



**507,173 Shares of Common Stock Underlying Previously Issued Warrants**

This prospectus supplement No. 1 amends and supplements the Elys Game Technology Co. prospectus dated April 13, 2021, which was filed with the Securities and Exchange Commission on April 13, 2021 (the "Prospectus"), relating to the offering of up to 507,173 shares of common stock underlying previously issued warrants.

Our common stock in the offering is currently traded on the Nasdaq Capital Market under the symbol "ELYS." On May 19, 2021, the last reported sale price of our common stock on the Nasdaq Capital Market was \$4.52 per share.

This prospectus supplement is being filed to include the information set forth in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 filed with the Securities and Exchange Commission on May 13, 2021, which is set forth below.

This prospectus supplement should be read in conjunction with the Prospectus. This prospectus supplement updates, amends and supplements the information included in the Prospectus. If there is any inconsistency between the information in the Prospectus and this prospectus supplement, you should rely on the information in this prospectus supplement.

**Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page 9 of the Prospectus for a discussion of information that you should consider before investing in our securities.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the Prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this Prospectus Supplement No. 1 is May 20, 2021

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 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

(State or other jurisdiction of incorporation or organization)

33-0823179

(I.R.S. Employer Identification No.)

130 Adelaide Street, West, Suite 701  
Toronto, Ontario, Canada M5H 2K4

1-628-258-5148

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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 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 the 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  
Non-accelerated filer

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 13(a) of the Exchange Act.

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

As of May 12, 2021, the registrant had 22,011,109 shares of common stock, \$0.0001 par value per share, outstanding.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact could be deemed forward-looking statements. Statements that include words such as “may,” “might,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “pro forma” or the negative of these words or other words or expressions of and similar meaning may identify forward-looking statements. For example, forward-looking statements include any statements of the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans and the anticipated timing of filings; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; statements of belief and any statement of assumptions underlying any of the foregoing.

These forward-looking statements are found at various places throughout this Quarterly Report on Form 10-Q and the other documents referred to in this Quarterly Report on Form 10-Q and relate to a variety of matters, including, but not limited to, other statements that are not purely statements of historical fact. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of management, are not guarantees of performance and are subject to significant risks and uncertainty. These forward-looking statements should not be relied upon as predictions of future events and Elys Game Technology, Corp. cannot assure you that the events or circumstances discussed or reflected in these statements will be achieved or will occur. Furthermore, if such forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by Elys Game Technology, Corp. or any other person that we will achieve our objectives and plans in any specified timeframe, or at all. These forward-looking statements should, therefore, be considered in light of various important factors, including those set forth below, under Part II, “Item 1A. “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q and those identified under Part I, Item 1A in our Annual Report on Form 10-K/A for the year ended December 31, 2020 filed with the Securities and Exchange Commission on April 13, 2021.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. We disclaim any obligation to publicly update or release any revisions to these forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events, except as required by law.

In this Quarterly Report on Form 10-Q, unless the context indicates otherwise, references to “Elys Game” “our Company,” “the Company,” “we,” “our,” and “us” refer to Elys Game Technology, Corp. a Delaware corporation, and its wholly owned subsidiaries.

### COVID-19 UPDATE

As 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, which measures continue in effect as of the date of this Form 10-Q. Accordingly, we had temporarily closed approximately all betting shop locations throughout Italy as a result of the decree until May 4, 2020.

On March 10, 2020 the Italian government imposed further restrictions on travel throughout Italy as well as transborder crossings and have either postponed or cancelled most professional sports events which has had an effect on our overall sports betting handle and revenues and may negatively impact our 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 currently remain in place. The closing of physical betting shop locations did not affect our online and mobile business operations which has mitigated some of the impact. To date, due to the global resurgence of COVID-19 cases, all betting shops remain closed for business, however the Italian Government is closely monitoring the pandemic and has indicated that although it is important to keep the economy operating, it will not remove the restrictions on social gatherings, which may affect the potential reopening of some of our land-based locations.

PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

ELYS GAME TECHNOLOGY, CORP.  
Consolidated Balance Sheets  
(Unaudited)

	March 31, 2021	December 31, 2020
<b>Current Assets</b>		
Cash and cash equivalents	\$ 21,524,648	\$ 18,945,817
Accounts receivable	249,828	162,141
Gaming accounts receivable	1,240,595	1,455,710
Prepaid expenses	313,164	327,190
Related party receivable	1,457	1,519
Other current assets	272,814	301,289
<b>Total Current Assets</b>	<b>23,602,506</b>	<b>21,193,666</b>
<b>Non - Current Assets</b>		
Restricted cash	1,398,750	1,098,952
Property, plant and equipment	503,908	489,591
Right of use assets	599,252	687,568
Intangible assets	10,081,185	10,257,582
Goodwill	1,662,976	1,663,120
Marketable securities	662,500	467,500
<b>Total Non - Current Assets</b>	<b>14,908,571</b>	<b>14,664,313</b>
<b>Total Assets</b>	<b>\$ 38,511,077</b>	<b>\$ 35,857,979</b>
<b>Current Liabilities</b>		
Bank overdraft	\$ 4,769	\$ 3,902
Line of credit - bank	—	500,000
Accounts payable and accrued liabilities	4,859,430	7,961,146
Gaming accounts payable	3,542,732	3,084,768
Taxes payable	1,306,447	946,858
Advances from stockholders	558	565
Deferred purchase consideration, net of discount of \$0 and \$7,761	—	17,673
Deferred purchase consideration, Related Party, net of discount of \$0 and \$5,174	—	376,954
Debentures	—	34,547
Operating lease liability	172,734	238,899
Financial lease liability	6,764	10,511
Bank loan payable – current portion	142,083	138,212
<b>Total Current Liabilities</b>	<b>10,035,517</b>	<b>13,314,035</b>
<b>Non-Current Liabilities</b>		
Deferred tax liability	1,199,153	1,222,513
Operating lease liability	400,027	416,861
Financial lease liability	16,568	17,265
Bank loan payable	—	66,885
Other long-term liabilities	641,276	664,067
<b>Total Non – Current Liabilities</b>	<b>2,257,024</b>	<b>2,387,591</b>
<b>Total Liabilities</b>	<b>12,292,541</b>	<b>15,701,626</b>
<b>Stockholders' Equity</b>		
Preferred stock, \$0.0001 par value; 5,000,000 shares authorized, none issued	—	—
Common stock, \$0.0001 par value, 80,000,000 shares authorized; 22,011,109 and 20,029,834 shares issued and outstanding as of March 31, 2021 and December 31, 2020	2,201	2,003
Additional paid-in capital	60,080,571	53,064,919
Accumulated other comprehensive income	(76,140)	267,948
Accumulated deficit	(33,788,096)	(33,178,517)
<b>Total Stockholders' Equity</b>	<b>26,218,536</b>	<b>20,156,353</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 38,511,077</b>	<b>\$ 35,857,979</b>

See notes to the unaudited condensed consolidated financial statements

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

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
<b>Revenue</b>	<b>\$ 14,157,328</b>	<b>\$ 10,170,174</b>
<b>Costs and Expenses</b>		
Selling expenses	10,661,815	6,215,161
General and administrative expenses	4,145,210	2,820,961
<b>Total Costs and Expenses</b>	<b>14,807,025</b>	<b>9,036,122</b>
<b>(Loss) Income from Operations</b>	<b>(649,697)</b>	<b>1,134,052</b>
<b>Other Income (Expenses)</b>		
Interest expense, net	(7,849)	(139,974)
Amortization of debt discount	(12,833)	(450,229)
Other income	281,344	11,798
Other expense	(26,930)	—
Gain on marketable securities	195,000	130,000
<b>Total Other Income (Expenses)</b>	<b>428,732</b>	<b>(448,405)</b>
<b>(Loss) Income Before Income Taxes</b>	<b>(220,965)</b>	<b>685,647</b>
Income tax provision	(388,614)	(528,038)
<b>Net (Loss) Income</b>	<b>\$ (609,579)</b>	<b>\$ 157,609</b>
<b>Other Comprehensive Loss</b>		
Foreign currency translation adjustment	(344,088)	(112,030)
<b>Comprehensive (Loss) Income</b>	<b>\$ (953,667)</b>	<b>\$ 45,579</b>
(Loss) Income per common share – basic and diluted	\$ (0.03)	\$ 0.01
Weighted average number of common shares outstanding – basic and diluted	21,506,684	12,209,833

See notes to the unaudited condensed consolidated financial statements

**ELYS GAME TECHNOLOGY, CORP.**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**Three months ended March 31, 2021 and March 31, 2020**  
*(Unaudited)*

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
<b>Three months ended March 31, 2020</b>						
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	123,399	12	395,241	—	—	395,253
Common stock issued to settle deferred purchase consideration	204,437	21	842,411	—	—	842,432
Stock based compensation expense	—	—	118,818	—	—	118,818
Foreign currency translation adjustment	—	—	—	(112,030)	—	(130,230)
Net Income	—	—	—	—	157,609	157,609
<b>Balance at March 31, 2020</b>	<b><u>12,276,878</u></b>	<b><u>\$ 1,227</u></b>	<b><u>\$ 33,575,113</u></b>	<b><u>\$ (288,747)</u></b>	<b><u>\$ (23,084,226)</u></b>	<b><u>\$ 10,203,367</u></b>
<b>Three months ended March 31, 2021</b>						
Balance at December 31, 2020	20,029,834	\$ 2,003	\$ 53,064,919	\$ 267,948	\$ (33,178,517)	\$ 20,156,353
Proceeds from warrants exercised	1,488,809	149	3,909,832	—	—	3,909,981
Common stock issued to settle liabilities	467,990	47	2,676,854	—	—	2,676,901
Restricted stock awards	24,476	2	139,998	—	—	140,000
Stock based compensation expense	—	—	288,968	—	—	288,968
Foreign currency translation adjustment	—	—	—	(344,088)	—	(344,088)
Net (loss)	—	—	—	—	(609,579)	(609,579)
<b>Balance at March 31, 2021</b>	<b><u>22,011,109</u></b>	<b><u>\$ 2,201</u></b>	<b><u>\$ 60,080,571</u></b>	<b><u>\$ (76,140)</u></b>	<b><u>\$ (33,788,096)</u></b>	<b><u>\$ 26,218,536</u></b>

See notes to the unaudited condensed consolidated financial statements

**ELYS GAME TECHNOLOGY, CORP.**  
**Consolidated Statements of Cash Flows**  
*(Unaudited)*

For the three months ended March 31,

	<u>2021</u>	<u>2020</u>
Net (Loss) Income	\$ (609,579)	\$ 157,609
<b>Adjustments to reconcile net (loss) income to net cash provided by operating activities</b>		
Depreciation and amortization	226,703	226,968
Amortization of debt discount	12,833	450,229
Restricted stock awards	140,000	—
Stock option compensation expense	288,968	118,818
Non-cash interest	4,696	79,915
Unrealized gain on trading securities	(195,000)	(130,000)
Movement in deferred taxation	(23,360)	(23,360)
<b>Changes in Operating Assets and Liabilities</b>		
Prepaid expenses	9,975	(527,184)
Accounts payable and accrued liabilities	(209,483)	602,633
Accounts receivable	(97,362)	28,867
Gaming accounts receivable	160,652	611,616
Gaming accounts liabilities	598,643	249,102
Taxes payable	409,121	119,131
Due from related parties	(1,975)	49,417
Other current assets	16,907	(37,538)
Long term liability	4,137	(16,160)
<b>Net Cash Provided by Operating Activities</b>	<u>735,876</u>	<u>1,960,063</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment and intangible assets	(80,404)	(51,293)
<b>Net Cash Used in Investing Activities</b>	<u>(80,404)</u>	<u>(51,293)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from warrants exercised	3,909,981	—
Proceeds from bank overdraft	1,053	—
Repayment of bank credit line	(500,000)	—
Repayment of bank loan	(57,176)	(19,942)
Redemption of convertible debentures	(27,562)	(8,996)
Proceeds from promissory notes, related party	—	300,000
Repayment of deferred purchase consideration	(410,383)	(355,337)
Capital finance lease repaid	(3,414)	(3,024)
<b>Net Cash provided by (Used in) Financing Activities</b>	<u>2,912,500</u>	<u>(87,299)</u>
Effect of change in exchange rate	(689,343)	(185,635)
Net increase in cash	2,878,629	1,635,836
Cash, cash equivalents and restricted cash – beginning of the period	20,044,769	6,732,515
<b>Cash, cash equivalents and restricted cash – end of the period</b>	<u>\$ 22,923,398</u>	<u>\$ 8,368,351</u>
<b>Reconciliation of cash, cash equivalents and restricted cash within the Balance Sheets to the Statement of Cash Flows</b>		
Cash and cash equivalents	\$ 21,524,648	\$ 6,828,398
Restricted cash included in non-current assets	1,398,750	1,539,953
	<u>\$ 22,923,398</u>	<u>\$ 8,368,351</u>

See notes to the unaudited condensed consolidated financial statements



**Supplemental disclosure of cash flow information**

Cash paid during the period for:

Interest	\$ 15,133	\$ 62,178
Income tax	\$ 52,385	\$ 437,767

**Supplemental cash flow disclosure for non-cash activities**

Cash Flows from Operating Activities

Conversion of convertible debt to common stock	\$ —	\$ 395,253
Deferred purchase consideration settled by the issuance of common stock	\$ —	\$ 842,432
Common stock issued to settle liabilities	\$ 2,676,901	\$ —

See notes to the unaudited condensed consolidated financial statements

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**1. Nature of Business**

Established in the state of Delaware in 1998, ELYS GAME TECHNOLOGY, CORP. (“Elys” or the “Company”) is an international, vertically integrated commercial-stage company engaged in various aspects of the leisure gaming industry. The Company’s subsidiaries hold gaming licenses to operate in the Italian and Austrian leisure betting markets offering gaming services, including a variety of lottery, casino gaming and sports betting products through two distribution channels: an online channel and a land-based retail channel. Additionally, the Company is a global gaming technology company (known as a “Provider”), which owns and operates a betting software designed with a unique “distributed model” (“shop-client”) software architecture colloquially named Elys Game Board (the “Platform”). 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 and sports book.

The entities included in these unaudited condensed consolidated financial statements are as follows:

Name	Acquisition or Formation Date	Domicile	Functional Currency
Elys Game Technology, Corp.	Parent Company	USA	U.S. 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 (“VG”)	January 31, 2019	Malta	Euro
Newgioco Group Inc. (“NG Canada”)	January 17, 2017	Canada	Canadian Dollar
Elys Technology Group Limited (“Elys”)	April 4, 2019	Malta	Euro
Newgioco Colombia SAS	November 22, 2019	Colombia	Colombian Peso
Elys Gameboard Technologies, LLC	May 28, 2020	USA	U.S. Dollar

The Company operates in two lines of business: (i) provider of certified betting Platform software services to leisure betting establishments in Italy and other countries and; (ii) the operating of web based as well as land based leisure betting establishments situated throughout Italy and web based in Austria.

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 operates out of our principal executive offices in Toronto, Canada and satellite offices in the USA in San Francisco, California, through which we carry-out corporate activities, handle day-to-day reporting and U.S. development planning, and through which various independent contractors and vendors are engaged.

**2. Accounting Policies and Estimates**

**Basis of Presentation**

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2021. The balance sheet at December 31, 2020 has been derived from the Company’s audited consolidated financial statements at that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. For further information, please refer to the consolidated financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K/A for the fiscal year ended December 31, 2020, as filed with the U.S. Securities and Exchange Commission (“SEC”).

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**2. Accounting Policies and Estimates (continued)**

***Basis of Presentation (continued)***

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

For the purposes of its 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 accordance with U.S. GAAP.

***Principles of consolidation***

The unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries, all of which are wholly owned. All significant inter-company accounts and transactions have been eliminated in the unaudited condensed consolidated financial statements.

***Foreign operations***

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

All revenues were generated in Euro and Colombian Peso during the periods 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 unaudited condensed 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 assets, the collectability of receivables, leasing arrangements, convertible debentures, 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 record adjustments when necessary.

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**2. Accounting Policies and Estimates (continued)**

**Loss Contingencies**

The Company may be subject to claims, suits, government investigations, and other proceedings involving competition and antitrust, intellectual property, gaming license, 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 unaudited condensed 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 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.

**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.

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**2. Accounting Policies and Estimates (continued)**

**Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments with maturities of three months or less at the time acquired to be cash equivalents. The Company had no cash equivalents as of March 31, 2021 and December 31, 2020, respectively.

The Company primarily places cash balances in the USA 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 no bad debt expense for the three months ended March 31, 2021 and 2020.

**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.

**Plant and Equipment**

Plant 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 plant and equipment. All other expenditures are recognized as expenses in the statement of operations as incurred.

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**2. Accounting Policies and Estimates (continued)**

**Plant and Equipment (continued)**

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 - 15
Trademarks/Tradenames	14
Websites	5

The Ulisse Bookmaker License has no expiration date and is therefore not amortized but is tested for impairment on an annual basis in terms of ASC 350 using estimated fair value.

**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.

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**2. Accounting Policies and Estimates (continued)**

**Goodwill (continued)**

As of March 31, 2021, there were no qualitative indications that impairment of intangible assets or goodwill may be appropriate. Although the COVID-19 pandemic has had, and is expected to continue to have a significant impact on our land-based business, the impact is expected to be mitigated because web-based turnover generated by the Company has increased.

**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 plant 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 2015 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 2015 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 license fees, training, installation, and product support services. 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.

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**2. Accounting Policies and Estimates (continued)**

**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.

**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 reflect the potential dilution of securities that could share in the earnings of an entity and include options and warrants granted and convertible debt, adding back any expenditure directly associated with the convertible instruments, if any. When the Company incurs a net loss, the effect of the Company's outstanding stock options and warrants and convertible debt are not included in the calculation of diluted earnings (loss) per share as the effect would be anti-dilutive.

**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**

The FASB issued several 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 only web based distribution in Austria; and
- (ii) provider of certified betting Platform software services to leisure betting establishments in Italy and other countries.



**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**3. 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 the Company’s operating line of credit with Intesa Sanpaolo Bank.
- The Company maintains a \$1,000,000 deposit at Metropolitan Commercial bank held as security against a \$1,000,000 line of credit. The line of credit was repaid during the three months ended March 31, 2021. See Note 9.

**4. Property, plant and equipment**

	<b>March 31, 2021</b>			<b>December 31, 2020</b>
	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Net book value</b>	<b>Net book value</b>
Leasehold improvements	\$ 64,298	\$ (28,851)	\$ 35,447	\$ 39,707
Computer and office equipment	984,478	(727,946)	256,532	247,572
Fixtures and fittings	288,725	(237,873)	50,852	54,465
Vehicles	102,500	(45,357)	57,143	63,382
Computer software	222,924	(118,990)	103,934	84,465
	<b>\$ 1,662,925</b>	<b>\$ (1,159,017)</b>	<b>\$ 503,908</b>	<b>\$ 489,591</b>

The aggregate depreciation charge to operations was \$50,777 and \$51,125 for the quarter ended March 31, 2021 and 2020, respectively. The depreciation policies followed by the Company are described in Note 2.

**5. Leases**

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Non-current assets</b>		
Right of use assets - operating leases, net of amortization	\$ 599,252	\$ 687,568
Right of use assets - finance leases, net of depreciation – included in plant and equipment	\$ 22,716	\$ 27,119

Lease costs consists of the following:

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Finance lease cost:</b>		
Amortization of right-of-use assets	\$ 3,400	\$ 3,110
Interest expense on lease liabilities	241	320
<b>Operating lease cost</b>	<b>65,946</b>	<b>61,046</b>
<b>Total lease cost</b>	<b>\$ 69,587</b>	<b>\$ 64,476</b>

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**5. Leases (continued)**  
Other lease information:

	Three Months Ended March 31,	
	2021	2020
<b>Cash paid for amounts included in the measurement of lease liabilities</b>		
Operating cash flows from finance leases	\$ (241)	\$ (320)
Operating cash flows from operating leases	(65,946)	(61,046)
Financing cash flows from finance leases	(3,414)	(3,344)
Weighted average remaining lease term – finance leases	2.62 years	3.53 years
Weighted average remaining lease term – operating leases	2.60 years	3.26 years
Weighted average discount rate – finance leases	3.70%	3.54%
Weighted average discount rate – operating leases	3.58%	3.43%

**Maturity of Leases**

*Finance lease liability*

The amount of future minimum lease payments under finance leases are as follows:

	<b>Amount</b>
Remainder of 2021	\$ 7,327
2022	9,079
2023	7,274
2024	844
Total undiscounted minimum future lease payments	24,524
Imputed interest	(1,192)
<b>Total finance lease liability</b>	<b>\$ 23,332</b>

**Disclosed as:**

Current portion	\$ 6,764
Non-Current portion	16,568
	<b>\$ 23,332</b>

*Operating lease liability*

The amount of future minimum lease payments under operating leases are as follows:

	<b>Amount</b>
Remainder of 2021	\$ 185,978
2022	212,842
2023	171,620
2024	30,040
Total undiscounted minimum future lease payments	600,480
Imputed interest	(27,719)
<b>Total operating lease liability</b>	<b>\$ 572,761</b>

**Disclosed as:**

Current portion	\$ 172,734
Non-Current portion	400,027
	<b>\$ 572,761</b>

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**6. Intangible Assets**

Intangible assets consist of the following:

	<b>March 31, 2021</b>			<b>December 31, 2020</b>
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>	<b>Net book value</b>
Betting platform software	\$ 5,689,965	\$ (1,111,484)	\$ 4,578,481	\$ 4,673,314
Licenses	5,799,629	(910,191)	4,889,438	4,917,733
Location contracts	1,000,000	(947,260)	52,740	88,455
Customer relationships	870,927	(376,804)	494,123	509,237
Trademarks	119,094	(52,691)	66,403	68,843
Websites	40,000	(40,000)	—	—
	<b>\$ 13,519,615</b>	<b>\$ (3,438,430)</b>	<b>\$ 10,081,185</b>	<b>\$ 10,257,582</b>

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.

The Company recorded \$175,829 and \$175,748 in amortization expense for finite-lived assets for the three months ended March 31, 2021 and 2020, respectively.

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.

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

	<b>Amount</b>
Remainder of 2021	\$ 446,424
2022	450,371
2023	449,793
2024	448,118
2025	448,118
Total estimated amortization expense	<b>\$ 2,242,824</b>

**7. Goodwill**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Opening balance	\$ 1,663,120	\$ 1,663,385
Foreign exchange movements	(144)	(265)
<b>Closing balance</b>	<b>\$ 1,662,976</b>	<b>\$ 1,663,120</b>

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 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.

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**8. 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 into earnings.

The shares of Zoompass were last quoted on the OTC market at \$0.265 per share on March 31, 2021, resulting in an unrealized gain recorded to earnings related to these securities of \$195,000 for the three months ended March 31, 2021.

**9. Line of Credit - Bank**

The Company maintains a \$1,000,000 secured revolving line of credit from Metropolitan Commercial Bank in New York, of which \$0 was drawn as of March 31, 2021, which bears a fixed rate of interest of 3.00% on the outstanding balance with an interest only monthly minimum payment, and no maturity date as long as the security deposit of \$1,000,000 remains in place, see Note 3.

**10. Convertible Debentures**

The accounting treatment relating to the convertible debentures issued was in accordance with the guidance in ASC 480 and ASC 815.

As of March 31, 2021 and December 31, 2020, the Company has outstanding, Canadian Dollar denominated convertible debentures in the aggregate principal amount of CDN \$0 and CDN \$35,000 (approximately \$27,442), respectively.

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. 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 the current period.

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 U.S. Dollar convertible debentures converted the aggregate principal amount of \$400,000, including interest thereon of \$70,492 into 230,134 shares of common stock.

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**10. Convertible Debentures (continued)**

The Aggregate convertible debentures outstanding consists of the following:

	March 31, 2021	December 31, 2020
<b>Principal Outstanding</b>		
Opening balance	\$ 27,442	\$ 3,464,737
Repaid	(27,562)	(2,778,349)
Conversion to equity	—	(634,431)
Foreign exchange movements	120	(24,515)
	<u>—</u>	<u>27,442</u>
<b>Accrued Interest</b>		
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)
	<u>—</u>	<u>7,105</u>
<b>Debenture Discount</b>		
Opening balance	—	(627,627)
Amortization	—	627,627
	<u>—</u>	<u>—</u>
<b>Convertible Debentures, net</b>	<b>\$ —</b>	<b>\$ 34,547</b>

**11. Deferred Purchase Consideration**

During the current period, 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 to non-related parties consists of the following:

	March 31, 2021	December 31, 2020
<b>Principal Outstanding</b>		
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
	<u>—</u>	<u>25,434</u>
<b>Present value discount on future payments</b>		
Present value discount	(7,761)	(120,104)
Amortization	7,700	114,333
Foreign exchange movements	61	(1,990)
	<u>—</u>	<u>(7,761)</u>
<b>Deferred purchase consideration, net</b>	<b>\$ —</b>	<b>\$ 17,673</b>

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**12. Bank Loan Payable**

In September 2016, the Company obtained a loan of €500,000 (approximately USD \$580,000) 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 points above Euro Inter Bank Offered Rate, subject to quarterly review and is amortized over 57 months ending March 31, 2021. Monthly repayments of €9,760 (approximately USD \$11,000) 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 in the aggregate principal amount of €27,773 (approximately USD \$33,491) for the three months ended March 31, 2021.

**13. Other long-term liabilities**

Other long-term liabilities represents the Italian "Trattamento di Fine Rapporto" which is a severance amount set up by Italian companies to be paid to employees on termination or retirement as well as shop deposits that are held by Ulisse.

Balances of other long-term liabilities were as follows:

	March 31, 2021	December 31, 2020
Severance liability	\$ 293,254	\$ 297,120
Customer deposit balance	348,022	366,947
<b>Total other long-term liabilities</b>	<b>\$ 641,276</b>	<b>\$ 664,067</b>

#### 14. 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:

	March 31, 2021	December 31, 2020
<b>Principal Outstanding</b>		
Additions	\$ —	\$ 300,000
Repayment	—	(200,000)
Applied to warrant exercise	—	(100,000)
	—	—
<b>Accrued Interest</b>		
Opening balance	—	—
Interest expense	—	22,521
Repayment	—	(14,465)
Applied to warrant exercise	—	(8,056)
	—	—
Promissory Notes Payable – Related Party	<u>\$ —</u>	<u>\$ —</u>

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**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

#### 14. Related Parties (continued)

##### 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.

##### Deferred Purchase consideration, Related Party

During the current period, 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	March 31, 2021	December 31, 2020
<b>Principal Outstanding</b>		
Promissory notes due to related parties	\$ 382,128	\$ 1,279,340
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
<b>Present value discount on future payments</b>		
Present value discount	(5,174)	(80,069)
Amortization	5,133	76,222
Foreign exchange movements	41	(1,327)
	—	(5,174)
<b>Deferred purchase consideration, net</b>	<u>\$ —</u>	<u>\$ 376,954</u>

##### 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:

	March 31, 2021	December 31, 2020
<b>Related Party payables</b>		
Luca Pasquini	\$ (558)	\$ (565)

**Related Party Receivables**

Luca Pasquini	<u>\$ 1,457</u>	<u>\$ 1,519</u>
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**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**14. Related Parties (continued)**

***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 period end.

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 VG for €4,000,000 (approximately \$4,576,352), Mr. Pasquini was a 20% owner of VG 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 March 31, 2021, the Company has paid Mr. Pasquini the full cash amount cash of €500,000 (approximately \$604,380) and issued 112,521 shares valued at €300,000 (approximately \$334,791).

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.

Amounts due to and from Luca Pasquini is for advances made to various subsidiaries for working capital purposes.

***Michele Ciavarella***

Mr. Ciavarella agreed to receive \$140,000 of his 2021 fiscal year compensation as a restricted stock award, on January 22, 2021, the Company issued Mr. Ciavarella 24,476 shares of common stock valued at \$140,000 on the date of issue.

On January 22, 2021, the Company issued Mr. Ciavarella 175,396 shares of common stock valued at \$1,003,265, in settlement of accrued compensation due to him.

***Gabriele Peroni***

On January 31, 2019, the Company acquired Virtual Generation Limited 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 March 31, 2020, 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 January 22, 2021, the Company issued Mr. Peroni 74,294 shares of common stock valued at \$424,962, in settlement of accrued compensation due to him.

***Alessandro Marcelli***

On January 22, 2021, the Company issued Mr. Marcelli 34,002 shares of common stock valued at \$194,491, in settlement of accrued compensation due to him.

***Franco Salvagni***

On January 22, 2021, the Company issued Mr. Salvagni 70,807 shares of common stock valued at \$405,016, in settlement of accrued compensation due to him.

***Beniamino Gianfelici***

On January 22, 2021, the Company issued Mr. Gianfelici 63,278 shares of common stock valued at \$361,950, in settlement of accrued compensation due to him.



**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**14. Related Parties (continued)**

***Steven Shallcross***

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.

**15. Stockholders' Equity**

For the three months ended March 31, 2021, the Company issued a total of 467,990 shares of common stock, valued at \$2,676,901 for the settlement of compensation and directors' fees to certain of the Company's related parties, refer note 14 above.

Between January 4, 2021 and March 29, 2021, investors exercised warrants for 1,485,809 shares of common stock for gross proceeds of \$3,909,981 at an average exercise price of \$2.63 per share.

On January 22, 2021, the Company issued 24,476 restricted shares of common stock valued at \$140,000 to Michele Ciavarella in terms of a compensation election he made for the 2021 fiscal year.

**16. Warrants**

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

	<u>Number of shares</u>	<u>Exercise price per share</u>	<u>Weighted average exercise price</u>
<b>Outstanding January 1, 2020</b>	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
<b>Outstanding December 31, 2020</b>	2,053,145	\$ 2.50 to 5.00	2.63
Granted	—	—	—
Forfeited/cancelled	—	—	—
Exercised	(1,485,809)	2.50 to 3.75	2.62
<b>Outstanding March 31, 2021</b>	<u>567,336</u>	<u>\$ 2.50 to 5.00</u>	<u>\$ 2.66</u>

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

<u>Exercise price</u>	<u>Warrants outstanding</u>			<u>Warrants exercisable</u>		
	<u>Number of shares</u>	<u>Weighted average remaining years</u>	<u>Weighted average exercise price</u>	<u>Number of shares</u>	<u>Weighted average exercise price</u>	
\$2.50	507,173	4.39	\$ 2.50	507,173	\$ 2.50	2.50
\$3.75	48,395	1.16	3.75	48,395	3.75	3.75
\$5.00	11,768	1.37	5.00	11,768	5.00	5.00
	<u>567,336</u>	<u>4.05</u>	<u>\$ 2.66</u>	<u>567,336</u>	<u>\$ 2.66</u>	<u>2.66</u>

**17. 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.

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**17. Stock Options (continued)**

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.

In addition, pursuant to the employment agreement entered into with Mr. Monteverdi, the Company granted a non-plan option to purchase 648,000 shares of common stock at an exercise price of \$1.84 that vest pro rata on each of September 1, 2021, September 1, 2022, September 1, 2023 and September 1, 2024.

The Company issued a ten year option exercisable for 50,000 shares at an exercise price of \$2.62 to an employee.

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

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

	<b>Three months ended March 31, 2021</b>
Exercise price	\$ 2.62
Risk free interest rate	0.92%
Expected life of options	10 years
Expected volatility of underlying stock	229.8%
Expected dividend rate	0%

As of March 31, 2021, there was an aggregate of 1,024,938 options to purchase shares of common stock granted under the Company's 2018 Equity Incentive Plan and 1,975,062 reserved for future grants.

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

	<b>Number of shares</b>	<b>Exercise price per share</b>	<b>Weighted average exercise price</b>
<b>Outstanding January 1, 2020</b>	315,938	\$ 2.72 to 2.96	\$ 2.84
Granted	1,307,000	1.84 to 2.03	1.95
Forfeited/cancelled	—	—	—
Exercised	—	—	—
Expired	—	—	—
<b>Outstanding December 31, 2020</b>	1,622,938	\$ 1.84 to 2.96	2.11
Granted	50,000	2.62	2.62
Forfeited/cancelled	—	—	—
Exercised	—	—	—
<b>Outstanding March 31, 2021</b>	1,672,938	\$ 1.84 to 2.96	\$ 2.12

The following tables summarize information about stock options outstanding as of March 31, 2021:

	Options outstanding			Options exercisable	
	Exercise price	Number of shares	Weighted average remaining years	Weighted Average exercise price	Number of shares
\$ 1.84	648,000	9.48		—	
\$ 2.03	659,000	9.51		158,167	
\$ 2.62	50,000	9.67		—	
\$ 2.72	25,000	5.25		25,000	
\$ 2.80	220,625	8.48		82,917	
\$ 2.96	70,313	8.27		70,313	
	1,672,938	9.25	\$ 2.12	336,397	\$ 2.47

As of March 31, 2021, there were unvested options to purchase 1,336,542 shares of common stock. Total expected unrecognized compensation cost related to such unvested options is \$2,447,604 which is expected to be recognized over a period of 41 months.

The intrinsic value of the options at March 31, 2021 was \$5,311,604.

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**18. Revenues**

The following table represents disaggregated revenues from our gaming operations for the three months ended March 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.

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Turnover</b>		
Web-based	\$ 231,332,159	\$ 92,376,106
Land-based	11,825,830	23,602,084
<b>Total Turnover</b>	<b>243,157,989</b>	<b>115,978,190</b>
<b>Winnings/Payouts</b>		
Web-based	215,598,415	86,095,623
Land-based	10,164,937	18,191,402
<b>Total Winnings/payouts</b>	<b>225,763,352</b>	<b>104,287,025</b>
<b>Gross Gaming Revenues</b>		
Web-based	15,733,744	6,280,483
Land-based	1,660,893	5,410,682
<b>Gross Gaming Revenues</b>	<b>\$ 17,394,637</b>	<b>\$ 11,691,165</b>
Less: ADM Gaming Taxes	(3,329,038)	(1,530,795)
<b>Net Gaming Revenues</b>	<b>\$ 14,065,599</b>	<b>\$ 10,160,370</b>
Betting platform software and services	91,729	9,804
<b>Revenue</b>	<b>\$ 14,157,328</b>	<b>\$ 10,170,174</b>

**19. Net Income (Loss) per Common Share**

Basic income (loss) per share is based on the weighted-average number of common shares outstanding during each period. Diluted income (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” options and 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, adding back any direct incremental expenses related to the convertible securities, including interest expense, debt discount amortization. The computation of diluted net income (loss) per share does not assume the issuance of common shares that have an anti-dilutive effect on net loss per share.

The computation of the diluted income per share for the three months ended March 31, 2020, after the add back of interest income of \$79,300 and amortization of debt discount of \$396,010 was anti-dilutive.

For the three months ended March 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:

<b>Description</b>	<b>Three Months ended March 31, 2021</b>	<b>Three Months ended March 31, 2020</b>
Options	1,672,938	315,938
Warrants	567,336	1,067,486
Convertible debentures	—	1,106,250
	<b>2,240,274</b>	<b>2,489,674</b>

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**20. 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; and
- (ii) **Betting platform software and services**  
Provider of certified betting Platform software services to leisure betting establishments in Italy and 11 other countries.

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

	March 31, 2021			
	Betting establishments	Betting platform software and services	All other	Total
Purchase of non-current assets	\$ 2,081	\$ 44,157	\$ 34,166	\$ 80,404
<b>Assets</b>				
Current assets	12,300,829	822,379	10,479,298	23,602,506
Non-current assets	7,081,460	6,169,034	1,658,077	14,908,571
<b>Liabilities</b>				
Current liabilities	(8,675,683)	(698,241)	(661,593)	(10,035,517)
Non-current liabilities	(1,055,027)	(1,201,997)	—	(2,257,024)
Intercompany balances	4,273,141	(318,375)	(3,954,766)	—
<b>Net asset position</b>	<b>\$ 13,924,720</b>	<b>\$ 4,772,800</b>	<b>\$ 7,521,016</b>	<b>\$ 26,218,536</b>

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

	March 31, 2021				
	Betting establishments	Betting platform software and services	All other	Adjustments	Total
Net Gaming Revenue	\$ 14,065,599	\$ 91,729	\$ —	\$ —	\$ 14,157,328
Intercompany Service revenue	97,624	802,112	—	(899,736)	—
	<u>14,163,223</u>	<u>893,841</u>	<u>—</u>	<u>(899,736)</u>	<u>14,157,328</u>
<b>Operating expenses</b>					
Intercompany service expense	802,112	97,624	—	(899,736)	—
Selling expenses	10,657,764	4,051	—	—	10,661,815
General and administrative expenses	1,687,969	1,264,188	1,193,053	—	4,145,210
	<u>13,147,845</u>	<u>1,365,863</u>	<u>1,193,053</u>	<u>(899,736)</u>	<u>14,807,025</u>
<b>Income (Loss) from operations</b>	<b>1,015,378</b>	<b>(472,022)</b>	<b>(1,193,053)</b>	<b>—</b>	<b>(649,697)</b>
<b>Other (expense) income</b>					
Interest expense, net	(2,692)	(3)	(5,154)	—	(7,849)
Amortization of debt discount	—	—	(12,833)	—	(12,833)
Other income	280,882	462	—	—	281,344
Other expense	(24,118)	(2,812)	—	—	(26,930)
Gain on marketable securities	—	—	195,000	—	195,000
Total other (expenses) income	<u>254,072</u>	<u>(2,353)</u>	<u>177,013</u>	<u>—</u>	<u>428,732</u>
<b>(Loss) Income before Income Taxes</b>	<b>1,269,450</b>	<b>(474,375)</b>	<b>(1,016,040)</b>	<b>—</b>	<b>(220,965)</b>
Income tax provision	(393,410)	4,796	—	—	(388,614)
<b>Net (Loss) Income</b>	<b>\$ 876,040</b>	<b>\$ (469,579)</b>	<b>\$ (1,016,040)</b>	<b>\$ —</b>	<b>\$ (609,579)</b>

**ELYS GAME TECHNOLOGY, CORP.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**20. Segmental Reporting (continued)**

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

	March 31, 2020			
	Betting establishments	Betting platform software and services	All other	Total
Purchase of non-current assets	\$ 28,758	\$ 22,534	\$ —	\$ 51,293
<b>Assets</b>				
Current assets	7,928,294	365,476	359,852	8,653,622
Non-current assets	12,633,088	6,514,244	1,279,174	20,426,506
<b>Liabilities</b>				
Current liabilities	(5,911,483)	(503,558)	(9,918,078)	(16,333,119)
Non-current liabilities	(1,227,525)	(1,316,117)	—	(2,543,642)
Intercompany balances	6,130,287	227,718	(6,358,005)	—
<b>Net asset position</b>	<u>\$ 19,552,661</u>	<u>\$ 5,287,763</u>	<u>\$ (14,637,057)</u>	<u>\$ 10,203,367</u>

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

	March 31, 2020				
	Betting establishments	Betting platform software and services	All other	Adjustments	Total
Net Gaming Revenue	\$ 10,160,370	\$ 9,804	\$ —	\$ —	\$ 10,170,174
Intercompany Service revenue	25,090	799,714	—	(824,804)	—
	<u>10,185,460</u>	<u>809,518</u>	<u>—</u>	<u>(824,804)</u>	<u>10,170,174</u>
<b>Operating expenses</b>					
Intercompany service expense	799,714	25,090	—	(824,804)	—
Selling expenses	6,210,347	553,897	—	—	6,764,244
General and administrative expenses	1,245,510	444,538	581,830	—	2,271,878
	<u>8,255,571</u>	<u>1,023,525</u>	<u>581,830</u>	<u>(824,804)</u>	<u>9,036,122</u>
<b>Income (Loss) from operations</b>	<b>1,929,889</b>	<b>(214,007)</b>	<b>(581,830)</b>	<b>—</b>	<b>1,134,052</b>
<b>Other (expense) income</b>					
Interest expense, net	(49,349)	3	(90,628)	—	(139,974)
Amortization of debt discount	—	—	(450,229)	—	(450,229)
Gain on marketable securities	—	—	130,000	—	130,000
Other income	11,798	—	—	—	11,798
Total other (expenses) income	<u>(37,551)</u>	<u>3</u>	<u>(410,857)</u>	<u>—</u>	<u>(448,405)</u>
<b>Income (Loss) before Income Taxes</b>	<b>1,892,338</b>	<b>(214,004)</b>	<b>(992,687)</b>	<b>—</b>	<b>685,647</b>
Income tax provision	(545,868)	(5,530)	23,360	—	(528,038)
<b>Net Income (Loss)</b>	<u>\$ 1,346,470</u>	<u>\$ (219,534)</u>	<u>\$ (969,327)</u>	<u>\$ —</u>	<u>\$ 157,609</u>

**21. Subsequent Events**

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

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act. All statements other than statements of historical fact could be deemed forward-looking statements. Statements that include words such as "may," "might," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "pro forma" or the negative of these words or other words or expressions of and similar meaning may identify forward-looking statements. For example, forward-looking statements include any statements of the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans and the anticipated timing of filings; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; statements of belief and any statement of assumptions underlying any of the foregoing. Factors that might cause such differences include, but are not limited to, those discussed in our Annual Report on Form 10-K/A for the year ended December 31, 2020 filed with the Securities and Exchange Commission on April 13, 2021 under the heading "Risk Factors" and the Risk Factors as described in Item 1A of this Quarterly Report on Form 10Q for the three months ended March 31, 2021.*

### 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.

In the Italian leisure betting market we currently provide our gaming services through our subsidiaries, Multigioco Srl ("Multigioco"), and Ulisse GmbH ("Ulisse"). These operations are carried out via both land-based or online retail gaming licenses regulated by the Agenzia delle Dogane e dei Monopoli ("ADM") and our Austrian Bookmaker license. In Italy our ADM license permit 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 newgioco.it or commercial webskins linked to our licensed website and through mobile devices, while our Austria Bookmaker license permits us to operate within bilateral Intra-EU trade agreements an online website and retail Data Transmission Centers ("CTD") that operated by third-party independent businesses to offer sport betting and virtual betting products.

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 VG 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 San Francisco, California 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.

Currently, transaction revenue generated through our subsidiaries Multigioco and Ulisse, consist 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 through Multigioco and Ulisse.

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, 2020 and the three months ended March 31, 2021, we also generated service revenue from royalties through authorized agents by providing our virtual sports products through our VG subsidiary. We intend to leverage our partnerships in these countries to cross-sell our Platform services to expand the global distribution of our betting solutions.

## Recent Developments

### Impact of COVID-19

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, which measures continue in effect as of the date of this Form 10-Q. 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 has 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 currently remain in place. The closing of physical betting shop locations did not affect our online and mobile business operations which has mitigated some of the impact. To date, due to the global resurgence of COVID-19 cases, all betting shops remain closed for business, however the Italian Government is closely monitoring the pandemic and has indicated that although it is important to keep the economy operating, it will not remove the restrictions on social gatherings, which may affect the potential reopening of some of our land-based locations.

We anticipate that COVID-19 will continue to negatively impact our operating results in future periods, and we expect that a significant number of locations will not re-open after the COVID-19 related lockdowns in Italy subside. Since the duration and scope of the COVID-19 outbreak worldwide, including the impact to the local economies and retail business is not precisely determinable at this time, management decided to progressively sunset our Ulisse operations in Italy while focusing investments on growing our more familiar Multigioco brand, the result of which management believes will reduce the complexity and efficiency of our gaming operations in Italy.

### Expansion and New Markets

#### *United States Operations Development*

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 legalizing sports gambling 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 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 (The Gaming Laboratories International 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 software to GLI for certification in the latter half of 2021. 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 2019 and 2020 we made significant investments for expansion into new markets outside of Italy, including GLI-33 certification of our Platform, professional services, trade show marketing and brand promotion to enter and then 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 U.S.-based headquarters.

In March 2019, we entered into a five-year agreement with Fleetwood Gaming, Inc. for the exclusive rights to distribute our Platform at select non-tribal locations such as sports bars and taverns in the state of Montana. The multi-year agreement is expected to allow Fleetwood to install our Platform throughout Fleetwood's distribution network in Montana. The agreement with Fleetwood Gaming is subject to the provision of open market regulation of sports betting in the State of Montana. No assurance can be given that this will occur.

In April 2019, we entered into a five-year agreement with the Chippewa Cree Tribe in Box Elder, Montana to install our Platform at the Northern Winz Casino. In this regard, in September 2019, we transacted the first legal Class 1 real-money bet in the U.S. on Indian Horse Relay Racing and on December 21, 2019 on traditional Indian Stick Game. Class 1 betting represents traditional indigenous sporting events or games that are not classed as mainstream sports bets. The agreement with the Chippewa Cree Tribe is subject to the provision of open market regulation of sports betting in the State of Montana. No assurance can be given that this will occur.

On May 28, 2020, we organized Elys Gameboard Technologies, LLC, a wholly owned subsidiary for the purpose of expanding our sports betting operations throughout the U.S. We are in the process of seeking our first sports betting license in Washington, DC and anticipate launching our new U.S. sports betting platform with our first U.S. operator client in 2021.

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.

In September 2020, we engaged Matteo Monteverdi, former senior executive of Sportradar and IGT as President of the Company to develop and lead in our go-to-market strategy in the U.S. And, on January 1, 2021 Mr. Monteverdi was appointed as Chief Executive Officer to establish and lead on the Company's global growth initiatives.

In November 2020, we submitted an application with the DC Office of Lottery and Gaming to obtain a Managed Service Provider (MSP) license along with our partner Grand Central, LLC, a retail sports bar operator in Washington, DC, to provide sports betting products and services in their establishment upon the completion of their Class B licensing process.

The commencement of betting transactions in Montana and Washington, DC are subject to obtaining the required certification, licensing and approvals from the Gambling Control Division of the Montana Department of Justice and the District of Columbia Office of the Lottery and Charitable Games, respectively, which has not been determined as of the date of this Quarterly Report on Form 10-Q.

### ***Inflation***

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

### ***Foreign Exchange***

We operate in several foreign countries, including Austria, Italy, Malta 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. Convertible debentures have also been issued in both U.S. dollars and Canadian dollars. Changes and fluctuations in the foreign exchange rate between the Euro and the U.S. dollar and the Canadian dollar and the U.S. dollar will have an effect on our results of operations.

### ***Critical Accounting Policies and Estimates***

Preparation of our unaudited condensed consolidated financial statements in accordance with U.S. generally accepted accounting principles 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.

### ***Recently Issued Accounting Pronouncements***

See Note 2 - Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for information regarding recently issued accounting standards.



## Results of Operations

### Comparison of the three months ended March 31, 2021 and 2020.

This Management's Discussion and Analysis includes a discussion of our operations for the three months ended March 31, 2021 and 2020.

#### Revenues

The following table represents disaggregated revenues from our gaming operations for the three months ended March 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.

	<b>Three Months Ended</b>		<b>Increase (decrease)</b>	<b>Percentage change</b>
	<b>March 31, 2021</b>	<b>March 31, 2020</b>		
<b>Turnover</b>				
Turnover web-based	\$ 231,332,159	\$ 92,376,106	\$ 138,956,053	150.4%
Turnover land-based	11,825,830	23,602,084	(11,776,254)	(49.9)%
<b>Total Turnover</b>	<b>243,157,989</b>	<b>115,978,190</b>	<b>127,179,799</b>	<b>109.7%</b>
<b>Winnings/Payouts</b>				
Winnings web-based	215,598,415	86,095,623	129,502,792	150.4%
Winnings land-based	10,164,937	18,191,402	(8,026,465)	(44.1)%
<b>Total Winnings/payouts</b>	<b>225,763,352</b>	<b>104,287,025</b>	<b>121,476,327</b>	<b>116.5%</b>
<b>Gross Gaming Revenues</b>				
Gross Gaming Revenues Web-based	15,733,744	6,280,483	9,453,261	150.5%
Gross Gaming Revenues Land-based	1,660,893	5,410,682	(3,749,789)	(69.3)%
	<b>17,394,637</b>	<b>11,691,165</b>	<b>5,703,472</b>	<b>48.8%</b>
Less: Gaming Taxes	(3,329,038)	(1,530,795)	(1,798,243)	117.5%
<b>Net Gaming Revenues</b>	<b>14,065,599</b>	<b>10,160,370</b>	<b>3,905,229</b>	<b>38.4%</b>
Add: Service Revenues	91,729	9,804	81,925	835.6%
<b>Total Revenues</b>	<b>\$ 14,157,328</b>	<b>\$ 10,170,174</b>	<b>\$ 3,987,154</b>	<b>39.2%</b>

The Company generated total revenues of \$14,157,328 and \$10,170,174 for the three months ended March 31, 2021 and 2020, respectively, an increase of \$3,987,154 or 39.2%.

The change in turnover (handle) is primarily due to the following:

Web-based turnover increased by \$138,956,053 or 150.4%. 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 prior year and the entire current period, due to the pandemic. As a consequence of the stay-home mandate imposed by the Italian government, many customers continued using web-based channels. The impact was significant for our Ulisse operation and Multigioco land-based operation whose turnover is derived from physical betting shops, while our Multigioco online web based platform saw significant growth as we do not rely solely on physical betting shops. We expect the business mix to continue to trend towards web-based channels, and we still expect quarterly growth for the foreseeable future as we gain market share.

The percentage of payouts on online turnover remained static at 93.2% for the three months ended March 31, 2021 and 2020. The payout percentage 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 \$11,776,254 or 49.9%. 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. The shops temporarily reopened from June 19, 2020 until November 2020 when the Italian government imposed new lockdowns that are currently in place and the shops remain closed as of the date of this Quarterly Report on Form 10-Q. The impact was significant for both our Ulisse operation and our Multigioco land-based operation, which impact was offset by increased online based gaming in both Multigioco and Ulisse. We expect the business mix to trend towards web-based channels. The percentage of payouts on land-based turnover increased from 77.1% in the prior period to 86.0% in the current period, the prior period payout percentage was significantly better than our expectations, while in the current period, we experienced a slightly higher than historical payout percentage ranging from 82% to 84%. The payout percentage 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 sports betting hold decreased to 16.7% from 20.7% of handle for the three months ended March 31, 2021 and 2020, a decrease of 4 percentage points in sportsbook hold. The shift towards growing our online channel, with higher pay-out casino games and lower margin poker rake, resulted in an overall blended conversion of turnover to revenue hold to 7.2% from 10.1% for the three months ended March 31, 2021 and 2020, respectively, a decrease of 2.9 percentage points in blended hold.

Gaming taxes increased by \$1,798,243 or 117.5% over the prior period. The relative rate of our gaming taxes, which is based on Gross Gaming Revenues, of 19.1% for the three months ended March 31, 2021 is significantly higher than the 13.1% for the three months ended March 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 24.7% compared to Ulisse with a significantly lower tax rate due to its incorporation being situated outside of Italy.

Since the majority of Ulisse CTD locations are not expected to re-open after the COVID-19 related lockdowns in Italy subside, management decided to simplify our Italian footprint by focusing our investment towards the Multigioco operations and discontinuing Ulisse distribution in Italy by the end of Q2-2021, and focusing Ulisse online operations in Austria and other potential European regions.

Service revenues increased by \$81,925. Our Platform services customer base is currently limited primarily to services provided to external international retail customers and internal group operations of Multigioco, Ulisse and VG. The revenue was primarily from our Colombian operation which was established in the prior year. This revenue remains insignificant to total revenues during the periods presented.

#### ***Selling expenses***

We incurred selling expenses of \$10,661,815 and \$6,215,161 for the three months ended March 31, 2021 and 2020, respectively, an increase of \$4,446,654 or 71.5%. Selling expenses are commissions that are paid to our sales agents as a percentage of turnover (handle) and are not affected by the winnings that are paid out. Therefore, increases in turnover (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 that we have no control over, 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 109.7% increase in turnover during the three months ended March 31, 2021, our percentage of selling expenses to turnover was approximately 4.4%, compared to 5.4% for the three months ended March 31, 2020.

#### ***General and Administrative Expenses***

General and administrative expenses were \$4,145,210 and \$2,820,961 for the three months ended March 31, 2021 and 2020, respectively, an increase of \$1,324,249 or 46.9%. The increase in general and administrative expenditure includes an increase in stock based compensation expense of \$321,400 due to the number of options issued to senior management, directors and strategic employees during the current year, an increase in corporate salary related expenses of \$295,099 as a direct result of expanding the U.S. based management team to position ourselves for expansion into the U.S. markets and an increase in professional fees of \$131,925 primarily due to licensing work related to obtaining U.S. gaming licenses and an increase in investor relations fees of \$154,440 primarily due to increasing the profile of our business to investors in the U.S. and Canada and an increase in administrative and development in our Odissea operation of \$340,342, directly related to our expected deployment in the US market; and other immaterial movements in general and administrative expenses that included initial fees of listing our shares in Canada. Overall operating expenditure increased at our Multigioco operation by \$290,412 to support the increased revenue generated primarily by this operation.

#### ***(Loss) Income from Operations***

The loss from operations was \$649,697 and the income from operations was \$1,134,052 for the three months ended March 31, 2021 and 2020, respectively, a decrease of \$1,783,749 or 157.3%. The increase in loss from operations is primarily due to the following: (i) the increase in selling expenses of \$4,446,654; (ii) the increase in general and administrative expenses of \$1,324,249; partially offset by (iii) the increase in revenue of \$3,987,154, as discussed above.

***Interest Expense, Net***

Interest expense, net was \$7,849 and \$139,974 for the three months ended March 31, 2021 and 2020, respectively, a decrease of \$132,125 or 94.4%. The decrease is primarily related to the repayment and the conversion into equity of convertible debentures during the prior year resulting in lower interest-bearing debt. The last convertible debenture was repaid during the current period.

***Amortization of debt discount***

Amortization of debt discount was \$12,833 and \$450,229 for the three months ended March 31, 2021 and 2020, respectively, a decrease of \$437,396 or 97.15%. The decrease is primarily due to the conversion of convertible debentures into equity and the repayment of convertible debentures in the prior year, the convertible debentures were fully amortized during the prior year and the remaining amortization, related to the deferred purchase consideration promissory notes due on the Virtual Generation acquisition.

***Other income***

Other income was \$281,344 and \$11,798 for the three months years ended March 31, 2021 and March 31, 2020, respectively, an increase of \$169,546 or 151.7%. Other income includes a COVID tax credit of \$85,874 received from the Agenzia delle Dogane e dei Monopoli (“ADM”) for taxes previously charged and \$108,529 of COVID relief funds received by Ulisse during the current period as well as other immaterial amounts received.

***Other expense***

Other expense was an immaterial amount relating to an administrative penalty of \$26,930 and \$0 for the three months ended March 31, 2021 and 2020, respectively, an increase of \$26,930 or 100%.

***Gain on Marketable Securities***

The Gain on marketable securities was \$195,000 and \$130,000 for the three months ended March 31, 2021, and 2020, respectively. The gain on marketable securities is directly related to the stock price of our investment in Zoompass which is marked-to-market each quarter. The shares in Zoompass were acquired by the Company as settlement of a litigation matter.

***(Loss) Income Before Income Taxes***

Loss before income taxes was \$220,965 and income before income taxes was \$685,647 for the three months ended March 31, 2021 and 2020, respectively, a decrease in income of \$906,612 or 132.2%. The decrease is attributable to the increase in loss from operations discussed above, offset by the reduction in interest and amortization expense and the increase in other income and the gain on marketable securities, as discussed above.

***Income Tax Provision***

The income tax provision was \$388,614 and \$528,038 for the three months ended March 31, 2021 and 2020, respectively, a decrease of \$139,424 or 26.4%. The current year tax charge consists of income tax charge of \$411,974 and deferred taxation credit of \$(23,360). The tax charge is due to taxable income earned in our operating subsidiaries of \$1,436,505, resulting in the taxation charge of \$411,974, offset by losses generated predominantly at the corporate level of \$1,657,472, for which no deferred tax is provided due to the uncertainty of future realization of these losses.

***Net (Loss) Income***

Net loss was \$609,579 and net income was \$157,609 for the three months ended March 31, 2021 and 2020, respectively, an increase in net loss of \$767,188 or 486.8%, due to the items discussed above.

### ***Comprehensive Loss***

Our reporting currency is the U.S. dollar while the functional currency of our subsidiaries 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 adjustment of \$(344,088) and \$(112,030) for the three months ended March 31, 2021 and 2020, respectively.

### ***Liquidity and Capital Resources***

As 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, which measures continue in effect as of the date of this Quarterly Report on Form 10-Q. Accordingly, we had temporarily closed approximately 150 betting shop locations throughout Italy as a result of the decree until May 4, 2020.

On March 10, 2020 the Italian government imposed further restrictions on travel throughout Italy as well as transborder crossings and have either postponed or cancelled most professional sports events which has had an effect on our overall sports betting handle and revenues and may negatively impact our 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 currently remain in place. The closing of physical betting shop locations did not affect our online and mobile business operations which has mitigated some of the impact. To date, due to the global resurgence of COVID-19 cases, all betting shops remain closed for business, however the Italian Government is closely monitoring the pandemic and has indicated that although it is important to keep the economy operating, it will not remove the restrictions on social gatherings, which may affect the potential reopening of some of our land-based locations.

### ***Assets***

At March 31, 2021, we had total assets of \$38,511,077 compared to \$35,857,979 at December 31, 2020. The increase is primarily related to the increase in cash and cash equivalents generated by warrants exercised during the three months ended March 31, 2021, offset by the repayment of certain debts discussed below.

### ***Liabilities***

At March 31, 2021, we had \$12,292,541 in total liabilities compared to total liabilities of \$15,701,626 at December 31, 2020. The decrease is attributable to the repayment of the line of credit of \$500,000, the redemption of convertible debt of \$27,562 out of the proceeds from the warrant exercise and the repayment of deferred purchase consideration of \$410,383 and bank loans of \$57,176. In addition, corporate liabilities were reduced by issuing shares valued at \$2,676,901 to settle accrued compensation costs due to certain directors and officers.

### ***Working Capital***

We had \$21,524,648 in cash and cash equivalents at March 31, 2021 compared to \$18,945,817 on December 31, 2020.

We had a working capital surplus of \$13,566,989 at March 31, 2021, compared to a working capital surplus of \$7,879,631 at December 31, 2020. The working capital position improved due to the proceeds raised on the warrant exercises of \$3,909,981 and the settlement of the accrued compensation costs due to certain directors and officers of \$2,676,901.

We repaid our \$500,000 secured revolving line of credit from Metropolitan Commercial Bank in New York during the quarter, the line of credit bore a fixed rate of interest of 3% on the outstanding balance.

We currently believe that our existing cash resources together with the revenue from operations that we expect to generate will be sufficient to meet our anticipated needs over the next twelve months from the date hereof. Historically, we have financed our operations through the sale of our securities and revenue generated from providing online and offline gaming products, services, and Platform services in Italy 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 March 31, 2021, we had accumulated deficit of \$33,788,096 compared to accumulated deficit of \$33,178,517 at December 31, 2020.

### ***Cash Flows from Operating Activities***

Net cash provided by operating activities was \$735,876 and \$1,960,063 for the three months ended March 31, 2021 and 2020, respectively, a decrease of \$1,124,187, primarily related to the decrease in net income of \$767,188, discussed under operating results; a movement in working capital of \$(189,269), primarily due to the movement in accounts payable and accrued liabilities offset by a decrease in the movement of pre-paid expenses and a decrease on the movement on taxes payable; offset by an increase in the movement in non-cash items of \$267,730, primarily due to the reduction in the debt discount amortization, offset by an increase in restricted stock awards and stock based compensation expenses.

### ***Cash Flows from Investing Activities***

Net cash used in investing activities for the three months ended March 31, 2021 was \$80,404 compared to net cash used in investing activities of \$51,293 for the three months ended March 31, 2020. We invested funds in computer related software and hardware predominantly for the U.S. based expansion strategy.

### ***Cash Flows from Financing Activities***

Net cash provided by financing activities for the three months ended March 31, 2021 was \$2,912,500 compared to net cash used in financing activities of \$87,299 for the three months ended March 31, 2020. The net cash provided by financing activities during the current period included net proceeds of \$3,909,981 raised from the exercise of warrants related to the underwritten public offering in August 2020 and the repayment of the bank letter of credit of \$500,000 and the payment of deferred purchase consideration of \$410,383.

### ***Contractual Obligations***

Current accounting standards require disclosure of material obligations and commitments to make future payments under contracts, such as debt, lease agreements, and purchase obligations.

The amount of future minimum lease payments under finance leases are as follows:

	<u>Amount</u>
Remainder of 2021	\$ 7,327
2022	9,079
2023	7,274
2024	844
Total undiscounted minimum future lease payments	<u>\$ 24,524</u>

The amount of future minimum lease payments under operating leases are as follows:

	<u>Amount</u>
Remainder of 2021	\$ 185,978
2022	212,842
2023	171,620
2024	30,040
Total undiscounted minimum future lease payments	<u>\$ 600,480</u>

#### ***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.

#### **Related Party Transactions**

The following includes a summary of transactions during our fiscal year ended December 31, 2020 and our current period ended March 31, 2021 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.

The balances outstanding are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
<b>Related Party payables</b>		
Luca Pasquini	<u>\$ (558)</u>	<u>\$ (565)</u>

#### **Related Party Receivables**

Luca Pasquini	<u>\$ 1,457</u>	<u>\$ 1,519</u>
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Amounts due to Luca Pasquini are for advances made to various subsidiaries for working capital purposes.

Gold Street Capital is wholly owned by Gilda Ciavarella, the spouse of Mr. Ciavarella. Amounts due to Gold Street Capital Corp., the major stockholder of Elys, are for reimbursement of expenses.

During the year ended December 31, 2020, Gold Street Capital Corp. advanced to us \$36,300 all of which was repaid during the current period.

On September 4, 2019, we issued to Gold Street 15,196 shares of our common stock as payment in settlement of \$48,508 of the reimbursable expenses owing to Gold Street. There was no balance owing to Gold Street as of March 31, 2021 and December 31, 2020, respectively.

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 period end.

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.

In February 2018 we provided a loan of €39,048 (approximately \$45,000) to Engage IT Services Srl to finance hardware purchased by third-party betting shops. In June 2018, we increased the loan by €45,675 (approximately \$53,000). The loan bears interest at 4.47% and is due in February 2019. This loan has been repaid in full. During the year ended December 31, 2020, we contracted with Engage IT to provide us software development services of approximately €706,300 (approximately \$806,029) of which approximately €20,000 (approximately \$24,456) was outstanding at December 31, 2020. Luca Pasquini, one of our officers and directors, holds a 34% stake in Engage IT Services Srl.

As of March 31, 2021, we had settled the balance outstanding to the former shareholders of VG under the VG Share Purchase Agreement by making cash payments equal to €2,500,000 (approximately \$2,946,978), and we issued 562,605 shares amounting to €1,500,000 (approximately \$1,673,959) of common stock pursuant to the promissory note. Mr. Pasquini has been paid cash of €500,000 (approximately \$604,380) and issued 112,521 shares of common stock valued at €300,000 (approximately \$399,061). Mr. Peroni has been paid cash of €500,000 (approximately \$604,380) and issued 112,521 shares of common stock valued at €300,000 (approximately \$334,792).

In addition, pursuant to the terms of the VG purchase agreement, we agreed to pay the sellers as an earnout payment in shares of our common stock within one month from the end of the 2019 fiscal year such number of shares as shall equal to an aggregate amount of €500,000 (approximately \$561,000), if the amounts of bets made by the users through the VGS platform related to our 2019 fiscal year are at least 5% higher than the amounts of bets made by the users through the VGS platform related to our 2018 fiscal year. Based on 18,449,380 tickets sold in 2019 the VG sellers qualified for the earnout payment of 132,736 shares of common stock equal at a price of \$4.23 per share.

We issued promissory notes in the principal amounts of \$300,000 during the year ended December 31, 2020 to Forte Fixtures and Millwork, Inc., a Company controlled by the brother of our Executive Chairman. The aggregate principal amount of \$300,000 together with interest thereon of \$22,521 was repaid in full during the year.

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.

The movement on deferred purchase consideration consists of the following:

<b>Description</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Principal Outstanding</b>		
Promissory notes due to related parties	\$ 382,128	\$ 1,279,340
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
<b>Present value discount on future payments</b>		
Present value discount	(5,174)	(80,069)
Amortization	5,133	76,222
Foreign exchange movements	41	(1,327)
	—	(5,174)
<b>Deferred purchase consideration, net</b>	<b>\$ —</b>	<b>\$ 376,954</b>

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

Mr. Ciavarella agreed to receive \$140,000 of his 2021 fiscal year compensation as a restricted stock award, on January 22, 2021, we issued Mr. Ciavarella 24,976 shares of common stock valued at \$140,000 on the date of issue.

On January 22, 2021, we issued Mr. Ciavarella 175,396 shares of common stock valued at \$1,003,265, in settlement of accrued compensation due to him.

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

On January 22, 2021, we issued Mr. Marcelli 34,002 shares of common stock valued at \$194,491, in settlement of accrued compensation due to him.

On January 22, 2021, we issued Mr. Salvagni 70,807 shares of common stock valued at \$405,016, in settlement of accrued compensation due to him.

On January 22, 2021, we issued Mr. Gianfeli 63,278 shares of common stock valued at \$361,950, in settlement of accrued compensation due to him.

On January 22, 2021, we 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.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

Elys Game Technology, Corp 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 4. Controls and Procedures.**

#### **Management's Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as such term is defined in 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 accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure.

As required by SEC Rule 13a-15(b), our management, under the supervision and with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2021. Based on the foregoing evaluation, our Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal financial officer), concluded that due to our limited resources our disclosure controls and procedures were not effective. Specifically, 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 can result in material misstatements of significant accounts and disclosures that would 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.

Going forward, management anticipates that additional staff will be necessary to mitigate these weaknesses, as well as to implement other planned improvements. The Company is currently in the process of improving its disclosure controls and procedures by implementing new policies and guidelines for internal controls and governance as well as increasing the number additional staff that should enable us to document and apply transactional and periodic controls procedures, permit a better review and approval process and improve quality of financial reporting.

#### **Changes in Internal Control Over Financial Reporting**

There were no 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 three months ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

On August 1, 2019, an action was filed against the Company by Elizabeth J. MacLean, the Company's former CFO, in the Superior Court of Arizona, Maricopa County (the "Arizona Court"), Case No. C2019-008383. The action challenged the Company's termination of Ms. MacLean's employment in May 2019 as unlawful under her employment agreement, dated September 19, 2018, with the Company and seeks damages in the amount of \$1,050,204. On October 10, 2019, a default judgment was filed in the Arizona Court. On November 4, 2019, the Company filed a motion to set aside the default judgment based on, among other things, the failure by plaintiff's counsel to follow the notice provisions of Arizona law which led to the default judgment. On January 29, 2020, the Arizona Court ruled in favor of the Company to set aside the default judgement. On March 16, 2021, the Arizona Court of Appeals denied Ms. MacLean's appeal of the trial court's decision to set aside a default judgement previously obtained by Ms. MacLean and has awarded costs to the Company, which Ms. MacLean is contesting. The Company believes this action to be wholly without merit and that it has various meritorious defenses to this action, including that Ms. MacLean was terminated during the stated probationary period set forth in her employment agreement with the Company and that the Company had good cause to affect any such termination, whether within or without the probationary period. The Company does not expect this action will have a material adverse effect on its business or its current and expected future operations.

### Item 1A. Risk Factors.

*Investing in our common stock involves a high degree of risk. You should consider carefully the following risks, together with all the other information in this Form 10-Q, including our condensed consolidated financial statements and notes thereto. If any of the following risks actually materializes, our operating results, financial condition and liquidity could be materially adversely affected. As a result, the trading price of our common stock could decline and you could lose part or all of your investment. The following information updates, and should be read in conjunction with, the information disclosed in Part I, Item 1A, "Risk Factors," contained in our Annual Report on Form 10-K/A for the year ended December 31, 2020. Except as disclosed below, there have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K/A for the year ended December 31, 2020.*

#### Risks related to our financial position

***The effects of the COVID-19 pandemic have strained and negatively impacted 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 has caused the closures of physical locations throughout Italy where we provide our gaming services, of which closures could continue indefinitely for a significant number of these locations if the outbreak intensifies. In 2020, the cancellation of March Madness, suspension of the European Soccer Championship and NHL Hockey, the shortened NBA playoffs, the delay in the MLB season, and other events affected by the COVID-19 pandemic has had an adverse impact on our operations and revenue. Additionally, 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. 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 have 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 has been suspended, and online and teleconference technology is used to meet virtually rather than in person. The effects of the governmental orders and our work-from-home policies have negatively impact productivity, disrupted our business and delayed our progress in implementing our business plan, the magnitude of which will depend, in part, on the length and severity of the restrictions and other limitations on our ability to conduct our business in the ordinary course.

In addition, the outbreak of the COVID-19 coronavirus could disrupt our operations due to absenteeism by infected or ill members of management or other employees, or absenteeism by members of management and other employees who elect not to come to work due to the illness affecting others in our offices or other workplaces, or due to quarantines. COVID-19 illness could also impact members of our Board of Directors resulting in absenteeism from meetings of the directors or committees of directors and making it more difficult to convene the quorums of the full Board of Directors or its committees needed to conduct meetings for the management of our affairs.

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 the outbreak, travel restrictions and 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 of potential delays 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 seriously harm our business.

***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, 2020, we had a net loss of \$9.9 million and for the period ended March 31, 2021 we had a net loss of \$0.6 million. As of December 31, 2020, and March 31, 2021 we had accumulated deficits of \$33.2 million, and \$33.8 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 by hiring additional personnel, upgrading our technology and infrastructure and expanding into new geographical markets. To the extent we are successful in increasing our customer base, we expect to also incur increased losses in the short term despite the fact that our Platform is easily scalable because 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 are unable to maintain our profitability, the value of our business and common stock may decrease. Although we cannot assure that we will be able to maintain a profitable level of operations to meet our obligations arising from normal business operations, in recent years we have generated sufficient revenue to maintain our existing operations and continue our moderate organic growth.

***The exercise of currently outstanding securities would dilute current holders of our common stock.***

If all of the holders of our outstanding securities exercised their outstanding warrants and option, we would be obligated to issue 2,240,274 common shares.

***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, including facing potential criminal proceedings as a result of a violation of Italian gaming and tax laws.***

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, cyber-crime, 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 including criminal proceedings. While our Platform has 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, unauthorized entry and use by our webshop operators, including intentional misconduct by the webshop operators or by computer hackers, theft, employee error, malfeasance or otherwise, our reputation could be damaged, a violation of Italian gaming and tax laws may occur, and our business may suffer and we could incur significant liabilities including facing potential criminal proceedings as a result of a violation of Italian gaming and tax laws. 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 including criminal proceedings, 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 including criminal proceedings, which could materially and adversely affect our business and operating results.

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

A governmental investigation or criminal trial could divert our management's attention, result in significant expenses, forfeiture of our licenses, as well as result in negative publicity and adversely affect our business. Both Italian federal and provincial government agencies have heightened and coordinated civil and criminal enforcement efforts as part of numerous ongoing national investigations to detect and prevent anti-money laundering and the misuse of licenses issued by state authorities for banking, money transfer, gaming and other such businesses. A national probe conducted by Guardia di Finanza (the Italian tax police) known as Operation Fantacommesse (Phantom Bet), has targeted for investigation several online licensed gaming operators in Italy for alleged gaming law violations, including the Company and certain members of its senior management that reside and work in Italy. These investigations could lead to criminal proceedings against both licensed businesses and its management because European corporations impose individual responsibility on the legal representatives of each company. In this regard, certain third-party webshop owners have been accused of violations of Italian gaming or tax laws for inappropriate land-based wagering via an online channel. Based thereon, a similar accusation towards the Company was reported to the ADM, the Italian regulatory authority. The ADM completed its inspection of the Company's operations and Platform and determined that the Platform performed in compliance with the ADM certification requirements. Although no action has been taken by the ADM, there can be no assurance that any action, if any, will not be taken in the future. Due to their positions as the legal representatives of the subsidiary, two senior officers of our Italian subsidiary, have been investigated for and are now believed by the Italian tax police to have criminal legal responsibility for, gaming law violations based on the alleged actions performed at webshops. No charges have been brought against the Company, its senior officers or our Italian subsidiary, and we intend to vigorously defend our two senior officers from any claim or criminal proceeding that may be commenced against them on the basis that they acted improperly in any way or should be personally responsible. We expect that the matter will come before an Italian judge in the next few months for a preliminary hearing to determine whether criminal indictment is warranted and if court proceedings should commence. At the hearing, the judge can dismiss the matter, settle the matter or it can decide to send the matter to a criminal trial to be decided by a jury of trial judges. There can be no assurance that our two senior officers will be successful. If unsuccessful, we could incur significant legal expenses and could be forced to terminate the employment of such officers with whom we are dependent.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information.**

Due to ongoing development in the Company's expansion plans in the U.S. and growth of our European operations, management has determined that certain Company executive officers should be reassigned to better align with regional operations and responsibilities. As such, as of May 12, 2021, Alessandro Marcelli, Franco Salvagni, Gabriele Peroni and Beniamino Gianfelici will no longer hold the positions of VP of Operations, VP of Retail Sales, VP of Business Development and VP of Regulatory Affairs, respectively, however they will remain in management positions at our subsidiaries in Europe.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">3.1</a>	<a href="#">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)</a>
<a href="#">3.2</a>	<a href="#">Bylaws (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)</a>
<a href="#">3.3</a>	<a href="#">Certificate of Amendment dated December 9, 2019 to the Amended and Restated Certificate of Incorporation dated December 18, 2018 (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)</a>
<a href="#">3.4</a>	<a href="#">Certificate of Amendment dated November 2, 2020 to the Certificate of Incorporation of Elys Game Technology, Corp. dated September 18, 2018 (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)</a>
<a href="#">3.5</a>	<a href="#">Certificate of Correction of Elys Game Technology, Corp. dated November 6, 2020 to Certificate of Incorporation dated September 18, 2018 (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)</a>
<a href="#">31.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to the Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">31.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to the Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">32.1</a>	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 13, 2021

**Elys Game Technology, Corp.**

By: /s/ Matteo Monteverdi

Matteo Monteverdi

Chief Executive Officer (Principal Executive Officer)

By: /s/ Mark J. Korb

Mark J. Korb

Chief Financial Officer (Principal Financial Officer)

**Certification of Chief Executive Officer of ELYS GAME TECHNOLOGY, CORP.  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Matteo Monteverdi, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 15(d)-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: May 13, 2021

/s/ Matteo Monteverdi  
\_\_\_\_\_  
Matteo Monteverdi  
Chief Executive Officer  
(Principal Executive Officer)

**Certification of Chief Financial Officer of ELYS GAME TECHNOLOGY, CORP.  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Mark J. Korb, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 15(d)-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: May 13, 2021

/s/ Mark J. Korb

\_\_\_\_\_  
Mark J. Korb  
Chief Financial Officer  
(Principal Financial Officer)

**Statement of Chief Executive Officer and Chief Financial Officer  
Pursuant to Section 1350 of Title 18 of the United States Code**

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, Matteo Monteverdi and Mark J. Korb, the Chief Executive Officer and Chief Financial Officer of Elys Game Technology, Corp. (the "Company"), respectively, hereby certify that based on the undersigned's knowledge:

1. The Company's quarterly report on Form 10-Q for the period ended March 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: May 13, 2021

/s/ Matteo Monteverdi

Matteo Monteverdi  
Chief Executive Officer  
(Principal Executive Officer)

/s/ Mark J. Korb

Mark J. Korb  
Chief Financial Officer  
(Principal Financial Officer)