



**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2022
(JANUARY 1 – JUNE 30, 2022)
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. Anastasia Verra, Chairman of the BoD
2. Epameinondas Paschalidis, CEO

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

- (a) The 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, 2022 to June 30, 2022, 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 19, 2022

Anastasia Verra

Epameinondas Paschalidis

Chairman of the BOD

CEO of the Company

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, 2022

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 (01.01.2022-30.06.2022). 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, and Mr. Paschalidis hold the remaining 5%;,

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, 2022

The significant events that occurred during the six-month period ended June 30, 2022 (01.01.2022-30.06.2022) with calendar order, as well as any impact on the six-month financial statements are summarized as follows:

ID project

On 20 December 2019, the Greek Government had issued an RFP for the procurement, delivery and operation of an integrated online system for the issuance of secured documents (ID, Passport, driving license and Resident Permit). On 2 September 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.

On 2 September 2022, the Ministry of Citizen Protection, announced the cancelation of the bidding process because of a significant descope that results to a 56.5 Million Euros reduction in benefit of the Greek State. A new tender is expected to be issued soon.

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

	GROUP		COMPANY	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Long-term borrowings	251,959	297,770	251,959	297,770
Short-term borrowings	191,622	191,622	191,622	191,622
Long-term lease liabilities	315,466	395,913	315,466	395,913
Short-term lease liabilities	370,353	341,335	370,353	341,335
Cash and cash equivalents	<u>(1,282,929)</u>	<u>(1,676,697)</u>	<u>(1,240,456)</u>	<u>(1,647,393)</u>
Net debt	<u>(153,529)</u>	<u>(450,058)</u>	<u>(111,055)</u>	<u>(420,754)</u>
Total equity	<u>4,584,196</u>	<u>4,065,315</u>	<u>4,956,584</u>	<u>4,353,985</u>
Net debt to equity	(0.033)	(0.111)	(0.022)	(0.097)

6. Other risks

Coronavirus potential effects

In the first half of 2022, the COVID-19 pandemic fluctuated, showing an aggravation at the beginning of the year and a reduction in May and June 2022, while certainly, the ever-increasing vaccination coverage among the population was a protection shield. The implementation of restrictive measures in Greece continued, for the protection of the population against the pandemic. The Company continues to monitor the extent of the coronavirus (COVID-19) global pandemic and its impact on the business, financial condition, liquidity, results of operations, and cash flows. Management expects that the Company will be enabled to meet the financing costs and working capital needs, and its ability to continue as going concern will not be affected.

The new increase in the number of COVID-19 cases observed at the beginning of the second half of 2022, will may force once again the State to new decisions and actions for prevention and protection against the disease. Management expects that the Company will be enabled to meet the financing costs and working capital needs, and its ability to continue as going concern will not be affected

Geopolitical Risks

The recent geopolitical events in Ukraine, the military actions from Russia and the subsequent response from European Union and European countries as well as the United States in the form of economic sanctions are affecting global energy markets and macroeconomic conditions in general. There is no exposure of the Group to either Russia or Ukraine, resulting in no direct effect from latest developments. Any effect is only indirect, related to the high energy cost and inflationary pressures along with the subsequent negative impact on our customers' disposable income. The Group is following developments around the crisis in Ukraine and is planning accordingly.

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:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>01.01.2022 - 30.06.2022</u>	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2022 - 30.06.2022</u>	<u>01.01.2021 - 30.06.2021</u>
Sales of services				
OPAP S.A.	4,773,839	3,189,325	4,773,839	3,189,325
OPAP Sports LTD	8,575	5,005	-	-
Tora Wallet Single Member S.A	-	11,932	-	11,932
OPAP Cyprus LTD	38,736	20,087	-	-
	<u>4,821,150</u>	<u>3,226,349</u>	<u>4,773,839</u>	<u>3,201,257</u>
	<u>GROUP</u>		<u>COMPANY</u>	
	<u>01.01.2022 - 30.06.2022</u>	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2022 - 30.06.2022</u>	<u>01.01.2021 - 30.06.2021</u>
Purchase of services				
Metasan S.A.	55,423	63,947	55,423	63,947
	<u>55,423</u>	<u>63,947</u>	<u>55,423</u>	<u>63,947</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 €375,095 (30.06.2021: €460,587).

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	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Trade receivables from related parties				
OPAP S.A.	847,446	1,788,220	847,446	1,788,220
OPAP Cyprus LTD	30,426	30,106	-	-
OPAP Sports LTD	5,850	1,535	-	-
	<u>883,723</u>	<u>1,819,861</u>	<u>847,446</u>	<u>1,788,220</u>
Other receivables from related parties				
- Loans granted to related parties				
Neurosoft Cyprus Ltd	-	-	125,230	125,230
	<u>-</u>	<u>-</u>	<u>125,230</u>	<u>125,230</u>
Other receivables from related parties				
Neurosoft Cyprus Ltd	-	-	45,027	45,027
	<u>-</u>	<u>-</u>	<u>45,027</u>	<u>45,027</u>
Provision for impairment	-	-	(170,257)	(170,257)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other receivables from related parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	GROUP		COMPANY	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Trade payables to related parties				
Neurosoft Cyprus Ltd	-	-	3,000	3,000
Metasan S.A.	-	10,495	-	10,495
	<u>-</u>	<u>10,495</u>	<u>3,000</u>	<u>13,495</u>

SECTION D

Subsequent events

As of the day of the drafting of this report, there are no significant events that have occurred since the end of the current fiscal period.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

For the period ended
June 30, 2022

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	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
ASSETS					
Non-current assets					
Property, plant & equipment	6	407,481	396,068	407,481	396,068
Right-of-use assets	7	662,449	709,927	662,449	709,927
Intangible assets	8	750,744	821,584	750,744	821,584
Investments in subsidiaries	9	-	-	242,930	242,930
Other non - current assets		86,305	87,125	86,304	87,123
		1,906,979	2,014,703	2,149,908	2,257,632
Current assets					
Inventories		2,238,493	382,689	2,238,493	382,689
Trade receivables	10	2,714,415	4,468,969	2,678,139	4,437,328
Other current assets	11	2,300,290	793,975	2,449,352	874,044
Restricted cash		-	182	-	182
Cash and cash equivalents	12	1,282,929	1,676,697	1,240,456	1,647,393
		8,536,126	7,322,510	8,606,439	7,341,636
Total assets		10,443,105	9,337,213	10,756,347	9,599,268
EQUITY					
Share capital	13	3,965,612	3,965,612	3,965,612	3,965,612
Share premium		600,000	600,000	600,000	600,000
Reserves	14	377,638	377,638	377,638	377,638
Retained earnings		(359,054)	(877,935)	13,334	(589,265)
Total equity		4,584,196	4,065,315	4,956,584	4,353,985
LIABILITIES					
Non-current liabilities					
Borrowings	15	251,959	297,770	251,959	297,770
Lease liabilities	7	315,466	395,913	315,466	395,913
Deferred tax liabilities		184,666	165,683	184,666	165,683
Employee benefit plans		59,739	49,865	59,739	49,865
Other non-current liabilities		-	68,265	-	68,265
		811,831	977,496	811,831	977,496
Current liabilities					
Trade payables	16	2,820,742	1,898,383	2,823,962	1,901,603
Borrowings	15	191,622	191,622	191,622	191,622
Lease liabilities	7	370,353	341,335	370,353	341,335
Provisions		-	-	-	-
Income tax liabilities		170,964	54,336	170,964	54,336
Other tax liabilities	17	138,711	680,424	140,968	679,178
Other current liabilities	18	1,354,687	1,128,303	1,290,065	1,099,715
		5,047,078	4,294,402	4,987,934	4,267,788
Total liabilities		5,864,475	5,271,898	5,799,764	5,245,284
Total equity and liabilities		10,443,105	9,337,213	10,756,347	9,599,268

The notes on pages 16 to 35 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Revenue	5	9,276,695	6,538,632	9,229,341	6,515,967
Cost of sales	19	(6,926,668)	(5,635,276)	(6,879,154)	(5,604,417)
Gross profit		2,350,026	903,357	2,350,188	911,550
Distribution expenses	19	(607,549)	(529,527)	(602,613)	(526,321)
Administrative expenses	19	(1,139,155)	(992,863)	(1,129,899)	(986,851)
Impairment of investment in subsidiaries		-	-	-	(105,869)
Impairment of goodwill		-	(113,408)	-	-
Other income		169,350	47,631	169,350	47,631
Other gain / (losses)		(79,292)	(38,179)	(10,639)	(29,646)
Operating Profit / (Loss)		693,380	(722,989)	776,387	(689,507)
Finance income	20	47	44	47	44
Finance expenses	20	(38,936)	(52,695)	(38,225)	(49,606)
Profit / (Loss) before income tax		654,491	(775,640)	738,209	(739,068)
Income tax	21	(135,610)	195,991	(135,610)	195,991
Profit/(Loss) after tax		518,881	(579,649)	602,599	(543,077)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		-	176	-	-
Total items that may be reclassified to profit or loss		-	176	-	-
Other comprehensive income / (loss) for the period, net of tax		-	176	-	-
Total comprehensive income / (loss)		518,881	(579,473)	602,599	(543,077)
Profit / (Loss) for the period attributable to:					
Equity holders of the parent		518,881	(579,649)	602,599	(543,077)
Non-controlling interests		-	-	-	-
		518,881	(579,649)	602,599	(543,077)

The notes on pages 16 to 35 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

GROUP	Note	Attributable to owners of the parent					Total equity
		Share capital	Share premium	Reserves	Retained earnings	Total	
1 January 2021		8,954,608	600,000	373,272	(6,790,387)	3,137,493	3,137,493
Net profit for the period		-	-	-	(579,649)	(579,649)	(579,649)
Other comprehensive income		-	-	176	-	176	176
Total comprehensive loss for the period (net of tax)		-	-	176	(579,649)	(579,473)	(579,473)
Share capital decrease	13	(4,988,996)	-	-	4,988,996	-	-
30 June 2021		3,965,612	600,000	373,448	(2,381,040)	2,558,020	2,558,020
Net profit for the period		-	-	-	1,477,334	1,477,334	1,477,334
Other comprehensive income		-	-	4,190	25,771	29,961	29,961
31 December 2021		-	-	4,190	1,503,105	1,507,295	1,507,295
		<u>3,965,612</u>	<u>600,000</u>	<u>377,638</u>	<u>(877,935)</u>	<u>4,065,315</u>	<u>4,065,315</u>
1 January 2022		3,965,612	600,000	377,638	(877,935)	4,065,315	4,065,315
Net profit for the period		-	-	-	518,881	518,881	518,881
Total comprehensive income for the period (net of tax)		-	-	-	518,881	518,881	518,881
30 June 2022		3,965,612	600,000	377,638	(359,055)	4,584,196	4,584,196

The notes on pages 16 to 35 form an integral part of these interim condensed financial statements.

COMPANY

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
1 January 2021		8,954,608	600,000	377,638	(6,520,170)	3,412,075
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)
Share capital decrease	13	(4,988,996)	-	-	4,988,996	-
Transfer of accumulated loss of transitional period of spin-off of Fintech sector		-	-	-	176,179	176,179
30 June 2021		3,965,612	600,000	377,638	(1,898,073)	3,045,177
Net profit for the period		-	-	-	1,283,037	1,283,037
Other comprehensive income		-	-	-	25,771	25,771
31 December 2021		3,965,612	600,000	377,638	(589,265)	4,353,985
1 January 2022		3,965,612	600,000	377,638	(589,265)	4,353,985
Net profit for the period		-	-	-	602,599	602,599
Total comprehensive income for the period (net of tax)		-	-	-	602,599	602,599
30 June 2022		3,965,612	600,000	377,638	13,334	4,956,584

The notes on pages 16 to 35 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED CASH FLOW STATEMENT

	Note	GROUP		COMPANY	
		01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Operating activities					
Profit/(Loss) before tax		654,491	(775,640)	738,209	(739,068)
Adjustments for:					
Depreciation and amortization & Loss on write-offs of property, plant and equipment	6,7,8	583,189	746,413	583,189	746,413
Impairment of investment in subsidiaries		-	-	-	105,869
Impairment of goodwill		-	113,408	-	-
Employee benefit plans		9,725	31,210	9,725	27,291
Net finance expenses	20	38,889	52,650	38,178	49,561
Exchange differences		10,053	14,328	10,053	15,430
Gain on early termination of leases / rent concession		(2,403)	(22,896)	(2,403)	(22,896)
Changes in working capital:					
Increase in inventories		(1,855,804)	(97,316)	(1,855,804)	(97,316)
Decrease in receivables		239,187	1,023,015	174,830	948,656
(Decrease) / increase in payables		544,678	(829,196)	512,148	(792,914)
Interest and other finance expenses paid		(32,175)	(54,044)	(31,464)	(50,955)
Net cash flows generated from operating activities		189,831	201,932	176,661	190,073
Investing activities					
Purchase of property, plant and equipment and intangible assets	6,8	(333,310)	(149,486)	(333,310)	(149,486)
Interest received		47	44	47	44
Net cash flows used in investing activities		(333,262)	(149,442)	(333,262)	(149,442)
Financing activities					
Repayments of borrowings	15	(45,811)	(225,811)	(45,811)	(225,811)
Repayment of lease liabilities		(204,525)	(165,433)	(204,525)	(165,433)
Net cash flows used in financing activities		(250,336)	(391,244)	(250,336)	(391,244)
Net decrease in cash and cash equivalents		(393,768)	(338,753)	(406,937)	(350,613)
Cash and cash equivalents at beginning of period		1,676,697	1,009,325	1,647,393	989,903
Effects of exchange rate changes on cash and cash equivalents		-	176	-	-
Cash and cash equivalents at the end of the period		1,282,929	670,748	1,240,456	639,289

The notes on pages 16 to 35 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 Euronext Growth Milan market 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 fully integrated ICT company with System Integration and Information Security capabilities. The business areas covered by Neurosoft are:

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.

These consolidated and separate unaudited interim condensed financial statements for the period ended June 30, 2022 were approved by the Board of Directors of "Neurosoft S.A." on September 19, 2022, are subject to the final approval of the Ordinary General Assembly of the Shareholders and are available on the Company's website www.neurosoft.gr, under the section "Investor Relations" and sub-section "Financial Reports".

Information on the Subsidiaries:

- (a) «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a stake of 100% of its 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 and Mr. Paschalidis hold the remaining 5%

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, 2022, 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, 2021, which are available on the Company's website 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, 2021, considering the changes to Standards and Interpretations applicable from 01.01.2022.

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.

Management examined the impact of energy crisis, COVID-19 pandemic up and concluded that going concern assessment is the appropriate basis for their preparation. Management is closely monitoring the situation and its potential impact on the Group's and Company's activities. The Company follows the guidance of all relevant agencies and adheres to the requirements and actions endorsed by the Greek Government. In addition, business-continuity and risk-containment strategies are proactively executed in order to mitigate any potential adverse impact of the crisis on the operations and financial conditions.

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 the future developments with respect to the pandemic.

Management examines closely its operating results and its cash position and makes adjustments to its cash flow forecasts where necessary. 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.

Additionally, as of June 30, 2022, the Group and the Company have positive working capital of €3,489,048 and €3,618,505 respectively, maintain a strong financial position with the Group's and Company's cash and cash equivalents amounting to €1,282,929 and €1,240,456 respectively. The Group and the Company have positive cash flows from operating activities amounting to €189,831 and €176,661 respectively 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, 2022. 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

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.

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 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.

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.

The Group and the Company have adopted the abovementioned amendments that don’t have material impact on the consolidated and separate financial statements.

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.

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.

IFRS 17 “Insurance contracts” and Amendments to IFRS 17 (effective for annual periods beginning on or after January 1, 2023)

IFRS 17 has been issued in May 2017 and, along with the amendments to IFRS 17 issued in June 2020, supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost.

IFRS 17 (Amendment) “Initial Application of IFRS 17 and IFRS 9 - Comparative Information” (effective for annual periods beginning on or after January 1, 2023)

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. The amendment has not yet been endorsed by the EU.

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.

(d) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interest and the fair value of any other participation previously held in the subsidiary acquired over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the amount recognized for non-controlling interest and the fair value of any other participation previously held in the subsidiary acquired the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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

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

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

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

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 is currently assumed as controlled.

(c) Liquidity risk

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

	GROUP		COMPANY	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Long-term borrowings	251,959	297,770	251,959	297,770
Short-term borrowings	191,622	191,622	191,622	191,622
Long-term lease liabilities	315,466	395,913	315,466	395,913
Short-term lease liabilities	370,353	341,335	370,353	341,335
Cash and cash equivalents	(1,282,929)	(1,676,697)	(1,240,456)	(1,647,393)
Net debt	(153,529)	(450,058)	(111,055)	(420,754)
Total equity	4,584,196	4,065,315	4,956,584	4,353,985
Net debt to equity	(0.033)	(0.111)	(0.022)	(0.097)

3.3 Other risks

Coronavirus risk

In the first half of 2022, the COVID-19 pandemic fluctuated, showing an aggravation at the beginning of the year and a reduction in May and June 2022, while certainly, the ever-increasing vaccination coverage among the population was a protection shield. The implementation of restrictive measures in Greece continued, for the protection of the population against the pandemic. The Company continues to monitor the extent of the coronavirus (COVID-19) global pandemic and its impact on the business, financial condition, liquidity, results of operations, and cash flows. Management expects that the Company will be enabled to meet the financing costs and working capital needs, and its ability to continue as going concern will not be affected.

The new increase in the number of COVID-19 cases observed at the beginning of the second half of 2022, will may force once again the State to new decisions and actions for prevention and protection against the disease. Management expects that the Company will be enabled to meet the financing costs and working capital needs, and its ability to continue as going concern will not be affected.

Geopolitical Risks

The recent geopolitical events in Ukraine, the military actions from Russia and the subsequent response from European Union and European countries as well as the United States in the form of economic sanctions are affecting global energy markets and macroeconomic conditions in general. There is no exposure of the Group to either Russia or Ukraine, resulting in no direct effect from latest developments. Any effect is only indirect, related to the high energy cost and inflationary pressures along with the subsequent negative impact on our customers' disposable income. The Group is following developments around the crisis in Ukraine and is planning accordingly.

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. Although these estimates and judgements are based on Management's best knowledge of current events and actions, as well as historical experience, actual events may ultimately differ from those estimates.

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) 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.

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.

(b) 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.

(c) Provision for legal cases

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

(d) Useful lives of depreciated assets

The Group's assets (Property Plant and Equipment, Intangible assets, Right-of Use) 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.

(e) Impairment testing of intangible assets

The carrying values of intangible assets are assessed for indications of impairment on an annual basis the recoverable amount of the asset is estimated based on value in use calculation. The impairment test is a complex process requiring significant management judgment and is based on key assumptions about future profitability and cash flows and selecting the appropriate discount and long-term growth rates. The subjectivity involved in the key assumptions used by Management in the impairment review and the inherent uncertainty of those assumptions is high.

(f) 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 impairment test is a complex process requiring significant management judgment and is based on key assumptions about future profitability and cash flows and selecting the appropriate discount and long-term growth rates. The subjectivity involved in the key assumptions used by Management in the impairment review and the inherent uncertainty of those assumptions is high.

(g) 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.

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.

The Company, in accordance with the Strategic Business Plan for 2022-2026, operates under two business segments "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) 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.

2) 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, 2022 and 2021 is analyzed as follows:

<u>01.01.2022 - 30.06.2022</u>	Fintech and Analytics	Cyber Security Operations	Systems Engineering	Total
Revenue	-	1,427,761	7,848,933	9,276,695
Cost of sales	-	(1,222,460)	(5,704,209)	(6,926,668)
Gross profit	-	205,301	2,144,724	2,350,026
Operating Profit/(Loss)	-	46,729	646,649	693,380

<u>01.01.2021 - 30.06.2021</u>	Fintech and Analytics*	Cyber Security Operations	Systems Engineering	Total
Revenue	597,972	967,655	4,973,005	6,538,632
Cost of sales	(594,344)	(789,859)	(4,251,083)	(5,635,286)
Gross profit	3,628	177,796	721,922	903,346
Operating Loss	(137,377)	(263,402)	(322,210)	(722,989)

* On June 30, 2021 Fintech and Analytics segment included the operating results of Company's subsidiaries "TensorFin Single Member SA" and "Daedalus Technologies FZE". On 11 October 2021 the Shareholders' General Meeting of the Company approved the sale of 100% of the outstanding shares in TensorFin and Daedalus.

6. Property, plant and equipment

Property, plant and equipment are analyzed as follows:

GROUP & COMPANY						
	Note	Buildings	Machinery	Motor Vehicles	Furniture and other equipment	Total
Cost						
1 January 2021		499,276	91,737	3,218	1,090,589	1,684,820
Additions		-	500	-	20,543	21,043
Disposals / Write-offs		-	-	-	(143,760)	(143,760)
30 June 2021		499,276	92,237	3,218	967,372	1,562,103
Additions		-	-	-	27,653	27,653
31 December 2021		499,276	92,237	3,218	995,026	1,589,756
Additions		-	1,639	-	68,549	70,187
30 June 2022		499,276	93,875	3,218	1,063,574	1,659,943
Accumulated depreciation						
1 January 2021		(286,233)	(39,125)	(2,441)	(877,896)	(1,205,695)
Depreciation expense		(24,961)	(4,172)	(184)	(30,224)	(59,541)
Disposals / Write-offs		-	-	-	143,752	143,752
30 June 2021		(311,195)	(43,297)	(2,625)	(764,368)	(1,121,484)
Depreciation expense	19	(24,918)	(4,338)	(184)	(42,762)	(72,203)
31 December 2021		(336,113)	(47,635)	(2,809)	(807,130)	(1,193,687)
Depreciation expense	19	(24,701)	(4,620)	(184)	(29,268)	(58,774)
30 June 2022		(360,814)	(52,255)	(2,993)	(836,398)	(1,252,461)
Net book value at						
31.12.2021		163,164	44,601	408	187,896	396,068
Net book value at 30.06.2022		138,462	41,620	224	227,176	407,481

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

7. Right-of-use assets and Lease liabilities

Right-of-use assets are analyzed as follows:

GROUP & COMPANY			
Note	<u>Buildings</u>	<u>Motor Vehicles</u>	<u>Total</u>
Cost			
1 January 2021	764,482	857,927	1,622,409
Additions	16,872	62,367	79,240
Other movements	27	(2,480)	(2,453)
30 June 2021	781,382	917,814	1,699,195
Additions	-	103,652	103,652
Other movements	-	(772)	(772)
31 December 2021	781,382	1,020,694	1,802,075
Additions	8,715	132,929	141,643
Other movements	36,870	-	36,870
Termination of leases	-	(35,538)	(35,538)
30 June 2022	826,966	1,118,084	1,945,050
Accumulated depreciation			
1 January 2021	(309,244)	(399,499)	(708,743)
Depreciation expense	(81,085)	(108,893)	(189,979)
30 June 2021	(390,329)	(508,392)	(898,721)
Depreciation expense	19 (78,800)	(114,627)	(193,427)
31 December 2021	(469,129)	(623,019)	(1,092,148)
Depreciation expense	19 (90,868)	(99,585)	(190,453)
30 June 2022	(559,997)	(722,604)	(1,282,601)
Net book value at 31.12.2021	312,253	397,674	709,927
Net book value at 30.06.2022	266,969	395,480	662,449

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

	<u>30.06.2022</u>	<u>31.12.2021</u>
Lease liabilities (short-term portion)	370,353	341,335
Lease liabilities (long-term portion)	315,466	395,913
Total lease liabilities	685,819	737,248

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 has been accounted for as a negative variable lease payment in profit or loss under "Other income".

8. Intangible assets

Intangible assets are analyzed as follows:

GROUP				
	Note	Software	Software development cost	Total
Cost				
1 January 2021		477,393	7,228,730	7,706,123
Additions		128,444	-	128,444
30 June 2021		605,837	7,228,730	7,834,566
Additions		91,650	-	91,650
Disposals / write-offs		-	(811,440)	(811,440)
31 December 2021		697,487	6,417,289	7,114,777
Additions		263,123	-	263,123
30 June 2022		960,610	6,417,289	7,377,899
Accumulated amortization and impairment				
1 January 2021		(341,433)	(5,331,485)	(5,672,918)
Amortization charge	19	(77,225)	(419,661)	(496,886)
30 June 2021		(418,658)	(5,751,146)	(6,169,804)
Amortization charge	19	(94,974)	(354,942)	(449,916)
Disposal of Subsidiary		-	326,527	326,527
31 December 2021		(513,632)	(5,779,561)	(6,293,193)
Amortization charge		(108,458)	(225,504)	(333,962)
30 June 2022		(622,090)	(6,005,066)	(6,627,155)
Net book value at 31.12.2021		92,205	1,449,168	821,584
Net book value at 30.06.2022		75,397	412,224	750,744
COMPANY				
	Note	Software	Software development cost	Total
Cost				
1 January 2021		477,393	7,228,730	7,706,123
Additions		128,444	-	128,444
Contribution due to spin-off of Fintech sector		(7,943)	(1,941,570)	(1,949,513)
30 June 2021		597,894	5,287,159	5,885,053
Additions		91,650	-	91,650
31 December 2021		689,544	5,287,159	5,976,704
Additions		263,123	-	263,123
30 June 2022		952,667	5,287,159	6,239,826
Accumulated amortization and impairment				
1 January 2021		(341,433)	(5,331,485)	(5,672,918)
Amortization charge		(77,225)	(419,661)	(496,886)
Contribution due to spin-off of Fintech sector		6,955	1,309,870	1,316,825
30 June 2021		(411,703)	(4,441,276)	(4,852,979)
Amortization charge	19	(94,974)	(207,167)	(302,141)
31 December 2021		(506,677)	(4,648,443)	(5,155,120)
Amortization charge	19	(108,458)	(225,504)	(333,962)
30 June 2022		(615,135)	(4,873,948)	(5,489,082)
Net book value at 31.12.2021		182,868	638,716	821,584
Net book value at 30.06.2022		337,532	413,212	750,744

9. Investment in subsidiaries

Subsidiaries of the Company are analyzed as follows:

Company Name	30.06.2022		31.12.2021	
	Value of participation	% of participation	Value of participation	% of participation
NEUROSOFT CYPRUS LTD	242,930	100%	242,930	100%
NEUROSOFT ROMANIA SRL*	-	95%	-	95%
	242,930		242,930	

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

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:

	30.06.2022	31.12.2021
Opening Balance	242,930	398,799
Incorporation of Tensorfin through spin-off of Fintech sector	-	752,060
Disposal of Subsidiaries	-	(907,929)
Closing Balance	242,930	242,930

10. Trade receivables

Trade receivables are analyzed as follows:

	Note	GROUP		COMPANY	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
Trade receivables		1,644,620	2,510,805	1,644,620	2,510,805
Trade receivables - Related parties	22	883,723	1,819,861	847,446	1,788,220
Cheques and notes receivable		59,774	79,774	59,774	79,774
Doubtful trade receivables		174,321	174,321	174,321	174,321
Other		150,276	82,506	150,276	82,506
Less: Allowance for doubtful trade receivable		(198,299)	(198,299)	(198,299)	(198,299)
Total		2,714,415	4,468,969	2,678,139	4,437,328

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.

11. Other current assets

Other current assets are analyzed as follows:

	Note	GROUP		COMPANY	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
Prepaid expenses		423,535	684,901	579,402	771,379
Contract assets		1,602,344	13,010	1,602,344	13,010
Advances to suppliers/creditors		279,103	69,740	279,103	69,740
Advances to employees and other advances		6,382	5,861	6,382	5,861
Receivables from related parties	22	-	-	170,257	170,257
Other debtors		14,849	46,386	8,044	39,978
Less: Provision for impairment		(25,922)	(25,922)	(196,179)	(196,179)
Total		2,300,290	793,975	2,449,352	874,044

Contract Assets for the Group and the Company include an amount of €1,274,434, regarding accrued revenue for the Group and Company's transactions.

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

12. Cash and cash equivalents

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Cash in hand	12,484	11,940	12,484	11,940
Cash at bank	1,270,445	1,664,757	1,227,972	1,635,453
Total	1,282,929	1,676,697	1,240,456	1,647,393

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.

13. Share capital

As of December 31, 2021, the Company's share capital amounted to €3,965,612, divided into 25,584,594 ordinary shares with a par value of €0.155 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 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 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:

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

14. Reserves

	GROUP		COMPANY	
	<u>30.06.2022</u>	<u>31.12.2021</u>	<u>30.06.2022</u>	<u>31.12.2021</u>
Legal reserve	372,792	372,792	372,792	372,792
Special reserves	4,847	4,847	4,847	4,847
Total	<u>377,638</u>	<u>377,638</u>	<u>377,638</u>	<u>377,638</u>

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.

15. Borrowings

	GROUP AND COMPANY	
	<u>30.06.2022</u>	<u>31.12.2021</u>
Long-term borrowings		
Long-term bank borrowings	251,959	297,770
Total non-current borrowings	<u>251,959</u>	<u>297,770</u>
Short-term borrowings		
Short-term portion of long-term bank borrowings	91,622	91,622
Other short-term bank borrowings	100,000	100,000
Total current borrowings	<u>191,622</u>	<u>191,622</u>
Total borrowings	<u>443,581</u>	<u>489,392</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, 2022, the outstanding balance of the loan amounts to €443,581. 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, 2022, 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:

GROUP AND COMPANY	Year of maturity	31.12.2021		30.06.2022
		Book value	Repayments	Book value
Loan, amount €916,216	2025	389,392	(45,811)	343,581
Open credit facility, €2,000,000		100,000	-	100,000
		489,392	(45,811)	443,581

16. Trade payables

Trade payables are analyzed as follows:

	Note	GROUP		COMPANY	
		30.06.2022	31.12.2021	30.06.2022	31.12.2021
Trade payables		2,820,742	1,887,888	2,823,962	1,888,108
Trade payables - Related parties	22	-	10,495	-	13,495
Total		2,820,742	1,898,383	2,823,962	1,901,603

The fair value of trade payables approximate their carrying values.

17. Other tax liabilities

Tax liabilities are analyzed as follows:

	GROUP		COMPANY	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
VAT payable	414	523,375	2,672	522,130
Other taxes and duties payable	138,297	157,049	138,297	157,049
Total	138,711	680,424	140,968	679,178

VAT payable decreased significantly due to large stock purchases related to the OPAP Arena project.

18. Other current liabilities

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Social security liabilities	131,376	245,302	131,376	245,302
Contract liabilities	274,298	335,230	274,800	335,731
Advances from customers	26,466	24,859	26,466	24,859
Accrued expenses	488,294	480,364	471,181	461,165
Other current liabilities	434,253	42,549	386,242	32,658
Total	1,354,687	1,128,303	1,290,065	1,099,715

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

Accrued expenses for the Group and the Company include an amount of €5,443.17 (2021: € nil), regarding accrued interest expense for the Group's and Company's borrowings.

19. Expenses per category

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

	GROUP		COMPANY	
	<u>01.01.2022 - 30.06.2022</u>	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2022 - 30.06.2022</u>	<u>01.01.2021 - 30.06.2021</u>
Payroll and related costs	3,320,162	3,458,874	3,320,162	3,423,638
Professional fees and services	2,278,294	1,493,891	2,218,657	1,513,612
Taxes and duties	4,667	1,007	4,317	657
Cost of sales of inventory and consumables	1,079,007	538,581	1,079,007	538,581
Depreciation of PPE and right-of-use assets and amortization of intangible assets	583,189	746,406	583,189	746,406
Sundry expenses	1,408,052	918,907	1,406,331	894,694
Total	<u>8,673,372</u>	<u>7,157,665</u>	<u>8,611,665</u>	<u>7,117,589</u>

Sundry expenses are analyzed as follows:

	GROUP		COMPANY	
	<u>01.01.2022 - 30.06.2022</u>	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2022 - 30.06.2022</u>	<u>01.01.2021 - 30.06.2021</u>
Third party logistics-warehousing services	247,200	94,491	247,200	94,491
Third party transportation expenses	246,774	125,358	246,774	125,358
Subscriptions	285,438	195,735	285,438	195,735
Consumables	107,374	33,372	107,374	33,372
Third party expenses	74,959	52,281	74,297	49,975
Travel expenses	183,752	119,535	182,693	108,350
Advertising costs	10,608	16,624	10,608	16,624
Other expenses	251,948	281,511	251,948	270,790
	<u>1,408,052</u>	<u>918,907</u>	<u>1,406,331</u>	<u>894,694</u>

The above expenses of the Group and the Company for the periods ended June 30, 2022 and 2021, are allocated as follows:

	GROUP		COMPANY	
	<u>01.01.2022 - 30.06.2022</u>	<u>01.01.2021 - 30.06.2021</u>	<u>01.01.2022 - 30.06.2022</u>	<u>01.01.2021 - 30.06.2021</u>
Cost of sales	6,926,668	5,635,276	6,879,154	5,604,417
Distribution expenses	607,549	529,527	602,613	526,321
Administrative expenses	1,139,155	992,863	1,129,899	986,851
Total	<u>8,673,372</u>	<u>7,157,665</u>	<u>8,611,665</u>	<u>7,117,589</u>

20. Finance income / (expenses)

Finance income / (expenses) are analyzed as follows:

	GROUP		COMPANY	
	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Finance expenses				
Interest expense on bank borrowings	(4,467)	(6,479)	(4,467)	(6,479)
Interest expense on lease liabilities	(12,525)	(15,613)	(12,525)	(15,613)
Other finance expenses	(21,944)	(30,603)	(21,233)	(27,514)
Total finance expenses	<u>(38,936)</u>	<u>(52,695)</u>	<u>(38,225)</u>	<u>(49,606)</u>
Finance income				
Interest income	47	44	47	44
Total finance income	<u>47</u>	<u>44</u>	<u>47</u>	<u>44</u>
Total finance expenses - net	<u>(38,889)</u>	<u>(52,650)</u>	<u>(38,178)</u>	<u>(49,561)</u>

21. Income taxes

	GROUP		COMPANY	
	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Current income tax	116,628	-	116,628	-
Deferred tax	18,982	(195,991)	18,982	(195,991)
Total	<u>135,610</u>	<u>(195,991)</u>	<u>135,610</u>	<u>(195,991)</u>

According to Law 4799/2021, the corporate income tax rate in Greece is 22% for fiscal years 2021 onwards.

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.

22. 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	
	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Sales of services				
OPAP S.A.	4,773,839	3,189,325	4,773,839	3,189,325
OPAP Sports LTD	8,575	5,005	-	-
Tora Wallet Single Member S.A	-	11,932	-	11,932
OPAP Cyprus LTD	38,736	20,087	-	-
	<u>4,821,150</u>	<u>3,226,349</u>	<u>4,773,839</u>	<u>3,201,257</u>
	GROUP		COMPANY	
	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Purchase of services				
Metasan S.A.	55,423	63,947	55,423	63,947
	<u>55,423</u>	<u>63,947</u>	<u>55,423</u>	<u>63,947</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 €375,095 (30.06.2021: €460,587).

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	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Trade receivables from related parties				
OPAP S.A.	847,446	1,788,220	847,446	1,788,220
OPAP Cyprus LTD	30,426	30,106	-	-
OPAP Sports LTD	5,850	1,535	-	-
	<u>883,723</u>	<u>1,819,861</u>	<u>847,446</u>	<u>1,788,220</u>
Other receivables from related parties				
- Loans granted to related parties				
Neurosoft Cyprus Ltd	-	-	125,230	125,230
	<u>-</u>	<u>-</u>	<u>125,230</u>	<u>125,230</u>
Other receivables from related parties				
Neurosoft Cyprus Ltd	-	-	45,027	45,027
	<u>-</u>	<u>-</u>	<u>45,027</u>	<u>45,027</u>
Provision for impairment	-	-	(170,257)	(170,957)
Total other receivables from related parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30.06.2022</u>	<u>31.12.2021</u>	<u>30.06.2022</u>	<u>31.12.2021</u>
Trade payables to related parties				
Neurosoft Cyprus Ltd	-	-	3,000	3,000
Metasan S.A.		10,495	-	10,495
	<u>-</u>	<u>10,495</u>	<u>3,000</u>	<u>13,495</u>

23. Contingencies

a) Legal cases

Third party claims against the Company

No 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 Company have issued letters of guarantee to various beneficiaries to assure their liabilities. As of June 30, 2022 and December 31, 2021 issued letters of guarantee amounted to €977,828 and €988,048 respectively.

24. Subsequent events

As of the day of the drafting of this report, there are no significant events that have occurred since the end of the current fiscal period.

Athens, September 19, 2022

Chairman of the BoD

Chief Executive Officer

Head Accountant

Anastasia Verra

Epameinondas Paschalidis

Konstantinos Motsakos

Deloitte.

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