



**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SIX-MONTH PERIOD ENDED  
JUNE 30, 2020  
(JANUARY 1 – JUNE 30, 2020)  
OF NEUROSOFT SOFTWARE PRODUCTION S.A.  
AND ITS SUBSIDIARIES**

**IN ACCORDANCE WITH INTERNATIONAL  
FINANCIAL REPORTING STANDARDS  
(AS ENDORSED BY THE EUROPEAN UNION)**

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**STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS**  
(according to article 5, par. 2 of L.3556/2007)

The following statements are given by the following Members of the Board of Directors of the Company:

1. Nikolaos Vasilonikolidakis, Chairman of the BoD
2. Epameinondas Paschalidis, CEO
3. Xarchakos Petros, Executive Member of the BoD

The undersigned, in our above-mentioned capacity, as specifically appointed by the Board of Directors of the societe anonyme company under the name “NEUROSOFT PRODUCTION SOCIETE ANONYME” (hereinafter referred to as “Company” or as “Neurosoft”), we state, and we assert that to the best of our knowledge:

- (a) The attached Interim Condensed Financial Information (Consolidated and Separate) of the society anonyme company under the name “NEUROSOFT PRODUCTION SOCIETE ANONYME” for the period from January 1, 2020 to June 30, 2020, which have been prepared in accordance with the applicable International Financial Reporting Standards, as adopted by the European Union, provide a true and fair view of the assets and liabilities, the owners’ equity and the results of the Company, as well as of the companies which are included in the consolidation, according to paragraphs 3 to 5 of article 5 of the L.3556/30.4.2007and
- (b) The six-month Report of the Board of Directors of the Company provide a true and fair view of the information required according to paragraph 6 of article 5 of the L.3556/30.4.2007.

Iraklio, September 21, 2020

Nikolaos Vasilonikolidakis

Epameinondas Paschalidis

Xarchakos Petros

Chairman of the BOD

CEO of the Company

Executive Member of  
the BOD

## SIX-MONTH REPORT OF THE BOARD OF DIRECTORS of «Neurosoft Software Production S.A. »

Regarding the interim condensed consolidated Financial Statements  
for the six-month period ended June 30, 2020

This six-month Report of the Board of Director (hereinafter referred for brevity as the "Report" or "Six-month Report"), refers to the six month period (01.01.2020-30.06.2020). It has been prepared in accordance with the provisions of article 5 of Law 3556/2007 and contains in a concise but meaningful, substantive and comprehensive manner all relevant information required by law to provide substantial and detailed information about the activity, during this period, of the company under the name «NEUROSOFT SOFTWARE PRODUCTION SOCIETE ANONYME» (hereafter referred to as the "Company" or «NEUROSOFT») and the NEUROSOFT Group of companies (hereinafter referred to as the "Group"), which apart from the Company include the following affiliated companies:

- (a) «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a stake of 100% of its share capital,
- (b) «Neurosoft Romania Srl headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd,
- (c) «Neurosoft Cyber and Analytics Ltd », headquartered in United Kingdom, in which the Company holds a stake of 100% of its share capital. Neurosoft Cyber and Analytics Ltd applied to be struck off and dissolved and the registrar accepted the application in June 2020, however due to delays caused by COVID-19, the whole process is expected to be finalized by the end of 2020.
- (d) Daedalus Technologies FZCO, headquartered in UAE, in which the Company holds a stake of 100% of its share capital.
- (e) On 15-12-2014 with the completion of the merger through absorption of the Company under the name "KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME", by NEUROSOFT S.A., the Company absorbed the following subsidiaries of KESTREL:
  - Kestrel Information Solutions Albania SH.P.K in which KESTREL SA held the 80% of its share capital
  - Kestrel Information Systems BULGARIA OOD in which KESTREL SA held the 100% of its share capital
  - Kestrel Information Systems DOO BEOGRAD in which KESTREL SA held the 100% of its share capital.

The above three mentioned subsidiaries are inactive and under dissolution.

i) On 07-10-2008, the Company acquired a 100% stake of the share capital of «GAEKNAR VENTURES LTD», with registered offices in Cyprus. In virtue of the 03-05-2011 approval decision of the District Court of Limassol, GAEKNAR VENTURES LTD was merged with «Neurosoft Cyprus Ltd" being a subsidiary of the Company «Neurosoft Cyprus Ltd" as above mentioned.

ii) On 23-06-2008 «GAEKNAR VENTURES LTD» and Mr. Paschalidis, a member of the Board of Directors of the Company established the Company under the trade name «NEUROSOFT ROMANIA SRL» headquartered in Bucharest, which during the fiscal years 2011 to, 2018 remained inactive.

iii) On 03-06-2016, the Company established the company under the trade name of «NEUROSOFT CYBER AND ANALYTICS Ltd », with registered offices in United Kingdom, which during the fiscal year 2016 to 2020 remained inactive. Neurosoft Cyber and Analytics Ltd applied to be struck off and dissolved and the registrar accepted the application in June 2020, as described above.

iv) On 31-03-2020, the Company acquired the 100% of the share capital of «DAEDALUS TECHNOLOGIES FZCO», a technology provider of security and ICT systems integration consultancy services operating in UAE and MENA region established under the laws of the Dubai Silicon Oasis (DSO) Free Zone.

This report accompanies the unaudited interim condensed financial statements for the six-month period ended at June 30, 2020 (01.01.2020-30.06.2020) and since the Company prepares consolidated financial statements, this report's main and primary reference is to the consolidated financial data of the Company and its related companies. The Report along with the financial statements and other information and statements required by law are included in the six-month Financial Report for the six-month period 01.01.2020-30.06.2020.

The sections of this Report and the contents thereof, are as follows:

## **SECTION A**

### **Significant events that occurred during the six-month period ended June 30, 2020**

The significant events that occurred during the six-month period ended June 30, 2020 (01.01.2020-30.06.20120) with calendar order, as well as any impact on the six-month financial statements are summarized as follows:

#### **Investment in Daedalus**

On March 31, 2020, the Company concluded the acquisition of 100% of DAEDALUS TECHNOLOGIES FZCO's share capital. DAEDALUS TECHNOLOGIES FZCO is a technology provider of security and ICT systems integration consultancy services, operating in UAE and MENA region.

#### **Coronavirus (COVID-19) impact**

Since the coronavirus (COVID-19) outbreak, Neurosoft has undertaken all necessary actions to protect its employees and clients and to minimize as much as possible the business disruption caused by the pandemic. Neurosoft followed a strict Business Continuity plan fully aligned with the Government's guidelines and best business practices.

The COVID-19 outbreak, has materially affected our industry and business although its impact on our financial performance was not significant. As a result of the global onset of coronavirus, we cannot be certain how broad its effect will be in the progress of our business development strategy, however we have implemented a cross-functional response team to continuously monitor the situation and to introduced a number of cost and capital expenditure reductions; as well as actions to increase liquidity and flexibility with a focus on effective working capital management.

### **Barclays**

Neurosoft participated to the ReFINA Project (Barclays Open Account/Sales Finance products) Request for Proposal (“RFP”) issued by Barclays on 16 Dec 2015. Barclays has selected Neurosoft S.A. as its preferred vendor for the provision and implementation of a private cloud solution. Neurosoft was initially instructed and to perform a "Discovery Phase" system evaluation which was completed in June 2016 and at the same time proceeded to finalize the Order Form for the main Project and to this respect the General Framework Agreement and Order Form for the Discovery Phase have been signed remaining pending the Order Form for the main Project. On the 30th of August, Barclays notified Neurosoft that the Booking Platform for Barclays Open Account/Sales Finance products (main contract), has been put on hold until further notice. This is on the back of a Barclays Group decision to adjust investments in support of regulatory programs and ensure the Bank’s commitments to shareholders and regulators are fully met. Neurosoft has prepared a complete claim (under the Laws of England and Wales) against Barclays for unfair enrichment and quantum meruit according which it has requested Barclays to come to a mediation which took place on 22.04.2020 and has been concluded in June with both Parties have concluded to a settlement to an amount of 285.000 GBP. This settlement has been considered by both Parties as favorable taken into consideration the extremely high legal costs should the case is submitted before the Courts of London and the worldwide outbreak due to COVID-19 and the general restrictions that could lead to significant delays on the procedures before the Courts.

### **ID Project**

The Greek Government issued an RFP for the procurement, delivery and operation of an integrated online system for the issuance of secured documents (ID, Passport, driving license and Resident Permit). Neurosoft participated in a consortium with the multinational Group Idemia and submitted its offer in the 515-million-euro tender following a demanding process. This is the first state tender since the outbreak of the coronavirus in Greece, and the high interest shown by world-class players is attributed to the secured earnings the contract will offer for 10 + 5 years. The contract award is anticipated in Q1.2021

## SECTION B

### Principal risks and uncertainties

The Company operates in a highly competitive and especially challenging international environment, which is rapidly changing. Over the last few years the Company has systematically tried to enhance its extroversion in the geographical areas of interest, with emphasis on a continuous upgrade of products and provided solutions, while in the meantime it develops new products and promotes its entry into new markets, with a view to further penetrate new markets and thus strengthen its competitiveness.

The Group is exposed to a variety of financial risks, such as market risks (foreign exchange risk, interest rate risk, etc.), credit risk and liquidity risk.

#### 1. Currency risk

The Group's revenues are mainly based on Euro denominated agreements and therefore the Group is not exposed to foreign exchange risk. However, the Group's Management continuously monitors the foreign exchange risks that may arise and evaluates the need for such measures.

#### 2. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The Group's exposure to the risk of changes in interest rates relates to the Group's bank borrowings, which are at floating rates. Management monitors on a continuous basis, fluctuations in interest rates and evaluates the need for taking relevant positions to hedge against such risks.

#### 3. Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a counterparty fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents and trade and other receivables. For banks and financial institutions only well established with good reputation parties are accepted and the Company set limits to the degree of exposure for each financial institution. The Management of the Company ensures that sales are addressed to customers with high credit reliability and ability. Due to the expansion of the Company's activities abroad, this risk becomes real especially with respect to foreign customers from other countries for which the effective control of credibility is not always easy. Therefore, the Company continuously develops and further evolves its internal risk management mechanisms to fully confront this risk. Consequently, this risk, although real in view of the general adverse economic environment is currently assumed as controlled.

#### 4. Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and / or credit facilities to meet the financial obligations falling due in the next 12 months. The Group has sufficient undrawn borrowing facilities that can be utilized to fund potential shortfalls in cash resources.

For the monitoring of the liquidity risk, the Group prepares cash flows forecasts on a frequent basis to ensure it has sufficient cash to meet its needs.

## 5. Other risks

The coronavirus (COVID-19) emerged as a global pandemic in the first quarter of 2020 and has affected business and economic activity around the world, including Greece and Cyprus. The Company responded quickly with a focus on the safety and well-being of its employees, customers and partners and has not suspended its activities, although some business activities have been limited depending on the suspension of certain customers' activities. Neurosoft implemented robust business continuity plans and took actions on its cost structure to preserve liquidity in the current environment.

The extent, scope and duration of the coronavirus global pandemic (COVID-19) and related government actions has impacted, and may continue to impact many aspects of Company's business, including through workforce limitations, travel restrictions, decreased customer demand for our products. In addition, the coronavirus (COVID-19) global pandemic has resulted in a widespread health crisis that could adversely affect the economies and financial markets throughout the globe, resulting in an economic downturn that could affect our core business. These events could have a material adverse effect on the Company's business, financial condition, liquidity, results of operations, or cash flows.

Based on current data, the Company's financial performance was not significantly affected during the six-month period ended June 30, 2020. Additionally, the Company took advantage of limited government supporting measures, such as tax reliefs or tax offset advantages and rent reduction payments to strengthen its liquidity.

For all the aforementioned reasons the Company has implemented a cross functional, company-wide COVID-19 response team focused on addressing the impact of the global pandemic on our employees, customers, liquidity, financial position and continuity of services. The Company has implemented travel restrictions, remote working and specific health and safety measures. Neurosoft has also introduced a number of cost and capital expenditure reductions; as well as actions to increase liquidity and flexibility with a focus on effective working capital management. The Company continues to monitor the extent of the coronavirus (COVID-19) global pandemic and its impact on the business, financial condition, liquidity, results of operations, and cash flows.

## SECTION C

### Important related party transactions

Related parties have been identified based on the requirements of IAS 24 "Related Party Disclosures".

The Group includes all entities which Neurosoft controls, either directly or indirectly (See note 1). Transactions and balances between companies in the Group are eliminated on consolidation.



The Group's financial statements are integrated in the consolidated financial statements of OPAP S.A. under the full consolidation method. Therefore, all companies, included in the OPAP Group, are also considered related parties.

**a) Transactions with related parties**

Related party transactions refer to the provision and purchase of services in the normal course of business. The aggregate amounts of sales and purchases from the beginning of the year with related parties under IAS 24, are as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>
<b>Sales of services</b>				
OPAP S.A.	3,411,755	3,847,140	3,411,755	3,847,140
TORA WALLET S.A.	11,932	580	11,932	580
	<u><u>3,423,687</u></u>	<u><u>3,847,720</u></u>	<u><u>3,423,687</u></u>	<u><u>3,847,720</u></u>

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>
<b>Purchase of services</b>				
Neurosoft Cyprus Ltd	-	-	51,000	81,000
Daedalus Technologies FZCO	-	-	15,000	-
	<u>-</u>	<u>-</u>	<u><u>66,000</u></u>	<u><u>81,000</u></u>

**Board of Directors and Key Management**

The compensation of the members of the Board of Directors and key management personnel for the Group and the Company amounted to €563,380 (30.06.2019: €540,690).

Further to the above we note:

- No loans or credit facilities have been granted to the members of the Board of Directors or to other executive members of the Group (including their families).
- Apart from the above remuneration no other transactions between the Company and the executives and Board members exist.
- All transactions mentioned above are carried out at arms' length.

**b) End year balances with related parties**

The closings balances of receivables and liabilities at year end, which have resulted from transactions with related parties under IAS 24, are as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2020</u>	<u>31.12.2019</u>
<b>Trade receivables from related parties</b>				
OPAP S.A.	1,092,699	1,362,144	1,092,699	1,362,144
TORA WALLET S.A.	11,919	719	11,919	719
	<u><b>1,104,618</b></u>	<u><b>1,362,863</b></u>	<u><b>1,104,618</b></u>	<u><b>1,362,863</b></u>
<b>Other receivables from related parties</b>				
- Loans granted to related parties				
Neurosoft Cyprus Ltd	-	-	125,230	125,230
	<u>-</u>	<u>-</u>	<u><b>125,230</b></u>	<u><b>125,230</b></u>
-Other receivables from related parties				
Neurosoft Cyprus Ltd	-	-	45,027	45,027
Neurosoft Cyber and Analytics Ltd	-	-	6,020	6,020
Daedalus Technologies FZCO	-	-	35,271	-
	<u>-</u>	<u>-</u>	<u><b>86,318</b></u>	<u><b>51,047</b></u>
<b>Total other receivables from related parties</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u><b>211,548</b></u></u>	<u><u><b>176,277</b></u></u>

  

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2020</u>	<u>31.12.2019</u>
<b>Trade payables to related parties</b>				
Neurosoft Cyprus Ltd	-	-	34,000	-
	<u>-</u>	<u>-</u>	<u><b>34,000</b></u>	<u>-</u>

**SECTION D**

**Subsequent events**

➤ During the current period, the Greek Government issued an RFP for the procurement, delivery and operation of an integrated online system for the issuance of secured documents (ID, Passport, driving license and Resident Permit). On September 2, 2020 Neurosoft participated in a consortium with the multinational Group Idemia and submitted its offer in the 515-million-euro tender following a demanding process. This is the first state tender since the outbreak of the coronavirus in Greece, and the high interest shown by world-class players is attributed to the secured earnings the contract will offer for 10 + 5 years. The contract award is anticipated in Q1.2021.

## **UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

For the period ended  
June 30, 2020

In accordance with the International Financial Reporting  
Standards as adopted by the European Union

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## INTERIM STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		30.06.2020	31.12.2019	30.06.2020	31.12.2019
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant & equipment	6	516,494	442,644	516,494	442,644
Right-of-use assets	7	987,436	1,154,676	987,436	1,154,676
Intangible assets	8	2,763,013	3,278,873	2,763,014	3,278,873
Goodwill	9	77,539	-	-	-
Investments in subsidiaries	10	-	-	662,931	542,931
Other non - current assets	11	95,393	146,939	95,393	146,939
		<u>4,439,875</u>	<u>5,023,132</u>	<u>5,025,267</u>	<u>5,566,063</u>
<b>Current assets</b>					
Inventories		1,072,909	814,386	1,072,909	814,386
Trade receivables	12	3,429,863	3,837,180	3,429,863	3,837,180
Other current assets	13	1,898,258	978,394	2,026,080	1,091,213
Restricted cash		2,259	2,259	2,259	2,259
Cash and cash equivalents	14	1,565,780	1,860,130	1,503,078	1,731,947
		<u>7,969,069</u>	<u>7,492,349</u>	<u>8,034,189</u>	<u>7,476,985</u>
<b>Total assets</b>		<u>12,408,944</u>	<u>12,515,481</u>	<u>13,059,455</u>	<u>13,043,049</u>
<b>EQUITY</b>					
Share capital	15	8,954,608	8,954,608	8,954,608	8,954,608
Share premium		600,000	600,000	600,000	600,000
Reserves		375,464	377,638	377,638	377,638
Retained earnings		(5,480,318)	(4,273,241)	(4,708,228)	(3,525,671)
<b>Total equity</b>		<u>4,449,754</u>	<u>5,659,005</u>	<u>5,224,018</u>	<u>6,406,575</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Long-term borrowings	16	435,202	481,013	435,202	481,013
Lease liabilities	7	668,435	842,454	668,435	842,454
Deferred tax liabilities		565,771	595,833	565,771	595,833
Employee benefit plans		252,928	225,447	252,928	225,447
Other non current liabilities		135,285	-	135,285	-
		<u>2,057,621</u>	<u>2,144,747</u>	<u>2,057,621</u>	<u>2,144,747</u>
<b>Current liabilities</b>					
Trade payables	17	2,735,369	1,745,970	2,732,149	1,742,751
Short-term borrowings	16	371,622	371,622	371,622	371,622
Lease liabilities	7	342,091	327,149	342,091	327,149
Income tax liabilities		54,336	54,336	54,336	54,336
Other tax liabilities	18	640,535	710,393	642,038	713,961
Other current liabilities	19	1,757,616	1,502,259	1,635,582	1,281,910
		<u>5,901,569</u>	<u>4,711,729</u>	<u>5,777,816</u>	<u>4,491,727</u>
<b>Total liabilities</b>		<u>7,959,190</u>	<u>6,856,476</u>	<u>7,835,438</u>	<u>6,636,475</u>
<b>Total equity and liabilities</b>		<u>12,408,944</u>	<u>12,515,481</u>	<u>13,059,455</u>	<u>13,043,049</u>

The notes on pages 18 to 37 form an integral part of these interim condensed financial statements.

## INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019	01.01.2020 - 30.06.2020	01.01.2019 - 30.06.2019
Revenue	5	7,381,886	7,231,605	7,381,886	7,231,605
Cost of sales	20	(7,015,130)	(6,638,737)	(6,969,928)	(6,620,084)
<b>Gross profit</b>		<b>366,756</b>	<b>592,868</b>	<b>411,958</b>	<b>611,521</b>
Distribution expenses	20	(704,276)	(680,896)	(699,580)	(678,983)
Administrative expenses	20	(1,219,507)	(1,191,568)	(1,210,702)	(1,188,220)
Other income / (expenses) - net		385,566	(31,018)	341,675	(29,815)
<b>Operating loss</b>		<b>(1,171,462)</b>	<b>(1,310,614)</b>	<b>(1,156,648)</b>	<b>(1,285,497)</b>
Finance income	21	122	136	122	136
Finance expenses	21	(65,798)	(46,057)	(56,091)	(45,052)
<b>Loss before income tax</b>		<b>(1,237,138)</b>	<b>(1,356,535)</b>	<b>(1,212,617)</b>	<b>(1,330,412)</b>
Income tax	22	30,062	53,214	30,062	53,214
<b>Net loss for the year (A)</b>		<b>(1,207,076)</b>	<b>(1,303,321)</b>	<b>(1,182,555)</b>	<b>(1,277,198)</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Exchange differences on translation of foreign operations		(2,174)	-	-	-
<b>Other comprehensive income for the year (net of tax) (B)</b>		<b>(2,174)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss (after tax) (A)+(B)</b>		<b>(1,209,250)</b>	<b>(1,303,321)</b>	<b>(1,182,555)</b>	<b>(1,277,198)</b>
<b>Loss for the year attributable to:</b>					
Equity holders of the parent		(1,207,076)	(1,303,321)	(1,182,555)	(1,277,198)
		<b>(1,207,076)</b>	<b>(1,303,321)</b>	<b>(1,182,555)</b>	<b>(1,277,198)</b>
<b>Total comprehensive loss for the year attributable to:</b>					
Equity holders of the parent		(1,209,250)	(1,303,320)	(1,182,555)	(1,277,198)
		<b>(1,209,250)</b>	<b>(1,303,320)</b>	<b>(1,182,555)</b>	<b>(1,277,198)</b>
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
<b>Loss per share (basic and diluted)</b>		<b>(0.0472)</b>	<b>(0.0509)</b>	<b>(0.0462)</b>	<b>(0.0499)</b>

The notes on pages 18 to 3737 form an integral part of these interim condensed financial statements.

**INTERIM STATEMENT OF CHANGES IN EQUITY**
**GROUP**

	Attributable to owners of the parent				Total	Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings			
<b>1 January 2019</b>	<b>8,954,608</b>	<b>600,000</b>	<b>377,638</b>	<b>(1,683,356)</b>	<b>8,248,890</b>	<b>17,623</b>	<b>8,266,512</b>
Net loss for the period	-	-	-	(1,303,321)	(1,303,321)	-	(1,303,321)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive loss for the period (net of tax)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,303,321)</b>	<b>(1,303,321)</b>	<b>-</b>	<b>(1,303,321)</b>
<b>30 June 2019</b>	<b>8,954,608</b>	<b>600,000</b>	<b>377,638</b>	<b>(2,986,677)</b>	<b>6,945,569</b>	<b>17,623</b>	<b>6,963,191</b>
Net loss for the period	-	-	-	(1,315,275)	(1,315,275)	-	-
Other comprehensive income	-	-	-	11,088	11,088	-	-
<b>Total comprehensive loss for the period (net of tax)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,304,187)</b>	<b>(1,304,187)</b>	<b>-</b>	<b>(1,304,187)</b>
Transfers	-	-	-	17,623	17,623	(17,623)	-
<b>31 December 2019</b>	<b>8,954,608</b>	<b>600,000</b>	<b>377,638</b>	<b>(4,273,242)</b>	<b>5,659,005</b>	<b>-</b>	<b>5,659,005</b>
<b>1 January 2020</b>	<b>8,954,608</b>	<b>600,000</b>	<b>377,638</b>	<b>(4,273,242)</b>	<b>5,659,005</b>	<b>-</b>	<b>5,659,005</b>
Net loss for the year	-	-	-	(1,207,076)	(1,207,076)	-	(1,207,076)
Other comprehensive income	-	-	(2,174)	-	(2,174)	-	(2,174)
<b>Total comprehensive loss for the period (net of tax)</b>	<b>-</b>	<b>-</b>	<b>(2,174)</b>	<b>(1,207,076)</b>	<b>(1,209,250)</b>	<b>-</b>	<b>(1,209,250)</b>
<b>30 June 2020</b>	<b>8,954,608</b>	<b>600,000</b>	<b>375,464</b>	<b>(5,480,318)</b>	<b>4,449,754</b>	<b>-</b>	<b>4,449,754</b>

The notes on pages 18 to 37 form an integral part of these interim condensed financial statements.

COMPANY

	<u>Share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Total</u>
1 January 2019	8,954,608	600,000	377,638	(744,065)	9,188,181
Net loss for the period	-	-	-	(1,277,198)	(1,277,198)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the period (net of tax)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,277,198)</u>	<u>(1,277,198)</u>
30 June 2019	<u>8,954,608</u>	<u>600,000</u>	<u>377,638</u>	<u>(2,021,263)</u>	<u>7,910,983</u>
Net loss for the period	-	-	-	(1,515,496)	(1,515,496)
Other comprehensive income	-	-	-	11,088	11,088
<b>Total comprehensive loss for the period (net of tax)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,504,408)</u>	<u>(1,504,408)</u>
31 December 2019	<u>8,954,608</u>	<u>600,000</u>	<u>377,638</u>	<u>(3,525,671)</u>	<u>6,406,575</u>
1 January 2020	8,954,608	600,000	377,638	(3,525,671)	6,406,575
Net loss for the period	-	-	-	(1,182,555)	(1,182,555)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the period (net of tax)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,182,555)</u>	<u>(1,182,555)</u>
30 June 2020	<u>8,954,608</u>	<u>600,000</u>	<u>377,638</u>	<u>(4,708,228)</u>	<u>5,224,018</u>

The notes on pages 18 to 3737 form an integral part of these interim condensed financial statements.



## INTERIM CASH FLOW STATEMENT

	Note	GROUP		COMPANY	
		01.01.2020- 30.06.2020	01.01.2019- 30.06.2019	01.01.2020- 30.06.2020	01.01.2019- 30.06.2019
<b>Operating activities</b>					
Loss before tax		(1,237,138)	(1,356,535)	(1,212,617)	(1,330,412)
<b>Adjustments for:</b>					
Depreciation and amortization	6,7,8	786,341	941,448	786,341	941,448
Provision for inventory impairment	20	-	49,259	-	49,259
Provisions for employee benefit plans		26,185	22,873	26,185	22,873
Financial expenses - net	21	65,676	45,921	55,969	44,916
Exchange differences		8,247	3,403	8,247	3,403
Rent concessions		(9,731)		(9,731)	
<b>Plus/less working capital adjustments or adjustments related to operating activities:</b>					
Increase in inventories		(258,523)	(75,942)	(258,523)	(75,942)
Decrease in trade receivables		399,068	1,219,544	399,068	1,184,562
Increase in other current assets		(909,559)	(803,483)	(934,866)	(774,644)
(Increase) / decrease in other non-current assets		1,546	(54,381)	1,546	(54,381)
Increase in trade payables		989,398	156,666	989,398	142,146
Increase in other current and non-current liabilities		190,449	572,586	332,748	316,617
Increase in tax liabilities		(69,858)	(390,631)	(71,923)	(390,172)
<b>Less:</b>					
Interest and related expenses paid		(59,066)	(44,619)	(49,360)	(43,614)
<b>Net cash flows (used in) / generated from operating activities (a)</b>		<b>(76,964)</b>	<b>286,108</b>	<b>62,483</b>	<b>36,059</b>
<b>Investing activities</b>					
Acquisition of subsidiary	10	-	-	(70,000)	-
Purchase of PPE and intangible assets		(147,905)	(405,720)	(147,905)	(405,720)
Cash acquired on acquisition of subsidiary	9	6,140	-	-	-
Interest received		122	136	122	136
<b>Net cash flows used in investing activities (b)</b>		<b>(141,643)</b>	<b>(405,583)</b>	<b>(217,783)</b>	<b>(405,583)</b>
<b>Financing activities</b>					
Repayments of borrowings		(45,811)	(45,811)	(45,811)	(45,811)
Repayment of lease liabilities - capital		(178,532)	(156,610)	(178,532)	(156,610)
Receipt of returnable advance payment		150,774	-	150,774	-
<b>Net cash flows used in financing activities (c)</b>		<b>(73,569)</b>	<b>(202,421)</b>	<b>(73,569)</b>	<b>(202,421)</b>
<b>Net decrease in cash and cash equivalents (a) + (b) + (c)</b>		<b>(292,176)</b>	<b>(321,897)</b>	<b>(228,869)</b>	<b>(571,946)</b>
Net cash and cash equivalents at beginning of year		1,860,130	2,784,254	1,731,947	2,768,679
Foreign exchange gains		(2,174)	(3,403)	-	(3,403)
<b>Net cash and cash equivalents at the end of the period</b>		<b>1,565,780</b>	<b>2,458,954</b>	<b>1,503,078</b>	<b>2,193,330</b>

The notes on pages 18 to 3737 form an integral part of these interim condensed financial statements.

## NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

### 1. General information

Neurosoft Software Production Societe Anonyme (the Company) is incorporated and domiciled in Greece, at 466, Irakliou Ave. & Kiprou, 141 22 Iraklio Attica, whose shares are publicly traded on the AIM/ MAC MILANO multilateral trading facility. The duration of the Company according to its Articles of Association is 100 years from the date of its incorporation with a possible extension upon approval of the Shareholders' General Meeting.

Neurosoft is a Greek software production and ICT company, which specialises in the design, development, customisation and maintenance of integrated software systems in its three core business areas: (i) Fintech & Analytics, (ii) Cyber Security Operations, (iii) Systems Engineering, as well as in the provision of advanced information technology services in both the Greek and international markets.

These consolidated and separate unaudited interim condensed financial statements for the period ended June 30, 2020 were approved by the Board of Directors of "Neurosoft S.A." on September 21, 2020, are subject to the final approval of the Ordinary General Assembly of the Shareholders and are available on the Company's website [www.neurosoft.gr](http://www.neurosoft.gr), under the section "Investor Relations" and sub-section "Financial Reports".

#### Information on the Subsidiaries:

- (a) «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a stake of 100% of its share capital,
- (b) «Neurosoft Romania Srl.» headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd,
- (c) «Neurosoft Cyber and Analytics Ltd », headquartered in United Kingdom, in which the Company holds a stake of 100% of its share capital. Neurosoft Cyber and Analytics Ltd applied to be struck off and dissolved and the registrar accepted the application in June 2020, however due to delays caused by COVID-19, the whole process is expected to be finalized by the end of 2020.
- (d) Daedalus Technologies FZCO, headquartered in UAE, in which the Company holds a stake of 100% of its share capital.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation of financial statements

The consolidated and separate interim condensed financial statements, for the six-month period ended at June 30, 2020, have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The consolidated and separate interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the published annual financial statements for the year ended December 31, 2019, which are available on the Company's website [www.neurosoft.gr](http://www.neurosoft.gr).

These Interim Condensed Separate and Consolidated Financial Information have been prepared under the historical cost convention and the assumption of business continuity. Management continuously assesses the conditions and potential effects of the Company's operations in order to ensure that it will continue as a going concern.

The accounting policies adopted for the preparation of these interim financial statements are consistent with those followed for the year ended December 31, 2019, considering the changes to Standards and Interpretations applicable from 01.01.2020.

The preparation of the Financial Statements, in accordance with International Financial Reporting Standards (IFRS), requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies which have been adopted. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

### 2.1.1 Going Concern

Management continuously assesses the likely impact of any changes in the macroeconomic and financial environment in Greece in order to ensure that all necessary actions and measures are taken to minimize any impact on the Group's activities. At the beginning of 2020, there was a worldwide outbreak of coronavirus (COVID-19) which impacted the global economy. The extent to which the coronavirus (COVID-19) epidemic will continue to affect the Company's and the Group's operations will largely depend on future developments which are highly uncertain and cannot be predicted at this point in time. As of June 30, 2020, the Group's total equity is marginally less than half (½) of the share capital and therefore the conditions of paragraph 4 of article 119 of Law 4548/2018 have been met. However, the Company's total equity is well above the half (½) of the share capital and additionally, as of June 30, 2020 the Group and the Company have positive working capital of €2,067,500 and €2,256,373 respectively, as well as, sufficient undrawn borrowing facilities that can be utilized if needed. Based on the above and the management's current assessment no deviation from the going concern basis is expected and as a result, the interim financial statements have been prepared on this basis.

### 2.2 New Standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

#### **Standards and Interpretations effective for the current financial period**

##### **IFRS 3 (Amendments) 'Definition of a business'**

The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments above had no effect at the Financial Statements of the Group and the Company.

##### **IAS 1 and IAS 8 (Amendments) 'Definition of material'**

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRSs. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRSs. The amendments above had no effect at the Financial Statements of the Group and the Company.

##### **IFRS 9, IAS 39 and IFRS 7 (Amendments) 'Interest rate benchmark reform'**

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendment does not affect the carrying hedging relationship of the Group and the Company

#### **Standards and Interpretations effective for subsequent periods**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

**IFRS 16 (Amendment) 'Covid-19-Related Rent Concessions' (effective for annual periods beginning on or after 1 June 2020)**

The amendment provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would for changes which are not considered lease modifications. The amendment has not yet been endorsed by the EU.

**IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) 'Interest rate benchmark reform - Phase 2' (effective for annual periods beginning on or after 1 January 2021)**

The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. More specifically, the amendments relate to how a company will account for changes in the contractual cash flows of financial instruments, how it will account for the change in its hedging relationships and the information it should disclose. The amendments have not yet been endorsed by the EU.

**IAS 16 (Amendment) 'Property, Plant and Equipment - Proceeds before Intended Use' (effective for annual periods beginning on or after 1 January 2022)**

The amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also requires entities to separately disclose the amounts of proceeds and costs relating to such items produced that are not an output of the entity's ordinary activities. The amendment has not yet been endorsed by the EU. The adoption of the amendment is not expected to have impact at the Group's and Company's Financial Statements.

**IAS 37 (Amendment) 'Onerous Contracts - Cost of Fulfilling a Contract' (effective for annual periods beginning on or after 1 January 2022)**

The amendment clarifies that 'costs to fulfil a contract' comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The amendment has not yet been endorsed by the EU. The adoption of the amendment is not expected to have impact at the Group's and Company's Financial Statements.

**IFRS 3 (Amendment) 'Reference to the Conceptual Framework' (effective for annual periods beginning on or after 1 January 2022)**

The amendment updated the standard to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, an exception was added for some types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. The amendment has not yet been endorsed by the EU. The adoption of the amendment is not expected to have impact at the Group's and Company's Financial Statements.

**IAS 1 (Amendment) 'Classification of liabilities as current or non-current' (effective for annual periods beginning on or after 1 January 2023)**

The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment has not yet been endorsed by the EU. The Group and the Company are evaluating the impact of adoption of this amendment at the Financial Statements.

## **Annual Improvements to IFRS Standards 2018-2020 (effective for annual periods beginning on or after 1 January 2022)**

The amendments set out below include changes to IFRSs. The amendments have not yet been endorsed by the EU.

### **IFRS 1 “First-time adoption of International Financial Reporting Standards”**

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.

### **IFRS 9 ‘Financial instruments’**

The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

### **IFRS 16 ‘Leases’**

The amendment removed the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 of the standard in order to remove any potential confusion about the treatment of lease incentives.

## **2.3 Basis of consolidation**

### **(a) Subsidiaries**

The consolidated financial statements are comprised of the the financial statements of the Company and all subsidiaries controlled by the Company directly or indirectly. Control exists when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquisition. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The financial statements of the subsidiaries are prepared as of the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions and any intercompany profit or loss are eliminated in the consolidated financial statements.

#### **(b) Changes in ownership interests in subsidiaries without loss of control**

Transactions with non-controlling interests that do not result in change of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

#### **(c) Disposal of / loss of control over subsidiary**

When the Group disposes of or ceases to have control or any retained interest in the subsidiary it is remeasured to its fair value at the date of disposal or when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are reclassified to profit or loss.

Investments in subsidiaries in the separate financial statements are accounted for at cost adjusted for any impairment where necessary.

### **2.4 Goodwill**

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the income statement.

Goodwill on acquisitions of subsidiaries is reflected separately in the balance sheet. Goodwill is not depreciated but is subject to impairment. After initial recognition goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing goodwill is allocated to cash generating units. Allocation is made to those units or cash generating unit groups, which are expected to benefit from the business combinations which generated goodwill, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Where goodwill forms part of a cash-generating unit and part of the operation of this unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### **2.5 Reclassifications**

Certain reclassifications have been made to prior period balances to conform to current period classifications. These reclassifications did not have any impact on the equity or results of the Group and the Company.

### 3. Financial risk management

#### 3.1 Financial risk factors

The Group is exposed to a variety of financial risks, such as market risks (foreign exchange risk, interest rate risk, etc.), credit risk and liquidity risk. Financial risks are associated with the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings.

##### (a) Market risk

###### i) Foreign exchange risk

Currency risk is the risk that the fair values of the cash flows of a financial instrument fluctuate due to foreign currency changes. The Group's revenues are mainly based on Euro denominated agreements and therefore the Group is not exposed to foreign exchange risk. However, the Group's management continuously monitors the foreign exchange risks that may arise and evaluates the need for such measures.

###### ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The Group's exposure to the risk of changes in interest rates relates to the Group's bank borrowings, which are at floating rates. Management monitors on a continuous basis, fluctuations in interest rates and evaluates the need for taking relevant positions to hedge against such risks.

##### (b) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a counterparty fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents and trade and other receivables. For banks and financial institutions only well established with good reputation parties are accepted and the Company set limits to the degree of exposure for each financial institution. The Management of the Company ensures that sales are addressed to customers with high credit reliability and ability. Due to the expansion of the Company's activities abroad, this risk becomes real especially with respect to foreign customers from other countries for which the effective control of credibility is not always easy. Therefore, the Company continuously develops and further evolves its internal risk management mechanisms to fully confront this risk. Consequently, this risk, although real in view of the general adverse economic environment is currently assumed as controlled.

##### (c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. Liquidity risk is kept at low levels by ensuring that there is sufficient cash on demand and / or credit facilities to meet the financial obligations falling due in the next 12 months. The Group has sufficient undrawn borrowing facilities that can be utilized to fund potential shortfalls in cash resources. For the monitoring of the liquidity risk, the Group prepares cash flows forecasts on a frequent basis to ensure it has sufficient cash to meet its needs.

#### 3.2 Capital management

The primary objective of the Group's and Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business plans and maximize shareholder value. An important means of managing capital is the use of the gearing ratio (ratio of net debt to equity). Net debt includes interest bearing borrowings, as well as long-term and short-term lease liabilities less cash and cash equivalents.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>	<b>30.06.2020</b>	<b>31.12.2019</b>
Long-term borrowings	435,202	481,013	435,202	481,013
Short-term borrowings	371,622	371,622	371,622	371,622
Long-term lease liabilities	668,435	842,454	668,435	842,454
Short-term lease liabilities	342,091	327,149	342,091	327,149
Cash and cash equivalents	(1,565,780)	(1,860,130)	(1,503,078)	(1,731,947)
<b>Net debt</b>	<b>251,569</b>	<b>162,108</b>	<b>314,271</b>	<b>290,291</b>
<b>Total equity</b>	<b>4,449,754</b>	<b>5,659,005</b>	<b>5,224,018</b>	<b>6,406,575</b>
<b>Net debt to equity</b>	0.057	0.029	0.060	0.045

#### 4. Significant estimates and judgements of the management

The interim financial statements along with the accompanying notes and reports may involve certain judgements and calculations that refer to future events regarding operations, developments and financial performance of the Company and the Group. Despite the fact that such assumptions and calculations are based on the best possible knowledge of the Company's and the Group's management with regard to current conditions and actions, the actual results may eventually differ from calculations and assumptions taken into consideration in the preparation of the Group's and the Company's annual financial statements.

Significant accounting estimates and assumptions that involve important risk of causing future material adjustments to the assets' and liabilities' carrying values are discussed below:

##### (a) Provision for income taxes

The provision for income taxes in accordance with IAS 12 "Income taxes", are the amounts expected to be paid to the taxation authorities and includes provision for current income taxes reported and the potential additional tax that may be imposed as a result of audits by the taxation authorities. Group entities are subject to income taxes in different jurisdictions and significant management judgment is required in determining provision for income taxes. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which the Group and the Company operate, or unpredicted results from the final determination of each year's liability by tax authorities. These changes could have a significant impact on the Group's and the Company's financial position. Where the actual additional taxes payable are different from the amounts that were initially recorded, these differences will impact the income tax and deferred tax provisions in the period in which such a determination is made.

##### (b) Deferred tax assets

Deferred income tax assets and liabilities have been provided for the tax effects of temporary differences between the carrying amount and tax base of such assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are recognized for all deductible temporary differences and carry forward of 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 losses can be utilized. The accounting estimate related to deferred tax assets requires management to make assumptions regarding the timing of future events, including the probability of expected future taxable income and available tax planning opportunities.

##### (c) Provision for expected credit losses of trade receivables and legal cases

Management periodically reassess the adequacy of allowance for doubtful accounts receivable following an expected credit losses ('ECLs') approach. Because of the number of accounts, it is not practical to review the collectability of each account. Therefore, at each reporting date, the expected loss rate is assessed on the basis of historical credit losses adjusted to reflect current and forward-looking information. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive taking into consideration reports from its legal department. For the allowance of legal cases



management assesses the probability of negative outcome, as well as possible payment amounts for their settlement.

**(d) Provision for employee benefit plans**

The present value of the pension obligations for the Group's defined benefit plans is calculated on the basis of financial and actuarial assumptions that require management to make assumptions regarding discount rates, pay increases, mortality and disability rates, retirement ages and other factors. Changes in these key assumptions can have a significant impact on the obligation and pension costs for the period. Due to the long term nature of these defined benefit plans, these assumptions are subject to a significant degree of uncertainty.

**(e) Useful lives - Depreciation rates**

The Group's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programmes.

**(f) Impairment of property, plant and equipment**

Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

**(g) Impairment of intangible assets**

The carrying values of intangible assets are assessed for indications of impairment on an annual basis. To assess impairment, the recoverable amount of the asset is estimated based on value in use calculation. The calculations estimate future cash flows, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money. This calculation includes estimations and assumptions about the future cash flows, and about the appropriateness of the discount rate applied.

**(h) Impairment of investment in subsidiaries**

The Company's Management evaluates on a yearly basis whether there are indications of impairment of investments in subsidiaries. If there are such indications, Management calculates the recoverable amount as the higher of fair value and value in use. The key estimates used by Management for the purposes of determining the recoverable amount of investments relate to future cash flows and performance based on the business plans of the companies tested for impairment, the perpetual growth rate, future working capital as well as the discount rate. There is high subjectivity involved in the key assumptions used by Management.

**(i) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

**(j) Recognition of costs for development of software programmes**

Costs that are directly associated with development of software programmes controlled by the Group, are recognised as intangible assets in the financial statements only when it is more than probable that the economic benefits that will be generated from these intangible assets will flow to the Group. In the assessment of future economic benefits the Group takes into account the technical possibility to complete the intangible asset in order to bring it to use or sale, the existence of market for the product that the intangible asset produces or if it this is to be used internally the usefulness of the intangible asset as well as the possibility or reliable measurement of the expenses that will be allocated to the intangible asset incurred over its development.

**(k) Determination of lease term - Accounting by lessee**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant: If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate). If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate). Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

**5. Group segment information**

The Group's primary segment reporting is categorized by business activity because the risk and profitability of the Group are mainly affected by the type of the product and services offered.

As of the beginning of 2019, the Company, in accordance with the Strategic Business Plan for 2019-2021, operates under three business segments "Fintech & Analytics", "Cyber Security Operations" and "Systems Engineering". This structure 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. Internal resources are aligned, as well as, the product portfolios of the sectors and to pursue large scale projects and critical business transactions.

The Group's and Company's key operating segments are:

**1) Fintech and Analytics**

Design and development of a unique ecosystem for Intelligent Factoring and Supply Operators with fully customized Business Intelligence & Risk Management modules using top-notch technologies such as Blockchain and IoT. In an ever-changing big-data landscape where the need for decision making is overwhelming for all service organizations, our almost 20-year experience in the field is transformed into valuable solutions that meet your day-to-day demands.

**2) Cyber Security Operations**

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 mission-critical data. Company's offering is growing, aiming primarily at a Service-oriented model rather than a solely product-based one. The Company focuses on niche market segments and solutions, capitalizing the Company's strong software development background in order to develop a unique in-house offering.

**3) Systems Engineering**

Neurosoft has vast experience in designing, implementing, and supporting mission-critical networks & systems and ICT projects. The ICT department is the main driver of new solutions and services for the existing and future telecom and IT needs of our customers. Training and research are paramount values for the department, which apart from the design and implementation of new solutions undertake the mission of supporting our carrier-grade customers with sensitive SLAs.

The Field Services Department aims at providing implementation and support services on strict Service Level Agreements. Field services have grown substantially over the past couple of years both in terms of geographical coverage and breadth of technologies. Neurosoft today has the capacity to provide services throughout the country for technologies ranging from IT&T (Fixed Access, Microwave, Optical Transport, IT) to non-IT&T (Air-conditioning, Power) environments, utilizing its own personnel and a selective network of partners covering the respective needs of our customers.

Accounting policies of the operating segments are the same as those followed for the preparation of the financial statements. Intersegment transfers or transactions are conducted under normal commercial terms and conditions that would also apply to independent third parties.

Segment information and reconciliation to the Group's consolidated figures for the semi-annual period ended June 30, 2020 and 2019 is analyzed as follows:

01.01.2020 - 30.06.2020	Fintech and Analytics	Cyber Security Operations	Systems Engineering	Total
Revenue	319,067	578,105	6,484,714	7,381,886
Cost of sales	(843,123)	(950,429)	(5,221,578)	(7,015,130)
<b>Gross (loss) / profit</b>	<b>(524,056)</b>	<b>(372,324)</b>	<b>1,263,136</b>	<b>366,756</b>
<b>Operating (loss) / profit</b>	<b>(685,175)</b>	<b>(549,404)</b>	<b>63,117</b>	<b>(1,171,462)</b>
1.1.2019 - 30.06.2019	Fintech and Analytics	Cyber Security Operations	Systems Engineering	Total
Revenue	411,356	613,855	6,206,395	7,231,606
Cost of sales	(427,075)	(589,307)	(5,622,355)	(6,638,737)
<b>Gross profit</b>	<b>(15,719)</b>	<b>24,548</b>	<b>584,040</b>	<b>592,869</b>
<b>Operating loss</b>	<b>(154,645)</b>	<b>(368,218)</b>	<b>(787,750)</b>	<b>(1,310,614)</b>

## 6. Property, plant and equipment

Property, plant and equipment are analyzed as follows:

GROUP & COMPANY						
	Note	Buildings	Machinery	Transportation means	Furniture and other equipment	Total
<b>Cost</b>						
1 January 2019		470,220	77,925	3,218	888,706	1,440,069
Additions		18,210	4,261	-	40,428	62,900
<b>30 June 2019</b>		<b>488,430</b>	<b>82,186</b>	<b>3,218</b>	<b>929,134</b>	<b>1,502,968</b>
Additions		2,297	-	-	53,359	55,656
<b>31 December 2019</b>		<b>490,727</b>	<b>82,186</b>	<b>3,218</b>	<b>982,493</b>	<b>1,558,624</b>
Additions		1,300	-	-	132,040	133,340
Disposals / write-offs		-	-	-	(50,896)	(50,896)
<b>30 June 2020</b>		<b>492,027</b>	<b>82,186</b>	<b>3,218</b>	<b>1,063,636</b>	<b>1,641,067</b>
<b>Accumulated depreciation</b>						
1 January 2019		(185,839)	(24,414)	(1,704)	(734,602)	(946,559)
Depreciation expense	20	(24,212)	(3,499)	(184)	(30,459)	(58,354)
<b>30 June 2019</b>		<b>(210,051)</b>	<b>(27,913)</b>	<b>(1,888)</b>	<b>(765,061)</b>	<b>(1,004,914)</b>
Depreciation expense		(25,673)	(3,759)	(184)	(81,449)	(111,065)
<b>31 December 2019</b>		<b>(235,725)</b>	<b>(31,672)</b>	<b>(2,072)</b>	<b>(846,510)</b>	<b>(1,115,979)</b>
Depreciation expense	20	(24,742)	(3,528)	(184)	(31,037)	(59,490)
Disposals / write-offs		-	-	-	50,896	50,896
<b>30 June 2020</b>		<b>(260,466)</b>	<b>(35,200)</b>	<b>(2,257)</b>	<b>(826,650)</b>	<b>(1,124,573)</b>
<b>Net book value at</b>						
31.12.2019		<u>255,002</u>	<u>50,514</u>	<u>1,146</u>	<u>135,983</u>	<u>442,645</u>
Net book value at 30.06.2020		<u>231,560</u>	<u>46,987</u>	<u>961</u>	<u>236,986</u>	<u>516,494</u>

There is no property, plant and equipment pledged as security.

## 7. Leases

Right-of-use assets are analyzed as follows:

	Note	GROUP & COMPANY		
		Buildings	Transportation means	Total
<b>Cost</b>				
1 January 2019 - Impact of IFRS 16 implementation		867,117	409,401	1,276,518
Additions		-	103,274	103,274
<b>30 June 2019</b>		<b>867,117</b>	<b>512,675</b>	<b>1,379,793</b>
Additions		-	138,508	138,508
<b>31 December 2019</b>		<b>867,117</b>	<b>651,183</b>	<b>1,518,300</b>
Additions		32,831	-	32,831
Reductions		-	(3,646)	(3,646)
<b>30 June 2020</b>		<b>899,948</b>	<b>647,537</b>	<b>1,547,485</b>
<b>Accumulated depreciation</b>				
1 January 2019		-	-	-
Depreciation expense	20	(86,765)	(81,230)	(167,996)
<b>30 June 2019</b>		<b>(86,765)</b>	<b>(81,230)</b>	<b>(167,996)</b>
Depreciation expense		(86,765)	(108,863)	(195,629)
<b>31 December 2019</b>		<b>(173,531)</b>	<b>(190,093)</b>	<b>(363,624)</b>
Depreciation expense	20	(92,487)	(103,939)	(196,425)
<b>30 June 2020</b>		<b>(266,017)</b>	<b>(294,032)</b>	<b>(560,050)</b>
<b>Net book value at 31.12.2019</b>		<b>693,586</b>	<b>461,089</b>	<b>1,154,676</b>
<b>Net book value at 30.06.2020</b>		<b>633,931</b>	<b>353,505</b>	<b>987,436</b>

The interim condensed consolidated and separate statement of financial position includes the following amounts related to lease liabilities:

	GROUP & COMPANY	
	30.06.2020	31.12.2019
Lease liabilities (short-term portion)	342,091	327,149
Lease liabilities (long-term portion)	668,435	842,454
<b>Total lease liabilities</b>	<b>1,010,525</b>	<b>1,169,603</b>

## 8. Intangible assets

Intangible assets are analyzed as follows:

	Note	GROUP & COMPANY		
		Software	Software development cost	Total
<b>Cost</b>				
1 January 2019		342,119	6,649,721	6,991,839
Additions			342,820	342,820
<b>30 June 2019</b>		<u>342,119</u>	<u>6,992,541</u>	<u>7,334,660</u>
Additions		65,126	236,189	301,314
<b>31 December 2019</b>		<u>407,245</u>	<u>7,228,730</u>	<u>7,635,974</u>
Additions			14,566	14,566
<b>30 June 2020</b>		<u>407,245</u>	<u>7,243,295</u>	<u>7,650,540</u>
<b>Accumulated amortisation and impairment</b>				
1 January 2019		(236,421)	(2,051,499)	(2,287,920)
Amortization charge	20	(20,726)	(694,372)	(715,098)
<b>30 June 2019</b>		<u>(257,148)</u>	<u>(2,745,871)</u>	<u>(3,003,019)</u>
Depreciation expense		(25,168)	(679,269)	(704,437)
Impairment charge			(649,646)	(649,646)
<b>31 December 2019</b>		<u>(282,316)</u>	<u>(4,074,786)</u>	<u>(4,357,102)</u>
Amortization charge	20	(23,867)	(506,558)	(530,425)
<b>30 June 2020</b>		<u>(306,182)</u>	<u>(4,581,345)</u>	<u>(4,887,527)</u>
<b>Net book value at 31.12.2019</b>		<u>124,929</u>	<u>3,153,943</u>	<u>3,278,872</u>
<b>Net book value at 30.06.2020</b>		<u>101,062</u>	<u>2,661,951</u>	<u>2,763,013</u>

## 9. Goodwill

On June 21, 2019, the Company, following the conclusion of its due diligence exercise, signed a Share Purchase Agreement (SPA) to acquire the 100% of Daedalus Technologies FZCO, a technology provider of security and ICT systems integration consultancy services operating in UAE and MENA region established under the laws of the Dubai Silicon Oasis (DSO) Free Zone. On 31.03.2020 the Company concluded the acquisition of 100% of DAEDALUS TECHNOLOGIES FZCO's share capital.

### *Assets acquired and liabilities assumed at the date of acquisition*

#### Current assets

Cash and cash equivalents	6,140
Other current assets	10,305
<b>Total current assets</b>	<u>16,445</u>

#### Current liabilities

Other current liabilities	(43,984)
<b>Total current liabilities</b>	<u>(43,984)</u>

#### Net assets acquired

	<u>(27,539)</u>
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### Goodwill arising on acquisition

Consideration on completion	50,000
Net assets acquired	<u>(27,539)</u>
<b>Goodwill arising on acquisition</b>	<b><u>77,539</u></b>

### 10. Investment in subsidiaries

Subsidiaries of the Company are analyzed as follows:

Company Name	30.06.2020		31.12.2019	
	Value of participation	% of direct participation	Value of participation	% of direct participation
NEUROSOFT CYPRUS LTD	542,930	100%	542,930	100%
NEUROSOFT ROMANIA SRL	-	95%	-	95%
NEUROSOFT CYBER AND ANALYTICS	1	100%	1	100%
DAEDALUS TECHNOLOGIES FZCO	<u>120,000</u>	100%	<u>-</u>	0%
	<b><u>662,931</u></b>		<b><u>542,931</u></b>	

At the Company's separate Financial Statements, investments in subsidiaries are accounted for at cost less impairment loss.

Investments in subsidiaries movement is as follows:

	Note	30.06.2020	31.12.2019
<b>At beginning of period</b>		<b>542,931</b>	<b>813,501</b>
Additions		70,000	-
Transfer from other non-current assets	11	50,000	-
Impairment		-	<u>(270,570)</u>
<b>At period end</b>		<b><u>662,931</u></b>	<b><u>542,931</u></b>

During the period ended June 30, 2020, additions and transfer from other non-current assets, relate to the acquisition of 100% of DAEDALUS TECHNOLOGIES FZCO (Note 9).

### 11. Other non - current assets

Other non-current assets are analyzed as follows:

	GROUP		COMPANY	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Guarantees	95,393	96,939	95,393	96,939
Other non - current assets	-	50,000	-	50,000
<b>Total</b>	<b><u>95,393</u></b>	<b><u>146,939</u></b>	<b><u>95,393</u></b>	<b><u>146,939</u></b>

The amount of €50,000 in 2019 relates to the advance payment the Company paid to the shareholders of DAEDALUS TECHNOLOGIES FZCO in line with the terms of SPA signed on June 21, 2019 (Note 9). On 31.03.2020, the transaction was concluded and to this respect the said company is considered as Company's subsidiary in 2020 (Note 10).

## 12. Trade receivables

Trade receivable are analyzed as follows:

	Note	GROUP		COMPANY	
		30.06.2020	31.12.2019	30.06.2020	31.12.2019
Trade receivables		2,260,433	2,409,505	2,260,433	2,409,505
Trade receivables - Related parties	23	1,104,618	1,362,863	1,104,618	1,362,863
Cheques and notes receivable		59,774	59,774	59,774	59,774
Doubtful trade receivables		174,321	174,321	174,321	174,321
Less: Allowance for doubtful trade receivables		(169,283)	(169,283)	(169,283)	(169,283)
<b>Total</b>		<b>3,429,863</b>	<b>3,837,180</b>	<b>3,429,863</b>	<b>3,837,180</b>

The fair value of trade receivables approximate their carrying values.

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables impairment provision of €169,283 as of June 30, 2020 and December 31, 2019 relates to trade receivables overdue for more than 1 year.

## 13. Other current assets

Other current assets are analyzed as follows:

	Note	GROUP		COMPANY	
		30.06.2020	31.12.2019	30.06.2020	31.12.2019
Prepaid expenses		225,112	382,804	161,897	333,258
Contract assets		1,556,707	409,331	1,556,707	409,331
Advances to suppliers/creditors		111,175	152,050	111,175	152,050
Advances to employees and other advances		3,894	6,793	6,319	6,793
Receivables from related parties	23	-	-	211,548	176,277
Other debtors		27,292	53,339	4,356	39,427
Less: Provision for impairment		(25,922)	(25,922)	(25,922)	(25,922)
<b>Total</b>		<b>1,898,258</b>	<b>978,394</b>	<b>2,026,080</b>	<b>1,091,213</b>

The fair value of other current assets approximate their carrying values.

## 14. Cash and cash equivalents

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019
Cash in hand	21,879	19,596	21,195	19,596
Cash at bank	1,543,901	1,840,534	1,481,883	1,712,351
<b>Total</b>	<b>1,565,780</b>	<b>1,860,130</b>	<b>1,503,078</b>	<b>1,731,947</b>

While cash and cash equivalents are also subject to the impairment under IFRS 9, the identified impairment loss was not significant due to the fact that the cash and cash equivalents of the Group and the Company are held at reputable European financial institutions.

## 15. Share capital

The Company's share capital amounts to €8,954,608, divided into 25,584,594 ordinary shares with a par value of €0.35 each.

The major shareholders of the Company's share capital are as follows:

<u>Shareholders</u>	<u>Number of shares</u>	<u>Percentage %</u>
OPAP INVESTMENT LIMITED	9,770,444	38.19%
OPAP INTERNATIONAL LIMITED	6,401,241	25.02%
INTERNATIONAL GAME TECHNOLOGY PLC	4,176,537	16.32%
OPAP CYPRUS LIMITED	1,154,315	4.51%
FREE FLOAT	4,082,057	15.96%
<b>Total</b>	<b>25,584,594</b>	<b>100.00%</b>

## 16. Borrowings

	<u>GROUP AND COMPANY</u>	
	<u>30.06.2020</u>	<u>31.12.2019</u>
<b>Long-term borrowings</b>		
Long-term bank borrowings	435,202	481,013
<b>Total non-current borrowings</b>	<b>435,202</b>	<b>481,013</b>
<b>Short-term borrowings</b>		
Short-term portion of long-term bank borrowings	91,622	91,622
Other short-term bank borrowings	280,000	280,000
<b>Total current borrowings</b>	<b>371,622</b>	<b>371,622</b>
<b>Total borrowings</b>	<b>806,824</b>	<b>852,635</b>

On March 30, 2016, the Company signed a supplemental agreement with Alpha Bank S.A. in order to amend the repayment terms of the outstanding balance of the loan as of that date of €916,216. According to the terms of this agreement, the loan is repayable within 10 years in 40 equal quarterly installments of €22,905.39, with the last installment payable on December 31, 2025. As of June 30, 2020, the outstanding balance of the loan amounts to €526,824. The loan is at floating rate based on 3 months Euribor, plus a margin of 3% and a contribution of 0,6%.

On March 19, 2018, the Company entered into a loan agreement with Eurobank SA, according to which the Bank created an open credit facility account for the Company with a credit limit of €1,500,000. The facility is at floating rate, equal to the working capital base rate as announced by the Bank. As of December 31, 2019, the outstanding balance of the loan amounts to €280,000.

All Company borrowings are expressed in Euros.

The above loan agreements do not contain mortgages and pledges on the assets of the Company.

The Group's and Company's borrowing movement is as follows:

<u>GROUP AND COMPANY</u>	<u>Year of maturity</u>	<u>31.12.2019</u>			<u>30.06.2020</u>
		<u>Book value</u>	<u>New loans</u>	<u>Repayments</u>	<u>Book value</u>
Loan, amount €916,216	2025	572,635	-	(45,811)	526,824
Open credit facility, €1,500,000		280,000	-	-	280,000
		<b>852,635</b>	<b>-</b>	<b>(45,811)</b>	<b>806,824</b>



## 17. Trade payables

Trade payables are analyzed as follows:

	Note	GROUP		COMPANY	
		30.06.2020	31.12.2019	30.06.2020	31.12.2019
Trade payables		2,651,333	1,657,045	2,614,113	1,653,825
Trade payables - Related parties	23	-	-	34,000	-
Cheques payable		84,036	88,925	84,036	88,925
<b>Total</b>		<b>2,735,369</b>	<b>1,745,970</b>	<b>2,732,149</b>	<b>1,742,751</b>

The fair value of trade payables approximate their carrying values.

## 18. Other tax liabilities

Tax liabilities are analyzed as follows:

	GROUP		COMPANY	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
VAT payable	325,242	491,879	326,744	495,446
Other taxes and duties	315,293	218,514	315,293	218,514
<b>Total</b>	<b>640,535</b>	<b>710,393</b>	<b>642,038</b>	<b>713,961</b>

## 19. Other current liabilities

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Social security liabilities	529,698	286,629	529,698	286,629
Contract liabilities	369,299	414,683	369,299	414,683
Advances from customers	19,763	29,967	19,763	29,967
Accrued expenses	392,138	505,515	376,011	497,060
Other current liabilities	446,717	265,465	340,810	53,571
<b>Total</b>	<b>1,757,616</b>	<b>1,502,259</b>	<b>1,635,582</b>	<b>1,281,910</b>

The fair value of other current liabilities approximate their carrying values.

Accrued expenses for the Group and the Company include an amount of €11,600 (2019: €11,553), regarding accrued interest expense for the Group's and Company's borrowings (Note 16).

## 20. Analysis of expenses

Expenses (cost of sales, selling and distribution, administrative) are analyzed as follows:

	GROUP		COMPANY	
	01.01.2020	01.01.2019 -	01.01.2020 -	01.01.2019 -
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Payroll and related costs	3,670,860	3,259,245	3,579,019	3,174,203
Third party fees and services	2,281,406	1,841,245	2,335,441	1,918,285
Taxes and duties	9,911	5,484	6,185	5,134
Cost of sales of inventory and consumables	754,993	1,374,022	754,993	1,374,022
Provision for inventory impairment	-	49,259	-	49,259
Depreciation of PPE and right-of-use assets and amortization of intangible assets	786,341	941,448	786,341	941,448
Sundry expenses	1,435,403	1,040,499	1,418,230	1,024,937
<b>Total</b>	<b>8,938,914</b>	<b>8,511,201</b>	<b>8,880,209</b>	<b>8,487,287</b>

The above expenses of the Group and the Company as at 30.06.2020 and 30.06.2019, are allocated as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>
Cost of sales	7,015,130	6,638,737	6,969,928	6,620,084
Administrative expenses	1,219,507	1,191,568	1,210,702	1,188,220
Distribution expenses	704,276	680,896	699,580	678,983
<b>Total</b>	<b><u>8,938,914</u></b>	<b><u>8,511,202</u></b>	<b><u>8,880,209</u></b>	<b><u>8,487,287</u></b>

## 21. Financial income / (expenses)

Financial income / (expenses) are analyzed as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>
<b>Finance expenses</b>				
Interest expense on bank borrowings	(6,682)	(14,589)	(6,682)	(14,589)
Interest expense on lease liabilities	(19,076)	(21,402)	(19,076)	(21,402)
Other finance expenses	(40,040)	(10,066)	(30,333)	(9,061)
<b>Total finance expenses</b>	<b><u>(65,798)</u></b>	<b><u>(46,057)</u></b>	<b><u>(56,091)</u></b>	<b><u>(45,052)</u></b>
<b>Finance income</b>				
Interest income	122	136	122	136
<b>Total finance income</b>	<b><u>122</u></b>	<b><u>136</u></b>	<b><u>122</u></b>	<b><u>136</u></b>
<b>Total finance expenses - net</b>	<b><u>(65,676)</u></b>	<b><u>(45,921)</u></b>	<b><u>(55,969)</u></b>	<b><u>(44,916)</u></b>

## 22. Income taxes

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>01.01.2020- 30.06.2020</u>	<u>01.01.2019- 30.06.2019</u>	<u>01.01.2020- 30.06.2020</u>	<u>01.01.2019- 30.06.2019</u>
Deferred tax	30,062	53,214	30,062	53,214
<b>Total</b>	<b><u>30,062</u></b>	<b><u>53,214</u></b>	<b><u>30,062</u></b>	<b><u>53,214</u></b>

Based on International Accounting Standard 12 "Income Taxes" deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply at the period of realization, provided they are enacted or substantively enacted at the reporting date.

For the current period deferred tax was calculated using the 24% rate according to law 4646/2019 (Government's Gazette A' 201/12.12.2019), which amended the Income Tax Code (Law 4172/2013). The deferred tax for the comparative period was calculated using rates from 25% to 28% under the applicable then law in Greece 4579/2018 (Government's Gazette A' 201/03.12.2018), that amended the Income Tax Code (Law 4172/2013) regarding the corporate income tax, resulting in a gradual reduction of corporate income tax rates by 1% per year (i.e. 28% in 2019, 27% in 2020, 26% in 2021 and 25% from 2022 onwards).

## 23. Related parties

Related parties have been identified based on the requirements of IAS 24 “Related Party Disclosures”.

The Group includes all entities which Neurosoft controls, either directly or indirectly (See note 1). Transactions and balances between companies in the Group are eliminated on consolidation.

The Group’s financial statements are integrated in the consolidated financial statements of OPAP S.A. under the full consolidation method. Therefore, all companies, included in the OPAP Group, are also considered related parties.

### a) Transactions with related parties

Related party transactions refer to the provision and purchase of services in the normal course of business. The aggregate amounts of sales and purchases from the beginning of the year with related parties under IAS 24, are as follows:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>
<b>Sales of services</b>				
OPAP S.A.	3,411,755	3,847,140	3,411,755	3,847,140
TORA WALLET S.A.	11,932	580	11,932	580
	<u><b>3,423,687</b></u>	<u><b>3,847,720</b></u>	<u><b>3,423,687</b></u>	<u><b>3,847,720</b></u>
	<u>GROUP</u>		<u>COMPANY</u>	
	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2019 - 30.06.2019</u>
<b>Purchase of services</b>				
Neurosoft Cyprus Ltd	-	-	51,000	81,000
Daedalus Technologies FZCO	-	-	15,000	-
	<u>-</u>	<u>-</u>	<u><b>66,000</b></u>	<u><b>81,000</b></u>

### Board of Directors and Key Management

The compensation of the members of the Board of Directors and key management personnel for the Group and the Company amounted to € 500,307 (30.06.2019: €220,021).

Further to the above we note:

- No loans or credit facilities have been granted to the members of the Board of Directors or to other executive members of the Group (including their families).
- Apart from the above remuneration no other transactions between the Company and the executives and Board members exist.
- All transactions mentioned above are carried out at arms’ length.

**b) End year balances with related parties**

The closings balances of receivables and liabilities at year end, which have resulted from transactions with related parties under IAS 24, are as follows:

	Note	GROUP		COMPANY	
		30.06.2020	31.12.2019	30.06.2020	31.12.2019
<b>Trade receivables from related parties</b>					
OPAP S.A.		1,092,699	1,362,144	1,092,699	1,362,144
TORA WALLET S.A.		11,919	719	11,919	719
	12	<u>1,104,618</u>	<u>1,362,863</u>	<u>1,104,618</u>	<u>1,362,863</u>
<b>Other receivables from related parties</b>					
<b>- Loans granted to related parties</b>					
Neurosoft Cyprus Ltd		-	-	125,230	125,230
		-	-	<u>125,230</u>	<u>125,230</u>
<b>-Other receivables from related parties</b>					
Neurosoft Cyprus Ltd		-	-	45,027	45,027
Neurosoft Cyber and Analytics Ltd		-	-	6,020	6,020
Daedalus Technologies FZCO		-	-	35,271	-
		-	-	<u>86,318</u>	<u>51,047</u>
<b>Total other receivables from related parties</b>	13	<u>-</u>	<u>-</u>	<u>211,548</u>	<u>176,277</u>
<b>Trade payables to related parties</b>					
Neurosoft Cyprus Ltd	17	-	-	34,000	-
		-	-	<u>34,000</u>	-

The receivable amount of €125,230 refers to non-interest loan provided by Neurosoft S.A. to Neurosoft Cyprus Ltd.

**24. Contingencies**

**Third party claims against the Company**

No significant legal proceedings have been initiated against the Company that are expected to have a significant effect on its financial position or the operations of the Company, and for this reason no relevant provisions have been recognized.

## 25. Events after the reporting date

➤ During the current period, the Greek Government issued an RFP for the procurement, delivery and operation of an integrated online system for the issuance of secured documents (ID, Passport, driving license and Resident Permit). On September 2, 2020 Neurosoft participated in a consortium with the multinational Group Idemia and submitted its offer in the 515-million-euro tender following a demanding process. This is the first state tender since the outbreak of the coronavirus in Greece, and the high interest shown by world-class players is attributed to the secured earnings the contract will offer for 10 + 5 years. The contract award is anticipated in Q1.2021.

Athens, September 21, 2020

Chairman of the BoD

Chief Executive Officer

Head Accountant

Nikolaos Vassilonikolidakis

Epameinondas  
Paschalidis

Maria Trakadi  
**Deloitte.**  
R.N.E.C.: 27913  
Deloitte Business Solutions SA  
Accounting Office License No:  
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