

River - Detailed announcement regarding acquisition of business from GMR and proposed issuance of EUR 15 million convertible loan

River iGaming P.l.c ("**River**" or the "**Company**") acquires 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 GMR and settles all remaining delayed payments and earn-outs for a total consideration of GBP 11.5 million (the "**Transaction**"). The Transaction and planned related investments are fully funded by a convertible loan of up to EUR 15 million with 3-year duration signed in relation to the Transaction.

The Transaction gives River full control and access to the cashflow in River UK from closing. The acquisition of the Grizzly Platform transforms River into a true 360 iGaming company, controlling the entire value chain from platform and gamification, to marketing, brands and operations.

The combined operated brand portfolio, fully owned by River upon completion of the Transaction, consists of Vegas Casino, Casonic, Pocket Fruity, Britain's Got Talent Games, Spin Genie, X Factor Games and a number of small casinos currently operated by Bear Group. In addition, River will upon completion of the Transaction also offer B2B services through the software driven marketing platform Mediafusion, and the newly acquired Grizzly Platform. The combined sizeable brand portfolio creates a strong foundation for growth and profitability, and the combined B2B offering is an excellent platform to capitalize on River's innovative marketing and gamification technology.

"We are very happy to announce this second transaction with GMR. The combination of the Grizzly Platform and full control of River UK makes it possible for River to take the step from a mainly B2C oriented company, to become much more B2B focused. We can now turn our focus towards further developing the unique brands in River UK and leverage synergies between our different operations in Europe, both within the B2C and B2B business", says Kent Staahle, CEO of River iGaming.

Fabian Qvist, Chairman of the Board of River iGaming says; "I am very satisfied that River has been able to complete this fully funded transaction, securing full control over some very attractive assets. By having everything under the same roof and removing all uncertainty regarding financing, we both increase the operational and financial strength of the Company".

This detailed announcement has been prepared and published in accordance with section 3.4 of the Continuing Obligations for companies admitted to trading on Merkur Market.

The Transaction

The total consideration payable by River 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**"), as follows:

- a total payment of GBP 7.0 million under the terms of the Share Purchase Agreement entered into today in relation to the Transaction pursuant to which the Company shall acquire both 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 GBP 3,000 in respect of the 30% stake in River UK

The Purchase Price for the Transaction is subject to customary completion account provisions. The Transaction will be financed through the issuance of a convertible loan, as further described below.

The agreements for the Transaction and the convertible loan (as further described below) require approval from the shareholders in River. Notice to the extraordinary general meeting expected to be held on or about 22 March 2019 will be announced separately, and within 27 February 2019. Klein Invest AS, Middelborg Invest AS and Tigerstaden AS (currently controlling in aggregate 65.2% of the shares and the votes in the Company, the "**Majority Shareholders**") have provided an undertaking to procure that their voting rights to be voted in favour of the Transaction and the convertible loan, including the board representation of the Lender and the proposed amendments to the articles of association of the Company (as further described below) in the extraordinary general meeting.

Description of the acquired business and conditions for completion of the Transaction

The remaining 30% shareholding in River UK will be acquired by the Company's wholly owned subsidiary River Game Operations Ltd ("RGO"), and comprises the following business:

- River UK features well-recognized UK casino brands, including the ownership to the Pocket Fruity and Spin Genie brands and certain rights to the Britain's Got Talent and X Factor Games brands.
- The brands are individually positioned to appeal to different player demographics and give access to a unique and large customer base with 50/50 female and male players, as well as approx. 60% of 2017 FTD's being under 35 years
- The brands provide powerful marketing capabilities such as innovative gamification features, in addition to providing a best in class mobile product for all brands with more than 80% of the acquired business' 2017 revenues being generated on mobile devices

Upon completion of the Transaction, River UK will be a wholly owned subsidiary of RGO. Its Board of Directors will consist of Kent Staahle and Shawn Bezzina, and key management is Simon Collins. River UK has 7 employees. For further information, please refer to the Company's stock exchange notice on 27 June 2018.

The acquisition of 100% of the outstanding share capital of Bear Group comprises 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, River (through its wholly owned subsidiary River Technologies Limited "**RTL**") will be granted a sole, perpetual, irrevocable, world-wide, royalty-free licence to copy, use develop and commercially exploit the Grizzly Platform, held by AlchemyBet. Pending completion, RTL has been granted an interim, non-exclusive, non-transferable, royalty-free licence to develop the Grizzly Platform. The Slingo Games will remain the property of GMR (or companies controlled by it) and will be licenced by GMR on a commercial basis to River UK and Bear Group and to third parties in separate agreements after completion.

For the audited 12 months ended 31 December 2017, Bear Group and the Grizzly Platform, being acquired as part of the Transaction, delivered GBP 8.8 million of net gaming revenue and EBITDA of GBP 0.3 million. Please see the attachment enclosed hereto for further financial information for Bear Group.

Completion of the Transaction is inter alia subject to the following conditions:

- GMR and River shareholder approval;
- the entering into of a deed of termination with respect to the former agreements entered into between River (and companies controlled by it) and GMR (and companies controlled by it);
- final approval of change of control applications with respect to the shares in Bear Group from the UK Gambling Commissions and the Alderney Gambling Commissions; and
- third party consents.

It is expected that the Transaction will be completed in Q2 2019.

Significance of the transaction for River

The Transaction is significant for River, with both financial and strategic implications. The acquisition of the remaining 30% of River UK, will give the Company direct access to all the earnings and cashflow of the operations of River UK, and make it easier to realise synergies across the company operations. The acquisition of the Grizzly Platform will enable River to provide a broad and attractive B2B offering, diversifying River's business and operational risk exposure.

There are no agreements in connection with the transaction in favour of the Group's senior executives or directors, or for senior executives or directors in the Company.

Issuance of convertible loan to Spinola Ventures Ltd (C31211) (the "Lender") a wholly owned subsidiary of Mercury p.l.c. (C27497) (the "Guarantor")

In order to finance the Transaction, together with other transactions within River, the Company has entered into a EUR 15,000,000 convertible loan agreement with the Lender (the "**Loan**") on the terms set out below. The Lender's financial obligations and liabilities under the loan agreement are guaranteed by the Guarantor. The Loan is subject to a 8% interest rate p.a.

EUR 3,000,000 of the Loan shall be disbursed to the Company as soon as possible after the shareholder approval of the agreement in the extraordinary general meeting expected to be held on or about 22 March 2019 and after fulfilment by the Company or waiver of the Lender of the conditions precedent listed below (excluding condition related to the Transaction). The remaining amount of EUR 12,000,000 shall be distributed to the Company as soon as possible after fulfilment of all conditions precedent, including inter alia:

- updates to the Company's memorandum articles of association to reflect the Lender's rights under the loan agreement;
- board resolution of the Company approving the terms of the agreement and the conversion right;
- shareholder approval of the amendments to the memorandum and articles of association as pre-agreed with the Lender;
- satisfactory due diligence performed by the Lender, including management accounts (such condition having been irrevocably declared as satisfied by the Lender);
- the entering into of the agreements for the Transaction (as described above); and
- undertakings from the Majority Shareholders (as defined above) to vote in favour of the loan agreement, the board representation and the required changes to the Company's memorandum and articles of association.

The convertible loan agreement may be terminated by either party at any time after 30 April 2019 if the first EUR 3,000,000 of the Loan has not been disbursed (for whatever reason except for the fault or breach of Agreement of the party seeking to terminate this Agreement).

The Lender may once, and for a minimum amount of EUR 3,000,000, at any time during the conversion period (beginning on the date of the agreement and ending on the date falling 18 months after the date of the last loan drawdown, the "**Conversion Period**") convert the Loan into shares (or depositary receipts representing shares) in the Company. The fixed conversion price is NOK 21 equal to EUR 2.12 based on a fixed exchange, which will give the Lender a 27.367% holding in the Company provided that the total loan amount is converted. If the Majority Shareholders prior to conversion of the Loan intends to complete a transfer (or multiple connected transfers) of more than 10% of the Majority Shareholders' aggregate shareholding the Lender has the right prior to such transfer to convert a pro-rata portion of the Loan.

The Company may at any time after the Conversion Period repay the Loan, plus a repayment fee on market terms. The Company shall repay the Loan in full on the maturity date, being the date three years after the last drawdown the Loan. Interest is due for payment quarterly from 1 January 2020 onwards. Interest due for the period between drawdown and 31 December 2019 will be settled at the end of the period.

The Loan shall constitute senior debt obligations of the Company by way of a first ranking general hypothec as registered in the Maltese Public Registry. Unless otherwise agreed by the Lender or by operation of Maltese law, the Loan shall rank prior to the claims of all creditors of the Company, whether secured or unsecured.

The loan agreement includes customary event of default provisions, including change of control. Upon the occurrence of an event of default, the Lender may demand that the whole or part of the Loan shall become immediately due and payable and that the Company shall compensate the Lender for consequential losses. A penalty fee of EUR 50,000 shall be payable if the Company is in breach of its repayment obligations with more than 20 business days or on the date on which an event of default occurs, and for each subsequent 10 business day period of delay at the end of every such period.

Board representation and Tag-along right

If minimum EUR 10,000,000 of the Loan is converted into shares of the Company, the Lender shall be entitled to appoint the chairman and one additional director to the Company's board of directors. If less than EUR 10,000,000 of the Loan is converted into shares of the Company, the Lender shall be entitled to one director to the Company's board of directors. Following disbursement of the Loan and prior to conversion the Lender shall have the right to appoint one observer to the Company's board of directors.

If the Majority Shareholders prior to the maturity date complete a transfer (or multiple connected transfers) of more than 10% of the Majority Shareholders' aggregate shareholding at the date of the Loan agreement to a third party who is not its affiliate as defined in the Loan agreement and subject to a conversion of the Loan has taken place, the Lender shall have the right to transfer a pro rata number of its Shares to the relevant third party at the same time, and on the same terms and conditions, as the Majority Shareholders.

Covenants

The Company shall not, from the date of the agreement and for so long as any amount of the Loan is outstanding, without the prior consent of the Lender (i) dispose of any of its material assets, including IPR; (ii) declare, set aside or pay any dividend, group contribution or other distribution with respect to the Company's shares, or from directly or indirectly redeeming or purchasing any of the Company's shares; (iii) carry out any decrease of its shares or share capital or any split or consolidation of shares; (iv) invest in or divest any fixed asset with a value above EUR 3,000,000; or (v) enter into any transaction with any person except on arm's length terms and for fair market value. During the Conversion Period (as defined above) the Company shall not carry out a private placement or any sort of share issue, without the prior written consent by the Lender.

Further, the Company has undertaken that in addition to or in substitution of the Merkur Market listing, the Company shall upon an irrevocable written notice from the Lender requiring conversion of minimum EUR 3,000,000 of the Loan, as soon as possible and at the latest within 9 months from receipt of the conversion note apply for listing on a regulated market operating in Malta (or, if refused due to reasons beyond the control of the Company) a listing in Euro on another reputable regulated market in the EEA). The Borrower must keep the Lender duly informed of all developments in the listing process. If the Company does not do all that is required to obtain a listing on such regulated market within 9 months, and such delay is due to reasons within the control of the Company, and/or the Company has not made all reasonable efforts to complete such listing and keep the Lender duly informed of all developments in the listing process, the Borrower shall pay the Lender liquidated damages of EUR 50,000 for each 10 business days period of delay at the end of every such period.

For further information, please contact:

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This information is disclosed in accordance with the Continuing Obligations for companies admitted to trading on Merkur Market.

About River iGaming: River iGaming is a technology company within the iGaming industry, offering an attractive ecosystem of companies throughout the iGaming value chain servicing both the B2B and B2C market. River iGaming operates out of Malta and is listed on the Merkur Market under the ticker symbol "RIVER-ME".

For more information about River iGaming P.l.c.: <https://www.riverigaming.com/>