

RichReach Corporation Public Ltd

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1st of January 2021 to 30th of June 2021

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
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BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors	George Koufaris Antonis Karitzis Christakis Ierides George Rousou Epaminondas Metaxas
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 1st of January 2021 to 30th of June 2021

	Note	01/01/2021 – 30/06/2021		01/01/2020 – 30/06/2020	
		Unaudited €	Margin	Unaudited €	Margin
Revenue	6	220,410		158,218	
Cost of Sales	7	(105,853)	(48.0%)	(58,558)	(37.0%)
Gross Profit		114,556	52.0%	99,660	63.0%
Other Operating Income		3,018			
Selling and Distribution Expenses	8	(25,176)	(11.4%)	(14,566)	(9.2%)
Administrative Expenses	9	(54,804)	(24.9%)	(46,443)	(29.4%)
Earnings / (Losses) Before Interest, Tax, Depreciation & Amortisation (EBITDA)		37,595	17.1%	38,651	24.4%
Finance Costs	11	(762)	(0.3%)	(882)	(0.6%)
Expenses related to the listing of the Company's Shares at the Stock Exchange and Share Capital and Corporate Events	12	(14,607)	(6.6%)	(16,314)	(10.3%)
Depreciation	16	(4,088)	(1.9%)	(3,920)	(2.5%)
Amortisation	14	(101,756)	(46.2%)	(83,944)	(53.1%)
Profit / (Loss) before Tax		(83,618)	(37.9%)	(66,410)	(42.0%)
Tax		-	0.0%	-	-
Net Profit / (Loss) for the Year		(83,618)	(37.9%)	(66,410)	(42.0%)
Profit / (Loss) per share attributable to the Shareholders of the Company (cents)	13	(0.74)		(0.59)	

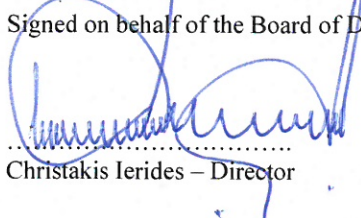
The notes on pages 8 to 19 are an integral part of these unaudited consolidated financial statements.


CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30th of June 2021

	as at	30/06/2021	31/12/2020
	Note	Unaudited	Audited
		€	€
ASSETS			
Non-Current Assets			
RichReach Application ecosystem	14	338,772	372,656
Equipment that support the RichReach Application ecosystem	16	12,062	14,475
Furniture & Office Equipment	16	5,153	6,094
Computer Hardware	16	3,443	3,308
Software & Infrastructure	14	613	751
Goodwill on Acquisition of Subsidiary	15	159,701	159,701
Deferred Tax Assets		78,211	78,211
		<u>597,955</u>	<u>635,197</u>
Current Assets			
Trade and other Receivables	17	47,952	52,372
Cash and Cash Equivalents	18	23,883	5,275
		<u>71,834</u>	<u>57,646</u>
Total Assets		<u>669,790</u>	<u>692,843</u>
EQUITY AND LIABILITIES			
Equity			
Ordinary Share Capital	19	566,487	564,908
Share Premium		557,894	473,973
Accumulated Losses		(665,082)	(581,464)
		<u>459,300</u>	<u>457,418</u>
Advancements from Shareholders	20	25,000	60,000
		<u>484,300</u>	<u>517,418</u>
Current Liabilities			
Trade and other Payables	21	143,801	138,548
Payables to Related Parties	22	40,431	34,403
Borrowings	23	1,258	2,475
		<u>185,490</u>	<u>175,425</u>
Total Equity and Liabilities		<u>669,790</u>	<u>692,843</u>

On the 28th of September 2021, 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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1st of January 2021 to 30th of June 2021

	Note	Share Capital €	Share Premium €	Advancements from Shareholders €	Accumulated Losses €	Total €
Balance at 1st of January 2020		562,339	336,543	50,000	(465,534)	483,347
Issue of Share Capital	19	764	49,236	(50,000)		-
Proceeds during the period	20			90,000		90,000
Net Loss for the period					(66,410)	(66,410)
Balance at 30th of June 2020 / 1st of July 2020		563,103	385,779	90,000	(531,944)	506,937
Issue of Share Capital	19	1,806	88,194	(90,000)		-
Proceeds during the period	20			60,000		60,000
Net Loss for the period					(49,520)	(49,520)
Balance at 31st December 2020 / 1st of January 2021		564,908	473,973	60,000	(581,464)	517,418
Issue of Share Capital	19	1,579	83,921	(85,500)		-
Proceeds during the period	20			50,500		50,500
Net Loss for the period					(83,618)	(83,618)
Balance at 30th of June 2021		566,487	557,894	25,000	(665,082)	484,300

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 1st of January 2021 to 30th of June 2021

	Note	01/01/2021 – 30/06/2021 Unaudited €	01/01/2020 – 30/06/2020 Unaudited €
Cash Flow from Operating Activities			
Net Profit / (Loss) before tax		(83,618)	(66,410)
<u>Adjustments for:</u>			
Depreciation		4,088	3,920
Amortisation		101,756	83,944
Interest Expense		33	62
		22,259	21,516
Changes in Working Capital			
Decrease / (Increase) in Trade and other Receivables	17	4,420	12,692
(Decrease) / Increase in Trade and other Payables	21	5,253	7,165
(Decrease) / Increase in Payables to Related Parties	23	6,028	(36,057)
Cash generated from Operations		37,961	5,315
Cash Flow from Investing Activities			
Investment in Internally Generated Intangible Fixed Assets (the RichReach Application ecosystem)	14	(67,735)	(83,842)
Investment in Intangible Fixed Assets	14	-	-
Investment in Tangible Fixed Assets	16	(868)	(2,758)
Net Cash used in Investing Activities		(68,603)	(86,600)
Cash Flow from Financing Activities			
Proceeds from Issue of Share Capital		-	-
Advancements from Shareholders	20	50,500	90,000
Proceeds from Borrowings	22	-	-
Repayment of Borrowings	22	(1,217)	(688)
Interest Paid	11	(33)	(62)
Net Cash from Financing Activities		49,250	89,250
Net Increase / (Decrease) in Cash and Cash Equivalents		18,608	7,965
Cash and Cash Equivalents at the beginning of the period		5,275	15,287
Cash and Cash Equivalents at the end of the period	18	23,883	23,252

The notes on pages 8 to 19 are an integral part of these unaudited consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1st of January 2021 to 30th of June 2021

1. Corporate Information

Country of incorporation

RichReach Corporation 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.

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 2020.

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 2020.

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 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the period from 1st of January 2021 to 30th of June 2021

6. Revenue

	01/01/2021 – 30/06/2021	01/01/2020 – 30/06/2020
	Unaudited	Unaudited
	€	€
<u>Consumer & Corporate Applications</u>	4,300	19,039
<u>Products & Services Functions</u>		
Marketing & Loyalty	18,816	14,240
Ordering	46,920	9,885
Reservations	100	600
	<u>65,836</u>	<u>24,725</u>
<u>Human Resources Functions</u>		
eLearning	2,500	-
Employee Communications	300	-
	<u>2,800</u>	<u>-</u>
<u>Medical Functions</u>		
Automated Sending of Certificates	39,863	-
	<u>39,863</u>	<u>-</u>
<u>Communication Functions</u>		
Business Communications	9,430	7,699
Trades, Professionals & Entertainment	3,463	353
Content & Monetisation Services	27,676	60,716
Voice Services	4,822	8,686
	<u>45,390</u>	<u>77,454</u>
<u>Other Revenue</u>		
Business Digitalisation	62,220	37,000
Revenue Collections Fees Recovered	-	-
	<u>62,220</u>	<u>37,000</u>
Total Revenue	<u>220,410</u>	<u>158,218</u>

Segmental Analysis

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

The Group's services include mainly the development, support, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1st of January 2021 to 30th of June 2021

7. Cost of Sales

	01/01/2021 – 30/06/2021	01/01/2020 – 30/06/2020
	Unaudited	Unaudited
	€	€
<u>RichReach Application</u>		
Research & Development	39,520	15,595
Infrastructure	10,263	10,771
	<u>49,783</u>	<u>26,366</u>
<u>Medical Functions</u>		
Automated Sending of Certificates	33,901	-
	<u>33,901</u>	<u>-</u>
<u>Communication Functions</u>		
Trades, Professionals & Entertainment, Content & Monetisation Services	8,956	14,039
Other Communication Services	8,681	10,574
	<u>17,637</u>	<u>24,613</u>
<u>Other</u>		
Business Digitalisation	-	-
Revenue Collection Fees	4,532	7,578
	<u>4,532</u>	<u>7,578</u>
Total Cost of Sales	<u>105,853</u>	<u>58,558</u>

8. Selling and Distribution Expenses

	01/01/2021 – 30/06/2021	01/01/2020 – 30/06/2020
	Unaudited	Unaudited
	€	€
Advertising Costs	1,437	3,052
Promotion Costs	23,739	11,514
	<u>25,176</u>	<u>14,566</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the period from 1st of January 2021 to 30th of June 2021

9. Administrative Expenses

	Note	01/01/2021 – 30/06/2021 Unaudited €	01/01/2020 – 30/06/2020 Unaudited €
Staff costs	10	16,500	12,433
Rent		6,600	6,600
Common expenses		360	300
Licenses and taxes		2,426	3,023
Municipality taxes		-	-
Annual companies levy		-	-
Electricity		1,791	1,687
Water supply and cleaning		1,010	1,039
Insurance		355	373
Sundry expenses		1,702	1,181
Telephone, internet and postage		2,016	2,463
Stationery and printing		71	84
Subscriptions and contributions		84	89
Equipment maintenance		-	35
Computer supplies and maintenance		998	359
Computer Hardware		74	79
Computer Software		983	270
Auditors' remuneration – current year		-	-
Auditors' remuneration - prior year		-	-
Other professional fees		2,153	2,488
Secretarial fees and registered office fees		555	555
Inland travelling and accommodation		59	3
Motor vehicle running costs		4,550	4,282
External Operations & Accounting Services		12,519	9,100
Investor Expenditure		-	-
		54,804	46,443

10. Staff Costs

	Note	01/01/2021 – 30/06/2021 Unaudited €	01/01/2020 – 30/06/2020 Unaudited €
Directors' and management fees	22.1	14,360	10,892
RichReach Application R&D personnel costs		23,409	11,844
Social Insurance Costs		4,378	2,928
Employee Benefits		-	-
		42,147	25,664

The number of employees employed by the Company during the first six months of 2021 and the first six months of 2020 were 4 and 6 respectively. These figures do not include external contractors on a full or part-time basis.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the period from 1st of January 2021 to 30th of June 2021

11. Finance Costs

	01/01/2021 – 30/06/2021 Unaudited €	01/01/2020 – 30/06/2020 Unaudited €
Interest expense	33	62
Sundry finance expenses	728	821
	<u>762</u>	<u>882</u>

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

	01/01/2021 – 30/06/2021 Unaudited €	01/01/2020 – 30/06/2020 Unaudited €
Cyprus Stock Exchange Recurring Fees	4,050	4,054
Nominated Advisor Fees	2,500	2,500
Other expenses related to the Cyprus Stock Exchange and Investors	474	250
Finder's Fees	5,050	7,000
Cyprus Stock Exchange New Share Listing Fees	2,533	2,510
Corporate Expenses	-	-
Trademark Registration	-	-
	<u>14,607</u>	<u>16,314</u>

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

	01/01/2021 – 30/06/2021 Unaudited	01/01/2020 – 30/06/2020 Unaudited
Loss attributable to the Shareholders	(83,618)	(66,410)
Weighted average number of ordinary shares during the period	11,329,746	11,262,056
Loss per ordinary share attributable to the Shareholders (€ cents)	(0.7380)	(0.5897)

14. Intangible Fixed Assets & Amortisation

	RichReach Application ecosystem *	Software & Infrastructure	Goodwill on Acquisition of Subsidiary (note 15)
	Unaudited €	Unaudited €	Unaudited €
Cost			
Balance at 01 January 2020	754,219	27,453	159,701
Additions during 01/01/2020 – 30/06/2020	83,842	-	-
Balance at 30 June 2020	838,061	27,453	159,701
Additions during 01/07/2020 – 31/12/2020	110,388	-	-
Amount Written Off during 01/07/2020 – 31/12/2020	-	(6,300)	-
Balance at 31 December 2020	948,450	21,153	159,701
Additions during 01/01/2021 – 30/06/2021	67,735	-	-
Balance at 30 June 2021	<u>1,016,184</u>	<u>21,153</u>	<u>159,701</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1st of January 2021 to 30th of June 2021

14. Intangible Fixed Assets & Amortisation (continued)

	RichReach Application ecosystem *	Software & Infrastructure	Goodwill on Acquisition of Subsidiary (note 15)
	Unaudited	Unaudited	Unaudited
	€	€	€
Amortisation			
Balance at 01 January 2020	386,104	26,426	-
Amortisation during 01/01/2020 – 30/06/2020	83,806	138	-
Balance at 30 June 2020	469,910	26,564	-
Amortisation during 01/07/2020 – 31/12/2020	105,884	138	-
Amortization on Amount Written Off during 01/07/2020 – 31/12/2020	-	(6,300)	-
Balance at 31 December 2020	575,794	20,402	-
Amortisation during 01/01/2021 – 30/06/2021	101,618	138	-
Balance at 30 June 2021	677,412	20,540	-
Net Book Value			
at 30 June 2020	368,151	889	159,701
at 31 December 2020	372,656	751	159,701
at 30 June 2021	338,772	613	159,701

* 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 €111.000. 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)
Total Net Asset Acquired	(48,701)	(48,701)
Consideration paid:		
Shares allotted (30,000 x €3.70)		111,000
		111,000
Goodwill		159,701

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1st of January 2021 to 30th of June 2021

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

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

The main assumptions used in the valuation are:

- *Discount rate:* The discount rate determines management's assessment of risks. This is a benchmark used by management to assess the operating performance and evaluate the business risks, financial risks and risk-free rates of return. The pre-tax discount rate applied to the cash flow projections is 25%.
- *Cash flows:* Cash flow projections were prepared for the years 2021 to 2025.
- *Income Statement Projections:* Income Statement Projections were prepared for the years 2021 to 2025 considering international expansion strategy.

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

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

16. Tangible Fixed Assets & Depreciation

	Equipment that supports the RichReach App Unaudited €	Furniture & Office Equipment Unaudited €	Computer Hardware Unaudited €
Cost			
Balance at 01 January 2020	57,250	14,305	20,633
Additions during 01/01/2020 – 30/06/2020	-	2,254	503
Balance at 30 June 2020	57,250	16,559	21,136
Additions during 01/07/2020 – 31/12/2020	-	-	804
Amount Written Off during 01/07/2020 – 31/12/2020	(9,000)	-	(7,382)
Balance at 31 December 2020	48,250	16,559	14,558
Additions during 01/01/2021 – 30/06/2021	-	-	868
Balance at 30 June 2021	48,250	16,559	15,427
Depreciation			
Balance at 01 January 2020	37,950	8,583	17,336
Depreciation during 01/01/2020 – 30/06/2020	2,413	940	567
Balance at 30 June 2020	40,363	9,523	17,903
Depreciation during 01/07/2020 – 31/12/2020	2,412	942	729
Depreciation on Amount Written Off during 01/07/2020 – 31/12/2020	(9,000)	-	(7,382)
Balance at 31 December 2020	33,775	10,465	11,250
Depreciation during 01/01/2021 – 30/06/2021	2,413	941	734
Balance at 30 June 2021	36,188	11,406	11,984
Net Book Value			
at 30 June 2020	16,887	7,036	3,233
at 31 December 2020	14,475	6,094	3,308
at 30 June 2021	12,062	5,153	3,443

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1st of January 2021 to 30th of June 2021

17. Trade and other Receivables

	30/06/2021 Unaudited	31/12/2020 Audited
	€	€
Deposits & Prepayments	9,168	8,909
Other Receivables	38,783	43,463
	47,952	52,372

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:	30/06/2021 Unaudited	31/12/2020 Audited
	€	€
Cash in hand	23	49
Cash at bank	22,062	3,431
Guarantees	1,797	1,795
	23,883	5,275

19. Ordinary Share Capital

	30/06/2021 Unaudited		31/12/2020 Audited	
	Number of shares	€	Number of shares	€
Authorised shares				
Ordinary Shares of €0.05 each	15,000,000	750,000	15,000,000	750,000
Issued and fully paid shares				
Ordinary Shares of €0.05 each	11,329,746	566,487	11,298,167	564,908

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1st of January 2021 to 30th of June 2021

- 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.
- On 07 January 2021, 14,305 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 €715.25 (€0.05 each) and at a total Share Premium of €50,784.75.
- On 20 May 2021, 17,274 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 €863.70 (€0.05 each) and at a total Share Premium of €33,136.30.

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

	30/06/2021	31/12/2020
	Unaudited	Audited
	€	€
C.A. Papaellinas Ltd	25,000	60,000
	25,000	60,000

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.

21. Trade and other Payables

	30/06/2021	31/12/2020
	Unaudited	Audited
	€	€
Trade Payables & Other Creditors	40,551	38,272
Social Insurance and other Taxes	2,869	2,516
Value Added Tax	93,710	87,562
Accruals	6,671	10,197
	143,801	138,548

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 30/06/2021 held 72.754% of the Company's shares and on 31/12/2020 held 72.865% of the Company's shares.
- Coeur DeLion Software Engineering Ltd, incorporated in Cyprus, which on 30/06/2021 held 19.279% of the Company's shares and on 31/12/2020 held 19.324% 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:

- George Koufaris on 30/06/2021 and on 31/12/2020 held 0% of the Company's shares.
- Antonis Karitzis on 30/06/2021 held 0.463% of the Company's shares and on 31/12/2020 held 0.464% of the Company's shares.
- Christakis Ierides on 30/06/2021 held 0.197% of the Company's shares and on 31/12/2020 held 0.197% of the Company's shares.
- George Rousou, directly and indirectly (through undertakings controlled by George Rousou), on 30/06/2021 held 20.36% of the Company's shares and on 31/12/2020 held 20.407% of the Company's shares.
- Epaminondas Metaxas on 30/06/2021 and on 31/12/2020 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:

	01/01/2021 – 30/06/2021 Unaudited €	01/01/2020 – 30/06/2020 Unaudited €
Directors' Remuneration	-	-
Key Management	14,360	10,892
	14,360	10,892

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

<u>Nature of transactions</u>		01/01/2021 – 30/06/2021 Unaudited €	01/01/2020 – 30/06/2020 Unaudited €
Coeur DeLion Software Engineering Limited	Software research, development and support	69,079	56,450
3L Baccarat Investments (Int'l) Ltd	Software research, development and support, Marketing & Promotion	28,204	-
		97,283	56,450

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

<u>Nature of transactions</u>		30/06/2021 Unaudited €	31/12/2020 Audited €
Coeur DeLion Software Engineering Limited	Software research, development and support	24,440	22,060
3L Baccarat Investments (Int'l) Ltd	Software research, development and support, Marketing & Promotion	3,649	-
		28,089	22,060

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

22.4 Director's Current Account – Credit Balance

	30/06/2021 Unaudited €	31/12/2020 Audited €
Director's Current Account	12,343	12,343
	12,343	12,343

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

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23. Borrowings

	30/06/2021 Unaudited	31/12/2020 Audited
	€	€
Balance on 1 January	2,475	3,803
Proceeds from Borrowings	-	-
Repayment of Borrowings	(1,250)	(1,450)
Interest Payable	33	122
	<u>1,258</u>	<u>2,475</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 2021.

25. Commitments

The Group had no capital or other commitments as at 30 of June 2021.

26. Events after the reporting period

On 08/07/2021 the Company held the Annual General Meeting of its shareholders.

On 26/07/2021 the Company has signed a Share Purchase Agreement with a new investor for the investment of €50,000 in the Company's Share Capital through private placement, by virtue of which the investor will purchase 12,500 shares of the Company. The Company has received the investment of €50,000 from the investor.

COVID 19

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

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

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

The communications services streamline has been directly impacted by the uncertainty of the clients' available income sources due to COVID-19 restrictions. To counter this reduction, the Group has developed the application for the Trades, Professionals & Entertainment RichReach function. It was released in November 2020 and has fully replaced the Content and Monetisation and voice services during July 2021. Gross profitability of the communication services streamline has improved and is expected to further improve due to the lower cost of sales model of the Trades, Professionals & Entertainment function compared to the cost of sales model of the Content and Monetisation and voice services.

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The 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 Company is adversely affected.

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