ANNUAL

FINANCIAL REPORT

For the year

ended December 31, 2020

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STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS

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

The undersigned, in our above-mentioned capacity, as specifically appointed by the Board of Directors of the societe anonyme company under the name "Neurosoft Software 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 annual financial statements (Consolidated and Separate) of the society anonyme company under the name "Neurosof Software Production Societe Anonyme" for the period from January 1, 2020 to December 31, 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 and

(b) The enclosed annual Report of the Board of Directors of the Company provide a true and fair view of the evolution, performance and the financial position of the Company, as well as of the companies' which are included in the consolidation, including the description of the main risks and uncertainties they face and relevant information.

Iraklio, April 19, 2021

Nikolaos Vasilonikolidakis	Epameinondas Paschalidis
Chairman of the BOD	CEO of the Company

ANNUAL REPORT OF THE BOARD OF DIRECTORS
of «Neurosoft S.A. »

On the consolidated and separate Financial Statements
for the financial year from January 1, 2020 to December 31, 2020

This Annual Report of the Board of Director (hereinafter referred for brevity as the **"Report"** or **"Annual Report"**), refers to the fiscal year 2020 (01.01.2020-31.12.2020). It has been prepared in accordance with the provisions of Articles 150-154 of Law 4548/2018 and article 4 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 held a stake of 100% of its share capital. During 2020, Neurosoft Cyber and Analytics Ltd applied to be struck off and dissolved and the registrar accepted the application in June 2020. According to the notification of dissolution issued by the Companies House on October 8, 2020, Neurosoft Cyber and Analytics was dissolved on October 13, 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 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 two mentioned subsidiaries are inactive and under dissolution.

i) 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.

ii) 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 2018 remained inactive. According to the notification of dissolution issued by the Companies House on October 8, 2020, Neurosoft Cyber and Analytics was dissolved on October 13, 2020.

iii) 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 annual consolidated and separate financial statements for the fiscal year 2020 (01.01.2020-31.12.2020) 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 together with the financial statements and other information and statements required by law, are included in the Annual Financial Report for the fiscal year 2020.

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

SECTION A

Significant events that occurred during the year 2020

The significant events that occurred during the year 2020 (01.01.2020-31.12.2020) with calendar order, as well as any impact on the annual financial statements are summarized as follows:

1. Coronavirus (COVID-19) impact

At the beginning of 2020 still on going, there was a worldwide outbreak of coronavirus (COVID-19) which impacted the global economy as many governments were forced to take stringent steps to limit or delay the spread of the virus. The restrictive measures and actions taken by the Government in response to the spread of COVID-19 within 2020 have led to a significant disruption to the operations of many companies and a significant increase in financial uncertainty.

The COVID-19 outbreak, has materially affected our industry and business although its impact on our financial performance was not significant. Although, Group's activities were not suspended, some of its business activities have been limited depending on the suspension of certain customers' activities.

The Group has responded quickly and 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.

Based on current data, the Company's financial performance was not significantly affected during the year ended December 31, 2020. Additionally, the Company took advantage of limited governmental supporting measures, such as tax reliefs or tax offset advantages and rent reduction payments to strengthen its liquidity.

On November 7, 2020 a lockdown and new restrictive measures were imposed by the Government as a result of the increased number of cases of Covid-19 since the beginning of October 2020. As the lockdown remains still in effect, 2021 carries a material degree of uncertainty and 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 introduce 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.

2. 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.

3. 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 2016, 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, which was received on August 31, 2020. 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.

4. ID Project

On December, 20 2019, the Greek Government had 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 Q3.2021.

5. Offering Development

5.1 Fintech offering ecosystem evolution: 2020 was a crossroad year resulting into getting Emirates NBD Payables module live in September, on time and budget, the largest multinational client the Unit had which included Proxima+, Tesla Radius, Self-Onboarding module and Ergodicity Machine Learning module. It was also a year that although hindered by the pandemic, the delivery teams, with the early adoption of cloud technologies, showed resilient and adaptability to the new environment. At the same time the company completed the dynamic discounting implementation including early payments and extended terms as well negotiation model. The Dynamic Discounting platform - CONFIRM is based now on open Blockchain technology (Hyperledger fabric) and Open DB architecture allowing its deployment to any standard Cloud infrastructure such as Azure and AWS. No further development is foreseen on the gaming side, but technology, know-how and engineering capacity have been fully migrated in the fintech ecosystem. The Company is planning to separate this Fintech segment through a spin off which will be contributed to a new company that will be incorporated with the Company holding the 100% of the share capital. This action will provide Fintech segment with the flexibility to expand and facilitate the fundraising and funding procedures.

5.2 Cyber Security offering evolution: On the Cyber Defense side, 2020 efforts were focused on the enhancement of our core solutions Angel, Illicium and Neutrify, which are all already interoperable. Angel v2.0 was successfully introduced incorporating the latest version of Illicium and Vulnerability Assessment features leading to a commercial success exceeding the initial forecast. Illicium, embedded in both Angel and Neutrify, was marketed in existing and new customers adding significant value to our offering lines. New feature design and enhanced reporting development have started in Q4 and are expected to be in production by mid-2021. In a continuous effort to excel in Cyber Defence, a Threat Intelligence monitoring has been developed in Q2 and commercially launched in September. Neurosoft's advanced Threat Intelligence service consists of processes for collecting, producing and disseminating tactical and strategic intelligence, continually augmented with timely situational awareness by the use of proprietary tools and high-end platforms. The value of the services has been successfully demonstrated to the market through several Threat Intelligence assessments that will definitely lead to monitoring contracts in early 2021. Having IoT and OT networks already in a modern environment, Neurtify had to be ready to extend monitoring and analytics capacity to cover the evolving needs for Cyber defence. Development and integration of technology, platform, processes, and policies in our SOC services were concluded in Q4. Finally, RedyOps Labs were introduced Q2 with an initial goal to identify and report vulnerabilities to Tier-1 and Tier-2 vendors. Research results were outstanding with 100% of our reports confirming valid vulnerabilities, 8 CVE numbers published until now while we achieved the BugCrowd MVP status. Not all of our research is going public, giving additional value to our Blue and Red teams.

5.3 Systems Engineering Infrastructure-as-a-Service (IaaS) evolution: The Enterprise Link offering has received positive feedback from the Company's Customer base, and we have managed to position the service in certain major accounts. However, because of the pandemic we have seen postponement of deployment plans because of the overall retail slowdown. The IaaS business paradigm that has overwhelmed the IT global landscape seems to be gaining ground on Branch Networking as well. Enterprise Link evolution from SD-WAN to SD-Branch, albeit strategically planned from the beginning, was simply accelerated as an offering to Customers. There is a breadth of additional technological elements that have already been added to the Service, namely Wired and Wireless (LAN / WLAN) local Networks as-a-Service together with User Authentication adding even more granular security and traffic management capabilities. Apart from the technological service enhancements, Enterprise Link is also offering 24x7 Network Operations (NOC.aaS) either to supplement existing Customer Operation beyond normal working hours or assume the workload completely on a 24x7 basis.

6. Business Development

6.1 Fintech: Holding a significant position in the domestic market, the target for 2020 was to capitalize on the successful UAE business case for GCC and European markets. The covid pandemic has significantly affected our business development model which was based in International Events and business travelling. Efforts to support pipeline and sales activities via video calls was a challenge taking into consideration that Proxima is a core system for our Financial Services customers. As above mentioned the Company is planning for flexibility purposes to spin off this segment and contribute it to a new company that will be incorporated as a 100% affiliate.

6.2 Cyber Security: Our core offensive (RedyOps) and defensive (Neutrify, Angel, Illicium) offerings were the key drivers for 2020 despite the slowdown in Q2 due to the covid pandemic, shifting our focus in our home market i.e. Greece & Cyprus. On the Compliance & Risk side the biggest contributor has been our security awareness services with the use of top-Gartner platform. Our Enterprise customer base has been further developed through up-selling activities but also x-selling with the Systems Engineering offering resulting in E2E frame agreements. Starting with the major ID project opportunity that includes a significant Cyber operation, other prospects have been pursued mainly in Q4 resulting to a solid project pipeline for 2021. In the maritime market, Angel is considered by many as the cyber standard, confirming the rightness of our decision to partner with Navarino. Expanding the Angel service from ship to shore (Angel at the office) was the obvious step and is expected to bring additional revenue.

6.3 Systems Engineering: It has been a very demanding and unprecedented year. New Customer meetings were more difficult to arrange from one hand with specific needs that emerged and had to be dealt with in a swift manner on the other. Our main areas of focus were mostly around strengthening our company-wide Enterprise portfolio for existing but also new Customers, trying to obtain economies of scale and breadth of portfolio arising from intensifying internal collaboration. The primary targets for the Private Sector were large Enterprise customers and specific vertical SMBs like maritime and legal for instance. In order to further expand our market reach and time-to-market, we have sought alliances with Telecom Service Providers (Wind, Forthnet) which seem very promising for 2021. We additionally organized our internal Bidding Operations aiming at upcoming Governmental tenders. We participated, among others, in one of the largest IT&T tenders of the last decades concerning national IDs forming alliances that are very promising for even more targeted and high-budget E2G tenders.

7. Quality Assurance

In view of Services and Operations standardisation, Neurosoft is certified under ISO9001, ISO27001 & OHSAS 18001 international standards for Quality, Information Security Management and Safety.

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. Foreign exchange risk

Foreign exchange 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.

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. At 31 December 2020, if interest rates on Euro denominated borrowings had been 1,0% higher with all other variables held constant, pre-tax loss for the year would have been €9,623 higher, excluding any positive impact of interest income on deposits.

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 any potential shortfall 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. 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.

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Long-term borrowings	389,392	481,013	389,392	481,013
Short-term borrowings	371,622	371,622	371,622	371,622
Long-term lease liabilities	352,225	842,454	352,225	842,454
Short-term lease liabilities	586,118	327,149	586,118	327,149
Cash and cash equivalents	(1,009,325)	(1,860,130)	(989,903)	(1,731,947)
Net debt	**690,031**	**162,108**	**709,454**	**290,291**
Total equity	**3,012,149**	**5,659,005**	**3,286,731**	**6,406,575**
Net debt to equity	0.229	0.029	0.216	0.045

6. Coronavirus potential effects

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. Based on current data, the Company's financial performance was not significantly affected during the year ended December 31, 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. 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 rapid increase of cases of COVID-19 pandemic in our country, since the beginning of October 2020, led the Government to impose a lockdown and restrictive measures to protect the health of citizens, to achieve the prevention of the increase of cases and to decompress the National Health System. The restrictive measures for the whole country started on November 7, 2020 and are still in force. The magnitude of the impact on the economy cannot be accurately determined at this stage as we do not know how long the restrictive measures will last. To counter the health and economic aspects of the pandemic, governments have launched mass vaccination schemes currently in progress with the stated aim to cover the entire eligible population. In countries where vaccination population coverage has progressed, early signs are that it positively affected the severity of infections in terms of hospitalizations and symptoms experienced.

As the lockdown remains still in effect, 2021 carries a material degree of uncertainty and we cannot be certain how broad its effect will be in the progress of our business development strategy and on the Company's financial condition, liquidity, results of operations or cash flows.

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. The Management expects that the Company will be enabled to meet the financing costs and working capital needs, and its ability to continue as going concern will not be affected.

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:

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Sales of services				
OPAP S.A.	8,133,056	8,394,753	8,133,056	8,394,753
OPAP SERVICES S.A.	-	28,067	-	28,067
TORA WALLET S.A.	25,320	28,520	25,320	28,520
OPAP CYPRUS LTD	496	-	496	-
	8,158,872	**8,451,340**	**8,158,872**	**8,451,340**

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Purchase of services				
Neurosoft Cyprus Ltd	-	-	85,000	132,000
Daedalus Technologies FZCO	-	-	45,000	-
Metasan S.A.	538,540	-	538,540	-
	538,540	**-**	**668,540**	**132,000**

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 €1,106,099 (2019: €1,141,194).

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) 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:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Trade receivables from related parties				
OPAP S.A.	1,222,477	1,362,144	1,222,477	1,362,144
TORA WALLET S.A.	719	719	719	719
OPAP CYPRUS LTD	496	-	496	-
	1,223,692	**1,362,863**	**1,223,692**	**1,362,863**
Other receivables from related parties				
- Loans granted to related parties				
Neurosoft Cyprus Ltd	-	-	125,230	125,230
	-	**-**	**125,230**	**125,230**
Other receivables from related parties				
Neurosoft Cyprus Ltd	-	-	45,027	45,027
Neurosoft Cyber and Analytics Ltd	-	-	-	6,020
	-	**-**	**45,027**	**51,047**
Total other receivables from related parties	**-**	**-**	**170,257**	**176,277**

In 2020, the Company recognized a provision expense for the total outstanding receivable amount of €170,257 from its subsidiary Neurosoft Cyprus Ltd.

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Trade payables to related parties				
Neurosoft Cyprus Ltd	-	-	33,000	-
Daedalus Technologies FZCO	-	-	45,000	-
Metasan S.A.	82,131	-	82,131	-
	82,131	**-**	**160,131**	**-**

SECTION D

Detailed information in accordance with the provisions of article 4, paragraph 7 of Law 3556/2007, as in force and relevant explanatory report

1. Share capital structure

Following the resolution of the Extraordinary General Shareholders Meeting held on 25/11/2014 the new share capital of the Company amounts to 8,954,608.00 euros, is fully paid up and is divided into 25,584,594 ordinary registered shares with a nominal value of Euro 0.35 each.

For each share all the rights and obligations are defined by law and the Articles of Association. The ownership of the share automatically entails acceptance of the Articles of Association and the decisions taken in accordance with the law and the Statute of the various corporate bodies.
Each share carries the right to one (1) vote.

All shares of the Company are listed on the Milan Stock Exchange and traded on the AIM/MAC Italia market of the Stock Exchange of Milan.

2. Restrictions on the transfer of shares of the Company

There are no restrictions on the transfer of shares.

3. Shares with special control rights

There are no issued shares that offer special control rights.

4. Restrictions on voting rights

There are no restrictions on voting rights.

5. Shareholders' agreements

The Company is not aware of any agreements between shareholders, which impose limitations on the transfer of shares or on the exercise of voting rights.

6. Rules of appointment and replacement of members of the Board of Directors and amendment of the Company's Articles of Association, which differ from the provisions of Law 4548/2018.

Regarding the appointment and replacement of members of the Board of Directors, as well as, the amendment of the Articles of Association, there are no rules that differ from the provisions of Codified Law 4548/2018, as was in force during 2020.

7. Authority of the Board of Directors or some of its members to issue new shares or acquire treasury shares of the Company in accordance with Article 49 of Law 4548/2018.

There is no specific authority of the Board of Directors or of certain members of the Board of Directors to issue new shares or acquire treasury shares in accordance with Article 49 of Law 4548/2018, as was in force during 2020.

8. Significant agreements which become operative, modified or terminated upon a change of control of the Company following a public offer.

There is no significant agreement concluded by the Company, which is set in force, modified or terminated upon a change of control following a public offer.

9. Significant agreements with members of the Board of Directors or with employees of the Company

There isn' t any agreement between the Company and the members of its Board of Directors or staff, which provides compensation in case of resignation or dismissal without cause or termination of employment due to any public offer.

Explanatory report on the information, which is prepared in accordance with article 4, paragraph 8 of Law 3556/2007.

The numbering in this explanatory report follows the same numbering of the relevant information under Article 4, paragraph 7 of Law 3556/2007 as in force, as the information listed below:

1. The structure and mode of formation of the share capital of the Company is set out in detail in Article 5 of the Articles of Association. The Company's shares were listed on the Milan Stock Exchange on May 8, 2009 and are traded in the above Stock Exchange continuously to date.
2. No such restriction exists under the law or the Articles of Association, or any other agreement.
3. Data on the number of shares and voting rights of persons who have significant participation, are drawn from the Company's share register and relevant disclosures notified to the Company by law.
4. There are no other classes of shares, only common shares with voting rights.
5. The Company has not been notified of any such limitations.
6. Nor has the Company been notified of such agreements.
7. In these specific issues, the Articles of Association do not deviate from the provisions of Law 4548/2018 as was in force during 2020.
8. No such special responsibility exists.
9. In the absence of such agreement, there is no need for any explanation.
10. Similarly, in the absence of such agreements there is no need for any explanation.

SECTION E

Information on labor and environmental issues

LABOR ISSUES

1. The Group as of 31.12.2020 and 31.12.2019 employs 201 people.
2. The basic principle governing the Group's operation is the continuous training and education of its personnel and the strengthening of corporate consciousness at all operation levels and activities of the Group. The Group's main concern is to constantly train and keep all staff on the cutting edge of knowledge.

3. The Group recognizes the need for continuous improvement of its environmental performance based on the principles of sustainable development and in compliance with legislation and international standards, aiming to achieve a balanced economic development in harmony with the natural environment. Following the above-mentioned principles, the Group carries out its activities in a manner that ensures the protection of the environment on the one hand and the protection of the health and safety of its personnel on the other.

4. The Company follows the principles and procedures that have been determined within the Group based on widely accepted best practices and standards, in order to reassure that it has the adequate and capable personnel to efficiently meet the business targets of the Company.

These principles and procedures refer to the following matters:

(I) Policy of differentiation and of equal opportunities (independently of the sex, religion, disabilities and/ or other criteria)

(II) Respect to the personnel rights

(III) Health and Safety of the employment environment

(IV) Training and skills development

(V) Clearly defined job descriptions and responsibilities

(VI) Transparency, consultation and participation of personnel

The above principles reflect the main shareholder and Group's policies with regard to labor and environmental issues and apply as well to the Administrative Body, the Management and Supervisory bodies of the Company. The Board of Directors is considered diverse, competent and experienced since it is comprised in its majority of executive and non-Executive Members from various industries, nationalities and age groups. The same rules apply to the Management and Supervisory Bodies. Although the Company does not have a specific policy of the allocation of the members of the above bodies in terms of age, sex, academic and professional background, the rules of the Group and of the applicable legislation are followed to ensure the best practices and are assessed regularly to ensure the best possible compliance.

ENVIROMENTAL ISSUES

Neurosoft acknowledges its responsibility to actively contribute to the efforts to protect the environment and conserve natural resources and is committed to minimize environmental impacts concerning its activities, products and services. To this end, Neurosoft has established appropriate policies and takes appropriate actions to prevent pollution, reduce waste and minimize consumption of resources, based on principles and recommendations from best practices and international standards (ISO 14001).

Neurosoft's aspects of environmental policy include:

- **Compliance with laws:** We ensure compliance with applicable local, national and international environmental laws and provisions as well as other requirements to which the Company subscribes related to its environmental aspects.

- **Risk management:** We identify and manage environmental and social risks that stem from our activities.
- **Waste minimization:** To limit our impact on the environment, we minimize the waste we produce and recycle or manage the paper, ink and equipment we no longer use.
- **Use of environmentally friendly products:** We use ecolabel products. We carefully select the suppliers we work with. We try to share the same environmental attitude with them.
- **Ongoing Environmental awareness:** We educate, train and motivate our employees to carry out tasks in an environmental responsible manner and try in raise awareness to our shareholders, and suppliers.
- **Green ICT:** We have adopted a green ICT strategy to minimize the digital footprint of our company, by reducing the use of hazardous materials, maximizing energy efficiency during the product's lifetime, relying on cloud computing and virtualization technologies for saving resources and energy, reducing the cost of product's life-cycle and promoting the biodegradability of unused and outdated products.

Neurosoft is committed to continual improvement of environmental performance. In addition, the Company in recent years participates in the recycling of waste material with certified recycling companies.

SECTION F

Evolution, performance and position of the Company and Group - Financial and non-key performance indicators

This section includes a proper and concise representation of the development, performance and position of the whole business included in consolidation. This display has been created in such a way as to provide a balanced and comprehensive analysis of the above categories of issues, which correspond to the size and complexity of the companies' activities, which are included in the consolidation. Furthermore, at the end of this display some indicators are provided (financial or not) which the Board of Directors evaluates as useful for a better understanding of the above issues.

1. Financial and Operational Highlights of 2020

The key financial figures of the Group are as follows:

	31.12.2020	31.12.2019
Revenue	14,738,212	14,896,621
Gross profit	626,159	1,298,508
Net loss	(2,618,912)	(2,618,596)
EBITDA	(922,615)	(280,932)

Below are presented certain Alternative Performance Indicators (APIs) of the Group arising from its financial statements. The Alternative Performance Indicators should not be considered as a substitute for other figures and have been calculated in accordance with the provisions of IFRS.

	31.12.2020	31.12.2019
Gross profit margin	4.25%	8.72%
Net profit margin	-17.77%	-17.58%

EBITDA / Revenue	-6.26%	-1.89%
Current ratio	1.18	1.59
Debt / Equity	2.17	1.21
Equity / Total assets	31.50%	45.22%

Gross profit and Net profit margin

Gross profit margin is expressed as a percentage of revenue and it is a measure of the Group's efficiency. Net profit margin is the loss attributable to owners of the Company as a percentage of revenue.

EBITDA as a % of Revenue

EBITDA as a percentage of revenue is calculated as the ratio of earnings before interest, tax, depreciation, amortization and impairment (EBITDA) over revenue for the year.

Current ratio

Current ratio is a measure of Group's liquidity and it shows how many times the current assets cover the current liabilities of the Group. It is calculated as current assets divided by current liabilities.

Debt / Equity

Calculated as the ratio of total liabilities at the end of the year over equity at the end of the year and is used to evaluate the Group's financial leverage.

Equity / Total assets

Calculated as the ratio of total equity at the end of the year over total assets at the end of the year and it measures the shareholder's residual interest on Group's assets.

SECTION G

Anticipated course and Company's development for the year 2021

Based on the up-to-date estimations for 2021 there is cautious optimism regarding the achievement of the economic objectives, despite the clearly difficult financial circumstances that continue to dominate the domestic market and economy. The Company will continue to invest in added value technological products and solutions in 2021, in line with the requirements of our times, which are expected to yield a dynamic response in the targeted markets, while in the meantime it will focus on further enhancing its extroversion. In any case, taking into consideration the overall liquidity that prevails, the future cannot be predicted with accuracy. The extremely dynamic sectors of Systems Engineering and Cyber Security allow the diversification of its portfolio on the one hand, and cross synergies on the other that were not fully in-place in the previous years. The Company's unique selling point will be its E2E capacity to design, implement, maintain and operate ICT infrastructures providing high-end services from Systems to Field to Cyber. The strategy of the Company will be international expansion (going East) for Fintech and its Proxima+ ecosystem following the acquisition of the UAE entity and focus on the home market (Greece and Cyprus) for our Systems Engineering business. To this end the Company's strategy is to proceed with the spin off of the Fintech Segment (including Proxima+ ecosystem) by incorporating a new entity as a 100% affiliate with the purpose of providing this segment the flexibility to expand to new markets. As far as Cyber is concerned, we can provide our core services without any geographical limitations, Angel being a great example, having as a priority to serve our international clients across all their subsidiaries. However due to COVID-19, as described in Section H the Company's business development may be adjusted to the pandemic conditions. Information on the spin-off of Fintech & Analytics segment is disclosed below.

SECTION H

Subsequent events

Spin off of Fintech

The Company intends to spin off its Fintech & Analytics segment into a Societe Anonyme, 100% Subsidiary of Neurosoft S.A. The transaction is expected to be completed in the first half of 2021 subject to the satisfaction of closing conditions, including without limitation the final approval from the Neurosoft Board of Directors, completion of tax and legal opinions as well as receipt of all necessary regulatory approvals. The NewCo shall integrate all business and operational aspects of Neurosoft's current Fintech segment by undertaking the complete product portfolio of the proxima+ suite and shall serve the banking and supply chain finance sector. The spin-off will facilitate Company's flexibility to pursue fund raising strategies based on the respective business needs and priorities, and potentially achieve a more favorable cost of capital and greater access to the fund markets.

Further Information

As of the day of the drafting of this report, there are no other significant events that have occurred since the end of the current fiscal year apart from the following:

- None of the companies included in the consolidation owns shares or stakes as Articles 48,49,50 of the Law 4548/2018 that was in force in 2020.
- Regarding the planned growth of the Company as well as that of the Group, relevant analysis is presented in Section G of this Report.

SECTION I

Research and Development

The Company's research and development activities are carried out mostly on the following areas:

1. By participating to EU R&D programs with Educational Institutions in Greece and abroad. Specifically the Company has participated in 2 programs of the Horizon 2020 Innovation program for exchange of knowledge on the IT and cyber security sector (goal is to chart emerging technologies for teaching and learning), where various technology companies and Academic institutions participate with the purpose of automating the collection of digital evidence in an electronic format and medium.

2. By establishing an internal R& D on Security vulnerabilities research to identify vulnerabilities to various software programs and platforms and notify such discoveries to the owners of such programs through their Bug Bounty Programs or their Security Vulnerability Reporting and Response so they may proceed with correcting them.

SECTION J

Corporate Governance Statement

This Corporate Governance Statement (Declaration) is drafted according to Article 152 of Law 4548/2018, as was in force during 2020. It consists of a special section of the Annual Board of Directors Report and contains all statutory data information.

In particular, the structure of this Corporate Governance Statement is as follows:

A. Statement of compliance with the Corporate Governance Code

B. Divergence from the Corporate Governance Code and Justification of these divergences

C. Corporate governance practices applied by the Company in addition to the provisions of the law

D. Description of the internal control and risk management system(s) regarding the preparation process of financial statements

E. Data on the control status of the Company (information (c), (d), (f), (h) and (i) of paragraph 1 of Article 10 of Directive 2004/25/EC)

F. Board of Directors and Committees

G. General Meeting and Shareholders' Rights

A. Statement of compliance with the Corporate Governance Code

Law 3873/2010, which has incorporated in Greek law and legal order, the European Union Directive 2006/46/EC, Law 4548/2018 article 152 and Directive 2013/34/EE and 2014/95/EE, basically enacts the adoption of the Corporate Governance Code by companies, while in the meantime it establishes the obligation of drafting this Declaration.

The Company, compliant with the requirements and regulations of this Law, has drafted and implemented its own Corporate Governance Code, the text of which is available on the legally registered Company's website www.neurosoft.gr.

The preparation of this Code, which the Company has decided to apply on its own initiative, aims for the continuous improvement of the corporate and institutional framework, of the broader business environment as well as for the improvement of the Company's competitiveness as a whole.

During the establishment of this Code all the principles of corporate governance followed by the Company have been taken into consideration according to the applicable legislation *(especially the provisions of the Law 4548/2018)*, as well as recommendations and general content of the Corporate Governance Code which was written by the Hellenic Federation of Enterprises, and then amended in the first revision by the Hellenic Corporate Governance Council as in force.

It is noted that for reasons of completeness the Corporate Governance Code, which has been drafted and implemented by the Company (hereinafter referred for brevity as the "**Code**"), has been approved by adoption of resolution of the Company's Board of Directors on 21/6/2012 as changed with the Company's Board of Directors resolutions of 27.12.2016 and 31.07.2017 accordingly.

B. Divergences from the Corporate Governance Code and justification of those divergences

The Company has decided on its own initiative to prepare and apply its own Corporate Governance Code, so as for a corporate governance framework to be established, taking into consideration the specific features of its operation and the identification of any needs dictated by the organization and operation of the Company.

The configuration of this Code however is a dynamic process, which in view of the consultation that takes place at the moment for the amendment of the applicable legislation and specifically the new law for the societes anonymes L. 4548/2018, is expected to be continued.

Within this framework, the Company according to the Company's Board of Directors resolution of 31.07.2017 has decided to establish an audit and a remuneration Committee as described on the legally registered Company's website www.neurosoft.gr.

C. Corporate governance practices applied by the Company in addition to the provisions of legislation

The Company, as far as corporate governance issues are concerned, applies so far, the provisions of applicable laws above, which has incorporated in the Articles of Association, the Internal Operation Regulation and the Audit Manual. Additionally, the Company has its own Corporate Governance Code, which is compatible with the provisions of the above legislation and includes a series of additional corporate governance practices, which are included as a whole in the Code provisions, the text of which is available on the legally registered Company's website www.neurosoft.gr.

D. Description of the internal control and risk management systems of the Company regarding the process of financial statements preparation

The internal Audit system consists of all those functions established by the Company in order to ensure its belongings, to identify and manage the main risks it is facing or might face in the future, ensure that the data, based on which the financial statements have been prepared, is correct and accurate, as well as that the current legal framework ~~is~~ compiled and law principles and policies adopted by the Administration, are being applied.

The object of the internal control system consists of the rational allocation of the Company resources, the protection of business reputation, the adoption of better operation methods based on the experience gained and therefore a better possibility of evaluating risks arising from the business activity.

The existence of an advanced system of internal audit involves the further development of the Company, the improvement of its performance through the adjustment of strategic options and corporate goals, the reduction in incidences of losses by recording the various types of risk, the compliance with regulatory mechanisms and treatment of adverse conditions, with the ultimate aim of improving the efficiency of the Company.

To ensure that the financial figures are being adopted for the drafting of the Company's and the Group's financial statements and that they are correct and precise, the Company implements specific control procedures, which provide the following:

• Entries from the accounting department of the Company are submitted under a specific procedure that requires all documents to be original and have the appropriate authorized signature.

• The accounting department performs periodic reconciliation of payroll accounts, customers, suppliers, VAT etc.

• The Company maintains authenticated fixed asset record, performs depreciations based on the International Accounting Standards and the tax rates provided, which are controlled by the person responsible for the operation of financial services.

• The Group annually prepares the consolidated and the individual subsidiary budgets per Group's company for the next financial year, which are presented to the Board of Directors for approval.

• Every month a detailed presentation of the financial results per subsidiary and consolidated at Group level is prepared and communicated to the Group's Management.

• Companies that comprise the Group follow single accounting applications and processes in accordance with the International Financial Reporting Standards.

• Relationships and transactions between the Company and its affiliated companies are being checked.

• Regular and emergency inventories are conducted.

• Accounting and general computerized systems of the Company are being checked.

• The legality of fees and all kinds of benefits to the Board of Directors members are being checked as well as the compliance and renewal of the Company's operating regulations, as they have been established by the Board of Directors, its Articles of Association and the general legislation.

• At the end of each period, the accounting departments of the parent Company and its subsidiaries prepare their financial statements pursuant to the International Financial Reporting Standards.

•The financial departments of the Group collect all the necessary data from the subsidiaries, the consolidation entries are carried out and the financial statements are prepared according to the International Financial Reporting Standards.

•There are specific procedures for closing the financial statements of the budget year which include submission deadlines, responsibilities and updating for the required disclosures.

• Finally, the software system used by the Company is developed and constantly upgraded by its IT department to be adjusted to the constantly expanding and specialized needs with the aim of supporting the long-term goals and prospects of the Company. The IT department is among other things, responsible for the implementation of the security processes (backups on a daily basis, access to files, also all programs have specific people using their own passwords, etc.) and of security procedures which have been established by the Company (anti-virus software, email protection) and the applicable legislation including GDPR (EE Regulation 2016/679).

The Board of Directors continuously monitors the adequacy of the Company's Internal Audit System so far as:

•it has approved the Internal Operating Regulation of the Company which includes adequate policies, procedures and regulations that comprise the Internal Audit System applied by the Company,

• The Members of the Company's Board of Directors are recipients of the reports prepared by the Internal Audit of the Company. Through these reports various areas / operations of the Company are evaluated, as well as the adequacy of the Internal Control Systems applicable to them.

E. Information regarding the status control of the Company (information (c), (d), (f), (h) and (i) of paragraph 1 of Article 10 of Directive 2004/25/EC)

1. Article 10, paragraph 1 of Directive 2004/25/EC of the European Parliament and of the Council of April 21st, 2004 on takeover bids, provides the following for companies the shares of which are admitted to trading on a regulated market:

"1. Member States ensure that the companies referred to in Article 1, paragraph 1 publish detailed information on the following:

a) capital structure, including titles which are not traded on a regulated market of a Member State and, where appropriate, an indication of the different classes of shares, with the rights and obligations attached to each class of shares and the percentage of the total share capital represented,
b) all the restrictions on the transfer of titles, such as limitations on titles holding or the obligation of approval by the Company or other titles holders, according to Article 46 of Directive 2001/34/EC,
c) significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) according to Article 85 of Directive 2001/34/EC,
d) the holders of any titles with special control rights and the description of these rights,
e) the control system that might be provided in an employee participation system, where the control rights are not exercised directly by the employees;
f) any restrictions on voting rights, such as limitations of the voting rights of holders of a specific percentage or number of votes, deadlines for exercising voting rights, or systems whereby, in cooperation with the Company, the financial rights attached to titles are separated from the holding of titles,
g) agreements between shareholders which are known to the Company and may result in restrictions on the transfer of titles and / or voting rights within the meaning of Directive 2001/34/EC,
h) the rules governing the appointment and replacement of board members as well as the amendment of the Articles of Association,
i) the powers of Board Members, regarding the possibility of issuing or repurchasing shares in particular,
j) any significant agreements in which the Company participates, and which shall come into force, be amended or expire upon change of Company control following a public offer, and the effects

thereof, unless its disclosure would cause serious damage to the Company by its nature. This exception does not apply when the Company is specifically obliged to disclose such information under any other legal requirements, any agreement between the Company and its board members or employees, which provides compensation in case of resignation or dismissal without valid reason or if their employment ceases because of a public offer."

2. The above information is given in detail below. As far as elements c, d, f, h and i of paragraph 1 of Article 10 are concerned, the Company states the following:

• Relative to point c: significant direct and indirect shareholdings of the Company are as follows:

a) "Neurosoft Cyprus Ltd", headquartered in Cyprus, in which the Company holds a stake of 100%,
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 held a 100% stake. According to the notification of dissolution issued by the Companies House on October 8, 2020, Neurosoft Cyber and Analytics was dissolved on October 13, 2020.
d) Daedalus Technologies FZCO, headquartered in UAE, in which the Company holds a stake of 100% of its share capital.

Furthermore, significant direct or indirect shareholdings in the share capital and voting rights of the Company are as follows:

Shareholders	Number of shares	Percentage %
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%
Total	**25,584,594**	**100.00%**

Important Notes:

- Relative to point d: there are not any kind of titles (including shares), which confer special audit rights.
- Relative to point f: no restrictions on voting rights are known (such as restrictions on voting rights of holders of a specific percentage or number of votes, deadlines for exercising voting rights, or systems whereby, in cooperation with the Company, the financial rights attached to titles are separated from the holding of titles. Regarding the exercise of voting rights at the General Assembly, extensive reference is made in Section 3 of this Corporate Governance Statement.
- Relative to point h: regarding the appointment and replacement of members of the Board of Directors of the Company, as well as, the amendment of the Articles of Association of the Company, there are no rules that differ from the provisions of the Law 4548/2018, as currently applicable. These rules are described in detail in Section 2.1 of this Corporate Governance Statement.

- As to point i: there are not any special powers of the Board of Directors regarding issuing or repurchasing shares.

F. Board of Directors and Committees

1. Board of Directors

The Board of Directors consists of five (5) to nine (9) executive and non-executive members. At least three (3) of them are non-executive members. The Board members are elected by the General Meeting of Shareholders for five (5) years. The executive members are involved in the daily management issues of the Company while the non-executive directors are responsible for the progress of all corporate issues.

If a position of a Director becomes vacant due to death, resignation or for any other reason, then the remaining Directors, provided that they are at least three (3), must elect a provisional replacement for the remaining term of office of the Director being replaced. This election is submitted for approval to the following Ordinary or Extraordinary General Meeting of Company's Shareholders. The actions of the provisional replacement elected by the Board of Directors are valid even if the General Meeting refuses to validate his/her election and elects another definitive Director. The current Board consists of seven (7) members, of which three (3) executive, three (3) non-executive and one (1) independent non-executive.

The following table includes the members of the Board as of 31/12/2020:

Board of Directors Member	Position
Nikolaos Vasilonikolidakis	Chairman of BoD (executive)
Epameinondas Paschalidis	CEO of the Company (executive)
Evangelos Kollias	Member of BoD (non-executive)
Martin Chladek	Member of BoD (non-executive)
Kamil Ziegler	Member of BoD (non-executive)
Petros Xarchakos	Member of BoD (executive)
Ioannis Papanikolaou	Independent Member of BoD (non-executive)

Note:

All the aforementioned members of the Board have Greek citizenship, except for Mr Martin Chladek who has Czech citizenship and Mr Kamil Ziegler who has Czech citizenship.

2. Powers of the Board of Directors

The Board of Directors manages and represents the Company and is competent to decide on every matter concerning the Company's management, the pursuit of the objectives of the Company's scope and the management of its assets, except for those matters under the exclusive jurisdiction of the General Meeting according to the Law or the Articles of Association. Any actions of the Board of Directors, even actions not included in the Company's scope, are binding on the Company before third parties, except where it is proven that the third party involved was aware or should have been aware of this encroachment. Adherence to publication formalities regarding the Company's Articles of Association or its amendment does not constitute proof on its own. Any limitations to the power of the Board of Directors by the Articles of Association or by a resolution of the General Meeting cannot be used against third parties acting in good faith, even if they have been subject to the publication formalities. The Board of Directors may, in writing only, assign the exercising of all its powers and jurisdiction (except for those demanding collective action), as well as the Company's representation, to one or more persons, who may or may not be Directors, while also determining the extent of this assignment. In any case, the jurisdiction of the Board of Directors is subject to articles of Chapter 6 of the Law 4548/2018, as was in force in 2020.

The main, non-assignable responsibilities of the Board (meaning that the decision requires prior approval by the Board of Directors or, if necessary, subsequent validation on behalf of the Board), include:

• the approval of the long-term strategic and operational objectives of the Company,

• the approval of the annual budget and business plan and decision-making on major capital expenditures, acquisitions and divestitures,

• the selection and, if necessary, replacement of the executive management of the company, as well as the supervision of succession planning,

• the performance control of senior management and the harmonization of remuneration of senior executives with the long-term interests of the Company and its shareholders,

• the assurance of the reliability of the financial statements and figures of the Company, the financial information systems and the data available in public, as well as the assurance of the effectiveness of internal and risk management control.

• the vigilance regarding existing and potential conflicts of interest between the company and the company's management, Board members or major shareholders (including shareholders with direct or indirect power to modulate or influence the composition and the behavior of the Board), and the appropriate handling of such conflicts

• the assurance of an effective regulatory process of Company Compliance,

• the responsibility for decision-making and monitoring of the effectiveness of the Company's management system, including decision-making and delegation of powers and duties to other employees, and

• the formulation, dissemination and application of the basic values and principles governing the Company's relations with all parties, whose interests are connected with those of the Company.

3. Board of Directors operation

Regarding the operation of the Board of Directors, the Articles of Association provide the following:

Convening of the Board of Directors

Upon its election, the Board of Directors meets and is constituted as a body, electing its Chairman, its Vice-chairman (if any) and the Chief Executive Officer and /or Managing Director(s), as well executive, non-executive and independent). The same person may be Chairman or Vice-Chairman and Managing Director at the same time.

The Chairman of the Board of Directors presides at the meetings. When the Chairman is absent or unable to perform their duties, they are represented in their full responsibilities by the Vice-chairman or the Chief Executive Officer. If the Vice-chairman is absent or unable to perform their duties, they are replaced by the Executive Member, following a related decision of the Board of Directors. Finally, in similar cases the Executive Member is replaced by another Director, who is appointed by the Board of Directors. Also, the Board of Directors may elect its Secretary, who may, but does not have to, be a Director.

Role of the Chairman of the Board of Directors

The Chairman shall preside over the Board of Directors. He is an executive member and responsible for setting the agenda, besides all the other possible responsibilities, ensuring the proper execution of tasks regarding the organization of the Board and the effective conduct of its meetings. The Chairman is also responsible for ensuring prompt and accurate reporting to the members of the Board of Directors and effective communication with all shareholders, focusing on fair and equitable treatment of the interests of all shareholders.

CEO

The CEO is an executive member and responsible for the implementation of the strategic objectives of the Group and the case management (day - to - day management) of the Company. The CEO reports to the Board of Directors. He is in charge of all sectors and departments of the Company and is responsible among other things for:

• the implementation of the objectives of the annual budget,

• the evaluation of risks and the implementation of measures and procedures to effectively deal with them,

• the coordination of the senior management team, overseeing and ensuring profitability for the proper operation of the Company,

• suitability assessment - systems and procedures regarding the operation of the Company and the suggestion and / or implementation of improvements

• the monitoring of the progress of projects, taking corrective actions where necessary and the efficient allocation of resources between projects,

• ensuring the implementation of the Company's decisions, as well as updating the Board of Directors and the Management Board on matters of the Company. The CEO is responsible for the coordination of individual departments of the Company and the submission of recommendations to the Management Board, with respect to matters within the competence of the Board.

The **Executive Member** has the same with the Chairman and the CEO powers and responsibilities.

Decision Making

The Board is in quorum and validly convenes when it is present or when half the Board plus one Director are represented, never though, when the number of Directors who attend in person is less than three (3). For calculating the quorum, any resulting vote shall be omitted.

Resolutions of the Board shall be taken by an absolute majority of the directors who are present and represented except in cases of Article 5 § 2 of the Articles of Association.

Representation of members of the Board

A director, who is prevented from attending can only be represented by another Director. Each Director may represent only one absent member. In this case this Director has two (2) votes.

4. Board of Directors' Meetings

The Board meets regularly and following the provisions of the articles 90, 91, 92, 93 and 94 of Law 4548/2018.

The Board shall be convened by the Chairman, by invitation notified to the members of the Board at least (2) two working days before the meeting. All the items of the agenda must be clearly indicated in the invitation, otherwise decision making is allowed only if all members of the Board are present or represented and no one disagrees with the decision making.

During 2020, eighteen (18) Board meetings took place.

Minutes of the Board of Directors

The minutes of the discussions and decisions of the Board of Directors are kept in a special book and are signed by the Directors present at the meeting. Any Director in disagreement may request that a summary of their opinion be recorded in the relevant meetings. Copies or excerpts of the Minutes of the Board of Directors are validated by the Chairman or the Vice-Chairman or the Chief Executive Officer.

Compensation of Directors

An amount set annually by a specific resolution of the Ordinary General Meeting may be paid to each Director for transportation expenses and as remuneration for attendance of each Board meeting or as any other type of remuneration or compensation for any reason.

G. General Meeting and Shareholders' Rights

1. Competence of the General Meeting

The General Meeting, convening in accordance with the Articles of Association and the applicable Law, represents all the shareholders and constitutes the supreme body in the Company, having the authority to make decisions on every corporate matter. Its lawful resolutions are also binding on the partners who are absent or disagree with them. The General Meeting is the only competent body for making decisions on:

a) extension of duration, revival, dissolution of the company, merger, conversion, breaking – up, without prejudice to the Board of Director's competence in case of absorption or demerger, in accordance with Law 4601/2019;

b) amendment of the Articles of Association, except for any amendments or adjustments to the Articles of Association effected by the Board of Directors in the cases explicitly provided by law; Any increases (ordinary or extraordinary) and the decreases of the share capital are deemed to be an amendment to the Articles of Association;

c) issue of bond loans in accordance with the provisions of Chapter D' of Law 4548/2018, as in force;

d) issue of extraordinary founding titles as per article 76 of Law 4548/2018 and the issue of preference shares as per article 38 of Law 4548/2018;

e) approval of the overall management according to article 108 of Law 4548/2018 and discharge of the auditors;

f) election of the members of the Board of Directors, without prejudice to article 22 hereof;

g) election of the auditors;

h) appointment of the liquidators;

i) approval of the annual and any consolidated financial statements;;

j) annual profit distribution;

k) The acquisition or disposal of significant holdings in companies. Significant holdings in companies shall mean holdings in terms of shares or assets which assessed as a whole for a period of 12 months meet one of the following conditions: (aa) The total acquisition or disposal price of the said holdings exceeds the Company's open market value, calculated on the basis of the stock exchange price of the Company's share at the time of acquisition or sale, or (bb) The total assets, turnover or profits of the company, relating to significant holdings, multiplied by the ratio of the holding acquired or sold to the total financials of the relevant company, exceeds the corresponding figure for the Company; and

l) any other matters provided by Law or by the Articles of Association.

2. Convocation of the General Meeting

The Ordinary General Meeting of shareholders is convoked by the Board of Directors and convenes regularly, once a year, at the Company's registered offices and up to the 10th day of the 9th month following the ending of the Company's fiscal year. The Board of Directors may convoke an extraordinary General Meeting whenever it deems it to be necessary. Exceptionally, the General Meeting may convene in a different location in Greece, following the provisions of the applicable legislation and when the Meeting is attended by shareholders or their proxies representing the total share capital and no shareholder is opposed to hold a meeting and pass a resolution.

Invitations for the convocation of an Ordinary or Extraordinary General Meeting, except for repeat meetings and their equivalents, are published and uploaded according the applicable legislation at least twenty (20) full days prior to the set meeting date.

It is clarified that non-business days are also counted. Both the day the invitation is issued and day of the Meeting are not counted.

3. Representation of Shareholders in the General Meeting

Shareholders entitled to attend the General Meeting may be represented therein by a legally authorized person.

4. Chairman of the General Meeting

The Chairman of the Board of Directors or, when the Chairman is unable to perform their duties, the Vice-Chairman or, when the Vice-Chairman is also unable or there is no Vice-Chairman, the most senior among present Directors presides temporarily over the shareholders' Meeting. After the list of shareholders with voting rights has been approved, the meeting proceeds to the election of its Chairman and one Secretary, who count the votes as well. The aforementioned persons are elected by roll call. The Chairman of the General Meeting must necessarily be a shareholder or a shareholder's proxy. The Secretary may not be a shareholder.

5. Obligations arising from the provisions of Law 3884/2010 as amended and in force and Law 4548/2018

Twenty (20) days before the General Assembly the Company will publish on its website, both in Greek and English, information on:

• the date, time and place of the General Meeting of Shareholders;

• the basic rules and practices of participation, including the right to propose items for the daily agenda and ask questions, and the deadlines for exercising these rights;

• Voting procedures, terms of representation by proxy and the forms used for proxy voting;

• the proposed daily agenda for the meeting, including drafts of the resolutions upon the discussion and voting, and accompanying documentation as well;

• the proposed list of candidates for Board membership and their resumes in case of election of members; and

• the total number of shares and voting rights on the date of convocation.

A summary of the minutes of the General Meeting of Shareholders, including the results of voting for each resolution of the General Meeting, will be available on the Company's website within fifteen (15) days from the General Meeting of Shareholders, translated into English, if that is required by the shareholder structure of the Company and is economically feasible.

The Chairman of the Board of Directors, the Chief Executive Officer or the General Manager where applicable, even the chairmen of the committees of the Board, as well as the auditor will be attending the General Meeting in order to provide the shareholders with accurate information regarding issues of their competence and further clarifications, following the questions addressed. Consequently, the Chairman of the General Meeting shall provide the shareholders with the essential time to this purpose.

6. Participation and voting rights

The share rights and options are proved by a relevant certificate, issued by the Company or any other person expressly authorized to do so by the Board of Directors. For the exercise of the share right, taken that the shares are traded on AIM Italia, the above-mentioned certificate is issued by the shares custodian financial institution per each shareholder and is filed in the Company, and if the shareholder wants to participate in the General Meeting of Shareholders of the Company a certificate of share blocking shall also be filed in the Company. The above-mentioned certificates may be included in the same document. In each case, persons registered in the shareholders' register are considered as shareholders of the Company.

7. Minority Shareholders' Rights

The Company follows the provisions of articles 141, 142 and 143 of the Law 4548/2018 as these are incorporated in the Articles of Association.

8. Shareholders' rights and way of exercising

The Company has issued registered ordinary shares listed for trading on the Milan Stock Exchange.

The acquisition of shares of the Company automatically implies the acceptance of the Articles of Association and the legal decisions of the competent bodies. Each share provides equal rights according to the percentage of the share capital represented. Shareholders' liability is limited to the nominal value of their shares. In case of joint ownership of a share, co-owners exercise their rights solely by a joint representative thereof. The joint owners are equally and severally responsible for the fulfillment of the obligations arising from the common share.

Each share incorporates all the rights and obligations established by Law 4548/2018 and the Articles of Association, and in particular:

- the right of participation and vote in the General Meeting,
- the right to receive dividends from the profits of the Company,
- the right to the proceeds of liquidation or, respectively, of amortization of capital corresponding to the share, if so decided by the General Meeting. The General Meeting of the Shareholders of the Company reserves all of its rights during the liquidation,
- the right of preference in any increase of the Company's share capital in cash and the issue of new shares, and the right of preference in each issue of convertible bonds, unless the General Meeting decides to approve the increase,
- the right to receive a copy of the financial statements and the reports of the auditors and the Board of the Company,
- the above-mentioned rights of minority shareholders.

This Corporate Governance Statement (Declaration) contains all the necessary information pursuant to the law, constitutes part of the Annual Report of the Board of the Company and is incorporated unchanged in it.

INDEPENDENT AUDITOR'S REPORT

Translation from the original text in Greek

Independent auditor's report

To the Shareholders of NEUROSOFT SOFTWARE PRODUCTION S.A.

Report on the audit of the separate and consolidated financial statements

Our opinion

We have audited the accompanying separate and consolidated financial statements of NEUROSOFT SOFTWARE PRODUCTION S.A. (Company and Group) which comprise the separate and consolidated statement of financial position as of 31 December 2020, the separate and consolidated statements of comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the separate and consolidated financial statements present fairly, in all material respects the separate and consolidated financial position of the Company and the Group as at 31 December 2020, their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Law 4548/2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

During our audit we remained independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017, that are relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, and the requirements of the IESBA Code.

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information is the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the separate and consolidated financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Board of Directors Report, we considered whether the Board of Directors Report includes the disclosures required by Law 4548/2018.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Board of Directors' Report for the year ended at 31 December 2020 is consistent with the separate and consolidated financial statements,

- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 150 and 153 of Law 4548/2018.

In addition, in light of the knowledge and understanding of the Company and Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report. We have nothing to report in this respect.

Responsibilities of Board of Directors and those charged with governance for the separate and consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Law 4548/2018, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the Board of Directors is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

Auditor’s responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and Group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

With respect to the Board of Directors Report, the procedures we performed are described in the "Other Information" section of our report.

In the Note 2.1 of the Financial Statements, there is the reference to the fact the Group's and Company's total equity is less than half of the share capital and therefore the conditions of paragraph 4 of article 119 of Law 4548/2018 have been met, on the basis of which, the Board of Directors is obliged to convene the General Meeting of Shareholders in order to take the appropriate measures.

Athens, 19 April 2021

The Certified Auditor Accountant

PricewaterhouseCoopers S.A.
Certified Auditors – Accountants
268, Kifissias Avenue
152 32 Halandri
SOEL Reg. 113

Konstantinos Michalatos
SOEL Reg. No 17701

ANNUAL FINANCIAL STATEMENTS

According to international Financial Reporting Standards

for the year from 1 January to 31 December 2020

CONTENTS OF ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
ASSETS					
Non-current assets					
Property, plant & equipment	6	479,123	442,644	479,123	442,644
Right-of-use assets	7	913,666	1,154,676	913,666	1,154,676
Intangible assets	8	2,033,206	3,278,873	2,033,206	3,278,873
Goodwill	9	113,408	-	-	-
Investments in subsidiaries	10	-	-	398,799	542,931
Other non - current assets	11	93,025	146,939	93,025	146,939
		3,632,428	**5,023,132**	**3,917,820**	**5,566,063**
Current assets					
Inventories	12	147,484	814,386	147,484	814,386
Trade receivables	13	4,115,743	3,837,180	4,052,314	3,837,180
Other current assets	14	655,940	978,394	577,585	1,091,213
Restricted cash		2,259	2,259	2,259	2,259
Cash and cash equivalents	15	1,009,325	1,860,130	989,903	1,731,947
		5,930,751	**7,492,349**	**5,769,545**	**7,476,985**
Total assets		**9,563,180**	**12,515,481**	**9,687,365**	**13,043,048**
EQUITY					
Share capital	16	8,954,608	8,954,608	8,954,608	8,954,608
Share premium		600,000	600,000	600,000	600,000
Reserves	17	373,272	377,638	377,638	377,638
Retained earnings		(6,915,731)	(4,273,241)	(6,645,515)	(3,525,671)
Total equity		**3,012,149**	**5,659,005**	**3,286,731**	**6,406,575**
LIABILITIES					
Non-current liabilities					
Borrowings	18	389,392	481,013	389,392	481,013
Lease liabilities	7	352,225	842,454	352,225	842,454
Deferred tax liabilities	19	354,629	595,833	354,629	595,833
Employee benefit plans	20	300,220	225,447	300,220	225,447
Other non-current liabilities	21	137,601	-	137,601	-
		1,534,067	**2,144,747**	**1,534,067**	**2,144,747**
Current liabilities					
Trade payables	22	1,757,824	1,745,970	1,757,824	1,742,751
Borrowings	18	371,622	371,622	371,622	371,622
Lease liabilities	7	586,118	327,149	586,118	327,149
Provisions	23	13,900	-	13,900	-
Income tax liabilities		54,336	54,336	54,336	54,336
Other tax liabilities	24	775,352	710,393	761,380	713,961
Other current liabilities	25	1,457,813	1,502,259	1,321,388	1,281,910
		5,016,964	**4,711,729**	**4,866,568**	**4,491,727**
Total liabilities		**6,551,031**	**6,856,476**	**6,400,635**	**6,636,475**
Total equity and liabilities		**9,563,180**	**12,515,481**	**9,687,365**	**13,043,048**

The notes on pages 44 to 89 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP 01.01.2020 - 31.12.2020	GROUP 01.01.2019 - 31.12.2019	COMPANY 01.01.2020 - 31.12.2020	COMPANY 01.01.2019 - 31.12.2019
Revenue	5	14,738,212	14,896,621	14,659,907	14,898,575
Cost of sales	26	(14,112,054)	(13,598,113)	(13,991,256)	(13,481,790)
Gross profit		**626,159**	**1,298,508**	**668,651**	**1,416,785**
Distribution expenses	26	(1,266,907)	(1,369,543)	(1,424,613)	(1,357,458)
Administrative expenses	26	(2,321,046)	(2,175,869)	(2,297,514)	(2,153,208)
Impairment of investment in subsidiary	10	-	-	(300,000)	(270,570)
Impairment of intangible assets	8	(261,088)	(649,646)	(261,088)	(649,646)
Other income / (expenses) - net	27	453,564	13,393	363,878	(45,404)
Operating loss		**(2,769,318)**	**(2,883,158)**	**(3,250,687)**	**(3,059,501)**
Finance income	28	16,132	221	16,132	221
Finance expenses	28	(99,484)	(109,974)	(95,469)	(107,729)
Loss before income tax		**(2,852,670)**	**(2,992,911)**	**(3,330,024)**	**(3,167,009)**
Income tax	30	233,759	374,314	233,759	374,314
Net loss for the year (A)		**(2,618,912)**	**(2,618,596)**	**(3,096,265)**	**(2,792,694)**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Actuarial (losses) / gains	20	(31,024)	11,777	(31,024)	11,777
Related tax	30	7,446	(689)	7,446	(689)
Total items that will not be reclassified to profit or loss		**(23,579)**	**11,088**	**(23,579)**	**11,088**
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		(4,366)	-	-	-
Total items that may be reclassified to profit or loss		**(4,366)**	**-**	**-**	**-**
Other comprehensive loss for the year, net of tax		**(27,945)**	**11,088**	**(23,579)**	**11,088**
Total comprehensive loss (after tax) (A)+(B)		**(2,646,856)**	**(2,607,508)**	**(3,119,844)**	**(2,781,606)**
Loss for the year attributable to:					
Equity holders of the parent		(2,618,912)	(2,618,596)	(3,096,265)	(2,792,694)
Non-controlling interests		-	-	-	-
		(2,618,912)	**(2,618,596)**	**(3,096,265)**	**(2,792,694)**
Total comprehensive loss for the year attributable to:					
Equity holders of the parent		(2,646,856)	(2,607,508)	(3,119,844)	(2,781,606)
Non-controlling interests		-	-	-	-
		(2,646,856)	**(2,607,507)**	**(3,119,844)**	**(2,781,606)**
Total weighted number of ordinary shares		25,584,594	25,584,594	25,584,594	25,584,594
Adjusted weighted average number of ordinary shares		25,584,594	25,584,594	25,584,594	25,584,594
Loss per share (basic and diluted)		(0.1024)	(0.1024)	(0.1210)	(0.1092)

The notes on pages 44 to 89 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

GROUP

	Note	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the parent						
1 January 2019		**8,954,608**	**600,000**	**377,638**	**(1,683,356)**	**8,248,890**	**17,623**	**8,266,512**
Net loss for the year		-	-	-	(2,618,596)	(2,618,596)	-	(2,618,596)
Other comprehensive income	30	-	-	-	11,088	11,088	-	11,088
Total comprehensive loss for the year (net of tax)		**-**	**-**	**-**	**(2,607,508)**	**(2,607,508)**	**-**	**(2,607,508)**
Transfers					17,623	17,623	(17,623)	
31 December 2019		**8,954,608**	**600,000**	**377,638**	**(4,273,242)**	**5,659,005**	**-**	**5,659,005**
1 January 2020		**8,954,608**	**600,000**	**377,638**	**(4,273,242)**	**5,659,005**	**-**	**5,659,005**
Net loss for the year		-	-	-	(2,618,912)	(2,618,912)	-	(2,618,912)
Other comprehensive loss	30	-	-	(4,366)	(23,579)	(27,945)	-	(27,945)
Total comprehensive loss for the year (net of tax)		**-**	**-**	**(4,366)**	**(2,642,490)**	**(2,646,856)**	**-**	**(2,646,856)**
31 December 2020		**8,954,608**	**600,000**	**373,272**	**(6,915,732)**	**3,012,148**	**-**	**3,012,148**

COMPANY

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
1 January 2019		**8,954,608**	**600,000**	**377,638**	**(744,065)**	**9,188,181**
Net loss for the year		-	-	-	(2,792,694)	(2,792,694)
Other comprehensive income	30	-	-	-	11,088	11,088
Total comprehensive loss for the year (net of tax)		**-**	**-**	**-**	**(2,781,606)**	**(2,781,606)**
31 December 2019		**8,954,608**	**600,000**	**377,638**	**(3,525,671)**	**6,406,575**
1 January 2020		**8,954,608**	**600,000**	**377,638**	**(3,525,671)**	**6,406,575**
Net loss for the year		-	-	-	(3,096,265)	(3,096,265)
Other comprehensive loss	30	-	-	-	(23,579)	(23,579)
Total comprehensive loss for the year (net of tax)		**-**	**-**	**-**	**(3,119,844)**	**(3,119,844)**
31 December 2020		**8,954,608**	**600,000**	**377,638**	**(6,645,516)**	**3,286,730**

The notes on pages 44 to 89 form an integral part of these financial statements.

CASH FLOW STATEMENT

	Note	GROUP 01.01.2020 - 31.12.2020	GROUP 01.01.2019 - 31.12.2019	COMPANY 01.01.2020 - 31.12.2020	COMPANY 01.01.2019 - 31.12.2019
Operating activities					
Loss before tax		**(2,852,670)**	**(2,992,911)**	**(3,330,024)**	**(3,167,009)**
Adjustments for:					
Depreciation and amortization	6,7,8	1,585,615	1,952,579	1,585,615	1,952,579
Impairment of investment in subsidiary	10	-	-	300,000	270,570
Impairment of intangible assets	8	261,088	649,646	261,088	649,646
Impairment of inventory	26	552,118	49,259	552,118	49,259
Provisions for doubtful debts	26	29,016	85,696	199,273	85,696
Employee benefit plans	29	137,864	127,856	137,864	127,856
Net finance expenses	28	83,352	109,753	79,337	107,508
Provisions for legal cases	27	13,900	-	13,900	-
Rent concessions		(24,255)	-	(24,255)	-
Gain on early termination of leases		(2,780)	-	(2,780)	-
Other movements relating to leases		3,006	-	3,006	-
Changes in working capital:					
Decrease in inventories		114,784	(56,050)	114,784	(56,050)
Decrease / (increase) in receivables		29,094	(520,212)	103,136	(515,585)
(Decrease) / increase in payables		(37,158)	967,626	76,431	753,919
Payment for staff indemnity		(86,494)	(99,006)	(86,494)	(99,006)
Less:					
Interest and other finance expenses paid		(94,736)	(95,574)	(90,721)	(93,329)
Net cash flows (used in) / generated from operating activities		**(288,257)**	**178,665**	**(107,722)**	**66,056**
Investing activities					
Additional consideration for the acquisition of subsidiary	9	(20,000)	-	(20,000)	-
Share capital increase of subsidiary	10	-	-	(70,000)	-
Purchase of property, plant and equipment and intangible assets		(247,241)	(762,690)	(247,241)	(762,690)
Cash acquired on acquisition of subsidiary	9	6,140	-	-	-
Interest received		261	221	261	221
Net cash flows used in investing activities		**(260,840)**	**(762,469)**	**(336,980)**	**(762,469)**
Financing activities					
Proceeds from borrowings		-	100,000	-	100,000
Repayments of borrowings		(91,622)	(91,622)	(91,622)	(91,622)
Repayment of lease liabilities		(356,494)	(348,697)	(356,494)	(348,697)
Receipt of repayable state cash advance		150,774	-	150,774	-
Net cash flows used in financing activities		**(297,342)**	**(340,319)**	**(297,342)**	**(340,319)**
Net decrease in cash and cash equivalents		**(846,438)**	**(924,124)**	**(742,044)**	**(1,036,731)**
Cash and cash equivalents at beginning of year		**1,860,130**	**2,784,254**	**1,731,948**	**2,768,679**
Foreign exchange gains		(4,366)	-	-	-
Cash and cash equivalents at the end of the year		**1,009,326**	**1,860,130**	**989,904**	**1,731,948**

The notes on pages 44 to 89 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Neurosoft Software Production Societe Anonyme (the Company) is a société anonyme 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.

The Group's financial statements are consolidated by OPAP S.A. (the "Parent Company).

These annual consolidated and separate financial statements for the year ended December 31, 2020 were approved by the Board of Directors of "Neurosoft S.A." on April 19, 2021, 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, 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 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 held a stake of 100% of its share capital. During 2020, Neurosoft Cyber and Analytics Ltd applied to be struck off and dissolved and the registrar accepted the application in June 2020. On October 13, 2020 the process of dissolution was finalized. According to the notification of dissolution issued by the Companies House on October 8, 2020, Neurosoft Cyber and Analytics was dissolved on October 13, 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 main accounting principles applied for the preparation of these financial statements are presented below. These principles have been applied with consistency for all the financial periods presented, except stated otherwise.

These separate and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the IFRS Interpretations Committee, as adopted by the European Union (E.U.) and are effective as of January 1, 2020.

The separate and consolidated financial statements have been prepared under the historical cost convention and the going concern basis of accounting.

The preparation of financial statements under IFRS requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in the financial statements. It also requires management to exercise its judgment in the process of applying the accounting policies adopted. Actual results may differ from these estimates under different assumptions or conditions.

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

The financial statements as of December 31, 2020, were prepared in accordance with the International Financial Reporting Standards (IFRS) and provide a reasonable presentation of the financial position, profit and loss, and cash flows of the Group, in accordance with the going concern basis of accounting.

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.

The Management examines closely its operating results and its cash position and makes adjustments to its cash flow forecasts where necessary. The Management is confident that the Company has sufficient liquidity to repay all its suppliers and cover its future commitments. The Company has also sufficient undrawn borrowing facilities that can be utilized, without any restrictions, to fund any potential shortfall in cash resources.

As the lockdown remains still in effect, 2021 carries a material degree of uncertainty and 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 introduce 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.

As of December 31, 2020, the Group's and Company's total equity is less than half (½) of the share capital and the Company is evaluating the appropriate necessary steps and actions that have to be been taken. Additionally, the Company's main shareholder is committed to enhance its capital structure in case it is deemed necessary, for at least within the next 12 months from the approval of Financial Statements.

Additionally, as of December 31, 2020 the Group and the Company have positive working capital of €900,772 and €893,182 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 financial statements have been prepared on this basis.

2.2 New Standards, amendments to standards and interpretations

New standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after January 1, 2020. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

<u>Standards and Interpretations effective for the current financial year</u>

IFRS 3 (Amendment) "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. It further clarifies that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Finally, it introduces an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

IAS 1 and IAS 8 (Amendments) "Definition of material"

These 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 IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRSs.

IFRS 9, IAS 39 and IFRS 7 (Amendments) "Interest rate benchmark reform"

These amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The adoption of these amendments had no effect at the Financial Statements 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 subsequent periods and have not been applied in preparing these consolidated and separate financial statements. The Group and the Company are currently investigating the impact of the new standards and amendments on its financial statements.

IFRS 16 (Amendment) "Covid-19-Related rent concessions" (effective for annual periods beginning on or after June 1, 2020)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

In February 2021 the IASB issued a proposal to extend the relief period by another year, i.e. to apply the practical expedient on rent concessions to a change in lease payments originally due on or before 30 June 2022 from 30 June 2021.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date. The impact on accounting for changes in lease payments applying the exemption is shown in note 7.

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 January 1, 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.

IAS 16 (Amendment) "Property, plant and equipment - Proceeds before intended use" (effective for annual periods beginning on or after January 1, 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.

IAS 37 (Amendment) "Onerous contracts - Cost of fulfilling a contract" (effective for annual periods beginning on or after January 1, 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.

IFRS 3 (Amendment) "Reference to the Conceptual Framework" (effective for annual periods beginning on or after January 1, 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.

IAS 1 (Amendment) "Classification of liabilities as current or non-current" (effective for annual periods beginning on or after January 1, 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.

IAS 1 (Amendments) 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Disclosure of Accounting policies' (effective for annual periods beginning on or after 1 January 2023)

The amendments require companies to disclose their material accounting policy information and provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments have not yet been endorsed by the EU.

IAS 8 (Amendments) 'Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates' (effective for annual periods beginning on or after 1 January 2023)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments have not yet been endorsed by the EU.

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

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

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. 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 Operating segments

Operating segments are determined based on the Group's business activities, in line with the review performed by the Group's chief operating decision makers. The reportable segments are determined using the quantitative thresholds required by IFRS 8. Information for operating segments that do not constitute reportable segments is combined and disclosed in the "Other" category. The accounting policies of the segments are the same with those followed for the preparation of the financial statements. The Group's key operating segments are disclosed in Note 5.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions during the fiscal year and from the translation of monetary items into foreign exchange at current rates applicable on the balance sheet date are recorded in the statement of comprehensive income under other income / (expenses).

(c) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) The assets and liabilities are converted using the rates in effect at the balance sheet date;

ii) The income and expenses are converted using the average rates of the period (except if the average rate is not the reasonable approach of the accumulated impact of the rates in effect at the dates of the transactions, in which case income and expenses are converted using the rates in effect at the dates of the transactions) and

iii) Any differences arising from this process are posted under other comprehensive income and are transferred to the income statement upon disposal of these companies.

Currency translation differences arising from the conversion of the net investment in a foreign company are posted under Other Comprehensive Income. Upon disposal of a foreign company in part or in whole, accumulated exchange differences are transferred to the income statement of the period as profit or loss resulting from the sale.

Gains and changes to fair value from the acquisition of foreign companies are deemed to be assets and liabilities of the foreign company and are measured at the currency rate applicable on the balance sheet date. The resulting foreign exchange differences are recorded in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment are presented in the financial statements at acquisition cost less accumulated depreciation and impairment (note 2.10). Acquisition cost consists of the purchase price, including any import duties and non-refundable purchase taxes, and any costs necessary to make the asset operational and ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The repair and maintenance cost is recorded in the profit and loss when incurred.

Depreciation of other PPE is calculated using the straight-line method over their estimated useful life as follows:

Classification	Useful lives
- Installations on buildings	10-12 years
- Transportation means	6-7 years
- Furniture and other equipment	3-5 years

The residual values and useful lives of tangible assets are subject to review at each balance sheet date. When the carrying values of tangible assets exceed their recoverable amount, the difference (impairment) is immediatedly recognized in the statement of comprehensive income as an expense (note 2.10).

Assets up to a value of €1,500 are depreciated during the year.

Upon the sale of PPE, any difference between the proceeds and their net book value is recorded as gain or loss in the statement of comprehensive income.

2.7 Leases

The Group and the Company as a lessee

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and the Company apply a single recognition and measurement approach for all leases (including short-term leases and leases of low-value assets). The Group and the Company recognize lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group and the Company recognize right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets. If ownership of the leased asset is transferred to the Group or the Company at the end of the lease term or its cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated and separate statement of financial position.

The right-of-use assets are also subject to impairment, as described in note 2.10.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the statement of comprehensive income in the period in which the event or condition that triggers those payments occurs.

ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognize lease liabilities measured at the present value of lease payments that are not paid at that date. The lease payments will be discounted using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group and the Company will use the incremental borrowing rate.

At the commencement date of the lease period, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease period:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be paid by the lessee under the residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability.

In calculating the present value of lease payments, the Group and the Company use the incremental borrowing rate because the interest rate implicit in the lease is not readily determinable.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate.

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Lease liabilities are presented as a separate line in the consolidated and separate statement of financial position.

Interest on the lease liability is allocated during the lease term in such a manner so that the amount produces a constant periodic rate of interest on the remaining balance of the lease liability.

After the commencement date of the lease period, the Group and the Company recognise in profit or loss (unless the costs are included in the carrying amount of another asset applying other applicable Standards) both:

(a) interest on the lease liability; and
(b) variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

The Group and the Company as a lessor

Leases for which the Group and the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The Group and the Company lease assets through operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2.8 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 statement of financial position. 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 acquire 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.

2.9 Intangible assets

Intangible assets include costs of purchased and internally generated software.

An intangible asset is initially recognized at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment loss.

Amortization is recorded based on the straight-line method over the estimated useful life of the asset.

The gain or loss arising on the disposal of an acquired intangible asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognized in the income statement.

Purchased intangible assets

Purchased intangible assets acquired separately are capitalised on the basis of the costs incurred to acquire and bring the specific software into use, while those acquired from a business combination are capitalised at fair value on the date of acquisition.

Research and development costs

Research costs and costs associated with maintaining computer software are recognized as an expense as incurred. Development expenditure is mainly incurred for developing software. Costs incurred for the development of an individual project are recognised as an intangible asset only when the following criteria IAS 38 “Intangible Assets” are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the internally generated software include costs such as payroll, materials and services used and any other expenditure directly incurred in developing computer software and in bringing the software into its intended use.

Following initial recognition, development expenditure is carried at cost until the asset is ready for its intended use at which time all costs incurred for that asset are transferred to intangible assets or machinery and are amortised over their average useful lives.

Intangible assets with finite useful lives are being amortised using the straight-line method over their estimated useful lives. The useful lives and residual values of intangible assets are reassessed on an annual basis. Amortisation periods for intangible assets with finite useful lives vary in accordance with the conditions in the relevant industries, but are subject to the following maximum limits:

Classification of Intangible asset	Years
Software	5

2.10 Impairment of non-financial assets

Assets with an indefinite useful life, such as goodwill, are not amortized and are subject to impairment testing on an annual basis, or when certain events or changes to the circumstances suggest that their carrying value may not be recoverable. Assets that are depreciated are subject to impairment testing when indications exist that their book value is not recoverable. Impairment loss is recognized for the amount by which the fixed asset's carrying value exceeds its recoverable value. The recoverable value is the higher of fair value, reduced by the cost required for the disposal, and value in use (present value of cash flows expected to be generated based on the management's estimates of the future financial and operating conditions). Any non-financial assets, other than goodwill, which have been impaired in prior financial years, are reassessed for possible impairment reversal on each balance sheet date.

2.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

i) Initial recognition of financial assets

The Group and the Company classify its financial as financial assets measured at amortized cost.

The classification of financial assets at initial recognition depends on the contractual cash flow of the financial assets and the business model within which the financial asset is held.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset that is not measured at fair value through profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as determined by IFRS 15.

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the 'solely payments of principal and interest' (SPPI) test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how the Group manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

ii) Subsequent measurement of financial assets

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables.

iii) Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired; Or

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

The Group transfers a financial asset if, and only if, it either:

- transfers the contractual rights to receive the cash flows of the financial asset; Or

- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

When the Group transfers a financial asset, it shall evaluate the extent to which retains the risks and rewards of ownership of the financial asset.
In this case:

- if the Group transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.
- if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group shall continue to recognise the financial asset.

- if the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, shall determine whether it has retained control of the financial asset. In this case:

(i) if the Group has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

(ii) if the Group has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

iv) Impairment of financial assets

The Group and the Company assess at each reporting date, whether a financial asset or group of financial assets is impaired and recognize, if necessary, an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss in relation to contract assets, is measured based on the expected early contract termination rate, the penalty for early termination and its collectability rate.

For all other Group's financial assets at amortized cost, the general approach is applied.

Financial liabilities

i) Initial recognition and subsequent measurement of financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For the purpose of subsequent measurement, financial liabilities are classified as financial liabilities at amortised cost.

ii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when the Group or the Company has a legally enforceable right to offset the recognised amounts and intends either to settle such asset and liability on a net basis or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined based on the yearly weighted average price. Net realisable value is the estimated selling price in the ordinary course of business, less any selling expenses. Provision for slow moving or obsolete inventories is formed if deemed necessary.

2.13 Trade and other receivables

Trade receivables are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate, except if the discount outcome is not material, less provision for impairment. The provision for impairment of trade receivables is formed on the basis set out in note 2.11.

2.14 Restricted cash

Restricted cash is cash not available for use. This cash cannot be used by the Company until a specific period of time passes or a specific event takes place in the future. In cases whereby restricted cash is expected to be used within a year from the balance sheet date, it is classified as current asset. If, however, the restricted cash is not expected to be used within a year from the balance sheet date, then it is classified as non-current asset.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and short-term investments of up to 3 months, with high liquidity and low risk.

2.16 Share capital and share premium

Share capital consists of the ordinary shares of the Company. Any excess of the fair value of the consideration received over the par value of the shares issued is recognized as share premium in shareholders' equity. Share capital issuance costs, net of related tax, are reflected as a deduction from share premium.

2.17 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. After initial recognition are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, as well as, over the period of the borrowings through the effective interest rate amortisation process.

Borrowings are classified as current liabilities under short-term borrowings unless the Group and the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.18 Borrowing costs

Borrowing costs are expensed in the period in which they incur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Current and deferred income tax

Income tax for the period comprises deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax is measured on the taxable income for the year using enacted or substantively enacted tax rates at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes is provided on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill, of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses, to the extent that 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 except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of temporary differences associated with investment in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

2.20 Employee benefits

(a) Post-employment benefits

The Group operates various post-employment schemes including both defined contribution and defined benefit plans. Payments are defined by the applicable local legislation and the fund's regulations.

Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

Defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The liability of the defined benefit plan is calculated annually by an independent actuary with the use of the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan which is recognized in the statement of comprehensive income in employee benefit expense reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognized immediately in the income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.
Past-service costs are recognized immediately in the income statement.

(b) Employment termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

In case of termination of employment where the number of employees who will use such benefits cannot be determined, the benefits are disclosed as contingent liabilities and are not accounted for.

2.21 Provisions and contingencies

Provisions are recognized when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each reporting date, and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, they are reversed. Provisions are used only for expenditures for which they were originally recognized. No provisions are recognized for future operating losses.

Contingent liabilities are not recognised in the financial statements but are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is probable.

2.22 Trade and other payables

Trade payables are obligations for goods or services that have been acquired in the ordinary course of business by suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are classified as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

2.23 Revenue recognition

(a) Revenue from contracts with customers

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and discounts. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue is recognised as follows:

Provision of services

For sales of services, revenue is recognised in the accounting period in which the services are rendered, as the customer obtains control over the promised services, by reference to stage of completion of each specific performance obligation and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Sales of goods

Revenue is recognized when a contractual promise to a customer (performance obligation) is fulfilled by transferring the promised goods (which is when the customer obtains control over the promised goods).

Contract assets

When the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the contract as a contract asset, excluding any amounts presented as a receivable. A contract asset is the Group's right to consideration in exchange for goods or services that the entity has transferred to a customer.

Contract liabilities

When customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

If customer pays consideration, or the entity has a right to an amount of consideration that is unconditional, before the entity transfers a good or service to the customer, the Company presents the contract as a contract liability when the payment is made, or the payment is due (whichever is earlier).

Incremental costs of obtaining a contract are expensed as incurred.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method. In case of impairment of borrowings and receivables, interest income is recognized using the rate which discounts future flows for impairment purposes.

2.24 Earnings/(loss) per share

Basic earnings/(loss) per share are computed by dividing the profit/(loss) for the year attributable to the shareholders of the parent by the weighted average number of ordinary shares outstanding during each year.

Diluted earnings/(loss) per share are computed by dividing the profit/(loss) for the year attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding during each year adjusted for the impact of share-based payments.

2.25 Grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all stipulated conditions of the grant. Government grants relating to costs are deferred and recognized in profit or loss to match with the costs that they are intended to compensate.

2.26 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the period they are approved by the General Assembly of the Company's shareholders.

2.27 Reclassifications

There have been reclassifications within Operating Activities in the Group's and Company's Statement of Cash Flows so that the information provided can be compared with those of the current financial year.

The above reclassifications have no impact on the net assets and the 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

Foreign exchange 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. At 31 December 2020, if interest rates on Euro denominated borrowings had been 1,0% higher with all other variables held constant, pre-tax loss for the year would have been € 9,623 higher, excluding any positive impact of interest income on deposits.

(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 any potential shortfall 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.

The table below analyses the Group’s and Company’s financial liabilities as of December 31, 2020 and 2019 into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the undiscounted contractual cash flows.

GROUP	**31 December 2020**				
	MATURITY OF FINANCIAL LIABILITIES				
	Within 1 year	**From 1 to 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Trade payables	1,757,824	-	-	-	**1,757,824**
Other current liabilities	433,564	-	-	-	**433,564**
Lease liabilities	406,017	339,767	332,567		**1,078,352**
Borrowings	411,641	104,403	293,418	23,112	**832,573**

GROUP	**31 December 2019**				
	MATURITY OF FINANCIAL LIABILITIES				
	Within 1 year	**From 1 to 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Trade payables	1,745,970	-	-	-	**1,745,970**
Other current liabilities	770,980	-	-	-	**770,980**
Lease liabilities	388,847	342,674	511,150	-	**1,242,672**
Borrowings	414,940	107,701	303,313	117,619	**943,573**

COMPANY	**31 December 2020**				
	MATURITY OF FINANCIAL LIABILITIES				
	Within 1 year	**From 1 to 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Trade payables	1,757,824	-	-	-	**1,757,824**
Other current liabilities	299,666	-	-	-	**299,666**
Lease liabilities	406,017	339,767	332,567	-	**1,078,352**
Borrowings	411,641	104,403	293,418	23,112	**832,573**

COMPANY	31 December 2019				
	MATURITY OF FINANCIAL LIABILITIES				
	Within 1 year	**From 1 to 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Trade payables	1,742,751	-	-	-	**1,742,751**
Other current liabilities	550,631	-	-	-	**550,631**
Lease liabilities	406,017	339,767	332,567	-	**1,078,352**
Borrowings	414,940	107,701	303,313	117,619	**943,573**

Lease liabilities and borrowings are not in agreement with the respective amounts shown in the financial statements as they are contractual (undiscounted) cash flows, which include capital and interest.

Other current liabilities do not correspond to the amount shown in the statement of financial position as they include only financial liabilities. They do not include advances from customers, contract liabilities and social security.

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.

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Long-term borrowings	389,392	481,013	389,392	481,013
Short-term borrowings	371,622	371,622	371,622	371,622
Long-term lease liabilities	352,225	842,454	352,225	842,454
Short-term lease liabilities	586,118	327,149	586,118	327,149
Cash and cash equivalents	(1,009,325)	(1,860,130)	(989,903)	(1,731,947)
Net debt	**690,031**	**162,108**	**709,454**	**290,291**
Total equity	**3,012,149**	**5,659,005**	**3,286,731**	**6,406,575**
Net debt to equity	0.229	0.029	0.216	0.045

3.3 Other risks

Coronavirus potential effects

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. Based on current data, the Company's financial performance was not significantly affected during the year ended December 31, 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. 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 rapid increase of cases of COVID-19 pandemic in our country, since the beginning of October 2020, led the Government to impose a lockdown and restrictive measures to protect the health of citizens, to achieve the prevention of the increase of cases and to decompress the National Health System. The restrictive measures for the whole country started on November 7, 2020 and are still in force. The magnitude of the impact on the economy cannot be accurately determined at this stage as we do not know how long the restrictive measures will last. To counter the health and economic aspects of the pandemic, governments have launched mass vaccination schemes currently in progress with the stated aim to cover the entire eligible population. In countries where vaccination population coverage has progressed, early signs are that it positively affected the severity of infections in terms of hospitalizations and symptoms experienced.

As the lockdown remains still in effect, 2021 carries a material degree of uncertainty and we cannot be certain how broad its effect will be in the progress of our business development strategy and on the Company's financial condition, liquidity, results of operations or cash flows.

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. The Management expects that the Company will be enabled to meet the financing costs and working capital needs, and its ability to continue as going concern will not be affected.

4. Significant estimates and judgements of the management

Annual 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 cashflows, 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 hacktivists, 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 years ended December 31, 2020 and 2019 is analyzed as follows:

01.01.2020 - 31.12.2020	**Fintech and Analytics**	**Cyber Security Operations**	**Systems Engineering**	**Total**
Revenue	647,282	1,411,713	12,679,217	14,738,212
Cost of sales	(1,689,959)	(1,802,606)	(10,619,488)	(14,112,054)
Gross profit	**(1,042,677)**	**(390,893)**	**2,059,729**	**626,159**
Operating loss	**(1,514,410)**	**(706,933)**	**(547,975)**	**(2,769,318)**

01.01.2019 - 31.12.2019	**Fintech and Analytics**	**Cyber Security Operations**	**Systems Engineering**	**Total**
Revenue	808,139	1,862,492	12,225,990	14,896,621
Cost of sales	(725,740)	(1,471,018)	(11,401,355)	(13,598,113)
Gross profit	**82,399**	**391,474**	**824,635**	**1,298,508**
Operating profit / (loss)	**(587,291)**	**(307,580)**	**(1,988,287)**	**(2,883,158)**

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
Cost						
1 January 2019		**470,220**	**77,925**	**3,218**	**888,706**	**1,440,068**
Additions		20,507	4,261	-	93,787	118,555
31 December 2019		**490,726**	**82,187**	**3,218**	**982,493**	**1,558,624**
Additions		8,550	9,550	-	158,992	177,092
Disposals / write-offs		-	-	-	(50,896)	(50,896)
31 December 2020		**499,276**	**91,737**	**3,218**	**1,090,589**	**1,684,819**
Accumulated depreciation						
1 January 2019		**(185,838)**	**(24,414)**	**(1,705)**	**(734,602)**	**(946,558)**
Depreciation expense	26	(49,886)	(7,258)	(368)	(111,908)	(169,420)
31 December 2019		**(235,723)**	**(31,672)**	**(2,073)**	**(846,510)**	**(1,115,978)**
Depreciation expense	26	(50,510)	(7,453)	(368)	(82,282)	(140,613)
Disposals / write-offs		-	-	-	50,896	50,896
31 December 2020		**(286,233)**	**(39,125)**	**(2,441)**	**(877,895)**	**(1,205,695)**
Net book value at 31.12.2019		**255,003**	**50,514**	**1,145**	**135,983**	**442,645**
Net book value at 31.12.2020		**213,043**	**52,611**	**777**	**212,693**	**479,123**

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

7. Right-of-use assets and Lease liabilities

Right-of-use assets are analyzed as follows:

		GROUP & COMPANY		
	Note	Buildings	Transportation means	Total
Cost				
1 January 2019 - Impact of IFRS 16 implementation		**867,117**	**409,401**	**1,276,518**
Additions		-	241,782	241,782
31 December 2019		**867,117**	**651,183**	**1,518,300**
Additions		-	219,763	219,763
Other movements		32,831	(13,019)	19,811
Termination of leases		(135,466)	-	(135,466)
31 December 2020		**764,482**	**857,927**	**1,622,409**
Accumulated depreciation				
1 January 2019		-	-	-
Depreciation expense	26	(173,531)	(190,093)	(363,624)
31 December 2019		**(173,531)**	**(190,093)**	**(363,624)**
Depreciation expense	26	(180,868)	(209,406)	(390,274)
Termination of leases		45,155	-	45,155
31 December 2020		**(309,244)**	**(399,499)**	**(708,743)**
Net book value at 31.12.2019		**693,586**	**461,089**	**1,154,676**
Net book value at 31.12.2020		**455,238**	**458,428**	**913,666**

The consolidated and separate statement of financial position as of 31 December 2020 and 2019 include the following amounts related to lease liabilities:

	GROUP & COMPANY	GROUP & COMPANY
	31.12.2020	**31.12.2019**
Lease liabilities (short-term portion)	586,118	327,149
Lease liabilities (long-term portion)	352,225	842,454
Total lease liabilities	**938,343**	**1,169,603**

As referred to in note 2.2 the Group has applied the practical expedient provided by the IFRS 16 amendment to all rent concessions occurring as a direct consequence of the Covid-19 pandemic, which all meet the conditions provided in the amendment.

The Company has benefited from a 40% reduction of lease payments on buildings for the months from April to May 2020 and from November to December 2020. The effect of the 40% discount of lease payments of €24,255 has been accounted for as a negative variable lease payment in profit or loss under "Other income / (expenses) – net" (Note 27).

The maturity analysis of lease liabilities is present below:

	GROUP & COMPANY	GROUP & COMPANY
	31.12.2020	**31.12.2019**
Lease liabilities-minimum lease payments		
Up to 1 year	406,017	388,847
1 to 5 years	672,334	853,825
Total	**1,078,352**	**1,242,672**
Less: Future finance cost of lease liabilities	(140,008)	(73,069)
Present value of lease liabilities liabilities	**938,343**	**1,169,603**

The present value of lease liabilities is analyzed below:

	GROUP & COMPANY	GROUP & COMPANY
	31.12.2020	**31.12.2019**
Up to 1 year	586,118	327,149
1 to 5 years	352,225	842,454
Total	**938,343**	**1,169,603**

8. Intangible assets

Intangible assets are analyzed as follows:

		GROUP & COMPANY		
	Note	Software	Software development cost	Total
Cost				
1 January 2019		**342,119**	**6,649,721**	**6,991,839**
Additions		65,126	579,009	644,135
31 December 2019		**407,245**	**7,228,730**	**7,635,974**
Additions		70,149	-	70,149
31 December 2020		**477,393**	**7,228,730**	**7,706,123**
Accumulated amortisation and impairment				
1 January 2019		**(236,421)**	**(2,051,499)**	**(2,287,920)**
Amortization charge	26	(45,894)	(1,373,641)	(1,419,535)
Impairment charge		-	(649,646)	(649,646)
31 December 2019		**(282,316)**	**(4,074,786)**	**(4,357,102)**
Amortization charge	26	(59,118)	(995,610)	(1,054,728)
Impairment charge		-	(261,088)	(261,088)
31 December 2020		**(341,433)**	**(5,331,485)**	**(5,672,918)**
Net book value at 31.12.2019		**124,929**	**3,153,943**	**3,278,872**
Net book value at 31.12.2020		**135,960**	**1,897,245**	**2,033,205**

The impairment charge in 2019 of €649,646 pertained to three software programs, namely Alkemi, Betbuzz and Trendz for which the Company's Management did not expect any cash flow from their use or sale. Following an assessment performed in 2020, the Company proceeded also with the impairment of its software program "Bolt" recognizing an impairment loss of €261,088.

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. Under the terms of the SPA, the purchase price has been agreed for the total maximum amount of € 250,000 subject to DAEDALUS TECHNOLOGIES FZCO revenue accomplishments. On 31.03.2020 the Company concluded the acquisition of 100% of DAEDALUS TECHNOLOGIES FZCO's share capital.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration

An amount of € 50,000 was paid to the shareholders of DAEDALUS TECHNOLOGIES FZCO in 2019, an amount of €20,000, relating to Daedalus revenue accomplishments for 2019 was paid in July 2020, while the remaining amount of €15,869, relating to Daedalus revenue accomplishments for 2020 will be settled in 2021.

Assets and liabilities at acquisition

The assets acquired and liabilities assumed at the date of acquisition are as follows:

Current assets	
Cash and cash equivalents	6,140
Other current assets	10,305
Total current assets	**16,445**
Current liabilities	
Other current liabilities	(43,984)
Total current liabilities	**(43,984)**
Net assets acquired	**(27,539)**

Goodwill

Goodwill arising from the acquisition of DAEDALUS TECHNOLOGIES FZCO has been recognized as follows:

Purchase consideration	85,869
Net identifiable assets acquired	(27,539)
Goodwill	**113,408**

Goodwill is subject to impairment testing from Management at each reporting date. The recoverable amount of the Company's subsidiary DAEDALUS TECHNOLOGIES FZCO was determined using the value in use method. The value in use was determined based on the projected cash flows derived for the one year plan approved by the Management and by the projected cash flows for the next four years, which then were projected to infinity.

The key assumptions used for the calculation of the value in use are the following:

- Compounded annual revenue growth rate (CAGR): 1.5%
- Discount rate (WACC): 8.5%

The sensitivity analysis on the above assumptions, notably to a change of 0.25% in the discount rate (WACC) or the compounded annual revenue growth rate of cash flows, did not show deviations that would point the need to change the carrying value of DAEDALUS TECHNOLOGIES FZCO goodwill.

10. Investment in subsidiaries

Subsidiaries of the Company are analyzed as follows:

	31.12.2020		31.12.2019	
Company Name	**Value of participation**	**% of participation**	**Value of participation**	**% of participation**
NEUROSOFT CYPRUS LTD	242,930	100%	542,930	100%
NEUROSOFT ROMANIA SRL*	-	95%	-	95%
NEUROSOFT CYBER AND ANALYTICS**	-	-	1	100%
DAEDALUS TECHNOLOGIES FZCO	155,869	100%	-	100%
	398,799		**542,931**	

* The Company holds a stake of 95% indirectly in Neurosoft Romania SRL through its subsidiary Neurosoft Cyprus Ltd.

** According to the notification of dissolution issued by the Companies House on October 8, 2020, Neurosoft Cyber and Analytics was dissolved on October 13, 2020.

The Company holds also a stake of 100% directly in the following companies:

- Kestrel Information Systems BULGARIA OOD and
- Kestrel Information Systems DOO BEOGRAD

The above two mentioned subsidiaries are inactive and under dissolution.

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	31.12.2020	31.12.2019
Opening Balance		**542,931**	**813,501**
Acquisition of Daedalus	9,11	85,869	-
Share capital increase of subsidiary		70,000	-
Impairment losses		(300,000)	(270,570)
Closing Balance		**398,799**	**542,931**

On May 5, 2020 the share capital of the subsidiary DAEDALUS TECHNOLOGIES FZCO was increased by € 70,000.

The financial and operating performance of NEUROSOFT CYPRUS LTD were considered as indicators of impairment and Management carried out an impairment test. The analysis was carried out by identifying the recoverable value of the investment, which was determined applying the value in use method and calculated using the discounted free cash flows method. The value in use is determined based on the projected cash flows derived from the one year plan approved by the Management and by the projected cash flows for the four next years, which then were projected to infinity.

The key assumptions used for the calculation of the value in use are the following:

- Compounded annual revenue growth rate (CAGR): 1.5%
- Discount rate (WACC): 8.5%

Based on this impairment test, the recoverable amount was determined at € 242,930, while the carrying value of the investment was € 542,930. As a result, the Company recognized an impairment loss of €300,000.

If the discount rate used in the value-in-use calculation had been 0.5% lower than Management's estimates as at 31.12.2020, the Company would have to recognize an impairment loss of €260,566 (instead of €300,000). If the discount rate used in the value-in-use calculation had been 0.5% higher than Management's estimates as at 31.12.2020, the Company would have to recognize an impairment of €324,549 (instead of €300,000).

During the year ended December 31, 2020, the acquisition of 100% of DAEDALUS TECHNOLOGIES FZCO was completed (Note 9).

11. Other non - current assets

Other non-current assets are analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Guarantees	93,025	96,939	93,025	96,939
Other non - current assets	-	50,000	-	50,000
Total	**93,025**	**146,939**	**93,025**	**146,939**

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). Following the completion of the transaction on 31.3.2020, DAEDALUS TECHNOLOGIES FZCO is considered as Company's subsidiary (Note 10).

12. Inventories

Inventories are analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Merchandise	147,484	863,645	147,484	863,645
Less: Provisions for inventory impairment	-	(49,259)	-	(49,259)
Total	**147,484**	**814,386**	**147,484**	**814,386**

It is noted that inventories at the end of the financial year are valued at the lower price among their acquisition cost and their net realizable value. In 2020, the Company recognized an impairment of €552,118 (Note 26) taken into account inventories' net realizable value.

The movement on provision for inventory impairment:

		GROUP AND COMPANY	
	Note	**31.12.2020**	**31.12.2019**
At beginning of year		**(49,259)**	**-**
Provision for impairment - cost during the year	26	-	(49,259)
Provisions used during the year		49,259	-
31 December 2020		**-**	**(49,259)**

13. Trade receivables

Trade receivable are analyzed as follows:

		GROUP		COMPANY	
	Note	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Trade receivables		2,854,945	2,409,505	2,791,516	2,409,505
Trade receivables - Related parties	32	1,223,692	1,362,863	1,223,692	1,362,863
Cheques and notes receivable		61,084	59,774	61,084	59,774
Doubtful trade receivables		174,321	174,321	174,321	174,321
Less: Allowance for doubtful trade receivable		(198,299)	(169,283)	(198,299)	(169,283)
Total		**4,115,743**	**3,837,180**	**4,052,314**	**3,837,180**

The fair value of trade receivables approximate their carrying values.

The movement on provision for impairment of trade receivables is presented in the following table:

	Note	**GROUP AND COMPANY**
1 January 2019		**(109,509)**
Provision for impairment - cost during the year	26	(59,774)
31 December 2019		**(169,283)**
1 January 2020		**(169,283)**
Provision for impairment - cost during the year	26	(29,016)
31 December 2020		**(198,299)**

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 measured 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 € 29,016 (31.12.2019: €59,774) relates to trade receivables overdue for more than 1 year.

The ageing analysis of trade receivables as of December 31, 2020 and 2019 is the following:

	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Not past due and not impaired	3,001,682	3,038,532	2,938,253	3,038,532
Overdue:				
Up to 3 months	655,649	519,517	655,649	519,517
3 - 6 months	143,628	38,398	143,628	38,398
6 months to 1 year	188,392	115,824	188,392	115,824
Over 1 year	324,691	294,192	324,691	294,192
	4,314,042	**4,006,463**	**4,250,613**	**4,006,463**
Less: Provision for impairment	(198,299)	(169,283)	(198,299)	(169,283)
Trade receivables - net	**4,115,743**	**3,837,180**	**4,052,314**	**3,837,180**

For the amounts which are greater than one year, Management expects than an amount is partial recoverable.

Trade receivables are denominated in the following currencies:

	31.12.2020	31.12.2019	31.12.2020	31.12.2019
EURO (EUR)	4,096,666	3,837,180	4,033,237	3,837,180
US DOLLAR (USD)	30	-	30	-
UNITED ARAB EMIRATES DIRHAM (AED)	19,048	-	19,048	-
	4,115,743	**3,837,180**	**4,052,314**	**3,837,180**

14. Other current assets

Other current assets are analyzed as follows:

		GROUP		COMPANY	
	Note	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Prepaid expenses		411,777	382,804	347,570	333,258
Contract assets		85,500	409,331	85,500	409,331
Advances to suppliers/creditors		125,994	152,050	125,994	152,050
Advances to employees and other advances		5,522	6,793	5,522	6,793
Receivables from related parties	32	-	-	170,257	176,277
Other debtors		53,069	53,339	38,920	39,427
Less: Provision for impairment		(25,922)	(25,922)	(196,179)	(25,922)
Total		**655,940**	**978,394**	**577,585**	**1,091,213**

The movement on provision for impairment of other-currents assets is shown in the following table:

	Note	GROUP	COMPANY
1 January 2019		-	-
Provision for impairment	26	-	(25,922)
31 December 2019		**-**	**(25,922)**
1 January 2020		(25,922)	(25,922)
Provision for impairment	26	-	(170,257)
31 December 2020		**(25,922)**	**(196,179)**

Other current assets are denominated in the following currencies:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
EURO (EUR)	545,746	973,998	467,391	1,086,817
US DOLLAR (USD)	109,787	764	109,787	764
GB POUND (GBP)	279	-	279	-
UNITED ARAB EMIRATES DIRHAM (AED)	-	3,632	-	3,632
ALBANIAN (LEK)	127	-	127	-
	655,940	**978,394**	**577,585**	**1,091,213**

15. Cash and cash equivalents

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Cash in hand	4,483	19,596	4,010	19,596
Cash at bank	1,004,842	1,840,534	985,893	1,712,351
Total	**1,009,325**	**1,860,130**	**989,903**	**1,731,947**

The cash and cash equivalents are denominated in the following currencies:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
EURO (EUR)	993,612	1,858,978	988,812	1,730,795
Arab Emirates dirham (AED)	14,623	-	-	-
BRITISH POUND (GBP)	1,090	1,152	1,090	1,152
	1,009,325	**1,860,130**	**989,903**	**1,731,947**

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 financial institutions.

16. 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:

Shareholders	Number of shares	Percentage %
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%
Total	**25,584,594**	**100.00%**

17. Reserves

Other reserves are analysed as follows:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Legal reserve	372,792	372,792	372,792	372,792
Foreign currency reserve	(4,366)	-	-	-
Special reserves	4,847	4,847	4,847	4,847
Total	**373,272**	**377,638**	**377,638**	**377,638**

Legal Reserve: Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the paid-in share capital. This reserve cannot be distributed through the life of the corporation.

Special Reserve: Under Greek corporate law, corporations may establish a special reserve without a particular purpose after the decision of the shareholders at their Annual General Meeting or if required by its Articles of Association. The special reserve has been created from non-distributed after-tax profits of previous years.

18. Borrowings

	GROUP AND COMPANY	
	31.12.2020	**31.12.2019**
Long-term borrowings		
Long-term bank borrowings	389,392	481,013
Total non-current borrowings	**389,392**	**481,013**
Short-term borrowings		
Short-term portion of long-term bank borrowings	91,622	91,622
Other short-term bank borrowings	280,000	280,000
Total current borrowings	**371,622**	**371,622**
Total borrowings	**761,013**	**852,635**

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 December 31, 2020, the outstanding balance of the loan amounts to €481,014. 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, 2020, 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:

GROUP AND COMPANY		31.12.2019		31.12.2020
	Year of maturity	Book value	Repayments	Book value
Loan, amount €916,216	2025	572,635	(91,622)	481,013
Open credit facility, €1,500,000		280,000	-	280,000
		852,635	**(91,622)**	**761,013**

Exposure to changes in interest rates and the dates of repricing are set out in the following table:

GROUP AND COMPANY

	FLOATING INTEREST RATE		
	3 months	6 months	Total
31.12.2020			
Total borrowings	481,013	280,000	761,013
	481,013	**280,000**	**761,013**
31.12.2019			
Total borrowings	572,635	280,000	852,635
	572,635	**280,000**	**852,635**

The maturities of non-current borrowings are as follows:

	GROUP AND COMPANY	
	31.12.2020	31.12.2019
Between 1 and 2 years	91,622	91,622
2 to 5 years	274,866	366,488
Over 5 years	22,904	22,903
	389,392	**481,013**

19. Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax assets against the current tax liabilities and when the deferred income taxes concern the same tax authority. The offset amounts for the Group and the Company are the following:

	GROUP AND COMPANY	
	31.12.2020	31.12.2019
Deferred tax liabilities	(553,868)	(778,630)
Deferred tax assets	199,239	182,797
Net deferred tax liabilities	**(354,629)**	**(595,833)**

The gross movement in the deferred income tax account is as follows:

	GROUP AND COMPANY	
	31.12.2020	31.12.2019
Balance at beginning of year	(595,834)	(969,459)
Credited to the statement of comprehensive income	233,759	374,314
Charged to other comprehensive income	7,446	(689)
Balance at end of year	**(354,629)**	**(595,834)**

Changes in deferred tax assets and liabilities during the year, without taking into account the offsetting of balances pertaining to the same tax authority, are the following:

Deferred tax liabilities

	Intangible assets	Total
1 January 2019	**(1,115,334)**	**(1,115,334)**
Recognized to the statement of comprehensive income	336,704	336,704
31 December 2019	**(778,630)**	**(778,630)**
1 January 2020	**(778,630)**	**(778,630)**
Recognized to the statement of comprehensive income	224,762	224,762
31 December 2020	**(553,869)**	**(553,869)**

Deferred tax assets

	Leases	Employee benefit plans	Provisions for bad debts	Other	Total
1 January 2019	**-**	**51,382**	**22,958**	**71,535**	**145,875**
Recognized to the statement of comprehensive income	3,582	3,414	13,427	17,185	37,610
Recognized to other comprehensive income	-	(689)	-	-	(689)
31 December 2019	**3,582**	**54,108**	**36,386**	**88,720**	**182,796**
1 January 2020	**3,582**	**54,108**	**36,386**	**88,720**	**182,796**
Recognized to the statement of comprehensive income	2,340	10,500	6,824	(10,668)	8,997
Recognized to other comprehensive income	-	7,446	-	-	7,446
31 December 2020	**5,923**	**72,053**	**43,210**	**78,053**	**199,239**

The Group and the Company does not recognize deferred tax asset on accumulated tax losses due to the uncertainty of the timing of available taxable profits against which these losses could be offset.

20. Employee benefit plans

Under Greek labor law, employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee’s compensation, length of service and manner of termination (dismissed or retired). Employees who resign or are dismissed with cause are not entitled to termination payments. The indemnity payable in case of retirement is equal to 40% of the amount which would be payable upon dismissal without cause. In Greece, local practice is that pension plans are not funded. In accordance with this practice, the Company does not fund these plans.

The provision for staff retirement indemnity is reflected in the financial statements in accordance with IAS 19 “Employee Benefits” and is based on an independent actuarial study. The details and principal assumptions of the actuarial study for both the Group and the Company, as of December 31, 2020 and 2019 are as follows:

	GROUP AND COMPANY	
	31.12.2020	31.12.2019
Liabilities in the Statement of Financial Position for:		
Retirement benefits	300,220	225,447
Total	**300,220**	**225,447**

The amounts recognized in the Statement of Comprehensive Income are as follows:

	GROUP AND COMPANY	
Charge for:	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Current service cost	52,369	44,480
Interest cost	2,593	2,847
Cost of settlements / cuts / special cases	75,282	85,561
Staff transfer costs	-	(2,185)
Total	**130,243**	**130,703**

The movement in the liability recognized in the Statement of Financial Position is as follows:

	GROUP AND COMPANY	
	31.12.2020	31.12.2019
Opening balance	**225,447**	**205,526**
Current service cost	52,369	44,480
Interest cost	2,593	2,847
Cost of settlements / cuts / special cases	75,282	85,561
Staff transfer costs	-	(2,185)
Benefits paid	(86,494)	(99,006)
Actuarial losses / (gains)	31,024	(11,777)
Closing balance	**300,220**	**225,447**

The principal actuarial assumptions used for accounting purposes are:

	GROUP AND COMPANY	
	31.12.2020	31.12.2019
Discount rate	0.60%	1.15%
Annual salary increase	2.00%	2.00%
Inflation rate	1.50%	1.50%

The sensitivity analysis of pension benefits against changes in principal assumptions is as follows:

	Effect on liability in financial year 2020		
	Change in assumption by	Increase in assumption	Decrease in assumption
Discount rate	0.50%	-10.99%	12.56%
Annual salary increase	0.50%	10.65%	-9.43%

21. Other non-current liabilities

Other non-current liabilities of € 137,601 pertain to the discounted amount of a total repayable state cash advance of €150,774 provided to the Company on May, 26 2020. The amount was advanced to the Company in the context of general supportive measures taken by the Government as a result of Covid-19 pandemic in order to strengthen the liquidity of companies.

22. Trade payables

Trade payables are analyzed as follows:

	Note	GROUP 31.12.2020	GROUP 31.12.2019	COMPANY 31.12.2020	COMPANY 31.12.2019
Trade payables		1,640,208	1,657,045	1,562,208	1,653,825
Trade payables - Related parties	32	82,131	-	160,131	-
Cheques payable		35,485	88,925	35,485	88,925
Total		**1,757,824**	**1,745,970**	**1,757,824**	**1,742,751**

The fair value of trade payables approximate their carrying values.

Payables are denominated in the following currencies:

	GROUP 31.12.2020	GROUP 31.12.2019	COMPANY 31.12.2020	COMPANY 31.12.2019
EURO (EUR)	1,700,435	1,702,231	1,700,435	1,699,012
US DOLLAR (USD)	56,951	43,738	56,951	43,738
GB POUND (GBP)	438	1	438	1
	1,757,824	**1,745,970**	**1,757,824**	**1,742,751**

23. Provisions

The analysis of provisions is as follows:

	Note	GROUP AND COMPANY
Balance as at 01.01.2020		-
Provisions during the year	27	(13,900)
Balance as at 31.12.2020		**(13,900)**

The amount of €13,900 relates to provision recorded for probable lawsuits against the Company by employees.

24. Other tax liabilities

Tax liabilities are analyzed as follows:

	GROUP 31.12.2020	GROUP 31.12.2019	COMPANY 31.12.2020	COMPANY 31.12.2019
VAT payable	508,711	491,879	500,737	495,446
Other taxes and duties	266,640	218,514	260,643	218,514
Total	**775,352**	**710,393**	**761,380**	**713,961**

25. Other current liabilities

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Social security liabilities	589,143	286,629	586,616	286,629
Contract liabilities	422,230	414,683	422,230	414,683
Advances from customers	12,876	29,967	12,876	29,967
Accrued expenses	251,321	505,515	234,942	497,060
Other current liabilities	182,243	265,465	64,724	53,571
Total	**1,457,813**	**1,502,259**	**1,321,388**	**1,281,910**

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

Accrued expenses for the Group and the Company include an amount of €11,010 (2019: €11,553), regarding accrued interest expense for the Group's and Company's borrowings.

26. Expenses per category

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

		GROUP		COMPANY	
	Note	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Payroll and related costs	29	7,083,469	6,340,910	6,873,058	6,126,705
Third party fees and services		4,271,082	4,071,178	4,379,792	4,183,728
Taxes and duties		10,004	22,678	6,279	13,048
Cost of sales of inventory and consumables		1,645,232	2,379,394	1,645,232	2,379,394
Impairment of inventory	12	552,118	49,259	552,118	49,259
Depreciation of PPE and right-of-use assets and amortization of intangible assets		1,585,615	1,952,579	1,585,615	1,952,579
Provisions for doubtful debts		29,016	85,696	199,273	85,696
Sundry expenses		2,523,471	2,241,830	2,472,017	2,202,046
Total		**17,700,007**	**17,143,525**	**17,713,383**	**16,992,456**

Sundry expenses are analyzed as follows:

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Third party logistics-warehousing services	270,447	306,944	270,447	306,944
Third party transportation expenses	540,033	595,694	540,033	595,694
Subscriptions	281,393	98,830	281,393	98,830
Consumables	429,938	57,436	429,938	57,436
Third party expenses	146,431	156,563	140,759	154,885
Travel expenses	305,617	426,485	294,858	401,196
Advertising costs	68,265	123,384	68,265	123,384
Other expenses	481,346	476,495	446,324	463,679
	2,523,471	**2,241,830**	**2,472,017**	**2,202,046**

The above expenses in the financial statements of the fiscal year 2020 and 2019 are presented as follows:

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	**01.01.2019 - 31.12.2019**	**01.01.2020 - 31.12.2020**	**01.01.2019 - 31.12.2019**
Cost of sales	14,112,054	13,598,113	13,991,256	13,481,790
Distribution expenses	1,266,907	1,369,543	1,424,613	1,357,458
Administrative expenses	2,321,046	2,175,869	2,297,514	2,153,208
Total	**17,700,007**	**17,143,525**	**17,713,383**	**16,992,456**

27. Other income / (expenses) - net

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	**01.01.2019 - 31.12.2019**	**01.01.2020 - 31.12.2020**	**01.01.2019 - 31.12.2019**
Grants	90,000	173,688	-	113,688
Rental income	10,586	12,343	10,586	12,343
Other income	36,524	20,922	35,630	20,922
Losses from exchange differences - net	(15,984)	(12,383)	(12,738)	(12,383)
Receivables write-offs	(6,373)	-	(6,373)	-
Tax penalties and other surcharges	(1,428)	(380)	(1,428)	(380)
Prior year expenses - net	(13,923)	(111,526)	(12,743)	(110,323)
Provisions for legal cases	(13,900)	-	(13,900)	-
Other non-recurring income / (expenses) - net	368,062	(69,273)	364,842	(69,273)
Total	**453,564**	**13,393**	**363,878**	**(45,404)**

On July 22, 2020 a settlement agreement was achieved between the Company and Barclays Bank PLC (under the Laws of England and Wales), regarding a claim Company had against Barclays for unfair enrichment and quantum meruit in respect of the Company's participation to the ReFINA Project Request for Proposal issued by Barclays on December 16, 2015. According to the settlement agreement both Parties have concluded to a settlement of an amount of 285.000 GBP. This settlement has been considered by both Parties as favourable 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. On August 31, 2020 an amount of €318,045 was received by the Company in respect of this settlement agreement, which has been recorded under the line "Other non-recurring income / (expenses) – net" in the table above.

28. Financial income / (expenses)

Financial income / (expenses) are analyzed as follows:

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Finance expenses				
Interest expense on bank borrowings	(34,670)	(41,427)	(34,670)	(41,427)
Interest expense on lease liabilities	(38,126)	(42,570)	(38,126)	(42,570)
Other finance expenses	(26,687)	(25,976)	(22,673)	(23,731)
Total finance expenses	**(99,484)**	**(109,974)**	**(95,469)**	**(107,729)**
Finance income				
Interest income	16,132	221	16,132	221
Total finance income	**16,132**	**221**	**16,132**	**221**
Total finance expenses - net	**(83,352)**	**(109,753)**	**(79,337)**	**(107,508)**

29. Payroll costs

Payroll cost in the accompanying financial statements is analysed as follows:

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Wages and salaries	5,491,199	4,926,322	5,304,090	4,745,728
Social security costs	1,293,041	1,158,896	1,271,070	1,125,285
Costs of employee benefit plans	137,864	127,856	137,864	127,856
Other staff costs	161,364	127,836	160,034	127,836
Total	**7,083,469**	**6,340,910**	**6,873,058**	**6,126,705**

The number of employees for the Group and the Company on December 31, 2020, amounted to 201 and 198 respectively. On December 31, 2019, the respective number of employees was 201 for the Group and 197 for the Company.

30. Income tax expense

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Deferred tax	(233,759)	(374,314)	(233,759)	(374,314)
Total	**(233,759)**	**(374,314)**	**(233,759)**	**(374,314)**

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.

According to law 4646/2019 (Government’s Gazette A’ 201/12.12.2019), the corporate income tax rate in Greece is 24% for fiscal year 2019 onwards. Consequently, the deferred tax was calculated using 24%.

Greek tax laws and regulations are subject to interpretation by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. In accordance with the Greek tax legislation (article 36 of law 4174/2013) in force and the respective Ministerial Decisions issued, the Greek tax authorities may impose additional taxes and penalties following a tax audit, within the applicable statute of limitations which in principle is five years as from the end of the following fiscal year within which the relevant tax return should have been submitted. Based on the above, the right of the tax authorities to impose additional income taxes for the fiscal years up to 2014 (inclusive) is considered in principle and under the general rules as time-barred.

From the financial year 2011 and onwards, the tax returns are subject to the audit tax certificate process (described below). Net operating losses which are tax deductible, can be carried forward against taxable profits for a period of five years from the year they are generated.

Tax Compliance certificate

From the financial year 2011 and onwards, Greek Société Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements are subject to the “Annual Tax Certificate” process as provided for by paragraph 5 of Article 82 of law 2238/1994 and article 65a of law 4174/2013. This “Annual Tax Certificate” is issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm issues to the entity a "Tax Compliance Report" which is subsequently submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. For the Company, which is subject to the “Annual Tax Certificate” process, the "Tax Compliance Report" for the years 2011 till 2019, has been issued and submitted with no substantial adjustments with respect to the tax expense and corresponding tax provision as reflected in the respective annual financial statements. It is noted that based on the tax legislation in force (Circular POL 1006/2016), the companies that have obtained a tax audit certificate without any reservations for infringements of the tax law, are not exempt from tax audit.

In effect, the tax authorities retain the right to audit them within the applicable statute of limitations as described above.

The tax audit for the financial year 2020 is being performed by PricewaterhouseCoopers S.A. Upon completion of the tax audit, management does not expect that significant additional tax liabilities will arise, in excess of those provided for and disclosed in the financial statements.

Unaudited tax years

The Company’s subsidiaries have not been audited for the fiscal years shown as follows:

Company Name	Unaudited tax years / periods
Neurosoft Cyprus Ltd.	2020
Neurosoft Romania Srl.	23/6/2008 – today
Daedalus Technologies FZCO	-

In a future tax audit of the unaudited tax years it is possible that additional taxes and penalties may be charged to Neurosoft and its subsidiaries. The Group is raising provisions for any additional taxes that may result from future tax audits to the extent that the relevant liability is probable and may be reliably measured. The Group believes that the provision of €54,336 that has been recognized for unaudited tax years is adequate.

A reconciliation between the income tax expense and the accounting loss before tax multiplied by tax rates in force in Greece of 24% is as follows:

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Accounting loss before tax	**(2,852,670)**	**(2,992,911)**	**(3,330,024)**	**(3,167,009)**
Tax calculated based on the tax rate applicable in the parent's country of establishment 24%	(684,641)	(718,299)	(799,206)	(760,082)
Tax effect of non-tax-deductible expenses and non-taxable income	216,173	241,738	329,002	306,342
Effect of unrecognized deferred tax asset on tax losses carried forward	238,000	128,318	236,446	116,453
Use of tax losses from prior financial years	(1,714)	-	-	-
Effect from different tax rates applying in other countries where the Group operates	(1,577)	10,956	-	-
Tax effect due to change in tax rates	-	(37,027)	-	(37,027)
Tax	**(233,759)**	**(374,314)**	**(233,759)**	**(374,314)**

The tax corresponding to Other Comprehensive Income is as follows:

	01.01.2020 - 31.12.2020			01.01.2019 - 31.12.2019		
	Before tax	**Tax (debit) / credit**	**After tax**	**Before tax**	**Tax (debit) / credit**	**After tax**
Actuarial (losses) / gains	(31,024)	7,446	(23,579)	11,777	(2,826)	8,951
Effect of change in tax rate on actuarial gains	-	-	-	-	2,138	2,138
	(31,024)	**7,446**	**(23,579)**	**11,777**	**(689)**	**11,088**

31. Earnings per share

Basic earnings/(loss) per share are computed by dividing the profit/(loss) for the year attributable to the shareholders of the parent by the weighted average number of ordinary shares outstanding during each year.

Diluted earnings/(loss) per share are computed by dividing the profit/(loss) for the year attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding during each year adjusted for the impact of share-based payments.

The following reflects the net loss and share data used in the basic and diluted earnings per share computations as at December 31, 2020 and 2019:

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Net loss attributable to the shareholders of the parent	**(2,618,912)**	**(2,618,596)**	**(3,096,265)**	**(2,792,694)**
Total weighted average number of ordinary shares	25,584,594	25,584,594	25,584,594	25,584,594
Adjusted weighted average number of ordinary shares for diluted loss per share	25,584,594	25,584,594	25,584,594	25,584,594
Loss per share (basic and diluted)	**(0.1024)**	**(0.1024)**	**(0.1210)**	**(0.1092)**

32. 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:

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Sales of services				
OPAP S.A.	8,133,056	8,394,753	8,133,056	8,394,753
OPAP SERVICES S.A.	-	28,067	-	28,067
TORA WALLET S.A.	25,320	28,520	25,320	28,520
OPAP CYPRUS LTD	496	-	496	-
	8,158,872	**8,451,340**	**8,158,872**	**8,451,340**

	GROUP		COMPANY	
	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Purchase of services				
Neurosoft Cyprus Ltd	-	-	85,000	132,000
Daedalus Technologies FZCO	-	-	45,000	-
Metasan S.A.	538,540	-	538,540	-
	538,540	**-**	**668,540**	**132,000**

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 €1,008,012 (2019: €1,141,194).

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) 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:

	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Trade receivables from related parties				
OPAP S.A.	1,222,477	1,362,144	1,222,477	1,362,144
TORA WALLET S.A.	719	719	719	719
OPAP CYPRUS LTD	496	-	496	-
	1,223,692	**1,362,863**	**1,223,692**	**1,362,863**
Other receivables from related parties				
- Loans granted to related parties				
Neurosoft Cyprus Ltd	-	-	125,230	125,230
	-	**-**	**125,230**	**125,230**
Other receivables from related parties				
Neurosoft Cyprus Ltd	-	-	45,027	45,027
Neurosoft Cyber and Analytics Ltd	-	-	-	6,020
	-	**-**	**45,027**	**51,047**
Total other receivables from related parties	**-**	**-**	**170,257**	**176,277**

The receivable amount of € 125,230 refers to non-interest loan provided by Neurosoft S.A. to Neurosoft Cyprus Ltd. As of December 31, 2020, the Company has recognized a provision expense of €170,257 in respect of its receivable amounts from its subsidiary Neurosoft Cyprus Ltd, presented in the table above (See also note 14).

	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Trade payables to related parties				
Neurosoft Cyprus Ltd	-	-	33,000	-
Daedalus Technologies FZCO	-	-	45,000	-
Metasan S.A.	82,131	-	82,131	-
	82,131	**-**	**160,131**	**-**

33. Audit fees

The auditors of the Company for the year 2020 and 2019 was the audit firm PRICEWATERHOUSECOOPERS S.A. The fees for auditing services and fees for the Tax Certificate for 2020 and 2019 amount to €25,000 and €12,000 respectively.

34. Contingencies

a) Legal cases

Third party claims against the Company

As of December 31, 2020, the Group and the Company have formed appropriate provisions in relation to open litigation cases, as referred to in note 23No other 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 additional provisions have been recognized.

b) Guarantees

The Group and the Company have issued letters of guarantee to various beneficiaries to assure their liabilities. As at December 31, 2020 and 2019 issued letters of guarantee amounted to €971.450 and €683,475 respectively.

35. Subsequent events

Spin off of Fintech

The Company intends to spin off its Fintech & Analytics segment into a Societe Anonyme, 100% Subsidiary of Neurosoft S.A. The transaction is expected to be completed in the first half of 2021 subject to the satisfaction of closing conditions, including without limitation the final approval from the Neurosoft Board of Directors, completion of tax and legal opinions as well as receipt of all necessary regulatory approvals. The NewCo shall integrate all business and operational aspects of Neurosoft's current Fintech segment by undertaking the complete product portfolio of the proxima+ suite and shall serve the banking and supply chain finance sector. The spin-off will facilitate Company's flexibility to pursue fund raising strategies based on the respective business needs and priorities, and potentially achieve a more favorable cost of capital and greater access to the fund markets.

Athens, April 19, 2021

Chairman of the BoD	Chief Executive Officer	Head Accountant
Nikolaos Vasilonikolidakis	Epameinondas Paschalidis	Konstantinos Motsakos

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The annual separate and consolidated financial statements of the Company, the Auditor's report and the Reports of Management are registered on the internet at the URL www.neurosoft.gr

The financial statements of consolidated companies are registered on the internet at the URL www.neurosoft.gr.