

RICHREACH CORPORATION PUBLIC  
LTD

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

# RICHREACH CORPORATION PUBLIC LTD

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## CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

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# RICHREACH CORPORATION PUBLIC LTD

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## BOARD OF DIRECTORS, PROFESSIONAL ADVISERS AND OTHER CORPORATE INFORMATION

|                      |  |
|----------------------|--|
| Board of Directors   | Antonis Karitzis<br>Christakis Ierides<br>George Rousou<br>Epaminondas Metaxas (Resigned on 3 April 2023)<br>George Koufaris   |
| Company Secretary    | Karanto Secretarial Limited  |
| Independent Auditors | Ernst & Young Cyprus Limited<br>Certified Public Accountants and Registered Auditors<br>Jean Nouvel Tower<br>6 Stasinou Avenue<br>PO Box 21656<br>1511 Nicosia, Cyprus |
| Registered office    | Archiepiskopou Makariou III, 228<br>Ayios Pavlos Court,<br>Block B, 4th floor<br>Flat 411-412<br>Limassol, 3030, Cyprus  |
| Bankers              | Eurobank Cyprus Ltd<br>Bank of Cyprus Public Company Ltd   |
| Registration number  | HE359049   |

# RICHREACH CORPORATION PUBLIC LTD

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## MANAGEMENT REPORT

The Board of Directors of RichReach Corporation Public Ltd (the "Company") presents to the members its Management Report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2022.

### 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 €35.494 (2021: Loss €412.095). On 31 December 2022 the total assets of the Group were €361.498 (2021: €367.155) and the net assets of the Group were €219.648 (2021: €255.322). The financial position, development and performance of the Group as presented in these financial statements declined comparing to 2021 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 7, 8 and 31 of the consolidated financial statements.

### Existence of branches

The Group does not maintain any branches.

### Results

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

### Dividends

The Company did not have any distributable profits as at 31 December 2022, thus the Board of Directors cannot recommend the payment of a dividend.

### Share capital

On 13 January 2022, 11 March 2022 and 16 December 2022 the Company increased its issued share capital by 28.046, 21.129 and 16.250, respectively, ordinary shares of nominal value of €0,05.

On 13 January 2022 and on 11 March 2022 the Company increased its share premium by €98.348 and €23.694, respectively (28.046 shares of €3,51 premium and 21.129 shares of €1,12).

### 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.

# RICHREACH CORPORATION PUBLIC LTD

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## MANAGEMENT REPORT

### Board of Directors

The members of the Group's Board of Directors as at 31 December 2022 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.

### 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 2022 and 21 April 2023 (6 days before the date of approval of the financial statements by the Board of Directors) were as follows:

|                    | 31 December 2022 | 21 April 2023 |
|--------------------|------------------|---------------|
|                    | %                | %             |
| Christakis Ierides | 0,20             | 0,20          |
| George Rousou      | 0,66             | 0,66          |
| Antonis Karitzis   | 0,46             | 0,46          |
| George Koufaris    | 0,07             | 0,07          |

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 2022 and 21 April 2023:

|                                       | 31 December 2022 | 21 April 2023 |
|---------------------------------------|------------------|---------------|
|                                       | %                | %             |
| 3L Transcendent Investments Ltd       | 72,34            | 72,34         |
| Coeur DeLion Software Engineering Ltd | 18,77            | 18,77         |

### Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 35 to the consolidated financial statements.

### Agreements with Directors and related parties

As at 31 December 2022, 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.

# **RICHREACH CORPORATION PUBLIC LTD**

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## **MANAGEMENT REPORT**

### **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**

  
Karanto Secretarial Limited  
Secretary

Nicosia, 27 April 2023

# **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 2022, on the basis of our knowledge, declare that:


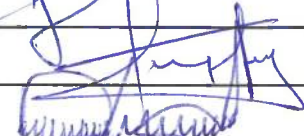
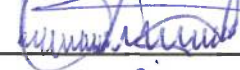
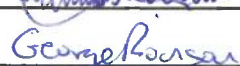
(a) The annual consolidated financial statements of the Group which are presented on pages 10 to 42:

(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:**

|                    |   |
|--------------------|---|
| George Koufaris    |   |
| Antonis Karitzis   |  |
| Christakis Ierides |  |
| George Rousou      |  |

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

|                          |   |
|--------------------------|---|
| George Rousou - Director |  |
|--------------------------|---|

Nicosia, 27 April 2023



## 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 10 to 42 and comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other 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 2022, 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.





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| Key audit matter  | Audit procedures performed   |
|---|--|
| <p>Goodwill and application development costs impairment assessments (note 23)</p>  |  |
| <p>The Group recognised application development costs on the balance sheet in the amount €297.047 as at 31 December 2022 which are significant for the consolidated financial statements, representing 82% of total Group assets.</p>   | <p>Our audit procedures in this area included, amongst others, the following:<br/>- 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.</p>  |
| <p>Determination on whether application development costs are impaired requires an estimation of the recoverable amount of the cash generating unit of the Group to which this is 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 2022 and the key assumptions used are included in Note 23 to the accompanying consolidated financial statements.</p> | <p>- 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.<br/>- We performed back-testing procedures on the prior year's assumptions and inputs used in the cash flow projections, and discussed with management whether any changes to the assumptions and/or inputs were made.<br/>- We assessed whether the model used to derive the value in use is in line with the requirements of IAS 36.<br/>- We assessed the adequacy of disclosures related to the impairment of goodwill and capitalized application development costs included in the consolidated financial statements.</p> |
| <p>Due to the significance of the value of the 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>   |  |

#### Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



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

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient 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, 27 April 2023

# RICHREACH CORPORATION PUBLIC LTD

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

|   | Note | 2022<br>€              | 2021<br>€               |
|---|------|------------------------|-------------------------|
| Revenue   | 9    | 435.918                | 450.610                 |
| Cost of sales   | 10   | <u>(132.516)</u>       | <u>(271.456)</u>        |
| Gross profit  |      | 303.402                | 179.154                 |
| Other operating income  | 11   | 1.505                  | 9.527                   |
| Selling and distribution expenses   | 14   | (58.901)               | (41.450)                |
| Administration expenses   | 15   | <u>(122.318)</u>       | <u>(120.212)</u>        |
| Earnings before Interest, Tax, Depreciation, Amortization   |      | 123.688                | 27.019                  |
| Finance income  | 18   | -                      | 2                       |
| Finance costs   | 18   | (1.601)                | (1.283)                 |
| Other income  |      | -                      | 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<br>Exchange and Share Capital and Corporate Events | 19   | (17.978)               | (28.134)                |
| Depreciation of plant and equipment   | 22   | (5.305)                | (9.560)                 |
| Amortization of intangible assets   | 23   | <u>(134.298)</u>       | <u>(215.904)</u>        |
| Loss before tax   |      | (35.494)               | (328.741)               |
| Tax   | 20   | <u>-</u>               | <u>(83.354)</u>         |
| Net loss for the year   |      | (35.494)               | (412.095)               |
| Other comprehensive income  |      | <u>-</u>               | <u>-</u>                |
| Total comprehensive loss for the year   |      | <u><u>(35.494)</u></u> | <u><u>(412.095)</u></u> |
| Loss per share attributable to equity holders of the parent (cent)  | 21   | <u><u>(0,31)</u></u>   | <u><u>(3,64)</u></u>    |

Diluted EPS is the same as basic EPS.

The notes on pages 14 to 42 form an integral part of these consolidated financial statements.

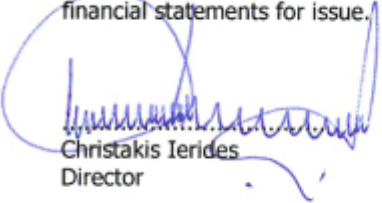
# RICHREACH CORPORATION PUBLIC LTD


## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

|                               | Note | 2022<br>€          | 2021<br>€        |
|-------------------------------|------|--------------------|------------------|
| <b>ASSETS</b>                 |      |                    |                  |
| Non-current assets            |      |                    |                  |
| Property, plant and equipment | 22   | 11.492             | 12.427           |
| Intangible assets             | 23   | <u>297.048</u>     | <u>284.937</u>   |
|                               |      | <u>308.540</u>     | <u>297.364</u>   |
| Current assets                |      |                    |                  |
| Trade and other receivables   | 24   | 35.654             | 45.096           |
| Cash and cash equivalents     | 25   | <u>17.304</u>      | <u>24.695</u>    |
|                               |      | <u>52.958</u>      | <u>69.791</u>    |
| Total assets                  |      | <u>361.498</u>     | <u>367.155</u>   |
| <b>EQUITY AND LIABILITIES</b> |      |                    |                  |
| Equity                        |      |                    |                  |
| Share capital                 | 26   | 569.759            | 566.487          |
| Share premium                 |      | 679.934            | 557.893          |
| Accumulated losses            |      | <u>(1.030.045)</u> | <u>(993.558)</u> |
|                               |      | <u>219.648</u>     | <u>130.822</u>   |
| Advances from shareholders    | 27   | -                  | 124.500          |
| Total equity                  |      | <u>219.648</u>     | <u>255.322</u>   |
| Non-current liabilities       |      |                    |                  |
| Payables to related companies | 32   | <u>94.286</u>      | <u>49.072</u>    |
|                               |      | <u>94.286</u>      | <u>49.072</u>    |
| Current liabilities           |      |                    |                  |
| Trade and other payables      | 29   | 42.421             | 57.618           |
| Current tax liabilities       | 30   | <u>5.143</u>       | <u>5.143</u>     |
|                               |      | <u>47.564</u>      | <u>62.761</u>    |
| Total liabilities             |      | <u>141.850</u>     | <u>111.833</u>   |
| Total equity and liabilities  |      | <u>361.498</u>     | <u>367.155</u>   |

On 27 April 2023 the Board of Directors of RichReach Corporation Public Ltd authorised these consolidated financial statements for issue.

  
Christakis Ierides  
Director

  
George Rousou  
Director

The notes on pages 14 to 42 form an integral part of these consolidated financial statements.

# RICHREACH CORPORATION PUBLIC LTD

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

|   | Note | Share capital<br>€ | Share<br>premium<br>€ | Advances from<br>shareholders<br>€ | Accumulated<br>losses<br>€ | Total<br>€     |
|---|------|--------------------|-----------------------|------------------------------------|----------------------------|----------------|
| Balance at 1 January 2021                                       |      | 564.908            | 473.972               | 60.000                             | (581.463)                  | 517.417        |
| Net loss for the year/ Total<br>comprehensive loss for the year |      | -                  | -                     | -                                  | (412.095)                  | (412.095)      |
| Transactions with owners  |      |                    |                       |                                    |                            |                |
| Issue of share capital  | 26   | 1.579              | 83.921                | (85.500)                           | -                          | -              |
| Advances from shareholders                                      |      | -                  | -                     | 150.000                            | -                          | 150.000        |
| Balance at 31 December<br>2021/ 1 January 2022                  |      | 566.487            | 557.893               | 124.500                            | (993.558)                  | 255.322        |
| Net loss for the year/Total<br>comprehensive loss for the year  |      | -                  | -                     | -                                  | (35.494)                   | (35.494)       |
| Transactions with owners  |      |                    |                       |                                    |                            |                |
| Issue of share capital  | 26   | 3.272              | 122.041               | (124.500)                          | -                          | 813            |
| Defence and GHS contribution on<br>deemed distribution          |      | -                  | -                     | -                                  | (993)                      | (993)          |
| Balance at 31 December 2022                                     |      | <u>569.759</u>     | <u>679.934</u>        | <u>-</u>                           | <u>(1.030.045)</u>         | <u>219.648</u> |

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 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, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 14 to 42 form an integral part of these consolidated financial statements.

# RICHREACH CORPORATION PUBLIC LTD

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

|   | Note | 2022<br>€        | 2021<br>€        |
|---|------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |      |                  |                  |
| Loss before tax   |      | (35.494)         | (328.741)        |
| Adjustments for:  |      |                  |                  |
| Depreciation of property, plant and equipment           | 22   | 5.305            | 9.560            |
| Amortization of intangible assets                       | 23   | 134.298          | 216.142          |
| Loss from the sale of property, plant and equipment     |      | -                | 3.002            |
| Impairment charge - intangible assets                   | 23   | -                | 2.262            |
| Impairment charge - goodwill                            | 23   | -                | 159.701          |
| Interest income   | 18   | -                | (2)              |
| Interest expense  | 18   | -                | 33               |
|   |      | <u>104.109</u>   | <u>61.957</u>    |
| Changes in working capital:                             |      |                  |                  |
| Decrease in trade and other receivables                 |      | 9.442            | 7.276            |
| Decrease in trade and other payables                    |      | (17.656)         | (82.291)         |
| Increase in payables to related companies               |      | 45.214           | 9.306            |
| Increase in deferred income                             |      | -                | 4.000            |
| Cash generated from operations                          |      | <u>141.109</u>   | <u>248</u>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |      |                  |                  |
| Payment for internally generated intangible assets      | 23   | (146.409)        | (129.686)        |
| Payment for purchase of property, plant and equipment   | 22   | (4.370)          | (7.789)          |
| Proceeds from disposal of property, plant and equipment |      | -                | 6.679            |
| Interest received                                       |      | -                | 2                |
| Net cash used in investing activities                   |      | <u>(150.779)</u> | <u>(130.794)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |      |                  |                  |
| Proceeds from issue of share capital                    | 26   | 3.272            | 25.500           |
| Advances from shareholders                              | 26   | -                | 124.500          |
| Repayments of borrowings                                |      | -                | (50)             |
| Interest paid   |      | -                | (33)             |
| Defence contribution on deemed distribution paid        |      | (993)            | -                |
| Net cash generated from financing activities            |      | <u>2.279</u>     | <u>149.917</u>   |
| Net (decrease)/increase in cash and cash equivalents    |      | (7.391)          | 19.371           |
| Cash and cash equivalents at beginning of the year      |      | <u>24.695</u>    | <u>5.324</u>     |
| Cash and cash equivalents at end of the year            |      | <u>17.304</u>    | <u>24.695</u>    |

The notes on pages 14 to 42 form an integral part of these consolidated financial statements.

# RICHREACH CORPORATION PUBLIC LTD

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 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. Functional and presentation currency

The consolidated financial statements are presented in Euro (€) which is the functional currency of the Group.

### 4. 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 2022. This adoption did not have a material effect on the accounting policies of the Group.

### 5. 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 €35.494 for the year ended 31 December 2022, and, as of that date the Group's current assets exceeded its current liabilities by €7.031. In addition, cash flow projections have been prepared up to and including December 2024 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.



# RICHREACH CORPORATION PUBLIC LTD

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 5. Summary of significant accounting policies (continued)

#### Going concern basis (continued)

- Main assumptions used were the following:

- 1) Only recurring revenue and revenue from existing clients included in the calculation, based on agreements.
- 2) The expenses included, are calculated based on the current, actual and budgeted expenses (including mainly payroll cost).

The actual results of the Group for the period January - April 2023 have been considered as satisfactory. The Group has already invoiced the 12% 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 2023.

- Main sources of financing for the Group:

- 1) Licensing Revenue from the Cash Generating Unit (C.G.U.).
- 2) Issue of new shares through 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 5. Summary of significant accounting policies (continued)

#### Business combinations (continued)

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: Recognition and Measurement 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 re assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 5. Summary of significant accounting policies (continued)

#### Revenue

##### Revenue from contracts with customers

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

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

- **Provision of services**  
Revenue from rendering of services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. The Group uses an input method in measuring provision of services because there is a direct relationship between the Group's effort (i.e., based on the labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 5. Summary of significant accounting policies (continued)

#### 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.

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

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

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

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

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

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 5. Summary of significant accounting policies (continued)

#### Intangible assets (continued)

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

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. 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. During the period of development, the asset is tested for impairment annually. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. During the period of development, the asset is tested for impairment annually.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 5. Summary of significant accounting policies (continued)

#### Computer software

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

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

#### Impairment of non-financial assets

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

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

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.

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 Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 5. 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 amortised cost or at FVOCI, at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

All other financial assets are classified as measured at 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 either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 5. 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.

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 exposures 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.

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 5. Summary of significant accounting policies (continued)

#### Financial assets (continued)

#### Financial assets - impairment - credit loss allowance for ECL (continued)

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 7, 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 7, 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.

#### 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 (ii) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 5. Summary of significant accounting policies (continued)

#### Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

#### 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.

#### Contributions from shareholders

Contributions from shareholders are 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.

#### 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.

#### Comparatives

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

### 6. 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

6. New accounting pronouncements (continued)

(i) Standards, interpretation and Standards, interpretation and amendments issued by the IASB but not yet effective and not early adopted

Amendments to IFRS 17 "Insurance Contracts" Initial Application of IFRS 17 and IFRS 9 - Comparative Information (effective for annual periods beginning on or after 1 January 2023).

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

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective for annual periods beginning on or after 1 January 2023).

- *The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The application of the standard is not expected to have an impact on the financial statements of the Company.*

Amendments to IAS 12 - "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 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 narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. 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 application of the standard is not expected to have an impact on the financial statements of the Company.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

6. New accounting pronouncements (continued)

(i) Standards, interpretation and Standards, interpretation and amendments issued by the IASB but not yet effective and not early adopted (continued)

IFRS 17 Insurance Contracts; including Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023).

- *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 cashflows 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.*

(ii) Issued by the IASB but not yet adopted by the European Union

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

- *The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. 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.*

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022), (effective for annual periods beginning on or after 1 January 2024).

- *The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The application of the standard is not expected to have an impact on the financial statements of the Company.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 6. New accounting pronouncements (continued)

#### (ii) Issued by the IASB but not yet adopted by the European Union (continued)

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

- *The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The application of the interpretation is not expected to have an impact on the financial statements of the Company.*

### 7. Financial risk management objectives and policies

#### Financial risk factors

The Group is exposed to credit risk, liquidity risk and capital management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

#### 7.1 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, the Group has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of 'C'

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

7. Financial risk management objectives and policies (continued)

7.1 Credit risk (continued)

*(ii) Impairment of financial assets (continued)*

- 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)
- 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.

*Default*

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

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 7. Financial risk management objectives and policies (continued)

#### 7.1 Credit risk (continued)

##### *(ii) Impairment of financial assets (continued)*

###### *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 90 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:

###### Trade receivables and contract assets

The Group assesses, on an individual basis, its exposure to credit risk arising from trade receivables and contract assets. This assessment is based on the credit history of the customers with the Group as well as the period the trade receivable or contract asset is more than 90 days past due. 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.

There were no significant trade receivable and contract asset balances written off during the year that are subject to enforcement activity.

###### 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.

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2022 and 31 December 2021:

| Financial institution: | Credit rating as at 31<br>December 2022 | 2022<br>€            | 2021<br>€            |
|------------------------|---|----------------------|----------------------|
| Eurobank Cyprus Ltd    | B1                                      | 354                  | 14.532               |
| Bank of Cyprus         | B1                                      | <u>16.186</u>        | <u>9.627</u>         |
| Total                  |   | <u><u>16.540</u></u> | <u><u>24.159</u></u> |

The ECL on current accounts is considered to be insignificant, 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.

#### 7.2 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.

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 7. Financial risk management objectives and policies (continued)

#### 7.2 Liquidity risk (continued)

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

| 31 December 2022            | On demand     | Less than<br>3 months | 3 - 12<br>months | 1 to 5<br>years | More than<br>5 years | Total          |
|-----------------------------|---------------|-----------------------|------------------|-----------------|----------------------|----------------|
|                             | €             | €                     | €                | €               | €                    | €              |
| Trade and other payables    | -             | -                     | 42.420           | -               | -                    | 42.420         |
| Payables to related parties | 94.286        | -                     | -                | -               | -                    | 94.286         |
|                             | <u>94.286</u> | <u>-</u>              | <u>42.420</u>    | <u>-</u>        | <u>-</u>             | <u>136.706</u> |

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

#### 7.3 Capital management

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

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.

### 8. 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 5.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

8. Critical accounting estimates, judgments and assumptions (continued)

- 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.

*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.

- Capitalisation of development costs

The Group capitalises development costs for the internally generated intangible asset. Initial capitalisation of costs is based on the actual hours worked by the employees, assessed and processed by management's judgement that technological and economic feasibility is confirmed, usually when an internally generated asset has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

9. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time in the following major product lines.

|  | 2022          | 2021          |
|--|---------------|---------------|
|  | €             | €             |
| <u>RichReach Application ecosystem Corporate Modules</u> |               |               |
| eLearning  | 6.000         | 5.500         |
| Human Resources  | 24.232        | 11.424        |
| Point of Sale  | 15.120        | 11.640        |
| Salesman Ordering  | 21.120        | 18.690        |
| Warehouse Management                                     | 5.640         | -             |
|  | <u>72.112</u> | <u>47.254</u> |

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 9. Revenue (continued)

#### RichReach Application ecosystem Consumer Modules

|                     |               |               |
|---------------------|---------------|---------------|
| vShop               | 15.950        | 11.500        |
| eShop               | 12.516        | 33.214        |
| Reservations        | 600           | 100           |
| Marketing & Loyalty | 38.850        | 38.835        |
|                     | <u>67.916</u> | <u>83.649</u> |

#### Other RichReach Application ecosystem Revenue

|                                   |               |              |
|-----------------------------------|---------------|--------------|
| Consumer & Corporate Applications | 12.867        | 9.900        |
| Dedicated Cloud Servers           | 6.696         | -            |
|                                   | <u>19.563</u> | <u>9.900</u> |

#### Communication Functions

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Business Communications               | 19.669        | 25.495        |
| Trades, Professionals & Entertainment | 6.858         | 10.162        |
| Content & Monetisation Services       | -             | 28.853        |
| Voices Services                       | -             | 4.968         |
|                                       | <u>26.528</u> | <u>69.478</u> |

#### Other Revenue

|                                    |                |                |
|------------------------------------|----------------|----------------|
| Business Digitalisation            | 175.957        | 91.240         |
| Medical Functions                  | 67.747         | 149.089        |
| Revenue Collections Fees Recovered | 6.095          | -              |
|                                    | <u>249.799</u> | <u>240.329</u> |

|               |                |                |
|---------------|----------------|----------------|
| Total Revenue | <u>435.918</u> | <u>450.610</u> |
|---------------|----------------|----------------|

The Group has two (2) single customers which each individually account for more than 10% of the Group's revenue.

### 10. Cost of sales

|                                   | 2022           | 2021           |
|-----------------------------------|----------------|----------------|
|                                   | €              | €              |
| <u>RichReach Application</u>      |                |                |
| Research & Development            | 62.082         | 95.915         |
| Infrastructure                    | 24.057         | 20.980         |
|                                   | <u>86.139</u>  | <u>116.895</u> |
| <u>Medical Functions</u>          |                |                |
| Automated Sending of Certificates | 29.879         | 111.541        |
|                                   | <u>29.879</u>  | <u>111.541</u> |
| <u>Communications</u>             |                |                |
| Content & Monetisation Services   | 4.647          | 13.047         |
| Other Communication Services      | 11.600         | 17.666         |
|                                   | <u>16.247</u>  | <u>30.714</u>  |
| <u>Other</u>                      |                |                |
| Revenue Collection Fees           | 250            | 12.305         |
|                                   | <u>250</u>     | <u>12.305</u>  |
|                                   | <u>132.516</u> | <u>271.456</u> |

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 11. Other operating income

|                       | 2022         | 2021          |
|-----------------------|--------------|---------------|
|                       | €            | €             |
| Discounts received    | -            | 393           |
| Other income          | 1.505        | 9.134         |
| Release of provisions | -            | 64.084        |
|                       | <u>1.505</u> | <u>73.611</u> |

### 12. Impairment charge- goodwill

|  | 2022     | 2021           |
|--|----------|----------------|
|  | €        | €              |
| Impairment charge - goodwill (Note 23) | -        | 159.701        |
|  | <u>-</u> | <u>159.701</u> |

### 13. Impairment charge- intangible assets

|   | 2022     | 2021         |
|---|----------|--------------|
|   | €        | €            |
| Impairment charge - intangible assets (Note 23) | -        | 2.262        |
|   | <u>-</u> | <u>2.262</u> |

### 14. Selling and distribution expenses

|                 | 2022          | 2021          |
|-----------------|---------------|---------------|
|                 | €             | €             |
| Advertising     | 735           | 3.464         |
| Sundry expenses | 920           | 170           |
| Promotion Costs | 57.246        | 37.816        |
|                 | <u>58.901</u> | <u>41.450</u> |

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 15. Administration expenses

|   | 2022           | 2021           |
|---|----------------|----------------|
|   | €              | €              |
| Staff costs                               | 33.066         | 33.737         |
| Rent                                      | 13.200         | 13.200         |
| Licenses and taxes                        | -              | 2.426          |
| Municipality taxes                        | 661            | 597            |
| Annual levy                               | 700            | 700            |
| Electricity                               | 3.589          | 3.681          |
| Water supply and cleaning                 | 2.109          | 2.191          |
| Insurance                                 | 219            | 355            |
| Sundry expenses                           | 342            | 1.750          |
| Telephone and postage                     | 2.284          | 3.859          |
| Courier expenses                          | 108            | 10             |
| Stationery and printing                   | 89             | 148            |
| Subscriptions and contributions           | 90             | 84             |
| Equipment maintenance                     | 448            | 323            |
| Computer supplies and maintenance         | 544            | 1.494          |
| Computer software                         | 1.055          | 983            |
| Auditors' remuneration                    | 12.000         | 10.000         |
| Accounting fees                           | 1.524          | 1.391          |
| Other professional fees                   | 9.060          | 4.286          |
| Secretarial & Registered Office fees      | 825            | 940            |
| Overseas travelling                       | 2.262          | 2.906          |
| Inland travelling and accommodation       | 187            | 143            |
| Motor vehicle running costs               | 6.532          | 8.809          |
| External Operations & Accounting Services | 27.053         | 23.894         |
| Common Expenses                           | 1.786          | 1.704          |
| Specific provision for bad debts          | 1.761          | -              |
| Hardware expenses                         | 824            | 601            |
|   | <u>122.318</u> | <u>120.212</u> |

### 16. Other expenses

|   | 2022     | 2021         |
|---|----------|--------------|
|   | €        | €            |
| Loss on disposal of property, plant and equipment (Note 21) | -        | 3.002        |
|   | <u>-</u> | <u>3.002</u> |

### 17. Staff costs

|                       | 2022          | 2021          |
|-----------------------|---------------|---------------|
|                       | €             | €             |
| Salaries              | 72.422        | 80.092        |
| Social security costs | 6.491         | 8.956         |
|                       | <u>78.913</u> | <u>89.048</u> |

The number of employees employed by the Group during the year 2022 and 2021 were 3 and 4 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.

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 18. Finance income/(costs)

|                             | 2022                  | 2021                  |
|-----------------------------|-----------------------|-----------------------|
|                             | €                     | €                     |
| Interest income             | -                     | 2                     |
| Finance income              | <u>-</u>              | <u>2</u>              |
| Net foreign exchange losses | (90)                  | -                     |
| Interest expense            | -                     | (33)                  |
| Sundry finance expenses     | <u>(1.511)</u>        | <u>(1.250)</u>        |
| Finance costs               | <u>(1.601)</u>        | <u>(1.283)</u>        |
| Net finance costs           | <u><u>(1.601)</u></u> | <u><u>(1.281)</u></u> |

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

|   | 2022                 | 2021                 |
|---|----------------------|----------------------|
|   | €                    | €                    |
| Cyprus Stock Exchange Recurring Fees                              | 7.334                | 7.334                |
| Nominated Advisor Fees  | 5.400                | 5.000                |
| Other expenses related to the Cyprus Stock Exchange and Investors | 4.113                | 1.425                |
| Finder's Fees   | -                    | 10.000               |
| New Shares issues & listing Fees                                  | <u>1.131</u>         | <u>4.375</u>         |
|   | <u><u>17.978</u></u> | <u><u>28.134</u></u> |

### 20. Tax

|                       | 2022            | 2021                 |
|-----------------------|-----------------|----------------------|
|                       | €               | €                    |
| Corporation tax       | -               | 5.143                |
| Deferred tax - charge | <u>-</u>        | <u>78.211</u>        |
| Charge for the year   | <u><u>-</u></u> | <u><u>83.354</u></u> |

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

|  | 2022            | 2021                 |
|--|-----------------|----------------------|
|  | €               | €                    |
| Loss before tax  | <u>(35.494)</u> | <u>(328.741)</u>     |
| Tax calculated at the applicable tax rates             | (4.437)         | (33.173)             |
| Effect of different tax rates in other countries       | -               | 43.869               |
| Tax effect of expenses not deductible for tax purposes | 26.602          | (28.841)             |
| Tax effect of allowances and income not subject to tax | (24.521)        | -                    |
| Tax effect of tax loss for the year                    | -               | 22.820               |
| 10% additional charge                                  | 2.356           | 468                  |
| Deferred tax   | <u>-</u>        | <u>78.211</u>        |
| Tax charge   | <u><u>-</u></u> | <u><u>83.354</u></u> |

The corporation tax rate is 12,5%.

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 20. Tax (continued)

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

|   | 2022              | 2021              |
|---|-------------------|-------------------|
| Loss attributable to shareholders (€)                               | <u>(35.494)</u>   | <u>(412.095)</u>  |
| Weighted average number of ordinary shares in issue during the year | <u>11.395.171</u> | <u>11.329.746</u> |
| Loss per share attributable to equity holders of the parent (cent)  | <u>(0,31)</u>     | <u>(3,64)</u>     |

Diluted EPS is the same as basic EPS.

### 22. Property, plant and equipment

|  | Furniture &<br>Equipment<br>€ | Computer<br>Hardware<br>€ | Machinery<br>€ | Telephone<br>Systems<br>€ | Total<br>€    |
|--|-------------------------------|---------------------------|----------------|---------------------------|---------------|
| Cost   |                               |                           |                |                           |               |
| Balance at 1 January 2021                      | 14.305                        | 16.812                    | 5.750          | 42.500                    | 79.367        |
| Additions                                      | -                             | 7.790                     | -              | -                         | 7.790         |
| Amount written-off                             | (150)                         | -                         | (5.750)        | -                         | (5.900)       |
| Disposals                                      | -                             | -                         | -              | (42.500)                  | (42.500)      |
| Balance at 31 December 2021                    | <u>14.155</u>                 | <u>24.602</u>             | <u>-</u>       | <u>-</u>                  | <u>38.757</u> |
| Balance at 31 December 2021/ 1<br>January 2022 | 14.155                        | 24.602                    | -              | -                         | 38.757        |
| Additions                                      | -                             | 4.370                     | -              | -                         | 4.370         |
| Balance at 31 December 2022                    | <u>14.155</u>                 | <u>28.972</u>             | <u>-</u>       | <u>-</u>                  | <u>43.127</u> |
| Depreciation                                   |                               |                           |                |                           |               |
| Balance at 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 on amount written-off                   | (150)                         | -                         | (5.750)        | (34.000)                  | (39.900)      |
| Balance at 31 December 2021                    | <u>11.775</u>                 | <u>14.555</u>             | <u>-</u>       | <u>-</u>                  | <u>26.330</u> |
| Balance at 31 December 2021/ 1<br>January 2022 | 11.775                        | 14.555                    | -              | -                         | 26.330        |
| Charge for the year                            | 1.866                         | 3.439                     | -              | -                         | 5.305         |
| Balance at 31 December 2022                    | <u>12.740</u>                 | <u>18.895</u>             | <u>-</u>       | <u>-</u>                  | <u>31.635</u> |
| Net book amount                                |                               |                           |                |                           |               |
| Balance at 31 December 2022                    | <u>1.415</u>                  | <u>10.077</u>             | <u>-</u>       | <u>-</u>                  | <u>11.492</u> |
| Balance at 31 December 2021                    | <u>2.380</u>                  | <u>10.047</u>             | <u>-</u>       | <u>-</u>                  | <u>12.427</u> |

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 22. Property, plant and equipment (continued)

During the year 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<br>€ | RichReach<br>Application *<br>€ | Computer<br>and Telecom<br>software<br>€ | Total<br>€ |
|---|---------------|---------------------------------|--|------------|
| <b>Cost</b>                                 |               |                                 |  |            |
| Balance at 1 January 2021                   | 159.701       | 948.563                         | 21.040                                   | 1.129.304  |
| Additions internally developed              | -             | 129.686                         | -  | 129.686    |
| Impairment                                  | (159.701)     | (336.621)                       | (19.850)                                 | (516.172)  |
| Balance at 31 December 2021/ 1 January 2022 | -             | 741.628                         | 1.190                                    | 742.818    |
| Additions internally developed              | -             | 146.409                         | -  | 146.409    |
| Balance at 31 December 2022                 | -             | 888.037                         | 1.190                                    | 889.227    |
| <b>Amortisation</b>                         |               |                                 |  |            |
| Balance at 1 January 2021                   | -             | 575.870                         | 20.326                                   | 596.196    |
| Amortisation for the year                   | -             | 215.666                         | 238                                      | 215.904    |
| Impairment charge                           | -             | (334.369)                       | (19.850)                                 | (354.219)  |
| Balance at 31 December 2021/ 1 January 2022 | -             | 457.881                         | 714                                      | 458.595    |
| Amortisation for the year                   | -             | 134.060                         | 238                                      | 134.298    |
| Balance at 31 December 2022                 | -             | 591.465                         | 714                                      | 592.179    |
| <b>Net book amount</b>                      |               |                                 |  |            |
| Balance at 31 December 2022                 | -             | 296.572                         | 476                                      | 297.048    |
| Balance at 31 December 2021                 | -             | 284.461                         | 476                                      | 284.937    |

\*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. From the above transaction the goodwill at acquisition date was €159.701.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

23. Intangible assets (continued)

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 2021, goodwill has been fully impaired.

Impairment assessment

The subsidiary RichReach Corporation (CY) Ltd is the CGU to which development costs are allocated. During 2021, an assessment regarding the impairment of the value of the CGU was performed. Due to the end of the useful life of the assets and will no longer generate revenue, the required impairment was recognized.

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 two-year period (2023 - 2024). Management prepares the financial budgets based on past performance experience and its expectations for business and market developments. Cash flows beyond the two-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 macro economic factors of the country of operation. The discount rate used does not include the tax effects and reflects specific risks relating to the CGU.

In addition, cash flow projections of 2023 reflect that the remaining active revenue stream-lines of the CGU generate revenue and are profitable, thus no further impairment will be performed, based on the signed agreements with the customers. During 2022, the impairment testing resulted in the recognition of impairment losses of €nil (2021: €98.612) in relation to impairment charge of subsidiary (€96.350) and impairment charge of development costs €2.262.

24. Trade and other receivables

|                          | 2022          | 2021          |
|--------------------------|---------------|---------------|
|                          | €             | €             |
| Trade receivables        | 33.015        | 34.696        |
| Deposits and prepayments | 2.231         | 10.400        |
| Accrued income           | 408           | -             |
|                          | <u>35.654</u> | <u>45.096</u> |

The Group does not hold any collateral over the trading balances.

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 7 of the consolidated financial statements.



# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 25. Cash and cash equivalents

Cash balances are analysed as follows:

|              | 2022          | 2021          |
|--------------|---------------|---------------|
|              | €             | €             |
| Cash in hand | 458           | 46            |
| Cash at bank | <u>16.846</u> | <u>24.649</u> |
|              | <u>17.304</u> | <u>24.695</u> |

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the consolidated financial statements.

### 26. Share capital

|                               | 2022<br>Number of<br>shares | 2022<br>€      | 2021<br>Number of<br>shares | 2021<br>€         |
|-------------------------------|-----------------------------|----------------|-----------------------------|-------------------|
| Authorised                    |                             |                |                             |                   |
| Ordinary shares of €0,05 each | <u>15.000.000</u>           | <u>750.000</u> | <u>15.000.000</u>           | <u>15.000.000</u> |
| Issued and fully paid         |                             |                |                             |                   |
| Balance at 1 January          | 11.329.746                  | 566.487        | 11.298.167                  | 564.908           |
| Issue of shares               | <u>65.425</u>               | <u>3.272</u>   | <u>31.579</u>               | <u>1.579</u>      |
| Balance at 31 December        | <u>11.395.171</u>           | <u>569.759</u> | <u>11.329.746</u>           | <u>566.487</u>    |

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).

On 13 January 2022, 11 March 2022 and 16 December 2022 the Company increased its issued share capital by 28.046, 21.129 and 16.250, respectively, ordinary shares of nominal value of €0,05.

On 13 January 2022 and on 11 March 2022 the Company increased its share premium by €98.348 and €23.694, respectively (28.046 shares of €3,51 premium and 21.129 shares of €1,12).

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

|                          | 2022      | 2021           |
|--------------------------|-----------|----------------|
|                          | €         | €              |
| Balance at 1 January     | 124.500   | 60.000         |
| Issue of New Shares      | (124.500) | (85.500)       |
| Proceeds during the year | <u>-</u>  | <u>150.000</u> |
| Balance at 31 December   | <u>-</u>  | <u>124.500</u> |

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.

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 28. Borrowings

|                        | 2022     | 2021     |
|------------------------|----------|----------|
|                        | €        | €        |
| Balance at 1 January   | -        | 2.475    |
| Repayments             | -        | (2.475)  |
| Balance at 31 December | <u>-</u> | <u>-</u> |

### 29. Trade and other payables

|                                  | 2022          | 2021          |
|----------------------------------|---------------|---------------|
|                                  | €             | €             |
| Trade payables                   | 7.225         | 13.064        |
| Social insurance and other taxes | 2.704         | 2.373         |
| VAT                              | 18.971        | 22.331        |
| Accruals                         | 12.012        | 13.523        |
| Other creditors                  | 1.509         | 2.327         |
| Deferred income                  | -             | 4.000         |
|                                  | <u>42.421</u> | <u>57.618</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.

### 30. Current tax liabilities

|                 | 2022         | 2021         |
|-----------------|--------------|--------------|
|                 | €            | €            |
| Corporation tax | <u>5.143</u> | <u>5.143</u> |
|                 | <u>5.143</u> | <u>5.143</u> |

### 31. Operating Environment of the Group

Following the Coronavirus disease (COVID-19) outbreak in 2020, the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life. During 2022 the world has moved to a post-COVID-19 era and today limited COVID-19 restrictions exist (which apply mainly for the health sector). As such and unless the situation changes, the Company does not expect its operations to be affected by COVID-19.

### 32. Related party transactions

The Company is controlled by 3L Transcendent Investments Limited, incorporated in Cyprus, which owns 72,34% of the Company's shares. The ultimate controlling party is Mr. Antonis Karitzis.

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

### 32. Related party transactions (continued)

The following transactions were carried out with related parties:

#### 32.1 Directors' remuneration

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

|                        | 2022          | 2021          |
|------------------------|---------------|---------------|
|                        | €             | €             |
| Salaries of Management | <u>27.252</u> | <u>29.362</u> |
|                        | <u>27.252</u> | <u>29.362</u> |

#### 32.2 Purchases of goods and services

|   |                                  | 2022           | 2021           |
|---|----------------------------------|----------------|----------------|
|   | <u>Nature of transactions</u>    | €              | €              |
| Coeur DeLion Software Engineering Limited | Software development and support | 184.406        | 188.595        |
| 3L Baccarat Investments (Int'l) Limited   | Software development and support | <u>45.699</u>  | <u>55.123</u>  |
|   |                                  | <u>230.105</u> | <u>243.718</u> |

Coeur DeLion Software Engineering Ltd (controlled by the Director George Rousou) owns 18,77% 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.

#### 32.3 Payables to related companies

|   |                                  | 2022          | 2021          |
|---|----------------------------------|---------------|---------------|
| <u>Name</u>                               | <u>Nature of transactions</u>    | €             | €             |
| Coeur DeLion Software Engineering Limited | Software development and support | 64.881        | 24.970        |
| 3L Baccarat Investments (Int'l) Limited   | Software development and support | <u>17.062</u> | <u>11.760</u> |
|   |                                  | <u>81.943</u> | <u>36.730</u> |

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

#### 32.4 Shareholders' current accounts - credit balances

|                            | 2022          | 2021          |
|----------------------------|---------------|---------------|
|                            | €             | €             |
| Director's current account | <u>12.343</u> | <u>12.343</u> |
|                            | <u>12.343</u> | <u>12.343</u> |

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

### 33. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2022.

### 34. Commitments

The Group had no capital or other commitments as at 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2022

35. Events after the reporting period

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2023 which relate to new developments that occurred after the reporting period.

The impact of events after the reporting date on the going concern is described in note 5.

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

Independent Auditor's Report on pages 6 to 9