

**RichReach Corporation Public Ltd**

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

For the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

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BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors	Antonis Karitzis Christakis Ierides Epaminondas Metaxas George Koufaris George Rousou
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	228 Archiepiskopou Makariou III Agios Pavlos Court, Block B' 4th floor, flat/office 411-412 3030, Limassol, Cyprus
Business Office	61A Larnakos Avenue, Office 402 2101 Aglandjia, Nicosia, Cyprus
Bankers	Eurobank Cyprus Ltd Bank of Cyprus Public Company Ltd
Registration number	HE 359049

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

	Note	01/01/2020 – 30/06/2020		01/01/2019 – 30/06/2019	
		Unaudited		Unaudited	
		€	Margin	€	Margin
Revenue	6	158,393		150,325	
Cost of Sales	7	(56,957)	(36.0%)	(79,553)	(52.9%)
<b>Gross Profit</b>		<b>101,435</b>	<b>64.0%</b>	<b>70,772</b>	<b>47.1%</b>
Other Operating Income		-	-	-	-
Selling and Distribution Expenses	8	(14,566)	(9.2%)	(25,751)	(17.1%)
Administrative Expenses	9	(45,956)	(29.0%)	(48,004)	(31.9%)
<b>Earnings / (Losses) Before Interest, Tax, Depreciation &amp; Amortisation (EBITDA)</b>		<b>40,913</b>	<b>25.8%</b>	<b>(2,982)</b>	<b>(2.0%)</b>
Finance Costs	11	(882)	(0.6%)	(1,096)	(0.7%)
Expenses related to the listing of the Company's Shares at the Stock Exchange and Share Capital and Corporate Events	12	(16,531)	(10.4%)	(28,839)	(19.2%)
Depreciation	16	(3,920)	(2.5%)	(3,725)	(2.5%)
Amortisation	14	(83,944)	(53.0%)	(68,827)	(45.8%)
<b>Profit / (Loss) before Tax</b>		<b>(64,365)</b>	<b>(40.6%)</b>	<b>(105,469)</b>	<b>(70.2%)</b>
Tax		-	-	-	-
<b>Net Profit / (Loss) for the Year</b>		<b>(64,365)</b>	<b>(40.6%)</b>	<b>(105,469)</b>	<b>(70.2%)</b>
Profit / (Loss) per share attributable to the Shareholders of the Company (cents)	13	(0.57)		(0.95)	

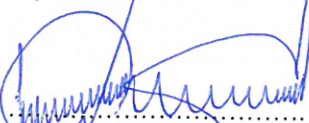
The notes on pages 8 to 17 are an integral part of these unaudited consolidated financial statements.

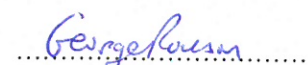
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30<sup>th</sup> of June 2020

	as at	30/06/2020	31/12/2019
	Note	Unaudited	Audited
		€	€
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
RichReach Application ecosystem	14	368,151	368,115
Equipment that support the RichReach Application ecosystem	16	16,887	19,300
Furniture & Office Equipment	16	7,036	5,722
Computer Hardware	16	3,233	3,297
Software & Infrastructure	14	889	1,027
Goodwill on Acquisition of Subsidiary	15	159,701	159,701
Deferred Tax Assets		61,691	61,691
		<u>617,589</u>	<u>618,853</u>
<b>Current Assets</b>			
Trade and other Receivables	17	47,414	61,160
Cash and Cash Equivalents	18	23,252	15,287
		<u>70,666</u>	<u>76,447</u>
<b>Total Assets</b>		<u><b>688,255</b></u>	<u><b>695,299</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Ordinary Share Capital	19	563,103	562,339
Share Premium		385,779	336,543
Accumulated Losses		(529,893)	(465,529)
		<u>418,988</u>	<u>433,353</u>
Advancements from Shareholders	20	90,000	50,000
		<u>508,988</u>	<u>483,353</u>
<b>Current Liabilities</b>			
Trade and other Payables	21	135,291	131,225
Payables to Related Parties	22	40,861	76,919
Borrowings	23	3,114	3,803
		<u>179,266</u>	<u>211,947</u>
<b>Total Equity and Liabilities</b>		<u><b>688,255</b></u>	<u><b>695,299</b></u>

On the 17<sup>th</sup> of September 2020, the Board of Directors of RichReach Corporation Public Ltd authorised these unaudited consolidated financial statements for issue.

Signed on behalf of the Board of Directors:

  
Christakis Ierides – Director

  
George Rousou – Director

The notes on pages 8 to 17 are an integral part of these unaudited consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

	Note	Share Capital €	Share Premium €	Advancemen ts from Shareholders €	Accumulated Losses €	Total €
<b>Balance at 1<sup>st</sup> of January 2019</b>		557,500	91,056	-	(275,067)	373,489
Issue of Share Capital	19					-
Advances from Shareholders	20			250,000		250,000
Net Loss for the period					(105,469)	(105,469)
<b>Balance at 30<sup>th</sup> of June 2019 / 1<sup>st</sup> of July 2019</b>		<b>557,500</b>	<b>91,056</b>	<b>250,000</b>	<b>(380,536)</b>	<b>518,020</b>
Issue of Share Capital	19	4,839	245,486	(250,000)		325
Advances from Shareholders	20			50,000		50,000
Net Loss for the period					(84,992)	(84,992)
<b>Balance at 31<sup>st</sup> December 2019 / 1<sup>st</sup> of January 2020</b>		<b>562,339</b>	<b>336,543</b>	<b>50,000</b>	<b>(465,529)</b>	<b>483,353</b>
Issue of Share Capital	19	764	49,236	(50,000)		-
Advances from Shareholders	20			90,000		90,000
Net Loss for the period					(64,365)	(64,365)
<b>Balance at 30<sup>th</sup> of June 2020</b>		<b>563,103</b>	<b>385,779</b>	<b>90,000</b>	<b>(529,893)</b>	<b>508,988</b>

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

The advances from shareholders are made available to the Board of Directors for future increases of the share capital of the Company. Note that the increases of the share capital of the Company are completed when the additional shares start trading at the Emerging Companies Market of the Cyprus Stock Exchange.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

	Note	01/01/2020 – 30/06/2020 Unaudited €	01/01/2019 – 30/06/2019 Unaudited €
<b>Cash Flow from Operating Activities</b>			
Net Profit / (Loss) before tax		(64,365)	(105,469)
<u>Adjustments for:</u>			
Depreciation	16	3,920	3,725
Amortisation	14	83,944	68,827
Interest Expense	11	62	278
		<b>23,561</b>	<b>(32,639)</b>
<b>Changes in Working Capital</b>			
Decrease / (Increase) in Trade and other Receivables	17	13,746	(16,972)
(Decrease) / Increase in Trade and other Payables	21	4,065	5,414
(Decrease) / Increase in Payables to Related Parties	23	(36,057)	(86,580)
<b>Cash generated from Operations</b>		<b>5,315</b>	<b>(130,778)</b>
<b>Cash Flow from Investing Activities</b>			
Investment in Internally Generated Intangible Fixed Assets (the RichReach Application ecosystem)	14	(83,842)	(59,131)
Investment in Intangible Fixed Assets	14	-	(1,190)
Investment in Tangible Fixed Assets	16	(2,758)	(2,292)
<b>Net Cash used in Investing Activities</b>		<b>(86,600)</b>	<b>(62,614)</b>
<b>Cash Flow from Financing Activities</b>			
Proceeds from Issue of Share Capital		-	-
Advancements from Shareholders	20	90,000	250,000
Proceeds from Borrowings	22	-	9,600
Repayment of Borrowings	22	(688)	(5,623)
Interest Paid	11	(62)	(278)
<b>Net Cash from Financing Activities</b>		<b>89,250</b>	<b>253,700</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>7,965</b>	<b>60,308</b>
Cash and Cash Equivalents at the beginning of the period		15,287	1,955
<b>Cash and Cash Equivalents at the end of the period</b>	<b>18</b>	<b>23,252</b>	<b>62,263</b>

The notes on pages 8 to 17 are an integral part of these unaudited consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

### 1. Corporate Information

#### Country of incorporation

RichReach Corporation Public Ltd (formerly Eumbrella Corporation (International) Public Ltd) (the "Company") was incorporated in Cyprus on 11 August 2016 as a public limited liability 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.

The Company's registered office is at Archiepiskopou Makariou III, 228, Agios Pavlos Court, Block B', 4th floor, Flat 411-412, 3030, Limassol, Cyprus.

#### Change of Company's Name

On 15 May 2019, eUmbrella Corporation (International) Public Ltd changed its name by Special Resolution to RichReach Corporation Public Ltd.

#### Principal Activities

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

### 2. Basis of preparation and measurement

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

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

### 3. Summary of Significant Accounting Policies

Please refer to Note 3: "Adoption of new or revised standards and interpretations" and to Note 4: "Summary of significant accounting policies" of the Audited Consolidated Financial Statements for the Year ended 31 December 2019.

### 4. Financial Risk Management Objectives and Policies

Please refer to Note 5: "Financial Risk management objectives and policies" of the Audited Consolidated Financial Statements for the Year ended 31 December 2019.

### 5. Critical Accounting Estimates, Judgments and Assumptions

Please refer to Note 6: "Critical Accounting Estimates, Judgments and Assumptions" of the Audited Consolidated Financial Statements for the Year ended 31 December 2019.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

**6. Revenue**

	01/01/2020 – 30/06/2020	01/01/2019 – 30/06/2019
	Unaudited	Unaudited
	€	€
<u>RichReach Application Functions</u>		
Embedded and Branded Applications	19,039	10,000
Marketing & Loyalty	14,240	7,665
Ordering	9,885	2,730
Reservations	600	-
Trades, Professionals & Entertainment	353	-
	<u>44,117</u>	<u>20,395</u>
<u>Communication Functions</u>		
Business Communications	7,874	7,543
Content & Monetisation Services	60,716	87,666
Voice Services	8,686	9,721
	<u>77,276</u>	<u>104,930</u>
<u>Other Revenue</u>		
Business Digitalisation	37,000	25,000
Revenue Collections Fees Recovered	-	-
	<u>37,000</u>	<u>25,000</u>
<b>Total Revenue</b>	<b><u>158,393</u></b>	<b><u>150,325</u></b>

*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, licencing, 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. Management monitors the operating results of the business segment separately for the purposes of performance, assessment and resource allocation.

**7. Cost of Sales**

	01/01/2020 – 30/06/2020	01/01/2019 – 30/06/2019
	Unaudited	Unaudited
	€	€
<u>RichReach Application</u>		
Research & Development	15,595	20,185
Infrastructure	10,771	11,586
	<u>26,366</u>	<u>31,771</u>
<u>Communication Functions</u>		
Content & Monetisation Services	12,439	18,366
Other Communication Services	10,574	11,336
	<u>23,013</u>	<u>29,702</u>
<u>Other</u>		
Business Digitalisation	-	7,407
Revenue Collection Fees	7,578	10,672
	<u>7,578</u>	<u>18,079</u>
<b>Total Cost of Sales</b>	<b><u>56,957</u></b>	<b><u>79,553</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

8. Selling and Distribution Expenses

	01/01/2020 – 30/06/2020	01/01/2019 – 30/06/2019
	Unaudited	Unaudited
	€	€
Advertising and Promotion Costs	14,566	25,751
	<b>14,566</b>	<b>25,751</b>

9. Administrative Expenses

	Note	01/01/2020 – 30/06/2020	01/01/2019 – 30/06/2019
		Unaudited	Unaudited
		€	€
Staff costs	10	12,433	16,127
Rent		6,600	3,000
Common expenses		360	360
Licenses and taxes		3,023	2,973
Municipality taxes		-	-
Annual companies levy		-	-
Electricity		1,687	2,339
Water supply and cleaning		1,039	1,061
Insurance		373	337
Sundry expenses		348	4,040
Telephone, internet and postage		2,463	1,817
Stationery and printing		84	91
Subscriptions and contributions		-	89
Equipment maintenance		114	176
Computer supplies and maintenance		718	737
Auditors' remuneration – current year		-	-
Auditors' remuneration - prior year		-	220
Other professional fees		3,104	350
Secretarial fees and registered office fees		555	555
Inland travelling and accommodation		3	2,100
Motor vehicle running costs		3,952	5,331
External Operations & Accounting Services		9,100	6,300
Investor Expenditure		-	-
		<b>45,956</b>	<b>48,004</b>

10. Staff Costs

	Note	01/01/2020 – 30/06/2020	01/01/2019 – 30/06/2019
		Unaudited	Unaudited
		€	€
Directors' and management fees	22.1	10,892	14,245
RichReach Application R&D personnel costs		8,054	13,857
Social Insurance Costs		2,743	4,011
Employee Benefits		-	-
		<b>21,688</b>	<b>32,112</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

The number of employees employed by the Company during the first six months of 2020 and the first six months of 2019 were 6 and 6 respectively.

Staff costs directly associated with identifiable and unique application products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as internally generated intangible assets (the RichReach Application ecosystem). Staff costs relating to the research and development of the RichReach Application ecosystem that cannot be recognised as internally generated intangible assets are written off in the Cost of Sales expense: Research and Development.

**11. Finance Costs**

	01/01/2020 – 30/06/2020 Unaudited	01/01/2019 – 30/06/2019 Unaudited
	€	€
Interest expense	62	278
Sundry finance expenses	821	818
	<b>882</b>	<b>1,096</b>

**12. Expenses relating to the listing of the Company's Shares at the Stock Exchange and Share Capital and Corporate Events**

	01/01/2020 – 30/06/2020 Unaudited	01/01/2019 – 30/06/2019 Unaudited
	€	€
Expenses related to the Listing at the Emerging Capital Market of the Cyprus Stock Exchange	9,314	13,839
Share Capital Raising Fees	7,000	15,000
Corporate Expenses	217	-
Trademark Registration	-	-
	<b>16,531</b>	<b>28,839</b>

**13. Profit / (Loss) per share attributable to the Shareholders of the Company**

	01/01/2020 – 30/06/2020 Unaudited	01/01/2019 – 30/06/2019 Unaudited
Loss attributable to the Shareholders	(€64,365)	(€05,469)
Weighted average number of ordinary shares during the period	11,262,056	11,150,000
Loss per ordinary share attributable to the Shareholders (€cents)	(0.5715)	(0.9459)

**14. Intangible Fixed Assets & Amortisation**

	RichReach Application ecosystem *	Software & Infrastructure	Goodwill on Acquisition of Subsidiary (note 15)
	Unaudited	Unaudited	Unaudited
	€	€	€
<b>Cost</b>			
Balance 01/01/2019	627,278	26,150	159,701
Additions for 01/01/2019 – 30/06/2019	59,131	1,190	-
Balance at 30 June 2019	686,409	27,340	159,701
Additions for 01/07/2019 – 31/12/2019	67,809	113	-
Balance at 31 December 2019	754,219	27,453	159,701
Additions for 01/01/2020 – 30/06/2020	83,842	-	-
<b>Balance at 30 June 2020</b>	<b>838,061</b>	<b>27,453</b>	<b>159,701</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

14. Intangible Fixed Assets & Amortisation (continued)

	RichReach Application ecosystem *	Software & Infrastructure	Goodwill on Acquisition of Subsidiary (note 15)
	Unaudited	Unaudited	Unaudited
	€	€	€
<b>Amortisation</b>			
Balance 01/01/2019	235,261	25,790	-
Change for 01/01/2019 – 30/06/2019	68,528	299	-
Balance at 30 June 2019	303,789	26,089	-
Change for 01/07/2019 – 31/12/2019	82,315	337	-
Balance at 31 December 2019	386,104	26,426	-
Change for 01/01/2020 – 30/06/2020	83,806	138	-
<b>Balance at 30 June 2020</b>	<b>469,910</b>	<b>26,564</b>	<b>-</b>
<b>Net Book Value</b>			
at 30 June 2019	382,620	1,251	159,701
at 31 December 2019	368,115	1,027	159,701
<b>at 30 June 2020</b>	<b>368,151</b>	<b>889</b>	<b>159,701</b>

\* Internally generated intangible assets

15. Goodwill on Acquisition of Subsidiary

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 €11.000. The net assets acquired were as follows:

	Net Book Value as at 1 January 2017 (Audited)	Fair Value as at 1 January 2017 (Audited)
	€	€
Equipment, software and infrastructure that support RichReach	46,795	46,795
Office & 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	(89,812)	(89,812)
Company's balance with RichReach Corporation (CY) Ltd	(39,741)	(39,741)
<b>Total Net Asset Acquired</b>	<b>(48,701)</b>	<b>(48,701)</b>
<b>Consideration paid:</b>		
Shares allotted (30,000 x €3.70)		111,000
		111,000
<b>Goodwill</b>		<b>159,701</b>

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

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

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

The main assumptions used in the valuation are:

- *Discount rate:* The discount rate determines management's assessment of risks. This is a benchmark used by management to assess the operating performance and evaluate the business risks, financial risks and risk-free rates of return. The pre-tax discount rate applied to the cash flow projections is 25%.
- *Cash flows:* Cash flow projections were prepared for the years 2020 to 2024.

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

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

16. Tangible Fixed Assets & Depreciation

	Equipment that supports RichReach Unaudited	Furniture & Office Equipment Unaudited	Computer Hardware Unaudited
	€	€	€
<b>Cost</b>			
Balance 01/01/2019	57,250	14,305	18,221
Additions for 01/01/2019 – 30/06/2019	-	-	2,292
Balance at 30 June 2019	57,250	14,305	20,514
Additions for 01/07/2019 – 31/12/2019	-	-	119
Balance at 31 December 2019	57,250	14,305	20,633
Additions for 01/01/2020 – 30/06/2020	-	2,254	503
<b>Balance at 30 June 2020</b>	<b>57,250</b>	<b>16,559</b>	<b>21,136</b>
<b>Amortisation</b>			
Balance 01/01/2019	33,125	7,154	16,117
Change for 01/01/2019 – 30/06/2019	2,413	714	598
Balance at 30 June 2019	35,538	7,868	16,715
Change for 01/07/2019 – 31/12/2019	2,412	715	621
Balance at 31 December 2019	37,950	8,583	17,336
Change for 01/01/2020 – 30/06/2020	2,413	940	567
<b>Balance at 30 June 2020</b>	<b>40,363</b>	<b>9,523</b>	<b>17,903</b>
<b>Net Book Value</b>			
at 30 June 2019	21,712	6,437	3,799
at 31 December 2019	19,300	5,722	3,297
<b>at 30 June 2020</b>	<b>16,887</b>	<b>7,036</b>	<b>3,233</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1<sup>st</sup> of January 2020 to 30<sup>th</sup> of June 2020

**17. Trade and other Receivables**

	01/01/2020 – 30/06/2020 Unaudited	01/01/2019 – 31/12/2019 Audited
	€	€
Deposits & Prepayments	1,206	3,182
Other Receivables	46,208	57,978
	<b>47,414</b>	<b>61,160</b>

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

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

**18. Cash and Cash Equivalents**

Cash balances are analysed as follows:

	01/01/2020 – 30/06/2020 Unaudited	01/01/2019 – 31/12/2019 Audited
	€	€
Cash in hand	6	201
Cash at bank	21,451	13,291
Guarantees	1,795	1,795
	<b>23,252</b>	<b>15,287</b>

**19. Ordinary Share Capital**

	01/01/2020 – 30/06/2020 Unaudited		01/01/2019 – 31/12/2019 Audited	
	Number of shares	€	Number of shares	€
<b>Authorised shares</b>				
Ordinary Shares of €0.05 each	12,000,000	600,000	12,000,000	600,000
<b>Issued and fully paid shares</b>				
Ordinary Shares of €0.05 each	11,262,056	563,103	11,246,778	562,339

Authorised Capital

- Upon incorporation on 11/08/2016 and as per its Memorandum of Association, the Company's Authorised Share Capital was 554,600 ordinary shares of nominal value of €0.05 each (€27,730).
- On 21/11/2017 the Company increased its Authorised Share Capital to 12,000,000 ordinary shares of €0.05 each (€600,000).
- On 09/09/2019 the Company completed the increase of its Authorised Share Capital to 15,000,000 ordinary shares of €0.05 each (€750,000).

Issued Capital

- Upon incorporation on 11/08/2016, the Company issued to the subscribers of its Memorandum of Association 554,600 ordinary shares of nominal value of €0,05 each and at a total Share Premium of €620.826.
- On 22/11/2017 the Company 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 16 January 2019 the (11,150,000) issued shares of the Company started trading at the Emerging Companies Market of the Cyprus Stock Exchange.
- On 14 October 2019, 96,778 additional fully paid shares started trading at the Emerging Companies Market of the Cyprus Stock Exchange. The shares were issued at the total nominal value of €4,838.90 (€0.05 each) and at a total Share Premium of €245,486.10.
- On 22 January 2020, 15,278 additional fully paid shares started trading at the Emerging Companies Market of the Cyprus Stock Exchange. The shares were issued at the total nominal value of €763.90 (€0.05 each) and at a total Share Premium of €49,236.10.

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- On 14 August 2020, 36,111 additional fully paid shares started trading at the Emerging Companies Market of the Cyprus Stock Exchange. The shares were issued at the total nominal value of €1,805.55 (€0.05 each) and at a total Share Premium of €88,194.45.

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

**20. Advancements from Shareholders**

	01/01/2020 – 30/06/2020	01/01/2019 – 31/12/2019
	Unaudited	Audited
	€	€
C.A. Papaellinas Ltd	€40,000	€50,000
Coeur DeLion Software Engineering Ltd	€50,000	€50,000
	<b>€90,000<sup>(2)</sup></b>	<b>€50,000<sup>(1)</sup></b>

The advances from shareholders are made available to the Board of Directors for future increases of the share capital of the Company. Note that the increases of the share capital of the Company are completed when the additional shares start trading at the Emerging Companies Market of the Cyprus Stock Exchange.

(1) On 22 January 2020 the 15,278 shares of the Company purchased for the total consideration of €50,000 started trading at the Emerging Companies Market of the Cyprus Stock Exchange.

(2) On 14 August 2020 the 36,111 shares of the Company purchased for the total consideration of €90,000 started trading at the Emerging Companies Market of the Cyprus Stock Exchange.

**21. Trade and other Payables**

	01/01/2020 – 30/06/2020	01/01/2019 – 31/12/2019
	Unaudited	Audited
	€	€
Trade Payables & Other Creditors	43,569	33,157
Social Insurance and other Taxes	2,818	2,391
Value Added Tax	78,800	70,300
Accruals	10,103	25,377
	<b>135,291</b>	<b>131,225</b>

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.

**22. Related Party Transactions**

The major shareholders of the Company are:

- 3L Transcendent Investments Limited, incorporated in Cyprus, which on 30/06/2020 held 73.192% of the Company's shares and on 31/12/2019 held 73.291% of the Company's shares.
- Coeur DeLion Software Engineering Ltd, incorporated in Cyprus, which on 30/06/2020 held 19.335% of the Company's shares and on 31/12/2019 held 19.428% of the Company's shares. Please refer to note 20 for related events. Coeur DeLion Software Engineering Ltd is controlled by the member of the Board of Directors: George Rousou.

The Members of the Board of Directors hold shares of the Company as follows:

- Antonis Karitzis on 30/06/2020 and on 31/12/2019 held 0.111% of the Company's shares.
- Christakis Ierides on 30/06/2020 held 0.198% of the Company's shares and on 31/12/2019 held 0.199% of the Company's shares.
- George Rousou, directly and indirectly (through undertakings controlled by George Rousou), on 30/06/2020 held 20.391% of the Company's shares and on 31/12/2019 held 20.485% of the Company's shares.
- Epaminondas Metaxas on 30/06/2020 and on 31/12/2019 held 0% of the Company's shares.
- George Koufaris on 30/06/2020 and on 31/12/2019 held 0% of the Company's shares.

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The following transactions were carried out with related parties:

### 22.1 Directors' & Key Management Remuneration

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

	01/01/2020 – 30/06/2020 Unaudited	01/01/2019 – 30/06/2019 Unaudited
	€	€
Directors' Remuneration	-	9,881
Key Management	10,892	4,364
	<b>10,892</b>	<b>14,245</b>

Remuneration costs of directors and key management 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 internally generated intangible assets.

### 22.2 Purchases of Services

	01/01/2020 – 30/06/2020 Unaudited	01/01/2019 – 30/06/2019 Unaudited
<u>Nature of transactions</u>	€	€
Coeur DeLion Software Engineering Limited      Software research, development and support	56,450	61,024
	<b>56,450</b>	<b>61,024</b>

The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The above amounts include VAT (where applicable).

### 22.3 Payables to Related Parties

	01/01/2020 – 30/06/2020 Unaudited	01/01/2019 – 31/12/2019 Audited
<u>Nature of transactions</u>	€	€
Coeur DeLion Software Engineering Limited      Software research, development and support	28,419	73,619
	<b>28,419</b>	<b>73,619</b>

The payables to related parties are interest free, and have no specified repayment date.

### 22.4 Director's Current Account – Credit Balance

	01/01/2020 – 30/06/2020 Unaudited	01/01/2019 – 31/12/2019 Audited
	€	€
Director's Current Account	12,443	3,300
	<b>12,443</b>	<b>3,300</b>

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



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**23. Borrowings**

	01/01/2020 – 30/06/2020 Unaudited €	01/01/2019 – 31/12/2019 Audited €
Balance on 1 January	3,803	9,503
Proceeds from Borrowings		9,600
Repayment of Borrowings	(750)	(15,764)
Interest Payable	62	464
	<u>3,114</u>	<u>3,803</u>

The borrowings bear interest of 4% per annum and are repayable on demand.

**24. Contingent liabilities**

The Group had no contingent liabilities as at 30 of June 2020.

**25. Commitments**

The Group had no capital or other commitments as at 30 of June 2020.

**26. Events after the reporting period**

On 22/07/2020 the Company held the Annual General Meeting of its shareholders.

On 14/08/2020 36,111 additional shares that have been paid by and allotted to subscribers started trading at the Emerging Companies Market of the Cyprus Stock Exchange. This increased the issued share capital of the Company to 11,298,167 ordinary shares of €0.05 each (€564,908.35). The Share Premium increased to €473,973.14.

**COVID 19**

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

The Group's activities consist of the following three revenue streamlines; the RichReach application services, the communication services and the digitalization services. The communications service line has been directly impacted by the uncertainty of the clients' available income sources due to COVID-19 restrictions. However, a projected decline in communications revenue, is expected to be set-off by an increase in revenue from the RichReach application. 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. These effects of COVID-19 on the RichReach Application services and on the communication services during the first 6 months of 2020 can be observed at Note 6: Revenue. The released and expected release of more RichReach application functions within 2020 will help meet the high demand from customers and further increase the revenue from the RichReach Application services.

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 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 financial statements as at 30 June 2020.

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