



**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SIX-MONTH PERIOD ENDED  
JUNE 30, 2021  
(JANUARY 1 – JUNE 30, 2021)  
OF NEUROSOFT SOFTWARE PRODUCTION S.A.  
AND ITS SUBSIDIARIES**

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

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

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

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

The undersigned, in our above-mentioned capacity, as specifically appointed by the Board of Directors of the societe anonyme company under the name “Neurosoft 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 attached Interim Condensed Financial Information (Consolidated and Separate) of the society anonyme company under the name “Neurosoft Software Production Societe Anonyme” for the period from January 1, 2021 to June 30, 2021, which have been prepared in accordance with the applicable International Financial Reporting Standards, as adopted by the European Union, provide a true and fair view of the assets and liabilities, the owners’ equity and the results of the Company, as well as of the companies which are included in the consolidation, according to paragraphs 3 to 5 of article 5 of the L.3556/30.4.2007and
- (b) The six-month Report of the Board of Directors of the Company provide a true and fair view of the information required according to paragraph 6 of article 5 of the L.3556/30.4.2007.

Iraklio, September 20, 2021

Nikolaos Vasilonikolidakis

Epameinondas Paschalidis

Petros Xarchakos

Chairman of the BOD

CEO of the Company

Executive Member of  
the BOD

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

Regarding the interim condensed consolidated Financial Statements  
for the six-month period ended June 30, 2021

This six-month Report of the Board of Director (hereinafter referred for brevity as the "Report" or "Six-month Report"), refers to the six month period (01.01.2021-30.06.2021). It has been prepared in accordance with the provisions of article 5 of Law 3556/2007 and contains in a concise but meaningful, substantive and comprehensive manner all relevant information required by law to provide substantial and detailed information about the activity, during this period, of the company under the name «NEUROSOFT SOFTWARE PRODUCTION SOCIETE ANONYME» (hereafter referred to as the "Company" or «NEUROSOFT») and the NEUROSOFT Group of companies (hereinafter referred to as the "Group"), which apart from the Company include the following affiliated companies:

- (a) «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a stake of 100% of its share capital,
- (b) «Neurosoft Romania Srl headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd,
- (c) «Neurosoft Cyber and Analytics Ltd », headquartered in United Kingdom, in which the Company 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 FZE, headquartered in UAE, in which the Company holds a stake of 100% of its share capital.
- (e) TensorFin Software Production Single Member Société Anonyme, headquartered in Greece, in which the Company holds a stake of 100% of its share capital.
- (f) 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 2020 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 2020 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 FZE», 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.

iv) On 14-06-2021 the Company's demerger was completed through the spin-off of the FINTECH sector and its contribution into a new entity incorporated under the corporate name «TensorFin Software Production Single Member Société Anonyme», which specializes in the design, development, customization and maintenance of integrated software systems and in which the Company holds the 100% of its share capital.

This report accompanies the unaudited interim condensed financial statements for the six-month period ended at June 30, 2021 (01.01.2021-30.06.2021) and since the Company prepares consolidated financial statements, this report's main and primary reference is to the consolidated financial data of the Company and its related companies. The Report along with the financial statements and other information and statements required by law are included in the six-month Financial Report for the six-month period 01.01.2021-30.06.2021.

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

## **SECTION A**

### **Significant events that occurred during the six-month period ended June 30, 2021**

The significant events that occurred during the six-month period ended June 30, 2021 (01.01.2021-30.06.2021) with calendar order, as well as any impact on the six-month financial statements are summarized as follows:

#### **Spin off of Fintech sector**

On December 28, 2020, the Board of Directors of the Company ("Demerged Entity") resolved to commence the process of a demerger by way of spin-off of the FINTECH sector and its contribution into a new entity (the "Beneficiary Entity") to be incorporated pursuant to the provisions of 54 para.3, 57 para.3 and 59-74 and 83-87 of L.4601/2019 and L.4548/2018, as in force and article 52 of Law 4172/2013 (hereinafter the "Demerger"). The Demerger was approved by the Extraordinary General Meeting of Company's shareholders on May 21, 2021.

The spin-off will facilitate the 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.

The spin-off procedure was completed on June 14, 2021, upon registration in the Greek General Commercial Registry (G.E.MI.) of the Beneficiary Entity under the corporate name "TensorFin Software Production Single Member Société Anonyme", with the distinctive title "TensorFin Single Member SA". Following the completion of the spin-off process, the Beneficiary Entity is a wholly-owned (100%) subsidiary of the Company with no effect on the Group's ownership interest.

### **Financing**

On April 9 2021, the Company signed a supplemental agreement with Eurobank S.A., according to which the credit limit of the open credit facility account increased from €1,500,000 to €2,000,000. All other terms of the initial loan agreement with Eurobank S.A. remain unchanged.

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

Since the coronavirus (COVID-19) outbreak, which has impacted the global economy, the Group has been closely monitoring and adopting all necessary measures to protect its employees and partners and to minimize as much as possible the business disruption caused by the pandemic. Neurosoft followed a strict Business Continuity plan fully aligned with the Government's guidelines and best business practices.

The 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 lasted until May 3, 2021 as a result of the mass vaccination scheme initiated, which is still in progress, with the stated aim to cover the entire eligible population. Additionally, during the six months ended June 30 2021, the worldwide restrictions to mobility have been gradually relaxed due to rapid vaccination progress, leading to increased economic activity and improved global macro-economic indicators.

The COVID-19 outbreak, has materially affected our industry and business, however its impact on our financial performance was not significant. Although the Group's activities were not suspended, some of its business activities have been limited depending on the suspension of certain customers' activities. Based on current data, despite the fact that revenues are notably affected, the overall financial performance was improved during the period ended June 30, 2021. The Company has taken advantage of limited governmental supporting measures, such as tax reliefs or tax offset advantages and rent reduction payments to strengthen its liquidity. Additionally, as mentioned above, on April 9, 2021 the Company's open credit facility limit increased to €2,000,000. Therefore, the Company has sufficient undrawn borrowing facilities that can be utilized, without any restrictions, to fund any potential shortfall in cash resources.

The extent to which the coronavirus (COVID-19) epidemic will affect the Company's and the Group's operations and our business development strategy will largely depend on future developments which are highly uncertain and cannot be predicted at this point in time. 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.

### **ID Project**

On December, 20 2019, the Greek Government issued an RFP for the procurement, delivery and operation of an integrated online system for the issuance of secured documents (ID, Passport, driving license and Resident Permit). On September 2, 2020 Neurosoft participated in a consortium with the multinational Group Idemia and submitted its offer in the 515-million-euro tender following a demanding process. This is the first state tender since the outbreak of the coronavirus in Greece, and the high interest shown by world-class players is attributed to the secured earnings the contract will offer for 10 + 5 years. Five consortiums participated in the RFP. The Company was one of those not selected as the preferred contractor and filed an appeal before the Supreme Court challenging the nomination of this RFP to a third participant and a decision by the competent court is expected within the second half of 2021.

## **SECTION B**

### **Principal risks and uncertainties**

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

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

#### **1. 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.

### 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, the credit risk increases, especially in relation to foreign customers, for whom the effective control of their credibility is not always easy. Therefore, the Company continuously develops and further evolves its internal risk management mechanisms to fully confront this risk. Consequently, although credit risk exists in the context of the general adverse economic environment, it is currently considered as controlled by the Group and the Company.

### 4. Liquidity risk

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30.06.2021</b>	<b>31.12.2020</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Long-term borrowings	343,581	389,392	343,581	389,392
Short-term borrowings	191,622	371,622	191,622	371,622
Long-term lease liabilities	478,875	586,118	478,875	586,118
Short-term lease liabilities	347,927	352,225	347,927	352,225
Cash and cash equivalents	(670,748)	(1,009,325)	(639,290)	(989,903)
<b>Net debt</b>	<b>691,256</b>	<b>690,031</b>	<b>722,714</b>	<b>709,454</b>
<b>Total equity</b>	<b>2,432,676</b>	<b>3,012,149</b>	<b>3,174,438</b>	<b>3,286,731</b>
<b>Net debt to equity</b>	0.284	0.229	0.228	0.216



## 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 rapid evolution of the virus and the subsequent Governments' interventions along with the related restrictions have resulted in the suspension of many businesses. Although the Group's activities were not suspended, some of its business activities have been limited depending on the suspension of certain customers' activities. Based on current data, despite the fact that Group's and Company's revenues are notably affected, the overall financial performance has been improved as a result of the robust business continuity plans implemented by Neurosoft taking actions on its cost structure to preserve liquidity.

In this environment, Neurosoft proceeded with the implementation of a set of decisive actions following Government guidelines in response to coronavirus (COVID-19) focusing on the safety and well-being of its employees, customers and partners while at the same time assuring its business continuity.

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.

At this stage, despite the coronavirus (COVID-19) impact, the Group maintains a strong financial position as the cash and cash equivalents as at 30.06.2021 amount to € 670,748. Neurosoft took limited advantage of government supporting measures, such as tax reliefs or tax offset advantages and rent reduction payments, as well, to strengthen its liquidity. Additionally, on April 9, 2021 the Company's open credit facility limit increased by €500,000 to €2,000,000. Therefore, the Company has sufficient undrawn borrowing facilities that can be utilized, without any restrictions, to fund any potential shortfall in cash resources. Finally, Neurosoft continues its efforts implemented in 2020 in relation to cost mitigation actions.

The Management is closely monitoring the developments around the coronavirus (COVID-19) and is constantly assessing its implications on the Group's performance. It is also taking pre-emptive actions to ensure the health and safety of its employees and partners, as well as, the continuity of its business as mentioned above. Having satisfactory cash reserves, the Management expects that the Group will be enabled to meet the financing costs and working capital needs, and its ability to continue as going concern will not be affected.

## 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 period with related parties under IAS 24, are as follows:

	GROUP		COMPANY	
	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
<b>Sales of services</b>				
OPAP S.A.	3,189,325	3,411,755	3,189,325	3,411,755
OPAP SPORTS LTD	5,005	-	-	-
TORA WALLET S.A.	11,932	11,932	11,932	11,932
OPAP CYPRUS LTD	20,087	-	-	-
	<u>3,226,349</u>	<u>3,423,687</u>	<u>3,201,257</u>	<u>3,423,687</u>
	GROUP	COMPANY	GROUP	COMPANY
	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
<b>Purchase of services</b>				
Neurosoft Cyprus Ltd	-	-	-	51,000
Daedalus Technologies FZE	-	-	-	15,000
Metasan S.A.	63,947	-	63,947	-
	<u>63,947</u>	<u>-</u>	<u>63,947</u>	<u>66,000</u>

#### Board of Directors and Key Management

The compensation of the members of the Board of Directors and key management personnel for the Group and the Company amounted to €460,587 (30.06.2020: €563,380).

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:

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>30.06.2021</u>	<u>31.12.2020</u>	<u>30.06.2021</u>	<u>31.12.2020</u>
<b>Trade receivables from related parties</b>				
OPAP S.A.	479,244	1,222,477	479,244	1,222,477
TORA WALLET S.A.	719	719	719	719
OPAP CYPRUS LTD	8,439	496	-	496
OPAP SPORTS LTD	3,148	-	-	-
	<u>491,550</u>	<u>1,223,692</u>	<u>479,963</u>	<u>1,223,692</u>
<b>Other receivables from related parties</b>				
- Loans granted to related parties				
Neurosoft Cyprus Ltd	-	-	125,230	125,230
	<u>-</u>	<u>-</u>	<u>125,230</u>	<u>125,230</u>
<b>Other receivables from related parties</b>				
Neurosoft Cyprus Ltd	-	-	45,027	45,027
TensorFin Single Member SA	-	-	130,425	-
	<u>-</u>	<u>-</u>	<u>175,452</u>	<u>45,027</u>
<b>Total other receivables from related parties</b>	<u>-</u>	<u>-</u>	<u>300,682</u>	<u>170,257</u>

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>30.06.2021</u>	<u>31.12.2020</u>	<u>30.06.2021</u>	<u>31.12.2020</u>
<b>Trade payables to related parties</b>				
Neurosoft Cyprus Ltd	-	-	18,000	33,000
Daedalus Technologies FZE	-	-	55,000	45,000
Metasan S.A.	-	82,131	-	82,131
	<u>-</u>	<u>82,131</u>	<u>73,000</u>	<u>160,131</u>

**SECTION D**

**Subsequent events**

**Binding offer for the sale of TensorFin Single Member SA and Daedalus Technologies FZE**

On September 3, 2021, a binding offer was received from a third party for the acquisition of 100% of Company's stake in the companies "TensorFin Single Member SA" and "Daedalus Technologies FZE". A total consideration of up to €1,002,000 has been offered by the third party for the acquisition of 100% of "Tensorfin Single Member SA", out of which an amount of €702,000 will be paid in cash while the amount of €300,000 is a deferred consideration based and paid on Tensorfin's achievement of specific financial targets and pre-requisites for the Fiscal Years 2022-2024. In addition to the above the deferred consideration will be adjusted by an amount determined as 20% of EBITDA of the current Fiscal Year (2021). For the acquisition of total ownership of 100% of "Daedalus Technologies FZE", a total cash consideration of €50,000 has been offered by the third party.

TensorFin Single Member SA is a software production company, which specializes in the design, development, customization and maintenance of integrated software systems. Daedalus Technologies FZE is a technology provider of security and ICT systems integration consultancy services. The operating results of both companies are included in the Fintech and Analytics segment in the operating segment analysis.

The binding offer received by the third party, which is subject to contract, has been approved by the Board of Directors on September 9, 2021 and is subject to the final approval of the Extraordinary General Assembly of the Shareholders which has been scheduled for October, 2021. The transaction is expected to be completed within the second half of 2021.

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

For the period ended  
June 30, 2021

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

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## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		30.06.2021	31.12.2020	30.06.2021	31.12.2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant & equipment	6	440,617	479,123	440,617	479,123
Right-of-use assets	7	800,474	913,666	800,474	913,666
Intangible assets	8	1,664,763	2,033,206	1,032,075	2,033,206
Goodwill	9	-	113,408	-	-
Investments in subsidiaries	10	-	-	1,044,990	398,799
Other non - current assets		89,224	93,025	89,222	93,025
		<u>2,995,078</u>	<u>3,632,428</u>	<u>3,407,379</u>	<u>3,917,820</u>
<b>Current assets</b>					
Inventories		244,801	147,484	244,801	147,484
Trade receivables	11	2,303,618	4,115,743	2,127,529	4,052,314
Other current assets	12	1,436,603	655,940	1,430,440	577,585
Restricted cash		182	2,259	182	2,259
Cash and cash equivalents	13	670,748	1,009,325	639,290	989,903
		<u>4,655,951</u>	<u>5,930,751</u>	<u>4,442,242</u>	<u>5,769,545</u>
<b>Total assets</b>		<u>7,651,029</u>	<u>9,563,180</u>	<u>7,849,621</u>	<u>9,687,365</u>
<b>EQUITY</b>					
Share capital	14	3,965,612	8,954,608	3,965,612	8,954,608
Share premium		600,000	600,000	600,000	600,000
Reserves	15	373,448	373,272	632,244	377,638
Retained earnings		(2,506,384)	(6,915,731)	(2,023,418)	(6,645,515)
<b>Total equity</b>		<u>2,432,676</u>	<u>3,012,149</u>	<u>3,174,438</u>	<u>3,286,731</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	16	343,581	389,392	343,581	389,392
Lease liabilities	7	478,875	586,118	478,875	586,118
Deferred tax liabilities		158,638	354,629	23,141	354,629
Employee benefit plans		332,331	300,220	263,893	300,220
Other non-current liabilities		139,957	137,601	139,957	137,601
		<u>1,453,382</u>	<u>1,767,961</u>	<u>1,249,447</u>	<u>1,767,961</u>
<b>Current liabilities</b>					
Trade payables	17	1,079,351	1,757,824	1,003,571	1,757,824
Borrowings	16	191,622	371,622	191,622	371,622
Lease liabilities	7	347,927	352,225	347,927	352,225
Provisions		13,900	13,900	13,900	13,900
Income tax liabilities		54,336	54,336	54,336	54,336
Other tax liabilities	18	557,338	775,352	552,508	761,380
Other current liabilities	19	1,520,497	1,457,813	1,261,873	1,321,388
		<u>3,764,971</u>	<u>4,783,071</u>	<u>3,425,737</u>	<u>4,632,674</u>
<b>Total liabilities</b>		<u>5,218,353</u>	<u>6,551,031</u>	<u>4,675,184</u>	<u>6,400,635</u>
<b>Total equity and liabilities</b>		<u>7,651,029</u>	<u>9,563,180</u>	<u>7,849,621</u>	<u>9,687,365</u>

The notes on pages 20 to 45 form an integral part of these interim condensed financial statements.

## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
Revenue	5	6,538,632	7,381,886	6,515,967	7,381,886
Cost of sales	20	(5,635,276)	(7,015,130)	(5,604,417)	(6,969,928)
<b>Gross profit</b>		<b>903,357</b>	<b>366,756</b>	<b>911,550</b>	<b>411,958</b>
Distribution expenses	20	(529,527)	(704,276)	(526,321)	(699,580)
Administrative expenses	20	(992,863)	(1,219,507)	(986,851)	(1,210,702)
Impairment of investment in subsidiary		-	-	(105,869)	-
Impairment of goodwill		(113,408)	-	-	-
Other income / (expenses) - net		9,451	385,566	17,985	341,675
<b>Operating loss</b>		<b>(722,989)</b>	<b>(1,171,462)</b>	<b>(689,507)</b>	<b>(1,156,648)</b>
Finance income	21	44	122	44	122
Finance expenses	21	(52,695)	(65,798)	(49,606)	(56,091)
<b>Loss before income tax</b>		<b>(775,640)</b>	<b>(1,237,138)</b>	<b>(739,068)</b>	<b>(1,212,617)</b>
Income tax	22	195,991	30,062	195,991	30,062
<b>Net loss for the period (A)</b>		<b>(579,649)</b>	<b>(1,207,076)</b>	<b>(543,077)</b>	<b>(1,182,555)</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translation of foreign operations		176	(2,174)	-	-
<b>Total items that may be reclassified to profit or loss</b>		<b>176</b>	<b>(2,174)</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive loss for the period, net of tax (B)</b>		<b>176</b>	<b>(2,174)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss (after tax) (A)+(B)</b>		<b>(579,473)</b>	<b>(1,209,250)</b>	<b>(543,077)</b>	<b>(1,182,555)</b>
<b>Loss for the period attributable to:</b>					
Equity holders of the parent		(579,649)	(1,207,076)	(543,077)	(1,182,555)
		<b>(579,649)</b>	<b>(1,207,076)</b>	<b>(543,077)</b>	<b>(1,182,555)</b>
<b>Total comprehensive loss for the period attributable to:</b>					
Equity holders of the parent		(579,473)	(1,209,250)	(543,077)	(1,182,555)
		<b>(579,473)</b>	<b>(1,209,250)</b>	<b>(543,077)</b>	<b>(1,182,555)</b>
Total weighted number of ordinary shares		25,584,594	25,584,594	25,584,594	25,584,594
Adjusted weighted average number of ordinary shares		25,584,594	25,584,594	25,584,594	25,584,594
<b>Loss per share (basic and diluted)</b>		<b>(0.0227)</b>	<b>(0.0472)</b>	<b>(0.0212)</b>	<b>(0.0462)</b>

The notes on pages 20 to 45 form an integral part of these interim condensed financial statements.



## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

### GROUP

	Attributable to owners of the parent				
	Share capital	Share premium	Reserves	Retained earnings	Total
<b>1 January 2020</b>	<b>8,954,608</b>	<b>600,000</b>	<b>377,638</b>	<b>(4,273,242)</b>	<b>5,659,005</b>
Net loss for the period	-	-	-	(1,207,076)	(1,207,076)
Other comprehensive loss	-	-	(2,174)	-	(2,174)
<b>Total comprehensive loss for the period (net of tax)</b>	<b>-</b>	<b>-</b>	<b>(2,174)</b>	<b>(1,207,076)</b>	<b>(1,209,250)</b>
<b>30 June 2020</b>	<b>8,954,608</b>	<b>600,000</b>	<b>375,464</b>	<b>(5,480,318)</b>	<b>4,449,754</b>
Net loss for the period	-	-	-	(1,411,835)	(1,411,835)
Other comprehensive loss	-	-	(2,192)	(23,579)	(25,770)
<b>Total comprehensive loss for the period (net of tax)</b>	<b>-</b>	<b>-</b>	<b>(2,192)</b>	<b>(1,435,414)</b>	<b>(1,437,606)</b>
<b>31 December 2020</b>	<b>8,954,608</b>	<b>600,000</b>	<b>373,272</b>	<b>(6,915,732)</b>	<b>3,012,148</b>
<b>1 January 2021</b>	<b>8,954,608</b>	<b>600,000</b>	<b>373,272</b>	<b>(6,915,732)</b>	<b>3,012,148</b>
Net loss for the period	-	-	-	(579,649)	(579,649)
Other comprehensive income	-	-	176	-	176
<b>Total comprehensive income / (loss) for the period (net of tax)</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>(579,649)</b>	<b>(579,473)</b>
Share capital decrease	(4,988,996)	-	-	4,988,996	-
<b>30 June 2021</b>	<b>3,965,612</b>	<b>600,000</b>	<b>373,448</b>	<b>(2,506,385)</b>	<b>2,432,675</b>

The notes on pages 20 to 45 form an integral part of these interim condensed financial statements.

**COMPANY**

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
<b>1 January 2020</b>		<b>8,954,608</b>	<b>600,000</b>	<b>377,638</b>	<b>(3,525,671)</b>	<b>6,406,575</b>
Net loss for the period		-	-	-	(1,182,555)	(1,182,555)
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive loss for the period (net of tax)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,182,555)</b>	<b>(1,182,555)</b>
<b>30 June 2020</b>		<b>8,954,608</b>	<b>600,000</b>	<b>377,638</b>	<b>(4,708,227)</b>	<b>5,224,020</b>
Net loss for the period		-	-	-	(1,913,710)	(1,913,710)
Other comprehensive loss		-	-	-	(23,579)	(23,579)
<b>Total comprehensive loss for the period (net of tax)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,937,289)</b>	<b>(1,937,289)</b>
<b>31 December 2020</b>		<b>8,954,608</b>	<b>600,000</b>	<b>377,638</b>	<b>(6,645,515)</b>	<b>3,286,731</b>
<b>1 January 2021</b>		<b>8,954,608</b>	<b>600,000</b>	<b>377,638</b>	<b>(6,645,515)</b>	<b>3,286,731</b>
Net loss for the period		-	-	-	(543,077)	(543,077)
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive loss for the period (net of tax)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(543,077)</b>	<b>(543,077)</b>
Reserve created due to spin-off of Fintech sector	15	-	-	254,606	-	254,606
Transfer of accumulated loss of transitional period of spin-off of Fintech sector	10	-	-	-	176,179	176,179
Share capital decrease	14	(4,988,996)	-	-	4,988,996	-
<b>30 June 2021</b>		<b>3,965,612</b>	<b>600,000</b>	<b>632,244</b>	<b>(2,023,418)</b>	<b>3,174,438</b>

The notes on pages 20 to 45 form an integral part of these interim condensed financial statements.

## INTERIM CONDENSED CASH FLOW STATEMENT

	Note	GROUP		COMPANY	
		01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
<b>Operating activities</b>					
Loss before tax		(775,640)	(1,237,138)	(739,068)	(1,212,617)
<b>Adjustments for:</b>					
Depreciation and amortization	6,7,8	746,406	786,341	746,406	786,341
Impairment of investment in subsidiary	10	-	-	105,869	-
Impairment of goodwill	9	113,408	-	-	-
Employee benefit plans		31,210	26,185	27,291	26,185
Net finance expenses	21	52,650	65,676	49,561	55,969
Exchange differences		14,328	8,247	15,430	8,247
Rent concessions		(22,620)	(9,731)	(22,620)	(9,731)
Loss on write-offs of property, plant and equipment		7	-	7	-
Other movements relating to leases		(275)	-	(275)	-
<b>Changes in working capital:</b>					
Increase in inventories		(97,316)	(258,523)	(97,316)	(258,523)
Decrease / (increase) in receivables		1,023,014	(508,945)	948,656	(534,253)
(Decrease) / increase in payables		(829,196)	1,109,990	(792,914)	1,250,223
<b>Less:</b>					
Interest and other finance expenses paid		(54,044)	(59,066)	(50,955)	(49,360)
<b>Net cash flows generated from / (used in) operating activities</b>		<b>201,932</b>	<b>(76,964)</b>	<b>190,073</b>	<b>62,483</b>
<b>Investing activities</b>					
Share capital increase of subsidiary	10	-	-	-	(70,000)
Purchase of property, plant and equipment and intangible assets		(149,486)	(147,905)	(149,486)	(147,905)
Cash acquired on acquisition of subsidiary	9	-	6,140	-	-
Interest received		44	122	44	122
<b>Net cash flows used in investing activities</b>		<b>(149,442)</b>	<b>(141,643)</b>	<b>(149,442)</b>	<b>(217,783)</b>
<b>Financing activities</b>					
Repayments of borrowings		(225,811)	(45,811)	(225,811)	(45,811)
Repayment of lease liabilities		(165,433)	(178,532)	(165,433)	(178,532)
Receipt of repayable state cash advance		-	150,774	-	150,774
<b>Net cash flows used in financing activities</b>		<b>(391,244)</b>	<b>(73,569)</b>	<b>(391,244)</b>	<b>(73,569)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(338,753)</b>	<b>(292,176)</b>	<b>(350,612)</b>	<b>(228,869)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>1,009,325</b>	<b>1,860,130</b>	<b>989,903</b>	<b>1,731,947</b>
Effects of exchange rate changes on cash and cash equivalents		176	(2,174)	-	-
<b>Cash and cash equivalents at the end of the period</b>		<b>670,748</b>	<b>1,565,780</b>	<b>639,290</b>	<b>1,503,078</b>

The notes on pages 20 to 45 form an integral part of these interim condensed financial statements

## NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

### 1. General information

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

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

These consolidated and separate unaudited interim condensed financial statements for the period ended June 30, 2021 were approved by the Board of Directors of "Neurosoft S.A." on September 20, 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](http://www.neurosoft.gr), under the section "Investor Relations" and sub-section "Financial Reports".

#### Information on the Subsidiaries:

- (a) «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a stake of 100% of its share capital,
- (b) «Neurosoft Romania Srl.» headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd,
- (c) «Neurosoft Cyber and Analytics Ltd », headquartered in United Kingdom, in which the Company 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 FZE, headquartered in UAE, in which the Company holds a stake of 100% of its share capital.
- (e) TensorFin Software Production Single Member Société Anonyme, headquartered in Greece, in which the Company holds a stake of 100% of its share capital.
- (f) 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.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation of financial statements

The consolidated and separate interim condensed financial statements, for the six-month period ended at June 30, 2021, have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The consolidated and separate interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the published annual financial statements for the year ended December 31, 2020, which are available on the Company's website [www.neurosoft.gr](http://www.neurosoft.gr).

These interim condensed separate and consolidated financial information have been prepared under the historical cost convention and the assumption of business continuity. Management continuously assesses the conditions and potential effects of the Company's operations in order to ensure that it will continue as a going concern.

The accounting policies adopted for the preparation of these interim financial statements are consistent with those followed for the year ended December 31, 2020, considering the changes to Standards and Interpretations applicable from 01.01.2021.

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

### 2.1.1 Going Concern

Management continuously assesses the likely impact of any changes in the macroeconomic and financial environment in Greece in order to ensure that all necessary actions and measures are taken to minimize any impact on the Group's activities.

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.

On May 3, 2021, as a result of the mass vaccination scheme initiated, the restrictive measures imposed by the Government on November 7, 2020 began to be gradually lifted. Additionally, during the six months ended June 30 2021, the worldwide restrictions to mobility have been gradually relaxed due to rapid vaccination progress, leading to increased economic activity and improved global macro-economic indicators.

The extent to which the coronavirus (COVID-19) epidemic will affect the Company's and the Group's operations and our business development strategy will largely depend on future developments which are highly uncertain and cannot be predicted at this point in time. 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 was less than half ( $\frac{1}{2}$ ) of the share capital and therefor the conditions of article 119, par. 4 of Law 4548/2018 were met. On June 14, 2021, based on the decision of the Company's Ordinary General Meeting according to article 119 par.4 of Law 4548/2018, the reduction of share capital was decided with the equivalent offsetting of previous years' accumulated losses amounting to €4,988,995.83 and the simultaneous reduction of the nominal value of Company's shares by the amount of €0.195. Following this reduction the Group's and Company's total equity has become greater than half ( $\frac{1}{2}$ ) of the share capital.

Additionally, as of June 30, 2021, the Group and the Company have positive working capital of €898,126 and €1,016,506 respectively, maintain a strong financial position with the Group's cash and cash equivalents amounting to €670,748 and have sufficient undrawn borrowing facilities that can be utilized, without any restrictions, if needed.

Based on the above and the management's current assessment no deviation from the going concern basis is expected and as a result, the interim condensed financial statements have been prepared on this basis.

## 2.2 New Standards, amendments to standards and interpretations

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after January 1, 2021. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

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

#### **IFRS 16 (Amendment) "Covid-19-Related rent concessions"**

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.

#### **IFRS 4 (Amendment) "Extension of the temporary exemption from applying IFRS 9"**

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 'Insurance Contracts' from applying IFRS 9 'Financial Instruments', so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023.

#### **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) "Interest rate benchmark reform - Phase 2"**

These 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.

### 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 April 1, 2021)

The amendment extends the application period of the practical expedient in relation to rent concessions by one year to cover rental concessions that reduce leases due only on or before June 30, 2022.

#### **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 property, plant and equipment 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.

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

The amendment clarifies that 'costs to fulfil a contract' comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

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

The amendment updated the standard to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, an exception was added for some types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

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

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

**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.

**IAS 12 (Amendments) 'Deferred tax related to Assets and Liabilities arising from a Single Transaction'** (effective for annual periods beginning on or after 1 January 2023)

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This will typically apply to transactions such as leases for the lessee and decommissioning obligations. 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 1 January 2022)

The amendments set out below include changes to certain IFRSs.

**IFRS 9 'Financial instruments'**

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

## IFRS 16 'Leases'

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

### International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision

#### **IAS 19 "Employee Benefits" - Attributing Benefit to Periods of Service**

An agenda decision was published in May 2021 by the IFRIC in relation to IAS 19 "employee benefits" and more specifically to how the applicable principles and requirements in IFRS Standards apply to attributing benefit to periods of service. The impact on the Group's and Company's financial statements from the adoption of this decision cannot be reliably evaluated at this point in time.

## **2.3 Basis of consolidation**

### **(a) Subsidiaries**

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

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

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

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

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

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



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

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

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

### **2.4 Goodwill**

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

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

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

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

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

### **2.5 Reclassifications**

Previous year amounts, indicated below, have been reclassified so that the Statement of Financial Position, of the Group and the Company as of 31/12/2020 are comparable to the Statement of Financial Position as of 30/06/2021. More specifically:

- An amount of €233,893 for the Group and the Company has been reclassified from “Current lease liabilities” to “Non-current lease liabilities”.

Apart from the above, certain reclassifications have been made to prior period balances within the Operating Activities in the Cash Flow Statement and within the individual notes to conform to current period classifications. These reclassifications did not have any impact on the equity or results of the Group and the Company.

### 3. Financial risk management

#### 3.1 Financial risk factors

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

##### (a) Market risk

###### i) Foreign exchange risk

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.

##### (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, the credit risk increases, especially in relation to foreign customers, for whom the effective control of their credibility is not always easy. Therefore, the Company continuously develops and further evolves its internal risk management mechanisms to fully confront this risk. Consequently, although credit risk exists in the context of the general adverse economic environment, it is currently considered as controlled by the Group and the Company.

##### (c) Liquidity risk

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

#### 3.2 Capital management

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

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2021</u>	<u>31.12.2020</u>	<u>30.06.2021</u>	<u>31.12.2020</u>
Long-term borrowings	343,581	389,392	343,581	389,392
Short-term borrowings	191,622	371,622	191,622	371,622
Long-term lease liabilities	478,875	586,118	478,875	586,118
Short-term lease liabilities	347,927	352,225	347,927	352,225
Cash and cash equivalents	<u>(670,748)</u>	<u>(1,009,325)</u>	<u>(639,290)</u>	<u>(989,903)</u>
<b>Net debt</b>	<b><u>691,256</u></b>	<b><u>690,031</u></b>	<b><u>722,714</u></b>	<b><u>709,454</u></b>
<b>Total equity</b>	<b><u>2,432,676</u></b>	<b><u>3,012,149</u></b>	<b><u>3,174,438</u></b>	<b><u>3,286,731</u></b>
<b>Net debt to equity</b>	0.284	0.229	0.228	0.216

### 3.3 Other risks

The coronavirus (COVID-19) emerged as a global pandemic in the first quarter of 2020 and has affected business and economic activity around the world, including Greece and Cyprus. The rapid evolution of the virus and the subsequent Governments' interventions along with the related restrictions have resulted in the suspension of many businesses. Although the Group's activities were not suspended, some of its business activities have been limited depending on the suspension of certain customers' activities. Based on current data, despite the fact that Group's and Company's revenues are notably affected, the overall financial performance has been improved as a result of the robust business continuity plans implemented by Neurosoft taking actions on its cost structure to preserve liquidity.

In this environment, Neurosoft proceeded with the implementation of a set of decisive actions following Government guidelines in response to coronavirus (COVID-19) focusing on the safety and well-being of its employees, customers and partners while at the same time assuring its business continuity.

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.

At this stage, despite the coronavirus (COVID-19) impact, the Group maintains a strong financial position as the cash and cash equivalents as at 30.06.2021 amount to € 670,748. Neurosoft took limited advantage of government supporting measures, such as tax reliefs or tax offset advantages and rent reduction payments, as well, to strengthen its liquidity. Additionally, on April 9, 2021 the Company's open credit facility limit increased by €500,000 to €2,000,000. Therefore, the Company has sufficient undrawn borrowing facilities that can be utilized, without any restrictions, to fund any potential shortfall in cash resources. Finally, Neurosoft continues its efforts implemented in 2020 in relation to cost mitigation actions.

The Management is closely monitoring the developments around the coronavirus (COVID-19) and is constantly assessing its implications on the Group's performance. It is also taking pre-emptive actions to ensure the health and safety of its employees and partners, as well as, the continuity of its business as mentioned above. Having satisfactory cash reserves, the Management expects that the Group will be enabled to meet the financing costs and working capital needs, and its ability to continue as going concern will not be affected.

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

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

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

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

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

##### **(b) Deferred tax assets**

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

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

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

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

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

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

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

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

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

**(g) Impairment of intangible assets**

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

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

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

**(i) Impairment of goodwill**

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

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

Costs that are directly associated with development of software programs controlled by the Group, are recognized 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 semi-annual period ended June 30, 2021 and 2020 is analyzed as follows:

	Fintech and Analytics	Cyber Security Operations	Systems Engineering	Total
<b>01.01.2021 - 30.06.2021</b>				
Revenue	597,972	967,655	4,973,005	6,538,632
Cost of sales	(594,334)	(789,859)	(4,251,083)	(5,635,276)
<b>Gross profit</b>	<b>3,638</b>	<b>177,796</b>	<b>721,922</b>	<b>903,357</b>
<b>Operating loss</b>	<b>(137,377)</b>	<b>(263,402)</b>	<b>(322,210)</b>	<b>(722,989)</b>
<b>01.01.2020 - 30.06.2020</b>				
Revenue	319,067	578,105	6,484,714	7,381,886
Cost of sales	(843,123)	(950,429)	(5,221,578)	(7,015,130)
<b>Gross (loss) / profit</b>	<b>(524,056)</b>	<b>(372,324)</b>	<b>1,263,136</b>	<b>366,756</b>
<b>Operating (loss) / profit</b>	<b>(685,175)</b>	<b>(549,404)</b>	<b>63,117</b>	<b>(1,171,462)</b>

\* Fintech and Analytics segment includes the operating results of Company's subsidiaries "TensorFin Single Member SA" and "Daedalus Technologies FZE", for which a purchase binding offer has been made to the Company by a third party during the second semester of 2021 (note 25).

## 6. Property, plant and equipment

Property, plant and equipment are analyzed as follows:

GROUP & COMPANY						
	Note	Buildings	Machinery	Transportation means	Furniture and other equipment	Total
<b>Cost</b>						
1 January 2020		490,726	82,187	3,218	982,493	1,558,624
Additions		1,300	-	-	132,040	133,340
Write-offs		-	-	-	(50,896)	(50,896)
<b>30 June 2020</b>		<b>492,026</b>	<b>82,187</b>	<b>3,218</b>	<b>1,063,636</b>	<b>1,641,067</b>
Additions		7,250	9,550	-	26,952	43,752
<b>31 December 2020</b>		<b>499,276</b>	<b>91,737</b>	<b>3,218</b>	<b>1,090,589</b>	<b>1,684,820</b>
Additions		-	500	-	20,543	21,043
Write-offs		-	-	-	(143,760)	(143,760)
<b>30 June 2021</b>		<b>499,276</b>	<b>92,237</b>	<b>3,218</b>	<b>967,372</b>	<b>1,562,103</b>
<b>Accumulated depreciation</b>						
1 January 2020		(235,723)	(31,672)	(2,073)	(846,510)	(1,115,978)
Depreciation expense	20	(24,742)	(3,528)	(184)	(31,037)	(59,490)
Write-offs		-	-	-	50,896	50,896
<b>30 June 2020</b>		<b>(260,465)</b>	<b>(35,200)</b>	<b>(2,257)</b>	<b>(826,650)</b>	<b>(1,124,572)</b>
Depreciation expense		(25,768)	(3,926)	(184)	(51,245)	(81,123)
<b>31 December 2020</b>		<b>(286,233)</b>	<b>(39,125)</b>	<b>(2,441)</b>	<b>(877,896)</b>	<b>(1,205,695)</b>
Depreciation expense	20	(24,961)	(4,172)	(184)	(30,224)	(59,541)
Write-offs		-	-	-	143,752	143,752
<b>30 June 2021</b>		<b>(311,195)</b>	<b>(43,297)</b>	<b>(2,625)</b>	<b>(764,368)</b>	<b>(1,121,484)</b>
<b>Net book value at</b>						
<b>31.12.2020</b>		<b>213,043</b>	<b>52,611</b>	<b>777</b>	<b>212,693</b>	<b>479,123</b>
<b>Net book value at</b>						
<b>30.06.2021</b>		<b>188,082</b>	<b>48,940</b>	<b>593</b>	<b>203,004</b>	<b>440,617</b>

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:

	Note	<b>GROUP &amp; COMPANY</b>		
		<b>Buildings</b>	<b>Transportation means</b>	<b>Total</b>
<b>Cost</b>				
<b>1 January 2020</b>		<b>867,117</b>	<b>651,183</b>	<b>1,518,300</b>
Other movements		32,831	-	32,831
<b>30 June 2020</b>		<b>899,948</b>	<b>651,183</b>	<b>1,551,131</b>
Additions		-	219,763	219,763
Other movements		-	(13,019)	(13,019)
Termination of leases		(135,466)	-	(135,466)
<b>31 December 2020</b>		<b>764,482</b>	<b>857,927</b>	<b>1,622,409</b>
Additions		16,872	62,367	79,240
Other movements		27	(2,480)	(2,453)
<b>30 June 2021</b>		<b>781,382</b>	<b>917,814</b>	<b>1,699,195</b>
<b>Accumulated depreciation</b>				
<b>1 January 2020</b>		<b>(173,531)</b>	<b>(190,093)</b>	<b>(363,624)</b>
Depreciation expense	20	(92,487)	(103,939)	(196,425)
<b>30 June 2020</b>		<b>(266,017)</b>	<b>(294,032)</b>	<b>(560,050)</b>
Depreciation expense		(88,382)	(105,467)	(193,848)
Termination of leases		45,155	-	45,155
<b>31 December 2020</b>		<b>(309,244)</b>	<b>(399,499)</b>	<b>(708,743)</b>
Depreciation expense	20	(81,085)	(108,893)	(189,979)
<b>30 June 2021</b>		<b>(390,329)</b>	<b>(508,392)</b>	<b>(898,721)</b>
<b>Net book value at 31.12.2020</b>		<b>455,238</b>	<b>458,428</b>	<b>913,666</b>
<b>Net book value at 30.06.2021</b>		<b>391,053</b>	<b>409,422</b>	<b>800,474</b>

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

	<b>GROUP &amp; COMPANY</b>	<b>GROUP &amp; COMPANY</b>
	<b>30.06.2021</b>	<b>31.12.2020</b>
Lease liabilities (short-term portion)	347,927	352,225
Lease liabilities (long-term portion)	478,875	586,118
<b>Total lease liabilities</b>	<b>826,802</b>	<b>938,343</b>

During the six month period ended June 30, 2021, the Company has benefited from a 40% reduction of lease payments on buildings as a direct consequence of the Covid-19 pandemic. The effect of the 40% discount of lease payments of €22,620 (30.06.2020: €9,731) has been accounted for as a negative variable lease payment in profit or loss under "Other income / (expenses) - net".



## 8. Intangible assets

Intangible assets are analyzed as follows:

<b>GROUP</b>				
	Note	Software	Software development cost	Total
<b>Cost</b>				
1 January 2020		407,245	7,228,730	7,635,974
Additions		14,566	-	14,566
<b>30 June 2020</b>		<b>421,810</b>	<b>7,228,730</b>	<b>7,650,540</b>
Additions		55,583	-	55,583
<b>31 December 2020</b>		<b>477,393</b>	<b>7,228,730</b>	<b>7,706,123</b>
Additions		128,444	-	128,444
<b>30 June 2021</b>		<b>605,837</b>	<b>7,228,730</b>	<b>7,834,566</b>
<b>Accumulated amortisation and impairment</b>				
1 January 2020		(282,316)	(4,074,786)	(4,357,102)
Amortization charge	20	(23,867)	(506,558)	(530,425)
<b>30 June 2020</b>		<b>(306,182)</b>	<b>(4,581,345)</b>	<b>(4,887,527)</b>
Amortization charge		(35,251)	(489,052)	(524,302)
Impairment charge		-	(261,088)	(261,088)
<b>31 December 2020</b>		<b>(341,433)</b>	<b>(5,331,485)</b>	<b>(5,672,918)</b>
Amortization charge	20	(77,225)	(419,661)	(496,886)
<b>30 June 2021</b>		<b>(418,658)</b>	<b>(5,751,146)</b>	<b>(6,169,804)</b>
<b>Net book value at 31.12.2020</b>		<b>135,960</b>	<b>1,897,245</b>	<b>2,033,205</b>
<b>Net book value at 30.06.2021</b>		<b>187,179</b>	<b>1,477,584</b>	<b>1,664,762</b>
<b>COMPANY</b>				
	Note	Software	Software development cost	Total
<b>Cost</b>				
1 January 2020		407,245	7,228,730	7,635,974
Additions		14,566	-	14,566
<b>30 June 2020</b>		<b>421,810</b>	<b>7,228,730</b>	<b>7,650,540</b>
Additions		55,583	-	55,583
<b>31 December 2020</b>		<b>477,393</b>	<b>7,228,730</b>	<b>7,706,123</b>
Additions		128,444	-	128,444
Contribution due to spin-off of Fintech sector	10	(7,943)	(1,941,570)	(1,949,513)
<b>30 June 2021</b>		<b>597,894</b>	<b>5,287,159</b>	<b>5,885,053</b>
<b>Accumulated amortisation and impairment</b>				
1 January 2020		(282,316)	(4,074,786)	(4,357,102)
Amortization charge	20	(23,867)	(506,558)	(530,425)
<b>30 June 2020</b>		<b>(306,182)</b>	<b>(4,581,345)</b>	<b>(4,887,527)</b>
Amortization charge		(35,251)	(489,052)	(524,302)
Impairment charge		-	(261,088)	(261,088)
<b>31 December 2020</b>		<b>(341,433)</b>	<b>(5,331,485)</b>	<b>(5,672,918)</b>
Amortization charge	20	(77,225)	(419,661)	(496,886)
Contribution due to spin-off of Fintech sector	10	6,955	1,309,870	1,316,825
<b>30 June 2021</b>		<b>(411,703)</b>	<b>(4,441,276)</b>	<b>(4,852,979)</b>
<b>Net book value at 31.12.2020</b>		<b>135,960</b>	<b>1,897,245</b>	<b>2,033,205</b>
<b>Net book value at 30.06.2021</b>		<b>186,191</b>	<b>845,883</b>	<b>1,032,074</b>

## 9. Goodwill

	<b>30.06.2021</b>	<b>31.12.2020</b>
Opening Balance	113,408	-
Acquisition of Daedalus	-	113,408
Impairment loss	(113,408)	-
Closing balance	-	113,408

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 FZE, 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 had been agreed for the total maximum amount of €250,000 subject to DAEDALUS TECHNOLOGIES FZE revenue accomplishments. On 31.03.2020 the Company concluded the acquisition of 100% of DAEDALUS TECHNOLOGIES FZE'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 FZE 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 was paid in April 2021.

### Assets and liabilities at acquisition

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

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

### Goodwill arising on acquisition

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

Purchase consideration	85,869
Net identifiable assets acquired	(27,539)
<b>Goodwill</b>	<b>113,408</b>

## Impairment of goodwill

Goodwill is subject to impairment testing from Management at each reporting date or more frequently if events or changes in circumstances indicate a potential impairment. As a result of the impairment of Company's investment in Daedalus, as described in note 10, the Group proceeded to the full impairment of goodwill arising on the acquisition of Daedalus recognizing an impairment loss of €113,408 in the Group's condensed statement of comprehensive income under the line "Impairment of goodwill".

## 10. Investment in subsidiaries

Subsidiaries of the Company are analyzed as follows:

Company Name	30.06.2021		31.12.2020	
	Value of participation	% of participation	Value of participation	% of participation
NEUROSOFT CYPRUS LTD	242,930	100%	242,930	100%
NEUROSOFT ROMANIA SRL*	-	95%	-	95%
TENSORFIN SINGE MEMBER SA	752,060	100%	-	0%
DAEDALUS TECHNOLOGIES FZE	50,000	100%	155,869	100%
	<u>1,044,990</u>		<u>398,799</u>	

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

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	30.06.2021	31.12.2020
<b>Opening Balance</b>		<b>398,799</b>	<b>542,931</b>
Acquisition of Daedalus	9	-	85,869
Share capital increase of subsidiary		-	70,000
Participation in Tensorfin due to spin-off of Fintech sector		752,060	-
Impairment losses		(105,869)	(300,000)
<b>Closing Balance</b>		<b>1,044,990</b>	<b>398,799</b>

### Spin-off of Fintech sector

On December 28, 2020, the Board of Directors of the Company resolved to commence the process of a demerger by way of spin-off of the FINTECH sector and its contribution into a new entity (the "Beneficiary Entity") to be incorporated pursuant to the provisions of 54 para.3, 57 para.3 and 59-74 and 83-87 of L.4601/2019 and L.4548/2018, as in force and article 52 of Law 4172/2013 (hereinafter the "Demerger"). The Demerger was approved by the Extraordinary General Meeting of Company's shareholders on May 21, 2021.

The spin-off will facilitate the 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.

On December 31, 2020, a Transformation Balance Sheet of the demerged sector was drawn up for the purposes of the Demerger. The verification of the value of the spin off sector's assets and liabilities as of December 31, 2020 has been conducted by the auditing company Q.A.S Certified Auditors and Accountants Ltd.

The spin-off procedure was completed on June 14, 2021, upon registration in the Greek General Commercial Registry (G.E.M.I.) of the Beneficiary Entity under the corporate name "TensorFin Software Production Single Member Société Anonyme", with the distinctive title "TensorFin Single Member SA". All the data resulting from the Transformation Balance Sheet date up to the date of completion of the spin-off process ("Transitional period") are transferred to the Beneficiary Entity on the date of completion of the demerger. Following the completion of the spin-off process, the Beneficiary Entity is a wholly-owned (100%) subsidiary of the Company with no effect on the Group's ownership interest.

Following the completion of the process, the assets and liabilities, as they have been formed on June 14, 2021 were transferred from the Company to the new incorporated entity "Tensorfin Single Member SA", as follows:

<u>Balances at the spin-off date (June 14, 2021)</u>	<u>Neurosoft SA</u>	<u>Tensorfin Single Member SA</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	(632,688)	887,294
Investments	752,060	-
	<u>119,372</u>	<u>887,294</u>
<b>Current assets</b>		
Trade receivables	(164,502)	164,502
Other current assets	(12,569)	12,569
	<u>(177,071)</u>	<u>177,071</u>
<b>Total assets</b>	<u>(57,699)</u>	<u>1,064,365</u>
<b>EQUITY</b>		
Share capital	-	752,060
Reserve created due to spin-off of Fintech sector	254,606	-
Transfer of accumulated loss of transitional period of spin-off of Fintech sector	176,179	(176,179)
<b>Total equity</b>	<u>430,785</u>	<u>575,881</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	(135,497)	135,497
Employee benefit plans	(68,438)	68,438
	<u>(203,935)</u>	<u>203,935</u>
<b>Current liabilities</b>		
Trade payables	(75,780)	75,780
Other current liabilities	(208,769)	208,769
	<u>(284,549)</u>	<u>284,549</u>
<b>Total liabilities</b>	<u>(488,484)</u>	<u>488,484</u>
<b>Total equity and liabilities</b>	<u>(57,699)</u>	<u>1,064,365</u>

### Impairment of Daedalus Technologies FZE

According to a binding offer received by a third party, as referred to in note 25, the Company intends to sell its subsidiary "Daedalus Technologies FZE" during the second half of 2021. The total consideration, offered by the third party, for the acquisition of 100% of Company's stake in Daedalus amounts to €50,000, which is well below of the value of Company's investment in Daedalus of €155,869. As a result the carrying value of Company's investment in Daedalus was adjusted and an impairment loss of €105,869 was recognized, during the six month period ended June 30, 2021, in the separate condensed statement of comprehensive income under the line "Impairment of investment in subsidiary".

## 11. Trade receivables

Trade receivable are analyzed as follows:

	Note	GROUP		COMPANY	
		30.06.2021	31.12.2020	30.06.2021	31.12.2020
Trade receivables		1,702,036	2,854,945	1,537,534	2,791,516
Trade receivables - Related parties	23	491,550	1,223,692	479,963	1,223,692
Cheques and notes receivable		65,078	61,084	65,078	61,084
Doubtful trade receivables		174,321	174,321	174,321	174,321
Other		68,932	-	68,932	-
Less: Allowance for doubtful trade receivable		(198,299)	(198,299)	(198,299)	(198,299)
<b>Total</b>		<b>2,303,618</b>	<b>4,115,743</b>	<b>2,127,529</b>	<b>4,052,314</b>

The fair value of trade receivables approximate their carrying values.

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables impairment provision of €198,299 as of June 30, 2021 and December 31, 2020 relates to trade receivables overdue for more than 1 year.

## 12. Other current assets

Other current assets are analyzed as follows:

	Note	GROUP		COMPANY	
		30.06.2021	31.12.2020	30.06.2021	31.12.2020
Prepaid expenses		254,325	411,777	183,566	347,570
Contract assets		964,535	85,500	943,197	85,500
Advances to suppliers/creditors		157,523	125,994	157,523	125,994
Advances to employees and other advances		4,830	5,522	4,830	5,522
Receivables from related parties	23	-	-	300,682	170,257
Other debtors		81,312	53,069	36,821	38,920
Less: Provision for impairment		(25,922)	(25,922)	(196,179)	(196,179)
<b>Total</b>		<b>1,436,603</b>	<b>655,940</b>	<b>1,430,440</b>	<b>577,585</b>

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

## 13. Cash and cash equivalents

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Cash in hand	14,894	4,483	14,836	4,010
Cash at bank	655,855	1,004,842	624,455	985,893
<b>Total</b>	<b>670,748</b>	<b>1,009,325</b>	<b>639,290</b>	<b>989,903</b>

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

#### 14. Share capital

As of December 31, 2020, the Company's share capital amounted to €8,954,608, divided into 25,584,594 ordinary shares with a par value of €0.35 each.

On June 14, 2021, based on the decision of the Company's Ordinary General Meeting according to article 119 par.4 of Law 4548/2018, the reduction of Company's share capital was decided with the equivalent offsetting of previous years' accumulated losses amounting to €4,988,995.83 and the simultaneous reduction of the nominal value of Company's shares by the amount of €0.195. Following this reduction the Company's share capital as of June 30, 2021, amounts to €3,965,612.07 divided into 25,584,594 ordinary shares with a par value of €0.155 each.

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

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

#### 15. Reserves

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2021</u>	<u>31.12.2020</u>	<u>30.06.2021</u>	<u>31.12.2020</u>
Legal reserve	372,792	372,792	372,792	372,792
Foreign currency reserve	(4,190)	(4,366)	-	-
Other reserves	-	-	254,606	-
Special reserves	4,847	4,847	4,847	4,847
<b>Total</b>	<b>373,448</b>	<b>373,272</b>	<b>632,244</b>	<b>377,638</b>

**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.

**Other reserves:** Other reserves of €254,606 were created due to the spin-off of the Fintech sector (the "Demerged Sector") and its contribution into a new entity incorporated pursuant to the provisions of 54 para.3, 57 para.3 and 59-74 and 83-87 of L.4601/2019 and L.4548/2018, as in force and article 52 of Law 4172/2013. The amount of €254,606 recognized in Company's reserves represent the difference arising from the valuation of the demerged sector and the book value of the demerged assets and liabilities as of December 31, 2020.

## 16. Borrowings

	<b>GROUP AND COMPANY</b>	
	<u>30.06.2021</u>	<u>31.12.2020</u>
<b>Long-term borrowings</b>		
Long-term bank borrowings	343,581	389,392
<b>Total non-current borrowings</b>	<u>343,581</u>	<u>389,392</u>
<b>Short-term borrowings</b>		
Short-term portion of long-term bank borrowings	91,622	91,622
Other short-term bank borrowings	100,000	280,000
<b>Total current borrowings</b>	<u>191,622</u>	<u>371,622</u>
<b>Total borrowings</b>	<u><u>535,202</u></u>	<u><u>761,013</u></u>

On March 30, 2016, the Company signed a supplemental agreement with Alpha Bank S.A. in order to amend the repayment terms of the outstanding balance of the loan as of that date of €916,216. According to the terms of this agreement, the loan is repayable within 10 years in 40 equal quarterly installments of €22,905.39, with the last installment payable on December 31, 2025. As of June 30, 2021, the outstanding balance of the loan amounts to €435,502. 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. On April 9 2021, the Company signed a supplemental agreement with Eurobank S.A., according to which the credit limit of the open credit facility account increased from €1,500,000 to €2,000,000. All other terms of the initial loan agreement with Eurobank S.A. remain unchanged. The facility is at floating rate, equal to the working capital base rate as announced by the Bank. As of June 30, 2021, the outstanding balance of the loan amounts to €100,000.

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:

<b>GROUP AND COMPANY</b>	<b>Year of maturity</b>	<u>31.12.2020</u>		<u>30.06.2021</u>
		<u>Book value</u>	<u>Repayments</u>	<u>Book value</u>
Loan, amount €916,216	2025	481,013	(45,811)	435,202
Open credit facility, €2,000,000		280,000	(180,000)	100,000
		<u>761,013</u>	<u>(225,811)</u>	<u>535,202</u>

## 17. Trade payables

Trade payables are analyzed as follows:

	<b>Note</b>	<b>GROUP</b>		<b>COMPANY</b>	
		<u>30.06.2021</u>	<u>31.12.2020</u>	<u>30.06.2021</u>	<u>31.12.2020</u>
Trade payables		1,079,351	1,640,208	930,571	1,562,208
Trade payables - Related parties	23	-	82,131	73,000	160,131
Cheques payable			35,485		35,485
<b>Total</b>		<u>1,079,351</u>	<u>1,757,824</u>	<u>1,003,571</u>	<u>1,757,824</u>

The fair value of trade payables approximate their carrying values.

## 18. Other tax liabilities

Tax liabilities are analyzed as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>30.06.2021</u>	<u>31.12.2020</u>	<u>30.06.2021</u>	<u>31.12.2020</u>
VAT payable	331,662	508,711	331,175	500,737
Other taxes and duties	225,676	266,640	221,333	260,643
<b>Total</b>	<b><u>557,338</u></b>	<b><u>775,352</u></b>	<b><u>552,508</u></b>	<b><u>761,380</u></b>

## 19. Other current liabilities

Other current liabilities are analyzed as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>30.06.2021</u>	<u>31.12.2020</u>	<u>30.06.2021</u>	<u>31.12.2020</u>
Social security liabilities	449,393	589,143	436,190	586,616
Contract liabilities	365,802	422,230	280,852	422,230
Advances from customers	11,799	12,876	11,799	12,876
Accrued expenses	171,140	251,321	210,614	234,942
Other current liabilities	522,364	182,243	322,419	64,724
<b>Total</b>	<b><u>1,520,497</u></b>	<b><u>1,457,813</u></b>	<b><u>1,261,873</u></b>	<b><u>1,321,388</u></b>

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

Accrued expenses for the Group and the Company include an amount of €6,404 (2020: €11,010), regarding accrued interest expense for the Group's and Company's borrowings (Note 16).

## 20. Expenses per category

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2020 - 30.06.2020</u>
Payroll and related costs	3,458,874	3,670,860	3,423,638	3,579,019
Third party fees and services	1,493,891	2,281,406	1,513,612	2,335,441
Taxes and duties	1,007	9,911	657	6,185
Cost of sales of inventory and consumables	538,581	754,993	538,581	754,993
Depreciation of PPE and right-of-use assets and amortization of intangible assets	746,406	786,341	746,406	786,341
Sundry expenses	918,907	1,435,403	894,694	1,418,230
<b>Total</b>	<b><u>7,157,665</u></b>	<b><u>8,938,914</u></b>	<b><u>7,117,589</u></b>	<b><u>8,880,209</u></b>



Sundry expenses are analyzed as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2020 - 30.06.2020</u>
Third party logistics- warehousing services	94,491	123,873	94,491	123,873
Third party transportation expenses	125,358	304,348	125,358	304,348
Subscriptions	195,735	96,273	195,735	96,273
Consumables	33,372	403,708	33,372	403,708
Third party expenses	52,281	53,660	49,975	52,441
Travel expenses	119,535	142,952	108,350	134,714
Advertising costs	16,624	53,872	16,624	53,872
Other expenses	281,511	256,716	270,790	249,001
	<b><u>918,907</u></b>	<b><u>1,435,403</u></b>	<b><u>894,694</u></b>	<b><u>1,418,230</u></b>

The above expenses of the Group and the Company for the periods ended June 30, 2021 and 2020, are allocated as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2020 - 30.06.2020</u>
Cost of sales	5,635,276	7,015,130	5,604,417	6,969,928
Distribution expenses	529,527	704,276	526,321	699,580
Administrative expenses	992,863	1,219,507	986,851	1,210,702
<b>Total</b>	<b><u>7,157,665</u></b>	<b><u>8,938,914</u></b>	<b><u>7,117,589</u></b>	<b><u>8,880,209</u></b>

## 21. Finance income / (expenses)

Finance income / (expenses) are analyzed as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2020 - 30.06.2020</u>	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2020 - 30.06.2020</u>
<b>Finance expenses</b>				
Interest expense on bank borrowings	(6,479)	(6,682)	(6,479)	(6,682)
Interest expense on lease liabilities	(15,613)	(19,076)	(15,613)	(19,076)
Other finance expenses	(30,603)	(40,040)	(27,514)	(30,333)
<b>Total finance expenses</b>	<b><u>(52,695)</u></b>	<b><u>(65,798)</u></b>	<b><u>(49,606)</u></b>	<b><u>(56,091)</u></b>
<b>Finance income</b>				
Interest income	44	122	44	122
<b>Total finance income</b>	<b><u>44</u></b>	<b><u>122</u></b>	<b><u>44</u></b>	<b><u>122</u></b>
<b>Total finance expenses - net</b>	<b><u>(52,650)</u></b>	<b><u>(65,676)</u></b>	<b><u>(49,561)</u></b>	<b><u>(55,969)</u></b>

## 22. Income taxes

	GROUP		COMPANY	
	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
Deferred tax	(195,991)	30,062	(195,991)	30,062
<b>Total</b>	<b>(195,991)</b>	<b>30,062</b>	<b>(195,991)</b>	<b>30,062</b>

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

For the current period deferred tax was calculated using the 22% rate according to law 4799/2021 (Government’s Gazette A’ 78/18.5.2021), which amended the Income Tax Code (Law 4172/2013). The deferred tax for the comparative period was calculated using the 24% rate under the applicable then law in Greece 4646/2019 (Government’s Gazette A’ 201/12.12.2019), that amended the Income Tax Code (Law 4172/2013).

## 23. Related parties

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

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

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

### a) Transactions with related parties

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

	GROUP		COMPANY	
	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
<b>Sales of services</b>				
OPAP S.A.	3,189,325	3,411,755	3,189,325	3,411,755
OPAP SPORTS LTD	5,005	-	-	-
TORA WALLET S.A.	11,932	11,932	11,932	11,932
OPAP CYPRUS LTD	20,087	-	-	-
	<b>3,226,349</b>	<b>3,423,687</b>	<b>3,201,257</b>	<b>3,423,687</b>

	GROUP		COMPANY	
	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
<b>Purchase of services</b>				
Neurosoft Cyprus Ltd	-	-	-	51,000
Daedalus Technologies FZE	-	-	-	15,000
Metasan S.A.	63,947	-	63,947	-
	<b>63,947</b>	-	<b>63,947</b>	<b>66,000</b>

### 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 €460,587 (30.06.2020: €563,380).

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	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
<b>Trade receivables from related parties</b>				
OPAP S.A.	479,244	1,222,477	479,244	1,222,477
TORA WALLET S.A.	719	719	719	719
OPAP CYPRUS LTD	8,439	496	-	496
OPAP SPORTS LTD	3,148	-	-	-
	<b>491,550</b>	<b>1,223,692</b>	<b>479,963</b>	<b>1,223,692</b>
<b>Other receivables from related parties</b>				
<b>- Loans granted to related parties</b>				
Neurosoft Cyprus Ltd	-	-	125,230	125,230
	-	-	<b>125,230</b>	<b>125,230</b>
<b>Other receivables from related parties</b>				
Neurosoft Cyprus Ltd	-	-	45,027	45,027
TensorFin Single Member SA	-	-	130,425	-
	-	-	<b>175,452</b>	<b>45,027</b>
<b>Total other receivables from related parties</b>	-	-	<b>300,682</b>	<b>170,257</b>

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.

	GROUP		COMPANY	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
<b>Trade payables to related parties</b>				
Neurosoft Cyprus Ltd	-	-	18,000	33,000
Daedalus Technologies FZE	-	-	55,000	45,000
Metasan S.A.	-	82,131	-	82,131
	-	<b>82,131</b>	<b>73,000</b>	<b>160,131</b>

## 24. Contingencies

### a) Legal cases

#### Third party claims against the Company

As of June 30, 2021, the Group and the Company have formed appropriate provisions in relation to open litigation cases against the Company by employees. No 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 of June 30, 2021 and December 31, 2020 issued letters of guarantee amounted to €1,059,283 and €971,450 respectively.

## 25. Events after the reporting date

### Binding offer for the sale of Company's subsidiaries "TensorFin Single Member SA" and "Daedalus Technologies FZE"

On September 3, 2021, a binding offer was received from a third party for the acquisition of 100% of Company's stake in the companies "TensorFin Single Member SA" and "Daedalus Technologies FZE". A total consideration of up to €1,002,000 has been offered by the third party for the acquisition of 100% of "Tensorfin Single Member SA", out of which an amount of €702,000 will be paid in cash while the amount of €300,000 is a deferred consideration based and paid on Tensorfin's achievement of specific financial targets and pre-requisites for the Fiscal Years 2022-2024. In addition to the above the deferred consideration will be adjusted by an amount determined as 20% of EBITDA of the current Fiscal Year (2021). For the acquisition of total ownership of 100% of "Daedalus Technologies FZE", a total cash consideration of €50,000 has been offered by the third party.

TensorFin Single Member SA is a software production company, which specializes in the design, development, customization and maintenance of integrated software systems. Daedalus Technologies FZE is a technology provider of security and ICT systems integration consultancy services. The operating results of both companies are included in the Fintech and Analytics segment in the operating segment analysis.

The binding offer received by the third party, which is subject to contract, has been approved by the Board of Directors on September 9, 2021 and is subject to the final approval of the Extraordinary General Assembly of the Shareholders which has been scheduled for October, 2021. The transaction is expected to be completed within the second half of 2021.

Athens, September 20, 2021

**Chairman of the BoD**

**Chief Executive Officer**

**Head Accountant**

Nikolaos Vassilonikolidakis

Epameinondas  
Paschalidis

Konstantinos Motsakos

**Deloitte.**

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