

**RICHREACH CORPORATION PUBLIC  
LTD**

CONSOLIDATED FINANCIAL STATEMENTS  
Year ended 31 December 2020

# **RICHREACH CORPORATION PUBLIC LTD**

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## **CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

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# **RICHREACH CORPORATION PUBLIC LTD**

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## **BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION**

### **Board of Directors**

Antonis Karitzis  
Christakis Ierides  
George Rousou  
Epaminondas Metaxas  
George Koufaris

### **Company Secretary**

Karanto Secretarial Limited

### **Independent Auditors**

Ernst & Young Cyprus Limited  
Certified Public Accountants and Registered Auditors  
Jean Nouvel Tower  
6 Stasinou Avenue  
PO Box 21656  
1511 Nicosia, Cyprus

### **Registered office**

Archiepiskopou Makariou III, 228  
Ayios Pavlos Court,  
Block B, 4th floor  
Flat 411-412  
Limassol, 3030, Cyprus

### **Bankers:**

Eurobank Cyprus Ltd  
Bank of Cyprus Public Company Ltd

### **Registration number**

HE359049

# **RICHREACH CORPORATION PUBLIC LTD**

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## **MANAGEMENT REPORT**

The Board of Directors of RichReach Corporation Public Ltd (the "Company") presents to the members its Management Report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2020.

### **Principal activities and nature of operations of the Group**

The principal activity of the Group is the development, support, licencing, operation and promotion of the multifunction RichReach Application ecosystem available for smart devices.

### **Review of current position, future developments and performance of the Group's business**

The net loss for the year attributable to the shareholders of the Group amounted to €115.929 (2019: €190.461). On 31 December 2020 the total assets of the Group were €692.893 (2019: €695.300) and the net assets of the Group were €517.417 (2019: €483.348). The financial position, development and performance of the Group as presented in these financial statements are comparable to 2019 and the Board of Directors is making an effort to reduce the Group losses.

On 10 January 2019, the Cyprus Stock Exchange (CSE) announced the listing of the Company on the CSE Emerging Companies Market. The trading of the shares of the Company, has commenced on 16 January 2019.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Group are disclosed in notes 5, 6 and 26 of the consolidated financial statements.

### **Existence of branches**

The Group does not maintain any branches.

### **Results**

The Group's results for the year are set out on page 10.

### **Dividends**

The Company did not have any distributable profits as at 31 December 2020, thus the Board of Directors cannot recommend the payment of a dividend.

### **Share capital**

#### **Issued capital**

On 22 January 2020 and on 14 August 2020 the Company increased its issued share capital by 15.278 and 36.111, respectively, ordinary shares of nominal value of €0,05 for a total value of €2.570.

On 22 January 2020 and on 14 August 2020 the Company increased its share premium by €49.236 and €88.194, respectively (15.278 shares of €3,22 premium, 11.111 shares of €3,55 premium, and 25.000 shares of €1,95).

### **Corporate Governance Code**

The Company has listed shares in the Emerging Capital Markets of the Cyprus Stock Exchange ('CSE'). The CSE has established a Corporate Governance Code ('The Code'). The Company does not apply the Code, taking into consideration the small size of the Company, the fact that the Company does not employ a high number of employees and that its principal activities are conducted through agreements with third parties. These advocate for the non-adoption of the Code, as the relative cost increase would not be justified under the circumstances. The code is not mandatory to be applied by Companies listed in the Emerging Companies Market of the CSE like the Company.

### **Board of Directors**

The members of the Parent Company's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 1.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.



# **RICHREACH CORPORATION PUBLIC LTD**

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## **MANAGEMENT REPORT**

### **Participation of Directors in the company's share capital**

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190-2007-04), as at 31 December 2020 and 24 March 2021 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	<b>31 December</b>	<b>26 April 2021</b>
	<b>2020</b>	
	<b>%</b>	<b>%</b>
Christakis Ierides	<b>0,20</b>	0,20
George Rousou	<b>0,51</b>	0,51
Antonis Karitzis	<b>0,47</b>	0,46

Also, George Rousou owns 100% of the share capital of Coeur DeLion Software Engineering Ltd.

### **Main shareholders**

At the date of this report the following shareholders held directly or indirectly over than 5% of the share capital of the Company as at 31 December 2020 and 24 March 2021:

	<b>31 December</b>	<b>26 April 2021</b>
	<b>2020</b>	
	<b>%</b>	<b>%</b>
3L Transcendent Investments Ltd	<b>72,96</b>	72,87
Coeur DeLion Software Engineering Ltd	<b>19,35</b>	19,31

### **Events after the reporting period**

Any significant events that occurred after the end of the reporting period are described in note 30 to the consolidated financial statements.

### **Agreements with Directors and related parties**

As at 31 December 2020, and during the date of this report there were not any agreements with the Group or subsidiaries in which the Directors or their related parties have substantial interest other than those relating to the normal operating activities of the Group.

### **Independent Auditors**

The independent auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Karanto Secretarial Limited  
Secretary

Nicosia, 29 April 2021

## **RICHREACH CORPORATION PUBLIC LTD**

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### **DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the consolidated financial statements of RichReach Corporation Public Ltd (the "Company") for the year ended 31 December 2020, on the basis of our knowledge, declare that:

(a) The annual consolidated financial statements of the Group which are presented on pages 5 to 35:

(i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of Article 9, section (4) of the law, and

(ii) provide a true and fair view of the particulars of assets and liabilities, the financial position and profit or loss of the Group and the entities included in the consolidated financial statements as a whole and

b) The Directors' report gives a fair view of the developments and the performance of the business as well as the financial position of RichReach Corporation Public Limited and its subsidiary which are included in the consolidated financial statements, together with a description of the main risks and uncertainties faced by the Company.

#### **Members of the Board of Directors:**

Antonis Karitzis - Director
Christakis Ierides - Director
George Rousou - Director
Epaminondas Metaxas - Director
George Koufaris - Director

#### **Responsible persons for the preparation of these financial statements**

George Rousou - Director
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Nicosia, 29 April 2021



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**Ernst & Young Cyprus Ltd**  
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6 Stasinou Avenue  
P.O. Box 21656  
1511 Nicosia, Cyprus

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Fax: +357 2220 9998  
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## **Independent Auditor's Report**

### **To the Members of RichReach Corporation Public Ltd**

#### **Report on the Audit of the Consolidated Financial Statements**

##### **Opinion**

We have audited the consolidated financial statements of RichReach Corporation Public Ltd (formerly Eumbrella Corporation (International) Public Ltd) (the "Company") and its subsidiaries (the "Group"), which are presented in pages 10 to 41 and comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### **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 Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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Key audit matters	Audit procedures performed
<p><b>Goodwill and application development costs impairment assessments (note 18)</b></p> <p>The Group recognised goodwill and application development costs on the balance sheet in the amount of €159.701 and €372.693, respectively, as at 31 December 2020 and are significant for the consolidated financial statements, representing 77% of total Group assets.</p> <p>Determination on whether goodwill and application development costs are impaired requires an estimation of the recoverable amount of the cash generating unit of the Group to which these are allocated which is the subsidiary, RichReach Corporation (CY) Ltd. In estimating the cash generating unit's recoverable amount the management determines value in use through the use of a discounted cash flow model. It makes various assumptions such as the discount rate and estimated future cash flows which involve inherent uncertainty as to their actual outcome in the future. Disclosures on the impairment assessment made as at 31 December 2020 and the key assumptions used are included in Note 18 to the accompanying financial statements.</p> <p>Due to the significance of the value of the goodwill and capitalized application development costs, and the judgments and estimation uncertainty involved in their impairment assessment, we have considered this to be a key audit matter.</p>	<p>Our audit procedures in this area included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>- We assessed the reasonableness of the key assumptions included in the analysis of cash flow projections used to estimate recoverable amount of the cash generating unit being, the subsidiary of the Group, 'RichReach Corporation (CY) Ltd', based on the long-term business plans prepared by management. Our assessment focused on the analysis of future cash flows prepared by management.</li> <li>- We assessed whether the model used to derive the value in use is in line with the requirements of IAS 36.</li> <li>- We corroborated the recoverable amount estimate with independent valuation report and evidence from third-party share purchase transactions.</li> <li>- We assessed the adequacy of disclosures related to the impairment of goodwill and capitalized application development costs included in the consolidated financial statements.</li> </ul>
<p><b>Recognition and recoverability of deferred tax asset (Notes 15 and 24)</b></p> <p>The Group recognised deferred tax assets amounting to €78.211 as at 31 December 2020 in respect of its tax losses carried forward as disclosed in Note 24 to the accompanying consolidated financial statements.</p> <p>The recognition of the above deferred tax assets requires the Group's assessment of the extent to which it is probable that taxable profit will be available against which the deductible carried forward unused tax losses can be utilised. Estimation uncertainty related to the amount and timing of future taxable profits is therefore inherent in the measurement of deferred tax assets.</p> <p>Due to the significance of the value of the deferred tax assets and the estimation involved in their measurement, we have considered this to be a key audit matter.</p>	<p>Our audit procedures over the recognition and recoverability of deferred tax assets included, among others, the following:</p> <ul style="list-style-type: none"> <li>- We assessed the analysis prepared by management of estimated probable future taxable profits. We focused on the revenues and expenditures and assessed their reasonability.</li> <li>- We tested the Group's available tax losses carried forward against tax returns.</li> <li>- We assessed that the Group's accounting policy for the recognition and measurement of deferred tax assets is in accordance with IAS 12.</li> <li>- We assessed the adequacy of disclosures related to deferred tax assets included in the consolidated financial statements</li> </ul>



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### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Board of Directors for the Consolidated Financial Statements**

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.
- 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



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### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Conclude on the appropriateness of the Board of 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 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 consolidated 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- 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 Board of 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.



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### Other Matter

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Nick Nicolaou.

Nick Nicolaou  
Certified Public Accountant and Registered Auditor

for and on behalf of  
**Ernst & Young Cyprus Limited**  
Certified Public Accountants and Registered Auditors

Jean Nouvel Tower  
6 Stasinou Avenue  
PO Box 21656  
1511 Nicosia, Cyprus

Nicosia, 29 April 2021



# **RICHREACH CORPORATION PUBLIC LTD**

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Year ended 31 December 2020

	Note	2020 €	2019 €
<b>Revenue</b>	7	<b>337.202</b>	288.044
Cost of sales	8	<u>(107.749)</u>	<u>(137.787)</u>
<b>Gross profit</b>		<b>229.453</b>	150.257
Other operating income	9	<b>184</b>	-
Selling and distribution expenses	10	<b>(34.072)</b>	(38.610)
Administration expenses	11	<u><b>(100.065)</b></u>	<u>(106.718)</u>
<b>Earnings before Interest, Tax, Depreciation, Amortisation</b>		<b>95.500</b>	4.929
Finance costs	13	<b>(1.822)</b>	(1.503)
Expenses related to the listing of the Company's Shares at the Cyprus Stock Exchange and Share Capital and Corporate Events	14	<b>(28.158)</b>	(42.778)
Depreciation		<b>(8.003)</b>	(7.473)
Amortisation		<u><b>(189.966)</b></u>	<u>(151.479)</u>
<b>Loss before tax</b>		<b>(132.449)</b>	(198.304)
Tax	15	<u><b>16.520</b></u>	7.843
<b>Net loss for the year</b>		<b>(115.929)</b>	(190.461)
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the year</b>		<u><b>(115.929)</b></u>	<u>(190.461)</u>
<b>Loss per share attributable to equity holders of the parent (cent)</b>	16	<u><b>(1,03)</b></u>	<u>(1,69)</u>

The notes on pages 14 to 41 form an integral part of these consolidated financial statements.



# RICHREACH CORPORATION PUBLIC LTD

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Note	2020 €	2019 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	23.877	28.318
Intangible assets	18	533.108	528.843
Deferred tax assets	24	78.211	61.691
		<u>635.196</u>	<u>618.852</u>
<b>Current assets</b>			
Trade and other receivables	19	52.372	61.161
Cash and cash equivalents	20	5.325	15.287
		<u>57.697</u>	<u>76.448</u>
<b>Total assets</b>		<u><b>692.893</b></u>	<u>695.300</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	21	564.908	562.339
Share premium		473.972	336.543
Accumulated losses		(581.463)	(465.534)
		<u>457.417</u>	<u>433.348</u>
Advances from shareholders	22	60.000	50.000
<b>Total equity</b>		<u><b>517.417</b></u>	<u>483.348</u>
<b>Current liabilities</b>			
Trade and other payables	25	138.548	131.230
Payables to related companies	27	34.403	76.919
Bank overdrafts	23	50	-
Borrowings	23	2.475	3.803
		<u>175.476</u>	<u>211.952</u>
<b>Total equity and liabilities</b>		<u><b>692.893</b></u>	<u>695.300</u>

On ..... 2021 the Board of Directors of RichReach Corporation Public Ltd authorised these consolidated financial statements for issue.

.....  
Christakis Ierides  
Director

.....  
George Rousou  
Director

The notes on pages 14 to 41 form an integral part of these consolidated financial statements.

## RICHREACH CORPORATION PUBLIC LTD

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Note	Share capital €	Share premium €	Advances from shareholders €	Accumulated losses €	Total €
<b>Balance at 1 January 2019</b>		<b>557.500</b>	<b>91.056</b>	<b>-</b>	<b>(275.073)</b>	<b>373.483</b>
Net loss for the year/Total comprehensive loss for the year		-	-	-	(190.461)	(190.461)
Issue of share capital	21	4.839	245.487	-	-	250.326
Proceeds for the year	22	-	-	50.000	-	50.000
<b>Balance at 31 December 2019/ 1 January 2020</b>		<b>562.339</b>	<b>336.543</b>	<b>50.000</b>	<b>(465.534)</b>	<b>483.348</b>
Net loss for the year/Total comprehensive loss for the year		-	-	-	(115.929)	(115.929)
Issue of share capital	21	2.569	137.429	-	-	139.998
Issue of New Shares	22	-	-	(50.000)	-	(50.000)
Proceeds for the year	22	-	-	60.000	-	60.000
<b>Balance at 31 December 2020</b>		<b>564.908</b>	<b>473.972</b>	<b>60.000</b>	<b>(581.463)</b>	<b>517.417</b>

Share premium is not available for distribution. In accordance with the Articles of Association, the Company can move to the concession of free and/or bonus shares to the existing shareholders of the Company against reduced or zero consideration. The aforementioned shares will be provided and covered from the share premium account, statement of comprehensive income, retained earnings and quasi-capital funds and/or in any other way the Law and Articles of Association allow, and these shares will be considered fully paid.

The advances from shareholders are made available to the Board of Directors for future increases of the share capital of the Company.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% and GHS contribution at 1.7%-2,65% for deemed distributions after 1 March 2019 will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 14 to 41 form an integral part of these consolidated financial statements.

# RICHREACH CORPORATION PUBLIC LTD

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 €	2019 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before tax</b>		<b>(132.449)</b>	(198.304)
Adjustments for:			
Depreciation of property, plant and equipment	17	<b>8.003</b>	7.473
Amortisation of intangible assets	18	<b>189.966</b>	151.479
Profit from the sale of property, plant and equipment		<b>(84)</b>	-
Interest expense	13	<b>122</b>	464
		<b>65.558</b>	(38.888)
<b>Changes in working capital:</b>			
Decrease/(increase) in trade and other receivables	19	<b>8.789</b>	(26.655)
Increase/(Decrease) in trade and other payables	25	<b>12.941</b>	(36.654)
Decrease in payables to related companies	27	<b>(49.417)</b>	(53.677)
		<b>37.871</b>	(155.874)
<b>Cash generated from/(used in) operations</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment	17	<b>(3.562)</b>	(2.411)
Payment for internally generated intangible assets	18	<b>(194.231)</b>	(128.244)
Proceeds from disposal of property, plant and equipment	17	<b>84</b>	-
		<b>(197.709)</b>	(130.655)
<b>Net cash used in investing activities</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		<b>89.998</b>	250.326
Advances from shareholders		<b>60.000</b>	50.000
Interest paid		<b>(122)</b>	(464)
		<b>149.876</b>	299.862
<b>Net cash generated from financing activities</b>			
		<b>(9.962)</b>	13.333
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		<b>15.287</b>	1.954
<b>Cash and cash equivalents at end of the year</b>	20	<b>5.325</b>	15.287

The notes on pages 14 to 41 form an integral part of these consolidated financial statements.

# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **1. Corporate information**

#### **Country of incorporation**

RichReach Corporation Public Ltd (the "Company") was incorporated in Cyprus on 11 August 2016 as a public limited company under the provisions of the Cyprus Companies Law, Cap. 113. On 10 January 2019, the Cyprus Stock Exchange (CSE) announced the listing of the Company on the CSE Emerging Companies Market. The trading of the shares of the Company, has commenced on 16 January 2019. Its registered office is at Arch. Makariou III, 228, Ayios Pavlos Court, Block B, 4th floor, Flat/Office 411/412, Limassol, 3030, Cyprus.

#### **Principal activities**

The principal activity of the Group is the development, support, licencing, operation and promotion of the multifunction RichReach Application ecosystem available for smart devices.

### **2. Basis of preparation and measurement**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. These consolidated financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue to operate for the foreseeable future.

The Group incurred a loss of €115,929 for the year ended 31 December 2020, and, as of that date the Company's current liabilities exceeded its current assets by €117,779. Out of this amount, €34,403 relates to balances with related companies, therefore reducing the net liability to €83,376. Furthermore, on 22 January 2020 and on 14 August 2020, 15,278 and 11,111 shares were allocated, respectively, to C.A. Papaellinas Limited for its total investment amounting to €90,000, out of which €74,500 will be received in 2021. In addition, cash flow projections have been prepared up to and including December 2022 to evaluate the ability of the Group to meet its liabilities as they fall due and concluded that the Group will be able to continue to operate as a going concern on the basis that the Group:

- Expects to maintain an average positive cash flow balance;
- Has concluded an agreement for new investment in the amount €74,500
- Has on-going development projects with well-established Cypriot companies;
- Has no significant borrowings;
- The technology part of the operations has been benefited positively from the impact of COVID-19 due to the technology nature of the Group's operating activities and increase in demand for its services (Note 30).

# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **3. Adoption of new or revised standards and interpretations**

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Group.

#### **Other new and amended standards and interpretations:**

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2020:

#### **Conceptual Framework in IFRS standards:**

- The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, adopted for annual periods beginning on or after 1 January 2020.

#### **IFRS 3: Business Combinations (Amendments):**

- In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The amendments have been adopted for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Phase two (ED) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). Management has assessed that the amendment has no significant impact on the financial statements.

#### **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments):**

- The Amendments adopted for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. Management has assessed that the amendment has no significant impact on the financial statements.

# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **3. Adoption of new or revised standards and interpretations (continued)**

#### **Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments):**

- In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The amendments adopted for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Phase two (ED) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). Management has assessed that the amendment has no significant impact on the financial statements.

#### **Standards issued but not yet effective and not early adopted**

##### **IFRS 17: Insurance Contracts**

- The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. In its March 2020 meeting the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. Management has assessed that this standard has no significant impact on the financial statements.

##### **IFRS 17: Insurance Contracts (Amendments), IFRS 4: Insurance Contracts (Amendments)**

- The amendments to IFRS 17 are effective, retrospectively, for annual periods beginning on or after January 1, 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.

The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023.

The Amendments to IFRS 17 have not yet been endorsed by the EU. Management has assessed that the amendment has no significant impact on the financial statements.

# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **3. Adoption of new or revised standards and interpretations (continued)**

#### **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments):**

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU. Management is currently evaluating the effect of these amendments on its financial statements.

#### **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

- The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that this amendment has no significant impact on the financial statements.

#### **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments):**

- The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments have not yet been endorsed by the EU. Management is currently evaluating the effect of these amendments on its financial statements.



### 3. Adoption of new or revised standards and interpretations (continued)

#### IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

Management is currently evaluating the effect of these amendments on its financial statements.

#### Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments):

- In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. Management is currently evaluating the effect of these amendments on its financial statements.

These standards are expected to have no significant impact on the Company's financial statements when they become effective.

### 4. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

#### Going concern basis

The Group incurred a loss of €115.929 for the year ended 31 December 2020, and, as of that date the Group's current liabilities exceeded its current assets by €117.779. These conditions are expected during the first years of operations of new companies that own a significant intangible asset like RichReach Application ecosystem. The Board of Directors expects the Company's financial position to improve during 2021 which will reduce any material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

#### Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company RichReach Corporation Public Limited and the financial statements of RichReach Corporation (CY) Ltd.



# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **4. Summary of significant accounting policies (continued)**

#### **Business combinations**

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **4. Summary of significant accounting policies (continued)**

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

#### **Goodwill**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### **Revenue**

##### **Revenue from contracts with customers**

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Payment terms vary in line with the type of sales transactions and depend mainly on the products sold or services rendered, the distribution channels as well as each customer's specifics.

The Group assesses whether it acts as a principal or agent in each of its revenue arrangements. The Company has concluded that in all sales transactions it acts as a principal.

##### • **Provision of services**

For sales of mobile application and communication services, revenue is recognised in the accounting period in which the services are rendered, as the customer obtains control over the promised services, by reference to stage of completion of each specific performance obligation and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

#### **Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax

# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **4. Summary of significant accounting policies (continued)**

bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

### **Property, plant and equipment**

Property, plant and equipment are initially stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

	%
Furniture & Equipment	10
Computer Hardware	20
Machinery	10
Telephone systems	10

The depreciation method applied, assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **4. Summary of significant accounting policies (continued)**

#### **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### **Internally-generated intangible assets - research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's e-business development is recognised only if the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised. The RichReach Application ecosystem is amortised using the straight-line method over its useful life, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **4. Summary of significant accounting policies (continued)**

#### **Computer software**

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### **Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

In assessing value in use, the estimated future cash flows are 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.



# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **4. Summary of significant accounting policies (continued)**

#### **Financial instruments**

##### **Financial assets - Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at Fair value through profit and loss.

##### **Financial assets - Recognition and Derecognition**

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### **Financial assets - Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### **Debt instruments**

There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income. Financial assets measured at amortised cost comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, and trade and other receivables.

# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **4. Summary of significant accounting policies (continued)**

#### **Financial instruments (continued)**

These amounts generally arise from transactions within the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at Fair value through other comprehensive income. Movements in the carrying amount are taken through Other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income" Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of comprehensive income. There are no financial assets measured at Fair value through other comprehensive income as at the year-end.

Fair value through profit and loss: Assets that do not meet the criteria for amortised cost or Fair value through other comprehensive income are measured at Fair value through profit and loss. A gain or loss on a debt investment that is subsequently measured at Fair value through profit and loss is recognised in profit or loss and presented net within "other gains/ (losses)" in the period in which it arises. There are no financial assets measured at Fair value through profit and loss as at the year-end.

#### **Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in "other gains/(losses)" in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments at fair value through other comprehensive income are not reported separately from other changes in fair value. There are no equity instruments as at the year – end.

#### **Financial assets - impairment - credit loss allowance for ECL**

The Group assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **4. Summary of significant accounting policies (continued)**

#### **Financial instruments (continued)**

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "net impairment losses on financial and contract assets".

Trade and other receivables and cash and cash equivalents measured at amortised cost are presented in the statement of financial position net of the allowance for expected credit losses.

For debt instruments at Fair value through other comprehensive income, an allowance for expected credit losses is recognised in profit or loss and it affects fair value gains or losses recognised in Other comprehensive income rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their expected credit losses measured at an amount equal to the portion of lifetime expected credit losses that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months expected credit losses "). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its expected credit losses is measured based on expected credit losses on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime expected credit losses "). Refer to note 5, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its expected credit losses is measured as a Lifetime expected credit losses.

#### **Trade receivables**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, lease contracts and contract assets).

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group defines default as a situation when the debtor is more than 90 days past due on its contractual payments. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.



# **RICHREACH CORPORATION PUBLIC LTD**

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **4. Summary of significant accounting policies (continued)**

#### **Financial instruments (continued)**

##### **Financial assets -Reclassification**

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

##### **Financial assets - write-off**

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

##### **Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and cash at bank with an original maturity of less than three months. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest.

##### **Financial liabilities - measurement categories**

Financial liabilities of the Company are initially recognised at fair value and classified as subsequently measured at amortised cost. Financial liabilities comprise trade payables, payables to related parties and borrowings.

##### **Trade payables**

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

##### **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

##### **Share capital**

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

##### **Advances from shareholders**

Advances from shareholders constitutes contributions made by the Company's shareholders other than for the issue of shares by the Company in their capacity as equity owners of the Company for which the Company has no contractual obligation to repay them. Such contributions are recognised directly in equity as they constitute transactions with equity owners in their capacity as equity owners of the Company.

# **RICHREACH CORPORATION PUBLIC LTD**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **4. Summary of significant accounting policies (continued)**

#### **Fair values**

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

#### **Comparatives**

There were no comparative figures that have been adjusted in the presentation of the financial statements in the current year.

### **5. Financial risk management objectives and policies**

#### **Financial risk factors**

The Group is exposed to credit risk, liquidity risk and capital risk management arising from the financial instruments it holds.

#### **5.1 Credit risk**

Credit risk arises from cash and cash equivalents, trade and other receivables carried at amortised cost, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

##### *(i) Risk management*

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

##### *(ii) Credit rating of financial institution*

		<b>2020</b>	2019
		<b>€</b>	<b>€</b>
Financial institution:	Credit rating as at 31 December 2020		
– Eurobank Cyprus Ltd	– Caa 1	<b>2.965</b>	100
– Bank of Cyprus	– Caa 1	<b>1.822</b>	14.947
– Astrobank	– Caa 1	<b>-</b>	39
		<b>4.787</b>	<b>15.086</b>

#### **5.2 Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts.

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted payments:

# **RICHREACH CORPORATION PUBLIC LTD**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **5. Financial risk management objectives and policies (continued)**

#### **5.2 Liquidity risk (continued)**

##### **31 December 2020**

	On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 years	Total
	€	€	€	€	€	€
Borrowings	2.524	-	-	-	-	2.524
Trade and other payables	-	-	138.548	-	-	138.548
Payable to related parties	34.403	-	-	-	-	34.403
	<b>36.927</b>	<b>-</b>	<b>138.548</b>	<b>-</b>	<b>-</b>	<b>175.475</b>

##### **31 December 2019**

	On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 years	Total
	€	€	€	€	€	€
Borrowings	3.803	-	-	-	-	3.803
Trade and other payables	-	-	131.228	-	-	131.228
Payable to related parties	76.919	-	-	-	-	76.919
	<b>80.722</b>	<b>-</b>	<b>131.228</b>	<b>-</b>	<b>-</b>	<b>211.950</b>

Please refer to Note 30 for related events after the reporting period.

#### **5.3 Capital risk management**

Capital includes equity shares and share premium.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's overall objectives, policies and processes remain unchanged from last year.

### **6. Critical accounting estimates, judgments and assumptions**

The preparation of the Group's consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### *Judgments*

In the process of applying the Group's accounting policies, Management has made the following judgments, apart from those involving estimations, which had the most significant effect on the amounts recognised in the consolidated financial statements:

- **Income taxes**

Significant judgment is required in determining the provision for income taxes and deferred taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Additional information is disclosed in Note 15.

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

### 6. Critical accounting estimates, judgments and assumptions (continued)

*Critical judgements in applying the Group's accounting policies*

- **Impairment of intangible assets**

Intangible assets are initially recorded at acquisition cost and are amortized on a straight-line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to. Actual cash flows may differ from the estimated futures cash flows used for estimating the value in use of the cash generating unit in which the asset belongs to. Additional information is disclosed in Note 18.

- **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value. Additional information is disclosed in Note 18.

### 7. Revenue

	2020 €	2019 €
<u>RichReach Application</u>		
Consumer & Corporate Applications	29.039	29.400
Marketing & Loyalty	32.850	13.140
Ordering & Sales	33.135	4.680
Reservations	1.200	-
	<u>96.224</u>	<u>47.220</u>
<u>Communication functions</u>		
Business Communications	15.697	14.223
Trades, Professionals & Entertainment	689	-
Content & Monetisation Services	103.551	158.760
Voice Services	15.008	19.242
	<u>134.945</u>	<u>192.225</u>
<u>Other revenue</u>		
Business Digitalisation	95.400	48.600
Revenue Collections Fees Recovered	10.633	-
	<u>106.033</u>	<u>48.600</u>
<b>Total revenue</b>	<u><b>337.202</b></u>	<u>288.044</u>

#### Segmental Analysis

The Group is organised into a single operating segment based on the services provided in Cyprus. The segment has similar characteristics in the nature of the process, type of end customers and distribution methods.

The Group's services include mainly the development, support, licensing, operation and promotion of the multifunction RichReach Application ecosystem available for smart devices. Currently the Group only operates in Cyprus and the main clients of the Group are medium to large corporate clients. In the next years, the target is to attract also international clients. Management monitors the operating results of the business segment separately for the purposes of performance assessment and resource allocation.

## **RICHREACH CORPORATION PUBLIC LTD**

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### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

#### **8. Cost of sales**

	<b>2020</b>	2019
	<b>€</b>	€
<u>RichReach Application</u>		
Research & Development	<b>30.985</b>	38.713
Infrastructure	<b>20.177</b>	24.373
	<b>51.162</b>	63.086
<u>Communications</u>		
Content & Monetisation Services	<b>24.428</b>	33.656
Other communications Services	<b>18.773</b>	22.815
	<b>43.201</b>	56.471
<u>Other</u>		
Business Digitalisation	-	7.407
Revenue Collection Fees	<b>13.386</b>	10.823
	<b>13.386</b>	18.230
<b>Total Cost of Sales</b>	<b>107.749</b>	137.787

#### **9. Other operating income**

	<b>2020</b>	2019
	<b>€</b>	€
Gain from sale of property, plant and equipment	<b>84</b>	-
Other operating income	<b>100</b>	-
	<b>184</b>	-

#### **10. Selling and distribution expenses**

	<b>2020</b>	2019
	<b>€</b>	€
Advertising Costs	<b>5.613</b>	7.188
Promotion Costs	<b>28.459</b>	31.422
	<b>34.072</b>	38.610

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

### 11. Administration expenses

	2020	2019
	€	€
Staff costs	22.225	34.020
Rent	13.200	6.000
Licenses and taxes	3.023	2.973
Municipality taxes	889	889
Annual levy	700	700
Electricity	3.714	5.178
Water supply and cleaning	2.140	2.076
Insurance	373	337
Sundry expenses	1.549	4.873
Telephone and postage	4.748	3.098
Stationery and printing	161	160
Subscriptions and contributions	89	89
Equipment maintenance	349	187
Computer supplies and maintenance	895	1.608
Computer software	270	-
Auditors' remuneration - current year	8.100	8.100
Auditors' remuneration - prior years	100	220
Other professional fees	5.480	617
Secretarial fees & Registered Office fees	815	1.395
Inland travelling and accommodation	48	2.109
Motor vehicle running costs	8.854	12.595
External Operations & Accounting Services	20.900	19.000
Common expenses	1.217	494
Hardware expenses	226	-
	<u>100.065</u>	<u>106.718</u>

### 12. Staff costs

	2020	2019
	€	€
Director's and management's fees	19.415	28.494
RichReach Application ecosystem Platform R&D personnel costs	24.400	31.411
Social security costs	5.130	8.309
Employee benefits	-	1.669
	<u>48.945</u>	<u>69.883</u>

The number of employees employed by the Group during the year 2020 and 2019 were 6 and 7 respectively. Staff costs directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets.

### 13. Finance costs

	2020	2019
	€	€
Interest expense	122	464
Sundry finance expenses	1.700	1.039
<b>Finance costs</b>	<u>1.822</u>	<u>1.503</u>

# **RICHREACH CORPORATION PUBLIC LTD**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **14. Expenses related to the listing of the Company's Shares at the Cyprus Stock Exchange and Share Capital and Corporate Events**

	2020	2019
	€	€
Cyprus Stock Exchange Recurring Fees	7.338	11.763
Nominated Advisor Fees	5.000	5.000
Other expenses related to the Cyprus Stock Exchange and Investors	1.500	1.700
Finder's Fees	10.000	20.000
Cyprus Stock Exchange New Shares Listing Fees	4.320	210
Corporate Expenses	-	1.855
Trademark Registration	-	2.250
	<u>28.158</u>	<u>42.778</u>

### **15. Tax**

	2020	2019
	€	€
Deferred tax - credit (Note 24)	<u>(16.520)</u>	<u>(7.843)</u>
<b>Credit for the year</b>	<u><b>(16.520)</b></u>	<u><b>(7.843)</b></u>

The tax on the Group's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2020	2019
	€	€
Loss before tax	<u>(132.449)</u>	<u>(198.304)</u>
Tax calculated at the applicable tax rates	(16.556)	(24.788)
Tax effect of expenses not deductible for tax purposes	27.741	24.085
Tax effect of allowances and income not subject to tax	(24.775)	(19.887)
Tax effect of tax loss for the year	13.590	20.590
Deferred tax	<u>(16.520)</u>	<u>(7.843)</u>
<b>Tax charge</b>	<u><b>(16.520)</b></u>	<u><b>(7.843)</b></u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Due to tax losses sustained in the year, no tax liability arises on the Group. The Group tax losses carried forward, for which a deferred tax asset has been recognised (Note 24) are €625.674 and arise since 2016. (2016: €24.723, 2017: €95.911, 2018: €188.116, 2019: €184.759 and 2020: €132.165). Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

### **16. Loss per share attributable to equity holders of the parent**

	2020	2019
<b>Loss attributable to shareholders (€)</b>	<u><b>(115.929)</b></u>	<u><b>(190.461)</b></u>
Weighted average number of ordinary shares in issue during the year	<u><b>11.298.167</b></u>	<u><b>11.246.778</b></u>
<b>Loss per share attributable to equity holders of the parent (cent)</b>	<u><b>(1,03)</b></u>	<u><b>(1,69)</b></u>

Diluted EPS is the same as basic EPS.

## RICHREACH CORPORATION PUBLIC LTD

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

#### 17. Property, plant and equipment

	Furniture & Equipment €	Computer Hardware €	Machinery €	Telephone Systems €	Total €
<b>Cost</b>					
Balance at 1 January 2019	14.305	27.221	5.750	42.500	89.776
Additions	-	2.411	-	-	2.411
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>14.305</b>	<b>29.632</b>	<b>5.750</b>	<b>42.500</b>	<b>92.187</b>
Additions	-	3.562	-	-	3.562
Amount written-off	-	(16.382)	-	-	(16.382)
<b>Balance at 31 December 2020</b>	<b>14.305</b>	<b>16.812</b>	<b>5.750</b>	<b>42.500</b>	<b>79.367</b>
<b>Depreciation</b>					
Balance at 1 January 2019	7.154	25.117	2.875	21.250	56.396
Charge for the year	1.429	1.219	575	4.250	7.473
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>8.583</b>	<b>26.336</b>	<b>3.450</b>	<b>25.500</b>	<b>63.869</b>
Charge for the year	1.431	1.747	575	4.250	8.003
Charge on amount written-off	-	(16.382)	-	-	(16.382)
<b>Balance at 31 December 2020</b>	<b>10.014</b>	<b>11.701</b>	<b>4.025</b>	<b>29.750</b>	<b>55.490</b>
<b>Net book amount</b>					
<b>Balance at 31 December 2020</b>	<b>4.291</b>	<b>5.111</b>	<b>1.725</b>	<b>12.750</b>	<b>23.877</b>
<b>Balance at 31 December 2019</b>	<b>5.722</b>	<b>3.296</b>	<b>2.300</b>	<b>17.000</b>	<b>28.318</b>

During the year ended 31 December 2020, a non-operational computer hardware was disposed resulting to a profit of €84,00.



# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

### 18. Intangible assets

	Goodwill €	RichReach Application * €	Computer and Telecom software €	Total €
<b>Cost</b>				
Balance at 1 January 2019	159.701	627.278	26.150	813.129
Additions	-	127.054	1.190	128.244
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>159.701</b>	<b>754.332</b>	<b>27.340</b>	<b>941.373</b>
Additions	-	194.231	-	194.231
Amount written-off	-	-	(6.300)	(6.300)
<b>Balance at 31 December 2020</b>	<b>159.701</b>	<b>948.563</b>	<b>21.040</b>	<b>1.129.304</b>
<b>Amortisation</b>				
Balance at 1 January 2019	-	235.261	25.790	261.051
Amortisation for the year	-	150.881	598	151.479
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>-</b>	<b>386.142</b>	<b>26.388</b>	<b>412.530</b>
Amortisation for the year	-	189.728	238	189.966
Charge on amount written-off	-	-	(6.300)	(6.300)
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>575.870</b>	<b>20.326</b>	<b>596.196</b>
<b>Net book amount</b>				
<b>Balance at 31 December 2020</b>	<b>159.701</b>	<b>372.693</b>	<b>714</b>	<b>533.108</b>
<b>Balance at 31 December 2019</b>	<b>159.701</b>	<b>368.190</b>	<b>952</b>	<b>528.843</b>

*\*Internally generated intangible assets*

On 1 January 2017 the Company acquired 100% of the shares in RichReach Corporation (CY) Ltd. This has resulted in the business being wholly consolidated within the Company's results from this date.

The cost of the purchase was in exchange of shares of the Company for the amount of €111.000. The net assets acquired were as follows:

	Net Book Value as at 1 January 2017 €	Fair Value as at 1 January 2017 €
Equipment supporting the RichReach application	46.795	46.795
Office and computer equipment	16.378	16.378
Trade and other receivables	14.906	14.906
Cash in hand and at bank	2.773	2.773
Trade and other payables	(89.811)	(89.811)
Related party balance with the Company	(39.741)	(39.741)
<b>Total Net Assets acquired</b>	<b>(48.701)</b>	<b>(48.701)</b>

**Consideration paid:** **111.000**  
Shares allotted

**Goodwill** **159.701**

Goodwill represents the premium paid to acquire the business of RichReach Corporation (CY) Ltd and is measured at cost less any accumulated impairment losses.

# **RICHREACH CORPORATION PUBLIC LTD**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **18. Intangible assets (continued)**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units using a suitable discount rate in order to calculate present value.

The recoverable amount has been determined based on the value in use calculation using cash flow projections based on financial plans approved by the board. The review has been based on the results and forecasts of the Group.

The main assumptions used in the valuation are:

Discount rate: The discount rate determines management's assessment of risks. This is a benchmark used by management to assess the operating performance and evaluate the business risks, financial risks and risk-free rates of return. The pre-tax discount rate applied to the cash flow projections is 25%.

Cash flows: Cash flow projections were prepared for the years 2021 to 2025 considering international expansion strategy.

Income statement projections: Income statement projections were prepared for the years 2021 to 2025 considering international expansion strategy.

The Goodwill recognised for RichReach Corporation (CY) Ltd is for the amount of €159.701 and has not been impaired on the basis that:

- The value in use of the CGU of the Group on which the goodwill has been allocated has been estimated to exceed the recoverable amount.
- For there to be an indication of impairment the discount rate would have to increase significantly in order for the carrying value to equal to the recoverable amount.

### **19. Trade and other receivables**

	<b>2020</b>	2019
	€	€
Deposits and prepayments	<b>8.909</b>	3.183
Trade receivables	<b>43.463</b>	57.978
	<b>52.372</b>	61.161

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above. No impairment of trade receivables has been incurred during the year.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The Company has implemented IFRS 9, no provision has been made for expected credit losses as there were no material past due trade and other receivables as at the year-end.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 5 of the financial statements.

### **20. Cash and cash equivalents**

Cash balances are analysed as follows:

	<b>2020</b>	2019
	€	€
Cash in hand	<b>49</b>	201
Cash at bank	<b>5.276</b>	15.086
	<b>5.325</b>	15.287

# **RICHREACH CORPORATION PUBLIC LTD**

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Year ended 31 December 2020

### **20. Cash and cash equivalents (continued)**

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 5 of the financial statements.

### **21. Share capital**

	<b>2020</b>	<b>2020</b>	2019	2019
	<b>Number of</b>	<b>€</b>	<b>Number of</b>	<b>€</b>
	<b>shares</b>		<b>shares</b>	
<b>Authorised</b>				
Ordinary shares of €0,05 each	<u><b>15.000.000</b></u>	<u><b>750.000</b></u>	<u>15.000.000</u>	<u>750.000</u>
<b>Issued and fully paid shares</b>				
Balance at 1 January	<b>11.246.778</b>	<b>562.339</b>	11.150.000	558.500
Issue of shares	<u><b>51.389</b></u>	<u><b>2.569</b></u>	<u>96.778</u>	<u>3.839</u>
<b>Balance at 31 December</b>	<u><b>11.298.167</b></u>	<u><b>564.908</b></u>	<u>11.246.778</u>	<u>562.339</u>

Under its Memorandum the Company fixed its share capital at 554.600 ordinary shares of nominal value of €0,05 each.

Upon incorporation on 11 August 2016 the Company issued to the subscribers of its Memorandum of Association 554.600 ordinary shares of nominal value of €0,05 and at a total Share Premium of €620.826.

Share Premium is not available for distribution.

On 22 November 2017 the Company: 1) Increased its Authorised Share Capital to 12.000.000 ordinary shares of €0.05 each (€600.000). 2) Proceeded to a bonus share issue (10.595.400 bonus shares) out of share premium that increased its Issued Share Capital to 11.150.000 ordinary shares of €0.05 each (€557.500).

On 10 April 2019, the Company increased its Authorised share capital to 15.000.000 ordinary shares of €0,05 each (€750.000).

On 14 October 2019 the Company increased its issued share capital to 11.246.778 ordinary shares of €0,05 each (€562.339).

On 14 October 2019 the Company increased its share premium by €245.486 (50.000 shares at a premium of €1,95 each, 12.500 shares at a premium of €3,95 each, and 27.778 shares at a premium of €3,55 each).

On 22 January 2020 and on 14 August 2020 the Company increased its issued share capital by 15.278 and 36.111, respectively, ordinary shares of nominal value of €0,05 for a total value of €2.569.

On 22 January 2020 and on 14 August 2020 the Company increased its share premium by €49.236 and €88.194, respectively (15.278 shares at a premium of €3,22 each, 11.111 shares at a premium of €3,55 each, and 25.000 shares at a premium of €1,95 each).

In accordance with the Articles of Association, the Company can move to the concession of free and/or bonus shares to the existing shareholders of the Company against reduced or zero consideration. The aforementioned shares will be provided and covered from the share premium account, statement of comprehensive income, retained earnings and quasi-capital funds and/or in any other way the Law and Articles of Association allow, and these shares will be considered fully paid.

## **RICHREACH CORPORATION PUBLIC LTD**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

#### **22. Advances from shareholders (Note 30)**

	<b>2020</b>	2019
	€	€
Balance at 1 January	<b>50.000</b>	-
Issue of New Shares	<b>(50.000)</b>	-
Proceeds during the year	<b>60.000</b>	50.000
<b>Balance at 31 December</b>	<b>60.000</b>	50.000

The advances from shareholders is made available to the Board of Directors for future increases of the share capital of the Company and are not refundable.

#### **23. Borrowings**

	<b>2020</b>	2019
	€	€
Balance at 1 January	<b>3.803</b>	9.503
Additions	-	11.800
Repayments	<b>(1.450)</b>	(17.964)
Interest payable	<b>122</b>	464
<b>Balance at 31 December</b>	<b>2.475</b>	3.803

	<b>2020</b>	2019
	€	€
<b>Current borrowings</b>		
Bank overdrafts	<b>50</b>	-
Short term loans	<b>2.475</b>	3.803
	<b>2.525</b>	3.803

The loan provided from Akinita L&N Kyprianou Ltd bears interest of 4% per annum and is repayable on demand.

#### **24. Deferred tax**

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 15). The applicable corporation tax rate in the case of tax losses is 12,5%.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

# **RICHREACH CORPORATION PUBLIC LTD**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **24. Deferred tax (continued)**

The movement on the deferred taxation account is as follows:

#### **Deferred tax assets**

	<b>Tax losses €</b>
Balance at 1 January 2019	53.848
Credited to:	
Statement of comprehensive income (Note 15)	<u>7.843</u>
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>61.691</b>
Credited to:	
Statement of comprehensive income (Note 15)	<u>16.520</u>
<b>Balance at 31 December 2020</b>	<b><u>78.211</u></b>

The Group recognised deferred tax assets on tax losses carried forward.

Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the unused tax losses/credits can be utilised.

### **25. Trade and other payables**

	<b>2020 €</b>	2019 €
Trade payables	<b>34.939</b>	27.435
Social insurance and other taxes	<b>2.516</b>	2.391
Value added tax	<b>87.562</b>	70.300
Accruals	<b>10.197</b>	25.381
Other creditors	<b><u>3.334</u></b>	<u>5.723</u>
	<b><u>138.548</u></b>	<u>131.230</u>

Trade payables are non-interest bearing and are normally settled on 60-day terms. The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to liquidity risk in relation to trade and other payables is reported in note 5 of the financial statements.

### **26. Operating Environment of the Group**

With the recent and continuous development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainty arising from the inability to reliably predict the outcome.

# **RICHREACH CORPORATION PUBLIC LTD**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **26. Operating Environment of the Group (continued)**

The Group's activities consist of the following three revenue streamlines; the RichReach application services, the communication services and the business digitalisation services.

The communications services streamline has been directly impacted by the uncertainty of the clients' available income sources due to COVID-19 restrictions. To counter this reduction, the Group has developed the first version of the application for the Trades, Professionals & Entertainment RichReach function. It was released in November 2020 and is scheduled to fully replace the Content and Monetisation and voice services by the end of 2021, when the Company will be promoting it more intensively in Cyprus and in 15 other countries with Greek speakers. Gross profitability of the communication services streamline is also expected to improve due to the lower cost of sales model associated with the revenue generated from the Trades, Professionals & Entertainment function compared to the cost of sales associated with the revenue generated from existing communication services.

Additionally, a projected decline in communications revenue is expected to be also set-off by a further increase in revenue from the RichReach application.

The disruption caused by COVID-19 has benefited RichReach Corporation (CY) Ltd and the Company by increasing the demand for the RichReach application as more corporate clients wish to sell their products and services online. The expected release of more RichReach application functions within 2021 will help meet the high demand from customers and increase the revenue from the RichReach application.

Management has considered the unique circumstances and the risk exposures of the Group and has concluded that there is no significant impact in the Group's profitability position. The event is not expected to have an immediate material impact on the business operations.

### **27. Related party transactions**

The Company is controlled by 3L Transcendent Investments Limited, incorporated in Cyprus, which owns 72,96% of the Company's shares. The ultimate controlling party is Mr Antonis Karitzis.

The following transactions were carried out with related parties:

#### **27.1 Directors' remuneration**

The remuneration of Directors and other members of key management was as follows:

	2020	2019
	€	€
Directors' fees	-	9,881
Salaries of Management	<b>19,415</b>	18,613
	<b>19,415</b>	28,494

#### **27.2 Purchases of goods and services**

Name	Nature of transactions	2020	2019
		€	€
Coeur DeLion Software Engineering Limited	Software development and support	<b>131,562</b>	131,266
		<b>131,562</b>	131,266

As at the reporting date Coeur DeLion Software Engineering Ltd owned 19,35% of the company's share capital.

The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

# **RICHREACH CORPORATION PUBLIC LTD**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2020

### **27. Related party transactions (continued)**

#### **27.3 Payables to related company**

		<b>2020</b>	<b>2019</b>
<u>Name</u>	<u>Nature of transactions</u>	<b>€</b>	<b>€</b>
Coeur DeLion Software Engineering Limited	Software development and support	<b>22.060</b>	73.619
		<b>22.060</b>	73.619

As at the reporting date Coeur DeLion Software Engineering Ltd owned 19,35% of the company's share capital.

The payable to related party is interest free and has no specified repayment date.

#### **27.4 Director's current accounts - credit balance**

		<b>2020</b>	<b>2019</b>
		<b>€</b>	<b>€</b>
Director's current account		<b>12.343</b>	3.300
		<b>12.343</b>	3.300

The director's current account is interest free and has no specified repayment date.

### **28. Contingent liabilities**

The Group had no contingent liabilities as at 31 December 2020.

### **29. Commitments**

The Group had no capital or other commitments as at 31 December 2020.

### **30. Events after the reporting period**

On 7 January 2021, 14.305 shares were allocated to C.A. Papaellinas Ltd for its investment amounting to €51.500 and the shares started trading at the CSE. After the allocation of these shares, the issued share capital of the Company increased to 11.312.472 shares.

During 2021, investment amounting to €74.500 from C.A. Papaellinas Ltd will be received, as per signed Share Purchase Agreement dated 14 September 2020. In addition to that, the Company has on-going business digitalisation projects with well-established Cypriot companies that are generating and will generate non-recurring and recurring revenue.

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints and incur impairments on its assets in 2021. The exact impact on the Company's activities in 2021 and thereafter cannot be predicted.

The continuous impact of COVID-19 on the business performance has already been assessed by management including future measures that could be used to monitor the financial viability of the Company. The main impacts from the Coronavirus disease on the Company and management's measures are explained above in note 26 'Operating environment of the Company'.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

### **Independent Auditor's report on pages 5 to 9**