

River Tech p.l.c.

Annual Report

2023

River Tech p.l.c

Annual Report

2023

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River Tech p.l.c.

Directors' Report

For the year ended 31 December 2023

The directors have prepared this report for River Tech plc (the "Company") in accordance with article 177 of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") including the further provisions as set out in the Sixth Schedule to the Act.

Principal activities

The Company is a holding company of a Group which is operating as B2B provider, primarily involved in high quality software, technology and platform services, developing and assisting companies with specialist competences by providing secure and tailor-made yet user friendly solutions, for the delivery of services within the online sphere.

Directors

Kent Staahle (resigned 16 June 2023)
Luke Ciantar (appointed 16 June 2023)
Kathleen Zarb Adami
Shawn Bezzina

Review of business development and financial position

In 2023, River Tech Plc continued to experience steady growth in revenue and profitability. The Group's revenue for the year increased by 9.8%, while its net profit increased by 13.4%. The Group maintained a focus on improving the balance sheet by increasing cash reserves whilst reducing outstanding debt of just under €4M.

During the year ended 31 December 2023, the Group had a net asset value of €13,653,352 (2022: €5,233,941). The Group registered an operational profit of €8,891,144 compared to a profit of €8,540,384 in 2022. Including finance costs and other non-operational items, the Group profit before tax amounted to €8,885,948 (2022: €7,942,972). During the same period, the Company registered a profit before tax of €8,812,363 (2022: €5,702,688) and had equity amounting to €12,400,835.

It is noted that the main operating subsidiary (River Technologies Limited) registered a profit before tax of €9,076,110 (2022: €8,007,974) arising from the B2B operations. River Technologies Limited maintains several contracts that underpin its financial stability and revenue generation. These contracts signify a robust revenue stream and underscore the ability to maintain long-term partnerships. It is anticipated that these strategic agreements will continue to drive growth and profitability in the coming years.

During the year River Technologies Limited distributed a dividend amounting to €9,000,000 to the Company.

River Tech p.l.c.

Directors' Report

For the year ended 31 December 2023

Principal risks and uncertainties

A financial risk management overview is given in note 25 to the financial statements and presents information about the Group's exposure to risk, the Group's objective, policies and processes for measuring and managing risk and the Group's management of capital. Apart from the risks explained under that note, which also form an integral part of this report, another operational risk is perceived should a breakdown of information technology system occur within the Group. This is however counter-balanced by contingency plans and disaster site processes, policies and procedures which will significantly minimise the associated risk.

Future business developments

The directors expect that the positive momentum will continue, with the aim for the business to emerge as a leading B2B provider of top-tier technological services by 2024, 2025, and beyond. This goal hinges on the development of proprietary products catering to emerging and rapidly expanding sectors.

The Group maintains a steadfast focus on fostering, bolstering, and innovating by supporting various industries by actively seeking collaborations with other entities is a strategic move to spur growth and mitigate current revenue concentration risks.

Moreover, investments in novel data-driven and AI technologies, along with strategic partnerships, are deemed pivotal for long-term success. These endeavours position the Group as a frontrunner in digital innovation. Continued investment in the team is deemed indispensable for skill set expansion, with the introduction of remote training and work arrangements aimed at fostering growth within the Malta hub and facilitating expansion into other countries opportunistically.

The collective impact of refocusing and delineating the Group's position, future-proofing its product portfolio, aligning its strategy, and achieving predetermined milestones is pivotal in accelerating growth and charting a clear and prosperous future path.

Dividend and reserves

The retained earnings of the Group and the Company at 31 December 2023 amounted to €7,002,221 (2022: accumulated loss of €1,417,190) and €6,038,964 (2022: accumulated loss of €3,196,845) respectively.

Subsequent events

Subsequent to year end, on the 9th of April 2024 the Board of Directors resolved to distribute an interim cash dividend amount of NOK 2.5 per share, amounting to approximately NOK 51,380,687 (EUR 4,433,000). The dividends will be paid out of the Company's profits available for distribution.

Financial reporting framework

The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

River Tech p.l.c.

Directors' Report

For the year ended 31 December 2023

Statement of director's responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap.386) to prepare financial statements that give a true and fair view of the state of affairs of the company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control as the directors determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board of Directors,



Shawn Bezzina
Director



Luke Ciantar
Director

Registered Office

Aragon House Business Centre
Dragonara Road
St. Julians, STJ 3140
Malta

25 April 2024

River Tech p.l.c.

Statement of Corporate Governance

For the year ended 31 December 2023

We hereby confirm, to the best of our knowledge:

- That the consolidated financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for period then ended;
- That the responsibility lies with the Board of Directors to ensure that the Company has good corporate governance. The Company is not currently subject to any particular Maltese corporate governance rules, such as would apply to companies listed on the Maltese markets, without prejudice to the Directors' obligations under the Companies Act 1995 and any applicable law;
- The Norwegian Code of Practice for Corporate Governance does not apply on entities listed on the Euronext Growth.
- The Directors' Report includes a fair view of the information required in terms of listing Capital Markets rules 5.81 and 5.84.

On behalf of the Board of Directors,



Shawn Bezzina
Director



Luke Ciantar
Director

Registered Office

Aragon House Business Centre
Dragonara Road
St. Julians, STJ 3140
Malta

25 April 2024

River Tech p.l.c.

Statements of Financial Position

As at 31 December 2023

		Group		Company	
	Note	2023 €	2022 €	2023 €	2022 €
ASSETS					
Plant and equipment	14	131,338	91,574	3,599	4,298
Right-of-use assets	15	1,632,822	1,979,523	-	1,979,523
Intangible assets and goodwill	16	5,305,768	5,194,959	-	-
Investment in subsidiaries	17	-	-	1,200	1,200
Trade and other receivables	12	-	-	-	6,288,780
Deferred tax asset	11	-	-	13,218	53,866
Long-term deposit	24	140,000	140,000	5,475	140,000
		-----	-----	-----	-----
Non-current assets		7,209,928	7,406,056	23,492	8,467,667
		-----	-----	-----	-----
Trade and other receivables	12	3,238,391	1,956,787	12,827,954	746,710
Cash and cash equivalents	13	5,931,356	2,446,864	249,692	80,765
		-----	-----	-----	-----
Current assets		9,169,747	4,403,651	13,077,646	827,475
		-----	-----	-----	-----
Total assets		16,379,675	11,809,707	13,101,138	9,295,142
		=====	=====	=====	=====

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

River Tech p.l.c

Statements of Financial Position (continued)

As at 31 December 2023

		Group		Company	
	Note	2023 €	2022 €	2023 €	2022 €
EQUITY					
Share capital	19	102,762	102,262	102,762	102,262
Share premium	19	3,309,322	3,309,322	3,309,322	3,309,322
Translation reserve	19	289,260	289,260	-	-
Share based payment reserve	19	2,949,787	2,949,787	2,949,787	2,949,787
Prepaid share reserve	19	-	500	-	500
Retained earnings/(Accumulated losses)		7,002,221	(1,417,190)	6,038,964	(3,196,845)
Net surplus/(deficiency)		13,653,352	5,233,941	12,400,835	3,165,026
LIABILITIES					
Lease liability	24	1,040,281	1,546,843	-	1,546,843
Deferred tax liability	11	107,462	137,001	-	-
Non-current liabilities		1,147,743	1,683,844	-	1,546,843
Trade and other payables	21	566,481	522,969	192,716	214,320
Loan payable	20	-	3,922,980	-	3,922,980
Lease liability	24	497,242	427,192	-	427,192
Current tax liability	11	514,857	18,781	507,587	18,781
Current liabilities		1,578,580	4,891,922	700,303	4,583,273
Total liabilities		2,726,323	6,575,766	700,303	6,130,116
Total equity and liabilities		16,379,675	11,809,707	13,101,138	9,295,142

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

The financial statements on pages 5 to 72 were approved and authorised for issue on 25 April 2024.



Shawn Bezzina
Director



Luke Ciantar
Director

River Tech p.l.c

Statements of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2023

	Note	Group		Company	
		2023 €	2022 €	2023 €	2022 €
Revenue	6	15,377,296	14,002,655	360,000	360,000
Directors' remuneration and personnel costs	8	(2,665,468)	(2,031,098)	(601,895)	(509,671)
Depreciation of plant and equipment	14	(60,161)	(202,104)	(699)	(149,678)
Depreciation of right-of-use asset	15	(519,577)	(494,881)	(247,440)	(494,881)
Amortisation of intangible assets	16	(2,062,789)	(1,733,377)	-	-
Other operating expenses		(1,178,158)	(1,000,811)	(291,990)	(242,813)
Results from operating activities	10	8,891,144	8,540,384	(782,024)	(1,037,043)
Finance income		-	-	251,678	938,291
Finance cost		(229,852)	(734,047)	(163,432)	(734,047)
Net finance (cost)/income	7	(229,852)	(734,047)	88,246	204,244
Other income	9	224,656	136,635	9,506,141	6,535,487
Profit before tax		8,885,948	7,942,972	8,812,363	5,702,688
Tax (expense) / credit	11	(466,537)	(519,182)	(16,493)	168,776
Profit for the year		8,419,411	7,423,790	8,795,870	5,871,464

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

River Tech p.l.c

Statements of Profit or Loss and Other Comprehensive Income (continued)

For the Year Ended 31 December 2023

		Group		Company	
	Note	2023 €	2022 €	2023 €	2022 €
Other comprehensive income: Items that are or may be reclassified to profit or loss					
Foreign operations – foreign currency translation differences	19	(5,445)	(27,806)	-	-
Other comprehensive income		(5,445)	(27,806)	-	-
Total comprehensive income for the year					
		8,413,966	7,395,984	8,795,870	5,871,464
Earnings per share					
Basic earnings per share	24	0.41	0.36	0.43	0.29
Diluted earnings per share	24	0.41	0.36	0.43	0.29

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

River Tech p.l.c

Statement of Changes in Equity – Group

For the Year Ended 31 December 2023

	Note	Share capital €	Share premium €	Share based Payment Reserve €	Translation reserve €	Other equity component €	Retained earnings/ (Accumulated losses) €	Total equity €
Balance at 1 January 2022		95,084	17,011,053	-	288,463	6,054,790	(25,823,430)	(2,374,040)
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	7,423,790	7,423,790
Other comprehensive income for the year	9	-	-	-	(27,806)	-	-	(27,806)
Total comprehensive income					(27,806)	-	7,423,790	7,395,984
Transactions with the owners of the Company								
Share options issued during the year	22	7,178	3,309,322	2,949,787	-	(6,054,790)	-	211,497
Other equity movements								
Transfer between reserves	19	-	(17,011,053)	-	-	-	17,011,053	-
Proceeds in respect of shares not yet issued	19	-	-	-	-	500	-	500
Transfer of translation reserve to retained earnings		-	-	-	28,603	-	(28,603)	-
Balance as at 31 December 2022		102,262	3,309,322	2,949,787	289,260	500	(1,417,190)	5,233,941

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

River Tech p.l.c

Statement of Changes in Equity – Group (continued)

For the Year Ended 31 December 2023

	Note	Share capital	Share premium	Share based Payment Reserve	Translation reserve	Other equity component	Retained earnings/ (Accumulated losses)	Total equity
		€	€	€	€	€	€	€
Balance at 1 January 2023		102,262	3,309,322	2,949,787	289,260	500	(1,417,190)	5,233,941
Total comprehensive income for the year		-	-	-	-	-	8,419,411	8,419,411
Profit for the year		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	8,419,411	8,419,411
Other equity movements								
Transfer between reserves	19	500	-	-	-	(500)	-	-
Balance as at 31 December 2023		102,762	3,309,322	2,949,787	289,260	-	7,002,221	13,653,352

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

River Tech p.l.c

Statement of Changes in Equity – Company (continued)

For the Year Ended 31 December 2023

	Note	Share capital €	Share premium €	Share based payment reserve €	Other equity component €	Retained earnings/ (Accumulated losses) €	Total equity €
Balance at 1 January 2022		95,084	17,011,053	-	6,054,790	(26,079,362)	(2,918,435)
Total comprehensive income for the year		-	-	-	-	5,871,464	5,871,464
Profit for the year		-	-	-	-	5,871,464	5,871,464
Total comprehensive income		-	-	-	-	5,871,464	5,871,464
Transactions with the owners of the Company							
Share options issued during the year	22	7,178	3,309,322	2,949,787	(6,054,790)	-	211,497
Other equity movements							
Transfer between reserves	19	-	(17,011,053)	-	-	17,011,053	-
Proceeds in respect of shares not yet issued	19	-	-	-	500	-	500
Balance as at 31 December 2022		102,262	3,309,322	2,949,787	500	(3,196,845)	3,165,026

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

River Tech p.l.c

Statement of Changes in Equity – Company (continued)

For the Year Ended 31 December 2022

	Note	Share capital	Share premium	Share Based payment reserve	Other equity component	Retained earnings/ (Accumulated losses)	Total equity
		€	€	€	€	€	€
Balance at 1 January 2023		102,262	3,309,322	2,949,787	500	(3,196,845)	3,165,026
Total comprehensive income for the year		-	-	-	-	8,795,870	8,795,870
Profit for the year		-	-	-	-	8,795,870	8,795,870
Total comprehensive income		-	-	-	-	8,795,870	8,795,870
Other equity movements							
Transfer between reserves	19	500	-	-	(500)	-	-
Reserves of subsidiaries taken over upon merger	17	-	-	-	-	439,932	439,932
Balance as at 31 December 2023		102,762	3,309,322	2,949,787	-	6,038,957	12,400,835

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

River Tech p.l.c

Statements of Cash Flows

For the Year Ended 31 December 2023

	Notes	Group		Company	
		2023 €	2022 €	2023 €	2022 €
Cash flows from operating activities					
Profit for the year		8,419,411	7,423,790	8,795,870	5,871,464
Adjustments for:					
Depreciation of Property, plant and equipment	14	60,161	202,104	699	149,678
Depreciation of Right-of-use asset	15	519,576	494,881	247,440	494,881
Amortisation of Intangible assets	16	2,062,789	1,733,377	-	-
Interest receivable	7	-	-	(251,677)	(938,291)
Interest payable	7	229,852	554,608	88,819	554,608
Adjustment of lease modification	15	-	464,466	-	464,466
Gain on lease termination	15	(175,202)	-	(175,202)	-
Write off of consideration receivable	10	-	432,403	-	432,403
Gain on expiry of CLA conversion period	20	-	(379,694)	-	(379,694)
Extension fee of CLA	20	-	211,000	-	211,000
Current tax expense/(credit)	11	466,537	519,182	529,454	(168,776)
		11,583,124	11,656,117	9,235,403	6,691,739
Changes in:					
Trade and other receivables		(1,281,604)	(1,214,550)	(5,689,762)	7,288,528
Trade and other payables		109,694	(431,292)	801,892	(7,525,320)
Cash absorbed by operating activities		10,411,214	10,010,075	4,347,533	6,454,947
Interest paid		(229,852)	(376,359)	(163,432)	(376,359)
Net cash from operating activities		10,181,362	9,633,716	4,184,101	6,078,588

River Tech p.l.c

Statements of Cash Flows (continued)

For the Year Ended 31 December 2023

		Group		Company	
		2023	2022	2023	2022
	Notes	€	€	€	€
Cash flows from investing activities					
Acquisition of plant and equipment	14	(99,925)	(40,175)	-	-
Acquisition of intangible assets	16	(2,173,598)	(1,912,104)	-	-
Net cash used in investing activities		(2,273,523)	(1,952,279)	-	-
Cash flows from financing activities					
Principle element of lease payments	24	(500,367)	(1,502,976)	(92,194)	(1,502,976)
Payments of borrowings	20	(3,922,980)	(5,001,000)	(3,922,980)	(5,001,000)
Net cash used in financing activities		(4,423,347)	(6,503,976)	(4,015,174)	(6,503,976)
Change in cash and cash equivalents		3,484,492	1,149,655	168,927	(425,388)
Cash and cash equivalent at beginning of year		2,446,864	1,297,209	80,765	506,153
Effect of foreign exchange differences on translation of foreign operations		-	(27,806)	-	-
Cash and cash equivalent at end of year	13	5,931,356	2,446,864	249,692	80,765

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

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

1 Reporting entity

River Tech p.l.c (the “Company”) is a public liability company domiciled and incorporated in Malta.

The consolidated financial statements of the Group as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (collectively referred to as the “Group” and individually “Group companies”).

2 Basis of preparation

2.1 Statement of compliance

These consolidated and separate financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap 386.) and in accordance with the requirements of the said Act.

2.2 Basis of measurement

These consolidated and separate financial statements have been prepared on the historical cost basis. The consolidated and separate financial statements are also prepared on the going concern basis, as explained below:

2.2.1 Going concern basis

As at 31 December 2023, the Group registered a profit before tax amounting to €8,885,948 (2022: €7,942,972) and the Company registered a profit before tax amounting to €8,812,363 (2022: €5,702,688). The surplus in equity of the Group stood at €13,653,352 (2022: €5,233,941), whereas that of the Company stood at €12,400,835 (2022: €3,165,026).

At 31 December 2023, the Group comprised of the Parent Company, River Tech plc, its main operating subsidiary River Technologies Limited and a subsidiary River Technologies Poland Limited Sp. Z.o.o. (formerly known as Rzeka Technologies Limited Sp. Z.o.o.)

The directors are of the view that available funds will be sufficient to continue to meet the level of cash required to enable the Group and the Company 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.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

2 Basis of preparation (continued)

2.3 Functional and presentation currency

These financial statements are presented in Euro (€), which is also the Company's functional currency.

2.4 Use of judgements and estimates

In preparing these consolidated and separate financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In preparing these consolidated and separate financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.4.1 Critical accounting estimates and assumptions

Information about judgements, assumptions and estimation uncertainties at 31 December 2023 that have the a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year is included in the following notes:

- Note 16: Intangible assets and goodwill

2.4.2 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Group assesses the evidence obtained from third parties to support the valuation in accordance with IFRSs as adopted by the EU. Significant valuation issues are reported to the Group's Board of Directors.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

2 Basis of preparation (continued)

2.4 Use of judgements and estimates (continued)

2.4.2 *Measurement of fair values (continued)*

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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 (i.e. as price) or indirectly (i.e. derived from prices).
- *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 fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair values 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 the change has occurred. Fair values have been determined based on the following methods.

2.4.2.1 *Non-derivative financial assets measured at amortised cost*

The fair value of non-derivative financial assets measured at amortised cost is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The carrying amount of cash and cash equivalents, trade and other receivables, long term deposit and the deferred consideration is a reasonable approximation of their fair value.

2.4.2.2 *Non-derivative financial liabilities measured at amortised cost*

The fair value of non-derivative financial liabilities measured at amortised cost is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. The carrying amounts of the trade and other payables and the loan payable are a reasonable approximation of fair value.

Where applicable, further information about the assumptions made in measuring fair values is included in the notes.

2.4.2.3 *Lease liabilities*

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. This is deemed to be a reasonable approximation of fair value.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform with the current year's presentation.

3.1 Basis of consolidation

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assess whether the set of activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply "a concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The operations concertation test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed when incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date that control ceases.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.3 Foreign currency

3.3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

3.3.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated into Euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.4 Revenue

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services and is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

3.4.1 Nature of services

The Group generates revenue through the offering of platform services and sub-leasing, as well as developing and delivering a range of proprietary products to its partners.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.4.2 *Performance obligations identified and the recognition of revenue*

Revenue is measured based on the consideration specified in the contract with a customer. As described above, the Group recognises revenue when it transfers control over a good or service to a customer.

Information about the nature and timing of satisfaction of performance obligations in contracts with customers in relation to each revenue stream, including any significant payment terms, are as follows:

3.4.2.1 *Provision of platform and software licensing*

The Group earns revenue from the provision of platform and software licensing. The transaction price for such services is determined on a per-contract basis. It is recognised over time by reference to the fixed fee charged which arises on a monthly basis.

3.4.2.2 *Management fees and consultancy services*

The Company earns management fee income from services it renders to its subsidiaries. Such services are deemed to comprise of a series of distinct services treated as a single performance obligation satisfied over time. Accordingly, revenue is recognised over the service period.

The Group earns consultancy services from services it renders to related parties. Such services are deemed to comprise of a series of distinct services treated as a single performance obligation satisfied over time. Revenue is recognized over the service period reference to the number of hours spent by the Group for the provision of such services.

3.5 Employee benefits

3.5.1 *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.6 Finance income and costs

The Group and the Company's finance income and finance costs include interest receivable and payable, realised and unrealised foreign exchange gains and losses, and unwinding of interest on deferred consideration. Realised and unrealised foreign exchange gains and losses are recognised on a net basis. Interest income and interest expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimate future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.7 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

3.7.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising on dividends. Current tax assets and liability are offset only if certain criteria are met.

3.7.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.7 Income tax (continued)

3.7.2 *Deferred tax (continued)*

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.8 Plant and equipment

3.8.1 *Recognition and measurement*

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related item of plant and equipment is capitalised as part of that equipment.

If significant parts of an item of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of equipment. Any gain or loss on disposal of an item of plant and equipment is recognised in profit or loss.

3.8.2 *Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.8 Plant and equipment (continued)

3.8.3 Depreciation

Depreciation is calculated to write off the cost of items of plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives of items of plant and equipment are as follows:

Leasehold improvements	3 years
Furniture and fixtures	10 years
Computer equipment	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.9 Intangible assets and goodwill

3.9.1 Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets comprise goodwill, platforms, brands, domain names, other IP rights and software.

3.9.2 Subsequent expenditure

Costs associated with maintaining these intangible assets are recognised as an expense when incurred. Development costs that are directly attributable to the design of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible assets and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and use or sell the intangibles asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of these intangible assets include the development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.9 Intangible assets and goodwill (continued)

3.9.3 Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

Brands, domains and IP rights	3 years
Computer software	3 years
Platform	4 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. For intangible assets that have an indefinite useful life, such assets are not amortised but tested annually for impairment.

3.10 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

3.10.1 Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.10.2 Classification and subsequent measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing assets, in which case all affected financial assets are reclassified on the first reporting period following the change in the business model.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.10 Financial instruments (continued)

3.10.2 *Classification and subsequent measurement of financial assets and financial liabilities (Continued)*

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group and the Company's financial asset comprise cash and cash equivalents, trade and other receivables, and the deferred consideration.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group and the Company's financial liabilities at amortised cost comprise trade and other payables, and loans payable.

3.10.3 *Derecognition*

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.10 Financial instruments (continued)

3.10.3 Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.10.5 Compound financial instruments

Compound financial instruments issued by the Group comprise a convertible loan denominated in euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.11 Impairment

3.11.1 Financial assets

The Group recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets at amortised cost, namely trade and other receivables (including short term balances receivable from related undertakings) and cash at bank.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances for trade receivables without a significant financing component and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset. In the case of interest free financial assets, such as trade receivables, ECLs are not discounted.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.11 Impairment (continued)

3.11.1 Financial assets (continued)

Presentation of write-offs and allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss.

3.11.2 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.12 Leases

As a lessee

Identifying whether a contract contains a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16 *Leases*.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

Recognition and measurement of a right-of-use asset

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Recognition and measurement of a Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.12 Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Presentation

The Group presents "Right-of-use assets" and "Lease liabilities" separately in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and/or leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. As at reporting date, the Group had no similar lease contracts.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

3 Material accounting policies (continued)

3.12 Leases (continued)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

3.13 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 25. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires assumptions reflecting observable market data depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's market assumptions. Preference is given to observable inputs.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determined that the fair value on initial recognition differs from the transaction price and the fair value is evidence neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

4 New standards or amendments for current financial year and forthcoming requirements

Standards, interpretations and amendments to published standards effective in 2023

In 2023, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2023. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies impacting the Company's financial performance and position, other than as described below.

Standards, interpretations and amendments to published standards that are not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements, that are mandatory for the Company's accounting periods beginning after 1 January 2023. The Company has not early adopted these revisions to the requirements of the IFRSs as adopted by the EU and the Company's directors are of the opinion that there are no requirements that will have possible significant impact on the Company's financial statements in the period of initial application.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

5 Operating segments

Operating segments are based on the reports reviewed by the CEO of the Group which are in turn forwarded for review to the Board of Directors of the Company.

The Board of Directors considers the Group to be made up of one segment, that is provisioning of software support services and also engaging in other consultancy services. All the Group's revenue and expenses are generated in Malta and revenue is mainly earned from other companies forming part of the Group.

6 Revenue

6.1 Revenue streams

The Group in the main generated revenue through the following activities:

- Software support services such as: licensing of a remote gaming software, IT support and infrastructure support services;
- Management and consultancy services.

Group	2023 €	2022 €
Revenue streams		
Software support services	8,407,296	8,302,655
Consultancy services	6,800,000	5,700,000
Maintenance & Support services	170,000	-
	-----	-----
	15,377,296	14,002,655
	=====	=====

Company

The Company earned management fee income from its subsidiaries amounting to €360,000 in 2023 (2022: 360,000).

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Notes to the Financial Statements

For the Year Ended 31 December 2023

6 Revenue (continued)

6.2 Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by 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).

	Total €
31 December 2023	
Major product/services	
Software support services	8,407,296
Consultancy services	6,800,000
Maintenance & support	170,000
	<u>15,377,296</u>
	=====
Timing of revenue recognition	
Transferred over time	15,377,296
	<u>15,377,296</u>
	=====
31 December 2022	€
Major product/services	
Software support services	8,302,655
Consultancy services	5,700,000
	<u>14,002,655</u>
	=====
Timing of revenue recognition	
Transferred over time	14,002,655
	<u>14,002,655</u>
	=====

6.3 Contract balances

As at 31 December 2023 and 2022, 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. At 31 December 2023 and 2022, the Group did not have any contract liabilities from a customer in relation to support services for which revenue is recognized over time.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

7 Net finance income/(cost)

	Group 2023 €	2022 €	Company 2023 €	2022 €
Finance income				
Interest income from group undertakings	-	-	251,678	938,291
	-----	-----	-----	-----
	-	-	251,678	938,291
	-----	-----	-----	-----
Finance costs				
Interest on convertible loan	(88,819)	(554,608)	(88,819)	(554,608)
Interest on lease liability	(141,033)	(179,439)	(74,613)	(179,439)
	-----	-----	-----	-----
	(229,852)	(734,047)	(163,432)	(734,047)
	-----	-----	-----	-----
Net finance income/(cost)	(229,852)	(734,047)	88,246	204,244
	=====	=====	=====	=====

8 Directors' remuneration and personnel expenses

8.1 Directors' remuneration incurred by the Group and the Company during the year is analysed as follows:

	Group 2023 €	2022 €	Company 2023 €	2022 €
Directors' remuneration	91,268	162,880	91,268	32,000
	=====	=====	=====	=====

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Notes to the Financial Statements

For the Year Ended 31 December 2023

8 Directors' remuneration and personnel expenses (continued)

8.2 Personnel expenses incurred by the Group and the Company during the period are analysed as follows:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Wages and salaries	4,463,822	3,401,653	440,788	435,319
Social security contribution	195,708	158,562	23,960	17,538
Bonus costs	153,345	140,167	19,045	18,000
Other costs	179,987	79,940	26,834	6,814
Amount recharged to related parties	(245,064)	-	-	-
Capitalisation of wages and salaries to intangible assets	(2,173,598)	(1,912,104)	-	-
Personnel expenses	2,574,200	1,868,218	510,627	477,671
Director's remuneration and personnel expense	2,665,468	2,031,098	601,895	509,671

8.3 The weekly average number of persons employed by the Group during the year was as follows:

	Group		Company	
	2023	2022	2023	2022
	No.	No.	No.	No.
Management and administration	13	13	8	8
Operating	65	55	-	-
	78	68	8	8

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

9 Other income

9.1

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Other income	51,745	135,163	283,500	540,000
Write-off of deferred consideration	-	(432,403)	-	(432,403)
Net realised exchange gain	213	22,370	47,439	99,284
Net unrealised exchange (loss)	(460)	(529)	-	-
Gain on disposal of subsidiary	-	83,430	-	-
Gain on expiry of CLA conversion period	-	379,694	-	379,694
Gain on modification of lease agreement	175,202	159,910	175,202	159,912
Extension fee on CLA	-	(211,000)	-	(211,000)
Dividend income	-	-	9,000,000	6,000,000
Provision for doubtful debts	(2,044)	-	-	-
	<u>224,656</u>	<u>136,635</u>	<u>9,506,141</u>	<u>6,535,487</u>
	=====	=====	=====	=====

10 Result from operating activities

10.1 The result from operating activities is stated after charging professional expenses:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Auditors' remuneration	67,500	67,500	33,500	33,500
Tax services	12,000	12,000	12,000	12,000
Advisory services	-	11,650	-	11,650
	<u>79,500</u>	<u>91,150</u>	<u>55,500</u>	<u>57,150</u>
	=====	=====	=====	=====

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Notes to the Financial Statements

For the Year Ended 31 December 2023

11 Taxes

11.1 Tax recognised in profit or loss

	Note	Group		Company	
		2023	2022	2023	2022
		€	€	€	€
Current tax expense					
Income tax expense for the year		(496,076)	(18,781)	-	(18,781)
Deferred taxation					
Movement for the year		29,539	(500,401)	(16,493)	(309,534)
Deferred tax surrendered to group companies		-	-	(24,155)	497,091
		-----	-----	-----	-----
Income tax (expense)/credit for the year		(466,537)	(519,182)	(40,648)	168,776
		=====	=====	=====	=====

11.2 Application of the Consolidated Group (Income Tax) Rules

During the course of the financial year ended 31 December 2021, the Company being the Parent company of River Tech Group, has registered a fiscal unit in accordance with LN 110/2019 - The Consolidated Group (Income Tax) Rules (the "Rules"), which is applicable for the submission of the tax filings in respect of taxation arising on the chargeable income / (loss) of the fiscal unit for financial years ended on or after 31 December 2019.

The Company, as the Principal taxpayer, is required to prepare fiscal unit consolidated audited financial statements and is responsible for the payment of all tax dues of the fiscal unit (comprising the Company and a number of subsidiaries within the River Tech Group) in accordance with the Rules and with the Guidelines in relation to L.N 110 of 2019 as issued by the Commissioner for Revenue (the "Guidelines"). The Company, being eligible to form part of this fiscal unit, has been registered to form part of this fiscal unit for tax purposes with effect from financial years ending on or after 31 December 2021. In the light of the above, a fiscal unit's Principal taxpayer assumes the rights, duties and obligations arising under the Income Tax Act relative to that fiscal tax unit. In the event that a Principal taxpayer defaults on payments of the fiscal unit's tax liability, all members of that fiscal unit are jointly and severally liable towards the settlement of such amounts due to the Commissioner for Revenue.

As a result of the above application, the income tax expense for the current and comparative financial year have been computed by applying the effective tax rate of 5% applicable to the fiscal unit on the chargeable income for the year determined by deducting from the standard tax rate of 35%, that resulting from dividing the total amounts claimable by all members of the fiscal unit, by the chargeable income of the fiscal unit. In the absence of different sources of income, the same tax rate has also been applied to any deferred taxation arising.

During 2021, the standalone approach allowed under the fiscal unit consolidation guidance was applied whilst in 2021 the consolidated approach was followed.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

11 Taxes (continued)

11.3 The tax credit/(expense) for the year and the result of the accounting profit/(loss) multiplied by the tax rate applicable in Malta, are reconciled as follows:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Profit / (loss) before tax	8,885,948	7,942,972	8,812,363	5,702,688
Income tax using applicable income tax rate – 5%	(444,297)	(397,149)	(440,618)	(285,134)
Adjustment to tax in prior period	-	-	-	-
Tax effect of:				
Dividend not subject to further tax	-	-	450,000	300,000
Non-allowable expenses	4,196	(35,890)	(7,371)	(10,864)
Adjustment to deferred tax of prior periods	14,287	(86,143)	(30,876)	-
Movement in deferred tax not previously recognised	-	-	-	164,774
Rent maintenance allowance	413	-	12,372	-
Deferred tax surrendered to Group	-	-	(24,155)	-
Other deferred	(41,136)	-	-	-
Income tax (expense)/credit	(466,537)	(519,182)	(40,648)	168,776

11.4 Deferred tax

The movement in deferred tax account is as follows:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Year ended 31 December				
At the beginning of the year	(137,001)	363,400	53,866	363,400
(Credited)/Debit to the income statement	29,539	(500,401)	(40,648)	(309,534)
	(107,462)	(137,001)	13,218	53,866
The balance at 31 December represents:				
Temporary differences arising on:				
Property, plant and equipment	18,960	15,423	13,218	15,421
Loss allowance on other receivables	-	21,620	-	21,620
Intangible assets	(135,976)	(195,855)	-	-
Capital allowances	9,554	21,811	-	21,811
Right of use asset	81,641	98,976	-	98,976
Lease liability	(76,876)	(98,701)	-	(98,701)
Unrealised exchange gains or losses	(4,765)	(275)	-	(5,261)
Income tax (expense) / credit	(107,462)	(137,001)	13,218	53,866

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

11 Taxes (continued)

11.4 Deferred tax (continued)

Following the formation of the fiscal unit, the Company has become the principal tax payer and has assumed all unabsorbed tax losses, and unabsorbed capital allowances pertaining to the fiscal unit. On the basis of the temporary differences that are expected to be utilised in the foreseeable future, a deferred tax asset amounting to €53,866 has been recognised by the Company in these financial statements.

12 Trade and other receivables

12.1

	Note	Group		Company	
		2023	2022	2023	2022
		€	€	€	€
Trade receivables		3,092,536	1,598,819	3,316	20,066
Loans receivable from subsidiary	12.2	-	-	1,224,515	6,288,780
Amounts due from subsidiary	12.3	-	-	11,576,767	505,912
Amounts due from other related undertakings	12.3	60,720	6,720	-	-
Other receivables		5,903	271,782	-	193,562
Prepayments		79,232	79,466	23,356	27,170
		-----	-----	-----	-----
		3,238,391	1,956,787	12,827,954	7,035,490
		=====	=====	=====	=====
Non-Current		-	-	-	6,288,780
Current		3,238,391	1,956,787	12,827,954	746,710
		-----	-----	-----	-----
		3,238,391	1,956,787	12,827,954	7,035,490
		=====	=====	=====	=====

12.2 Loans receivable from subsidiary for the Company amounts to GBP 9,997,000 (EUR11,503,366) as at 31 December 2023 (2022: GBP 9,997,000 (EUR 11,271,464)) and bears interest at 8% per annum, payable upon repayment of the Loan, July 2024. The loan receivable from subsidiary is being offset against the amounts due from subsidiary and the amounts due to subsidiary (note 22).

12.3 Amounts due from subsidiary and other related undertakings for the Group and the Company are unsecured, interest free and repayable on demand.

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Notes to the Financial Statements

For the Year Ended 31 December 2023

13 Cash and cash equivalents

13.1

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Cash at bank and in hand	5,931,356	2,446,864	249,692	80,765
Cash and cash equivalents	5,931,356	2,446,864	249,692	80,765
	=====	=====	=====	=====

14 Property, plant and equipment

14.1 Group

	Furniture and fixtures €	Computer equipment €	Leasehold improvements €	Total €
Cost				
Balance at 1 January 2022	13,019	179,367	441,592	633,978
Additions	1,677	38,498	-	40,175
Balance at 31 December 2022	14,696	217,865	441,592	674,153
Balance at 1 January 2023	14,696	217,865	441,592	674,153
Additions	21,593	78,332	-	99,925
Balance at 31 December 2023	36,289	296,197	441,592	774,078
Depreciation				
Balance at 1 January 2022	2,724	83,355	294,396	380,475
Depreciation for the year	1,470	53,438	147,196	202,104
Balance at 31 December 2022	4,194	136,793	441,592	582,579
Balance at 1 January 2023	4,194	136,793	441,592	582,579
Depreciation for the year	3,629	56,532	-	60,161
Balance at 31 December 2023	7,823	193,325	441,592	642,740
Carrying amounts				
At 31 December 2022	10,502	81,072	-	91,574
At 31 December 2023	28,466	102,872	-	131,338
	=====	=====	=====	=====

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

14 Property, plant and equipment

14.1 Company

	Furniture and fixtures €	Computer equipment €	Leasehold improvements €	Total €
Cost				
Balance at 1 January 2022	6,997	11,239	441,593	459,829
Balance at 31 December 2022	6,997	11,239	441,593	459,829
Balance at 1 January 2023	6,997	11,239	441,593	459,829
Balance at 31 December 2023	6,997	11,239	441,593	459,829
Depreciation				
Balance at 1 January 2022	2,000	9,459	294,394	305,853
Depreciation for the year	699	1,780	147,199	149,678
Balance at 31 December 2022	2,699	11,239	441,593	455,532
Balance at 1 January 2023	2,699	11,239	441,593	455,532
Depreciation for the year	699	-	-	699
Balance at 31 December 2023	3,398	11,239	441,593	456,231
Carrying amounts				
At 31 December 2022	4,298	-	-	4,298
At 31 December 2023	3,599	-	-	3,599

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Notes to the Financial Statements

For the Year Ended 31 December 2023

15 Right-of-use assets

15.1 The statement of financial position reflects the following assets relating to leases:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Properties	1,632,822	1,979,523	-	1,979,523
Total right-of-use assets	1,632,822	1,979,523	-	1,979,523
	=====	=====	=====	=====

15.2 The movement in the carrying amount of these assets is analysed in the following table:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
As at 1 January	1,979,523	464,466	1,979,523	464,466
Additions	1,904,959	2,474,404	-	2,474,404
Disposals	(1,732,083)	(464,466)	(1,732,083)	(464,466)
Depreciation	(519,577)	(494,881)	(247,440)	(494,881)
As at December	1,632,822	1,979,523	-	1,979,523
	=====	=====	=====	=====

Effective 1 January 2022, the Company reassessed its lease agreement and entered into a modified lease agreement with a third party. This resulted in derecognition of a right of use asset amounting to €464,466 and a lease liability of €624,378, giving rise to a gain of €159,912 recognised in profit or loss.

Effective 1 July 2023, the Company terminated the lease which resulted in derecognition of right of use asset amounting to €1,732,083 and a lease liability of €1,907,285, giving rise to a gain of €175,202 recognised in profit or loss.

The Group entered into a new lease agreement effective 1 July 2023.

15.3 The income statement reflects the following amounts relating to leases:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Depreciation charge of Right-of-use assets	(519,577)	(494,881)	(247,440)	(494,881)
Gain on disposal of lease	175,202	159,912	175,202	159,912
Interest expense (included in finance costs)	(141,033)	(179,439)	(74,613)	(179,439)
	(485,408)	(514,408)	(146,851)	(514,408)
	=====	=====	=====	=====

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Notes to the Financial Statements

For the Year Ended 31 December 2023

16 Intangible assets and goodwill

16.1 Group

Cost

Balance at 1 January 2022
Capitalisation of salaries

Balance at 31 December 2022

Balance at 1 January 2023
Capitalisation of salaries

Balance at 31 December 2023

	Goodwill €	Brand and domain and IP rights €	Computer software €	Platform €	Total €
	12,306,004	3,809,926	780,044	5,008,353	21,904,327
	-	-	-	1,912,104	1,912,104
	12,306,004	3,809,926	780,044	6,920,457	23,816,431
	12,306,004	3,809,926	780,044	6,920,457	23,816,431
	-	-	-	2,173,598	2,173,598
	12,306,004	3,809,926	780,044	9,094,055	25,990,029

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Notes to the Financial Statements

For the Year Ended 31 December 2023

16 Intangible assets and goodwill (continued)

16.1 Group (continued)

	Goodwill €	Brand and domain and IP rights €	Computer software €	Platform €	Total €
Amortisation and impairment loss					
Balance at 1 January 2022	12,306,004	3,809,926	772,165	-	16,888,095
Charge for the year	-	-	4,760	1,728,617	1,733,377
Balance at 31 December 2022	12,306,004	3,809,926	776,925	1,728,617	18,621,472
Balance at 1 January 2023	-	-	1,560	2,061,229	2,062,789
Charge for the year	-	-	778,485	3,789,846	20,684,261
Balance at 31 December 2023	-	-	3,119	5,191,840	5,194,959
Carrying amount					
At 31 December 2022	-	-	1,559	5,304,209	5,305,768
At 31 December 2023	-	-			

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Notes to the Financial Statements

For the Year Ended 31 December 2023

16 Intangible assets and goodwill

16.1 Company

Cost

Balance at 1 January 2023
Taken over upon merger

Balance at 31 December 2023

Brand and domain and IP rights €	Computer software €	Total €
-	-	-
1,363,377	323,821	1,687,198
1,363,677	323,821	1,687,198

Amortisation and impairment loss

Balance at 1 January 2023
Amortisation taken over upon merger

Balance at 31 December 2023

Carrying amount

At 31 December 2022

At 31 December 2023

-	-	-
1,363,677	323,821	1,687,498
1,363,677	323,821	1,687,498
-	-	-
-	-	-
-	-	-

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

16 Intangible assets and goodwill – Group (continued)

16.2 Additions, disposals and depreciation

Additions to the platform are based on hours spent by specialised employees enhancing the asset. Efforts around expanding the functionality and the future generation of new revenue streams are quantified and measured by management using software that track hours by employee and base on specific tasks that would have been pre-approved by the CTO.

The platform is amortised over a four-year period and any sections of the platform that are no longer contributing to the asset or that have been replaced are impaired or disposed.

16.3 Impairment testing of CGUs

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. It was concluded that the estimated recoverable amount of the CGU exceeded its carrying amount. The key assumptions used in the estimation of value in use were as follows:

31 December 2023

Pre-tax discount rate	18%
Year 1 budgeted gross profit	8.9 million
Years 2-9 profit annual growth rate	2%

The discount rate was a pre-tax measure based on the EUR risk free rate and risk premiums to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

The discounted cash flow model included two years of budgeted profit, extrapolated at the expected long-term annual growth rate estimated by management. Budgeted profit was based on expectations of future outcomes taking into account present internal transfer pricing at market rates and external revenues.

A number of downside sensitivity scenarios were considered including changes to projected cash flows and the discount rate underlying the impairment assessment. The recoverable amount of this CGU is well in excess of the carrying amount, under the downside scenarios sensitised.

16.3.1 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 31 December 2023. 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.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

17 Investments

17.1 Investments in subsidiaries

At reporting date, the Company held directly or indirectly the following investment in subsidiaries:

	Registered office	Interest of the Group		Nature of business
		2023 %	2022 %	
<i>Investment in subsidiaries held directly by the Company</i>				
River UK Casino Limited	Malta	-	100	Dormant
River Game Operations Limited	Malta	-	100	Dormant
River Technologies Limited	Malta	100	100	Software solution services
<i>Investment in subsidiaries held indirectly by the Company</i>				
River Technologies Poland Limited Sp. Z.o.o.	Poland	100	100	Support entity

River UK Casino Limited and River Game Operations Limited have been merged into the parent company, River Tech plc effective 1 January 2023. The investment in these two subsidiaries have been fully impaired since 2021. Refer to note 17.1.1.

Company	2023 €	2022 €
As at 1 January and 31 December	1,200 =====	1,200 =====

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

17 Investments (continued)

17.1 Investments in subsidiaries (continued)

17.1.1 Merger of subsidiaries

On 27 September 2023, River Tech p.l.c ("Acquiring Company") entered into a Draft Terms of Merger with River UK Casino Limited and River Game Operations Limited ("Companies being Acquired"), whereby it was expressed that the Acquiring Company and the Companies being Acquired shall be amalgamated in accordance with the provisions of Article 358 of the Companies Act (Cap. 386) (the "Act"). As a consequence of this merger, the Acquiring Company shall succeed to all their assets, rights, liabilities and obligations of the Companies being Acquired and the latter shall be dissolved without having to be wound up.

On 27 September 2023, the directors of the Acquiring Company and the Companies being Acquired delivered the Draft Terms of Merger for registration and publication in terms of Article 358(3)(a) of the Act. The registration was effected on 4 January 2024. For the purpose of Article 353(2) of the Act, the merger became effective on 1 January 2023, on which date the Companies being Acquired ceased to exist. The terms of the merger provided that the transactions of the Companies being Acquired be treated, for accounting purposes, as being those of the Acquiring Company as from 1 January 2023.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed as at 1 January 2023 are as follows:

At 1 January 2023
€

Trade and other receivables	397,549
Cash and cash equivalents	43,336
Accumulated losses	(420,469)
Trade and other payables	(20,415)
	=====

17.2 Impairment losses

No impairment loss has been recognised in the current or comparative year.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

18 Deferred consideration receivable

- 18.1 As at 31 December 2022, the present value of deferred consideration was estimated at €432,403. During the comparative year, the amount is not deemed recoverable and the balance has been written off to profit or loss.

19 Capital and reserves

19.1 Authorised share capital

At 31 December 2023 and 2022, the authorised share capital of the Company comprised 2,000,000,000 ordinary shares with a nominal value of €0.005 each.

19.2 Issued share capital

Company

The nominal value of the Company's shares is of €0.005 each, analysed as follows:

	No.	€
On issue as at 1 January 2023 – fully paid up	20,452,275	102,262
Shares issued during the year	100,000	500
	=====	=====
On issue as at 31 December 2023 - fully paid up	20,552,275	102,762
	=====	=====

During the year, the Company increased its issued share capital by 100,000 shares of €0.005 each, thereby increasing the total number of shares to 20,552,275 with a nominal value of €102,762.

19.3 Share premium

The balance on the share premium account, which is not distributable, results on premiums paid on shares issued. It amounted to €3,309,322 as at 31 December 2023 (2022: €3,309,322).

During the comparative year, the directors approved that accumulated losses of €17,011,053 from the total accumulated losses of the Company amounting to €25,823,430 as at 31 December 2021 be set against the amount of €17,011,053 standing to the credit of the Company's share premium account as at said date, and that accordingly, the share premium account of the Company be reduced by the amount of €17,011,053.

19.4 Shareholders' rights

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

19.5 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. This reserve is not distributable.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

19 Capital and reserves (continued)

19.6 Other equity component

This component of equity, which is not distributable, comprises the following:

- The equity-settled share-based payment relates to share options granted by the Company to certain members of the executive management together with a forfeitures (see note 24). The share options have been exercised during the comparative year and the balance has been transferred to Share based payment reserve.
- The Company received the amount of €3,105,003 from a third party during the comparative year as consideration for the purchase of 1,435,540 shares nominal value of €0.005 each. The purchase transaction took place and was recorded during the comparative year.

20 Loans and borrowings

20.1 Convertible loan agreement

The convertible loan is for an amount of €15,000,000 and carries interest at 8% per annum. The loan has been fully settled during the year.

21 Trade and other payables

21.1

	Note	Group		Company	
		2023	2022	2023	2022
		€	€	€	€
Trade payables		181,946	204,017	32,109	71,614
Other payables		84,089	68,023	82,952	68,023
Accruals		301,578	250,929	77,655	74,683
		-----	-----	-----	-----
		566,481	522,969	192,716	214,320
		=====	=====	=====	=====

22 Earnings per share

22.1 Basic earnings per share

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

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Profit for the year, attributable to the owners of the Company	8,419,411	7,423,790	8,795,870	5,871,464
	=====	=====	=====	=====

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

22 Earnings per share (continued)

22.1.2 Weighted-average number of ordinary shares (basic)

	Group		Company	
	2023	2022	2023	2022
	No.	No.	No.	No.
Issued ordinary shares at beginning of year	20,452,275	19,016,735	20,452,275	19,016,735
	=====	=====	=====	=====
Weighted-average number of ordinary shares at 31 December	20,552,275	20,452,275	20,552,275	20,452,275
	=====	=====	=====	=====

22.2 Diluted earnings per share

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

22.2.1 Profit attributable to ordinary shareholders (diluted)

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Profit for the year, attributable to the owners of the Company (basic EPS)	8,419,411	7,423,790	8,795,870	5,871,464
	-----	-----	-----	-----
Profit for the year, attributable to the owners of the Company (diluted)	8,419,411	7,423,790	8,795,870	5,871,464
	=====	=====	=====	=====

22.2.2 Weighted-average number of ordinary shares (diluted)

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Weighted-average number of shares (basic)	20,452,275	19,016,735	20,452,275	19,016,735
	-----	-----	-----	-----
Weighted-average number of ordinary shares at 31 December	20,552,275	20,452,275	20,552,275	20,452,275
	=====	=====	=====	=====

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 year during which the options were outstanding.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

23 Share-based payment arrangements

23.1 Expense recognised in profit or loss

Equity-settled share-based payment transactions expensed during the comparative period in profit or loss amounted to €nil (€2,949,787) and are included under the line item "Personnel expenses".

24 Leases

The Group

During the comparative year, the Group and Company reassessed its lease agreement and entered into a modified lease agreement with a third party, this resulted in derecognition of a right of use asset amounting to €464,466 and a lease liability of €624,378, giving rise to a gain of €159,912 recognised in profit or loss. The lease agreement is for the rental of office space for a period of 72 months. A rental deposit of €140,000 has been effected. Lease payments shall be due on a quarterly basis until end of lease.

Effective 1 July 2023, the Company terminated the lease which resulted in derecognition of right of use asset amounting to €1,732,083 and a lease liability of €1,907,285, giving rise to a gain of €175,202 recognised in profit or loss.

The Group entered into a new lease agreement effective 1 July 2023.

Effective 1 January 2023, the Group entered into sublease agreements with a related party outside the Group and a third-party company for the sublease of a portion of office space located in Malta. The agreements are for a period of one (1) year with the commencement date being 1 January 2023. The total sublease income during the year amounted to €148,056, of which €47,256 are from related parties (2022: €147,480 – all from related parties).

Information about leases for which the Company and the Group is a lessee is presented below.

24.1 Right-of-use assets

Right-of-use assets related to leased property, are disclosed in note 15 to the financial statements.

24.2 Amounts recognised in profit or loss

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Interest on lease liabilities	141,033	179,439	74,613	179,439
Depreciation related to leases	519,577	494,881	247,440	494,881
Less: Re-charge to (from) subsidiaries	-	-	(283,500)	(540,000)

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

24 Leases (continued)

24.3 Lease liabilities

At 31 December 2023, lease liabilities are analysed as follows:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Current lease liabilities	497,242	427,192	-	427,192
Non-current lease liabilities	1,040,281	1,546,843	-	1,546,843
	-----	-----	-----	-----
Total lease liabilities	1,537,523	1,974,035	-	1,974,035
	=====	=====	=====	=====

Group:

The terms and conditions of the lease liabilities are as follows:

				31 December 2023	
	Currency	Incremental borrowing rate as at inception	Year of maturity	Face value	Carrying amount
Lease liabilities	€	8%	2023	1,728,003	1,537,523
				=====	=====

Group and Company:

The terms and conditions of the loan liabilities in the prior year were as follows:

				31 December 2022	
	Currency	Incremental borrowing rate as at inception	Year of maturity	Face value	Carrying amount
Lease liabilities	€	8%	2022	2,304,033	1,974,035
				=====	=====

The incremental borrowing rate has been determined by reference to the rate of interest that as a lessee, the Company or subsidiaries would have to pay to borrow from its bankers over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment.

In addition to the above, during the year the Group, through its subsidiaries, has entered into agreements for leases which are not included with lease liabilities in view of the fact that the leases are for a period of less than 12 months. The lease expense for these leases included with other operating expenses is of €21,600 (2022: €8,736).

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

24 Leases (continued)

24.4 Movement in carrying amount of lease liabilities

The movement in the carrying amount of these liabilities is analysed as follows:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
As at 1 January	1,974,035	1,626,985	1,974,035	1,626,985
Additions	-	2,474,402	-	2,474,402
Payments	(577,545)	(1,682,415)	(141,362)	(1,682,415)
Impacts of derecognition of leased assets	(1,907,286)	(624,378)	(1,907,286)	(624,376)
Interest charge	141,033	179,439	74,613	179,439
Total lease liabilities	1,537,523	1,974,035	-	1,974,035

The total cash outflows for leases in 2023 was €166,807 (2022: €1,682,415) for both the Group and the Company.

25 Financial instruments – fair values and risk management

25.1 Overview

This note presents information about the Group's exposure to risk, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The directors of the Group have the overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risk 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.

25.2 Credit risk

Credit risk is the risk of financial loss to the Group or the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group and the Company's trade and other receivables and cash and cash equivalents.

The Group's and Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the factors that may influence the credit risk of its counterparties, including the default risk associated with the country of operation. The Group and the Company allocate each exposure to a credit risk grade which is defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Financial instruments – fair values and risk management (continued)

25.2 Credit risk (continued)

The carrying amount of the trade and other receivables (excluding prepayments) and cash and cash equivalents of the Group and the Company represents the maximum exposure to credit risk.

25.2.1 Trade and other receivables

Credit risk of the Company's trade and other receivables arises primarily from the loan receivable from subsidiary and amounts due from subsidiary undertakings, repayment of which is under the control of Group management.

Credit risk of the Group's trade and other receivables arises primarily from technology services rendered to counterparties and other receivables.

As at 31 December 2023, the probability of default on these exposures was substantially low for both the Group and the Company. The Group's and the Company's counterparties operate from strong jurisdictions, namely Malta and Cyprus. The Group and Company uses an ECL model which considered appropriate probability of default rates drawing from credit rating agencies, or proxy's thereof, and expected loss given default rates based on debtor risk. During the year, there were no events that potentially indicate that there was a significant increase in credit risk associated to the Group's or the Company's counterparties, and therefore, the resultant ECL on trade and other receivables is considered insignificant.

25.2.2 Cash and cash equivalents

As at 31 December 2023, the Group and the Company held cash at bank of €5,931,356 (2022: €2,446,864) and €249,692 (2022: €80,765) respectively. The Group and Company uses an ECL model which considered appropriate probability of default rates drawing from credit rating agencies, or proxy's thereof, and expected loss given default rates based on financial institution risk. The ECL on the cash at bank for the Group and the Company is also considered insignificant.

25.3 Liquidity risk

Liquidity risk is the risk that the Group or the Company 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 and Company'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 and the Company comprise the convertible loan payable, lease liabilities and trade and other payables.

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

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Financial instruments – fair values and risk management (continued)

25.3 Liquidity risk (continued)

Group 2022	Carrying amount €	Contractual cash flows €	Less than 1 year €	1-2 years €	2-3 years €	3-4 years €	4-5 years €
Non-derivative financial liabilities							
Loan payable	3,922,980	4,049,134	4,049,134	-	-	-	-
Lease liability	1,974,035	2,304,032	427,192	595,352	625,116	656,372	-
Trade and other payables	522,969	522,969	522,969	-	-	-	-
	6,419,984	6,876,135	4,999,295	595,352	625,116	656,372	-
	=====	=====	=====	=====	=====	=====	=====
2023							
Non-derivative financial liabilities							
Lease liability	1,537,523	1,728,003	446,512	625,118	656,373	-	-
Trade and other payables	566,481	566,481	566,481	-	-	-	-
	2,104,004	2,294,484	1,012,993	625,118	656,373	-	-
	=====	=====	=====	=====	=====	=====	=====

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Financial instruments – fair values and risk management (continued)

25.3 Liquidity risk (continued)

Company
2022

Non-derivative financial liabilities

Loan payable

Lease liability

Trade and other payables

Carrying amount €	Contractual cash flows €	Less than 1 year €	1-2 years €	2-3 years €	3-4 years €	4-5 years €
3,922,980	4,049,134	4,049,134	-	-	-	-
1,974,035	2,304,032	427,192	595,352	625,116	656,372	-
214,320	214,320	214,320	-	-	-	-
6,111,335	6,567,486	4,690,646	595,352	625,116	656,372	-

2023

Non-derivative financial liabilities

Trade and other payables

Carrying amount €	Contractual cash flows €	Less than 1 year €	1-2 years €	2-3 years €	3-4 years €	4-5 years €
192,716	192,716	192,716	-	-	-	-
192,716	192,716	192,716	-	-	-	-

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Financial instruments – fair values and risk management (continued)

25.4 Market risk

Market risk relates to the risk that changes in market prices, such as interest rates and foreign exchange rates, will impact the Group's and the Company's income or the value of their financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

25.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 December 2023 and 2022, the Group and the Company are minimally exposed to interest risk emanating from balances with related parties and on borrowings in view of the fact that interest rates are substantially fixed.

25.4.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk does not arise from non-monetary items or from financial instruments denominated in the functional currency of the Group companies.

The Group companies are exposed to currency risk mainly on financial instruments that are denominated in a currency other than the functional currency (Euro), primarily the Norway Kroner (NOK), British Sterling (GBP) and Polish Zloty (PLN).

The summary quantitative data about the Group's and the Company's exposure to currency risk as reported to the management of the Group is as follows.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Financial instruments – fair values and risk management (continued)

25.4 Market risk (continued)

25.4.2 Currency risk (continued)

Group

	GBP	NOK	PLN
2023			
Trade and other payables	-	(1,941)	-
Total liabilities	-	(1,941)	-
Net balance sheet exposure (EUR equivalent)	-	(1,941)	-
Net balance sheet exposure (foreign currency)	-	(21,818)	-
2022			
Cash and cash equivalents	112	-	6,765
Trade and other receivables	-	-	18,971
Total assets	112	-	25,736
Trade and other payables	(3,287)	(392)	(18,424)
Deferred consideration	(3,287)	(392)	(18,424)
Total liabilities	(3,175)	(392)	7,312
Net balance sheet exposure (EUR equivalent)	(2,816)	(4,121)	34,226
Net balance sheet exposure (foreign currency)	(2,816)	(4,121)	34,226

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Financial instruments – fair values and risk management (continued)

25.4 Market risk (continued)

25.4.2 Currency risk (continued)

Company

	GBP	NOK	PLN
2023			
Trade and other payables	-	(1,941)	-
Total liabilities	-	(1,941)	-
Net balance sheet exposure (EUR equivalent)	-	(1,941)	-
Net balance sheet exposure (foreign currency)	-	(21,818)	-
2022			
Cash and cash equivalents	112	-	-
Total assets	112	-	-
Trade and other payables	-	-	-
Amounts due to related parties	-	(392)	-
Total liabilities	(2,255)	-	-
Net balance sheet exposure (EUR equivalent)	(2,255)	(392)	-
Net balance sheet exposure (foreign currency)	(2,143)	(392)	-
Net balance sheet exposure (foreign currency)	(1,901)	(4,121)	-

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Financial instruments – fair values and risk management (continued)

25.4 Market risk (continued)

25.4.2 Currency risk (continued)

The following significant exchange rates were applied during the period:

	Average rate		Reporting date spot rate	
	2023	2022	2023	2022
GBP	0.8697	0.8528	0.86905	0.88693
NOK	11.4248	10.1026	11.2405	10.5138
PLN	4.5419	4.6861	4.3395	4.6808

A reasonably possible 5 percent strengthening of the Euro against the GBP, NOK, and PLN at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
GBP	-	167	-	2,543
NOK	97	21	97	413
PLN	-	385	-	-
Total	97	573	97	2,956
	=====	=====	=====	=====

A 5 percent weakening of the euro against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The directors believe that the Group's currency risk is not significant in relation to the Group's transactions as it retains bank accounts in the above currencies and effects deposits and withdraws in such currencies.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Financial instruments – fair values and risk management (continued)

25.5 Accounting classification and fair value (continued)

The Group

	31 December 2023			31 December 2022		
	Carrying Amount	Level 1	Fair Value Level 2	Level 3	Carrying Amount	Fair Value Level 1 Level 2 Level 3
	€	€	€	€	€	€
Financial assets not measured at fair value						
<i>Financial assets at amortised cost</i>						
Long-term deposit	140,000	-	-	-	140,000	-
Trade and other receivables	3,238,391	-	-	-	1,956,787	-
Cash and cash equivalents	5,931,356	-	-	-	2,446,864	-
Financial liabilities not measured at fair value						
<i>Financial liabilities at amortised cost</i>						
Trade and other payables	(566,481)	-	-	-	(522,969)	-
Loan payable	-	-	-	-	(3,922,980)	-
Lease liability	(1,537,523)	-	-	-	(1,974,035)	-

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Financial instruments – fair values and risk management (continued)

25.5 Accounting classification and fair value (continued)

The Company

	31 December 2023				31 December 2022			
	Carrying Amount	Level 1	Fair Value Level 2	Level 3	Carrying Amount	Level 1	Fair Value Level 2	Level 3
	€	€	€	€	€	€	€	€
Financial assets not measured at fair value								
<i>Financial assets at amortised cost</i>								
Long-term deposit	5,475	-	-	-	140,000	-	-	-
Trade and other receivables	12,827,954	-	-	-	7,035,490	-	-	-
Cash and cash equivalents	249,692	-	-	-	80,765	-	-	-
Financial liabilities not measured at fair value								
<i>Financial liabilities at amortised cost</i>								
Trade and other payables	(192,716)	-	-	-	(214,320)	-	-	-
Loan payable	-	-	-	-	(3,922,980)	-	-	-
Lease liability	-	-	-	-	(1,974,035)	-	-	-

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

25 Financial instruments – fair values and risk management (continued)

25.6 Fair values versus carrying amounts

The carrying amount of financial assets and liabilities that are measured at amortised cost approximates the fair value at the reporting date. The other financial liabilities are measured at fair value.

25.7 Capital management

The Company's policy is to maintain a strong capital base so as to retain investor, creditor and market confidence and to sustain future development of the business of the Group and the Company.

The Company is required to hold regulatory capital for its public limited company status in accordance with Article 104(1) to Article 104(3) of the Maltese Companies Act (Cap. 386). Although the minimum capital requirement must be maintained at all times throughout the period and the Company monitors its capital level on a regular basis, it was in breach of such a requirement, since its net assets amounted to less than half of its statutory capital.

In accordance with Article 104(1) of the Maltese Companies Act (Cap. 386), the directors acknowledged their duty to consider what steps should be taken to deal with the serious loss of capital which remains under review. As explained in noted 2.2.1, the Company is addressing its working capital deficiency and the serious loss of capital with a view to maintaining its statutory capital requirements at all times, through profitable business that is expected to be generated through its subsidiaries and/or additional funding.

26 Related parties

26.1 Ultimate controlling party

The Company is the ultimate parent company of the Group and trades on Euronext Growth Oslo with its shares registered with the Norwegian Central Securities Depository, Euronext Securities Oslo (Verdipapirsentralen ASA) ("ESO").

As at 31 December 2023 and 2022, the largest holders of the Company's ordinary shares ("Shareholders") were Tigerstaden AS, Middelborg Invest AS and Klein Invest AS, all companies registered in Norway. As at the date of approval of the financial statements, none of the Shareholders had ultimate control of the Company.

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

26 Related parties (continued)

26.2 Key management personnel and director transactions

The only transaction during the period undertaken between the Company and the directors related to the remuneration paid which amounted to €91,268 (2022: €32,000) (see note 8.1).

Similarly, at Group level, the only transaction during the year related to the directors' remuneration paid which amounted to €91,268 (2022: €162,880) (see note 8.1).

26.3 Other related party transactions and balances

The directors consider the companies within the River Tech Group and its shareholders as related parties. As from mid-2023 Kent Staahle ceased to be director and only retains a minority shareholding in the group. Entities owned by Kent Staahle are no longer considered as related parties as from 16 June 2023 and the tables below exclude transactions and balances with such entities as from the said date.

The Group

	Amounts due (to) / from related undertakings	
	2023 €	2022 €
Balance at 1 January	1,584,227	1,108,173
Services provided to	7,200,000	14,002,655
Recharges to	-	193,521
Payments to / (from)	(6,415,763)	(13,933,466)
Write off from no longer related undertakings	(2,250,000)	-
Interest accrued	-	-
Other	(57,744)	213,345
	-----	-----
Balance at 31 December	60,720	1,584,227
	=====	=====

River Tech p.l.c

Notes to the Financial Statements

For the Year Ended 31 December 2023

26 Related parties (continued)

26.3 Other related party transactions and balances (continued)

The Company

	Amounts due from/(to) subsidiary undertakings	
	2023	2022
	€	€
Balance at 1 January	6,794,692	5,813,514
Dividend income	9,000,000	6,000,000
Recharging of expenses		
by the Company to	559,772	1,086,715
Funds advanced from	(5,545,000)	(7,909,768)
Payments on behalf of the Company	-	(90,296)
Payments by the		
Company on behalf of	924,875	-
Management fee	360,000	360,000
Receipts by the Company on behalf of		
	-	-
Interest income	251,677	938,291
Foreign exchange differences	47,439	99,152
Write-off of balances to subsidiaries upon merger	407,827	-
Other	-	497,091
	-----	-----
Balance at 31 December	12,801,282	6,794,692
	=====	=====

Information on amounts due from / (to) related parties are set out in notes 12 and 21 to these financial statements.

27 Subsequent events

Subsequent to year end, on the 9th of April 2024 the Board of Directors resolved to distribute an interim cash dividend in the amount of NOK 2.5 per share, amounting to approximately NOK 51,380,687 (EUR 4,433,000). The dividends will be paid out of the Company's profits available for distribution.



Independent auditor's report

To the Shareholders of River Tech p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and the Parent Company financial statements (the “financial statements”) of River Tech p.l.c. give a true and fair view of the Group and the Parent Company’s financial position as at 31 December 2023, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (‘IFRSs’) as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

River Tech p.l.c.’s financial statements, set out on pages 5 to 66, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2023;
- the Consolidated and Parent Company statements of profit or loss and other comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

Independent auditor's report - continued

To the Shareholders of River Tech p.l.c.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Corporate Governance (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report - continued

To the Shareholders of River Tech p.l.c.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report - continued

To the Shareholders of River Tech p.l.c.

Report on other legal and regulatory requirements

The *Annual Report 2023* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the Annual Report 2023 and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 1 to 3) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	<p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

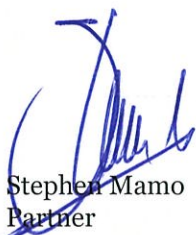
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.
- the financial statements are not in agreement with the accounting records and returns.
- we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.

We have nothing to report to you in respect of these responsibilities.

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

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Qormi
Malta



Stephen Mamo
Partner

25 April 2024