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

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

OR

□ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934

From the transition period from to

Commission File Number 001-38819

SUPER LEAGUE GAMING, INC.

(Exact name of small business issuer as specified in its charter)

Delaware	47-1990734
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

2912 Colorado Ave., Suite #203
Santa Monica, California 90404
(Address of principal executive offices)

Company: (802) 294-2754; Investor Relations: 949-574-3860
(Issuer's telephone number)

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, par value $0.001 per share	SLGG	NASDAQ Capital Market

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. □

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	□	Small 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 Act). □ Yes ☒ No

The aggregate market value of the common stock of the registrant held by non-affiliates of the registrant on June 30, 2021, the last business day of the registrant's second fiscal quarter was approximately $131,565,000.

As of March 15, 2022, there were 36,809,187 shares of the registrant's common stock, $0.001 par value, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Items 10, 11, 12, 13 and 14 of Part III incorporate by reference certain information from Super League Gaming, Inc.'s definitive proxy statement, to be filed with the Securities and Exchange Commission on or before April 30, 2022.

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References in this Annual Report on Form 10-K to "Super League Gaming, Inc.," "Super League," "Company," "we," "us," "our," or similar references mean Super League Gaming, Inc. References to the "SEC" refer to the U.S. Securities and Exchange Commission.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Report") contains forward-looking statements that involve substantial risks and uncertainties. The forward-looking statements are contained principally in the sections of this Report entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," but are also contained elsewhere in this Report. In some cases, you can identify forward-looking statements by the words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "objective," "ongoing," "plan," "predict," "project," "potential," "should," "will," or "would," or the negative of these terms, or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Report, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain. Forward-looking statements include statements about:

- overall strength and stability of general economic conditions and of the electronic video game sports ("esports") industry in the United States and globally;
- changes in consumer demand for, and acceptance of, our services and the games that we license for our tournaments and other experiences, as well as online gaming in general;
- changes in the competitive environment, including adoption of technologies, services and products that compete with our own;
- our ability to generate consistent revenue;
- our ability to effectively execute our business plan;
- changes in the price of streaming services, licensing fees, and network infrastructure, hosting and maintenance;
- changes in laws or regulations governing our business and operations;
- our ability to maintain adequate liquidity and financing sources and an appropriate level of debt on terms favorable to us;
- our ability to effectively market our services;
- costs and risks associated with litigation;
- our ability to obtain and protect our existing intellectual property protections, including patents, trademarks and copyrights;
- our ability to obtain and enter into new licensing agreements with game publishers and owners;
- changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings;
- interest rates and the credit markets; and
- other risks described from time to time in periodic and current reports that we file with the SEC.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but not exhaustive. New risk factors and uncertainties not described here or elsewhere in this Report, including in the sections entitled "Risk Factors," may emerge from time to time. Moreover, because we operate in a competitive and rapidly changing environment, it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. The forward-looking statements are also subject to the risks and uncertainties specific to our Company, including but not limited to the fact that we have a limited operating history as a public company. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Report may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assume responsibility for the accuracy and completeness of the forward-looking statements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

You should read this Reports, any documents referenced herein and those documents filed as exhibits to this Report with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect.

Use of Market and Industry Data

This Report includes market and industry data that we have obtained from third party sources, including industry publications, as well as industry data prepared by our management on the basis of its knowledge of and experience in the industries in which we operate (including our management's estimates and assumptions relating to such industries based on that knowledge). Management has developed its knowledge of such industries through its experience and participation in these industries. While our management believes the third-party sources referred to in this Report are reliable, neither we nor our management have independently verified any of the data from such sources referred to in this Report or ascertained the underlying economic assumptions relied upon by such sources. Furthermore, references in this Report to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey or article. The information in any such publication, report, survey or article is not incorporated by reference in this Report.

Forecasts and other forward-looking information obtained from these sources involve risks and uncertainties and are subject to change based on various factors, including those discussed in sections entitled "Forward-Looking Statements," "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Report.

PART I

Item 1. Business

Overview

Super League Gaming, Inc., a leading gaming-centric creator and content platform, builds and operates networks of games, monetization tools and content channels across metaverse gaming platforms that empower developers, energize players, and entertain fans. Our solutions provide incomparable access to an audience consisting of players in the largest global metaverse environments, fans of hundreds of thousands of gaming influencers, and viewers of gameplay content across major social media and digital video platforms. Fueled by proprietary and patented technology systems, our platform includes access to vibrant in-game communities, an innovative metaverse advertising platform, a network of highly viewed channels and original shows on Instagram, TikTok, Snap, YouTube, and Twitch, cloud-based livestream production tools, and an award-winning esports invitational tournament series. In addition to our platform, our properties deliver powerful opportunities for brands and advertisers to achieve impactful insights and marketing outcomes with gamers of all ages.

We generate revenues from (i) advertising, serving as a marketing channel for brands and advertisers to reach their target audiences of gamers across our network, (ii) content, curating and distributing esports and gaming-centric entertainment content for our own network of digital channels and media and entertainment partner channels, and (iii) direct to consumer offers including digital subscriptions, in-game digital goods, and gameplay access fees.

Our Business

As an early-mover in defining the esports category for the everyday gamer since 2015, Super League focused on creating esports experiences for both young gamers, as well as the avid ten year old to thirty year old gaming demographic. Our experience and insight led us to further develop our reach in metaverse games including Minecraft and Roblox, where a large amount of young creative and competitive players focus their time. With that focus, we today reach 75.0 million monthly players in metaverse games and augment that reach with over 11.0 billion annual views on our social and digital channels, supported by metaverse gaming content, along with more heightened esports competitions and entertainment targeting the older gaming demographic. We believe we have successfully iterated our business model through these market insights, and our organic and inorganic growth to establish scale and ultimately drive our monetization strategies with a position that is synergistic and accretive to the greater gaming ecosystem. Our software supports the creation and operation of our owned and operated metaverse gaming worlds and content network, along with creator tools and analytics. These tools enable Super League to access these extended audiences with our innovative in-game and in-stream ad products, and allow our game designers and content creators to participate in our advertising economy. Our analytics suite provides Super League, brands and advertisers, and game developers data that informs campaign measurement and insights, along with enhanced game design. Beyond our primary advertising revenue stream, we have the opportunity to extend further downstream in the metaverse gaming worlds we operate, and generate direct to consumer revenues. In addition, our platform, and our capability to produce and stream compelling gaming-centric broadcasts feeds and drives viewership to our own digital channels and generates content production and syndication revenues from third party partners.

Specifically, Super League's advertising products provide a wide range of solutions for advertisers. From branded in-game experiences, through to custom content and media, Super League can provide 360-degree solutions for brands to acquire customers, deepen brand affinity and deliver campaign performance with innovative advertising inventory. As Super League has scaled in both metaverse player and viewing audience reach, hawse have experienced growth in both the average revenue size of advertiser programs, along with a strong percentage of repeat buyers, while upholding our premium cost per impressions ("CPM") advertising rates, further validating our premium marketing channel allowing advertisers to reach elusive Generation Z and Millennial gamers. Super League's distinction centers around our expertise in successfully building metaverse gaming worlds and a related content network for ourselves, providing evidence to brands and advertisers that we can do the same for them with the scale to drive traffic and deliver campaign objectives.

Digital Properties and Offerings

Our network and media platform includes social media, live streaming, video-on-demand ("VOD") and website-based offerings that provide players and creators with multiple forms of content designed to celebrate their love of play and to support their limitless creativity. Whether through gameplay highlights, live streamed esports competitions, original lifestyle programming or custom designed digital gameplay environments, Super League along with our game developer partners and content creators are constantly creating and enhancing our network's games and content to drive more viewing audience and deeper player engagement.

Our consumer facing digital properties include:

- **Minehut**: Attracting younger gamers and creators, Minehut is an "always on" social and gaming portal for over 5.0 million registered avid Minecraft players who primarily play on desktop computers. Within Minehut is a vibrant Minecraft community in which players create their own Minecraft worlds to share, socialize and play with friends, in addition to Super League operated communal game lobbies for enhanced gaming and social experiences.

- **Mineville and Pixel Paradise**: Through a relationship with Microsoft, the owner of Minecraft, we operate two additional Minecraft server worlds for players enjoying the game on consoles and tablets. While these servers are "free to play," we have opportunities to monetize the players through in-game micro transactions, such as gameplay passes and durable goods which run through the Microsoft marketplace.

- **Framerate**: A fast-growing set of social video networks in gaming generating tens of millions of monthly views, Framerate operates multiple channels across social media, namely Instagram and Tik-Tok. Targeting more competitive, young-adult gamers and creators, Framerate, enables any gamer playing any game, anywhere to submit their own user-generated highlight reel for recognition. Once submitted, the content becomes ours to promote, repackage and monetize across other digital channels.

- **Super League Arena**: Our signature esports property, Super League Arena offers esports tournaments and broadcasts for advanced amateurs and professional players and teams to drive viewership for our owned and operated content network and provide additional opportunities for advertisers to reach the more competitive, young adult gamer.

- **SuperLeagueTV**: Focused on the widest breadth of gamers and creators across all genres, ages and skill levels, SuperLeagueTV offers gaming-centric entertainment programming following the players and personalities. Content is available in both livestream and on-demand video on superleague.com and our own social channels, as well as partner web and social media reach.

Our creator facing digital properties include:

- **Mobcrush**: Acquired by Super League in June of 2021, Mobcrush Streaming, Inc. ("Mobcrush") is content creation streaming software that reduces the friction for up-and-coming streamers to multicast across their social media channels and build their audience. In addition, it becomes an accessible pool of gaming influencers to bring into advertiser programs for greater revenue opportunities and amplified social media to achieve campaign objectives.

- **Bannerfy**: Acquired by Super League in August of 2021, Bannerfy, Ltd., ("Bannerfy") is a technology that overlays banner ad products in YouTube creators' VODs. This expanded inventory, reaching tens of millions of viewers a month, augments our ad inventory and allows for enhanced campaign targeting while empowering YouTube creators to participate in our advertising economy.

- **Bloxbiz**: Acquired by Super League in October of 2021, Bloxbiz Co. ("Bloxbiz") is a suite of metaverse ad products and analytics connecting brands and advertisers to over 150 top-tier Roblox games. Through our technology, we partner with Roblox game developers to bring innovative ad inventory and custom brand experiences into their games allowing them to participate in our advertising economy and benefit from our analytics to continually enhance player experience.

- **Virtualis Studios**: Virtualis is our fully virtual production studio providing state-of-the-art, scalable solutions for video, television, and branded content. With a range of features from a fully virtual control room to remote monitoring and communications, Virtualis is an affordable, flexible solution to meet today's production environment requirements.

Key Performance Indicators ("KPIs")

The KPIs driving our business model are related to scalable offers across our digital and physical footprint of gaming-centric offers and entertainment. The significant growth we achieved in 2021 reflects in part, inorganic growth in connection with our acquisitions in 2021, the continued advancement of our technology platform, and the acceleration of our audience growth through the continued expansion of our digital network of online gameplay and viewing channels. A summary of KPIs, and related growth for fiscal year 2021, compared to fiscal year 2020 is as follows:

	2020	2021	Growth
Views and impressions (1)	2.0 billion	11.2 billon	5.5x Increase
Registered users (2)	2.9 million	5.0 million	1.7x Increase
Engagement hours (3)	72.2 million	105.0 million	1.5x Increase

(1) Views and impressions represent number of views of our video content which is distributed across multiple platforms.
(2) Registered users represent individuals who have registered on our platform, providing applicable identifying information, that have engaged with our platform at some point.
(3) Engagement hours represent time spent engaging with Super League in the form of participating in our experiences, viewing our content, and/or spending time on our website.

Monetization

Advertising and Sponsorships

The highly sought-after Millennial and Generation Z audience is increasingly difficult for brands to reach due to the proliferation of new content distribution channels, ad-blocking technology and a sentiment against overt marketing and promotion. Our ability to uniquely aggregate a diverse user base across age ranges, skill levels and game titles and embed direct authentic brand integrations creates a base of high-quality, premium advertising inventory attractive to brands and advertisers. We stand for inclusive, fair and fun gameplay and entertainment and believe that our brand is at the forefront of the mainstreaming of competitive gaming and esports entertainment, which provides a positive access point for both endemic and non-endemic brands to reach these audiences.

Throughout 2021, we experienced significant organic and inorganic growth in our audience, increasing viewership and registered users, and expanded our premium advertising inventory. We further developed our in-house direct sales capability to monetize this ad inventory, and also increased revenues generated from programmatic display and video advertising units. We expect to continue to grow our adverting pipeline across various verticals with the capability to give brands and advertisers with targeted, high-quality integrations that warrant premium CPMs.

Advertising and sponsorship revenue primarily consists of direct sales activity along with programmatic advertising. The various forms of advertising campaigns for competitive video gaming and esports entertainment, digitally and physically, include:

- New metaverse game experiences and custom integrations into existing games;
- In-game ad network including digital billboards and 3-D ad products;
- In-stream and in-VOD custom and banner ad products;
- Live gameplay broadcasts, on-demand clips for social distribution and other custom content;
- Video and display programmatic advertising;
- Social amplification through influencer partnerships;
- Performance reporting and advanced analytics; and
- Children's Online Privacy and Protection Act ("COPPA") compliant and kidSAFE-verified inventory.

Content

Content related revenue is generated in connection with our curation and distribution of esports and entertainment content for our own network of digital channels and media and entertainment partner channels. We distribute three primary types of content for syndication and licensing, including: (1) our own original programming content, (2) user generated content ("UGC"), including online gameplay and gameplay highlights, and (3) the creation of content for third parties utilizing our remote production and broadcast technology.

We generate revenues from our proprietary content by utilizing this content to drive audience growth across our network and expand our premium advertising inventory. In addition, the UGC can be repackaged for further syndication and monetization to third-parties seeking esports and entertainment content for their own distribution channels. Tens of millions of hours of proprietary content is generated through our platform per year providing us with a sizable library of gaming-centric entertainment content.

Additionally, we generate revenues from third-party partners who seek our patented remote production and broadcast technology to create content for their own digital channels to drive audience engagement.

Direct to Consumer

Direct to consumer revenues are comprised of revenues generated from the Minecraft metaverse gaming worlds we operate. Through our owned and operated property Minehut, along with Mineville and Pixel Paradise, which we operate on behalf of Microsoft, we generate consumer revenues through in-game micro transactions, including sales of durable goods and gameplay passes, and service features such as expanded server plans more akin to a monthly subscription model. All three of these consumer properties are "free-to-play" to drive user growth in support of our advertising model, and, as their engagement deepens, we can drive players into our consumer monetization funnel.

Our Vision

We believe the metaverse is where the next generation lives, and it is a launchpad of unlimited new gaming worlds and content fueled by fearless imaginations of our brand partners and our pioneering creators. Our vibrant, thriving network of connected metaverse game worlds and content channels is a place where we have lived for over seven years. While the games are digital, our players, creators and partners are human, and we understand them because we are them. We are a rocket ship to the metaverse, empowering creators, energizing players, entertaining fans and providing a hyper-sonic transport for brands.

Industry

According to NewZoo (2020), there are over 3 billion gamers on the planet and more than 400 million monthly active players in metaverse games as a dominant form of entertainment for the younger generation. Grandview Research (2020) cited the overall value of the global gaming market was $168.0 billion in 2020 and is forecasted to grow to approximately $300.0 billion by 2027, representing an estimated compound annual growth rate of 8% from 2020 to 2027. Key trends fueling this growth include:

- The rise of metaverse gaming democratizing game design and new ways to play;
- Massive growth in self-produced social content fueled by new creator economies;
- The disaggregation of content and the traditional advertising model forcing advertisers to find new solutions;
- Increased accessibility for gamers to compete and stream through cloud-based gaming and 5G broadband; and
- Cross-generational reach of gaming and a lifestyle trend placing it at the intersection of pop culture.

Our Scalable Technology Platform

Our platform is focused on the creator and player journey and provides innovative ways for brands and advertisers to engage with audiences of gaming enthusiasts. Players and creators across a wide range of ages are introduced to Super League through our digital content channels and then driven into our creator tools, economies and digital game experiences. Our proprietary cloud-based platform serves three core functions (i) advertising technology enabling innovative in-game and in-stream ad products including digital billboards, banners and 3-D characters units supported by an analytics suite, (ii) metaverse game design and esports tournament technology to support our owned and operated metaverse game worlds and competitions for our players along with supporting our advertisers' campaign objectives to engage with players, (iii) fully remote production and livestream broadcast technology to support our owned and operated content network to drive audience growth along with supporting our advertisers' campaign content needs in delivering viewership. Furthermore, our platform enables digital tools for scale including, but not limited to data services, event creation and management, ecommerce, advertising technology, COPPA compliance, search engine optimization, and email and mobile marketing.

Advertising Technology

Our advertising technology, both in the size of monetizable ad products and the creator tool suite, was materially expanded with the acquisitions of Mobcrush, Bloxbiz and Bannerfy in fiscal year 2021. In addition to Super League's original owned and operated consumer reach, including, but not limited to, Minehut and Framerate, advertisers can now reach tens of millions of monthly metaverse players in-game and hundreds of millions of viewers in-stream distributed across social media channels including YouTube, TikTok and Instagram. This, coupled with custom brand integrations and content, powerful campaign analytics and insights and compliance, offers an immersive and high-performing marketing channel for brands and advertisers.

Specifically, our turnkey metaverse ad products are a progressive and differentiated way for advertisers to embed into games through dynamic digital billboards and interactive 3-D characters to create a dialogue with their target audience and add to the gaming experience without interrupting the play itself. For example in Bloxbiz, our digital billboards impressions are 10 seconds of cumulative view time offering a high benchmark for in-game advertising. In addition, we ensure viewability with advanced technology that observes if ads are on screen, unobstructed, meet a screen coverage threshold, and other requirements set by Interactive Advertising Bureau ("IAB") which translates into our premium CPM business model.

Game Technology

As noted, a core differentiator for Super League is our reach in metaverse games and esports entertainment through our game technology and capability. In our early days, we focused on team and tournament technology that would allow us to execute mass-participation, geographic-agnostic game competitions across a variety of game genres and titles, including, but not limited to functionality such as, match-making, player statistics and team leaderboards. We continue to use aspects of this technology with our signature esports property Super League Arena bringing amateur and professional players together with gaming influencers for high profile tournaments and broadcasts.

In addition, through our ownership of Minehut, we have deepened our internal capability to create custom metaverse Minecraft experiences for our player base, and this is the talent that we apply to deliver custom integrations for our brand partners as well. With our acquisition of Mobcrush, we deepened our bench of Minecraft game developers and gained two additional Minecraft servers, Mineville and Pixel Paradise.

Content Production & Broadcasting Technology

Early in our inception, we utilized a local hardware solution to create interactive physical spaces for in-person gaming experiences. In doing so, we created a second-screen perspective that would make the experience more immersive for players and entertaining for spectators much like professional sporting events, resulting in our Virtualis Studios, our patented, fully-remote visualization, production and broadcast technology.

Virtualis Studios technology automates and scales various gameplay processes and functions that would otherwise need to be accomplished manually. These processes and functions primarily include ways to ensure that visualizations of gameplay and other value-added data and graphics are both captured and delivered efficiently and timely supported by computer vision to glean key events, graphics and data from the game screen. Since COVID-19, we have augmented our virtual control room with remote monitoring and communications and enhanced broadcast-level graphics, for an end-to-end, cloud-based production system built around Virtualis's proprietary workflow.

Our Strengths

We differentiate ourselves through the following:

- **Large and growing base of players and viewers** offering critical mass in the gaming metaverse and our content network.
- **Mutually valuable partnerships with top-tier game developers and avid content creators** augmenting our own player and viewer reach.
- **Diversified and recurring brand partners** reinforcing our capability to deliver innovative, premium experiences, media and content to have achieve our advertisers' objectives.
- **Patented Technology** that is affordable, intelligent, and scalable for fully-remote visualization, production and broadcast technology.
- **Dynamic in-game ad products** which are turnkey, innovative and supported with powerful analytics.
- **Seven years of metaverse gaming operations and expertise** provides us a knowledge-base and distinctive advantage.
- **Strong game publisher relationships** providing access to existing user bases with top-tier games in the metaverse and a beyond.

Our Growth Strategy

Our core strategy is to pursue initiatives that promote the viral growth of our audience, player and creator base, and in doing so, drive our advertising, direct to consumer, and content revenue streams. Our customer acquisition and retention funnel provide the primary lens for creator and player growth, engagement and long-term brand equity.

- **Deepen our metaverse gaming moat** through expansion of our owned and operated properties and partnerships with game developers/creators.
- **Monetizable advertising inventory expansion** in both the inventory of ad products we offer and the expansion of our own direct sales capability and our network sales channel in partnership with several international reseller partners.
- **Continued growth in the monetization of our player-base and content** to provide new revenue streams and a smoothing of the seasonality impact of our advertising model.
- **Opportunistic acquisitions** to continually augment our organic growth strategy and accelerate player and audience reach, our creator tools and offers, and/or our advertising technology stack.

Intellectual Property and Patents

Similar to other interactive entertainment and esports companies, our business depends heavily on the creation, acquisition, licensing, use and protection of intellectual property. We have developed and own various intellectual properties, including pending and issued trademarks, patents, and copyrights. We also have obtained licenses to valuable intellectual property with game publishers. We leverage these licenses and service agreements to operate online and location-based competitions, and in parallel, use them to generate a wide array of content.

As of the date of this Report, we have two pending patent applications and two issued patents, and various trademark applications, some granted and most of which are currently pending, covering our technologies and brands, as more specifically set forth below. We intend to file additional applications for the grant of patents and registration of our trademarks in the United States and foreign jurisdictions as our business expands. Our issued patents relate to methods of visualization of gameplay across a wide array of game titles for the purpose of content creation and broadcasting. These visualizations manifest as web streams with related textual, graphical, and video content targeted for consumption by audiences across various streaming and VOD platforms such as Twitch and YouTube. To achieve these visualizations, we leverage patent protected technology that places "camera" characters into certain games alongside the competing players, and use the perspective of the 'camera' character to provide unique views into the action. We also have pending patent applications for certain bleeding edge virtualization methods that allow us to generate, at scale, many concurrent visualizations from the cloud.

To protect our intellectual property, we rely on a combination of patent applications, published and issued patents, copyrights, pending and issued trademarks, confidentiality provisions and procedures, other contractual provisions, trade secret laws, and restrictions on disclosure. We intend to vigorously protect our technology and proprietary rights; however, no assurances can be given that our efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us, alleging infringement of their proprietary rights or claiming they have not infringed our intellectual property rights. See the section entitled "Risk Factors" for additional information regarding the risks we face with respect to litigation related to intellectual property claims.

Our Corporate Values and Company Culture

Super League is a gamer-first company, a credo embraced by every employee. We are committed to empowering our creators, energizing our players and entertaining fans through our innovation creator tools and vibrant gameplay experiences and viewing entertainment. Because we have built and operate our own metaverse gaming worlds and content network, we know what it takes to help brands operate where we live. Our corporate brand values are as follows:

- We fearlessly pioneer.
- We excite creativity.
- We ignite connections.
- We live where we play.

Seasonality

Our revenue fluctuates quarterly and is generally higher in the second half of our fiscal year, with the fourth quarter typically representing our highest revenue quarter each year. Advertising spending is traditionally seasonally strong in the second half of each year, reflecting the impact of seasonal back to school, game release and holiday season advertising spending by brands and advertisers. We believe that this seasonality in advertising spending affects our quarterly results, which generally reflect relatively higher advertising revenue in second half of each year, compared to the first half of the year.

Employees and Labor Relations

As of December 31, 2021, we had 101 full-time and full-time equivalent employees. Additionally, we occasionally enter into service agreements with independent contractors, on an as-needed basis, to perform certain services. As of December 31, 2021, four of our full-time employees were subject to fixed-term employment agreements with us, and all other employees served at-will pursuant to the terms set forth in their offer letters.

We believe that we maintain a good working relationship with our employees, and we have not experienced any labor disputes. None of our employees are represented by labor unions.

Governmental Regulation

Our online gaming platforms, which target individuals ranging from elementary school age children to adults, are subject to laws and regulations relating to privacy and child protection. Through our website, online platforms and in person gaming activities we may monitor and collect certain information about child users of these forums. A variety of laws and regulations have been adopted in recent years aimed at protecting children using the internet, such as COPPA. COPPA sets forth, among other things, a number of restrictions related to what information may be collected with respect to children under the age of 13, as the kinds of content that website operators may present to children under such age. There are also a variety of laws and regulations governing individual privacy and the protection and use of information collected from individuals, particularly in relation to an individual's personally identifiable information (e.g., credit card numbers). We employ a kick-out procedure during user registration whereby anyone identifying themselves as being under the age of 13 during the process is not allowed to register for a player account on our website or participate in any of our online experiences or tournaments without linking their account to that of a parent or guardian.

In addition, as a part of our experiences, we offer prizes and/or gifts as incentives to play. The federal Deceptive Mail Prevention and Enforcement Act and certain state prize, gift or sweepstakes statutes may apply to certain experiences we run from time to time, and other federal and state consumer protection laws applicable to online collection, use and dissemination of data, and the presentation of website or other electronic content, may require us to comply with certain standards for notice, choice, security and access. We believe that we are in compliance with any applicable law or regulation when we run these experiences.

Cost of Compliance with Environmental Laws

We have not incurred any costs associated with compliance with environmental regulations, nor do we anticipate any future costs associated with environmental compliance; however, no assurances can be given that we will not incur such costs in the future.

ITEM 1A. RISK FACTORS

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this Report, including our financial statements and the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, operating results, and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Risk Factor Summary

Our business operations are subject to numerous risks and uncertainties, including those outside of our control, that could cause our business, financial condition or operating results to be harmed, including risks regarding the following:

Risks Related to Our Business and Industry

- our significant past operating losses and any inability to maintain profitability or accurately predict fluctuations in the future;
- inability to sustain or manage our growth, or otherwise implement our business strategies;
- a rapidly developing and relatively new market;
- loss of advertising revenue;
- inability to maintain an effective revenue model;
- reduction in activity by material clients and/or vendors;
- ineffective marketing and/or advertising efforts;
- our ability to maintain and promote our company culture;
- competition in our industry;
- ability to attract, maintain, and retain licenses for popular games on our platforms;
- ability to enter into definitive license agreements with certain game publishers;

- ability to maintain and acquire new users and creators;
- our ability to maintain, enhance, and promote our brand;
- negative perceptions about our brand, platform, content, leagues, tournaments, and/or competitions;
- anticipating and adopting changes to new technologies, business strategies, and/or methods;
- actual or perceived security breaches, as well as errors, vulnerabilities or defects in our software and/or products, and in software and/or products of third-party providers;
- reliance on server functionality;
- the interoperability of our products and services across third-party services and systems;
- security breaches and cyber threats;
- system failures, outages, and/or disruption due to certain events and interruptions by man-made problems;
- our ability to hire, retain and motivate highly skilled personnel; and
- our reliance on assumptions and estimates to calculate certain key metrics.

Regulatory and Legal

- complex and evolving U.S. and foreign laws and regulations;
- changes in tax laws or regulations regarding us or our customers;
- decreased levels of traffic due to intensified government regulation of the Internet industry;
- liability in the event of a violation of privacy regulations, data privacy laws, and/or child protection laws;
- lawsuits or liability arising as a result of the Company providing its products and/or services; and
- lawsuits or liability as a result of content published through our products and services.

Intellectual Property and Technology

- current and future litigation related to intellectual property rights;
- our failure to protect our intellectual property rights; and
- piracy, unauthorized copying, and other forms of intellectual property infringement.

Governance Risks and Risks Related to Our Common Stock

- provisions of Delaware law and our certificate of incorporation and bylaws could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us;
- low trading volume of our common stock;
- the volatility of the trading price of our common stock;
- our policy of not paying cash dividends on our common stock;
- lessened disclosure requirements due to our status as an emerging growth company; and
- increased share-based compensation expense due to granted equity awards.

General Risk Factors

- actual or threatened epidemics, pandemics, outbreaks, or other public health crises;
- reversal of the U.S. economic recovery and a return to volatile or recessionary conditions; and
- risks generally associated with the entertainment industry.

Risks Related to Our Business and Industry

We have incurred significant losses since our inception, and we may continue to experience losses in the future.

We incurred net losses of $20.7 million and $18.7 million during the years ended December 31, 2021 and 2020, respectively. Noncash expenses totaled $5.7 million and $3.4 million for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021, we had an accumulated deficit of $125.3 million. We cannot predict if we will achieve profitability soon or at all. We expect to continue to expend substantial financial and other resources on, among other things:

- investments to expand and enhance our esports technology platform and technology infrastructure, make improvements to the scalability, availability and security of our platform, and develop new offerings;
- sales and marketing, including expanding our customer acquisition and sales organization and marketing programs, and expanding our programs directed at increasing our brand awareness among current and new customers;
- investments in bandwidth to support our video streaming functionality;
- contract labor costs and other expenses to host our leagues and tournaments;
- costs to retain and attract users and creators and license first tier game titles, grow our online user community and generally expand our business operations;
- hiring additional employees;
- expansion of our operations and infrastructure, both domestically and internationally; and
- general administration, including legal, accounting and other expenses related to being a public company.

We may not generate sufficient revenue to offset such costs to achieve or sustain profitability in the future. We expect to continue to invest heavily in our operations, our online and in person experiences, and business development related to game publishers, advertisers, sponsors and user acquisition, to maintain as well as accelerate our market position, support anticipated future growth and to meet our expanded reporting and compliance obligations as a public company.

We intend to continue implementing our business strategy with the expectation that there will be no material adverse developments in our business, liquidity or capital requirements. If one or more of these factors do not occur as expected, it could have a material adverse impact on our activities, including (i) reduction or delay of our business activities, (ii) forced sales of material assets, (iii) defaults on our obligations, or (iv) insolvency. Our planned investments may not result in increased revenue or growth of our business. We cannot assure you that we will be able to generate revenue sufficient to offset our expected cost increases and planned investments in our business and platform. If we fail to achieve and sustain profitability, then we may not be able to achieve our business plan, fund our business or continue as a going concern.

Our business is highly competitive and subject to rapid changes. We face significant competition to attract and retain our users, developers, and creators that we anticipate will continue to intensify. Should we fail to attract and retain users, developers, and creators, our business and results of operations may suffer.

We compete for both users, developers, and creators. We compete to attract and retain our users' attention on the basis of our content and user experiences. We compete for users and their engagement hours with global technology leaders such as Amazon, Apple, Meta Platforms, Google, Microsoft, and Tencent, global entertainment companies such as Comcast, Disney, and ViacomCBS, online content platforms including Netflix, Spotify, and YouTube, as well as social platforms such as Facebook, Instagram, Pinterest, and Snap.

We rely on developers to create the content that leads to and maintains user engagement (including maintaining the quality of experiences). We compete to attract and retain developers by providing developers the tools to easily build, publish, operate, and monetize content. We compete for developers and engineering talent with gaming and metaverse platforms such as Epic Games, Unity, Meta Platforms, and Valve Corporation, which also give developers the ability to create or distribute interactive content.

We do not have any agreements with our developers that require them to continue to use our platform for any time period. In the future, if we are unable to continue to provide value to these developers and they have alternative methods to publish and commercialize their offerings, they may not continue to provide content to our platform. Should we fail to provide compelling advantages to continued use of our ecosystem to developers, they may elect to develop content on competing interactive entertainment platforms. If a significant number of our developers no longer provide content, we may experience an overall reduction in the quality of our experiences, which could adversely affect users' interest in our platform and lead to a loss of revenue opportunities and harm our results of operations.

Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages, such as:

- larger sales and marketing budgets and resources;
- broader and more established relationships with users, developers, and creators;
- greater resources to make acquisitions and enter into strategic partnerships;
- lower labor and research and development costs;
- larger and more mature intellectual property portfolios; and
- substantially greater financial, technical, and other resources.

We expect competition to continue to increase in the future. Conditions in our market could change rapidly and significantly as a result of technological advancements, the emergence of new entrants into the market, partnering or acquisitions by our competitors, continuing market consolidation, or changing developer, creator and user preferences, which can be difficult to predict or prepare for. Our competitors vary in size, and some may have substantially broader and more diverse offerings or may be able to adopt more lucrative payment policies or structures for developers. Failure to adequately identify and adapt to these competitive pricing pressures could negatively impact our business.

We may not be able to sustain our rapid growth, effectively manage our anticipated future growth or implement our business strategies.

We have a limited operating history as a gaming-focused content and entertainment platform, and have experienced substantial growth in the last 12 months due, in large part, to the acquisitions we completed during the year ended December 31, 2021. However, recent growth rates may not be indicative of our future performance due to our limited operating history and the rapid evolution of our business model. We may not be able to achieve similar results or accelerate growth at the same rate as we have organically or following the completion of our recent acquisitions and we may not achieve our expected results, all of which may have a material and adverse impact on our financial condition and results of operations.

In addition, our rapid growth and expansion have placed, and continue to place, significant strain on our management and resources. This level of significant growth may not be sustainable or achievable at all in the future. We believe that our continued growth will depend on many factors, including our ability to develop new sources of revenues, diversify monetization methods including our direct to consumer offerings, attract and retain competitive gamers and creators, increase engagement, continue developing innovative technologies, tournaments and competitions in response to shifting demand in online gaming, increase brand awareness, and expand into new markets. We cannot assure you that we will achieve any of the above, and our failure to do so may materially and adversely affect our business and results of operations.

We are subject to risks associated with operating in a rapidly developing industry and a relatively new market.

Many elements of our business are unique, evolving and relatively unproven. Our business and prospects depend on the continuing development of gaming-focused entertainment and content creation. The market for gaming-related content has grown significantly in recent years and continues to rapidly develop, which may present significant challenges. Our business relies upon our ability to cultivate and grow a robust community of creators and audience members, and our ability to successfully monetize such community through digital subscriptions, and advertising and sponsorship opportunities. In addition, our continued growth depends, in part, on our ability to respond to rapid technological evolution, continued shifts in gamer trends and demands, frequent introductions of new games and titles and the constant emergence of new industry standards and practices. Developing and integrating new games, titles, content, products, services or infrastructure could be expensive and time-consuming, and these efforts may not yield the benefits we expect to achieve at all. We cannot assure you that we will succeed in any of these aspects or that the esports gaming industry will continue to grow as rapidly as it has in the past.

We generate a significant portion of our revenues from advertising and sponsorships. If we fail to attract more advertisers and sponsors to our platform, or if advertisers or sponsors are less willing to advertise with or sponsor us, our revenues may be adversely affected.

We generate a growing portion of our revenues from advertising within our platform and through our service offerings, sponsorship of our league tournaments, and the operation of our live streaming gaming platform, which we expect to further develop and expand in the near future as online viewership across our content platforms continues to expand. Our revenues from advertising and sponsorship partly depend on the continual development of the online advertising industry and advertisers' willingness to allocate budgets to online advertising in the gaming and content streaming industry. In addition, companies that decide to advertise or promote online may utilize more established methods or channels, such as more established internet portals or search engines, over advertising on our platform. If the online advertising and sponsorship market does not continue to grow, or if we are unable to capture and retain a sufficient share of that market, our ability to increase our current level of advertising and sponsorship revenue and our profitability and prospects may be materially and adversely affected.

Furthermore, our core and long-term priority of optimizing the user experience and satisfaction may limit our platform's ability to generate revenues from advertising and sponsorship. For example, in order to provide our users and creators with an uninterrupted experience, we do not place significant amounts of advertising on our streaming interface or insert pop-up advertisements during streaming. While this decision could adversely affect our operating results in the short-term, we believe it enables us to provide a superior gamer experience on our platform, which will help us expand and maintain our current base of users and creators and enhance our monetization potential in the long-term. However, this philosophy of putting our users and creators first may also negatively impact our relationships with advertisers, sponsors or other third parties, and may not result in the long-term benefits that we expect, in which case the success of our business and operating results could be harmed.

Our revenue model may not remain effective and we cannot guarantee that our future monetization strategies will be successfully implemented or generate sustainable revenues and profit.

We generate revenues from advertising within our platform and through our service offerings, and through the operation of our live streaming platform using a revenue model whereby users and creators can get free access to certain live streaming content, and gamers and creators pay fees to compete in league competition. We have generated, and expect to continue to generate, a substantial portion of revenues using this revenue model in the near term. We are, however, particularly focused on implementing a direct to consumer model for our expanding user base. Although our business has experienced significant growth in recent years, there is no guarantee that our direct to consumer packages will gain significant traction to maximize our growth rate in the future, as the demand for our offerings may change, decrease substantially or dissipate, or we may fail to anticipate and serve user demands effectively.

The loss of or a substantial reduction in activity by one or more of our largest customers and/or vendors could materially and adversely affect our business, financial condition and results of operations.

For the years ended December 31, 2021 and 2020, one customer accounted for 12% and four customers accounted for 49% of revenue, respectively. At December 31, 2021, three customers accounted for 35% of accounts receivable. At December 31, 2020, two customers accounted for 39% of accounts receivable. At December 31, 2021, one vendor accounted for 21% of accounts payable. At December 31, 2020, three vendors accounted for 52% of accounts payable.

The loss of or a substantial reduction in activity by one or more of our largest customers and/or vendors could materially and adversely affect our business, financial condition and results of operations.

Our marketing and advertising efforts may fail to resonate with gamers and creators.

Our service offerings are marketed through a diverse spectrum of advertising and promotional programs such as online and mobile advertising, marketing through websites, event sponsorship and direct communications with our user community including via email, blogs and other electronic means. An increasing portion of our marketing activity is taking place on social media platforms that are either outside, or not totally within, our direct control. Changes to user preferences, marketing regulations, privacy and data protection laws, technology changes or service disruptions may negatively impact our ability to reach target users and creators. Our ability to market our service offerings is dependent in part upon the success of these programs. If the marketing for our service offerings fails to resonate and expand with both the gamer and metaverse community, or if advertising rates or other media placement costs increase, our business and operating results could be harmed.

We have a unique community culture that is vital to our success. Our operations may be materially and adversely affected if we fail to maintain this community culture as we expand in our addressable user communities.

We have cultivated an interactive and vibrant online social user community centered around online gaming and content creation. We ensure a superior user experience by continuously improving the user interface and features of our platform along with offering a multitude of user experiences with first tier service offerings. We believe that maintaining and promoting a vibrant community culture is critical to retaining and expanding our user community. We have taken multiple initiatives to preserve our community culture and values. Despite our efforts, we may be unable to maintain our community culture and cease to be the preferred platform for our target users and creators as we expand our footprint, which would be detrimental to our business operations.

The online gaming industry is very "hit" driven. We may not have access to "hit" games or titles.

Select game titles dominate competitive online gaming, and many new games titles are regularly introduced in each major industry segment (console, mobile and PC free-to-download). Despite the number of new entrants, only a very few "hit" titles account for a significant portion of total revenue in each segment.

The size and engagement level of our users are critical to our success and are closely linked to the quality and popularity of the game publishers with which we have licenses. Game publishers on our platform, including those who have entered into license agreements with us, may leave us for other gaming platforms which may offer better competition, and terms and conditions than we do. Furthermore, we may lose our licenses with certain game publishers if we fail to generate the number of gamers and creators to our amateur tournaments and competitions expected by such publishers. In addition, if popular game publishers cease to license their games to us, or our live streams fail to attract gamers and creators, we may experience a decline in gamer traffic, direct to consumer opportunities and engagement, which may have a material and adverse impact on our results of operations and financial conditions.

Although we have entered into multi-year agreements with certain publishers, if we fail to license multiple additional "hit" games or any of our existing licensed game publishers with which we currently have a license decide to breach the license agreement or choose not to continue with us once the term of the license agreement expires, the popularity of our tournaments, competitions and content generated across our platforms may decline and the number of our users and creators may decrease, which could materially and adversely affect our results of operations and financial condition.

We have not entered into definitive license agreements with certain game publishers that we currently have relationships with, and we may never do so.

We currently do not have definitive license agreements in place with game publishers for the use of certain of the game titled played on our platform, as these publishers currently permit us to integrate the specifications of the game title with our technology. We may not ever enter into license agreements with these parties in the future, instead continuing our relationship with these game publishers without a license agreement. These game publishers may unilaterally choose to discontinue their relationship with the Company, thereby preventing us from offering experiences on our platform using their game titles, as the case may be. Should those game publishers choose not to allow us to offer experiences involving their respective game titles to our users, the popularity of our amateur city leagues, tournaments and competitions may decline and the number of our users and creators may decrease, which could materially and adversely affect our results of operations and financial condition.

If we fail to keep our existing users and creators highly engaged, to acquire new users and creators, to successfully implement a direct to consumer model for our user community, our business, profitability and prospects may be adversely affected.

Our success depends on our ability to maintain and grow the number of users and creators using our platform, and keeping our users and creators highly engaged. Of particular importance is the successful deployment and expansion of our direct to consumer model to our user community for purposes of creating predictable recurring revenues.

In order to attract, retain and engage users and creators and remain competitive, we must continue to develop and expand our product offerings, including internationally, produce engaging tournaments and competitions, successfully license the newest “hit” esports games and titles, implement new technologies and strategies, improve features of our platform and stimulate interactions in our user community.

A decline in the number of our users and creators in our ecosystem may adversely affect the engagement level of our users and creators, the vibrancy of our user community, or the popularity of our platform, which may in turn reduce our monetization opportunities, and have a material and adverse effect on our business, financial condition and results of operations. If we are unable to attract and retain, or convert users and creators into direct to consumer-based paying users and creators, our revenues may decline, and our results of operations and financial condition may suffer.

We cannot assure you that our platform will remain sufficiently popular with users and creators to offset the costs incurred to operate and expand it. It is vital to our operations that we remain sensitive and responsive to evolving user preferences and offer first-tier content that attracts our users and creators. We must also keep providing users and creators with new features and functions to enable superior content viewing, and social interaction. Further, we will need to continue to develop and improve our platform and to enhance our brand awareness, which may require us to incur substantial costs and expenses. If such increased costs and expenses do not effectively translate into an improved user experience and direct to consumer-based, long-term engagement, our results of operations may be materially and adversely affected.

The ability to grow our business is dependent in part on the success and availability of mass media channels developed by third parties, as well as our ability to develop commercially successful content.

The success of our business is driven in part by the commercial success and adequate supply of third-party mass media channels for which we may distribute our content, including Twitch, YouTube and ESL.tv. Our success also depends on our ability to accurately predict which channels and platforms will be successful with the online gaming community, our ability to develop commercially successful content and distribute via SLG.TV, which is presently available on Twitch, amateur tournaments and competition for these channels and gaming platforms and our ability to effectively manage the transition of our users and creators from one generation or demographic to the next. Additionally, we may enter into certain exclusive licensing arrangements that affect our ability to deliver or market our live and on-demand content on certain channels and platforms. A channel or platform may not succeed as expected or new channels or platforms may take market share and users and creators away from platforms for which we have devoted significant resources. If demand for the channels or platforms for which we are developing is lower than our expectations, we may be unable to fully recover the investments we have made, and our financial performance may be harmed. Alternatively, a channel or platform for which we have not devoted significant resources could be more successful than we initially anticipated, causing us to not be able to take advantage of meaningful revenue opportunities.

If we fail to maintain and enhance our brand or if we incur excessive expenses in this effort, our business, results of operations and prospects may be materially and adversely affected.

We believe that maintaining and enhancing our brand is of significant importance to the success of our business. A well-recognized brand is important to increasing the number of users and creators and the level of engagement of our overall user community which is critical in enhancing our attractiveness to advertisers and sponsors. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain and enhance our market position.

Although we have developed our brand through word of mouth referrals, key strategic partners and our esports game publisher licensors, as we expand, we may conduct various marketing and brand promotion activities using various methods to continue promoting our brand. We cannot assure you, however, that these activities will be successful or that we will be able to achieve the brand promotion effect we expect.

In addition, any negative publicity in relation to our service offerings, or operations, regardless of its veracity, could harm our brands and reputation. Negative publicity or public complaints from users and creators may harm our reputation, and if complaints against us are not addressed to their satisfaction, our reputation and our market position could be significantly harmed, which may materially and adversely affect our business, results of operations and prospects.

Negative perceptions about our brand, platforms, tournaments or competitions and/or business practices may damage our business and increase the costs incurred in addressing gamer concerns.

Expectations regarding the quality, performance and integrity of our service offerings are high. Users and creators may be critical of our brand, platform, content, service offerings, tournaments or competitions and/or business practices for a wide variety of reasons. These negative user reactions may not be foreseeable or within our control to manage effectively, including user reactions to content via social media or other outlets, components and services, or objections to certain of our business practices. Negative user sentiment about our business practices also can lead to investigations from regulatory agencies and consumer groups, as well as litigation, which, regardless of their outcome, may be costly, damaging to our reputation and harm our business.

Technology changes rapidly in our business and if we fail to anticipate or successfully implement new technologies or adopt new business strategies, technologies or methods, the quality, timeliness and competitiveness of our offered services may suffer.

Rapid technology changes require us to anticipate, sometimes years in advance, which technologies we must develop, implement and take advantage of in order to be and remain competitive in both the content-creation and delivery market, as well as the esports gaming market. We have invested, and in the future may invest, in new business strategies including within metaverse gaming, a direct to consumer model, technologies, products, or games or first-tier game titles to continue to persistently engage the user and deliver the best user experience. Such endeavors may involve significant risks and uncertainties, and no assurance can be given that the technology we choose to adopt and the features that we pursue will be successful. If we do not successfully implement these new technologies, our reputation may be materially adversely affected and our financial condition and operating results may be impacted. We also may miss opportunities to adopt technology, or develop technologies, products, or services that become popular with users and creators, which could adversely affect our financial results. It may take significant time and resources to shift our focus to such technologies, putting us at a competitive disadvantage.

Our development process usually starts with particular user experiences in mind, and a range of technical development and feature goals that we hope to be able to achieve. We may not be able to achieve these goals, or our competitors may be able to achieve them more quickly and effectively than we can based on having greater operating capital and personnel resources. If we cannot achieve our technology goals within the original development schedule, then we may delay their release until these goals can be achieved, which may delay or reduce revenue and increase our development expenses. Alternatively, we may be required to significantly increase the resources employed in research and development in an attempt to accelerate our development of new technologies, either to preserve our launch schedule or to keep up with our competitors, which would increase our development expenses

Our new services and changes to existing services could fail to attract or retain users or generate revenue and profits.

Our ability to retain, increase, and engage our user base and to increase our revenue depends heavily on our ability to continue to evolve our existing services and to develop successful new services, both independently and in conjunction with developers or other third parties. We may introduce significant changes to our existing services or acquire or introduce new and unproven services, including using technologies with which we have little or no prior development or operating experience. For example, we do not have significant experience with virtual or augmented reality technology, which may adversely affect our ability to successfully develop and market our offerings within these technologies. We continue to incur substantial costs, and we may not be successful in generating profits, in connection with these efforts. In addition, the introduction of new services, or changes to existing services, may result in new or enhanced governmental or regulatory scrutiny, litigation, or other complications that could adversely affect our business and financial results. We have also invested, and expect to continue to invest, significant resources in growing our service offerings to support increasing usage of such products. If our new or enhanced services fail to engage users, marketers, or developers, or if our business plans are unsuccessful, we may fail to attract or retain users or to generate sufficient revenue, operating margin, or other value to justify our investments, and our business may be adversely affected.

We may not be successful in our metaverse gaming strategy and investments, which could adversely affect our business, reputation, or financial results.

We believe the metaverse, an embodied internet where people have immersive experiences beyond two-dimensional screens, is the next evolution in social technology. Our business strategy focuses on offerings within metaverse gaming. We expect this will be a complex, evolving, and long-term initiative that will involve the development of new and emerging technologies, continued investment in privacy, safety, and security efforts, and collaboration with other companies, developers, partners, and other participants. However, the metaverse may not develop in accordance with our expectations, and market acceptance of features, products, or services we build for the metaverse is uncertain. In addition, we have limited experience with virtual and augmented reality technology, which may enable other companies to compete more effectively than us. We may be unsuccessful in our research and product development efforts, including if we are unable to develop relationships with key participants in metaverse gaming or develop products that operate effectively with metaverse gaming technologies, products, systems, networks, or standards. Our metaverse gaming efforts may also divert resources and management attention from other areas of our business. In addition, as our metaverse gaming efforts evolve, we may be subject to a variety of existing or new laws and regulations in the United States and international jurisdictions, including in the areas of privacy and e-commerce, which may delay or impede the development of our products and services, increase our operating costs, require significant management time and attention, or otherwise harm our business. As a result of these or other factors, our metaverse gaming strategy and investments may not be successful in the foreseeable future, or at all, which could adversely affect our business, reputation, or financial results.

We focus our business on our developers, creators, and users, and acting in their interests in the long-term may conflict with the short-term expectations of analysts and investors.

A significant part of our business strategy and culture is to focus on long-term growth and developer, creator, and user experience over short-term financial results. We expect our expenses to continue to increase in the future as we broaden our developer, creator, and user community, as developers, creators, and users increase the amount and types of content they make available on our platform and the content they consume, as we continue to seek ways to increase payments to our developers, and as we develop and further enhance our platform, expand our technical infrastructure, and hire additional employees to support our expanding operations. As a result, in the near- and medium-term, we may continue to operate at a loss, or our near- and medium-term profitability may be lower than it would be if our strategy were to maximize near- and medium-term profitability. We expect to continue making significant expenditures to grow our platform and develop new features, integrations, capabilities, and enhancements to our platform for the benefit of our developers, creators, and users. Such expenditures may not result in improved business results or profitability over the long-term. If we are ultimately unable to achieve or improve profitability at the level or during the time frame anticipated by securities or industry analysts, investors and our stockholders, the trading price of our common stock may decline.

We may experience security breaches and cyber threats.

We continually face cyber risks and threats that seek to damage, disrupt or gain access to our networks and our platform, supporting infrastructure, intellectual property and other assets. In addition, we rely on technological infrastructure, including third party cloud hosting and broadband, provided by third party business partners to support the in person and online functionality of our platform. These business partners are also subject to cyber risks and threats. Such cyber risks and threats may be difficult to detect. Both our partners and we have implemented certain systems and processes to guard against cyber risks and to help protect our data and systems. However, the techniques that may be used to obtain unauthorized access or disable, degrade, exploit or sabotage our networks and platform change frequently and often are not detected. Our systems and processes, and the systems and processes of our third-party business partners, may not be adequate. Any failure to prevent or mitigate security breaches or cyber risks, or respond adequately to a security breach or cyber risk, could result in interruptions to our platform, degrade the user experience, cause users and creators to lose confidence in our gaming platform and cease utilizing it, as well as significant legal and financial exposure. This could harm our business and reputation, disrupt our relationships with partners and diminish our competitive position.

Successful exploitation of our networks and platform can have other negative effects upon the user experience we offer. In particular, the virtual economies that exist in certain of our licensed game publishers' games and developers' outside platforms, such as Roblox, are subject to abuse, exploitation and other forms of fraudulent activity that can negatively impact our business. Virtual economies involve the use of virtual currency and/or virtual assets that can be used or redeemed by a user within a particular online game or service.

Our business could be adversely affected if our data privacy and security practices are not adequate, or perceived as being inadequate, to prevent data breaches, or by the application of data privacy and security laws generally.

In the course of our business, we may collect, process, store and use gamer and other information, including personally identifiable information, passwords and credit card information, the latter of which is subject to PCI-DSS compliance. Although we take measures to protect this information from unauthorized access, acquisition, disclosure and misuse, our security controls, policies and practices may not be able to prevent the improper or unauthorized access, acquisition or disclosure of such information. The unauthorized access, acquisition or disclosure of this information, or a perception that we do not adequately secure this information could result in legal liability, costly remedial measures, governmental and regulatory investigations, harm our profitability and reputation and cause our financial results to be materially affected. In addition, third party vendors and business partners receive access to information that we collect. These vendors and business partners may not prevent data security breaches with respect to the information we provide them or fully enforce our policies, contractual obligations and disclosures regarding the collection, use, storage, transfer and retention of personal data. A data security breach of one of our vendors or business partners could cause reputational harm to them and/or negatively impact our ability to maintain the credibility of our user community.

Data privacy, data protection, localization, security and consumer-protection laws are evolving, and the interpretation and application of these laws in the United States, Europe (including compliance with the General Data Protection Regulation), and elsewhere often are uncertain, contradictory and changing. It is possible that these laws may be interpreted or applied in a manner that is averse to us or otherwise inconsistent with our practices, which could result in litigation, regulatory investigations and potential legal liability or require us to change our practices in a manner adverse to our business. As a result, our reputation and brand may be harmed, we could incur substantial costs, and we could lose both users and creators and revenue.

We depend on servers to operate our service offerings with online features and our proprietary online platform. If we were to lose server functionality for any reason, our business may be negatively impacted.

Our business relies on the continuous operation of servers, some of which are owned and operated by third parties. Although we strive to maintain more than sufficient server capacity, and provide for active redundancy in the event of limited hardware failure, any broad-based catastrophic server malfunction, a significant service-disrupting attack or intrusion by hackers that circumvents security measures, a failure of disaster recovery service or the failure of a company on which we are relying for server capacity to provide that capacity for whatever reason could degrade or interrupt the functionality of our platform, and could prevent the operation of our platform for both in-person and online user experiences.

We also rely on networks operated by third parties to support content on our platform, including networks owned and operated by game publishers. An extended interruption to any of these services could adversely affect the use of our platform, which would have a negative impact on our business.

Further, insufficient server capacity could also negatively impact our business. Conversely, if we overestimate the amount of server capacity required by our business, we may incur additional operating costs.

Our advertising revenue is dependent on targeting and measurement tools that incorporate data signals from user activity on websites and services that we do not control, and changes to the regulatory environment, third-party mobile operating systems and browsers, and our own products have impacted, and we expect will continue to impact, the availability of such signals, which will adversely affect our advertising revenue.

We rely on data signals from user activity on websites and services that we do not control in order to deliver relevant and effective ads to our users. Our advertising revenue is dependent on targeting and measurement tools that incorporate these signals, and any changes in our ability to use such signals will adversely affect our business. For example, legislative and regulatory developments, such as the European Union's General Data Protection Regulation ("GDPR"), and the California Consumer Privacy Act ("CCPA"), have impacted, and we expect will continue to impact, our ability to use such signals in our ad products. In particular, we may see an increasing number of users opt to control certain types of ad targeting, which may increase further with expanded control over certain third-party data as part of our compliance with these laws and regulations, and we may have to introduce product changes that limit data signal use for certain users in California following adoption of the CCPA. Regulatory guidance or decisions or new legislation in these or other jurisdictions may require us to make additional changes to our products in the future that further reduce our ability to use these signals. In addition, mobile operating system and browser providers, such as Apple and Google, have implemented product changes and/or announced future plans to limit the ability of websites and application developers to collect and use these signals to target and measure advertising. These developments may limit our ability to target and measure the effectiveness of ads across platforms and may negatively impact our advertising revenue. If we are unable to mitigate these developments as they take further effect in the future, our targeting and measurement capabilities may be materially and adversely affected, which would in turn significantly impact our future revenue growth.

Our online platform and services offered through our platform may contain defects.

Our online platform and the services offered through our platform are extremely complex and are difficult to develop and distribute. We have quality controls in place to detect defects in our platform before they are released. Nonetheless, these quality controls are subject to human error, overriding, and reasonable resource or technical constraints. Further, we have not undertaken independent third-party testing, verification or analysis of our platform and associated systems and controls. Therefore, our platform and quality controls and preventative measures we have implemented may not be effective in detecting all defects in our platform. In the event a significant defect in our platform and associated systems and controls is realized, we could be required to offer refunds, suspend the availability of our service offerings, or expend significant resources to cure the defect, each of which could significantly harm our business and operating results.

We may experience system failures, outages and/or disruptions of the functionality of our platform. Such failures, delays and other problems could harm our reputation and business, cause us to lose customers and expose us to customer liability.

We may experience system failures, outages and/or disruptions of our infrastructure, including information technology system failures and network disruptions, cloud hosting and broadband availability at in person and online experiences. Our operations could be interrupted or degraded by any damage to or failure of:

- our computer software or hardware, or our customers' or suppliers' computer software or hardware;
- our network, our customers' networks or our suppliers' networks; or
- our connections and outsourced service arrangements with third parties.
- Our systems and operations are also vulnerable to damage or interruption from:
- power loss, transmission cable cuts and other telecommunications and utility failures;
- hurricanes, fires, earthquakes, floods and other natural disasters;
- a terrorist attack in the U.S. or in another country in which we operate;
- interruption of service arising from facility migrations, resulting from changes in business operations including acquisitions and planned data center migrations;
- computer viruses or software defects;
- loss or misuse of proprietary information or customer data that compromises security, confidentiality or integrity; or
- errors by our employees or third-party service providers.

From time to time in the ordinary course of our business, our network nodes and other systems experience temporary outages. As a means of ensuring continuity in the services we provide to our community and partners, we have invested in system redundancies via partnerships with industry leading cloud service providers, proactive alarm monitoring and other back-up infrastructure, though we cannot assure you that we will be able to re-route our services over our back-up facilities and provide continuous service to customers in all circumstances without material degradation. Because many of our services play a critical role for our community and partners, any damage to or failure of the infrastructure we rely on could disrupt or degrade the operation of our network, our platform and the provision of our services and result in the loss of current and potential community members and/or partners and harm our ability to conduct normal business operations.

We use third-party services and technologies in connection with our business, and any disruption to the provision of these services and technologies to us could result in negative publicity and a slowdown in the growth of our users, which could materially and adversely affect our business, financial condition and results of operations.

Our business partially depends on services provided by, and relationships with, various third parties, including cloud hosting and broadband providers, among others. To this end, when our cloud hosting and broadband vendors experience outages, our services will be negatively impacted and alternative resources will not be immediately available. In addition, certain third-party software we use in our operations is currently publicly available free of charge. If the owner of any such software decides to charge users or no longer makes the software publicly available, we may need to incur significant costs to obtain licensing, find replacement software or develop it on our own. If we are unable to obtain licensing, find or develop replacement software at a reasonable cost, or at all, our business and operations may be adversely affected.

We exercise no control over the third-party vendors that we rely upon for cloud hosting, broadband and software service. If such third parties increase their prices, fail to provide their services effectively, terminate their service or agreements or discontinue their relationships with us, we could suffer service interruptions, reduced revenues or increased costs, any of which may have a material adverse effect on our business, financial condition and results of operations.

If we are unable to successfully grow our user base, compete effectively with other platforms, and further monetize our platform, our business will suffer.

We have made, and are continuing to make, investments to enable our developers to design and build compelling content and deliver it to our users on our platform. Existing and prospective developers may not be successful in creating content that leads to and maintains user engagement (including maintaining the quality of experiences) or they may fail to expand the types of experiences that our developers can build for users, and other global entertainment companies, online content platforms, and social platforms may entice our users and potential users away from, or to spend less time with, our platform, each of which could adversely affect users' interest in our platform and lead to a loss of revenue opportunities and harm our results of operations.

Additionally, we may not succeed in further monetizing our platform and user base. As a result, our user growth, user engagement, financial performance and ability to grow revenue could be significantly harmed if:

- we fail to increase or maintain KPIs;
- our user growth outpaces our ability to monetize our users, including if our user growth occurs in markets that are not profitable;
- we fail to establish a base of our developers, creators, and users;
- we fail to provide the tools and education to our developers and creators to enable them to monetize their experiences;
- we fail to increase or maintain the amount of time spent on our platform, the number of experiences that our users share and explore with friends, or the usage of our technology for our developers;
- we do not develop and establish the social features of our platform, allowing it to more broadly serve the entertainment, education, and business markets;
- we fail to increase penetration and engagement across target age demographics;
- developers do not create engaging or new experiences for users;
- users reduce their subscriptions for our services within our platform; or
- the experiences on our platform do not maintain or gain popularity.

If we are able to continue to grow, we will need to manage our growth effectively, which could require expanding our internal IT systems, technological operations infrastructure, financial infrastructure, and operating and administrative systems and controls. In addition, we have expended in the past and may in the future expend significant resources to launch new features and changes on our platform that we are unable to monetize, which may significantly harm our business. Any future growth would add complexity to our organization and require effective coordination across our organization, and an inability to do so would adversely affect our business, financial conditions and results of operations.

We provide access to offerings within our platform that are subscription-based. While we intend for these efforts to generate increased recurring revenues from our existing user base, they may cause users to decrease their overall spend on our platform. Our ability to continue to attract and retain users of our paid subscription services will depend in part on our ability to consistently provide our subscribers with a quality experience. If our users do not perceive these offerings to be of value, or if we introduce new or adjust existing features or pricing in a manner that is not favorably received by them, we may not be able to attract and retain subscribers or be able to convince users to become subscribers of such additional service offerings, and we may not be able to increase the amount of recurring revenue from our user base. Subscribers may cancel their subscription to our service for many reasons, including a perception that they do not use the service sufficiently, the need to reduce household expenses, competitive services that provide a better value or experience or as a result of changes in pricing. If our efforts to attract and retain subscribers are not successful, our business, operating results, and financial condition may be adversely impacted.

We have seen the growth rate of our users fluctuate and expect it to continue to change over time. If we fail to retain users or add new users, or if our users decrease their level of engagement with our platform, revenue, bookings, and operating results will be harmed.

During the year ended December 31, 2021, we reported 11.2 billion views and impressions, 5.0 million registered users, and 105.0 million engagement hours. We view our KPIs as a critical measure of our user engagement, and adding, maintaining, and engaging users has been and will continue to be necessary to our continued growth. Our KPI growth rate has fluctuated in the past and may slow in the future due to various factors. As COVID-19 related shelter-in-place orders are lifted and children return to school, we have seen growth rates moderate in certain markets. Other factors including: the introduction of new experiences on our platform, higher market penetration rates, and competition from a variety of entertainment sources for our users and their time could also cause our growth rates to fluctuate. For example, while our KPIs have grown sequentially on a quarterly basis for the last several years, there have been months where they have not or have grown at a slower pace, often due to seasonal or other factors. Seasonal factors may have been impacted by the COVID-19 pandemic and we expect that seasonality could again cause user activity to decrease, including below historical levels as the impacts of the COVID-19 pandemic moderate. In addition, our strategy seeks to expand the age groups and geographic markets that make up our users, and if and when we achieve maximum market penetration rates among any particular user cohort overall and in particular geographic markets, future growth in KPIs will need to come from other age or geographic cohorts in other markets, which may be difficult, costly or time consuming for us to achieve. Accessibility to the internet and bandwidth or connectivity limitations as well as regulatory requirements, may also affect our ability to further expand our user base in a variety of geographies. If our KPI growth rate slows or becomes stagnant, or we have a decline in KPIs, or we fail to effectively monetize users in certain geographic markets, our financial performance will increasingly depend on our ability to elevate user activity or increase the monetization of our users.

Our business plan assumes that the demand for interactive entertainment offerings, specifically, the adoption of a metaverse with users interacting together by playing, communicating, connecting, making friends, learning, or simply hanging out, all in 3D environments, will increase for the foreseeable future. However, if this market shrinks or grows more slowly than anticipated, if the metaverse does not gain widespread adoption as a forum for experiences, social interaction and creative expression for our users, or if demand for our platform does not grow as quickly as we anticipate, whether as a result of competition, product obsolescence, budgetary constraints of our developers, creators, and users, technological changes, unfavorable economic conditions, uncertain geopolitical or regulatory environments or other factors, we may not be able to increase our revenue and bookings sufficiently to ever achieve profitability and our stock price would decline.

The multitude of other entertainment options, online gaming, and other interactive experiences is high, making it difficult to retain users who are dissatisfied with our platform and seek other entertainment options. Moreover, a large number of our users are within a demographic which may be less brand loyal and more likely to follow trends, including viral trends, than other demographics. These and other factors may lead users to switch to another entertainment option rapidly, which can interfere with our ability to forecast usage or KPIs and would negatively affect our user retention, growth, and engagement. We also may not be able to penetrate other demographics in a meaningful manner to compensate for the loss of KPIs in this age group. Falling user retention, growth, or engagement rates could seriously harm our business.

Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may significantly harm and negatively affect our reputation and our business.

We regularly review metrics and KPIs, including hours engaged, views and impressions, and active users to evaluate growth trends, measure our performance, and make strategic decisions. These metrics are calculated using internal data gathered on an analytics platform that we developed and operate and have not been validated by an independent third party. Our metrics and estimates may also differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or the assumptions on which we rely. If our estimates are inaccurate, then investors will have less confidence in our company and our prospects, which could cause the market price of our common stock to decline, our reputation and brand could be harmed.

While these metrics are based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring how our service offerings are used and as a result, the metrics may overstate the number of active users, hours engaged, and views and impressions. For example, there may be users who have multiple accounts, fake user accounts, or fraudulent accounts created by bots to inflate user activity for a particular developer or creator, thus making the developer or creator's experience or other content appear more popular than it really is. We strive to detect and minimize fraud and unauthorized access to our service offerings, and these practices are prohibited in our terms of service and we implement measures to detect and suppress that behavior. Some of our demographic data may be incomplete or inaccurate. For example, because users self-report their dates of birth, our age demographic data may differ from our users' actual ages. If our users provide us with incorrect or incomplete information regarding their age or other attributes, then our estimates may prove inaccurate.

Errors or inaccuracies in our metrics or data could also result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of active users were to occur, we may expend resources to implement unnecessary business measures or fail to take required actions to attract a sufficient number of users to satisfy our growth strategies. If our developers do not perceive our user, geographic, or other demographic metrics to be accurate representations of our user base, or if we discover material inaccuracies in our user, geographic, or other demographic metrics, our reputation may be seriously harmed. Our developers, creators and partners may also be less willing to allocate their budgets or resources to our service offerings, which could seriously harm our business.

Growth and engagement of our user community depends upon effective interoperability with mobile operating systems, networks, mobile devices and standards that we do not control.

We make our services available across a variety of mobile operating systems and devices. We are dependent on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Android and iOS. Any changes in such mobile operating systems or devices that degrade the functionality of our services or give preferential treatment to competitive services could adversely affect usage of our services. In order to deliver high quality services, it is important that our services work well across a range of mobile operating systems, networks, mobile devices and standards that we do not control. We may not be successful in developing relationships with key participants in the mobile industry or in developing services that operate effectively with these operating systems, networks, devices and standards. In the event that it is difficult for our users to access and use our services, particularly on their mobile devices, our user growth and user engagement could be harmed, and our business and operating results could be adversely affected.

Our business depends substantially on the continuing efforts of our executive officers, key employees and qualified personnel, and our business operations may be severely disrupted if we lose their services.

Our future success depends substantially on the continued efforts of our executive officers and key employees. If one or more of our executive officers or key employees were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Since our industry is characterized by high demand and intense competition for talents, we cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees. In addition, as the Company is relatively young, our ability to train and integrate new employees into our operations may not meet the growing demands of our business which may materially and adversely affect our ability to grow our business and hence our results of operations.

If any of our executive officers and key employees terminates their services with us, our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain qualified personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose users and creators, know-how and key professionals and staff members. Certain of our executive officers and key employees have entered into a non-solicitation and non-competition agreements with us. However, certain provisions under the non-solicitation and non-competition agreement may be deemed legally invalid or unenforceable. If any dispute arises between our executive officers and us, we cannot assure you that we would be able to enforce these non-compete agreements.

We plan to continue to make acquisitions and pursue other strategic transactions, which could impact our financial condition or results of operations and may adversely affect the price of our common stock.

As part of our business strategy, we have made and intend to continue to make acquisitions to add specialized employees and complementary companies, products, or technologies, and from time to time may enter into other strategic transactions such as investments and joint ventures. We may not be able to find suitable acquisition candidates, and we may not be able to complete acquisitions or other strategic transactions on favorable terms, or at all, including as a result of regulatory challenges. In some cases, the costs of such acquisitions or other strategic transactions may be substantial, and there is no assurance that we will realize expected synergies from future growth and potential monetization opportunities for our acquisitions or a favorable return on investment for our strategic investments.

We may pay substantial amounts of cash or incur debt to pay for acquisitions or other strategic transactions, which has occurred in the past and could adversely affect our liquidity. The incurrence of indebtedness would also result in increased fixed obligations and increased interest expense, and could also include covenants or other restrictions that would impede our ability to manage our operations. We may also issue equity securities to pay for acquisitions and may grant stock options or other equity awards to retain the employees of acquired companies, which could increase our expenses, adversely affect our financial results, and result in dilution to our stockholders. In addition, any acquisitions or other strategic transactions we announce could be viewed negatively by users, marketers, developers, or investors, which may adversely affect our business or the price of our common stock.

We may also discover liabilities, deficiencies, or other claims associated with the companies or assets we acquire that were not identified in advance, which may result in significant unanticipated costs. The effectiveness of our due diligence review and our ability to evaluate the results of such due diligence are dependent upon the accuracy and completeness of statements and disclosures made or actions taken by the companies we acquire or their representatives, as well as the limited amount of time in which acquisitions are executed. In addition, we may fail to accurately forecast the financial impact of an acquisition or other strategic transaction, including tax and accounting charges. Acquisitions or other strategic transactions may also result in our recording of significant additional expenses to our results of operations and recording of substantial finite-lived intangible assets on our balance sheet upon closing. Any of these factors may adversely affect our financial condition or results of operations.

We may not be able to successfully integrate our acquisitions, including the 2021 Acquisitions, and we incur significant costs to integrate and support the companies we acquire.

The integration of acquisitions, including the 2021 Acquisitions, requires significant time and resources, particularly with respect to companies that have significant operations or that develop products where we do not have prior experience, and we may not manage these processes successfully. We continue to make substantial investments of resources to support our acquisitions, including the 2021 Acquisitions, which has in the past resulted, and we expect will in the future result, in significant ongoing operating expenses and the diversion of resources and management attention from other areas of our business. We cannot assure you that these investments will be successful. If we fail to successfully integrate the companies we acquire, we may not realize the benefits expected from the transaction and our business may be harmed.

We may encounter significant difficulties integrating acquired businesses.

The integration of any businesses is a complex, costly and time-consuming process. As a result, we have devoted, and will continue to devote, significant management attention and resources to integrating acquired businesses, including those acquired in the 2021 Acquisitions. The failure to meet the challenges involved in integrating businesses and to realize the anticipated benefits of any acquisition could cause an interruption of, or a loss of momentum in, the activities of our combined business and could adversely affect our results of operations. The difficulties of combining acquired businesses with our own include, among others:

- the diversion of management attention to integration matters;
- difficulties in integrating functional roles, processes and systems, including accounting systems;
- challenges in conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the two companies;
- difficulties in assimilating, attracting and retaining key personnel;
- challenges in keeping existing clients and obtaining new clients;
- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from an acquisition;
- difficulties in managing the expanded operations of a significantly larger and more complex business;
- contingent liabilities, including contingent tax liabilities or litigation, that may be larger than expected; and
- potential unknown liabilities, adverse consequences or unforeseen increased expenses associated with an acquisition, including possible adverse tax consequences to the combined business pursuant to changes in applicable tax laws or regulations.

Many of these factors are outside of our control, and any one of them could result in increased costs, decreased expected revenues and diversion of management time and energy, all of which could adversely impact our business and results of operations. These difficulties have been enhanced further during the COVID-19 pandemic as a result of our office closures and work-from home policies, which may hinder assimilation of key personnel.

If we are not able to successfully integrate an acquisition, if we incur significantly greater costs to achieve the expected synergies than we anticipate or if activities related to the expected synergies have unintended consequences, our business, financial condition or results of operations could be adversely affected.

The preparation of our financial statements involves the use of good faith estimates, judgments and assumptions, and our financial statements may be materially affected if such good faith estimates, judgments or good faith assumptions prove to be inaccurate.

Financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) typically require the use of good faith estimates, judgments and assumptions that affect the reported amounts. Often, different estimates, judgments and assumptions could reasonably be used that would have a material effect on such consolidated financial statements, and changes in these estimates, judgments and assumptions may occur from period to period over time. Significant areas of accounting requiring the application of management’s judgment include, but are not limited to, determining the fair value of assets, share-based compensation and the timing and amount of cash flows from assets. These estimates, judgments and assumptions are inherently uncertain and, if our estimates were to prove to be wrong, we would face the risk that charges to income or other financial statement changes or adjustments would be required. Any such charges or changes would require a restatement of our consolidated financial statements and could harm our business, including our financial condition and results of operations and the price of our securities. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a discussion of the accounting estimates, judgments and assumptions that we believe are the most critical to an understanding of our consolidated financial statements and our business.

Regulatory and Legal Risk Factors

Our business is subject to regulation, and changes in applicable regulations may negatively impact our business.

We are subject to a number of foreign and domestic laws and regulations that affect companies conducting business on the Internet. In addition, laws and regulations relating to user privacy, data collection, retention, electronic commerce, virtual items and currency, consumer protection, content, advertising, localization, and information security have been adopted or are being considered for adoption by many jurisdictions and countries throughout the world. These laws could harm our business by limiting the products and services we can offer consumers or the manner in which we offer them. The costs of compliance with these laws may increase in the future as a result of changes in interpretation. Furthermore, any failure on our part to comply with these laws or the application of these laws in an unanticipated manner may harm our business and result in penalties or significant legal liability.

In addition, we include modes in our platform that allow players to compete against each other. Although we structure and operate these skill-based competitions with applicable laws in mind, our skill-based competitions in the future could become subject to evolving rules and regulations and expose us to significant liability, penalties and reputational harm.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could affect the tax treatment of our earnings and adversely affect our operations, and our business and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, on December 22, 2017, tax legislation was signed into law that contained many significant changes to the U.S. tax laws. The new legislation reduced the corporate income tax rate from 34% to 21% effective January 1, 2018, resulting in our deferred income tax assets and liabilities, including NOLs, to be measured using the new rate as reflected in the valuation of these assets as of December 31, 2017. As a result, the value of our deferred tax assets decreased by approximately $4.3 million and the related valuation allowance has been reduced by the same amount. Our analysis and interpretation of this legislation is ongoing. Given the full valuation allowance provided for net deferred tax assets for the periods presented herein, the change in tax law did not have a material impact on our consolidated financial statements provided herein. There may, however, be additional tax impacts identified in subsequent fiscal periods in accordance with subsequent interpretive guidance issued by the SEC or the Internal Revenue Service. Further, there may be other material adverse effects resulting from the legislation that we have not yet identified. No estimated tax provision has been recorded in the consolidated financial statements included herein for tax attributes that are incomplete or subject to change.

The foregoing items could have a material adverse effect on our business, cash flow, financial condition or results of operations. In addition, it is unclear how these U.S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities. The impact of this tax legislation on holders of our common stock is also uncertain and could be adverse. We urge our stockholders and investors to consult with our legal and tax advisors with respect to this legislation and the potential tax consequences of investing in or holding our common stock.

Our online activities are subject to various laws and regulations relating to privacy and child protection, which, if violated, could subject us to an increased risk of litigation and regulatory actions.

In addition to our platform, we use third-party applications, websites, and social media platforms to promote our service offerings and engage users, as well as monitor and collect certain information about users in our online forums. A variety of laws and regulations have been adopted in recent years aimed at protecting children using the internet such as the Children's Online Privacy and Protection Act of 1998 ("COPPA"). COPPA sets forth, among other things, a number of restrictions on what website operators can present to children under the age of 13 and what information can be collected from them. COPPA is of particular concern to us, and in an effort to minimize our risk of potential exposure, we retained a COPPA expert as a consultant and have posted a compliant privacy policy, terms of use and various other policies on our website. We undertake significant effort to implement certain precautions to ensure that access to our platform is COPPA compliant. Despite our efforts, no assurances can be given that such measures will be sufficient to completely avoid exposure and COPPA violations, any of which could expose us to significant liability, penalties, reputational harm and loss of revenue, among other things.

The laws and regulations concerning data privacy are continually evolving. Failure to comply with these laws and regulations could harm our business.

Consumers are able to access our service offerings online through our platform. We collect and store information about our consumers both personally identifying and non-personally identifying information. Numerous federal, state and international laws address privacy, data protection and the collection, storing, sharing, use, disclosure and protection of personally identifiable information and other user data. Numerous states already have, and are looking to expand, data protection legislation requiring companies like ours to consider solutions to meet differing needs and expectations of creators and attendees. Outside the United States, personally identifiable information and other user data is increasingly subject to legislation and regulations in numerous jurisdictions around the world, the intent of which is to protect the privacy of information that is collected, processed and transmitted in or from the governing jurisdiction. Foreign data protection, privacy, information security, user protection and other laws and regulations are often more restrictive than those in the United States. In particular, the European Union and its member states traditionally have taken broader views as to types of data that are subject to privacy and data protection laws and regulations and have imposed greater legal obligations on companies in this regard. For example, in April 2016, European legislative bodies adopted the General Data Protection Regulation ("GDPR"), which became effective on May 25, 2018. The GDPR applies to any company established in the European Union as well as to those outside of the European Union if they collect and use personal data in connection with the offering of goods or services to individuals in the European Union or the monitoring of their behavior. The GDPR enhances data protection obligations for processors and controllers of personal data, including, for example, expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements and onerous new obligations on service providers. Non-compliance with the GDPR may result in monetary penalties of up to €20 million or 4% of annual worldwide revenue, whichever is higher. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of personal data could greatly increase our cost of providing our products and services or even prevent us from offering certain services in jurisdictions in which we operate. The European Commission is also currently negotiating a new ePrivacy Regulation that would address various matters, including provisions specifically aimed at the use of cookies to identify an individual's online behavior, and any such ePrivacy Regulation may provide for new compliance obligations and significant penalties. Any of these changes to European Union data protection law or its interpretation could disrupt and/or harm our business.

Further, following a referendum in June 2016 in which voters in the United Kingdom approved an exit from the European Union, the United Kingdom government has initiated a process to leave the European Union, which has created uncertainty with regard to the regulation of data protection in the United Kingdom. In particular, although a Data Protection Bill designed to be consistent with the GDPR is pending in the United Kingdom's legislative process, it is unclear whether the United Kingdom will enact data protection laws or regulations designed to be consistent with the GDPR and how data transfers to and from the United Kingdom will be regulated. The interpretation and application of many privacy and data protection laws are, and will likely remain, uncertain, and it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or product features. Although player interaction on our platform is subject to our privacy policies, end user license agreements ("EULAs"), and terms of service, if we fail to comply with our posted privacy policies, EULAs, or terms of service, or if we fail to comply with existing privacy-related or data protection laws and regulations, it could result in proceedings or litigation against us by governmental authorities or others, which could result in fines or judgments against us, damage our reputation, impact our financial condition and/or harm our business.

In addition to government regulation, privacy advocacy and industry groups may propose new and different self-regulatory standards that either legally or contractually apply to us. Any inability to adequately address privacy, data protection and data security concerns or comply with applicable privacy, data protection or data security laws, regulations, policies and other obligations could result in additional cost and liability to us, damage our reputation, inhibit sales and harm our business. Further, our failure, and/or the failure by the various third-party service providers and partners with which we do business, to comply with applicable privacy policies or federal, state or similar international laws and regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in the unauthorized release of personally identifiable information or other user data, or the perception that any such failure or compromise has occurred, could damage our reputation, result in a loss of creators or attendees, discourage potential creators and attendees from trying our platform and/or result in fines and/or proceedings by governmental agencies and/or users, any of which could have an adverse effect on our business, results of operations and financial condition. In addition, given the breadth and depth of changes in data protection obligations, ongoing compliance with evolving interpretation of the GDPR and other regulatory requirements requires time and resources and a review of the technology and systems currently in use against the requirements of GDPR and other regulations.

We may be held liable for information or content displayed on, retrieved from or linked to our platform, or distributed to our users.

Our interactive live streaming platform enables users and creators to exchange information and engage in various other online activities. Although we require our users and creators to register their real name, we do not require user identifications used and displayed while using the platform to contain any real-name information, and hence we are unable to verify the sources of all the information posted by our users and creators. In addition, because a majority of the communications on our online and in person platform is conducted in real time, we are unable to examine the content generated by users and creators before they are posted or streamed. Therefore, it is possible that users and creators may engage in illegal, obscene or incendiary conversations or activities, including publishing of inappropriate or illegal content that may be deemed unlawful. If any content on our platform is deemed illegal, obscene or incendiary, or if appropriate licenses and third-party consents have not been obtained, claims may be brought against us for defamation, libel, negligence, copyright, patent or trademark infringement, other unlawful activities or other theories and claims based on the nature and content of the information delivered on or otherwise accessed through our platform. Moreover, the costs of compliance may continue to increase when more content is made available on our platform as a result of our growing base of users and creators, which may adversely affect our results of operations.

Intensified government regulation of the Internet industry could restrict our ability to maintain or increase the level of traffic to our platform as well as our ability to capture other market opportunities.

The Internet industry is increasingly subject to strict scrutiny. New laws and regulations may be adopted from time to time to address new issues that come to the authorities' attention. We may not timely obtain or maintain all the required licenses or approvals or make all the necessary filings in the future. We also cannot assure you that we will be able to obtain the required licenses or approvals if we plan to expand into other Internet businesses. If we fail to obtain or maintain any of the required licenses or approvals or make the necessary filings, we may be subject to various penalties, which may disrupt our business operations or derail our business strategy, and materially and adversely affect our business, financial condition and results of operations.

From time to time we may become involved in legal proceedings.

From time to time we may become subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy, disruptive to normal business operations and occupy a significant amount of our employees' time and attention. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on our business, operating results, or financial condition.

Risks Related to Intellectual Property

We may be subject to claims of infringement of third-party intellectual property rights.

From time to time, third parties may claim that we have infringed their intellectual property rights. For example, patent holding companies may assert patent claims against us in which they seek to monetize patents they have purchased or otherwise obtained. Although we take steps to avoid knowingly violating the intellectual property rights of others, it is possible that third parties still may claim infringement.

Existing or future infringement claims against us, whether valid or not, may be expensive to defend and divert the attention of our employees from business operations. Such claims or litigation could require us to pay damages, royalties, legal fees and other costs. We also could be required to stop offering, distributing or supporting our platform, service offerings, or other features or services which incorporate the affected intellectual property rights, redesign products, features or services to avoid infringement, or obtain a license, all of which could be costly and harm our business.

In addition, many patents have been issued that may apply to potential new modes of delivering, playing or monetizing interactive entertainment software products and services, such as those offered on our platform or that we would like to offer in the future. We may discover that future opportunities to provide new and innovative services to users and creators may be precluded by existing patents that we are unable to license on reasonable terms.

Our technology, content and brands are subject to the threat of piracy, unauthorized copying and other forms of intellectual property infringement.

We regard our technology, content and brands as proprietary and take measures to protect our technology, content and brands and other confidential information from infringement. Piracy and other forms of unauthorized copying and use of our technology, content and brands are persistent, and policing is difficult. Further, the laws of some countries in which our products are or may be distributed either do not protect our intellectual property rights to the same extent as the laws of the United States or are poorly enforced. Legal protection of our rights may be ineffective in such countries. In addition, although we take steps to enforce and police our rights, factors such as the proliferation of technology designed to circumvent the protection measures used by our business partners or by us, the availability of broadband access to the Internet, the refusal of Internet service providers or platform holders to remove infringing content in certain instances, and the proliferation of online channels through which infringing product is distributed all have contributed to an expansion in unauthorized copying of our technology, content and brands.

Third parties may register trademarks or domain names or purchase internet search engine keywords that are similar to our registered trademark or pending trademarks, brands or websites, or misappropriate our data and copy our platform, all of which could cause confusion, divert users and creators away from our platform and service offerings, or harm our reputation.

Competitors and other third parties may purchase (i) trademarks that are similar to our trademarks and (ii) keywords that are confusingly similar to our brands or websites in Internet search engine advertising programs and in the header and text of the resulting sponsored links or advertisements in order to divert users and creators from us to their websites. Preventing such unauthorized use is inherently difficult. If we are unable to prevent such unauthorized use, competitors and other third parties may continue to drive potential users and creators away from our platform to competing, irrelevant or potentially offensive platforms, which could harm our reputation and cause us to lose revenue.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our registered trademark and pending trademarks, service marks, pending patents, domain names, trade secrets, proprietary technologies and similar intellectual property as critical to our success. We rely on trademark and patent law, trade secret protection and confidentiality and license agreements with our employees and others to protect our proprietary rights.

We have invested significant resources to develop our own intellectual property and acquire licenses to use and distribute the intellectual property of others on our platform. Failure to maintain or protect these rights could harm our business. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation.

Policing unauthorized use of proprietary technology is difficult and expensive. We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Further, we require every employee and consultant to execute proprietary information and invention agreements prior to commencing work. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken will prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

Our patent and trademark applications may not be granted and our patent and trademark rights, once patents are issued and trademarks are registered, may be contested, circumvented, invalidated or limited in scope, and our patent and trademark rights may not protect us effectively once issued and registered, respectively. In particular, we may not be able to prevent others from developing or exploiting competing technologies and trademarks, which could have a material and adverse effect on our business operations, financial condition and results of operations.

Currently, we have three patent applications pending, one registered trademark and eighteen pending trademark applications, along with licenses from game publishers to utilize their proprietary games. For our pending patent applications and we cannot assure you that we will be granted patents pursuant to our pending applications as well as future patent applications we intend to file. Even if our patent applications succeed, it is still uncertain whether these patents will be contested, circumvented or invalidated in the future. In addition, the rights granted under any issued patents may not provide us with sufficient protection or competitive advantages. The claims under any patents that issue from our patent applications may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. It is also possible that the intellectual property rights of others will bar us from licensing and from exploiting any patents that issue from our pending applications. Numerous U.S. and foreign issued patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. These patents and patent applications might have priority over our patent applications and could subject our patent applications to invalidation. Finally, in addition to those who may claim priority, any of our pending patent and trademark applications may also be challenged by others on the basis that they are otherwise invalid or unenforceable.

Governance Risks and Risks Related to our Common Stock

Our amended and restated bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our amended and restated bylaws, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine shall be a state or federal court located within the State of Delaware, in all cases subject to the court's having personal jurisdiction over indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to this provision. The forum selection clause in our amended and restated bylaws may have the effect of discouraging lawsuits against us or our directors and officers and may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Because the applicability of the exclusive forum provision is limited to the extent permitted by law, we believe that the exclusive forum provision would not apply to suits brought to enforce any duty or liability created by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Securities Act of 1933, as amended (the "Securities Act"), any other claim for which the federal courts have exclusive jurisdiction or concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act. We note that there is uncertainty as to whether a court would enforce the provision and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

Although our common stock is listed on the Nasdaq Capital Market, our shares are likely to be thinly traded for some time and an active market may never develop.

Although our common stock is listed on the Nasdaq Capital Market, it is likely that initially there will be a very limited trading market for our common stock, and we cannot ensure that a robust trading market will ever develop or be sustained. Our shares of common stock may be thinly traded, and the price, if traded, may not reflect our actual or perceived value. There can be no assurance that there will be an active market for our shares of common stock in the future. The market liquidity will be dependent on the perception of our operating business, competitive forces, state of the live stream and gaming industry, growth rate and becoming cash flow profitable on a sustainable basis, among other things. We may, in the future, take certain steps, including utilizing investor awareness campaigns, press releases, road shows, and conferences to increase awareness of our business and any steps that we might take to bring us to the awareness of investors may require we compensate financial public relations firms with cash and/or stock. There can be no assurance that there will be any awareness generated or the results of any efforts will result in any impact on our trading volume. Consequently, investors may not be able to liquidate their investment or liquidate it at a price that reflects the value of the business and trading may be at an inflated price relative to the performance of our company due to, among other things, availability of sellers of our shares. If a market should develop, the price may be highly volatile. Because there may be a low price for our shares of common stock, many brokerage firms or clearing firms may not be willing to effect transactions in the securities or accept our shares for deposit in an account. Even if an investor finds a broker willing to effect a transaction in the shares of our common stock, the combination of brokerage commissions, transfer fees, taxes, if any, and any other selling costs may exceed the selling price. Further, many lending institutions will not permit the use of low-priced shares of common stock as collateral for any loans.

Our stock price may be volatile, and you could lose all or part of your investment.

The trading price of our common stock following our offering may fluctuate substantially and may be higher or lower than the initial public offering price. This may be especially true for companies with a small public float. The trading price of our common stock following our offering will depend on several factors, including those described in this "*Risk Factors*" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock since you might be unable to sell your shares at or above the price you paid in the offering. Factors that could cause fluctuations in the trading price of our common stock include:

- changes to our industry, including demand and regulations;
- we may not be able to compete successfully against current and future competitors;
- competitive pricing pressures;
- our ability to obtain working capital financing as required;
- additions or departures of key personnel;
- sales of our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship, sponsor or licensor;
- any major change in our management;
- changes in accounting standards, procedures, guidelines, interpretations or principals; and
- economic, geo-political and other external factors.

In addition, the stock market in general, and the market for technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors, as well as general economic, political and market conditions such as recessions or interest rate changes, may seriously affect the market price of our common stock, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our stock shortly following our offering. If the market price of our common stock after our offering does not exceed the initial public offering price, you may not realize any return on your investment in us and may lose some or all of your investment.

In addition, in the past, following periods of volatility in the overall market and the market prices of particular companies' securities, securities class action litigations have often been instituted against these companies. Litigation of this type, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources. Any adverse determination in any such litigation or any amounts paid to settle any such actual or threatened litigation could require that we make significant payments.

If securities industry analysts do not publish research reports on us, or publish unfavorable reports on us, then the market price and market trading volume of our common stock could be negatively affected.

Any trading market for our common stock will be influenced in part by any research reports that securities industry analysts publish about us. We may not obtain any future research coverage by securities industry analysts. In the event we are covered by research analysts, and one or more of such analysts downgrade our securities, or otherwise reports on us unfavorably, or discontinues coverage of us, the market price and market trading volume of our common stock could be negatively affected.

We have not paid cash dividends in the past and do not expect to pay dividends in the future. Any return on investment will likely be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return

Since we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, stock price appreciation, if any, will be your sole source of gain.

We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, appreciation, if any, in the market price of our common stock will be your sole source of gain for the foreseeable future.

Future issuances of debt securities, which would rank senior to our common stock upon our bankruptcy or liquidation, and future issuances of preferred stock, which would rank senior to our common stock for the purposes of dividends and liquidating distributions, may adversely affect the level of return you may be able to achieve from an investment in our common stock.

In the future, we may attempt to increase our capital resources by offering debt securities. In the event of a bankruptcy or liquidation, holders of our debt securities, and lenders with respect to other borrowings we may make, would receive distributions of our available assets prior to any distributions being made to holders of our common stock. Moreover, if we issue preferred stock in the future, the holders of such preferred stock could be entitled to preferences over holders of common stock in respect of the payment of dividends and the payment of liquidating distributions. Because our decision to issue debt or preferred securities in any future offering, or borrow money from lenders, will depend in part on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any such future offerings or borrowings. Holders of our common stock must bear the risk that any such future offerings we conduct or borrowings we make may adversely affect the level of return they may be able to achieve from an investment in our common stock.

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies that are not “emerging growth companies,” including:

- not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports and annual report on Form 10-K; and
- exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We could be an emerging growth company for up to five years following the completion of our offering. Our status as an emerging growth company will end as soon as any of the following takes place:

- the last day of the fiscal year in which we have more than $1.07 billion in annual revenue;
- the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates;
- the date on which we have issued, in any three-year period, more than $1.0 billion in non-convertible debt securities; or
- the last day of the fiscal year ending after the fifth anniversary of the completion of our offering.

We cannot predict if investors will find our common stock less attractive if we choose to rely on the exemptions afforded emerging growth companies. If some investors find our common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our common stock and the market price of our common stock may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Because of our status as an emerging growth company, you will not be able to depend on any attestation from our independent registered public accounting firm as to our internal control over financial reporting for the foreseeable future.

Our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until the later of the year following our first annual report required to be filed with the SEC, or the date we are no longer an "emerging growth company" as defined in the JOBS Act. Accordingly, you will not be able to depend on any attestation concerning our internal control over financial reporting from our independent registered public accounting firm for the foreseeable future. Subsequent to the time frame above, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act until such time that the Company becomes an "accelerated filer," as defined by the SEC.

We have granted, and may continue to grant, share incentive awards, which may result in increased share-based compensation expenses.

We adopted our Amended and Restated 2014 Stock Option and Incentive Plan (the "2014 Plan") in October 2014, for purposes of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. We account for compensation costs for all share-based awards issued under the 2014 Plan using a fair-value based method and recognize expenses in our statements of comprehensive loss in accordance with GAAP. Under the 2014 Plan, we are authorized to grant options to purchase shares of common stock of our Company, restricted share units to receive shares of common stock and restricted shares of common stock. For the year ended December 31, 2021 and 2020, we recorded share-based compensation expense of $2.4 million and $2.0 million, respectively, primarily related to issuances and vesting of awards under the 2014 Plan.

We believe the granting of share incentive awards is important to our ability to attract and retain employees, and we will continue to grant share incentive awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Uncertainty in global economic conditions could negatively affect our business, results of operations and financial condition.

We have significant intangible assets recorded on our consolidated balance sheets as of December 31, 2021. We will continue to evaluate the recoverability of the carrying amount of our intangible assets on an ongoing basis, and we may incur substantial impairment charges, which would adversely affect our consolidated financial results. There can be no assurance that the outcome of such reviews in the future will not result in substantial impairment charges. Impairment assessment inherently involves judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact our assumptions as to prices, costs, holding periods or other factors that may result in changes in our estimates of future cash flows. Although we believe the assumptions we used in testing for impairment are reasonable, significant changes in any one of our assumptions could produce a significantly different result.

General Risk Factors

Actual or threatened epidemics, pandemics, outbreaks, or other public health crises may adversely affect our business.

Our business could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of novel coronavirus (COVID-19). The risk, or public perception of the risk, of a pandemic or media coverage of infectious diseases could cause a decrease to the attendance of our in person gaming experiences, or cause certain of our partners, such as Wanda Theaters in China, to avoid holding in person events. Moreover, an epidemic, pandemic, outbreak or other public health crisis, such as COVID-19, could cause members of our Action Squad, in whom we rely on to manage the logistics of our in person experiences, or on-site employees of partners to avoid any involvement with our in person experiences or other events, which would adversely affect our ability to hold such events. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as COVID-19, could therefore adversely affect our business, financial condition and results of operations.

A reversal of the U.S. economic recovery and a return to volatile or recessionary conditions in the United States or abroad could adversely affect our business or our access to capital markets in a material manner.

To date, our principal sources of capital used to fund our operations have been the net proceeds we received from sales of equity securities and proceeds received from the issuance of convertible debt, as described herein. We have and will continue to use significant capital for the growth and development of our business, and, as such, we expect to seek additional capital either from operations or that may be available from future issuance(s) of common stock or debt financings, to fund our planned operations.

Accordingly, our results of operations and the implementation of our long-term business strategy could be adversely affected by general conditions in the global economy, including conditions that are outside of our control, such as the impact of health and safety concerns from the current outbreak of COVID-19. The most recent global financial crisis caused by COVID-19 resulted in extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to our business and could have a material adverse effect on us, including limiting our ability to obtain additional capital from the capital markets. We could also be adversely affected by such factors as changes in foreign currency rates and weak economic and political conditions in each of the countries in which we operate.

Our business is subject to risks generally associated with the entertainment industry.

Our business is subject to risks that are generally associated with the entertainment industry, many of which are beyond our control. These risks could negatively impact our operating results and include the popularity, price to play, and timing of release of our esports licensed games, economic conditions that adversely affect discretionary consumer spending, changes in user demographics, the availability and popularity of other forms of entertainment, and critical reviews and public tastes and preferences, which may change rapidly and cannot necessarily be predicted.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We leased office space under an operating lease agreement which expired on May 31, 2017, and was amended to a month-to-month basis lease. In June 2020, we terminated the lease for the majority of our corporate headquarters (approximately 4,965 square feet). As of December 31, 2021 we maintain approximately 3,200 square feet of office space, 1,650 square feet of which is on a month-to-month basis, and 1,550 square feet of which is subject to a two-year lease, commencing on August 1, 2021, at a combined rate of approximately $11,800 per month.

We anticipate no difficulty in extending the leases of our facilities or obtaining comparable facilities in suitable locations, as needed, and we consider our facilities to be adequate for our current needs.

ITEM 3. LEGAL PROCEEDINGS

As of the date hereof, we are not a party to any material legal or administrative proceedings. There are no proceedings in which any of our directors, executive officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

Our common stock is listed on the Nasdaq Capital Market under the ticker symbol "SLGG."

As of March 29, 2022, we had 160 holders of record of our common stock based upon the records of our transfer agent, which do not include beneficial owners of common stock whose shares are held in the names of various securities brokers, dealers and registered clearing agencies.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business. Therefore, we do not currently expect to pay any cash dividends on our common stock for the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our Board and will depend upon our results of operations, financial condition, capital requirements, general business conditions, and other factors that our board of directors deems relevant. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities.

Recent Sales of Unregistered Equity Securities

No unregistered securities were issued during the years ended December 31, 2021 and 2020 that were not previously reported.

Use of Proceeds from Sales of Registered Securities

In January 2021, the Company issued 3,076,924 shares of common stock at a price of $2.60 per share, raising aggregate net proceeds of approximately $8.0 million, after deducting offering expenses totaling $73,000.

In February 2021, the Company issued 2,926,830 shares of common stock at a price of $4.10 per share, raising aggregate net proceeds of approximately $12.0 million, after deducting offering expenses totaling $70,000.

In March 2021, the Company issued 1,512,499 shares of common stock at a price of $9.00 per share, raising aggregate net proceeds of approximately $13.6 million, after deducting offering expenses totaling $72,000.

The offerings described above were made pursuant to an effective shelf Registration Statement on Form S-3, which was originally filed with the Securities and Exchange Commission on April 10, 2020 (File No. 333-237626). The net proceeds from these offerings were used for working capital and other general corporate purposes, including sales and marketing activities, product development and capital expenditures. The Company also used a portion of the net proceeds for the acquisition of, or investment in, technologies, solutions or businesses.

Equity Distribution Agreement. On September 3, 2021, the Company entered into an Equity Distribution Agreement (the "Sales Agreement") with two investment banks (the "Agents"), pursuant to which the Company may offer and sell, from time to time, through the Agents (the "Offering"), up to $75 million of its shares of common stock, par value $0.001 per share (the "Shares"). Any Shares offered and sold in the Offering will be issued pursuant to the Company's Registration Statement on Form S-3 filed with the Securities and Exchange Commission (the "SEC") on September 3, 2021 (the "Form S-3") and the prospectus relating to the Offering that forms a part of the Form S-3, following such time as the Form S-3 is declared effective by the SEC.

Subject to the terms and conditions of the Sales Agreement, the Agents will use their commercially reasonable efforts to sell the Shares from time to time, based upon the Company's instructions. Under the Sales Agreement, the Agents may sell the Shares by any method permitted by law deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), including, without limitation, sales made directly on the Nasdaq Capital Market, on any other existing trading market for the Company's common stock or to or through a market maker. The Agents may also sell Shares in privately negotiated transactions, provided that the Agents receive the Company's prior written approval.

The Company has no obligation to sell any of the Shares, and may at any time suspend offers under the Sales Agreement. The Offering will terminate upon the earlier of (a) the sale of all of the Shares, (b) the termination by the mutual written agreement of the managing agent and the Company, or (c) one year from the date that the Form S-3 is declared effective by the SEC.

Under the terms of the Sales Agreement, the Agents will be entitled to an aggregate commission at a fixed rate of 3.0% of the gross sales price of Shares sold under the Sales Agreement.

The Company intends to use the net proceeds from any "at-the-market" offering primarily for working capital and general corporate purposes, including sales and marketing activities, product development and capital and acquisition related expenditures. The Company may also use a portion of the net proceeds for the acquisition of, or investment in, technologies, solutions or businesses.

In August 2020, the Company issued 4,540,541 shares of common stock at a price of $1.85 per share, raising aggregate net proceeds of approximately $7.6 million, after deducting placement agent fees of $588,000 and other offering expenses totaling $180,000. The offering was conducted pursuant to the Company's effective Registration Statement on Form S-1 (File No. 333-248248), and a related registration statement filed pursuant to Rule 462(b) under the Securities Act. In addition, pursuant to the terms of the related underwriting agreement, the Company granted to the underwriter a 30-day over-allotment option to purchase up to an additional 681,081 Shares at the same public offering price per share, less discounts and commissions, which was partially exercised in September 2020, resulting in the issuance of 448,440 shares and net proceeds of $771,000, after deducting placement agent fees of $58,000. The net proceeds from this offering were for working capital and other general corporate purposes, including sales and marketing activities, product development and capital expenditures. Net proceeds from this offering were also intended to be available for acquisitions of, or investments in, technologies, solutions or businesses that may complement our business and or accelerate our growth.

In May 2020, the Company issued 1,825,000 shares of common stock at a price of $3.50 per share, raising aggregate net proceeds of approximately $6.0 million, after deducting placement agent fees of $319,000 and other offering expenses totaling $116,000, pursuant to a registered direct offering. The net proceeds from this offering were for working capital and other general corporate purposes, including sales and marketing activities, product development and capital expenditures. Net proceeds from this offering were also intended to be available for acquisitions of, or investments in, technologies, solutions or businesses that may complement our business and or accelerate our growth.

Performance Graph

As a smaller reporting company, we are not required to provide the performance graph required by Item 201(e) of Regulation S-K.

ITEM 6. SELECTED FINANCIAL DATA

We derived the selected financial data as of and for the years ended December 31, 2021 ("fiscal year 2021") and 2020 ("fiscal year 2020"), set forth below, from our audited consolidated financial statements included elsewhere herein, and should be read in conjunction with those audited consolidated financial statements and related notes thereto, as well as the information found under the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein. Our historical results are not necessarily indicative of the results to be expected in future periods. All references to "Note," followed by a number reference from one to eleven herein, refer to the applicable corresponding numbered footnotes to the consolidated financial statements contained elsewhere herein.

	Fiscal Year	
	2021	2020
Statement of Operations Data:		
Revenues	$ 11,672,000	$ 2,064,000
Cost of revenues	6,547,000	856,000
Gross profit	5,125,000	1,208,000
Operating expenses:		
Sales, marketing and advertising	9,670,000	5,490,000
Engineering, technology and development	11,100,000	6,821,000
General and administrative	9,435,000	7,640,000
Total operating expense	30,205,000	19,951,000
Loss from operations	(25,080,000)	(18,743,000)
Other income (expense), net	1,221,000	11,000
Loss before benefit from income taxes	(23,859,000)	(18,732,000)
Benefit from income taxes	3,111,000	-
Net loss	$ (20,748,000)	$ (18,732,000)
Net loss per share:		
Basic and diluted	$ (0.69)	$ (1.64)
Weighted average common shares used to compute net loss per share:		
Basic and diluted	29,882,828	11,430,057

	As of December 31,	
	2021	2020
Balance Sheet Data:		
Cash and cash equivalents	$ 14,533,000	$ 7,942,000
Accounts receivable	6,328,000	588,000
Prepaid expenses and other current assets	1,334,000	837,000
Property and equipment, net	104,000	138,000
Intangible and other assets, net	24,243,000	1,907,000
Goodwill	50,263,000	2,565,000
Accounts payable, accrued expenses and deferred revenue	(5,590,000)	(1,829,000)
Long-term note payable	-	(1,208,000)
Deferred taxes	(518,000)	
Total stockholders' equity	90,697,000	10,940,000

Factors Affecting Comparability:

- *Long-Term Note Payable.* On May 4, 2020, the Company entered into a forgivable loan from the U.S. Small Business Administration ("SBA") resulting in net proceeds of $1,200,047 pursuant to the Paycheck Protection Program enacted by Congress under the CARES Act administered by the SBA. In May 2021, the loan and accrued interest was forgiven pursuant to the terms and conditions of the underlying loan agreement. Upon forgiveness, and legal release, we reduced the liability by the amount forgiven, totaling $1,213,000 and recorded a gain on extinguishment in the accompanying statement of operations for fiscal year 2021. Refer to "Liquidity and Capital Resources" below.

- *Amortization Expense.* Amortization expense for the periods presented was comprised of the following:

	Fiscal Year	
	2021	2020
Sales, marketing and advertising	$ 1,180,000	$ -
Engineering, technology and development	1,556,000	1,140,000
General and administrative	451,000	119,000
Total amortization expense	$ 3,187,000	$ 1,259,000

The increase in amortization expense primarily reflects the amortization of intangible assets acquired in connection with the 2021 Acquisitions described below.

- *Noncash Stock Compensation Expense.* Noncash stock-based compensation expense for the periods presented was comprised of the following:

	Fiscal Year	
	2021	2020
Sales, marketing and advertising	$ 934,000	$ 849,000
Engineering, technology and development	288,000	254,000
General and administrative	1,159,000	901,000
Total noncash stock compensation expense	$ 2,381,000	$ 2,004,000

- *Acquisitions*

Acquisition of Mobcrush. On June 1, 2021, we completed the acquisition of Mobcrush, a live streaming technology platform used by gaming influencers who generate and distribute original content to fans and subscribers across the most popular live streaming and social media platforms, including Twitch, YouTube, Facebook, Instagram, Twitter, and more ("Mobcrush Acquisition"). Mobcrush also operates Mineville and Pixel Paradise, two of seven official Minecraft servers in partnership with Microsoft. Refer to Note 5 for additional information.

Acquisition of Bannerfy, LTD. On August 24, 2021, we completed the acquisition of Bannerfy pursuant to which the Company acquired all of the issued and outstanding common shares of Bannerfy. Bannerfy is an intelligent technology platform that enables digital video and live streaming creators to collaborate with tier one sponsors on their social media channels including YouTube through scalable and custom premium placements. Refer to Note 5 for additional information.

Acquisition of Bloxbiz Co. On October 4, 2021, we acquired (i) substantially all of the assets of Bloxbiz and (ii) the personal goodwill of the Founders regarding Bloxbiz's business. Bloxbiz is a dynamic ad platform designed specifically for metaverse environments. Bloxbiz's initial deployment enables brands to advertise across popular Roblox game titles and helps Roblox creators with monetization and game analytics. Refer to Note 5 for additional information.

In accordance with the acquisition method of accounting, the financial results of Super League presented herein include the financial results of the acquisitions of Mobcrush, Bannerfy and Bloxbiz ("2021 Acquisitions") for the period from the respective transaction closing dates to the end of the current period presented herein. Intangible assets and goodwill recorded in connection with the 2021 Acquisitions totaled $24,315,000 and $47,698,000, respectively. Intangible asset related amortization expense related to the 2021 Acquisitions during fiscal year 2021 totaled $2,128,000.

The net deferred tax liability resulting from the acquisition of Mobcrush created a source of income to utilize against our existing net deferred tax assets. Under the acquisition method of accounting, the impact on the acquiring company's deferred tax assets is recorded outside of acquisition accounting. Accordingly, the valuation allowance on a portion of the Company's net deferred tax assets was released, resulting in an income tax benefit of approximately $3,073,000, recorded as a credit to income tax expense for fiscal year 2021. Refer to Note 5 for additional information.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of our operations together with our consolidated financial statements and the notes thereto appearing elsewhere in this Report. This discussion contains forward-looking statements reflecting our current expectations, whose actual outcomes involve risks and uncertainties. Actual results and the timing of events may differ materially from those stated in or implied by these forward-looking statements due to a number of factors, including those discussed in the sections entitled "Risk Factors," "Special Note Regarding Forward-Looking Statements" and elsewhere in this Report.

General

Super League Gaming, Inc. (Nasdaq: SLGG) builds and operates networks of games, monetization tools and content channels across open-world gaming platforms that empower developers, energize players, and entertain fans. Our solutions provide incomparable access to an audience consisting of players in the largest global metaverse environments, fans of hundreds of thousands of gaming influencers, and viewers of gameplay content across major social media and digital video platforms. Fueled by proprietary and patented technology systems, the company's platform includes access to vibrant in-game communities, a leading metaverse advertising platform, a network of highly viewed channels and original shows on Instagram, TikTok, Snap, YouTube, and Twitch, cloud-based livestream production tools, and an award-winning esports invitational tournament series. Super League's properties deliver powerful opportunities for brands and advertisers to achieve impactful insights and marketing outcomes with gamers of all ages.

We generate revenues from (i) advertising, serving as a marketing channel for brands and advertisers to reach their target audiences of gamers across our network, (ii) content, curating and distributing esports and gaming-centric entertainment content for our own network of digital channels and media and entertainment partner channels and (iii) direct to consumer offers, including digital subscriptions, in-game digital goods, and gameplay access fees. We operate in one reportable segment to reflect the way management and our chief operating decision maker review and assess the performance of the business.

Matters Affecting Comparability

During fiscal year 2021, we completed the acquisitions described below under the heading, "FY 2021 Acquisitions."

Executive Summary

During fiscal year 2021, management continued to focus on monetization with respect to our three primary revenue streams: (1) advertising revenues, (2) content revenues, and (3) direct to consumer revenues. In addition to the strong key performance indicator ("KPI") performance during the periods presented, as described below, we: (i) continued our focus on our premium advertising model and the monetization of our rapidly growing premium advertising inventory, and increased revenues generated from direct advertising sales, programmatic display and video advertising units; (ii) continued to focus on the monetization of our original and user generated content library and remote production and broadcast capabilities, which emerged as a component of revenue in 2020; (iii) continued to focus on the monetization of the gamer and creator through direct-to-consumer offers, including increases in sales of digital goods with our Minehut, Mineville and Pixel Paradise digital properties, and the continued rollout of our micro-transaction marketplace; and, (iv) continued to unlock new ways that our content production technology can extend beyond esports, into other entertainment formats representing revenue growth opportunities in the current and future periods. We expect to continue to grow our advertising pipeline across various verticals with the capability to provide brands and advertisers with targeted, high-quality integrations that warrant premium costs per impressions ("CPM") advertising rates.

FY 2021 Acquisitions

Fiscal year 2021 acquisitions were comprised of the following:

- We acquired Mobcrush, effective June 1, 2021, and in the fourth quarter of 2021, continued with the required integration activities, including integration of our sales, engineering and product teams. We believe the acquisition of Mobcrush will enable us to provide brands, advertisers, and other consumer facing businesses with significant audience reach across the most important engagement channels in video gaming – competitive events, social media and live streaming content, and in-game experiences. With the acquisition of Mobcrush we acquired the potential for a U.S. monthly viewing audience of 85 million, which would create a top 50 U.S. media property according to measurements used by Nielsen. In addition, annually, on a combined basis we have the potential to generate 7.7 billion U.S video views, annually, across live streaming platforms, two billion views on social media platforms, and enable 60 million hours of gameplay on owned and operated platforms.

- In August 2021, we completed the acquisition of Bannerfy which reinforces our commitment to helping creators monetize their fan base as they seek to turn their passion into their livelihood and provides brands with access to additional premium inventory from creators through Super League, to establish organic connections with their fans and followers. Based in the United Kingdom, and having already onboarded a strong roster of European gaming creators and brand partners, and as the first international acquisition by Super League, Bannerfy represents another path to expansion of our advertising and sponsorship partner base.

- On October, 4, 2021, we completed the acquisition of Bloxbiz, a dynamic advertising platform designed specifically for metaverse environments. Bloxbiz's initial deployment enables brands to advertise across popular Roblox game titles and helps Roblox creators with monetization and game analytics. Bloxbiz's advertising platform reaches more than 70 million monthly active Roblox users across a collection of more than 150 curated, brand-safe games. In-game ads take the form of creative billboards that complement the gaming experience, allowing for natural discovery without interrupting gameplay. The ads are measured through Bloxbiz's advanced technology, which verifies viewability in a 3D space and provides aggregated audience geographic, language, and device data. The acquisition allows us to execute on our strategic plans to extend our existing and expanding presence and reach in the metaverse.

As a result of our organic growth and the impact of our 2021 Acquisitions, we have significantly enhanced our internal direct sales force and partnership leaders, with approximately 30% of our headcount revenue-facing, and we have deepened our product and engineering functions with specific expertise in metaverse game design, advertising technology, creator tool development, and data and analytics.

We believe we are one of the only companies operating at scale in Minehut and Roblox. In addition, we believe there are significant opportunities to port our products and know-how into other metaverse gaming platforms. Our consumer-facing reach now includes:

- A library of dozens of our own Minecraft game engines that we leverage across our Minehut, Mineville and Pixel Paradise properties;
- Game creator partnerships that provide us with access to 150 popular Roblox game worlds, which we expect to continue to expand as we increase our network participation; and
- The ability to reach gaming audiences in the hundreds of millions through the combination of our own and our creators' social media reach, enabled by our content capabilities, ranging from live gameplay and entertainment broadcasts to on-demand clips for social distribution and influencer partnerships.

Embedded in our consumer properties are a variety of innovative ad products, developer tools and analytics, as well as our technology to support content production and broadcasting and feed our content network and support a brand's overall campaign objectives.

We offer a suite of metaverse gaming and content products from custom metaverse integrations inside existing games or the creation of new, bespoke worlds, supported by dynamic, in-game ad units and custom content to drive amplification and attract quality CPMs. Combined with our livestream and broadcast capabilities, we are able to deliver an end-to-end metaverse solution for advertisers and brands. Through our organic and inorganic growth in fiscal 2021, our premium advertising inventory and offer to brands has expanded significantly, which allows us to offer premium engagement with advertiser's and brand's targeted audiences, in a safe, trusted and measurable way, through deep, multi-faceted campaigns leading to growth in the size and scope of our advertising deals to attract a larger share of advertisers' wallets.

During the second half of fiscal 2021, we also focused on continuing to forge strategic partnerships to create a global reseller network to augment our direct salesforce efforts. These partners have breadth and depth across all of the significant industry verticals along with global geographic coverage, which we believe will facilitate the acceleration of the rollout and awareness for our innovative ad products and drive the acceleration of future monetization.

Other

In August 2021, we announced the launch of Pixel Paradise, the world's first Minecraft Bedrock Server designed from the ground up to prioritize roleplaying while bringing your imagination to life with your friends. In Pixel Paradise, players take a vacation from player vs player competition and are whisked away to an island where creativity and resourcefulness are the most critical skills. Completing tasks will require players to learn how to manage their currency, optimize their resources, and pursue helpful communications with their existing and new friends. For players seeking a little more action, Pixel Paradise offers mini-games based on popular Minecraft game modes. Pixel Paradise is the newest release by InPvP, an official Microsoft Minecraft partner enjoyed by more than 22 million players annually.

Registered Direct Offerings.

During the first quarter of fiscal 2021, we offered and sold to certain institutional investors an aggregate total of 7,516,253 shares of common stock in registered direct offerings pursuant to our effective shelf registration statement on Form S-3, which was originally filed with the Securities and Exchange Commission on April 10, 2020 (File No. 333-237626). We received aggregate net proceeds of approximately $33.6 million, after deducting offering expenses.

Impact of COVID-19 Pandemic

The novel coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Company operates. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Company.

Commencing in the first quarter of 2020, in response to the COVID-19 pandemic and the related uncertainty, advertisers and sponsors across the board inevitably paused to reset their marketing strategies, and as a result, all companies with business models that include sponsorship and advertising revenues felt the impact of the pause in advertising spend industry-wide. In addition, in the first half of 2020, as a result of COVID-19, we felt the impact of the deferral of some of the programs in our pipeline and related revenues to future periods. The majority of our gameplay hours and other engagement occurs digitally, online, so while our “in real life” gaming is a premium and important aspect of our brand, the shift away from retail locations did not have a significant impact on our overall business model over time, which is largely digitally focused.

Although we were impacted by the general deferral in advertising spending by brands and sponsors resulting from the COVID-19 pandemic for a significant portion of fiscal year 2020, we reported significant quarter over quarter growth in revenues in the second half of fiscal 2020, and throughout 2021 and we expect to continue to expand our advertising revenue and revenue from the sale of our proprietary and third-party user generated content in future periods, as we continue to expand our advertising inventory, viewership and related sales activities.

Notwithstanding the growth in revenues and in user engagement metrics discussed herein, the broader impact of the ongoing COVID-19 pandemic on our results of operations and overall financial performance remains uncertain. The COVID-19 pandemic may continue to impact our revenue and revenue growth in future periods, and is likely to continue to adversely impact certain aspects of our business and our partners, including advertising demand, retail expansion plans and our in-person esports experiences.

Results of Operations for the Fiscal Years Ended December 31, 2021 and 2020

The following table sets forth a summary of our results of operations for the fiscal years ended December 31, 2021 and 2020:

	Fiscal Year	
	2021	**2020**
REVENUES	$ 11,672,000	$ 2,064,000
COST OF REVENUES	6,547,000	856,000
GROSS PROFIT	5,125,000	1,208,000
OPERATING EXPENSES		
Selling, marketing and advertising	9,670,000	5,490,000
Engineering, technology and development	11,100,000	6,821,000
General and administrative	9,435,000	7,640,000
Total operating expenses	30,205,000	19,951,000
NET LOSS FROM OPERATIONS	(25,080,000)	(18,743,000)
OTHER INCOME (EXPENSE), NET	1,221,000	11,000
LOSS BEFORE BENEFIT FROM INCOME TAXES	(23,859,000)	
Benefit from income taxes	3,111,000	-
NET LOSS	$ (20,748,000)	$ (18,732,000)

Comparison of the Results of Operations for the Fiscal Years Ended December 31, 2021 and 2020

Revenue

	Fiscal Year			
	2021	2020	$ Change	% Change
Advertising and sponsorships	$ 8,005,000	$ 1,170,000	$ 6,835,000	584%
Content	2,264,000	735,000	1,529,000	208%
Direct to consumer	1,403,000	159,000	1,244,000	782%
	$ 11,672,000	$ 2,064,000	$ 9,608,000	466%

Revenue for fiscal year 2021 increased $9,608,000 or 466%, compared to fiscal year 2020. For fiscal year 2021, one customer accounted for 12% (12% advertising and sponsorships) of revenues. For fiscal year 2020, four customers accounted for 49% (28% advertising and sponsorships; 21% content sales) of revenues.

The increase in revenues for fiscal year 2021 primarily reflects (1) significant increases in direct sales and programmatic advertising revenues, on our owned and operated, and our partner's digital channels, reflecting increasing monetization of our expanding premium advertising inventory, relative to the prior year comparable period, (2) increases in revenues generated from our live stream, remote production and broadcast related content sales activities, and (3) increases in direct to consumer revenues, primarily driven by digital goods sales revenues from our Mobcrush acquisition related Mineville and Pixel Paradise Microsoft Minecraft server properties. The increase reflects partial fiscal year 2021 revenues related to our 2021 Acquisitions, from the respective closing dates of the applicable acquisition transactions to December 31, 2021, totaling approximately $5,733,000. Excluding the impact of 2021 Acquisitions, total revenues for fiscal year 2021 increased approximately $3,874,000, or 188%.

Advertising and sponsorship revenues for fiscal year 2021 increased $6,835,000, or 584%, primarily due to a 95% increase in our direct sales advertising revenue generating advertisers, driven in part by partial fiscal year 2021 revenue from 2021 Acquisition related direct advertising sales, from the respective closing dates of the applicable acquisition transactions to December 31, 2021, and a 250% increase in the average revenue per advertiser recognized during fiscal year 2021, as compared to the prior year. Advertising and sponsorship revenues for fiscal year 2021 included 2021 Acquisition related advertising and sponsorship revenues totaling approximately $4,207,000.

The increase in advertising and sponsorship revenues for fiscal year 2021 also reflected an increase in programmatic display and video advertising revenues primarily within our Minecraft digital property, Minehut, of $212,000, or 111% compared to the prior year.

Content-related revenues for fiscal year 2021 increased $1,529,000, or 208%. The change was primarily driven by an increase in our live stream, remote production, broadcast and gameplay related content sales activities during fiscal year 2021, including broadcast and/or gameplay related projects with TikTok, Twitch Interactive, Inc., Endemol Shine North America (a division of Banijay), AVY Entertainment (DBA Tempo Storm), Aftershock Media Group, Topgolf Entertainment Group, Inc., Hitbox, LLC d/b/a Next Generation Esports, and the professional esports organization, Gen.G. The increase in live stream, remote production, broadcast and gameplay related revenues reflects a 90% increase in the number of related customers and a 206% increase in revenue per customer for fiscal year 2021, compared to the prior year.

Direct to consumer revenues for fiscal year 2021 increased $1,244,000, or 782% compared to the prior year.

Direct to consumer revenues, prior to the acquisition of Mobcrush, were primarily comprised of revenues generated from our Minehut digital property, which provides various Minecraft server hosting services on a subscription basis and other digital goods to the Minecraft gaming community. Minehut revenues, while in the early stages of development, continue to expand, increasing $204,000, or 128%, in fiscal year 2021, compared to the prior year.

Our Mobcrush subsidiary generates direct to consumer in-game platform sales revenues through the sale of digital goods, including cosmetic items, durable goods, player ranks and game modes, within our Mineville and Pixel Paradise gaming servers, which leverage the flexibility of the Microsoft Minecraft Bedrock platform, are powered by our InPvP cloud architecture technology, and represent two of the seven official Microsoft Minecraft partner servers. Revenue is generated when transactions are facilitated between Microsoft and the end user, either via in-game currency or cash. Direct to consumer revenues for fiscal year 2021 included Mineville and Pixel Paradise revenues totaling $1,040,000.

Although we were impacted by the general deferral in advertising spending by brands and sponsors resulting from the COVID-19 pandemic throughout fiscal year 2020, we reported significant quarterly revenue growth in the second half of fiscal 2020 and throughout 2021, compared to the comparable prior year periods, and we expect to continue to expand our advertising revenue and revenue from the sale of our proprietary and user generated content in future periods, as we continue to expand our premium advertising inventory, viewership and related direct sales activities.

Cost of Revenues

	Fiscal Year			
	2021	2020	$ Change	% Change
Cost of revenue	$ 6,547,000	$ 856,000	$ 5,691,000	665%

Cost of revenues for fiscal year 2021 increased $5,691,000, or 665% compared to the $9,608,000, or 466% increase in related revenues, respectively, over the same period. The increase in cost of revenues was primarily due to the significant increase in related revenues for the periods presented. The greater-than-proportionate increase in cost of revenues was primarily due to the inclusion of seven months of Mobcrush-related direct sales advertising revenues with higher direct cost profiles during fiscal year 2021.

Cost of revenues includes direct costs incurred in connection with the satisfaction of performance obligations under our revenue arrangements including internal and third-party engineering, creative, content, broadcast and other personnel, talent and influencers, developers, content capture and production services, direct marketing, cloud services, software, prizing, and revenue sharing fees. Cost of revenues fluctuate period to period based on the specific programs and revenue streams contributing to revenue each period and the related cost profile of our physical and digital experiences, and advertising and content sales activities occurring each period.

Operating Expenses

	Fiscal Year			
	2021	2020	$ Change	% Change
Selling, marketing and advertising	$ 9,670,000	$ 5,490,000	$ 4,180,000	76%
Engineering, technology and development	11,100,000	6,821,000	4,279,000	63%
General and administrative	9,435,000	7,640,000	1,795,000	23%
Total operating expenses	$ 30,205,000	$ 19,951,000	$ 10,254,000	51%

Amortization expense for the periods presented was included in the following operating expense line items:

	Fiscal Year			
	2021	2020	$ Change	% Change
Sales, marketing and advertising	$ 1,180,000	$ -	$ 1,180,000	100%
Engineering, technology and development	1,556,000	1,140,000	416,000	36%
General and administrative	451,000	119,000	332,000	279%
Total amortization expense	$ 3,187,000	$ 1,259,000	$ 1,928,000	153%

Noncash stock-based compensation expense for the periods presented was included in the following operating expense line items:

	Fiscal Year			
	2021	2020	$ Change	% Change
Selling, marketing and advertising	$ 934,000	$ 849,000	$ 85,000	10%
Engineering, technology and development	288,000	254,000	34,000	13%
General and administrative	1,159,000	901,000	258,000	29%
Total noncash stock-based compensation expense	$ 2,381,000	$ 2,004,000	$ 377,000	19%

Selling, Marketing and Advertising. The increase in selling, marketing and advertising expense for fiscal year 2021 was primarily due to an increase in personnel costs associated with the acquisition of Mobcrush and the integration of a total of 26 former Mobcrush employees, effective June 1, 2021, eleven of which are included in our sales and marketing functions. In addition to the impact on personnel costs arising from the acquisition of Mobcrush, the change reflects a net increase since the end of the prior year of approximately five net full-time employees in connection with the increase in our in-house direct sales and marketing team, focused on monetization and personnel in our creative and content functions. The increase in selling, marketing and advertising expense also included the amortization of partner, customer, and advertiser-related intangible assets acquired in connection with the 2021 Acquisitions, totaling $1,180,000. The change also reflects an increase of $377,000 in digital marketing expense for fiscal year 2021, compared to the prior year, during which lower marketing costs were incurred due to the impact of the COVID-19 pandemic.

Engineering, Technology and Development. Components of our platform are available on a "free to use," "always on basis," and are utilized and offered as an audience acquisition tool, as a means of growing our audience, engagement, viewership, players and community. Engineering, technology and development related operating expenses includes the costs described below, incurred in connection with our audience acquisition and viewership expansion activities. Engineering, technology and development related operating expenses include (i) allocated internal engineering personnel expenses, including salaries, noncash stock compensation, taxes and benefits, (ii) third-party contract software development and engineering expenses, (iii) internal use software cost amortization expense, and (iv) technology platform related cloud services, broadband and other platform expenses, incurred in connection with our audience acquisition and viewership expansion activities, including tools and product offering development, testing, minor upgrades and features, free to use services, corporate information technology and general platform maintenance and support. Capitalized internal use software development costs are amortized on a straight-line basis over the software's estimated useful life.

The net increase in engineering, technology and development costs for fiscal year 2021 was due to an increase in cloud services and other technology platform costs totaling $1,412,000, which primarily reflects the impact of the surge in engagement across our digital properties occurring subsequent to the first quarter of 2020 and continuing into fiscal year 2021. The change also reflects an increase in engineering, technology and development costs related to the 2021 Acquisitions totaling $1,244,000, primarily comprised of cloud services and platform consulting services costs. The change also reflects the impact of the increase in product and engineering personnel, totaling 18 full-time employees, primarily in connection with our 2021 Acquisitions, as described elsewhere herein. The increase also included the amortization of developed technology-related intangible assets acquired in connection with the 2021 Acquisitions, totaling $631,000. Fiscal year 2020 engineering, technology and development costs included the acceleration of amortization, totaling $413,000, related to the termination of a license agreement in the first quarter of 2020.

General and Administrative. General and administrative expense for the periods presented was comprised of the following:

	Fiscal Year			
	2021	2020	$ Change	% Change
Personnel costs	$ 2,460,000	$ 2,280,000	$ 180,000	8%
Office and facilities	175,000	247,000	(72,000)	(29)%
Professional fees	1,330,000	704,000	626,000	89%
Stock-based compensation	1,158,000	901,000	257,000	29%
Depreciation and amortization	524,000	229,000	295,000	129%
Other	3,788,000	3,366,000	422,000	13%
Total general and administrative expense	$ 9,435,000	$ 7,727,000	$ 1,708,000	22%

A summary of the main drivers of the change in general and administrative expenses for the periods presented is as follows:

- Office and facilities costs decreased due to the termination of the leases for 75% of our office space in Santa Monica, California, and converting to a fully-remote work structure as of June 2020.

- Professional fees costs increased $626,000 or 89%, primarily due to legal, audit, advisory and financial and tax due diligence professional fees, totaling $512,000, incurred in connection with our 2021 Acquisitions, as described elsewhere herein. In accordance with the acquisition method of accounting, direct acquisition-related costs incurred are expensed as incurred in the period that the services are performed.

- Noncash stock compensation expense included in general and administrative expense increased primarily due to the net annual and discretionary grant of incentive equity-based awards to employees during fiscal year 2021, in connection with our board-approved compensation and retention programs. The increase was partially offset by the completion of the vesting and related expensing of certain previously-granted nonemployee common stock purchase warrants and other fiscal year 2019 acquisition related equity-based compensation in the second quarter of 2020, resulting in a decrease in warrant related stock compensation of $424,000 for fiscal year 2021, compared to the prior fiscal year.

- Depreciation and amortization expense increased due primarily to the amortization of trademark, influencer and developer related intangible assets acquired in connection with the acquisitions of Mobcrush and Bloxbiz in fiscal year 2021, totaling $318,000.

- Other general and administrative expenses increased $422,000, or 13%, primarily due to an increase in proxy and annual shareholder meeting expenses, including legal, proxy solicitation, printing and mailing costs, totaling $241,000, incurred in connection with our 2021 Annual Shareholders Meeting, which included, among other proposals, our proposal requesting stockholder approval of the issuance of Common Stock to Mobcrush in connection with the acquisition of Mobcrush. The increase also reflects an increase in general and administrative software costs, including Mobcrush-related general and administrative software costs totaling $224,000. The increase was partially offset by a slight decrease in D&O insurance premiums for the 2021-2022 policy period.

Other Income (Expense)

In May 2020, we entered into a forgivable loan from the U. S. Small Business Administration ("SBA") resulting in net proceeds of approximately $1.2 million pursuant to the Paycheck Protection Program ("PPP") enacted by Congress under the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 636(a)(36)) (the "CARES Act") administered by the SBA (the "PPP Loan"). To facilitate the PPP Loan, we entered into a note payable agreement with a third-party lender (the "PPP Loan Agreement"). In May 2021, the PPP loan and accrued interest was forgiven pursuant to the terms and conditions of the PPP Loan Agreement and the provision of the Cares Act. Upon forgiveness, and legal release, we reduced the liability by the amount forgiven, totaling $1,213,000 and recorded a gain on extinguishment in the accompanying statement of operations for fiscal year 2021.

Benefit for Income Taxes

Release of Valuation Allowance. Since inception, we have maintained a full valuation allowance against our net deferred tax assets. The net deferred tax liability resulting from the acquisition of Mobcrush created a source of income to utilize against our existing net deferred tax assets. Under the acquisition method of accounting, the impact on the acquiring company's deferred tax assets is recorded outside of acquisition accounting. Accordingly, the valuation allowance on a portion of the Company's net deferred tax assets was released, resulting in an income tax benefit of approximately $3,073,000, recorded as a credit to income tax expense for fiscal year 2021. The offsetting amounts reduced net deferred tax liabilities, $3,073,000 of which reduced the net deferred tax liability established in connection with the application of the acquisition method of accounting for the acquisition of Mobcrush.

Liquidity and Capital Resources

General

Cash and cash equivalents totaled approximately $14.5 million and $7.9 million at December 31, 2021 and 2020, respectively. The change in cash and cash equivalents for the periods presented reflects the impact of operating, investing and financing cash flow related activities as described below.

To date, our principal sources of capital used to fund our operations have been the net proceeds we received from sales of equity securities. Our management believes that our cash balances and capital raising facilities in place, as described below, will be sufficient to meet our cash requirements through at least March 2023. We may, however, encounter unforeseen difficulties that may deplete our capital resources more rapidly than anticipated.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company incurred net losses of $20.7 million and $18.7 million during the years ended December 31, 2021 and 2020, respectively, and had an accumulated deficit of $125.3 million as of December 31, 2021. For the years ended December 31, 2021 and 2020, net cash used in operating activities totaled $22.7 million and $14.9 million, respectively.

As of December 31, 2021, the Company had cash and cash equivalents of approximately $14.5 million. In addition, as further described below under the heading “Recent Developments,” as well as Item 9B, “Other Information” and at Note 11 to the consolidated financial statements contained elsewhere in this Report, on March 25, 2022, we entered into a common stock purchase agreement (the “Purchase Agreement”) with Tumim Stone Capital, LLC (“Tumim”). Pursuant to the Purchase Agreement, the Company has the right, but not the obligation, to sell to Tumim, and Tumim is obligated to purchase, up to $10,000,000 of newly issued shares (the “Total Commitment”) of the Company’s common stock, from time to time during the term of the Purchase Agreement, subject to certain limitations and conditions (the “Tumim Offering”).

The Company has used and will continue to use significant capital for the growth and development of its business. The Company has grown significantly in fiscal year 2021 through organic and inorganic growth activities, including the expansion of our premium advertising inventory and year over year increases in recognized revenues across our three primary revenue streams, as reflected elsewhere herein. In 2022, we are focused on the continued expansion of our service offerings and revenue growth opportunities through internal development, collaborations, and through potential strategic acquisitions.

The Company considers historical operating results, capital resources and financial position, in combination with current projections and estimates, as part of its plan to fund operations over a reasonable period. Management's considerations assume, among other things, that the Company will continue to be successful implementing its business strategy, that there will be no material adverse developments in the business, liquidity or capital requirements and, if necessary, the Company will be able to raise additional equity or debt financing on acceptable terms. If one or more of these factors do not occur as expected, it could cause a reduction or delay of its business activities, sales of material assets, default on its obligations, or forced insolvency. The accompanying financial statements do not contain any adjustments which might be necessary if the Company were unable to continue as a going concern. Excluding the funding facilities described herein, no assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company.

We continue to evaluate potential strategic acquisitions. To finance such strategic acquisitions, we may find it necessary to raise additional equity capital, incur debt, or both. Any efforts to seek additional funding could be made through issuances of equity or debt, or other external financing. However, additional funding may not be available on favorable terms, or at all. The capital and credit markets have experienced extreme volatility and disruption periodically and such volatility and disruption may occur in the future. If we fail to obtain additional financing when needed, we may not be able to execute our business plans which, in turn, would have a material adverse impact on our financial condition, our ability to meet our obligations, and our ability to pursue our business strategies.

Recent Developments

Common Stock Purchase Agreement

On March 25, 2022, we entered into the Purchase Agreement with Tumim, pursuant to which we have the right, but not the obligation, to sell to Tumim, and Tumim is obligated to purchase up to the Total Commitment from time to time during the term of the Purchase Agreement. As consideration for Tumim’s commitment to purchase shares of common stock under the Purchase Agreement, we issued to Tumim 50,000 shares of common stock, valued at $100,000, following the execution of the Purchase Agreement (the “Commitment Shares”).

The Purchase Agreement initially precludes us from issuing and selling more than 7,361,833 shares of our common stock, including the Commitment Shares, which number equals 19.99% of our common stock issued and outstanding as of March 25, 2022, unless we obtain stockholder approval to issue additional shares, or unless certain exceptions apply. In addition, a beneficial ownership limitation in the agreement initially limits us from directing Tumim to purchase shares of common stock if such purchases would result in Tumim beneficially owning more than 4.99% of the then-outstanding shares of our common stock (subject to an increase to 9.99% at Tumim’s option upon at least 61 calendar days’ notice). See Item 9B, “Other Information” below and Note 11 to the consolidated financial statements contained elsewhere in this Report for additional information about the Tumim Offering.

Equity Distribution Agreement

On September 3, 2021, we entered into an Equity Distribution Agreement (the "Sales Agreement") with two investment banks (the "Agents"), pursuant to which we may offer and sell, from time to time, through the Agents (the "ATM Offering"), up to $75 million of its shares of our common stock (the "Shares"). Any Shares offered and sold in the ATM Offering will be issued pursuant to our Registration Statement on Form S-3 filed with the Securities and Exchange Commission (the "SEC") on September 7, 2021.

Subject to the terms and conditions of the Sales Agreement, the Agents will use their commercially reasonable efforts to sell the Shares from time to time, based upon our instructions. Under the Sales Agreement, the Agents may sell the Shares by any method permitted by law deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), including, without limitation, sales made directly on the Nasdaq Capital Market, on any other existing trading market for our common stock or to or through a market maker. The Agents may also sell Shares in privately negotiated transactions, provided that the Agents receive our prior written approval.

We have no obligation to sell any of the Shares, and may at any time suspend offers under the Sales Agreement. The ATM Offering will terminate upon the earlier of (a) the sale of all of the Shares, (b) the termination by the mutual written agreement of the managing agent and the Company, or (c) November 16, 2022, one year from the date that the Form S-3 was declared effective by the SEC.

Under the terms of the Sales Agreement, the Agents will be entitled to an aggregate commission at a fixed rate of 3.0% of the gross sales price of Shares sold under the Sales Agreement.

We intent to use the net proceeds from any "at-the-market" offering, if any, primarily for working capital and general corporate purposes, including sales and marketing activities, product development and capital and acquisition related expenditures. We may also use a portion of the net proceeds for the acquisition of, or investment in, technologies, solutions or businesses. As of the date of this Report, there have been no sales of any Shares in connection with the ATM Offering.

Cash Flows for the Fiscal Years Ended December 31, 2021 and 2020

The following table summarizes the change in cash and cash equivalents for the periods presented:

	Fiscal Year	
	2021	**2020**
Net cash used in operating activities	$ (22,707,000)	$ (14,876,000)
Net cash used in investing activities	(4,203,000)	(1,190,000)
Net cash provided by financing activities	33,501,000	15,566,000
Increase (decrease) in cash and cash equivalents	6,591,000	(500,000)
Cash and cash equivalents, at beginning of period	7,942,000	8,442,000
Cash and cash equivalents, at end of period	$ 14,533,000	$ 7,942,000

Cash Flows from Operating Activities. Net cash used in operating activities for fiscal year 2021 primarily reflected our net GAAP loss for fiscal year 2021 of $(20,748,000), net of adjustments to reconcile net GAAP loss to net cash used in operating activities of $1,959,000, which included $2,381,000 of noncash stock compensation charges, depreciation and amortization of $3,323,000, a noncash gain totaling $1,213,000 in connection with the forgiveness of our PPP Loan in May 2021 and changes in valuation allowance and deferred income taxes totaling $3,073,000. Changes in working capital primarily reflected the impact of the settlement of receivables and payables in the ordinary course.

Net cash used in operating activities for fiscal year 2020 primarily reflected our net GAAP loss for fiscal year 2020 of $(18,732,000), net of adjustments to reconcile net GAAP loss to net cash used in operating activities of $3,856,000, which included $2,004,000 of noncash stock compensation charges and depreciation and amortization of $1,368,000. Changes in working capital primarily reflected the impact of the settlement of receivables and payables in the ordinary course.

Cash Flows from Investing Activities. Cash flows from investing activities were comprised of the following for the periods presented:

	Fiscal Year	
	2021	**2020**
Cash acquired in connection with Mobcrush Acquisition, net	$ 586,000	$ -
Cash paid in connection with Bannerfy Acquisition, net	(497,000)	-
Cash paid in connection with Bloxbiz Acquisition, net	(3,000,000)	-
Purchase of property and equipment	(22,000)	(9,000)
Capitalization of software development costs	(1,065,000)	(1,035,000)
Acquisition of other intangible and other assets	(205,000)	(146,000)
Net cash used in investing activities	$ (4,203,000)	$ (1,190,000)

Acquisition of Mobcrush.

On June 1, 2021, we completed the acquisition of Mobcrush, in an all-common stock transaction, pursuant to which we acquired all of the issued and outstanding shares of Mobcrush. At closing, the Company issued to the former stockholders of Mobcrush an aggregate total of 12,067,571 shares of Company common stock and reserved an aggregate total of 514,633 shares of our common stock for issuance pursuant to stock options to be granted to Mobcrush employees retained in connection with the acquisition of Mobcrush, resulting in a total of 12,582,204 shares of Company common stock issued and reserved as consideration for the acquisition of Mobcrush. Upon completion of the merger, Mobcrush became a wholly-owned subsidiary of the Company. Refer to Note 5 to the consolidated financial statements herein for additional information.

Acquisition of Bannerfy, LTD.

On August 24, 2021, the Company completed the acquisition of Bannerfy, pursuant to which the Company acquired all of the issued and outstanding common shares of Bannerfy. Pursuant to the Share Purchase Agreement, dated August 11, 2021 (the "Bannerfy Purchase Agreement"), the Company paid initial consideration of $2.45 million (the "Bannerfy Closing Consideration"), as follows: (i) $525,000 in the form of a cash payment, and (ii) $1.925 million in the form of shares of the Company's common stock at a price per share of $4.10, the closing price of the Company's common stock on the date of the Bannerfy Purchase Agreement, as reported on the Nasdaq Capital Market. Pursuant to the terms of the Bannerfy Purchase Agreement, $275,000 of the Bannerfy Closing Consideration (the "Holdback Amount"), was withheld from the Bannerfy Closing Consideration to satisfy any indemnifiable Losses incurred by the Company (as defined in the Bannerfy Purchase Agreement) prior to the first anniversary of the Bannerfy Closing Date. In the event the Company incurs no indemnifiable Losses prior to the first anniversary of the Bannerfy Closing Date, the Company will pay the selling parties the Holdback Amount as follows: (i) $55,000 payable in the form of cash, and (ii) approximately $220,000 in the form of shares of the Company's common stock at $4.10 per share.

In accordance with the Bannerfy Purchase Agreement, all remaining portions of the Bannerfy Purchase Price subsequent to the payment of the Bannerfy Closing Consideration, up to approximately $4.55 million, is payable upon the achievement of certain revenue and gross profit thresholds for the remainder of the 2021 fiscal year, and each of the fiscal years ending December 31, 2022, and December 31, 2023.

Acquisition of Bloxbiz Co.

On October 4, 2021 ("Bloxbiz Closing Date"), the Company entered into an Asset Purchase Agreement (the "Bloxbiz Purchase Agreement") with Bloxbiz Co. and the founders of Bloxbiz (the "Founders"), pursuant to which the Company acquired (i) substantially all of the assets of Bloxbiz, and (ii) the personal goodwill of the Founders regarding Bloxbiz's business, (the "Bloxbiz Acquisition"). The consummation of the Bloxbiz Acquisition (the "Bloxbiz Closing") occurred simultaneously with the execution of the Bloxbiz Purchase Agreement on the Bloxbiz Closing Date.

At closing, the Company paid an aggregate total of $6.0 million to Bloxbiz and the Founders, of which $3.0 million was paid in the form of cash and $3.0 million was paid in the form of shares of the Company's common stock, at a per share price of $2.91, the closing price of the Company's common stock on the Bloxbiz Closing Date, as reported on the Nasdaq Capital Market.

Pursuant to the terms and subject to the conditions of the Bloxbiz Purchase Agreement, up to aggregate amount $11.5 million will be payable to Bloxbiz and the Founders in connection with the achievement of certain revenue milestones for the period from the Bloxbiz Closing Date until December 31, 2022 and for the fiscal year ending December 31, 2023 (the "Bloxbiz Contingent Consideration"). The Bloxbiz Contingent Consideration is payable in the form of both cash and shares of the Company's common stock, in equal amounts, as more specifically set forth in the Bloxbiz Purchase Agreement.

Capitalized Internal Use Software Costs. Software development costs incurred to develop internal-use software during the application development stage are capitalized and amortized on a straight-line basis over the software's estimated useful life, which is generally three years. Software development costs incurred during the preliminary stages of development are charged to expense as incurred. Maintenance and training costs are charged to expense as incurred. Upgrades or enhancements to existing internal-use software that result in additional functionality are capitalized and amortized on a straight-line basis over the applicable estimated useful life.

Cash Flows from Financing Activities. Cash flows from financing activities were comprised of the following for the periods presented:

	Fiscal Year	
	2021	2020
Proceeds from issuance of common stock, net of issuance costs	$ 33,390,000	$ 14,356,000
Proceeds from notes payable	-	1,200,000
Proceeds from common stock options and purchase warrant exercises	111,000	10,000
Net cash provided by financing activities	$ 33,501,000	$ 15,566,000

Equity Financings

In January 2021, the Company issued 3,076,924 shares of common stock at a price of $2.60 per share, raising aggregate net proceeds of approximately $8.0 million, after deducting offering expenses totaling $73,000.

In February 2021, the Company issued 2,926,830 shares of common stock at a price of $4.10 per share, raising aggregate net proceeds of approximately $12.0 million, after deducting offering expenses totaling $70,000.

In March 2021, the Company issued 1,512,499 shares of common stock at a price of $9.00 per share, raising aggregate net proceeds of approximately $13.6 million, after deducting offering expenses totaling $72,000.

The offerings described above were made pursuant to an effective shelf Registration Statement on Form S-3, which was originally filed with the SEC on April 10, 2020 (File No. 333-237626). The net proceeds from these offerings are intended to be used for working capital and other general corporate purposes, including sales and marketing activities, product development and capital expenditures. The Company may also use a portion of the net proceeds for the acquisition of, or investment in, technologies, solutions or businesses.

In August 2020, the Company issued 4,540,541 shares of common stock at a price of $1.85 per share, raising aggregate net proceeds of approximately $7.6 million, after deducting placement agent fees of $588,000 and other offering expenses totaling $180,000. The offering was conducted pursuant to the Company's effective Registration Statement on Form S-1 (File No. 333-248248), and a related registration statement filed pursuant to Rule 462(b) under the Securities Act. In addition, pursuant to the terms of the related underwriting agreement, the Company granted to the underwriter a 30-day over-allotment option to purchase up to an additional 681,081 shares of common stock at the same public offering price per share, less discounts and commissions, which was partially exercised in September 2020, resulting in the issuance of 448,440 shares and net proceeds of $771,000, after deducting placement agent fees of $58,000.

In May 2020, the Company issued 1,825,000 shares of common stock at a price of $3.50 per share, raising aggregate net proceeds of approximately $6.0 million, after deducting placement agent fees of $319,000 and other offering expenses totaling $116,000, pursuant to a registered direct offering.

On May 4, 2020, we entered into a forgivable loan from the SBA resulting in net proceeds of approximately $1.2 million pursuant to the PPP enacted by Congress under the CARES Act administered by the SBA. To facilitate the PPP Loan, we entered into a note payable agreement with a third-party lender. In May 2021, the PPP loan was forgiven pursuant to the terms and conditions of the PPP Loan Agreement and the provision of the CARES Act. Upon forgiveness, and legal release, we reduced the liability by the amount forgiven, totaling $1,213,000 and recorded a gain on extinguishment in the accompanying statement of operations for fiscal year 2021.

Key Performance Indicators.

The primary KPIs used by management on a consolidated basis to assess our progress and drive revenue growth, which is also a key performance indicator, are as follows:

	2020	2021	Growth
Views and impressions (1)	2.0 billion	11.2 billon	5.5x Increase
Registered users (2)	2.9 million	5.0 million	1.7x Increase
Engagement hours (3)	72.2 million	105.0 million	1.5x Increase

(1) Views and impressions represent number of views of our video content which is distributed across multiple platforms.
(2) Registered users represent individuals who have registered on our platform, providing applicable identifying information, that have engaged with our platform at some point.
(3) Engagement hours represent time spent engaging with Super League in the form of participating in our experiences, viewing our content, and/or spending time on our website.

The growth in KPI's in fiscal year 2021 reflects the impact of the inorganic growth resulting from our 2021 Acquisitions, as well as organic growth associated with our previously existing digital properties. This continued growth in KPIs results in the growth of our total and monetizable advertising inventory, which we believe will drive an increasing number of brands and advertisers to our audience and platform.

Contractual Obligations

As of December 31, 2021, except as described below, we had no significant commitments for capital expenditures, nor do we have any committed lines of credit, other committed funding or long-term debt, and no guarantees.

In June 2020, we terminated the lease for the majority of our corporate headquarters (approximately 4,965 square feet). As of December 31, 2021 we maintain approximately 3,200 square feet of office space, 1,650 square feet of which is on a month-to-month basis, and 1,550 square feet of which is subject to a two-year lease, commencing on August 1, 2021, at a combined rate of approximately $11,800 per month.

Off-Balance Sheet Commitments and Arrangements

We have not entered into any off-balance sheet financial guarantees or other off-balance sheet commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as stockholder's equity or that are not reflected in our consolidated financial statements included elsewhere herein. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

Contingencies

Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management, in consultation with its legal counsel as appropriate, assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company, in consultation with legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Recent Accounting Pronouncements

Refer to Note 2 to the accompany consolidated financial statements contained elsewhere in this Report.

Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of our financial statements requires management to make judgments and estimates. Some accounting policies have a significant impact on amounts reported in our financial statements. The SEC has defined a company's critical accounting policies as the ones that are most important to the portrayal of a company's financial condition and results of operations, and which require a company to make its most difficult and subjective judgments. A summary of significant accounting policies and a description of accounting policies that are considered critical may be found in the audited financial statements and notes thereto included elsewhere herein. The following accounting policies were identified during the periods presented, based on activities occurring during the periods presented, as critical and requiring significant judgments and estimates.

Revenue Recognition

Revenue is recognized when we transfer promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods and services. In this regard, revenue is recognized when: (i) the parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations; (ii) the entity can identify each party's rights regarding the goods or services to be transferred; (iii) the entity can identify the payment terms for the goods or services to be transferred; (iv) the contract has commercial substance (that is, the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract);and (v) it is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Transaction prices are based on the amount of consideration to which we expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, if any. We consider the explicit terms of the revenue contract, which are typically written and executed by the parties, our customary business practices, the nature, timing, and the amount of consideration promised by a customer, in connection with determining the transaction price for our revenue arrangements.

We report revenue on a gross or net basis based on management's assessment of whether we act as a principal or agent in the transaction and is evaluated on a transaction by transaction basis. To the extent we act as the principal, revenue is reported on a gross basis net of any sales tax from customers, when applicable. The determination of whether we act as a principal or an agent in a transaction is based on an evaluation of whether we control the good or service prior to transfer to the customer. Where applicable, we have determined that it acts as the principal in all of its advertising and sponsorships, content and direct to consumer revenue streams, except in situations where we utilize a reseller partner with respect to direct advertising sales arrangements.

We generate revenues from (i) advertising, serving as a marketing channel for brands and advertisers to reach their target audiences of gamers across our network, (ii) content, curating and distributing esports and gaming-centric entertainment content for our own network of digital channels and media and entertainment partner channels and (iii) direct to consumer offers including digital subscriptions, in-game digital goods, and gameplay access fees.

Revenue billed or collected in advance is recorded as deferred revenue until the event occurs or until applicable performance obligations are satisfied.

Advertising and Sponsorships:

Advertising revenue primarily consists of direct sales activity along with sales of programmatic display and video advertising units to third-party advertisers and exchanges. Advertising arrangements typically include contract terms for time periods ranging from several days to several weeks in length.

For advertising arrangements that include performance obligations satisfied over time, customers typically simultaneously receive and consume the benefits under the arrangement as we satisfy our performance obligations, over the applicable contract term. As such, revenue is recognized over the contract term based upon estimates of progress toward complete satisfaction of the contract performance obligations (typically utilizing a time, effort or delivery-based method of estimation). Revenue from shorter term advertising arrangements that provide for a contractual delivery or performance date is recognized when performance is substantially complete and or delivery occurs. Payments are typically due from customers during the term of the arrangement for longer-term campaigns, and once delivery is complete for shorter-term campaigns.

Sponsorship revenue arrangements may include: exclusive or non-exclusive title sponsorships, marketing benefits, official product status exclusivity, product visibly and additional infrastructure placement, social media rights, rights to on-screen activations and promotions, display material rights, media rights, hospitality and tickets and merchandising rights. Sponsorship revenues also include revenues pursuant to arrangements with brand and media partners, retail venues, game publishers and broadcasters that allow our partners to run amateur esports experiences, and or capture specifically curated gameplay content that is customized for our partners' distribution channels. Sponsorship arrangements typically include contract terms for time periods ranging from several weeks or months to terms of twelve months in length.

For sponsorship arrangements that include performance obligations satisfied over time, customers typically simultaneously receive and consume the benefits under the agreement as we satisfy our performance obligations, over the applicable contract term. As such, revenue is recognized over the contract term based upon estimates of progress toward complete satisfaction of the contract performance obligations (typically utilizing a time, effort or delivery-based method of estimation). Payments are typically due from customers during the term of the arrangement.

Revenue from sponsorship arrangements for one-off branded experiences and/or the development of content tailored specifically for our partners' distribution channels that provide for a contractual delivery or performance date, is recognized at a point in time, when performance is substantially complete and or delivery occurs.

Content:

Content-related revenues are generated in connection with our curation and distribution of esports and entertainment content for our own network of digital channels and media and entertainment partner channels. We distribute three primary types of content for syndication and licensing, including: (1) our own original programming content, (2) user generated content ("UGC"), including online gameplay and gameplay highlights, and (3) the creation of content for third parties utilizing our remote production and broadcast technology.

For content arrangements that include performance obligations satisfied over time, customers typically simultaneously receive and consume the benefits under the arrangement as we satisfy our performance obligations, over the applicable contract term. As such, revenue is recognized over the contract term based upon estimates of progress toward complete satisfaction of the contract performance obligations (typically utilizing a time, effort or delivery-based method of estimation). Revenue from shorter-term content sales arrangements that provide for a contractual delivery or performance date is recognized when performance is substantially complete and or delivery occurs. Payments are typically due from customers during the term of the arrangement for longer-term campaigns, and once delivery is complete for shorter-term campaigns.

Direct to Consumer:

Direct to consumer revenues primarily consist of digital subscription fees, in-game digital goods, and gameplay access fees. Subscription revenue is recognized in the period the services are rendered. Payments are typically due from customers at the point of sale.

Platform Generated Sales Transactions. Our Mobcrush subsidiary generates in-game Platform sales revenues via digital goods sold within the platform, including cosmetic items, durable goods, player ranks and game modes, leveraging the flexibility of the Microsoft Minecraft Bedrock platform, and powered by the InPvP cloud architecture technology platform. Revenue is generated when transactions are facilitated between Microsoft and the end user, either via in-game currency or cash.

Revenue for digital goods sold on the platform is recognized when Microsoft (our partner) collects the revenue and facilitates the transaction on the platform. Revenue for such arrangements includes all revenue generated, bad debt, make goods, and refunds of all transactions managed via the platform by Microsoft. The revenue is recognized on a monthly basis. Payments are made to the Company monthly based on the reconciled sales revenue generated.

We make estimates and judgments when determining whether we will collect substantially all of the consideration to which we will be entitled in exchange for the goods or services that will be transferred to the customer. We assess the collectability of receivables based on several factors, including past transaction history and the creditworthiness of our customers. If it is determined that collection is not reasonably assured, amounts due are recognized when collectability becomes reasonably assured, assuming all other revenue recognition criteria have been met, which is generally upon receipt of cash for transactions where collectability may have been an issue. Management's estimates regarding collectability impact the actual revenues recognized each period and the timing of the recognition of revenues. Our assumptions and judgments regarding future collectability could differ from actual events and thus materially impact our financial position and results of operations.

Depending on the complexity of the underlying revenue arrangement and related terms and conditions, significant judgments, assumptions and estimates may be required to determine each parties rights regarding the goods or services to be transferred, each parties performance obligations, whether performance obligations are satisfied at a point in time or over time, estimates of completion methodologies, the timing of satisfaction of performance obligations, and the appropriate period or periods in which, or during which, the completion of the earnings process occurs. Depending on the magnitude of specific revenue arrangements, if different judgments, assumptions and estimates are made regarding revenue arrangements in any specific period, our periodic financial results may be materially affected.

Accounting for Business Combinations

Acquisition Method. Acquisitions that meet the definition of a business under ASC 805, "Business Combinations," ("ASC 805") are accounted for using the acquisition method of accounting. Under the acquisition method of accounting, assets acquired, liabilities assumed, contractual contingencies, and contingent consideration, when applicable, are recorded at fair value at the acquisition date. Any excess of the purchase price over the fair value of the net assets acquired is recorded as goodwill. The application of the acquisition method of accounting requires management to make significant estimates and assumptions in the determination of the fair value of assets acquired and liabilities assumed in connection with the allocation of the purchase price consideration to the assets acquired and liabilities assumed. Transaction costs associated with business combinations are expensed as incurred and are included in general and administrative expenses in the consolidated statements of operations. Contingent consideration, if any, is recognized and measured at fair value as of the acquisition date.

Cost Accumulation Model. Acquisitions that do not meet the definition of a business under ASC 805 are accounted for as an asset acquisition, utilizing a cost accumulation model. Assets acquired and liabilities assumed are recognized at cost, which is the consideration the acquirer transfers to the seller, including direct transaction costs, on the acquisition date. The cost of the acquisition is then allocated to the assets acquired based on their relative fair values. Goodwill is not recognized in an asset acquisition. Direct transaction costs include those third-party costs that can be directly attributable to the asset acquisition and would not have been incurred absent the acquisition transaction.

Contingent consideration, representing an obligation of the acquirer to transfer additional assets or equity interests to the seller if future events occur or conditions are met, is recognized when probable and reasonably estimable. Contingent consideration recognized is included in the initial cost of the assets acquired, with subsequent changes in the recorded amount of contingent consideration recognized as an adjustment to the cost basis of the acquired assets. Subsequent changes are allocated to the acquired assets based on their relative fair value. Depreciation and/or amortization of adjusted assets are recognized as a cumulative catch-up adjustment, as if the additional amount of consideration that is no longer contingent had been accrued from the outset of the arrangement.

Contingent consideration that is paid to sellers that remain employed by the acquirer and linked to future services is generally considered compensation cost and recorded in the statement of operations in the post-combination period.

Goodwill

Goodwill represents the excess of the purchase price of the acquired business over the acquisition date fair value of the net assets acquired. Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis (December 31) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. We consider our market capitalization and the carrying value of our assets and liabilities, including goodwill, when performing our goodwill impairment tests. We operate in one reporting segment.

If a potential impairment exists, a calculation is performed to determine the fair value existing goodwill. This calculation can be based on quoted market prices and / or valuation models, which consider the estimated future undiscounted cash flows resulting from the reporting unit, and a discount rate commensurate with the risks involved. Third party appraised values may also be used in determining whether impairment potentially exists. In assessing goodwill impairment, significant judgment is required in connection with estimates of market values, estimates of the amount and timing of future cash flows, and estimates of other factors that are used to determine the fair value of our reporting unit. If these estimates or related projections change in future periods, future goodwill impairment tests may result in charges to earnings.

When conducting the Company's annual or interim goodwill impairment assessment, we initially perform a qualitative evaluation of whether it is more likely than not that goodwill is impaired. In evaluating whether it is more likely than not that the fair value of our reporting unit is less than its carrying amount, we consider the guidance set forth in ASC-350 "Intangibles Goodwill and Other," ("ASC 350") which requires an entity to assess relevant events and circumstances, including macroeconomic conditions, industry and market considerations, cost factors, financial performance and other relevant events or circumstances. From a qualitative standpoint, we considered the Company's history of reported losses and negative cash flows from operating activities, along with the downturn in macroeconomic conditions and the broader mid-cap and micro-cap equity markets in late 2021. We also considered that the Company experienced significant inorganic and organic growth in fiscal 2021, including the impact of the acquisitions of Mobcrush, Bannerfy and Bloxbiz on our premium advertising inventory, product offerings to advertisers, current period revenues recognized and future revenue generating opportunities. Given that the Company's significant growth occurred recently, and the relatively short period of time between the commencement of the downturn in macroeconomic and general equity market conditions as of December 31, 2021, management believes that the reduction in prices of our common stock, consistent with the broader market, is not other-than-temporary and not indicative of any fundamental change in the value or prospects of the underlying business as of the measurement date.

As another data point, the Company also performed a quantitative goodwill impairment analysis, comparing the estimated fair value of the Company's reporting unit to its carrying or book value as of the current period presented herein. In performing the quantitative analysis, the Company compared the fair value of the reporting unit to its carrying or book value to determine if the fair value of the reporting unit exceeded its carrying value as of the testing date, in which case the standard indicates that goodwill would not be impaired, and no further testing is required. The fair value of a reporting unit refers to the price that would be received to sell the reporting unit as a whole in an orderly transaction between market participants at the measurement date. Quoted market prices in active markets are considered to be the best evidence of fair value and should be used as the basis for fair value measurement, if available.

At December 31, 2021, we reported goodwill of $50.3 million. We utilized the Company's market capitalization, based on the 30-day volume weighted average ("30-day VWAP") closing price of the Company's common stock as of December 31, 2021, multiplied by the number of shares of the Company's common stock outstanding as of the measurement date, for purposes of estimating the fair value of the Company at December 31, 2021. In management's estimate, the 30-day VWAP of closing stock prices for our common stock was the best estimate of fair value of the company's single reporting unit available at the date of testing. Based on the results of the quantitative impairment analysis, the fair value of the Company's single reporting unit exceeded its carrying value at December 31, 2021 by approximately $11.3 million.

Based on the qualitative analysis and other data points described above, the Company concluded that goodwill was not "more likely than not" impaired as of December 31, 2021..

As described above, we have significant intangible assets recorded on our consolidated balance sheets. We will continue to evaluate the recoverability of the carrying amount of our intangible assets on an ongoing basis. There can be no assurance that the outcome of such reviews in the future will not result in substantial impairment charges. Impairment assessment inherently involves judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact our assumptions as to prices, costs, holding periods or other factors that may result in changes in our estimates of future cash flows. Although we believe the assumptions we used in testing for impairment are reasonable, significant changes in any one of our assumptions could produce a significantly different result. The 30-day VWAP of closing stock prices for our common stock subsequent to December 31, 2021, consistent with the broader market, have continued to trend downward. If the decline in our stock price persists throughout the three-month period ending March 31, 2022, we will perform an interim goodwill impairment assessment as of March 31, 2022, consistent with the methodology and approach described above.

Relaxed Ongoing Reporting Requirements

Upon the completion of our initial public offering, we elected to report as an "emerging growth company" (as defined in the JOBS Act) under the reporting rules set forth under the Exchange Act. For so long as we remain an "emerging growth company," we may take advantage of certain exemptions from various reporting requirements that are applicable to other Exchange Act reporting companies that are not "emerging growth companies," including but not limited to:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- taking advantage of extensions of time to comply with certain new or revised financial accounting standards;
- being permitted to comply with reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and
- being exempt from the requirement to hold a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We are subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not "emerging growth companies," and our stockholders could receive less information than they might expect to receive from more mature public companies.

We expect to take advantage of these reporting exemptions until we are no longer an emerging growth company. We will remain an "emerging growth company" for up to five years, although if the market value of our Common Stock that is held by non-affiliates exceeds $700 million as of any June 30 before that time, we would cease to be an "emerging growth company" as of the following December 31.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of our business, we are not currently exposed to market risk of the sort that may arise from changes in interest rates or foreign currency exchange rates, or that may otherwise arise from transactions in derivatives.

The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's significant estimates and assumptions include the fair value of the Company's common stock, stock-based compensation, the recoverability and useful lives of long-lived assets, and the valuation allowance relating to the Company's deferred tax assets.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and related financial information required to be filed hereunder are indexed under Item 15 of this report and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2021. Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2021.

Limitations on Effectiveness of Controls and Procedures

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving the desired control objectives. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. The design of a control system must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Management's Report on Internal Control over Financial Reporting

Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. This process includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management's Assessment of the Effectiveness of our Internal Control Over Financial Reporting

Management has evaluated the effectiveness of our internal control over financial reporting as of December 31, 2021. In conducting its evaluation, management used the framework set forth in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation under such framework, our management has concluded that our internal control over financial reporting was effective as of December 31, 2021.

Report of Independent Registered Public Accounting Firm

We are an "emerging growth company," as defined in Rule 405 of the Securities Act and, accordingly, we are not required to provide the attestation report of our independent registered public accounting firm on our internal control over financial reporting required by Item 308(b) of Regulation S-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

On June 1, 2021, the Company completed the acquisition of Mobcrush pursuant to which the Company acquired all of the issued and outstanding shares of Mobcrush. Upon completion of the merger, Mobcrush became a wholly-owned subsidiary of the Company. The Company is in the process of evaluating internal control over financial reporting in connection with the acquisition of Mobcrush, and expects to complete our evaluation no later than one year from the acquisition date.

On August 24, 2021, the Company completed the acquisition of Bannerfy pursuant to which the Company acquired all of the issued and outstanding shares of Bannerfy. Upon completion of the acquisition, Bannerfy became a wholly-owned subsidiary of the Company. The Company is in the process of evaluating internal control over financial reporting in connection with the acquisition of Bannerfy, and expects to complete our evaluation no later than one year from the acquisition date.

On October 4, 2021, the Company completed the acquisition of Bloxbiz pursuant to which the Company acquired all of the issued and outstanding shares of Bloxbiz. Upon completion of the acquisition, Bloxbiz became a wholly-owned subsidiary of the Company. The Company is in the process of evaluating internal control over financial reporting in connection with the acquisition of Bloxbiz, and expects to complete our evaluation no later than one year from the acquisition date.

ITEM 9B. OTHER INFORMATION

Tumim Offering

On March 25, 2022, we entered into the Purchase Agreement with Tumim, pursuant to which we have the right, but not the obligation, to sell to Tumim, and Tumim is obligated to purchase up to the Total Commitment from time to time during the term of the Purchase Agreement, subject to certain limitations and conditions. As consideration for Tumim's commitment to purchase shares of common stock under the Purchase Agreement, we issued to Tumim 50,000 Commitment Shares following the execution of the Purchase Agreement.

The Purchase Agreement initially precludes us from issuing and selling more than 7,361,833 shares of our common stock, including the Commitment Shares, which number equals 19.99% of our common stock issued and outstanding as of March 25, 2022, unless we obtain stockholder approval to issue additional shares, or unless certain exceptions apply. In addition, a beneficial ownership limitation in the agreement initially limits us from directing Tumim to purchase shares of common stock if such purchases would result in Tumim beneficially owning more than 4.99% of the then-outstanding shares of our common stock (subject to an increase to 9.99% at Tumim's option upon at least 61 calendar days' notice).

From and after the initial satisfaction of the conditions to our right to commence sales to Tumim under the Purchase Agreement (such event, the "Commencement," and the date of initial satisfaction of all such conditions, the "Commencement Date"), we may direct Tumim to purchase shares of common stock at a purchase price per share equal to 95% of the average daily dollar volume-weighted average price for our common stock during the three consecutive trading day period immediately following the date on which we deliver to Tumim a notice for such purchase. We will control the timing and amount of any such sales of common stock to Tumim. Actual sales of shares of common stock to Tumim will depend on a variety of factors to be determined by us from time to time, including, among other things, market conditions, the trading price of our common stock, and determinations by us as to the appropriate sources of funding for the Company and our operations.

The Commencement Date of the Tumim Offering was March 25, 2022. Unless earlier terminated, the Purchase Agreement will automatically terminate upon the earliest of (i) the expiration of the 18-month period following the Commencement Date, (ii) Tumim's purchase or receipt of the Total Commitment worth of common stock, or (iii) the occurrence of certain other events set forth in the Purchase Agreement. We have the right to terminate the Purchase Agreement at any time after Commencement, at no cost or penalty, upon five trading days' prior written notice to Tumim. Tumim has the right to terminate the Purchase Agreement upon five trading days' prior written notice to us, but only upon the occurrence of certain events set forth in the Purchase Agreement.

We intend to use the net proceeds, if any, from the Tumim Offering for working capital and general corporate purposes, including sales and marketing activities, product development and capital expenditures. We may also use a portion of the net proceeds to acquire or invest in complementary businesses, products and technologies. The Purchase Agreement contains customary representations, warranties and agreements by us, as well as customary indemnification obligations of the Company.

The securities in the Tumim Offering are being offered pursuant to our effective S-3 shelf registration statement (File No. 333-259347), which was filed with the SEC on September 7, 2021 and declared effective on November 16, 2021. The Tumim Offering will be made only by means of a prospectus supplement and the accompanying base prospectus that form part of the S-3. A prospectus supplement relating to the Tumim Offering was filed with the SEC pursuant to Rule 424(b) under the Securities Act on March 29, 2022.

The Purchase Agreement is filed as Exhibit 10.31 to this Report and is incorporated herein by reference. The description of the terms of the Purchase Agreement set forth above is qualified in its entirety by reference to such exhibit. In addition, the legal opinion letter of Disclosure Law Group, a Professional Corporation, counsel to the Company, regarding the validity of the shares of common stock to be issued from time to time in connection with the Tumim Offering is filed as Exhibit 5.1 to this Report. The legal opinion letter is also filed with reference to, and is hereby incorporated by reference into, the S-3 shelf registration statement.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except as provided below, in accordance with General Instruction G(3) to Form 10-K, certain information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2022 annual meeting of stockholders to be filed with the SEC no later than April 30, 2022.

ITEM 11. EXECUTIVE COMPENSATION.

Except as provided below, in accordance with General Instruction G(3) to Form 10-K, certain information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2022 annual meeting of stockholders to be filed with the SEC no later than April 30, 2022.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except as provided below, in accordance with General Instruction G(3) to Form 10-K, certain information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2022 annual meeting of stockholders to be filed with the SEC no later than April 30, 2022.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except as provided below, in accordance with General Instruction G(3) to Form 10-K, certain information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2022 annual meeting of stockholders to be filed with the SEC no later than April 30, 2022.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Except as provided below, in accordance with General Instruction G(3) to Form 10-K, certain information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2022 annual meeting of stockholders to be filed with the SEC no later than April 30, 2022.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Name	Incorporation by Reference
2.1	Agreement and Plan of Merger Agreement and Plan of Merger by and among Super League Gaming, Inc., SLG Merger Sub, Inc. and Framerate, Inc.	Exhibit 2.1 to the Current Report on Form 8-K, filed on June 7, 2019.
2.2	Agreement and Plan of Merger, dated March 9, 2021, by and among Super League Gaming, Inc., SLG Merger Sub II, Inc., and Mobcrush, Inc.	Exhibit 2.1 to the Current Report on Form 8-K, filed on March 11, 2021.
2.3	Amendment No. 1 to Agreement and Plan of Merger by and between Super League Gaming, Inc., and Mobcrush Streaming, Inc., dated April 20, 2021.	Exhibit 10.1 to the Current Report on Form 8-K, filed on April 21, 2021.
2.4	Asset Purchase Agreement, dated October 4, 2021, among Super League Gaming, Inc., Bloxbiz Co., Samuel Drozdov, and Benjamin Khakshoor.	Exhibit 2.1 to the Current Report on Form 8-K, filed on October 7, 2021.
3.1	Second Amended and Restated Certificate of Incorporation of Super League Gaming, Inc., dated November 19, 2018.	Exhibit 3.1 to the Registration Statement, filed on January 4, 2019
3.2	Second Amended and Restated Bylaws of Super League Gaming, Inc.	Exhibit 3.2 to the Registration Statement, filed on January 4, 2019
3.3	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Super League Gaming, Inc., dated February 8, 2019.	Exhibit 3.3 to the Amendment No. 2 to the Registration Statement , filed on February 12, 2019
4.1	Form of Common Stock Certificate.	Exhibit 4.1 to the Amendment No. 2 to the Registration Statement , filed on February 12, 2019
4.2	Form of Registration Rights Agreement, among Super League Gaming, Inc. and certain accredited investors.	Exhibit 4.2 to the Registration Statement on Form S-1 , filed on January 4, 2019
4.3	Common Stock Purchase Warrant dated June 16, 2017 issued to Ann Hand.	Exhibit 4.3 to the Registration Statement on Form S-1, filed on January 4, 2019
4.4	Form of 9.00% Secured Convertible Promissory Note.	Exhibit 4.4 to the Registration Statement on Form S-1, filed on January 4, 2019
4.5	Form of Callable Common Stock Purchase Warrant, issued to certain accredited investors.	Exhibit 4.5 to the Registration Statement on Form S-1, filed on January 4, 2019
4.6	Form of Representative's Warrant.	Exhibit 4.6 to the Amendment No. 2 to the Registration Statement on Form S-1, filed on February 12, 2019
5.1	Opinion of Disclosure Law Group, a Professional Corporation.	Filed herewith.
10.1†	Super League Gaming, Inc. Amended and Restated 2014 Stock Option and Incentive Plan.	Exhibit 10.1 to the Registration Statement , filed on January 4, 2019
10.2†	Form of Stock Option Agreement under 2014 Stock Option and Incentive Plan.	Exhibit 10.2 to the Registration Statement , filed on January 4, 2019
10.3	Subscription Agreement, among Nth Games, Inc. and certain accredited investors.	Exhibit 10.3 to the Registration Statement , filed on January 4, 2019
10.4	Subscription Agreement, among Super League Gaming, Inc. and certain accredited investors.	Exhibit 10.4 to the Registration Statement, filed on January 4, 2019
10.5	Form of Theater Agreement, filed herewith.	Exhibit 10.5 to the Registration Statement , filed on January 4, 2019
10.6	Lease between Super League Gaming, Inc. and Roberts Business Park Santa Monica LLC, dated June 1, 2016.	Exhibit 10.6 to the Registration Statement, filed on January 4, 2019
10.7+	License Agreement between Super League Gaming, Inc. and Riot Games, Inc., dated June 22, 2016.	Exhibit 10.7 to the Registration Statement , filed on January 4, 2019
10.8+	Amended and Restated License Agreement between Super League Gaming, Inc. and Mojang AB, dated August 1, 2016.	Exhibit 10.8 to the Registration Statement , filed on January 4, 2019
10.9+	Master Agreement between Super League Gaming, Inc. and Viacom Media Networks, dated June 9, 2017.	Exhibit 10.9 to the Registration Statement, filed on January 4, 2019
10.10	Form of Common Stock Purchase Agreement, among Super League Gaming, Inc. and certain accredited investors.	Exhibit 10.10 to the Registration Statement , filed on January 4, 2019
10.11	Form of Investors' Rights Agreement, among Super League Gaming, Inc. and certain accredited investors.	Exhibit 10.11 to the Registration Statement, filed on January 4, 2019
10.12†	Employment Agreement, between Super League Gaming, Inc. and Ann Hand, dated June 16, 2017.	Exhibit 10.12 to the Registration Statement , filed on January 4, 2019
10.13†	Employment Agreement, between Super League Gaming, Inc. and David Steigelfest, dated October 31, 2017.	Exhibit 10.13 to the Registration Statement, filed on January 4, 2019

10.14	Riot Games, Inc. Extension Letter, dated November 21, 2017.	Exhibit 10.14 to the Registration Statement, filed on January 4, 2019
10.15	Form of Note Purchase Agreement, among Super League Gaming, Inc. and certain accredited investors.	Exhibit 10.15 to the Registration Statement , filed on January 4, 2019
10.16	Form of Security Agreement, between Super League Gaming, Inc. and certain accredited investors.	Exhibit 10.16 to the Registration Statement, filed on January 4, 2019
10.17	Form of Intercreditor and Collateral Agent Agreement, among Super League Gaming, Inc. and certain accredited investors.	Exhibit 10.17 to the Registration Statement , filed on January 4, 2019
10.18	Form of Investors' Rights Agreement (9% Secured Convertible Promissory Notes), among Super League Gaming, Inc. and certain accredited investors.	Exhibit 10.18 to the Registration Statement , filed on January 4, 2019
10.19	Master Service Agreement and Initial Statement of Work between Super League Gaming, Inc. and Logitech Inc., dated March 1, 2018.	Exhibit 10.19 to the Registration Statement , filed on January 4, 2019
10.20	Asset Purchase Agreement, between Super League Gaming, Inc. and Minehut, dated June 22, 2018.	Exhibit 10.20 to the Registration Statement, filed on January 4, 2019
10.21†	Amended and Restated Employment Agreement, between Super League Gaming, Inc. and Ann Hand, dated November 15, 2018.	Exhibit 10.21 to the Registration Statement , filed on January 4, 2019
10.22†	Amended and Restated Employment Agreement, between Super League Gaming, Inc. and David Steigelfest, dated November 1, 2018.	Exhibit 10.22 to the Registration Statement, filed on January 4, 2019
10.23†	Employment Agreement, between Super League Gaming, Inc. and Matt Edelman, dated November 1, 2018.	Exhibit 10.23 to the Registration Statement, filed on January 4, 2019
10.24†	Employment Agreement, between Super League Gaming, Inc. and Clayton Haynes, dated November 1, 2018.	Exhibit 10.24 to the Registration Statement , filed on January 4, 2019
10.25++	Commercial Partnership Agreement between Super League Gaming, Inc., and ggCircuit, LLC, dated September 23, 2019.	Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended September 30, 2019, filed November 14, 2019.
10.26	Form of Registration Rights Agreement, dated March 2021.	Exhibit 10.1 to the Current Report on Form 8-K, filed on March 11, 2021.
10.27	Form of Voting Agreement, dated March 2021.	Exhibit 10.2 to the Current Report on Form 8-K, filed on March 11, 2021.
10.28	Form of Securities Purchase Agreement, dated March 19, 2021.	Exhibit 10.1 to the Current Report on Form 8-K, filed on March 23, 2021.
10.29	Equity Distribution Agreement, dated as of September 3, 2021, by and between Super League Gaming, Inc. and Maxim Group LLC.	Exhibit 1.3 to the Company's Registration Statement on Form S-3 (File No. 333-259347, filed September 7, 2021.
10.30	Share Purchase Agreement, by and between Super League Gaming, Inc. and Bannerfy Ltd., dated August 11, 2021.	Exhibit 10.4 to the Quarterly Report on Form 10-Q for the period ended June 30, 2021, filed August 16, 2021.
10.31	Common Stock Purchase Agreement, dated March 25, 2022, by and between Super League Gaming, Inc. and Tumim Stone Capital LLC	Filed herewith.
14.1	Super League Gaming, Inc. Code of Business Conduct and Ethics.	Exhibit 14.1 to the Registration Statement , filed on January 4, 2019
23.1	Consent of Disclosure Law Group, a Professional Corporation (included in Exhibit 5.1)	Filed herewith.
23.2	Consent of Independent Registered Public Accounting Firm – Baker Tilly US, LLP	Filed herewith.
31.1*	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.	
31.2*	Certification of Principal Financial and Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.	
32*	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act.	

101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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 and included in Exhibit 101)

* Filed herewith.

† Identifies exhibits that consist of a management contract or compensatory plan or arrangement.

\+ Confidential treatment has been requested for certain confidential portions of this exhibit pursuant to Rule 406 under the Securities Act of 1933, as amended, and Rule 24b-2 under the Securities Exchange Act of 1934, as amended (together, the "Rules"). In accordance with the Rules, these confidential portions have been omitted from this exhibit and filed separately with the Securities and Exchange Commission.

++ Certain portions of this exhibit (indicated by "[*****]") have been omitted as the Company has determined (i) the omitted information is not material and (ii) the omitted information would likely cause harm to the Company if publicly disclosed.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
SUPER LEAGUE GAMING, INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Super League Gaming, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Super League Gaming, Inc. (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

/s/ Baker Tilly US, LLP

We have served as the Company's auditor since 2016.

Irvine, California
March 31, 2022

SUPER LEAGUE GAMING, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	$ 14,533,000	$ 7,942,000
Accounts receivable	6,328,000	588,000
Prepaid expenses and other current assets	1,334,000	837,000
Total current assets	22,195,000	9,367,000
Property and Equipment, net	104,000	138,000
Intangible and Other Assets, net	24,243,000	1,907,000
Goodwill	50,263,000	2,565,000
Total assets	$ 96,805,000	$ 13,977,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 5,514,000	$ 1,829,000
Deferred revenue	76,000	-
Total current liabilities	5,590,000	1,829,000
Deferred taxes	518,000	1,208,000
Long-term note payable	-	-
Total liabilities	6,108,000	3,037,000
Commitments and Contingencies (Note 10)		
Stockholders' Equity		
Preferred stock, par value $0.001 per share; 10,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, par value $0.001 per share; 100,000,000 shares authorized; 36,809,187 and 15,483,010 shares issued and outstanding as of December 31, 2021 and 2020, respectively.	46,000	25,000
Additional paid-in capital	215,943,000	115,459,000
Accumulated deficit	(125,292,000)	(104,544,000)
Total stockholders' equity	90,697,000	10,940,000
Total liabilities and stockholders' equity	$ 96,805,000	$ 13,977,000

The accompanying notes are an integral part of these consolidated financial statements.

SUPER LEAGUE GAMING, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
REVENUES	$ 11,672,000	$ 2,064,000
COST OF REVENUES	6,547,000	856,000
GROSS PROFIT	5,125,000	1,208,000
OPERATING EXPENSES		
Selling, marketing and advertising	9,670,000	5,490,000
Engineering, technology and development	11,100,000	6,821,000
General and administrative	9,435,000	7,640,000
Total operating expenses	30,205,000	19,951,000
NET OPERATING LOSS	(25,080,000)	(18,743,000)
OTHER INCOME (EXPENSE)		
Accrued interest expense	(5,000)	(8,000)
Gain on loan forgiveness	1,213,000	
Other	13,000	19,000
Total other income	1,221,000	11,000
LOSS BEFORE BENEFIT FROM INCOME TAXES	(23,859,000)	(18,732,000)
Benefit from income taxes	3,111,000	-
NET LOSS	$ (20,748,000)	$ (18,732,000)
Net loss attributable to common stockholders - basic and diluted		
Basic and diluted loss per common share	$ (0.69)	$ (1.64)
Weighted-average number of shares outstanding, basic and diluted	29,882,828	11,430,057

The accompanying notes are an integral part of these consolidated financial statements.

SUPER LEAGUE GAMING, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
Common stock (Shares):		
Balance, beginning of period	15,483,010	8,573,922
Issuance of common stock at $9.00 per share, net of issuance costs (Note 7)	1,512,499	-
Issuance of common stock at $4.10 per share, net of issuance costs (Note 7)	2,926,830	-
Issuance of common stock at $2.60 per share, net of issuance costs (Note 7)	3,076,924	-
Issuance of common stock at $3.50 per share, net of issuance costs (Note 7)	-	1,825,000
Issuance of common stock at $1.85per share, net of issuance costs (Note 7)	-	4,988,981
Common stock issued for Mobcrush acquisition (Note 5)	12,067,571	-
Common stock issued for Bannerfy acquisition (Note 5)	415,855	-
Common stock issued for Bloxbiz acquisition (Note 5)	1,030,928	-
Common stock issued for Framerate Acquisition (Note 5)		32,936
Stock-based compensation	295,570	62,171
Balance, end of period	36,809,187	15,483,010
Common stock (Amount):		
Balance, beginning of period	$ 25,000	$ 18,000
Issuance of common stock at $9.00 per share, net of issuance costs (Note 7)	2,000	-
Issuance of common stock at $4.10 per share, net of issuance costs (Note 7)	3,000	-
Issuance of common stock at $2.60 per share, net of issuance costs (Note 7)	3,000	-
Issuance of common stock at $3.50 per share, net of issuance costs (Note 7)	-	2,000
Issuance of common stock at $1.85 per share, net of issuance costs (Note 7)	-	5,000
Common stock issued for Mobcrush Acquisition (Note 5)	12,000	-
Common stock issued for Bloxbiz Acquisition (Note 5)	1,000	-
Balance, end of period	$ 46,000	$ 25,000
Additional paid-in-capital:		
Balance, beginning of period	$ 115,459,000	$ 99,237,000
Issuance of common stock at $9.00 per share, net of issuance costs (Note 7)	13,540,000	-
Issuance of common stock at $4.10 per share, net of issuance costs (Note 7)	11,927,000	-
Issuance of common stock at $2.60 per share, net of issuance costs (Note 7)	7,924,000	-
Issuance of common stock at $3.50 per share, net of issuance costs (Note 7)	-	5,951,000
Issuance of common stock at $1.85 per share, net of issuance costs (Note 7)	-	8,398,000
Common stock issued for Mobcrush Acquisition (Note 5)	59,843,000	-
Common stock issued for Bannerfy Acquisition (Note 5)	1,768,000	-
Common stock issued for Bloxbiz Acquisition (Note 5)	2,999,000	-
Stock-based compensation	2,381,000	1,863,000
Stock option exercises	111,000	10,000
Other	(9,000)	-
Balance, end of period	$ 215,943,000	$ 115,459,000
Accumulated Deficit:		
Balance, beginning of period	$ (104,544,000)	$ (85,812,000)
Net Loss	(20,748,000)	(18,732,000)
Balance, end of period	$ (125,292,000)	$ (104,544,000)
Total stockholders' equity	$ 90,697,000	$ 10,940,000

The accompanying notes are an integral part of these consolidated financial statements.

SUPER LEAGUE GAMING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (20,748,000)	$ (18,732,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	3,323,000	1,368,000
Stock-based compensation	2,381,000	2,004,000
Gain on loan forgiveness (Note 6)	(1,213,000)	-
Change in valuation allowance (Note 5)	(3,073,000)	-
Changes in assets and liabilities:		
Accounts receivable	(4,270,000)	(295,000)
Prepaid expenses and other current assets	(348,000)	(55,000)
Accounts payable and accrued expenses	1,328,000	977,000
Deferred revenue	(54,000)	(151,000)
Deferred taxes	(38,000)	-
Accrued interest on notes payable	5,000	8,000
Net cash used in operating activities	**(22,707,000)**	**(14,876,000)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired in connection with Mobcrush Acquisition (Note 5)	586,000	-
Cash paid in connection with Bannerfy Acquisition, net (Note 5)	(497,000)	-
Cash paid in connection with Bloxbiz Acquisition, net (Note 5)	(3,000,000)	-
Purchase of property and equipment	(22,000)	(9,000)
Capitalization of software development costs	(1,065,000)	(1,035,000)
Acquisition of other intangible and other assets	(205,000)	(146,000)
Net cash used in investing activities	**(4,203,000)**	**(1,190,000)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of issuance costs	33,390,000	14,356,000
Proceeds from note payable (Note 6)	-	1,200,000
Proceeds from stock option exercises	111,000	10,000
Net cash provided by financing activities	33,501,000	15,566,000
(DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS	**6,591,000**	**(500,000)**
CASH AND CASH EQUIVALENTS – beginning of year	7,942,000	8,442,000
CASH AND CASH EQUIVALENTS – end of year	**$ 14,533,000**	**$ 7,942,000**
SUPPLEMENTAL NONCASH FINANCING ACTIVITIES		
Issuance of common stock in connection with Mobcrush Acquisition	$ 59,855,000	$ -
Issuance of common stock in connection with Bannerfy Acquisition	1,705,000	-
Issuance of common stock in connection with Bloxbiz Acquisition	3,000,000	-
Issuance of common stock for Framerate Acquisition (Note 5)	-	245,000

The accompanying notes are an integral part of these consolidated financial statements.

SUPER LEAGUE GAMING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Super League Gaming, Inc. (Nasdaq: SLGG), ("Super League," the "Company," "we," "us" or "our") builds and operates networks of games, monetization tools and content channels across open-world gaming platforms that empower developers, energize players, and entertain fans. Our solutions provide incomparable access to an audience consisting of players in the largest global metaverse environments, fans of hundreds of thousands of gaming influencers, and viewers of gameplay content across major social media and digital video platforms. Fueled by proprietary and patented technology systems, the company's platform includes access to vibrant in-game communities, a leading metaverse advertising platform, a network of highly viewed channels and original shows on Instagram, TikTok, Snap, YouTube, and Twitch, cloud-based livestream production tools, and an award-winning esports invitational tournament series. Super League's properties deliver powerful opportunities for brands and advertisers to achieve impactful insights and marketing outcomes with gamers of all ages.

Super League was incorporated on October 1, 2014 as Nth Games, Inc. under the laws of the State of Delaware and changed its name to Super League Gaming, Inc. on June 15, 2015. We are an "emerging growth company" as defined by the Jumpstart Our Business Startups Act of 2012, as amended.

Acquisition of Mobcrush Streaming, Inc. On June 1, 2021, the Company completed the acquisition of Mobcrush Streaming, Inc. ("Mobcrush"), a live streaming technology platform used by gaming influencers who generate and distribute original content to fans and subscribers across the most popular live streaming and social media platforms, including Twitch, YouTube, Facebook, Instagram, Twitter, and more. Mobcrush also operates Mineville and Pixel Paradise, two of only seven official Minecraft servers in partnership with Microsoft Corporation ("Microsoft").

Acquisition of Bannerfy, LTD. On August 24, 2021, the Company completed the acquisition of Bannerfy, Ltd., ("Bannerfy") pursuant to which the Company acquired all of the issued and outstanding common shares of Bannerfy, as described at Note 5. Bannerfy is an intelligent technology platform that enables digital video and live streaming creators to collaborate with tier one sponsors on their social media channels including YouTube through scalable and custom premium placements.

Acquisition of Bloxbiz Co. On October 4, 2021, the Company acquired (i) substantially all of the assets of Bloxbiz Co. ("Bloxbiz") and (ii) the personal goodwill of the Founders regarding Bloxbiz's business, as described at Note 5. Bloxbiz is a dynamic ad platform designed specifically for metaverse environments. Bloxbiz's initial deployment enables brands to advertise across popular Roblox game titles and helps Roblox creators with monetization and game analytics.

In accordance with the acquisition method of accounting, the financial results of Super League presented herein include the financial results of the fiscal year 2021 acquisitions described above for the period from the respective transaction closing dates to the end of the current period presented herein. Refer to Note 5 for additional information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The Company believes that, of the significant accounting policies described herein, the accounting policies associated with revenue recognition, impairment of goodwill and intangibles, stock-based compensation expense, capitalized internal-use-software costs, accounting for business combinations, and accounting for income taxes and valuation allowances against net deferred tax assets, require its most difficult, subjective or complex judgments.

Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company incurred net losses of $20.7 million and $18.7 million during the years ended December 31, 2021 and 2020, respectively, and had an accumulated deficit of $125.3 million as of December 31, 2021. For the years ended December 31, 2021 and 2020, net cash used in operating activities totaled $22.7 million and $14.9 million, respectively.

As of December 31, 2021, the Company had cash and cash equivalents of approximately $14.5 million. The Company has used and will continue to use significant capital for the growth and development of its business. The Company has grown significantly in fiscal year 2021 through organic and inorganic growth activities, including the expansion of our premium advertising inventory and year over year increases in recognized revenues across our three primary revenue streams, as reflected elsewhere herein.

In 2022, we are focused on the continued expansion of our service offerings and revenue growth opportunities through internal development, collaborations, and through opportunistic strategic acquisitions. In addition, as further described at Note 11, on March 25, 2022, we entered into a common stock purchase agreement (the "*Purchase Agreement*") with Tumim Stone Capital, LLC ("*Tumim*"). Pursuant to the Purchase Agreement, the Company has the right, but not the obligation, to sell to Tumim, and Tumim is obligated to purchase, up to $10,000,000 of newly issued shares of the Company's common stock, from time to time during the term of the Purchase Agreement, subject to certain limitations and conditions. Our management believes that our cash balances and capital raising facilities in place will be sufficient to meet our cash requirements through at least March 2023.

The Company considers historical operating results, capital resources and financial position, in combination with current projections and estimates, as part of its plan to fund operations over a reasonable period. Management's considerations assume, among other things, that the Company will continue to be successful implementing its business strategy, that there will be no material adverse developments in the business, liquidity or capital requirements and, if necessary, the Company will be able to raise additional equity or debt financing on acceptable terms. If one or more of these factors do not occur as expected, it could cause a reduction or delay of its business activities, sales of material assets, default on its obligations, or forced insolvency. The accompanying financial statements do not contain any adjustments which might be necessary if the Company were unable to continue as a going concern. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company.

Reclassifications

Certain reclassifications to operating expense line items have been made to prior year amounts for consistency and comparability with the current year's consolidated financial statement presentation. These reclassifications had no effect on the reported total operating expenses for the periods presented.

Revenue Recognition

Revenue is recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. In this regard, revenue is recognized when: (i) the parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations; (ii) the entity can identify each party's rights regarding the goods or services to be transferred; (iii) the entity can identify the payment terms for the goods or services to be transferred; (iv) the contract has commercial substance (that is, the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract); and (v) it is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Transaction prices are based on the amount of consideration to which we expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, if any. We consider the explicit terms of the revenue contract, which are typically written and executed by the parties, our customary business practices, the nature, timing, and the amount of consideration promised by a customer in connection with determining the transaction price for our revenue arrangements. Refunds and sales returns historically have not been material.

Super League generates revenues from (i) advertising, serving as a marketing channel for brands and advertisers to reach their target audiences of gamers across our network, (ii) content, curating and distributing esports and gaming-centric entertainment content for our own network of digital channels and media and entertainment partner channels and (iii) direct to consumer offers including digital subscriptions, in-game digital goods, and gameplay access fees.

The Company reports revenue on a gross or net basis based on management's assessment of whether the Company acts as a principal or agent in the transaction and is evaluated on a transaction by transaction basis. To the extent the Company acts as the principal, revenue is reported on a gross basis net of any sales tax from customers, when applicable. The determination of whether the Company acts as a principal or an agent in a transaction is based on an evaluation of whether the Company controls the good or service prior to transfer to the customer. Where applicable, the Company has determined that it acts as the principal in all of its advertising and sponsorships, content and direct to consumer revenue streams, except in situations where we utilize a reseller partner with respect to direct advertising sales arrangements.

Revenue billed or collected in advance is recorded as deferred revenue until the event occurs or until applicable performance obligations are satisfied.

Advertising and Sponsorships

Advertising revenue primarily consists of direct sales activity along with sales of programmatic display and video advertising units to third-party advertisers and exchanges. Advertising arrangements typically include contract terms for time periods ranging from several days to several weeks in length.

For advertising arrangements that include performance obligations satisfied over time, customers typically simultaneously receive and consume the benefits under the arrangement as we satisfy our performance obligations, over the applicable contract term. As such, revenue is recognized over the contract term based upon estimates of progress toward complete satisfaction of the contract performance obligations (typically utilizing a time, effort or delivery-based method of estimation). Revenue from shorter-term advertising arrangements that provide for a contractual delivery or performance date is recognized when performance is substantially complete and or delivery occurs. Payments are typically due from customers during the term of the arrangement for longer-term campaigns, and once delivery is complete for shorter-term campaigns.

Sponsorship revenue arrangements may include: exclusive or non-exclusive title sponsorships, marketing benefits, official product status exclusivity, product visibly and additional infrastructure placement, social media rights, rights to on-screen activations and promotions, display material rights, media rights, hospitality and tickets and merchandising rights. Sponsorship revenues also include revenues pursuant to arrangements with brand and media partners, retail venues, game publishers and broadcasters that allow our partners to run amateur esports experiences, and or capture specifically curated gameplay content that is customized for our partners' distribution channels. Sponsorship arrangements typically include contract terms for time periods ranging from several weeks or months to terms of twelve months in length.

For sponsorship arrangements that include performance obligations satisfied over time, customers typically simultaneously receive and consume the benefits under the agreement as we satisfy our performance obligations, over the applicable contract term. As such, revenue is recognized over the contract term based upon estimates of progress toward complete satisfaction of the contract performance obligations (typically utilizing a time, effort or delivery-based method of estimation). Payments are typically due from customers during the term of the arrangement.

Revenue from sponsorship arrangements for one-off branded experiences and/or the development of content tailored specifically for our partners' distribution channels that provide for a contractual delivery or performance date, is recognized at a point in time, when performance is substantially complete and or delivery occurs.

Content

Content sales revenue is generated in connection with our curation and distribution of esports and entertainment content for our own network of digital channels and media and entertainment partner channels. We distribute three primary types of content for syndication and licensing, including: (1) our own original programming content, (2) user generated content ("UGC"), including online gameplay and gameplay highlights, and (3) the creation of content for third parties utilizing our remote production and broadcast technology.

For content arrangements that include performance obligations satisfied over time, customers typically simultaneously receive and consume the benefits under the arrangement as we satisfy our performance obligations, over the applicable contract term. As such, revenue is recognized over the contract term based upon estimates of progress toward complete satisfaction of the contract performance obligations (typically utilizing a time, effort or delivery-based method of estimation). Revenue from shorter-term content sales arrangements that provide for a contractual delivery or performance date is recognized when performance is substantially complete and/or delivery occurs. Payments are typically due from customers during the term of the arrangement for longer-term campaigns, and once delivery is complete for shorter-term campaigns.

Payments are typically due from customers during the term of the arrangement for longer-term campaigns, and once delivery is complete for shorter-term campaigns.

Direct to Consumer

Direct to consumer revenues primarily consist of primarily monthly digital subscription fees, and sales of in-game digital goods. Subscription revenue is recognized in the period the services are rendered. Payments are typically due from customers at the point of sale.

InPvP Platform Generated Sales Transactions. Our Mobcrush subsidiary generates in-game Platform sales revenues via digital goods sold within the platform, including cosmetic items, durable goods, player ranks and game modes, leveraging the flexibility of the Microsoft Minecraft Bedrock platform, and powered by the InPvP cloud architecture technology platform. Revenue is generated when transactions are facilitated between Microsoft and the end user, either via in-game currency or cash.

Revenue for digital goods sold on the platform is recognized when Microsoft (our partner) collects the revenue and facilitates the transaction on the platform. Revenue for such arrangements includes all revenue generated, bad debt, make goods, and refunds of all transactions managed via the platform by Microsoft. The revenue is recognized on a monthly basis. Payments are made to the Company monthly based on the reconciled sales revenue generated.

Revenue was comprised of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Advertising and sponsorships	$ 8,005,000	$ 1,170,000
Content sales	2,264,000	735,000
Direct to consumer	1,403,000	159,000
	$ 11,672,000	$ 2,064,000

For the fiscal years ended December 31, 2021 and 2020, 19% and 55% of revenues were recognized at a single point in time, and 81% and 45% of revenues were recognized over time, respectively.

Cost of Revenues

Cost of revenues includes direct costs incurred in connection with the satisfaction of performance obligations under our revenue arrangements including internal and third-party engineering, creative, content, broadcast and other personnel, talent and influencers, developers, content capture and production services, direct marketing, cloud services, software, prizing, and revenue sharing fees.

Advertising

Gaming experience and Super League brand related advertising costs include the cost of ad production, social media, print media, digital marketing, promotions, and merchandising. The Company expenses advertising costs as incurred. Advertising costs are included in selling, marketing and advertising expenses in the accompanying statements of operations. Advertising expenses for the fiscal years ended December 31, 2021 and 2020 were $568,000 and $187,000, respectively, and are included in selling, marketing and advertising expenses in the accompanying statements of operations.

Engineering, Technology and Development Costs

Components of our platform are available on a "free to use," "always on basis," and are utilized and offered as an audience acquisition tool, as a means of growing our audience, engagement, viewership, players and community. Engineering, technology and development related operating expenses includes the costs described below, incurred in connection with our audience acquisition and viewership expansion activities. Engineering, technology and development related operating expenses include (i) allocated internal engineering personnel expenses, including salaries, noncash stock compensation, taxes and benefits, (ii) third-party contract software development and engineering expenses, (iii) internal use software cost amortization expense, and (iv) technology platform related cloud services, broadband and other platform expenses, incurred in connection with our audience acquisition and viewership expansion activities, including tools and product offering development, testing, minor upgrades and features, free to use services, corporate information technology and general platform maintenance and support.

Cash and Cash Equivalents

The Company considers all highly-liquid, short-term investments with original maturities of three months or less when purchased to be cash equivalents. The Company's cash equivalents consisted of investments in AAA-rated money market funds for the periods presented.

Accounts Receivable

Accounts receivable are recorded at the original invoice amount, less an estimate made for doubtful accounts, if any. The Company provides an allowance for doubtful accounts for potential credit losses based on its evaluation of the collectability and the customers' creditworthiness. Accounts receivable are written off when they are determined to be uncollectible. As of December 31, 2021 and 2020, no allowance for doubtful accounts was deemed necessary.

Fair Value Measurements

Fair value is defined as the exchange price that would be received from selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company measures financial assets and liabilities at fair value at each reporting period using a fair value hierarchy which requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value:

Level 1. Quoted prices in active markets for identical assets or liabilities.

Level 2 . Quoted prices for similar assets and liabilities in active markets or inputs other than quoted prices which are observable for the assets or liabilities, either directly or indirectly through market corroboration, for substantially the full term of the financial instruments.

Level 3. Unobservable inputs which are supported by little or no market activity and which are significant to the fair value of the assets or liabilities.

The Company does not have any instruments that are measured at fair value on a recurring basis. However, the Company measured certain acquired intangible assets and the Earn-Out using Level 3 inputs on a nonrecurring basis.

Property and Equipment

Property and equipment are recorded at cost. Major additions and improvements that materially extend useful lives of property and equipment are capitalized. Maintenance and repairs are charged against the results of operations as incurred. When these assets are sold or otherwise disposed of, the asset and related depreciation are relieved, and any gain or loss is included in the statements of operations for the period of sale or disposal. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets, typically over a three to five-year period.

Acquisitions

Acquisition Method. Acquisitions that meet the definition of a business under ASC 805, "Business Combinations," ("ASC 805") are accounted for using the acquisition method of accounting. Under the acquisition method of accounting, assets acquired, liabilities assumed, contractual contingencies, and contingent consideration, when applicable, are recorded at fair value at the acquisition date. Any excess of the purchase price over the fair value of the net assets acquired is recorded as goodwill. The application of the acquisition method of accounting requires management to make significant estimates and assumptions in the determination of the fair value of assets acquired and liabilities assumed in connection with the allocation of the purchase price consideration to the assets acquired and liabilities assumed. Transaction costs associated with business combinations are expensed as incurred and are included in general and administrative expenses in the consolidated statements of operations. Contingent consideration, if any, is recognized and measured at fair value as of the acquisition date.

Cost Accumulation Model. Acquisitions that do not meet the definition of a business under ASC 805 are accounted for as an asset acquisition, utilizing a cost accumulation model. Assets acquired and liabilities assumed are recognized at cost, which is the consideration the acquirer transfers to the seller, including direct transaction costs, on the acquisition date. The cost of the acquisition is then allocated to the assets acquired based on their relative fair values. Goodwill is not recognized in an asset acquisition. Direct transaction costs include those third-party costs that can be directly attributable to the asset acquisition and would not have been incurred absent the acquisition transaction.

Contingent consideration, representing an obligation of the acquirer to transfer additional assets or equity interests to the seller if future events occur or conditions are met, is recognized when probable and reasonably estimable. Contingent consideration recognized is included in the initial cost of the assets acquired, with subsequent changes in the recorded amount of contingent consideration recognized as an adjustment to the cost basis of the acquired assets. Subsequent changes are allocated to the acquired assets based on their relative fair value. Depreciation and/or amortization of adjusted assets are recognized as a cumulative catch-up adjustment, as if the additional amount of consideration that is no longer contingent had been accrued from the outset of the arrangement.

Contingent consideration that is paid to sellers that remain employed by the acquirer and linked to future services is generally considered compensation cost and recorded in the statement of operations in the post-combination period.

Intangible Assets

Intangible assets primarily consist of (i) internal-use software development costs, (ii) domain name, copyright and patent registration costs, (iii) commercial licenses and branding rights, (iv) developed technology acquired, (v) partner, customer, creator and influencer related intangible assets acquired and (vi) other intangible assets, which are recorded at cost (or in accordance with the acquisition method or cost accumulation methods described above) and amortized using the straight-line method over the estimated useful lives of the assets, ranging from three to 10 years.

Software development costs incurred to develop internal-use software during the application development stage are capitalized and amortized on a straight-line basis over the software's estimated useful life, which is generally three years. Software development costs incurred during the preliminary stages of development are charged to expense as incurred. Maintenance and training costs are charged to expense as incurred. Upgrades or enhancements to existing internal-use software that result in additional functionality are capitalized and amortized on a straight-line basis over the applicable estimated useful life.

Goodwill

The Company currently has one reporting unit. The following table presents the changes in the carrying amount of goodwill for the year ended December 31, 2021:

		2021
Balance as of December 31, 2020	$	2,565,000
Acquisitions (See Note 5)		47,698,000
Balance as of December 31, 2021	$	50,263,000

Goodwill represents the excess of the purchase price of the acquired business over the acquisition date fair value of the net assets acquired. Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis (December 31) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. We consider our market capitalization and the carrying value of our assets and liabilities, including goodwill, when performing our goodwill impairment tests. We operate in one reporting segment.

If a potential impairment exists, a calculation is performed to determine the fair value of existing goodwill. This calculation can be based on quoted market prices and / or valuation models, which consider the estimated future undiscounted cash flows resulting from the reporting unit, and a discount rate commensurate with the risks involved. Third party appraised values may also be used in determining whether impairment potentially exists. In assessing goodwill impairment, significant judgment is required in connection with estimates of market values, estimates of the amount and timing of future cash flows, and estimates of other factors that are used to determine the fair value of our reporting unit. If these estimates or related projections change in future periods, future goodwill impairment tests may result in charges to earnings.

When conducting the Company's annual or interim goodwill impairment assessment, we initially perform a qualitative evaluation of whether it is more likely than not that goodwill is impaired. In evaluating whether it is more likely than not that the fair value of our reporting unit is less than its carrying amount, we consider the guidance set forth in ASC-350 "Intangibles Goodwill and Other," ("ASC 350") which requires an entity to assess relevant events and circumstances, including macroeconomic conditions, industry and market considerations, cost factors, financial performance and other relevant events or circumstances. From a qualitative standpoint, we considered the Company's history of reported losses and negative cash flows from operating activities, along with the downturn in macroeconomic conditions and the broader mid-cap and micro-cap equity markets in late 2021. We also considered that the Company experienced significant inorganic and organic growth in fiscal 2021, including the impact of the acquisitions of Mobcrush, Bannerfy and Bloxbiz on our premium advertising inventory, product offerings to advertisers, current period revenues recognized and future revenue generating opportunities. Given that the Company's significant growth occurred recently, and the relatively short period of time between the commencement of the downturn in macroeconomic and general equity market conditions as of December 31, 2021, management believes that the recent reduction in prices of our common stock, consistent with the broader market, is not other-than-temporary and not indicative of any fundamental change in the value or prospects of the underlying business as of the measurement date.

As another data point, the Company also performed a quantitative goodwill impairment analysis comparing the estimated fair value of the Company's reporting unit to its carrying or book value as of the current period presented herein. In performing the quantitative analysis, the Company compared the fair value of the reporting unit to its carrying or book value to determine if the fair value of the reporting unit exceeded its carrying value as of the testing date, in which case the standard indicates that goodwill would not be impaired, and no further testing is required. The fair value of a reporting unit refers to the price that would be received to sell the reporting unit as a whole in an orderly transaction between market participants at the measurement date. Quoted market prices in active markets are considered to be the best evidence of fair value and should be used as the basis for fair value measurement, if available. When using quoted market prices to estimate the fair value of a reporting unit, we consider all available evidence. In certain circumstances, such as a distressed market, it may be appropriate to consider recent trends in the Company's stock price, instead of a single day's stock price in evaluating fair value. In these circumstances, averages over relatively short periods of time are used to determine representative market values.

At December 31, 2021, we reported goodwill of $50.3 million. We utilized the Company's market capitalization, based on the 30-day volume weighted average ("30-day VWAP") closing price of the Company's common stock as of December 31, 2021, multiplied by the number of shares of the Company's common stock outstanding as of the measurement date, for purposes of estimating the fair value of the Company at December 31, 2021. In management's estimate, the 30-day VWAP of closing stock prices for our common stock was the best estimate of fair value of the company's single reporting unit available at the date of testing. Based on the results of the quantitative impairment analysis, the fair value of the Company's single reporting unit exceeded its carrying value at December 31, 2021 by approximately $11.3 million.

Based on the qualitative analysis and other data points described above, the Company concluded that goodwill was not "more likely than not" impaired as of December 31, 2021.

As described above, we have significant intangible assets recorded on our consolidated balance sheets. We will continue to evaluate the recoverability of the carrying amount of our intangible assets on an ongoing basis. There can be no assurance that the outcome of such reviews in the future will not result in substantial impairment charges. Impairment assessment inherently involves judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact our assumptions as to prices, costs, holding periods or other factors that may result in changes in our estimates of future cash flows. Although we believe the assumptions we used in testing for impairment are reasonable, significant changes in any one of our assumptions could produce a significantly different result. The 30-day VWAP of closing stock prices for our common stock subsequent to December 31, 2021, consistent with the broader market, have continued to trend downward. If the decline in our stock price persists throughout the three month period ending March 31, 2022, we will perform an interim goodwill impairment assessment as of March 31, 2022, consistent with the methodology and approach described above.

Impairment of Long-Lived Assets

The Company assesses the recoverability of long-lived assets whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Factors we consider important, which could trigger an impairment review, include the following: significant underperformance relative to expected historical or projected future operating results; significant changes in the manner of our use of the acquired assets or the strategy for our overall business; significant negative industry or economic trends; significant adverse changes in legal factors or in the business climate, including adverse regulatory actions or assessments; and significant decline in our stock price for a sustained period. In the event the sum of the expected undiscounted future cash flows resulting from the use of the asset is less than the carrying amount of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. For the periods presented herein, management believes that there was no impairment of long-lived assets. There can be no assurance, however, that market conditions or demand for the Company's products or services will not change, which could result in long-lived asset impairment charges in the future.

Stock-Based Compensation

Compensation expense for stock-based awards is measured at the grant date, based on the estimated fair value of the award, and is recognized as an expense, typically on a straight-line basis over the employee's requisite service period (generally the vesting period of the equity award) which is generally two to four years. Compensation expense for awards with performance conditions that affect vesting is recorded only for those awards expected to vest or when the performance criteria are met. The fair value of restricted stock and restricted stock unit awards is determined by the product of the number of shares or units granted and the grant date market price of the underlying common stock. The fair value of stock option and common stock purchase warrant awards is estimated on the date of grant utilizing the Black-Scholes-Merton option pricing model. The Company utilizes the simplified method for estimating the expected term for options granted to employees due to the lack of available or sufficient historical exercise data for the Company for the applicable options terms. The Company accounts for forfeitures of awards as they occur. Estimates of expected volatility of the underlying common stock for the expected term of the stock option used in the Black-Scholes-Merton option pricing model are determined by reference to historical volatilities of the Company's common stock and historical volatilities of similar companies.

Grants of equity-based awards (including warrants) to non-employees in exchange for consulting or other services are accounted for using the grant date fair value of the equity instruments issued.

Equity Financing Costs

Specific incremental costs directly attributable to a proposed or actual offering of securities or debt are deferred and charged against the gross proceeds of the financing. In the event that the proposed or actual financing is not completed, or is deemed not likely to be completed, such costs are expensed in the period that such determination is made. Deferred financing costs, if any, are included in other current assets in the accompanying balance sheet. For the years ended December 31, 2021 and 2020, financing costs charged against gross proceeds in connection with equity financings totaled $434,000 and $176,000, respectively.

Reportable Segments

The Company utilizes the management approach to identify the Company's operating segments and measure the financial information disclosed, based on information reported internally to the Chief Operating Decision Maker ("CODM") to make resource allocation and performance assessment decisions. An operating segment of a public entity has all the following characteristics: (1) it engages in business activities from which it may earn revenues and incur expenses; (2) its operating results are regularly reviewed by the public entity's CODM to make decisions about resources to be allocated to the segment and assess its performance: and (3) its discrete financial information is available. Based on the applicable criteria under the standard, the components of the Company's operations are its: (1) advertising and sponsorship component, including content sales component; and (2) the Company's direct-to-consumer component.

A reportable segment is an identified operating segment that also exceeds the quantitative thresholds described in the applicable standard. Based on the applicable criteria under the standard, including quantitative thresholds, management has determined that the Company has one reportable segment that operated primarily in domestic markets during the periods presented herein.

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk are cash equivalents, investments and accounts receivable. The Company places its cash equivalents and investments primarily in highly rated money market funds. Cash equivalents are also invested in deposits with certain financial institutions and may, at times, exceed federally insured limits. The Company has not experienced any significant losses on its deposits of cash and cash equivalents.

Risks and Uncertainties

Concentrations. The Company had certain customers whose revenue individually represented 10% or more of the Company's total revenue, or whose accounts receivable balances individually represented 10% or more of the Company's total accounts receivable, and vendors whose accounts payable balances individually represented 10% or more of the Company's total accounts payable, as follows:

	Years Ended December 31,	
	2021	**2020**
Number of customers > 10% of revenues / percent of revenues	One / 12%	Four / 49%

Revenue concentrations were comprised of the following revenue categories:

	Years Ended December 31,	
	2021	**2020**
Advertising and sponsorships	12%	28%
Content	-	21
	12%	49%

	December 31, 2021	December 31, 2020
Number of customers > 10% of accounts receivable / percent of accounts receivable	Three / 35%	Two / 39%
Number of vendors > 10% of accounts payable / percent of accounts payable	One / 21%	Three / 52%

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the income or loss by the weighted-average number of outstanding shares of common stock for the applicable period. Diluted earnings per share is computed by dividing the income or loss by the weighted-average number of outstanding shares of common stock for the applicable period, including the dilutive effect of common stock equivalents. Potentially dilutive common stock equivalents primarily consist of employee stock options, warrants issued to employees and non-employees in exchange for services and warrants issued in connection with financings. All outstanding stock options, restricted stock units and warrants, totaling 5,060,000 and 4,470,000 at December 31, 2021 and December 31, 2020, respectively, have been excluded from the computation of diluted loss per share because the effect of inclusion would have been anti-dilutive.

Income Taxes

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's consolidated financial statements or income tax returns. A valuation allowance is established to reduce deferred tax assets if all, or some portion, of such assets will more than likely not be realized, or if it is determined that there is uncertainty regarding future realization of such assets.

Under U.S. GAAP, a tax position is a position in a previously filed tax return, or a position expected to be taken in a future tax filing that is reflected in measuring current or deferred income tax assets and liabilities. Tax positions are recognized only when it is more likely than not, based on technical merits, that the position will be sustained upon examination. Tax positions that meet the more likely than not thresholds are measured using a probability weighted approach as the largest amount of tax benefit being realized upon settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments, and which may not accurately forecast actual outcomes. Management believes the Company has no uncertain tax positions for the years ended December 31, 2021 and 2020.

The Company has elected to include interest and penalties related to its tax contingences as a component of income tax expense. There were no accruals for interest and penalties related to uncertain tax positions for the periods presented. Income tax returns remain open for examination by applicable authorities, generally three years from filing for federal and four years for state. The Company is not currently under examination by any taxing authority nor has it been notified of an impending examination.

Recent Accounting Guidance

Recent Accounting Pronouncements - Not Yet Adopted. In February 2016, the FASB issued an ASU that requires lessees to present right-of-use assets and lease liabilities on the balance sheet. The new guidance is to be applied using a modified retrospective approach at the beginning of the earliest comparative periods in the financial statements and is effective for fiscal years beginning after December 15, 2021 and early adoption is permitted. The Company is evaluating the impact that this guidance will have on its financial position, results of operations and financial statement disclosures.

Recent Accounting Pronouncements - Adopted. In June 2016, the FASB issued guidance on the measurement and recognition of credit losses on most financial assets. For trade receivables, loans, and held-to-maturity debt securities, the current probable loss recognition methodology is being replaced by an expected credit loss model. For available-for-sale debt securities, the recognition model on credit losses is generally unchanged, except the losses will be presented as an adjustable allowance. The guidance will be applied retrospectively with the cumulative effect recognized as of the date of adoption. The guidance became effective at the beginning of the Company's first quarter of the fiscal year ending December 31, 2021. The adoption of this standard did not have a material impact on the Company's consolidated financial statements and related disclosures.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021 and 2020:

	2021	2020
Computer hardware	$ 3,165,000	$ 3,143,000
Furniture and fixtures	356,000	342,000
	3,521,000	3,485,000
Less: accumulated depreciation and amortization	(3,417,000)	(3,347,000)
	$ 104,000	$ 138,000

Depreciation and amortization expense for property and equipment was $73,000 and $110,000 for the years ended December 31, 2021 and 2020, respectively.

4. INTANGIBLE AND OTHER ASSETS

Intangible and other assets consisted of the following at December 31, 2021 and 2020:

	2021	2020
Capitalized software development costs	$ 4,339,000	$ 3,275,000
Trade name	189,000	189,000
Domain	68,000	68,000
Copyrights and other	641,000	435,000
Intangible assets acquired in connection with Mobcrush Acquisition (Note 5)	19,500,000	-
Intangible assets acquired in connection with Bannerfy Acquisition (Note 5)	3,068,000	-
Intangible assets acquired in connection with Bloxbiz acquisition (Note 5)	1,747,000	-
	29,552,000	3,967,000
Less: accumulated amortization	(5,309,000)	(2,060,000)
Intangible and other assets, net	$ 24,243,000	$ 1,907,000

Amortization expense for the fiscal year ended December 31, 2021 totaled $3,187,000. Amortization expense included in cost of revenues for the fiscal year ended December 31, 2021 totaled $63,000. Amortization expense for the fiscal year ended December 31, 2020 totaled $1,258,000.

The Company expects to record amortization of intangible assets for fiscal years ending December31, 2022 and future fiscal years as follows:

For the years ending December 31,	
2022	$ 5,086,000
2023	4,749,000
2024	4,347,000
2025	3,909,000
2026	2,899,000
Thereafter	3,253,000
	$ 24,243,000

5. ACQUISITIONS

Acquisition of Mobcrush

On March 9, 2021, we entered into an Agreement and Plan of Merger, as amended on April 20, 2021, (the "Mobcrush Merger Agreement") by and among Mobcrush, the Company, and SLG Merger Sub II, Inc., a wholly-owned subsidiary of the Company ("Merger Co"), which provided for the acquisition of Mobcrush by Super League pursuant to the merger of Merger Co with and into Mobcrush, with Mobcrush as the surviving corporation (the "Mobcrush Acquisition").

On June 1, 2021 ("Mobcrush Closing Date"), the Company completed the Mobcrush Acquisition pursuant to which the Company acquired all of the issued and outstanding shares of Mobcrush. In accordance with the terms and subject to the conditions of the Mobcrush Merger Agreement: (A) each outstanding share of Mobcrush common stock, par value $0.001 per share ("Mobcrush Common Stock"), and Mobcrush preferred stock, par value $0.001, was canceled and converted into the right to receive (i) 0.528 shares of the Company's common stock, as determined in the Mobcrush Merger Agreement, and (ii) any cash in lieu of fractional shares of common stock otherwise issuable under the Mobcrush Merger Agreement (the "Mobcrush Merger Consideration"). At closing, the Company issued to the former stockholders of Mobcrush an aggregate total of 12,067,571 shares of the Company's common stock and reserved an aggregate total of 514,633 shares of common stock for future stock option grants, under the Super League 2014 Stock Option and Incentive Plan, to the former Mobcrush employees retained by the Company in connection with the Mobcrush Acquisition, resulting in a total of 12,582,204 shares of common stock issued and reserved as consideration for the Mobcrush Acquisition. Upon completion of the Mobcrush Acquisition, Mobcrush became a wholly-owned subsidiary of the Company.

The Mobcrush Acquisition was approved by the board of directors of each of the Company and Mobcrush, and was approved by the stockholders of Mobcrush. For purposes of complying with Nasdaq Listing Rule 5635, Super League's stockholders approved the issuance of an aggregate of 12,582,204 shares of Common Stock to be issued in connection with the Mobcrush Acquisition.

Transaction costs incurred by the Company relating to the Mobcrush Acquisition totaled $636,000 and were expensed as incurred in accordance with the acquisition method of accounting.

In accordance with the acquisition method of accounting, the financial results of Super League presented herein include the financial results of Mobcrush from the Mobcrush Closing Date to the end of the current period presented. Total revenues for Mobcrush from the Mobcrush Closing Date to December 31, 2021 ("Mobcrush Stub Period"), included in the consolidated statements of operations for the fiscal year ended December 31, 2021, were approximately $5.2 million. Disclosure of net loss for Mobcrush on a stand-alone basis for the Mobcrush Stub Period is not practical due to the integration of Mobcrush operations, including resource allocation and related operating expenses, with those of the consolidated Company upon acquisition, consistent with Super League operating in one reporting segment.

The Company determined that the Mobcrush Acquisition constitutes a business acquisition as defined by Accounting Standards Codification ("ASC") 805, *Business Combinations*. Accordingly, the assets acquired and liabilities assumed in the transaction were recorded at their estimated acquisition date fair values, while transaction costs associated with the acquisition were expensed as incurred pursuant to the acquisition method of accounting in accordance with ASC 805. Super League's preliminary purchase price allocation was based on an evaluation of the appropriate fair values of the assets acquired and liabilities assumed and represents management's best estimate based on available data. Fair values are determined based on the requirements of ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820").

The following table summarizes the determination of the fair value of the purchase price consideration paid in connection with the Mobcrush Acquisition:

Equity Consideration at closing – shares of common stock	$	12,067,571
Super League closing stock price per share on the Mobcrush Closing Date	$	4.96
Fair value of common stock issued	$	59,855,000

The fair value of the Company Common Stock used in determining the estimated fair value of the Mobcrush Merger Consideration was $4.96 per share based on the closing price of Company Common Stock on June 1, 2021, as quoted on the Nasdaq Capital Market.

The purchase price allocation was based upon a preliminary estimate of the fair value of the assets acquired and the liabilities assumed by the Company in connection with the Mobcrush Acquisition, as follows:

		Amount
Assets Acquired and Liabilities Assumed:		
Cash	$	586,000
Accounts receivable		1,266,000
Prepaids		141,000
Property and equipment		13,000
Identifiable intangible assets		19,500,000
Accounts payable and accrued expenses		(2,017,000)
Deferred revenue		(130,000)
Net deferred income tax liability		(3,073,000)
Identifiable net assets acquired		16,286,000
Goodwill		43,569,000
Total purchase price	$	59,855,000

The following table presents details of the fair values of the acquired intangible assets of Mobcrush:

	Estimated Useful Life (in years)	**Amount**
Preferred partner relationship	7	10,700,000
Developed technology	5	3,900,000
Influencers/content creators	5	2,000,000
Advertiser and agency relationships	5	1,900,000
Trademarks	7	500,000
Customer relationships	5	500,000
Total intangible assets acquired		$ 19,500,000

Aggregated amortization expense for the fiscal year ended December 31, 2021 related to intangible assets acquired in connection with the Mobcrush Acquisition, totaled $1,883,000. Goodwill represents the excess of the purchase price of the acquired business over the acquisition date fair value of the net assets acquired. Goodwill recorded in connection with the Mobcrush Acquisition is primarily attributable to expected synergies from combining the operations of Super League and Mobcrush, and also includes residual value attributable to the assembled and trained workforce acquired in the Mobcrush Acquisition.

Pursuant to the terms of the Mobcrush Merger Agreement, immediately prior to the effective time of the Mobcrush Acquisition, each vested option to acquire shares of Mobcrush common stock held by former Mobcrush employees was exercised so that, at the effective time of the Mobcrush Acquisition, shares of Mobcrush Common Stock issued upon exercise of these vested options received shares of Company Common Stock issuable as Mobcrush Merger Consideration. Unvested options to acquire shares of Mobcrush common stock that were outstanding immediately prior to the Mobcrush Closing Date were canceled, and a number of options to purchase shares of Company Common Stock were issued to replace the cancelled unvested Mobcrush options in a manner consistent with options historically granted by Super League under the Super League 2014 Stock Option and Incentive Plan (the "Replacement Options").

Pursuant to the terms of the Mobcrush Merger Agreement, 514,633 shares of the Company's common stock were reserved for Replacement Option grants to the former Mobcrush employees retained by the Company in connection with the Mobcrush Acquisition. As of December 31, 2021, 415,000 Replacement Options have been granted to former Mobcrush employees retained by the Company, with continued employment required to vest and retain the Replacement Options granted. Under ASC 805, consideration arrangements in which the payments are automatically forfeited if employment terminates is considered to be compensation for post-combination services, and not acquisition consideration. As such, the 514,633 shares of the Company's common stock reserved at closing for future stock option grants to former Mobcrush employees retained by the Company are not included as a component of the consideration paid in connection with the Mobcrush Acquisition, and will be accounted for pursuant to ASC 718, "*Stock based Compensation,*" upon grant. For the fiscal year ended December 31, 2021, noncash stock compensation expense related to stock options granted pursuant to the terms of the Mobcrush Merger Agreement totaled $252,000.

Management is primarily responsible for determining the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed as of the Mobcrush Closing Date. Management considered a number of factors, including reference to a preliminary independent analysis of estimated fair values solely for the purpose of allocating the purchase price to the assets acquired and liabilities assumed. The analysis included a preliminary discounted cash flow analysis which estimated the future net cash flows expected to result from the respective assets acquired as of the Mobcrush Closing Date. A discount rate consistent with the risks associated with achieving the estimated net cash flows was used to estimate the present value of future estimated net cash flows. The Company is in the process of finalizing the estimates and assumptions developed in connection with the independent analysis of estimated fair values of intangible assets acquired solely for the purpose of allocating the purchase price to the assets acquired and liabilities assumed. Any adjustments to the fair values of intangibles assets acquired, or estimates of economic useful lives of the intangible assets acquired, could impact the carrying value of those assets and related goodwill, as well as the estimates of periodic amortization of intangible assets acquired to be reflected in the statement of operations. In addition, the Company is in the process of finalizing its estimate and analysis of the fair values of certain tax attributes acquired. Any adjustments to the preliminary estimates of tax attributes acquired will increase or decrease the estimated net deferred tax liability recorded in connection with the acquisition method of accounting, with an offsetting adjustment to goodwill.

The fair values of the acquired intangible assets, as described above, was determined using the following methods:

Description	Valuation Method Applied	Valuation Method Description	Assumptions
Preferred partner relationship / Advertiser and agency relationships	Multi-Period Excess Earnings Method ("MPEEM") under the Income Approach	MPEEM is an application of the DCF Method, whereby revenue derived from the intangible asset is estimated using the overall business revenue, adjusted for attrition, obsolescence, cost of goods sold, operating expenses, and taxes. Required returns attributable to other assets employed in the business are subtracted. The "excess" earnings are attributable to the intangible asset, and are discounted to present value at a rate of return to estimate the fair value of the intangible asset.	Discount rate 13% - 14%; Forecast period 6 - 10yrs.;
Developed technology and Trademarks	Relief-from-Royalty Method under the Income Approach	Under the Relief-from-Royalty method, the royalty savings is calculated by estimating a reasonable royalty rate that a third party would negotiate in a licensing agreement. Such royalties are most commonly expressed as a percentage of total revenue involving the technology.	Forecast period: 4 - 5 yrs.; Royalty Rate: Developed Technology 5% - 3%; Discount Rate: 14%;
Influencers/content creators	With-and-Without Method under the Income Approach	The With-and-Without Method compares the present value of the after-tax cash flows of the business assuming that the subject intangible asset is in place with the present value of the after-tax cash flows of the business assuming the subject asset is not in place. The difference between the present value of the two scenarios isolates the impact of the subject intangible asset and provides an estimation of fair value.	Forecast period: 4 years; Recreate Period 20 months; Discount Rate: 13%;
Customer relationships	Cost Approach	In the Replacement Cost Method, value is estimated by determining the current cost of replacing an asset with one of equivalent economic utility. The premise of the approach is that a prudent investor would pay no more for an asset than the amount for which the utility of the asset could be replaced.	Rate of Return 14%; Discount rate 13%; Discount period .5; Risk Adjusted Return Factor 1.1

The Mobcrush Acquisition was treated for tax purposes as a nontaxable transaction and, as such, the historical tax bases of the acquired assets and assumed liabilities, net operating losses, and other tax attributes of Mobcrush will carryover. As a result, no new tax goodwill was created in connection with the Mobcrush Acquisition as there is no step-up to fair value of the underlying tax bases of the acquired net assets. The acquisition method of accounting includes the establishment of a net deferred tax asset or liability resulting from book tax basis differences related to assets acquired and liabilities assumed on the date of acquisition. Acquisition date deferred tax assets primarily relate to certain net operating loss carryforwards of Mobcrush. Acquisition date deferred tax liabilities relate to specifically identified non-goodwill intangibles acquired. The estimated net deferred tax liability was determined as follows:

	Book Basis	Tax Basis	Difference
Intangible assets acquired	$ 19,500,000	$ 2,635,000	$ (16,865,000)
Tangible assets acquired	13,000		(13,000)
Estimated net operating loss carryforwards – Mobcrush	-	5,895,000	5,895,000
Net deferred tax liability – pretax			(10,983,000)
Estimated tax rate			27.98%
Estimated net deferred tax liability			$ (3,073,000)

Release of Valuation Allowance. Since inception, the Company has maintained a full valuation allowance against its net deferred tax assets. The net deferred tax liability resulting from the Mobcrush Acquisition created a source of income to utilize against the Company's existing net deferred tax assets. Under the acquisition method of accounting, the impact on the acquiring company's deferred tax assets is recorded outside of acquisition accounting. Accordingly, the valuation allowance on a portion of the Company's net deferred tax assets was released, resulting in an income tax benefit of approximately $3,073,000, recorded as a credit to income tax expense for fiscal year ended December 31, 2021. The offsetting amounts reduced net deferred tax liabilities, $3,073,000, of which reduced the net deferred tax liability established in connection with the application of the acquisition method of accounting for the Mobcrush Acquisition.

The following unaudited pro forma combined results of operations for the periods presented are provided for illustrative purposes only. The unaudited pro forma combined statements of operations for the fiscal year ended December 31, 2021 and 2020, assume the acquisition occurred as of January 1, 2020. The unaudited pro forma combined financial results do not purport to be indicative of the results of operations for future periods or the results that actually would have been realized had the entities been a single entity during these periods.

	2021	2020
Revenue	$ 14,976 ,000	$ 8,591,000
Net Loss	(26,363,000)	(29,077,000)

Pro forma adjustments primarily relate to the amortization of identifiable intangible assets acquired over the estimated economic useful life as described above, the expensing of stock options issued to former Mobcrush employees acquired in connection with the Mobcrush Acquisition, the exclusion of interest expense related to convertible debt of Mobcrush not assumed by Super League in connection with the Mobcrush Acquisition, the exclusion of nonrecurring transaction costs, and the exclusion of amortization and depreciation related to tangible and intangible assets of Mobcrush existing immediately prior to the Mobcrush Acquisition.

The unaudited pro forma combined statements of operations for the periods presented herein have been adjusted to give effect to pro forma events that are expected to have a continuing impact on the combined results. As such, the income tax benefit related to the release of valuation allowance reflected in the statement of income for the fiscal year ended December 31, 2021, as described above, totaling $3,073,000, is not reflected in the accompanying unaudited pro forma combined statements of income for the periods presented.

Acquisition of Bannerfy, LTD

On August 11, 2021, the Company entered into a Share Purchase Agreement (the "Bannerfy Purchase Agreement") with William Roberts, Colin Gillespie, and Robert Pierre (collectively, "Sellers"), pursuant to which the Company agreed to purchase, and Sellers agreed to sell, all of the issued and outstanding common shares of Bannerfy, a company organized under the laws of England and Wales for a total purchase price of $7.0 million (the "Bannerfy Purchase Price") (the "Bannerfy Acquisition"). On August 24, 2021 (the "Bannerfy Closing Date"), the Company completed the acquisition of Bannerfy.

Pursuant to the Bannerfy Purchase Agreement, upon the consummation of the Bannerfy Acquisition (the "Bannerfy Closing"), the Company paid an initial payment (subject to a holdback as described below) of $2.45 million (the "Bannerfy Closing Consideration"), paid or to be paid as follows (i) $525,000 in the form of a cash payment, and (ii) $1.92 million in the form of shares of the Company's common stock, at a price per share of $4.10, the closing price of the Company's common stock on the effective date of the Bannerfy Purchase Agreement, as reported on the Nasdaq Capital Market. Pursuant to the terms of the Bannerfy Purchase Agreement, $275,000 of the Bannerfy Closing Consideration ("Holdback Amount"), was withheld from the Bannerfy Closing Consideration to satisfy any indemnifiable losses incurred by the Company (as defined in the Bannerfy Purchase Agreement) prior to the first anniversary of the Bannerfy Closing Date. In the event the Company incurs no indemnifiable losses prior to the first anniversary of the Bannerfy Closing Date, the Company will release to the Sellers the Holdback Amount as follows: (i) $55,000 payable in the form of cash, and (ii) approximately $220,000 in the form of shares of the Company's common stock at $4.10.

In accordance with the Bannerfy Purchase Agreement, all remaining portions of the Bannerfy Purchase Price subsequent to the payment of the Bannerfy Closing Consideration, up to approximately $4.55 million (the "Contingent Consideration"), is payable upon the achievement of certain revenue and gross profit thresholds for the remainder of the 2021 fiscal year, and each of the fiscal years ending December 31, 2022, and December 31, 2023 ("Earnout Periods"). For the 2021, 2022 and 2023 Earnout Periods, 8%, 38% and 54%, respectively of the Contingent Consideration is potentially payable. The Contingent Consideration is payable in the form of both cash and shares of the Company's common stock, 21% in cash and 79% in Company common stock, based on a conversion price of $4.10 per share.

The Bannerfy Acquisition was accounted for in accordance with ASC 805. In accordance with ASC 805, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the set is not considered a business. Gross assets acquired excludes cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. A single identifiable asset includes any individual asset or group of assets that could be recognized and measured as a single identifiable asset in a business combination. When evaluating whether assets are similar, we considered the nature of each single identifiable asset and the risks associated with managing and creating outputs from the assets. Management determined that the Bannerfy Acquisition involved the acquisition of developed technology, which accounted for substantially all of the fair value of the gross assets acquired, and therefore, the Bannerfy Acquisition was determined not to be the acquisition of a business under ASC 805, and is therefore accounted for as an asset acquisition utilizing a cost accumulation model in accordance with the applicable guidance.

Transaction costs incurred in connection with the Bannerfy Acquisition totaled $62,000, which are included as a component of the purchase price paid in connection with the Bannerfy Acquisition.

The Bannerfy Purchase Price paid as of December 31, 2021, comprised of the Bannerfy Closing Consideration of $2.45 million and $62,000 of related transaction costs, was allocated to the developed technology acquired, with an estimated useful life of seven years. In addition, the carrying value of the developed technology acquired in connection with the Bannerfy Acquisition includes an adjustment related to deferred taxes, totaling $556,000, as described below. Net working capital assets acquired were not material.

Aggregated amortization expense for the fiscal year ended December 31, 2021, related to the developed technology acquired in connection with the Bannerfy Acquisition, totaled $146,000.

The Company hired the former director of Bannerfy (“Bannerfy Executive”), who was also a selling shareholder of Bannerfy. Pursuant to the provisions of the Bannerfy Purchase Agreement, in the event that the Bannerfy Executive ceases to be an employee, during any of the Earnout Periods, as a consequence of his resignation or termination for cause, as defined in the Bannerfy Purchase Agreement, the Bannerfy Executive shall only be entitled to such percentage of any Contingent Consideration payment which would otherwise be payable to him on a prorated basis based on the number of months employed during the applicable Earnout Period. Under ASC 805, a contingent consideration arrangement in which the payments are automatically forfeited if employment terminates is considered to be compensation for post-combination services, and not acquisition consideration. As such, the Contingent Consideration, if any, will be accounted for as post-combination services and expensed in the period that payment of any amounts of Contingent Consideration becomes probable and reasonably estimable.

The Bannerfy Acquisition was treated for tax purposes as a nontaxable transaction and, as such, the historical tax bases of the acquired assets and assumed liabilities, net operating losses, and other tax attributes of Bannerfy will carryover. As a result, there is no step-up to fair value of the underlying tax bases of the acquired net assets in connection with the Bannerfy Acquisition. The acquisition method of accounting includes the establishment of a net deferred tax asset or liability resulting from book tax basis differences related to assets acquired and liabilities assumed on the date of acquisition. When an acquisition of a group of assets is purchased in a transaction that is not accounted for as a business combination under ASC 805, a difference between the book and tax bases of the assets arises. ASC 740, “Income Taxes,” (“ASC 740”) requires the use of simultaneous equations to determine the assigned value of the asset and the related deferred tax asset or liability. As neither goodwill nor a bargain purchase gain is recognized in an asset acquisition, recognizing deferred tax assets or liabilities for temporary differences in an asset acquisition results in adjusting the carrying amount of the related assets and liabilities. The deferred tax liability and resulting adjustment to the carrying amount of the assets acquired in connection with the Bannerfy Acquisition was determined as follows:

	Book Basis	Tax Basis	Difference
Intangible assets acquired	$ 2,512,000	$ -	$ (2,512,000)
Estimated net operating loss carryforwards – Bannerfy		144,000	144,000
Net deferred tax liability – pretax			(2,368,000)
Estimated tax rate			19%
Estimated net deferred tax liability – Pursuant to ASC 740(1)			$ (556,000)

(1) Pursuant to ASC 740, the deferred tax liability is estimated using the following formula: (a) Applicable tax rate divided by (b) one minus the applicable tax rate, multiplied by (c) the tax basis of the net assets acquired less the initial book basis of the net assets acquired.

Bannerfy commenced operations in September 2020. As such, the historical balance sheets and statements of operations of Bannerfy were not material, and therefore unaudited pro forma combined results of operations for the periods presented are not provided for illustrative purposes. Revenues and net loss related to Bannerfy for the period from the closing date to December 31, 2021 were not material.

Bloxbiz Co. Acquisition

On October 4, 2021 ("Bloxbiz Closing Date"), the Company entered into an Asset Purchase Agreement (the "Bloxbiz Purchase Agreement") with Bloxbiz Co. and the founders of Bloxbiz (the "Founders"), pursuant to which the Company acquired (i) substantially all of the assets of Bloxbiz (the "Bloxbiz Assets"), and (ii) the personal goodwill of the Founders regarding Bloxbiz's business, (the "Bloxbiz Acquisition"). The consummation of the Bloxbiz Acquisition (the "Bloxbiz Closing") occurred simultaneously with the execution of the Bloxbiz Purchase Agreement on the Bloxbiz Closing Date.

At closing, the Company paid an aggregate total of $6.0 million to Bloxbiz and the Founders (the "Bloxbiz Closing Consideration"), of which $3.0 million was paid in the form of cash (the "Bloxbiz Closing Cash Consideration") and $3.0 million was paid in the form of shares of the Company's common stock, at a per share price of $2.91, the closing price of the Company's common stock on the Bloxbiz Closing Date, as reported on the Nasdaq Capital Market (the "Bloxbiz Stock Consideration").

Pursuant to the terms and subject to the conditions of the Bloxbiz Purchase Agreement, up to an aggregate amount $11.5 million will be payable to Bloxbiz and the Founders in connection with the achievement of certain revenue milestones for the period from the Bloxbiz Closing Date until December 31, 2022 and for the fiscal year ending December 31, 2023 (the "Bloxbiz Contingent Consideration")("Bloxbiz Earn Out Periods"). The Bloxbiz Contingent Consideration is payable in the form of both cash and shares of the Company's common stock, in equal amounts, as more specifically set forth in the Bloxbiz Purchase Agreement.

The Bloxbiz Acquisition was approved by the board of directors of each of the Company and Bloxbiz, and was approved by the stockholders of Bloxbiz.

In accordance with the acquisition method of accounting, the financial results of Super League presented herein include the financial results of Bloxbiz from the Bloxbiz Closing Date to the end of the current period presented herein. Total revenues for Bloxbiz from the Bloxbiz Closing Date to December 31, 2021 ("Bloxbiz Stub Period"), included in the consolidated statements of operations for the fiscal year ended on December 31, 2021 was $486,000. Disclosure of net loss for Bloxbiz on a stand-alone basis for the Bloxbiz Stub Period is not practical due to the integration of Bloxbiz activities, including resource allocation and related operating expenses, with those of the consolidated Company upon acquisition, consistent with Super League operating in one reporting segment.

The Company determined that the Bloxbiz Acquisition constitutes a business acquisition as defined by Accounting Standards Codification ("ASC") 805, *Business Combinations*. Accordingly, the assets acquired and liabilities assumed in the transaction were recorded at their estimated acquisition date fair values, while transaction costs associated with the acquisition were expensed as incurred pursuant to the acquisition method of accounting in accordance with ASC 805. Super League's preliminary purchase price allocation was based on an evaluation of the appropriate fair values of the assets acquired and liabilities assumed and represents management's best estimate based on available data. Fair values are determined based on the requirements of ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820").

Transaction costs incurred by the Company relating to the Bloxbiz Acquisition totaled $47,000 and were expensed as incurred in accordance with the acquisition method of accounting.

The following table summarizes the determination of the fair value of the purchase price consideration paid in connection with the Bloxbiz Acquisition:

Cash consideration at closing			$ 3,000,000
Equity consideration at closing – shares of common stock		1,031,928	
Super League closing stock price per share on the Bloxbiz Closing Date	$	2.91	
Fair value of equity consideration issued at closing	$	3,000,000	3,000,000
Fair value of total consideration issued at closing			$ 6,000,000

The fair value of the Company Common Stock used in determining the estimated fair value of the Bloxbiz Closing Consideration was $2.91 per share based on the closing price of Company Common Stock on October 4, 2021, as quoted on the Nasdaq Capital Market.

The purchase price allocation was based upon a preliminary estimate of the fair value of the assets acquired and the liabilities assumed by the Company in connection with the Bloxbiz Acquisition, as follows:

	Amount
Assets Acquired and Liabilities Assumed:	
Accounts receivable	$ 124,000
Identifiable intangible assets	1,747,000
Identifiable net assets acquired	1,871,000
Goodwill	4,129,000
Total purchase price	$ 6,000,000

The following table presents details of the fair values of the acquired intangible assets of Bloxbiz:

	Estimated Useful Life (in years)	Amount
Developed technology	7	$ 912,000
Developer relationships	3	559,000
Customer relationships	3	276,000
Total intangible assets acquired		$ 1,747,000

Aggregated amortization expense for the fiscal year ended December 31, 2021 related to intangible assets acquired in connection with the Bloxbiz Acquisition, totaled $99,000. Goodwill represents the excess of the purchase price of the acquired business over the acquisition date fair value of the net assets acquired. Goodwill recorded in connection with the Bloxbiz Acquisition is primarily attributable to expected synergies from combining the operations and assets of Super League and Bloxbiz, and also includes residual value attributable to the assembled and trained workforce acquired in the acquisition.

Management is primarily responsible for determining the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed as of the Bloxbiz Closing Date. Management considered a number of factors, including reference to a preliminary independent analysis of estimated fair values solely for the purpose of allocating the purchase price to the assets acquired and liabilities assumed. The analysis included a preliminary discounted cash flow analysis which estimated the future net cash flows expected to result from the respective assets acquired as of the Bloxbiz Closing Date. A discount rate consistent with the risks associated with achieving the estimated net cash flows was used to estimate the present value of future estimated net cash flows. The Company is in the process of finalizing the estimates and assumptions developed in connection with the independent analysis of estimated fair values of intangible assets acquired solely for the purpose of allocating the purchase price to the assets acquired and liabilities assumed. Any adjustments to the fair values of intangibles assets acquired, or estimates of economic useful lives of the intangible assets acquired, could impact the carrying value of those assets and related goodwill, as well as the estimates of periodic amortization of intangible assets acquired to be reflected in the statement of operations. In addition, the Company is in the process of finalizing its estimate and analysis of the fair values of certain tax attributes acquired. Any adjustments to the preliminary estimates of tax attributes acquired will increase or decrease the estimated net deferred tax liability recorded in connection with the acquisition method of accounting, with an offsetting adjustment to goodwill. The fair values of the intangible assets acquired in connection with the Bloxbiz acquisition were determined using the cost method. Under the cost method, value is estimated by determining the current cost of replacing an asset with one of equivalent economic utility. The premise of the approach is that a prudent investor would pay no more for an asset than the amount for which the utility of the asset could be replaced. Valuation assumptions utilized included rates of return of 30%, discount periods of 0.5 to one, risk adjusted return factors of 1.1 to 1.3 and weighted average costs of capital of 30%.

The Company hired the Founders of Bloxbiz in connection with the Bloxbiz Acquisition. Pursuant to the provisions of the Bloxbiz Purchase Agreement, in the event that a Founder ceases to be an employee during any of the Bloxbiz Earn Out Periods, as a consequence of his resignation without good cause, or termination for cause, the Bloxbiz Contingent Consideration will be reduced by one-half (50%) for the respective Bloxbiz Earn Out Periods, if and when earned. Under ASC 805, a contingent consideration arrangement in which the payments are automatically forfeited if employment terminates is considered to be compensation for post-combination services, and not acquisition consideration. As such, the Contingent Consideration, if any, will be accounted for as post-combination services and expensed in the period that payment of any amounts of Contingent Consideration becomes probable and reasonably estimable.

For tax purposes, consistent with the accounting for book purposes, the Bloxbiz Closing Consideration was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date, with the excess purchase price allocated to goodwill. As a result, no deferred tax assets or liabilities were recorded with the acquisition and all of the goodwill is expected to be deductible for tax purposes.

Bloxbiz operations commenced in December 2020. As such, the historical balance sheets and statements of operations of Bloxbiz were not material, and therefore unaudited pro forma combined results of operations for the periods presented are not provided for illustrative purposes.

Other

On June 6, 2019, we acquired Framerate, Inc., (“Framerate”). The underlying agreement provided for the issuance of up to an additional $980,000 worth of shares of the Company’s common stock, at a price of $7.44 per share (the “Earn-Out Shares”), in the event Framerate achieved certain performance-based milestones during the two-year period following the closing of the acquisition (the “Earn-Out”). One-half of the Earn-Out Shares are issuable on the one-year anniversary of the Effective Date, and the remaining one-half are issuable on the second anniversary of the Effective Date. In June 2020, we issued an additional 32,936 shares of our common stock to the former shareholders of Framerate in connection with the achievement of certain components of the year-one earn-out related performance milestones.

6. NOTE PAYABLE

Long-Term Note Payable

On May 4, 2020, the Company entered into a forgivable loan from the U.S. Small Business Administration ("SBA") resulting in net proceeds of $1,200,047 pursuant to the Paycheck Protection Program ("PPP") enacted by Congress under the CARES Act administered by the SBA (the "PPP Loan"). To facilitate the PPP Loan, the Company entered into a Note Payable Agreement with a bank (the "Lender") (the "PPP Loan Agreement"). The PPP Loan had an original maturity date of May 4, 2022, and accrued interest at a rate of 1.00% per annum, with interest accruing throughout the period the PPP Loan was outstanding, or until forgiven.

The PPP Loan was accounted for as a financial liability in accordance with FASB ASC 470, "*Debt.*" Accordingly, the proceeds from the PPP Loan were recorded as a long-term liability on the balance sheet until either (1) the loan is, in part or wholly, forgiven and the company had been "legally released" or (2) the Company paid off the loan to the Lender. Interest was accrued in accordance with the interest method.

In May 2021, the PPP loan was forgiven pursuant to the terms and conditions of the PPP Loan Agreement and the provision of the Cares Act. Upon forgiveness, and legal release, the Company reduced the liability by the amount forgiven, totaling $1,213,000 and recorded a gain on extinguishment in the accompanying statement of operations.

7. STOCKHOLDERS' EQUITY

Preferred Stock

The Company's initial certificate of incorporation authorized 5,000,000 shares of preferred stock, par value $0.001 per share. No preferred stock had been issued and outstanding since inception of the Company. In October 2016, the Company's Board of Directors (the "Board of Directors") and a majority of the holders of the Company's common stock approved an amendment and restatement of the certificate of incorporation which, in part, eliminated the authorized preferred stock. In August 2018, the Board of Directors approved a second amendment and restatement of the Company's amended and restated certificate of incorporation (the "Amended and Restated Charter") to, in part, increase the Company's authorized capital to a total of 110.0 million shares, including 10.0 million shares of newly created preferred stock, par value $0.001 per share ("Preferred Stock"), authorize the Board of Directors to fix the designation and number of each series of Preferred Stock, and to determine or change the designation, relative rights, preferences, and limitations of any series of Preferred Stock. The Amended and Restated Charter was approved by a majority of the Company's stockholders in September 2018, and was filed with the State of Delaware in November 2018. All references in the accompanying consolidated financial statements to Preferred Stock have been restated to reflect the Amended and Restated Charter.

Common Stock

The Amended and Restated Charter also increased the Company's authorized capital to include 100.0 million shares of common stock, par value $0.001, and removed the deemed liquidation provision, as such term is defined in the Amended and Restated Charter. Each holder of common stock is entitled to one vote for each share of common stock held at all meetings of stockholders.

Financing Activities

Fiscal year ended December 31, 2021:

In January 2021, the Company issued 3,076,924 shares of common stock at a price of $2.60 per share, raising aggregate net proceeds of approximately $8.0 million, after deducting offering expenses totaling $73,000.

In February 2021, the Company issued 2,926,830 shares of common stock at a price of $4.10 per share, raising aggregate net proceeds of approximately $12.0 million, after deducting offering expenses totaling $70,000.

In March 2021, the Company issued 1,512,499 shares of common stock at a price of $9.00 per share, raising aggregate net proceeds of approximately $13.6 million, after deducting offering expenses totaling $72,000.

The offerings described above were made pursuant to an effective shelf registration statement on Form S-3, which was originally filed with the Securities and Exchange Commission on April 10, 2020 (File No. 333-237626). The net proceeds from these offerings were intended to be used for working capital and other general corporate purposes, including sales and marketing activities, product development and capital expenditures. The Company also reserved the right to use a portion of the net proceeds for the acquisition of, or investment in, technologies, solutions or businesses.

Equity Distribution Agreement

On September 3, 2021, the Company entered into an Equity Distribution Agreement (the "Sales Agreement") with two investment banks (the "Agents"), pursuant to which the Company may offer and sell, from time to time, through the Agents (the "Offering"), up to $75 million of its shares of common stock, par value $0.001 per share (the "Shares"). Any Shares offered and sold in the Offering will be issued pursuant to the Company's Registration Statement on Form S-3 filed with the Securities and Exchange Commission (the "SEC") on September 3, 2021 (the "Form S-3") and the prospectus relating to the Offering that forms a part of the Form S-3, following such time as the Form S-3 is declared effective by the SEC.

Subject to the terms and conditions of the Sales Agreement, the Agents will use their commercially reasonable efforts to sell the Shares from time to time, based upon the Company's instructions. Under the Sales Agreement, the Agents may sell the Shares by any method permitted by law deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), including, without limitation, sales made directly on the Nasdaq Capital Market, on any other existing trading market for the Company's common stock or to or through a market maker. The Agents may also sell Shares in privately negotiated transactions, provided that the Agents receive the Company's prior written approval.

The Company has no obligation to sell any of the Shares, and may at any time suspend offers under the Sales Agreement. The Offering will terminate upon the earlier of (a) the sale of all of the Shares, (b) the termination by the mutual written agreement of the managing agent and the Company, or (c) one year from the date that the Form S-3 is declared effective by the SEC.

Under the terms of the Sales Agreement, the Agents will be entitled to an aggregate commission at a fixed rate of 3.0% of the gross sales price of Shares sold under the Sales Agreement.

The Company intends to use the net proceeds from any "at-the-market" offering primarily for working capital and general corporate purposes, including sales and marketing activities, product development and capital and acquisition related expenditures. The Company may also use a portion of the net proceeds for the acquisition of, or investment in, technologies, solutions or businesses.

Fiscal year ended December 31, 2020:

In May 2020, the Company issued 1,825,000 shares of common stock at a price of $3.50 per share, raising aggregate net proceeds of approximately $6.0 million, after deducting placement agent fees of $319,000 and other offering expenses totaling $116,000. The offering was made pursuant to an effective shelf registration statement on Form S-3 previously filed with the U.S. Securities and Exchange Commission.

In August 2020, the Company issued 4,540,541 shares of common stock at a price of $1.85 per share, raising aggregate net proceeds of approximately $7.6 million, after deducting placement agent fees of $588,000 and other offering expenses totaling $180,000. The offering was conducted pursuant to the Company's effective Registration Statements on Form S-1 (File No. 333-248248), and a related registration statement filed pursuant to Rule 462(b) under the Securities Act. In addition, pursuant to the terms of the related underwriting agreement, the Company granted to the underwriter a 30-day over-allotment option to purchase up to an additional 681,081 Shares at the same public offering price per share, less discounts and commissions, which was partially exercised in September 2020, resulting in the issuance of 448,440 shares of common stock and net proceeds of $771,000, after deducting placement agent fees of $58,000. The net proceeds from this offering were utilized for working capital and other general corporate purposes, including sales and marketing activities, product development and capital expenditures.

8. STOCK-BASED INCENTIVE PLANS

The Super League 2014 Stock Option and Incentive Plan (the "Plan") was approved by the Board of Directors and the stockholders of Super League in October 2014. The Plan was subsequently amended in May 2015, May 2016, July 2017 and October 2018. The Plan allows grants of stock options, stock awards and performance shares with respect to common stock of the Company to eligible individuals, which generally includes directors, officers, employees, advisors and consultants. The Plan provides for both the direct award and sale of shares of common stock and for the grant of options to purchase shares of common stock. Options granted under the Plan include non-statutory options as well as incentive options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended.

The Board of Directors administers the Plan and determines which eligible individuals are to receive option grants or stock issuances under the Plan, the times when the grants or issuances are to be made, the number of shares of common stock subject to each grant or issuance, the status of any granted option as either an incentive stock option or a non-statutory stock option under the federal tax laws, the vesting schedule to be in effect for the option grant or stock issuance and the maximum term for which any granted option is to remain outstanding. The exercise price of options is generally equal to the fair market value of common stock of the Company on the date of grant. Options generally begin to be exercisable six months to one year after grant and typically expire 10 years after grant. Stock options and restricted shares generally vest over two to four years (generally representing the requisite service period). The Plan terminates automatically on July 1, 2027. The Plan provides for the following programs:

Option Grants

Under the discretionary option grant program, the Company's compensation committee of the Board of Directors may grant (1) non-statutory options to purchase shares of common stock to eligible individuals in the employ or service of Super League or its affiliates (including employees, non-employee members of the Board of Directors and consultants) at an exercise price not less than 85% of the fair market value of such shares on the grant date, and (2) incentive stock options to purchase shares of common stock to eligible employees at an exercise price not less than 100% of the fair market value of such shares on the grant date (not less than 110% of fair market value if such employee actually or constructively owns more than 10% of Super League's voting stock or the voting stock of any of its subsidiaries).

Stock Awards or Sales

Under the stock award or sales program, eligible individuals may be issued shares of common stock of the Company directly, upon the attainment of performance milestones or the completion of a specified period of service or as a bonus for past services. Under this program, the purchase price for the shares will not be less than 100% of the fair market value of the shares on the date of issuance, and payment may be in the form of cash or past services rendered. Eligible individuals will have no stockholder rights with respect to any unvested restricted shares or restricted stock units issued to them under the stock award or sales program; however, eligible individuals will have the right to receive any regular cash dividends paid on such shares.

The initial reserve under the Plan was 583,334 shares of common stock, which reserve was subsequently increased to 1,000,000 shares upon stockholders' approval in May 2016. In July 2017, the Company amended and restated the Plan to increase the number of shares of common stock reserved thereunder from 1,000,000 shares to 1,500,000 shares. In October 2018, the Company amended and restated the Plan to increase the number of shares of common stock reserved thereunder from 1,500,000 shares to 1,833,334 shares. In July 2020, the Company's shareholders approved an amendment to the Plan to increase the number of shares authorized for issuance from 1,833,334 to 2,583,334. In May 2021, the Company's shareholders approved an amendment to the Plan to increase the number of shares authorized for issuance from 2,583,334 to 5,000,000. As of December 31, 2021, 1,840,995 shares remained available for issuance under the Plan.

Super League issues new shares of common stock upon the exercise of stock options, the grant of restricted stock, or the delivery of shares pursuant to vested restricted stock units. The compensation committee of the Board of Directors may amend or modify the Plan at any time, subject to any required approval by the stockholders of the Company, pursuant to the terms therein.

Stock Options

The fair value of stock options granted was estimated on their respective grant dates using the Black-Scholes-Merton option pricing model and the following weighted-average assumptions for the years ended December 31, 2021 and 2020:

	2021	2020
Volatility	95%	95%
Risk–free interest rate	.99%	.47%
Dividend yield	-%	-%
Expected life of options (in years)	5.86	6.02

A summary of stock option activity for the year ended December 31, 2021 is as follows:

	Options (#)	Weighted-Average Exercise Price Per Share ($)	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($)
Outstanding at December 31, 2020	1,638,000	$ 5.59		$ 308,000
Granted	998,000	$ 4.50		
Exercised	(35,000)	$ 3.17		
Canceled / forfeited	(168,000)	$ 5.63		
Outstanding at December 31, 2021	2,433,000	$ 5.18	7.73	$ 246,000
Vested and exercisable at December 31, 2021	1,004,000	$ 6.66	5.82	$ 242,000

The weighted-average grant date fair value of stock options granted during the years ended December 31, 2021 and 2020 was $3.40 and $2.23, respectively. The total intrinsic value of stock options exercised during the years ended December 31, 2021 and 2020 was $121,000 and $0, respectively. The aggregate fair value of stock options that vested during the years ended December 31, 2021 and 2020 was $720,000 and $620,000, respectively. As of December 31, 2021, the total unrecognized compensation expense related to non-vested stock option awards was $3,749,000, which is expected to be recognized over a weighted-average term of approximately three years.

In February 2020, the Board of Directors approved the cancellation of 540,000 stock options in exchange for 243,000 RSUs (the "Stock Swap") for seven employees. The stock options canceled had a weighted average exercise price of $10.16 and a weighted average grant date fair value of $8.33. The RSUs issued had weighted average grant date fair value of $2.60 and vest over two years. Cancellation of an existing equity-classified award along with a concurrent grant of a replacement award is accounted for as a modification under ASC 718, "Stock-based Compensation." Total compensation cost to be recognized is equal to the original grant date fair value plus any incremental fair value calculated as the excess of the fair value of the replacement RSUs over the fair value of the original stock option awards on the cancellation date. Any incremental compensation cost is recognized prospectively over the remaining service period, in addition to the remaining unrecognized grant date fair value. There was no incremental compensation cost in connection with the Stock Swap. The net impact of the Stock Swap was to return 297,000 shares to the share reserve under the Plan for the Company's future employee related incentive and retention activities.

Restricted Stock Units

The following table summarizes non-vested restricted stock unit activity for the year ended December 31, 2021:

	Restricted Stock Units (#)	Weighted Average Grant Date Fair Value ($)
Non-vested restricted stock units at December 31, 2020	382,000	$ 4.68
Granted	250,000	$ 4.81
Vested	(260,000)	$ 4.07
Canceled	(11,000)	$ 9.91
Non-vested restricted stock units at December 31, 2021	361,000	$ 5.05

As of December 31, 2021, the total unrecognized compensation expenses related to non-vested restricted stock units was $864,000, which will be recognized over a weighted-average term of approximately 1.8 years.

Warrants Issued to Employees and Nonemployees for Services

A summary of employee and nonemployee warrant activity for the year ended December 31, 2021 is as follows:

		Weighted-Average		
	Warrants (#)	Exercise Price Per Share ($)	Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($)
Outstanding at December 31, 2020	964,000	$ 10.02		
Expired	(183,000)	$ 9.00		$ -
Outstanding at December 31, 2021	781,000	$ 10.26	4.56	$ -
Vested and exercisable as of December 31, 2021	781,000	$ 10.26	4.56	$ -

Compensation expense related to common stock purchase warrants was $0 and $282,000 for the years ended December 31, 2021 and 2020, respectively. No warrants were granted to employees or non-employees in exchange for services performed during the periods presented herein. The aggregate fair value of warrants that vested during the years ended December 31, 2021 and 2020 was $0 and $206,000, respectively. As of December 31, 2021, the total unrecognized compensation expense related to warrants was $0.

Noncash Stock Compensation Expense

Noncash stock-based compensation expense for the periods presented was comprised of the following:

	2021	2020
Stock options	$ 1,148,000	$ 745,000
Warrants	-	282,000
Restricted stock units	1,233,000	836,000
Other	-	141,000
Total noncash stock compensation expense	$ 2,381,000	$ 2,004,000

Noncash stock-based compensation expense for the periods presented was included in the following financial statement line items:

	2021	2020
Sales, marketing and advertising	$ 934,000	$ 849,000
Engineering, technology and development	288,000	254,000
General and administrative	1,159,000	901,000
Total noncash stock compensation expense	$ 2,381,000	$ 2,004,000

9. INCOME TAXES

Super League's provision for income taxes consisted of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Current:		
Federal taxes	$ -	$ -
State taxes	-	-
Total current	$ -	$ -

	2021	2020
Deferred:		
Federal taxes	$ (4,654,000)	$ 2,919,000
State taxes	(969,000)	886,000
Foreign	(38,000)	-
Subtotal	(5,661,000)	3,805,000
Change in valuation allowance	2,550,000	(3,805,000)
Total deferred	(3,111,000)	-
Provision for income taxes	$ (3,111,000)	$ -

The tax effects of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities consist of the following as of December 31, 2021 and 2020.

	2021	2020
Deferred tax assets (liabilities):		
Net operating loss and credits	$ 27,963,000	$ 20,799,000
Stock compensation	2,837,000	3,155,000
Accrued liabilities	11,000	65,000
Fixed assets and intangibles	(4,812,000)	(106,000)
State taxes	1,000	-
Total deferred tax assets	26,000,000	23,913,000
Valuation allowance	(26,518,000)	(23,913,000)
Total deferred tax assets, net of valuation allowance	$ (518,000)	$ -

A reconciliation of the federal statutory income tax rate and the effective income tax rate is as follows:

	2021	2020
Statutory federal tax rate - (benefit) expense	21%	21%
State tax, net	-	-
Non-deductible permanent items	(2)	(1)
Valuation allowance	(6)	(20)
	13%	-%

For the years ended December 31, 2021 and 2020, the Company recorded full valuation allowances against its domestic net deferred tax assets due to uncertainty regarding future realizability pursuant to guidance set forth in the FASB's Accounting Standards Codification Topic No. 740, Income Taxes. In future periods, if the Company determines it will more likely than not be able to realize these amounts, the applicable portion of the benefit from the release of the valuation allowance will generally be recognized in the statements of operations in the period the determination is made. The Company does not maintain a valuation allowance on the activity in the UK from its recent acquisition of Bannerfy Ltd due to the deferred tax liability position.

At December 31, 2021, the Company had U.S. federal, state income tax, and foreign net operating loss carryforwards of approximating $102,096,000, $92,469,000 and $343,000, respectively, expiring through 2041. Utilization of the net operating loss carryforwards may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by Section 382 of the Internal Revenue Code of 1986, as amended, as well as similar state provisions. The Company has not completed a study to assess whether an ownership change has occurred or whether there have been multiple ownership changes since the Company's formation due to the complexity and cost associated with such a study, and the fact that there may be additional such ownership changes in the future.

10. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leased office space under an operating lease agreement which expired on May 31, 2017, and was amended to a month-to-month basis lease. In June 2020, we terminated the lease for the majority of our corporate headquarters (approximately 4,965 square feet). As of December 31, 2021 we maintain approximately 3,200 square feet of office space, 1,650 square feet of which is on a month-to-month basis, and 1,550 square feet of which is subject to a two-year lease, commencing on August 1, 2021, at a combined rate of approximately $11,800 per month.

Rent expense for the years ended December 31, 2021 and 2020 was approximately $111,000 and $200,000, respectively, and is included in general and administrative expenses in the accompanying statements of operations. Rental payments are expensed in the statements of operations in the period to which they relate. Scheduled rent increases, if any, are amortized on a straight-line basis over the lease term.

Related Party Transactions

In May 2018, the Company entered into a consulting agreement with a member of the Board of Directors, pursuant to which the board member provides the Company with strategic advice and planning services for which he receives a cash payment of $7,500 per month from the Company. The consulting agreement had an initial term ending December 31, 2019, and could be extended upon mutual agreement of the board member and the Company. The consulting agreement was extended throughout fiscal year 2020 and fiscal year 2021.

11. SUBSEQUENT EVENTS

The Company evaluated subsequent events for their potential impact on the consolidated financial statements and disclosures through the date the consolidated financial statements were available to be issued and determined that, except as set forth below, no subsequent events occurred that were reasonably expected to impact the consolidated financial statements presented herein.

Common Stock Purchase Agreement

On March 25, 2022, we entered into a common stock purchase agreement (the "Purchase Agreement") with Tumim Stone Capital, LLC ("Tumim"). Pursuant to the Purchase Agreement, the Company has the right, but not the obligation, to sell to Tumim, and Tumim is obligated to purchase, up to $10,000,000 of newly issued shares (the "Total Commitment") of the Company's common stock, par value $0.001 per share from time to time during the term of the Purchase Agreement (the "Tumim Offering"), subject to certain limitations and conditions. As consideration for Tumim's commitment to purchase shares of common stock under the Purchase Agreement, the Company issued to Tumim 50,000 shares of common stock, valued at $100,000, following the execution of the Purchase Agreement (the "Commitment Shares").

The Purchase Agreement initially precludes the Company from issuing and selling more than 7,361,833 shares of its common stock, including the Commitment Shares, which number equals 19.99% of the common stock issued and outstanding as of March 25, 2022, unless the Company obtains stockholder approval to issue additional shares, or unless certain exceptions apply. In addition, a beneficial ownership limitation in the agreement initially limits the Company from directing Tumim to purchase shares of common stock if such purchases would result in Tumim beneficially owning more than 4.99% of the then-outstanding shares of common stock (subject to an increase to 9.99% at Tumim's option upon at least 61 calendar days' notice).

From and after the initial satisfaction of the conditions to the Company's right to commence sales of common stock to Tumim (such event, the "Commencement," and the date of initial satisfaction of all such conditions, the "Commencement Date"), the Company may direct Tumim to purchase shares of common stock at a purchase price per share equal to 95% of the average daily dollar volume-weighted average price for the common stock during the three consecutive trading day period immediately following the date on which the Company delivers to Tumim a notice for such purchase. The Company will control the timing and amount of any such sales of common stock to Tumim. Actual sales of shares of common stock to Tumim will depend on a variety of factors to be determined by the Company from time to time, including, among other things, market conditions, the trading price of the common stock, and determinations by the Company as to the appropriate sources of funding for the Company and its operations.

The Commencement Date of the Tumim Offering was March 25, 2022. Unless earlier terminated, the Purchase Agreement will automatically terminate upon the earliest of (i) the expiration of the 18-month period following the Commencement Date, (ii) Tumim's purchase or receipt of the Total Commitment worth of common stock, or (iii) the occurrence of certain other events set forth in the Purchase Agreement. The Company has the right to terminate the Purchase Agreement at any time after Commencement, at no cost or penalty, upon five trading days' prior written notice to Tumim. Tumim has the right to terminate the Purchase Agreement upon five trading days' prior written notice to the Company, but only upon the occurrence of certain events set forth in the Purchase Agreement.

The Company intends to use the net proceeds, if any, from the Tumim Offering for working capital and general corporate purposes, including sales and marketing activities, product development and capital expenditures. The Company may also use a portion of the net proceeds to acquire or invest in complementary businesses, products and technologies. The Purchase Agreement contains customary representations, warranties and agreements by the Company, as well as customary indemnification obligations of the Company.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUPER LEAGUE GAMING, INC.

Date: March 31, 2022

By: /s/ Ann Hand
Ann Hand
President and Chief Executive Officer
(Principal Executive Officer)

SUPER LEAGUE GAMING, INC.

Date: March 31, 2022

By: /s/ Clayton Haynes
Clayton Haynes
Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Ann Hand Ann Hand	Chief Executive Officer, President, Chair of the Board (Principal Executive Officer)	March 31, 2022
/s/ Clayton Haynes Clayton Haynes	Chief Financial Officer (Principal Financial and Accounting Officer)	March 31, 2022
/s/ David Steigelfest David Steigelfest	Director	March 31, 2022
/s/ Jeff Gehl Jeff Gehl	Director	March 31, 2022
/s/ Kristin Patrick Kristin Patrick	Director	March 31, 2022
/s/ Mark Jung Mark Jung	Director	March 31, 2022
/s/ Michael Keller Michael Keller	Director	March 31, 2022
/s/ Michael Wann Michael Wann	Director	March 31, 2022

Exhibit 5.1

March 31, 2022

Super League Gaming, Inc.
2912 Colorado Avenue, Suite 203
Santa Monica, California 90404

Ladies and Gentlemen:

You have requested our opinion, as counsel to Super League Gaming, Inc., a Delaware corporation (the "*Company*"), with respect to certain matters in connection with the proposed offer and sale by the Company of up to $10,100,000 in newly issued shares of its common stock, par value $0.001 (the "*Shares*") to be issued pursuant to an "equity line of credit" pursuant to the terms of a Common Stock Purchase Agreement, dated March 25, 2022 (the "*Purchase Agreement*"), by and between the Company and Tumim Stone Capital, LLC (the "*Tumim*"). The Shares are being offered and sold pursuant to (i) a currently effective shelf registration statement on Form S-3 (File No. 333-259347) that was originally filed under the Securities Act of 1933, as amended (the "*Securities Act*"), with the Securities and Exchange Commission (the "*Commission*") on September 7, 2021 and declared effective by the Commission on November 16, 2021 (as amended, the "*Registration Statement*"), (ii) the base prospectus contained in the Registration Statement (the "*Base Prospectus*"), and (iii) the prospectus supplement relating to the offering filed with the Commission pursuant to Rule 424(b) under the Securities Act (the "*Prospectus Supplement*," and, together with the Base Prospectus, the "*Prospectus*"). This opinion letter is furnished to you at your request to enable you to fulfill the requirements of Item 601(b)(5) of Regulation S-K, 17 C.F.R. § 229.601(b)(5), in connection with the Registration Statement.

In connection with the preparation of this opinion, we have examined and relied upon the Registration Statement and the Prospectus, the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, as currently in effect, and the originals or copies certified to our satisfaction of such records, documents, certificates, memoranda and other instruments as we have deemed relevant in connection with this opinion. We have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as copies, and the accuracy, completeness and authenticity of certificates of public officials.

The opinions set forth in this letter are limited to the Delaware General Corporation Law and the law of the State of California, in each case as in effect on the date hereof. We are not rendering any opinion as to compliance with any federal or state antifraud law, rule or regulation relating to securities or to the sale or issuance thereof. On the basis of the foregoing, and in reliance thereon, and subject to the qualifications herein stated, we are of the opinion that the Shares have been duly authorized by all necessary corporate action on the part of the Company and when issued and sold in the manner described in the Registration Statement, the Prospectus and the Purchase Agreement, will be validly issued, fully paid and non-assessable.

We consent to the reference to our firm under the caption "*Legal Matters*" in the Prospectus and to the filing of this opinion as an exhibit to a Current Report on Form 8-K to be filed with the Commission for incorporation by reference into the Registration Statement. In giving this consent, we do not admit that we are "experts" within the meaning of Section 11 of the Act or within the category of persons whose consent is required by Section 7 of the Securities Act.

This opinion is intended solely for use in connection with the offer and sale of the Shares pursuant to the Registration Statement and the Prospectus, and may only be relied upon by you and by persons entitled by law to rely upon it pursuant to the applicable provisions of the federal securities laws. This opinion is rendered as of the date hereof and based solely on our understanding of facts in existence as of such date after the examination described in this opinion. We assume no obligation to advise you of any fact, circumstance, event or change in the law or the facts that may hereafter be brought to our attention whether or not such occurrence would affect or modify the opinions expressed herein.

Very truly yours,

/s/ Disclosure Law Group
Disclosure Law Group, a Professional Corporation

Exhibit 10.31

COMMON STOCK PURCHASE AGREEMENT

DATED AS OF MARCH 25, 2022

BY AND BETWEEN

SUPER LEAGUE GAMING, INC.

AND

TUMIM STONE CAPITAL, LLC

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COMMON STOCK PURCHASE AGREEMENT

This **COMMON STOCK PURCHASE AGREEMENT** is made and entered into as of March 25, 2022 (this "***Agreement***"), by and between Tumim Stone Capital LLC, a Delaware limited liability company (the "***Investor***"), and Super League Gaming, Inc., a Delaware corporation (the "***Company***"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in Annex I hereto.

RECITALS

WHEREAS, the parties desire that, upon the terms and subject to the conditions and limitations set forth herein, the Company may issue and sell to the Investor, from time to time as provided herein, and the Investor shall purchase from the Company, up to the lesser of (a) $10,000,000 worth of newly issued shares of the Company's common stock, par value $0.001 per share ("***Common Stock***"), and (b) the Exchange Cap (to the extent applicable under Section 2.3 hereof);

WHEREAS, in consideration for the Investor's execution and delivery of this Agreement, the Company is causing its transfer agent to issue to the Investor the Commitment Shares in accordance with the terms and subject to the conditions of this Agreement; and

WHEREAS, the issuance of the Commitment Shares and the offer and sale of the Shares hereunder have been registered by the Company in the Registration Statement, which has been declared effective by order of the Commission under the Securities Act.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I
PURCHASE AND SALE OF COMMON STOCK

Section 1.1 Purchase and Sale of Stock. Upon the terms and subject to the conditions of this Agreement, during the Investment Period, the Company, in its sole discretion, shall have the right, but not the obligation, to issue and sell to the Investor, and the Investor shall purchase from the Company, up to the lesser of (a) $10,000,000 in aggregate gross purchase price of duly authorized, validly issued, fully paid and non-assessable shares of Common Stock (the "***Total Commitment***"), and (b) the Exchange Cap, to the extent applicable under Section 2.3 (such lesser amount of shares of Common Stock, the "***Aggregate Limit***"), by the delivery to the Investor of VWAP Purchase Notices as provided in Article II.

Section 1.2 Commencement Date; Settlement Dates. This Agreement shall become effective and binding upon the payment of the Investor Expense Reimbursement pursuant to Section 9.1, the delivery of irrevocable instructions to issue the Commitment Shares to the Investor or its designee(s) as provided in Sections 2.5 and 6.1, the delivery of counterpart signature pages of this Agreement executed by each of the parties hereto, and the delivery of all other documents, instruments and writings required to be delivered on the Commencement Date, in each case as provided in Section 6.1, to the offices of Stradling Yocca Carlson & Rauth, P.C., 660 Newport Center Drive, Suite 1600, Newport Beach, CA 92660, at 3:00 p.m., New York time, or at such other time as the parties may agree, on the Commencement Date. In consideration of and in express reliance upon the representations, warranties and covenants contained in, and otherwise upon the terms and subject to the conditions of this Agreement, from and after the Commencement Date and during the Investment Period the Company shall issue and sell to the Investor, and the Investor shall purchase from the Company, the Shares in respect of each VWAP Purchase. The settlement of Shares to be purchased by the Investor pursuant to each VWAP Purchase shall occur on the applicable VWAP Purchase Settlement Date in accordance with Section 2.2.

Section 1.3 Reservation of Common Stock. The Company has or shall have duly authorized and reserved for issuance, and covenants to continue to so reserve once reserved for issuance, free of all preemptive and other similar rights, at all times during the Investment Period, the requisite aggregate number of authorized but unissued shares of its Common Stock to timely effect the issuance, sale and delivery in full to the Investor of all Shares to be issued in respect of all VWAP Purchases under this Agreement, in any case prior to the issuance to the Investor of such Shares.

Section 1.4 Current Report; Prospectus Supplement. As soon as practicable, but in any event not later than 5:30 p.m. (New York time) on the Trading Day immediately following the Commencement Date, the Company shall file with the Commission a Current Report on Form 8-K relating to the transactions contemplated by, and describing the material terms and conditions of, this Agreement (the "***Current Report***"). As soon as practicable, but in any event not later than 5:30 p.m. (New York time) on the second (2nd) Trading Day immediately following the Commencement Date, the Company shall file with the Commission a Prospectus Supplement pursuant to Rule 424(b) under the Securities Act specifically relating to the transactions contemplated by, and describing the material terms and conditions of, this Agreement, containing information previously omitted at the time of effectiveness of the Registration Statement in reliance on Rule 430B under the Securities Act, and disclosing all information relating to the transactions contemplated hereby required to be disclosed in the Registration Statement and the Prospectus as of the Commencement Date, including, without limitation, information required to be disclosed in the section captioned "Plan of Distribution" in the Prospectus (the "***Initial Prospectus Supplement***"). The Current Report shall include a copy of this Agreement as an exhibit and shall be incorporated by reference in the Registration Statement and the Prospectus. The Company has, prior to the date hereof, provided the Investor a reasonable opportunity to comment on a draft of the Current Report and the Initial Prospectus Supplement and has given due consideration to all such comments (provided, however, that the failure of the Investor to make any objection to the form and content thereof shall not relieve the Company of any obligation or liability under this Agreement or affect the Investor's right to rely on the representations and warranties made by the Company in this Agreement). If the transactions contemplated by any VWAP Purchase are material to the Company (individually or collectively with other prior VWAP Purchases, the terms of which have not previously been reported in any Prospectus Supplement filed with the Commission under Rule 424(b) under the Securities Act or in any report, statement or other document filed by the Company with the Commission under the Exchange Act), or if otherwise required under the Securities Act (or the interpretations of the Commission thereof), in each case as reasonably determined by the Company, then, at or prior to 9:00 a.m. (New York time) on the first Trading Day of the VWAP Purchase Valuation Period with respect to such VWAP Purchase, the Company shall file with the Commission a Prospectus Supplement pursuant to Rule 424(b) under the Securities Act or a Current Report on Form 8-K with respect to the applicable VWAP Purchase disclosing the total number of Shares that are to be issued and sold to the Investor pursuant to such VWAP Purchase and the material terms of such VWAP Purchase (to the extent such terms have not previously been reported in any Prospectus Supplement filed with the Commission under Rule 424(b) under the Securities Act or in any report, statement or other document filed by the Company with the Commission under the Exchange Act) and, at or prior to 9:00 a.m. (New York time) on the VWAP Purchase Settlement Date with respect to such VWAP Purchase, the Company shall file with the Commission an additional Prospectus Supplement pursuant to Rule 424(b) under the Securities Act or a Current Report on Form 8-K with respect to the applicable VWAP Purchase disclosing the applicable VWAP Purchase Price for the Shares subject to such VWAP Purchase, the total aggregate VWAP Purchase Price for such Shares and the net proceeds that are to be received by the Company from the sale of such Shares. To the extent not previously disclosed in a Prospectus Supplement or a Current Report on Form 8-K filed with the Commission, and to the extent deemed material to the Company, the Company shall disclose, in each Quarterly Report on Form 10-Q and Annual Report on Form 10-K filed with the Commission, the information described in the immediately preceding sentence relating to all VWAP Purchase(s) consummated during the relevant fiscal quarter.

ARTICLE II
VWAP PURCHASE TERMS

Subject to the satisfaction or (to the extent permitted by applicable law) waiver of the conditions set forth in this Agreement, the parties agree (unless otherwise mutually agreed upon by the parties in writing) as follows:

Section 2.1 VWAP Purchases. Upon the initial satisfaction of all of the conditions set forth in Section 6.1 (such event, the "***Commencement***" and the date of initial satisfaction of all of such conditions, the "***Commencement Date***") and from time to time thereafter, subject to the satisfaction of all of the conditions set forth in Section 6.2 and 6.3, the Company shall have the right, but not the obligation, to direct the Investor, by its delivery to the Investor of a VWAP Purchase Notice on a VWAP Purchase Exercise Date to purchase the applicable VWAP Purchase Share Amount, not to exceed the applicable VWAP Purchase Maximum Amount, at the applicable VWAP Purchase Price therefor (as confirmed in the applicable VWAP Purchase Confirmation) in accordance with this Agreement (each such purchase, a "***VWAP Purchase***"); provided, however, that the VWAP Purchase Maximum Amount may be waived by the Investor, in its sole discretion, at any time with respect to any VWAP Purchase upon delivering written notice to the Company. The Company may deliver to the Investor a VWAP Purchase Notice on any Trading Day selected by the Company as the VWAP Purchase Exercise Date with respect to such VWAP Purchase, so long as (a) at least three (3) Trading Days have elapsed since the most recent prior VWAP Purchase Exercise Date on which the Company delivered to the Investor a VWAP Purchase Notice for a prior VWAP Purchase pursuant to this Agreement, and (b) all Shares subject to all prior VWAP Purchase Notices delivered by the Company to the Investor pursuant to this Agreement (if any) have theretofore been received by the Investor or its Broker-Dealer as DWAC Shares prior to the Company's delivery to the Investor of such VWAP Purchase Notice; provided, however, that each of the foregoing conditions in this sentence may be waived by the Investor, in its sole discretion, at any time with respect to any VWAP Purchase, upon delivering written notice to the Company. The Investor is obligated to accept each VWAP Purchase Notice prepared and timely delivered by the Company in accordance with the terms of and subject to the satisfaction of the conditions contained in this Agreement. If the Company delivers any VWAP Purchase Notice directing the Investor to purchase a VWAP Purchase Share Amount in excess of the applicable VWAP Purchase Maximum Amount that the Company is permitted to include in such VWAP Purchase Notice, such VWAP Purchase Notice shall be void *ab initio* to the extent of the amount by which the VWAP Purchase Share Amount set forth in such VWAP Purchase Notice exceeds such applicable VWAP Purchase Maximum Amount, and the Investor shall have no obligation to purchase, and shall not purchase, such excess Shares pursuant to such VWAP Purchase Notice; provided, however, that the Investor shall remain obligated to purchase the applicable VWAP Purchase Maximum Amount pursuant to such VWAP Purchase Notice. At or prior to 9:30 a.m., New York City time, on the Trading Day immediately following the VWAP Purchase Valuation Period for a VWAP Purchase (each, a "***VWAP Purchase Settlement Date***"), the Investor shall provide to the Company a written confirmation for such VWAP Purchase setting forth the applicable VWAP Purchase Share Amount and the applicable VWAP Purchase Price (both on a per Share basis and the total aggregate VWAP Purchase Price to be paid by the Investor for such applicable VWAP Purchase Share Amount) with respect to such VWAP Purchase (each, a "***VWAP Purchase Confirmation***").

Section 2.2 Settlement. The payment for, and against delivery of, the Shares in respect of each VWAP Purchase shall be settled on the applicable VWAP Purchase Settlement Date for such VWAP Purchase. For each VWAP Purchase, the Investor shall pay to the Company an amount in cash equal to the product of (i) the total number of Shares purchased by the Investor in such VWAP Purchase (as confirmed in the applicable VWAP Purchase Confirmation) and (ii) the applicable VWAP Purchase Price for such Shares (as confirmed in the applicable VWAP Purchase Confirmation), as full payment for such Shares, via wire transfer of immediately available funds on the same Trading Day that the Investor receives such Shares as DWAC Shares in accordance with this Agreement, if all of such Shares are so received by the Investor before 1:00 p.m., New York City time, or, if such Shares are received by the Investor after 1:00 p.m., New York City time, then payment therefor shall be made on the Trading Day immediately following the Trading Day on which the Investor has received all of such Shares as DWAC Shares. If the Company or the Company's transfer agent shall fail for any reason, other than a failure of the Investor or its Broker-Dealer to set up a DWAC and required instructions, to electronically transfer any Shares as DWAC Shares in respect of a VWAP Purchase within two (2) Trading Days following the receipt by the Company of the applicable purchase price therefor in compliance with this Section 2.2, and if on or after such Trading Day the Investor purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Investor of such Shares that the Investor anticipated receiving from the Company in respect of such VWAP Purchase, then the Company shall, within two (2) Trading Days after the Investor's request, either (i) pay cash to

the Investor in an amount equal to the Investor's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased (the "***Cover Price***"), at which point the Company's obligation to deliver such Shares as DWAC Shares shall terminate, or (ii) promptly honor its obligation to deliver to the Investor such Shares as DWAC Shares and pay cash to the Investor in an amount equal to the excess (if any) of the Cover Price over the total purchase price paid by the Investor pursuant to this Agreement for all of the Shares to be purchased by the Investor in connection with such VWAP Purchase. The Company shall not issue any fraction of a share of Common Stock upon any VWAP Purchase. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock up or down to the nearest whole share. All payments made under this Agreement shall be made in lawful money of the United States of America by wire transfer of immediately available funds to such account as the Company may from time to time designate by written notice in accordance with the provisions of this Agreement. Whenever any amount expressed to be due by the terms of this Agreement is due on any day that is not a Trading Day, the same shall instead be due on the next succeeding day that is a Trading Day.

Section 2.3 Compliance with Rules of Trading Market.

(a) **Exchange Cap**. Subject to Section 2.3(b), the Company shall not issue or sell any shares of Common Stock pursuant to this Agreement, and the Investor shall not purchase or acquire any shares of Common Stock pursuant to this Agreement, to the extent that after giving effect thereto, the aggregate number of shares of Common Stock that would be issued pursuant to this Agreement and the transactions contemplated hereby would exceed 7,361,833 (such number of shares equal to 19.99% of the number of shares of Common Stock issued and outstanding immediately prior to the execution of this Agreement), which number of shares shall be reduced in the VWAP Purchase, on a share-for-share basis, by the number of shares of Common Stock issued or issuable pursuant to any transaction or series of transactions that may be aggregated with the transactions contemplated by this Agreement under applicable rules of the Trading Market (such maximum number of shares, the "***Exchange Cap***"), unless the Company's stockholders have approved the issuance of Common Stock pursuant to this Agreement in excess of the Exchange Cap in accordance with the applicable rules of the Trading Market. For the avoidance of doubt, the Company may, but shall be under no obligation to, request its stockholders to approve the issuance of Common Stock pursuant to this Agreement; provided, that if such stockholder approval is not obtained, the Exchange Cap shall be applicable for all purposes of this Agreement and the transactions contemplated hereby at all times during the term of this Agreement (except as set forth in Section 2.3(b)). For the further avoidance of doubt, in no event shall settlement of any VWAP Purchase be dependent on a stockholder vote.

(b) **At-Market Transaction.** Notwithstanding Section 2.3(a) above, the Exchange Cap shall not be applicable for any purposes of this Agreement and the transactions contemplated hereby, to the extent that (and only for so long as) the Average Price shall equal or exceed the Base Price (it being hereby acknowledged and agreed that the Exchange Cap shall be applicable for all purposes of this Agreement and the transactions contemplated hereby at all other times during the term of this Agreement, unless the stockholder approval referred to in Section 2.3(a) is obtained). The parties acknowledge and agree that the Minimum Price used to determine the Base Price hereunder represents the lower of (i) the Nasdaq official closing price of the Common Stock on the Trading Market (as reflected on Nasdaq.com) on the Trading Day immediately prior to the date of this Agreement or (ii) the average Nasdaq official closing price of the Common Stock on the Trading Market (as reflected on Nasdaq.com) for the five (5) consecutive Trading Days ending on the Trading Day immediately prior to the date of this Agreement (subject to adjustment for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split, or other similar transaction that occurs on or after the date of this Agreement).

(c) **General.** The Company shall not issue or sell any shares of Common Stock pursuant to this Agreement if such issuance or sale would reasonably be expected to result in (i) violation of the Securities Act or (ii) breach of the rules of the Trading Market. The provisions of this Section 2.3 shall be implemented in a manner otherwise than in strict conformity with the terms of this Section 2.3 only if necessary to ensure compliance with the Securities Act and the applicable rules of the Trading Market. The limitations contained in this Section 2.3 may not be waived by the Company or the Investor.

Section 2.4 Beneficial Ownership Limitation. Notwithstanding any other provision of this Agreement, the Investor shall not purchase or acquire, or be obligated or have the right to purchase or acquire, any shares of Common Stock pursuant to this Agreement which, when aggregated with all other shares of Common Stock then beneficially owned (as calculated pursuant to Section 13(d) of the Exchange Act and Rule 13d-3 promulgated thereunder) by the Investor and its Affiliates, would result in the beneficial ownership by the Investor of more than 4.99% of the then-issued and outstanding shares of Common Stock (the "***Beneficial Ownership Limitation***"). If the Company issues a VWAP Purchase Notice with respect to any VWAP Purchase that would cause the aggregate number of shares of Common Stock then beneficially owned (as calculated pursuant to Section 13(d) of the Exchange Act and Rule 13d-3 promulgated thereunder) by the Investor and its Affiliates to exceed the Beneficial Ownership Limitation, such VWAP Purchase Notice shall be void *ab initio* to the extent of the amount by which the number of shares of Common Stock otherwise issuable pursuant to such VWAP Purchase Notice, together with all shares of Common Stock then beneficially owned (as calculated pursuant to Section 13(d) of the Exchange Act and Rule 13d-3 promulgated thereunder) by the Investor and its Affiliates, would exceed the Beneficial Ownership Limitation. Upon the written or oral request of the Investor, the Company shall promptly (but not later than the next business day on which the Company's transfer agent is open for business) confirm orally or in writing to the Investor the number of shares of Common Stock then outstanding. The Investor and the Company shall each cooperate in good faith in the determinations required hereby and the application hereof. The Investor's written certification to the Company of the applicability of the Beneficial Ownership Limitation, and the resulting effect thereof hereunder at any time, shall be conclusive with respect to the applicability thereof and such result absent manifest error. Upon delivery of a written notice to the Company, the Investor may from time to time increase or decrease the Beneficial Ownership Limitation to any other amount of Common Stock not in excess of 9.99% of the then-issued and -outstanding shares of Common Stock as specified in such notice; provided, that any such increase in the Beneficial Ownership Limitation shall not be effective until the sixty-first (61st) day after such written notice is delivered to the Company. The provisions of this Section 2.4 shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2.4 to the extent necessary to correct this Section 2.4 (or any portion of this Section 2.4) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained in this Section 2.4 or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this Section 2.4 may not be waived by the Company or the Investor, except as expressly provided for in this Section 2.4.

Section 2.5 Commitment Shares. In consideration for the Investor's execution and delivery of this Agreement, concurrently with the execution and delivery of this Agreement on the Commencement Date, the Company shall deliver irrevocable instructions to its transfer agent to electronically issue to the Investor or its designee(s) the Commitment Shares as DWAC Shares, such that they are credited to the Investor's or its designee's specified Deposit/Withdrawal at Custodian (DWAC) account with DTC under its Fast Automated Securities Transfer (FAST) Program not later than 4:00 p.m. (New York City time) on the Trading Day immediately following the Commencement Date, all of which Commitment Shares shall be issued pursuant to the Registration Statement and the Prospectus and shall be freely tradable and transferable and without restriction on resale and without any stop transfer instructions maintained against the transfer thereof. For the avoidance of doubt, all of the Commitment Shares shall be fully earned as of the Commencement Date, regardless of whether any VWAP Purchases are effected hereunder and regardless of any subsequent termination of this Agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE INVESTOR

The Investor hereby makes the following representations and warranties to the Company:

Section 3.1 Organization and Standing of the Investor. The Investor is a limited liability company duly organized and validly existing under the laws of the State of Delaware.

Section 3.2 Authorization and Power. The Investor has the requisite limited liability company power and authority to enter into and perform its obligations under this Agreement and to purchase the Shares in accordance with the terms hereof. The execution, delivery and performance of this Agreement by the Investor and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary corporate action, and no further consent or authorization of the Investor, its Board of Directors or members is required. This Agreement has been duly executed and delivered by the Investor. This Agreement constitutes a valid and binding obligation of the Investor enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, conservatorship, receivership, or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application.

Section 3.3 No Conflicts. The execution, delivery and performance by the Investor of this Agreement and the consummation by the Investor of the transactions contemplated herein do not and shall not (a) result in a violation of such Investor's certificate of formation, limited liability company agreement or other applicable organizational instruments, (b) conflict with, constitute a default (or an event which, with notice or lapse of time or both, would become a default) under, or give rise to any rights of termination, amendment, acceleration or cancellation of, any material agreement, mortgage, deed of trust, indenture, note, bond, license, lease agreement, instrument or obligation to which the Investor is a party or is bound, (c) create or impose any lien, charge or encumbrance on any property of the Investor under any agreement or any commitment to which the Investor is party or under which the Investor is bound or under which any of its properties or assets are bound, or (d) result in a violation of any federal, state, local or foreign statute, rule, or regulation, or any order, judgment or decree of any court or Governmental Entity applicable to the Investor or by which any of its properties or assets are bound or affected, except, in the case of clauses (b), (c) and (d), for such conflicts, defaults, terminations, amendments, acceleration, cancellations and violations as would not, individually or in the aggregate, prohibit or otherwise interfere with the ability of the Investor to enter into and perform its obligations under this Agreement in any material respect. The Investor is not required under any applicable federal, state, local or foreign law, rule or regulation to obtain any consent, authorization or order of, or make any filing or registration with, any court or Governmental Entity in order for it to execute, deliver or perform any of its obligations under this Agreement, to acquire the Commitment Shares or to purchase the Shares each in accordance with the terms hereof.

Section 3.4 Information. All materials relating to the business, financial condition, management and operations of the Company and materials relating to the offer and sale of the Securities which have been requested by the Investor have been furnished or otherwise made available to the Investor or its advisors (subject to Section 5.12 of this Agreement). The Investor and its advisors have been afforded the opportunity to ask questions of representatives of the Company. The Investor has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Securities. The Investor understands that it (and not the Company) shall be responsible for its own tax liabilities that may arise as a result of this investment or the transactions contemplated by this Agreement. The Investor is aware of all of its obligations under U.S. federal and applicable state securities laws and all rules and regulations promulgated thereunder in connection with this Agreement and the transactions contemplated hereby and the purchase and sale of the Securities.

Section 3.5 No Governmental Review. The Investor understands that no United States federal or state agency or any other Governmental Entity has passed on or made any recommendation or endorsement of the Securities or the fairness or suitability of the investment in the Securities nor have such authorities passed upon or endorsed the merits of the offering of the Securities.

Section 3.6 Not an Affiliate The Investor is not an officer, director or Affiliate of the Company. As of the date of this Agreement, the Investor does not beneficially own any shares of Common Stock or securities exercisable or exchangeable for or convertible into shares of Common Stock, and during the Restricted Period, Investor shall not acquire beneficial ownership of any shares of the Company's capital stock (including shares of Common Stock or securities exercisable or exchangeable for or convertible into shares of Common Stock) other than pursuant to this Agreement; provided, however, that nothing in this Agreement shall prohibit or be deemed to prohibit the Investor from purchasing, in an open market transaction or otherwise, shares of Common Stock necessary to make delivery by the Investor in satisfaction of a sale by the Investor of Shares that the Investor anticipated receiving from the Company in connection with the settlement of a VWAP Purchase, if the Company or its transfer agent shall have failed for any reason (other than a failure of Investor or its Broker-Dealer to set up a DWAC and required instructions) to electronically transfer all of the Shares subject to such VWAP Purchase to the Investor on the applicable VWAP Purchase Settlement Date by crediting the Investor's or its designated Broker-Dealer's account at DTC through its DWAC delivery system in compliance with Section 2.2 of this Agreement.

Section 3.7 Certain Trading Activities. Other than with respect to the Commencement of the transactions contemplated hereunder, during the period commencing at the time that the Investor was first contacted by the Company, or any other Person representing the Company, regarding the transactions contemplated hereby and ending immediately prior to the execution of this Agreement, none of the Investor, any of its Affiliates or any entity managed or controlled by the Investor has, directly or indirectly, executed any purchases or sales, including Short Sales, of any securities of the Company (including, without limitation, the Common Stock or securities exercisable or exchangeable for or convertible into shares of Common Stock), or any stock pledge, forward sales contract, option, put, call, swap or similar hedging arrangement (including on a total return basis) with respect to any securities of the Company (including, without limitation, the Common Stock or securities exercisable or exchangeable for or convertible into shares of Common Stock).

Section 3.8 Statutory Underwriter Status. The Investor acknowledges that it shall be disclosed as an "underwriter" in the Initial Prospectus Supplement and any additional Prospectus Supplements filed pursuant to Section 1.4. to the extent required by applicable law and to the extent such Prospectus Supplement is related to the offer and sale of Securities issued and issuable pursuant to this Agreement.

Section 3.9 Resales of Securities. The Investor represents, warrants and covenants that it shall resell Securities purchased or acquired by the Investor from the Company pursuant to this Agreement only in a manner described under the caption "Plan of Distribution" in the Initial Prospectus Supplement, and in a manner in compliance with all applicable U.S. federal and state securities laws, rules and regulations.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the disclosure schedule delivered by the Company to the Investor (which is hereby incorporated by reference in, and constitutes an integral part of, this Agreement) (the "***Disclosure Schedule***"), the Company hereby makes the following representations, warranties and covenants to the Investor:

Section 4.1 Organization, Good Standing and Power. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation nor default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in a Material Adverse Effect and no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification. The Company has made available via the Commission's Electronic Data Gathering, Analysis and Retrieval System ("***EDGAR***") true and correct copies of the Company's Second Amended and Restated Certificate of Incorporation as in effect on the Commencement Date (the "***Charter***"), and the Company's Second Amended and Restated Bylaws as in effect on the Commencement Date (the "***Bylaws***").

Section 4.2 Authorization, Enforcement. The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and to issue the Securities in accordance with the terms hereof. Except for approvals of the Company's Board of Directors or a committee thereof as may be required in connection with any issuance and sale of Shares to the Investor hereunder (which approvals shall be obtained prior to the delivery of any VWAP Purchase Notice), the execution, delivery and performance by the Company of this Agreement and the consummation by it of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action, and no further consent or authorization of the Company, its Board of Directors or its stockholders is required. This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application (including any limitation of equitable remedies).

Section 4.3 Capitalization. The authorized capital stock of the Company and the shares thereof issued and outstanding were as set forth in the Commission Documents as of the dates reflected therein. All of the outstanding shares of Common Stock have been duly authorized and validly issued, and are fully paid and nonassessable. Except as set forth in the Commission Documents, there are no agreements or arrangements under which the Company is obligated to register the sale of any securities under the Securities Act. Except as set forth in the Commission Documents, no shares of Common Stock are entitled to preemptive rights and there are no outstanding debt securities and no contracts, commitments, understandings, or arrangements by which the Company is or may become bound to issue additional shares of the capital stock of the Company or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, any shares of capital stock of the Company other than those issued or granted in the ordinary course of business pursuant to the Company's equity incentive and/or compensatory plans or arrangements. Except for customary transfer restrictions contained in agreements entered into by the Company to sell restricted securities, the Company is not a party to, and it has no Knowledge of, any agreement restricting the voting or transfer of any outstanding shares of the capital stock of the Company. The offer and sale of all capital stock, convertible or exchangeable securities, rights, warrants or options of the Company issued prior to the Commencement Date complied, in all material respects, with all applicable federal and state securities laws, and no stockholder has any right of rescission or damages or any "put" or similar right with respect thereto that would have a Material Adverse Effect. Except as set forth in the Commission Documents, there are no securities or instruments containing anti-dilution or similar provisions that shall be triggered by this Agreement or the consummation of the transactions described herein or therein.

Section 4.4 Issuance of Securities. The Commitment Shares have been, and the Shares to be issued under this Agreement have been, or with respect to Shares to be purchased by the Investor pursuant to a particular VWAP Purchase Notice, shall be, prior to the delivery to the Investor hereunder of such VWAP Purchase Notice, duly authorized by all necessary corporate action on the part of the Company. The Commitment Shares, when issued to the Investor in accordance with this Agreement, and the Shares, when issued and sold against payment therefor in accordance with this Agreement, shall be validly issued and outstanding, fully paid and non-assessable and free from all liens, charges, taxes, security interests, encumbrances, rights of first refusal, preemptive or similar rights and other encumbrances with respect to the issue thereof, and the Investor shall be entitled to all rights accorded to a holder of Common Stock. An aggregate of 7,361,833 of shares of Common Stock have initially been duly authorized and reserved by the Company for issuance and sale to the Investor as Shares pursuant to VWAP Purchases under this Agreement.

Section 4.5 No Conflicts. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby do not and shall not (a) result in a violation of any provision of the Charter or Bylaws, (b) result in a breach or violation of any of the terms or provisions of, constitute a default (or an event which, with notice or lapse of time or both, would become a default) under, or give rise to any rights of termination, amendment, acceleration or cancellation of, any Material Agreement, (c) create or impose a lien, charge or encumbrance on any property or assets of the Company or any of its Subsidiaries under any agreement or any commitment to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which any of their respective properties or assets is subject, or (e) result in a violation of any federal, state, local or foreign statute, rule, regulation, order, judgment or decree applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries are bound or affected (including federal and state securities laws and regulations and the rules and regulations of the Trading Market), except, in the case of clauses (b), (c) and (d), for such conflicts, defaults, terminations, amendments, acceleration, cancellations, liens, charges, encumbrances and violations as would not, individually or in the aggregate, have a Material Adverse Effect. Except as specifically contemplated by this Agreement and as required under the Securities Act and any applicable state securities laws, the Company is not required under any federal, state, local or foreign law, rule or regulation to obtain any consent, authorization or order of, or make any filing or registration with, any court or Governmental Entity in order for it to execute, deliver or perform any of its obligations under this Agreement, or to issue the Securities to the Investor in accordance with the terms hereof (other than (i) such consents, authorizations, orders, filings or registrations as have been obtained or made prior to the Commencement Date, (ii) any filings which may be required to be made by the Company with the Commission subsequent to the Commencement Date, including, but not limited to, a Prospectus Supplement under Section 1.4 of this Agreement, and (iii) any notices or listing applications required to be filed with or submitted to the Trading Market).

Section 4.6 Commission Documents, Financial Statements; Disclosure Controls and Procedures; Internal Controls Over Financial Reporting; Accountants.

(a) Since December 31, 2020, the Company has timely filed all Commission Documents required to be filed with or furnished to the Commission by the Company under the Securities Act or the Exchange Act, including those required to be filed with or furnished to the Commission under Section 13(a) or Section 15(d) of the Exchange Act. As of the date of this Agreement, no Subsidiary of the Company is required to file or furnish any report, schedule, registration, form, statement, information or other document with the Commission. As of its filing date, each Commission Document filed with or furnished to the Commission and incorporated by reference in the Registration Statement and the Prospectus complied in all material respects with the requirements of the Securities Act or the Exchange Act, as applicable, and other federal, state and local laws, rules and regulations applicable to it, and, as of its filing date (or, if amended or superseded by a filing prior to the Commencement Date, on the date of such amended or superseded filing), such Commission Document did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each Commission Document to be filed with or furnished to the Commission after the Commencement Date and incorporated by reference in the Registration Statement, the Prospectus and any Prospectus Supplement required to be filed pursuant to Section 1.4 during the Investment Period (including, without limitation, the Current Report), when such document is filed with or furnished to the Commission and, if applicable, when such document becomes effective, as the case may be, shall comply in all material respects with the requirements of the Securities Act or the Exchange Act, as applicable, and other federal, state and local laws, rules and regulations applicable to it, and shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. There are no outstanding or unresolved comments received by the Company from the Commission. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company under the Securities Act or the Exchange Act.

(b) The consolidated financial statements of the Company included or incorporated by reference in the Commission Documents filed with or furnished to the Commission and incorporated by reference in the Registration Statement and the Prospectus, together with the related notes and schedules, present fairly, in all material respects, the consolidated financial position of the Company and the consolidated Subsidiaries as of the dates indicated and the consolidated results of operations, cash flows and changes in stockholders' equity of the Company and the consolidated Subsidiaries for the periods specified (subject, in the case of unaudited statements, to normal year-end audit adjustments which shall not be material, either individually or in the aggregate) and have been prepared in compliance with the published requirements of the Securities Act and Exchange Act, as applicable, and in conformity with generally accepted accounting principles in the United States ("***GAAP***") applied on a consistent basis (except (i) for such adjustments to accounting standards and practices as are noted therein and (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) during the periods involved. The pro forma financial statements or data included or incorporated by reference in the Commission Documents filed with or furnished to the Commission and incorporated by reference in the Registration Statement and the Prospectus, if any, comply with the requirements of Regulation S-X of the Securities Act, including, without limitation, Article 11 thereof, and the assumptions used in the preparation of such pro forma financial statements and data are reasonable, the pro forma adjustments used therein are appropriate to give effect to the circumstances referred to therein and the pro forma adjustments have been properly applied to the historical amounts in the compilation of those statements and data. The other financial and statistical data with respect to the Company and the Subsidiaries contained or incorporated by reference in the Commission Documents filed with or furnished to the Commission and incorporated by reference in the Registration Statement and the Prospectus, if any, are accurately and fairly presented and prepared on a basis consistent with the financial statements and books and records of the Company. There are no financial statements (historical or pro forma) that are required to be included or incorporated by reference in the Commission Documents filed with or furnished to the Commission and incorporated by reference in the Registration Statement and the Prospectus that are not included or incorporated by reference as required. The Company and the Subsidiaries do not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations or any "variable interest entities" as that term is used in Accounting Standards Codification Paragraph 810-10-25-20), not described in the Registration Statement and the Prospectus or in the Commission Documents incorporated by reference in the Registration Statement and the Prospectus that are required to be described or incorporated by reference in the Registration Statement and the Prospectus. All disclosures

contained or incorporated by reference in the Registration Statement and the Prospectus, if any, regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Securities Act, to the extent applicable. The reserves, if any, established by the Company or the lack of reserves, if applicable, are reasonable based upon facts and circumstances known by the Company on the date hereof and there are no loss contingencies that are required to be accrued by the Statement of Financial Accounting Standard No. 5 of the Financial Accounting Standards Board which are not provided for by the Company in its financial statements or otherwise. The Company is not currently contemplating to amend or restate any of the financial statements (including, without limitation, any notes or any letter of the independent accountants of the Company with respect thereto) included or incorporated by reference in the Registration Statement and the Prospectus, nor is the Company currently aware of facts or circumstances which would require the Company to amend or restate any such financial statements, in each case, in order for any of such financials statements to be in compliance with GAAP and the rules and regulations of the Commission. The Company has not been informed by its independent accountants that they recommend that the Company amend or restate any of the financial statements included or incorporated by reference in the Registration Statement and the Prospectus or that there is any need for the Company to amend or restate any of such financial statements.

(c) Except as set forth or incorporated by reference in the Registration Statement and the Prospectus, the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company is not aware of any material weaknesses in its internal control over financial reporting (other than as set forth or incorporated by reference in the Registration Statement and the Prospectus). Except as set forth or incorporated by reference in the Registration Statement and the Prospectus, since the date of the latest audited financial statements of the Company included in the 2020 Form 10-K, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. Except as set forth or incorporated by reference in the Registration Statement and the Prospectus, the Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 and 15d-15) that comply with the requirements of the Exchange Act. The Company's certifying officers evaluated the effectiveness of the Company's controls and procedures as of a date within 90 days prior to the filing date of the 2020 Form 10-K (such date, the "***Evaluation Date***"). The Company presented in the 2020 Form 10-K for the fiscal year most recently ended the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the most recent Evaluation Date and, except as set forth in the 2020 Form 10-K, or any Commission Document filed with the Commission for a period subsequent to the period covered by the 2020 Form 10-K and incorporated by reference in the Registration Statement and the Prospectus, the "disclosure controls and procedures" are effective.

(d) The Company has timely filed with the Commission and made available via EDGAR all certifications and statements required by (i) Rule 13a-14 or Rule 15d-14 under the Exchange Act or (ii) 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002 ("***SOXA***")) with respect to all relevant Commission Documents. The Company is in compliance in all material respects with the provisions of SOXA applicable to it as of the date hereof. The Company maintains disclosure controls and procedures required by Rule 13a-15 or Rule 15d-15 under the Exchange Act; such controls and procedures are effective to ensure that all material information concerning the Company and its Subsidiaries is made known on a timely basis to the individuals responsible for the timely and accurate preparation of the Commission Documents and other public disclosure documents.

(e) Baker Tilly US, LLP, whose report on the consolidated balance sheet of the Company as of December 31, 2020, the related statement of operations, stockholders' equity (deficit), and cash flows for the year then ended, and the related notes, is filed with the Commission as part of the 2020 Form 10-K, are and, during the periods covered by their report, were independent public accountants within the meaning of the Securities Act and the Public Company Accounting Oversight Board (United States). To the Company's Knowledge, Baker Tilly US, LLP is not in violation of the auditor independence requirements of SOXA with respect to the Company.

(f) There is, and during the past 12 months there has been, no failure on the part of the Company or, to the Knowledge of the Company, any of the Company's directors or officers, in their capacities as such, to comply in all material respects with any applicable provisions of SOXA and the rules and regulations promulgated thereunder. Each of the principal executive officer and the principal financial officer of the Company (or each former principal executive officer of the Company and each former principal financial officer of the Company as applicable) has made all certifications required by Sections 302 and 906 of SOXA with respect to all periodic reports required to be filed by it with the Commission during the past 12 months. For purposes of the preceding sentence, "principal executive officer" and "principal financial officer" shall have the meanings given to such terms in the Exchange Act Rules 13a-15 and 15d-15.

Section 4.7 Subsidiaries. The Commission Documents identify each Subsidiary of the Company as of the Commencement Date, other than those that may be omitted pursuant to Item 601 of Regulation S-K. No Subsidiary of the Company is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such Subsidiary's capital stock, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's property or assets to the Company or any other Subsidiary of the Company, except as described or incorporate by reference in, or contemplated by, the Registration Statement and the Prospectus, or as would not reasonably be expected to have a Material Adverse Effect.

Section 4.8 No Material Adverse Effect. Except as otherwise disclosed or incorporated by reference in the Registration Statement and the Prospectus, since December 31, 2020: (a) the Company has not experienced or suffered any Material Adverse Effect, and there exists no current state of facts, condition or event which would have a Material Adverse Effect; (b) there has not occurred any material adverse change, or any development that would reasonably be expected to result in a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company from that disclosed or incorporated by reference in the Registration Statement and the Prospectus, including, without limitation, as a result of the recent outbreak of COVID-19, or as a result of any measures intended to contain the outbreak of COVID-19 imposed by any federal, state, local or foreign government or government agency in any country or region in which the Company, or any of its agents, consultants, advisors or vendors, has assets or properties or conducts business, including, without limitation, any limitations, curtailments, suspensions or closures of businesses, business offices or establishments, schools, properties and other public areas due to quarantines, curfews, travel restrictions, workplace controls, "stay-at-home" orders, social distancing requirements or guidelines or other public gathering restrictions or limitations; (c) neither the Company nor any of its Subsidiaries has incurred any material liability or obligation, direct or contingent, nor entered into any material transaction; (iv) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock other than ordinary and customary dividends; and (v) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company.

Section 4.9 No Undisclosed Liabilities. Neither the Company nor any of its Subsidiaries has any liabilities, obligations, claims or losses (whether liquidated or unliquidated, secured or unsecured, absolute, accrued, contingent or otherwise) that would be required to be disclosed on a balance sheet of the Company or any Subsidiary (including the notes thereto) in conformity with GAAP and are not disclosed or incorporated by reference in the Registration Statement and the Prospectus, other than those incurred in the ordinary course of the Company's or its Subsidiaries respective businesses since December 31, 2020 and which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 4.10 No Undisclosed Events or Circumstances. No event, liability, development or circumstance has occurred or exists, or is reasonably expected to occur or exist, with respect to the Company, any of its Subsidiaries or any of their respective businesses, properties, liabilities, prospects, operations (including results thereof) or condition (financial or otherwise), that (a) would be required to be disclosed by the Company under applicable securities laws in the Registration Statement or the Prospectus, which has not been disclosed or incorporated by reference in the Registration Statement and the Prospectus, or (b) would reasonably be expected to have a Material Adverse Effect.

Section 4.11 Indebtedness. The Company's quarterly report on Form 10-Q for the quarterly period ended September 30, 2021 sets forth, as of September 30, 2021, all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments through such date. For the purposes of this Agreement, "***Indebtedness***" shall mean (a) any liabilities for borrowed money or amounts owed in excess of $100,000 (other than trade accounts payable incurred in the ordinary course of business), (b) all guaranties, endorsements, indemnities and other contingent obligations in respect of Indebtedness of others in excess of $100,000, whether or not the same are or should be reflected in the Company's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (c) the present value of any lease payments in excess of $100,000 due under leases required to be capitalized in accordance with GAAP. There is no existing or continuing default or event of default in respect of any Indebtedness of the Company or any of its Subsidiaries. The Company has not taken any steps, and does not currently expect to take any steps, to seek protection pursuant to any Bankruptcy Law or law for the relief of debtors, nor does the Company have any Knowledge that its creditors intend to initiate involuntary bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for relief under any Bankruptcy Law or any law for the relief of debtors. The Company is financially solvent and is generally able to pay its debts as they become due.

Section 4.12 Title To Assets. The Company and each of its Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Company, in each case free and clear of all liens, encumbrances and defects except such as are described or incorporated by reference in the Registration Statement and the Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and its Subsidiaries; and any real property and buildings held under lease by the Company and its Subsidiaries are held by it under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere in any material respect with the use made and proposed to be made of such property and buildings by the Company and its Subsidiaries, in each case except as described or incorporated by reference in the Registration Statement and the Prospectus.

Section 4.13 Actions Pending. There are no Actions pending or, to the Company's Knowledge, threatened against the Company or any Subsidiary or their respective assets or properties (a) other than Actions accurately described or incorporated by reference in the Registration Statement and the Prospectus and proceedings that would not have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole, or on the power or ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated by this Agreement, or (b) that are required to be described in the Registration Statement or the Prospectus and are not so described or incorporated by reference therein; and there are no statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus, or to be filed as exhibits to the Registration Statement or any of the Commission Documents that are incorporated by reference in the Registration Statement or the Prospectus that are not described or incorporated by reference in the Registration Statement and the Prospectus, or filed or incorporated by reference as an Exhibit to the Registration Statement or any of the Commission Documents that are incorporated by reference in the Registration Statement or the Prospectus as required.

Section 4.14 Compliance With Law. The business of the Company and the Subsidiaries has been and is presently being conducted in compliance with all applicable federal, state, local and foreign governmental laws, rules, regulations and ordinances, except as set forth or incorporated by reference in the Registration Statement and the Prospectus and except for such non-compliance which, individually or in the aggregate, would not have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is in violation of any judgment, decree or order or any statute, ordinance, rule or regulation of any Governmental Entity applicable to the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries shall conduct its business in violation of any of the foregoing, except in all cases for any such violations which could not, individually or in the aggregate, have a Material Adverse Effect.

Section 4.15 Certain Fees. Except as described or incorporated by reference in the Registration Statement and the Prospectus, no brokers, finders or financial advisory fees or commissions is or shall be payable by the Company or any Subsidiary (or any of their respective affiliates) with respect to the transactions contemplated by this Agreement. Except as described or incorporated by reference in the Registration Statement and the Prospectus, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company, the Investor or the Broker-Dealer for a brokerage commission, finder's fee or other like payment in connection with the transactions contemplated by this Agreement or, to the Company's Knowledge, any arrangements, agreements, understandings, payments or issuance with respect to the Company or any of its officers, directors, stockholders, partners, employees, Subsidiaries or Affiliates that may affect the FINRA's determination of the amount of compensation to be received by any FINRA member (including, without limitation, those FINRA members set forth on Schedule 4.15 of the Disclosure Schedule) or person associated with any FINRA member in connection with the transactions contemplated by this Agreement. Except as described in the Registration Statement or the Prospectus, no "items of value" (within the meaning of FINRA Rule 5110) have been received, and no arrangements have been entered into for the future receipt of any items of value, from the Company or any of its officers, directors, stockholders, partners, employees, Subsidiaries or Affiliates by any FINRA member or person associated with any FINRA member, during the period commencing 180 days immediately preceding the Commencement Date and ending on the date this Agreement is terminated in accordance with Article VII, that may affect the FINRA's determination of the amount of compensation to be received by any FINRA member or person associated with any FINRA member in connection with the transactions contemplated by this Agreement.

Section 4.16 Operation of Business.

(a) The Company and the Subsidiaries possess or have obtained, all licenses, certificates, consents, orders, approvals, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign Governmental Entity that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as currently conducted, as described or incorporated by reference in the Registration Statement and the Prospectus (the "***Permits***"), except where the failure to possess, obtain or make the same would not, individually or in the aggregate, have a Material Adverse Effect. Neither the Company nor any Subsidiary has received written notice of any proceeding relating to revocation or modification of any such Permit or has any reason to believe that such Permit shall not be renewed in the ordinary course, except where the failure to obtain any such renewal would not, individually or in the aggregate, have a Material Adverse Effect. This Section 4.16(a) does not relate to environmental matters, such items being the subject of Section 4.17.

(b) Except as described or incorporated by reference in the Registration Statement and the Prospectus, the Company and its Subsidiaries own or possess adequate enforceable rights to use all patents, patent applications, trademarks (both registered and unregistered), trade names, trademark registrations, service marks, service mark registrations, Internet domain name registrations, copyrights, copyright registrations, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) (collectively, the "***Intellectual Property***"), necessary for the conduct of their respective businesses as conducted as of the date hereof, except to the extent that the failure to own or possess adequate rights to use such Intellectual Property would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Company and its Subsidiaries have not received any written notice of any claim of infringement or conflict which asserted Intellectual Property rights of others, which infringement or conflict, if the subject of an unfavorable decision, would result in a Material Adverse Effect. There are no pending, or to the Company's Knowledge, threatened judicial proceedings or interference proceedings challenging the Company's or any of its Subsidiaries' rights in or to or the validity of the scope of any of the Company's or its Subsidiaries' Intellectual Property. No other Person has any right or claim in any of the Company's or any of its Subsidiaries' Intellectual Property by virtue of any contract, license or other agreement entered into between such Person and the Company or any of its Subsidiaries or by any non-contractual obligation, other than by written licenses granted by the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has received any written notice of any claim challenging the rights of the Company or any of its Subsidiaries in or to any Intellectual Property owned, licensed or optioned by the Company or any of its Subsidiaries, which claim, if the subject of an unfavorable decision, would result in a Material Adverse Effect.

Section 4.17 Environmental Compliance. The Company and the Subsidiaries (a) are in compliance with any and all applicable federal, state, local and foreign laws, rules, regulations, decisions and orders relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "***Environmental Laws***"); (b) have received and are in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses as described or incorporated by reference in the Registration Statement and the Prospectus; and (c) have not received notice of any actual or potential liability for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except, in the case of any of clauses (a), (b) or (c) above, for any such failure to comply or failure to receive required permits, licenses, other approvals or liability as would not, individually or in the aggregate, have a Material Adverse Effect.

Section 4.18 Material Agreements. Except as set forth or incorporated by reference in the Registration Statement and the Prospectus, neither the Company nor any Subsidiary of the Company is a party to any written or oral contract, instrument, agreement, commitment, obligation, plan or arrangement, a copy of which would be required pursuant to the Securities Act or the Exchange Act to be filed with the Commission as an exhibit to an annual report on Form 10-K (collectively, "***Material Agreements***"). Each of the Material Agreements described in the Registration Statement, the Prospectus, and the Commission Documents filed with or furnished to the Commission and incorporated by reference in the Registration Statement and the Prospectus conform in all material respects to the descriptions thereof contained or incorporated by reference therein. Except as set forth or incorporated by reference in the Registration Statement and the Prospectus, the Company and each of its Subsidiaries have performed in all material respects all the obligations then required to be performed by them under the Material Agreements, have received no notice of default or an event of default by the Company or any of its Subsidiaries thereunder and are not aware of any basis for the assertion thereof, and neither the Company or any of its Subsidiaries nor, to the Knowledge of the Company, any other contracting party thereto are in default under any Material Agreement now in effect, the result of which would have a Material Adverse Effect. Except as set forth or incorporated by reference in the Registration Statement and the Prospectus, each of the Material Agreements is in full force and effect, and constitutes a legal, valid and binding obligation enforceable in accordance with its terms against the Company and/or any of its Subsidiaries and, to the Knowledge of the Company, each other contracting party thereto, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, conservatorship, receivership or similar laws relating to, or affecting generally the enforcement of, creditor's rights and remedies or by other equitable principles of general application.

Section 4.19 Transactions With Affiliates. Except as set forth or incorporated by reference in the Registration Statement and the Prospectus, none of the officers or directors of the Company and, to the Knowledge of the Company, none of the Company's stockholders, the officers or directors of any stockholder of the Company, or any family member or Affiliate of any of the foregoing, has either directly or indirectly any interest in, or is a party to, any transaction that is required to be disclosed as a related party transaction pursuant to Item 404 of Regulation S-K promulgated under the Securities Act.

Section 4.20 Securities Act. The Company has complied with all applicable federal and state securities laws in connection with the offer, issuance and sale of the Securities contemplated by this Agreement.

(a) The Company has prepared and filed with the Commission, in accordance with the provisions of the Securities Act, the Registration Statement, including the Base Prospectus relating to the Securities. The Registration Statement was declared effective by order of the Commission on November 16, 2021. As of the date hereof, no stop order suspending the effectiveness of the Registration Statement has been issued by the Commission or is continuing in effect under the Securities Act and, to the Company's Knowledge, no proceedings therefor are pending before or threatened by the Commission. No order preventing or suspending the use of the Prospectus or any Permitted Free Writing Prospectus has been issued by the Commission.

(b) As of the Commencement Date, the Company satisfies all of the requirements for the use of Form S-3 under the Securities Act for the offering and sale of the Securities contemplated by this Agreement (without reliance on General Instruction I.B.6. of Form S-3). The Company is not, and has not previously been at any time, a "shell company" (as such term is defined in Rule 405 under the Securities Act). The Commission has not notified the Company of any objection to the use of the form of the Registration Statement pursuant to Rule 401(g)(1) under the Securities Act. The Registration Statement complied in all material respects on the date on which it was declared effective by the Commission, and shall comply in all material respects at each deemed effective date with

respect to the Investor pursuant to Rule 430B(f)(2) of the Securities Act, with the requirements of the Securities Act, and the Registration Statement (including the documents incorporated by reference therein) did not on the date it was declared effective by the Commission, and shall not at each deemed effective date with respect to the Investor pursuant to Rule 430B(f)(2) of the Securities Act, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided that this representation and warranty does not apply to statements in or omissions from the Registration Statement made in reliance upon and in conformity with information relating to the Investor furnished to the Company in writing by or on behalf of the Investor expressly for use therein. The Registration Statement, as of the Commencement Date, meets the requirements set forth in Rule 415(a)(1)(x) under the Securities Act. The Base Prospectus complied in all material respects on its date and on the Commencement Date, and shall comply in all material respects on each applicable VWAP Purchase Exercise Date and, when taken together with the applicable Prospectus Supplement and any applicable Permitted Free Writing Prospectus, on each applicable VWAP Purchase Settlement Date, with the requirements of the Securities Act and did not on its date and on the Commencement Date and shall not on each applicable VWAP Purchase Exercise Date and, when taken together with the applicable Prospectus Supplement and any applicable Permitted Free Writing Prospectus, on each applicable VWAP Purchase Settlement Date contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that this representation and warranty does not apply to statements in or omissions from the Base Prospectus, any applicable Prospectus Supplement or any applicable Free Writing Prospectus made in reliance upon and in conformity with information relating to the Investor furnished to the Company in writing by or on behalf of the Investor expressly for use therein.

(c) Each Prospectus Supplement required to be filed pursuant to Section 1.4 hereof, when taken together with the Base Prospectus and any applicable Permitted Free Writing Prospectus, on its date and on the applicable VWAP Purchase Settlement Date, shall comply in all material respects with the provisions of the Securities Act and shall not on its date and on the applicable VWAP Purchase Settlement Date contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading, except that this representation and warranty does not apply to statements in or omissions from any Prospectus Supplement made in reliance upon and in conformity with information relating to the Investor furnished to the Company in writing by or on behalf of the Investor expressly for use therein.

(d) At the earliest time after the filing of the Registration Statement that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) under the Securities Act) relating to the Securities, the Company was not and is not an "ineligible issuer" (as defined in Rule 405 under the Securities Act). Each Permitted Free Writing Prospectus (i) shall conform in all material respects to the requirements of the Securities Act on the date of its first use, (ii) when considered together with the Prospectus on each applicable VWAP Purchase Exercise Date and on each applicable VWAP Purchase Settlement Date, shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading, and (iii) shall not include any information that conflicts with the information contained in the Registration Statement, including any document incorporated by reference therein and any Prospectus Supplement deemed to be a part thereof that has not been superseded or modified. The immediately preceding sentence does not apply to statements in or omissions from any Permitted Free Writing Prospectus made in reliance upon and in conformity with information relating to the Investor furnished to the Company in writing by or on behalf of the Investor expressly for use therein.

(e) Prior to the Commencement Date, the Company has not distributed any offering material in connection with the offering and sale of the Securities. From and after the Commencement Date and prior to the completion of the distribution of the Securities, the Company shall not distribute any offering material in connection with the offering and sale of the Securities, other than the Registration Statement, the Base Prospectus as supplemented by any Prospectus Supplement or a Permitted Free Writing Prospectus.

Section 4.21 Employees; Labor Laws. No material labor dispute with the employees of the Company exists, except as set forth or incorporated by reference in the Registration Statement and the Prospectus, or, to the Knowledge of the Company, is imminent; and the Company is not aware of any existing, threatened or imminent labor disturbance by the employees of any of its principal suppliers, manufacturers or contractors that would reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary is in violation of or has received notice of any violation with respect to any federal or state law relating to discrimination in the hiring, promotion or pay of employees, nor any applicable federal or state wage and hour laws, nor any state law precluding the denial of credit due to the neighborhood in which a property is situated, the violation of any of which could reasonably be expected to have a Material Adverse Effect.

Section 4.22 Use of Proceeds. The proceeds from the sale of the Shares by the Company to the Investor shall be used by the Company and its Subsidiaries in the manner as set forth in the Initial Prospectus Supplement and any other Prospectus Supplement filed pursuant to Section 1.4 or other Commission Document incorporated by reference in the Initial Prospectus Supplement and any other Prospectus Supplement.

Section 4.23 Investment Company Act Status. The Company is not, and as a result of the consummation of the transactions contemplated by this Agreement and the application of the proceeds from the sale of the Shares as set forth in the Initial Prospectus Supplement and any other Prospectus Supplement filed pursuant to Section 1.4 or other Commission Document incorporated by reference in the Initial Prospectus Supplement and any other Prospectus Supplement, shall not be, an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

Section 4.24 ERISA. To the Knowledge of the Company: (a) each material employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***"), that is maintained, administered, or contributed to by the Company or any of its Subsidiaries (other than a Multiemployer Plan, within the meaning of Section 3(37) of ERISA) for employees or former employees of the Company and any of its Subsidiaries has been maintained in material compliance with its terms and the requirements of any applicable statutes, orders, rules, and regulations, including ERISA and the Internal Revenue Code of 1986, as amended (the "***Code***"); (b) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred respecting any such plan (excluding transactions effected pursuant to a statutory or administrative exemption); and (c) for each such plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, no "accumulated funding deficiency" as defined in Section 412 of the Code has been incurred, whether or not waived, and the fair market value of the assets of each such plan (excluding for these purposes accrued but unpaid contributions) equals or exceeds the present value of all benefits accrued under such plan determined using reasonable actuarial assumptions, other than, in the case of (a), (b), and (c) above, as would not reasonably be expected to have a Material Adverse Effect.

Section 4.25 Taxes. The Company and each of its Subsidiaries has filed all federal, state, local and foreign tax returns required to be filed through the date of this Agreement or have requested extensions thereof (except where the failure to file would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect) and have paid all taxes required to be paid thereon (except for cases in which the failure to file or pay would not reasonably be expected to have a Material Adverse Effect, or, except as currently being contested in good faith and for which reserves required by GAAP have been created in the financial statements of the Company), and no tax deficiency has been determined adversely to the Company or any of its Subsidiaries which have had a Material Adverse Effect, nor does the Company have any notice or Knowledge of any tax deficiency which could reasonably be expected to be determined adversely to the Company or any of its Subsidiaries and which would reasonably be expected to have a Material Adverse Effect.

Section 4.26 Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged, including, but not limited to, directors and officers insurance coverage. The Company has no reason to believe that it shall not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole.

Section 4.27 U.S. Real Property Holding Corporation. Neither the Company nor any of its Subsidiaries is, and so long as any of the Securities are held by the Investor shall not become, a U.S. real property holding corporation within the meaning of Section 897 of the Code.

Section 4.28 Listing and Maintenance Requirements; DTC Eligibility. The Common Stock is registered pursuant to Section 12(b) of the Exchange Act, and the Company has taken no action designed to, or which to its Knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act, nor has the Company received any notification that the Commission is contemplating terminating such registration. The Company has not received notice from the Trading Market to the effect that the Company is not in compliance with the listing or maintenance requirements of the Trading Market. As of the Commencement Date, the Company is in compliance with all such listing and maintenance requirements. The Common Stock is eligible for participation in the DTC book entry system and has shares on deposit at DTC for transfer electronically to third parties via DTC through its Deposit/Withdrawal at Custodian ("***DWAC***") delivery system. The Company has not received notice from DTC to the effect that a suspension of, or restriction on, accepting additional deposits of the Common Stock, electronic trading or book-entry services by DTC with respect to the Common Stock is being imposed or is contemplated.

Section 4.29 No Unlawful Payments. Neither the Company nor any of its Subsidiaries nor any director or officer, nor, to the Knowledge of the Company, any employee, agent, representative or Affiliate of the Company, has taken within the past five years any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to influence official action or secure an improper advantage (to the extent acting on behalf of or providing services to the Company); and the Company and its Subsidiaries have conducted their businesses within the past five years in compliance with the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "***FCPA***"), any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed December 17, 1997, the U.K. Bribery Act 2010 and other applicable anti-corruption, anti-money laundering and anti-bribery laws, and have instituted and maintain policies and procedures designed to promote and achieve compliance with such laws and with the representation and warranty contained herein.

Section 4.30 Money Laundering Laws. The operations of the Company are and have been conducted at all times within the past five years in material compliance with all applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, and the applicable anti-money laundering statutes, including but not limited to, applicable federal, state, international, foreign or other laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 US. Code section 1956 and 1957, the Patriot Act, the Bank Secrecy Act, and international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended, and any Executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any orders or licenses issued thereunder, of jurisdictions where the Company conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "***Money Laundering Laws***"), and no action, suit or proceeding by or before any court or Governmental Entity, authority or body or any arbitrator involving the Company with respect to the Money Laundering Laws is pending or, to the best Knowledge of the Company, threatened.

Section 4.31 OFAC. Neither the Company nor any of its Subsidiaries, nor any director, officer, or employee thereof, nor, to the Company's Knowledge, any agent, Affiliate or representative of the Company, is a Person that is, or is owned or controlled by a Person that is (i) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "***Sanctions***"), nor (ii) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Crimea, Cuba, Iran, North Korea, Sudan and Syria). Neither the Company nor any of its Subsidiaries will, directly or indirectly, use the proceeds from the sale of Shares under this Agreement, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person (a) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions, or (b) in any other manner that shall result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise). During the past five (5) years, neither the Company nor any of its Subsidiaries have knowingly engaged in, or are now knowingly engaged in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

Section 4.32 Disclosure. The Company confirms that neither it nor any other Person acting on its behalf has provided the Investor or any of its agents, advisors or counsel with any information that constitutes or could reasonably be expected to constitute material, nonpublic information concerning the Company or any of its Subsidiaries, other than with respect to the transactions contemplated by this Agreement. The Company understands and confirms that the Investor shall rely on the foregoing representations in effecting resales of the Securities under the Registration Statement and the Prospectus. All disclosure provided to Investor regarding the Company and its Subsidiaries, their businesses and the transactions contemplated by this Agreement (including, without limitation, the representations and warranties of the Company contained in this Article IV (as modified by the Disclosure Schedule)) furnished in writing by or on behalf of the Company or any of its Subsidiaries for purposes of or in connection with the transactions contemplated by this Agreement (other than forward-looking information and projections and information of a general economic nature and general information about the Company's industry), taken together, is true and correct in all material respects on the date on which such information is dated or certified, and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading at such time. Each press release issued by the Company or any of its Subsidiaries during the 12 months preceding the Commencement Date did not, at the time of release, contain any misstatement of material fact.

Section 4.33 Bank Holding Company Act. Neither the Company nor any of its Subsidiaries or Affiliates is subject to the Bank Holding Company Act of 1956, as amended (the "***BHCA***") and to regulation by the Board of Governors of the Federal Reserve System (the "***Federal Reserve***"). Neither the Company nor any of its Subsidiaries or Affiliates owns or controls, directly or indirectly, 5% or more of the outstanding shares of any class of voting securities or 25% or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

Section 4.34 IT Systems. To the Knowledge of Company, (a)(i) there has been no security breach or other compromise of any of the Company's or its Subsidiaries' information technology and computer systems, networks, hardware, software, data (including the data of their respective customers, employees, suppliers, vendors and any third party data maintained by or on behalf of them), equipment or technology (collectively, "***IT Systems and Data***"), and (ii) the Company has not been notified of, and has no knowledge of any event or condition that would reasonably be expected to result in, any security breach or other compromise to the IT Systems and Data, except as would not, in the case of this clause (a), individually or in the aggregate, have a Material Adverse Effect; (b) the Company is presently in material compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or Governmental Entity, internal policies and contractual obligations relating to the privacy and security of IT Systems and Data and to the protection of such IT Systems and Data from unauthorized use, access, misappropriation or modification, except as would not, in the case of this clause (b), individually or in the aggregate, have a Material Adverse Effect; and (c) the Company has implemented backup and disaster recovery technology consistent with industry standards and practices.

Section 4.35 Compliance With Data Privacy Laws. The Company and the Subsidiaries are, and at all prior times were, in material compliance with all applicable state and federal data privacy and security laws and regulations, including without limitation the European Union General Data Protection Regulation (EU 2016/679) and the California Consumer Privacy Act of 2018 (collectively, the "***Privacy Laws***"). To ensure compliance with the Privacy Laws, the Company has in place, complies with, and takes appropriate steps to ensure compliance in all material respects with its policies and procedures relating to data privacy and security and the collection, storage, use, processing, disclosure, handling, and analysis of personal data and confidential data (the "***Policies***"). The Company has at all times made all disclosures to users or customers required by applicable laws and regulatory rules or requirements, and none of such disclosures made or contained in any of its Policies have been inaccurate or in violation of any applicable laws and regulatory rules or requirements in any material respect. The Company further certifies that neither it nor any Subsidiary: (a) has received notice of any actual or potential liability under or relating to, or actual or potential violation of, any of the Privacy Laws, and the Company has no Knowledge of any event or condition that would reasonably be expected to result in any such notice; (b) is currently conducting or paying for, in whole or in part, any investigation, remediation, or other corrective action pursuant to any Privacy Law; or (c) is a party to any order, decree, or agreement that imposes any obligation or liability under any Privacy Law.

Section 4.36 Stock Option Plans. Each stock option granted by the Company was granted (a) in accordance with the terms of the applicable stock option plan of the Company and (b) with an exercise price at least equal to the fair market value of the Common Stock on the date such stock option would be considered granted under GAAP and applicable law. No stock option granted under the Company's stock option plan has been backdated. The Company has not knowingly granted, and there is no and has been no policy or practice of the Company to knowingly grant, stock options prior to, or otherwise knowingly coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

Section 4.37 No Aggregation. None of the Company or any of its Affiliates, nor any Person acting on their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to require approval of stockholders of the Company under any applicable stockholder approval provisions, including, without limitation, under the rules and regulations of the Trading Market (subject to the requirement to obtain stockholder approval pursuant to Section 2.3, as applicable).

Section 4.38 Dilutive Effect. The Company is aware and acknowledges that issuance of the Securities could cause dilution to existing stockholders and could significantly increase the number of outstanding shares of Common Stock. The Company further acknowledges that its obligation to issue the Commitment Shares and to issue the Shares pursuant to each VWAP Purchase Notice delivered by the Company to the Investor pursuant to this Agreement is, in each case, absolute and unconditional regardless of the dilutive effect that such issuance may have on the ownership interests of other stockholders of the Company.

Section 4.39 Manipulation of Price. Neither the Company nor any of its officers, directors or Affiliates has, and, to the Knowledge of the Company, no Person acting on their behalf has, (a) taken, directly or indirectly, any action designed or intended to cause or to result in the stabilization or manipulation of the price of any security of the Company, or which caused or resulted in, or which would in the future reasonably be expected to cause or result in, the stabilization or manipulation of the price of any security of the Company, in each case to facilitate the sale or resale of any of the Securities, or (b) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities. Neither the Company nor any of its officers, directors or Affiliates shall during the term of this Agreement, and, to the Knowledge of the Company, no Person acting on their behalf shall during the term of this Agreement, take any of the actions referred to in the immediately preceding sentence.

Section 4.41 Application of Takeover Protections. The Company and its Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Charter or the laws of its state of incorporation that is or could become applicable to the Investor as a result of the Investor and the Company fulfilling their respective obligations or exercising their respective rights under this Agreement, including, without limitation, as a result of the Company's issuance of the Securities and the Investor's ownership of the Securities.

Section 4.42 Acknowledgement Regarding Investor's Acquisition of Securities. The Company acknowledges and agrees that the Investor is acting solely in the capacity of an arm's-length purchaser with respect to this Agreement and the transactions contemplated hereby. The Company further acknowledges that the Investor is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement or the transactions contemplated hereby, and any advice given by the Investor or any of its representatives or agents in connection with this Agreement or the transactions contemplated hereby is merely incidental to the Investor's acquisition of the Securities. The Company further represents to the Investor that the Company's decision to enter into this Agreement has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives. The Company acknowledges and agrees that the Investor has not made and does not make any representations or warranties with respect to the transactions contemplated by this Agreement other than those specifically set forth in Article IV of this Agreement.

ARTICLE V
COVENANTS

The Company covenants with the Investor, and the Investor covenants with the Company, as follows, which covenants of one party are for the benefit of the other party, during the Investment Period (and, with respect to the Company, for the period following the termination of this Agreement specified in Section 7.3 pursuant to and in accordance with Section 7.3):

Section 5.1 Securities Compliance. The Company shall notify the Trading Market, as required, in accordance with its rules and regulations, of the transactions contemplated by this Agreement, and shall take all necessary action, undertake all proceedings and obtain all registrations, permits, consents and approvals for the legal and valid issuance of the Securities to the Investor in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, the Company shall take all reasonably necessary action, undertake all proceedings and obtain all registrations, permits, consents and approvals in order to (a) qualify the Securities for offering and sale to the Investor, or to obtain an exemption for the Securities to be offered and sold to the Investor, and (b) qualify the Securities for offer and resale by the Investor, or to obtain an exemption for the Securities to be offered and resold by the Investor, in each case under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Investor may reasonably designate, and to maintain such qualifications and exemptions in effect for so long as required for the distribution of the Securities (but in no event for less than one year from the date of this Agreement); provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Securities have been so qualified or exempt, the Company shall file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification or exemption, as the case may be, in effect for so long as required for the distribution of the Securities (but in no event for less than one year from the date of this Agreement).

Section 5.2 Registration and Listing. The Company shall take all action necessary to cause the Common Stock to continue to be registered as a class of securities under Section 12(b) or 12(g) of the Exchange Act, shall comply in all material respects with its reporting and filing obligations under the Exchange Act, and shall not take any action or file any document (whether or not permitted by the Securities Act or the Exchange Act) to terminate or suspend such registration or to terminate or suspend its reporting and filing obligations under the Exchange Act or Securities Act, except as permitted herein. Without limiting the generality of the foregoing, the Company shall file all reports, schedules, registrations, forms, statements, information and other documents required to be filed by the Company with the Commission pursuant to the Exchange Act, including all material required to be filed pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, in each case within the time periods required by the Exchange Act (giving effect to permissible extensions in accordance with Rule 12b-25 under the Exchange Act). The Company shall use its reasonable best efforts to continue the listing and trading of its Common Stock and the listing of the Commitment Shares acquired and the Shares purchased by the Investor hereunder on the Trading Market, and shall comply with the Company's reporting, filing and other obligations under the bylaws, listed securities maintenance standards and other rules and regulations of FINRA and the Trading Market. The Company shall not take any action which could reasonably be expected to result in the delisting or suspension of the Common Stock on the Trading Market.

Section 5.3 Compliance with Law.

(a) The Company shall comply, and cause each Subsidiary to comply, (i) with all laws, rules, regulations, permits and orders applicable to the business and operations of the Company and its Subsidiaries, except as would not have a Material Adverse Effect, and (ii) with all applicable provisions of the Securities Act and the Exchange Act. Without limiting the foregoing: (A) neither the Company nor any of its officers or directors (1) shall take, directly or indirectly, any action designed or intended to cause or to result in, or which would in the future reasonably be expected to cause or result in, the stabilization or manipulation of the price of any security of the Company, in each case to facilitate the sale or resale of any of the Securities, or (2) sell, bid for, purchase, or pay any compensation for soliciting purchases of, any of the Securities; and (B) neither the Company, nor any of its Subsidiaries, nor to the Knowledge of the Company, any of their respective directors, officers, agents, employees or any other Persons acting on their behalf shall, in connection with the operation of the Company's and its Subsidiaries' respective businesses, (x) use any corporate funds for unlawful contributions, payments, gifts or entertainment or to make any unlawful expenditures relating to political activity to government officials, candidates or members of political parties or organizations, (y) pay, accept or receive any unlawful contributions, payments, expenditures or gifts, or (z) violate or operate in noncompliance with any applicable export restrictions, anti-boycott regulations, embargo regulations or other applicable domestic or foreign laws and regulations, including, without limitation, the FCPA and the Money Laundering Laws. The Company shall conduct its business in such a manner as shall ensure that the Company shall not be deemed to constitute a passive foreign investment company within the meaning of Section 1297 of the Code.

(b) The Investor shall comply with all laws, rules, regulations and orders applicable to the performance by it of its obligations under this Agreement and its investment in the Securities, except as would not, individually or in the aggregate, prohibit or otherwise interfere with the ability of the Investor to enter into and perform its obligations under this Agreement in any material respect. Without limiting the foregoing, the Investor shall comply with all applicable provisions of the Securities Act and the Exchange Act, including Regulation M thereunder, and any applicable securities laws of any non-U.S. jurisdictions. Neither the Investor nor any of its officers or directors shall take, directly or indirectly, any action designed or intended to cause or to result in, or which would in the future reasonably be expected to cause or result in, the stabilization or manipulation of the price of any security of the Company, in each case to facilitate the sale or resale of any of the Securities.

Section 5.4 Due Diligence. Subject to the requirements of Section 5.11, from time to time during the Investment Period, the Company shall make available for inspection and review by the Investor, customary documentation allowing the Investor and/or its appointed counsel or advisors to conduct due diligence. The Company shall not be required to reimburse the Investor or its counsel or advisors in connection with any such due diligence from and after the date of this Agreement.

Section 5.5 No Frustration; No Variable Rate Transactions.

(a) **No Frustration.** The Company shall not enter into, announce or recommend to its stockholders any agreement, plan, arrangement or transaction in or of which the terms thereof would restrict, materially delay, conflict with or impair the ability or right of the Company to perform its obligations under this Agreement, including, without limitation, the obligation of the Company to deliver (i) the Commitment Shares to the Investor as DWAC Shares not later than 4:00 p.m. (New York time) on the Trading Day immediately following the Commencement Date, and (ii) the Shares to the Investor in respect of a VWAP Purchase not later than the applicable VWAP Purchase Settlement Date for such VWAP Purchase. For the avoidance of doubt, nothing in this Section 5.5(a) shall in any way limit the Company's right to terminate this Agreement in accordance with Section 7.1 (subject in all cases to Section 7.3).

(b) **No Variable Rate Transactions.** The Company shall not effect or enter into an agreement to effect any issuance by the Company or any of its Subsidiaries of Common Stock or Common Stock Equivalents (or a combination of units thereof) involving a Variable Rate Transaction, other than in connection with an Exempt Issuance. The Investor shall be entitled to seek injunctive relief against the Company and its Subsidiaries to preclude any such issuance, which remedy shall be in addition to any right to collect damages, without the necessity of showing economic loss and without any bond or other security being required.

Section 5.6 Stop Orders. The Company shall advise the Investor promptly (but in no event later than 24 hours) and shall confirm such advice in writing: (a) of the Company's receipt of notice of any request by the Commission for amendment of or a supplement to the Registration Statement, the Prospectus, any Permitted Free Writing Prospectus or for any additional information; (b) of the Company's receipt of notice of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or prohibiting or suspending the use of the Prospectus or any Prospectus Supplement, or of the suspension of qualification of the Securities for offering or sale in any jurisdiction, or the initiation or contemplated initiation of any proceeding for such purpose; and (c) of the Company becoming aware of the happening of any event, which makes any statement of a material fact made in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus untrue or which requires the making of any additions to or changes to the statements then made in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus in order to state a material fact required by the Securities Act to be stated therein or necessary in order to make the statements then made therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading, or of the necessity to amend the Registration Statement or supplement the Prospectus or any Permitted Free Writing Prospectus to comply with the Securities Act or any other law. The Company shall not be required to disclose to the Investor the substance or specific reasons of any of the events set forth in clauses (a) through (c) of the immediately preceding sentence, but rather, shall only be required to disclose that the event has occurred. The Company shall not issue any VWAP Purchase Notice during the continuation of any of the foregoing events. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement or prohibiting or suspending the use of the Prospectus or any Prospectus Supplement, the Company shall use reasonable best efforts to obtain the withdrawal of such order at the earliest possible time.

Section 5.7 Amendments to the Registration Statement; Prospectus Supplements; Free Writing Prospectuses.

(a) Except as provided in this Agreement and other than periodic and current reports required to be filed pursuant to the Exchange Act, the Company shall not file with the Commission any amendment to the Registration Statement that relates to the Investor, this Agreement or the transactions contemplated hereby or file with the Commission any Prospectus Supplement that relates to the Investor, this Agreement or the transactions contemplated hereby with respect to which (i) the Investor shall not previously have been advised, (ii) the Company shall not have given the Investor and its counsel a reasonable opportunity to comment on a draft thereof prior to filing with the Commission, (iii) the Company shall not have given due consideration to any comments thereon received from the Investor or its counsel prior to filing with the Commission, or (iv) the Investor shall reasonably object after being so advised or after having completed its review (provided, however, that the failure of the Investor to make such objection shall not relieve the Company of any obligation or liability under this Agreement or affect the Investor's right to rely on the representations and warranties made by the Company in this Agreement), unless the Company reasonably has determined that it is necessary to amend the Registration Statement or make any supplement to the Prospectus to comply with the Securities Act or any other applicable law or regulation, in which case the Company shall promptly (but in no event later than 24 hours) so inform the Investor, the Investor shall be provided with a reasonable opportunity to review and comment upon any disclosure relating to the Investor and the Company shall expeditiously furnish to the Investor an electronic copy thereof (it being acknowledged and agreed that the provisions of Section 1.4, and not this Section 5.7, shall apply with respect to the Initial Prospectus Supplement). In addition, for so long as, in the reasonable opinion of counsel for the Investor, the Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Securities Act) is required to be delivered in connection with any acquisition or sale of Securities by the Investor, the Company shall not file any (1) Prospectus Supplement with respect to the Securities, without delivering or making available a copy of such Prospectus Supplement (in the form filed with the Commission), together with the Base Prospectus, to the Investor promptly after the filing thereof with the Commission, or (2) any amendment to the Registration Statement, without promptly delivering or making available a copy of such amendment to the Registration Statement (in the form filed with the Commission) to the Investor promptly after the filing thereof with the Commission, in each case via e-mail in ".pdf" format to an e-mail account designated by the Investor.

(b) The Company has not made, and agrees that unless it obtains the prior written consent of the Investor it shall not make, an offer relating to the Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a Free Writing Prospectus required to be filed by the Company or the Investor with the Commission or retained by the Company or the Investor under Rule 433 under the Securities Act. The Investor has not made, and agrees that unless it obtains the prior written consent of the Company it shall not make, an offer relating to the Securities that would constitute a Free Writing Prospectus required to be filed by the Company with the Commission or retained by the Company under Rule 433 under the Securities Act. Any such Issuer Free Writing Prospectus or other Free Writing Prospectus consented to by the Investor or the Company is referred to in this Agreement as a "***Permitted Free Writing Prospectus***." The Company agrees that (x) it has treated and shall treat, as the case may be, each Permitted Free Writing Prospectus as an Issuer Free Writing Prospectus and (y) it has complied and shall comply, as the case may be, with the requirements of Rules 164 and 433 under the Securities Act applicable to any Permitted Free Writing Prospectus, including in respect of timely filing with the Commission, legending and record keeping.

Section 5.8 Prospectus Delivery. For so long as, in the reasonable opinion of counsel for the Investor, the Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Securities Act) is required to be delivered in connection with any acquisition or sale of Securities by the Investor, the Company shall furnish to the Investor and its counsel (at the expense of the Company) copies of the Base Prospectus and all Prospectus Supplements that are filed with the Commission, in each case, in the form filed with the Commission, as soon as reasonably practicable via e-mail in ".pdf" format to an e-mail account designated by the Investor and, at the Investor's request, shall also furnish copies of the Base Prospectus and all Prospectus Supplements, in each case, in the form filed with the Commission, to each exchange or market on which sales of the Securities may be made and to each Broker-Dealer or other Person designated by the Investor. The Company consents to the use of the Prospectus (and of any Prospectus Supplement thereto) in accordance with the provisions of the Securities Act and with the securities or "Blue Sky" laws of the jurisdictions in which the Securities may be sold by the Investor, in connection with the offering and sale of the Securities and for such period of time thereafter as the Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Securities Act) is required by the Securities Act to be delivered in connection with sales of the Securities. If during such period of time any event shall occur that in the judgment of the Company and its counsel is required to be set forth in the Registration Statement or the Prospectus or any Permitted Free Writing Prospectus or should be set forth therein in order to make the statements made therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading, or if it is necessary to amend the Registration Statement or supplement or amend the Prospectus or any Permitted Free Writing Prospectus to comply with the Securities Act or any other applicable law or regulation, the Company shall forthwith prepare and, subject to Section 5.7(a) above, file with the Commission an appropriate amendment to the Registration Statement or Prospectus Supplement to the Prospectus (or supplement to the Permitted Free Writing Prospectus) and shall expeditiously furnish or make available to the Investor a copy thereof in accordance with this Section 5.8. The Investor shall comply with any Prospectus delivery requirements under the Securities Act applicable to it. The Investor acknowledges and agrees that it is not authorized to give any information or to make any representation not contained in the Prospectus or the documents incorporated by reference or specifically referred to therein in connection with the offer and sale of the Securities.

Section 5.9 Selling Restrictions. The Investor covenants and agrees that commencing upon the execution of this Agreement on the Commencement Date and ending on the date of any termination of this Agreement pursuant to Section 7.1 or Section 7.2 (the "***Restricted Period***"), neither the Investor nor any of its Affiliates nor any entity managed or controlled by the Investor (collectively, the "***Restricted Persons***" and each of the foregoing is referred to herein as a "***Restricted Person***") shall, directly or indirectly, (a) engage in or effect any Short Sales of Common Stock, or (b) execute any stock pledge, forward sales contract, option, put, call, swap or similar hedging arrangement (including on a total return basis), which establishes a net short position with respect to the Common Stock. In addition to the foregoing, in connection with any resale of Securities by the Investor, each of the Restricted Persons shall comply in all respects with all applicable laws, rules, regulations and orders, including, without limitation, the applicable requirements of the Securities Act and the Exchange Act, including, without limitation, Regulation SHO, and all orders of any regulatory authority applicable to any Restricted Person.

Section 5.10 Effective Registration Statement. The Company shall use its reasonable best efforts to keep the Registration Statement effective pursuant to Rule 415 promulgated under the Securities Act, and to keep the Registration Statement and the Prospectus current and available for issuances and sales of Securities by the Company to the Investor, and for the resale of Securities by the Investor, at all times during the term of this Agreement and, to the extent the Investor owns any Securities upon the termination of this Agreement, until the 180th day next following the termination of this Agreement (the "***Registration Period***"). Without limiting the generality of the foregoing, during the Registration Period, the Company shall prepare and, subject to Section 5.7(a) above, file with the Commission, at the Company's expense, such amendments (including, without limitation, post-effective amendments) to the Registration Statement and such Prospectus Supplements pursuant to Rule 424(b) under the Securities Act, in each case, as may be necessary to keep the Registration Statement effective pursuant to Rule 415 promulgated under the Securities Act, and to keep the Registration Statement and the Prospectus current and available for issuances and sales of Securities by the Company to the Investor, and for the resale of Securities by the Investor, at all times during the Registration Period.

Section 5.11 Non-Public Information. Neither the Company or any of its Subsidiaries, nor any of their respective directors, officers, employees or agents shall disclose any material non-public information about the Company to the Investor, unless a simultaneous public announcement thereof is made by the Company in the manner contemplated by Regulation FD. In the event of a breach of the foregoing covenant by the Company or any of its Subsidiaries, or any of their respective directors, officers, employees and agents (as determined in the reasonable good faith judgment of the Investor), on the Cleansing Date (defined below) and in compliance with the conditions set forth below, the Investor will, in addition to any other remedy provided herein, have the right to publicly disclose such information without the prior approval by the Company, any of its Subsidiaries, or any of their respective directors, officers, employees or agents, to the extent the Investor (in its reasonable good faith judgment) deems such information to be material non-public information, in the form of a press release, public advertisement or otherwise; provided, however, prior to exercising this right, the Investor shall provide the Company with written notice of the Company's alleged failure to disclose such information, which notice shall (a) include a description of the disclosure that the Investor intends to make, and (b) provide the Company with at least one (1) business day to cure such failure (the first business day following such one-business day cure period, the "***Cleansing Date***"). The Investor shall not have any liability to the Company, any of its Subsidiaries, or any of their respective directors, officers, employees, stockholders or agents, for any such disclosure.

Section 5.12 Broker/Dealer. The Investor shall use one or more broker-dealers to effectuate all sales, if any, of the Securities that it may acquire or purchase from the Company pursuant to this Agreement which (or whom) shall be unaffiliated with the Investor and not then currently engaged or used by the Company (collectively, the "***Broker-Dealer***"). The Investor shall provide the Company with all information regarding the Broker-Dealer reasonably requested by the Company. The Investor shall be solely responsible for all fees and commissions of the Broker-Dealer, which shall not exceed customary brokerage fees and commissions, and shall be responsible for designating only a DTC participant eligible to receive DWAC Shares.

Section 5.13 Earnings Statement. The Company shall make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement covering a 12-month period that satisfies the provisions of Section 11(a) of and Rule 158 under the Securities Act. The terms "earnings statement" and "make generally available to its security holders" shall have the meanings set forth in Rule 158 under the Securities Act.

Section 5.14 Corporate Existence. The Company shall take all steps necessary to preserve and continue the corporate existence of the Company; provided, however, that, except as provided in Section 5.15, nothing in this Agreement shall be deemed to prohibit the Company from engaging in any Fundamental Transaction with another Person. For the avoidance of doubt, nothing in this Section 5.14 shall in any way limit the Company's right to terminate this Agreement in accordance with Section 7.1 (subject in all cases to Section 7.3).

Section 5.15 Fundamental Transaction. If a VWAP Purchase Notice has been delivered to the Investor and the transactions contemplated therein have not yet been fully settled in accordance with the terms and conditions of this Agreement, the Company shall not effect any Fundamental Transaction until the expiration of three (3) Trading Days following the date of full settlement thereof and the issuance to the Investor of all of the Shares issuable pursuant to the VWAP Purchase to which such VWAP Purchase Notice relates.

Section 5.16 Disclosure Schedule.

(a) From time to time during the Investment Period, the Company shall be permitted to update the Disclosure Schedule as may be required to satisfy the condition set forth in Section 6.3(a). For purposes of this Section 5.16, any disclosure made in a schedule to the Compliance Certificate substantially in the form attached hereto as Exhibit D shall be deemed to be an update of the Disclosure Schedule. Notwithstanding anything in this Agreement to the contrary, no update to the Disclosure Schedule pursuant to this Section 5.16 shall cure any prior breach of a representation or warranty of the Company contained in this Agreement and shall not affect any of the Investor's rights or remedies with respect thereto.

(b) Notwithstanding anything to the contrary contained in the Disclosure Schedule or in this Agreement, the information and disclosure contained in any Schedule of the Disclosure Schedule shall be deemed to be disclosed and incorporated by reference in any other Schedule of the Disclosure Schedule as though fully set forth in such Schedule for which applicability of such information and disclosure is readily apparent on its face. The fact that any item of information is disclosed in the Disclosure Schedule shall not be construed to mean that such information is required to be disclosed by this Agreement. Except as expressly set forth in this Agreement, such information and the thresholds (whether based on quantity, qualitative characterization, dollar amounts or otherwise) set forth herein shall not be used as a basis for interpreting the terms "material" or "Material Adverse Effect" or other similar terms in this Agreement.

ARTICLE VI
CONDITIONS TO COMMENCEMENT; CONDITIONS TO THE SALE AND PURCHASE OF THE SHARES

Section 6.1 Conditions to Commencement. On the Commencement Date, the Company shall deliver irrevocable instructions to its transfer agent to electronically transfer the Commitment Shares to the Investor or its designee(s) as DWAC Shares, not later than 4:00 p.m. (New York time) on the Trading Day immediately following the Commencement Date, which Commitment Shares shall be issued pursuant to the Registration Statement and without any restriction on resale. For the avoidance of doubt, all of the Commitment Shares shall be fully earned as of the Commencement Date, regardless of whether any VWAP Purchases are effected hereunder. Simultaneously with the execution and delivery of this Agreement, on the Commencement Date, the Company shall deliver to the Investor (a) the opinions and negative assurances of outside counsel to the Company, dated the Commencement Date, in the forms mutually agreed to by the parties hereto, (b) a certificate from the Company, dated the Commencement Date, in the form of Exhibit C hereto, and (c) a copy of the irrevocable instructions to the transfer agent regarding the Commitment Shares. On or prior to the Commencement Date, the Company shall have paid by wire transfer of immediately available funds to an account designated by the Investor's counsel, the Investor Expense Reimbursement in accordance with the proviso to the first sentence of Section 9.1 of this Agreement.

Section 6.2 Conditions Precedent to the Obligations of the Company. The obligation hereunder of the Company to issue and sell the Shares to the Investor under any VWAP Purchase Notice delivered to the Investor by the Company under this Agreement on or after the Commencement Date is subject to the satisfaction at the applicable VWAP Purchase Condition Satisfaction Time, or (to the extent permitted by applicable law) the waiver, of each of the conditions set forth in this Section 6.2. These conditions are for the Company's sole benefit and (to the extent permitted by applicable law) may be waived by the Company at any time in its sole discretion, except as expressly provided below.

(a) **Accuracy of the Investor's Representations and Warranties.** The representations and warranties of the Investor contained in this Agreement (i) that are not qualified by "materiality" shall have been true and correct in all material respects when made and shall be true and correct in all material respects at the applicable VWAP Purchase Condition Satisfaction Time with the same force and effect as if made at such time, except to the extent such representations and warranties are as of another date or time, in which case, such representations and warranties shall be true and correct in all material respects as of such other date or time and (ii) that are qualified by "materiality" shall have been true and correct when made and shall be true and correct at the applicable VWAP Purchase Condition Satisfaction Time with the same force and effect as if made at such time, except to the extent such representations and warranties are as of another date or time, in which case, such representations and warranties shall be true and correct as of such other date or time.

(b) **Registration Statement.** The Registration Statement is effective and neither the Company nor the Investor shall have received notice that the Commission has issued or intends to issue a stop order with respect to the Registration Statement. The Company shall have a maximum dollar amount certain of Common Stock registered under the Registration Statement which (i) as of the Commencement Date, is sufficient to issue to the Investor not less than the Total Commitment worth of Common Stock, and (ii) as of the applicable VWAP Purchase Exercise Date, is sufficient to issue to the Investor not less than the maximum dollar amount worth of Shares issuable pursuant to the applicable VWAP Purchase Notice.

(c) **Other Commission Filings**. The Current Report shall have been filed with the Commission as required pursuant to Section 1.4, and all Prospectus Supplements required to have been filed with the Commission pursuant to Section 1.4 shall have been filed with the Commission in accordance with Section 1.4. All reports, schedules, registrations, forms, statements, information and other documents required to have been filed by the Company with the Commission pursuant to the reporting requirements of the Exchange Act, including all material required to have been filed pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, shall have been filed with the Commission and such filings shall have been made within the applicable time period prescribed for such filing under the Exchange Act. All other material required to be filed by the Company or any other offering participant pursuant to Rule 433(d) under the Securities Act shall have been filed with the Commission within the applicable time periods prescribed for such filings by Rule 433 under the Securities Act.

(d) **Performance by the Investor.** The Investor shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Investor at or prior to the applicable VWAP Purchase Condition Satisfaction Time.

(e) **No Injunction.** No statute, rule, regulation, order, decree, writ, ruling or injunction shall have been enacted, entered, promulgated, threatened or endorsed by any court or Governmental Entity of competent jurisdiction which prohibits the consummation of or which would materially modify or delay any of the transactions contemplated by this Agreement.

(f) **No Suspension of Trading in or Notice of Delisting of Common Stock.** Trading in the Common Stock shall not have been suspended by the Commission, the Trading Market or FINRA (except for any suspension of trading of limited duration agreed to by the Company, which suspension shall be terminated prior to the applicable VWAP Purchase Condition Satisfaction Time), the Company shall not have received any final and non-appealable notice that the listing or quotation of the Common Stock on the Trading Market shall be terminated on a date certain (unless, prior to such date certain, the Common Stock is listed or quoted on any other Eligible Market). At any time since the most recent VWAP Purchase Settlement Date (or since the Commencement Date in the case of the first VWAP Purchase Settlement Date), none of the events described in clauses (i), (ii) and (iii) of Section 5.6 shall have occurred (but an event described in clause (iii) of Section 5.6 shall only apply if it has not been cured through the filing of a report with the Commission on EDGAR).

(g) **No Proceedings or Litigation**. No action, suit or proceeding before any arbitrator or any court or Governmental Entity shall have been commenced, and no inquiry or investigation by any Governmental Entity shall have been commenced, against the Company or any Subsidiary, or any of the officers, directors or affiliates of the Company or any Subsidiary, seeking to restrain, prevent or change the transactions contemplated by this Agreement, or seeking material damages in connection with such transactions.

(h) **Certain Limitations.** The issuance and sale of the Shares issuable pursuant to the applicable VWAP Purchase Notice shall not (i) exceed the applicable VWAP Purchase Maximum Amount, (ii) cause the Aggregate Limit or the Beneficial Ownership Limitation to be exceeded, or (iii) cause the Exchange Cap (to the extent applicable under Section 2.3) to be exceeded, unless in the case of this clause (iii), the Company's stockholders have theretofore approved the issuance of Common Stock under this Agreement in excess of the Exchange Cap in accordance with the applicable rules of the Trading Market.

Section 6.3 Conditions Precedent to the Obligations of the Investor. The obligation hereunder of the Investor to accept a VWAP Purchase Notice timely delivered to the Investor by the Company under this Agreement on or after the Commencement Date and to acquire and pay for the Shares subject to such VWAP Purchase Notice is subject to the satisfaction at the applicable VWAP Purchase Condition Satisfaction Time, or (to the extent permitted by applicable law) the waiver, of each of the conditions set forth in this Section 6.3. These conditions are for the Investor's sole benefit and (to the extent permitted by applicable law) may be waived by the Investor at any time in its sole discretion, except as expressly provided below.

(a) **Accuracy of the Company's Representations and Warranties.** The representations and warranties of the Company contained in this Agreement, as modified by the Disclosure Schedule (i) that are not qualified by "materiality" or "Material Adverse Effect" shall have been true and correct in all material respects when made and shall be true and correct in all material respects at the applicable VWAP Purchase Condition Satisfaction Time with the same force and effect as if made at such time, except to the extent such representations and warranties are as of another date or time, in which case, such representations and warranties shall be true and correct in all material respects as of such other date or time and (ii) that are qualified by "materiality" or "Material Adverse Effect" shall have been true and correct when made and shall be true and correct at the applicable VWAP Purchase Condition Satisfaction Time with the same force and effect as if made at such time, except to the extent such representations and warranties are as of another date or time, in which case, such representations and warranties shall be true and correct as of such other date or time.

(b) **Registration Statement.** The Registration Statement is effective and neither the Company nor the Investor shall have received notice that the Commission has issued or intends to issue a stop order with respect to the Registration Statement. The Company shall have a maximum dollar amount certain of Common Stock registered under the Registration Statement which (i) as of the Commencement Date, is sufficient to issue to the Investor not less than the Total Commitment worth of Common Stock, and (ii) as of the applicable VWAP Purchase Exercise Date, is sufficient to issue to the Investor not less than the maximum dollar amount worth of Shares issuable pursuant to the applicable VWAP Purchase Notice. As of the Commencement Date and the applicable VWAP Purchase Exercise Date, the Investor shall be permitted to utilize the Prospectus to resell all of the Securities it then owns or has the right to acquire pursuant to all VWAP Purchase Notices delivered by the Company to the Investor pursuant to this Agreement.

(c) **Other Commission Filings.** The Current Report shall have been filed with the Commission as required pursuant to Section 1.4, and all Prospectus Supplements required to have been filed with the Commission pursuant to Section 1.4 shall have been filed with the Commission in accordance with Section 1.4. All reports, schedules, registrations, forms, statements, information and other documents required to have been filed by the Company with the Commission pursuant to the reporting requirements of the Exchange Act, including all material required to have been filed pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, shall have been filed with the Commission and such filings shall have been made within the applicable time period prescribed for such filing under the Exchange Act. All other material required to be filed by the Company or any other offering participant pursuant to Rule 433(d) under the Securities Act shall have been filed with the Commission within the applicable time periods prescribed for such filings by Rule 433 under the Securities Act.

(d) **No Suspension of Trading in or Notice of Delisting of Common Stock.** Trading in the Common Stock shall not have been suspended by the Commission, the Trading Market or FINRA (except for any suspension of trading of limited duration agreed to by the Company, which suspension shall be terminated prior to the applicable VWAP Purchase Condition Satisfaction Time), the Company shall not have received any final and non-appealable notice that the listing or quotation of the Common Stock on the Trading Market shall be terminated on a date certain (unless, prior to such date certain, the Common Stock is listed or quoted on any other Eligible Market), nor shall there have been imposed any suspension of, or restriction on, accepting additional deposits of the Common Stock, electronic trading or book-entry services by DTC with respect to the Common Stock that is continuing, the Company shall not have received any notice from DTC to the effect that a suspension of, or restriction on, accepting additional deposits of the Common Stock, electronic trading or book-entry services by DTC with respect to the Common Stock is being imposed or is contemplated (unless, prior to such suspension or restriction, DTC shall have notified the Company in writing that DTC has determined not to impose any such suspension or restriction). At any time since the most recent VWAP Purchase Settlement Date (or since the Commencement Date in the case of the first VWAP Purchase Settlement Date), none of the events described in clauses (i), (ii) and (iii) of Section 5.6 shall have occurred (but an event described in clause (iii) of Section 5.6 shall only apply if it has not been cured through the filing of a report with the Commission on EDGAR).

(e) **Performance of the Company.** The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the applicable VWAP Purchase Condition Satisfaction Time. The Company shall have delivered to the Investor at or prior to the applicable VWAP Purchase Condition Satisfaction Time the Compliance Certificate substantially in the form attached hereto as Exhibit D.

(f) **No Injunction**. No statute, rule, regulation, order, decree, writ, ruling or injunction shall have been enacted, entered, promulgated, threatened or endorsed by any court or Governmental Entity of competent jurisdiction which prohibits the consummation of or which would materially modify or delay any of the transactions contemplated by this Agreement.

(g) **No Proceedings or Litigation**. No action, suit or proceeding before any arbitrator or any court or Governmental Entity shall have been commenced, and no inquiry or investigation by any Governmental Entity shall have been commenced, against the Company or any Subsidiary, or any of the officers, directors or affiliates of the Company or any Subsidiary, seeking to restrain, prevent or change the transactions contemplated by this Agreement, or seeking material damages in connection with such transactions.

(h) **Certain Limitations.** The issuance and sale of the Shares issuable pursuant to the applicable VWAP Purchase Notice shall not (i) exceed the applicable VWAP Purchase Maximum Amount, (ii) cause the Aggregate Limit or the Beneficial Ownership Limitation to be exceeded, or (iii) cause the Exchange Cap (to the extent applicable under Section 2.3) to be exceeded, unless in the case of this clause (iii), the Company's stockholders have theretofore approved the issuance of Common Stock under this Agreement in excess of the Exchange Cap in accordance with the applicable rules of the Trading Market.

(i) **Shares and Commitment Shares Authorized and Delivered.** The Shares issuable pursuant to such VWAP Purchase Notice shall have been duly authorized by all necessary corporate action of the Company. The Company shall have delivered all Shares relating to all prior VWAP Purchase Notices to the Investor or its designee(s) as DWAC Shares. The Company shall have timely delivered all Commitment Shares to the Investor or its designee(s) as DWAC Shares in accordance with Section 2.5.

(j) **Listing of Securities.** All of the Securities that may be issued pursuant to this Agreement shall have been approved for listing or quotation on the Trading Market (or on an Eligible Market) as of the Commencement Date, subject only to notice of issuance.

(k) **No Termination Event**. There shall not have occurred any event that would permit the Investor to terminate this Agreement pursuant to Section 7.2.

(l) **Bring-Down Opinions of Counsel**. Each time the Company (i) files a Prospectus Supplement relating to the Securities pursuant to Section 1.4 (other than the Initial Prospectus Supplement), (ii) amends or supplements the Registration Statement or the Prospectus relating to the Securities by means of a post-effective amendment, sticker, or supplement, but not by means of incorporation of document(s) by reference to the Registration Statement or the Prospectus relating to the Securities (other than as set forth in clauses (iii) and (iv) hereof); (iii) files an Annual Report on Form 10-K under the Exchange Act (including any Form 10-K/A containing amended financial information or a material amendment to the previously filed Form 10-K); or (iv) a current report on Form 8-K that contains amended material financial information (or a restatement of material financial information) or an amendment to other material information contained or incorporated by reference in the Registration Statement or any Prospectus Supplement (each date of filing of one or more of the documents referred to in clauses (i) through (iv) shall be a "***Representation Date***"), the Company shall furnish the Investor, within three (3) Trading Days after each filing date thereof, the opinions and negative assurance "bring down" from outside counsel to the Company, in the forms mutually agreed to by the parties hereto prior to the date hereof. The requirement to provide the opinion "bring down" under this Section 6.3(l) shall be waived for any Representation Date referred to in clause (iv) above with respect to a fiscal quarter during which no Shares were sold hereunder, which waiver shall continue until the earlier to occur of the date the Company delivers a VWAP Purchase Notice (which for such calendar quarter shall be considered a Representation Date) and the next occurring Representation Date. Notwithstanding the foregoing, if the Company subsequently decides to deliver a VWAP Purchase Notice to the Investor following a Representation Date when the Company relied on such waiver and did not provide the Investor with the opinion "bring down" under this Section 6.3(l), then before the Company delivers the VWAP Purchase Notice to the Investor, the Company shall provide the Investor with opinion "bring down" from outside counsel to the Company, in the forms mutually agreed to by the parties hereto prior to the date hereof, dated the date of the VWAP Purchase Notice.

ARTICLE VII
TERMINATION

Section 7.1 Automatic Termination; Termination by Mutual Consent; Termination by the Company. Unless earlier terminated as provided hereunder, this Agreement shall terminate automatically on the earliest to occur of (a) the first day of the month next following the 18-month anniversary of the Commencement Date, (b) the date on which the Investor shall have purchased or received the Total Commitment worth of Shares pursuant to this Agreement, (c) the date on which the Common Stock shall have failed to be listed or quoted on the Trading Market or any Eligible Market, (d) the thirtieth (30th) Trading Day next following the date on which, pursuant to or within the meaning of any Bankruptcy Law, the Company commences a voluntary case or any Person commences a proceeding against the Company, in each case that is not discharged or dismissed prior to such thirtieth (30th) Trading Day, and (e) the date on which, pursuant to or within the meaning of any Bankruptcy Law, a Custodian is appointed for the Company or for all or substantially all of its property, or the Company makes a general assignment for the benefit of its creditors. Subject to Section 7.3, this Agreement may be terminated at any time by the mutual written consent of the parties, effective as of the date of such mutual written consent unless otherwise provided in such written consent. Subject to Section 7.3, the Company may terminate this Agreement, at any time and in its sole discretion, effective upon five (5) Trading Days' prior written notice to the Investor delivered in accordance with Section 9.4; provided, however, that (i) the Company shall have issued all Commitment Shares to the Investor in accordance with Section 2.5 and shall have paid all fees and amounts to the Investor's counsel required to be paid pursuant to Section 9.1 of this Agreement prior to such termination, and (ii) prior to issuing any press release, or making any public statement or announcement, with respect to such termination, the Company shall consult with the Investor and shall obtain the Investor's consent to the form and substance of such press release or other disclosure, which consent shall not be unreasonably delayed or withheld.

Section 7.2 Other Termination. Subject to Section 7.3, the Investor shall have the right to terminate this Agreement effective upon five (5) Trading Days' prior written notice to the Company in accordance with Section 9.4, if: (a) any condition, occurrence, state of facts or event constituting a Material Adverse Effect has occurred and is continuing; (b) a Fundamental Transaction shall have occurred; (c) the effectiveness of the Registration Statement, or any post-effective amendment thereto, lapses for any reason (including, without limitation, the issuance of a stop order by the Commission) or the Registration Statement or any post-effective amendment thereto, or any Prospectus Supplement otherwise becomes unavailable to the Investor for the sale of all of the Securities included therein, and such lapse or unavailability continues for a period of thirty (30) consecutive Trading Days or for more than an aggregate of ninety (90) Trading Days in any 365-day period, other than due to acts of the Investor; (d) trading in the Common Stock on the Trading Market (or if the Common Stock is then listed on an Eligible Market, trading in the Common Stock on such Eligible Market) shall have been suspended and such suspension continues for a period of three (3) consecutive Trading Days; or (e) the Company is in material breach or default of this Agreement, and, if such breach or default is capable of being cured, such breach or default is not cured within ten (10) Trading Days after notice of such breach or default is delivered to the Company pursuant to Section 10.4. Unless notification thereof is required elsewhere in this Agreement (in which case such notification shall be provided in accordance with such other provision), the Company shall promptly (but in no event later than 24 hours) notify the Investor (and, if required under applicable law, including, without limitation, Regulation FD promulgated by the Commission, or under the applicable rules and regulations of the Trading Market, the Company shall publicly disclose such information in accordance with Regulation FD and the applicable rules and regulations of the Trading Market) upon becoming aware of any of the events set forth in the immediately preceding sentence.

Section 7.3 Effect of Termination. In the event of termination by the Company or the Investor pursuant to Section 7.1 or 7.2, as applicable, written notice thereof shall forthwith be given to the other party as provided in Section 9.4 and the transactions contemplated by this Agreement shall be terminated without further action by either party. If this Agreement is terminated as provided in Section 7.1 or 7.2 herein, this Agreement shall become void and of no further force and effect, except that (a) the provisions of Article VIII (Indemnification), Section 9.1 (Fees and Expenses), Section 9.2 (Specific Enforcement, Consent to Jurisdiction, Waiver of Jury Trial), Section 9.4 (Notices), Section 9.8 (Governing Law), Section 9.9 (Survival), Section 9.11 (Publicity), Section 9.12 (Severability) and this Article VII (Termination) shall remain in full force and effect notwithstanding such termination, (b) if the Investor owns any Securities at the time of such termination, the covenants and agreements of the Company and the Investor, as applicable, contained in Section 5.1(a) (Securities Compliance), Section 5.3 (Compliance with Law), Section 5.6 (Stop Orders), Section 5.7 (Amendments to the Registration Statement; Prospectus Supplements; Free Writing Prospectuses), Section 5.8 (Prospectus Delivery), Section 5.10 (Effective Registration Statement), Section 5.11 (Non-Public Information) and Section 5.12 (Broker/Dealer) shall remain in full force and effect notwithstanding such termination for a period of six (6) months following such termination, and (c) if the Investor or its designee(s) own any Securities at the time of such termination, the covenants and agreements of the Company contained in Section 5.2 (Registration and Listing) shall remain in full force and effect notwithstanding such termination for a period of thirty (30) days following such termination. Notwithstanding anything in this Agreement to the contrary, no termination of this Agreement by any party shall (i) become effective prior to the fifth (5th) Trading Day immediately following the applicable VWAP Purchase Settlement Date related to any pending VWAP Purchase Notice that has not been fully settled in accordance with the terms and conditions of this Agreement (it being hereby acknowledged and agreed that no termination of this Agreement shall limit, alter, modify, change or otherwise affect any of the Company's or the Investor's rights or obligations under this Agreement with respect to any pending VWAP Purchase, and that the parties shall fully perform their respective obligations with respect to any such pending VWAP Purchase under this Agreement), (ii) affect any cash fees paid to the Investor's counsel pursuant to Section 9.1, all of which fees shall be non-refundable when paid on or prior to the Commencement Date pursuant to Section 9.1, regardless of whether any VWAP Purchases are effected hereunder or any subsequent termination of this Agreement, or (iii) affect any Commitment Shares previously issued or delivered, or any rights of any holder thereof, it being hereby acknowledged and agreed that all of the Commitment Shares shall be fully earned as of the Commencement Date, regardless of whether any VWAP Purchases are effected hereunder or any subsequent termination of this Agreement. Nothing in this Section 7.3 shall be deemed to release the Company or the Investor from any liability for any breach or default under this Agreement, or to impair the rights of the Company and the Investor to compel specific performance by the other party of its obligations under this Agreement.

ARTICLE VIII
INDEMNIFICATION

Section 8.1 General Indemnity.

(a) **Indemnification by the Company.** The Company shall indemnify and hold harmless the Investor, each of its directors, officers, partners, employees, investment managers, investment advisors and Affiliates, and each Person, if any, who controls the Investor within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act (each, an "***Investor Party***") from and against all losses, claims, damages, liabilities and expenses (including reasonable costs of defense and investigation and all reasonable attorneys' fees) to which the Investor Party may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages, liabilities and expenses arise out of or are based upon (i) any violation of United States federal or state securities laws or the rules and regulations of the Trading Market in connection with the transactions contemplated by this Agreement by the Company or any of its Subsidiaries, affiliates, officers, directors or employees, (ii) any untrue statement or alleged untrue statement of a material fact contained, or incorporated by reference, in the Registration Statement or any amendment thereto or any omission or alleged omission to state therein, or in any document incorporated by reference therein, a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any untrue statement or alleged untrue statement of a material fact contained, or incorporated by reference, in the Prospectus, any Issuer Free Writing Prospectus, or in any amendment thereof or supplement thereto, or in any "issuer information" (as defined in Rule 433 under the Securities Act) of the Company, which "issuer information" is required to be, or is, filed with the Commission or otherwise contained in any Free Writing Prospectus, or any amendment or supplement thereto, or any omission or alleged omission to state therein, or in any document incorporated by reference therein, a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that (A) the Company shall not be liable under this Section 8.1(a) to the extent that a court of competent jurisdiction shall have determined by a final judgment (from which no further appeals are available) that such loss, claim, damage, liability or expense resulted directly and solely from any such acts or failures to act, undertaken or omitted to be taken by the Investor Party through its bad faith or willful misconduct, (B) the foregoing indemnity shall not apply to any loss, claim, damage, liability or expense to the extent, but only to the extent, arising out of or based upon any untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Company by or on behalf of the Investor expressly for use in the Current Report or any Prospectus Supplement or Permitted Free Writing Prospectus, or any amendment thereof or supplement thereto, and (C) with respect to the Prospectus, the foregoing indemnity shall not inure to the benefit of the Investor Party from whom the Person asserting any loss, claim, damage, liability or expense purchased Common Stock, if copies of all Prospectus Supplements required to be filed pursuant to Section 1.4, together with the Base Prospectus, were timely delivered or made available to the Investor pursuant hereto and a copy of the Base Prospectus, together with a Prospectus Supplement (as applicable), was not sent or given by or on behalf of the Investor Party to such Person, if required by law to have been delivered, at or prior to the written confirmation of the sale of the Common Stock to such Person, and if delivery of the Base Prospectus, together with a Prospectus Supplement (as applicable), would have cured the defect giving rise to such loss, claim, damage, liability or expense.

The Company shall reimburse the Investor Party promptly upon demand (with accompanying presentation of documentary evidence) for all legal and other costs and expenses reasonably incurred by the Investor Party in investigating, defending against, or preparing to defend against any such claim, action, suit or proceeding with respect to which it is entitled to indemnification.

An Investor Party's right to indemnification or other remedies based upon the representations, warranties, covenants and agreements of the Company set forth in this Agreement shall not in any way be affected by any investigation or knowledge of such Investor Party. Such representations, warranties, covenants and agreements shall not be affected or deemed waived by reason of the fact that an Investor Party knew or should have known that any representation or warranty might be inaccurate or that the Company failed to comply with any agreement or covenant. Any investigation by such Investor Party shall be for its own protection only and shall not affect or impair any right or remedy hereunder.

To the extent that the foregoing undertakings by the Company set forth in this Section 8.1 may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the damages which is permissible under applicable law.

(b) **Indemnification by the Investor**. The Investor shall indemnify and hold harmless the Company, each of its directors, officers, employees and Affiliates, and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act from and against all losses, claims, damages, liabilities and expenses (including reasonable costs of defense and investigation and all reasonable attorneys' fees) to which the Company and each such other Person may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages, liabilities and expenses arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Current Report, the Registration Statement or any Prospectus Supplement or Permitted Free Writing Prospectus, or in any amendment thereof or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case, to the extent, but only to the extent, the untrue statement, alleged untrue statement, omission or alleged omission was made in reliance upon, and in conformity with, written information furnished by the Investor to the Company expressly for inclusion in the Current Report, the Registration Statement or such Prospectus Supplement or Permitted Free Writing Prospectus, or any amendment thereof or supplement thereto.

The Investor shall reimburse the Company and each such director, officer or controlling Person promptly upon demand for all legal and other costs and expenses reasonably incurred by the Company or such indemnified Persons in investigating, defending against, or preparing to defend against any such claim, action, suit or proceeding with respect to which it is entitled to indemnification.

Section 8.2 Indemnification Procedures. Promptly after a Person receives notice of a claim or the commencement of an action for which the Person intends to seek indemnification under Section 8.1, the Person shall notify the indemnifying party in writing of the claim or commencement of the action, suit or proceeding; provided, however, that failure to notify the indemnifying party shall not relieve the indemnifying party from liability under Section 8.1, except to the extent it has been materially prejudiced by the failure to give notice. The indemnifying party shall be entitled to participate in the defense of any claim, action, suit or proceeding as to which indemnification is being sought, and if the indemnifying party acknowledges in writing the obligation to indemnify the party against whom the claim or action is brought, the indemnifying party may (but shall not be required to) assume the defense against the claim, action, suit or proceeding with counsel satisfactory to it. After an indemnifying party notifies an indemnified party that the indemnifying party wishes to assume the defense of a claim, action, suit or proceeding, the indemnifying party shall not be liable for any legal or other expenses incurred by the indemnified party in connection with the defense against the claim, action, suit or proceeding except that if, in the opinion of counsel to the indemnifying party, one or more of the indemnified parties should be separately represented in connection with a claim, action, suit or proceeding, the indemnifying party shall pay the reasonable fees and expenses of one separate counsel for the indemnified parties. Each indemnified party, as a condition to receiving indemnification as provided in Section 8.1, shall cooperate in all reasonable respects with the indemnifying party in the defense of any action or claim as to which indemnification is sought. No indemnifying party shall be liable for any settlement of any action effected without its prior written consent. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested (by written notice provided in accordance with Section 9.4) an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated hereby effected without its written consent if (a) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (b) such indemnifying party shall have received written notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (c) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party will, without the prior written consent of the indemnified party, effect any settlement of a pending or threatened action with respect to which an indemnified party is, or is informed that it may be, made a party and for which it would be entitled to indemnification, unless the settlement includes an unconditional release of the indemnified party from all liability and claims which are the subject matter of the pending or threatened action.

If for any reason the indemnification provided for in this Agreement is not available to, or is not sufficient to hold harmless, an indemnified party in respect of any loss or liability referred to in Section 8.1 as to which such indemnified party is entitled to indemnification thereunder, each indemnifying party shall, in lieu of indemnifying the indemnified party, contribute to the amount paid or payable by the indemnified party as a result of such loss or liability, (i) in the proportion which is appropriate to reflect the relative benefits received by the indemnifying party, on the one hand, and by the indemnified party, on the other hand, from the sale of Securities which is the subject of the claim, action, suit or proceeding which resulted in the loss or liability or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above, but also the relative fault of the indemnifying party, on the one hand, and the indemnified party, on the other hand, with respect to the statements or omissions which are the subject of the claim, action, suit or proceeding that resulted in the loss or liability, as well as any other relevant equitable considerations.

The remedies provided for in Section 8.1 and this Section 8.2 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified Person at law or in equity.

ARTICLE IX
MISCELLANEOUS

Section 9.1 Fees and Expenses. Each party shall bear its own fees and expenses related to the transactions contemplated by this Agreement; provided, however, that the Company shall pay, on or prior to the Commencement Date, by wire transfer of immediately available funds to an account designated by the Investor on or prior to the date of this Agreement, an aggregate amount up to $50,000 (which includes $25,000 previously paid to the Investor as an initial deposit) as reimbursement for the Investor's out-of-pocket expenses (including the Investor's legal fees and expenses), in connection with the preparation, negotiation, execution and delivery of this Agreement, legal due diligence of the Company and review of the Registration Statement, the Initial Prospectus Supplement, the Current Report, any Permitted Free Writing Prospectus and all other related transaction documentation (the "***Investor Expense Reimbursement***"). For the avoidance of doubt, the Investor Expense Reimbursement paid is non-refundable, regardless of whether the Commencement shall occur or whether any VWAP Purchases are made or settled hereunder or any subsequent termination of this Agreement. The Company shall pay all U.S. federal, state and local stamp and other similar transfer and other taxes and duties levied in connection with issuance of the Securities pursuant hereto. For the avoidance of doubt, all of the fees payable to the Investor or its counsel pursuant to this Section 9.1 shall be non-refundable, regardless of whether any VWAP Purchases are made or settled hereunder or any subsequent termination of this Agreement.

Section 9.2 Specific Enforcement, Consent to Jurisdiction, Waiver of Jury Trial.

(a) The Company and the Investor acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that either party shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement by the other party and to enforce specifically the terms and provisions hereof (without the necessity of showing economic loss and without any bond or other security being required), this being in addition to any other remedy to which either party may be entitled by law or equity.

(b) Each of the Company and the Investor (i) hereby irrevocably submits to the jurisdiction of the U.S. District Court and other courts of the United States sitting in the State of New York for the purposes of any suit, action or proceeding arising out of or relating to this Agreement, and (ii) hereby waives, and agrees not to assert in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. Each of the Company and the Investor consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing in this Section 9.2 shall affect or limit any right to serve process in any other manner permitted by law.

(c) EACH OF THE COMPANY AND THE INVESTOR HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR DISPUTES RELATING HERETO. EACH OF THE COMPANY AND THE INVESTOR (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.2.

Section 9.3 Entire Agreement; Amendment. This Agreement, together with the exhibits referred to herein and the Disclosure Schedule, represents the entire agreement of the parties with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by either party relative to subject matter hereof not expressly set forth herein. No provision of this Agreement may be amended other than by a written instrument signed by both parties hereto. The Disclosure Schedule and all exhibits to this Agreement are hereby incorporated by reference in, and made a part of, this Agreement as if set forth in full herein.

Section 9.4 Notices. Any notice, demand, request, waiver or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) upon hand delivery or electronic mail delivery at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The address for such communications shall be:

If to the Company:

Super League Gaming, Inc.
2912 Colorado Ave., Suite #203
Santa Monica, California 90404
Telephone Number: (802) 294-2754
Email: Ann.Hand@superleague.com
Attention: Ann Hand

With a copy (which shall not constitute notice) to:

Disclosure Law Group,
A Professional Corporation
655 West Broadway, Suite 870
San Diego, CA 92101
Telephone Number: (619) 272-7050
Email: jsudweeks@disclosurelawgroup.com
Attention: Jessica R. Sudweeks, Esq.

If to the Investor:

Tumim Stone Capital LLC
140 Broadway, 38th Floor
New York, NY 10005
Telephone Number: (646) 845-0040
Email: mjtarlow@3ifund.com
Attention: Maier Joshua Tarlow

With a copy (which shall not constitute notice) to:

Stradling Yocca Carlson & Rauth
A Professional Corporation
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660-6422
Telephone Number: (949) 725-4000
Email: rwilkins@stradlinglaw.com
Attention: Ryan C. Wilkins, Esq.

Either party hereto may from time to time change its address for notices by giving at least five (5) days' advance written notice of such changed address to the other party hereto.

Section 9.5 Waivers. No waiver by either party of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any other provisions, condition or requirement hereof nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter. No provision of this Agreement may be waived other than in a written instrument signed by the party against whom enforcement of such waiver is sought.

Section 9.6 Headings; Construction. The article, section and subsection headings in this Agreement are for convenience only and shall not constitute a part of this Agreement for any other purpose and shall not be deemed to limit or affect any of the provisions hereof. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Agreement instead of just the provision in which they are found. The parties agree that each of them and their respective counsel has reviewed and had an opportunity to revise this Agreement and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. In addition, each and every reference to share prices and number of shares of Common Stock in this Agreement shall, in all cases, be subject to adjustment for any stock splits, stock combinations, stock dividends, recapitalizations, reorganizations and other similar transactions that occur on or after the date of this Agreement. Any reference in this Agreement to "Dollars" or "$" shall mean the lawful currency of the United States of America. Any references to "Section" or "Article" in this Agreement shall, unless otherwise expressly stated herein, refer to the applicable Section or Article of this Agreement.

Section 9.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors. Neither the Company nor the Investor may assign this Agreement or any of their respective rights or obligations hereunder to any Person.

Section 9.8 Governing Law. This Agreement shall be governed by and construed in accordance with the internal procedural and substantive laws of the State of New York, without giving effect to the choice of law provisions of such state that would cause the application of the laws of any other jurisdiction.

Section 9.9 Survival. The representations, warranties, covenants and agreements of the Company and the Investor contained in this Agreement shall survive the execution and delivery hereof until the termination of this Agreement; provided, however, that (a) the provisions of Article VII (Termination), Article VIII (Indemnification), Section 9.1 (Fees and Expenses), Section 9.2 (Specific Enforcement, Consent to Jurisdiction, Waiver of Jury Trial), Section 9.4 (Notices), Section 9.8 (Governing Law), Section 9.11 (Publicity), Section 9.12 (Severability) and this Section 9.9 (Survival) shall remain in full force and effect notwithstanding such termination, (b) if the Investor owns any Securities at the time of such termination, the covenants and agreements of the Company and the Investor, as applicable, contained in Section 5.1(a) (Securities Compliance), Section 5.3 (Compliance with Law), Section 5.6 (Stop Orders), Section 5.7 (Amendments to the Registration Statement; Prospectus Supplements; Free Writing Prospectuses), Section 5.8 (Prospectus Delivery), Section 5.10 (Effective Registration Statement), Section 5.11 (Non-Public Information) and Section 5.12 (Broker/Dealer) shall remain in full force and effect notwithstanding such termination for a period of six (6) months following such termination, and (c) if the Investor owns any Securities at the time of such termination, the covenants and agreements of the Company contained in Section 5.2 (Registration and Listing) shall remain in full force and effect notwithstanding such termination for a period of thirty (30) days following such termination.

Section 9.10 Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party; provided that a facsimile signature or signature delivered by e-mail in a ".pdf" format data file, including any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com, www.echosign.adobe.com, etc., shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original signature.

Section 9.11 Publicity. The Company shall afford the Investor and its counsel with a reasonable opportunity to review and comment upon, shall consult with the Investor and its counsel on the form and substance of, and shall give reasonable consideration to all such comments from the Investor or its counsel on, any press release, Commission filing or any other public disclosure made by or on behalf of the Company relating to the Investor, its purchases hereunder or any aspect of this Agreement or the transactions contemplated hereby, prior to the issuance, filing or public disclosure thereof. For the avoidance of doubt, the Company shall not be required to submit for review any such disclosure (a) contained in periodic reports filed with the Commission under the Exchange Act if it shall have previously provided substantially similar disclosure to the Investor or its counsel for review in connection with a previous filing, or (b) any Prospectus Supplement if it contains disclosure that does not reference the Investor, its purchases hereunder or any aspect of this Agreement or the transactions contemplated hereby.

Section 9.12 Severability. The provisions of this Agreement are severable and, in the event that any court of competent jurisdiction shall determine that any one or more of the provisions or part of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement, and this Agreement shall be reformed and construed as if such invalid or illegal or unenforceable provision, or part of such provision, had never been contained herein, so that such provisions would be valid, legal and enforceable to the maximum extent possible.

Section 9.13 No Third-Party Beneficiaries. Except as expressly provided in Article VIII, this Agreement is intended only for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

Section 9.14 Further Assurances. From and after the date of this Agreement, upon the request of the Investor or the Company, each of the Company and the Investor shall execute and deliver such instrument, documents and other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officer as of the date first above written.

SUPER LEAGUE GAMING, INC.:

By: */s/ Ann Hand*
Name: Ann Hand
Title: Chief Executive Officer

TUMIM STONE CAPITAL, LLC:

By: */s/ Maier J. Tarlow*
Name: Maier J. Tarlow
Title: Manager on behalf of GP

ANNEX I TO THE
COMMON STOCK PURCHASE AGREEMENT
DEFINITIONS

"Action" means any action, lawsuit, complaint, claim, petition, suit, audit, examination, assessment, arbitration, mediation or inquiry, or any proceedings or investigation, by or before any Governmental Entity.

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a Person, as such terms are used in and construed under Rule 144.

"Aggregate Limit" shall have the meaning assigned to such term in Section 1.1.

"Agreement" shall have the meaning assigned to such term in the Preamble.

"Average Price" means a price per Share (rounded to the nearest tenth of a cent) equal to the quotient obtained by dividing (a) the aggregate gross purchase price paid by the Investor for all Shares purchased pursuant to this Agreement, by (b) the aggregate number of Shares issued pursuant to this Agreement.

"Bankruptcy Law" means Title 11, U.S. Code, or any similar U.S. federal or state law for the relief of debtors.

"Base Prospectus" shall mean the Company's prospectus, dated November 18, 2021, a preliminary form of which is included in the Registration Statement, including the documents incorporated by reference therein.

"Base Price" means a price per Share equal to the sum of (i) the Minimum Price and (ii) $0.013 (subject to adjustment for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction that occurs on or after the date of this Agreement).

"Beneficial Ownership Limitation" shall have the meaning assigned to such term in Section 2.4.

"***BHCA***" shall have the meaning assigned to such term in Section 4.33.

"Bloomberg" means Bloomberg, L.P.

"Broker-Dealer" shall have the meaning assigned to such term in Section 5.12.

"Bylaws" shall have the meaning assigned to such term in Section 4.3.

"Charter" shall have the meaning assigned to such term in Section 4.3.

"Cleansing Date" shall have the meaning assigned to such term in Section 5.11.

"Code" shall have the meaning assigned to such term in Section 4.24.

"Commencement" shall have the meaning assigned to such term in Section 2.1.

"Commencement Date" shall have the meaning assigned to such term in Section 2.1.

"Commission" means the U.S. Securities and Exchange Commission or any successor entity.

"Commission Documents" shall mean (a) all reports, schedules, registrations, forms, statements, information and other documents filed with or furnished to the Commission by the Company pursuant to the reporting requirements of the Exchange Act, including all material filed with or furnished to the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, since December 31, 2020, including, without limitation, the Annual Report on Form 10-K filed by the Company for its fiscal year ended December 31, 2020 (the "***2020 Form 10-K***"), and which hereafter shall be filed with or furnished to the Commission by the Company during the Investment Period, including, without limitation, the Current Report, (b) the Registration Statement, as the same may be amended from time to time, the Prospectus, each Prospectus Supplement, and each Permitted Free Writing Prospectus, and (c) all information contained in such filings and all documents and disclosures that have been and heretofore shall be incorporated by reference therein.

"Commitment Shares" means 50,000 shares of duly authorized, validly issued, fully paid and non-assessable shares of Common Stock which, concurrently with the execution and delivery of this Agreement on the Commencement Date, the Company has caused its transfer agent to issue and deliver to the Investor not later than 4:00 p.m. (New York City time) on the Trading Day immediately following the Commencement Date.

"Common Stock" shall have the meaning assigned to such term in the Recitals.

"Common Stock Equivalents" means any securities of the Company or its Subsidiaries which entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Company" shall have the meaning assigned to such term in the Preamble.

"Cover Price" shall have the meaning assigned to such term in Section 2.2.

"Current Report" shall have the meaning assigned to such term in Section 1.4.

"Custodian" shall mean any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

"Disclosure Schedule" shall have the meaning assigned to such term in Article IV.

"DTC" means The Depository Trust Company, a subsidiary of The Depository Trust & Clearing Corporation, or any successor thereto.

"DWAC" shall have the meaning assigned to such term in Section 4.28.

"DWAC Shares" means shares of Common Stock issued pursuant to this Agreement that are (a) issued in electronic form, (b) freely tradable and transferable and without restriction on resale and without stop transfer instructions maintained against the transfer thereof ,and (c) timely credited by the Company to the Investor's or its designated Broker-Dealer at which the account or accounts to be credited with the Securities being purchased or acquired by Investor are maintained specified DWAC account with DTC under its Fast Automated Securities Transfer (FAST) Program, or any similar program hereafter adopted by DTC performing substantially the same function.

"EDGAR" shall have the meaning assigned to such term in Section 4.1.

"Eligible Market" means the New York Stock Exchange, The Nasdaq Global Market, The Nasdaq Global Select Market, the NYSE American, the NYSE Arca, or the OTCQX Best Market or OTCQB Venture Market operated by OTC Markets Group Inc. (or any nationally recognized successor to any of the foregoing).

"Environmental Laws" shall have the meaning assigned to such term in Section 4.17.

"ERISA" shall have the meaning assigned to such term in Section 4.24.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

"Evaluation Date" shall have the meaning assigned to such term in Section 4.6(c).

"Exchange Cap" shall have the meaning assigned to such term in Section 2.3(a).

"Exempt Issuance" means the issuance of (a) Common Stock, options or other equity incentive awards to employees, officers, directors or vendors of the Company pursuant to any equity incentive plan duly adopted for such purpose, by the Company's Board of Directors or a majority of the members of a committee of the Board of Directors established for such purpose; (b)(1) any Securities issued to the Investor pursuant to this Agreement, (2) any securities issued upon the exercise, exchange or conversion of any shares of Common Stock or Common Stock Equivalents held by the Investor or any of its Affiliates at any time, or (3) any securities issued upon the exercise, exchange or conversion of any Common Stock Equivalents issued and outstanding on the date of this Agreement, provided that such securities referred to in this clause (3) have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities; (c) Common Stock that may be issuable from time to time pursuant to that certain Equity Distribution Agreement by and among the Company and Maxim Group, LLC, dated September 3, 2021, provided, that any issuance of shares of Common Stock thereunder shall be prohibited on and following a VWAP Purchase Exercise Date in respect of a VWAP Purchase until all conditions required to occur on or before the VWAP Purchase Settlement Date in respect of such VWAP Purchase shall be satisfied pursuant to Section 2.2 hereunder; and (d) securities issued pursuant to acquisitions, divestitures, licenses, partnerships, collaborations or strategic transactions approved by the Company's Board of Directors or a majority of the members of a committee of directors established for such purpose, which acquisitions, divestitures, licenses, partnerships, collaborations or strategic transactions can have a Variable Rate Transaction component, provided that any such issuance shall only be to a Person (or to the equity holders of a Person) which is, itself or through its subsidiaries, an operating company or an asset in a business synergistic with the business of the Company and shall provide to the Company additional benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

"FCPA" shall have the meaning assigned to such term in Section 4.29.

"Federal Reserve" shall have the meaning assigned to such term in Section 4.33.

"FINRA" means the Financial Industry Regulatory Authority.

"***Free Writing Prospectus***" shall mean a "free writing prospectus" as defined in Rule 405 promulgated under the Securities Act.

"Fundamental Transaction" means that (a) the Company shall, directly or indirectly, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Person, with the result that the holders of the Company's capital stock immediately prior to such consolidation or merger together beneficially own less than 50% of the outstanding voting power of the surviving or resulting corporation, (ii) sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company to another Person, (iii) take action to facilitate a purchase, tender or exchange offer by another Person that is accepted by the holders of more than 50% of the outstanding shares of Common Stock (excluding any shares of Common Stock held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), (iv) consummate a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination), or (v) reorganize, recapitalize or reclassify its Common Stock; or (b) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% of the aggregate ordinary voting power represented by issued and outstanding Common Stock.

"GAAP" shall have the meaning assigned to such term in Section 4.6(b).

"Governmental Entity" means any nation, state, county, city, town, village, district, or other political jurisdiction of any nature, federal, state, local, municipal, foreign, or other government, governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), multi-national organization or body; or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature or instrumentality of any of the foregoing, including any entity or enterprise owned or controlled by a government or a public international organization or any of the foregoing.

"Indebtedness" shall have the meaning assigned to such term in Section 4.11.

"Initial Prospectus Supplement" shall have the meaning assigned to such term in Section 1.4.

"Intellectual Property" shall have the meaning assigned to such term in Section 4.16(b).

"Investment Period" means the period commencing on the Commencement Date and expiring on the date this Agreement is terminated pursuant to Article VII.

"Investor" shall have the meaning assigned to such term in the Preamble.

"Investor Party" shall have the meaning assigned to such term in Section 8.1(a).***"Issuer Free Writing Prospectus"*** shall mean an "issuer free writing prospectus," as defined in Rule 433 promulgated under the Securities Act, relating to the Shares that is (a) required to be filed with the Commission by the Company, or (b) exempt from filing pursuant to Rule 433(d)(5)(i) under the Securities Act, in each case, in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g) under the Securities Act.

"IT Systems and Data" shall have the meaning assigned to such term in Section 4.34.

"Knowledge" means the actual knowledge of any of (a) the Company's Chief Executive Officer, (b) the Company's Chief Financial Officer, (c) the Company's Lead Independent Director, and (d) the Company's General Counsel, in each case after reasonable inquiry of all officers, directors and employees of the Company and its Subsidiaries under such Person's direct supervision who would reasonably be expected to have knowledge or information with respect to the matter in question.

"Material Adverse Effect" means (a) any condition, occurrence, state of facts or event having, or insofar as reasonably can be foreseen would likely have, any material adverse effect on the legality, validity or enforceability of this Agreement or the transactions contemplated hereby, (b) any condition, occurrence, state of facts or event having, or insofar as reasonably can be foreseen would likely have, any effect on the business, operations, properties or financial condition of the Company that is material and adverse to the Company and its Subsidiaries, taken as a whole, and/or (c) any condition, occurrence, state of facts or event that would, or insofar as reasonably can be foreseen would likely, prohibit or otherwise materially interfere with or delay the ability of the Company to perform any of its obligations under this Agreement; provided, however, that no facts, circumstances, changes or effects exclusively and directly resulting from, relating to or arising out of the following, individually or in the aggregate, shall be taken into account in determining whether a Material Adverse Effect has occurred or insofar as reasonably can be foreseen would likely occur: (i) changes in conditions in the U.S. or global capital, credit or financial markets generally, including changes in the availability of capital or currency exchange rates, provided such changes shall not have affected the Company in a materially disproportionate manner as compared to other similarly situated companies; (ii) changes generally affecting the industries in which the Company and its Subsidiaries operate, provided such changes shall not have affected the Company and its Subsidiaries, taken as a whole, in a materially disproportionate manner as compared to other similarly situated companies; (iii) any effect of the announcement of, or the consummation of the transactions contemplated by, this Agreement on the Company's relationships, contractual or otherwise, with customers, suppliers, vendors, bank lenders, strategic venture partners or employees; (iv) changes arising in connection with earthquakes, pandemics, hostilities, acts of war, sabotage or terrorism or military actions or any escalation or material worsening of any such pandemic, hostilities, acts of war, sabotage or terrorism or military actions existing as of the date hereof; (v) any action taken by the Investor with respect to the transactions contemplated by this Agreement; and (vi) the effect of any changes in applicable laws or accounting rules, provided such changes shall not have affected the Company in a materially disproportionate manner as compared to other similarly situated companies.

"Material Agreements" shall have the meaning assigned to such term in Section 4.18.

"Minimum Price" means $1.96, representing the lower of (i) the Nasdaq official closing price of the Common Stock on the Trading Market (as reflected on Nasdaq.com) on the Trading Day immediately prior to the date of this Agreement or (ii) the average Nasdaq official closing price of the Common Stock on the Trading Market (as reflected on Nasdaq.com) for the five (5) consecutive Trading Days ending on the Trading Day immediately prior to the date of this Agreement (subject to adjustment for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction that occurs on or after the date of this Agreement).

"Money Laundering Laws" shall have the meaning assigned to such term in Section 4.30.

"Non-Affiliate Shares" shall have the meaning assigned to such term in Section 4.20(b).

"Permits" shall have the meaning assigned to such term in Section 4.16(a).

"Permitted Free Writing Prospectus" shall have the meaning assigned to such term in Section 5.7(b).

"Person" means any person or entity, whether a natural person, trustee, corporation, partnership, limited partnership, limited liability company, trust, unincorporated organization, business association, firm, joint venture, Governmental Entity or authority.

"Policies" shall have the meaning assigned to such term in Section 4.36.

"Privacy Laws" shall have the meaning assigned to such term in Section 4.36.

"Prospectus" shall mean the Base Prospectus, as supplemented by any Prospectus Supplement, including the documents incorporated by reference therein, together with any Permitted Free Writing Prospectus.

"Prospectus Supplement" shall mean any prospectus supplement to the Base Prospectus (including the Initial Prospectus Supplement) filed with the Commission pursuant to Rule 424(b) under the Securities Act, including the documents incorporated by reference therein.

"Registration Period" shall have the meaning assigned to such term in Section 5.10.

"Registration Statement" shall mean the registration statement on Form S-3, Commission File Number 333-259347, filed by the Company with the Commission under the Securities Act for the registration of the Securities, as such Registration Statement may be amended and supplemented from time to time (including any related registration statement to register additional shares of Common Stock filed by the Company pursuant to Rule 462(b) under the Securities Act), including all documents filed as part thereof or incorporated by reference therein, and including all information deemed to be a part thereof at the time of effectiveness pursuant to Rule 430B under the Securities Act, including any comparable successor registration statement filed by the Company with the Commission under the Securities Act for the registration of shares of its Common Stock, including the Shares.

"Representation Date" shall have the meaning assigned to such term in Section 6.3(l).

"Restricted Period" shall have the meaning assigned to such term in Section 5.9.

"Restricted Person" shall have the meaning assigned to such term in Section 5.9.

"Sanctions" shall have the meaning assigned to such term in Section 4.31.

"Securities" shall mean, collectively, the Shares and the Commitment Shares.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder.

"Shares" shall mean the shares of Common Stock that are and/or may be purchased by the Investor under this Agreement pursuant to one or more VWAP Purchase Notices, but not including the Commitment Shares.

"Short Sales" means "short sales" as defined in Rule 200 promulgated under Regulation SHO under the Exchange Act.

"SOXA" shall have the meaning assigned to such term in Section 4.6(d).

"Subsidiary" shall mean any corporation or other entity of which at least a majority of the securities or other ownership interest having ordinary voting power (absolutely or contingently) for the election of directors or other Persons performing similar functions are at the time owned directly or indirectly by the Company and/or any of its other Subsidiaries.

"Total Commitment" shall have the meaning assigned to such term in Section 1.1.

"Trading Day" shall mean a full trading day, beginning at 9:30:01 a.m., New York time, or such other time publicly announced by the Trading Market (or if the Common Stock is listed on an Eligible Market, by such Eligible Market), as the official open (or commencement) of trading on the Trading Market (or on such Eligible Market), and ending at 4:00:00 p.m., New York time, or such other time publicly announced by the Trading Market (or if the Common Stock is listed on an Eligible Market, by such Eligible Market), as the official close of trading on the Trading Market (or on such Eligible Market).

"Trading Market" means The Nasdaq Capital Market (or any nationally recognized successor thereto).

"Variable Rate Transaction" means a transaction in which the Company (a) issues or sells any equity or debt securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of Common Stock or Common Stock Equivalents either (i) at a conversion price, exercise price, exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the Common Stock at any time after the initial issuance of such equity or debt securities, or (ii) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such equity or debt security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock (including, without limitation, any "full ratchet" or "weighted average" anti-dilution provisions, but not including any standard anti-dilution protection for any reorganization, recapitalization, non-cash dividend, stock split or other similar transaction), (b) issues or sells any equity or debt securities, including without limitation, Common Stock or Common Stock Equivalents, either (i) at a price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock (other than standard anti-dilution protection for any reorganization, recapitalization, non-cash dividend, stock split or other similar transaction), or (ii) that are subject to or contain any put, call, redemption, buy-back, price-reset or other similar provision or mechanism (including, without limitation, a "Black-Scholes" put or call right, other than in connection with a "fundamental transaction") that provides for the issuance of additional equity securities of the Company or the payment of cash by the Company, or (c) enters into any agreement, including, but not limited to, an "equity line of credit" (other than with the Investor or an Affiliate of the Investor) or "at the market offering" or other continuous offering or similar offering of Common Stock or Common Stock Equivalents, whereby the Company may sell Common Stock or Common Stock Equivalents at a future determined price.

"VWAP" means, for the Common Stock as of any date, the dollar volume-weighted average price for the Common Stock on the Trading Market during the period beginning at 9:30:01 a.m., New York City time, and ending at 4:00 p.m., New York City time, as reported by Bloomberg through its "AQR" function or, if the foregoing does not apply, the dollar volume-weighted average price of the Common Stock in the over-the-counter market on the electronic bulletin board for the Common Stock during the period beginning at 9:30:01 a.m., New York City time, and ending at 4:00 p.m., New York City time, as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for the Common Stock by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported by OTC Markets Group Inc. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, recapitalization or other similar transaction during such period.

"VWAP Purchase" shall have the meaning assigned to such term in Section 2.1.

"VWAP Purchase Commencement Time" means, with respect to a VWAP Purchase made pursuant to Section 2.1, 9:30:01 a.m., New York City time, on the Trading Day immediately following the applicable VWAP Purchase Exercise Date, or such other time publicly announced by the Trading Market as the official open (or commencement) of trading on the Trading Market on such Trading Day.

"VWAP Purchase Condition Satisfaction Time" means, with respect to any VWAP Purchase made pursuant to Section 2.1, 9:00 a.m., New York City time, on the Trading Day immediately following the applicable VWAP Purchase Exercise Date on which the VWAP Purchase Commencement Time for such VWAP Purchase shall occur.

"VWAP Purchase Confirmation" shall have the meaning assigned to such term in Section 2.1.

"VWAP Purchase Exercise Date" means, with respect to a VWAP Purchase made pursuant to Section 2.1, the Trading Day on which the Investor receives, after 4:00 p.m., New York City time, but prior to 6:30 p.m., New York City time, on such Trading Day, a valid VWAP Purchase Notice for such VWAP Purchase in accordance with this Agreement.

"***VWAP Purchase Maximum Amount***" means, with respect to a VWAP Purchase made pursuant to Section 2.1, a number of shares of Common Stock equal to the lesser of (a) 100% of the average daily trading volume in the Common Stock on the Trading Market for the five (5) consecutive Trading Day period ending on (and including) the Trading Day immediately preceding the applicable VWAP Purchase Exercise Date for such VWAP Purchase (or, in the event the Common Stock is then listed on an Eligible Market, the average daily trading volume in the Common Stock on such Eligible Market during such period), and (b) 20% of the daily trading volume in the Common Stock on the Trading Market (or Eligible Market, as applicable) on the applicable VWAP Purchase Exercise Date for such VWAP Purchase (in each case to be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction during the applicable period); provided, however, that the Investor's maximum financial commitment in any single VWAP Purchase shall not exceed $5,000,000.

"VWAP Purchase Notice" means, with respect to a VWAP Purchase made pursuant to Section 2.1, an irrevocable written notice delivered by the Company to the Investor on a VWAP Purchase Exercise Date directing the Investor to purchase a VWAP Purchase Share Amount (such specified VWAP Purchase Share Amount subject to adjustment as set forth in Section 2.1 as necessary to give effect to the VWAP Purchase Maximum Amount), at the applicable VWAP Purchase Price therefor in accordance with this Agreement.

"VWAP Purchase Price" means, with respect to a VWAP Purchase made pursuant to Section 2.1, the purchase price per Share to be purchased by the Investor in such VWAP Purchase equal 95% of the average daily VWAP during the applicable VWAP Purchase Valuation Period for such VWAP Purchase (to be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction during the applicable period).

"VWAP Purchase Settlement Date" shall have the meaning assigned to such term in Section 2.1.

"VWAP Purchase Share Amount" means, with respect to a VWAP Purchase made pursuant to Section 2.1, the number of Shares to be purchased by the Investor in such VWAP Purchase as specified by the Company in the applicable VWAP Purchase Notice, which number of Shares shall not exceed the applicable VWAP Purchase Maximum Amount, subject to the Investor's right to waive such VWAP Purchase Maximum Amount as set forth in Section 2.1.

"VWAP Purchase Termination Time" means, with respect to a VWAP Purchase made pursuant to Section 2.1, 4:00:00 p.m., New York City time, on the third (3rd) consecutive Trading Day immediately following the applicable VWAP Purchase Exercise Date, or such other time publicly announced by the Trading Market as the official close of trading on the Trading Market on such third (3rd) consecutive Trading Day immediately following the applicable VWAP Purchase Exercise Date.

"VWAP Purchase Valuation Period" means, with respect to a VWAP Purchase made pursuant to Section 2.1, the three (3) consecutive Trading-Day Period immediately following the applicable VWAP Purchase Exercise Date for such VWAP Purchase, beginning at the VWAP Purchase Commencement Time for such VWAP Purchase and ending at the applicable VWAP Purchase Termination Time for such VWAP Purchase.

EXHIBIT A TO THE
COMMON STOCK PURCHASE AGREEMENT

FORM OF VWAP PURCHASE NOTICE

To: _____
E-mail: _____

Reference is made to the Common Stock Purchase Agreement, dated as of March 25, 2022, between Super League Gaming, Inc., a Delaware corporation (the "***Company***"), and Tumim Stone Capital, LLC, a Delaware limited liability company (the "***Agreement***"). Capitalized terms used and not otherwise defined herein shall have the meanings given such terms in Annex I to the Agreement.

In accordance with and pursuant to Section 2.1 of the Agreement, the Company hereby issues this VWAP Purchase Notice to exercise a VWAP Purchase for the VWAP Purchase Share Amount indicated below.

VWAP Purchase Share Amount (number of Shares):
VWAP Purchase Exercise Date:
VWAP Purchase Valuation Period start date:
VWAP Purchase Valuation Period end date:
VWAP Purchase Settlement Date:
Dollar amount of Common Stock currently available under the Aggregate Limit:

Dated:

SUPER LEAGUE GAMING, INC.
By:
Name:
Title:
Address:
Email:

AGREED AND ACCEPTED:

TUMIM STONE CAPITAL, LLC

By: _____
Name:
Title

EXHIBIT B TO THE
COMMON STOCK PURCHASE AGREEMENT

FORM OF VWAP PURCHASE CONFIRMATION

To: _____
E-mail _____

Reference is made to the Common Stock Purchase Agreement, dated as of March 25, 2022, between Super League Gaming, Inc., a Delaware corporation (the "***Company***"), and Tumim Stone Capital, LLC, a Delaware limited liability company (the "***Agreement***"). Capitalized terms used and not otherwise defined herein shall have the meanings given such terms in Annex I to the Agreement.

In accordance with and pursuant to Section 2.1 of the Agreement, the Investor hereby issues this VWAP Purchase Confirmation for the VWAP Purchase Share Amount indicated below.

VWAP Purchase Share Amount (number of Shares):
VWAP Purchase Exercise Date:
VWAP Purchase Valuation Period start date:
VWAP Purchase Valuation Period end date:
VWAP Purchase Settlement Date:
Average daily VWAP during VWAP Purchase Valuation Period:
VWAP Purchase Price (per Share):
Total aggregate VWAP Purchase Price:
Dated:

TUMIM STONE CAPITAL, LLC
By:
Name:
Title:
Address:
Email:

AGREED AND ACCEPTED:

SUPER LEAGUE GAMING, INC.

By: _____
Name:
Title:

EXHIBIT C TO THE
COMMON STOCK PURCHASE AGREEMENT

COMMENCEMENT CERTIFICATE

March 25, 2022

The undersigned, the Chief Executive Officer of Super League Gaming, Inc., a Delaware corporation (the "***Company***"), delivers this certificate in connection with the Common Stock Purchase Agreement, dated as of March 25, 2022 (the "***Agreement***"), by and between the Company and Tumim Stone Capital, LLC, a Delaware limited liability company (the "***Investor***"), and hereby certifies on the date hereof that (capitalized terms used herein without definition have the meanings assigned to them in Annex I to the Agreement):

1. Attached hereto as **Exhibit A** is a true, complete and correct copy of the Charter as amended and restated through, and as in full force and effect on, the date hereof. The Charter has not been further amended or restated, and no action has been taken by the Company in contemplation of any such amendment or the dissolution, merger or consolidation of the Company.

2. Attached hereto as **Exhibit B** is a true and complete copy of the Bylaws, as amended and restated through, and as in full force and effect on, the date hereof, and no proposal for any amendment, repeal or other modification to the Bylaws has been taken or is currently pending before the Board of Directors or stockholders of the Company.

3. The Board of Directors of the Company has approved the transactions contemplated by the Agreement; said approval has not been amended, rescinded or modified and remains in full force and effect as of the date hereof.

4. Each person who, as an officer of the Company signed (i) the Agreement and (ii) any other document delivered prior hereto or on the date hereof in connection with the transactions contemplated by the Agreement, was duly elected, qualified and acting as such officer, and the signature of each such person appearing on any such document is his genuine signature.

IN WITNESS WHEREOF, I have signed my name as of the date first above written.

Print Name: Ann Hand
Title: Chief Executive Officer

EXHIBIT D TO THE
COMMON STOCK PURCHASE AGREEMENT

COMPLIANCE CERTIFICATE

In connection with the issuance of shares of common stock of Super League Gaming, Inc., a Delaware corporation (the "***Company***"), pursuant to the VWAP Purchase Notice, dated [●], 202[●], delivered by the Company to Tumim Stone Capital, LLC, a Delaware limited liability company (the "***Investor***"), pursuant to Article II of the Common Stock Purchase Agreement, dated as of March 25, 2022, by and between the Company and the Investor (the "***Agreement***"), the undersigned hereby certifies as follows:

1. The undersigned is the duly elected [●] of the Company.

2. Except as set forth in the attached Disclosure Schedule, the representations and warranties of the Company set forth in Article IV of the Agreement (i) that are not qualified by "materiality" or "Material Adverse Effect" are true and correct in all material respects as of the date hereof and as of [insert VWAP Purchase Condition Satisfaction Time] with the same force and effect as if made on such date and at such time, except to the extent such representations and warranties are as of another date or time, in which case, such representations and warranties are true and correct in all material respects as of such other date or time and (ii) that are qualified by "materiality" or "Material Adverse Effect" are true and correct as of the date hereof and as of [insert VWAP Purchase Condition Satisfaction Time] with the same force and effect as if made on such date and at such time, except to the extent such representations and warranties are as of another date or time, in which case, such representations and warranties are true and correct as of such other date or time.

3. The Company has performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Agreement to be performed, satisfied or complied with by the Company at or prior to the date hereof and at or prior to [insert VWAP Purchase Condition Satisfaction Time].

4. As of the date hereof and as of [insert VWAP Purchase Condition Satisfaction Time], (i) the Registration Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, (ii) the Prospectus did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (iii) no event has occurred as a result of which it is necessary to amend or supplement the Registration Statement or the Prospectus in order to make the statements therein not untrue or misleading for clauses (i) and (ii) above, respectively, to be true and correct.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in Annex I to the Agreement.

The undersigned has executed this Certificate this [●] day of [●], 20[●].

Print Name:
Title:

DISCLOSURE SCHEDULE
RELATING TO THE
COMMON STOCK PURCHASE AGREEMENT,
DATED AS OF MARCH 25, 2022,
BY AND BETWEEN SUPER LEAGUE GAMING, INC.
AND TUMIM STONE CAPITAL, LLC

This disclosure schedule is made and given pursuant to Article IV of the Common Stock Purchase Agreement, dated as of March 25, 2022, by and between Super League Gaming, Inc., a Delaware corporation (the "***Company***"), and Tumim Stone Capital, LLC, a Delaware limited liability company (the "***Agreement***"). Unless the context otherwise requires, all capitalized terms are used herein as defined in the Agreement. The numbers below correspond to the section numbers of representations and warranties in the Agreement most directly modified by the below exceptions.

None.

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-238143 and 333-258996) and Form S-3 (File Nos. 333-258946 and 333-259347) of Super League Gaming, Inc. of our report dated March 31, 2022 relating to the consolidated financial statements of Super League Gaming, Inc., appearing in this Annual Report on Form 10-K of Super League Gaming, Inc.

/s/ Baker Tilly US, LLP

Irvine, California
March 31, 2022

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ann Hand, President and Chief Executive Officer of Super League Gaming, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Super League Gaming, Inc.;

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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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: March 31, 2022

/s/ Ann Hand
Ann Hand
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Clayton Haynes, Chief Financial Officer of Super League Gaming, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Super League Gaming, Inc.;

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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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: March 31, 2022

/s/ Clayton Haynes
Clayton Haynes
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Super League Gaming, Inc. (the "*Company*") on Form 10-K for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Ann Hand, President and Chief Executive Officer of the Company, and Clayton Haynes, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) 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: March 31, 2022

/s/ *Ann Hand*
Ann Hand
President and Chief Executive Officer
(Principal Executive Officer)

/s/ *Clayton Haynes*
Clayton Haynes
Chief Financial Officer
(Principal Financial and Accounting Officer)