

# Directors' Report to the Shareholders of River Tech p.l.c.

10 September 2021



DIRECTORS' REPORT TO THE SHAREHOLDERS OF RIVER TECH P.L.C. (THE "COMPANY"):

1. The Company has been approached by Kahl Limited, a private limited liability company registered under the laws of Cyprus with registration number HE402471 and having its registered office at Grigori Ayxentioy Afxentiou, 27, 6021, Larnaca, Cyprus (the "Investor"), which expressed its interest in the Company and proposed that it invests the sum of EUR 2,500,000 by acquisition of 435,540 shares (via depositary receipts through Skandinaviska Enskilda Banken AB (publ) (the Company's VPS Registrar)). (Hereinafter the Investor's proposal shall be referred to as the "Proposal").
2. The Shareholders are hereby informed that Director Kent Staahle has informed the Company that he and his close associate Anita Staahle are the owners of the Investor, and therefore abstained from all negotiations and decisions relating to the matter.
3. The Board reports that the private placement proposed in the Proposal would entail the issue of 435,540 of shares in the Company to the VPS Registrar obo the Investor (the "New Shares") and that payment for the New Shares would be EUR 0.005 nominal value and approximately EUR 5.735 premium per share, for a total of EUR 2,500,000 in accordance with the terms of an investor's agreement (the "Investor's Agreement") executed by the Company (and subject to EGM Approval).
4. The Board reports the fact that it is currently in the process of partially re-financing its outstanding loan to Spinola Ventures Limited (the "Loan"), and that the funds received for the New Shares would be applied to the re-financing of the Loan and for general corporate purposes.
5. The Board reports that the Proposal by the Investor required the full subscription to the New Shares by the Investor (via the VPS Registrar), and that the Board considers it is in the best interest of the Company and its shareholders that the Company proceed with the private placement in view of its financial requirements, in particular in relation to the refinancing of the Loan, considering the prevailing market conditions and the growth opportunities currently available to the Company.
6. The Board reports that the issue of the New Shares to the Investor (via the VPS Registrar) would result in a dilution of the existing shareholders' holding in the Company by approximately 2.29 per cent.
7. The Board reports that it has observed the rule of equal treatment of the holders as applicable to issuers on Euronext Growth. The Board considered the following facts:
  - a. That the funds received for the New Shares would be applied by the Company to the re-financing of the Loan and for general corporate purposes;

- b. The issue of the New Shares by private placement would result in a small share issue representing very insignificant dilution of the Company's existing holders, which would not lead to a change in balance of power;
- c. The issue price of the New Shares equals the closing price on Euronext Growth on 27 August 2021 (representing the market price, without any discount), and has been set based on the Central Bank of Norway's EUR/NOK exchange rate as of 27 August 2021;
- d. The issue of the New Shares will not bring about any differential treatment of existing shareholders;

and it considers that in the circumstances outlined above, a subsequent repair issue of shares towards shareholders not participating in the private placement would not be required.

- 8. The Board draws the Shareholders to their rights under the Articles of Association of the Company in general and in particular Articles 3.3 and 10.1 of the Articles of Association of the Company. The Board considered the provisions of Article 88(5) of the Companies Act (Chapter 386 of the laws of Malta).
- 9. Accordingly, the Board has prepared this report to be presented to the Shareholders at a general meeting of the Company wherein the Shareholders shall be requested to resolve that right of pre-emption in relation to the issue and allotment of the New Shares in accordance with the Investor's Agreement be withdrawn by extraordinary resolution of the general meeting.

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