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, 2022
or
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______ to ______

Commission File Number 001-39170

ELYS GAME TECHNOLOGY, CORP.
(Exact name of registrant as specified in its charter)

Delaware	**33-0823179**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 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 13, 2022, the registrant had 23,694,583 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 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 for the year ended December 31, 2021 filed with the Securities and Exchange Commission on April 15, 2022.

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

Currently there are no restrictive lockdowns in any of the markets that we operate in.

PART I. FINANCIAL INFORMATION

Item 1.

ELYS GAME TECHNOLOGY CORP.

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March 31, 2022

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

	March 31 2022	December 31, 2021
Current Assets		
Cash and cash equivalents	$ 6,605,262	$ 7,319,765
Accounts receivable	406,184	271,161
Gaming accounts receivable	1,137,928	2,418,492
Prepaid expenses	1,513,166	968,682
Related party receivable	1,378	1,413
Other current assets	352,487	403,972
Total Current Assets	**10,016,405**	**11,383,485**
Non – Current Assets		
Restricted cash	377,048	386,592
Property and equipment	534,366	490,079
Right of use assets	1,251,796	589,288
Intangible assets	15,169,670	15,557,561
Goodwill	16,164,228	16,164,337
Marketable securities	85,000	7,499
Total Non – Current Assets	**33,582,108**	**33,195,356**
Total Assets	**$ 43,598,513**	**$ 44,578,841**
Current Liabilities		
Bank overdraft	$ —	$ 7,520
Accounts payable and accrued liabilities	6,486,958	6,820,279
Gaming accounts payable	2,272,499	2,610,305
Taxes payable	272,491	47,787
Advances from stockholders	3,159	502
Promissory notes payable – related parties	52,922	51,878
Operating lease liability	297,554	244,467
Financial lease liability	8,091	8,347
Bank loan payable – current portion	3,064	36,094
Total Current Liabilities	**9,396,738**	**9,827,179**
Non-Current Liabilities		
Contingent Purchase Consideration	13,309,412	12,859,399
Deferred tax liability	3,212,439	3,291,978
Operating lease liability	958,072	340,164
Financial lease liability	5,538	7,716
Bank loan payable	150,544	151,321
Other long-term liabilities	379,656	359,567
Total Non – Current Liabilities	**18,015,661**	**17,010,145**
Total Liabilities	**27,412,399**	**26,837,324**
Stockholders' Equity		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized, none issued	—	—
Common stock, $0.0001 par value, 80,000,000 shares authorized; 23,583,039 and 23,363,732 shares issued and outstanding as of March 31, 2022 and December 31, 2021	2,358	2,336
Additional paid-in capital	67,383,858	66,233,292
Accumulated other comprehensive (loss) income	(402,858)	(251,083)
Accumulated deficit	(50,797,244)	(48,243,028)
Total Stockholders' Equity	**16,186,114**	**17,741,517**
Total Liabilities and Stockholders' Equity	**$ 43,598,513**	**$ 44,578,841**

See notes to the unaudited condensed consolidated financial statements

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

	For the three months ended March 31,	
	2022	**2021**
Revenue	**$ 12,235,986**	**$ 14,157,328**
Costs and Expenses		
Selling expenses	9,286,232	10,661,815
General and administrative expenses	5,009,384	4,145,210
Total Costs and Expenses	**14,295,616**	**14,807,025**
Loss from Operations	**(2,059,630)**	**(649,697)**
Other Income (Expenses)		
Interest expense, net	(3,859)	(7,849)
Amortization of debt discount	—	(12,833)
Other income	39,749	281,344
Changes in Fair Value of contingent purchase consideration	(450,013)	—
Other expense	(1,070)	(26,930)
Gain on marketable securities	77,500	195,000
Total Other (Expenses) Income	**(337,693)**	**428,732**
Loss Before Income Taxes	**(2,397,323)**	**(220,965)**
Income tax provision	(156,893)	(388,614)
Net Loss	**$ (2,554,216)**	**$ (609,579)**
Other Comprehensive Loss		
Foreign currency translation adjustment	(151,775)	(344,088)
Comprehensive Loss	**$ (2,705,991)**	**$ (953,667)**
Loss per common share – basic and diluted	$ (0.11)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	23,515,154	21,506,684

See notes to the unaudited condensed consolidated financial statements

ELYS GAME TECHNOLOGY, CORP.
Condensed Consolidated Statements of Changes in Stockholders' Equity
Three months ended March 31, 2022 and March 31, 2021
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Three months ended March 31, 2021						
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)
Balance at March 31, 2021	**22,011,109**	**$ 2,201**	**$ 60,080,571**	**$ (76,140)**	**$ (33,788,096)**	**$ 26,218,536**
Three months ended March 31, 2022						
Balance at December 31, 2021	23,363,732	$ 2,336	$ 66,233,292	$ (251,083)	$ (48,243,028)	$ 17,741,517
Proceeds from open market sales	56,472	6	131,559	—	—	131,565
Brokers Fees on open market sales	—	—	(3,949)	—	—	(3,949)
Restricted stock awards	162,835	16	424,984	—	—	425,000
Stock based compensation expense	—	—	597,972	—	—	597,972
Foreign currency translation adjustment	—	—	—	(151,775)	—	(151,775)
Net (loss)	—	—	—	—	(2,554,216)	(2,554,216)
Balance at March 31, 2022	**23,583,039**	**$ 2,358**	**$ 67,383,858**	**$ (402,858)**	**$ (50,797,244)**	**$ 16,186,114**

See notes to the unaudited condensed consolidated financial statements

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

	For the three months ended March 31, 2022	2021
Net Loss	$ (2,554,216)	$ (609,579)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation and amortization	438,959	226,703
Amortization of debt discount	—	12,833
Restricted stock awards	425,000	140,000
Stock based compensation expense	597,972	288,968
Non-cash interest	992	4,696
Change in fair value of contingent purchase consideration	450,013	—
Unrealized gain on trading securities	(77,500)	(195,000)
Movement in deferred taxation	(79,539)	(23,360)
Changes in Operating Assets and Liabilities		
Prepaid expenses	(545,972)	9,975
Accounts payable and accrued liabilities	(215,744)	(209,483)
Accounts receivable	(64,381)	(97,362)
Gaming accounts receivable	1,163,531	160,652
Gaming accounts liabilities	(276,557)	598,643
Taxes payable	225,645	409,121
Due from related parties	2,700	(1,975)
Other current assets	43,759	16,907
Long term liability	29,305	4,137
Net Cash (Used in) Provided by Operating Activities	**(436,033)**	**735,876**
Cash Flows from Investing Activities		
Acquisition of property and equipment and intangible assets	(105,129)	(80,404)
Net Cash Used in Investing Activities	**(105,129)**	**(80,404)**
Cash Flows from Financing Activities		
Proceeds from warrants exercised	—	3,909,981
Proceeds from bank overdraft	—	1,053
Repayment of bank overdraft	(7,420)	—
Repayment of bank credit line	—	(500,000)
Repayment of bank loan	(33,316)	(57,176)
Redemption of convertible debentures	—	(27,562)
Proceeds from subscriptions – Net of brokers fees	127,616	—
Repayment of deferred purchase consideration	—	(410,383)
Capital finance lease repaid	(2,062)	(3,414)
Net Cash provided by Financing Activities	**84,818**	**2,912,500**
Effect of change in exchange rate	(267,703)	(689,343)
Net (decrease) increase in cash	(724,047)	2,878,629
Cash, cash equivalents and restricted cash – beginning of the period	7,706,357	20,044,769
Cash, cash equivalents and restricted cash – end of the period	**$ 6,982,310**	**$ 22,923,398**
Reconciliation of cash, cash equivalents and restricted cash within the Balance Sheets to the Statement of Cash Flows		
Cash and cash equivalents	$ 6,605,262	$ 21,524,648
Restricted cash included in non-current assets	377,048	1,398,750
	$ 6,982,310	**$ 22,923,398**

Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$ 3,048	$ 15,133
Income tax	$ 11,727	$ 52,385

Supplemental cash flow disclosure for non-cash activities		
Cash Flows from Operating Activities		
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"), the Company provides gaming services in the U.S. market via Elys Gameboard Technologies, LLC and Bookmakers Company US, LLC ("USB") in certain licensed states where the Company offers bookmaking and platform services to the Company's customers. The Company's intention is to focus its attention on expanding the US market. The Company recently began operation in Washington D.C. through a Class B Managed Service Provider and Class B Operator license to operate a sportsbook within the Grand Central Restaurant and Sportsbook located in the Adams Morgan area of Washington, D.C., and in October 2021 the Company entered into an agreement with Ocean Casino Resort in Atlantic City, New Jersey, to provide platform and bookmaking services. Ocean Casino Resort began using the Company's platform and bookmaking services in March 2022.

The Company also provides business-to-consumer ("B2C") gaming services in Italy through its subsidiary, Multigioco, which operations are carried out via both land-based or online retail gaming licenses regulated by the ADM that permits the Company to distribute leisure betting products such as sports betting, and virtual sports betting products through both physical, land-based retail locations as well as online through our licensed website www.newgioco.it or commercial webskins linked to the Company's licensed website and through mobile devices. Management implemented a consolidation strategy in the Italian market by integrating all B2C operations into Multigioco and allowed the Austrian Bookmakers license, that was regulated by the Austrian Federal Finance Ministry ("BMF"), to terminate.

Additionally, the Company provides business-to-business ("B2B") gaming technology through its Odissea subsidiary which owns and operates a betting software designed with a unique "distributed model" 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, built-in sports book and a virtual sports platform through its Virtual Generation subsidiary. The Platform also provides seamless application programming interface integration of third-party supplied products such as online casino, poker, lottery and horse racing and has the capability to incorporate e-sports and daily fantasy sports providers. Management implemented a growth strategy to expand B2B gaming technology operations in the U.S. and is considering further expansion in Canada and Latin American countries in the near future.

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. ("Elys")	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	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
Bookmakers Company US LLC	July 15, 2021	USA	U.S. Dollar

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

The Company's operations are carried out through the following four geographically organized groups:

a) an operational group based in Europe that maintains administrative offices headquartered in Rome, Italy with satellite offices for operations administration in Naples and Teramo, Italy and San Gwann, Malta;
b) an operational group based in the U.S. with offices in Las Vegas, Nevada;
c) a technology group which is based in Innsbruck, Austria and manages software development, training, and administration; and
d) a corporate group which is based in North America and maintains an executive suite in Las Vegas, Nevada and a Canadian office in Toronto, through which the Company carries-out corporate activities, handle day-to-day reporting and U.S. development planning, and through which various employees, independent contractors and vendors are engaged.

2. Accounting Policies and Estimates

Basis of Presentation

The accompanying 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, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2022. The balance sheet at December 31, 2021 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 for the fiscal year ended December 31, 2021, as filed with the U.S. Securities and Exchange Commission ("SEC") on April 15, 2022.

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

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

2. Accounting Policies and Estimates (continued)

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 and liabilities assumed, allocation of purchase price, impairment of long-lived assets, the collectability of receivables, leasing arrangements, contingent purchase consideration, contingencies and the value of deferred taxes and related valuation allowances. Certain estimates, including evaluating the collectability of receivables and advances, could be affected by external conditions, including those unique to the Company’s industry and general economic conditions. It is possible that these external factors could have an effect on the Company’s estimates that could cause actual results to differ from the Company’s estimates. The Company re-evaluates all of its accounting estimates at least quarterly based on these conditions and record adjustments when necessary.

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 contingent purchase consideration due on the acquisition of subsidiaries is measured at fair value at each reporting date. The estimate of the fair value of contingent consideration requires subjective assumptions to be made regarding future operating results, discount rates, and probabilities assigned to various potential operating result scenarios. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and therefore, materially affect the Company’s future financial results.

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

2. Accounting Policies and Estimates (continued)

Derivative Financial Instruments

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

Cash and Cash Equivalents

The Company 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, 2022 and December 31, 2021, 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, 2022.

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.

2. Accounting Policies and Estimates (continued)

Property and Equipment

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

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

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

Intangible Assets

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

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

The range of the estimated useful lives is as follows:

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

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 units exceed their fair values 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 units exceeds their fair value. If the carrying amount of the reporting units exceeds their fair value, an asset impairment charge will be recognized in an amount equal to that excess.

Goodwill was recently assessed on December 31, 2021 and as of March 31, 2022 there were no qualitative indications that impairment of intangible assets or goodwill may be appropriate.

2. Accounting Policies and Estimates (continued)

Leases

The Company accounts for leases in terms of ASC 842. In terms of ASC 842, the Company assesses whether any asset based leases entered into for periods longer than twelve months meet the definition of financial leases or operation leases, by evaluating the terms of the lease, including the following; the duration of the lease; the implied interest rate in the lease; the cash flows of the lease; and whether the Company intends to retain ownership of the asset at the end of the lease term. Leases which imply that the Company will retain ownership at the end of the lease term are classified as financial leases, are included in property and equipment with a corresponding financial liability raised at the date of lease inception. Interest incurred on financial leases are expensed using the effective interest rate method. Leases which imply that the Company will not acquire the asset at the end of the lease term are classified as operating leases, the Company's right to use the asset is reflected as a non-current right of use asset with a corresponding operational lease liability raised at the date of lease inception. The right of use asset and the operational lease liability are amortized over the right of use period using the effective interest rate implied in the operating lease agreement.

Income Taxes

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

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

In Italy, tax years beginning 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.

Contingent Purchase Consideration

The Company estimates and records the acquisition date estimated fair value of contingent consideration as part of the purchase price consideration for acquisitions. At each reporting period, the Company estimates changes in the fair value of contingent consideration, and any change in fair value is recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss). An increase in the earn-out expected to be paid will result in a charge to operations in the year that the anticipated fair value of contingent consideration increases, while a decrease in the earn-out expected to be paid will result in a credit to operations in the year that the anticipated fair value of contingent consideration decreases. The estimate of the fair value of contingent consideration requires subjective assumptions to be made regarding future operating results, discount rates, and probabilities assigned to various potential operating result scenarios. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and therefore, materially affect the Company's future financial results. Additional information regarding contingent consideration is provided in Note 3.

Revenue Recognition

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

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

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

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

3. Acquisition of Subsidiaries

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

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

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

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

The goodwill of $27,024,383 arising on consolidation consists largely of the reputation and knowledge of USB in the sports betting market in the US markets which should facilitate the Company's penetration into the U.S. market. All of the goodwill was assigned to the Betting platform software and services segment.

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

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

		Amount
Consideration		
Cash	$	6,000,000
1,265,823 shares of common stock at fair market value		4,544,304
Contingent purchase consideration		24,716,957
Total purchase consideration	**$**	**35,261,261**
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash	$	26,161
Other current assets		151,284
Property and equipment		788
Other non-current assets		4,000
Tradenames/Trademarks		1,419,000
Customer relationships		7,275,000
Non-compete agreements		2,096,000
	$	10,972,233
Less: liabilities assumed		
Current liabilities assumed	$	(264,135)
Non-current liabilities assumed		(205,320)
Imputed Deferred taxation on identifiable intangible acquired		(2,265,900)
	$	(2,735,355)
Net identifiable assets acquired and liabilities assumed		8,236,878
Goodwill		27,024,383
	$	**35,261,261**

3. Acquisition of Subsidiaries (continued)

The amount of revenue and earnings include in the Company's consolidated statement of operations and comprehensive income (loss) for the three months ended March 31, 2022 and the revenue and earnings of the combined entity had the acquisition date been January 1, 2021.

	Revenue		Earnings	
Actual for the three months ended March 31, 2022	$	294,366	$	(321,918)
2021 Supplemental pro forma from January 1, 2021 to March 31, 2021	$	14,248,390	$	(1,109,139)

4. Restricted Cash

Restricted cash consists of 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.

5. Property and Equipment

	March 31, 2022						December 31, 2021	
	Cost		Accumulated depreciation		Net book value		Net book value	
Leasehold improvements	$	60,799	$	(36,239)	$	24,560	$	27,260
Computer and office equipment		1,031,386		(781,294)		250,092		223,214
Fixtures and fittings		416,540		(253,671)		162,869		135,433
Vehicles		97,175		(56,700)		40,475		44,837
Computer software		186,805		(130,435)		56,370		59,335
	$	**1,792,705**	**$**	**(1,258,339)**	**$**	**534,366**	**$**	**490,079**

The aggregate depreciation charged to operations was$51,251 and $50,777 for the three months ended March 31, 2022 and 2021, respectively. The depreciation policies followed by the Company are described in Note 2.

6. Leases

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

	March 31, 2022		December 31, 2021	
Non-current assets				
Right of use assets - operating leases, net of amortization	$	1,251,796	$	598,288
Right of use assets - finance leases, net of depreciation – included in property and equipment	$	13,149	$	15,520

Lease costs consists of the following:

	Three Months Ended March 31,			
	2022		2021	
Finance lease cost:				
Amortization of financial lease assets	$	2,011	$	3,400
Interest expense on lease liabilities		141		241
Operating lease cost		89,015		65,946
Total lease cost	**$**	**91,167**	**$**	**69,587**

6. Leases (continued)

Other lease information:

	Three Months ended 31 March, 2022	Three Months ended 31 March, 2021
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ (141)	$ (241)
Operating cash flows from operating leases	(89,015)	(65,946)
Financing cash flows from finance leases	(2,062)	(3,414)
Weighted average remaining lease term – finance leases	1.70 years	2.62 years
Weighted average remaining lease term – operating leases	4.24 years	2.60 years
Weighted average discount rate – finance leases	3.73%	3.70%
Weighted average discount rate – operating leases	2.61%	3.58%

Maturity of Leases

Finance lease liability

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

	Amount
Remainder of 2022	$ 6,407
2023	6,879
2024	798
Total undiscounted minimum future lease payments	14,084
Imputed interest	(455)
Total finance lease liability	**$ 13,629**
Disclosed as:	
Current portion	$ 8,091
Non-Current portion	5,538
	$ 13,629

Operating lease liability

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

	Amount
Remainder of 2022	$ 274,766
2023	299,845
2024	227,145
2025	207,177
2026 and thereafter	341,105
Total undiscounted minimum future lease payments	1,350,038
Imputed interest	(94,412)
Total operating lease liability	**$ 1,255,626**
Disclosed as:	
Current portion	$ 297,554
Non-Current portion	958,072
	$ 1,255,626

7. Intangible Assets

Intangible assets consist of the following:

	March 31, 2022			December 31, 2021
	Cost	Accumulated amortization	Net book value	Net book value
Betting platform software	$ 6,149,537	$ (1,506,134)	$ 4,643,403	$ 4,745,895
Licenses	964,081	(961,168)	2,913	3,413
Location contracts	1,000,000	(1,000,000)	—	—
Customer relationships	8,145,927	(723,551)	7,422,376	7,538,533
Trademarks	1,537,599	(161,454)	1,376,145	1,413,887
Non-compete agreements	2,096,000	(371,167)	1,724,833	1,855,833
Websites	40,000	(40,000)	—	—
	$ 19,933,144	**$ (4,763,474)**	**$ 15,169,670**	**$ 15,557,561**

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 $387,618 and $175,829 in amortization expense for finite-lived assets for the three months ended March 31, 2022 and 2021, 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.

The Company previously had an Austrian Bookmaker License through the acquisition of Ulisse, which was valued at $9,727,912 which was fully impaired and terminated on December 31, 2021.

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

	Amount
Remainder of 2022	$ 1,162,854
2023	1,550,437
2024	1,548,788
2025	1,308,621
2026	1,024,789
Total estimated amortization expense	$ 6,595,489

8. Goodwill

	March 31, 2022	December 31, 2021
Opening balance	$ 28,687,051	$ 1,663,120
Acquisition of Bookmakers company US LLC	—	27,024,383
Foreign exchange movements	(109)	(452)
	28,686,942	**28,687,051**
Accumulated Impairment charge		
Opening Balance January 1	(12,522,714)	—
Impairment charge	—	(12,522,714)
Closing Balance	**(12,522,714)**	**(12,522,714)**
Goodwill net of impairment charge	**$ 16,164,228**	**$ 16,164,337**

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.

9. Marketable Securities

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

The shares of Zoompass were last quoted on the OTC market at $0.034 per share on March 31, 2022, resulting in an unrealized gain recorded to earnings related to these securities of $77,500 for the 3 months ended March 31, 2022.

10. Bank Loan Payable

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

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

The Company made payments of €29,913 (approximately $33,664) which included principal of €29,059 (approximately $32,762) and interest of €854 approximately $1,044) for the three months ended March 31, 2022.

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

Since acquisition of USB, the Company has repaid capital of $1,864 and has total accrued and unpaid interest of $5,472 on this loan as of March 31, 2022.

The maturity of bank loans payable as of March 31, 2022 is as follows:

		Amount
Within 1 year	$	3,064
1 to 2 years		3,181
2 to 3 years		3,302
3 to 4 years		3,428
5 years and thereafter		135,161
Total	**$**	**153,608**
Disclosed as:		
Current portion	$	3,064
Non-Current portion		150,544
	$	**153,608**

11. Contingent Purchase Consideration

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

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

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

11. Contingent Purchase Consideration (continued)

	March 31, 2022	December 31, 2021
Opening balance	$ 12,859,399	$ —
Contingent purchase consideration measured on the acquisition of USB	—	24,716,957
Changes in fair value	450,013	(11,857,558)
Closing balance	**13,309,412**	**12,859,399**

12. Other Long-term Liabilities

Other long-term liabilities represent 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.

Balances of other long-term liabilities were as follows:

	March 31, 2022	December 31, 2021
Severance liability	$ 379,656	$ 359,567

13. Related Parties

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, 2022	December 31, 2021
Related Party payables		
Luca Pasquini	$ (3,159)	$ (502)
Victor Salerno	(52,922)	(51,878)
	$ (56,081)	**$ (51,380)**
Related Party Receivables		
Luca Pasquini	**$ 1,378**	**$ 1,413**

Luca Pasquini

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

On January 22, 2021, the Company issued Mr. Pasquini44,968 shares of common stock valued at$257,217, in settlement of accrued compensation due to him.

On July 11, 2021, the Company entered into an agreement with Engage IT Services Srl.("Engage"), to provide gaming software and maintenance and support of the system, the total contract price was €390,000 (approximately $459,572), in addition, on October 14, 2021, the Company entered into a further agreement with Engage, to provide gaming software and maintenance and support of the system for a period of 12 months, the total contract price was €1,980,000 (approximately $2,192,000). Mr. Pasquini owns 34% of Engage

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

13. Related Parties (continued)

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.

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

Mr. Ciavarella agreed to take his 2021 bonus and a portion of his 2022 salary as a restricted stock award, on January 7, 2022, the Company issued Mr. Ciavarella 162,835 shares of common stock valued at $425,000 on the date of issue.

Carlo Reali

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

On March 29, 2022, the Company issued Mr. Reali ten-year options exercisable for 100,000 shares of common stock, at an exercise price of $2.50 per share, vesting equally over a 4 year period commencing on January 1, 2023.

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

Victor Salerno

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

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

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

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

On September 13, 2021, the Board appointed Mr. Salerno, the President and founder of the Company’s newly acquired subsidiary, USB, to serve as a member of the Board.

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

13. Related Parties (continued)

Paul Sallwasser

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

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.

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

Andrea Mandel-Mantello

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

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

14. Stockholders' Equity

For the three months ended March 31, 2022, the Company issued a total of162,385 shares of common stock, valued at $425,000 for the settlement of compensation and directors' fees to the Company's executive chairman, refer note 13 above.

Between March 28, 2022 and March 31, 2022, the Company sold56,472 shares of common stock for gross proceeds of$131,565, less brokerage fees of $3,947 pursuant to the Open Market Sales Agreement[SM] that the Company entered into with Jefferies LLC on November 19, 2021.

15. Warrants

A summary of all of the Company's warrant activity during the period January 1, 2021 to March 31, 2022 is as follows:

	Number of shares	Exercise price per share	Weighted average exercise price
Outstanding January 1, 2021	2,053,145	$ 2.50 to 5.00	$ 2.63
Granted	—	—	—
Forfeited/cancelled	—	—	—
Exercised	(1,506,809)	2.50 to 3.75	2.63
Outstanding December 31, 2021	**546,336**	**$ 2.50 to 5.00**	**$ 2.66**
Granted	—	—	—
Forfeited/cancelled	—	—	—
Exercised	—	—	—
Outstanding March 31, 2022	**546,336**	**$ 2.50 to 5.00**	**$ 2.66**

The following tables summarize information about warrants outstanding as of March 31, 2022:

	Warrants outstanding			Warrants exercisable	
Exercise price	Number of shares	Weighted average remaining years	Weighted average exercise price	Number of shares	Weighted average exercise price
$2.50	486,173	3.39	$ 2.50	486,173	$ 2.50
$3.75	48,395	0.16	3.75	48,395	3.75
$5.00	11,768	0.37	5.00	11,768	5.00
	546,336	3.04	$ 2.66	546,336	$ 2.66

The outstanding warrants have an intrinsic value of $0 as of March 31, 2022.

16. Stock Options

In September 2018, the Company's stockholders approved our 2018 Equity Incentive Plan, which provides for a maximum of1,150,000 awards that can be issued as options, stock appreciation rights, restricted stock, stock units, other equity awards or cash awards.

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

On November 20, 2020, the Company held its 2020 Annual Meeting of Stockholders. At the 2020 Annual Meeting, the Company's stockholders approved an amendment to the Company's 2018 Equity Incentive Plan to increase the number of shares of common stock that the Company will have authority to grant under the plan by an additional 1,850,000 shares of common stock. On December 8, 2021, the Company held its 2021 Annual Meeting of Stockholders. At the 2021 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 4,000,000 shares of common stock

During the period ended March 31, 2022, the Company issued ten year options to purchase160,000 shares at an exercise price of $2.50 per share, of which 100,000 were issued to our Interim CFO and 60,000 to an employee.

The options awarded during the three months ended March 31, 2022 were valued using a Black-Scholes option pricing model.

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

	Three months ended March 31, 2022
Exercise price	$ 2.50
Risk free interest rate	2.41%
Expected life of options	10 years
Expected volatility of underlying stock	204.2%
Expected dividend rate	0%

A summary of all of the Company's option activity during the period January 1, 2021 to March 31, 2022 is as follows:

	Number of shares	Exercise price per share	Weighted average exercise price
Outstanding January 1, 2021	1,622,938	$ 1.84 to 2.96	$ 2.11
Granted	1,193,500	2.62 to 5.10	3.15
Forfeited/cancelled	(50,000)	2.62	2.62
Exercised	—	—	—
Expired	—	—	—
Outstanding December 31, 2021	2,766,438	$ 1.84 to 5.10	$ 2.92
Granted	160,000	2.50	2.50
Forfeited/cancelled	—	—	—
Exercised	—	—	—
Outstanding March 31, 2022	**2,926,438**	**$ 1.84 to 5.10**	**$ 2.90**

16. Stock Options (continued)

The following tables summarize information about stock options outstanding as of March 31, 2022:

	Options outstanding			Options exercisable	
Exercise price	**Number of shares**	**Weighted average remaining years**	**Weighted average exercise price**	**Number of shares**	**Weighted average exercise price**
$1.84	648,000	8.48		162,000	
$2.03	659,000	8.51		402,000	
$2.50	160,000	10.00		—	
$2.72	25,000	4.25		25,000	
$2.80	220,625	7.48		138,073	
$2.96	70,313	7.27		70,313	
$3.43	25,000	9.72		—	
$4.03	1,020,000	9.26		155,000	
$4.07	25,000	9.30		—	
$4.20	25,000	9.09		—	
$5.10	48,500	9.46		24,250	
	2,926,438	**8.74**	**$ 2.90**	**976,636**	**$ 2.59**

As of March 31, 2022, there were unvested options to purchase1,949,802 shares of common stock. Total expected unrecognized compensation cost related to such unvested options is $5,385,375 which is expected to be recognized over a period of 48 months.

As of March 31, 2022, there was an aggregate of2,926,438 options to purchase shares of common stock granted under the Company's 2018 Equity Incentive Plan, and an aggregate of 655,301 restricted shares granted to certain officers and directors of the Company in settlement of liabilities owing to them, with3,418,261 shares available for future grants.

17. Revenues

The following table represents disaggregated revenues from our gaming operations for the three months ended March 31, 2022 and 2021. Net Gaming Revenues represents Turnover (also referred to as "Handle"), the total bets processed for the period, less customer winnings paid out, and taxes due to government authorities, while Service Revenues is revenue invoiced for our Elys software service and royalties invoiced for the sale of virtual products.

	Three Months Ended March 31,	
	2022	**2021**
Turnover		
Web-based	$ 215,780,282	$ 231,332,159
Land-based	1,785,107	11,825,830
Total Turnover	**217,565,389**	**243,157,989**
Winnings/Payouts		
Web-based	200,853,821	215,598,415
Land-based	1,400,413	10,164,937
Total Winnings/payouts	**202,254,234**	**225,763,352**
Gross Gaming Revenues		
Web-based	14,926,461	15,733,744
Land-based	384,694	1,660,893
Gross Gaming Revenues	**15,311,155**	**17,394,637**
Less: Gaming Taxes	(3,730,830)	(3,329,038)
Net Gaming Revenues	**11,580,325**	**14,065,599**
Betting platform software and services	655,661	91,729
Revenue	**$ 12,235,986**	**$ 14,157,328**

18. Net 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, present value 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, 2022 and 2021 was anti-dilutive due to the losses realized.

For the three months ended March 31, 2022 and 2021, the following options and warrants were excluded from the computation of diluted loss per share as the result of the computation was anti-dilutive:

Description	Three Months ended March 31, 2022	Three Months ended March 31, 2021
Options	2,926,438	1,672,938
Warrants	546,336	567,336
	3,472,774	**2,240,274**

19. 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 only web based distribution throughout Italy, and

(ii) Betting platform software and services

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

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

	March 31, 2022			
	Betting establishments	Betting platform software and services	All other	Total
Purchase of non-current assets	$ 76,620	$ 22,938	$ 5,571	**$ 105,129**
Assets				
Current assets	$ 7,839,520	$ 1,614,877	$ 562,008	**$ 10,016,405**
Non-current assets	2,668,559	30,820,909	92,640	**33,582,108**
Liabilities				
Current liabilities	(6,729,694)	(1,171,806)	(1,495,238)	**(9,396,738)**
Non-current liabilities	(1,318,442)	(16,697,219)	—	**(18,015,661)**
Intercompany balances	4,551,910	(2,114,610)	(2,437,300)	—
Net asset position	**$ 7,011,853**	**$ 12,452,151**	**$ (3,277,890)**	**$ 16,186,114**

19. Segmental Reporting (continued)

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

	Three months ended March 31, 2022				
	Betting establishments	Betting platform software and services	All other	Adjustments	Total
Revenue	$ 11,751,266	$ 484,720	$ —	$ —	$ 12,235,986
Intercompany Service revenue	56,127	555,693	—	(611,820)	—
Total revenue	**11,807,394**	**1,040,412**	**—**	**(611,820)**	**12,235,986**
Operating expenses					
Intercompany service expense	555,693	56,127	—	(611,820)	—
Selling expenses	9,253,177	33,055	—	—	**9,286,232**
General and administrative expenses	1,461,691	1,894,829	1,652,864	—	**5,009,384**
Total operating expenses	**11,270,561**	**1,984,011**	**1,652,864**	**(611,820)**	**14,295,616**
Income (Loss) from operations	**536,833**	**(943,599)**	**(1,652,864)**	**—**	**(2,059,630)**
Other income (expense)					
Other income	39,749	—	—	—	**39,749**
Other expense	—	(1,070)	—	—	**(1,070)**
Interest expense, net	(1,212)	(2,647)	—	—	**(3,859)**
Amortization of debt discount					
Change in fair value of contingent purchase consideration	—	(450,013)	—	—	**(450,013)**
Gain on marketable securities	—	—	77,500	—	**77,500**
Total other income (expense)	**38,537**	**(453,730)**	**77,500**	**—**	**(337,693)**
Income (Loss) before Income Taxes	575,370	(1,397,329)	(1,575,364)	—	**(2,397,323)**
Income tax provision	(229,534)	72,641	—	—	**(156,893)**
Net Income (Loss)	**$ 345,836**	**$ (1,324,688)**	**$ (1,575,364)**	**$ —**	**$ (2,554,216)**

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**
Assets				
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**
Liabilities				
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)	—
Net asset position	**$ 13,924,720**	**$ 4,772,800**	**$ 7,521,016**	**$ 26,218,536**

19. Segmental Reporting (continued)

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

	Three months ended 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)	—
	14,163,223	893,841	—	(899,736)	**14,157,328**
Operating expenses					
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**
	13,147,845	1,365,863	1,193,053	(899,736)	**14,807,025**
Income (Loss) from operations	**1,015,378**	**(472,022)**	**(1,193,053)**	**—**	**(649,697)**
Other income(expense)					
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 income(expenses)	254,072	(2,353)	177,013	—	**428,732**
Income(Loss) before Income Taxes	**1,269,450**	**(474,375)**	**(1,016,040)**	**—**	**(220,965)**
Income tax provision	(393,410)	4,796	—	—	**(388,614)**
Net Income (Loss)	**$ 876,040**	**$ (469,579)**	**$ (1,016,040)**	**$ —**	**$ (609,579)**

20. Subsequent Events

From April 1, 2022 through April 15, 2022, in terms of an Open Market Sale Agreement with Jefferies LLC pursuant to which we may offer and sell shares of common stock from time to time, through Jeffries, we sold an additional 111,544 shares of common stock for net proceeds of$247,824 after commission of $7,665.

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

ITEM 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 for the year ended December 31, 2021 filed with the Securities and Exchange Commission on April 15, 2022 under the heading "Risk Factors" and the Risk Factors as described in Item 1A of this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022.

Overview

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

We currently provide our B2C gaming services in Italy through our subsidiary, Multigioco Srl ("Multigioco"), which operations are carried out via both land-based or online retail gaming licenses regulated by the Agenzia delle Dogane e dei Monopoli ("ADM") that permits us to distribute leisure betting products such as sports betting, and virtual sports betting products through both physical, land-based retail locations as well as online through our licensed website www.newgioco.it or commercial webskins linked to our licensed website and through mobile devices. Management implemented a consolidation strategy in the Italian market by integrating all B2C operations into Multigioco and allowed the Austria Bookmaker license that was regulated by the Austrian Federal Finance Ministry ("BMF") to terminate.

We also provide bookmaking services in the U.S. market via our recently acquired subsidiary US Bookmaking in certain regulated states where we offer B2B bookmaking and platform services to our customers. Our intention is to focus our attention on expanding the U.S. market. We recently began operation is Washington, D.C. through a Class B Managed Service Provider and Class B Operator license to operate a sportsbook within the Grand Central Restaurant and Sportsbook located in the Adams Morgan area of Washington, D.C., and in October 2021 we entered into an agreement with Ocean Casino Resort in Atlantic City and commenced operations in the state of New Jersey in March 2022.

Additionally, we provide B2B gaming technology through our Odissea subsidiary which owns and operates a betting software designed with a unique "distributed model" 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, built-in sports book and a virtual sports platform through our Virtual Generation subsidiary. The Platform also provides seamless application programming interface integration of third-party supplied products such as online casino, poker, lottery and horse racing and has the capability to incorporate e-sports and daily fantasy sports providers. Management implemented a growth strategy to expand B2B gaming technology operations in the U.S. and is considering further expansion in Canada and Latin American countries in the near future.

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

For the period ended March 31, 2022, transaction revenue generated through our subsidiary Multigioco consisted of wagering and gaming transaction income broken down to: (i) spread on sports bet wagers, and (ii) fixed rate commissions on casino, poker, lotto and horse racing wagers from online based betting web-shops and websites as well as land-based retail betting shops located throughout Italy; while our service revenue generated by our Platform is primarily derived from bet and wager processing in Italy through Multigioco, and in the U.S., through Elys Gameboard Technologies and USB. Since the majority of CTD locations were not expected to re-open after the COVID-19 related lockdowns in Italy subsided, management simplified our Italian footprint by focusing our investment towards the Multigioco operations and discontinued Ulisse presence in Italy during the second quarter of 2021.

We believe that our Platform is considered one of the newest betting software platforms in the world and our plan is to expand our Platform offering to new jurisdictions around the world on a B2B basis, including expansion through Europe, South America, South Africa and the developing market in the United States. During the three months ended March 31, 2022 and 2021, we also generated service revenue from royalties through authorized agents by providing our virtual sports products through our Virtual Generation subsidiary and generated service revenues through the provision of bookmaking and platform services through our recently acquired subsidiary, US Bookmaking. We intend to leverage our partnerships in these countries to cross-sell our Platform services to expand the global distribution of our betting solutions.

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

1. **Betting establishments**

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

2. **Betting platform software and services**

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

This Management's Discussion and Analysis includes a discussion of our operations for the three months ended March 31, 2022 and 2021, which includes the operations of US Bookmaking for the three months ended March 31, 2022.

Recent Developments

Disclosure pertaining to Russia's invasion of Ukraine

Russia recently invaded Ukraine with Belarus complicit in the invasion. The conflict between these two countries is ongoing.

We do not have any direct or indirect exposure to Ukraine, Belarus or Russia, through our operations, employee base or any investments in any of these countries. In addition, our securities are not traded on any stock exchanges in these three countries. We do not believe that the sanction levied against Russia or Belarus or individuals and entities associated with these two countries will have a material impact on our operations or business, if any.

We do not believe that we have any direct or indirect reliance on good sourced from Russia, Ukraine or Belarus or countries that are supportive of Russia.

We provide online gaming services and platform services to several customers, including our own internal usage of our developed software, we employ the latest encryption techniques and firewall practices and constantly monitor the usage of our software as is required for the regulated markets which we operate in, this, however, may not be sufficient to prevent the heightened risk of cybersecurity attacks emanating from Russia, Ukraine, Belarus, or any other country.

The impact of the invasion by Russia of Ukraine has increased volatility in trading prices and commodities throughout the world, to date, we have not seen a material impact on our operations, however, a prolonged conflict may impact on consumer spending, in general, which could have an adverse impact on the leisure gaming industry as a whole.

Inflation

Macro-economic conditions could affect consumer spending adversely and consequently our operations, however we have not seen any material impact to date.

Foreign Exchange

We operate in several foreign countries, including Austria, Italy, Malta, Colombia and Canada and we incur operating expenses and have foreign currency denominated assets and liabilities associated with these operations. Transactions involving our corporate expenditures are generally denominated in U.S. dollars and Canadian dollars while the functional currency of our subsidiaries is in Euro. Changes and fluctuations in the foreign exchange rate between the US Dollar and the Euro, Canadian dollar and Colombian Peso will have an effect on our results of operations.

Critical Accounting Policies and Estimates

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

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

Impairment of Indefinite Lived Assets and Goodwill

We carried intangible assets in the amount of $15.2 million and goodwill in the amount of $16.2 million as more fully described in Notes 7 and 8 to the condensed consolidated financial statements. The intangible assets and goodwill are allocated between reporting units. The Company tests its goodwill and intangible assets with an indefinite useful life annually for impairment or more frequently if indicators for impairment exist. Impairment for goodwill is determined by comparing the fair value of the respective reporting unit to their carrying amount. For impairment testing of indefinite-lived intangibles. The Company determines the fair value of the reporting units using an income-based approach which estimates the fair value using a discounted cash flow model. Key assumptions in estimating fair values include projected revenue growth and the weighted average cost of capital. In addition, management recently reviewed the future revenue and profit projections of US Bookmaking based on the forecasts provided by the vendors at the time of performing the business valuation, which factored in the ability to source new customers. The customer acquisition process has proven to take longer than expected with a resultant downward revision of new customers acquired over the forecast period and the resultant downward impact on forecasted revenue streams. We reviewed the forecasts and made appropriate adjustments based on our current understanding of the addressable market, the growth rates forecast by third party market analysts, our expected share of revenue and the expectation of how many new clients we would realistically be able to add over the forecast period. Since performing this analysis we have no reason to believe that further impairment is necessary as of March 31, 2022.

Fair Value of Contingent Consideration

As of March 31, 2022, the Company carried contingent purchase consideration in the amount of $13.3 million as more fully described in Note 12 to the condensed consolidated financial statements. The contingent consideration relates to the business combination of US Bookmaking on July 15, 2021. The contingent consideration is based upon achievement of certain EBITDA milestones during the next 4 years, payable 50% in cash and 50% in stock, the contingent consideration is up to $41.8 million. At each reporting period, the Company estimates changes in the fair value of the contingent consideration and any change in fair value is recognized in the consolidated statements of operations and comprehensive (loss) income.

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

Recently Issued Accounting Pronouncements

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

Results of Operations for the three months ended March 31, 2022 and the three months ended March 31, 2021

Revenues

The following table represents disaggregated revenues from our gaming operations for the three months ended March 31, 2022 and 2021. Net Gaming Revenues represents Turnover (also referred to as "Handle"), the total bets processed for the period, less customer winnings paid out, and taxes due to government authorities. Service Revenues is revenue invoiced for our Elys software service and royalties invoiced for the sale of virtual products.

	Three months ended March 31, 2022	Three months ended March 31, 2021	Increase (decrease)	Percentage change
Turnover				
Turnover web-based	$ 215,780,282	$ 231,332,159	$ (15,551,877)	(6.7)%
Turnover land-based	1,785,107	11,825,830	(10,040,723)	(84.9)%
Total Turnover	**217,565,389**	**243,157,989**	**(25,592,600)**	**(10.5)%**
Winnings/Payouts				
Winnings web-based	200,853,821	215,598,415	(14,744,594)	(6.8)%
Winnings land-based	1,400,413	10,164,937	(8,764,524)	(86.2)%
Total Winnings/payouts	**202,254,234**	**225,763,352**	**(23,509,118)**	**(10.4)%**
Gross Gaming Revenues				
Gross Gaming Revenues Web-based	14,926,461	15,733,744	(807,283)	(5.1)%
Gross Gaming Revenues Land-based	384,694	1,660,893	(1,276,199)	(76.8)%
	15,311,155	**17,394,637**	**(2,083,482)**	**(12.0)%**
Less: Gaming Taxes	(3,730,830)	(3,329,038)	(401,792)	12.1%
Net Gaming Revenues	**11,580,325**	**14,065,599**	**(2,485,274)**	**(17.7)%**
Add: Service Revenues	655,661	91,729	563,932	614.8%
Total Revenues	**$ 12,235,986**	**$ 14,157,328**	**$ (1,921,342)**	**(13.6)%**

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

Web-based turnover decreased by $15,551,877 or 6.7%. The decrease is directly attributable to the closure of the Ulisse CTD locations at the end of June 2021, turnover from Ulisse was $0 for the three months ended March 31, 2022, a decrease of $18,645,885. This decrease was partially recouped by an increase in Multigioco web-based revenue of $3,054,867, an increase of 1.4%. Due to a softening on COVID restrictions, the growth in web based turnover has slowed, however we still experienced growth on a larger turnover base. We expect the business mix to continue to trend towards online channels, and we still expect quarterly growth as we gain market share. The percentage of payouts on web-based turnover improved slightly to 93.1% from 93.2% for the three months ended March 31, 2022 and 2021 respectively.

Land-based turnover decreased by $10,040,723 or 84.9%. The decrease is directly attributable to the closure of the Ulisse CTD locations at the end of June 2021. Turnover from Ulisse was $11,825,828 for the three months ended March 31, 2021. The Multigioco land based operations had no revenues for the three months ended March 31, 2021, we have managed to recoup some of our land based turnover during the three months ended March 31, 2022, generating turnover of $1,785,096 for the three month period. We expect to see moderate growth in our land based turnover for the remainder of the year as we expect the business mix to continue trending towards online channels. The percentage of payouts on land-based turnover improved to 78.5% from 86.0% for the three months ended March 31, 2022 and 2021 respectively.

The turnover mix impacts our Gross Gaming Revenue ("GGR"). Our turnover for the three months ended March 31, 2022 is as follows; Sports betting turnover represented 51.4% (March 31, 2021 - 58.2%); casino style games represented 46.7% (March 31, 2021 - 39.7%); and other was 1.9% (March 31, 2021 - 2.1%). The shift towards more casino style games during the three months ended March 31, 2022, has a negative impact on our gross gaming revenues as the margin earned on our sports book averaged 18.3% (March 31, 2021 - 16.9%) and for our casino style games averaged 4.3% (March 31, 2021 - 4.0%), resulting in a blended GGR of 7.0% (March 31, 2021 7.2%). The percentage decrease in sports book turnover and GGR is primarily due to the closure of all Ulisse Italian based locations in June 2021. Although the sports betting hold improved to 18.3% from 16.9%, the lower sports betting turnover and GGR as a percentage of overall turnover and revenue had a negative impact on our overall blended hold despite the improvement in the casino style games hold to 4.3% (March 31, 2021 – 4.0%).

Gaming taxes increased by $401,792 or 12.1% over the prior period. The relative rate of our gaming taxes, which is based on Gross Gaming Revenues was 24.4% and 19.1% for the three months ended March 31, 2022 and 2021 respectively. The increase is attributable to the closure of the Ulisse CTD operations in June 2021, Ulisse had a significantly lower tax rate due to its incorporation being situated outside of Italy.

Service revenues increased by $563,932 or 614.8%. This is primarily due to; (i) revenues generated by USB operations of $294,366 and a general increase in our other service-based revenues across our platform companies. This revenue remains insignificant to total revenues during the periods presented.

Selling expenses

We incurred selling expenses of $9,286,232 and $10,661,815 for the three months ended March 31, 2022 and 2021 respectively, a decrease of $1,375,583 or 12.9%. 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 increase based on the unknown outcome of sports events that we have no control over. The percentage of selling expenses to turnover improved to 4.3% compared to 4.4% for the three months ended March 31, 2022 and 2021 respectively.

General and Administrative Expenses

General and administrative expenses were $5,009,384 and $4,145,210 for the three months ended March 31, 2022 and 2021 respectively, an increase of $864,174 or 20.8%. The increase over the prior year is attributable to the following: (i) an increase in personnel costs of $382,787, primarily due to the acquisition of USB, (ii) an increase in stock option compensation expense of $297,754 primarily due to the periodic amortization expense of options granted to senior management during the past twelve months; (iii) an increase in professional fees of $246,925 primarily due to legal fees incurred on the expansion in the U.S. market, offset by a net reduction in miscellaneous general and administrative expenses of $63,292.

Loss from Operations

The loss from operations was $2,059,626 and $649,697 for the three months ended March 31, 2022 and 2021 respectively, an increase of $1,409,929 or 217.0%. The increase in operating loss is directly attributable to the decrease in revenues of $1,921,342 and the increase in general and administrative expenses of $864,170 offset by a reduction in selling expenses of $1,375,583 as discussed above.

Interest Expense, Net of Interest Income

Interest expense was $3,859 and $7,849 for the three months ended March 31, 2022 and 2021, respectively, a decrease of $3,990 or 50.8%. 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.

Amortization of debt discount

Amortization of debt discount was $0 and $12,833 for the three months ended March 31, 2022 and 2021, respectively, a decrease of $12,833 or 100.0%. The decrease is primarily due to the repayment of convertible debentures in the prior year which were fully amortized.

Other income

Other income was $39,749 and $281,344 for the three months ended March 31, 2022 and 2021 respectively, a decrease of $241,595 or 85.9%, the prior period included COVID related income from EU government agencies amounting to $194,403.

Change in fair value of contingent purchase consideration

Change in fair value of contingent purchase consideration was $450,013 and $0 for the three months ended March 31, 2022 and 2021 respectively, an increase of $450,013The change in fair value of contingent purchase consideration is the accretion expense associated with the present value of contingent purchase consideration due on the acquisition of USB.

Other expense

Other expense was $1,070 and $26,930 for the three months ended March 31, 2022 and 2021, respectively, a decrease of $25,860 or 96.0% The prior period amount related to an administrative penalty of $26,930.

Gain on Marketable Securities

The gain on marketable securities was $77,500 and $195,000 for the three months ended March 31, 2022 and 2021 respectively, a decrease of $117,500 or 60.3%. The losses and gains 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, we have no influence over the performance of Zoompass.

Loss Before Income Taxes

Loss before income taxes was $2,397,323 and $220,965 for the three months ended March 31, 2022 and 2021 respectively, an increase of $2,176,358 or 984.9%. The increase is primarily attributable to the increase in loss from operations and the change in fair value of contingent purchase consideration, as discussed above.

Income Tax Provision

The income tax provision was a charge of $156,893 and $388,614 for the three months ended March 31, 2022 and 2021 respectively, a decrease of $231,721 or 59.6%. The decrease is attributable to lower overall revenues and an increase in operating expenditure, resulting in lower taxable income.

Net Loss

Net loss was $2,554,216 and $609,579 for the three months ended March 31, 2022 and 2021 respectively, an increase of $1,944,637 or 319.0% due to the increase in loss before income taxes and the reduction in income tax provision, discussed above.

Comprehensive Loss

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

We recorded a foreign currency translation loss of $(151,775) and $(344,088) for the three months ended March 31, 2022 and 2021 respectively, primarily due to the strengthening of the US Dollar against the Euro during the current period and the weakening against the Euro in the prior period.

Liquidity and Capital Resources

Our principal cash requirements have included the funding of acquisitions, repayments of convertible debt and deferred purchase consideration, the purchase of property and equipment, and working capital needs. Working capital needs generally result from expenses incurred in developing our gaming platform for the various markets we operate in and new markets we are developing as well as our intention to aggressively expand into the US market.

To date, we finance our business primarily though debt and equity placements and cash generated from operationsRecently, we have financed our business from the sale of shares of our common stock pursuant to the terms of the Open Market Sales Agreement^{SM} that we entered into with Jefferies LLC on November 19, 2021. Between March 28, 2022 and March 31, 2022, we sold 56,472 shares of common stock for gross proceeds of $131,564, less brokerage fees of $3,947 pursuant to the Open Market Sales Agreement^{SM} and from April 1, 2022 through April 15, 2022, we sold an additional 111,544 shares of common stock for net proceeds of $247,824 after commission of $7,665.

Our ability to generate sufficient cash flow from operations is dependent on the continued demand for our gaming services we offer to our customers through our land based and web based locations as well as the gaming platforms we license to third parties.

Based on our forecasts, we believe that we have adequate resources to continue operating for the next twelve months. We plan to continue our expansion plans in both the U.S. and Italian markets at a rate of growth that we believe is sustainable and achievable by us. If additional accretive opportunities arise during the execution of our business plans, we might consider raising additional cash through either debt or equity funding, if such debt or equity raise is available at terms that are acceptable to us, if at all.

The ongoing Covid-19 pandemic has impacted our Italian based operations, we have seen a significant increase in Turnover (Handle) from our web-based operations and a significant decline in turnover from our land-based operations with the permanent closure of our Ulisse betting shop locations. The percentage Hold or Gross Gaming Revenue generated from our turnover is typically lower on web-based business which generally favors more casino type gaming at lower margins, as discussed above.

Assets

At March 31 2022, we had total assets of $43,598,513 compared to $44,578,841 at December 31, 2021, a decrease of $980,328 The decrease is primarily related to the decrease in Gaming Receivables of $1,280,564 which is affected by the timing of the weekly settlement of gaming receivables, and increase in prepaid expenses of $544,484, primarily related to the software development costs incurred for the US market, an increase in the right of use assets of $662,508, primarily due to a new property lease for larger premises to accommodate the growth of our Multigioco operation, a decrease in intangibles of $387,891 due to periodic amortization and a decrease in cash balances of $714,503, primarily used for working capital purposes and the acquisition of property and equipment.

Liabilities

At March 31 2022, we had $27,412,399 in total liabilities compared to total liabilities of $26,837,324 at December 31, 2021, an increase of $575,075. The increase is primarily attributable to an increase in Operating lease liability of $670,995, due to the new property lease entered into for Multigioco, an increase in taxes payable of $224,704 attributable to the first quarter profitability in Multigioco, offset by, a decrease in gaming accounts payable of $337,806 due to the timing of weekly settlements , an increase in Contingent Purchase Consideration of $450,013 due to the amortization of accretion expense, and a decrease in accounts payable of $333,321 primarily due to a reduction in trade payables in our Multigioco operation.

Working Capital

We had $6,605,262 in cash and cash equivalents at March 31, 2022 compared to $7,319,765 on December 31, 2021. The decrease is due to an increase in working capital movement of $436,033, the purchase of property and equipment of $105,129, a reduction in the dollar value of Euro cash balances by $267,703, offset by cash provided by financing activities of $84,818, primarily from open market sales of shares of common stock.

We had a working capital surplus of $619,667 at March 31,2022, compared to a working capital surplus of $1,556,306 at December 31, 2021. The decrease in working capital is primarily attributable to the decrease in cash balances of $714,503 the decrease in gaming receivables of $1,215,364, offset by the decrease in accounts payable of $1,096,743.

Accumulated Deficit

As of March 31, 2022, we had accumulated deficit of $50,797,244 compared to accumulated deficit of $48,243,028 at December 31, 2021.

Cash Flows from Operating Activities

Net cash used in operating activities was $436,033 and net cash generated from operating activities was $735,876 for the three months March 31, 2022 and 2021, respectively. The decrease of $(1,171,907) was primarily related to; (i) the increase in net loss of $(1,944,635); (ii) the increase in the movement of non-cash items of $1,301,059, consisting primarily of the movement in the fair value of contingent purchase consideration of $450,013 related to accretion expense of the discounted contingent purchase consideration due on the acquisition of USB, the increase in stock based compensation of $309,004 due to the number of options granted over the past twelve months, the increase in share based compensation due to our CEO electing to take his bonus and a portion of his compensation in stock and an increase in depreciation and amortization expense of $212,256, primarily related to the amortization of intangible assets which arose on the acquisition of USB; and (iii) the movement in working capital of $(528,325) primarily due to the increase in the movement of prepaid expenses of $(555,947) primarily due to software development costs for the US market, a reduction in the movement of gaming account liabilities of $(875,195), a decrease in the movement of taxes payable of $(183,476) due primarily to the lower profitability of the European operations, offset by an increase in the movement of accounts receivable of $1,002,879 due to the timing of our weekly settlements with our agents and customers.

Cash Flows from Investing Activities

Net cash used in investing activities was $105,129 and $80,404 for the three months March 31, 2022 and 2021, an increase of $24,725, related to the acquisition of minor property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was $84,820 and $2,912,498 for the three months March 31, 2022 and 2021, respectively, a decrease of $2,827,678. The decrease is primarily due to the lack of proceeds from warrant exercises during the three months ended March 31, 2022 compared to proceeds from warrants exercised in the prior period of $3,909,981 which warrant exercises in the prior period were offset by repayment of the bank credit line of $500,000, the movement in deferred purchase consideration paid in the prior period. The decrease was offset by proceeds derived from the open market sales of $127,618 in the current period.

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:

		Amount
Remainder of 2022	$	6,407
2023		6,879
2024		798
Total undiscounted minimum future lease payments	**$**	**14,084**

Operating lease liability

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

		Amount
Remainder of 2022	$	274,766
2023		299,845
2024		227,145
2025		207,177
2026 and thereafter		341,105
Total undiscounted minimum future lease payments	**$**	**1,350,038**

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

Deferred Purchase consideration, Related Party

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

The movement on deferred purchase consideration consists of the following:

		December 31, 2021
Principal Outstanding		
Promissory notes due to related parties	$	382,128
Repayment in cash		(385,121)
Foreign exchange movements		2,993
		—
Present value discount on future payments		
Present value discount		(5,174)
Amortization		5,133
Foreign exchange movements		41
		—
Deferred purchase consideration, net	$	—

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

The balances outstanding are as follows:

	March 31, 2022	December 31, 2021
Related Party payables		
Luca Pasquini	$ (3,159)	$ (502)
Victor Salerno	(52,922)	(51,878)
	$ (56,081)	**$ (51,380)**
Related Party Receivables		
Luca Pasquini	**$ 1,378**	**$ 1,413**

Luca Pasquini

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

On 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.

On July 11, 2021, we entered into an agreement with Engage IT Services Srl. ("Engage"), to provide gaming software and maintenance and support of the system, the total contract price was €390,000 (approximately $459,572), in addition, on October 14, 2021, we entered into a further agreement with Engage to provide gaming software and maintenance and support of the system for a period of 12 months, the total contract price was €1,980,000 (approximately $2,192,000). Mr. Pasquini owns 34% of Engage.

On September 13, 2021, Mr. Pasquini, our Vice President of Technology, resigned as a director and officer of the Company.

Michele Ciavarella

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 24,476 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 July 15, 2021, Michele Ciavarella, Executive Chairman of the Company, was appointed as our interim Chief Executive Officer and President, effective July 15, 2021. Mr. Ciavarella will serve as our Executive Chairman and Interim Chief Executive Officer until the earlier of his resignation or removal from office.

Mr. Ciavarella agreed to take his 2021 bonus and a portion of his 2022 salaryas a restricted stock award, on January 7, 2022, we issued Mr. Ciavarella 162,835 shares of common stock valued at $425,000 on the date of issue.

Carlo Reali

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

On March 29, 2022, we issued Mr. Reali ten-year options exercisable for 100,000 shares of common stock, at an exercise price of $2.50 per share, vesting equally over a 4 year period commencing on January 1, 2023.

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

Victor Salerno

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

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

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

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

On September 13, 2021, the Board appointed Mr. Salerno, the President and founder of our newly acquired subsidiary, USB, to serve as a member of the Board.

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

Paul Sallwasser

On September 13, 2021, we granted Mr. Sallwasser ten year options exercisable for 21,300 shares of common stock at an exercise price of $5.10, vesting equally over a twelve month period commencing on September 13, 2021.

Steven Shallcross

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

On September 13, 2021, we granted Mr. Shallcross ten year options exercisable for 13,600 shares of common stock at an exercise price of $5.10, vesting equally over a twelve month period commencing on September 13, 2021.

Andrea Mandel-Mantello

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

On September 13, 2021, we granted Mr. Mandel-Montello ten year options exercisable for 13,600 shares of common stock at an exercise price of $5.10, vesting equally over a twelve month period commencing on September 13, 2021.

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, 2022. 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 as of March 31, 2022. 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.

Management has begun to address this issue by employing additional staff both at operational and corporate level and we anticipate that we will be able to implement controls initially at a gradual pace as we train staff and then more rapidly as we prepare each operation to ensure that overall control objectives are met. We are currently in the process of improving our disclosure controls and procedures by implementing new policies and guidelines for internal controls and governance to permit a better review and approval process and improve quality of financial reporting.

Changes in Internal Control Over Financial Reporting

There were improvements made to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) by adding in additional review levels and the segregation of accounting functions as well as the segregation of duties over the custody of assets, which occurred during the three months ended March 31, 2022 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.

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

Item 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, Item1A, "Risk Factors," contained in our Annual Report on Form 10-K for the year ended December 31, 2021. Except as disclosed below, there have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021.

Risks related to our financial position

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

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

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

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

We have a history of losses and are anticipated to incur additional losses in the development of our business. For the year ended December 31, 2021, we had a net loss of $15.1 million after an intangible impairment charge of $17.4 million and a revised contingent purchase consideration credit of $11.9 million and a net loss of $2.6 million for the three months ended March 31, 2022. As of March 31, 2022 and December 31, 2021 we had accumulated deficits of $50.8 and $48.2 million, respectively. Since we are currently in the early stages of our development and strategy, we intend to continue to invest in sales and marketing, product and solution development and operations, including the hiring of additional personnel, upgrading our technology and infrastructure and expanding into new geographical markets. Even if we are successful in increasing our customer base, we expect to also incur increased losses in the short term. Costs associated with entering new markets, acquiring clients, customers and operators are generally incurred up front, while service and transactional revenues are generally recognized at future dates if at all. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenues enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this section, and unforeseen expenses, difficulties, complications and delays and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and common stock may significantly decrease.

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

Section 404 of Sarbanes-Oxley requires annual management assessments of the effectiveness of our internal control over financial reporting. Our management assessed the effectiveness of our disclosure controls and procedures as of December 31, 2021 and as of March 31, 2022 and concluded that we had a material weakness in our internal controls due to our limited resources and therefore our disclosure controls and procedures are not effective in providing material information required to be included in our periodic SEC filings on a timely basis and to ensure that information required to be disclosed in our periodic SEC filings is accumulated and communicated to our management to allow timely decisions regarding required disclosure about our internal control over financial reporting. More specifically, our internal control over financial reporting was not effective due to material weaknesses related to a segregation of duties due to our limited resources and small number of employees. Due to limited staffing, we are not always able to detect minor errors or omissions in financial reporting. If we fail to comply with the rules under Sarbanes-Oxley related to disclosure controls and procedures in the future, or, if we continue to have material weaknesses and other deficiencies in our internal control and accounting procedures and disclosure controls and procedures, our stock price could decline significantly and raising capital could be more difficult. If additional material weaknesses or significant deficiencies are discovered or if we otherwise fail to address the adequacy of our internal control and disclosure controls and procedures our business may be harmed. Moreover, effective internal controls are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our securities could drop significantly.

Risks Related to our Business

Changes in general economic conditions, geopolitical conditions, domestic and foreign trade policies, monetary policies and other factors beyond our control may adversely impact our business and operating results.

Our operations and performance depend on global, regional and U.S. economic and geopolitical conditions. Russia's invasion and military attacks on Ukraine have triggered significant sanctions from U.S. and European leaders. These events are currently escalating and creating increasingly volatile global economic conditions. Resulting changes in U.S. trade policy and European policies could trigger retaliatory actions by Russia, its allies and other affected countries, including China, resulting in a "trade war." Furthermore, if the conflict between Russia and Ukraine continues for a long period of time, or if other countries, including the U.S., become further involved in the conflict, we could face significant adverse effects to our business and financial condition.

The above factors, including a number of other economic and geopolitical factors both in the U.S. and abroad, could ultimately have material adverse effects on our business, financial condition, results of operations or cash flows, including the following:

- effects of significant changes in economic, monetary and fiscal policies in the U.S. and abroad including currency fluctuations, inflationary pressures and significant income tax changes;
- a global or regional economic slowdown in any of our market segments;
- changes in government policies and regulations affecting the Company or its significant customers;
- industrial policies in various countries that favor domestic industries over multinationals or that restrict foreign companies altogether;
- new or stricter trade policies and tariffs enacted by countries, such as China, in response to changes in U.S. trade policies and tariffs;
- postponement of spending, in response to tighter credit, financial market volatility and other factors;
- rapid material escalation of the cost of regulatory compliance and litigation;
- difficulties protecting intellectual property;
- longer payment cycles;
- credit risks and other challenges in collecting accounts receivable; and
- the impact of each of the foregoing on outsourcing and procurement arrangements.

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

None that were not previously disclosed in other filings with the Securities and Exchange Commission.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

None

Item 6. Exhibits

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation dated September 18, 2018 (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on October 3, 2018)
3.2	Bylaws 2017 (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on October 22, 2002)
3.3	Amended and Restated Certificate of Incorporation dated December 9, 2019 (Incorporated by reference to the Registrant's Form 8-K, File No. 000-50045, filed with the Securities and Exchange Commission on December 12, 2019)
3.4	Certificate of Amendment of Certificate of Incorporation of Elys Game Technology, Corp. dated November 2, 2020 (Incorporated by reference to the Registrant's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on November 6, 2020)
3.5	Certificate of Correction of Elys Game Technology, Corp. dated November 6, 2020 (Incorporated by reference to the Registrant's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on November 6, 2020)
10.1†	Amendment, effective January 5, 2022, to Employment Agreement, dated July 5, 2021, by and between the Registrant and Mark J. Korb (Incorporated by reference to the Registrant's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on January 5, 2022)
10.2	Master Technology Development and License Agreement by and between Elys Game Technology, Corp. with Lottomatica S.p.A(Incorporated by reference to the Registrant's Form 8-K, File No. 001-39170, filed with the Securities and Exchange Commission on April 6, 2022)
31.1	Certification of Michele Ciavarella, Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) *
31.2	Certification of Carlo Reali, Principal Financial Officer and Principal Accounting Officer pursuant to Rule 13a-14(a)/15d-14(a) *
32.1	Certification of Michele Ciavarella, Principal Executive Officer and Carlo Reali, Chief Financial Officer pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002 *
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document *
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.
† Indicates management contract or compensatory plan.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or the notes thereto.

SIGNATURES

Pursuant to the requirements of the Securities 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 16, 2022

Elys Game Technology, Corp.

By: /s/ Michele Ciavarella
Michele Ciavarella
Interim Chief Executive Officer and President
(Principal Executive Officer)

By: /s/ Carlo Reali
Carlo Reali
Interim Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

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

I, Michele Ciavarella, 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 16, 2022

/s/ Michele Ciavarella

Michele Ciavarella
Executive Chairman and Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Carlo Reali, 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 16, 2022

/s/ Carlo Reali

Carlo Reali
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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, Michele Ciavarella and Carlo Reali, the Interim Chief Executive Officer and Interim 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, 2022 (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 16, 2022

/s/ Michele Ciavarella
Michele Ciavarella
Executive Chairman and Interim Chief Executive Officer
(Principal Executive Officer)

/s/ Carlo Reali
Carlo Reali
Interim Chief Financial Officer
(Principal Financial Officer)