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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2022**

OR

☐ TRANSITION REPORT 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)

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Sec.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

As of May 13, 2022, there were 36,914,957 shares of the registrant's common stock, $0.001 par value, issued and outstanding.

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PART I

FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SUPER LEAGUE GAMING, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2022 (Unaudited)	December 31, 2021
ASSETS		
Current Assets		
Cash and cash equivalents	$ 7,784,000	$ 14,533,000
Accounts receivable	5,785,000	6,328,000
Prepaid expenses and other current assets	1,119,000	1,334,000
Total current assets	14,688,000	22,195,000
Property and equipment, net	193,000	104,000
Intangible and other assets, net	23,268,000	24,243,000
Goodwill	50,263,000	50,263,000
Total assets	$ 88,412,000	$ 96,805,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 3,987,000	$ 5,514,000
Deferred revenue	73,000	76,000
Total current liabilities	4,060,000	5,590,000
Deferred taxes	472,000	518,000
Total liabilities	4,532,000	6,108,000
Commitments and contingencies		
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; 36,864,957 and 36,809,187 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively.	46,000	46,000
Additional paid-in capital	217,042,000	215,943,000
Accumulated deficit	(133,208,000)	(125,292,000)
Total stockholders' equity	83,880,000	90,697,000
Total liabilities and stockholders' equity	$ 88,412,000	$ 96,805,000

See accompanying notes to condensed consolidated financial statements

SUPER LEAGUE GAMING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2022	**2021**
REVENUES	$ 3,768,000	$ 788,000
COST OF REVENUES	1,909,000	342,000
GROSS PROFIT	1,859,000	446,000
OPERATING EXPENSES		
Selling, marketing and advertising	2,734,000	1,062,000
Engineering, technology and development	4,210,000	2,041,000
General and administrative	2,876,000	1,969,000
Total operating expenses	9,820,000	5,072,000
NET OPERATING LOSS	(7,961,000)	(4,626,000)
OTHER INCOME (EXPENSE)		
Accrued interest expense	(2,000)	(3,000)
Other	1,000	4,000
Total other income (expense)	(1,000)	1,000
Loss before benefit from income taxes	(7,962,000)	(4,625,000)
Benefit from income taxes	46,000	-
NET LOSS	$ (7,916,000)	$ (4,625,000)
Net loss attributable to common stockholders - basic and diluted		
Basic and diluted loss per common share	$ (0.21)	$ (0.23)
Weighted-average number of shares outstanding, basic and diluted	36,838,957	19,807,775

See accompanying notes to condensed consolidated financial statements

SUPER LEAGUE GAMING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Three Months Ended March 31	
	2022	2021
Common stock (Shares)		
Balance, beginning of period	36,809,187	15,483,010
Issuance of common stock at $2.60 per share	-	3,076,924
Issuance of common stock at $4.10 per share	-	2,926,830
Issuance of common stock at $9.00 per share	-	1,512,499
Stock-based compensation	55,770	134,655
Balance, end of period	36,864,957	23,133,918
Common stock (Amount):		
Balance, beginning of period	$ 46,000	$ 25,000
Issuance of common stock at $2.60 per share	-	3,000
Issuance of common stock at $4.10 per share	-	3,000
Issuance of common stock at $9.00 per share	-	2,000
Balance, end of period	$ 46,000	$ 33,000
Additional paid-in-capital:		
Balance, beginning of period	$ 215,943,000	$ 115,459,000
Issuance of common stock at $2.60 per share, net of issuance costs	-	7,924,000
Issuance of common stock at $4.10 per share, net of issuance costs	-	11,927,000
Issuance of common stock at $9.00 per share, net of issuance costs	-	13,540,000
Stock-based compensation	1,099,000	411,000
Stock option exercises	-	38,000
Balance, end of period	$ 217,042,000	$ 149,299,000
Accumulated deficit:		
Balance, beginning of period	$ (125,292,000)	$ (104,544,000)
Net Loss	(7,916,000)	(4,625,000)
Balance, end of period	(133,208,000)	(109,169,000)
Total stockholders' equity	$ 83,880,000	$ 40,163,000

See accompanying notes to condensed consolidated financial statements

SUPER LEAGUE GAMING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (7,916,000)	$ (4,625,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,348,000	266,000
Stock-based compensation	1,099,000	411,000
Changes in assets and liabilities:		
Accounts receivable	543,000	(327,000)
Prepaid expenses and other current assets	215,000	86,000
Accounts payable and accrued expenses	(1,527,000)	(192,000)
Deferred revenue	(3,000)	8,000
Deferred taxes	(46,000)	-
Accrued interest on note payable	-	3,000
Net cash used in operating activities	(6,287,000)	(4,370,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(118,000)	(2,000)
Capitalization of software development costs	(297,000)	(192,000)
Acquisition of other intangible assets	(47,000)	(73,000)
Net cash used in investing activities	(462,000)	(267,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of issuance costs	-	33,399,000
Proceeds from common stock option exercises	-	38,000
Net cash provided by financing activities	-	15,566,000
INCREASE IN CASH	(6,749,000)	28,800,000
Cash and Cash Equivalents - beginning of period	14,533,000	7,942,000
Cash and Cash Equivalents - end of period	$ 7,784,000	$ 36,742,000

See accompanying notes to condensed consolidated financial statements

SUPER LEAGUE GAMING, INC.
NOTES TO CONDENSED 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 4. 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 4. 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 applicable periods subsequent to the respective transaction closing dates. Refer to Note 4 for additional information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, certain information and footnotes required by U.S. GAAP in annual financial statements have been omitted or condensed in accordance with quarterly reporting requirements of the Securities and Exchange Commission ("SEC"). These interim condensed consolidated financial statements should be read in conjunction with our audited financial statements for the year ended December 31, 2021 included in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 31, 2022.

The December 31, 2021 condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

The condensed consolidated interim financial statements of Super League include all adjustments of a normal recurring nature which, in the opinion of management, are necessary for a fair statement of Super League's financial position as of March 31, 2022, and results of its operations and its cash flows for the interim periods presented. The results of operations for the three months ended March 31, 2022 are not necessarily indicative of the results to be expected for the entire fiscal year.

Principles of Consolidation

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

Reclassifications

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

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 condensed 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 $7.9 million and $4.6 million during the three months ended March 31, 2022 and 2021, respectively, and had an accumulated deficit of $133.2 million as of March 31, 2022. For the three months ended March 31, 2022 and 2021, net cash used in operating activities totaled $6.3 million and $4.4 million, respectively.

As of March 31, 2022, the Company had cash and cash equivalents of approximately $7.8 million. The Company has used and will continue to use significant capital for the growth and development of its business. The Company experienced significant growth 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 discussed 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 6, 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. In addition, on May 16, 2022, as further described at Note 7, the Company entered into a Securities Purchase Agreement with three institutional investors, providing for the sale and issuance of a new series of senior convertible notes in the aggregate original principal amount of $4,320,000, of which 8% is an original issue discount. Our management believes that our cash balances and capital raising facilities in place will be sufficient to meet our cash requirements through at least May 2023.

The Company considers historical operating results, costs, 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.

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 Sales

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.

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 periods presented:

	Three Months Ended March 31,	
	2022	2021
Advertising and sponsorships	$ 1,856,000	$ 434,000
Content sales	1,405,000	290,000
Direct to consumer	507,000	64,000
	$ 3,768,000	$ 788,000

For the three months ended March 31, 2022, 21% of revenues were recognized at a single point in time, and 79% of revenues were recognized over time, respectively. For the three months ended March 31, 2021, 36% of revenues were recognized at a single point in time, and 64% 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, 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 three months ended March 31, 2022 and 2021 were $150,000 and $134,000, respectively.

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.

Acquisitions

Acquisition Method. Acquisitions that meet the definition of a business under Accounting Standards Codification ("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.

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.

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 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. There was no change to this assessment as of March 31, 2022.

At March 31, 2022, we reported goodwill of $50.3 million. Based on the qualitative analysis, the Company concluded that goodwill was not “more likely than not” impaired as of March 31, 2022.

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.

On January 1, 2022, the Company issued 1,350,000 performance stock units ("PSUs") under the Company's 2014 Amended and Restated Stock Option and Incentive Plan, which vest in five equal increments of 270,000 PSUs, based on satisfaction of the following vesting conditions during the three-year period commencing on January 1, 2022:

(i) the Company's stock price equaling $4.75 per share based on 60-day volume weighted average price ("VWAP");
(ii) the Company's stock price equaling $6.00 per share based on 60-day VWAP;
(iii) the Company's stock price equaling $7.00 per share based on 60-day VWAP;
(iv) the Company's stock price equaling $8.00 per share based on 60-day VWAP; and
(v) the Company's stock price equaling $9.00 per share based on 60-day VWAP.

A condition affecting the exercisability or other pertinent factors used in determining the fair value of an award that is based on an entity achieving a specified share price constitutes a market condition pursuant to ASC 718, "Stock based Compensation," ("ASC 718"). A market condition is reflected in the grant-date fair value of an award, and therefore, a Monte Carlo simulation model is utilized to determine the estimated fair value of the equity-based award. Compensation cost is recognized for awards with a market condition, provided the requisite service period is satisfied, regardless of whether the market condition is ever satisfied. Noncash stock compensation expense related to the PSUs totaled $557,000 for the three months ended March 31, 2022.

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

	Three Months Ended March 31,	
	2022	**2021**
Sales, marketing and advertising	$ 230,000	$ 183,000
Engineering, technology and development	189,000	33,000
General and administrative	680,000	195,000
Total noncash stock compensation expense	$ 1,099,000	$ 411,000

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.

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:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Number of customers > 10% of revenues / percent of revenues	Three / 45 %	Four / 54 %

Revenue concentrations were comprised of the following revenue categories:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Advertising and sponsorships	10%	40%
Content	25%	14%
Direct to consumer	10%	-%
	45%	54%

	March 31, 2022	December 31, 2021
Number of customers > 10% of accounts receivable / percent of accounts receivable	Two / 32 %	Three / 35 %
Number of vendors > 10% of accounts payable / percent of accounts payable	One / 27 %	One / 21 %

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 6,352,000 and 5,041,000 at March 31, 2022 and December 31, 2021, respectively, have been excluded from the computation of diluted loss per share because the effect of inclusion would have been anti-dilutive.

Recent Accounting Guidance

Recent Accounting Pronouncements – Not Yet Adopted. In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires entities to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, in order to align the recognition of a contract liability with the definition of a performance obligation. This standard will be effective for the Company beginning in the first quarter of fiscal year 2023, and early adoption is permitted. The Company is currently evaluating the impact that this standard will have on its financial statements and related disclosures.

3. INTANGIBLE AND OTHER ASSETS

Intangible and other assets consisted of the following for the periods presented:

	March 31, 2022	December 31, 2021
Partner and customer relationships	$ 13,376,000	$ 13,376,000
Capitalized software development costs	4,636,000	4,339,000
Developed technology	7,880,000	7,880,000
Influencers/content creators	2,559,000	2,559,000
Trade name	189,000	189,000
Domain	68,000	68,000
Copyrights and other	1,188,000	1,141,000
	29,896,000	29,552,000
Less: accumulated amortization	(6,628,000)	(5,309,000)
Intangible and other assets, net	$ 23,268,000	$ 24,243,000

Amortization expense for the three months ended March 31, 2022 and 2021 totaled $1,301,000 and $242,000, respectively. Amortization expense included in cost of revenues for the three months ended March 31, 2022 and 2021 totaled $18,000 and $3,000, respectively.

The Company expects to record amortization of intangible assets for the year ending December 31, 2022 and future fiscal years as follows:

For the years ending December 31,	
2022 Remaining	$ 3,853,000
2023	4,847,000
2024	4,445,000
2025	3,922,000
2026	2,899,000
Thereafter	3,302,000
	$ 23,268,000

4. 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 subsequent to the Mobcrush Closing Date. Disclosure of revenues and net loss for Mobcrush on a stand-alone basis for the three months ended March 31, 2022 is not practical due to the integration of Mobcrush operations, including sales, products, advertising inventory, 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 ASC 805. 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 three months ended March 31, 2022 related to intangible assets acquired in connection with the Mobcrush Acquisition, totaled $816,000. 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 upon grant.

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.

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 ""MPEE"") 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.

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, 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 three months ended March 31, 2022, related to the developed technology acquired in connection with the Bannerfy Acquisition, totaled $110,000.

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 three months ended March 31, 2022 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 subsequent to the Bloxbiz Closing Date. Disclosure of revenues and net loss for Bloxbiz on a stand-alone basis for the three months ended March 31, 2022 is not practical due to the integration of Bloxbiz activities, including sales, products, advertising inventory, 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 ASC 805. 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.

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 three months ended March 31, 2022, related to intangible assets acquired in connection with the Bloxbiz Acquisition, totaled $102,000. 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 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.

5. 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," ("ASC 470") 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 consolidated statement of operations for three months ended June 30, 2021.

6. STOCKHOLDERS' EQUITY

Financing Activities

For the three months ended March 31, 2022:

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 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.

For the three months ended March 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.

Other

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 (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 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.

7. SUBSEQUENT EVENTS

The Company evaluated subsequent events for their potential impact on the condensed consolidated financial statements and disclosures through the date the condensed 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 condensed consolidated financial statements presented herein.

On May 16, 2022, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with three institutional investors (collectively, the “Note Holders”) providing for the sale and issuance of a new series of senior convertible notes in the aggregate original principal amount of $4,320,000, of which 8% is an original issue discount (each, a “Note,” and, collectively, the “Notes,” and such financing, the “Note Offering”). Each Note will accrue interest at a guaranteed annual rate of 9% per annum, mature 12 months from the date of issuance, and is convertible at the option of the Note Holders into that number of shares of the Company’s common stock, equal to the sum of the outstanding principal balance, accrued and unpaid interest, and accrued and unpaid late charges (the “Conversion Amount”), divided by $4.00, subject to adjustment upon the occurrence of certain events as more specifically set forth in the Note; provided, however, in accordance with Section 4(z) of the Purchase Agreement, in no event will the Company be permitted to issue more than 19.99% of the shares of Common Stock issued and outstanding immediately prior to the Note Offering, which number of shares shall be reduced, 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 Note Offering.

In addition, the Company may be required to redeem all or a portion of the Note under certain circumstances, and, in the event (A) the Company sells Company common stock pursuant to the Line of Credit (as defined in the Purchase Agreement), or (B) consummates a Subsequent Placement (as defined in the Purchase Agreement), then the Note Holders will have the right, but not the obligation, to require the Company to use 50% of the gross proceeds raised from such sale to redeem all or any portion of the Conversion Amount then remaining under the Note, in cash, at a price equal to the Conversion Amount being redeemed. The Company may, at its option, redeem all or a portion of the Note at a price equal to 110% of the Conversion Amount being redeemed.

Concurrently with the Purchase Agreement, the Company and the Note Holders entered into a Registration Rights Agreement, pursuant to which the Company will agree to file a Registration Statement on Form S-3 within 30 days after the closing of the Note Offering.

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

References in this Quarterly Report on Form 10-Q to "Super League Gaming, Inc." "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.

Forward-Looking Statements

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our condensed consolidated financial statements and the related notes included elsewhere in this interim report. Our condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. The following discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words "expect," "anticipate," "intend," "believe," or similar language. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our business and financial performance are subject to substantial risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. In evaluating our business, you should carefully consider the information set forth under the heading "Risk Factors" included Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021, as well as in Item II, Part 1A of this Quarterly Report on Form 10-Q (this "Report"). Readers are cautioned not to place undue reliance on these forward-looking statements.

Overview

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 the three months ended March 31, 2022, 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 for future monetization of our rapidly growing premium advertising inventory, and increased revenues generated from 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, primarily with our Minehut digital property; 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 adverting 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, focusing on the required integration activities, including integration of our sales, engineering and product teams into the fourth quarter of 2021. 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, providing livestream and video on demand social media audience reach through a network of mid-tier social media influencers. 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 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.

Other Developments

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 three months ended March 31, 2022, 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.

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. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. 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.

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 fiscal year 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.

For a discussion of the risk factors related to COVID-19, please refer to Part II, Item 1A.“"Risk Factor”" in our Annual Report on Form 10-K for the year ended December 31, 2021.

Results of Operations for the Three Months Ended March 31, 2022 and 2021

The following table sets forth a summary of our results of operations for the three months ended March 31, 2022 and 2021 (dollars in thousands):

	Three Months Ended March 31		Change	
	2022	**2021**	**$**	**%**
REVENUES	$ 3,768	$ 788	$ 2,980	378%
COST OF REVENUES	1,909	342	1,567	458%
GROSS PROFIT	1,859	446	1,413	317%
OPERATING EXPENSES				
Selling, marketing and advertising	2,734	1,062	1,672	157%
Engineering, technology and development	4,210	2,041	2,169	106%
General and administrative	2,876	1,969	907	46%
Total operating expenses	9,820	5,072	4,748	94%
NET LOSS FROM OPERATIONS	(7,961)	(4,626)	(3,335)	72%
OTHER INCOME (EXPENSE), NET	(1)	1	(2)	-
Loss before benefit from income taxes	(7,962)	(4,625)	(3,337)	72%
Benefit from income taxes	46	-	46	100%
NET LOSS	$ (7,916)	$ (4,625)	$ (3,291)	71%

Comparison of the Results of Operations for the Three Months Ended March 31, 2022 and 2021

Revenue **(dollars in thousands)**

	Three Months Ended March 31,		Change	
	2022	2021	$	%
Advertising and sponsorships	$ 1,856	$ 434	$ 1,422	328%
Content sales	1,405	290	1,115	384%
Direct to consumer	507	64	443	692%
	$ 3,768	$ 788	$ 2,980	378%

Revenue for the three months ended March 31, 2022 increased $2,980,000 or 378%, compared to the three months ended March 31, 2021. For the three months ended March 31, 2022, three customers accounted for 45% (10% advertising and sponsorship; 25% content sales; 10% direct to consumer), and four customers accounted for 54% (40% advertising and sponsorship; 14% content sales) of revenues, respectively.

The increase in revenues for the three months ended March 31, 2022 primarily reflects (1) significant increases in direct sales revenues on our owned and operated and our partner's digital games and content channels, reflecting increasing monetization of our expanding premium advertising inventory relative to the prior year comparable period, due in part to the FY 2021 Acquisitions, (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, driven by digital goods sales revenues for our Mineville and Pixel Paradise Microsoft Minecraft server properties and our owned and operated Minehut property.

Advertising and sponsorship revenues for the three months ended March 31, 2022 increased $1,422,000, or 328%. The increase was primarily due to a 189% increase in our direct sales advertising revenue generating customers, driven by our growing, premium in-game and in-stream advertising inventory, and a 48% increase in the average revenue per customer, for the three months ended March 31, 2022, as compared to the prior year comparable quarter.

Content related revenues for the three months ended March 31, 2022 increased $1,115,000, or 384%. The change was primarily driven by an increase in our live stream, remote production, broadcast and gameplay related content sales activities during the three months ended March 31, 2022, including broadcast and or gameplay projects with Twitch Interactive and Aftershock Media Group. The increase also included $919,000 of product design and software development kit related revenues pursuant to a development agreement with a customer, which was completed during the three months ended March 31, 2022.

Direct to consumer revenues for the three months ended March 31, 2022 increased $443,000, or 692%, compared to the comparable prior year quarter.

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.

Mobcrush 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.

***Cost of Revenues* (dollars in thousands)**

Cost of revenues for the three months ended March 31, 2022 increased $1,567,000, or 458%, relatively consistent with the 378% increase in related revenues for the same period. The increase in cost of revenues was primarily due to the increase in related revenues for the periods presented. The greater than proportionate increase in cost of revenues was primarily due to Mobcrush related direct sales advertising revenues with higher direct cost profiles during the three months ended March 31, 2022.

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, content capture and production services, direct marketing, cloud services, software, prizing, revenue sharing fees and venue 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 Expense* (dollars in thousands)**

Refer to the table summarizing our results of operations for the three months ended March 31, 2022 and 2021 above.

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

	Three Months Ended March 31,		Change	
	2022	2021	$	%
Sales, marketing and advertising	$ 230	$ 183	$ 47	26%
Engineering, technology and development	189	33	156	473%
General and administrative	680	195	485	249%
Total noncash stock compensation expense	$ 1,099	$ 411	$ 688	167%

Selling, Marketing and Advertising. The increase in selling, marketing and advertising expense for the three months ended March 31, 2022 was primarily due to an increase in personnel costs associated with the acquisition of Mobcrush and the addition of a total of 11 former Mobcrush employees, effective June 1, 2021, to our direct sales function. In addition to the impact on personnel costs arising from the Mobcrush Acquisition, the change reflects a net increase since the end of the prior year comparable quarter of approximately seven net full-time employees in connection with the increase in our inhouse 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 intangibles acquired in connection with the FY 2021 Acquisitions totaling $526,000.

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 expense include the costs described below, incurred in connection with our audience acquisition and viewership expansion activities. Engineering, technology and development related operating expense includes (i) allocated internal engineering personnel expense, including salaries, noncash stock compensation, taxes and benefits, (ii) third-party contract software development and engineering expense, (iii) internal use software cost amortization expense, and (iv) technology platform related cloud services, broadband and other platform expense, 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 increase in engineering, technology and development costs for the three months ended March 31, 2022 reflects an increase in personnel costs associated with the FY 2021 Acquisitions which included an increase in engineering and product function personnel totaling 16 full-time employees. In addition to the impact on personnel costs arising from the FY 2021 Acquisitions, the change reflects a net increase since the end of the prior year comparable quarter of approximately 16 net full-time employees in connection with the increase in our inhouse product and engineering functions. The increase in engineering, technology and development costs for the three months ended March 31, 2022 also reflected an increase in cloud services and other technology platform costs totaling $1,005,000, primarily reflecting costs resulting from our FY 2021 Acquisitions as well as continued surge in engagement across our digital properties. Excluding the impact of our FY 2021 Acquisitions, the increase in cloud services and platform costs totaled $302,000 for the three months ended March 31, 2022. The increase also included the amortization of developed technology related intangible assets acquired in connection with the FY 2021 Acquisitions totaling $337,000.

General and Administrative. General and administrative expense for the periods presented was comprised of the following (dollars in thousands):

	Three Months Ended March 31,		Change	
	2022	2021	$	%
Personnel costs	$ 575	$ 461	$ 114	25%
Office and facilities	67	27	40	148%
Professional fees	423	439	(16)	(4)%
Stock-based compensation	680	195	485	249%
Depreciation and amortization	230	51	179	351%
Other	901	796	105	13%
Total general and administrative expense	$ 2,876	$ 1,969	$ 907	46%

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

For the three months ended March 31, 2022, compared to the three months ended March 31, 2021:

- Noncash stock compensation expense included in general and administrative expense increased primarily due to the discretionary grant of incentive equity-based awards to personnel in connection with the FY 2021 Acquisitions totaling $42,000, and noncash stock compensation amortization in connection with 1,350,000 performance based stock units granted on January 1, 2022, which vest in five equal tranches of 270,000 based on the achievement of certain Company stock price targets as described at Note 2 to the condensed consolidated financial statements elsewhere herein, totaling $434,000.

- Depreciation and amortization expense increased due primarily to the amortization of trademark, developer and influencer related intangible assets acquired in connection with the FY 2021 acquisitions, totaling $165,000.

- Other general and administrative expenses increased $105,000, or 13% primarily due to an increase in general and administrative software costs, including Mobcrush related general and administrative software costs, travel and entertainment costs and other corporate fees. The increase was partially offset by a 14% decrease in amortized D&O insurance premiums, reflecting a 38% decrease in D&O insurance premiums for the 2022-2023 policy period, which covers the period from March 2022 to February 2023.

Liquidity and Capital Resources

General

Cash and cash equivalents totaled approximately $7.8 million and $14.5 million at March 31, 2022 and December 31, 2021, 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 May 2023. We may, however, encounter unforeseen difficulties that may deplete our capital resources more rapidly than anticipated.

The accompanying condensed 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 $7.9 million and $4.6 million during the three months ended March 31, 2022 and 2021, respectively, and reported an accumulated deficit of $133.2 million as of March 31, 2022. For the three months ended March 31, 2022 and 2021, net cash used in operating activities totaled $6.3 million and $4.4 million, respectively.

As of March 31, 2022, the Company had cash and cash equivalents of approximately $7.8 million. In addition, as further described below under the heading "Recent Developments," as well as Note 6 to the condensed consolidated financial statements contained elsewhere in this Report, on March 25, 2022, we entered into a common stock purchase agreement with Tumim Stone Capital, LLC. 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.

The Company has used and will continue to use significant capital for the growth and development of its business. The Company grew 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, costs, 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 may 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

Securities Purchase Agreement

On May 16, 2022, the Company entered into a Securities Purchase Agreement (the "*Purchase Agreement*") with three institutional investors (collectively, the "*Note Holders*") providing for the sale and issuance of a new series of senior convertible notes in the aggregate original principal amount of $4,320,000, of which 8% is an original issue discount (each, a "*Note*," and, collectively, the "*Notes*," and such financing, the "*Note Offering*"). Each Note will accrue interest at a guaranteed annual rate of 9% per annum, mature 12 months from the date of issuance, and is convertible at the option of the Note Holders into that number of shares of the Company's common stock, equal to the sum of the outstanding principal balance, accrued and unpaid interest, and accrued and unpaid late charges (the "*Conversion Amount*"), divided by $4.00, subject to adjustment upon the occurrence of certain events as more specifically set forth in the Note; *provided*, *however*, in accordance with Section 4(z) of the Purchase Agreement, in no event will the Company be permitted to issue more than 19.99% of the shares of Common Stock issued and outstanding immediately prior to the Note Offering, which number of shares shall be reduced, 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 Note Offering.

In addition, the Company may be required to redeem all or a portion of the Note under certain circumstances, and, in the event (A) the Company sells Company common stock pursuant to the Line of Credit (as defined in the Purchase Agreement), or (B) consummates a Subsequent Placement (as defined in the Purchase Agreement), then the Note Holders will have the right, but not the obligation, to require the Company to use 50% of the gross proceeds raised from such sale to redeem all or any portion of the Conversion Amount then remaining under the Note, in cash, at a price equal to the Conversion Amount being redeemed. The Company may, at its option, redeem all or a portion of the Note at a price equal to 110% of the Conversion Amount being redeemed.

Concurrently with the Purchase Agreement, the Company and the Note Holders entered into a Registration Rights Agreement, pursuant to which the Company will agree to file a Registration Statement on Form S-3 within 30 days after the closing of the Note Offering.

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 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 Note 6 to the condensed 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 with two investment banks, pursuant to which we may offer and sell, from time to time, through the Agents, up to $75 million of its shares of our common stock. Any Shares offered and sold in the ATM Offering will be issued pursuant to our Registration Statement on Form S-3 filed with 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 Three Months Ended March 31, 2022 and 2021

The following table summarizes the change in cash balances for the periods presented (dollars in thousands):

	Three Months Ended March 31,	
	2022	2021
Net cash used in operating activities	$ (6,287)	$ (4,370)
Net cash used in investing activities	(462)	(267)
Net cash provided by financing activities	-	33,437
Increase in cash	(6,749)	28,800
Cash and cash equivalents, at beginning of period	14,533	7,942
Cash and cash equivalents, at end of period	$ 7,784	$ 36,742

Cash Flows from Operating Activities. Net cash used in operating activities during the three months ended March 31, 2022 primarily reflected our net GAAP loss for the three months ended March 31, 2022 of ($7,916,000), net of adjustments to reconcile net GAAP loss to net cash used in operating activities totaling $1,629,000, which included $1,099,000 of noncash stock compensation charges and depreciation and amortization of $1,348,000. Net cash used in operating activities during the three months ended March 31, 2021 was $4,370,000, which primarily reflected our net GAAP loss for the three months ended March 31, 2021 of $4,625,000, net of adjustments to reconcile net GAAP loss to net cash used in operating activities of $255,000, which included $411,000 of noncash stock compensation charges and depreciation and amortization of $266,000. Changes in working capital for the periods presented 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 (dollars in thousands):

	Three Months Ended March 31,	
	2022	2021
Purchase of property and equipment	(118)	(2)
Capitalization of software development costs	(297)	(192)
Acquisition of other intangible and other assets	(47)	(73)
Net cash used in investing activities	$ (462)	$ (267)

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 (dollars in thousands):

	Three Months Ended March 31,	
	2022	**2021**
Proceeds from issuance of common stock, net	$ -	$ 33,399
Proceeds from stock option exercises	-	38
Net cash provided by investing activities	$ -	$ 33,437

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 Securities and Exchange Commission 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.

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:

- *Views and Impressions:* During the three months ended March 31, 2022, we generated approximately 3.0 billion views and impressions, compared to 600.0 million views and impressions during the three months ended March 31, 2021. This continued growth in views 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.

- *Monthly Active Users:* As of March 31, 2022, we reached combined monthly active users of over 70.0 million, which includes our extended reach in the metaverse through our owned and operated property Minehut and our Mineville and Pixel Paradise Minecraft partner servers, as compared to monthly active users of 1.0 million as of March 31, 2021.

- *Gameplay Hours:* During the three months ended March 31, 2022, we generated approximately 222.0 million hours of gameplay, as compared to approximately 34.0 million hours of gameplay during the three months ended March 31, 2021. We continue to focus on ways we can repackage and distribute this significant derivative content library for further monetization.

Contractual Obligations

As of March 31, 2022, except as described below, we had no significant commitments for capital expenditures, nor do we have any committed lines of credit, noncancelable operating leases obligations, 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 March 31, 2022 we maintain approximately 3,200 square feet of office space, 1650 square feet of which is on a month-to-month basis, and 1550 square feet of which is subject to a two-year lease, commencing on August 1, 2021. The following table lists our material known future cash commitments as of March 31, 2022 (dollars in thousands):

	Payments Due by Period			
	Total	Less than 1 year	1-3 years	More than 3 years
Insurance premium financing	$ 1,048	$ 1,048	-	-

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 condensed 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 condensed 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 condensed 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 condensed consolidated financial statements contained elsewhere in this Report.

Critical Accounting Estimates

Our unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of these condensed consolidated statements requires management to make judgments and estimates. Some accounting policies have a significant impact on amounts reported in these condensed consolidated 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 in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 31, 2022. In addition, refer to Note 2 to the condensed consolidated financial statements included in this Report. The following accounting policies were identified during the current period, based on activities occurring during the current period, 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 Sales:

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 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 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. There was no change to this assessment as of March 31, 2022.

At March 31, 2022, we reported goodwill of $50.3 million. Based on the qualitative analysis, the Company concluded that goodwill was not "more likely than not" impaired as of March 31, 2022.

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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

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.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO") conducted an evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation, our CEO and our CFO each concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act, (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) is accumulated and communicated to our management, including our CEO and our CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Report that 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.

ITEM 5. OTHER INFORMATION

None.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Our results of operations and financial condition are subject to numerous risks and uncertainties described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part 1, Item 1A, of the Annual Report on Form 10-K for the year ended December 31, 2021 and subsequent reports filed pursuant to the Exchange Act which could materially and adversely affect the Company's business, financial condition, results of operations, and stock price. The risks described in the Annual Report on Form 10-K subsequent reports filed pursuant to the Exchange Act are not the only risks facing the Company. Additional risks and uncertainties not presently known to management, or that management presently believes not to be material, may also result in material and adverse effects on our business, financial condition, and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

No unregistered securities were issued during the three months ended March 31, 2022 that were not previously reported.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(b) Exhibits

Exhibit No.	Description	Incorporation by Reference
31.1	Certification of the Principal Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2	Certification of the Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32.1	Certification of the Principal Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
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)	

SIGNATURES

Pursuant to the requirements 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.

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

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

Date: May 16, 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 Quarterly Report on Form 10-Q 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.

/s/ Ann Hand

Date: May 16, 2022

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 Quarterly Report on Form 10-Q 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.

/s/ Clayton Haynes

Date: May 16, 2022

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 Quarterly Report of Super League Gaming, Inc. (the "*Company*") on Form 10-Q for the period ended March 31, 2022 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: May 16, 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)