

RICHREACH CORPORATION PUBLIC  
LTD

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

# RICHREACH CORPORATION PUBLIC LTD

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## CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

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

# **RICHREACH CORPORATION PUBLIC LTD**

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## **CONSOLIDATED 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 2023.

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

The principal activities of the Group, which are unchanged from prior year, 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 €163.631 (2022: Loss €35.494). On 31 December 2023 the total assets of the Group were €334.576 (2022: €361.498) and the net assets of the Group were €56.402 (2022: €219.648). The financial position, development and performance of the Group as presented in these financial statements declined comparing to 2022 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 29 of the consolidated financial statements.

### **Existence of branches**

The Group does not maintain any branches.

### **Use of financial instruments by the Group**

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

The risk management policies employed by the Company to manage these risks are discussed in note 7.

### **Results**

The Group's results for the year are set out on page 9.

### **Dividends**

The Company did not have any distributable profits as at 31 December 2023, thus the Board of Directors cannot recommend the payment of a dividend.

### **Share capital**

On 14 December 2023 the Company increased its issued share capital by €385 (7.709 shares of €0,05 each). Please refer to note 23.

### **Corporate Governance Code**

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

The Board of Directors ensures adequate internal control and risk management procedures for the preparation of the periodic information required for listed companies.

### **Board of Directors**

The members of the Group's Board of Directors as at 31 December 2023 and at the date of this report are presented on page 1. On 3 April 2023, Mr. Epaminondas Metaxas has resigned from the Board of Directors.

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

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

# RICHREACH CORPORATION PUBLIC LTD

## CONSOLIDATED MANAGEMENT REPORT

### Participation of Directors in the Company's share capital

The percentage of share capital of the Company held directly or indirectly by each member of the Board of Directors (in accordance with Article (4) (b) of the Directive DI 190 2007 04), as at 31 December 2023 and 29 April 2024 were as follows:

	31 December 2023	29 April 2024
	%	%
Christakis Ierides	0,22	0,22
George Rousou	0,66	0,66
Antonis Karitzis	0,46	0,46
George Koufaris	0,10	0,10

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

The Company is controlled by 3L Transcendent Investments Limited, incorporated in Cyprus, which owns 72,29% of the Company's shares. The ultimate controlling party is Mr. Antonis Karitzis.

### 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 2023 and 29 April 2024:

	31 December 2023	29 April 2024
	%	%
3L Transcendent Investments Ltd	72,29	72,29
Coeur DeLion Software Engineering Ltd	18,75	18,75

### Climate change

The Management has taken note of global awareness and concerns about the potential impact of climate change. Currently, this matter has had no significant impact on the consolidated financial statements, but Management continues to monitor developments in this area.

### Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 33 of the consolidated financial statements.

### Agreements with Directors and related parties

As at 31 December 2023, 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. Please refer to note 30 of the consolidated financial statements.

### Independent Auditors

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

By order of the Board of Directors,



Karanto Secretarial Limited  
Secretary

GEORGE ROUSOU  
DIRECTOR

Nicosia, 29 April 2024

# **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 2023, on the basis of our knowledge, declare that:

(a) The annual consolidated financial statements of the Group which are presented on pages 9 to 38:

(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	
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Nicosia, 29 April 2024



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## Independent Auditor's Report

To the Members of RichReach Corporation Public Ltd

Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of RichReach Corporation Public Ltd (the "Company") and its subsidiaries (the "Group"), which are presented in pages 9 to 38 and comprise the consolidated statement of financial position as at 31 December 2023, 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 of the consolidated financial statements, including material accounting policy information.

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 2023, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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 (continued)

Key audit matter	Audit procedures performed
<p>Application development costs impairment assessments (note 20)</p>	
<p>The Group recognised application development costs on the consolidated statement of financial position in the amount of €243.033 as at 31 December 2023 which are significant for the consolidated financial statements, representing 73% of total Group assets.</p>	<p>Our audit procedures in this area included, amongst others, the following: - We have obtained an understanding of the impairment estimation process 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 software application. In estimating its 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 2023 and the key assumptions used are included in Note 20 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 the value in use and recoverable amount of the software application, based on the long-term business plans prepared by management. Our assessment focused on the analysis of future cash flows prepared by management. - We performed back-testing procedures on the prior year's assumptions and inputs in the cash flow projections, and discussed with management whether any changes to the assumptions and/or inputs were made. - We assessed whether the model used to derive the value in use is in line with the requirements of IAS 36. - We assessed the adequacy of disclosures related to the impairment of capitalised 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 Consolidated 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 IFRSs 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.
- 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.

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

#### Report on Other Legal Requirements

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

- In our opinion, based on the work undertaken in the course of our audit, the Consolidated 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 light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Consolidated Management Report. We have nothing to report in this respect.

#### Other Matter

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

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



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

Ernst & Young Cyprus Limited  
Certified Public Accountants and Registered Auditors

Nicosia, 29 April 2024

# RICHREACH CORPORATION PUBLIC LTD

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

Year ended 31 December 2023

	Note	2023 €	2022 €
Revenue	9	439.819	435.918
Cost of sales	10	<u>(114.052)</u>	<u>(132.516)</u>
Gross profit		325.767	303.402
Other operating income		194	1.505
Selling and distribution expenses	11	(69.298)	(58.901)
Administration expenses	12	<u>(202.310)</u>	<u>(122.318)</u>
Earnings before Interest, Tax, Depreciation, Amortization		54.353	123.688
Finance costs		<u>(1.055)</u>	<u>(1.601)</u>
Expenses related to the listing of the Company's Shares at the Stock Exchange and Share Capital and Corporate Events	15	(15.787)	(17.978)
Depreciation of equipment and Right-of-use asset	18 & 19	(9.643)	(5.305)
Amortization of intangible assets	20	(146.183)	(134.298)
Impairment charge - intangible assets	13 & 20	<u>(45.316)</u>	<u>-</u>
Loss before tax		(163.631)	(35.494)
Tax	16	<u>-</u>	<u>-</u>
Net loss for the year		(163.631)	(35.494)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u><u>(163.631)</u></u>	<u><u>(35.494)</u></u>
Basic and diluted loss per share attributable to equity holders of the parent (cent)	17	<u><u>(1,43)</u></u>	<u><u>(0,31)</u></u>

Diluted EPS is the same as basic EPS.

The notes on pages 13 to 38 form an integral part of these consolidated financial statements.

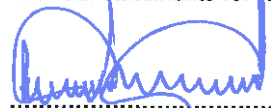
# RICHREACH CORPORATION PUBLIC LTD

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Note	2023 €	2022 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment	18	21.356	11.492
Right-of-use assets	19	30.624	-
Intangible assets	20	243.033	297.048
Deferred tax assets	26	3.828	-
<b>Total non-current assets</b>		<b>298.841</b>	<b>308.540</b>
<b>Current assets</b>			
Trade and other receivables	21	29.370	35.654
Cash and cash equivalents	22	6.365	17.304
<b>Total current assets</b>		<b>35.735</b>	<b>52.958</b>
<b>Total assets</b>		<b>334.576</b>	<b>361.498</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	23	570.144	569.759
Share premium		679.934	679.934
Accumulated losses		(1.193.676)	(1.030.045)
<b>Total equity</b>		<b>56.402</b>	<b>219.648</b>
<b>Non-current liabilities</b>			
Lease liabilities	25	20.628	-
Trade and other payables	27	-	94.286
Deferred tax liabilities	26	3.828	-
<b>Total non-current liabilities</b>		<b>24.456</b>	<b>94.286</b>
<b>Current liabilities</b>			
Trade and other payables	27	238.604	42.421
Lease liabilities	25	9.971	-
Current tax liabilities	28	5.143	5.143
<b>Total current liabilities</b>		<b>253.718</b>	<b>47.564</b>
<b>Total liabilities</b>		<b>278.174</b>	<b>141.850</b>
<b>Total equity and liabilities</b>		<b>334.576</b>	<b>361.498</b>

On 29 April 2024 the Board of Directors of RichReach Corporation Public Ltd authorised these consolidated financial statements for issue.



Christakis Ierides  
Director



George Rousou  
Director

The notes on pages 13 to 38 form an integral part of these consolidated financial statements.

# RICHREACH CORPORATION PUBLIC LTD

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Note	Share capital €	Share premium €	Advances from shareholders €	Accumulated losses €	Total €
Balance at 1 January 2022		566.487	557.893	124.500	(993.558)	255.322
Net loss for the year/ Total comprehensive loss for the year		-	-	-	(35.494)	(35.494)
Transactions with owners						
Issue of share capital	23	3.272	122.041	(124.500)	-	813
Defence and GHS contribution on deemed distribution		-	-	-	(993)	(993)
Balance at 31 December 2022/ 1 January 2023		569.759	679.934	-	(1.030.045)	219.648
Net loss for the year/Total comprehensive loss for the year		-	-	-	(163.631)	(163.631)
Transactions with owners						
Issue of share capital	23	385	-	-	-	385
Balance at 31 December 2023		570.144	679.934	-	(1.193.676)	56.402

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.

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 13 to 38 form an integral part of these consolidated financial statements.

# RICHREACH CORPORATION PUBLIC LTD

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 €	2022 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(163.631)	(35.494)
Adjustments for:			
Depreciation of equipment and right-of-use assets	18 & 19	9.643	5.305
Amortization of intangible assets	20	146.183	134.298
Impairment charge - intangible assets	20	<u>45.316</u>	<u>-</u>
		37.511	104.109
Changes in working capital:			
Decrease in trade and other receivables		6.284	9.442
Decrease in trade and other payables		(7.065)	(17.656)
Increase in payables to related companies		<u>108.967</u>	<u>45.214</u>
Cash generated from operations		<u>145.697</u>	<u>141.109</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for internally generated intangible assets	20	(137.485)	(146.409)
Payment for purchase of property, plant and equipment	18	<u>(18.636)</u>	<u>(4.370)</u>
Net cash used in investing activities		<u>(156.121)</u>	<u>(150.779)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	23	385	3.272
Payments of leases liabilities		(900)	-
Defence contribution on deemed distribution paid		<u>-</u>	<u>(993)</u>
Net cash (used in)/generated from financing activities		<u>(515)</u>	<u>2.279</u>
Net decrease in cash and cash equivalents		(10.939)	(7.391)
Cash and cash equivalents at beginning of the year		<u>17.304</u>	<u>24.695</u>
Cash and cash equivalents at end of the year	22	<u><u>6.365</u></u>	<u><u>17.304</u></u>

The notes on pages 13 to 38 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 2023

### 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, which are unchanged from prior year, 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 Parent and the Companies 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 (IFRSs) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023.

- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments):

The Amendments are effective for annual periods beginning on or after January 1, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The amendments affected the disclosures of the group's accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Adoption of the below did not have material impact on the accounting policies of the Group:

- IFRS 17: Insurance Contracts
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)
- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)
- IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

### 5. Summary of material accounting policies

The material 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.

Management seeks not to reduce the understandability of these consolidated financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes.

#### Going concern basis

The Management of the Group has made an assessment of the Group's ability to continue as a going concern for a period of 12 months from the date of approval of the consolidated financial statements. The main conditions and matters considered by Management to determine the existence of uncertainty over the Group's ability to continue as a going concern are the following:

The Group incurred a loss of €163.631 for the year ended 31 December 2023, and, as of that date the Group's current liabilities exceeded its current assets by €217.983.

As at 31 December 2023, the Group's total assets exceeds its total liabilities by €56.402.

The Group has balances payable to related parties with carrying amounts of €203.252. The related parties expressed their willingness and intention to postpone repayments of their liabilities until the Company is in a position to repay them.

Furthermore, Management proceeded with Cash Flow projections up to December 2025 evaluating the Group's ability to operate as a going concern.

An entity under common control has agreed with the Group to provide with financial assistance in case needed, for an amount up to €150.000, to help the Group meet its liabilities. As at 31 December 2023, no such assistance utilized.

#### Conclusion

The Management considering and evaluating all the above conditions and relevant factors has concluded that the Group has currently the available resources to enable it to continue its activities. In this respect, the consolidated financial statements have been prepared on a going concern basis.

#### Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 and IFRS 10 require 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.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

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

#### Basis of consolidation (continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### Revenue

##### Revenue from contracts with customers

Revenue comprises the fair value of the sale of services, net of value added tax and any excise duties, rebates and discounts. Revenue from contracts with customers is recognised when control of the 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 services. Control over services rendered is transferred to the customer upon delivery of the respective service. 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 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

##### *Rendering of services - over time:*

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.

##### *Rendering of services - at a point in time:*

The Group concluded that it transfers control over its services at a point in time, upon receipt by the customer of the service, because this is when the customer benefits from the relevant service.

#### Income Tax

Income tax expense represents the sum of the income 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year ended 31 December 2023

5. Summary of material accounting policies (continued)

Income Tax (continued)

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.

Equipment

Equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

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 equipment. 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.

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

Intangible assets

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

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

#### Intangible assets (continued)

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.

#### 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.

#### Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group has the right to direct the use of an identified asset throughout the period of use when it has the right to direct how and for what purpose the asset is used and has the right to change the purpose, throughout the period of use (i.e. the decision-making rights that most significantly affect the economic benefits that can be derived from the use of the underlying asset). Essentially, this right permits the Group to change its decisions throughout the contract term without approval from the lessor.

The Group elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'). Payments associated with short-term leases and leases of low value assets are recognised on a straight line basis as an expense in the income statement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

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

#### Leases (continued)

##### The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate (IBR). Subsequently, the lease liability is measured at mortgaged cost using the effective interest method. It is then adjusted for interest and lease payments, as well as the impact of lease modifications. Interest is computed by unwinding the present value of the lease liability and charged to the income statement within 'Interest expense'.

Leases are monitored for significant changes that could trigger a change in the lease term and at the end of each reporting period the impact on the lease liability and the RoU asset is reassessed. Lease liability is remeasured if there is a change in future lease payments, a change in the lease term, or as appropriate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. When the lease liability is remeasured, a corresponding adjustment is made to the RoU asset and/or profit or loss, as appropriate.

The lease term is calculated as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease (if reasonably certain to be exercised), or any periods covered by an option to terminate the lease (if reasonably certain not to be exercised). The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and RoU assets recognised.

Lease payments generally include fixed payments. In cases where the lease contract includes a term with fixed increments in the lease payments, the increase is accounted for in the initial recognition of lease liability.

When a lease contains an extension or termination option that the Group considers reasonably certain to be exercised, the expected lease payments or costs of termination are included within the lease payments in determining the lease liability.

#### 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.

All other financial assets are classified as measured at FVTPL.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

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

#### Financial assets - Recognition

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 - 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.

#### Debt instruments

The Group classifies its debt instruments at amortised cost. These are 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 and trade receivables.

These amounts generally arise from transactions within the usual operating activities of the Group. 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 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. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Trade 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, 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 2023

### 5. Summary of material accounting policies (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.

#### 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.

#### Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

#### 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 and payables to related parties.

#### Derecognition of financial assets and liabilities

##### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

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

#### Derecognition of financial assets and liabilities (continued)

##### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### Prepayments

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.

##### 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

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:

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

*Amendments to IAS 1 Presentation of Financial Statements:*

- *Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);*
- *Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and*
- *Non-current Liabilities with Covenants (issued on 31 October 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, 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 application of the standard is not expected to have an impact on the financial statements of the Group.*

*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 Group.*



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

6. New accounting pronouncements (continued)

(ii) Standards, interpretation and amendments issued by the IASB but not yet adopted by the European Union

*Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023) (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 supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The application of the standard is not expected to have an impact on the financial statements of the Group.*

*Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for annual periods beginning on or after 1 January 2025).*

- *The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. 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 Group.*

*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 standard is not expected to have an impact on the financial statements of the Group.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

### 6. New accounting pronouncements (continued)

(ii) Standards, interpretation and amendments issued by the IASB but not yet adopted by the European Union (continued)

#### *IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024)*

- *On 9 April 2024, the IASB issued the IFRS 18 – Presentation and Disclosure in Financial Statements which replaces IAS 1 – Presentation of Financial Statements. IFRS 18 is the result of the IASB's Primary Financial Statements project and it becomes effective for annual reporting periods beginning on or after January 1, 2027. Management will analyse the requirements of the new standard and assess its impact upon becoming effective.*

The above except for IFRS 18 - Presentation and Disclosure in Financial Statements., are expected to have no significant impact on the Group's consolidated financial statements when they become effective.

### 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 is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, and trade receivables.

#### *(i) Risk management*

Credit risk is managed on an individual 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 credit 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.

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

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

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

#### 7.1 Credit risk (continued)

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

##### *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.

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.

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

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 180 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 trade receivable balances written off during the year that are subject to enforcement activity.

##### Cash and cash equivalents

The Group assesses, on an individual 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 2023 and 31 December 2022:

Financial institution:	Credit rating as at 31 December 2023	2023	2022
		€	€
Eurobank Cyprus Ltd	B1	757	354
Bank of Cyprus	B1	<u>5.568</u>	<u>16.186</u>
Total		<u>6.325</u>	<u>16.540</u>

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

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

#### 7.1 Credit risk (continued)

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

#### Cash and cash equivalents (continued)

The ECL on current accounts is considered to be approximate to €nil. 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.

There were no cash at bank balances written off during the year that are subject to enforcement activity.

#### 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.

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

31 December 2023	On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 years	Total
	€	€	€	€	€	€
Trade and other payables	35.352	-	-	-	-	35.352
Payables to related parties	203.252	-	-	-	-	203.252
Lease liability	-	-	10.800	21.300	-	32.100
	<u>238.604</u>	<u>-</u>	<u>10.800</u>	<u>21.300</u>	<u>-</u>	<u>270.704</u>

31 December 2022	On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 years	Total
	€	€	€	€	€	€
Trade and other payables	42.421	-	-	-	-	42.421
Payables to related parties	94.286	-	-	-	-	94.286
	<u>136.707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136.707</u>

#### 7.3 Capital management

Capital includes equity shares and share premium.

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

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

### 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

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

*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.

*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 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 20.

- 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 services in the following major revenue streams.

	2023	2022
	€	€
Recurring revenue	206.063	157.350
One-time revenue	76.850	37.853
Pay as you Use revenue	17.106	54.724
Business digitalisation	135.800	146.345
Other revenue	4.000	39.646
Total Revenue	<u>439.819</u>	<u>435.918</u>

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

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

### 10. Cost of sales

	2023	2022
	€	€
RichReach Application	100.623	86.139
Medical functions	-	3.713
Pay as you Use Costs	13.351	41.209
Other	78	1.455
	<u>114.052</u>	<u>132.516</u>

### 11. Selling and distribution expenses

	2023	2022
	€	€
Advertising	2.334	735
Sundry expenses	-	920
Promotion Costs	66.964	57.246
	<u>69.298</u>	<u>58.901</u>

### 12. Administration expenses

	2023	2022
	€	€
Staff costs	52.641	33.066
Rent	12.100	13.200
Municipality taxes	732	661
Annual levy	700	700
Electricity	3.989	3.589
Water supply and cleaning	4.668	2.109
Insurance	225	219
Repairs and maintenance	21	-
Sundry expenses	13.223	342
Telephone and postage	2.450	2.284
Courier expenses	-	108
Stationery and printing	233	89
Subscriptions and contributions	-	90
Equipment maintenance	3.172	448
Computer supplies and maintenance	620	544
Computer software	1.700	1.055
Auditors' remuneration	12.000	12.000
Accounting fees	2.672	1.524
Other professional fees	57.549	9.060
Secretarial & Registered Office fees	1.005	825
Overseas travelling	-	2.262
Inland travelling and accommodation	681	187
Motor vehicle running costs	6.794	6.532
External Operations & Accounting Services	22.536	27.053
Common expenses	2.218	1.786
Hardware expenses	662	824
(Reversal of)/ specific provision for expected credit losses	(281)	1.761
	<u>202.310</u>	<u>122.318</u>

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

### 13. Impairment charge - intangible assets

	2023	2022
	€	€
Impairment charge - intangible assets (note 20)	<u>45.316</u>	<u>-</u>
	<u>45.316</u>	<u>-</u>

### 14. Staff costs

	2023	2022
	€	€
Salaries	62.303	72.422
Social security costs	<u>8.970</u>	<u>6.491</u>
	<u>71.273</u>	<u>78.913</u>

The number of employees employed by the Group during the year 2023 and 2022 was 3 and 3 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.

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

	2023	2022
	€	€
Cyprus Stock Exchange Recurring Fees	7.344	7.334
Nominated Advisor Fees	5.400	5.400
Other expenses related to the Cyprus Stock Exchange and Investors	1.181	4.113
New Shares issues & listing Fees	<u>1.862</u>	<u>1.131</u>
Other expenses related to the Cyprus Stock Exchange and Investors	<u>15.787</u>	<u>17.978</u>

### 16. Tax

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

	2023	2022
	€	€
Loss before tax	<u>(163.631)</u>	<u>(35.494)</u>
Tax calculated at the applicable tax rates	(20.454)	(4.437)
Tax effect of expenses not deductible for tax purposes	33.018	26.602
Tax effect of allowances and income not subject to tax	(13.991)	(24.521)
Tax effect of group tax relief	<u>1.427</u>	<u>2.356</u>
Tax charge	<u>-</u>	<u>-</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (reduced to 17% as of 1 January 2024). 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.

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

### 17. Basic and diluted loss per share attributable to equity holders of the parent (cent)

	2023	2022
Loss attributable to shareholders (€)	<u>(163.631)</u>	<u>(35.494)</u>
Weighted average number of ordinary shares in issue during the year	<u>11.402.880</u>	<u>11.395.171</u>
Basic and diluted loss per share attributable to equity holders of the parent (cent)	<u><u>(1,43)</u></u>	<u><u>(0,31)</u></u>

Diluted EPS is the same as basic EPS.

### 18. Equipment

	Furniture & Equipment €	Computer Hardware €	Motor vehicles €	Total €
<b>Cost</b>				
Balance at 1 January 2022	14.155	24.602	-	38.757
Additions	<u>-</u>	<u>4.370</u>	<u>-</u>	<u>4.370</u>
Balance at 31 December 2022/ 1 January 2023	14.155	28.972	-	43.127
Additions	-	5.427	14.500	19.927
Amount written-off	<u>(4.145)</u>	<u>(7.345)</u>	<u>-</u>	<u>(11.490)</u>
Balance at 31 December 2023	<u>10.010</u>	<u>27.054</u>	<u>14.500</u>	<u>51.564</u>
<b>Depreciation</b>				
Balance at 1 January 2022	11.775	14.555	-	26.330
Charge for the year	<u>1.866</u>	<u>3.439</u>	<u>-</u>	<u>5.305</u>
Balance at 31 December 2022/ 1 January 2023	12.740	18.895	-	31.635
Charge for the year	1.551	4.317	2.900	8.768
Amount written-off	<u>(4.145)</u>	<u>(6.238)</u>	<u>-</u>	<u>(10.383)</u>
Balance at 31 December 2023	<u>8.783</u>	<u>18.525</u>	<u>2.900</u>	<u>30.208</u>
<b>Net book amount</b>				
Balance at 31 December 2023	<u><u>1.227</u></u>	<u><u>8.529</u></u>	<u><u>11.600</u></u>	<u><u>21.356</u></u>
Balance at 31 December 2022	<u><u>1.415</u></u>	<u><u>10.077</u></u>	<u><u>-</u></u>	<u><u>11.492</u></u>



RICHREACH CORPORATION PUBLIC LTD

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year ended 31 December 2023

19. Right-of-use assets

	Office buildings €
Cost	
Additions	<u>31.499</u>
Balance at 31 December 2023	<u>31.499</u>
Depreciation	
Charge for the year	<u>875</u>
Balance at 31 December 2023	<u>875</u>
Net book amount	
Balance at 31 December 2023	<u><u>30.624</u></u>

For more information please refer to note 25.

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

### 20. Intangible assets

	RichReach Application	Computer and Telecom software	Total
	€	€	€
<b>Cost</b>			
Balance at 1 January 2022	741.628	1.190	742.818
Additions internally developed	146.409	-	146.409
Balance at 31 December 2022/ 1 January 2023	888.037	1.190	889.227
Additions internally developed	137.485	-	137.485
Impairment charge/ Write-off	(408.009)	(1.190)	(409.199)
Balance at 31 December 2023	617.513	-	617.513
<b>Amortisation</b>			
Balance at 1 January 2022	457.167	714	457.881
Amortisation for the year	134.060	238	134.298
Balance at 31 December 2022/ 1 January 2023	591.227	952	592.179
Amortisation for the year	145.945	238	146.183
Impairment charge/ Write-off	(362.692)	(1.190)	(363.882)
Balance at 31 December 2023	374.480	-	374.480
<b>Net book amount</b>			
Balance at 31 December 2023	243.033	-	243.033
Balance at 31 December 2022	296.810	238	297.048

### Impairment assessment

The recoverable amount of the software application has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering a three-year period (2024 - 2026). Management prepares the financial budgets based on past performance experience and its expectations for business and market developments. The discount rate used does not include the tax effects and reflects specific risks relating to the CGU.

During the year, a categorisation of the Group's modules was performed. The purpose of the categorisation of the modules was to identify the following:

- which module does not directly generate recurring revenue
- which module is not expected to generate recurring revenue in the next two years, and
- which module is generating low recurring revenue

Based on that assessment, for the modules that all three factors above were applicable, an impairment of their respective capitalised costs was recorded. A total capitalised cost amount of €408.009 was written-off, along with the related amortisation of €362.692, resulting in an impairment loss of €45.316, which was recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

### 21. Trade and other receivables

	2023	2022
	€	€
Trade receivables	21.020	33.015
Deposits and prepayments	5.059	2.231
Accrued income	1.366	408
Other receivables	1.925	-
	<u>29.370</u>	<u>35.654</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.

### 22. Cash and cash equivalents

Cash balances are analysed as follows:

	2023	2022
	€	€
Cash in hand	40	458
Cash at bank	<u>6.325</u>	<u>16.846</u>
	<u>6.365</u>	<u>17.304</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.

### 23. Share capital

	2023	2023	2022	2022
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €0,05 each	<u>15.000.000</u>	<u>750.000</u>	<u>15.000.000</u>	<u>750.000</u>
Issued and fully paid				
Balance at 1 January	11.395.171	569.759	11.329.746	566.487
Issue of shares	<u>7.709</u>	<u>385</u>	<u>65.425</u>	<u>3.272</u>
Balance at 31 December	<u>11.402.880</u>	<u>570.144</u>	<u>11.395.171</u>	<u>569.759</u>

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, by issuing ordinary shares of nominal value of €0,05 each.

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 and 21.129 shares of €1,12 premium each).

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

### 23. Share capital (continued)

On 14 December 2023 the Company increased its issued share capital by issuing €385 (7.709 shares of €0,05 each).

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

### 24. Advances from shareholders

	2023	2022
	€	€
Balance at 1 January	-	124.500
Issue of New Shares	-	(124.500)
Balance at 31 December	<u>-</u>	<u>-</u>

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

### 25. Lease liabilities

	2023	2022
	€	€
Additions	31.499	-
Repayments	(900)	-
Balance at 31 December	<u>30.599</u>	<u>-</u>

	Minimum lease payments		The present value of minimum lease payments	
	2023	2022	2023	2022
	€	€	€	€
Not later than 1 year	10.800	-	9.971	-
Later than 1 year and not later than 5 years	<u>21.300</u>	-	<u>20.628</u>	-
	32.100	-	30.599	-
Future finance charges	(1.501)	-	-	-
Present value of lease liabilities	<u>30.599</u>	<u>-</u>	<u>30.599</u>	<u>-</u>

All lease obligations are denominated in Euro.

The fair values of lease obligations approximate to their carrying amounts as presented above.

The Group's obligations under leases are secured by the lessors' title to the leased assets.

### 26. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 16). The applicable corporation tax rate in the case of tax losses is 12,5%.

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

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

### 26. Deferred tax (continued)

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

The movement on the deferred taxation account is as follows:

#### Deferred tax liability

	Temporary tax differences €
Balance at 1 January 2022	-
Balance at 31 December 2022/ 1 January 2023	-
Charged/(credited) to:	
Charge related to lease recognition	<u>3.828</u>
Balance at 31 December 2023	<u><u>3.828</u></u>

#### Deferred tax assets

	Temporary tax differences €
Balance at 1 January 2022	-
Balance at 31 December 2022/ 1 January 2023	-
Charged/(credited) to:	
Charge related to lease recognition	<u>3.828</u>
Balance at 31 December 2023	<u><u>3.828</u></u>

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.

### 27. Trade and other payables

	2023 €	2022 €
Social insurance and other taxes	2.402	2.704
VAT	9.764	18.971
Accruals	13.699	12.012
Other creditors	9.487	8.734
Payables to related parties (Note 30.3 & 30.4)	<u>203.252</u>	<u>94.286</u>
	238.604	136.707
Less non-current payables	<u>-</u>	<u>(94.286)</u>
Current portion	<u><u>238.604</u></u>	<u><u>42.421</u></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 7 of the financial statements.

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

### 28. Current tax liabilities

	2023	2022
	€	€
Corporation tax	<u>5.143</u>	<u>5.143</u>
	<u>5.143</u>	<u>5.143</u>

### 29. Operating Environment of the Group

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these consolidated financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The Israel-Gaza conflict has escalated significantly after Hamas launched a major attack on 7 October 2023. Companies with material subsidiaries, operations, investments, contractual arrangements or joint ventures in the War area might be significantly exposed. Entities that do not have direct exposure to Israel and Gaza Strip are likely to be affected by the overall economic uncertainty and negative impacts on the global economy and major financial markets arising from the war. This is a volatile period and situation, however, the Group is not directly exposed. Management will continue to monitor the situation closely and take appropriate actions when and if needed.

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

The Group has limited direct exposure to Russia, Ukraine, Belarus, and Israel and as such does not expect significant impact from direct exposures to these countries.

Despite the limited direct exposure, the conflict is expected to negatively impact the tourism and services industries in Cyprus. Furthermore, the increasing energy prices, fluctuations in foreign exchange rates, unease in stock market trading, rises in interest rates, supply chain disruptions and intensified inflationary pressures may indirectly impact the operations of the Group. The indirect implications will depend on the extent and duration of the crisis and remain uncertain.

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

# RICHREACH CORPORATION PUBLIC LTD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

### 30. Related party transactions

The Company is controlled by 3L Transcendent Investments Limited, incorporated in Cyprus, which owns 72,29% of the Company's shares. The ultimate controlling party is Mr. Antonis Karitzis.

The following transactions were carried out with related parties:

#### 30.1 Directors' remuneration

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

	2023	2022
	€	€
Salaries of Management	<u>46.088</u>	<u>27.251</u>

#### 30.2 Purchases of goods and services

<u>Name</u>	<u>Nature of transactions</u>	2023	2022
		€	€
Coeur DeLion Software Engineering Limited	Software development and support	209.476	184.406
3L Baccarat Investments (Int'l) Limited	Software development and support	<u>56.379</u>	<u>45.699</u>
		<u>265.855</u>	<u>230.105</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.

#### 30.3 Payables to related companies (Note 27)

<u>Name</u>	<u>Nature of transactions</u>	2023	2022
		€	€
Coeur DeLion Software Engineering Limited	Software development and support	176.521	64.881
3L Baccarat Investments (Int'l) Limited	Software development and support	<u>14.389</u>	<u>17.062</u>
		<u>190.910</u>	<u>81.943</u>

The payable to related party is interest free, has no specified repayment date, but not earlier than the next twelve months.

#### 30.4 Shareholders' current accounts - credit balances (Note 27)

	2023	2022
	€	€
Director's current account	<u>12.343</u>	<u>12.343</u>

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

### 31. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2023.

### 32. Commitments

The Group had no capital or other commitments as at 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2023

33. Events after the reporting period

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

Independent Auditor's Report on pages 5 to 8