



BoD of Neurosoft S.A. approves 2019 1st Semester Results

2019 1st Semester Results:

- **Consolidated revenues €7.23 million (€6.24 million in 2018)**
- **Gross profit €0.50 million (€0.25 million in 2018)**
- **EBITDA € (0.365) million (€ (0.52) million in 2018)**
- **Profit before income taxes € (1.36) million (€ (1.25) million in 2018)**
- **Net Profit € (1.30) million (€ (1.05) million in 2018)**
- **Net Financial Position is cash positive and amounted to € 0.44 million**

Iraklio Attica, 19 September 2019 - The Board of Directors of Neurosoft S.A., a fully integrated ICT Company with Software Development, System Integration and Information Technology Security Capabilities, met today and approved the first half year results ended 30 June 2019, including the results for its subsidiaries Neurosoft Cyprus Ltd., Neurosoft Romania Srl, Neurosoft Cyber and Analytics Ltd. Neurosoft, traded on Milan's AIM Italia market (GRS802003004, Reuters NRST.MI, Bloomberg NRST:IM), has Banca Intermobiliare SpA as its Nominated Adviser.

Commenting on the Group's half year results, Neurosoft CEO **Epameinondas Paschalidis** said: "During the 1st half of 2019 we achieved a remarkable 16% revenue growth. All actions undertaken the previous years accelerated and led as expected to a continuous improvement in revenues. Despite the challenging conditions of our home market, we've managed to strengthen our position in both Fintech and Cyber Security Operations sectors. Neurosoft stepped into new industries and established promising co-operations with major clients. In the international field we've been constant with our strategic business plan. We invested significantly in our extroversion and empowered our presence in the UAE and MENA region by acquiring Daedalus Technologies FZCO, a technology provider with a focus in the financial services market operating in the territory. This venture is fully aligned with the lifecycle of our sales effort that enters into the stage of maturity. Therefore, we are preparing our infrastructure to serve forthcoming projects that require local presence. Our strict focus on the strategic goals was proved fruitful in terms of revenues, during the next years we anticipate the positive impact in the bottom line, too."

It is worth noticing that since 2019 Neurosoft has applied IFRS 16. As a result, the Group and the Company recognised rights-of-use assets and lease liabilities of € 1,2 million related to leases of buildings and transportation means. Under this approach, the comparative information is not restated.

Neurosoft's consolidated half year revenues were €7.23 million, while during the 1H 2018 the revenues were €6.24 million. Company's commercial transformation plan was completed and the "Go-to-market" strategy has already proved the positive impact anticipated. Moreover, the reorganization of the sales department, the reinforcement of the Sales team and the establishment of new reselling channels in the Fintech and CSO sectors yield a strong return.

The company's gross profit for the first half of 2019 was € 0.50 million, also due to the strategic decision of the company to merge its two business pillars, the "Fintech" and the "Gaming Analytics" into one, under the name "Fintech & Analytics, created economies of scale and significantly contributed to the positive result.

The EBITDA amounted to € (0.365) million, driven by top-line growth and the effective cost containment actions.

The profit before income taxes amounted to € (1.36) million as a result of the effect created by the internally generated intangible asset.

It is worth noticing that during the 1st semester of 2019 the company increased the cash flows from operating activities and invested back in the operational infrastructure.

Changes in Group segments during the 1st semester 2019

During the 1st Semester of 2019, the Company, in accordance with the Strategic Business Plan for 2019-2021, reorganized the business segments. More specifically, Neurosoft merged two business pillars, the "Fintech" and the "Gaming Analytics", into one, under the name "Fintech & Analytics". This course of action is considered an efficient way to improve market penetration and increase business, as the Company shall fully exploit the continuous investment plan in R&D and shall create economies of scale.

The objective of this decision is to align the resources, as well as, the product portfolios of the sectors and to pursue large scale organization with high-volume business transactions for which the advanced methodologies and technologies such as Blockchain and IoT is not an industry trend but a mandatory feature of their operational framework.

The Group's and Company's operations are divided into three segments:

- 1) Fintech and Analytics
- 2) Cyber Security Operations
- 3) Systems Engineering

Neurosoft S.A., a Greek company listed on the AIM Italia market , organized and managed by the Italian Stock Exchange (ISIN GRS802003004, Reuters NRST.MI, Bloomberg NRST:IM), was founded in 1994 with the vision to provide superior products, innovative solutions and exclusive services to its international clients. Neurosoft is a fully integrated ICT company with Software Development, System Integration and Information Security capabilities. The staff headcount exceeds 200+ highly skilled employees with deep experience in their field. The company is based in Athens with presence in Cyprus, UAE and UK.

Business areas covered by Neurosoft:

- **Fintech& Analytics:** Design and development of a unique ecosystem for Sales & Supply Chain Finance Operators with fully customized Business Intelligence & Risk Management modules using topnotch technologies such as BlockChain and IoT. In an ever-changing financial landscape where the need for liquidity is overwhelming, our almost 20-year experience in the field is transformed into valuable solutions that meet your day-to-day financing demands
- **Cyber Security:** Provision of high-end Cyber Security solutions and services and development of innovative security products. In a world of viruses, malwares, and hacktivists, Neurosoft has compiled a suite of practical and technologically advanced tools and methods to significantly enhance the protection of your mission-critical data
- **Systems Engineering:** Design, implementation, operation and support of large-scale ICT infrastructure solutions for Operators of Critical Networks and Critical National Infrastructure Stakeholders. Our vast experience in complex projects makes Neurosoft the ideal partner for any ICT infrastructure requirement

The company is committed to client impact, continuous investments in R&D, innovation, adoption of advanced methodologies and well-known international standards (ISO9001 & 27001, OHSAS18001, OWASP). It demonstrates a track record of successful local & international group (multi-country) installations & continuous technical support, always on time – on budget – on spec.

In 2019, Neurosoft was nominated ORACLE – Partner of the Year Innovation for CEE.

As of today, Banca Intermobiliare SpA is Neurosoft's Nominated Adviser for the AIM Italia market.

Press release available on www.neurosoft.gr

For further information please contact:

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INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		01.01- 30.06.2019	01.01- 30.06.2018*	01.01- 30.06.2019	01.01- 30.06.2018*
Revenue	4	7,231,605	6,237,605	7,231,605	6,204,405
Cost of services	5	(6,726,455)	(5,981,770)	(6,706,863)	(5,969,380)
Gross profit		505,150	255,835	524,742	235,025
Selling and distribution expenses	5	(1,207,312)	(612,244)	(1,203,796)	(612,244)
Administrative expenses	5	(689,893)	(1,094,203)	(687,883)	(1,071,427)
Other income		84,843	227,052	84,843	227,052
Operating loss		(1,307,211)	(1,223,560)	(1,282,094)	(1,221,594)
Financial income	6	142	164	142	164
Financial costs	6	(49,466)	(23,176)	(48,461)	(21,212)
Loss before income taxes		(1,356,535)	(1,246,572)	(1,330,412)	(1,242,642)
Income taxes	7	53,214	193,986	53,214	193,986
Net loss for the period (A)		(1,303,321)	(1,052,586)	(1,277,198)	(1,048,656)
Other comprehensive income (B)		-	-	-	-
Total comprehensive loss after tax		(1,303,321)	(1,052,586)	(1,277,198)	(1,048,656)
Loss for the period attributable to:					
Equity holders of the parent		(1,303,321)	(1,052,586)	(1,277,198)	(1,048,656)
Non-controlling interests		-	-	-	-
		(1,303,321)	(1,052,586)	(1,277,198)	(1,048,656)
Total comprehensive loss for the					
Equity holders of the parent		(1,303,321)	(1,052,586)	(1,277,198)	(1,048,656)
Non-controlling interests		-	-	-	-
		(1,303,321)	(1,052,586)	(1,277,198)	(1,048,656)
Total weighted number of ordinary		25,584,594	25,584,594	25,584,594	25,584,594
Adjusted weighted average number of		25,584,594	25,584,594	25,584,594	25,584,594
Loss per share (basic and diluted)		(0.0509)	(0.0411)	(0.0499)	(0.0410)

* The Group and the Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated (note 2.3).

INTERIM STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		30.06.2019	31.12.2018*	30.06.2019	31.12.2018*
ASSETS					
Non - current assets					
Intangible assets	10	4,331,642	4,703,920	4,331,642	4,703,920
Property, plant & equipment	9	1,709,851	493,509	1,709,851	493,509
Investments in subsidiaries	8	-	-	813,501	813,501
Other non - current assets		153,293	98,911	153,293	98,911
		6,194,785	5,296,340	7,008,286	6,109,841
Current assets					
Cash and cash equivalents	12	2,458,954	2,784,254	2,193,331	2,768,679
Restricted cash		2,259	2,259	2,259	2,259
Inventories		834,278	807,595	834,278	807,595
Trade receivables	11	2,719,004	3,938,547	2,720,734	3,905,296
Other current assets	11	1,244,901	441,417	1,366,758	592,114
		7,259,395	7,974,072	7,117,360	8,075,943
Total assets		13,454,181	13,270,411	14,125,646	14,185,784
EQUITY					
Attributable to shareholders of the					
Share capital	13	8,954,608	8,954,608	8,954,608	8,954,608
Share premium		600,000	600,000	600,000	600,000
Reserves		377,638	377,638	377,638	377,638
Retained earnings		(2,969,053)	(1,665,733)	(2,021,264)	(744,066)
		6,963,193	8,266,513	7,910,982	9,188,180
LIABILITIES					
Non-current liabilities					
Long-term borrowings		1,420,233	572,635	1,420,233	572,635
Deferred tax liabilities		916,244	969,458	916,244	969,458
Employee benefit plans		229,838	205,526	229,838	205,526
Provisions		54,336	54,336	54,336	54,336
		2,620,651	1,801,955	2,620,651	1,801,955
Current liabilities					
Short-term borrowings		601,394	271,622	601,394	271,622
Trade payables	14	1,775,313	1,618,647	1,772,094	1,629,948
Tax liabilities	15	247,225	637,856	247,684	637,856
Other current liabilities	14	1,246,404	673,818	972,840	656,223
		3,870,337	3,201,943	3,594,013	3,195,649
Total liabilities		6,490,988	5,003,897	6,214,664	4,997,604
Total equity & liabilities		13,454,181	13,270,411	14,125,646	14,185,784

* The Group and the Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated (note 2.3).

INTERIM STATEMENT OF CHANGES IN EQUITY

GROUP

	Attributable to owners of the parent				Total equity
	Share	Share	Reserves	Retained	
1 January 2018	8,954,608	600,000	377,638	(1,359,286)	8,572,960
Net loss for the period	-	-	-	(1,052,586)	(1,052,586)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(1,052,586)	(1,052,586)
30 June 2018	8,954,608	600,000	377,638	(2,411,872)	7,520,374
1 January 2019*	8,954,608	600,000	377,638	(1,665,732)	8,266,514
Net loss for the period	-	-	-	(1,303,321)	(1,303,321)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(1,303,321)	(1,303,321)
30 June 2019	8,954,608	600,000	377,638	(2,969,053)	6,963,193

COMPANY

	Share	Share	Reserves	Retained	Total
	1 January 2018	8,954,608	600,000	377,638	(353,640)
Net loss for the period	-	-	-	(1,048,656)	(1,048,656)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for	-	-	-	(1,048,656)	(1,048,656)
30 June 2018	8,954,608	600,000	377,638	(1,402,296)	8,529,950
1 January 2019*	8,954,608	600,000	377,638	(744,066)	9,188,180
Net loss for the period	-	-	-	(1,277,198)	(1,277,198)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for	-	-	-	(1,277,198)	(1,277,198)
30 June 2019	8,954,608	600,000	377,638	(2,021,264)	7,910,982

* The Group and the Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated (note 2.3).

INTERIM CASH FLOW STATEMENT

	GROUP		COMPANY	
	01.01- 30.06.2019	01.01- 30.06.2018*	01.01- 30.06.2019	01.01- 30.06.2018*
<u>Operating activities</u>				
Profit before tax	(1,356,535)	(1,246,572)	(1,330,412)	(1,242,642)
<u>Adjustments for:</u>				
Depreciation and amortization	941,448	706,003	941,448	706,003
Financial expenses - net	45,921	23,012	44,916	21,048
Other provisions	22,873	46,805	22,873	46,805
Exchange differences	3,403	-	3,403	-
Operating profit before working capital	(342,890)	(470,753)	(317,773)	(468,787)
Changes in working capital				
(Increase) / decrease in inventories	(26,683)	1,272	(26,683)	1,272
(Increase) / decrease in receivables	416,060	(55,460)	409,919	(92,893)
Increase / (decrease) in payables (excl.	156,666	186,615	142,146	187,424
Increase / (decrease) in other current	572,586	(6,405)	316,617	37,786
Interest and related expenses paid	(44,619)	(23,176)	(43,614)	(21,212)
Increase / (decrease) in tax liabilities	(390,631)	50,463	(390,172)	50,463
Payment for staff indemnity	-	(933)	-	(933)
(Increase) / decrease in other non-current	(54,381)	(11,447)	(54,381)	(11,447)
Cash flows from / (used in) operating	286,108	(329,827)	36,059	(318,327)
<u>Investing activities</u>				
Purchase of intangible assets	(342,820)	(126,234)	(342,820)	(126,234)
Purchase of property, plant & equipment	(62,900)	-	(62,900)	-
Interest received	136	164	136	164
Cash flows used in investing activities (b)	(405,583)	(126,070)	(405,583)	(126,070)
<u>Financing activities</u>				
Proceeds from borrowings	-	407,000	-	407,000
Repayments of borrowings	(45,811)	(45,811)	(45,811)	(45,811)
Repayments of finance leases	(156,610)	-	(156,610)	-
Cash flows (used in) / from financing	(202,421)	361,189	(202,421)	361,189
Net decrease in cash and cash equivalents	(321,896)	(94,708)	(571,945)	(83,208)
Cash and cash equivalents at the beginning	2,784,254	2,495,105	2,768,679	2,454,582
Foreign exchange gains on cash and cash	(3,403)	-	(3,403)	-
Cash and cash equivalents at the end of	2,458,954	2,400,397	2,193,331	2,371,374

* The Group and the Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated (note 2.3).