



**Board of Directors of Neurosoft S.A. approves
2020 1st Half Financial Statements**

- **Consolidated Revenues in H1 2020 amounted to € 7.38 million in H1.2020 (€ 7.23 million in H1.2019)**
- **Gross Profit in H1 2020 amounted to €0.37 million (€0.50 million in H1.2019)**
- **EBITDA in H1 2020 amounted to € (0,39) million (€0,37 million in H1.2019)**
- **EBIT in H1 2020 amounted to € (1,17) million (€ (1.36) million in H1.2019)**
- **Net Profit in H1 2020 amounted to € (1,21) million (€ (1,30) million in H1.2019)**
- **Net Financial Position H1 2020 amounted to € 6,40 million (€ 5,00 million in 2019)**
- **Total equity in H1 2020 amounted to € 4,44 million (€ 5,65 million in 2019)**

Iraklio, Attica, September 21, 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 1st Half Financial Statements (including the results for its subsidiaries, Neurosoft Cyprus Ltd, Neurosoft Romania Srl and Neurosoft Cyber and Analytics Ltd) for the 1st Semester ended June 30, 2020. Neurosoft, traded on Milan's AIM Italia market ([GRS802003004](#), [Reuters NRST.MI](#), [Bloomberg NRST:IM](#)), has **Banca Intermobiliare SpA** as its Nominated Adviser.

Commenting on the Group's half year results, Neurosoft CEO **Epameinondas Paschalidis** said "The COVID-19 outbreak, which was declared a global pandemic has materially affected our industry and business but we have managed to limit its financial impact and therefore achieve a marginally better half year performance than 2019.. During this challenging period Neurosoft's highest priority remains the safety and well-being of its employees, customers, and other stakeholders. We were forced to quickly adapt our business development strategy to the new environment while in parallel to implement a cross-functional response team for situation monitoring and introduction of cost and capital expenditure reductions; as well as actions to increase liquidity and flexibility with a focus on effective working capital management."

2020 – 1st Half Neurosoft Group Consolidated Performance

Neurosoft's consolidated half year revenues were € 7,38 million (+0.15million) which is optimistic given the global crisis. The Gross Profit equals to €0.37 million and the Net Profit amounted to € (1.21) million, better-off compared to the respective amounts of H1.2019. The EBITDA is € (0.39) million at the same level with H1.2019, impacted by economic non-recurring effects and economic consequences of Covid-19 pandemic.

As a result, 2019 Net Profit is equal to € - 1,21 million (€ - 1,31 million in 2019).

2020 Equity is equal to € 4,44 million (€ 5,65 million in 2018) with a 2019 Net financial position that amounts to € 6,40 million versus € 5,00 million in 2018.

Systems Engineering: Without doubt the pandemic altered once and for all the business environment and gave prominence to new IT needs. The increased remote working challenges revealed new type of services such as *Infrastructure as a Service (IaaS) covering SDWAN, LAN, WiFi and VPN technologies*. The Company adapted quickly its solution portfolio and managed to penetrate and obtain a dominant market share in Greece. The successful business decision managed to fully cover the negative impact arise from the decreased level customer demand of more traditional solutions.

Cyber Security: The lockdown restrictions, the customers' unwillingness to visit their premises in order to provide services and the general economic freeze affected the revenues of the pillar and led to delays in the accomplishment of the H1.2020 sales targets, which are expected to be fulfilled by the Q1.2021. In addition, Cyber Security is a labor-intensive business unit and therefore it has an anelastic fixed cost base that resulted to a negative operating profit. The Company re-evaluated its business development strategy to find efficient ways to achieve possible cross-selling and up-selling opportunities.

Fintech: Fintech is the most heavily impacted by COVID business unit of the Company. The materialization of the sales pipeline is depending only on the Company's international exposure since it is dominant in the domestic market and all possible prospects are fully exploited. The travelling restrictions, the postponement of marketing events and the reluctance of potential customers to invest in new core systems created implications in both top and bottom lines. The Company is evaluating the dynamics that have been formed during the Covid-19 crisis, in order to streamline business development efforts and product reshaping in the new formed landscape.

COVID-19 impact

The coronavirus (COVID-19) pandemic has developed rapidly in 2020 and has affected business and economic activity around the world, including Greece and Cyprus. Many governments took stringent steps to limit or delay the spread of the virus, including travel restrictions, as well as, the disruption and shut down of many businesses. As far as the Company's activities are concerned, the Company has not suspended its activities, although some business activities have been limited depending on the suspension of certain customers' activities.

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.

Nevertheless, there is a high degree of uncertainty, primarily as to whether a second wave of the pandemic will trigger a round of local sheltering measures, deterioration of GDP or lower private consumption, for the second half of the year.

The Group is likely to be affected by future quarantine measures, market downturns and changes in customer behavior due to pandemic fears. The Group's workforce is also likely to be affected if the virus spreads in markets where the Group operates. In addition, Group's customers, distribution partners, service providers or suppliers may face financial difficulty, stop their activities or suffer from business disturbances due to the coronavirus epidemic.

The Management of the Company is closely monitoring the developments around the coronavirus (COVID-19) and is constantly assessing its implications on the Group's performance. The Company is taking pre-emptive actions to ensure the health and safety of its employees and partners, as well as, the continuity of its business. Having satisfactory cash reserves and sufficient undrawn borrowing facilities that can be utilized, without any restriction, the Management expects that the Group will be enabled to meet the financing costs and working capital needs, and its ability to continue as going concern will not be affected.

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

For further information please contact:

INVESTOR RELATIONS

Neurosoft S.A. | ir@neurosoft.gr | T: +30 2106855061

NOMAD

Banca Intermobiliare di Investimenti e Gestioni S.p.A. | corporatefinance@bancaintermobiliare.com

T:+39 0299968111

INTERIM STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
ASSETS				
Non-current assets				
Property, plant & equipment	516,494	442,644	516,494	442,644
Right-of-use assets	987,436	1,154,676	987,436	1,154,676
Intangible assets	2,763,013	3,278,873	2,763,014	3,278,873
Goodwill	77,539	-	-	-
Investments in subsidiaries	-	-	662,931	542,931
Other non - current assets	95,393	146,939	95,393	146,939
	4,439,875	5,023,132	5,025,267	5,566,063
Current assets				
Inventories	1,072,909	814,386	1,072,909	814,386
Trade receivables	3,429,863	3,837,180	3,429,863	3,837,180
Other current assets	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	1,565,780	1,860,130	1,503,078	1,731,947
	7,969,069	7,492,349	8,034,189	7,476,985
Total assets	12,408,944	12,515,481	13,059,455	13,043,049
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	375,464	377,638	377,638	377,638
Retained earnings	(5,480,318)	(4,273,241)	(4,708,228)	(3,525,671)
Total equity	4,449,754	5,659,005	5,224,018	6,406,575
LIABILITIES				
Non-current liabilities				
Long-term borrowings	435,202	481,013	435,202	481,013
Lease liabilities	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	-
	2,057,621	2,144,747	2,057,621	2,144,747
Current liabilities				
Trade payables	2,735,369	1,745,970	2,732,149	1,742,751
Short-term borrowings	371,622	371,622	371,622	371,622
Lease liabilities	342,091	327,149	342,091	327,149
Income tax liabilities	54,336	54,336	54,336	54,336
Other tax liabilities	640,535	710,393	642,038	713,961
Other current liabilities	1,757,616	1,502,259	1,635,582	1,281,910
	5,901,569	4,711,729	5,777,816	4,491,727
Total liabilities	7,959,190	6,856,476	7,835,438	6,636,475
Total equity and liabilities	12,408,944	12,515,481	13,059,455	13,043,049

INTERIM STATEMENT OF COMPREHENSIVE INCOME

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

INTERIM STATEMENT OF CHANGES IN EQUITY

GROUP

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

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	-	-	-	-	-
Total comprehensive loss for the period (net of tax)	<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
Total comprehensive loss for the period (net of tax)	<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	-	-	-	-	-
Total comprehensive loss for the period (net of tax)	<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>

INTERIM CASH FLOW STATEMENT

	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
Operating activities				
Loss before tax	(1,237,138)	(1,356,535)	(1,212,617)	(1,330,412)
Adjustments for:				
Depreciation and amortization	786,341	941,448	786,341	941,448
Provision for inventory impairment	-	49,259	-	49,259
Provisions for employee benefit plans	26,185	22,873	26,185	22,873
Financial expenses - net	65,676	45,921	55,969	44,916
Exchange differences	8,247	3,403	8,247	3,403
Rent concessions	(9,731)		(9,731)	
Plus/less working capital adjustments or adjustments related to operating activities:				
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)
Less:				
Interest and related expenses paid	(59,066)	(44,619)	(49,360)	(43,614)
Net cash flows (used in) / generated from operating activities (a)	(76,964)	286,108	62,483	36,059
Investing activities				
Acquisition of subsidiary	-	-	(70,000)	-
Purchase of PPE and intangible assets	(147,905)	(405,720)	(147,905)	(405,720)
Cash acquired on acquisition of subsidiary	6,140	-	-	-
Interest received	122	136	122	136
Net cash flows used in investing activities (b)	(141,643)	(405,583)	(217,783)	(405,583)
Financing activities				
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	-
Net cash flows used in financing activities (c)	(73,569)	(202,421)	(73,569)	(202,421)
Net decrease in cash and cash equivalents (a) + (b) + (c)	(292,176)	(321,897)	(228,869)	(571,946)
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)
Net cash and cash equivalents at the end of the period	1,565,780	2,458,954	1,503,078	2,193,330