

**RICHREACH CORPORATION PUBLIC
LTD**

CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2021

RICHREACH CORPORATION PUBLIC LTD

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

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RICHREACH CORPORATION PUBLIC LTD

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

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 2021.

Principal activities and nature of operations of the Group

The principal activities of the Group are the development, support, licensing, 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 €412.095 (2020: Loss €115.929). On 31 December 2021 the total assets of the Group were €367.155 (2020: €692.893) and the net assets of the Group were €255.323 (2020: €517.417). The financial position, development and performance of the Group as presented in these financial statements declined comparing to 2020 and the Board of Directors is making an effort to reduce the Group losses.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are disclosed in notes 6, 7 and 32 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 9.

Dividends

The Company did not have any distributable profits as at 31 December 2021, thus the Board of Directors cannot recommend the payment of a dividend.

Share capital

Issued capital

On 7 January 2021 and on 20 May 2021 increased its issued share capital by 14.305 and 17.274, respectively, ordinary shares of nominal value of €0,05.

On 7 January 2021 and on 20 May 2021 the Company increased its share premium by €50.785 and €33.136, respectively (14.305 shares of €3,55 premium and 17.274 shares of €1,91).

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.

Board of Directors

The members of the Group's Board of Directors as at 31 December 2021 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

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 2021 and 24 April 2022 (5 days before the date of approval of the financial statements by the Board of Directors) were as follows:

	31 December 2021	24 April 2022
	%	%
Christakis Ierides	0,20	0,20
George Rousou	0,62	0,66
Antonis Karitzis	0,46	0,46

George Rousou also 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 2021 and 24 April 2022:

	31 December 2021	24 April 2022
	%	%
3L Transcendent Investments Ltd	72,76	72,44
Coeur DeLion Software Engineering Ltd	18,96	18,83

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 36 to the consolidated financial statements.

Agreements with Directors and related parties

As at 31 December 2021, 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 2022

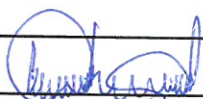
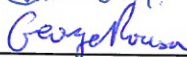
RICHREACH CORPORATION PUBLIC LTD

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

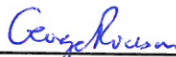
In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 (N 190 (I)/2007) ("the Law") we, the members of the Board of Directors and the Company official responsible for the consolidated financial statements of RichReach Corporation Public Ltd (the "Company") for the year ended 31 December 2021, on the basis of our knowledge, declare that:

- (a) The annual consolidated financial statements of the Group which are presented on pages 9 to 43:
 - (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 management report provides a fair view of the developments and the performance as well as the financial position of the Group as a whole, together with a description of the main risks and uncertainties which they face.

Members of the Board of Directors:

Antonis Karitzis	
Christakis Ierides	
George Rousou	
Epaminondas Metaxas	
George Koufaris	

Responsible persons for the preparation of these financial statements

George Rousou - Director	
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Nicosia, 29 April 2022



**Building a better
working world**

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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 (the "Company") and its subsidiaries (the "Group"), which are presented in pages 9 to 43 and comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, 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 Matter

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.

Key audit matter	Audit procedures performed
Goodwill and application development costs impairment assessments (note 23)	
<p>The Group recognised application development costs on the balance sheet in the amount of €284.461 as at 31 December 2021 and written off goodwill in its full entirety on the income statement, as impairment loss in the amount of €159.701 which are significant for the consolidated financial statements, representing 77% of total Group assets and 39% of net loss respectively.</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 2021 and the key assumptions used are included in Note 23 to the accompanying consolidated financial statements.</p> <p>Due to the significance of the value of the goodwill impairment charge 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"> - We have obtained understanding of the impairment estimation process and related controls, and evaluated the reasonableness of the methods and assumptions used by management for the impairment estimation process. - We tested the accuracy of impairment charge for the year by reference to the carrying value of the CGU's net assets. - 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. - We assessed whether the model used to derive the value in use is in line with the requirements of IAS 36. - We assessed the adequacy of disclosures related to the impairment of goodwill and capitalized application development costs included in the consolidated financial statements.

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.

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 and 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.

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.

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.



Nick Nicolaou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 29 April 2022

RICHREACH CORPORATION PUBLIC LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	Note	2021 €	2020 €
Revenue	8	450.610	337.202
Cost of sales	9	(271.456)	(107.749)
Gross profit		179.154	229.453
Other operating income	11	9.527	184
Selling and distribution expenses	14	(41.450)	(34.072)
Administration expenses	15	(120.212)	(100.065)
Earnings before Interest, Tax, Depreciation, Amortisation		27.019	95.500
Finance income	18	2	-
Finance costs	18	(1.283)	(1.822)
Other income	10	64.084	-
Impairment charge- intangible assets	13	(2.262)	-
Impairment charge- goodwill	12	(159.701)	-
Other expenses	16	(3.002)	-
Expenses related to the listing of the Company's Shares at the Stock Exchange and Share Capital and Corporate Events	19	(28.134)	(28.158)
Depreciation	22	(9.560)	(8.003)
Amortisation	23	(215.904)	(189.966)
Loss before tax		(328.741)	(132.449)
Tax	20	(83.354)	16.520
Net loss for the year		(412.095)	(115.929)
Other comprehensive income		-	-
Total comprehensive loss for the year		(412.095)	(115.929)
Loss per share attributable to equity holders of the parent (cent)	21	(3,64)	(1,03)

Diluted EPS is the same as basic EPS.

The notes on pages 13 to 43 form an integral part of these consolidated financial statements.

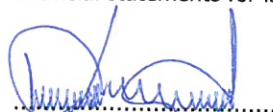
RICHREACH CORPORATION PUBLIC LTD


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Note	2021 €	2020 €
ASSETS			
Non-current assets			
Property, plant and equipment	22	12.427	23.877
Intangible assets	23	284.937	533.108
Deferred tax assets	29	-	78.211
		<u>297.364</u>	<u>635.196</u>
Current assets			
Trade and other receivables	24	45.096	52.372
Cash and cash equivalents	25	24.695	5.325
		<u>69.791</u>	<u>57.697</u>
Total assets		<u>367.155</u>	<u>692.893</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	26	566.487	564.908
Share premium		557.894	473.972
Accumulated losses		(993.558)	(581.463)
		<u>130.823</u>	<u>457.417</u>
Advances from shareholders	27	124.500	60.000
Total equity		<u>255.323</u>	<u>517.417</u>
Non-current liabilities			
Payables to related companies	33	49.072	-
		<u>49.072</u>	<u>-</u>
Current liabilities			
Trade and other payables	30	57.617	138.548
Payables to related companies	33	-	34.403
Bank overdrafts	28	-	50
Borrowings	28	-	2.475
Current tax liabilities	31	5.143	-
		<u>62.760</u>	<u>175.476</u>
Total liabilities		<u>111.832</u>	<u>175.476</u>
Total equity and liabilities		<u>367.155</u>	<u>692.893</u>

On 29 April 2022 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 13 to 43 form an integral part of these consolidated financial statements.

RICHREACH CORPORATION PUBLIC LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Note	Share capital €	Share premium €	Advances from shareholders €	Accumulated losses €	Total €
Balance at 1 January 2020		562.339	336.543	50.000	(465.534)	483.348
Net loss for the year/ Total comprehensive loss for the year		-	-	-	(115.929)	(115.929)
Transactions with owners						
Issue of share capital	26	2.569	137.429	-	-	139.998
Issue of New Shares		-	-	(50.000)	-	(50.000)
Advances from shareholders		-	-	60.000	-	60.000
Balance at 31 December 2020/ 1 January 2021		564.908	473.972	60.000	(581.463)	517.417
Net loss for the year/Total comprehensive loss for the year		-	-	-	(412.095)	(412.095)
Transactions with owners						
Issue of share capital	26	1.579	83.922	-	-	85.501
Issue of New Shares		-	-	(85.500)	-	(85.500)
Advances from shareholders		-	-	150.000	-	150.000
Balance at 31 December 2021		566.487	557.894	124.500	(993.558)	255.323

Share premium is not available for distribution.

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

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65% (2019: 1,70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 13 to 43 form an integral part of these consolidated financial statements.

RICHREACH CORPORATION PUBLIC LTD

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Note	2021 €	2020 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(328.741)	(132.449)
Adjustments for:			
Depreciation of property, plant and equipment	22	9.560	8.003
Amortisation of intangible assets	23	216.142	189.966
Loss/(profit) from the sale of property, plant and equipment		3.002	(84)
Impairment charge - intangible assets	23	2.262	-
Impairment charge - goodwill	23	159.701	-
Interest income	18	(2)	-
Interest expense	18	33	122
		61.957	65.558
Changes in working capital:			
Decrease in trade and other receivables		7.276	8.789
(Decrease)/increase in trade and other payables		(82.291)	12.941
Increase/(Decrease) in payables to related companies		9.306	(49.417)
Increase in deferred income		4.000	-
Cash generated from operations		248	37.871
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for internally generated intangible assets	23	(129.686)	(194.231)
Payment for purchase of property, plant and equipment	22	(7.789)	(3.562)
Proceeds from disposal of property, plant and equipment		6.678	84
Interest received		2	-
Net cash used in investing activities		(130.795)	(197.709)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		25.500	89.998
Advances from shareholders		124.500	60.000
Repayments of borrowings		(50)	-
Interest paid		(33)	(122)
Net cash generated from financing activities		149.917	149.876
Net increase/(decrease) in cash and cash equivalents		19.370	(9.962)
Cash and cash equivalents at beginning of the year		5.325	15.287
Cash and cash equivalents at end of the year		24.695	5.325

The notes on pages 13 to 43 form an integral part of these consolidated financial statements.

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

1. Corporate information

Country of incorporation

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

Principal activities

The principal activities of the Group are the development, support, licensing, operation and promotion of the multifunction RichReach Application ecosystem available for smart devices.

2. Basis of preparation

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.

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 2021. This adoption did not have a material effect on the accounting policies of the Group.

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 €412.095 for the year ended 31 December 2021, and, as of that date the Group's current assets exceeded its current liabilities by €12.175. In addition, cash flow projections have been prepared up to and including December 2023 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 and no material going concern uncertainty exists:

- Expects to maintain an average positive cash flow balance;
- Has on going development projects with well-established Cypriot companies;
- Has no significant borrowings;
- Has been partly 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.
- Main assumptions used were the following:
 - 1) Only recurring revenue and revenue from existing clients included in the calculation, based on agreements.
 - 2) Only actual revenue from Covid-19 certificates included in the calculation.
 - 3) The expenses included, are calculated based on the current, actual and budgeted expenses (including mainly payroll cost).

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Going concern basis (continued)

The actual results of the Group for the period January - April 2022 have been considered as satisfactory. The Group has already invoiced the 22% of the projected revenue and is profit making. Most of projects for which agreements have been signed are expected to get completed and eventually invoiced not later than December 2022.

- Main sources of financing for the Group:

- 1) Licensing Revenue from the CGU.
- 2) Issue of new shares through the CSE.
- 3) Advances from shareholders in relation to shares that will be listed in the future in the CSE.

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 Ltd and the financial statements of RichReach Corporation (CY) Ltd.

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.

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Business combinations (continued)

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. 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 reassesses 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.

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Revenue recognition (continued)

- **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 of the current tax 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 tax is provided in full, using the liability method, on temporary differences arising between the tax 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 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.

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Group's Directors.

Property, plant and equipment

Property, plant and equipment are 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.

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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.

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 profit or loss in the expense category consistent with the function of the intangible asset.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. 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.

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.

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

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.

Financial assets

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 or 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 FVTPL.

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.

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - Measurement (continued)

Debt instruments

There are three measurement categories into which the Group 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 consolidated statement of comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months and trade receivables.

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.

FVOCI: 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 FVOCI. Movements in the carrying amount are taken through OCI, 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 OCI 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 consolidated statement of comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

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 FVTPL 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 measured at FVTPL are not reported separately from other changes in fair value.

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Financial assets (continued)

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 amortised cost 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.

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 consolidated 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 FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI 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 and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group 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 ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, 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 ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

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

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

4. Summary of significant accounting policies (continued)

Financial assets (continued)

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.

Fair values

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

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

5. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of the consolidated financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

(i) Standards, interpretation and amendments issued by the IASB and adopted by the Group Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) (issued on 27 August 2020)

- *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. 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. While application is retrospective, an entity is not required to restate prior periods.*

Amendments to IFRS 16 Leases - Covid 19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)

- *The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.*

(ii) Standards Issued by the IASB, adopted by the European Union but not yet applied in the current accounting period and the Group did not adopt earlier IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)

- *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 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 application of the standard is not expected to have an impact on the financial statements of the Company.*

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

5. New accounting pronouncements (continued)

(ii) Standards Issued by the IASB, adopted by the European Union but not yet applied in the current accounting period and the Group did not adopt earlier (continued)

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) (All issued 14 May 2020)

- *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 application of the standard is not expected to have an impact on the financial statements of the Company.*

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).

- *The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU. The application of the standard is not expected to have an impact on the financial statements of the Company.*

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

- *The amendments were initially 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.*

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

5. New accounting pronouncements (continued)

(ii) Standards Issued by the IASB, adopted by the European Union but not yet applied in the current accounting period and the Group did not adopt earlier (continued)

- *In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU. The application of the interpretation is not expected to have an impact on the financial statements of the Company.*

IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

- *The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU. The application of the interpretation is not expected to have an impact on the financial statements of the Company.*

IFRS 17: Insurance contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments) (issued on 9 December 2021)

- *The amendment is effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted respectively with IFRS 17. For entities that first apply IFRS 17 and IFRS 9 at the same time, the amendment adds a transition option for a "classification overlay", relating to comparative information of financial assets. An entity applying the classification overlay to a financial asset shall present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset. Also, in applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. These amendments have not yet been endorsed by the EU. The application of the interpretation is not expected to have an impact on the financial statements of the Company.*

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

6. 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. The risk management policies employed by the Group to manage these risks are discussed below:

6.1 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) Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- cash and cash equivalents

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

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

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

6. Financial risk management objectives and policies (continued)

6.1 Credit risk (continued)

(ii) Impairment of financial assets (continued)

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Low credit risk

The Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

Cash and cash equivalents

The Group assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

6. Financial risk management objectives and policies (continued)

6.1 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Cash and cash equivalents (continued)

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2021 and 31 December 2020:

Financial institution:	Credit rating as at 31 December 2021	2021	2020
		€	€
Eurobank Cyprus Ltd	B3	14.532	2.965
Bank of Cyprus	B3	9.627	1.822
Total		24.159	4.787

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

The Group does not hold any collateral as security for any cash at bank balances.

6.2 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:

31 December 2021	On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 years	Total
	€	€	€	€	€	€
Trade and other payables	-	-	57.617	-	-	57.617
Payables to related parties	-	-	-	49.072	-	49.072
	-	-	57.617	49.072	-	106.689

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
Payables to related parties	34.403	-	-	-	-	34.403
	36.927	-	138.548	-	-	175.475

6.3 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

6. Financial risk management objectives and policies (continued)

6.3 Capital risk management (continued)

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.

7. 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:

- **Going concern basis**

The assessment of the Group for the appropriateness of the use of the going concern basis is disclosed in note 4.

- **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.

- **Income taxes**

Significant judgment is required in determining the provision for income 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 20.

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

7. 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. Additional information is disclosed in Note 23.

- **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 23.

8. Revenue

	2021 €	2020 €
<u>Consumer & Corporate Applications</u>	<u>9.900</u>	<u>29.039</u>
<u>Products & Services Functions</u>		
Marketing & Loyalty	38.835	32.850
Ordering & Sales	83.294	33.135
Reservations	100	1.200
	<u>122.229</u>	<u>67.185</u>
<u>Communication functions</u>		
Business Communications	25.495	15.697
Trades, Professionals & Entertainment	10.162	689
Content & Monetisation Services	28.853	103.551
Voice Services	4.968	15.008
	<u>69.478</u>	<u>134.945</u>
<u>Other revenue</u>		
Business Digitalisation	82.990	95.400
Revenue Collections Fees Recovered	-	10.633
	<u>82.990</u>	<u>106.033</u>
<u>Human Resources Functions</u>		
eLearning	5.500	-
Other HR Functions	11.424	-
	<u>16.924</u>	<u>-</u>
<u>Medical Functions</u>		
Automated Sending of Certificates	149.089	-
	<u>149.089</u>	<u>-</u>
Total Revenue	<u>450.610</u>	<u>337.202</u>

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

8. Revenue (continued)

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.

9. Cost of sales

	2021	2020
	€	€
<u>RichReach Application</u>		
Research & Development	95.915	30.985
Infrastructure	20.980	20.177
	116.895	51.162
<u>Medical Functions</u>		
Automated Sending of Certificates	111.541	-
	111.541	-
<u>Communications</u>		
Content & Monetisation Services	13.047	24.428
Other Communication Services	17.666	18.773
	30.714	43.201
<u>Other</u>		
Revenue Collection Fees	12.305	13.386
	12.305	13.386
	271.456	107.749

10. Other income

	2021	2020
	€	€
Release of provisions	64.084	-
	64.084	-

11. Other operating income

	2021	2020
	€	€
Discounts received	393	-
Gain from sale of property, plant and equipment	-	84
Other operating income	9.134	100
	9.527	184

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

12. Impairment charge- goodwill

	2021	2020
	€	€
Impairment charge- goodwill	159.701	-
	159.701	-

13. Impairment charge- intangible assets

	2021	2020
	€	€
Impairment charge - intangible assets	2.262	-
	2.262	-

14. Selling and distribution expenses

	2021	2020
	€	€
Advertising	3.464	5.613
Sundry expenses	170	-
Promotion Costs	37.816	28.459
	41.450	34.072

15. Administration expenses

	2021	2020
	€	€
Staff costs	33.737	22.225
Rent	13.200	13.200
Licenses and taxes	2.426	3.023
Municipality taxes	597	889
Annual levy	700	700
Electricity	3.681	3.714
Water supply and cleaning	2.191	2.140
Insurance	355	373
Sundry expenses	1.750	1.549
Telephone and postage	3.859	4.748
Courier expenses	10	-
Stationery and printing	148	161
Subscriptions and contributions	84	89
Equipment maintenance	323	349
Computer supplies and maintenance	1.494	895
Computer software	983	270
Auditors' remuneration - current year	10.000	8.100
Auditors' remuneration - prior years	-	100
Accounting fees	1.391	-
Other professional fees	4.286	5.480
Secretarial & Registered Office fees	940	815
Overseas travelling	2.906	-
Inland travelling and accommodation	143	48
Motor vehicle running costs	8.809	8.854
External Operations & Accounting Services	23.894	20.900

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

15. Administration expenses (continued)

Common expenses	1.704	1.217
Hardware expenses	601	226
	<u>120.212</u>	<u>100.065</u>

16. Other expenses

	2021	2020
	€	€
Loss on disposal of property, plant and equipment	3.002	-
	<u>3.002</u>	<u>-</u>

17. Staff costs

	2021	2020
	€	€
Salaries	29.362	19.415
Wages	50.730	24.400
Social security costs	8.956	5.130
	<u>89.048</u>	<u>48.945</u>

The number of employees employed by the Group during the year 2021 and 2020 were 4 and 6 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.

18. Finance income/(costs)

	2021	2020
	€	€
Interest income	2	-
Finance income	<u>2</u>	<u>-</u>
Interest expense	(33)	(122)
Sundry finance expenses	(1.250)	(1.700)
Finance costs	<u>(1.283)</u>	<u>(1.822)</u>
Net finance costs	<u>(1.281)</u>	<u>(1.822)</u>

19. Expenses related to the listing of the Company's Shares at the Stock Exchange and Share Capital and Corporate Events

	2021	2020
	€	€
Cyprus Stock Exchange Recurring Fees	7.334	7.338
Nominated Advisor Fees	5.000	5.000
Other expenses related to the Cyprus Stock Exchange and Investors	1.425	1.500
Finder's Fees	10.000	10.000
New Shares Issue & Listing Fees	4.375	4.320
	<u>28.134</u>	<u>28.158</u>

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

20. Tax

	2021 €	2020 €
Corporation tax	5.143	-
Deferred tax - charge/(credit) (Note 29)	78.211	(16.520)
Charge/(credit) for the year	83.354	(16.520)

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

	2021 €	2020 €
Loss before tax	(328.741)	(132.449)
Tax calculated at the applicable tax rates	(33.173)	(16.556)
Tax effect of expenses not deductible for tax purposes	43.869	27.741
Tax effect of allowances and income not subject to tax	(28.841)	(24.775)
Tax effect of tax loss for the year	22.820	13.590
10% additional charge	468	-
Write-off of deferred tax/Deferred tax	78.211	(16.520)
Tax charge	83.354	(16.520)

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%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

21. Loss per share attributable to equity holders of the parent

	2021	2020
Loss attributable to shareholders (€)	(412.095)	(115.929)
Weighted average number of ordinary shares in issue during the year	11.329.746	11.298.167
Loss per share attributable to equity holders of the parent (cent)	(3,64)	(1,03)

Diluted EPS is the same as basic EPS.

22. Property, plant and equipment

	Furniture & Equipment €	Computer Hardware €	Machinery €	Telephone Systems €	Total €
Cost					
Balance at 1 January 2020	14.305	29.632	5.750	42.500	92.187
Additions	-	3.562	-	-	3.562
Amount written-off	-	(16.382)	-	-	(16.382)
Balance at 31 December 2020/ 1 January 2021	14.305	16.812	5.750	42.500	79.367
Additions	-	7.790	-	-	169.753

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

22. Property, plant and equipment (continued)

Disposals	-	-	-	(42.500)	(42.500)
Impairment charge	-	-	-	-	(161.963)
Amount written-off	(150)	-	(5.750)	-	(5.900)
Balance at 31 December 2021	14.155	24.602	-	-	38.757

Depreciation

Balance at 1 January 2020	8.583	26.336	3.450	25.500	63.869
Charge for the year	1.431	1.747	575	4.250	8.003
Charge on amount written-off	-	(16.382)	-	-	(16.382)

Balance at 31 December 2020/ 1

January 2021

	10.014	11.701	4.025	29.750	55.490
Charge for the year	731	2.854	1.725	4.250	9.560
Charge for the year on amount written-off	(150)	-	(5.750)	-	(5.900)

Balance at 31 December 2021	11.775	14.555	-	-	26.330
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Net book amount

Balance at 31 December 2021	2.380	10.047	-	-	12.427
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Balance at 31 December 2020	4.291	5.111	1.725	12.750	23.877
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During the year ended ended 31 December 2021, equipment in relation to telephony services was disposed due to the discontinuation of the service by the Group, resulting to a loss of €3.002.

23. Intangible assets

	Goodwill	RichReach Application *	Computer and Telecom software	Total
	€	€	€	€
Cost				
Balance at 1 January 2020	159.701	754.332	27.340	941.373
Additions	-	194.231	-	194.231
Amount written-off	-	-	(6.300)	(6.300)
Balance at 31 December 2020/ 1 January 2021	159.701	948.563	21.040	1.129.304
Additions	-	129.686	-	129.686
Impairment charge	(159.701)	-	-	(159.701)
Amount impaired	-	(336.621)	(19.850)	(356.471)
Balance at 31 December 2021	-	741.628	1.190	742.818

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

23. Intangible assets (continued)

Amortisation

Balance at 1 January 2020	-	386.142	26.388	412.530
Amortisation for the year	-	189.728	238	189.966
Amount written-off	-	-	(6.300)	(6.300)
Balance at 31 December 2020/ 1 January 2021	-	575.870	20.326	596.196
Amortisation for the year	-	215.666	238	215.904
Charge related to the amount impaired	-	(334.369)	(19.850)	(354.219)
Balance at 31 December 2021	-	457.167	714	457.881

Net book amount

Balance at 31 December 2021	-	284.461	476	284.937
Balance at 31 December 2020	159.701	372.693	714	533.108

**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 €	Net Book 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)
Total Net Assets acquired	(48.701)	(48.701)
Consideration paid:		111.000
Shares allotted		
Goodwill		159.701

Goodwill recognised in 2017 represents the premium paid to acquire the business of eUmbrella Corporation (CY) and is measured at cost less any accumulated impairment losses. 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. During the year, goodwill has been fully impaired.

Impairment assessment

The subsidiary RichReach Corporation (CY) Ltd is the CGU to which goodwill and development costs are allocated.

The following events and circumstances led to impairment of goodwill and development costs:

RICHREACH CORPORATION PUBLIC LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021

23. Intangible assets (continued)

Impairment assessment of development costs: Due to the discontinuation of services, the development costs previously capitalised, will no longer generate revenue.

Impairment assessment of goodwill:

- Due to the discontinuation of services that generated more than 95% of revenue when the goodwill was initially recognised upon the acquisition date of subsidiary.
- The subsidiary's net equity on 31/12/2021 did not support the amount of recognised goodwill.
- Non - current assets with net book value of €46.795 when the goodwill was initially recognised upon the acquisition date of subsidiary are no longer operational and have no resale value or have been disposed at a loss.

The recoverable amount of the above CGU has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering a five-year period (2022 - 2026). The Management prepares the financial budgets based on past performance experience and its expectations for business and market developments. Cash flows beyond the five-year period are extrapolated using the best estimate of the expected growth rate. The growth rate does not in any case exceed the long-term average growth rate for the business in which the CGU operates, and it is consistent with the macroeconomic factors of the country of operation. The discount rate used does not include the tax effects and reflects specific risks relating to the CGU.

The key assumptions used for the value-in-use calculations are as follows:

Average annual increase in operating cash inflows	15.000
Average annual increase in operating cash outflows	-
Growth rate for cash flows	€980 per month
Discount rate	25%

The impairment tests resulted in the recognition of impairment losses of €161.963 (2020: € -) in relation to impairment charge of goodwill (€159.701) and impairment charge of development costs (€2.262).

24. Trade and other receivables

	2021	2020
	€	€
Trade receivables	34.696	43.463
Deposits and prepayments	10.400	8.909
	<u>45.096</u>	<u>52.372</u>

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 Group 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 6 of the consolidated financial statements.

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25. Cash and cash equivalents

Cash balances are analysed as follows:

	2021	2020
	€	€
Cash in hand	46	49
Cash at bank	24.649	5.276
	24.695	5.325

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the consolidated financial statements.

26. Share capital

	2021	2021	2020	2020
	Number of	€	Number of	€
	shares		shares	
Authorised				
Ordinary shares of €0,05 each	15.000.000	750.000	15.000.000	750.000
Issued and fully paid				
Balance at 1 January	11.298.167	564.908	11.246.778	562.339
Issue of shares	31.579	1.579	51.389	2.569
Balance at 31 December	11.329.746	566.487	11.298.167	564.908

Under its Memorandum the Company fixed its share capital at 566.487 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.

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).

On 7 January 2021 and on 20 May 2021 increased its issued share capital by 14.305 and 17.274, respectively, ordinary shares of nominal value of €0,05.

On 7 January 2021 and on 20 May 2021 the Company increased its share premium by €50.785 and €33.136, respectively (14.305 shares of €3,55 premium and 17.274 shares of €1,91).

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26. Share capital (continued)

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.

27. Advances from shareholders

	2021	2020
	€	€
Balance at 1 January	60.000	50.000
Issue of New Shares	(85.500)	(50.000)
Proceeds during the year	150.000	60.000
Balance at 31 December	124.500	60.000

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

28. Borrowings

	2021	2020
	€	€
Balance at 1 January	2.475	3.803
Repayments	(2.475)	(1.450)
Interest payable	-	122
Balance at 31 December	-	2.475

	2021	2020
	€	€
Current borrowings		
Bank overdrafts (Note 25)	-	50
Short term loans (Note 25)	-	2.475
	-	2.525

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

29. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 20). 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.

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29. Deferred tax (continued)

The movement on the deferred taxation account is as follows:

Deferred tax assets

	Tax losses €
Balance at 1 January 2020	61.691
Charged/(credited) to:	
Statement of comprehensive income (Note 20)	<u>16.520</u>
Balance at 31 December 2020/ 1 January 2021	78.211
Charged/(credited) to:	
Statement of comprehensive income (Note 20)	<u>(78.211)</u>
Balance at 31 December 2021	-

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.

30. Trade and other payables

	2021 €	2020 €
Trade payables	13.064	34.939
Social insurance and other taxes	2.373	2.516
VAT	22.331	87.562
Accruals	13.522	10.197
Other creditors	2.327	3.334
Deferred income	4.000	-
	<u>57.617</u>	<u>138.548</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 6 of the financial statements.

31. Current tax liabilities

	2021 €	2020 €
Corporation tax	<u>5.143</u>	-
	<u>5.143</u>	-

32. Operating Environment of the Group

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

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Year ended 31 December 2021

32. Operating Environment of the Group (continued)

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures.

The Group's activities consist of the following four revenue stream lines; the RichReach application services, the medical function services, the communication services and the business digitalization services. The content and monetisation services and the voice services of the communications services line has been directly impacted by the uncertainty of the clients' available income sources due to COVID-19 restrictions and have been discontinued during 2021.

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 uncertainties arising from the inability to reliably predict the outcome.

The disruption caused by COVID-19 has benefited the Group 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 2022 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. Management will continue to monitor the situation closely and will assess the need for appropriate actions in case the period of disruption becomes prolonged and the Group is adversely affected.

(1) the ability of the Group to continue as a going concern (Note 4).

33. Related party transactions

The Company is controlled by 3L Transcedent Investments Limited, incorporated in Cyprus, which owns 72,76% of the Company's shares. The ultimate controlling party is Mr. Antonis Karitzis.

The following transactions were carried out with related parties:

33.1 Directors' remuneration

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

	2021	2020
	€	€
Salaries of Management	29.362	19.415
	29.362	19.415

33.2 Purchases of goods and services

<u>Name</u>	<u>Nature of transactions</u>	2021	2020
		€	€
Coeur DeLion Software Engineering Limited	Software development and support	188.595	131.562
3L Baccarat Investments (Int'l) Limited	Software development and support	55.123	-
		243.718	131.562

Coeur DeLion Software Engineering Ltd (controlled by the Director George Rousou) owns 18,96% of the Company's share capital. 3L Baccarat Investments (INT'L) Limited (controlled by the Director George Rousou) owns 0,57% 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.

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33. Related party transactions (continued)

33.3 Payables to related companies

<u>Name</u>	<u>Nature of transactions</u>	2021 €	2020 €
Coeur DeLion Software Engineering Limited	Software development and support	24.970	22.060
3L Baccarat Investments (Int'l) Limited	Software development and support	11.760	-
		36.730	22.060

Coeur DeLion Software Engineering Ltd (controlled by the Director George Rousou) owns 18,96% of the Company's share capital. 3L Baccarat Investments (INT'L) Limited (controlled by the Director George Rousou) owns 0,57% of the Company's share capital.

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

33.4 Shareholders' current accounts - credit balances

	2021 €	2020 €
Director's current account	12.343	12.343
	12.343	12.343

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

34. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2021.

35. Commitments

The Group had no capital or other commitments as at 31 December 2021.

36. Events after the reporting period

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Group might experience negative results, and liquidity restraints and incur impairments on its assets in 2022. The exact impact on the Group's activities in 2022 and thereafter cannot be predicted.

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36. Events after the reporting period (continued)

The recent events in Ukraine from February 24, 2022, may have consequences for the Cypriot Economy, which cannot yet be predicted, but the main concern at the moment is the uncertainty mainly for tourism and other sectors of the economy, rising prices for fuel and other raw materials and rising inflation, which may affect household incomes and business operating costs. The financial effect of the current crisis on the Cyprus and Global economy and overall business activities cannot be estimated with reasonable certainty at this stage. The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the Consolidated financial statements as at 31 December 2021.

On 11 January 2022, 28.046 new shares started trading at the CSE. Following that action, the Company's share capital has increased to 11.357.792 shares.

On 8 March 2022, 21.129 new shares started trading at the CSE. Following that action, the Company's share capital has increased to 11.378.921 shares.

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

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