

Release



Board of Directors of Neurosoft S.A. approves 2019 Annual Financial Statements

- **Consolidated Revenues** amounted to € 14,90 million in 2019 (€13,78 million in 2018)
- **Gross Profit** in 2019 amounted to €1,30 million (€2,64 million in 2018)
- **EBITDA** in 2019 amounted to € (0,28) million (€0,85 million in 2018)
- **EBIT** in 2019 amounted to € (2,88) million (€ (0,62) million in 2018)
- **Net Profit** in 2019 amounted to € (2,62) million (€ (0,31) million in 2018)
- **Net Financial Position** in 2019 amounted to € 5,00 million (€2,27 million in 2018)
- **Total equity** in 2019 amounted to € 5,65 million (€ 8,26 million in 2018)

Iraklio, Attica, April 27, 2020 - 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 Neurosoft's Consolidated Annual Audited Financial Statements (including the results for its subsidiaries, Neurosoft Cyprus Ltd, Neurosoft Romania Srl and Neurosoft Cyber and Analytics Ltd) for the year ended December 31st, 2019. Neurosoft, traded on Milan's AIM Italia market ([GRS802003004](#), [Reuters NRST.MI](#), [Bloomberg NRST:IM](#)), has **Banca Intermobiliare SpA** as its Nominated Adviser.

"In 2019 Neurosoft started to reap the efforts on International expansion by securing important contracts that although they came late in the year, reassured us of the correctness of our strategy. Signature accounts in the MENA region and especially in the financial services sector have opened the way forward for 2020. Despite the slow economic environment in our home market, especially during the first half of the year, we managed to reinforce the top line by 8% reaching a record year on revenue levels. Our key priority was to create a strong and balanced pipeline for 2020-2021, capitalizing on the innovative and value driven portfolio of products, solutions and services developed the last two years, that through the correction of the services mix will result to the expected positive effect on the bottom line. Our market penetration together with our strong cash position keeps us optimistic during the uncertainty of the Covid-19 global crisis." **Stated Epameinondas Paschalidis, Chief Executive Officer of Neurosoft S.A**

2019 Neurosoft Group Consolidated Performance

The FY 2019 ended with consolidated revenues equal to € 14,90 million (8,1% Revenue growth) continuing last year's upturn. This significant growth is a result of previous years' company's policy to further invest in research and development to expand sales & marketing activities and in this way to make a robust presence in its areas of interest. The Company has participated in two programs of the Horizon 2020 Innovation program for exchange of knowledge on the IT and cyber security sector.

The enlargement of the Company's operations capacity by 8% in terms of headcount (average staff grew from 180 in 2018 to more than 194 in 2019) of high-profile professionals had an impact on the Gross Profit. In addition, during this year Neurosoft decided to enter into the B2C business environment. The market barriers and the fixed costs the Company had to undertake led to a low margin project but of strategic importance and had direct effect on the 2019 gross margin, which equals to € 1,30 million (€ 2,64 million in 2018) and, as a consequence, on 2019 EBITDA, negative for € 0,28 million (€0,85 million in 2018).

2019 EBIT stands at € - 2,88 million (€ - 0,62 million in 2018), since the announced exit from the gaming market had to be accompanied by an equivalent impairment on our intangible assets. As a result, 2019 Net Profit is equal to € - 2,62 million (€ - 0,31 million in 2018).

2019 Equity is equal to € 5,65 million (€ 8,26 million in 2018) with a 2019 Net financial position that amounts to € 5 million versus € 2,27 million in 2018.

Anticipated course and Company's development for the year 2020

Based on the up-to-date estimations for 2020 there is cautious optimism regarding the achievement of the economic objectives, despite the clearly difficult financial circumstances that continue to dominate the domestic market and economy. The Company will continue to invest in added value technological products in 2020, in line with the requirements of our times, which are expected to yield a dynamic response in the targeted markets, while in the meantime it will focus on further enhancing its extroversion. In any case, taking into consideration the overall liquidity that prevails, the future cannot be predicted with accuracy. The extremely dynamic sectors (SE and CSO) allow the diversification of its portfolio on the one hand, and cross synergies that were not in-place in the previous years on the other. The strategy of the company will be international expansion with two poles, one in the UAE for factoring and ICT infrastructure, after the acquisition of an affiliate company in UAE and in London for factoring and cyber security.

COVID-19 impact

The outbreak of novel coronavirus (COVID-19) has affected business and economic activity around the world, including Greece. Neurosoft expects that results for 2020 will be affected by the enhanced volatile market environment due to COVID-19 pandemic. As far as the Company's activities are concerned, the

Company has not suspended its activities and continues its efforts to expand its customer base in key markets, although some business activities have been limited depending on the suspension of certain customer activities. By investing on Neurosoft people, the Company focus on further market penetration by acquiring new customers and developing its trading networks, as well as providing solutions to existing and new customers.

Given the spread of the coronavirus, the range of potential outcomes for the global economy are difficult to predict at this point in time. Outcomes can range from successful virus containment and minor short-term impact, to a prolonged impact that may result in a potential recession. In addition, governments implement a number of policy and fiscal actions that are intended to mitigate potential negative economic impacts. The Management is monitoring the developments from the outbreak closely, follows guidance from the local health authorities and adheres to the requirements and actions as implemented by the Greek government.

The Management of the Company has examined its current operating results. Apart from its operational performance, the management has made an assessment of its cash position and made adjustments to its cash flow forecasts where necessary. The Management is confident that the Company has sufficient liquidity to repay all its suppliers and cover its future commitments. The Company has sufficient undrawn borrowing facilities that can be utilized, without any restrictions, to fund any potential shortfall in cash resources..

Important related party transactions

Related parties transactions have been identified based on the requirements of IAS 24 “Related Party Disclosures” and Neurosoft procedure for Transaction with Related Parties and are presented in the Financial Statements accordingly.

During the 2019, the related party transactions referring to provision of Neurosoft services in the normal course of business, were equal to 8,4 million euro. The Company has adopted the rules provided by the applicable legislation and AIM rules. In particular, these transactions took place at arm's length (market conditions basis), within the case of exclusion pursuant to art. 2, lett. e) of Neurosoft Procedure for Transaction with Related Parties and in compliance with art. 7, lett. c) of AIM Italia Provisions on Related Party Transactions.

General Outlook of products & Solution Development

1. Product & Solution Development:

1.1 Proxima+ platform evolution: 2019 was a year of on-going product development in line with augmenting the breadth of Neurosoft product offering such as E2E Pre-shipment financing and Term Loans, in particular, Open

account TR and Settlement and Open account advance TR. At the same time, Neurosoft launched the onboarding module as well as the multi-dashboard ML enabled, Risk Analytics platform for Open Accounts.

1.2 Blockchain: Early adopters of the Oracle Autonomous Blockchain Cloud Platform, Neurosoft launched in Q2 its first application in the receivables space, tackling the issue of peer-to-peer invoice reconciliation. This is the first step in a series of blockchain services to be offered, which eventually will link up with Proxima+ platform. ConFIRM (Consensus For Invoice Reconciliation Management) is a platform that targets to alleviate all issues that accounting offices face in the process of invoice reconciliation. The platform uses blockchain to enhance the traceability, immutability and consensus that the technology offers, to allow suppliers and buyers to agree and confirm their invoices whilst automating processes like payments through integration with their ERPs and the use of smart contracts. Next step will be dynamic discounting.

1.3. BOLT and related development: The Company continued adding connectivity to of BOLT at OPAP and support the offline as well online channels.

1.4 Angel - Cyber Defence Solution for the Maritime world: Following the successful launch in Q4 2017 Angel in co-operation with Navarino Telecoms, was well received by the market leading to a commercial success according to the initial forecast. New features and functionalities are expected to be presented in mid-2020.

1.5 Illicium – Cyber Defence Product using Deception Technology: In 2019 Illicium was fully marketed in Greece and Cyprus directly and Internationally through a channel partner approach. Development for Illicium to be launched on Azure Cloud marketplace has been almost finalized targeting a Go Live date in 2020Q1. Illicium technology is embedded in both Angel and Neutrify solutions.

1.6 Neutrify – Cyber Defence E2E Solution: Neutrify was launched as an E2E 24x7 Security Operations Center solution in 2019Q3, completely dedicated to traffic flow and monitoring for threats and attacks. It monitors and analyze activity on networks, servers, endpoints, databases, applications, websites, and other systems, looking for anomalous activity that could be indicative of a security incident or compromise. Beyond just monitoring, Neutrify offers additional capabilities including advanced forensic analysis, and malware reverse engineering to analyze incidents capitalizing the significant R&D investment of the department.

1.7 EnterpriseLink – Infrastructure as a Service Solution: The latest solution launched by Neurosoft in 2019Q4 in proud partnership with Telecom Italia Sparkle. Enterprise Link is a Business Connectivity Service based on the SD-WAN paradigm and assisting enterprises in their Digital Transformation journey. Specifically designed for multi-site enterprises to help them Simplify their network Architecture, Secure and Segment communication between branches, head offices and Data Centers and bring connected users closer to desired applications using application prioritization, traffic break-outs and real-time link measurement and load-balancing. All the above in an agile and easily configurable manner with breathtaking SLAs and unparalleled reporting capabilities.

2. Business Development:

2.1 Fintech: Neurosoft is dominant in the domestic market with its Factoring & Supply Chain Finance platform Proxima+. The target for 2019 was to capitalize on the successful UAE business case for GCC and European markets. Increased Sales and Business Development capacity resulted to a very successful year in new International and domestic awards from CEE and MENA areas. The company participated in a number of local and international RFPs and PoCs building up a solid pipeline.

2.2 Cyber Security: Established presence in Greece & Cyprus. The focus in 2019 was to enter new high spending security verticals (i.e. Financial Services) while on the offering side to expand in Operational Technology cyber security market (Oil & Gas, Utilities, Transportation). Due to a full year in terms of active contracts in the home market, plans for geographical expansion, mainly in UAE and CEE, were shifted for Q4. In-house development cyber defense products and solutions, such as Illicium, Angel and Neutrify acted as up-selling drivers for the services portfolio.

2.3 Systems Engineering: A very active year on the servicing side being a significant contributor to OPAP's OS&GH support and technology transformation, the traditional Service Providers customer base and in parallel to the positioning in the Enterprise market. On the project side, the focus was in high-end market segment with signature contracts in the top-10 organizations from Financial Services to Oil&Gas. The launch of EnterpriseLink in the IaaS market was the first of more to come in 2020.

Auditor's opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the separate and consolidated financial position of the Company and the Group as at 31 December 2019, their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Law 4548/2018.

It is specified that Neurosoft Separate and Consolidated Annual Financial Reports (including the results for its subsidiaries, Neurosoft Cyprus Ltd and Neurosoft Romania S.r.l.) of Neurosoft S.A. on December 31st, 2019 will be available to the public in compliance with the terms and conditions required by the law, on the company's website www.neurosoft.gr.

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:** 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 hackers, 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

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STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
ASSETS				
Non-current assets				
Property, plant & equipment	442.644	493.509	442.644	493.509
Right-of-use assets	1.154.676	-	1.154.676	-
Intangible assets	3.278.873	4.703.920	3.278.873	4.703.920
Investments in subsidiaries	-	-	542.931	813.501
Other non - current assets	146.939	98.911	146.939	98.911
	5.023.132	5.296.340	5.566.063	6.109.841
Current assets				
Inventories	814.386	807.595	814.386	807.595
Trade receivables	3.837.180	3.925.653	3.837.180	3.892.402
Other current assets	978.394	503.434	1.091.213	654.130
Restricted cash	2.259	2.259	2.259	2.259
Cash and cash equivalents	1.860.130	2.784.254	1.731.947	2.768.679
	7.492.348	8.023.194	7.476.985	8.125.065
Total assets	12.515.480	13.319.533	13.043.048	14.234.906
EQUITY				
Share capital	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	(4.273.241)	(1.683.356)	(3.525.671)	(744.065)
	5.659.005	8.248.890	6.406.575	9.188.181
Non-controlling interests	-	17.623	-	-
Total equity	5.659.005	8.266.513	6.406.575	9.188.181
LIABILITIES				
Non-current liabilities				
Long-term borrowings	481.013	572.635	481.013	572.635
Lease liabilities	842.454	-	842.454	-
Deferred tax liabilities	595.833	969.459	595.833	969.459
Employee benefit plans	225.447	205.526	225.447	205.526
	2.144.747	1.747.620	2.144.747	1.747.620
Current liabilities				
Trade payables	1.745.970	1.618.647	1.742.751	1.629.948
Short-term borrowings	371.622	271.622	371.622	271.622
Lease liabilities	327.149	-	327.149	-
Income tax liabilities	54.336	54.336	54.336	54.336
Other tax liabilities	710.393	637.856	713.961	637.856
Other current liabilities	1.502.259	722.940	1.281.910	705.345
	4.711.729	3.305.401	4.491.727	3.299.106
Total liabilities	6.856.476	5.053.021	6.636.475	5.046.726
Total equity and liabilities	12.515.480	13.319.533	13.043.048	14.234.906

STATEMENT OF COMPREHENSIVE INCOME

	GROUP		COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Revenue	14.896.621	13.781.983	14.898.575	13.648.283
Cost of sales	(13.598.113)	(11.144.255)	(13.481.790)	(11.122.899)
Gross profit	1.298.508	2.637.728	1.416.785	2.525.384
Distribution expenses	(1.369.543)	(1.180.153)	(1.357.458)	(1.140.810)
Administrative expenses	(2.175.869)	(2.013.550)	(2.153.208)	(1.996.418)
Impairment of investment in subsidiary	-	-	(270.570)	-
Impairment of intangible assets	(649.646)	(40.534)	(649.646)	(92.386)
Other income / (expenses) - net	13.393	(19.766)	(45.404)	(884)
Operating loss	(2.883.158)	(616.276)	(3.059.501)	(705.114)
Finance income	221	2.859	221	2.859
Finance expenses	(109.974)	(54.221)	(107.729)	(49.364)
Loss before income tax	(2.992.911)	(667.637)	(3.167.009)	(751.619)
Income tax	374.314	357.416	374.314	357.416
Net loss for the year (A)	(2.618.596)	(310.221)	(2.792.694)	(394.201)
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Actuarial gains	11.777	5.034	11.777	5.034
Related tax	(689)	(1.258)	(689)	(1.258)
Other comprehensive income for the year (net of tax) (B)	11.088	3.775	11.088	3.775
Total comprehensive loss (after tax) (A)+(B)	(2.607.508)	(306.447)	(2.781.606)	(390.426)
Loss for the year attributable to:				
Equity holders of the parent	(2.618.596)	(327.844)	(2.792.694)	(394.201)
Non-controlling interests	-	17.623	-	-
	(2.618.596)	(310.221)	(2.792.694)	(394.201)
Total comprehensive loss for the year attributable to:				
Equity holders of the parent	(2.607.508)	(324.068)	(2.781.606)	(390.426)
Non-controlling interests	-	17.623	-	-
	(2.607.508)	(306.445)	(2.781.606)	(390.426)
Total weighted number of ordinary shares	25.584.594	25.584.594	25.584.594	25.584.594
Adjusted weighted average number of ordinary shares	25.584.594	25.584.594	25.584.594	25.584.594
Loss per share (basic and diluted)	(0,1024)	(0,0121)	(0,1092)	(0,0154)

STATEMENT OF CHANGES IN EQUITY

GROUP

	Note	Attributable to owners of the parent				Total	Non-controlling interests	Total equity
		Share capital	Share premium	Reserves	Retained earnings			
1 January 2018		8.954.608	600.000	377.638	(1.359.287)	8.572.959	-	8.572.959
Net loss for the year		-	-	-	(327.844)	(327.844)	17.623	(310.221)
Other comprehensive income	26	-	-	-	3.775	3.775	-	3.775
Total comprehensive loss for the year (net of tax)		-	-	-	(324.069)	(324.069)	17.623	(306.447)
31 December 2018		8.954.608	600.000	377.638	(1.683.356)	8.248.890	17.623	8.266.512
1 January 2019		8.954.608	600.000	377.638	(1.683.356)	8.248.890	17.623	8.266.512
Net loss for the year		-	-	-	(2.618.596)	(2.618.596)	-	(2.618.596)
Other comprehensive income	26	-	-	-	11.088	11.088	-	11.088
Total comprehensive loss for the year (net of tax)		-	-	-	(2.607.508)	(2.607.508)	-	(2.607.508)
Transfers		-	-	-	17.623	17.623	(17.623)	-
31 December 2019		8.954.608	600.000	377.638	(4.273.242)	5.659.005	-	5.659.005

COMPANY

	Note	Attributable to owners of the parent				Total	Non-controlling interests	Total equity
		Share capital	Share premium	Reserves	Retained earnings			
1 January 2018		8.954.608	600.000	377.638	(353.639)	9.578.607	-	9.578.607
Net loss for the year		-	-	-	(394.201)	(394.201)	-	(394.201)
Other comprehensive income	26	-	-	-	3.775	3.775	-	3.775
Total comprehensive loss for the year (net of tax)		-	-	-	(390.426)	(390.426)	-	(390.426)
31 December 2018		8.954.608	600.000	377.638	(744.065)	9.188.181	-	9.188.181
1 January 2019		8.954.608	600.000	377.638	(744.065)	9.188.181	-	9.188.181
Net loss for the year		-	-	-	(2.792.694)	(2.792.694)	-	(2.792.694)
Other comprehensive income	26	-	-	-	11.088	11.088	-	11.088
Total comprehensive loss for the year (net of tax)		-	-	-	(2.781.606)	(2.781.606)	-	(2.781.606)
31 December 2019		8.954.608	600.000	377.638	(3.525.672)	6.406.574	-	6.406.574

CASH FLOW STATEMENT

	GROUP		COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Operating activities				
Loss before tax	(2.992.911)	(667.637)	(3.167.009)	(751.619)
Adjustments for:				
Depreciation and amortization	1.952.579	1.421.711	1.952.579	1.421.711
Impairment of investment in subsidiary	-	-	270.570	-
Impairment of intangible assets	649.646	40.534	649.646	92.386
Provision for inventory impairment	49.259	-	49.259	-
Provisions for doubtful debts	85.696	38.849	85.696	38.849
Provisions for employee benefit plans	127.856	48.424	127.856	48.424
Financial expenses - net	109.753	51.362	107.508	46.505
Plus/less working capital adjustments or adjustments related to operating activities:				
Increase in inventories	(56.050)	(248.575)	(56.050)	(248.575)
Decrease / (increase) in trade receivables	2.776	(554.173)	(30.475)	(564.672)
(Increase) / decrease in other current assets	(474.960)	12.400	(437.083)	8.033
(Increase) / decrease in other non- current assets	(48.027)	15.755	(48.027)	15.755
Increase in trade payables	127.323	510.810	112.803	533.639
Increase in other current liabilities	767.766	246.746	565.011	295.861
Increase in tax liabilities	72.537	203.038	76.104	203.038
Payment for staf indemnity	(99.006)	(5.133)	(99.006)	(5.133)
Less:				
Interest and related expenses paid	(95.574)	(51.912)	(93.329)	(47.055)
Net cash flows generated from operating activities (a)	178.664	1.062.200	66.056	1.087.148
Investing activities				
Proceeds from disposal of PPE	-	2.389	-	2.389
Purchase of PPE and intangible assets	(762.690)	(866.677)	(762.690)	(866.677)
Interest received	221	2.859	221	2.859
Net cash flows used in investing activities (b)	(762.469)	(861.429)	(762.469)	(861.429)
Financing activities				
Proceeds from borrowings	100.000	180.000	100.000	180.000
Repayments of borrowings	(91.622)	(91.622)	(91.622)	(91.622)
Repayment of lease liabilities - capital	(348.697)	-	(348.697)	-
Net cash flows (used in) / generated from financing activities (c)	(340.319)	88.378	(340.319)	88.378
Net (decrease) / increase in cash and cash equivalents (a) + (b) + (c)	(924.124)	289.149	(1.036.732)	314.097
Net cash and cash equivalents at beginning of year	2.784.254	2.495.105	2.768.679	2.454.582
Net cash and cash equivalents at the end of the period	1.860.130	2.784.254	1.731.947	2.768.679