



**RIVER iGAMING**

River iGaming

Condensed Consolidated Interim  
Financial Statements

6 months ended 30 June 2019

#### Quote

At a meeting held on 28 August 2019, the Board of Directors of River iGaming p.l.c. considered and approved the half-yearly report for the six (6) months ended 30 June 2019. The half-yearly report, is attached to this Company Announcement.

#### Unquote

#### By Order of the Board

28 August 2019

#### Interim Directors' Report

The Group's strategy is to develop as a market player through acquisitions, consolidation and development of businesses. With an extensive focus on new technological solutions and synergies achieved through consolidation and efficiency, the Company's focus is to take the lead in delivering good results in an interesting and highly expanding sector.

During the period under review, the Company consolidated the efforts of 2018 by acquiring new operating licenses to further expand into regulated markets and entered into agreements to acquire businesses in the iGaming and media industries. Further information related to the acquisitions is disclosed under notes 17 and 20 to these condensed consolidated interim financial statements.

The Group also launched the third pillar of the organizational structure by commencing operations in the technological arm of the business. River Technologies Limited was incorporated late in 2018 and has grown throughout 2019. The Group will apply for B2B software provider licenses in Q3 and shall provide solutions both intra Group as well as to third parties.

The Group also secured funding, through a convertible loan for the acquisitions and for general corporate purposes, including funding strategic growth initiatives within the Group's business.

The Group registered a loss before taxation on a consolidated basis for the six months ended 30 June 2019 amounting to €4,667,416.

#### Responsibility statement

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2019, has been prepared in accordance with IAS 34 – *Interim Financial Reporting*, and gives a true and fair view of the Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that the interim director's report, to the best of our knowledge, includes a fair review of any significant events that arose during the six-month period and their effect on the half-yearly condensed consolidated interim financial statements, any significant related parties' transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

#### Risk management

The risks associated with Group and the industry in which it operates include the management of growth, improvement of infrastructure and implementing new systems without adversely affecting the business. The Group's management needs to effectively manage several geographic locations, develop new products that utilize the assets of the Group, and to further develop cost-effective standards, controls, procedures and policies. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### By Order of the Board



**Fabian Qvist**  
Director

28 August 2019



**Kent Staahle**  
Director

# River iGaming p.l.c

## Condensed Consolidated Statement of Financial Position

As at 30 June 2019

		30 June 2019	31 December 2018
	Note	€	€
<b>ASSETS</b>			
Plant and equipment	10	633,127	191,166
Intangible assets and goodwill	11	9,617,286	8,243,896
Investment in equity-accounted investees	12	6,313,474	10,346,075
Mutual option	13	1,361,511	-
		-----	-----
<b>Non-current assets</b>		<b>17,925,398</b>	18,781,137
		-----	-----
Trade and other receivables		2,536,613	2,291,090
Cash and cash equivalents		1,428,715	2,294,666
		-----	-----
<b>Current assets</b>		<b>3,965,328</b>	4,585,756
		-----	-----
<b>Total assets</b>		<b>21,890,726</b>	23,366,893
		=====	=====
<b>EQUITY</b>			
Share capital	14	95,084	93,811
Share premium	14	17,011,053	16,283,698
Translation reserve		9,886	4,984
Other equity component		1,003,083	899,945
Accumulated losses		(10,560,663)	(5,893,247)
		-----	-----
<b>Total equity</b>		<b>7,558,443</b>	11,389,191
		-----	-----
<b>LIABILITIES</b>			
Loan payable	15	2,924,061	-
Lease liability		134,076	-
Deferred tax liability		1,341,678	1,341,678
		-----	-----
<b>Non-current liabilities</b>		<b>4,399,815</b>	1,341,678
		-----	-----
Financial liabilities at fair value through profit or loss		-	1,371,970
	13		
Deferred consideration		4,628,855	4,441,829
Trade and other payables		5,091,461	4,822,225
Lease liability		212,152	-
		-----	-----
<b>Current liabilities</b>		<b>9,932,468</b>	10,636,024
		-----	-----
<b>Total liabilities</b>		<b>14,332,283</b>	11,977,702
		-----	-----
<b>Total equity and liabilities</b>		<b>21,890,726</b>	23,366,893
		=====	=====

The accompanying notes are an integral part of these condensed consolidated interim financial statements. The condensed consolidated interim financial statements on pages 1 to 35 were approved and authorised for issue on 28 August 2019.



Fabian Qvist  
Director



Kent Staahle  
Director

# River iGaming p.l.c

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

		30 June 2019	30 June 2018
	Note	€	€
Revenue	6	2,120,699	582,966
Direct costs		(2,153,689)	(1,067,426)
Depreciation of plant and equipment	10	(109,012)	(6,858)
Amortisation of intangible assets	11	(39,915)	-
Other operating expenses		(2,915,919)	(1,992,600)
<b>Results from operating activities</b>		<b>(3,097,836)</b>	<b>(2,483,918)</b>
Change in fair value of mutual option	13	1,361,511	-
Change in fair value of financial liability at fair value through profit or loss – contingent consideration	13	1,371,970	-
Net finance cost		(266,359)	(18,467)
<b>Net finance income / (expense)</b>		<b>2,467,122</b>	<b>(18,467)</b>
Share of loss of equity-accounted investee, net of tax	12	(420,913)	-
Impairment of equity-accounted investees	12	(3,615,789)	-
<b>Loss before tax</b>		<b>(4,667,416)</b>	<b>(2,502,385)</b>
Tax expense	8	-	-
<b>Loss for the period</b>		<b>(4,667,416)</b>	<b>(2,502,385)</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign operations – foreign currency translation differences		4,902	-
<b>Other comprehensive income</b>		<b>4,902</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(4,662,514)</b>	<b>(2,502,385)</b>
<b>Loss per share</b>			
Basic loss per share	9	24c8	20c5
Diluted loss per share	9	24c4	20c5

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

# River iGaming p.l.c

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Share capital	Share premium	Translation reserve	Other equity component	Accumulated losses	Total equity
	€	€	€	€	€	€
Balance as at 1 January 2018	50,000	-	-	140,030	(180,422)	9,608
<b>Transactions with the owners of the Company</b>						
Issue of ordinary shares	14,751	1,699,446	-	(140,030)	-	1,574,167
Equity-settled share-based payment	-	-	-	263,495	-	263,495
<b>Total transaction with owners of the Company</b>	14,751	1,699,446	-	123,465	-	1,837,662
<b>Total comprehensive loss for the period</b>						
Loss for the period	-	-	-	-	(2,502,385)	(2,502,385)
<b>Total comprehensive loss</b>	-	-	-	-	(2,502,385)	(2,502,385)
Balance as at 30 June 2018	64,751	1,699,446	-	263,495	(2,682,807)	(655,115)

# River iGaming p.l.c

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Share capital	Share premium	Translation reserve	Other equity component	Accumulated losses	Total equity
	€	€	€	€	€	€
Balance as at 30 June 2018	64,751	1,699,446	-	263,495	(2,682,807)	(655,115)
<b>Transactions with the owners of the Company</b>						
Issue of ordinary shares	27,220	14,447,752	-	-	-	14,474,972
Equity-settled share-based payment	-	-	-	89,041	-	89,041
Share options exercised	780	136,500	-	-	-	137,280
Share warrants exercised	1,060	-	-	547,409	-	548,469
<b>Total transaction with owners of the Company</b>	<b>29,060</b>	<b>14,584,252</b>	<b>-</b>	<b>636,450</b>	<b>-</b>	<b>15,249,762</b>
<b>Total comprehensive loss for the period</b>						
Loss for the period	-	-	-	-	(3,210,440)	(3,210,440)
Other comprehensive income for the period	-	-	4,984	-	-	4,984
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>4,984</b>	<b>-</b>	<b>(3,210,440)</b>	<b>(3,205,456)</b>
Balance as at 31 December 2018	93,811	16,283,698	4,984	899,945	(5,893,247)	11,389,191

# River iGaming p.l.c

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Share capital	Share premium	Translation reserve	Other equity component	Accumulated losses	Total equity
	€	€	€	€	€	€
<b>Balance as at 1 January 2019</b>	<b>93,811</b>	<b>16,283,698</b>	<b>4,984</b>	<b>899,945</b>	<b>(5,893,247)</b>	<b>11,389,191</b>
<b>Transactions with the owners of the Company</b>						
Issue of ordinary shares	1,273	727,355	-	-	-	728,628
Equity-settled share-based payment	-	-	-	27,199	-	27,199
Equity component of convertible loan	-	-	-	75,939	-	75,939
<b>Total transaction with owners of the Company</b>	<b>1,273</b>	<b>727,355</b>	<b>-</b>	<b>103,138</b>	<b>-</b>	<b>831,766</b>
<b>Total comprehensive loss for the period</b>						
Loss for the period	-	-	-	-	(4,667,416)	(4,667,416)
Other comprehensive income for the period	-	-	4,902	-	-	4,902
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>4,902</b>	<b>-</b>	<b>(4,667,416)</b>	<b>(4,662,514)</b>
<b>Balance as at 30 June 2019</b>	<b>95,084</b>	<b>17,011,053</b>	<b>9,886</b>	<b>1,003,083</b>	<b>(10,560,663)</b>	<b>7,558,443</b>

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

# River iGaming p.l.c

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

		30 June 2019	30 June 2018
	Note	€	€
<b>Cash flows from operating activities</b>			
Loss for the period		(4,667,416)	(2,502,385)
Adjustments for:			
Depreciation and amortisation	10, 11	148,927	6,858
Share based payments	7	27,199	263,495
Share of loss of equity accounted investees	12	420,913	-
Gain in fair value of contingent consideration	13	(1,371,970)	-
Change in fair value of mutual option	13	(1,361,511)	-
Interest payable		231,904	18,467
Net finance cost			
Impairment on investment on equity accounted investee	12	3,615,789	-
		(2,956,165)	(2,213,565)
Changes in:			
Trade and other receivables		(268,521)	(3,251,536)
Trade and other payables		147,635	4,806,611
<b>Net cash used in operating activities</b>		<b>(3,077,051)</b>	<b>(658,490)</b>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment	10	(103,619)	(106,126)
Acquisition of intangible assets	11	(218,429)	-
Acquisition of subsidiary, net of cash	17	(657,461)	-
Acquisition of equity accounted investee		(600)	-
<b>Net cash used in investing activities</b>		<b>(980,109)</b>	<b>(106,126)</b>
<b>Cash flows from financing activities</b>			
Issue of convertible bond	15	3,000,000	-
Issue of shares		-	1,714,197
<b>Net cash from financing activities</b>		<b>3,000,000</b>	<b>1,714,917</b>



# River iGaming p.l.c

## Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2019

---

		<b>30 June 2019</b>	30 June 2018
		€	€
<b>Net change in cash and cash equivalents</b>		<b>(1,057,160)</b>	949,581
Cash held by subsidiary acquired	17	<b>191,209</b>	-
Cash and cash equivalent at start of period		<b>2,294,666</b>	138,342
Cash and cash equivalent at end of period		<b>1,428,715</b>	1,087,923

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

# River iGaming p.l.c

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

---

### 1 Reporting entity

River iGaming p.l.c. (the “Company”) is a public liability company domiciled and incorporated in Malta. The Company's registered office is at Regent House, Office 21, Bisazza Street, Sliema SLM 1640, Malta. The Company was incorporated on 8 November 2017.

These condensed consolidated interim financial statements (“interim financial statements”) as at and for the six-months period ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in acquiring, building and consolidating an ecosystem of companies throughout the iGaming value chain. Through a group company, the Group also operates in the online media industry.

### 2 Basis of accounting

#### 2.1 Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018 (“last annual financial statements”). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the Group's last annual financial statements. This is the first set of the Group's financial statements where IFRS 16 has been applied. Changes to significant accounting policies are described in note 4.

These interim financial statements were authorised for issue by the Company's board of directors on 28 August 2019.

#### 2.2 Basis of measurement

The interim consolidated financial statements have been prepared on a historical cost basis and on the going concern basis, as explained below:

##### ***Going concern***

During 2018 and the first half of 2019, the Group has incurred expenditure and entered into various financial commitments resulting from those acquisitions. In order to fund such acquisitions and its working capital needs, the Group concentrated its efforts on setting up the necessary infrastructure and in securing the funding for the purpose. Since then, an amount totalling €15 million has been secured by way of a convertible bond (Note 15) to meet the above requirements. During the period ended 30 June 2019, the Group sustained a loss for the period around €4.7 million and as at that date, the Group had a working capital deficiency amounting to €6.0 million.

Following the completion of the said acquisitions and the implementation of the necessary infrastructure, also taking into consideration the financial results of the first half of 2019, the Board has refined further its strategic plans and revised the projected cash flow information for the Group. On the basis of this cash flow information, the directors project

# River iGaming p.l.c

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

---

### **2 Basis of accounting (continued)**

#### **2.2 Basis of measurement (continued)**

##### ***Going concern (continued)***

that the Group will be able to honour its various financial commitments, fund its own operations and continue to operate as a going concern. The directors also believe that if the plans are not fully achieved, the Group should be able to raise additional funding to meet its working capital needs, through the issue of debt or equity instruments, albeit that the Group has not initiated such process at this stage.

Based on the foregoing the directors therefore believe that it continues to be appropriate to adopt the going concern basis underlying the basis of preparation of the interim financial statements. Though, in the event that the Group is unable to realise the projected results, unless additional funding arrangements are secured, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The interim financial statements do not include any adjustments that could result should the above plans not materialise.

### **3 Use of estimates and judgements**

#### **3.1 Existing and new estimates and judgements**

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Company's last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16, which is described in note 4.

#### **3.2 Measurement of fair values**

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. All such information used to measure fair value, together with any other significant unobservable inputs and valuation adjustments, and third party information, if any, are reviewed by the Board of Directors, in order to ensure that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# River iGaming p.l.c

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

---

### 3 Use of estimates and judgements (continued)

#### 3.2 Measurement of fair values (continued)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which such change has occurred. Further information about the assumptions made in measuring fair values is included in Note 13.

### 4 Changes in significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements (the policy for recognising and measuring income taxes in the interim period is disclosed in Note 8).

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS 16 *Leases* from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

#### 4.1 Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement Contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single component.

The Group mainly leases the office space in Malta. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases, notably the office space, is now on-balance sheet.

# River iGaming p.l.c

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

---

### **4 Changes in significant accounting policies**

#### **4.2 Significant accounting policies**

The Group recognises a lease liability and a right-of-use asset. For leases previously classified as operating leases, the Group measures the lease liability at the date of initial application as the present value of the remaining lease payments. When measuring the lease liability the Group applies an external borrowing rate of 8% per annum.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made.

In relation to the right-of-use assets the Group measures such assets at an amount equal to the lease liability (subject to certain adjustments). The right-of-use asset is depreciated on a straight-line basis over the lease term.

#### **4.3 Transition**

Previously the Group classified property leases as operating leases under IAS 17 and included the office premises in Malta. The lease ran for is for a period of three years (initial period). After the initial period (Effective July 2021) the Group has the option to extend the lease by a further two years. The rent for the leased premises is of €186,000 per annum which is increased by 3% at the end of the initial period.

The Group applied the modified retrospective approach under IFRS 16, whereby comparative information is not restated.

#### **4.4 Impact for the period**

On transition to IFRS 16, the Group recognised additional right-of-use assets and lease liabilities amounting to €447,355 and €424,355.

As a result of initially applying IFRS 16, in relation to the above lease that was previously classified as an operating lease, the Group recognised €79,369 of depreciation and €14,873 by way of interest costs.

# River iGaming p.l.c

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

### 5 Operating segments

#### 5.1 Information about reportable segments

	United Kingdom	EU excluding United Kingdom	Total
<b>30 June 2019</b>	€	€	€
Gross iGaming Revenue	-	1,313,786	1,313,786
Revenue from marketing activities	-	586,513	586,513
Revenue from technology services	-	100,400	100,400
Revenue from management services	-	120,000	120,000
	-----	-----	-----
<b>Segment revenue</b>	-	2,120,699	2,120,699
	-----	-----	-----
Depreciation and amortisation			(148,927)
Other operating expenses			(5,069,608)
Net finance income			2,467,122
Share of results of equity accounted investee	(420,913)	-	(420,913)
Impairment loss on equity accounted investee	(3,615,789)	-	(3,615,789)
	-----	-----	-----
<b>Segment loss before taxation</b>			(4,667,416)
			=====
<b>30 June 2018</b>			
Share of iGaming revenue from white-label arrangements	-	582,966	582,966
	-----	-----	-----
<b>Segment revenue</b>	-	582,966	582,966
	-----	-----	-----
Depreciation and amortisation			(6,858)
Other operating expenses			(3,060,026)
Net finance expense			(18,467)
			-----
<b>Segment loss before taxation</b>			(2,502,385)
			=====

# River iGaming p.l.c

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

### 6 Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements.

#### 6.1 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major goods and services and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's major product and service lines, which are its reportable segments (see note 5).

	<u>Primary geographical markets</u>		Total €
	United Kingdom €	EU excluding United Kingdom €	
<b>30 June 2019</b>			
<b>Major product/services</b>			
iGaming operations	-	1,313,786	<b>1,313,786</b>
Marketing activities	-	586,513	<b>586,513</b>
Technology	-	100,400	<b>100,400</b>
Management services	-	120,000	<b>120,000</b>
	-----	-----	-----
		2,120,699	<b>2,120,699</b>
		=====	=====
Other white-label arrangements accounted for within equity accounted investees	953,021		
	=====		
<b>Timing of revenue recognition</b>			
Transferred at a point in time	953,021	1,900,699	<b>1,900,699</b>
	=====		
Transferred over time		220,000	<b>220,000</b>
		-----	-----
		2,120,699	<b>2,120,699</b>
		=====	=====
<b>30 June 2018</b>			
<b>Major product/services</b>			
White-label arrangements	-	582,966	582,966
	-----	-----	-----
		582,966	582,966
		=====	=====
<b>Timing of revenue recognition</b>			
Transferred at a point in time	-	582,966	582,966
	=====		
Transferred over time		-	-
		-----	-----
		582,966	582,966
		=====	=====

# River iGaming p.l.c

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

---

### **6 Revenue (continued)**

#### **6.2 Contract balances**

As at the reporting date, the Group did not have any contract assets as the Group's rights to consideration for satisfied performance obligations was fully completed and billed in full by the reporting date. Also at the same date, the Group had not received any advanced consideration (contract liabilities) from customers for which revenue is recognised over time.

### **7 Share-based payment arrangements**

#### **7.1 Description of equity-settled share-based payment arrangements**

To provide certain members of the executive management with a continued incentive and exposure to the development of the Group, certain members of the Executive Management have been granted the following options for shares in the Company:



# River iGaming p.l.c

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

### 7 Share-based payment arrangements (continued)

#### 7.1 Description of equity-settled share-based payment arrangements (continued)

Grant date	Options	Options to subscribe for shares (in the form of depository receipts)		Exercise Period		Options to subscribe for shares (in the form of depository receipts)		Exercise Period		Options to subscribe for shares (in the form of depository receipts)		Exercise Period	
		Number	Strike price (NOK)	Start	End	Number	Strike price	Start	End	Number	Strike price	Start	End
07-Mar-18	Listing	120,000	8.52	Listing issue and for a period of three years thereafter		36,000	8.5162	Listing issue and for a period of three years thereafter		18,000	8.5162	Listing issue and for a period of three years thereafter	
07-Mar-18	Tranche 1	65,000	15.50	08-Nov-18	08-Nov-21	19,500	15.5	01-Dec-18	01-Dec-21	10,000	15.5	01-Dec-19	01-Jan-22
07-Mar-18	Tranche 2	32,500	31.00	08-Nov-19	08-Nov-22	9,750	31	01-Dec-19	01-Dec-22	5,000	31	01-Dec-20	01-Jan-23
25-Jun-18	Tranche 3	20,000	8.52	18-Oct-18	17-Oct-21	-	-	-	-	-	-	-	-
25-Jun-18	Tranche 4	13,000	15.50	18-Apr-19	17-Apr-22	-	-	-	-	-	-	-	-
25-Jun-18	Tranche 5	5,000	31.00	20-Apr-20	19-Apr-23	-	-	-	-	-	-	-	-

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 7 Share-based payment arrangements (continued)

#### 7.1 Description of equity-settled share-based payment arrangements (continued)

As per the terms and conditions of the options, each of the options gives the holders the right, but not the obligation, to subscribe for or purchase (at the Company's choice) one share, corresponding to one ordinary share in the Company. The Board may at any time resolve to terminate all or some of the issued options against payment to the relevant option holder of an NOK amount equalling the value of the options calculated as the difference between the market value of the option shares at such time less the strike price for such option shares. Upon expiration of the relevant exercise periods, the relevant options will lapse.

#### 7.2 Measurement of fair values

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

	Equity-settled share options					
	Listing	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Fair value at grant date	NOK 10.46	NOK 13.76	NOK 13.20	NOK 27.02	NOK 25.67	NOK 24.72
Share price at grant date	NOK 18.50	NOK 18.50	NOK 18.50	NOK 31.50	NOK 31.50	NOK 31.50
Exercise price	NOK 8.52	NOK 15.50	NOK 31.00	NOK 8.52	NOK 15.50	NOK 31.00
Expected volatility (weighted-average)	110%	110%	110%	110%	110%	110%
Expected life (weighted-average)	0.4 Years	3.7 years	4.7 years	3.3 Years	3.8 years	4.8 years
Expected dividends	0%	0%	0%	0%	0%	0%
Risk-free interest rate (interbank rate)	0.2%	1.7%	1.9%	1.70%	1.80%	1.95%

Expected volatility has been based on an evaluation of historical volatility from listing date.

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 7 Share-based payment arrangements (continued)

#### 7.3 Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programmes were as follows.

	Number of options	Weighted average exercise price(EUR equivalent)
	<b>30 June 2019</b>	
Outstanding at 1 January and at 30 June	168,500 =====	NOK 17.86 (€1.80) =====
Exercisable at 30 June	168,500 =====	NOK 17.86 (€1.80) =====

The options outstanding at 30 June 2019 had an exercise price in the range of €0.88 to €3.20 (2018: €0.88 to €3.20) and a weighted-average contractual life of 3.74 years (2018: 3.9 years). No share options were exercised in 2019. The weighted-average share price at the date of exercise for share options exercised in 2018 was NOK 18.50.

#### 7.4 Expense recognised in profit or loss

Equity-settled share-based payment transactions expensed during 2019 within “other operating expenses” in profit or loss amounted to €27,199 (2018: €263,495).

### 8 Income tax expense

Income tax expense is recognised at an amount determined by multiplying the loss before tax for the interim reporting period by management’s best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management’s estimate of the effective tax rate for the annual financial statements.

In view of the tax losses available to the Group no income tax has been recognised in these interim condensed consolidated financial statements. Accordingly in view of the tax losses, the Group’s consolidated effective tax rate for the six months ended 30 June 2019 was brought to Nil from the statutory tax rate of 35%.

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 9 Loss per share

#### 9.1 Basic loss per share

The calculation of basic EPS has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

##### 9.1.1 Loss attributable to ordinary shareholders (basic)

	30 June 2019	30 June 2018
	€	€
Loss for the period, attributable to the owners of the Company	(4,667,416)	(2,502,385)
	=====	=====

##### 9.1.2 Weighted-average number of ordinary shares (basic)

	30 June 2019	30 June 2018
	No.	No.
Number of shares in issue at 1 January	18,762,193	10,000,000
Effect of share options exercised	-	92,221
Effect of shares issued	85,785	2,109,527
	-----	-----
Weighted-average number or ordinary shares at 30 June	18,847,978	12,201,748
	=====	=====

#### 9.2 Diluted loss per share

The calculation of diluted EPS has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

##### 9.2.1 Loss attributable to ordinary shareholders (diluted)

	30 June 2019	30 June 2018
	€	€
Loss for the period, attributable to the owners of the Company (basic EPS)	(4,667,416)	(2,502,385)
Interest on convertible instrument, net of tax	30,375	-
	-----	-----
Diluted loss for the period, attributable to the owners of the Company (diluted EPS)	(4,637,041)	(2,502,385)
	=====	=====

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

### 9 Loss per share (continued)

#### 9.2.2 Weighted-average number of ordinary shares (diluted)

	30 June 2019 No.	30 June 2018 No.
Weighted-average number of shares (basic)	18,847,978	12,201,748
Effect of conversion of convertible instruments	158,205	-
Effect of share options on issue	13,729	3,459
	-----	-----
Weighted-average number or ordinary shares at 30 June 2019 and 2018	19,019,912	12,205,207
	=====	=====

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

### 10 Plant and equipment

#### 10.1 Acquisition and disposals

During the period ended 30 June 2019, the Group's additions of plant and equipment amounted to €103,619. Additionally, included in plant and equipment is an amount of €447,335 by way of a right of use asset, gross of depreciation amounting to €79,639 in relation to right of use assets recognised in profit or loss.

### 11 Intangible assets and goodwill

#### 11.1

	Goodwill	Brand and domain and IP rights	Computer software	Total
	€	€	€	€
Balance at 1 January 2018	-	-	-	-
Acquisitions	4,151,134	3,833,366	334,851	8,319,351
	-----	-----	-----	-----
Balance at 31 December 2018	4,151,134	3,833,366	334,851	8,319,351
	-----	-----	-----	-----
Balance at 1 January 2019	4,151,134	3,833,366	334,851	8,319,351
Acquisitions	1,194,876	-	218,429	1,413,305
	-----	-----	-----	-----
<b>Balance at 30 June 2019</b>	<b>5,346,010</b>	<b>3,833,366</b>	<b>553,280</b>	<b>9,732,656</b>
	-----	-----	-----	-----

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

### 11 Intangible assets and goodwill (continued)

#### 11.1 (continued)

	Goodwill	Brand and domain and IP rights	Computer software	Total
	€	€	€	€
<b>Amortisation and impairment loss</b>				
Balance at 1 January 2018	-	-	-	-
Amortisation for the year	-	-	75,455	75,455
Balance at 31 December 2018	-	-	75,455	75,455
Balance at 1 January 2019	-	-	75,455	75,455
Amortisation for the period	-	-	39,915	39,915
<b>Balance at 30 June 2019</b>	<b>-</b>	<b>-</b>	<b>115,370</b>	<b>115,370</b>
<b>Carrying amount</b>				
At 1 January 2018	-	-	-	-
<b>At 31 December 2018</b>	<b>4,151,134</b>	<b>3,833,366</b>	<b>259,396</b>	<b>8,243,896</b>
<b>At 30 June 2019</b>	<b>5,346,010</b>	<b>3,833,366</b>	<b>437,910</b>	<b>9,617,286</b>

#### 11.2 Acquisition during the period

As explained in note 17.1, during the period ended 30 June 2019, the Company has acquired a new business from a third party – Media 247 A.S., for a total consideration amounting to NOK9,792,830. The excess of the consideration paid and the fair value of the net liabilities acquired has been recognised as goodwill in these interim condensed consolidated financial statements. Such goodwill represents the synergies that is expected to be derived from this vertical.

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 11 Intangible assets and goodwill (continued)

#### 11.3 Impairment assessment

In view of the results achieved to date, as at the reporting date the intangible assets and goodwill held were assessed for impairment. The recoverable amount was assessed based on value-in-use calculation. The value-in-use was determined by discounting the future cash flows generated from the continuing use of the assets, and was based on the following key assumptions:

- Cash flows were projected based on the ten-year business plan covering the periods 2019 to 2028.
- The outcome of the projections is dependent on whether the Group will be successful in maintaining the level of business that is expected to be generated; and
- Pre-tax discount rates of 15% and 23.6% were applied to the different models used to determine the respective recoverable amounts in the value in use calculations. The discount rate was estimated after considering the weighted average cost of capital.

In determining the values assigned to each of the key assumptions, the amounts were determined based on expectation of the future level of business and current external indicators in the sector.

##### 11.3.1 *Key assumptions and sources of estimation uncertainty*

Key judgements and assumptions concerning the future and other key sources of estimation uncertainty which materially impacted the impairment assessment at the reporting date, include the projection of revenue in the coming years, and the execution risk associated with the attainment of the projected capabilities by the Group. The directors are satisfied that the judgements made are appropriate to the circumstances but, as with all projections relating to future events, there is a degree of uncertainty inherent in the figures and, it is possible, based on existing knowledge, that actual results may differ from assumptions. Sustained variations from expectation would have a material impact on the impairment assessment, and hence, the carrying amount at which intangible assets are stated on the statement of financial position at 30 June 2019.

The directors believe that the amount of cash flows that the Group will continue to generate will be sufficient to support the carrying amount of the intangible assets and goodwill.

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

### 12 Equity-accounted investees

#### 12.1 Reconciliation of carrying amount

	30 June 2019	31 December 2018
	€	€
Equity subscribed by the Company	8,556	7,956
	-----	-----
<b>Amounts capitalised as part of the Company's net investment in the investee:</b>		
Completion cash payment	4,694,050	4,694,050
Deferred cash payment	4,371,413	4,371,413
Earn-out	1,721,440	1,721,440
	-----	-----
	<b>10,786,903</b>	10,786,903
	-----	-----
<b>Share of losses</b>		
Share of loss at the beginning of the period	(453,768)	-
Share of loss for the period	(420,913)	(453,768)
	-----	-----
<b>Share of loss at the end of the period</b>	<b>(874,681)</b>	(453,768)
	-----	-----
<b>Impairment loss recognised</b>	<b>(3,615,789)</b>	-
	-----	-----
Cumulative share of foreign currency translation differences	8,485	4,984
	-----	-----
<b>Carrying amount</b>	<b>6,313,474</b>	10,346,075
	=====	=====



# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 12 Equity-accounted investee (continued)

#### 12.2 Impairment assessment (continued)

As at the reporting date the investment held was assessed for impairment. The recoverable amount was assessed based on value-in-use calculation. The value-in-use was determined by discounting the future cash flows generated from the continuing use of the assets, and was based on the following key assumptions:

- Cash flows were projected based on the ten-year business plan covering the period 2019 to 2028.
- The outcome of the projections is dependent on whether the investee will be successful in generating the level of business; and
- A pre-tax discount rate of 16% was applied in determining the recoverable amount in the value in use calculation. The discount rate was estimated after considering the weighted average cost of capital.

In view of the fact that the recoverable amount was less than the carrying amount of the Group's investment in the investee an impairment loss amounting to €3,615,789 was recognised in profit or loss.

### 13 Financial assets and financial liabilities at fair value through profit or loss

#### 13.1 Mutual call-put option

As at the reporting date, the counterparty retained an interest in River UK Casino Limited subject to a mutual call and put option arrangement which in terms of the agreement can be exercised by no later than 30 September 2020. In respect of this retained interest, as at 30 June 2019, the Group has been granted a call option and the counter party has been granted a put option, which, if either is exercised, will result in the Group acquiring such 30% interest from the counterparty by no later than 31 October 2020, for a purchase price cash consideration based on a valuation of 5.5 times River UK Casino's EBIT (uncapped) for the twelve month period to 30 June 2020, adjusted for normalised working capital and excluding amortisation. To exercise such option, the Company must give the counter-party 30-days' notice of exercise of the call option no later than 31 August 2020. The fair value of the mutual call and put option at date of acquisition amounted to €Nil. At the reporting date the fair value amounted to €1,361,511.

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 13 Financial assets and financial liabilities at fair value through profit or loss (continued)

#### 13.1 Mutual call-put option (continued)

The fair value of the above mutual call and put option, described above, was estimated using a Monte Carlo simulation valuation technique, which considers the present value of the probability-weighted expected future financial outcome, discounted using a risk-adjusted discount rate (including non-performance risk). The fair value is estimated in the currency of the expected payment, namely the Great British Pound (“GBP”), and translated into Euro exchange rate prevailing at each measurement date.

The model makes the significant assumption that the earnings before interest, tax and amortisation arising on the investment in the joint venture (“EBITA”) for the twelve month periods ending (“LTM”) 30 June 2020, as well as the market multiple at the mutual option’s time of exercise, all follow normal probability distributions. The following significant unobservable inputs were used:

Significant unobservable input	30 June 2019	31 December 2018
Mean EBITA LTM 30 June 2020	£875,000	£3,750,000
Mean Market EBITA multiple at exercise:	10.5x	5.5x
Risk-adjusted discount rate	8.00%	8.00%

The estimated fair value of the mutual option would increase / (decrease) if the mean expected market EBITA at exercise is higher / (lower). For mean expected market EBITAs above / (below) 5.5x, the estimated fair value of the mutual option would be positive / (negative), more positive / (negative) if the mean EBITA LTM 30 June 2020 were higher, or discount rate were lower, and less negative / (positive) if the mean EBITA LTM 30 June 2020 were lower or discount were higher. When the fair value of the mutual option is positive it is presented as a financial asset, and when negative it is presented as a financial liability.

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 13 Financial assets and financial liabilities at fair value through profit or loss (continued)

#### 13.1 Mutual call-put option (continued)

The EBITA means and volatility are based on the Group's budgets and performance up to the measurement date, the EBITA market multiple mean and volatility are based on discounted cash flow valuation of the underlying and the Group's judgement, and the discount rates are based on adjusted market rates. The fair value measurement of the mutual option fall within Level 3 of the fair value hierarchy. There were no transfers between levels during the financial period ended 30 June 2019.

For the fair value of the mutual option, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Change in input	Impact on profit or loss	
		Decrease €	Increase €
<b>30 June 2019:</b>			
Market EBITA multiple at exercise	±2.0x	[(£487,545) @ EOY FX]	[£487,545 @ EOY FX]
<b>31 December 2018:</b>			
Market EBITA multiple at exercise	±0.5x	(392,408)	392,408

#### 13.2 Contingent consideration

In relation to the investment in joint venture (River UK Casino Limited), the Group had agreed to pay the selling shareholders an earn-out payment of 70% of 5.5 x EBIT for the 12 month period ending 30 June 2019 minus the initial and deferred cash consideration of £8.4 million, payable in cash no later than 31 August 2019, and subject to a maximum capped earn out payment on cash of £14.7 million (based on 70% of 5.5 times £6 million EBIT minus £8.4 million in respect of the initial cash and deferred consideration). As at 30 June 2019 based on the results till that date, the earn out did not come to fruition and as a result the fair value previously included as contingent consideration extant as at 31 December 2018, amounting to €1,371,970 was recognised in profit or loss.

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 13 Financial assets and financial liabilities at fair value through profit or loss (continued)

#### 13.3 Reconciliation of opening and closing balances

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Contingent consideration €	Mutual option €
Assumed in business combination	(1,721,440)	-
Gain included in "finance costs": Net change in fair value (unrealised)	349,470	-
	-----	-----
Balance at 31 December 2018	(1,371,970)	-
Change in fair value	1,371,970	1,361,511
	-----	-----
		-
Balance at 30 June 2019	-	1,361,511
	=====	=====

### 14 Capital and reserves

During the period ended 30 June 2019 the Company issued 254,543 ordinary shares at a €0.005 nominal value per share and 2.857 share premium per share. The 254,543 ordinary shares were issued as a result of the acquisition of Media 247 S.A. (note 17).

### 15 Loans and borrowings

#### 15.1 Convertible loan agreement

Pursuant to a Convertible Loan Agreement ("Agreement") dated 21 February 2019, the Group signed an Agreement with a third party, whereby the lender has made available a loan by way of senior debt (by way of a first ranking general hypothec, and shall unless otherwise agreed by the lender or by operation of law, rank prior to the claims of all creditors of the Group, whether secured or unsecured) obligation to the Group for the purpose of funding working capital requirements and other financial commitments.

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 15 Loans and borrowings (continued)

#### 15.1 Convertible loan agreement (continued)

Subject to the fulfilment of the terms of the Agreement, the lender made available to the Group, the aggregate amount of €15 million. The loan, is subject to interest at the rate of 8% per annum and is repayable in full on the lapse of a three year period commencing on the date of the last drawdown. The lender shall also have the right but not the obligation to exercise a conversion right, to convert the loan into the Company's equity. The conversion price is equivalent to NOK 21 per share equal to €2.12 based on a fixed exchange rate of 9.897.

In accordance with the above, the terms of the above loan agreement are equivalent to a compound financial instrument. The equity component has been recognised as the difference between the fair value of the compound financial instrument as a whole, and the fair value of the liability component as follows:

Number of Convertible Bonds	7,075,472
Term	3
Conversion price	€2.12
Total proceeds	€15,000,000
Interest rate per annum	8%
Prevailing interest rate for a similar bond without conversion rights	9%
<b>Determination of liability component</b>	<b>€</b>
Present value of principal payable at the end of three years	11,582,752
Present value of interest payable annually in arrears for three years	3,037,554
Total liability component	14,620,306
Equity component (by deduction)	379,694
Proceeds of the convertible loan	15,000,000
	=====

The convertible loan consists of two tranches amounting to a total of €15,000,000 convertible into an estimated 7,075,472 shares. The conversion price is of NOK 21 per share (Eur 2.12). The drawdowns of the tranches were subject to a number of conditions. The drawdown of the first tranche of €3,000,000 was completed on 24 April 2019. The remaining balance was drawn after the reporting period.

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 15 Loans and borrowings (continued)

#### 15.1 Convertible loan agreement (continued)

	€
Proceeds from issue of convertible notes	3,000,000
Amount classified as equity	(75,939)
	-----
<b>Carrying amount of liability at 30 June 2019</b>	<b>2,924,061</b>
	=====

### 16 Financial instruments – Fair values and risk management

#### 16.1 Overview

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Except as described in note 16.1.1 below, the risks arising from the financial instruments of the Group as at the date of this condensed interim financial statements are the same as those disclosed in the last annual financial statements.

##### 16.1.1 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to their reputation.

The main financial liabilities of the Group represent trade and other payables, and the deferred amounts payable to a related party.

As at 30 June 2019, the Group had a negative working capital deficiency of €5,967,140. During the period ended 30 June 2019, the Group has partly secured funding, with the rest of the funding secured in July 2019. This funding shall amongst others assist in managing its working capital and continue funding its operations and financial obligations (see note 2.2). The following analyses excludes the impact of the said convertible loan (note 15).

The following are the remaining gross and undiscounted contractual maturities of financial liabilities at reporting date:

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

### 16 Financial instruments – Fair values and risk management (continued)

#### 16.1.1 Liquidity risk (continued)

As at 30 June 2019	Carrying amount €	Contractual cash flows €	Less than 1 year €	1-2 years €
<b>Non-derivative financial liabilities</b>				
Trade and other payables	5,437,689	5,437,689	5,303,613	134,076
Deferred consideration	4,628,855	4,628,855	4,628,855	-
	-----	-----	-----	-----
	10,066,544	10,066,544	9,932,468	134,076
	=====	=====	=====	=====
As at 31 December 2018	Carrying amount €	Contractual cash flows €	Less than 1 year €	1-2 years €
<b>Non-derivative financial liabilities</b>				
Trade and other payables	4,822,225	4,822,225	4,822,225	-
Contingent consideration	1,371,970	2,060,300	2,060,300	-
Deferred consideration	4,441,829	4,695,203	4,695,203	-
	-----	-----	-----	-----
	10,636,024	11,577,728	11,577,728	-
	=====	=====	=====	=====

#### 16.2 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

### 16 Financial instruments – Fair values and risk management (continued)

#### 16.2 Accounting classifications and fair values (continued)

	30 June 2019				31 December 2018			
	Carrying Amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
	€	€	€	€	€	€	€	€
<b>Financial assets at fair value</b>								
<i>Mandatory at FVPL – Other</i>								
Mutual option	1,361,511	-	-	1,361,511	-	-	-	-
<b>Financial assets not measured at fair value</b>								
<i>Financial assets at amortised cost</i>								
Trade and other receivables	2,536,613				2,291,090			
Cash and cash equivalents	1,428,715				2,294,666			
<b>Financial liabilities measured at fair value</b>								
<i>Financial liabilities measured at fair value through profit or loss</i>								
Contingent consideration	-	-	-	-	(1,371,970)	-	-	(1,371,970)
<b>Financial liabilities not measured at fair value</b>								
<i>Other financial liabilities</i>								
Trade and other payables	(5,437,689)				(4,822,225)			
Deferred consideration	(4,628,855)				(4,441,829)			
Loan payable	(2,924,061)				-	-	-	-
	=====	=====	=====	=====	=====	=====	=====	=====



# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 17 Acquisitions

#### 17.1 Acquisitions during the period

On 2 May 2019, the Group acquired 100% of the shares and voting interests in Media 247 AS. Media 247 is a content marketing Company which operates two niche viral magazines, Sportsbibelen and Gaffa. Sportsbibelen, with the domain "sportsbibelen.com", is Media247's core business and one of Norway's leading sport focused viral magazines.

#### Consideration transferred

	NOK
Cash	2,792,897
Equity Instruments (254,543 shares issued)	6,999,933
	-----
<b>Total consideration transferred</b>	<b>9,792,830</b>
	-----

#### Equity instruments issued

The fair value of the ordinary shares issued was determined at NOK 27.50 per share.

#### Acquisition related costs

The Group incurred acquisition-related costs of €44 thousand relating to external fees and due diligence costs. These costs have been included in 'other operating expenses' in the condensed consolidated statement of profit or loss and OCI.

#### Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at date of acquisition.

	NOK
Intangible fixed assets	3,000
Trade and other receivables	1,210,090
Cash and cash equivalents	1,655,215
Loans and borrowings	(1,189,200)
Trade and other payables	(2,223,499)
	-----
<b>Total identifiable net liabilities acquired</b>	<b>(544,394)</b>
	-----

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 17 Acquisitions (continued)

#### 17.1 Acquisitions during the period (continued)

##### Fair value measured on a provisional basis

The fair value of the assets and liabilities acquired, including any goodwill has been measured provisionally, pending completion of a thorough evaluation of the acquired business given also the close proximity of the acquisition to the reporting date. If new information obtained within one year of the date of acquisition identifies adjustments to the above amounts, then the accounting for the acquisition will be revised.

### 18 Operational risk

18.1 The Group holds an iGaming license issued by the Malta Gaming Authority and also operated under white-label agreements with counterparties that hold a licence issued by Curacao eGaming and the UK Gambling Commission. On the strength of the above, the Group is engaged in online gaming with punters with an emphasis on European countries. The Group operates within a rapidly evolving legal and regulatory environment. During the recent past, various jurisdictions have introduced a swath of legislation meant to regulate the sector resulting in requiring operators to hold specific licenses and be subject to gaming and related taxes. The divergence in interpretation of the different legislative frameworks and the stand taken by regulators, together with the trend of regularisation continues, and a number of countries are in the process of issuing similar regimes in the near future. Such changes to the regulatory, legislative and fiscal regimes within the iGaming space could result in the Group being liable for additional costs in order to comply with the above, which costs cannot be quantified in view of the uncertainty of future events not within the control of the Group. The directors of the Group do not anticipate that the outcome of such events, if any, should have a material adverse effect upon the Group's financial position.

### 19 Related parties

#### 19.1 Ultimate controlling party

The Company is the ultimate parent company of the Group.

Skandinaviska Enskilda Banken AB (PUBL) ("Bank") is acting as Registrar in respect of depositary receipts issued by the Bank in respect of the ordinary shares of the Company held by the Bank.

As at 30 June 2019 and 31 December 2018, the said depositary receipts are registered in the Norwegian Central Securities Depository (the "VPS"). All the depositary receipts, amounting to 99% of the ordinary shares of the Company's issued share capital, were registered in the Norwegian Central Securities Depository (the "VPS"). All the depositary receipts registered in VPS have a corresponding number of Company ordinary shares registered in the Company's shareholders register in Malta in the name of Skandinaviska Enskilda Banken AB.

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

### 19 Related parties (continued)

#### 19.1 Ultimate controlling party (continued)

As at 30 June 2019 and 31 December 2018, the largest holders of depositary receipts ("Shareholders") were Tigerstaden AS, Middelborg Invest AS (both having the same registered address as at the reporting date) and Klein Invest AS a company registered in Norway with its registered address at Hans Nielsen Hauges gt37C, Oslo 0481. As at the date of approval of the financial statements, none of the Shareholders had ultimate control of the Company.

Also the Bank produces consolidated financial statements – refer to <https://sebgroupp.com/investor-relations>. No other entity in the Group produces consolidated financial statements.

#### 19.2 Key management personnel and director transactions

The only transaction during the period undertaken between the Group and the directors related to the remuneration paid which amounted to €222,723 (30 June 2018 €177,880).

#### 19.3 Other related party transactions and balances

The directors consider the Company and the other undertakings within or outside the Group to be related parties in so far as such parties are ultimately owned and controlled by the Group.

	Group	
	30 June 2019	31 December 2018
	€	€
Balance at beginning of the year	(4,980,564)	-
Management fee (including VAT)	141,600	-
Recharging of expenses by the Company to	418,052	-
Funds advanced to	13,725	8,075
Payments to	2,250	-
Payments received by the Group on behalf of	(807,913)	-
Payments by the Group on behalf of	528,977	585,817
Wages and salaries paid by the Group	287,128	240,981
Deferred consideration payable to	-	(4,441,829)
Contingent consideration payable to	-	(1,371,970)
Fair value movement in contingent consideration	1,371,970	-
Amortisation of interest on deferred consideration	(187,027)	-
Reclassification of deferred recharge	153,116	-
Foreign exchange difference	-	(1,638)
	-----	-----
	<b>(3,058,686)</b>	<b>(4,980,564)</b>
	=====	=====

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### 20 Subsequent events

#### 20.1 Acquisition

After the reporting date, the Group acquired the remaining 30% of River UK Casino Limited ("River UK") plus the B2B platform business of Gaming Realms p.l.c. ("GMR") (the "Grizzly Platform") and the outstanding share capital in Bear Group Limited ("Bear Group") from Gaming Realms ("GMR") and settled all remaining delayed payments, earn-outs and options for a total consideration of GBP 11.5 million (the "Transaction").

The total consideration payable by the Group under the Transaction is GBP 11,500,000 (the "Purchase Price"). The Purchase Price comprises settlement for the assets acquired under the Transaction as well as settlement of all deferred payments and earn-out obligations under the asset purchase agreement entered into between the parties on 27 June 2018 (the "Asset Purchase Agreement"), and the mutual option under the Shareholders' Agreement, as follows:

- a total payment of GBP 7.0 million in respect of the acquisition of the entire issued share capital of Bear Group. Of such total payment, GBP 5.5 million is payable on completion and GBP 1.5 million is payable without set-off on or before 31 December 2020; and
- a payment of GBP 4,497,000 million in respect of the sole perpetual licence of the Grizzly Platform; and
- a payment of GBP 3,000 in respect of the 30% stake in River UK.

The Purchase Price for the Transaction was subject to customary completion account provisions. Upon completion of the Transaction in July 2019, River UK and Bear Group became wholly owned subsidiaries of the Company.

The acquisition of 100% of the outstanding share capital of Bear Group comprised of a company incorporated and registered in Alderney holding UK Gambling Commission B2C licence, Alderney Gambling Commission licence as well as a number of online casinos. Upon completion of the Transaction, the Group (through its wholly-owned subsidiary River Technologies Limited) has been granted a sole, perpetual, irrevocable, world-wide, royalty-free licence to copy, use develop and commercially exploit the Grizzly Platform, held by AlchemyBet.

#### 20.2 Disclosure requirements

In addition to the above disclosures, IFRS requires disclosure of the following information for acquisitions of businesses after the end of the reporting period but before the financial statements are authorised for issue:

- a qualitative description of the factors that make up goodwill;
- for acquired receivables:
  - the fair value of the receivables;
  - the gross contractual amounts receivable; and
  - the best estimate at the acquisition date of the contractual cash flows not expected to be collected;

# River iGaming p.l.c

## Notes to the Financial Statements

For the six months ended 30 June 2019

---

### **20 Subsequent events (continued)**

#### **20.2 Disclosure requirements (continued)**

- the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed;
- information on contingent liabilities assumed in a business combination; and
- the total amount of goodwill that is expected to be deductible for tax purposes;

In view of the fact that these financial statements have been authorised for issue on 28 August 2019, shortly after the dates of acquisition, the initial accounting for the business combinations could not have been completed in a timely manner to enable the Group to provide the aforementioned disclosures.



KPMG  
92, Marina Street  
Pietà' PTA 9044  
Malta  
(+356) 2563 1000

## **Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information**

**To the Board of Directors of River iGaming p.l.c.**

### ***Introduction***

We have reviewed the accompanying condensed consolidated statement of financial position of River iGaming p.l.c. as at 30 June 2019, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### ***Scope of Review***

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.



KPMG  
92, Marina Street  
Pietà' PTA 9044  
Malta  
(+356) 2563 1000

## **Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information (continued)**

**To the Board of Directors of River iGaming p.l.c.**

### ***Emphasis of Matter***

We draw attention to Note 2.2 in the condensed consolidated interim financial statements which indicates that the Group incurred a net loss of €4.7million during period ended 30 June 2019 and, as of that date, had a working capital deficiency of €6.0million. As indicated in that Note, in the event that the Group is unable to realise the projected results, additional funding arrangements may be necessary. As stated in Note 2.2, these circumstances, along with other matters as set forth in that note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

The Principal authorised to sign on behalf of KPMG on the review resulting in this independent auditors' report is Giles Schembri.

  
KPMG  
Registered Auditors

28 August 2019