$	(11,491,873)

The 2021 Supplemental pro forma information was adjusted to exclude $125,479 of non-recurring acquisition costs, in addition, the 2021 and 2020 supplemental pro forma information was adjusted to account for amortization of intangibles on acquisition of $579,519 and $1,070,067, respectively.

4. Restricted Cash

Restricted cash consists of the following:

- cash held in a segregated bank account at Intesa Sanpaolo Bank S.p.A. ("Intesa Sanpaolo Bank") as collateral against a bank loan with Intesa Sanpaolo Bank for Multigioco. In the prior year we held funds at Wirecard Bank as a security deposit for Ulisse betting operations, this deposit was returned during the current year.
- In the prior year, the Company maintained a $500,000 security deposit at Metropolitan Commercial Bank as security against a $500,000 line of credit, refer note 10 below.

5. Property and equipment

	December 31, 2021			December 31, 2020
	Cost	Accumulated depreciation	Net book value	Net book value
Leasehold improvements	$ 62,338	$ (35,078)	$ 27,260	$ 39,707
Computer and office equipment	1,000,849	(777,635)	223,214	247,572
Fixtures and fittings	385,871	(250,438)	135,433	54,465
Vehicles	99,467	(54,630)	44,837	63,382
Computer software	224,854	(165,519)	59,335	84,465
	$ 1,773,379	**$ (1,283,300)**	**$ 490,079**	**$ 489,591**

The aggregate depreciation charge to operations was $230,033 and $354,552 for the years ended December 31, 2021 and 2020, respectively. The depreciation policies followed by the Company are described in Note 2.

6. Leases

The Company's portfolio of leases contains both finance and operating leases that relate to real estate agreements, vehicles and office equipment agreements.

Operating leases

Real estate agreements
The Company has several property lease agreements in Italy and Austria and one lease agreement in the US, which have terms in excess of a twelve month period, these property leases are for our administrative operations in these countries. The Company does not and does not intend to take ownership of the properties at the end of the lease term.

Vehicle agreements

The Company leases several vehicles for business use purposes, the terms of these leases range from twenty four to thirty six months. The Company does not and does not intend to take ownership of the vehicles at the end of the lease term.

Finance Leases

Office equipment agreements

The Company has entered into several finance leases for office equipment, the term of these leases range from thirty six to sixty months. The Company takes ownership of the office equipment at the end of the lease term.

Right of use assets

Right of use assets included in the consolidated balance sheet are as follows:

	December 31, 2021	December 31, 2020
Non-current assets		
Right of use assets - operating leases, net of amortization	$ 589,288	$ 687,568
Right of use assets - finance leases, net of depreciation – included in property and equipment	$ 15,520	$ 27,119

Lease costs consists of the following:

	Year ended December 31, 2021	Year ended December 31, 2020
Finance lease cost:	**$ 10,906**	**$ 14,040**
Amortization of right-of-use assets	10,102	12,870
Interest expense on lease liabilities	804	1,170
Operating lease cost	**244,639**	**265,081**
Total lease cost	**$ 255,545**	**$ 279,121**

Other lease information:

	Year ended December 31, 2021	Year ended December 31, 2020
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ (804)	$ (1,170)
Operating cash flows from operating leases	(244,639)	(265,081)
Financing cash flows from finance leases	(10,172)	(12,666)
Right-of-use assets obtained in exchange for new finance leases	-	470
Right-of-use assets disposed of under operating leases prior to lease maturity	(224,793)	(21,588)
Right-of -use assets obtained in exchange for new operating leases	$ 406,276	$ 84,918
Weighted average remaining lease term – finance leases	1.93 years	2.74 years
Weighted average remaining lease term – operating leases	2.60 years	2.83 years
Weighted average discount rate – finance leases	3.73%	3.65%
Weighted average discount rate – operating leases	2.73%	3.59%

6. Leases (continued)

Maturity of Leases

Finance lease liability

The amount of future minimum lease payments under finance leases as of December 31, 2021 is as follows:

	Amount
2022	$ 8,802
2023	7,053
2024	818
Total undiscounted minimum future lease payments	16,673
Imputed interest	(611)
Total finance lease liability	**$ 16,063**
Disclosed as:	
Current portion	$ 8,347
Non-Current portion	7,716
	$ 16,063

Operating lease liability

The amount of future minimum lease payments under operating leases as of December 31, 2021 is as follows:

	Amount
2022	$ 257,455
2023	190,132
2024	80,541
2025	46,416
2026	31,741
Total undiscounted minimum future lease payments	606,285
Imputed interest	(21,654)
Total operating lease liability	**$ 584,631**
Disclosed as:	
Current portion	$ 244,467
Non-Current portion	340,164
	$ 584,631

7. Intangible Assets

Licenses obtained by the Company in the acquisitions of Multigioco and Rifa include a Gioco a Distanza ("GAD") online license as well as a Bersani and Monti land-based licenses issued by the Italian gaming regulator to Multigioco and Rifa, respectively, as well as an Austrian Bookmaker License through the acquisition of Ulisse.

Intangible assets consist of the following:

	December 31, 2021				December 31, 2020
	Cost	Impairment charge	Accumulated amortization	Net book value	Net book value
Betting platform software	$ 6,149,537	$ —	$ (1,403,642)	$ 4,745,895	$ 4,673,314
Licenses	5,794,966	(4,827,914)	(963,639)	3,413	4,917,733
Location contracts	1,000,000	—	(1,000,000)	—	88,455
Customer relationships	8,145,927	—	(607,394)	7,538,533	509,237
Trademarks	1,537,817	—	(123,930)	1,413,887	68,843
Non-compete agreement	2,096,000	—	(240,167)	1,855,833	—
Websites	40,000	—	(40,000)	—	—
	$ 24,764,247	**$ (4,827,914)**	**$ (4,378,772)**	**$ 15,557,561**	**$ 10,257,582**

The Company recorded $1,120,757 and $703,191 in amortization expense for finite-lived assets for the year ended December 31, 2021 and 2020, respectively, and an impairment provision of $4,827,914 and $4,900,000 against indefinite lived licenses.

The estimated amortization expense over the next five-year period is as follows:

	Amount
2021	$ 1,552,219
2022	1,548,806
2023	1,548,806
2024	1,308,640
2025	1,024,805
Total estimated amortization expense	$ 6,983,276

The Company evaluates intangible assets for impairment on an annual basis during the last month of each year and at an interim date if indications of impairment exist. Intangible asset impairment is determined by comparing the fair value of the asset to its carrying amount with an impairment being recognized only when the fair value is less than carrying value and the impairment is deemed to be permanent in nature.

In assessing the impairment of indefinite lived licenses, the Company first performed a qualitative impairment test to determine if any impairment indicators were present, impairment indicators were noted for indefinite life intangibles assets in the Ulisse operation.

The impairment process used was as follows:

based on qualitative impairment indicators bring present;
the Company utilized management's December 2022 annual operational budget cash flows for the 2022 year together with forecasted cash flows for the next four-year period ending in 2026;
the budgeted and forecasted cash flows were adjusted for taxation at the Company's current effective tax rate;
working capital cash flow movements were estimated for the budget and the forecast period using historical experience;
property and equipment cash flow additions for the budget and forecast period were estimated using historical experience and known cash flows;
net cash flow as determined by the above, were forecast in perpetuity by using the forecast growth rate and the Company's estimated Weighted Average Cost of Capital ("WACC");
The forecast future cash flows were discounted back to present value using the WACC;
WACC was determined by comparing the Company's beta to that of certain peer companies and determining what a reasonable WACC was compared to our calculated internal WACC, we determined that due to recent volatility in the Company's common stock price that a reasonable peer WACC is 14.75%.

The COVID-19 pandemic has resulted in the closure of our land-based operations in the Italian market for an extended period of time and as the pandemic evolved and the markets in which the Company operated continued to experience resurgences of the virus, we remain uncertain as to the long-term impact on the Company's land-based operations. As such, the Company has made a strategic decision to transfer its Ulisse customer relationships in Italy to Multigioco ahead of license renewals which are expected to take place within the next one to two years. The combined Multigioco and Ulisse business under the Multigioco entity, which is an Italian based operator, substantially increases the Company's market share in Italy, and may improve the possibility of renewing our Italian licenses. Ulisse is based in Austria and during the fourth quarter of 2021, management decided to apply its limited resources and concentrate all of its efforts on developing the US and North American markets, thereby deciding to allow the Austrian bookmaking license to lapse by not renewing the cash deposits required to retain the license. The license under which Ulisse operated in Italy, was not transferable to Multigioco and accordingly, based on a quantitative impairment analysis, an impairment charge of the remaining carrying value of the license of $4,827,914 is considered appropriate.

The Company believes that the remaining carrying amounts of its intangible assets are recoverable. However, if adverse events were to occur or circumstances were to change indicating that the carrying amount of such assets may not be fully recoverable, the assets would be reviewed for impairment and the assets may be further impaired.

8. Goodwill

	December 31, 2021	December 31, 2020
Cost		
Opening balance as of January 1,	$ 1,663,120	$ 1,663,385
Acquisition of USB	27,024,383	—
Foreign exchange movements	(452)	(265)
Closing balance as of December 31.	28,687,051	1,663,120
Accumulated Impairment charge		
Opening balance as of January 1,	—	—
Impairment charge	(12,522,714)	—
Closing balance as of December 31,	(12,522,714)	—
Goodwill, net of impairment charges	**$ 16,164,337**	**$ 1,663,120**

Goodwill represents the excess purchase price paid over the fair value of assets acquired, including any other identifiable intangible assets.

The Company evaluates goodwill for impairment on an annual basis during the last month of each year and at an interim date if indications of impairment exist. Goodwill impairment is determined by comparing the fair value of the reporting unit to its carrying amount with an impairment being recognized only when the fair value is less than carrying value and the impairment is deemed to be permanent in nature.

As discussed under note 14 below - *contingent purchase consideration*, management recently reviewed the future revenue and profit projections of USB based on the forecasts provided by the vendors at the time of performing the business valuation, factoring in the ability to source new customers. The customer acquisition process has proven to take longer than expected with a resultant downward revision of new customers acquired over the forecast period and the resultant downward impact on forecasted revenue streams. The Company reviewed the forecasts and made appropriate adjustments based on our current understanding of the addressable market, the growth rates forecast by third party market analysts, the Company's expected share of revenue and the expectation of how many new clients the Company would realistically be able to add over the forecast period. Management is currently forecasting expected discounted cash flows over the forecast period to be approximately 40% lower than originally estimated. This has a significant impact on the current valuation of USB, resulting in a goodwill impairment charge of approximately $12,522,714.

9. Marketable Securities

Investments in marketable securities consists of 2,500,000 shares of Zoompass Holdings ("Zoompass") and is accounted for at fair value, with changes recognized in earnings.

On December 31, 2021, the shares of Zoompass were last quoted at $0.003 per share on the OTC market, resulting in an unrealized loss recorded to earnings related to these securities of $460,000, The Company recorded an unrealized gain of $290,000 for the year ended December 31, 2020.

10. Line of Credit - Bank

The Company withdrew its security deposit of $500,000 during the current fiscal year thereby cancelling the $500,000 secured revolving line of credit from Metropolitan Commercial Bank in New York. In the prior year, $500,000 was drawn as of December 31, 2020, which bore interest at a fixed rate of 3% on the outstanding balance with an interest only monthly minimum payment, and no maturity date, provided the security deposit of $500,000 remained in place, see Note 4.

11. Convertible Debentures

On February 26, 2018, the Company issued debenture units to certain accredited investors (the "February 2018 Private Placement"). Each debenture unit was comprised of (i) a debenture in the principal amount of CDN $1,000 bearing interest at a rate of 10% per annum, with a maturity date of two years from the date of issuance, (ii) warrants to purchase up to 31.25 shares of the Company's common stock at an exercise price equal to the lesser of $5.00 or 125% of the proposed initial Canadian public offering price per warrant, expiring on February 25, 2020, and (iii) 20 shares of restricted common stock. The investors in the February 2018 Private Placement purchased an aggregate principal amount of CDN $670,000 ($521,900) debentures and received warrants to purchase up to 20,938 shares of the Company's common stock and 13,875 shares of common stock. As a result of the lower debenture conversion price and the warrant exercise price of the May 31, 2018 Private Placement described below, the whole or any part of the principal amount of the February 2018 Private Placement debentures plus any accrued and unpaid interest may have been converted into shares of the Company's common stock at a price equal to $3.20 per share and the warrants could have been exercised at a price equal to $4.00 per share.

In April 2018, the Company issued debenture units to certain investors (the "April 2018 Private Placement"). Each debenture unit was comprised of (i) a debenture in the principal amount of CDN $1,000 bearing interest at a rate of 10% per annum, with a maturity date of two years from the date of issuance, (ii) warrants to purchase up to 31.25 shares of the Company's common stock at an exercise price equal to the lesser of $5.00 or 125% of the proposed initial Canadian public offering price per warrant, expiring in April 2020, and (iii) 20 shares of restricted common stock. The investors in the April 2018 Private Placement purchased an aggregate principal amount of CDN $135,000 ($105,200) debentures and received warrants to purchase up to 4,218.75 shares of the Company's common stock and 2,700 shares of restricted common stock. As a result of the lower debenture conversion price and the warrant exercise price of the May 31, 2018 Private Placement described below, the whole or any part of the principal amount of the April 2018 Private Placement debentures plus any accrued and unpaid interest may have been converted into shares of the Company's common stock at a price equal to $3.20 per share and the warrants could have been exercised at a price equal to $4.00 per share.

On April 19, 2018, the Company re-issued debenture units that were first issued to certain investors between January 24, 2017 and January 31, 2018 in order to simplify the various debentures into a single series with the same terms as new convertible debenture units issued on February 26, 2018 (the "April 19, 2018 Debentures"). Each debenture unit was comprised of (i) a debenture in the principal amount of CDN $1,000 bearing interest at a rate of 10% per annum, with a maturity date of two years from the date of issuance, (ii) warrants to purchase up to 31.25 shares of the Company's common stock at an exercise price equal to the lesser of $5.00 or 125% of the proposed initial Canadian public offering price per warrant, expiring on April 19, 2020, and (iii) 20 shares of restricted common stock. The investors in the April 19, 2018 Private Placement received an aggregate principal amount of CDN $1,436,000 ($1,118,600) debentures, warrants to purchase up to 44,875 shares of the Company's common stock and 28,720 restricted shares of common stock. As a result of the lower debenture conversion price and the warrant exercise price of the May 31, 2018 Private Placement described below, the whole or any part of the principal amount of the April 19, 2018 Debentures plus any accrued and unpaid interest could have been converted into shares of the Company's common stock at a price equal to $3.20 per share and the warrants could have been exercised at a price equal to $4.00 per share.

On May 11, 2018, the Company issued debenture units to certain investors (the "May 11, 2018 Private Placement"). Each debenture unit was comprised of (i) a debenture in the principal amount of CDN $1,000 bearing interest at a rate of 10% per annum, with a maturity date of two years from the date of issuance, (ii) warrants to purchase up to 31.25 shares of the Company's common stock at an exercise price equal to the lesser of $5.00 or 125% of the proposed initial Canadian public offering price per warrant, expiring on May 11, 2020, and (iii) 20 shares of restricted common stock. The investors in the May 11, 2018 Private Placement purchased an aggregate principal amount of CDN $131,000 ($102,000) debentures and received warrants to purchase up to 4,093.75 shares of the Company's common stock and 2,620 restricted shares of common stock. As a result of the lower debenture conversion price and the warrant exercise price of the May 31, 2018 Private Placement described below, the whole or any part of the principal amount of the May 11, 2018 Private Placement plus any accrued and unpaid interest could have been converted into shares of the Company's common stock at a price equal to $3.20 per share and the warrants could have been exercised at a price equal to $4.00 per share.

On May 31, 2018, the Company closed a private placement offering of up to 7,500 units and entered into Subscription Agreements (the "Agreements") with certain accredited investors (the "May 31, 2018 Private Placement"). The units were offered in both U.S. and Canadian dollar denominations. Each unit sold to U.S. investors was sold at a per unit price of $1,000 and was comprised of (i) a 10% convertible debenture in the principal amount of $1,000 (the "U.S. Debentures") maturing on May 31, 2020, (ii) 26 shares of our common stock and (ii) warrants to purchase up to 135.25 shares of the Company's common stock (the "U.S. Warrants"). Each unit sold to Canadian investors was sold at a per unit price of CND $1,000 and was comprised of (i) a 10% convertible debenture in the principal amount of CND $1,000 (the "Canadian Debentures" and together with the U.S. Debentures, the "May Debentures"), (ii) 20 shares of our common stock and (ii) warrants to purchase up to 104.06 shares of our common stock (the "Canadian Warrants" and together with the U.S. Warrants, the "May Warrants").

The proceeds received from the convertible debentures were net of finders fees paid to certain brokers. In addition, the Company also issued: (i) shares of common stock to the convertible debenture holders; (iii) certain two year warrants exercisable for shares of common stock at an exercise price of $4.00 per share; (iii) in conjunction with the finders fees paid, the Company also issued warrants to certain brokers on the same terms and conditions as the warrants issued to the convertible debenture holders.

The convertible debentures were convertible into shares of common stock at a conversion price of $3.20 per share.

The May Warrants and broker warrants were exercisable at an exercise price of $4.00 per share and expired on May 31, 2020.

The accounting treatment of the above is as follows:

(i) The convertible debentures were recorded at gross value;

(ii) The cash fee paid to the brokers was $427,314 and the fair value of the warrants issued to the brokers were valued at fair value as described in (iv) below and were recorded as a debt discount against the gross value of the convertible debentures;

(iii) The shares of common stock issued to the convertible debenture holders were valued at $582,486, the market price of the common stock on the date of issue and were recorded as debt discount against the gross value of the convertible debt;

(iv) The warrants issued to the convertible debenture holders and brokers were valued at $2,929,712 using a Black-Scholes valuation model. These warrants were equity classified with a beneficial conversion feature.

The total debt discount above amounted to $6,524,567 which was being amortized over the two year life of the debentures on a straight line basis.

Convertible debentures of $10,000 and CDN $65,000 (approximately $48,416) that had matured on May 31, 2020 were extended to August 29, 2020, of which CDN $35,000 was acquired by a related party prior to extension, and a further $600,000 and CDN $242,000 (approximately $180,257) that had matured, had the maturity date extended to September 28, 2020, of which $500,000 and CDN $207,000 were acquired by a related party, prior to extension.

As an incentive for extending the maturity date of the convertible debentures, the debenture holders were granted two year warrants exercisable for 301,644 shares of common stock at an exercise price of $3.75 per share, of which 144,041 were granted to related parties and three year warrants exercisable for 72,729 shares of common stock at an exercise price of $5.00 per share, of which 36,010 were issued to related parties. All of the convertible debentures with extended maturity dates, with the exception of one convertible debenture of CDN $35,000, were repaid during 2020. The remaining convertible debenture of CDN $35,000 was repaid in 2021.

During the year ended December 31, 2020, investors in Canadian Dollar convertible debentures converted the aggregate principal amount of CDN $317,600, including interest thereon of CDN $45,029 and investors in US Dollar convertible debentures converted the aggregate principal amount of $400,000, including interest thereon of $70,492 into 230,134 shares of common stock.

The Aggregate convertible debentures outstanding consists of the following:

	December 31, 2021	December 31, 2020
Principal Outstanding		
Opening balance	$ 27,442	$ 3,464,737
Repaid	(27,562)	(2,778,349)
Conversion to equity	—	(634,431)
Foreign exchange movements	120	(24,515)
	—	27,442
Accrued Interest		
Opening balance	7,105	524,227
Interest expense	4,696	207,595
Repaid	(11,833)	(619,992)
Conversion to equity	—	(103,958)
Foreign exchange movements	32	(767)
	—	7,105
Debenture Discount		
Opening balance	—	(627,627)
Amortization	—	627,627
	—	—
Convertible Debentures, net	**$ —**	**$ 34,547**

12. Deferred Purchase Consideration

In terms of the acquisition of Virtual Generation on January 31, 2019, the Company issued non-interest bearing promissory notes of €3,803,000 owing to both related parties and non-related parties. The value of the promissory notes payable related parties was €1,521,200 and to non-related parties was €2,281,800.

The promissory notes payable to non-related parties are to be settled as follows:

(a) an aggregate of €1,435,200 in cash in 23 equal and consecutive monthly installments of €62,400 with the first such payment due and payable on the date that was one month after the Closing Date; and

(b) an aggregate of €846,600 in shares of the Company's common stock in 17 equal and consecutive monthly installments of €49,800 as determined by the average of the closing prices of such shares on the last 10 trading days immediately preceding the determination date of each monthly issuance, which issuances commenced on March 1, 2019.

Pursuant to the terms of the Purchase Agreement that the Company entered into with Virtual Generation, the Company agreed to pay the sellers of Virtual Generation an earnout payment in shares of our common stock equal to an aggregate amount of €500,000 (approximately $561,500), if the amounts of bets made by users of the Virtual Generation platform grew by more than 5% for the year ended December 31, 2019 compared to the year ended December 31, 2018. Based on the 18,449,380 tickets sold in 2019 the Virtual Generation sellers qualified for the earnout payment of 132,735 shares of common stock at a price of $4.23 per share, which shares were issued effective January 2020. The amount due to the non-related party Virtual Generation sellers amounted to €300,000 (approximately $336,810).

The future payments on the promissory notes were discounted to present value using the Company's average cost of funding of 10%. The discount was being amortized over the repayment period of the promissory note using the effective interest rate method.

During the year ended December 31, 2021, the Company paid the remaining balance of €20,800 (Approximately $25,262) to non-related parties in terms of the Virtual Generation promissory note.

The movement on deferred purchase consideration consists of the following:

Description	December 31, 2021	December 31, 2020
Principal Outstanding		
Promissory note due to non-related parties	$ 25,434	$ 1,802,384
Settled by the issuance of common shares	—	(724,467)
Repayment in cash	(25,262)	(1,105,455)
Foreign exchange movements	(172)	52,972
	—	25,434
Present value discount on future payments		
Present value discount	(7,761)	(120,104)
Amortization	7,700	114,333
Foreign exchange movements	61	(1,990)
	—	(7,761)
Deferred purchase consideration, net	$ —	$ 17,673

13. Bank Loan Payable

In September 2016, the Company obtained a loan of €500,000 (approximately $545,000) from Intesa Sanpaolo Bank in Italy, which loan is secured by the Company's assets. The loan has an underlying interest rate of 4.5% above the Euro Inter Bank Offered Rate, subject to quarterly review and is amortized over 57 months ending March 31, 2021. Monthly repayments of €9,760 began in January 2017.

In terms of a directive by the Italian Government, in order to provide financial relief due to the Covid-10 pandemic, Multigioco was able to suspend repayments of the loan for a period of six months and the maturity date of the loan was extended to March 31, 2022, the interest rate remains the same at 4.5% above the Euro Inter Bank Offered Rate with monthly repayments revised to $9,971.

The Company made payments of €119,641 (approximately $141,578) which included principal of €113,029 (approximately $133,754) and interest of €6,612 approximately $7,824) for the year ended December 31, 2021.

Included in bank loans is a Small Business Administration Disaster Relief loan ("SBA Loan") assumed on the acquisition of USB with a principal outstanding of $150,000. The SBA Loan bears interest at 3.75% per annum and is repayable in monthly installments of $731 which began in June 2021, and matures in May 2050. The SBA Loan is collateralized by all of USB's tangible and intangible assets.

Since acquisition of USB, The Company has repaid capital of $1,168 and has total accrued and unpaid interest of $5,524 on this loan as of December 31, 2021.

The maturity of bank loans payable as of December 31, 2021 is as follows:

	Amount
2022	$ 36,094
2023	3,151
2024	3,272
2025	3,396
2026 and thereafter	141,502
Total finance lease liability	**$ 187,415**
Disclosed as:	
Current portion	$ 36,094
Non-Current portion	151,321
	$ 187,415

14. Contingent Purchase Consideration

In terms of the acquisition of USB disclosed in Note 3 above, the Sellers will have an opportunity to receive up to an additional $38,000,000 plus a potential premium of 10% (or $3,800,000) based upon achievement of stated adjusted cumulative EBITDA milestones during the next four years, payable 50% in cash and 50% in the Company's stock at a price equal to volume weighted average price of the company's common stock for the 90 consecutive trading days preceding January 1 of each subsequent fiscal year for the duration of the earnout period ending December 31, 2025, subject to obtaining shareholder approval, if the aggregate number of shares to be issued pursuant to the Purchase Agreement exceeds 4,401,020 and with a cap of 5,065,000 on the aggregate number of shares to be issued. Any excess not approved by shareholders or exceeding the cap will be paid in cash.

The Company had an independent third party valuation entity perform a Purchase Price Analysis which included the probability of the Sellers achieving the additional proceeds of $41,800,000.

Contingent purchase consideration is considered at each reporting period. Contingent purchase consideration is based on cumulative EBITDA for the period July 15, 2021 to December 31, 2025, with the first measurement period being December 31, 2022. The forecasts provided by the vendors at the time of performing the business valuation was based on achieving a certain number of new customers on an annual basis. The customer acquisition process has proven to take longer than expected with a resultant impact on forecasted revenue streams over the contingent earnout period. Management revised its estimated revenues as of December 31, 2021. These forecasts were reviewed and adjusted to ensure they appeared reasonable based on the Company's current understanding of addressable market, the growth rates forecast by third party market analysts, our expected share of revenue and the expectation of how many new clients we would realistically be able to add in a fiscal period. The most significant impact on the contingent purchase consideration is expected to be in the 2022 fiscal year, where the Company currently forecast that no contingent purchase consideration will be payable. This has a knock-on effect on the future 2023 to 2024 fiscal periods as the calculation of contingent purchase consideration is based on cumulative EBITDA.

Any change in the fair value of contingent purchase consideration is recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss). The estimate of the fair value of contingent consideration requires subjective assumptions to be made regarding future operating results, discount rates, and probabilities assigned to various potential operating result scenarios. Due to the uncertainty regarding the achievement of the stated unadjusted accumulated EBITDA milestones and the methodology in determining the number of shares to be issued during each earnout period and the potential restriction on the number of shares available for issue, the contingent purchase consideration is classified as a liability.

	December 31, 2021
Opening balance as of January 1,	$ —
Contingent purchase consideration measured on the acquisition of USB	24,716,957
Settled by the issuance of common shares	—
Repayment in cash	—
Changes in fair value	(11,857,558)
Closing balance as of December 31,	$ 12,859,399

15. Other Long-term Liabilities

Other long-term liabilities represent the following:

- Italian "Trattamento di Fine Rapporto" which is a severance amount set up by Italian companies to be paid to employees on termination or retirement;
- In the prior year, shop deposits that were previously held by Ulisse.

Balances of other long-term liabilities were as follows:

	December 31, 2021	December 31, 2020
Severance liability	$ 359,567	$ 297,120
Customer deposit balance	—	366,947
Total other long term liabilities	$ 359,567	$ 664,067

16. Related Parties

Notes Payable, Related Party

On March 11, 2020, the Company received an advance of $300,000 in terms of a Promissory Note ("PN") entered into with Forte Fixtures and Millwork, Inc., a Company controlled by the brother of our Executive Chairman. The PN bears no interest and is repayable on demand.

The movement on notes payable, Related Party, consists of the following:

	December 31, 2021	December 31, 2020
Principal Outstanding		
Opening balance	$ —	$ —
Additions	—	300,000
Repayment	—	(200,000)
Applied to warrant exercise	—	(100,000)
Settled by issuance of common shares	—	—
	—	—
Accrued Interest		
Opening balance	—	—
Interest expense	—	22,521
Repayment	—	(14,465)
Applied to warrant exercise	—	(8,056)
Conversion to equity	—	—
	—	—
Promissory Notes Payable – Related Party	$ —	$ —

Convertible notes acquired, Related Party

Forte Fixtures and Millworks, Inc. acquired certain convertible notes from third parties that had matured on May 31, 2020. The convertible notes had an aggregate principal amount of $150,000 and only the accrued interest of $70,000 on a note with an aggregate principal amount of $350,000 and notes with an aggregate principal amount of CDN $207,000, the maturity date of these convertible notes was extended to September 28, 2020. The convertible notes together with interest thereon, amounting to $445,020 were repaid between August 23, 2020 and October 21, 2020.

As an incentive for extending the maturity date of the convertible debentures, Forte Fixtures and Millworks, Inc., was granted two year warrants exercisable for 134,508 shares of common stock at an exercise price of $3.75 per share and three year warrants exercisable for 33,627 shares of common stock at an exercise price of $5.00 per share. These warrants were exercised on December 30, 2020, for gross proceeds of $630,506.

Deferred Purchase consideration, Related Party

In terms of the acquisition of Virtual Generation on January 17, 2019, the Company issued non-interest bearing promissory notes in the principal amount of €3,803,000 owing to both related parties and non-related parties. The value of the promissory notes payable to non-related parties was €2,281,800 and to related parties was €1,521,200.

The related party promissory notes are due to Luca Pasquini, an employee and previously a director of the Company and Gabriele Peroni, an employee and previously an officer of the Company.

The promissory notes were to be settled as follows:

(a) an aggregate of €956,800 in cash in 23 equal and consecutive monthly instalments of €41,600 with the first such payment due and payable on the date that is one month after the closing of the acquisition (the "Closing Date"); and
(b) an aggregate of €564,400 in shares of the Company's common stock in 17 equal and consecutive monthly instalments of €33,200 as determined by the average of the closing prices of such shares on the last 10 trading days immediately preceding the determination date of each monthly issuance, commencing on March 1, 2019.

Pursuant to the terms of the Purchase Agreement that the Company entered into with Virtual Generation, the Company agreed to pay the Virtual Generation Sellers an earnout payment in shares of our common stock equal to an aggregate amount of €500,000 (approximately $561,500), if the amounts of bets made by users of the Virtual Generation platform grew by more than 5% for the year ended December 31, 2019 compared to the year ended December 31, 2018. Based on the 18,449,380 tickets sold in 2019 the Virtual Generation sellers qualified for the earnout payment of 132,735 shares of common stock at a price of $4.23 per share, which shares were issued effective January 2020.

The amount due to the related party Virtual Generation Sellers amounted to €200,000 (approximately $224,540) and was settled during January 2020 by the issuance of 53,094 shares of common stock at $4.23 per share.

During the first and second quarter, the Company paid the remaining balance of €312,500 (approximately $385,121) to related parties in terms of the Virtual Generation promissory note.

The movement on deferred purchase consideration consists of the following:

Description	December 31, 2021	December 31, 2020
Principal Outstanding		
Promissory notes due to related parties	$ 382,128	$ 1,279,430
Settled by the issuance of common shares	—	(482,978)
Repayment in cash	(385,121)	(471,554)
Foreign exchange movements	2,993	57,230
	—	382,128
Present value discount on future payments		
Present value discount	(5,174)	(80,069)
Amortization	5,133	76,222
Foreign exchange movements	41	(1,327)
	—	(5,174)
Deferred purchase consideration, net	$ —	$ 376,954

16. Related Parties (continued)

Related party (payables) receivables

Related party payables and receivables represent non-interest-bearing (payables) receivables that are due on demand.

The balances outstanding are as follows:

	December 31, 2021	December 31, 2020
Related Party payables		
Luca Pasquini	$ (502)	$ (565)
Victor Salerno	(51,878)	—
	(51,380)	$ (565)
Related Party Receivables		
Luca Pasquini	$ 1,413	$ 1,519

Gold Street Capital

Gold Street Capital is wholly owned by Gilda Ciavarella, the spouse of Mr. Ciavarella.

Gold Street Capital acquired certain convertible notes that had matured on May 31, 2020, amounting to CDN $35,000 from third parties, the maturity date of these convertible notes was extended to September 28, 2020. The convertible notes together with interest thereon, amounting to CDN $44,062 (approximately $34,547) was outstanding at December 31, 2020. This amount was repaid during the current year.

As an incentive for extending the maturity date of the convertible debentures, all debenture holders, including Gold Street Capital, were granted two-year warrants exercisable at an exercise price of $3.75 per share, and three-year warrants exercisable at an exercise price of $5.00 per share. Gold Street Capital was granted two year-warrants exercisable for 9,533 shares of common stock at $3.75 per share and three-year warrants exercisable for 2,383 shares of common stock at $5.00 per share.

Luca Pasquini

On January 31, 2019, the Company acquired Virtual Generation for €4,000,000 (approximately $4,576,352), Mr. Pasquini was a 20% owner of Virtual Generation and was due gross proceeds of €800,000 (approximately $915,270). The gross proceeds of €800,000 was to be settled by a payment in cash of €500,000 over a twelve month period and by the issuance of common stock valued at €300,000 over an eighteen month period. As of June 30, 2021, the Company has paid Mr. Pasquini the full cash amount of €500,000 (approximately $604,380) and issued 112,521 shares valued at €300,000 (approximately $334,791).

On October 1, 2020, the Company granted to Mr. Pasquini a ten year option to purchase 58,000 shares of common stock at an exercise price of $2.03 per share.

On January 22, 2021, the Company issued Mr. Pasquini 44,968 shares of common stock valued at $257,217, in settlement of accrued compensation due to him.

On July 11, 2021, the Company entered into an agreement with Engage IT Services Srl.("Engage"), to provide gaming software and maintenance and support of the system, the total contract price was €390,000(approximately $459,572). Mr. Pasquini owns34% of Engage.

On October 14, 2021, the Company entered into a further agreement with Engage IT Services Srl.("Engage"), to provide gaming software and maintenance and support of the system for a period of 12 months, the total contract price was €1,980,000(approximately $2,192,000). Mr. Pasquini owns 34% of Engage.

On September 13, 2021, Mr. Pasquini, the Company's Vice President of Technology, resigned as a director of the Company.

Michele Ciavarella

On October 1, 2020, the Company granted to Mr. Ciavarella, a ten year option to purchase 140,000 shares of common stock at an exercise price of $2.03 per share.

Mr. Ciavarella agreed to receive $140,000of his 2021 fiscal year compensation as a restricted stock award, on January 22, 2021, the Company issued Mr. Ciavarella24,476shares of common stock valued at $140,000 on the date of issue.

On January 22, 2021, the Company issued Mr. Ciavarella175,396shares of common stock valued at $1,003,265, in settlement of accrued compensation due to him.

On July 15, 2021, Michele Ciavarella, Executive Chairman of the Company, was appointed as the interim Chief Executive Officer and President of the Company, effective July 15, 2021. Mr. Ciavarella will serve as the Company's Executive Chairman and interim Chief Executive Officer until the earlier of his resignation or removal from office.

Victor Salerno

On July 15, 2021 the Company consummated the acquisition of USB and in terms of the Purchase Agreement the Company acquired 100% of USB, from its members (the "Sellers"). Mr. Salerno was a 68% owner of USB and received $4,080,000 of the $6,000,000 paid in cash upon closing and 860,760 of the 1,265,823 shares of common stock issued on closing.

Together with the consummation of the acquisition of USB, the Company entered into a 4 year employment agreement with Mr. Salerno terminating on July 14, 2025 (the "Salerno Employment Agreement"), automatically renewable for a period of one year unless notified by either party of non-renewal. The employee will earn an initial base salary of $0 and thereafter $150,000per annum commencing on January 1, 2022. Mr. Salerno is entitled to bonuses, equity incentives and benefits consistent with those of other senior employees.

Mr. Salerno may be terminated for no cause or resign for good reason, which termination would entitle him to the greater of one year's salary or the remaining term of the employment agreement plus the highest annual incentive bonus paid to him during the past two years. If Mr. Salerno is terminated for cause he is entitled to all unpaid salary and expenses due to him at the time of termination. If the employment agreement is terminated due to death, his heirs and successors are entitled to all unpaid salary, unpaid expenses and one times his annual base salary. Termination due to disability will result in Mr. Salerno being paid all unpaid salary and expenses and one times annual salary.

16. Related Parties (continued)

Pursuant to the Salerno Employment Agreement, Mr. Salerno has also agreed to customary restrictions with respect to the disclosure and use of the Company's confidential information and has agreed that work product or inventions developed or conceived by him while employed with the Company relating to its business is the Company's property. In addition, during the term of his employment and if terminated for cause for the 12 month period following his termination of employment, Mr. Salerno has agreed not to (1) perform services on behalf of a competing business which was the same or similar to the type of services he was authorized, conducted, offered or provided to the Company, (2) solicit or induce any of the Company's employees or independent contractors to terminate their employment with the Company, (3) solicit any actual or prospective customers with whom he had material contact on behalf of a competing business or (4) solicit any actual or prospective vendors with whom he had material contact to support a competing business.

In September 13, 2021, the Board appointed Mr. Salerno, the President and founder of the Company's newly acquired subsidiary, US Bookmaking, to serve as a member of the Board.

Prior to the acquisition of USB, Mr. Salerno had advanced USB $100,000 of which $50,000 was forgiven and the remaining $50,000 is still owing to Mr. Salerno, which amount earns interest at 8% per annum, compounded monthly and repayable on December 31, 2023.

Matteo Monteverdi

Effective September 21, 2020, the Board appointed Mr. Monteverdi, as President of the Company and effective December 30, 2020, Mr. Monteverdi was appointed as the Chief Executive Officer of the Company.

Mr. Monteverdi has previously served as an independent strategic advisor to the Company since March 2020 and has developed a firm understanding of the unique technological capabilities of the Company's Elys Game Board betting platform and has established a strong rapport with the Company's current management team.

In connection with his appointment, the Company and Mr. Monteverdi entered into a written employment agreement (the "Employment Agreement") for an initial four-year term, which provides for the following compensation terms:

an annual base salary of $395,000 subject to increase, but not decrease, at the discretion of the Board;
the opportunity to earn a Management by Objectives bonus ("MBO Bonus") of 0 to 100% of annual base salary with a target bonus of 50% upon the achievement of 100% of a target objective that is mutually agreed on by both the Company and Mr. Monteverdi; and
Equity Incentive Options to purchase 648,000 shares of common stock that vest pro rata on each of September 1, 2021, September 1, 2022, September 1, 2023 and September 1, 2024.

Mr. Monteverdi is also eligible to participate in the Company's 2018 Equity Incentive Plan and to participate in the Company's employee benefit plans as in effect from time to time on the same basis as generally made available to other senior executives of the Company or in the alternative may substitute the payment amount that would be paid for health benefits towards contributions to a 401k plan.

In addition, the Employment Agreement also provides for certain payments and benefits in the event of a termination of his employment under specific circumstances. If, during the term of the Employment Agreement, his employment is terminated by the Company other than for "cause," death or disability or by Mr. Monteverdi for "good reason" (each as defined in his agreement), he would be entitled to receive from the Company in equal installments over a period of six (6) months (1) an amount equal to one (1) times the sum of: (A) his base salary and (B) an amount equal to the highest annual MBO Bonus paid to him (if any) in respect of the two (2) most recent fiscal years of the Company but not more than his MBO Bonus for the-then current fiscal year (provided if such termination occurs within the first twelve (12) months of the Agreement, the amount shall be Executive's MBO Bonus for the-then current fiscal year); (2) in lieu of any MBO Bonus for the year in which such termination occurs, payment of an amount equal to (A) the MBO Bonus (if any) which would have been payable to Mr. Monteverdi had he remained in employment with the Company during the entire year in which such termination occurred, multiplied by (B) a fraction the numerator of which is the number of days Mr. Monteverdi was employed in the year in which such termination occurs and the denominator of which is the total number of days in the year in which such termination occurs. In addition, he will be entitled to continue to receive under the Employment Agreement an amount equal to the reimbursement of up to $2,000 a month in third-party medical and welfare benefits for Mr. Monteverdi and his dependents, until the earlier of: (A) a period of twelve (12) months after the termination date, or (B) the date Mr. Monteverdi becomes eligible to receive such coverage under a subsequent employer's insurance plan.

Mr. Monteverdi's receipt of the termination payments and benefits is contingent upon execution of a general release of any and all claims arising out of or related to his employment with the Company and the termination of his employment, and compliance with the restrictive covenants described in the following paragraph.

On July 15, 2021, Mr. Monteverdi resigned as the Company's Chief Executive Officer and President to become the Company's Head of Special Projects, all other terms of the employment contract remain the same.

Gabriele Peroni

On January 31, 2019, the Company acquired Virtual Generation for €4,000,000 (approximately $4,576,352), Mr. Peroni was a 20% owner of Virtual Generation and was due gross proceeds of €800,000 (approximately $915,270). The gross proceeds of €800,000 was to be settled by a payment in cash of €500,000 over a twelve month period and by the issuance of common stock valued at €300,000 over an eighteen month period. As of June 30, 2021, the Company has paid Mr. Peroni the full cash amount of €500,000 (approximately $604,380) and issued 112,521 shares valued at €300,000 (approximately $334,791).

On October 1, 2020, the Company granted to Mr. Peroni a ten year option to purchase 36,000 shares of common stock at an exercise price of $2.03 per share.

On January 22, 2021, the Company issued Mr. Peroni 74,294shares of common stock valued at $424,962, in settlement of accrued compensation due to him.

Alessandro Marcelli

On October 1, 2020, the Company granted to Mr. Marcelli a ten year option to purchase 56,000 shares of common stock at an exercise price of $2.03 per share.

On January 22, 2021, the Company issued Mr. Marcelli34,002shares of common stock valued at $194,491, in settlement of accrued compensation due to him.

Franco Salvagni

On October 1, 2020, the Company granted to Mr. Salvagni a ten year option to purchase 36,000 shares of common stock at an exercise price of $2.03 per share.

On January 22, 2021, the Company issued Mr. Salvagni70,807shares of common stock valued at $405,016, in settlement of accrued compensation due to him.

Beniamino Gianfelici

On October 1, 2020, the Company granted to Mr. Gianfelici a ten year option to purchase 35,000 shares of common stock at an exercise price of $2.03 per share.

On January 22, 2021, the Company issued Mr. Gianfelici63,278shares of common stock valued at $361,950, in settlement of accrued compensation due to him.

16. Related Parties (continued)

Paul Sallwasser

On October 1, 2020, the Company granted to Mr. Sallwasser a ten year option to purchase 55,000 shares of common stock at an exercise price of $2.03 per share, in lieu of directors fees.

On September 13, 2021, the Company granted Mr. Sallwasser ten year options exercisable for21,300shares of common stock at an exercise price of $5.10, vesting equally over a twelve month period commencing on September 13, 2021, in lieu of directors fees.

Steven Shallcross

On October 1, 2020, the Company granted to Mr. Shallcross a ten year option to purchase 35,000 shares of common stock at an exercise price of $2.03 per share, in lieu of a portion of his directors fees.

On January 22, 2021, the Company issued to Mr. Shallcross, a director of the Company, 5,245 shares of common stock valued at $30,000, in settlement of directors' fees due to him.

On September 13, 2021, the Company granted Mr. Shallcross ten year options exercisable for13,600shares of common stock at an exercise price of $5.10, vesting equally over a twelve month period commencing on September 13, 2021, in lieu of a portion of his directors fees.

Mr. Shallcross earned cash directors fees of $40,000 and $35,000 for the years ended December 31, 2021 and 2020 respectively.

Mark Korb

On October 1, 2020, the Company granted to Mr. Korb a ten year option to purchase 58,000 shares of common stock at an exercise price of $2.03 per share.

On July 5, 2021, the Company entered into an employment agreement dated July 1, 2021 with Mark Korb, the Company's Chief Financial Officer, (the "Korb Employment Agreement"), to employ Mr. Korb, on a full-time basis commencing September 1, 2021, as Chief Financial Officer for a term of four (4) years, at an annual base salary of$360,000and such additional performance bonus payments as may be determined by the Company's board of directors with a target bonus of 40% of his base salary. Mr. Korb will also be entitled to pension, medical, retirement and other benefits available to other Company senior officers and directors and he will receive an allowance of up to$2,000per month towards medical and welfare benefits. In connection with the Korb Employment Agreement, on July 1, 2021, the Compensation Committee of the Board granted Mr. Korb, an option to purchase400,000shares of the Company's common stock. The shares of common stock underlying the option award vest pro rata on a monthly basis over a forty-eight month period. The options are exercisable for a period of ten years from the date of grant and have an exercise price of $4.03per share.

In addition, the Korb Employment Agreement also provides for certain payments and benefits in the event of a termination of his employment under specific circumstances. If his employment is terminated by the Company other than for "Cause," death or Disability or by Mr. Korb for "Good Reason" (each as defined in the Korb Employment Agreement), he will be entitled to receive from the Company in equal installments over a six month period (1) an amount equal to one (1) times the sum of: (A) his base salary and (B) an amount equal to the highest annual MBO Bonus (as defined in the Korb Employment Agreement") paid to him (if any) in respect of the two (2) most recent fiscal years of the Company but not more than his MBO Bonus for the-then current fiscal year (provided if such termination occurs within the first twelve (12) months of the Agreement, the amount shall be Mr. Korb's MBO Bonus for the-then current fiscal year); (2) in lieu of any MBO Bonus for the year in which such termination occurs, payment of an amount equal to (A) the MBO Bonus (if any) which would have been payable to Mr. Korb had he remained in employment with the Company during the entire year in which such termination occurred, multiplied by (B) a fraction the numerator of which is the number of days Mr. Korb was employed in the year in which such termination occurs and the denominator of which is the total number of days in the year in which such termination occurs. In addition, he will be entitled to continue to receive under the Employment Agreement an amount equal to the reimbursement of up to $2,000 a month in third-party medical and welfare benefits for Mr. Korb and his dependents, until the earlier of: (A) a period of twelve (12) months after the termination date, or (B) the date Mr. Korb becomes eligible to receive such coverage under a subsequent employer's insurance plan. Mr. Korb's receipt of the termination payments and benefits is contingent upon execution of a general release of any and all claims arising out of or related to his employment with the Company and the termination of his employment, and compliance with the restrictive covenants described in the following paragraph.

If the Korb Employment Agreement is terminated by the Company for cause or by Mr. Korb for Good Reason, then Mr. Korb will be entitled to receive accrued and unpaid base salary, earned and unused vacation days through the termination date and all expenses incurred by him prior to the termination date. The Korb Employment Agreement also provides that upon the Disability (as defined in the Korb Employment Agreement) of Mr. Korb or his death, Mr. Korb will be entitled to receive accrued and unpaid base salary, earned and unused vacation days through the date of his declared Disability or death and all expenses incurred by him prior to such date and one times his base salary.

Pursuant to the Korb Employment Agreement, Mr. Korb has also agreed to customary restrictions with respect to the disclosure and use of the Company's confidential information and has agreed that work product or inventions developed or conceived by him while employed with the Company relating to its business is the Company's property. In addition, during the term of his employment and if terminated for cause for the 12 month period following his termination of employment, Mr. Korb has agreed not to (1) perform services on behalf of a competing business which was the same or similar to the types services he was authorized, conducted, offered or provided to the Company, (2) solicit or induce any of the Company's employees or independent contractors to terminate their employment with the Company, (3) solicit any actual or prospective customers with whom he had material contact on behalf of a competing business or (4) solicit any actual or prospective vendors with whom he had material contact to support a competing business.

On January 5, 2022, Mark Korb resigned as Chief Financial Officer of the Company. In connection with his resignation, the Company entered into an amendment to Mr. Korb's employment agreement with the Company to provide that he will be employed by the Company as a non-executive employee with the title "Head of Corporate Affairs", reporting directly to the Executive Chairman and that in such capacity he will be responsible for, among other things, various corporate initiatives and activities related to growth and capital strategies. All other terms of the employment agreement remain the same.

Andrea Mandel-Mantello

On June 29, 2021, the Board appointed Mr. Mandel-Mantello to serve as a member of the Board. The appointment was effective immediately and Mr. Mandel-Mantello will serve on the audit committee.

On September 13, 2021, the Company granted Mr. Mandel-Montello ten year options exercisable for13,600shares of common stock at an exercise price of $5.10, vesting equally over a twelve month period commencing on September 13, 2021, in lieu of a portion of his directors fees.

Mr. Mandel-Mantello earned cash directors fees of $20,000 for the six months ended December 31, 2021.

Phillipe Blanc

On October 1, 2020, the Company appointed Mr. Philippe Blanc as a director of the Company.

On October 1, 2020, the Company granted to Mr. Blanc a ten year option to purchase 55,000 shares of common stock at an exercise price of $2.03 per share, in lieu of directors fees.

On July 1, 2021, Philippe Blanc resigned as a director of the Company, simultaneously with Mr. Blanc's resignation as a director of the Company, the Company entered into a consulting agreement with Mr. Blanc to provide for his future services in a consulting capacity over two years. Mr. Blanc will receive €105,000per annum as compensation.

16. Related Parties (continued)

Carlo Reali

On January 5, 2022, the Company promoted Carlo Reali to the role of Interim Chief Financial Officer.

We do not have a formal employment or other compensation related agreement with Mr. Reali; however, Mr. Reali will continue to receive the same compensation that he currently receives which is an annual base salary of $71,200.

Richard Cooper

On October 1, 2020 Mr. Cooper resigned as a director of the Company.

Mr. Cooper received cash director fees of $30,000 for the year ended December 31, 2020.

Clive Kabatznik

On May 15, 2020, Mr. Kabatznik resigned as a director of the Company.

Mr. Kabatznik received cash director fees of $10,000 for the year ended December 31, 2020.

17. Stockholders' Equity

For the year ended December 31, 2021, the Company issued a total of533,790shares of common stock, valued at $3,012,481for the settlement of third party liabilities, compensation and directors' fees to certain of the Company's related parties, refer note 16 above.

Between January 4, 2021, and September 21, 2021, investors exercised warrants for1,506,809shares of common stock for gross proceeds of $3,962,481at an average exercise price of $2.63per share.

On January 22, 2021, the Company issued24,476restricted shares of common stock valued at $140,000to Michele Ciavarella in terms of a compensation election he made for the 2021 fiscal year.

On July 15, 2021, the Company issued 1,265,823 shares of common stock to the Sellers of USB, at $4.74 per share with a market value of $4,544,304 on the date of acquisition.

The Company issued the following shares of common stock to promissory note holders in terms of the agreement entered into for the acquisition of Virtual Generation.

On January 1, 2020, 22,030 shares of common stock valued at $93,077;
On January 1, 2020, 132,735 shares of common stock valued at $561,350;
On February 27, 2020, 23,890 shares of common stock valued at $91,541;
On March 1, 2020, 25,690 shares of common stock valued at $96,372;
On April 1, 2020, 61,040 shares of common stock valued at $90,745;
On May 1, 2020, 24,390 shares of common stock valued at $91,265;
On June 1, 2020, 29,300 shares of common stock valued at $92,321;
On July 1, 2020, 35,130 shares of common stock valued at $91,265.

For the year ended December 31, 2020, the Company issued a total of 230,326 shares of common stock, valued at $739,004, upon the conversion of convertible debentures into equity.

On August 17, 2020, the Company closed its underwritten public offering of 4,166,666 units at a price of $2.40 per unit for gross proceeds of $9,999,998, before underwriting commission of $800,000 and other offering expenses. Each unit consists of one share of common stock and one five year warrant exercisable for one share of common stock at an exercise price of $2.50 per share.

The Company granted the underwriters a forty-five day option to purchase up to 624,999 shares of common stock and/or warrants at a price of $2.39 per share and $0.01 per five year warrant exercisable for one share of common stock at an exercise price of $2.50 per share. The underwriters were also issued a three year warrant exercisable for 208,333 shares of common stock at an exercise price of $3.00 per share.

On September 3, 2020, the underwriters executed a partial exercise of the option to purchase 624,999 units and purchased only the warrants at a purchase price of $0.01 per warrant, less underwriters commission of $500, for net proceeds of $5,250.

On December 30, 2020, the Company entered into a settlement agreement with its previous chairman whereby it issued 8,469 shares of common stock at a value of $46,666 to settle the balance owing of $46,666.

Between December 18, 2020 and December 31, 2020, investors exercised warrants for 3,321,226 shares of common stock at exercise prices ranging from $2.50 to $5.00 per share for gross proceeds of $8,541,896, and the use of proceeds from promissory notes, related party of $108,056 was applied to the warrant exercise.

18. Warrants

On May 31, 2020, in terms of convertible debt extension agreements entered into with investors, the Company granted two year warrants exercisable for 301,644 shares of common stock at an exercise price of $3.75 per share until May 31, 2022 and three year warrants exercisable for 72,729 shares of common stock at an exercise price of $5.00 per share until May 31, 2023.

In terms of the underwritten public offering disclosed in note 16 above, the Company granted 4,166,666 five year warrants, exercisable at $2.50 per share to the subscribers. In addition, the Company granted the underwriter 208,333 three year warrants exercisable at $3.00 per share, and in terms of the underwriters' over-allotment option, the Company granted an additional 624,999 five year warrants exercisable at $2.50 per share to the Underwriter.

The warrants issued during the year ended December 31, 2020, were assessed in terms of ASC 480-10,*Distinguishing between Liabilities and Equity, and ASC 815-10, Derivatives and Hedging Transactions* to determine if they met equity classification or liability classification. After considering the guidance provided by the ASC under both ASC 480-10 and ASC 815-10, the Company determined that equity classification was appropriate.

The warrants awarded during the year ended December 31, 2020 were valued using a Black-Scholes option pricing model.

18. Warrants (continued)

The following assumptions were used in the Black-Scholes model:

	Year ended December 31, 2020		
Exercise price	$2.50	to	$5.00
Risk free interest rate	0.16	to	0.29 %
Expected life of warrants	2	to	5 years
Expected volatility of underlying stock	139.5	to	183.5
Expected dividend rate			0 %

A summary of all of the Company's warrant activity during the period January 1, 2020 to December 31, 2021 is as follows:

	Number of shares	Exercise price per share	Weighted average exercise price
Outstanding January 1, 2020	1,089,474	$ 4.00	$ 4.00
Granted	5,374,371	2.50 to 5.00	2.62
Forfeited/cancelled	(1,089,474)	4.00	4.00
Exercised	(3,321,226)	2.50 to 5.00	2.62
Expired	—	—	—
Outstanding December 31, 2020	2,053,145	$ 2.50 to 5.00	2.63
Granted	—	—	—
Forfeited/cancelled	—	—	—
Exercised	(1,506,809)	2.50 to 5.00	2.63
Outstanding December 31, 2021	**546,336**	**$ 2.50 to 5.00**	**$ 2.66**

The following tables summarize information about warrants outstanding as of December 31, 2021:

	Warrants outstanding			Warrants exercisable	
Exercise price	Number of shares	Weighted average remaining years	Weighted average exercise price	Number of shares	Weighted average exercise price
$2.50	486,173	3.63	$ 2.50	486,173	$ 2.50
$3.75	48,395	0.41	3.75	48,395	3.75
$5.00	11,768	0.61	5.00	11,768	5.00
	546,336	3.28	$ 2.66	546,336	$ 2.66

The outstanding warrants have an intrinsic value of $257,672 as of December 31, 2021.

19. Stock Options

In September 2018, our stockholders approved our 2018 Equity Incentive Plan, which provides for a maximum of 1,150,000 awards that can be issued as options, stock appreciation rights, restricted stock, stock units, other equity awards or cash awards.

On October 1, 2020, the Board approved an amendment to the Company's 2018 Equity Incentive Plan (the "Plan") to increase the maximum number of shares that may be granted as an award under the Plan to any non-employee director during any one calendar year to: (i) chairperson or lead director – 300,000 shares of common stock; and (ii) other non-employee director - 250,000 shares of common stock, which reflects an increase in the annual limits for awards to be granted to non-employee directors under the Plan.

On November 20, 2020, the Company held its 2020 Annual Meeting of Stockholders. At the Annual Meeting, the Company's stockholders approved an amendment to the Company's 2018 Equity Incentive Plan to increase the number of shares of common stock that the Company will have authority to grant under the plan by an additional 1,850,000 shares of common stock.

On October 29, 2021, the Board approved an Amendment to the Plan ("Amendment No. 2") to increase by 4,000,000 the number of shares that may be granted under the Plan. Amendment No. 2 to the 2018 Plan will increase the number of shares of common stock with respect to which awards may be granted under the 2018 Plan from an aggregate of 3,000,000 shares of common stock to 7,000,000 shares of common stock.

On December 8, 2021, the Company held its 2021 Annual Meeting of Stockholders. At the Annual Meeting, the Company's stockholders approved amendment 2 to the Company's 2018 Equity Incentive Plan to increase the number of shares of common stock that the Company will have authority to grant under the plan by an additional 4,000,000 shares of common stock.

During September 2020, in terms of the employment agreement entered into with Mr. Monteverdi, the Company granted options to purchase 648,000 shares of common stock that vest pro rata on each of September 1, 2021, September 1, 2022, September 1, 2023 and September 1, 2024.

On October 1, 2020, the Board granted to each of Michele Ciavarella, Alessandro Marcelli, Luca Pasquini, Gabriele Peroni, Frank Salvagni, Beniamino Gianfelici and Mark Korb, an option to purchase 140,000, 56,000, 58,000, 36,000, 36,000, 35,000 and 58,000 shares of the Company's common stock, respectively, under the Company's 2018 Equity Incentive Plan. The shares of common stock underlying the option awards each vest pro rata on a monthly basis over a thirty-six month period. The options are exercisable for a period of ten years from the date of grant and have an exercise price of $2.03 per share.

On October 1, 2020, the Board also granted to each of Paul Sallwasser, Steven Shallcross and Philippe Blanc, as non-executive members of the Board, an option to purchase 55,000, 35,000 and 55,000 shares of the Company's common stock, respectively, under the Company's 2018 Equity Incentive Plan. The shares of common stock underlying the option awards each vest pro rata on a monthly basis over a twelve month period. The options are exercisable for a period of ten years from the date of grant and have an exercise price of $2.03 per share.

On October 1, 2020, the board granted options to purchase 95,000 shares of common stock to various employees at an exercise price of $2.03 per share.

During the period ended December 31, 2021, the Company issued ten year options to purchase745,000shares at exercise prices ranging from $2.62 to $4.20 per share to employees.

On July 1, 2021, in compliance with the terms of an employment agreement entered into with Mr. Korb, the Company's CFO, the Company granted him ten year options to purchase400,000shares of common stock at an exercise price of$4.03per share vesting annually commencing on September 1, 2022.

On August 31, 2021, due to the resignation of an employee, unvested options for50,000shares of common stock were forfeited by the employee.

On September 13, 2021, the Company granted the non-executive members of its board ten year options to purchase48,500shares of common stock at an exercise price of $5.10per share, as a component of annual compensation.

The options awarded during the year ended December 31, 2021 were valued using a Black-Scholes option pricing model.

The following assumptions were used in the Black-Scholes model:

	Year ended December 31, 2021		
Exercise price	$ 2.62	to	5.10
Risk free interest rate	0.92	to	1.63%
Expected life of options			10 years
Expected volatility of underlying stock	206.8	to	229.8%
Expected dividend rate			0 %

A summary of all of the Company's option activity during the period January 1, 2020 to December 31, 2021 is as follows:

	Number of shares	Exercise price per share			Weighted average exercise price
Outstanding January 1, 2020	315,938	$ 2.72	to	2.96	$ 2.84
Granted	1,307,000	1.84	to	2.03	1.95
Forfeited/cancelled	—			—	—
Exercised	—			—	—
Expired	—			—	—
Outstanding December 31, 2020	1,622,938	$ 1.84	to	2.96	2.11
Granted	1,193,500	2.62	to	5.10	3.15
Forfeited/cancelled	(50,000)			2.62	2,62
Exercised	—			—	—
Outstanding December 31, 2021	2,766,438	$ 1.84	to	5.10	$ 2.92

The following table summarize information about stock options outstanding as of December 31, 2021:

	Options outstanding			Options exercisable	
Exercise price	Number of shares	Weighted average remaining years	Weighted average exercise price	Number of shares	Weighted average exercise price
$1.84	648,000	8.73		162,000	
$2.03	659,000	8.75		359,1673	
$2.72	25,000	4.50		25,000	
$2.80	220,625	7.73		124,284	
$2.96	70,313	7.52		70,313	
$3.43	25,000	9.97		—	
$4.03	1,020,000	9.51		103,333	
$4.07	25,000	9.54		—	
$4.20	25,000	9.34		—	
$5.10	48,500	9.71		12,125	
	2,766,438	8.91	$ 2.92	856,222	$ 2.49

As of December 31, 2021, there were unvested options to purchase1,910,216shares of common stock. Total expected unrecognized compensation cost related to such unvested options is$5,585,571which is expected to be recognized over a period of 42 months.

The intrinsic value of the options at December 31, 2021 was $1,493,536.

As of December 31, 2021, there was an aggregate of2,766,438options to purchase shares of common stock granted under the Company's 2018 Equity Incentive Plan, and an aggregate of492,466restricted shares granted to certain officers and directors of the Company in settlement of liabilities owing to them, with3,741,046shares available for future grants.

20. Revenues

The following table represents disaggregated revenues from our gaming operations for the years ended December 31, 2021 and 2020. Net Gaming Revenues represents Turnover (also referred to as "Handle"), the total bets processed for the period, less customer winnings paid out, commissions paid to agents, and taxes due to government authorities, while Commission Revenues represents commissions on lotto ticket sales and Service Revenues is revenue invoiced for our Elys software service and royalties invoiced for the sale of virtual products.

	For the Year Ended December 31,	
	2021	2020
Handle (Turnover)		
Handle web-based	$ 826,789,619	$ 505,369,803
Handle land-based	15,071,218	68,888,592
Total Handle (Turnover)	841,860,837	574,258,395
Winnings/Payouts		
Winnings web-based	771,852,252	473,794,175
Winnings land-based	12,842,577	56,467,865
Total Winnings/Payouts	784,694,829	530,262,040
Gross Gaming Revenues	57,166,008	43,996,355
Less: ADM Gaming Taxes	12,657,930	6,874,752
Net Gaming Revenues	44,508,078	37,121,603
Betting platform software and services	1,038,713	144,764
Revenues	$ 45,546,791	$ 37,266,367

21. Net Loss per Common Share

Basic loss per share is based on the weighted-average number of common shares outstanding during each year. Diluted loss per share is based on basic shares as determined above, plus the incremental shares that would be issued upon the assumed exercise of "in-the-money" warrants using the treasury stock method and the inclusion of all convertible securities, including convertible debentures, assuming these securities were converted at the beginning of the period or at the time of issuance, if later. The computation of diluted net loss per share does not assume the issuance of common shares that have an anti-dilutive effect on net loss per share.

For the years ended December 31, 2021 and 2020, the following options, warrants and convertible debentures were excluded from the computation of diluted loss per share as the result of the computation was anti-dilutive:

Description	Year ended December 31, 2021	Year ended December 31, 2020
Options	2,766,438	1,622,938
Warrants	546,336	2,053,145
Convertible debentures	—	10,796
	3,312,774	3,686,879

22. Income Taxes

The Company is incorporated in the United States of America and is subject to United States federal taxation. No provisions for income taxes have been made as the Company had no U.S. taxable income for the years ended December 31, 2021 and December 31, 2020.

The Company's Italian subsidiaries are governed by the income tax laws of Italy. The corporate tax rate in Italy is 27.9% (IRES at 24% plus IRAP ordinary at 3.9%) on income reported in the statutory financial statements after appropriate tax adjustments.

The Company's Austrian subsidiaries are governed by the income tax laws of Austria. The corporate tax rate in Austria is 25% on income reported in the statutory financial statements after appropriate tax adjustments.

The Company's Canadian subsidiary is governed by the income tax laws of Canada and the Province of Ontario. The combined Federal and Provincial corporate tax rate in Canada is 26.5% on income reported in the statutory financial statements after appropriate tax adjustments.

The Company's Colombian subsidiary is governed by the income tax laws of Colombia. The corporate tax rate in Colombia is 31% on income reported in the statutory financial statements after appropriate tax adjustments.

The Company continues to evaluate the accounting for uncertainty in tax positions at the end of each reporting period. The guidance requires companies to recognize in their financial statements the impact of a tax position if the position is more likely than not of being sustained if the position were to be challenged by a taxing authority. The position ascertained inherently requires judgment and estimates by management.

The reconciliation of income tax expense at the U.S. statutory rate of 21% during 2021 and 2020, to the Company's effective tax rate is as follows:

	December 31, 2021	December 31, 2020
U.S. Statutory rate	$ 3,224,547	$ 1,896,305
Items not allowed for tax purposes	(1,705,372)	(2,113,651)
Foreign tax rate differential	(2,367)	(90,772)
Additional foreign taxation	27,495	(36,939)
Withholding tax on dividends	—	(162,112)
Prior year over provision	125,887	—
Movement in valuation allowances	(1,379,714)	(323,114)
Other differences	-	(76,361)
Income tax benefit (expense)	$ 290,476	$ (906,644)

The Company has accumulated a net operating loss carry forward ("NOL") of approximately $27.7 million as of December 31, 2021 in the U.S. The U.S. NOL carry forward includes adjustments based on prior year assessments of $2.3 million due the assessment of tax losses carried forward. Net operating losses of $11.1 million expire from 2034 to 2038 and a further $16.6 million has an indefinite life. The company also has net operating loss carry forwards in Italy, Austria and Malta of approximately €1.2 million ($1.4 million) and in Canada of approximately CDN $0.4 million ($0.3 million). The use of these losses to reduce future income taxes will depend on the generation of sufficient taxable income prior to the expiration of the NOL. The Company periodically evaluates whether it is more likely than not that it will generate sufficient taxable income to realize the deferred income tax asset. At the present time, management cannot presently determine when the Company will be able to generate sufficient taxable income to realize the deferred tax asset; accordingly, a 100% valuation allowance has been established to offset the asset.

Utilization of NOLs are subject to limitation due to any ownership change (as defined under Section 382 of the Internal Revenue Code of 1986) which resulted in a change in business direction. Unused limitations may be carried over to future years until the NOLs expire. Utilization of NOLs may also be limited in any one year by alternative minimum tax rules.

Under Italian tax law, the operating loss carryforwards available for offset against future profits can be used indefinitely. Operating loss carryforwards are only available for offset against national income tax, up to the limit of 80% of taxable annual income. This restriction does not apply to the operating loss incurred in the first three years of the Company's activity, which are therefore available for 100% offsetting.

Under Austrian tax law, the operating loss carryforwards available for offset against future profits can be used indefinitely. Operating loss carryforwards are only available for offset against national income tax, up to the limit of 75% of taxable annual income.

Under Canadian tax law, the operating loss carryforwards available for offset against future profits can be used indefinitely.

The provisions for income taxes consist of currently payable income tax in Colombia, Italy, Malta and Austria and deferred tax movements on intangible assets.

The benefit (provision) for income taxes are summarized as follows:

	December 31, 2021	December 31, 2020
Current	$ 94,041	$ (837,973)
Withholding tax	—	(162,112)
Deferred	196,434	93,441
Income tax benefit (expense)	$ 290,476	$ (906,644)

The tax effects of temporary differences that give rise to the Company's net deferred tax assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
Working capital movements	$ 247,563	$ 693,465
Property and equipment	—	6,925
Net loss carryforward - Foreign	443,100	135,568
Net loss carryforward - US	5,815,807	3,752,678
	6,506,470	4,588,636
Less valuation allowance	(6,506,470)	(4,588,636)
Deferred tax assets	—	—
Intangible assets	(3,291,978)	(1,222,514)
Deferred Tax Liability	$ (3,291,978)	$ (1,222,514)

The Net loss carry forward for US entities includes an adjustment of $0.5 million based on taxation assessments which differed to the amounts originally provided for.

The following tax years remain subject to examination:

USA:	Generally three years from the date of tax return filing which is currently the 2018 to 2020 tax years.
Italy:	Generally five years from the date of filing which is currently the 2016 to 2020 tax years.
Austria:	Generally tax years 2019 and 2020.
Malta:	Eight years from fiscal year end which is currently 2013 to 2020.
Colombia:	Three years in the case of taxable profits and five years where taxable losses are realized.

The Company is not currently under examination and it has not been notified of a pending examination.

There are no unrecognized tax benefits.

2. Income Taxes (continued)

23. Segmental Reporting

The Company has two reportable operating segments. These segments are:

(i) Betting establishments

The operating of web based as well as land-based leisure betting establishments situated throughout Italy.

(ii) Betting platform software and services

Provider of certified betting Platform software services to leisure betting establishments in Italy and 9 other countries.

The operating assets and liabilities of the reportable segments are as follows:

	December 31, 2021			
	Betting establishments	Betting platform software and services	All other	Total
Purchase of Non-Current assets	$ 135,272	$ 538,256	$ 43,552	**$ 717,080**
Assets				
Current assets	8,648,505	1,291,700	1,443,280	**11,383,485**
Non-Current assets	1,980,100	31,203,882	11,374	**33,195,356**
Liabilities				
Current liabilities	(7,610,577)	(652,368)	(1,564,234)	**(9,827,179)**
Non-Current liabilities	(667,871)	(16,342,274)	-	**(17,010,145)**
Intercompany balances	4,359,786	(1,677,692)	(2,682,094)	**—**
Net asset position	$ 6,709,943	$ 13,823,248	$ (2,791,674)	**$ 17,741,517**

The segment operating results of the reportable segments are disclosed as follows:

	Year ended December 31, 2021				
	Betting establishments	Betting platform software and services	All other	Adjustments	Total
Net Gaming Revenue	$ 44,508,078	$ —	$ —	$ —	**$ 44,508,078**
Betting platform and services revenue	152,550	886,163	—	—	**1,038,713**
Intercompany Service revenue	321,775	4,211,774	—	(4,533,549)	**—**
	44,982,403	**5,097,937**	**—**	**(4,533,549)**	**45,546,791**
Operating expenses					
Intercompany service expense	4,211,774	321,775	—	(4,533,549)	**—**
Selling expenses	36,227,544	47,208	—	—	**36,274,752**
General and administrative expenses	6,634,535	5,848,437	6,334,987	—	**18,817,959**
Impairment of license	4,827,914	12,522,714	—	—	**17,350,628**
	51,901,767	**18,740,134**	**6,334,987**	**(4,533,549)**	**72,443,339**
Loss from operations	**(6,919,364)**	**(13,642,197)**	**(6,334,987)**	**—**	**(26,896,548)**
Other Income (expenses)					
Interest expense, net	(11,169)	(4,662)	(5,154)	—	**(20,985)**
Amortization of debt discount	—	—	(12,833)	—	(12,833)
Change in fair value of contingent purchase consideration	—	11,857,558	—	—	**11,857,558**
Other income	217,251	2,560	7,977	—	**227,788**
Other expense	(23,705)	(26,262)	—	—	**(49,967)**
Loss on marketable securities	—	—	(460,000)	—	**(460,000)**
Total other income (expenses)	**182,377**	**11,829,194**	**(470,010)**	**—**	**11,541,561**
Loss before Income Taxes	**(6,736,987)**	**(1813,003)**	**(6,804,997)**	**—**	**(15,354,987)**
Income tax provision	119,890	170,586	—	—	290,476
Net Loss	**$ (6,617,097)**	**$ (1,642,417)**	**$ (6,804,997)**	**$ —**	**$ (15,064,511)**

23. Segmental Reporting (continued)

The operating assets and liabilities of the reportable segments are as follows:

	December 31, 2020			
	Betting establishments	Betting platform software and services	All other	Total
Purchase of Non-Current assets	$ 172,095	$ 117,703	$ 1,703	**$ 291,501**
Assets				
Current assets	10,966,901	430,625	9,796,140	**21,193,666**
Non-Current assets	7,475,455	6,250,418	938,440	**14,664,313**
Liabilities				
Current liabilities	(8,238,101)	(648,881)	(4,427,053)	**(13,314,035)**
Non-Current liabilities	(1,130,752)	(1,225,477)	(31,362)	**(2,387,591)**
Intercompany balances	4,259,281	382,598	(4,641,879)	**—**
Net asset position	$ 13,332,784	$ 5,189,283	$ 1,634,286	**$ 20,156,353**

The segment operating results of the reportable segments are disclosed as follows:

	Year ended December 31, 2020				
	Betting establishments	Betting platform software and services	All other	Adjustments	Total
Net Gaming Revenue	$ 37,121,603	$ —	$ —	$ —	**$ 37,121,603**
Betting platform and other services revenue	—	144,764	—	—	**144,764**
Intercompany Service revenue	84,172	3,604,523	—	(3,688,695)	**—**
	37,205,775	**3,749,287**	**—**	**(3,688,695)**	**37,266,367**
Operating expenses					
Intercompany service expense	3,604,523	84,172	—	(3,688,695)	**—**
Selling expenses	26,107,189	2,032	—	—	**26,109,221**
General and administrative expenses	4,918,986	3,906,439	4,963,966	—	**13,789,391**
Impairment of license	4,900,000	—	—	—	**4,900,000**
	39,530,698	**3,992,643**	**4,963,966**	**(3,688,695)**	**44,798,612**
Loss from operations	**(2,324,923)**	**(243,356)**	**(4,963,966)**	**—**	**(7,532,245)**
Other (expense) income					
Interest expense, net	(6,492)	(71)	(322,100)	—	**(328,663)**
Amortization of debt discount	—	—	(818,182)	—	**(818,182)**
Other income	161,472	3,903	—	—	**165,375**
Other expense	(28,757)	(58,176)	—	—	**(86,933)**
Loss on extinguishment of convertible debt	—	—	(719,390)	—	**(719,390)**
Gain on marketable securities	—	—	290,000	—	**290,000**
Total other (expenses) income	**126,223**	**(54,344)**	**(1,569,672)**	**—**	**(1,497,793)**
Loss before Income Taxes	**(2,198,700)**	**(297,700)**	**(6,533,638)**	**—**	**(9,030,038)**
Income tax provision	(796,991)	52,459	(162,112)	—	**(906,644)**
Net Loss	**$ (2,995,691)**	**$ (245,241)**	**$ (6,695,750)**	**$ —**	**$ (9,936,682)**

24. Subsequent Events

To date, the current conflict between Russia and Ukraine has not had a direct impact on the Company. We do not have any exposure to either Russia or Ukraine from a business or personnel perspective. However a prolonged conflict or the spill-over of war into other European countries may, in, future impact on macro-economic conditions which could affect consumer spending adversely and consequently our operations.

On March 18, 2022, the Company granted our interim CFO, Carlo Reali, an option exercisable for 100,000 shares of common stock, at an exercise price of $2.50 per share, vesting over a four year period. A further grant of an option exercisable for 60,000 shares of common stock at an exercise price of $2.50, vesting over a three year period was made to a new employee.

Up until April 13, 2022, in terms of an Open Market Sale Agreement with Jefferies LLC pursuant to which we may offer and sell its shares of common stock from time to time, through Jeffries, we sold a total of 147,710 shares of common stock for net proceeds of $331,520 after commission of $10,253.

The Company has evaluated subsequent events through the date the financial statements were issued, other than disclosed above, we did not identify any other subsequent events that would have required adjustment or disclosure in the financial statements.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Annual Evaluation of Disclosure Controls and Procedures

We have adopted and maintain disclosure controls and procedures (as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e) under the Exchange Act), that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods required under the SEC's rules and forms and that the information is gathered and communicated to our management, including our Chief Executive Officer (Principal Executive Officer) and Interim Chief Financial Officer (Principal Financial Officer), to allow for timely decisions regarding required disclosure.

As required by Exchange Act Rule 13a-15, our Chief Executive Officer and Interim Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15 as of the end of the period covered by this report. Based on the foregoing evaluation, our Chief Executive Officer and Interim Chief Financial Officer concluded that due to our limited resources our disclosure controls and procedures are not effective in providing material information required to be included in our periodic SEC filings on a timely basis and to ensure that information required to be disclosed in our periodic SEC filings is accumulated and communicated to our management, including our Chief Executive Officer and Interim Chief Financial Officer, to allow timely decisions regarding required disclosure about our internal control over financial reporting discussed below.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for our company. Our internal control system was designed to, in general, provide reasonable assurance to our management and board regarding the preparation and fair presentation of published financial statements, but because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. The framework used by management in making that assessment was the criteria set forth in the document entitled "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control-Integrated Framework (2013). Based on that assessment, our management has determined that as of December 31, 2021, our internal control over financial reporting was not effective due to material weaknesses related to a limited segregation of duties due to our limited resources and the small number of employees. Management has determined that this control deficiency constitutes a material weakness which could result in material misstatements of significant accounts and disclosures that could result in a material misstatement to our interim or annual financial statements that would not be prevented or detected. In addition, due to limited staffing, we are not always able to detect minor errors or omissions in reporting.

Management has recently employed additional resources and is improving upon its segregation of duties to mitigate these weaknesses, as well as to implement other planned improvements. Additional staff will enable us to document and apply transactional and periodic controls procedures, permit a better review and approval process and improve quality of financial reporting.

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding management's assessment of our internal control over financial reporting pursuant to temporary rules of the SEC.

Changes in Internal Control Over Financial Reporting

There were no significant changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

All directors of our company hold office until the next annual meeting of the stockholders or until their successors have been elected and qualified or they have resigned. The officers of our company are appointed by our Board and hold office until their death, resignation or removal from office.

Our current directors and executive officers, their ages and their positions, as of the date of this Annual Report, as follows:

Name	Age	Position
Michele Ciavarella	60	Executive Chairman and Interim Chief Executive Officer
Paul Sallwasser	68	Director
Steven A. Shallcross	60	Director
Andrea Mandel-Mantello	63	Director
Victor Salerno	78	Director
Carlo Reali	53	Interim Chief Financial Officer

Family Relationships

There are no family relationships between our officers and directors.

Executive Officer and Director Biographies

Michele Ciavarella – Executive Chairman and Interim Chief Executive Officer

Michele Ciavarella has served as our Executive Chairman of the Board since December 30, 2021 and served as our Chairman of the Board since June 26, 2019. From June 2011 until December 30, 2020, he also served as our Chief Executive Officer. On July 15, 2021, he was appointed as the interim Chief Executive Officer and President of the Company. In addition, Mr. Ciavarella has served our company in various roles and executive capacities since 2004 including President, Chief Executive Officer and Director of Operations. From 2004 to 2011, Mr. Ciavarella was engaged in senior executive and director roles for a variety of private and publicly listed companies including Kerr Mines Ltd. (formerly known as Armistice Resources Corp.), Firestar Capital Management Corporation, Mitron Sports Enterprises, Process Grind Rubber and Dagmar Insurance Services. He also served as the Business Development Officer for Forte Fixtures and Millwork, Inc., a family owned business in the commercial retail fixture manufacturing industry from January 2007 until October 2013. From 1990 until 2004, Mr. Ciavarella served as a senior executive, financial planner, life insurance underwriter and financial advisor for Manulife Financial Corporation and Sun Life Financial, Inc. Mr. Ciavarella received his Bachelor of Science degree from Laurentian University in Sudbury, Ontario. Mr. Ciavarella has been focused on incubating and executing on business building strategies for the last 25 years.

We believe that Mr. Ciavarella is qualified to serve as a member of our Board due to his practical experience in a broad range of competencies including executive, financial and operational application of lean business process management, extensive c-level and board level experience, leadership skills and diversified industry experience combined with a track record of growing businesses, both organically and through acquisitions and joint ventures.

Paul Sallwasser – Director

Paul Sallwasser was appointed to serve on our Board on June 13, 2019. Mr. Sallwasser is a certified public accountant, joined the audit staff of Ernst & Young LLP in 1976 and remained with Ernst & Young LLP for 38 years. Mr. Sallwasser served a broad range of clients primarily in the healthcare and biotechnology industries of which a significant number were SEC registrants. He became a partner of Ernst & Young in 1988 and from 2011 until he retired from Ernst & Young LLP in 2014, Mr. Sallwasser served in the national office as a member of the Quality and Regulatory Matters Group working with regulators and the Public Company Accounting Oversight Board (PCAOB). Mr. Sallwasser currently serves as the Chief Executive Officer of a private equity fund that is focused on investing in healthcare companies in the South Florida area. Mr. Sallwasser has also served as member of the Board of Directors of Youngevity International, Inc. ("Youngevity") since June 5, 2017. Youngevity (Nasdaq Capital Market: YGYI) was founded in 1996 and develops and distributes health and nutrition related products through its global independent direct selling network, also known as multi-level marketing, and sells coffee products to commercial customers.

We believe that Mr. Sallwasser is qualified to serve as a member of our Board due to his vast audit and accounting experience, which includes his status as an "audit committee financial expert," as defined by the rules of the SEC.

Steven A. Shallcross – Director

Steven A. Shallcross was appointed to serve on our Board on June 13, 2019. Mr. Shallcross has also served as a member of the Board of Directors of Synthetic Biologics, Inc. (NYSE American:SYN) since December 6, 2018 and currently serves as Synthetic Biologics' Chief Executive Officer, a position he was appointed to on December 6, 2018, and as Synthetic Biologics' Chief Financial Officer. Mr. Shallcross was appointed as Synthetic Biologics' Interim Chief Executive Officer on December 5, 2017 and has served as its Chief Financial Officer, Treasurer and Secretary since joining Synthetic Biologics in June 2015. Synthetic Biologics is a clinical-stage company focused on developing therapeutics designed to preserve the microbiome to protect and restore the health of patients.

From May 2013 through May 2015, Mr. Shallcross served as Executive Vice President and Chief Financial Officer of Nuo Therapeutics, Inc. (formerly Cytomedix, Inc.). In January 2016, Nuo Therapeutics, Inc. filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware and on April 25, 2016, the Bankruptcy Court entered an order granting approval of Nuo's plan of reorganization. From July 2012 to May 2013, Mr. Shallcross held the offices of Executive Vice President, Chief Financial Officer and Treasurer of Empire Petroleum Partners, LLC, a motor fuel distribution company. From July 2011 to March 2012, Mr. Shallcross was Acting Chief Financial Officer of Senseonics Inc, a privately-held medical device company located in Germantown, MD. From January 2009 to March 2011, he served as Executive Vice President and Chief Financial Officer of Innocoll AG (formerly privately held Innocoll Holdings, Inc.), a global, commercial-stage biopharmaceutical company specializing in the development and commercialization of collagen-based products. He also served as the Chief Financial Officer and Treasurer of Vanda Pharmaceuticals, Inc. for four years, leading the company through its successful IPO and follow-on offering and previously served as the Senior Vice President and Chief Financial Officer of Middlebrook Pharmaceuticals, Inc. (formerly Advancis Pharmaceutical Corporation). In addition, Mr. Shallcross also served as the Chief Financial Officer of Bering Truck Corporation. Since April 2021, Mr. Shallcross has served on the board of directors of TwinVee Powercats, Co., a designer, manufacturer and marketer of recreational and commercial power catamaran boats. He holds an MBA from the University of Chicago's Booth School of Business, a Bachelor of Science degree in Accounting from the University of Illinois, Chicago, and is a Certified Public Accountant in the State of Illinois.

We believe that Mr. Shallcross is qualified to serve as a member of our Board due to his significant strategic, operational, business and financial experience, an established track record of leading the financial development and strategy for several publicly traded companies and his familiarity with financial matters facing public reporting companies. Mr. Shallcross has a broad understanding of the financial markets, financial statements as well as generally accepted accounting principles.

Andrea Mandel-Mantello

Mr. Mandel-Mantello was appointed to serve on our Board on June 29, 2021. Mr. Mandel-Mantello serves on the audit committee. Mr. Mandel-Mantello has approximately 40 years of experience in international corporate finance, M&A and equity banking matters. Since July 1997, he has served as the Founder and Chief Executive Officer of Advicorp PLC, a London-based investment banking firm. He also has served since February 2012, as a member of the board of directors of GABF Ltd. (The Great Bagel Factory), which was acquired by Chef Express UK Ltd (Cremonini Group), and from July 2011 as a member of the board of directors and President of Cesare Ragazzi Laboratories (AdviHair S.r.l.), a Bologna, Italy based leading hair treatment and hair restoration company acquired out of bankruptcy. From February 1988 until January 1997 Mr. Mandel-Mantello was an Executive Director – Corporate Finance based in London at Swiss Bank Corporation Group (now known as UBS Group AG).

We believe that Mr. Mandel-Mantello is qualified to serve as a member of our Board due to his significant strategic, operational, business and financial experience. Mr. Mandel-Mantello has a broad understanding of the financial markets, financial statements as well as generally accepted accounting principles.

Victor Salerno

Mr. Salerno was appointed to serve on our board on September 13, 2021. Mr. Salerno is the President and founder of the Company's newly acquired subsidiary, US Bookmaking. Mr. Salerno founded US Bookmaking, based in Las Vegas Nevada, in 2016 and has built US Bookmaking into one of the leading sports betting companies to serve native American casinos. Mr. Salerno has enjoyed over forty years in the sports betting business where he served as Chairman of American Wagering, Inc (AWI). AWI operated over 130 Leroy's Sports Books (Leroy's) in Nevada. At AWI, Mr. Salerno launched the first computerized sports book platform, Computerized Bookmaking Services (CBS), which is still in use today. With the development of CBS, he was able to create the first bookmaking network hub which managed the betting lines and risk for the Leroy's chain. He was the developer and first operator in Nevada to introduce self-service sports wagering kiosks, which were launched in 2002. His most significant accomplishment was the 2010 launch of mobile sports betting in the US with the Leroy's App. Mr. Salerno has served as the President of the Nevada Association of Race and Sports Operators and as a member of the Nevada Pari-Mutuel Association's leadership committee. In 2015, he was inducted into the American Gaming Association's "Gaming Hall of Fame."

We believe that Mr. Salerno is qualified to serve as a member of our Board due to his significant industry experience in the US Gaming markets, his strategic, business and operational experience.

Carlo Reali – Interim Chief Financial Officer

Mr. Reali was appointed to serve as our Interim Chief Financial Officer on January 5, 2022. Mr. Reali joined the Company in January 2017 as finance manager with Multigioco S.r.l., a wholly owned subsidiary, and on October 15, 2020, was appointed and has served as the Company's Group Financial Controller based in the Company's administrative office in Grottaferrata, Italy. Prior to joining the Company, Mr. Reali was the Chairman and Executive Financial Manager of S.I.S. S.r.l. from January 2001 until its acquisition in July 2015 by SNAI S.p.A., a leader in the Italian gaming market, and remained with SNAI as Executive Finance Manager until August 2016. Mr. Reali holds a Science Degree from Instituto S. Maria in Rome, Italy and a Degree in Economics and Commerce from University of La Sapienza in Rome, Italy.

Involvement in Certain Legal Proceedings

Except as disclosed herein, no bankruptcy petition has been filed by or against any business of which any director or executive officer was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time.

No current director has been convicted in a criminal proceeding and is not subject to a pending criminal proceeding (excluding traffic violations and other minor offences).

No current director has been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities, with the exception of the specific temporary restrictions that were limited to Canada and were mutually agreed to between Mr. Ciavarella and the Ontario Securities Commission ("OSC"). As previously disclosed with the SEC, in May 2011, Mr. Ciavarella entered into a Settlement Agreement with the OSC relating to unauthorized trading that occurred in his accounts in November of 2004, pursuant to which the OSC acknowledged that Mr. Ciavarella was not involved in, and Mr. Ciavarella acknowledged a failure to monitor the trading in his accounts, and Mr. Ciavarella agreed to not to trade in securities or act as an officer or director of a Canadian public corporation for a period of five years that expired on May 17, 2016. In addition, pursuant to the Settlement Agreement, Mr. Ciavarella made a payment of CDN $100,000 to the OSC for the purpose of educating investors or promoting or otherwise enhancing knowledge and information of persons regarding the operation of the securities and financial markets.

Except as set forth above, no director has been found by a court of competent jurisdiction (in a civil action), the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, that has not been reversed, suspended, or vacated.

CORPORATE GOVERNANCE

Code of Business Conduct and Ethics

We have adopted a code of conduct that applies to all officers, directors and employees, including those officers responsible for financial reporting. The full text of the code of conduct is posted on our website at*www.elysgame.com*. If we make any substantive amendments to the code of conduct or grant any waiver from a provision of the code of conduct to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website and in a Current Report on Form 8-K to be filed with the SEC.

Our Board of Directors

Our Board currently consists of five members. Our Board judges the independence of its directors by the heightened standards established by the Nasdaq Stock Market. Accordingly, the Board has determined that our three non-employee directors, Messrs. Sallwasser, Shallcross and Mandel-Mantello, each meet the independence standards established by the Nasdaq Stock Market and the applicable independence rules and regulations of the SEC, including the rules relating to the independence of the members of our audit committee and compensation committee. Our Board considers a director to be independent when the director is not one of our or our subsidiaries' officers or employees or director of our subsidiaries, does not have any relationship which would, or could reasonably appear to, materially interfere with the independent judgment of such director, and the director otherwise meets the independence requirements under the listing standards of the Nasdaq Stock Market and the rules and regulations of the SEC.

Board Committees

Our Board designated the following three committees of the Board : the audit committee, the compensation committee and the nominating and corporate governance committee. Charters for each of the three committees is available on our website at https://ir.elysgame.com/corporate-governance.

Board Members and Committee Composition

	Audit Committee	Compensation Committee	Nominating and Governance Committee
Paul Sallwasser	Chairman	Member	Chairman
Steven A. Shallcross	Member	Chairman	Member
Andrea Mandel-Mantello	Member		

Audit Committee

Our audit committee is comprised of Messrs. Sallwasser, Shallcross and Mandel-Mantello. Mr. Sallwasser is Chairman of the audit committee. The primary purpose of the audit committee is to oversee the quality and integrity of our accounting and financial reporting processes and the audit of our financial statements. The audit committee is responsible for selecting, compensating, overseeing and terminating our independent registered public accounting firm. Specifically, the audit committee's duties are to recommend to our Board the engagement of an independent registered public accounting firm to audit our financial statements and to review our accounting and auditing principles. The audit committee will review the scope, timing and fees for the annual audit and the results of audit examinations performed by the external auditors and independent registered public accounting firm, including their recommendations to improve the system of accounting and internal controls. The audit committee will at all times be composed exclusively of directors who are, in the opinion of our Board , free from any relationship which would interfere with the exercise of independent judgment as a committee member and who possess an understanding of financial statements and generally accepted accounting principles. The Board has determined that each member of the audit committee is "independent," as that term is defined by the rules of the Nasdaq Stock Market. The Board believes that each of Messrs. Sallwasser, Shallcross and Mandel-Mantello qualify as an "audit committee financial expert" (as defined in Item 407 of Regulation S-K).

Compensation Committee

Our compensation committee is comprised of Messrs. Sallwasser and Shallcross. Mr. Shallcross is Chairman of the compensation committee. The compensation committee is responsible for, among other things, reviewing and recommending to our Board the annual salary, bonus, stock compensation and other benefits of our executive officers, including our Chief Executive Officer and Chief Financial Officer; reviewing and providing recommendations regarding compensation and bonus levels of other members of senior management; reviewing and making recommendations to our Board on all new executive compensation programs; reviewing the compensation of our Board; and administering our equity incentive plans. The compensation committee may delegate any or all of its duties or responsibilities to a subcommittee of the compensation committee, to the extent consistent with the Company's organizational documents and all applicable laws, regulations and rules of markets in which our securities trade, as applicable. The Board has determined that each member of the compensation committee is "independent," as that term is defined by the rules of the Nasdaq Stock Market.

Nominating and Governance Committee

Our nominating and governance committee is comprised of Messrs. Sallwasser and Shallcross. Mr. Sallwasser is Chairman of the nominating and governance committee. The nominating and governance committee is responsible for, among other things, annually assessing the composition, skills, size and tenure of the Board in advance of annual meetings and whenever individual directors indicate that their status may change; annually considering new members for nomination to the Board ; causing the Board to annually review the independence of directors; and developing and monitoring our general approach to corporate governance issues as they may arise. The Board has determined that each member of the nominating and governance committee is "independent," as that term is defined by the rules of the Nasdaq Stock Market.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who beneficially own 10% or more of a class of securities registered under Section 12 of the Exchange Act to file reports of beneficial ownership and changes in beneficial ownership with the SEC. Directors, executive officers and greater than 10% stockholders are required by the rules and regulations of the SEC to furnish the Company with copies of all reports filed by them in compliance with Section 16(a).

Based solely on the written representation of our executive officers and directors and copies of the reports they and 10% or more shareholders have filed with the Commission, there was one late filing for the fiscal year ended December 31, 2021 made by Victor Salerno in connection with the shares of common stock that he acquired on December 15, 2021, as disclosed in a Form 4 filed with the SEC on December 20, 2021.

Item 11. Executive Compensation

Set forth below is information for the fiscal years ended December 31, 2021 and 2020 relating to the compensation of each person who served as our principal executive officer and our executive officers whose compensation exceeded $100,000 (the "Named Executive Officers").

Name and principal position	Year	Salary ($)	Bonus ($)	Awards ($)	Stock Compensation ($)	All Other Compensation ($)	Total Compensation ($)
Michele Ciavarella	2021	500,000 [1]	375,000 [1]	—	112,208	—	987,208
Executive Chairman of the Board, and interim Chief Executive Officer	2020	261,667	465,938	—	80,023	—	807,628
Matteo Monteverdi [2]	2021	425,000	—	—	301,247	4,009 [3]	730,256
Former Chief Executive Officer and President	2020	131,667	54,861	—	82,006	120,360 [4]	388,894
Luca Pasquini [5]	2021	239,451	—	—	56,735	—	296,186
Former Vice President of Technology and Director	2020	227,976	—	—	27,308	1,030	256,314
Alessandro Marcelli [6][7]	2021	292,208	—	—	55,382	—	347,590
Former Vice President of Operations	2020	227,976	—	—	26,969	—	254,945
Mark Korb [8][9][10]	2021	247,000	—	—	241,665	1,761	490,426
Chief Financial Officer	2020	135,000	50,000	—	46,753	—	231,753

(1) Mr. Ciavarella elected to take 24,476 shares of common stock in lieu of $140,000 of his 2021 salary and a further 162,835 shares of common stock in lieu of $315,913 of his 2021 bonus. The bonus shares were issued in January 2022.
(2) Mr. Monteverdi resigned as our Chief Executive Officer on July 15, 2021 and accepted a non-executive position of Head of Special Projects.
(3) All other compensation includes employee benefits consisting of healthcare costs amounting to $4,009.
(4) Mr. Monteverdi became our President on September 21, 2020 and our Chief Executive Officer on December 30, 2020. From March 2020 until September 2020, Mr. Monteverdi served as an independent strategic advisor to us. Represents consulting fees paid to Mr. Monteverdi prior to him being appointed as President and Chief Executive Officer of the Company.
(5) Mr. Pasquini resigned as our vice president and Chief Technology Officer on September 13, 2021.
(6) Mr. Marcelli resigned as our vice president of operations effective May 12, 2021.
(7) Mr. Marcelli received salary payments through his wholly owned private company AB Consulting Srl.
(8) Mr. Korb resigned as our Chief Financial officer on January 5, 2022.
(9) Includes $120,000 paid to Mr. Korb as a contract Chief Financial Officer, prior to his full time employment with the Company.
(10) Includes $135,000 and a further $50,000 in bonus payments, paid to Mr. Korb as a contract Chief Financial Officer, prior to his full time employment with the Company in September 2021.

Outstanding Equity Awards at Fiscal Year-End December 31, 2021

The table below summarizes all unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officer as of December 31, 2021:

	OPTION AWARDS					STOCK AWARDS			
Name	Number of securities underlying unexercised options Exercisable (#)	Number of securities underlying unexercised options Unexercisable (#)	Equity incentive plan awards: Number of securities underlying unearned options (#)	Option exercise price ($)	Option expiry Date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested ($)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)
Michele Ciavarella[(1)(2)(3)]	39,375	—	—	2.96	7/5/2029	—	—	—	—
	14,583	10,417	—	2.80	8/29/2029				
	58,333	81,667	—	2.03	9/30/2030				
Matteo Monteverdi[(4)]	162,000	486,000	—	1.84	9/22/2030	—	—	—	—
Luca Pasquini[(2)(5)]	14,583	10,417	—	2.80	8/29/2029	—	—	—	—
	24,167	33,833	—	2.03	9/30/2030				
Alessandro Marcelli[(2)(6)]	14,583	10,417	—	2.80	8/29/2029	—	—	—	—
	23,333	32,667		2.03	9/30/2030				
Mark Korb[(7)(8)(9)]	25,000	—		2.72	7/1/2026				
	24,167	33,833		2.03	9/30/2030				
	—	400,000		4.03	7/5/2031				

(1) Mr. Ciavarella was awarded option to purchase 39,375 shares of common stock on July 5, 2019 all of which are vested.
(2) Mr. Ciavarella, Mr. Marcelli, and Mr. Pasquini were each awarded options to purchase 25,000 shares of common stock on August 29, 2019 of which each have 14,583 vested and the remaining options vest equally over the next 20 months.
(3) Mr. Ciavarella was awarded an option to purchase 140,000 shares of common stock on October 1, 2020, of which 58,333 are vested and the remaining options vest equally over the next 21 months.
(4) Mr. Monteverdi was awarded an option to purchase 648,000 shares of common stock of which 162,000 are vested, the options vest annually on each of September 21, 2022, 2023 and 2024.
(5) Mr. Pasquini was awarded options to purchase 58,000 shares of common stock of which each have 24,167 are vested with the remaining options vesting equally over the next 21 months.
(6) Mr. Marcelli was awarded options to purchase 56,000 shares of common stock of which each have 4,667 are vested with the remaining options vesting equally over the next 33 months.
(7) Mr. Korb was awarded options to purchase 25,000 shares of common stock on July 1, 2019 all of which are vested.
(8) Mr. Korb was awarded options to purchase 58,000 shares of common stock of which each have 24,167 are vested with the remaining options vesting equally over the next 21 months.
(9) In connection with an employment agreement Mr. Korb was awarded options exercisable for 400,000 shares of common stock of which none are vested, the options vest annually on each of July 5, 2022, 2023, 2024 and 2025.

Employment Agreements

During the year ended December 31, 2021 and subsequent thereto, we had no formal employment and other compensation-related agreements with our Named Executive Officers other than as listed below.

Michele Ciavarella, Executive Chairman, Chief Executive Officer and President

In connection with Mr. Ciavarella's appointment as the Executive Chairman, we entered into an amendment, dated December 30, 2020 to his employment agreement, dated December 31, 2018, as amended on July 5, 2019, by and between the Company and Mr. Ciavarella. Pursuant to the Amendment, Mr. Ciavarella's: (i) position at the Company was changed to Executive Chairman; (ii) term of employment was extended three years to December 31, 2024; and (iii) base salary was increased to $500,000. The Amendment further provides that in lieu of cash, and to the extent shares are then available for grant under the Company's 2018 Equity Incentive Plan, as amended, Mr. Ciavarella may elect to receive, as of the first business day in January of each year of employment, up to 50% of his base salary as a restricted stock grant of shares of the Company's common stock under the Plan, vesting monthly over a 12-month period.

On December 31, 2018, effective as of September 13, 2018 (the "Effective Date"), we entered into an employment agreement (the "Ciavarella Agreement") with Mr. Ciavarella, pursuant to which Mr. Ciavarella agreed to continue to serve as our Chief Executive Officer. Michele Ciavarella has served as our Chief Executive Officer since June 2011. The Ciavarella Agreement terminates on September 30, 2023, unless earlier terminated pursuant to the terms of the Ciavarella Agreement (the "Initial Term"). Upon the expiration of the Initial Term, the term of Mr. Ciavarella's employment shall automatically be extended for successive one-year periods (the "Successive Term") unless either party provides the other party with written notice not less than 60 days prior to the end of any Successive Term. Pursuant to the terms of the Ciavarella Agreement, as amended on July 5, 2019, Mr. Ciavarella agreed to reduce his base salary from $395,000 per year, to an annual base salary of $240,000, which base salary may be increased by our Board , in its sole discretion. In addition, Mr. Ciavarella is eligible to receive a bonus equal up to 75% of his base salary (the "Targeted Bonus") and receive awards pursuant to our equity incentive plan, as determined by the Board . Mr. Ciavarella is also eligible to participate in pension, medical, retirement and other benefit plans which are available to our senior officers and directors. In connection with the salary reduction effected on July 5, 2019, Mr. Ciavarella was granted incentive stock options under our 2018 Equity Incentive Plan to purchase 39,375 shares of our common stock, having an exercise price of $2.96 per share, vesting 9,844 shares upon grant and the balance vesting 3,281 shares monthly for nine months and expiring 10 years after grant.

We may terminate Mr. Ciavarella's employment at any time without Cause or for Cause (as defined in the Ciavarella Agreement) and Mr. Ciavarella may terminate his employment at any time. In the event Mr. Ciavarella's employment is terminated by us without Cause (as defined in the Ciavarella Agreement) or by Mr. Ciavarella for Good Reason (as defined in the Ciavarella Agreement), Mr. Ciavarella shall be entitled to receive the following: (i) an amount equal to one times the sum of (A) Mr. Ciavarella's then base salary and (B) an amount equal to the highest annual incentive compensation paid to Mr. Ciavarella during the two most recently completed fiscal years (but not more than the bonus for the-then current fiscal year) payable over a period of twelve months; (ii) in lieu of any incentive compensation for the year in which such termination occurs, payment of an amount equal to (A) the Targeted Bonus (if any) which would have been payable to Mr. Ciavarella had Mr. Ciavarella remained in employment with us during the entire year in which such termination occurred, multiplied by (B) a fraction the numerator of which is the number of days Mr. Ciavarella was employed in the year in which such termination occurs and the denominator of which is the total number of days in the year in which such termination occurs; (iii) reimbursement of expenses properly incurred by Mr. Ciavarella; (iv) if Mr. Ciavarella elects to continue medical coverage under our group health plan, an amount equal to the monthly premiums for such coverage less the amount of employee contributions payable until the earlier of twelve months and the date Mr. Ciavarella becomes eligible to receive such coverage under a subsequent employer's insurance plan; and (v) except as otherwise provided at the time of grant, all outstanding stock options and restricted stock units issued to Mr. Ciavarella vest in full; provided, however, such vested stock options and restricted stock units shall not be exercisable after the earlier of (A) 30 days after the termination of Mr. Ciavarella's employment and (B) the expiration date of such awards; provided further that, in the event Mr. Ciavarella's employment is terminated prior to the compensation committee (the "Committee") determining the satisfaction of performance criteria applicable with respect to the issuance of any such award, such award will not vest unless and until such determination has been made by the Committee. In the event Mr. Ciavarella's employment is terminated by us without Cause (as defined in the Ciavarella Agreement) or by Mr. Ciavarella for Good Reason (as defined in the Ciavarella Agreement) and such termination occurs upon, or within two (2) years following, a Change in Control (as defined in the Ciavarella Agreement), Mr. Ciavarella shall be entitled to receive the payments described in the foregoing sentence multiplied by three (3) and such amount shall be payable over a period of twenty-four (24) months after termination.

Upon termination by us of Mr. Ciavarella's employment for Cause (as defined in the Ciavarella Agreement), Mr. Ciavarella is entitled to receive the following: (i) accrued but unpaid base salary through the termination date and (ii) reimbursement of expenses properly incurred by Mr. Ciavarella payable on the termination date. In the event Mr. Ciavarella's employment is terminated for death or Disability (as defined in the Agreement), Mr. Ciavarella is entitled to receive the following: (i) accrued but unpaid base salary through the termination date; (ii) reimbursement of expenses properly incurred by Mr. Ciavarella; and (iii) one times Mr. Ciavarella's then base salary payable within 45 days of the termination date. In the event Mr. Ciavarella terminates his employment for any reason other than Good Reason (as defined in the Ciavarella Agreement), Mr. Ciavarella is entitled to receive the following: (i) accrued but unpaid base salary through the termination date and (ii) reimbursement of expenses properly incurred by Mr. Ciavarella payable on the termination date. To be eligible to receive any of the severance payments upon termination of Mr. Ciavarella's employment by us without Cause (as defined in the Agreement) or by Mr. Ciavarella for Good Reason (as defined in the Ciavarella Agreement), Mr. Ciavarella must execute a release of claims in favor of us as set forth in the Ciavarella Agreement.

Victor Salerno - Director

Together with the consummation of the acquisition of US Bookmaking, the Company entered into a 4 year employment agreement with Mr. Salerno terminating on July 14, 2025 (the "Salerno Employment Agreement"), automatically renewable for a period of one year unless notified by either party of non-renewal. The employee will earn an initial base salary of $0 and thereafter $150,000per annum commencing on January 1, 2022. Mr. Salerno is entitled to bonuses, equity incentives and benefits consistent with those of other senior employees.

Mr. Salerno may be terminated for no cause or resign for good reason, which termination would entitle him to the greater of one year's salary or the remaining term of the employment agreement plus the highest annual incentive bonus paid to him during the past two years. If Mr. Salerno is terminated for cause he is entitled to all unpaid salary and expenses due to him at the time of termination. If the

employment agreement is terminated due to death, his heirs and successors are entitled to all unpaid salary, unpaid expenses and one times his annual base salary. Termination due to disability will result in Mr. Salerno being paid all unpaid salary and expenses and one times annual salary.

Pursuant to the Salerno Employment Agreement, Mr. Salerno has also agreed to customary restrictions with respect to the disclosure and use of the Company's confidential information and has agreed that work product or inventions developed or conceived by him while employed with the Company relating to its business is the Company's property. In addition, during the term of his employment and if terminated for cause for the 12 month period following his termination of employment, Mr. Salerno has agreed not to (1) perform services on behalf of a competing business which was the same or similar to the type of services he was authorized, conducted, offered or provided to the Company, (2) solicit or induce any of the Company's employees or independent contractors to terminate their employment with the Company, (3) solicit any actual or prospective customers with whom he had material contact on behalf of a competing business or (4) solicit any actual or prospective vendors with whom he had material contact to support a competing business.

On September 13, 2021, the Board appointed Mr. Salerno, the President and founder of the Company's newly acquired subsidiary, US Bookmaking, to serve as a member of the Board.

Mark Korb – Chief Financial Officer

On July 5, 2021, the Company entered into an employment agreement dated July 1, 2021 with Mark Korb, the Company's Chief Financial Officer, (the "Korb Employment Agreement"), to employ Mr. Korb, on a full-time basis commencing September 1, 2021, as Chief Financial Officer for a term of four (4) years, at an annual base salary of$360,000and such additional performance bonus payments as may be determined by the Company's Board with a target bonus of 40% of his base salary. Mr. Korb will also be entitled to pension, medical, retirement and other benefits available to other Company senior officers and directors and he will receive an allowance of up to$2,000per month towards medical and welfare benefits. In connection with the Korb Employment Agreement, On July 1, 2021, the Compensation Committee of the Board granted Mr. Korb, an option to purchase400,000shares of the Company's common stock. The shares of common stock underlying the option award vest pro rata on a monthly basis over a forty-eight month period. The options are exercisable for a period of ten years from the date of grant and have an exercise price of $4.03per share.

In addition, the Korb Employment Agreement also provides for certain payments and benefits in the event of a termination of his employment under specific circumstances. If his employment is terminated by the Company other than for "Cause," death or Disability or by Mr. Korb for "Good Reason" (each as defined in the Korb Employment Agreement), he will be entitled to receive from the Company in equal installments over a six month period (1) an amount equal to one (1) times the sum of: (A) his base salary and (B) an amount equal to the highest annual MBO Bonus (as defined in the Korb Employment Agreement") paid to him (if any) in respect of the two (2) most recent fiscal years of the Company but not more than his MBO Bonus for the-then current fiscal year (provided if such termination occurs within the first twelve (12) months of the Agreement, the amount shall be Mr. Korb's MBO Bonus for the-then current fiscal year); (2) in lieu of any MBO Bonus for the year in which such termination occurs, payment of an amount equal to (A) the MBO Bonus (if any) which would have been payable to Mr. Korb had he remained in employment with the Company during the entire year in which such termination occurred, multiplied by (B) a fraction the numerator of which is the number of days Mr. Korb was employed in the year in which such termination occurs and the denominator of which is the total number of days in the year in which such termination occurs. In addition, he will be entitled to continue to receive under the Employment Agreement an amount equal to the reimbursement of up to $2,000 a month in third-party medical and welfare benefits for Mr. Korb and his dependents, until the earlier of: (A) a period of twelve (12) months after the termination date, or (B) the date Mr. Korb becomes eligible to receive such coverage under a subsequent employer's insurance plan. Mr. Korb's receipt of the termination payments and benefits is contingent upon execution of a general release of any and all claims arising out of or related to his employment with the Company and the termination of his employment, and compliance with the restrictive covenants described in the following paragraph.

If the Korb Employment Agreement is terminated by the Company for cause or by Mr. Korb for Good Reason, then Mr. Korb will be entitled to receive accrued and unpaid base salary, earned and unused vacation days through the termination date and all expenses incurred by him prior to the termination date. The Korb Employment Agreement also provides that upon the Disability (as defined in the Korb Employment Agreement) of Mr. Korb or his death, Mr. Korb will be entitled to receive accrued and unpaid base salary, earned and unused vacation days through the date of his declared Disability or death and all expenses incurred by him prior to such date and one times his base salary.

Pursuant to the Korb Employment Agreement, Mr. Korb has also agreed to customary restrictions with respect to the disclosure and use of the Company's confidential information and has agreed that work product or inventions developed or conceived by him while employed with the Company relating to its business is the Company's property. In addition, during the term of his employment and if terminated for cause for the 12 month period following his termination of employment, Mr. Korb has agreed not to (1) perform services on behalf of a competing business which was the same or similar to the types services he was authorized, conducted, offered or provided to the Company, (2) solicit or induce any of the Company's employees or independent contractors to terminate their employment with the Company, (3) solicit any actual or prospective customers with whom he had material contact on behalf of a competing business or (4) solicit any actual or prospective vendors with whom he had material contact to support a competing business.

On January 5, 2022, Mark Korb resigned as Chief Financial Officer of the Company. In connection with his resignation, the Company entered into an amendment to Mr. Korb's employment agreement with the Company to provide that he will be employed by the Company as a non-executive employee with the title "Head of Corporate Affairs", reporting directly to the Executive Chairman and that in such capacity he will be responsible for, among other things, various corporate initiatives and activities related to growth and capital strategies. All other terms of the employment agreement remain the same.

Matteo Monteverdi

Effective September 21, 2020, the Board appointed Mr. Monteverdi, as President of the Company and effective December 30, 2020, Mr. Monteverdi was appointed as the Chief Executive Officer of the Company.

Mr. Monteverdi has previously served as an independent strategic advisor to the Company since March 2020 and has developed a firm understanding of the unique technological capabilities of the Company's Elys Game Board betting platform and has established a strong rapport with the Company's current management team.

In connection with his appointment, the Company and Mr. Monteverdi entered into a written employment agreement (the "Employment Agreement") for an initial four-year term, which provides for the following compensation terms:

- an annual base salary of $395,000 subject to increase, but not decrease, at the discretion of the Board;
- the opportunity to earn a Management by Objectives bonus ("MBO Bonus") of 0 to 100% of annual base salary with a target bonus of 50% upon the achievement of 100% of a target objective that is mutually agreed on by both the Company and Mr. Monteverdi; and
- Equity Incentive Options to purchase 648,000 shares of common stock that vest pro rata on each of September 1, 2021, September 1, 2022, September 1, 2023 and September 1, 2024.

Mr. Monteverdi is also eligible to participate in the Company's 2018 Equity Incentive Plan and to participate in the Company's employee benefit plans as in effect from time to time on the same basis as generally made available to other senior executives of the Company or in the alternative may substitute the payment amount that would be paid for health benefits towards contributions to a 401k plan.

In addition, the Employment Agreement also provides for certain payments and benefits in the event of a termination of his employment under specific circumstances. If, during the term of the Employment Agreement, his employment is terminated by the Company other than for "cause," death or disability or by Mr. Monteverdi for "good reason" (each as defined in his agreement), he would be entitled to receive from the Company in equal installments over a period of six (6) months (1) an amount equal to one (1) times the sum of: (A) his base salary and (B) an amount equal to the highest annual MBO Bonus paid to him (if any) in respect of the two (2) most recent fiscal years of the Company but not more than his MBO Bonus for the-then current fiscal year (provided if such termination occurs within the first twelve (12) months of the Agreement, the amount shall be Executive's MBO Bonus for the-then current fiscal year); (2) in lieu of any MBO Bonus for the year in which such termination occurs, payment of an amount equal to (A) the MBO Bonus (if any) which would have been payable to Mr. Monteverdi had he remained in employment with the Company during the entire year in which such termination occurred, multiplied by (B) a fraction the numerator of which is the number of days Mr. Monteverdi was employed in the year in which such termination occurs and the denominator of which is the total number of days in the year in which such termination occurs. In addition, he will be entitled to continue to receive under the Employment Agreement an amount equal to the reimbursement of up to $2,000 a month in third-party medical and welfare benefits for Mr. Monteverdi and his dependents, until the earlier of: (A) a period of twelve (12) months after the termination date, or (B) the date Mr. Monteverdi becomes eligible to receive such coverage under a subsequent employer's insurance plan.

Mr. Monteverdi's receipt of the termination payments and benefits is contingent upon execution of a general release of any and all claims arising out of or related to his employment with the Company and the termination of his employment, and compliance with the restrictive covenants described in the following paragraph.

On July 15, 2021, Mr. Monteverdi resigned as the Company's Chief Executive Officer and President to become the Company's Head of Special Projects, all other terms of the employment contract remain the same.

Board of Directors Compensation

The following table sets forth information for the fiscal year ended December 31, 2021 regarding the compensation of our directors who on December 31, 2021 were not also our Named Executive Officers.

Name	Fees Earned or Paid in Cash	Option Awards	Other Compensation	Total
Paul Sallwasser[1]	$ —	$ 108,587	$ —	$ 108,587

Steven Shallcross[2]	40,000	69,333	—	109,333
Philippe Blanc	—	83,717	—	83,717
Andrea Mandel Montello[3]	20,000	69,333	—	89,333
Victor Salerno	$ —	$ —	$ —	$ —

(1) Mr. Sallwasser was appointed to the Board on June 13, 2019. Pursuant to his agreement Mr. Sallwasser receives compensation of$110,000 for the years ended June 30, 2021 and 2020. Mr. Sallwasser opted to take his compensation in stock options, on September 13, 2021, Mr. Sallwasser was awarded options to purchase 21,300 shares of common stock vesting over a twelve month period.

(2) Mr. Shallcross was appointed to the Board on June 13, 2019. Pursuant to his agreement Mr. Shallcross receives compensation of $110,000 for the years ended June 30, 2021 and 2020. Mr. Shallcross opted to take $40,000 in cash and $70,000 in stock options, on September 13, 2021, Mr. Shallcross was awarded options to purchase 13,600 shares of common stock vesting over a twelve month period.

(3) Mr. Mandel-Mantel was appointed to the Board on June 29, 2021. Pursuant to his agreement Mr. Mandel- Mantello received compensation of $110.000 per annum. Mr. Mandel-Mantello opted to take $40,000 in cash and $70,000 in stock options, on September 13, 2021, Mr. Mandel-Mantello was awarded options to purchase 13,600 shares of common stock vesting over a twelve month period.

Director Option Awards

Name	Option awards (Amount)	Stock awards (Amount)
Paul Sallwasser[a]	96,925	—
Steven Shallcross[b]	58,913	—
Andrea Mandel-Mantello[c]	13,600	—

(a) On July 5, 2019, Mr. Sallwasser was awarded an option to purchase 20,625 shares of common stock, of which all are vested, on October 1, 2020, an additional option to purchase 55,000 shares of common stock was awarded to Mr. Sallwasser, of which all are vested and on September 13, 2021, an additional option to purchase 21,300 shares of common stock was awarded to Mr. Sallwasser of which 5,325 are vested as of December 31, 2021 and the remaining 15,975 vest over the next eight and a half months.

(b) On July 5, 2019, Mr. Shallcross was awarded an option to purchase 10,313 shares of common stock of which all are vested, on October 1, 2020, an additional option to purchase 35,000 shares of common stock was awarded to Mr. Shallcross of which all are vested, and on September 13, 2021 an additional option to purchase 13,600 shares of common stock was awarded to Mr. Shallcross of which 3,400 are vested as of December 31, 2021 and the remaining 10,200 vest over an eight and a half month period.

(c) On September 13, 2021 an option to purchase 13,600 shares of common stock was awarded to Mr. Mandel-Mantello of which 3,400 are vested as of December 31, 2021 and the remaining 10,200 vest over an eight and a half month period.

Each director is reimbursed for travel and other out-of-pocket expenses incurred in attending Board of Director and committee meetings.

Fees and Equity Awards for Non-Employee Directors

On July 5, 2019, we adopted a new formal plan for compensating our director for service in their capacity as directors. The plan was modified during the current year whereby Directors are entitled to annual compensation at $110,000 a year, payable as to $40,000 in cash and the equivalent of $70,000 in inventive stock options, however, each director may elect to receive the entire compensation in incentive stock options. The incentive stock options issued in lieu of cash compensation to the non-executive directors have an exercise price equal to the fair market value of the common stock on the date of grant and vest monthly for twelve months and expire ten years thereafter.

Directors are also entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our Board . Our Board may award special remuneration to any director undertaking any special services on our behalf other than services ordinarily required of a director.

Equity Compensation Plan Information

In September 2018, our stockholders approved our 2018 Equity Incentive Plan, which initially provided for a maximum of 1,150,000 shares of common stock that may be issued as options, stock appreciation rights, restricted stock, stock units, other equity awards or cash awards. In November 2020, our stockholders approved an amendment to the 2018 Equity Incentive Plan (Amendment No. 1) to increase by 1,850,000 the number of shares that may be granted as awards under the 2018 Equity Incentive Plan.

On October 1, 2020, the Board approved an amendment to the Company's 2018 Equity Incentive Plan (the "Plan") to (x) increase the number of shares of common stock that the Company will have the authority to grant under the plan by an additional 1,850,000 shares of common stock, and (y) to increase the maximum number of shares that may be granted as an award under the Plan to any non-employee director during any one calendar year to: (i) chairperson or lead director – 300,000 shares of common stock; and (ii) other non-employee director - 250,000 shares of common stock, which reflects an increase in the annual limits for awards to be granted to non-employee directors under the Plan.

On November 20, 2020, the Company held its 2020 Annual Meeting of Stockholders. At the Annual Meeting, the Company's stockholders approved an amendment to the Company's 2018 Equity Incentive Plan to increase the number of shares of common stock that the Company will have authority to grant under the plan by an additional 1,850,000 shares of common stock.

On October 29, 2021, the Board approved an Amendment to the Plan ("Amendment No. 2") to increase by 4,000,000 the number of shares that may be granted under the Plan. Amendment No. 2 to the 2018 Plan will increase the number of shares of common stock with respect to which awards may be granted under the 2018 Plan from an aggregate of 3,000,000 shares of common stock to 7,000,000 shares of common stock.

On December 8, 2021, the Company held its 2021 Annual Meeting of Stockholders. At the Annual Meeting, the Company's stockholders approved amendment 2 to the Company's 2018 Equity Incentive Plan to increase the number of shares of common stock that the Company will have authority to grant under the plan by an additional 4,000,000 shares of common stock.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders			
2018 Equity Incentive Plan	2,766,438	$ 2.92	3,741,096
Equity compensation plans not approved by security holders	—	—	—
Total	2,766,438	$ 2.92	3,741,096

During July 2019, we issued an aggregate of 95,313 options to purchase common stock, of which options to purchase 25,000 shares of common stock were issued to our Chief Financial Officer, options to purchase 39,375 shares of common stock were issued to our Chief Executive Officer and options to purchase 30,938 shares of common stock were issued to directors. During August 2019, we issued an aggregate of 150,000 options to purchase shares of common stock of which options to purchase 25,000 shares of common stock were issued to each of Michele Ciavarella, our Chief Executive Officer, Alessandro Marcelli, our Vice President of Operations, Luca Pasquini, our Vice President of Technology, Gabriele Peroni, our Vice President Business Development, Franco Salvagni, our Vice President of Land-based Operations and Beniamino Gianfelici, our Vice President Regulatory Affairs. On November 11, 2019 the Company granted options to purchase 70,625 shares of common stock to various employees at an exercise price of $2.80 per share.

On October 1, 2020, the Board granted to each of Michele Ciavarella, Alessandro Marcelli, Luca Pasquini, Gabriele Peroni, Frank Salvagni, Beniamino Gianfelici and Mark Korb, an option to purchase 140,000, 56,000, 58,000, 36,000, 36,000, 35,000 and 58,000 shares of the Company's common stock, respectively, under the Company's 2018 Equity Incentive Plan. The shares of common stock underlying the option awards each vest pro rata on a monthly basis over a thirty-six month period. The options are exercisable for a period of ten years from the date of grant and have an exercise price of $2.03 per share. On October 1, 2020, the Board also granted to each of Paul Sallwasser, Steven Shallcross and Philippe Blanc, as non-executive members of the Board, an option to purchase 55,000, 35,000 and 55,000 shares of the Company's common stock, respectively, under the Company's 2018 Equity Incentive Plan. The shares of common stock underlying the option awards each vest pro rata on a monthly basis over

a twelve month period. The options are exercisable for a period of ten years from the date of grant and have an exercise price of $2.03 per share. On October 1, 2020, the board granted options to purchase 95,000 shares of common stock to various employees at an exercise price of $2.03 per share.

During September 2020, in terms of the employment agreement entered into with Mr. Monteverdi, the Company granted options to purchase 648,000 shares of common stock that vest pro rata on each of September 1, 2021, September 1, 2022, September 1, 2023 and September 1, 2024.

During the period ended December 31, 2021, the Company issued ten year options to purchase745,000shares at exercise prices ranging from $2.62to $4.20per share to employees.

On July 1, 2021, in compliance with the terms of an employment agreement entered into with Mr. Korb, the Company's CFO, the Company granted him ten year options to purchase400,000shares of common stock at an exercise price of$4.03per share vesting annually commencing on September 1, 2022.

On August 31, 2021, due to the resignation of an employee, unvested options for50,000shares of common stock were forfeited by the employee.

On September 13, 2021, the Company granted the non-executive members of its board ten year options to purchase48,500shares of common stock at an exercise price of $5.10per share, as a component of annual compensation.

As of December 31, 2021, there was an aggregate of 2,766,438 options to purchase shares of common stock granted under our 2018 Equity Incentive Plan and 3,741,096 reserved for future grants.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The tables below set forth, as of March 30, 2022 the beneficial ownership of our common stock (i) by any person or group known by us to beneficially own more than 5% of the outstanding common stock, (ii) by each of our current directors and executive officer and (iii) by all current directors and executive officers as a group. Unless otherwise indicated, we believe that the beneficial owners of the shares have sole voting and investment power over such shares. The address of all individuals for whom an address is not otherwise indicated is c/o Elys Game Technology, Corp. 130 Adelaide Street, West, Suite 701, Toronto, Ontario M5H 2K4, Canada.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Common Stock Beneficially Owned[1]
Directors and Executive Officers		
Michele Ciavarella (Executive Chairman of the Board)[2]	5,642,938	23.7%
Victor Salerno (Director)[3]	489,760	2.1%
Paul Sallwasser (Director)[4]	119,825	*
Steven Shallcross(Director)[5]	59,625	*
Andrea Mandel-Mantello (Director)[6]	9,067	*
Carlo Reali (Interim Chief Financial Officer)[7]	11,276	*
Luca Pasquini (former Vice President of Technology and Director)[8]	614,166	2.6%
Alessandro Marcelli (former Vice President of Operations)[9]	456,523	1.9%
Mark Korb (former Chief Financial Officer)[10]	56,417	*
Matteo Monteverdi (former Chief Executive Officer)[11]	177,000	*
All current executive officers and directors as a group (6 persons)	6,332,491	26.4%
Other 5% or Greater Stockholders		
Gold Street Capital Corp.[12]	4,740,394	20.0%

* less than 1%

(1) Based on 23,674,277 shares of common stock outstanding on April 14, 2022.

(2) Includes 770,148 shares of common stock; a further 4,728,478 shares and warrants exercisable into 11,916 shares of common stock held by Gold Street Capital Corp., a corporation owned by Gilda Pia Ciavarella, the spouse of Michele Ciavarella, and options to purchase 204,375 shares of common stock of which 125,521 are vested and a further 6,875 vests within the next 60 days. Gilda Pia Ciavarella is the President of Gold Street Capital Corp. and in such capacity is deemed to have voting and dispositive power over the securities held by such entity. The principal address for Gold Street Capital Corp. is 122 Mary Street, Zephyr House, Georgetown, Grand Cayman.

(3) Includes 489,760 shares of common stock.

(4) Includes 30,000 shares of common stock and options to purchase 96,925 shares of common stock of which 86,275 are vested and a further 3,550 vests within the next 60 days.

(5) Includes 5,245 shares of common stock and options to purchase 58,913 shares of common stock of which 52,113 are vested and a further 2,267 vests within the next 60 days.

(6) Includes options to purchase 13,600 shares of common stock of which 6,800 are vested and a further 2,267 vests within the next 60 days.

(7) Includes options to purchase 119,375 shares of common stock of which 10,469 are vested and a further 807 vests within the next 60 days.

(8) Includes 565,562 shares of common stock and options to purchase 83,000 shares of common stock of which 45,146 are vested and a further 3,458 vest in the next sixty days.

(9) Includes 409,002 shares of common stock and options to purchase 81,000 shares of common stock of which 44,146 are vested and a further 3,375 vest in the next sixty days.

(10) Includes options to purchase 483,000 shares of common stock of which 54,000 are vested and a further 2,417 vests within the next 60 days.

(11) Includes 15,000 shares of common stock and options to purchase 648,000 shares of common stock of which 162,000 are vested and a further 0 vest in the next sixty days.

(12) Includes 4,728,478 shares and warrants exercisable into 11,916 shares of common stock. Gilda Pia Ciavarella is the President of Gold Street Capital Corp. and in such capacity is deemed to have voting and dispositive power over the securities held by such entity. The principal address for Gold Street Capital Corp. is 122 Mary Street, Zephyr House, Georgetown, Grand Cayman.

Item 13. Certain Relationships and Related Party Transactions, and Director Independence

The following includes a summary of transactions during our fiscal years ended December 31, 2021 and 2020 and our current year to which we have been a party, in which the amount involved in the transaction exceeds the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described under "Executive Compensation".

Related party payables and receivables represent non-interest-bearing (payables) receivables that are due on demand.

	December 31, 2021	December 31, 2020
Related Party payables		
Luca Pasquini	$ (502)	$ (565)
Victor Salerno	(51,878)	—
	(52,380)	$ (565)
Related Party Receivables		
Luca Pasquini	$ 1,413	$ 1,519

Convertible notes acquired, Related Party

Forte Fixtures and Millworks acquired certain convertible notes from third parties that had matured on May 31, 2020. The convertible notes had an aggregate principal amount of $150,000 and only the accrued interest of $70,000 on a note with an aggregate principal amount of $350,000 and notes with an aggregate principal amount of CDN $207,000, the maturity date of these convertible notes was extended to September 28, 2020. The convertible notes together with interest thereon, amounting to $445,020 were repaid between August 23, 2020 and October 21, 2020.

As an incentive for extending the maturity date of the convertible debentures, Forte Fixtures was granted two year warrants exercisable for 134,508 shares of common stock at an exercise price of $3.75 per share and three year warrants exercisable for 33,627 shares of common stock at an exercise price of $5.00 per share. These warrants were exercised on December 30, 2020, for gross proceeds of $630,506.

Gold Street Capital

Gold Street Capital is wholly owned by Gilda Ciavarella, the spouse of Mr. Ciavarella.

Gold Street Capital acquired certain convertible notes that had matured on May 31, 2020, amounting to CDN$35,000from third parties, the maturity date of these convertible notes was extended to September 28, 2020. The convertible notes together with interest thereon, amounting to CDN $44,062(approximately $34,547) was outstanding at December 31, 2020. This amount was repaid during the current year.

As an incentive for extending the maturity date of the convertible debentures, all debenture holders, including Gold Street Capital, were granted two-year warrants exercisable at an exercise price of$3.75per share, and three-year warrants exercisable at an exercise price of $5.00per share. Gold Street Capital was granted two year-warrants exercisable for9,533shares of common stock at $3.75 per share and three-year warrants exercisable for2,383shares of common stock at $5.00 per share.

Luca Pasquini

On January 31, 2019, the Company acquired Virtual Generation for €4,000,000(approximately$4,576,352), Mr. Pasquini was a 20% owner of Virtual Generation and was due gross proceeds of €800,000(approximately $915,270). The gross proceeds of €800,000was to be settled by a payment in cash of €500,000over a twelve month period and by the issuance of common stock valued at €300,000over an eighteen month period. As of June 30, 2021, the Company has paid Mr. Pasquini the full cash amount of €500,000(approximately $604,380) and issued112,521shares valued at €300,000(approximately $334,791).

On October 1, 2020, the Company granted to Mr. Pasquini a ten year option to purchase 58,000 shares of common stock at an exercise price of $2.03 per share.

On January 22, 2021, the Company issued Mr. Pasquini 44,968 shares of common stock valued at$257,217, in settlement of accrued compensation due to him.

On July 11, 2021, the Company entered into an agreement with Engage IT Services Srl.("Engage"), to provide gaming software and maintenance and support of the system, the total contract price was €390,000(approximately $459,572). Mr. Pasquini owns34% of Engage.

On October 14, 2021, the Company entered into a further agreement with Engage IT Services Srl.("Engage"), to provide gaming software and maintenance and support of the system for a period of 12 months, the total contract price was €1,980,000(approximately $2,192,000). Mr. Pasquini owns34% of Engage.

On September 13, 2021, Mr. Pasquini, the Company's Vice President of Technology, resigned as a director of the Company.

Victor Salerno

On July 15, 2021 the Company consummated the acquisition of USB and in terms of the Purchase Agreement the Company acquired 100% of USB, from its members (the "Sellers"). Mr. Salerno was a 68% owner of USB and received $4,080,000 of the $6,000,000 paid in cash upon closing and 860,760 of the 1,265,823 shares of common stock issued on closing.

Together with the consummation of the acquisition of USB, the Company entered into a 4 year employment agreement with Mr. Salerno terminating on July 14, 2025 (the "Salerno Employment Agreement"), automatically renewable for a period of one year unless notified by either party of non-renewal. The employee will earn an initial base salary of $0 and thereafter $150,000per annum commencing on January 1, 2022. Mr. Salerno is entitled to bonuses, equity incentives and benefits consistent with those of other senior employees. See "Executive Compensation-Employment Agreements-Victor Salerno" for additional information regarding the terms of the Employment Agreement.

On September 13, 2021, the Board appointed Mr. Salerno, the President and founder of the Company's newly acquired subsidiary, US Bookmaking to serve as a member of the Board.

Prior to the acquisition of USB, Mr. Salerno had advanced USB $100,000 of which $50,000 was forgiven and the remaining $50,000 is still owing to Mr. Salerno, which amount earns interest at 8% per annum, compounded monthly and repayable on December 31, 2023.

Michele Ciavarella

On October 1, 2020, the Company granted to Mr. Ciavarella, a ten year option to purchase 140,000 shares of common stock at an exercise price of $2.03 per share.

Mr. Ciavarella agreed to receive $140,000of his 2021 fiscal year compensation as a restricted stock award, on January 22, 2021, the Company issued Mr. Ciavarella24,476shares of common stock valued at $140,000 on the date of issue.

On January 22, 2021, the Company issued Mr. Ciavarella175,396shares of common stock valued at $1,003,265, in settlement of accrued compensation due to him.

On July 15, 2021, Michele Ciavarella, Executive Chairman of the Company, was appointed as the interim Chief Executive Officer and President of the Company, effective July 15, 2021. Mr. Ciavarella will serve as the Company's Executive Chairman and interim Chief Executive Officer until the earlier of his resignation or removal from office.

Gabriele Peroni

On January 31, 2019, the Company acquired Virtual Generation for €4,000,000(approximately 4,576,352), Mr. Peroni was a 20% owner of Virtual Generation and was due gross proceeds of €800,000(approximately $915,270). The gross proceeds of €800,000was to be settled by a payment in cash of €500,000over a twelve month period and by the issuance of common stock valued at €300,000over an eighteen month period. As of June 30, 2021, the Company has paid Mr. Peroni the full cash amount of €500,000(approximately $604,380) and issued 112,521 shares valued at €300,000(approximately $334,791).

On October 1, 2020, the Company granted to Mr. Peroni a ten year option to purchase 36,000 shares of common stock at an exercise price of $2.03 per share.

On January 22, 2021, the Company issued Mr. Peroni74,294shares of common stock valued at $424,962, in settlement of accrued compensation due to him.

Paul Sallwasser

On October 1, 2020, the Company granted to Mr. Sallwasser a ten year option to purchase 55,000 shares of common stock at an exercise price of $2.03 per share, in lieu of directors fees.

On September 13, 2021, the Company granted Mr. Sallwasser ten year options exercisable for21,300shares of common stock at an exercise price of $5.10, vesting equally over a twelve month period commencing on September 13, 2021, in lieu of directors fees.

Steven Shallcross

On October 1, 2020, the Company granted to Mr. Shallcross a ten year option to purchase 35,000 shares of common stock at an exercise price of $2.03 per share, in lieu of a portion of his directors fees.

On January 22, 2021, the Company issued to Mr. Shallcross, a director of the Company,5,245shares of common stock valued at $30,000, in settlement of directors' fees due to him.

On September 13, 2021, the Company granted Mr. Shallcross ten year options exercisable for13,600shares of common stock at an exercise price of $5.10, vesting equally over a twelve month period commencing on September 13, 2021, in lieu of a portion of his directors fees.

Mr. Shallcross earned cash directors fees of $40,000 for the years ended December 31, 2021 and 2020.

Mark Korb

On October 1, 2020, the Company granted to Mr. Korb a ten year option to purchase 58,000 shares of common stock at an exercise price of $2.03 per share.

On July 5, 2021, the Company entered into an employment agreement dated July 1, 2021 with Mark Korb, the Company's Chief Financial Officer, (the "Korb Employment Agreement"), to employ Mr. Korb, on a full-time basis commencing September 1, 2021, as Chief Financial Officer for a term of four (4) years, at an annual base salary of$360,000and such additional performance bonus payments as may be determined by the Company's Board with a target bonus of 40% of his base salary. Mr. Korb will also be entitled to pension, medical, retirement and other benefits available to other Company senior officers and directors and he will receive an allowance of up to$2,000per month towards medical and welfare benefits. In connection with the Korb Employment Agreement, On July 1, 2021, the Compensation Committee of the Board granted Mr. Korb, an option to purchase400,000shares of the Company's common stock. The shares of common stock underlying the option award vest pro rata on a monthly basis over a forty-eight month period. The options are exercisable for a period of ten years from the date of grant and have an exercise price of $4.03per share. See "Executive Compensation-Employment Agreements-Mark Korb" for additional information regarding the terms of the Employment Agreement.

On January 5, 2022, Mark Korb resigned as Chief Financial Officer of the. In connection with his resignation, the Company entered into an amendment to Mr. Korb's employment agreement with the Company to provide that he will be employed by the Company as a non-executive employee with the title "Head of Corporate Affairs", reporting directly to the Executive Chairman and that in such capacity he will be responsible for, among other things, various corporate initiatives and activities related to growth and capital strategies. All other terms of the employment agreement remain the same.

Andrea Mandel-Mantello

On June 29, 2021, the Board appointed Mr. Mandel-Mantello to serve as a member of the Board. The appointment was effective immediately and Mr. Mandel-Mantello will serve on the audit committee.

On September 13, 2021, the Company granted Mr. Mandel-Montello ten year options exercisable for13,600shares of common stock at an exercise price of $5.10, vesting equally over a twelve month period commencing on September 13, 2021, in lieu of a portion of his directors fees.

Mr. Mandel-Mantello earned cash directors fees of $20,000 for the six months ended December 31, 2021.

Phillipe Blanc

On October 1, 2020, the Company appointed Mr. Philippe Blanc as a director of the Company.

On October 1, 2020, the Company granted to Mr. Blanc a ten year option to purchase 55,000 shares of common stock at an exercise price of $2.03 per share, in lieu of directors fees.

On July 1, 2021, Philippe Blanc resigned as a director of the Company, simultaneously with Mr. Blanc's resignation as a director of the Company, the Company entered into a consulting agreement with Mr. Blanc to provide for his future services in a consulting capacity over two years. Mr. Blanc will receive €105,000per annum as compensation.

Carlo Reali

On January 5, 2022, the Company promoted Carlo Reali to the role of Interim Chief Financial Officer.

We do not have a formal employment or other compensation related agreement with Mr. Reali; however, Mr. Reali will continue to receive the same compensation that he currently receives which is an annual base salary of $86,000.

Richard Cooper

On October 1, 2020 Mr. Cooper resigned as a director of the Company.

Mr. Cooper received cash director fees of $30,000 for the year ended December 31, 2020.

Clive Kabatznik

On May 15, 2020, Mr. Kabatznik resigned as a director of the Company.

Mr. Kabatznik received cash director fees of $10,000 for the year ended December 31, 2020.

Director Independence

Pursuant to Item 407(a)(1)(ii) of Regulation S-K of the Securities Act, we have adopted the definition of "independent director" as set forth in Rule 5605 of the Nasdaq stock market. In summary, an "independent director" means a person other than our executive officers or employees or those of our subsidiaries or any other individual having a relationship which, in the opinion of our Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and includes any director who accepted any compensation from us in excess of $120,000 during any period of 12 consecutive months within the three past fiscal years. Also, ownership of Elys stock will not preclude a director from being independent.

In applying this definition, our Board has determined that each of Paul Sallwasser, Steven Shallcross and Andrea Mandel-Mantello qualify as an "independent directors" pursuant to Rule 5605 of the Nasdaq Stock Market.

Item 14. Principal Accountant Fees and Services

Audit Fees

Audit fees are for professional services for the audit of our annual financial statements, and for the review of the financial statements included in our filing on Form 10-K and for services that are normally provided in connection with statutory and regulatory filings or engagements. The Company incurred audit fees of approximately $492,957 and $383,709 to BDO in connection to audits for the years ended December 31, 2021 and 2020, respectively.

Audit Related Fees

Audit related fees are funds paid for the assurance and related services reasonably related to the performance of the audit or the review of our financial statements. We paid $78,921 and $0 in audit related fees for the years ended December 31, 2021 and 2020, respectively.

Tax Fees

No tax fees were paid to BDO for the years ended December 31, 2021 and 2020.

All Other Fees

All other fees are those fees paid for permissible work that does not fall within any of the three other fees categories set forth above. No other fees were paid during 2021 and 2020.

Pre-Approved Policy For Audit And Non-Audit Services

Our policy is to pre-approve all audit and permissible non-audit services performed by the independent accountants. These services may include audit services, audit-related services, tax services and other services. Under our audit committee policy, pre-approval is generally provided for particular services or categories of services, including planned services, project-based services and routine consultations. In addition, the audit committee may also pre-approve particular services on a case-by-case basis. All of the services rendered to us in the past two fiscal years by BDO were pre-approved by our Audit Committee.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(1) Consolidated Financial Statements:

See Index to Consolidated Financial Statements at page 60.

(2) Financial Statement Schedule:

All schedules are omitted because they are not required or the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits:

The exhibits listed in the accompanying index to exhibits are filed as part of, or incorporated by reference into, the 2021 Annual Report.

Item 16. Form 10-K Summary

Not applicable.

EXHIBIT INDEX

Exhibit No.	Description
1.1	Underwriting Agreement dated August 12, 2020, by and between the Company and Maxim Group LLC, as representative of the several underwriters (Incorporated by reference to the Registrant's Form 8-K, File No. 001-37170, filed with the Securities and Exchange Commission on August 17, 2020)
1.2	Open Market Sale AgreementSM, dated November 19, 2021, by and between the Company and Jefferies LLC (Incorporated by reference to the Registrant's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on November 19, 2021)
3.1	Amended and Restated Certificate of Incorporation dated September 18, 2018 (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on October 3, 2018)
3.2	Bylaws 2017 (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on October 22, 2002)
3.3	Amended and Restated Certificate of Incorporation dated December 9, 2019 (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on December 12, 2019)
3.4	Certificate of Amendment of Certificate of Incorporation of Elys Game Technology, Corp. dated November 2, 2020 (Incorporated by reference to the Registrant's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on November 6, 2020)
3.5	Certificate of Correction of Elys Game Technology, Corp. dated November 6, 2020 (Incorporated by reference to the Registrant's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on November 6, 2020)
4.1	Form of Promissory Note, dated January 30, 2019, in the principal amount of €2,392,000 (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on February 4, 2019)
4.2†	2018 Equity Incentive Plan (Incorporated by reference to the Registrant's Definitive Proxy Statement, File No. 000-50045, filed with the Securities and Exchange Commission on August 22, 2018)
4.3†	Form of Stock Option Grant Notice, Stock Option Agreement and Notice of Option Exercise (Incorporated by reference to the Registrant's Registration Statement on Form S-8, File No. 333-232531, filed with the Securities and Exchange Commission on July 3, 2019)
4.4†	Form of RSU Grant Notice and RSU Award Agreement (Incorporated by reference to the Registrant's Registration Statement on Form S-8, File No. 333-232531, filed with the Securities and Exchange Commission on July 3, 2019)
4.5†	Form of Restricted Stock Award Stock Notice and Restricted Stock Agreement (Incorporated by reference to the Registrant's Registration Statement on Form S-8, File No. 333-232531, filed with the Securities and Exchange Commission on July 3, 2019)
4.6	Form of $5.00 Warrant Issued to FGP Protective Opportunity Master Fund and Thomas Prasil Trust dated June 1, 2020 (Incorporated by reference to the Registrant's Registration Statement, File No. 333-249584, filed with the Securities and Exchange Commission on October 21, 2020)
4.7	Form of $3.75 Warrant Issued to FGP Protective Opportunity Master Fund and Thomas Prasil Trust dated June 1, 2020 (Incorporated by reference to the Registrant's Registration Statement, File No. 333-249584, filed with the Securities and Exchange Commission on October 21, 2020)
4.8	Representative Common Stock Purchase Warrant dated February 8, 2021, by and between the Company and Maxim Group LLC, as representative of the several underwriters (Incorporated by reference to the Registrant's Form 8-K, File No. 001-37170, filed with the Securities and Exchange Commission on August 17, 2020)
4.9	Form of Common Stock Purchase Warrant dated August 17, 2020 (Incorporated by reference to the Registrant's Form 8-K, File No. 001-37170, filed with the Securities and Exchange Commission on August 17, 2020)
4.10	Warrant Agency Agreement dated August 17, 2020, by and between the Company and Signature Stock Transfer, Inc.(Incorporated by reference to the Registrant's Form 8-K, File No. 001-37170, filed with the Securities and Exchange Commission on August 17, 2020)
4.11	First Amendment to 2018 Equity Incentive Plan dated October 1, 2020 (Incorporated by reference to the Registrant's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on October 5, 2020)
4.12	Description of Securities (Incorporated by reference to the Registrant's Form 10-K, File No. 001-39170, filed with the Securities and Exchange Commission on April 12, 2021)
4.13	Amendment No. 2 to the Elys Game Technology, Corp. 2018 Equity Incentive Plan (Incorporated by reference to Appendix A to the Registrant's Definitive Proxy Statement on Schedule 14A, File No. 001-39170, filed with the Securities and Exchange Commission on October 29, 2021)
10.1	Form of Debenture (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on January 30, 2017)
10.2	Form of Debenture (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on March 29, 2017)
10.3	Form of Debenture (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on January 30, 2017)
10.4†	Employment Agreement between the Company and Betsy MacLean dated November 30, 2018 (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on December 3, 2018)
10.5†	Employment Agreement between the Company and Michele Ciavarella dated December 31, 2018 (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on January 2, 2019)
10.6	Share Purchase Agreement, dated January 17, 2019, by and among Newgioco, Inc. and the stockholders of Virtual Generation Limited and Naos Holding Limited party thereto (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on January 22, 2019)
10.7†	Independent Contractor Agreement entered into with First South Africa Management dated July 1, 2019 (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on July 3, 2019)
10.8†	Amendment dated as of July 5, 2019 to Employment Agreement between the Company and Michele Ciavarella dated December 31, 2018 (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on July 8, 2019)
10.9	Exchange Agreement dated September 4, 2019, by and between Newgioco Group. Inc. and Michele Ciavarella (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on September 5, 2019)
10.10	Exchange Agreement dated September 4, 2019, by and between Newgioco Group. Inc. and Gold Street Capital Corp. (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on September 5, 2019)
10.11	Exchange Agreement dated September 4, 2019, by and between Newgioco Group. Inc. and Braydon Capital Corp. (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on September 5, 2019)
10.12†	Employment Agreement between the Company and Matteo Monteverdi dated September 21, 2020 (Incorporated by reference to the Registrant's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on September 23, 2020)
10.13†	Amendment dated December 30, 2020 to the Employment Agreement between the Company and Michele Ciavarella dated December 30, 2020 (Incorporated by reference to the Registrant's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on January 5, 2021)
10.14†	Form of Indemnification Agreement (Incorporated by reference to the Company's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on June 4, 2021)
10.15†	Employment Agreement, dated July 5, 2021, by and between the Company and Mark Korb (Incorporated by reference to the Company's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on July 6, 2021)
10.16†	Consulting Agreement, dated July 1, 2021, by and between the Company and Philippe Blanc (Incorporated by reference to the Company's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on July 6, 2021)
10.17†	Membership Purchase Agreement, dated July 5, 2021, by and between the Company, Bookmakers Company US LLC and the members of Bookmakers Company US LLC (Incorporated by reference to the Company's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on July 7, 2021)
10.18†	Amendment, effective July 15, 2021, to Employment Agreement, dated September 21, 2020, by and between Elys Game Technology, Corp. and Matteo Monteverdi (Incorporated by reference to the Company's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on July 16, 2021)

10.19†	Employment Agreement, dated July 15, 2021, by and between Bookmakers Company US LLC dba U.S. Bookmaking and Victor Salerno (Incorporated by reference to the Company's Form 10-Q, File No. 001-39170, filed with the Securities and Exchange Commission on November 15, 2021)
10.20	Software Development Agreement, effective July 10, 2021, by and between Engage IT Services Srl and Elys Gameboard Technologies LLC (Incorporated by reference to the Company's Form 10-Q, File No. 001-39170, filed with the Securities and Exchange Commission on November 15, 2021)
10.21†	Amendment, effective January 5, 2022, to Employment Agreement, dated July 5, 2021, by and between the Registrant and Mark J. Korb (Incorporated by reference to the Registrant's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on January 5, 2022)
21.1	List of Subsidiaries*
23.1	Consent of Independent Registered Public Accounting Firm*
31.1	Certification of Michele Ciavarella, Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) *
31.2	Certification of Carlo Reali, Principal Financial Officer and Principal Accounting Officer pursuant to Rule 13a-14(a)/15d-14(a) *
32.1	Certification of Michele Ciavarella, Principal Executive Officer pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002 *
32.2	Certification of Carlo Reali, Principal Financial Officer and Principal Accounting Officer pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002 *
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document *
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

† Indicates management contract or compensatory plan.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or the notes thereto.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the Toronto, Ontario, Canada, April 15, 2022.

ELYS GAME TECHNOLOGY, CORP.

By: /s/ Michele Ciavarella
Name: Michele Ciavarella
Title: Interim Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michele Ciavarella and Carlo Reali, and each of them, individually, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1934, as amended, this report has been signed by the following persons in the capacities and on the date or dates indicated.

Signature	Title	Date
/s/ Michele Ciavarella Michele Ciavarella	Interim Chief Executive Officer (Principal Executive Officer)	April 15, 2022
/s/ Carlo Reali Carlo Reali	Interim Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	April 15, 2022
/s/ Andrea Mandel-Mantello Andrea Mandel-Mantello	Director	April 15, 2022
/s/ Victor J. Salerno Victor J. Salerno	Director	April 15, 2022
/s/ Paul Sallwasser Paul Sallwasser	Director	April 15, 2022
/s/ Steven A. Shallcross Steven A. Shallcross	Director	April 15, 2022

Exhibit 21.1

Elys Game Technology, Corp.
List of Subsidiaries

Elys Game Technology, Corp. has the following subsidiaries:

Name	Organized under the laws of	Percentage of voting securities owned by immediate parent
Newgioco Group, Inc.	Canada	100.00
Multigioco Srl	Italy	100.00
Ulisse GmbH	Austria	100.00
Odissea Betriebsinformatik Beratung GmbH	Austria	100.00
Virtual Generation Limited	Malta	100.00
Newgioco Colombia SAS	Colombia	100.00
Elys Technology Group Ltd.	Malta	100.00
Elys Gameboard Technologies, LLC	Delaware	100.00
Bookmakers Company US, LLC.	Nevada	100.0

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Elys Game Technology, Corp.
130 Adelaide Street, West, Suite 701
Toronto, Ontario, Canada M5H 2K4

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-256815) and Form S-8 (File No. 333-252259, File No. 333-232531 and File No. 333-252259) of Elys Game Technology, Corp. of our report dated April 15, 2022, relating to the consolidated financial statements of Elys Game Technology, Corp. which appears in this Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

BDO AG

/s/ Christoph Tschumi
Christoph Tschumi

/s/ Eva Waldmeier
i.V. Eva Waldmeier

Zurich, Switzerland, April 15, 2022

Exhibit 31.1

Certification of Principal Executive Officer of Elys Game Technology, Corp.
Pursuant to Rule 13a-14(a)/15d-14(a)

I, Michele Ciavarella, certify that:

1. I have reviewed this Annual Report on Form 10-K of Elys Game Technology, Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 15, 2022

By: /s/ Michele Ciavarella
Name: Michele Ciavarella
Title: Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer of Elys Game Technology, Corp.
Pursuant to Rule 13a-14(a)/15d-14(a)

I, Carlo Reali, certify that:

1. I have reviewed this Annual Report on Form 10-K of Elys Game Technology, Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 15, 2022

By: /s/ Carlo Reali
Name: Carlo Reali
Title: Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to Section 1350 of Title 18 of the United States Code, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 1350 of Title 18 of the United States Code as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Michele Ciavarella, the Interim Chief Executive Officer of Elys Game Technology, Corp. (the "Company"), hereby certifies that based on the undersigned's knowledge:

1. The Company's Annual Report on Form 10-K for the period ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 15, 2022

By: /s/ Michele Ciavarella
Name: Michele Ciavarella
Title: Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification of Principal Financial Officer
Pursuant to Section 1350 of Title 18 of the United States Code, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 1350 of Title 18 of the United States Code as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Carlo Reali, the Interim Chief Financial Officer of Elys Game Technology, Corp. (the "Company"), hereby certifies that based on the undersigned's knowledge:

1. The Company's Annual Report on Form 10-K for the period ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 15, 2022

By: /s/ Carlo Reali
Name: Carlo Reali
Title: Interim Chief Financial Officer
(Principal Financial Officer)

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