

Iraklio, Attica, September 20th, 2021

Press Release



**Board of Directors of Neurosoft S.A. approves
2021 1st Half Financial Statements**

- **Consolidated Revenues in H1 2021** amounted to € 6.54 million in H1.2020 (€ 7.38 million in H1.2020)
- **Gross Profit in H1 2020** amounted to €0.90 million (€0.37 million in H1.2020)
- **EBITDA in H1 2020** amounted to € 0.03 million (€(0,39) million in H1.2020)
- **EBIT in H1 2020** amounted to € (7.23) million (€ (1.17) million in H1.2020)
- **Net Profit in H1 2020** amounted to € (0.58) million (€ (1,21) million in H1.2020)
- **Net Financial Position H1 2020** amounted to € 5,21 million (€ 6,55 million in 2020)
- **Total equity in H1 2020** amounted to € 2.43 million (€ 3.01 million in 2020)

Iraklio, Attica, September 20, 2021 - The Board of Directors of **Neurosoft S.A.**, a fully integrated ICT Company with Software Development, System Integration and Information Technology Security Capabilities, met today and approved Neurosoft's Consolidated 1st Half Financial Statements (including the results for its subsidiaries, Neurosoft Cyprus Ltd, Neurosoft Romania Srl and Neurosoft Cyber and Analytics Ltd) for the 1st Semester ended June 30, 2021. Neurosoft, traded on Milan's AIM Italia market ([GRS802003004](#), [Reuters NRST.MI](#), [Bloomberg NRST:IM](#)), has **Banca Intermobiliare SpA** as its Nominated Adviser.

Commenting on the Group's half year results, Neurosoft CEO **Epameinondas Paschalidis** said "Neurosoft's strong performance resulted in growth of EBITDA and Net Profit in the first six months of 2021 although our business was severely affected by the global pandemic. Our well restructured, leaner operating model proved to be effective. We tapped on new opportunities and built new business partnerships and we managed to adapt our business development plan to the current environment. Company's positive working capital and the sufficient undrawn borrowing facilities allow us to maintain a strong financial position and to face the future with optimism"

2021 – 1st Half Neurosoft Group Consolidated Performance

Neurosoft's consolidated half year revenues were € 6.54 million which was anticipated given the business strain created by the global crisis and economic consequences of Covid-19 pandemic. The Gross Profit equals to €0.90 million (+0.6

million, 143% growth) better-off compared to the respective amounts of H1.2020. The EBITDA turned marginally positive € 0.03 million increased by €0.3million.

As a result, H1.2021 Net Profit is equal to € - 0.58 million (€ - 1,21 million in 2020).

H1.2021 Equity is equal to € 2.43 million (€ 3.01 million in 2020). On June 14, 2021, based on the decision of the Company's Ordinary General Meeting, 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 (½) of the share capital.

Systems Engineering: Market trends on ICT strategy and spending were dictated throughout H1 by lockdown measures. On the technology side, revenue and profitability were on the rise YoY even if several projects were postponed. The outcome of the year seems positive with the imminent conclusion of ongoing large-scale implementations and the formulated, targeted offering on IaaS and Security solutions. Our Field Services business has been adversely affected by the H1 lockdown but quickly rebounded to monthly pre-lockdown levels. New opportunities have been pursued and agreements signed that will further assist H2 revenue and profitability recovery and provide a diversification in the revenue mix.

Cyber Security: Revenue was increased by 60% compared to last year reaching the performance target of H1.2021. The service portfolio was enhanced by new services in the areas of Threat Intelligence, Operational Technology, Compliance & Managed Security Awareness, that resulted in new revenue streams and new projects from a considerably number of new clients. Further enhancement of the offering, and increased efforts towards top priority prospects and business sectors, leads the way to accomplish the year-end performance targets.

Fintech: 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 Demerger was approved by the Extraordinary General Meeting of Company's shareholders on May 21, 2021, and the spin-off procedure was completed on June 14, 2021, upon registration in the Greek General Commercial Registry of the Beneficiary Entity under the corporate name "TensorFin Software Production Single Member Société Anonyme",

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 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. The binding offer, approved by the Board of Directors, is

subject to the final approval of the Extraordinary General Assembly of the Shareholders which is scheduled for 11th October, 2021.

COVID-19 impact

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.

It is specified that Neurosoft Separate and Consolidated 1st Half Financial Reports (including the results for its subsidiaries, Neurosoft Cyprus Ltd, TensorFin Software Production Single Member Société Anonyme and Neurosoft Romania S.r.l. of Neurosoft S.A. on June 30th , 2021 will be available to the public in compliance with the terms and conditions required by the law, on the company's website www.neurosoft.gr.

Neurosoft S.A., a Greek company listed on the AIM Italia market , organized and managed by the Italian Stock Exchange (ISIN GRS802003004, Reuters NRST.MI, Bloomberg NRST:IM), was founded in 1994 with the vision to provide superior products, innovative solutions and exclusive services to its international clients. Neurosoft is a fully integrated ICT company with Software Development, System Integration and Information Security capabilities. The staff headcount exceeds 200+ highly skilled employees with deep experience in their field. The company is based in Athens with presence in Cyprus and UAE.

Business areas covered by Neurosoft:

- **Fintech:** Design and development of a unique ecosystem for Sales & Supply Chain Finance Operators with fully customized Business Intelligence & Risk Management modules using topnotch technologies such as BlockChain and IoT. In an ever-changing financial landscape where the need for liquidity is overwhelming, our almost 20-year experience in the field is transformed into valuable solutions that meet your day-to-day financing demands
- **Cyber Security:** Provision of high-end Cyber Security solutions and services and development of innovative security products. In a world of viruses, malwares, and hacktivists, Neurosoft has compiled a suite of practical and technologically advanced tools and methods to significantly enhance the protection of your mission-critical data
- **Systems Engineering:** Design, implementation, operation and support of large-scale ICT infrastructure solutions for Operators of Critical Networks and Critical National Infrastructure Stakeholders. Our vast experience in complex projects makes Neurosoft the ideal partner for any ICT infrastructure requirement

The company is committed to client impact, continuous investments in R&D, innovation, adoption of advanced methodologies and well-known international standards (ISO9001 & 27001, ISO 14001, OWASP). It demonstrates a track record of successful local & international group (multi-country) installations & continuous technical support, always on time – on budget – on spec.

As of today, Banca Intermobiliare SpA is Neurosoft's Nominated Adviser for the AIM Italia market.

Press release available on www.neurosoft.gr

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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		30.06.2021	31.12.2020	30.06.2021	31.12.2020
ASSETS					
Non-current assets					
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>
Current assets					
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>
Total assets		<u>7,651,029</u>	<u>9,563,180</u>	<u>7,849,621</u>	<u>9,687,365</u>
EQUITY					
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)
Total equity		<u>2,432,676</u>	<u>3,012,149</u>	<u>3,174,438</u>	<u>3,286,731</u>
LIABILITIES					
Non-current liabilities					
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>
Current liabilities					
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>
Total liabilities		<u>5,218,353</u>	<u>6,551,031</u>	<u>4,675,184</u>	<u>6,400,635</u>
Total equity and liabilities		<u>7,651,029</u>	<u>9,563,180</u>	<u>7,849,621</u>	<u>9,687,365</u>

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)
Gross profit		903,357	366,756	911,550	411,958
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
Operating loss		(722,989)	(1,171,462)	(689,507)	(1,156,648)
Finance income	21	44	122	44	122
Finance expenses	21	(52,695)	(65,798)	(49,606)	(56,091)
Loss before income tax		(775,640)	(1,237,138)	(739,068)	(1,212,617)
Income tax	22	195,991	30,062	195,991	30,062
Net loss for the period (A)		(579,649)	(1,207,076)	(543,077)	(1,182,555)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		176	(2,174)	-	-
Total items that may be reclassified to profit or loss		176	(2,174)	-	-
Other comprehensive loss for the period, net of tax (B)		176	(2,174)	-	-
Total comprehensive loss (after tax) (A)+(B)		(579,473)	(1,209,250)	(543,077)	(1,182,555)
Loss for the period attributable to:					
Equity holders of the parent		(579,649)	(1,207,076)	(543,077)	(1,182,555)
		(579,649)	(1,207,076)	(543,077)	(1,182,555)
Total comprehensive loss for the period attributable to:					
Equity holders of the parent		(579,473)	(1,209,250)	(543,077)	(1,182,555)
		(579,473)	(1,209,250)	(543,077)	(1,182,555)
Total weighted number of ordinary shares		25,584,594	25,584,594	25,584,594	25,584,594
Adjusted weighted average number of ordinary shares		25,584,594	25,584,594	25,584,594	25,584,594
Loss per share (basic and diluted)		(0.0227)	(0.0472)	(0.0212)	(0.0462)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

GROUP

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

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COMPANY

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
1 January 2020		8,954,608	600,000	377,638	(3,525,671)	6,406,575
Net loss for the period		-	-	-	(1,182,555)	(1,182,555)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the period (net of tax)		-	-	-	(1,182,555)	(1,182,555)
30 June 2020		8,954,608	600,000	377,638	(4,708,227)	5,224,020
Net loss for the period		-	-	-	(1,913,710)	(1,913,710)
Other comprehensive loss		-	-	-	(23,579)	(23,579)
Total comprehensive loss for the period (net of tax)		-	-	-	(1,937,289)	(1,937,289)
31 December 2020		8,954,608	600,000	377,638	(6,645,515)	3,286,731
1 January 2021		8,954,608	600,000	377,638	(6,645,515)	3,286,731
Net loss for the period		-	-	-	(543,077)	(543,077)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the period (net of tax)		-	-	-	(543,077)	(543,077)
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	-
30 June 2021		3,965,612	600,000	632,244	(2,023,418)	3,174,438

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
Operating activities					
Loss before tax		(775,640)	(1,237,138)	(739,068)	(1,212,617)
Adjustments for:					
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)	-
Changes in working capital:					
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
Less:					
Interest and other finance expenses paid		(54,044)	(59,066)	(50,955)	(49,360)
Net cash flows generated from / (used in) operating activities		201,932	(76,964)	190,073	62,483
Investing activities					
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
Net cash flows used in investing activities		(149,442)	(141,643)	(149,442)	(217,783)
Financing activities					
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
Net cash flows used in financing activities		(391,244)	(73,569)	(391,244)	(73,569)
Net decrease in cash and cash equivalents		(338,753)	(292,176)	(350,612)	(228,869)
Cash and cash equivalents at beginning of period		1,009,325	1,860,130	989,903	1,731,947
Effects of exchange rate changes on cash and cash equivalents		176	(2,174)	-	-
Cash and cash equivalents at the end of the period		670,748	1,565,780	639,290	1,503,078