

Quote

At a meeting held on 31 August 2020 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 2020. The half-yearly report is attached to this Company Announcement.

Unquote

By Order of the Board

31 August 2020

Interim Directors' Report

The Group's strategy is to evolve into a leading business to business provider of technological services through development of its business products. 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 2019 by realigning its strategy by exiting the B2C market and focusing on acquiring new B2B clients for the more profitable segments of business it operates. River Technologies has increased its revenue through the provision as software as a service. The Company also obtained a B2B licence issued by the UK Gambling commission and is in the process of applying for a license issued by the Malta Gaming Authority to expand its client opportunities. Mediafusion generated similar levels of revenue and remains within the expected targets set.

At the end of the period, the Group repaid part of the short-term liquidity loan received in December 2019, extending the maturity of the balance.

The Group registered an operating profit of €1,540,037 on a consolidated basis for the six months ended 30 June 2020. Total comprehensive income for the period amounted to €1,137,358 compared to a loss of amounting to €4,662,514 in the comparable period in 2019.

By Order of the Board



Fabian Qvist
Director

31 August 2020



Kent Staahle
Director



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River iGaming p.l.c

Compilation Report

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

We have compiled the accompanying financial information of River iGaming p.l.c based on information you have provided. This financial information comprises the condensed consolidated statement of financial position of River iGaming p.l.c as of 30 June 2020, the condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended 30 June 2020, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements on the basis of accounting described in Note 2.1 to these financial statements. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements, and the accuracy and completeness of the information used to compile them are your responsibility. Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the basis of accounting described in note 2.1.

As stated in note 2.1, the financial statements are prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Our duties in relation to our work are owed solely to River iGaming p.l.c and accordingly we do not accept any responsibility for loss occasioned to any third party acting or refraining from action as a result of this document. This document has been prepared solely in connection with the terms of reference for this engagement and should be used as detailed in our terms of engagement.

Jonathan Dingli (Partner) for and on behalf of

KPMG
Certified Public Accountants
31 August 2020

River iGaming p.l.c

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		30 June 2020	31 December 2019
	Note	€	€
ASSETS			
Plant and equipment	10	496,601	522,293
Right-of-use assets	10	1,383,458	1,749,024
Intangible assets and goodwill	11	8,001,063	8,024,523
		<hr/>	<hr/>
Non-current assets		9,881,122	10,295,840
		<hr/>	<hr/>
Trade and other receivables		1,299,656	2,287,118
Cash and cash equivalents		1,306,146	1,643,207
		<hr/>	<hr/>
Current assets		2,605,802	3,930,325
		<hr/>	<hr/>
Total assets		12,486,924	14,226,165
		<hr/> <hr/>	<hr/> <hr/>

River iGaming p.l.c

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		30 June 2020	31 December 2019
	Note	€	€
EQUITY			
Share Capital		95,084	95,084
Share Premium		17,011,053	17,011,053
Translation reserve		428,081	197,874
Other equity component		1,087,089	1,271,459
Accumulated losses		(30,586,961)	(31,494,112)
Net deficiency		(11,965,654)	(12,918,642)
LIABILITIES			
Loan payable	14	14,435,555	14,663,571
Trade and other payables		1,036,348	-
Lease liability		1,121,632	1,277,858
Deferred consideration		1,634,900	1,634,900
Deferred tax liability		2,919,991	3,131,509
Non-current liabilities		21,148,426	20,707,838
Trade and other payables		2,744,635	6,063,341
Lease liability		559,517	373,628
Current liabilities		3,304,152	6,436,969
Total liabilities		24,452,578	27,144,807
Total equity and liabilities		12,486,924	14,226,165
		=====	=====

The accompanying notes are an integral part of these condensed consolidated interim financial statements. The condensed consolidated interim financial statements on pages 1 to 26 were approved and authorised for issue on 31 August 2020.



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 2020

		30 June 2020	30 June 2019
	Note	€	€
Revenue	6	4,075,938	2,120,699
Direct costs		(210,429)	(2,153,689)
Directors' remuneration and personnel costs		(1,173,568)	(1,109,258)
Depreciation of plant and equipment	10	(35,969)	(22,542)
Depreciation of right-of-use asset	10	(365,565)	(86,470)
Amortisation of intangible assets	11	(23,460)	(39,915)
Other operating expenses		(726,910)	(1,806,661)
Results from operating activities		1,540,037	(3,097,836)
Net finance costs		(617,452)	(266,359)
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
Share of loss of equity-accounted investee, net of tax	12	-	(420,913)
Impairment of equity-accounted investees	12	-	(3,615,789)
Profit/ (Loss) before tax		922,585	(4,667,416)
Tax expense	8	(15,434)	-
Profit/ (Loss) for the period		907,151	(4,667,416)
		=====	=====

River iGaming p.l.c

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

		30 June 2020	30 June 2019
	Note	€	€
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		230,207	4,902
Other comprehensive income		230,207	4,902
Total comprehensive income for the period		1,137,358	(4,662,514)
Profit / (Loss) per share			
Basic profit / (loss) per share	9	4c8	(24c8)
Diluted profit / (loss) per share	9	4c8	(24c4)

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 2019	93,811	16,283,698	4,984	899,945	(5,893,247)	11,389,191
Total comprehensive loss for the period						
Loss for the period	-	-	-	-	(4,667,416)	(4,667,416)
Other comprehensive income for the period	-	-	4,902	-	-	4,902
Total comprehensive loss	-	-	4,902	-	(4,667,416)	(4,662,514)
Transactions with the owners of the Company						
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
Total transaction with owners of the Company	1,273	727,355	-	103,138	-	831,766
Balance as at 30 June 2019	95,084	17,011,053	9,886	1,003,083	(10,560,663)	7,558,443

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 2020	95,084	17,011,053	197,874	1,271,459	(31,494,112)	(12,918,642)
Total comprehensive profit for the period						
Profit for the period	-	-	-	-	907,151	907,151
Other comprehensive income for the period	-	-	230,207	-	-	230,207
Total comprehensive profit	-	-	230,207	-	907,151	1,137,358
Transactions with the owners of the Company						
Share warrants forfeited	-	-	-	(184,370)	-	(184,370)
Total transaction with owners of the Company	-	-	-	(184,370)	-	(184,370)
Balance as at 30 June 2020	95,084	17,011,053	428,081	1,087,089	(30,586,961)	(11,965,654)

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 2020

		30 June 2020	30 June 2019
	Note	€	€
Cash flows from operating activities			
Profit / (loss) for the period		907,151	(4,667,416)
Adjustments for:			
Depreciation and amortisation	10, 11	424,994	148,927
Share based payments	7	(184,370)	27,199
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		617,452	231,904
Gain on disposal of intangible assets	11	(107,169)	-
Tax expense		15,434	-
Impairment on investment on equity accounted investee	12	-	3,615,789
		1,673,492	(2,956,165)
Changes in:			
Trade and other receivables		481,676	(268,521)
Trade and other payables		(2,067,483)	147,635
Net cash used in operating activities		87,685	(3,077,051)
Cash flows from investing activities			
Acquisition of plant and equipment		(10,277)	(103,619)
Acquisition of intangible assets		-	(218,429)
Acquisition of subsidiary, net of cash		-	(657,461)
Acquisition of equity accounted investee		-	(600)
Proceeds from disposal of intangible assets	11	107,169	-
Net cash used in investing activities		96,892	(980,109)
Cash flows from financing activities			
Issue of convertible bond		-	3,000,000
Finance costs paid		(617,452)	-
Loan payable – capital repayment		(1,428,016)	-
Proceeds from loan and borrowings		1,600,000	-
Net cash from financing activities		(445,468)	3,000,000

River iGaming p.l.c

Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2020

	30 June 2020	30 June 2019
	€	€
Net change in cash and cash equivalents	(260,891)	(1,057,160)
Cash held by subsidiary acquired	-	191,209
Cash and cash equivalent at start of period	1,643,207	2,294,666
Effect of exchange rate fluctuations on cash and cash equivalents	(76,170)	-
Cash and cash equivalent at end of period	1,306,146	1,428,715

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 2020

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 2020 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 2019 ("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.

These interim financial statements were authorised for issue by the Company's board of directors on 31 August 2020.

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

As at 30 June 2020, the Group had generated a profit of €907,151. Furthermore, as at that date the Group reflected a working capital deficiency of €698,359 (31 December 2019: €2,506,644).

This financial position and performance has been achieved through the positive performance of the B2B operations of the Group, and also through the successful negotiation of agreements with related parties outside the group and other third parties for the sale of the joint venture – River CB Limited, and two domains (note 11). The total consideration for these sales amounted to €950,000.

River iGaming p.l.c

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2020

2 Basis of accounting (continued)

2.2 Basis of measurement (continued)

Going concern (continued)

As per the projections prepared by the directors, the sub-subsiidiary offering the platform services and games is expected to be the sole cash flow generating component within the Group. In that regard, during the financial year ended 31 December 2019, that component has managed to secure two contracts: (i) an indefinite contract for the provision of services to third party and (ii) another service contract (renewable annually, for a period of five years) with a related company not forming part of the Group. Even though formal agreements are not yet in place, that sub-subsiidiary has been provided with a written confirmation by the related company stating that it is its intention to extend the contract for a further period (at the end of 2020) and to further any business opportunities together during the rest of 2020 and in the years to come. In addition, the sub-subsiidiary's directors are also considering other business opportunities for generating income, with negotiations ongoing with a number of potential clients.

The directors have prepared a forecast for a period of twelve months to 30 June 2021, which sets out the expected level of net cash flows that the Group is expected to generate through the above avenues, together with the related working capital needs and financial obligations of the Group and the Company.

Based on the foregoing, the directors are of the view that the service contracts in place held by one of the operating components (noted above) together with the above funding should continue to meet the level of cash required to enable the Group to honour their various financial commitments, fund their own operations and continue to operate as a going concern. The directors therefore believe that it continues to be appropriate to adopt the going concern basis underlying the basis of preparation of the financial statements.

In the event that one or both of the existing service contracts held by the sub-subsiidiary company are discontinued, without new contracts being won to compensate for the lost business, there exists a material uncertainty that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. The financial statements do not include any adjustments that could result should any of the above service contracts be terminated, or the alternative plans or funding arrangements not materialising.

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.

River iGaming p.l.c

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2020

3 Use of estimates and judgements (continued)

3.1 Existing and new estimates and judgements (continued)

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.

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).

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.

4 Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2019. A number of new amendments are effective from 1 January 2020 but they do not have a material effect on the Group's interim condensed financial statements.

The policy for recognising and measuring income taxes in the interim period is described in note 8.

River iGaming p.l.c

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2020

5 Operating segments

5.1 Information about reportable segments

	United Kingdom	EU excluding United Kingdom	Total
	€	€	€
30 June 2020			
Gross iGaming Revenue	91,648	59,220	150,868
Revenue from marketing activities	-	874,611	874,611
Revenue from technology services	-	3,050,459	3,050,459
Segment revenue	91,648	3,984,290	4,075,938
Depreciation and amortisation			(424,994)
Other operating expenses			(2,110,907)
Net finance cost			(617,452)
Segment profit before taxation			922,585
			=====
30 June 2019			
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
Segment revenue	-	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)
Segment loss before taxation			(4,667,416)
			=====

6 Revenue

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

River iGaming p.l.c

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2020

6 Revenue (continued)

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 €	
30 June 2020			
Major product/services			
iGaming operations	91,648	59,220	150,868
Marketing activities	-	874,611	874,611
Technology	-	3,050,459	3,050,459
	91,648	3,984,290	4,075,938
	=====	=====	=====
Timing of revenue			
Transferred at a point in time	91,648	933,831	1,025,479
Transferred over time	-	3,050,459	3,050,459
	91,648	4,075,938	4,075,938
	=====	=====	=====
30 June 2019			
Major product/services			
iGaming operations	-	1,313,786	1,313,786
Marketing activities	-	586,513	586,513
Technology	-	100,400	100,400
Management services	-	120,000	120,000
	-	2,120,699	2,120,699
	=====	=====	=====
Other white-label arrangements	953,021		
	=====		
Timing of revenue			
Transferred at a point in time	953,021	1,900,699	1,900,699
	=====		
Transferred over time		220,000	220,000
		2,120,699	2,120,699
		=====	=====

River iGaming p.l.c

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2020

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 advance 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 were granted options for shares in the Company.

All remaining share options as at 1 January 2020 were forfeited by 30 June 2020 and there are thus no share options outstanding as at reporting date.

7.2 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)
	30 June 2020	
Outstanding at 1 January	135,500	NOK 18.76 (€1.90)
Forfeited during the period	(135,500)	NOK 18.76 (€1.72)

Outstanding at 30 June	-	
	=====	
Exercisable at 30 June	-	
	=====	

River iGaming p.l.c

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2020

7 Share-based payment arrangements (continued)

7.3 Amounts recognised in profit or loss

Equity-settled share-based payment transactions in relation to forfeiture of the share options recognised as income during the period ending 30 June 2020 within “personnel expenses” in profit or loss amounted to €184,370 (30 June 2019: share-based payments expense of €27,199).

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, the Group’s consolidated effective tax rate for the six months ended 30 June 2020 was brought to 1.7% (2019: nil) from the statutory tax rate of 35%.

9 Profit/ (Loss) per share

9.1 Basic profit/ (loss) per share

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

9.1.1 Profit/ (Loss) attributable to ordinary shareholders (basic)

	30 June 2020	30 June 2019
	€	€
Profit/ (Loss) for the period, attributable to the owners of the Company	907,151	(4,667,416)
	=====	=====

River iGaming p.l.c

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2020

9 Profit/ (Loss) per share (continued)

9.1 Basic profit/ (loss) per share (continued)

9.1.2 Weighted-average number of ordinary shares (basic)

	30 June 2020	30 June 2019
	No.	No.
Number of shares in issue at 1 January	19,016,736	18,762,193
Effect of shares issued	-	85,785
	-----	-----
Weighted-average number or ordinary shares at 30 June	19,016,736	18,847,978
	=====	=====

9.2 Diluted profit/ (loss) per share

The calculation of diluted EPS has been based on the following profit/(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 Profit/ (Loss) attributable to ordinary shareholders (diluted)

	30 June 2020	30 June 2019
	€	€
Profit/ (Loss) for the period, attributable to the owners of the Company (basic EPS)	907,151	(4,667,416)
Interest on convertible instrument, net of tax	-	30,375
	-----	-----
Diluted profit/ (loss) for the period, attributable to the owners of the Company (diluted EPS)	907,151	(4,637,041)
	=====	=====

River iGaming p.l.c

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2020

9 Profit/ (Loss) per share (continued)

9.2 Diluted profit/ (loss) per share (continued)

9.2.2 Weighted-average number of ordinary shares (diluted)

	30 June 2020	30 June 2020
	No.	No.
Weighted-average number of shares (basic)	19,016,736	18,847,978
Effect of conversion of convertible instruments	-	158,205
Effect of share options on issue	-	13,729
	-----	-----
Weighted-average number or ordinary shares at 30 June 2020 and 2019	19,016,736	19,019,912
	=====	=====

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 2020, there were no significant additions or disposals of plant and equipment. Included in plant and equipment is an amount of €1,749,887 by way of a right of use asset, gross of accumulated depreciation amounting to €411,430 in relation to right of use assets, of which €365,565 related to depreciation recognised in profit or loss in the current period.

10.2 On the 30 June 2020 an addendum to the lease agreement dated 2 July 2019 was signed between the Company, being the lessee, and the lessor. It has been agreed that with effect from 1 January 2020, the rent payable and business centre costs shall accrue until the 30 June 2022, and the rent accrued throughout the period from 1 January 2020 up to 30 June 2020 shall be payable on the 1 July 2022. It has also been further agreed that the Company shall extend the general hypothec presently registered in terms of the convertible loan agreement dated 21 February 2019 (referred to in note 12), to cover all the amounts due in terms of the lease agreement as amended by this addendum agreement.

River iGaming p.l.c

Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2020

11 Intangible assets and goodwill

11.1 Acquisition during the period

During the period ended 30 June 2020, there were no additions of intangible assets. The Group disposed of two domains to third parties during 2020. These domains were sold for €50,000 and £50,000 respectively and had a nil carrying amount prior to disposal.

12 Equity-accounted investees

12.1 On 21 February 2019, the Group had, through a number of its subsidiaries, signed an agreement to acquire the remaining 30% of River UK Casino Limited, a B2B platform, as well as the share capital of another entity originally owned by the seller. The agreement was subject to a number completion conditions that were satisfied by the 17 July 2019. Following this, the Company obtained 100% of the share capital of River UK Casino Limited, and effectively this company became a fully owned subsidiary. In 2019, the investment was also impaired prior to River UK Casino Limited becoming a fully owned subsidiary (see note 12.3).

12.2 Reconciliation of carrying amount

	30 June 2020 €	31 December 2019 €
Equity subscribed by the Company	-	7,956
	=====	=====
Amounts capitalised as part of the Company's net investment in the investee:		
Completion cash payment	-	4,694,050
Deferred cash payment	-	4,371,413
Earn-out	-	1,721,440
	-----	-----
	-	10,786,903
	=====	=====
Share of foreign currency translation differences	-	3,501
	=====	=====
Share of loss for the period	-	(420,913)
	=====	=====
Effect of disposal of investment in investee before obtaining control which investment was subsequently repurchased	-	(10,377,447)
	-----	-----
Carrying amount	-	-
	=====	=====

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12 Equity-accounted investee (continued)

12.3 Impairment assessment

In the comparative period the investment held was assessed for impairment. The recoverable amount was assessed based on value-in-use calculation, 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.

Since 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 in the comparative period.

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

13.1 Mutual call-put option

As part of the share purchase agreement entered into during the comparative period, the counterparty retained an interest in River UK Casino Limited subject to a mutual call and put option arrangement which in terms of the original agreement could be exercised by no later than 30 September 2020. In respect of this retained interest, as at 30 June 2019, the Group had been granted a call option and the counter party has been granted a put option, which, if either is exercised, would 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 had to give the counter-party 30-days' notice of exercise of the call option no later than 31 August 2020.

This original agreement was superseded by a new agreement which became effective on the 17 July 2019 and which resulted in the Group becoming the full and sole shareholder of River UK Casino Limited. Through this agreement, this mutual call and put option arrangement was extinguished on this date. The fair value of the mutual call and put option

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

13.1 Mutual call-put option (continued)

at the date when the new agreement was signed amounted to €1,361,511 and was recognised as income in profit or loss for the period ending 30 June 2019.

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 was 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.

13.2 Contingent consideration

In relation to the investment in River UK Casino Limited, the Group had originally 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 in 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 in the statement of financial position extant as at 31 December 2018, amounting to €1,371,970 was recognised as income in profit or loss for the period ending 30 June 2019 following the attainment of control.

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Notes to the condensed consolidated interim financial statements

For the six months ended 30 June 2020

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 €
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
Waiving of mutual option at the point of the agreement as entered into		(1,361,511)
	-----	-----
Balance at 31 December 2019	-	-
	=====	=====
Balance at 30 June 2020	-	-
	=====	=====

14 Loans and borrowings

14.1 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.

Following the above, 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:

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For the six months ended 30 June 2020

14 Loans and borrowings (continued)

14.1 Convertible loan agreement (continued)

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%

Determination of liability component €

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 on 11 July 2019.

	€
Proceeds from issue of convertible notes	15,000,000
Amount classified as equity	(379,694)
Capital repayments during 2020	(828,016)
Cumulative unwinding of interest at the prevailing interest rate	643,265
Carrying amount of liability at 30 June 2020	14,435,555
	=====

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For the six months ended 30 June 2020

14 Loans and borrowings (continued)

14.1 Convertible loan agreement (continued)

On the 30 June 2020 an addendum to the Convertible loan agreement dated 21 February 2019 was signed between the Company, being the borrower, the guarantor and the lender. It has been agreed between the parties that the Company will effect regular capital repayment in favour of the loan commencing from the date of the addendum until the maturity date of the loan which is July 2022. Any interest accrued from the 1 January 2020 until the maturity date, shall not be paid on a quarterly basis, but it shall be paid in full on the maturity date.

15 Financial instruments – Fair values and risk management

15.1 Overview

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

- Credit risk
- Liquidity risk
- Market risk

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 in view of the fact that there are no significant movements in financial instruments for the period ended 30 June 2020.

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For the six months ended 30 June 2020

15 Financial instruments – Fair values and risk management (continued)

15.2 Accounting classifications and fair values

The following table shows the carrying amounts and fair value 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.

	30 June 2020				31 December 2019			
	Carrying Amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
€	€	€	€	€	€	€	€	
Financial assets not measured at fair value								
<i>Financial assets at amortised cost</i>								
Trade and other receivables	1,299,656	-	-	-	2,287,118	-	-	-
Cash and cash equivalents	1,306,146	-	-	-	1,643,207	-	-	-
Financial liabilities not measured at fair value								
<i>Other financial liabilities</i>								
Trade and other payables	(3,780,983)	-	-	-	(6,063,341)	-	-	-
Deferred consideration	(1,643,900)	-	-	-	(1,643,900)	-	-	-
Loan payable	(14,435,555)	-	-	-	(14,663,571)	-	-	-
	=====	=====	=====	=====	=====	=====	=====	=====

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Notes to the Financial Statements

For the six months ended 30 June 2020

16 Operational risk

The Group holds a software developer licence issued by the UK Gambling commission. The Group can also service entities regulated by the Malta Gaming Authority through a recognition notice issued by the said authority. The Group intends to apply for a Malta Gaming Authority software provider license throughout 2020.

During the period, the Group surrendered its operating licenses issued by the Swedish Gaming Authority and UK Gambling Commission. The Group is also in the process of surrendering its operator license issued by the Malta Gaming Authority. 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. This is particularly the case in view of the fact the Group has ceased its B2C operations on 23 December 2019.

The Group's operations are exposed to certain risks that could have a varying impact on earnings or financial position. These can be divided into industry, operational, and financial risks. When assessing the Group's future development, it is important to take into account the risk factors, alongside any opportunities for profit growth. The development of laws and regulations relating to the supply of gaming services that the Group provides is a central risk factor for the Group's future earnings. The legal situation in the EU is of particular interest and is continuously monitored and managed by the Group. Despite this, there remains a risk that, in the event of legislation being interpreted in an unfavourable or unanticipated way, conditions for growth, profitability, and dependency on particular customers can contribute to a possible increase in the operational risk. Likewise, a favourable interpretation could have a positive impact on the Group.

During the period ended 30 June 2020, the Covid-19 outbreak has expanded into a pandemic. While the nature of the Group's operations, that is, the offering of IT services as well as the use of technology should help in ensuring an un-interrupted operation, the Group continues to follow closely the recommendations and directions issued by the authorities both locally and overseas to ensure that there is no business interruption. In this regard, the Group has implemented its business continuity plan which considers various steps that will continue to be taken depending on the circumstances. Following the outbreak of the pandemic both locally and overseas the Company continues to provide its B2B services.

17 Related parties

17.1 Ultimate controlling party

There were no changes in the related party relationships during the interim period.

The Company is the ultimate parent company of the Group. As at 30 June 2020 and 31 December 2019, 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.

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17 Related parties (continued)

17.2 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 €15,112 (30 June 2019: €222,723).

17.3 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.

	30 June 2020	31 December 2019
	€	€
Balance at 1 January	843,503	(4,980,564)
Effect of prior period transactions with former coventurer now eliminated on consolidation	-	(1,654,900)
Management fee income (including VAT)	-	141,600
Management fee cost	-	(2,000)
Recharging of expenses by the Company to	-	827,658
Funds advanced to	-	2,833
Funds received from	(792,903)	-
Payments to	-	(29,130)
Payments by the Company on behalf of	-	158,682
Wages and salaries paid by the Company on behalf of	-	556,266
Unwinding of interest on deferred consideration	-	(171,697)
Settlement of deferred consideration	-	4,628,855
Fair value movement of contingent consideration	-	1,371,970
Foreign exchange differences	-	(6,070)
Balance due written off	(50,600)	-
	-----	-----
	-	843,503
	=====	=====