



**ANNUAL
FINANCIAL REPORT**

**For the year
ended December 31, 2019**

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STATEMENTS OF MEMBERS OF THE BOARD OF DIRECTORS

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

1. Nikolaos Vasilonikolidakis, Chairman of the BoD
2. Epameinondas Paschalidis, CEO

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

- (a) The annual financial statements (Consolidated and Separate) of the society anonyme company under the name “Neurosoft SA” for the period from January 1, 2019 to December 31, 2019, which have been prepared in accordance with the applicable International Financial Reporting Standards, as adopted by the European Union, provide a true and fair view of the assets and liabilities, the owners’ equity and the results of the Company, as well as of the companies which are included in the consolidation and
- (b) The enclosed annual Report of the Board of Directors of the Company provide a true and fair view of the evolution, performance and the financial position of the Company, as well as of the companies’ which are included in the consolidation, including the description of the main risks and uncertainties they face and relevant information.

Iraklio, April 27, 2020

Nikolaos Vasilonikolidakis

Epameinondas Paschalidis

Chairman of the BOD

CEO of the Company

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

On the consolidated and separate Financial Statements
for the financial year from January 1, 2019 to December 31, 2019

This Annual Report of the Board of Director (hereinafter referred for brevity as the **"Report"** or **"Annual Report"**), refers to the fiscal year 2019 (01.01.2019-31.12.2019). It has been prepared in accordance with the provisions of Articles 150-154 of Law 4548/2018 and article 4 of Law 3556/2007 and contains in a concise but meaningful, substantive and comprehensive manner all relevant information required by law to provide substantial and detailed information about the activity, during this period, of the company under the name «NEUROSOFT SOFTWARE PRODUCTION SOCIETE ANONYME» (hereafter referred to as the **"Company"** or **"NEUROSOFT"**) and the NEUROSOFT Group of companies (hereinafter referred to as the **"Group"**), which apart from the Company include the following affiliated companies:

- (a) «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a stake of 100% of its share capital,
- (b) «Neurosoft Romania Srl headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd,
- (c) «Neurosoft Cyber and Analytics Ltd », headquartered in United Kingdom, in which the Company holds a stake of 100% of its share capital.
- (d) On 15-12-2014 with the completion of the merger through absorption of the Company under the name **"KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME"**, by NEUROSOFT S.A., the Company absorbed the following subsidiaries of KESTREL:
 - Kestrel Information Solutions Albania SH.P.K in which KESTREL SA held the 80% of its share capital
 - Kestrel Information Systems BULGARIA OOD in which KESTREL SA held the 100% of its share capital
 - Kestrel Information Systems DOO BEOGRAD in which KESTREL SA held the 100% of its share capital.

The above three mentioned subsidiaries are inactive and under dissolution.

i) On 07-10-2008, the Company acquired a 100% stake of the share capital of **"GAEKNAR VENTURES LTD"**, with registered offices in Cyprus. In virtue of the 03-05-2011 approval decision of the District Court of Limassol, GAEKNAR VENTURES LTD was merged with «Neurosoft Cyprus Ltd» being a subsidiary of the Company «Neurosoft Cyprus Ltd» as above mentioned.

ii) On 23-06-2008 «GAEKNAR VENTURES LTD» and Mr. Paschalides, a member of the Board of Directors of the Company established the Company under the trade name **"NEUROSOFT ROMANIA SRL"** headquartered in Bucharest, which during the fiscal years 2011 to, 2018 remained inactive.

iii) On 03-06-2016, the Company established the company under the trade name of «NEUROSOFT CYBER AND ANALYTICS Ltd », with registered offices in United Kingdom, which during the fiscal year 2016 to 2018 remained inactive.

This report accompanies the annual consolidated and separate financial statements for the fiscal year 2019 (01.01.2019-31.12.2019) and since the Company prepares consolidated financial statements, this report's main and primary reference is to the consolidated financial data of the Company and its related companies. The report together with the financial statements and other information and statements required by law, are included in the Annual Financial Report for the fiscal year 2019.

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

SECTION A

Significant events that occurred during the year 2019

The significant events that occurred during the year 2019 (01.01.2019-31.12.2019) with calendar order, as well as any impact on the annual financial statements are summarized as follows:

1. Annual Ordinary General Meeting of the Shareholders of the Company

On Thursday, June 19, 2019, the Annual Ordinary General Meeting of the Company was held at the offices of the Company in Iraklio Attikis, which was attended in person or by proxy by shareholders representing 21,775,371 ordinary shares and voting rights, i.e. 85,11% of total 25,584,594 shares and equal voting rights in the Company.

The Annual Ordinary General Meeting of the Shareholders of the Company adopted the resolutions on the agenda:

- The shareholders approved in their entirety the annual corporate and consolidated financial statements for the financial year 2018 as well as the Report of the Board of Directors and the Auditors' Report for the same fiscal year 2018.
- The shareholders approved the non-distribution of profits as depicted in the annual financial statements for the financial year 2018.
- The shareholders' Meeting discharged the Directors and the Auditors from any liability related to the results of the financial year 2018 as well as the annual financial statements of the same fiscal year.
- The shareholders approved the remuneration to the Board of Directors for the fiscal year 2018 and for the first semester of 2019 and also pre-approved the remuneration to be paid to the Board of Directors for the second semester of 2019 as well as for the first semester of 2020.
- The shareholders approved the appointment of the auditing firm PricewaterhouseCoopers S.A. (SOEL Reg. Number: 113) as Certified Auditors for the financial year 2019 (audit standalone and consolidated financial statements), and also their fees.

- The shareholders adopted the approval - validation of contracts between the Company and persons of the provision of Law 4548/2018. Authorization to Board members for their participation in the management of other companies of the Group, in accordance with provisions of Law 4548/2018.
- The shareholders approved of Messrs Martin Chladek and Epameinonda Paschalidis election as temporary members of the Board of Directors in place of resigned Directors, in accordance with article 22 of the Articles of Association

The Chairman of the General Meeting outlined the goals and prospects for the fiscal year 2020 as mentioned in detail in this Annual Report.

2. Product & Solution Development

2.1 Proxima+ platform evolution: 2019 was a year of on-going product development in line with augmenting the breadth of our product offering such as E2E Pre-shipment financing and Term Loans, in particular, Open account TR and Settlement and Open account advance TR. At the same time, we launched our onboarding module as well as our multi-dashboard ML enabled, Risk Analytics platform for Open Accounts.

2.2 Blockchain: Early adopters of the Oracle Autonomous Blockchain Cloud Platform, we launched in Q2 our first application in the receivables space, tackling the issue of peer-to-peer invoice reconciliation. This is the first step in a series of blockchain services to be offered, which eventually will link up with our Proxima+ platform. ConFIRM (Consensus For Invoice Reconciliation Management) is a platform that targets to alleviate all issues that accounting offices face in the process of invoice reconciliation. The platform uses blockchain to enhance the traceability, immutability and consensus that the technology offers, to allow suppliers and buyers to agree and confirm their invoices whilst automating processes like payments through integration with their ERPs and the use of smart contracts. Next step will be dynamic discounting.

2.3. BOLT and related development: We continued adding connectivity to of BOLT at OPAP and support the offline as well online channels.

2.4 Angel - Cyber Defence Solution for the Maritime world: Following the successful launch in Q4 2017 Angel in co-operation with Navarino Telecoms, was well received by the market leading to a commercial success according to the initial forecast. New features and functionalities are expected to be presented in mid-2020.

2.5 Illicium - Cyber Defence Product using Deception Technology: In 2019 Illicium was fully marketed in Greece and Cyprus directly and Internationally through a channel partner approach. Development for Illicium to be launched on Azure Cloud marketplace has been almost finalized targeting a Go Live date in 2020Q1. Illicium technology is embedded in both Angel and Neutrify solutions.

2.6 Neutrify - Cyber Defence E2E Solution: Neutrify was launched as an E2E 24x7 Security Operations Center solution in 2019Q3, completely dedicated to traffic flow and monitoring for threats and attacks. It monitors and analyze activity on networks, servers, endpoints, databases, applications, websites, and other systems, looking for anomalous activity that could be indicative of a security incident or compromise. Beyond just monitoring, Neutrify offers additional capabilities including advanced forensic analysis, and malware reverse engineering to analyze incidents capitalizing the significant R&D investment of the department.

2.7 EnterpriseLink - Infrastructure as a Service Solution: The latest solution launched by Neurosoft in 2019Q4 in proud partnership with Telecom Italia Sparkle. Enterprise Link is a Business Connectivity Service based on the SD-WAN paradigm and assisting enterprises in their Digital Transformation journey. Specifically designed for multi-site enterprises to help them Simplify their network Architecture, Secure and Segment communication between branches, head offices and Data Centers and bring connected users closer to desired applications using application prioritization, traffic break-outs and real-time link measurement and load-balancing. All the above in an agile and easily configurable manner with breathtaking SLAs and unparalleled reporting capabilities.

3. Business Development

3.1 Fintech: Neurosoft is dominant in the domestic market with its Factoring & Supply Chain Finance platform Proxima+. The target for 2019 was to capitalize on the successful UAE business case for GCC and European markets. Increased Sales and Business Development capacity resulted to a very successful year in new International and domestic awards from CEE and MENA areas. The Company participated in a number of local and international RFPs and PoCs building up a solid pipeline.

3.2 Cyber Security: Established presence in Greece & Cyprus. The focus in 2019 was to enter new high spending security verticals (i.e. Financial Services) while on the offering side to expand in Operational Technology cyber security market (Oil & Gas, Utilities, Transportation). Due to a full year in terms if active contracts in the home market, plans for geographical expansion, mainly in UAE and CEE, were shifted for Q4. In-house development cyber defense products and solutions, such as Illicium, Angel and Neutrify acted as up-selling drivers for the services portfolio.

3.3 Systems Engineering: A very active year on the servicing side being a significant contributor to OPAP's OS&GH support and technology transformation, the traditional Service Providers customer base and in parallel to the positioning in the Enterprise market. On the project side, the focus was in high-end market segment with signature contracts in the top-10 organizations from Financial Services to Oil&Gas. The launch of EnterpriseLink in the IaaS market was the first of more to come in 2020.

3.4 Barclays Bank Account: During 2019 significant steps towards a settlement were achieved following the agreement for mediation in Q3. Our expectations are for early 2020.

4. Quality Assurance

In view of Services and Operations standardisation, Neurosoft is certified under ISO9001, ISO27001 & OHSAS18001 international standards for Quality, Information Security Management and Safety. Due to the heavy workload during the whole year, ISO20000 was postponed for 2019.

5. Investments

On June 21, 2019, the Company, following the conclusion of its due diligence exercise, signed a Shares Purchase Agreement to acquire the 100% of Daedalus Technologies FZCO, a technology provider of security and ICT systems integration consultancy services operating in UAE and MENA region established under the laws of the Dubai Silicon Oasis (DSO) Free Zone. The transaction has finalized in March 2020, when the Company received the relevant certificates of the new shareholders by the Competent Authorities.

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. Currency risk

The Group's revenues are mainly based on Euro denominated agreements and therefore the Group is not exposed to foreign exchange risk. However, the Group's Management continuously monitors the foreign exchange risks that may arise and evaluates the need for such measures.

2. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The Group's exposure to the risk of changes in interest rates relates to the Group's bank borrowings, which are at floating rates. Management monitors on a continuous basis, fluctuations in interest rates and evaluates the need for taking relevant positions to hedge against such risks. At 31 December 2019, if interest rates on Euro denominated borrowings had been 1,0% higher with all other variables held constant, pre-tax loss for the year would have been €9,123 higher, excluding any positive impact of interest income on deposits.

3. Credit risk

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

4. Liquidity risk

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

5. Other risks

The spread of COVID - 19 epidemic may have a negative impact on the global economic activity, but also on the Group's business activities. The rapid spread of COVID - 19 epidemic worldwide has led to increased travel restrictions, as well as, to the disruption and shut down of many businesses. The Group is likely to be affected by quarantine measures, market downturns and changes in customer behavior due to pandemic fears. The Group's workforce is also likely to be affected if the virus spreads in markets where the Group operates. In addition, Group's customers, distribution partners, service providers or suppliers may face financial difficulty, stop their activities or suffer from business disturbances due to the coronavirus epidemic. The extent of the impact on the Group's results due to the coronavirus epidemic is uncertain at this point of time.

SECTION C

Important related party transactions

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

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

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

a) Transactions with related parties

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

	GROUP		COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Sales of services				
OPAP S.A.	8,394,753	8,736,871	8,394,753	8,736,871
OPAP SERVICES S.A.	28,067	-	28,067	-
TORA WALLET S.A.	28,520	-	28,520	-
	8,451,340	8,736,871	8,451,340	8,736,871
	GROUP		COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Purchase of services				
Neurosoft Cyprus Ltd	-	-	132,000	93,500
	-	-	132,000	93,500

Board of Directors and Key Management

The compensation of the members of the Board of Directors and key management personnel for the Group and the Company amounted to €1,141,194 (2018: €907,372).

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.
- No changes have been made to transactions between the Company and related parties which could have a material impact on the financial position and the performance of the Company for the period 01.01.2019-31.12.2019.

b) End year balances with related parties

The closings balances of receivables and liabilities at year end, which have resulted from transactions with related parties under IAS 24, are as follows:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Trade receivables from related parties				
OPAP S.A.	1,362,144	1,652,605	1,362,144	1,652,605
TORA WALLET	719	719	719	719
	<u>1,362,863</u>	<u>1,653,324</u>	<u>1,362,863</u>	<u>1,653,324</u>
Other receivables from related parties				
- Loans granted to related parties				
Neurosoft Cyprus Ltd	-	-	125,230	126,000
	<u>-</u>	<u>-</u>	<u>125,230</u>	<u>126,000</u>
Other receivables from related parties				
Neurosoft Cyprus Ltd	-	-	45,027	87,527
Neurosoft Cyber and Analytics Ltd	-	-	6,020	2,506
	<u>-</u>	<u>-</u>	<u>51,047</u>	<u>90,033</u>
Total other receivables from related parties	<u>-</u>	<u>-</u>	<u>176,277</u>	<u>216,033</u>
	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Trade payables to related parties				
Neurosoft Cyprus Ltd	-	-	-	11,300
	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,300</u>

SECTION D

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

1. Share capital structure

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

For each share all the rights and obligations are defined by law and the Articles of Association. The ownership of the share automatically entails acceptance of the Articles of Association and the decisions taken in accordance with the law and the Statute of the various corporate bodies.

Each share carries the right to one (1) vote.

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

2. Restrictions on the transfer of shares of the Company

There are no restrictions on the transfer of shares.

3. Significant direct or indirect participations

- a) "Neurosoft Cyprus Ltd", headquartered in Cyprus, in which the Company holds a stake of 100%,
- b) "Neurosoft Romania Srl" headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd,
- c) "Neurosoft Cyber and Analytics Ltd", headquartered in United Kingdom, in which the Company holds a 100% stake.

The direct or indirect holdings in the share capital and voting rights of the Company within the meaning of Articles 9 to 11 of Law 3556/2007 as of 31.12.2019 are as follows:

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

Important Notes:

- It is noted that the above percentages have been extracted pursuant to the completion of all the merger procedures with Kestrel SA reflected in the Milan Stock Exchange as well
- Mr Angelopoulos and Mr Vasilonikolidakis are listed above, despite the fact that their stake is less than 3%, for transparency reasons and as they were - the Company's executive directors during 2018. Mr. Paschalidis is also listed above as he is currently the CEO and executive director of the Company.

4. Shares with special control rights

There are no issued shares that offer special control rights.

5. Restrictions on voting rights

There are no restrictions on voting rights.

6. Shareholders' agreements

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

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

Regarding the appointment and replacement of members of the Board of Directors, as well as, the amendment of the Articles of Association, there are no rules that differ from the provisions of Codified Law 4548/2018, as was in force during 2019.

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

There is no specific authority of the Board of Directors or of certain members of the Board of Directors to issue new shares or acquire treasury shares in accordance with Article 49 of Law 4548/2018, as was in force during 2019.

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

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

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

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

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

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

1. The structure and mode of formation of the share capital of the Company is set out in detail in Article 5 of the Articles of Association. The Company's shares were listed on the Milan Stock Exchange on May 8, 2009 and are traded in the above Stock Exchange continuously to date.
2. No such restriction exists under the law or the Articles of Association, or any other agreement.
3. Data on the number of shares and voting rights of persons who have significant participation, are drawn from the Company's share register and relevant disclosures notified to the Company by law.
4. There are no other classes of shares, only common shares with voting rights.
5. The Company has not been notified of any such limitations.
6. Nor has the Company been notified of such agreements.
7. In these specific issues, the Articles of Association do not deviate from the provisions of Law 4548/2018 as was in force during 2019.
8. No such special responsibility exists.
9. In the absence of such agreement, there is no need for any explanation.
10. Similarly, in the absence of such agreements there is no need for any explanation.

SECTION E

Information on labor and environmental issues

1. The Group as of 31.12.2019 employs 201 people, compared to 204 people, as of 31.12.2018.
2. The basic principle governing the Group's operation is the continuous training and education of its personnel and the strengthening of corporate consciousness at all operation levels and activities of the Group. The Group's main concern is to constantly train and keep all staff on the cutting edge of knowledge.
3. The Group recognizes the need for continuous improvement of its environmental performance based on the principles of sustainable development and in compliance with legislation and international standards, aiming to achieve a balanced economic development in harmony with the natural environment. Following the above-mentioned principles, the Group carries out its activities in a manner that ensures the protection of the environment on the one hand and the protection of the health and safety of its personnel on the other.
4. The Company follows the principles and procedures that have been determined within the Group, in order to reassure that it has the adequate and capable personnel to efficiently meet the business targets of the Company.

These principles and procedures refer to the following matters:

- (I) Policy of differentiation and of equal opportunities (independently of the sex, religion, disabilities and/or other criteria)
- (II) Respect to the personnel rights
- (III) Health and Security of the employment environment
- (IV) Training Systems

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

5. ENVIROMENTAL ISSUES

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

To this end Neurosoft sets specific environmental objectives and undertakes environmental initiatives to achieve them.

Neurosoft's aspects of environmental policy include:

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

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

SECTION F

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

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

1. Financial and Operational Highlights of 2019

The key financial figures of the Group are as follows:

	<u>31.12.2019</u>	<u>31.12.2018</u>
Revenue	14,896,621	13,781,983
Gross profit	1,298,508	2,637,728
Losses after tax	(2,618,596)	(310,221)
EBITDA	(280,932)	845,970
Adjusted EBITDA (excl. IFRS 16 impact)	(672,200)	845,970

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

	<u>31.12.2019</u>	<u>31.12.2018</u>
Gross profit margin	8.72%	19.14%
Net profit margin	-17.58%	-2.25%
EBITDA / Revenue	-1.89%	6.14%
Adjusted EBITDA / Revenue	-4.51%	6.14%
Current ratio	1.59	2.43
Debt / Equity	1.21	0.61
Equity / Total assets	45.22%	62.06%

Gross profit and Net profit margin

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

EBITDA and Adjusted EBITDA as a % of Revenue

EBITDA as a percentage of revenue is calculated as the ratio of earnings before interest, tax, depreciation, amortization and impairment (EBITDA) over revenue for the year. The adjusted EBITDA is defined as deducting from EBITDA the expense adjustments related to leases and is used by the Management in order to facilitate comparability with prior year's figures.

Current ratio

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

Debt / Equity

Calculated as the ratio of total liabilities at the end of the year over equity at the end of the year and is used to evaluate the Group's financial leverage. Following the adoption of IFRS 16, liabilities for 2019 also

include the liabilities related to leases. If IFRS 16 impact was excluded from the above calculation the debt to equity ratio would have been equal to 1.01.

Equity / Total assets

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

SECTION G

Anticipated course and Company's development for the year 2020

Based on the up-to-date estimations for 2020 there is cautious optimism regarding the achievement of the economic objectives, despite the clearly difficult financial circumstances that continue to dominate the domestic market and economy. The Company will continue to invest in added value technological products in 2020, in line with the requirements of our times, which are expected to yield a dynamic response in the targeted markets, while in the meantime it will focus on further enhancing its extroversion. In any case, taking into consideration the overall liquidity that prevails, the future cannot be predicted with accuracy. The extremely dynamic sectors (SE and CSO) allow the diversification of its portfolio on the one hand, and cross synergies that were not in-place in the previous years on the other. The strategy of the Company will be international expansion with two poles, one in the UAE for factoring and ICT infrastructure, after the acquisition of an affiliate company in UAE and in London for factoring and cyber security. However due to COVID-19, as described in Section H the Company's development may be affected.

SECTION H

Subsequent events after the end of fiscal year 2019 and until the announcement of the annual financial report

Coronavirus (COVID-19) impact

The outbreak of novel coronavirus (COVID-19) has affected business and economic activity around the world, including Greece. We expect that our results for 2020 will be affected by the enhanced volatile market environment due to COVID-19 pandemic. As far as the Company's activities are concerned, the Company has not suspended its activities and continues its efforts to expand its customer base in key markets, although some business activities have been limited depending on the suspension of certain customer activities. By investing on our people, we focus on further market penetration by acquiring new customers and developing our trading networks, as well as providing solutions to our existing and new customers.

Given the spread of the coronavirus, the range of potential outcomes for the global economy are difficult to predict at this point in time. Outcomes can range from successful virus containment and minor short-term impact, to a prolonged impact that may result in a potential recession. In addition, governments implement a number of policy and fiscal actions that are intended to mitigate potential negative economic impacts.

The Management is monitoring the developments from the outbreak closely, follows guidance from the local health authorities and adheres to the requirements and actions as implemented by the Greek government.

The Management of the Company has examined its current operating results. Apart from its operational performance, the Management has made an assessment of its cash position and made adjustments to its cash flow forecasts where necessary. The Management is confident that the Company has sufficient liquidity to repay all its suppliers and cover its future commitments. The Company has sufficient undrawn borrowing facilities that can be utilized, without any restrictions, to fund any potential shortfall in cash resources.

Investments

In March 2020, the acquisition of Daedalus Technologies FZC was completed, upon receipt of the relevant certificates of the new shareholder by the Competent Authorities.

Further Information

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

- None of the companies included in the consolidation owns shares or stakes as Articles 48,49,50 of the Law 4548/2018 that was in force in 2019.
- Regarding the planned growth of the Company as well as that of the Group, relevant analysis is presented in Section G of this Report.

SECTION I

Research and Development

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

1. By participating to EU R&D programs with Educational Institutions in Greece and abroad. Specifically the Company has participated in 2 programs of the Horizon 2020 Innovation program for exchange of knowledge on the IT and cyber security sector (goal is to chart emerging technologies for teaching and learning), where various technology companies and Academic institutions participate with the purpose of automating the collection of digital evidence in an electronic format and medium.
2. By establishing an internal R& D on Security vulnerabilities research to identify vulnerabilities to various software programs and platforms and notify such discoveries to the owners of such programs through their Bug Bounty Programs or their Security Vulnerability Reporting and Response so they may proceed with correcting them.

SECTION J

Corporate Governance Statement

This Corporate Governance Statement (Declaration) is drafted according to Article 152 of Law 4548/2018, as was in force during 2019. It consists of a special section of the Annual Board of Directors Report and contains all statutory data information.

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

- A. Statement of compliance with the Corporate Governance Code
- B. Divergence from the Corporate Governance Code and Justification of these divergences
- C. Corporate governance practices applied by the Company in addition to the provisions of the law
- D. Description of the internal control and risk management system(s) regarding the preparation process of financial statements
- E. Data on the control status of the Company (information (c), (d), (f), (h) and (i) of paragraph 1 of Article 10 of Directive 2004/25/EC)
- F. Board of Directors and Committees
- G. General Meeting and Shareholders' Rights

A. Statement of compliance with the Corporate Governance Code

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Entries from the accounting department of the Company are submitted under a specific procedure that requires all documents to be original and have the appropriate authorized signature.
- The accounting department performs periodic reconciliation of payroll accounts, customers, suppliers, VAT etc.
- The Company maintains authenticated fixed asset record, performs depreciations based on the International Accounting Standards and the tax rates provided, which are controlled by the person responsible for the operation of financial services.
- The Group annually prepares the consolidated and the individual subsidiary budgets per Group's company for the next financial year, which are presented to the Board of Directors for approval.

- Every month a detailed presentation of the financial results per subsidiary and consolidated at Group level is prepared and communicated to the Group's Management.
- Companies that comprise the Group follow single accounting applications and processes in accordance with the International Financial Reporting Standards.
- Relationships and transactions between the Company and its affiliated companies are being checked.
- Regular and emergency inventories are conducted.
- Accounting and general computerized systems of the Company are being checked.
- The legality of fees and all kinds of benefits to the Board of Directors members are being checked as well as the compliance and renewal of the Company's operating regulations, as they have been established by the Board of Directors, its Articles of Association and the general legislation.
- At the end of each period, the accounting departments of the parent Company and its subsidiaries prepare their financial statements pursuant to the International Financial Reporting Standards.
- The financial departments of the Group collect all the necessary data from the subsidiaries, the consolidation entries are carried out and the financial statements are prepared according to the International Financial Reporting Standards.
- There are specific procedures for closing the financial statements of the budget year which include submission deadlines, responsibilities and updating for the required disclosures.
- Finally, the software system used by the Company is developed and constantly upgraded by its IT department to be adjusted to the constantly expanding and specialized needs with the aim of supporting the long-term goals and prospects of the Company. The IT department is among other things, responsible for the implementation of the security processes (backups on a daily basis, access to files, also all programs have specific people using their own passwords, etc.) and of security procedures which have been established by the Company (anti-virus software, email protection) and the applicable legislation including GDPR (EE Regulation 2016/679).

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

- it has approved the Internal Operating Regulation of the Company which includes adequate policies, procedures and regulations that comprise the Internal Audit System applied by the Company,
- The Members of the Company's Board of Directors are recipients of the reports prepared by the Internal Audit of the Company. Through these reports various areas / operations of the Company are evaluated, as well as the adequacy of the Internal Control Systems applicable to them.

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

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

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

- a) capital structure, including titles which are not traded on a regulated market of a Member State and, where appropriate, an indication of the different classes of shares, with the rights and obligations attached to each class of shares and the percentage of the total share capital represented,
- b) all the restrictions on the transfer of titles, such as limitations on titles holding or the obligation of approval by the Company or other titles holders, according to Article 46 of Directive 2001/34/EC,
- c) significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) according to Article 85 of Directive 2001/34/EC,
- d) the holders of any titles with special control rights and the description of these rights,
- e) the control system that might be provided in an employee participation system, where the control rights are not exercised directly by the employees;
- f) any restrictions on voting rights, such as limitations of the voting rights of holders of a specific percentage or number of votes, deadlines for exercising voting rights, or systems whereby, in cooperation with the Company, the financial rights attached to titles are separated from the holding of titles,
- g) agreements between shareholders which are known to the Company and may result in restrictions on the transfer of titles and / or voting rights within the meaning of Directive 2001/34/EC,
- h) the rules governing the appointment and replacement of board members as well as the amendment of the Articles of Association,
- i) the powers of Board Members, regarding the possibility of issuing or repurchasing shares in particular,
- j) any significant agreements in which the Company participates, and which shall come into force, be amended or expire upon change of Company control following a public offer, and the effects thereof, unless its disclosure would cause serious damage to the Company by its nature. This exception does not apply when the Company is specifically obliged to disclose such information under any other legal requirements, any agreement between the Company and its board members or employees, which provides compensation in case of resignation or dismissal without valid reason or if their employment ceases because of a public offer."

2. The above information is given in detail in Chapter 6 of this Board report. As far as elements c, d, f, h and i of paragraph 1 of Article 10 are concerned, the Company states the following:

- Relative to point c: significant direct and indirect shareholdings of the Company are as follows:
 - a) "Neurosoft Cyprus Ltd", headquartered in Cyprus, in which the Company holds a stake of 100%,
 - b) "Neurosoft Romania Srl" headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd.
 - c) "Neurosoft Cyber and Analytics Ltd", headquartered in United Kingdom, in which the Company holds a 100% stake.

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

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

Important Notes:

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

F. Board of Directors and Committees

1. Board of Directors

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

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

The following table includes the members of the Board as of 31/12/2019:

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

Note:

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

2. Powers of the Board of Directors

The Board of Directors manages and represents the Company and is competent to decide on every matter concerning the Company's management, the pursuit of the objectives of the Company's scope and the management of its assets, except for those matters under the exclusive jurisdiction of the General Meeting according to the Law or the Articles of Association. Any actions of the Board of Directors, even actions not included in the Company's scope, are binding on the Company before third parties, except where it is proven that the third party involved was aware or should have been aware of this encroachment. Adherence to publication formalities regarding the Company's Articles of Association or its amendment does not constitute proof on its own. Any limitations to the power of the Board of Directors by the Articles of Association or by a resolution of the General Meeting cannot be used against third parties acting in good faith, even if they have been subject to the publication formalities. The Board of Directors may, in writing only, assign the exercising of all its powers and jurisdiction (except for those demanding collective action), as well as the Company's representation, to one or more persons, who may or may not be Directors, while also determining the extent of this assignment. In any case, the jurisdiction of the Board of Directors is subject to articles of Chapter 6 of the Law 4548/2018, as was in force in 2019.

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

- the approval of the long-term strategic and operational objectives of the Company,
- the approval of the annual budget and business plan and decision-making on major capital expenditures, acquisitions and divestitures,
- the selection and, if necessary, replacement of the executive management of the company, as well as the supervision of succession planning,
- the performance control of senior management and the harmonization of remuneration of senior executives with the long-term interests of the Company and its shareholders,

- the assurance of the reliability of the financial statements and figures of the Company, the financial information systems and the data available in public, as well as the assurance of the effectiveness of internal and risk management control.
- the vigilance regarding existing and potential conflicts of interest between the company and the company's management, Board members or major shareholders (including shareholders with direct or indirect power to modulate or influence the composition and the behavior of the Board), and the appropriate handling of such conflicts
- the assurance of an effective regulatory process of Company Compliance,
- the responsibility for decision-making and monitoring of the effectiveness of the Company's management system, including decision-making and delegation of powers and duties to other employees, and
- the formulation, dissemination and application of the basic values and principles governing the Company's relations with all parties, whose interests are connected with those of the Company.

3. Board of Directors operation

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

Convening of the Board of Directors

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

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

Role of the Chairman of the Board of Directors

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

CEO

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

- the implementation of the objectives of the annual budget,
- the evaluation of risks and the implementation of measures and procedures to effectively deal with them,
- the coordination of the senior management team, overseeing and ensuring profitability for the proper operation of the Company,
- suitability assessment - systems and procedures regarding the operation of the Company and the suggestion and / or implementation of improvements
- the monitoring of the progress of projects, taking corrective actions where necessary and the efficient allocation of resources between projects,
- ensuring the implementation of the Company's decisions, as well as updating the Board of Directors and the Management Board on matters of the Company. The CEO is responsible for the coordination of individual departments of the Company and the submission of recommendations to the Management Board, with respect to matters within the competence of the Board.

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

Decision Making

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

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

Representation of members of the Board

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

4. Board of Directors' Meetings

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

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

During 2019, fifteen (15) Board meetings took place.

Minutes of the Board of Directors

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

Compensation of Directors

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

G. General Meeting and Shareholders' Rights

1. Competence of the General Meeting

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

- a) extension of duration, revival, dissolution of the company, merger, conversion, breaking - up, without prejudice to the Board of Director's competence in case of absorption or demerger, in accordance with Law 4601/2019;
- b) amendment of the Articles of Association, except for any amendments or adjustments to the Articles of Association effected by the Board of Directors in the cases explicitly provided by law; Any increases (ordinary or extraordinary) and the decreases of the share capital are deemed to be an amendment to the Articles of Association;
- c) issue of bond loans in accordance with the provisions of Chapter D' of Law 4548/2018, as in force;
- d) issue of extraordinary founding titles as per article 76 of Law 4548/2018 and the issue of preference shares as per article 38 of Law 4548/2018;
- e) approval of the overall management according to article 108 of Law 4548/2018 and discharge of the auditors;
- f) election of the members of the Board of Directors, without prejudice to article 22 hereof;
- g) election of the auditors;
- h) appointment of the liquidators;
- i) approval of the annual and any consolidated financial statements;;
- j) annual profit distribution;
- k) The acquisition or disposal of significant holdings in companies. Significant holdings in companies shall mean holdings in terms of shares or assets which assessed as a whole for a period of 12 months meet one of the following conditions:(aa) The total acquisition or disposal price of the said holdings exceeds the Company's open market value, calculated on the basis of the stock exchange price of the Company's share at the time of acquisition or sale, or (bb) The total assets, turnover or profits of the company, relating to

significant holdings, multiplied by the ratio of the holding acquired or sold to the total financials of the relevant company, exceeds the corresponding figure for the Company; and

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

2. Convocation of the General Meeting

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

Invitations for the convocation of an Ordinary or Extraordinary General Meeting, except for repeat meetings and their equivalents, are published and uploaded according the applicable legislation at least twenty (20) full days prior to the set meeting date. It is clarified that non-business days are also counted. Both the day the invitation is issued and day of the Meeting are not counted.

3. Representation of Shareholders in the General Meeting

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

4. Chairman of the General Meeting

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

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

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

- the date, time and place of the General Meeting of Shareholders;
- the basic rules and practices of participation, including the right to propose items for the daily agenda and ask questions, and the deadlines for exercising these rights;
- Voting procedures, terms of representation by proxy and the forms used for proxy voting;
- the proposed daily agenda for the meeting, including drafts of the resolutions upon the discussion and voting, and accompanying documentation as well;

- the proposed list of candidates for Board membership and their resumes in case of election of members; and
- the total number of shares and voting rights on the date of convocation.

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

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

6. Participation and voting rights

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

7. Minority Shareholders' Rights

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

8. Shareholders' rights and way of exercising

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

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

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

- the right of participation and vote in the General Meeting,
- the right to receive dividends from the profits of the Company,

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

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

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Shareholders of NEUROSOFT SOFTWARE PRODUCTION S.A.

Report on the Audit of the Separate and consolidated Financial Statements

Our opinion

We have audited the accompanying separate and consolidated financial statements of NEUROSOFT SOFTWARE PRODUCTION S.A. (Company and Group) which comprise the separate and consolidated statement of financial position as of 31 December 2019, the separate and consolidated statement of comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects the separate and consolidated financial position of the Company and the Group as at 31 December 2019, their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Greek Law 4548/2018.

Basis for opinion

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

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

Independence

During our audit we remained independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Greek Law 4449/2017 and of Regulation (EU) No 537/2014, that are relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Greek Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code.

We declare that the non-audit services that we have provided to the Company and its subsidiaries are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

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The non-audit services that we have provided to the Company and its subsidiaries, in the period from 1st of January 2019 to 31 December 2019, are disclosed in the note 29 to the separate and consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Capitalisation of Development Costs (Note 4. Significant Estimates and Judgements of the Management, Note 8. Intangible assets) (in the separate and consolidated financial statements)</p> <p>At 31 December 2019, Software Development Cost amounted to € 3.1mn for the Group and for the Company.</p> <p>An intangible asset is initially recognized at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment loss.</p> <p>An internally-generated intangible asset arising from development activities is recognized when meeting the relevant criteria of IAS 38.</p> <p>We identified the capitalization of development software costs as a key audit matter due to significant management judgement about the future economic benefits that the asset is expected to generate through the sale of the products.</p> <p>The Group conducts a significant level of development activities and has to apply judgement in identifying projects meeting the criteria for capitalization under the requirements of accounting standards and to capture accurate time and cost information for those projects.</p>	<p>Our procedures in relation to capitalization of development costs included:</p> <ul style="list-style-type: none">• Obtaining an understanding of management's process and controls over the capitalization of development costs;• Evaluating the nature of the type of development expenses incurred that are capitalized into intangible assets;• Assessing the reasonableness of the capitalization based on our knowledge of the Company's business strategy, historical data and revenue records; and• Evaluating the appropriateness of expenses capitalized, on a sample basis, by agreeing against relevant internal sources as deemed necessary. <p>We validated the appropriateness of the related disclosures included in the Notes, in the financial statements.</p> <p>Based on our procedures, we consider management's key assumptions are reasonable with regards to meeting the criteria for the capitalisation of development costs.</p>

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of investments in subsidiaries

(Note 4 Significant Estimates and Judgments of the Management and Note 9 Investment in subsidiaries)

(in the separate financial statements)

At 31 December 2019, the Company has investments in subsidiaries of € 0.5 mn.

These investments are accounted for at cost adjusted for any impairment occurred and are tested for impairment when indications exist that their carrying value may not be recoverable.

The financial and operating performance of certain Group's companies has indications that the carrying amount exceeds the recoverable amount and thus an impairment assessment has been performed for the subsidiary Neurosoft Cyprus LTD.

The recoverable amount of the investments in subsidiaries is determined on value in use calculations, which requires the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a one-year period and cash projections for four additional years.

This is a key audit matter for our audit given that management, in determining the recoverable amount exercised judgement in calculating the future cash flows, (e.g. expectations on market development, and discount rates applied to future cash flow forecast)

In the year ended 31 December 2019, an impairment charge of € 0.3 mn was recognized with respect to the Company's investment in the subsidiary Neurosoft Cyprus LTD.

We evaluated management's overall impairment testing process, including process for identifying indicators for impairment, preparation of impairment testing models as well as their review and approval.

The key assumptions assessed per case included the revenue growth rates, margin trends and discount rates.

We discussed extensively with management the suitability of the impairment model and reasonableness of the assumptions and we performed the following procedures:

- Benchmarking key assumptions in management's valuation model with market trends and assumptions made.
- Testing the mathematical accuracy of the cash flow models and agreeing relevant data to approved business plans.
- Assessing the sensitivity of impairment tests to changes in significant assumptions.

We validated the appropriateness of the related disclosures included in the Notes, in the financial statements.

Based on our procedures, we consider management's key assumptions to be within a reasonable range.



Other Information

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

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

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

We considered whether the Board of Directors Report includes the disclosures required by Greek Law 4548/2018 and the Corporate Governance Statement required by article 152 of Greek Law 4548/2018 has been prepared.

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

- The information given in the the Board of Directors' Report for the year ended at 31 December 2019 is consistent with the separate and consolidated financial statements,
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 150,151,153 and 154 of Greek Law 4548/2018,
- The Corporate Governance Statement provides the information referred to items c and d of paragraph 1 of article 152 of Greek Law 4548/2018.

In addition, in light of the knowledge and understanding of the Company and Group NEUROSOFT SOFTWARE PRODUCTION S.A. and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report and Other Information that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

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

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

In preparing the separate and consolidated financial statements, the Board of Directors is responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as



applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Report on other legal and regulatory requirements

1. Additional Report to the Audit Committee

Our opinion on the accompanying separate and consolidated financial statements is consistent with our Additional Report submitted to the Board of Directors, as the Company is in the process of establishing an Audit Committee.

2. Appointment

We were first appointed as auditors of the Company by the decision of the annual general meeting of shareholders on 19/06/2019.

Athens, 27 April 2020

The Certified Auditor Accountant

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

Konstantinos Michalatos
SOEL Reg. No 17701

ANNUAL FINANCIAL STATEMENTS

According to international Financial Reporting Standards

for the year from 1 January to 31 December 2019

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STATEMENT OF FINANCIAL POSITION

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018*	31.12.2019	31.12.2018*
ASSETS					
Non-current assets					
Property, plant & equipment	6	442,644	493,509	442,644	493,509
Right-of-use assets	7	1,154,676	-	1,154,676	-
Intangible assets	8	3,278,873	4,703,920	3,278,873	4,703,920
Investments in subsidiaries	9	-	-	542,931	813,501
Other non - current assets	10	146,939	98,911	146,939	98,911
		<u>5,023,132</u>	<u>5,296,340</u>	<u>5,566,063</u>	<u>6,109,841</u>
Current assets					
Inventories	11	814,386	807,595	814,386	807,595
Trade receivables	12	3,837,180	3,925,653	3,837,180	3,892,402
Other current assets	13	978,394	503,434	1,091,213	654,130
Restricted cash		2,259	2,259	2,259	2,259
Cash and cash equivalents	14	1,860,130	2,784,254	1,731,947	2,768,679
		<u>7,492,348</u>	<u>8,023,194</u>	<u>7,476,985</u>	<u>8,125,065</u>
Total assets		<u>12,515,480</u>	<u>13,319,533</u>	<u>13,043,048</u>	<u>14,234,906</u>
EQUITY					
Share capital	15	8,954,608	8,954,608	8,954,608	8,954,608
Share premium		600,000	600,000	600,000	600,000
Reserves	16	377,638	377,638	377,638	377,638
Retained earnings		<u>(4,273,241)</u>	<u>(1,683,356)</u>	<u>(3,525,671)</u>	<u>(744,065)</u>
		<u>5,659,005</u>	<u>8,248,890</u>	<u>6,406,575</u>	<u>9,188,181</u>
Non-controlling interests		-	17,623	-	-
Total equity		<u>5,659,005</u>	<u>8,266,513</u>	<u>6,406,575</u>	<u>9,188,181</u>
LIABILITIES					
Non-current liabilities					
Long-term borrowings	17	481,013	572,635	481,013	572,635
Lease liabilities	7	842,454	-	842,454	-
Deferred tax liabilities	18	595,833	969,459	595,833	969,459
Employee benefit plans	19	225,447	205,526	225,447	205,526
		<u>2,144,747</u>	<u>1,747,620</u>	<u>2,144,747</u>	<u>1,747,620</u>
Current liabilities					
Trade payables	20	1,745,970	1,618,647	1,742,751	1,629,948
Short-term borrowings	17	371,622	271,622	371,622	271,622
Lease liabilities	7	327,149	-	327,149	-
Income tax liabilities	26	54,336	54,336	54,336	54,336
Other tax liabilities	21	710,393	637,856	713,961	637,856
Other current liabilities	22	1,502,259	722,940	1,281,910	705,345
		<u>4,711,729</u>	<u>3,305,401</u>	<u>4,491,727</u>	<u>3,299,106</u>
Total liabilities		<u>6,856,476</u>	<u>5,053,021</u>	<u>6,636,475</u>	<u>5,046,726</u>
Total equity and liabilities		<u>12,515,480</u>	<u>13,319,533</u>	<u>13,043,048</u>	<u>14,234,906</u>

* The Group and the Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated (note 2.3).

The notes on pages 45 to 87 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Note	GROUP		COMPANY	
		01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018*	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018*
Revenue	5	14,896,621	13,781,983	14,898,575	13,648,283
Cost of sales	23	(13,598,113)	(11,144,255)	(13,481,790)	(11,122,899)
Gross profit		1,298,508	2,637,728	1,416,785	2,525,384
Distribution expenses	23	(1,369,543)	(1,180,153)	(1,357,458)	(1,140,810)
Administrative expenses	23	(2,175,869)	(2,013,550)	(2,153,208)	(1,996,418)
Impairment of investment in subsidiary	9	-	-	(270,570)	-
Impairment of intangible assets	8	(649,646)	(40,534)	(649,646)	(92,386)
Other income / (expenses) - net		13,393	(19,766)	(45,404)	(884)
Operating loss		(2,883,158)	(616,276)	(3,059,501)	(705,114)
Finance income	24	221	2,859	221	2,859
Finance expenses	24	(109,974)	(54,221)	(107,729)	(49,364)
Loss before income tax		(2,992,911)	(667,637)	(3,167,009)	(751,619)
Income tax	26	374,314	357,416	374,314	357,416
Net loss for the year (A)		(2,618,596)	(310,221)	(2,792,694)	(394,201)
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Actuarial gains	19	11,777	5,034	11,777	5,034
Related tax	26	(689)	(1,258)	(689)	(1,258)
Other comprehensive income for the year (net of tax) (B)		11,088	3,775	11,088	3,775
Total comprehensive loss (after tax) (A)+(B)		(2,607,508)	(306,447)	(2,781,606)	(390,426)
Loss for the year attributable to:					
Equity holders of the parent		(2,618,596)	(327,844)	(2,792,694)	(394,201)
Non-controlling interests		-	17,623	-	-
		(2,618,596)	(310,221)	(2,792,694)	(394,201)
Total comprehensive loss for the year attributable to:					
Equity holders of the parent		(2,607,508)	(324,068)	(2,781,606)	(390,426)
Non-controlling interests		-	17,623	-	-
		(2,607,508)	(306,445)	(2,781,606)	(390,426)
Total weighted number of ordinary shares		25,584,594	25,584,594	25,584,594	25,584,594
Adjusted weighted average number of ordinary shares		25,584,594	25,584,594	25,584,594	25,584,594
Loss per share (basic and diluted)		(0.1024)	(0.0121)	(0.1092)	(0.0154)

* The Group and the Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated (note 2.3).

The notes on pages 45 to 8786 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

GROUP

	Note	Attributable to owners of the parent					Non-controlling interests	Total equity
		Share capital	Share premium	Reserves	Retained earnings	Total		
1 January 2018		8,954,608	600,000	377,638	(1,359,287)	8,572,959	-	8,572,959
Net loss for the year		-	-	-	(327,844)	(327,844)	17,623	(310,221)
Other comprehensive income	26	-	-	-	3,775	3,775	-	3,775
Total comprehensive loss for the year (net of tax)		-	-	-	(324,069)	(324,069)	17,623	(306,447)
31 December 2018		8,954,608	600,000	377,638	(1,683,356)	8,248,890	17,623	8,266,512
1 January 2019*		8,954,608	600,000	377,638	(1,683,356)	8,248,890	17,623	8,266,512
Net loss for the year		-	-	-	(2,618,596)	(2,618,596)	-	(2,618,596)
Other comprehensive income	26	-	-	-	11,088	11,088	-	11,088
Total comprehensive loss for the year (net of tax)		-	-	-	(2,607,508)	(2,607,508)	-	(2,607,508)
Transfers		-	-	-	17,623	17,623	(17,623)	-
31 December 2019		8,954,608	600,000	377,638	(4,273,242)	5,659,005	-	5,659,005

COMPANY

	Note	Share capital	Share premium	Reserves	Retained earnings	Total
1 January 2018		8,954,608	600,000	377,638	(353,639)	9,578,607
Net loss for the year		-	-	-	(394,201)	(394,201)
Other comprehensive income	26	-	-	-	3,775	3,775
Total comprehensive loss for the year (net of tax)		-	-	-	(390,426)	(390,426)
31 December 2018		8,954,608	600,000	377,638	(744,065)	9,188,181
1 January 2019*		8,954,608	600,000	377,638	(744,065)	9,188,181
Net loss for the year		-	-	-	(2,792,694)	(2,792,694)
Other comprehensive income	26	-	-	-	11,088	11,088
Total comprehensive loss for the year (net of tax)		-	-	-	(2,781,606)	(2,781,606)
31 December 2019		8,954,608	600,000	377,638	(3,525,672)	6,406,574

* The Group and the Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated (note 2.3).

The notes on pages 45 to 8786 form an integral part of these financial statements.

CASH FLOW STATEMENT

	Note	GROUP		COMPANY	
		01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018*	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018*
Operating activities					
Loss before tax		(2,992,911)	(667,637)	(3,167,009)	(751,619)
Adjustments for:					
Depreciation and amortization	6,7,8	1,952,579	1,421,711	1,952,579	1,421,711
Impairment of investment in subsidiary	9	-	-	270,570	-
Impairment of intangible assets	8	649,646	40,534	649,646	92,386
Provision for inventory impairment	23	49,259	-	49,259	-
Provisions for doubtful debts	23	85,696	38,849	85,696	38,849
Provisions for employee benefit plans	25	127,856	48,424	127,856	48,424
Financial expenses - net	24	109,753	51,362	107,508	46,505
Plus/less working capital adjustments or adjustments related to operating activities:					
Increase in inventories		(56,050)	(248,575)	(56,050)	(248,575)
Decrease / (increase) in trade receivables		2,776	(554,173)	(30,475)	(564,672)
(Increase) / decrease in other current assets		(474,960)	12,400	(437,083)	8,033
(Increase) / decrease in other non-current assets		(48,027)	15,755	(48,027)	15,755
Increase in trade payables		127,323	510,810	112,803	533,639
Increase in other current liabilities		767,766	246,746	565,011	295,861
Increase in tax liabilities		72,537	203,038	76,104	203,038
Payment for staf indemnity		(99,006)	(5,133)	(99,006)	(5,133)
Less:					
Interest and related expenses paid		(95,574)	(51,912)	(93,329)	(47,055)
Net cash flows generated from operating activities (a)		178,664	1,062,200	66,056	1,087,148
Investing activities					
Proceeds from disposal of PPE		-	2,389	-	2,389
Purchase of PPE and intangible assets		(762,690)	(866,677)	(762,690)	(866,677)
Interest received		221	2,859	221	2,859
Net cash flows used in investing activities (b)		(762,469)	(861,429)	(762,469)	(861,429)
Financing activities					
Proceeds from borrowings		100,000	180,000	100,000	180,000
Repayments of borrowings		(91,622)	(91,622)	(91,622)	(91,622)
Repayment of lease liabilities - capital		(348,697)	-	(348,697)	-
Net cash flows (used in) / generated from financing activities (c)		(340,319)	88,378	(340,319)	88,378
Net (decrease) / increase in cash and cash equivalents (a) + (b) + (c)		(924,124)	289,149	(1,036,732)	314,097
Net cash and cash equivalents at beginning of year		2,784,254	2,495,105	2,768,679	2,454,582
Net cash and cash equivalents at the end of the period		1,860,130	2,784,254	1,731,947	2,768,679

* The Group and the Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated (note 2.3).

The notes on pages 45 to 8786 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

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

These annual consolidated and separate financial statements for the year ended December 31, 2019 were approved by the Board of Directors of "Neurosoft S.A." on April 27, 2020, are subject to the final approval of the Ordinary General Assembly of the Shareholders and are available on the Company's website www.neurosoft.gr, under the section "Investor Relations" and sub-section "Financial Reports".

Information on the Subsidiaries:

- (a) «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a stake of 100% of its capital,
- (b) «Neurosoft Romania Srl.» headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd,
- (c) «Neurosoft Cyber and Analytics Ltd », headquartered in United Kingdom, in which the Company holds a stake of 100% of its capital.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The main accounting principles applied for the preparation of these financial statements are presented below. These principles have been applied with consistency for all the financial periods presented, except stated otherwise.

These separate and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the IFRS Interpretations Committee, as adopted by the European Union (E.U.) and are effective as of January 1, 2019.

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

The preparation of financial statements under IFRS requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in the financial statements. It also requires management to exercise its judgment in the process of applying the accounting policies adopted. Actual results may differ from these estimates under different assumptions or conditions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.1 Going Concern

The financial statements as of December 31, 2019, were prepared in accordance with the International Financial Reporting Standards (IFRS) and provide a reasonable presentation of the financial position, profit and loss, and cash flows of the Group, in accordance with the going concern basis of accounting.

Management continuously assesses the likely impact of any changes in the macroeconomic and financial environment in Greece in order to ensure that all necessary actions and measures are taken to minimize any impact on the Group's activities. Management is not in a position to accurately predict possible developments in the Greek economy, but based on its assessment, it has ensured the going concern basis of accounting, taking also into account the Covid-19 pandemic (note 31) and as result, 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 during the current financial year and subsequent years.

Standards and Interpretations effective for the current financial year

IFRS 16 "Leases"

IFRS 16 has been issued in January 2016 and supersedes IAS 17. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently. The effect from applying the standard to the Group and the Company is described in Note 2.3.

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation"

The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss.

IFRIC 23 "Uncertainty over income tax treatments"

The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

IAS 19 (Amendments) "Plan amendment, curtailment or settlement"

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur.

Annual Improvements to IFRS (2015 - 2017 Cycle)

The amendments set out below include changes to certain IFRSs.

IFRS 3 "Business combinations"

The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 “Joint arrangements”

The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 “Income taxes”

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 “Borrowing costs”

The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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 is currently investigating the impact of the new standards and amendments on its financial statements.

Conceptual Framework in IFRS standards (effective for annual periods beginning on or after January 1, 2020)

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

IFRS 3 (Amendments) “Definition of a business” (effective for annual periods beginning on or after January 1, 2020)

The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments have not yet been endorsed by the EU.

IAS 1 and IAS 8 (Amendments) “Definition of a material” (effective for annual periods beginning on or after January 1, 2020)

The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRSs. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRSs.

IFRS 9, IAS 39 and IFRS 7 (Amendments) “Interest Rate Benchmark Reform” (effective for annual periods beginning on or after January 1, 2020)

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

IAS 1 (Amendment) “Classification of liabilities as current or non-current” (effective for annual periods beginning on or after January 1, 2022)

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.

2.3 Changes in accounting policies

On January 1, 2019, the Group and the Company adopted and applied, for the first time, IFRS 16 “Leases”, which replaces IAS 17 and sets out the recognition, measurement, presentation and disclosure of leases. IFRS 16 has a material effect on the Group’s and Company’s financial statements, particularly on total assets and liabilities, the results of operations, net cash flows from operating activities, net cash flows used in financing activities, and the presentation of the financial position.

(a) Impact of the new definition of a lease

Previously, the Group and the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 “Determining whether an arrangement contains a lease”. The Group and the Company now assess whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group and the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Group and the Company account for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Group and the Company:

- a) Recognize right-of-use asset and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount on any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- b) Recognize depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income;
- c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

IFRS 16 has a material effect on the Group’s and Company’s financial statements, particularly on total assets and liabilities, the results of operations, net cash flows from operating activities and net cash flows used in financing activities.

The Group and the Company elected to use the on-going recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets), for example small items of office furniture or IT equipment. Payments associated with short-term leases and leases of low-value-assets are recognized on a straight-line basis as an expense in the statement of comprehensive income.

In applying IFRS 16, the Group and the Company elected to use the following practical expedients available by the standard at the date of initial application:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019
- the exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term when the contract contains options to extend or terminate the lease.

(c) Impact on Lessor Accounting

In contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, and continue to require a lessor to classify a lease either as an operating lease or a finance lease. The Group and the Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The accounting policies applicable to the Group and the Company as a lessor are not different from those under IAS 17.

(d) Financial impact of initial application of IFRS 16

Upon transition to IFRS 16, payment obligations from existing operating leases are discounted using the relevant incremental borrowing rate and recognized as a lease liability. The right-of-use assets were carried as of January 1, 2019 in the amount of the lease liability.

As at January 1, 2019, the weighted average discount rate applied for the Group and the Company was 3.4% .

The transition to the new standard as of January 1, 2019 resulted in a significant increase in Group's and Company's total assets and liabilities.

The effect of adoption of IFRS 16 as at January 1, 2019 is as follows:

	IFRS 16 Adjustments
ASSETS	
Non-current assets	
Right-of-use assets	1,276,518
Total non-current assets	1,276,518
LIABILITIES	
Non-current liabilities	
Lease liabilities	962,308
	962,308
Current liabilities	
Lease liabilities	314,210
	314,210
Total liabilities	1,276,518
Total equity and liabilities	-

The recognized right-of-use assets at January 1, 2019 relate to the following types of assets:

	<u>1.1.2019</u>
Buildings	867,117
Transportation means	409,401
Total	<u>1,276,518</u>

The Group's and Company's right-of-use assets mostly refer to buildings rentals for administrative purposes and transportation means.

The reconciliation between the commitments under operating leases as at December 31, 2018 and the lease liabilities recognised as at January 1, 2019 is as follows:

	<u>GROUP & COMPANY</u>
Operating lease commitment disclosed as at 31.12.2018	1,393,906
Discounted using the lessees' incremental borrowing rate at the date of initial application	1,318,188
Less: short-term leases	(41,670)
Total lease liabilities recognised as 1 January 2019	<u>1,276,518</u>

(e) Impact for the period

The nature of the expenses related to the leases previously classified as operating leases has changed, as by the application of IFRS 16, the operating costs of the lease are replaced by a depreciation charge for right-of-use assets and an interest expense on the resulting liability. This entails a significant improvement of "Earnings before interest, taxes, depreciation and amortization".

As of December 31, 2019, the Group and the Company have recognized right-of-use assets of €1,154,676 and lease liabilities of €1,169,603 in relation to the above mentioned leases.

Also in relation to those leases under IFRS 16, the Group and the Company have recognized depreciation and interest costs, instead of operating lease expense. During the year ended December 31, 2019, the Group and the Company recognized €363,624 of depreciation charges and €42,570 of interest costs.

The effect at EBITDA from the application of IFRS 16 was positive by €391,268 for the Group and the Company due to recognition of depreciation and interest charges instead of rental expenses.

In the cash flow statement, the rents payment part reduce the cash flows from financing activities and is no longer included in the net cash flows from operating activities. Only payments of interest are still included in the net cash flows from operating activities.

2.4 Basis of consolidation

(a) Subsidiaries

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

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

value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

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

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

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

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

(c) Disposal of / loss of control over subsidiary

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

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

2.5 Operating segments

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances:

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

2.7 Property, plant and equipment

Property, plant and equipment are presented in the financial statements at acquisition cost less accumulated depreciation and impairment (note 2.11). Acquisition cost consists of the purchase price, including any import duties and non-refundable purchase taxes, and any costs necessary to make the asset operational and ready for its intended use.

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

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

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

The residual values and useful lives of tangible assets are subject to review at each balance sheet date. When the carrying values of tangible assets exceed their recoverable amount, the difference (impairment) is immediately recognized in the statement of comprehensive income as an expense (note 2.11).

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

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

2.8 Leases

The Group and the Company have applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IFRS 16 and IAS 17 are presented separately below.

Policies applicable from 1 January 2019

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

The Group and the Company as a lessee

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

i) Right-of-use assets

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

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

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

The right-of-use assets are also subject to impairment, as described in note 2.11.

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

ii) Lease liabilities

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

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

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

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

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

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

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

The Group and the Company as a lessor

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

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

Policies applicable prior to 1 January 2019

The Group and the Company as a lessee

Leases in which all the risks and rewards of ownership remain with the lessor were classified as operating leases. Operating lease expense is recognized in the income statement proportionally during the lease term and includes any restoration cost of the property if such clause is included in the leasing contract. The Group and the Company leased assets only through operating leases.

The Group and the Company as lessor

The Group leased assets only through operating leases. Operating lease income is recognized in the statement of comprehensive income of each period proportionally over the term of the lease.

2.9 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is reflected separately in the balance sheet. Goodwill is not depreciable, is tested annually for impairment and carried at cost less any accumulated impairment losses. Goodwill losses cannot be reversed.

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, and is monitored at the operating segment level.

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.

Negative goodwill is recognised where the fair value of the Group's interest in the net assets of the acquired entity exceeds the cost of acquisition and is taken to income immediately.

2.10 Intangible assets

Intangible assets include costs of purchased and internally generated software.

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

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

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

Purchased intangible assets

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

Research and development costs

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

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

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

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

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

Classification of Intangible asset	Years
Software	5

2.11 Impairment of non-financial assets

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

2.12 Financial instruments

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

Financial assets

i) Initial recognition of financial assets

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

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

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

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

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

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

ii) Subsequent measurement of financial assets

Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

iii) Derecognition of financial assets

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

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

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

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

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

In this case:

- if the Group transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.
- if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group shall continue to recognise the financial asset.
- if the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, shall determine whether it has retained control of the financial asset. In this case:

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

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

iv) Impairment of financial assets

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

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

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

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

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

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

Financial liabilities

i) Initial recognition and subsequent measurement of financial liabilities

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

ii) Derecognition of financial liabilities

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

Offsetting of financial instruments

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

2.13 Inventories

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

2.14 Trade and other receivables

Trade receivables are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate, except if the discount outcome is not material, less provision for impairment. A provision for Impairment is established when there is objective evidence that the Company is not in a position to collect all amounts due under the contractual terms. Significant difficulties of the debtor, the possibility of bankruptcy or financial reorganization and the inability of scheduled payments are considered evidence that the value of the receivable has been impaired.

The amount of the impairment loss is the difference between the carrying amount of the receivables and the present value of the estimated future cash flows discounted at the effective interest rate. The amount of the impairment loss is recognized as an expense in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the income statement.

2.15 Restricted cash

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

2.16 Cash and cash equivalents

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

2.17 Share capital and share premium

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

2.18 Borrowings

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

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

2.19 Borrowing costs

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

2.20 Current and deferred income tax

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

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

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

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

- where the deferred tax liability arises from the initial recognition of goodwill, of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of temporary differences associated with investment in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

2.21 Employee benefits

(a) Post-employment benefits

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

Defined contribution plan

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

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

Defined benefit plans

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

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

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

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

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

(b) Employment termination benefits

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

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

2.22 Provisions and contingencies

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

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

2.23 Trade and other payables

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

2.24 Revenue recognition

(a) Revenue from contracts with customers

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

Revenue is recognised as follows:

Provision of services

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

Sales of goods

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

Contract assets

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

Contract liabilities

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

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

Incremental costs of obtaining a contract are expensed as incurred.

(b) Interest income

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

2.25 Earnings/(loss) per share

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

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

2.26 Grants

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

2.27 Dividend distribution

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

2.28 Reclassifications

Previous year amounts, indicated below, have been reclassified so that the Statement of Financial Position, the Statement of Comprehensive Income and the Cash Flow Statement of the Group and the Company as of 31/12/2018 are comparable to the Statement of Financial Position, Statement of Comprehensive Income and the Cash Flow Statement as of 31/12/2019. More specifically:

The following reclassifications have been made in the Statement of Financial Position:

- An amount of €12,894 for the Group and the Company has been reclassified from "Trade receivables" to "Other current assets".
- An amount of €2,259 and an amount of €452 for the Group and the Company have been reclassified from "Other current assets" to "Restricted cash" and "Other current liabilities" respectively.
- An amount of €215,673 for the Company has been reclassified from "Receivables from intra-Group companies" to "Other current assets".
- An amount of €91,622 for the Group and the Company has been reclassified from "Long-term borrowings" to "Short-term borrowings".
- An amount of €48,670 for the Group and the Company has been reclassified from "Other current liabilities" to "Other current assets".
- An amount of €637,856 for the Group and the Company has been reclassified from "Other current liabilities" to "Tax liabilities".

The following reclassifications have been made in the Statement of Comprehensive Income:

- An amount of €289,910 and €259,509 for the Group and the Company respectively has been reclassified from "Cost of Services", "Distribution expenses" and "Administrative expenses" to "Other income / (expenses) - net".

The following reclassifications have been made in the Cash flow Statement:

- An amount of €2,389 for the Group and the Company has been reclassified from Operating Activities to Investing Activities.

Additionally, as a result of the above, reclassifications have been made within the Operating Activities in the Cash Flow Statement and within the individual notes for comparability purposes. The above reclassifications do not affect the equity or results of the Group and the Company.

3. Financial risk management

3.1 Financial risk factors

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

(a) Market risk

i) Foreign exchange risk

Currency risk is the risk that the fair values of the cash flows of a financial instrument fluctuate due to foreign currency changes. The Group's revenues are mainly based on Euro denominated agreements and therefore the Group is not exposed to foreign exchange risk. However, the Group's management continuously monitors the foreign exchange risks that may arise and evaluates the need for such measures.

ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates. The Group's exposure to the risk of changes in interest rates relates to the Group's bank borrowings, which are at floating rates. Management monitors on a continuous basis, fluctuations in interest rates and evaluates the need for taking relevant positions to hedge against such risks. At 31 December 2019, if interest rates on Euro denominated borrowings had been 1,0% higher with all other variables held constant, pre-tax loss for the year would have been €9,123 higher, excluding any positive impact of interest income on deposits.

(b) Credit risk

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

(c) Liquidity risk

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

The table below analyses the Group's and Company's financial liabilities as of December 31, 2019 and 2018 into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the undiscounted contractual cash flows.

GROUP

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

GROUP

31 December 2018					
MATURITY OF FINANCIAL LIABILITIES					
	Within 1 year	From 1 to 2 years	Between 2 and 5 years	Over 5 years	Total
Trade payables	1,618,647	-	-	-	1,618,647
Other current liabilities	298,141	-	-	-	298,141
Borrowings	294,298	111,000	313,208	215,425	933,931

COMPANY

31 December 2019					
MATURITY OF FINANCIAL LIABILITIES					
	Within 1 year	From 1 to 2 years	Between 2 and 5 years	Over 5 years	Total
Trade payables	1,742,751	-	-	-	1,742,751
Other current liabilities	550,631	-	-	-	550,631
Lease liabilities	388,847	342,674	511,150	-	1,242,672
Borrowings	414,940	107,701	303,313	117,619	943,573

COMPANY

31 December 2018					
MATURITY OF FINANCIAL LIABILITIES					
	Within 1 year	From 1 to 2 years	Between 2 and 5 years	Over 5 years	Total
Trade payables	1,629,948	-	-	-	1,629,948
Other current liabilities	280,546	-	-	-	280,546
Borrowings	294,298	111,000	313,208	215,425	933,931

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

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

3.2 Capital management

The primary objective of the Group's and Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business plans and maximize shareholder value. An important means of managing capital is the use of the gearing ratio (ratio of net debt to equity). Net debt includes interest bearing borrowings, as well as long-term and short-term lease liabilities (following IFRS 16 adoption as of January 01, 2019), less cash and cash equivalents.

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Long-term borrowings	481,013	572,635	481,013	572,635
Short-term borrowings	371,622	271,622	371,622	271,622
Long-term lease liabilities	842,454	-	842,454	-
Short-term lease liabilities	327,149	-	327,149	-
Cash and cash equivalents	(1,860,130)	(2,784,254)	(1,731,947)	(2,768,679)
Net debt	162,108	(1,939,997)	290,291	(1,924,422)
Total equity	5,659,005	8,266,513	6,406,575	9,188,181
Net debt to equity	0.029	-	0.045	-

4. Significant estimates and judgements of the management

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

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

(a) Provision for income taxes

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

(b) Deferred tax assets

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

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

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

(d) Provision for employee benefit plans

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

(e) Useful lives - Depreciation rates

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

(f) Impairment of property, plant and equipment

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

(g) Impairment of intangible assets

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

(h) Impairment of investment in subsidiaries

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

(i) Recognition of costs for development of software programmes

Costs that are directly associated with development of software programmes controlled by the Group, are recognised as intangible assets in the financial statements only when it is more than probable that the economic benefits that will be generated from these intangible assets will flow to the Group. In the assessment of future economic benefits the Group takes into account the technical possibility to complete the intangible asset in order to bring it to use or sale, the existence of market for the product that the

intangible asset produces or if it this is to be used internally the usefulness of the intangible asset as well as the possibility or reliable measurement of the expenses that will be allocated to the intangible asset incurred over its development.

(j) Determination of lease term - Accounting by lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant: If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate). If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate). Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

5. Group segment information

The Group's primary segment reporting is categorized by business activity because the risk and profitability of the Group are mainly affected by the type of the product and services offered.

As of the beginning of 2019, the Company, in accordance with the Strategic Business Plan for 2019-2021, operates under three business segments "Fintech & Analytics", "Cyber Security Operations" and "Systems Engineering". This structure is considered an efficient way to improve market penetration and increase business, as the Company shall fully exploit the continuous investment plan in R&D and shall create economies of scale. Internal resources are aligned, as well as, the product portfolios of the sectors and to pursue large scale projects and critical business transactions.

The Group's and Company's key operating segments are:

1) Fintech and Analytics

Design and development of a unique ecosystem for Intelligent Factoring and Supply Operators with fully customized Business Intelligence & Risk Management modules using top-notch technologies such as Blockchain and IoT. In an ever-changing big-data landscape where the need for decision making is overwhelming for all service organizations, our almost 20-year experience in the field is transformed into valuable solutions that meet your day-to-day demands.

2) Cyber Security Operations

In a world of viruses, malwares, and hackers, Neurosoft has compiled a suite of practical and technologically advanced tools and methods to significantly enhance the protection of mission-critical data. Company's offering is growing, aiming primarily at a Service-oriented model rather than a solely product-based one. The Company focuses on niche market segments and solutions, capitalizing the Company's strong software development background in order to develop a unique in-house offering.

3) Systems Engineering

Neurosoft has vast experience in designing, implementing, and supporting mission-critical networks & systems and ICT projects. The ICT department is the main driver of new solutions and services for the existing and future telecom and IT needs of our customers. Training and research are paramount values for the department, which apart from the design and implementation of new solutions undertake the mission of supporting our carrier-grade customers with sensitive SLAs.

The Field Services Department aims at providing implementation and support services on strict Service Level Agreements. Field services have grown substantially over the past couple of years both in terms of geographical coverage and breadth of technologies. Neurosoft today has the capacity to provide services throughout the country for technologies ranging from IT&T (Fixed Access, Microwave, Optical Transport, IT) to non-IT&T (Air-conditioning, Power) environments, utilizing its own personnel and a selective network of partners covering the respective needs of our customers.

Accounting policies of the operating segments are the same as those followed for the preparation of the financial statements. Intersegment transfers or transactions are conducted under normal commercial terms and conditions that would also apply to independent third parties.

Segment information and reconciliation to the Group's consolidated figures for the years ended December 31, 2019 and 2018 is analyzed as follows:

	Fintech and Analytics	Cyber Security Operations	Systems Engineering	Total
01.01.2019 - 31.12.2019				
Revenue	808,139	1,862,492	12,225,990	14,896,621
Cost of sales	(725,740)	(1,471,018)	(11,401,355)	(13,598,113)
Gross profit	82,399	391,474	824,635	1,298,508
Operating loss	(587,291)	(307,580)	(1,988,287)	(2,883,158)
	Fintech and Analytics	Cyber Security Operations	Systems Engineering	Total
1.1.2018 - 31.12.2018				
Revenue	2,000,000	2,000,000	9,781,983	13,781,983
Cost of sales	(1,239,978)	(1,628,702)	(8,275,575)	(11,144,255)
Gross profit	760,022	371,298	1,506,408	2,637,728
Operating loss	289,397	(100,962)	(804,711)	(616,276)

6. Property, plant and equipment

Property, plant and equipment are analyzed as follows:

GROUP & COMPANY					
Note	Buildings	Machinery	Transportation means	Furniture and other equipment	Total
Cost					
1 January 2018	409,840	46,660	3,218	863,606	1,323,324
Additions	60,380	31,437	-	27,416	119,233
Disposals / write-offs	-	(172)	-	(2,316)	(2,488)
31 December 2018	470,220	77,925	3,218	888,706	1,440,069
Additions	20,507	4,261	-	93,787	118,555
31 December 2019	490,727	82,186	3,218	982,493	1,558,624
Accumulated depreciation					
1 January 2018	(139,717)	(11,861)	(1,336)	(675,557)	(828,471)
Depreciation expense	23 (46,122)	(12,610)	(368)	(59,087)	(118,188)
Disposals / write-offs	-	57	-	42	99
31 December 2018	(185,839)	(24,414)	(1,704)	(734,602)	(946,559)
Depreciation expense	23 (49,886)	(7,258)	(368)	(111,908)	(169,420)
31 December 2019	(235,725)	(31,672)	(2,072)	(846,510)	(1,115,979)
Net book value at					
31.12.2018	284,381	53,511	1,514	154,104	493,509
Net book value at					
31.12.2019	255,002	50,514	1,146	135,983	442,645

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

7. Leases

Right-of-use assets are analyzed as follows:

	Note	GROUP & COMPANY		
		Buildings	Transportation means	Total
Cost				
1 January 2019 - Impact of IFRS 16 implementation		867,117	409,401	1,276,518
Additions		-	241,782	241,782
31 December 2019		867,117	651,183	1,518,300
Accumulated depreciation				
1 January 2019		-	-	-
Depreciation expense	23	(173,531)	(190,093)	(363,624)
31 December 2019		(173,531)	(190,093)	(363,624)
Net book value at 31.12.2019		693,586	461,089	1,154,676

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

	GROUP & COMPANY
	31.12.2019
Lease liabilities (short-term portion)	327,149
Lease liabilities (long-term portion)	842,454
Total lease liabilities	1,169,603

The maturity analysis of lease liabilities is present below:

	GROUP & COMPANY
	31.12.2019
Lease liabilities-minimum lease payments	
Up to 1 year	388,847
1 to 5 years	853,825
Total	1,242,672
Less: Future finance cost of lease liabilities	(73,069)
Present value of lease liabilities	1,169,603

The present value of lease liabilities is analyzed below:

	GROUP & COMPANY
	31.12.2019
Up to 1 year	327,149
1 to 5 years	842,454
Total	1,169,603

8. Intangible assets

Intangible assets are analyzed as follows:

	Note	GROUP & COMPANY		
		Software	Software development cost	Total
Cost				
1 January 2018		273,280	7,701,982	7,975,261
Additions		68,839	710,267	779,106
Disposals / write-offs		-	(1,762,528)	(1,762,528)
31 December 2018		342,119	6,649,721	6,991,839
Additions		65,126	579,009	644,135
31 December 2019		407,245	7,228,730	7,635,974
Accumulated amortisation and impairment				
1 January 2018		(200,638)	(2,505,752)	(2,706,390)
Amortization charge	23	(35,783)	(1,267,741)	(1,303,524)
Impairment charge		-	(40,534)	(40,534)
Disposals / write-offs		-	1,762,528	1,762,528
31 December 2018		(236,421)	(2,051,499)	(2,287,920)
Amortization charge	23	(45,894)	(1,373,641)	(1,419,535)
Impairment charge		-	(649,646)	(649,646)
31 December 2019		(282,316)	(4,074,786)	(4,357,102)
Net book value at 31.12.2018		105,698	4,598,221	4,703,919
Net book value at 31.12.2019		124,929	3,153,943	3,278,872

Following an assessment performed, the Company's Management did not expect any cash flows from the use or sale of three software programs, namely Alkemi, Betbuzz and Trendz and as a result an impairment loss of €649,646 was recognized in 2019.

9. Investment in subsidiaries

Subsidiaries of the Company are analyzed as follows:

Company Name	31.12.2019		31.12.2018	
	Value of participation	% of direct participation	Value of participation	% of direct participation
NEUROSOFT CYPRUS LTD	542,930	100%	813,500	100%
NEUROSOFT ROMANIA SRL	-	95%	-	95%
NEUROSOFT CYBER AND ANALYTICS	1	100%	1	100%
	542,931		813,501	

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:

	31.12.2019	31.12.2018
At beginning of year	813,501	813,501
Impairment	(270,570)	-
At year end	542,931	813,501

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

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

- compounded annual revenue growth rate (CAGR): 2.5%
- Discount rate (WACC): 8.5%

Based on this impairment test, the recoverable amount was determined at € 542,930, while the carrying value of the investment was € 813,500. As a result, the Company recognized an impairment of € 270,570.

If the discount rate used in the value-in-use calculation had been 0.5% lower than Management's estimates as at 31.12.2019, the Company would have to recognize an impairment of €195,127 (instead of €270,570). If the discount rate used in the value-in-use calculation had been 0.5% higher than Management's estimates as at 31.12.2019, the Company would have to recognize an impairment of €334,239 (instead of €270,570).

10. Other non - current assets

Other non-current assets are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Guarantees	96,939	98,911	96,939	98,911
Other non - current assets	50,000	-	50,000	-
Total	146,939	98,911	146,939	98,911

On 21 June, 2019, the Company, following the conclusion of its due diligence exercise, signed a Shares Purchase Agreement to acquire the 100% of Daedalus Technologies FZCO, a technology provider of security and ICT systems integration consultancy services operating in UAE and MENA region established under the laws of the Dubai Silicon Oasis (DSO) Free Zone.

Under the terms of the SPA, the purchase price has been agreed for the total maximum amount of €250,000 subject to Daedalus revenue accomplishments. More specifically, as of today and in line with the terms of SPA, the amount of € 50,000 was paid by the Company to the shareholders of the Daedalus (the "Advance Payment"). The transaction has not been completed within 2019 in terms of acquiring the Authorities relevant certificates and to this respect the said company is not considered as the Company's subsidiary in 2019.

Besides the Advance Payment, the Company shall recognize additional conditional payments for a maximum amount of €200,000 depending on the revenues generated during the period commencing on the date of execution and ending on December 31st, 2021 ("Balance Purchase Price"). As at December 31, 2019 the transaction had not been completed and as a result Daedalus Technologies FZCO is not considered as a subsidiary.

The transaction has been considered concluded in March 2020, following the sign of the original shareholder share certificates by the Company.

11. Inventories

Inventories are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Merchandise	863,645	807,595	863,645	807,595
Less: Provisions for inventory impairment	(49,259)	-	(49,259)	-
Total	814,386	807,595	814,386	807,595

The movement on provision for inventory impairment:

	Note	GROUP AND COMPANY
1 January 2019		-
Provision for impairment - cost during the year	23	(49,259)
31 December 2019		(49,259)

12. Trade receivables

Trade receivable are analyzed as follows:

	Note	GROUP		COMPANY	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
Trade receivables		2,409,505	2,141,758	2,409,505	2,108,507
Trade receivables - Related parties	28	1,362,863	1,653,324	1,362,863	1,653,324
Cheques and notes receivable		59,774	59,774	59,774	59,774
Doubtful trade receivables		174,321	180,306	174,321	180,306
Less: Allowance for doubtful trade receivable		(169,283)	(109,509)	(169,283)	(109,509)
Total		3,837,180	3,925,653	3,837,180	3,892,402

The fair value of trade receivables approximate their carrying values.

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

	Note	GROUP AND COMPANY
1 January 2018		(70,660)
Provision for impairment - cost during the year	23	(38,849)
31 December 2018		(109,509)
1 January 2019		(109,509)
Provision for impairment - cost during the year	23	(59,774)
31 December 2019		(169,283)

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all trade receivables. To measured the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables impairment provision of € 59,774 (31.12.2018: €38,849) relates to trade receivables overdue for more than 1 year.

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

	GROUP AND COMPANY
	31.12.2019
Not past due and not impaired	3,038,532
Overdue:	
Up to 3 months	519,517
3 - 6 months	38,398
6 months to 1 year	115,824
Over 1 year	294,192
	4,006,463
Less: Provision for impairment	(169,283)
Trade receivables - net	3,837,180

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

13. Other current assets

Other current assets are analyzed as follows:

		GROUP		COMPANY	
	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Prepaid expenses		382,804	237,738	333,258	237,738
Contract assets		409,331	12,894	409,331	12,894
Advances to suppliers/creditors		152,050	48,670	152,050	48,670
Advances to employees and other advances		6,793	6,848	6,793	6,848
Receivables from related parties	28	-	-	176,277	216,033
Other debtors		53,339	197,283	39,427	131,947
Less: Provision for impairment		(25,922)	-	(25,922)	-
Total		978,394	503,434	1,091,213	654,130

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

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

	Note	GROUP AND COMPANY
1 January 2019		-
Provision for impairment - cost during the year	23	(25,922)
31 December 2019		(25,922)

Other current assets are denominated in the following currencies:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
EURO (EUR)	973,998	499,462	1,086,817	650,159
US DOLLAR (USD)	764	3,801	764	3,801
GB POUND (GBP)	-	171	-	171
UNITED ARAB EMIRATES DIRHAM (AED)	3,632	-	3,632	-
	978,394	503,434	1,091,213	654,130

14. Cash and cash equivalents

Cash and cash equivalents are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Cash in hand	19,596	20,081	19,596	20,081
Cash at bank	1,840,534	2,764,173	1,712,351	2,748,598
Total	1,860,130	2,784,254	1,731,947	2,768,679

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

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
EURO (EUR)	1,858,978	2,783,206	1,730,795	2,767,631
BRITISH POUND (GBP)	1,152	1,048	1,152	1,048
Total	1,860,130	2,784,254	1,731,947	2,768,679

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.

15. Share capital

The Company's share capital amounts to €8,954,608, divided into 25,584,594 ordinary shares with a par value of €0.35 each.

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

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

16. Reserves

Other reserves are analysed as follows:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Legal reserve	372,792	372,792	372,792	372,792
Special reserves	4,847	4,847	4,847	4,847
Total	377,638	377,638	377,638	377,638

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

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

17. Borrowings

	GROUP AND COMPANY	
	31.12.2019	31.12.2018
Long-term borrowings		
Long-term bank borrowings	481,013	572,635
Total non-current borrowings	481,013	572,635
Short-term borrowings		
Short-term portion of long-term bank borrowings	91,622	91,622
Other short-term bank borrowings	280,000	180,000
Total current borrowings	371,622	271,622
Total borrowings	852,635	844,256

On March 30, 2016, the Company signed a supplemental agreement with Alpha Bank S.A. in order to amend the repayment terms of the outstanding balance of the loan as of that date of €916.216. According to the terms of this agreement, the loan is repayable within 10 years in 40 equal quarterly installments of €22.905,39, with the last installment payable on December 31, 2025. As of December 31, 2019, the outstanding balance of the loan amounts to €572.635. The loan is at floating rate based on 3 months Euribor, plus a margin of 3% and a contribution of 0,6%.

On March 19, 2018, the Company entered into a loan agreement with Eurobank SA, according to which the Bank created an open credit facility account for the Company with a credit limit of €1,500,000. The facility is at floating rate, equal to the working capital base rate as announced by the Bank. As of December 31, 2019, the outstanding balance of the loan amounts to €280,000.

All Company borrowings are expressed in Euros.

The above loan agreements do not contain mortgages and pledges on the assets of the Company.

The Group's and Company's borrowing movement is as follows:

GROUP AND COMPANY	Year of maturity	31.12.2018			31.12.2019
		Book value	New loans	Repayments	Book value
Loan, amount €916,216	2025	664,256	-	(91,622)	572,635
Open credit facility, €1,500,000		180,000	100,000	-	280,000
		844,256	100,000	(91,622)	852,635

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

GROUP AND COMPANY	FLOATING INTEREST RATE		
	3 months	6 months	Total
31.12.2019			
Total borrowings	572,635	280,000	852,635
	572,635	280,000	852,635
31.12.2018			
Total borrowings	664,256	180,000	844,256
	664,256	180,000	844,256

The maturities of non-current borrowings are as follows:

	GROUP AND COMPANY	
	31.12.2019	31.12.2018
Between 1 and 2 years	91,622	91,622
2 to 5 years	366,488	366,488
Over 5 years	22,903	114,525
	481,013	572,635

18. Deferred income tax

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

	GROUP AND COMPANY	
	31.12.2019	31.12.2018
Deferred tax liabilities:	(778,630)	(1,115,334)
	(778,630)	(1,115,334)
Deferred tax assets:	182,797	145,875
	182,797	145,875
	(595,832)	(969,459)

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

	GROUP AND COMPANY	
	31.12.2019	31.12.2018
Balance at beginning of year	(969,459)	(1,325,616)
Credited to the statement of comprehensive income	374,314	357,416
Charged to other comprehensive income	(689)	(1,258)
Balance at end of year	(595,833)	(969,459)

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

Deferred tax liabilities

	Intangible assets	Total
1 January 2018	(1,475,540)	(1,475,540)
Credited to the statement of comprehensive income	360,206	360,206
31 December 2018	(1,115,334)	(1,115,334)
1 January 2019	(1,115,334)	(1,115,334)
Credited to the statement of comprehensive income	336,705	336,705
31 December 2019	(778,629)	(778,629)

Deferred tax assets

	Leases	Employee benefit plans	Provisions for bad debts	Other	Total
1 January 2018	-	47,839	15,365	86,720	149,924
Credited to the statement of comprehensive income	-	4,801	7,593	(15,185)	(2,791)
Charged to other comprehensive income	-	(1,258)	-	-	(1,258)
31 December 2018	-	51,382	22,958	71,535	145,875
1 January 2019	-	51,382	22,958	71,535	145,875
Credited to the statement of comprehensive income	3,582	3,414	13,428	17,185	37,610
Charged to other comprehensive income	-	(689)	-	-	(689)
31 December 2019	3,582	54,108	36,386	88,720	182,796

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

19. Employee benefit plans

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

The provision for staff retirement indemnity is reflected in the financial statements in accordance with IAS 19 "Employee Benefits" and is based on an independent actuarial study. The details and principal assumptions of the actuarial study for both the Group and the Company, as of December 31, 2019 and 2018 are as follows:

	GROUP AND COMPANY	
	31.12.2019	31.12.2018
Liabilities in the Statement of Financial Position for:		
Retirement benefits	225,447	205,526
Total	225,447	205,526

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

	GROUP AND COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Charge for:		
Current service cost	44,480	43,833
Interest cost	2,847	2,309
Cost of settlements / cuts / special cases	85,561	4,592
Staff transfer costs	(2,185)	-
Total	130,703	50,734

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

	GROUP AND COMPANY	
	31.12.2019	31.12.2018
Opening balance	205,526	164,960
Current service cost	44,480	43,833
Interest cost	2,847	2,309
Cost of settlements / cuts / special cases	85,561	4,592
Staff transfer costs	(2,185)	-
Benefits paid during the current year	(99,006)	(5,133)
Actuarial gains	(11,777)	(5,034)
Closing balance	225,447	205,526

The principal actuarial assumptions used for accounting purposes are:

	GROUP AND COMPANY	
	31.12.2019	31.12.2018
Discount rate	1.15%	1.40%
Rate of compensation increase	2.00%	2.00%
Inflation rate	1.50%	2.00%

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

	Effect on pension benefits in financial year 2019		
	Change in assumption by	Increase in assumption	Decrease in assumption
Discount rate	0.50%	-10.54%	11.98%
Annual salary increase	0.50%	10.35%	-10.07%

20. Trade payables

Trade payables are analyzed as follows:

	Note	GROUP		COMPANY	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
Trade payables		1,657,045	1,350,440	1,653,825	1,350,440
Trade payables - Related parties	28	-	-	-	11,300
Cheques payable		88,925	268,207	88,925	268,207
Total		1,745,970	1,618,647	1,742,751	1,629,948

The fair value of trade payables approximate their carrying values.

Payables are denominated in the following currencies:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
EURO (EUR)	1,702,231	1,310,869	1,699,012	1,322,170
US DOLLAR (USD)	43,738	299,187	43,738	299,187
GB POUND (GBP)	1	8,590	1	8,590
	1,745,970	1,618,647	1,742,751	1,629,948

21. Tax liabilities

Tax liabilities are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
VAT payable	491,879	497,983	495,446	497,983
Other taxes and duties	218,514	139,873	218,514	139,873
Total	710,393	637,856	713,961	637,856

22. Other current liabilities

Other current liabilities are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Social security liabilities	286,629	275,215	286,629	275,215
Contract liabilities	414,683	-	414,683	-
Advances from customers	29,967	149,584	29,967	149,584
Accrued expenses	505,515	270,299	497,060	270,299
Other current liabilities	265,465	27,842	53,571	10,247
Total	1,502,259	722,940	1,281,910	705,345

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

Accrued expenses for the Group and the Company include an amount of €11,553 (2018: € -), regarding accrued interest expense for the Group's and Company's borrowings (Note 17).

23. Analysis of expenses

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

	Note	GROUP		COMPANY	
		01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Payroll and related costs	23	6,340,910	5,146,516	6,126,705	5,129,072
Third party fees and services		4,071,178	3,780,484	4,183,728	3,748,206
Taxes and duties		22,678	15,440	13,048	15,440
Cost of sales of inventory and consumables		2,379,394	930,111	2,379,394	930,111
Provision for inventory impairment	11	49,259	-	49,259	-
Depreciation of PPE and right-of-use assets and amortization of intangible assets		1,952,579	1,421,711	1,952,579	1,421,711
Provisions for doubtful debts		85,696	38,849	85,696	38,849
Sundry expenses		2,241,830	3,004,846	2,202,046	2,976,736
Total		17,143,525	14,337,958	16,992,456	14,260,126

The above expenses in the financial statements of the fiscal year 2019 and 2018 are presented as follows:

	GROUP		COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Cost of sales	13,598,113	11,144,255	13,481,790	11,122,899
Selling and distribution expenses	1,369,543	1,180,153	1,357,458	1,140,810
Administrative expenses	2,175,869	2,013,550	2,153,208	1,996,418
Total	17,143,525	14,337,958	16,992,456	14,260,127

24. Financial income / (expenses)

Financial income / (expenses) are analyzed as follows:

	GROUP		COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Finance expenses				
Interest expense on bank borrowings	(41,427)	(32,883)	(41,427)	(30,373)
Interest expense on lease liabilities	(42,570)	-	(42,570)	-
Other finance expenses	(25,976)	(21,337)	(23,731)	(18,990)
Total finance expenses	(109,974)	(54,221)	(107,729)	(49,364)
Finance income				
Interest income	221	2,859	221	2,859
Total finance income	221	2,859	221	2,859
Total finance expenses - net	(109,753)	(51,362)	(107,508)	(46,505)

25. Payroll costs

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

	GROUP		COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Wages and salaries	4,926,322	4,126,680	4,745,728	4,109,236
Social security costs	1,158,896	912,748	1,125,285	912,748
Costs of employee benefit plans	127,856	48,424	127,856	48,424
Other staff costs	127,836	58,663	127,836	58,663
Total	6,340,910	5,146,516	6,126,705	5,129,072

The number of employees for the Group and the Company on December 31, 2019, amounted to 201 and 197 respectively. On December 31, 2018, the respective number of employees was 204 for the Group and 201 for the Company.

26. Income taxes

	GROUP		COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Deferred tax	(374,314)	(357,416)	(374,314)	(357,416)
Total	(374,314)	(357,416)	(374,314)	(357,416)

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

According to law 4646/2019 (Government’s Gazette A’ 201/12.12.2019), the corporate income tax rate in Greece is reduced to 24% for fiscal year 2019 onwards. Consequently, the deferred tax was calculated using 24%. The deferred tax for the comparative year was calculated using rates from 25% to 28% under the applicable then law in Greece 4579/2018 (Government’s Gazette A’ 201/03.12.2018), that amended the Income Tax Code (Law 4172/2013) regarding the corporate income tax, resulting in a gradual reduction of corporate income tax rates by 1% per year (i.e. 28% in 2019, 27% in 2020, 26% in 2021 and 25% from 2022 onwards).

Due to the decrease of the income tax rate, the reassessment of deferred tax assets and liabilities resulted in a deferred tax income of € 37,027.

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

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

Tax Compliance certificate

From the financial year 2011 and onwards, Greek Société Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements are subject to the “Annual Tax Certificate” process as provided for by paragraph 5 of Article 82 of law 2238/1994 and article 65a of law 4174/2013. This “Annual Tax Certificate” is issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm issues to the entity a “Tax Compliance Report” which is subsequently submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. For the Company, which is subject to the “Annual Tax Certificate” process, the “Tax Compliance Report” for the years 2011 till 2018, has been issued and submitted with no substantial adjustments with respect to the tax expense and corresponding tax provision as reflected in the respective annual financial statements. It is noted that based on the tax legislation in force (Circular POL 1006/2016), the companies that have obtained a tax audit certificate without any reservations for infringements of the tax law, are not exempt from tax audit. In effect, the tax authorities retain the right to audit them within the applicable statute of limitations as described above.

The tax audit for the financial year 2019 is being performed by PricewaterhouseCoopers S.A.. Upon completion of the tax audit, management does not expect that significant additional tax liabilities will arise, in excess of those provided for and disclosed in the financial statements.

Unaudited tax years

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

Company Name	Unaudited tax years / periods
Neurosoft Cyprus Ltd.	2019
Neurosoft Romania Srl.	23/6/2008 - today
Neurosoft Cyber and Analytics Ltd	-

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

A reconciliation between the income tax expense and the accounting loss before tax multiplied by tax rates in force in Greece (2019: 24%, 2018: 29%) is as follows:

	GROUP		COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Accounting loss before tax	(2,992,911)	(667,637)	(3,167,009)	(751,619)
Tax calculated based on the tax rate applicable in the parent's country of establishment 24% (2018: 29%)	(718,299)	(193,615)	(760,082)	(217,969)
Tax effect of non-tax-deductible expenses and non-taxable income	241,738	(320,038)	306,342	(295,684)
Effect of unrecognized deferred tax asset on tax losses carried forward	128,318	311,351	116,453	311,351
Effect from different tax rates applying in other countries where the Group operates	10,956	-	-	-
Tax effect due to change in tax rates	(37,027)	(155,114)	(37,027)	(155,114)
Tax	(374,314)	(357,416)	(374,314)	(357,416)
Effective tax rate	12.5%	53.5%	11.8%	47.6%

The tax corresponding to Other Comprehensive Income is as follows:

	01.01.2019 - 31.12.2019			01.01.2018 - 31.12.2018		
	Before tax	Tax (debit) / credit	After tax	Before tax	Tax debit	After tax
Actuarial gains	11,777	(2,826)	8,951	5,034	(1,258)	3,775
Effect of change in tax rate on actuarial gains	-	2,138	2,138	-	-	-
	11,777	(689)	11,088	5,034	(1,258)	3,775

27. Earnings per share

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

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

The following reflects the net loss and share data used in the basic and diluted earnings per share computations as at December 31, 2019 and 2018:

	GROUP		COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Net loss attributable to the shareholders of the parent	(2,618,596)	(310,221)	(2,792,694)	(394,201)
Total weighted average number of ordinary shares	25,584,594	25,584,594	25,584,594	25,584,594
Adjusted weighted average number of ordinary shares for diluted loss per share	25,584,594	25,584,594	25,584,594	25,584,594
Loss per share (basic and diluted)	(0.1024)	(0.0121)	(0.1092)	(0.0154)

28. 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	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Sales of services				
OPAP S.A.	8,394,753	8,736,871	8,394,753	8,736,871
OPAP SERVICES S.A.	28,067	-	28,067	-
TORA WALLET S.A.	28,520	-	28,520	-
	8,451,340	8,736,871	8,451,340	8,736,871
	GROUP		COMPANY	
	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018	01.01.2019 - 31.12.2019	01.01.2018 - 31.12.2018
Purchase of services				
Neurosoft Cyprus Ltd	-	-	132,000	93,500
	-	-	132,000	93,500

Board of Directors and Key Management

The compensation of the members of the Board of Directors and key management personnel for the Group and the Company amounted to €1,141,194 (2018: €907,372).

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.
- No changes have been made to transactions between the Company and related parties which could have a material impact on the financial position and the performance of the Company for the period 01.01.2019-31.12.2019.

b) End year 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:

	Note	GROUP		COMPANY	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
Trade receivables from related parties					
OPAP S.A.		1,362,144	1,652,605	1,362,144	1,652,605
TORA WALLET S.A.		719	719	719	719
	12	<u>1,362,863</u>	<u>1,653,324</u>	<u>1,362,863</u>	<u>1,653,324</u>
Other receivables from related parties					
- Loans granted to related parties					
Neurosoft Cyprus Ltd		-	-	125,230	126,000
		<u>-</u>	<u>-</u>	<u>125,230</u>	<u>126,000</u>
Other receivables from related parties					
Neurosoft Cyprus Ltd		-	-	45,027	87,527
Neurosoft Cyber and Analytics Ltd		-	-	6,020	2,506
		<u>-</u>	<u>-</u>	<u>51,047</u>	<u>90,033</u>
Total other receivables from related parties	13	<u>-</u>	<u>-</u>	<u>176,277</u>	<u>216,033</u>
	Note	GROUP		COMPANY	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
Trade payables to related parties					
Neurosoft Cyprus Ltd	20	-	-	-	11,300
		<u>-</u>	<u>-</u>	<u>-</u>	<u>11,300</u>

The receivable amount of € 125,230 refers to non-interest loan provided by Neurosoft S.A. to Neurosoft Cyprus Ltd.

29. Audit fees

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

30. Contingencies

a) Legal cases

Company's claims against third parties

Barclays Bank PLC

Neurosoft participated to the ReFINA (Barclays Open Account/Sales Finance products -hereinafter Project) Request for Proposal ("RFP") issued by Barclays on 16 Dec 2015. Barclays has evaluated the proposals received, using the evaluation criteria advised in the RFP, and has selected Neurosoft S.A. as its preferred vendor for the provision and implementation of a private cloud solution (the "Contract Services"). Neurosoft was initially instructed and to perform a "Discovery Phase" system evaluation which was completed in June 2016 and at the same time proceeded to finalize the Order Form for the main Project and to this respect the General Framework Agreement and Order Form for the Discovery Phase have been signed remaining pending the Order Form for the main Project. On the 30th of August, Barclays notified Neurosoft that the Booking Platform for Barclays Open Account/Sales Finance products (main contract), has been put on hold until further notice. This is on the back of a Barclays Group decision to adjust investments in support of regulatory programs and ensure the Bank's commitments to shareholders and regulators are fully met. Neurosoft currently has prepared a complete claim (under the Laws of England and Wales) against Barclays for unfair enrichment and quantum meruit according which it has requested Barclays to come to a mediation, which took place on 22.04.2020 without success so far to settle the case in a preferred for the Company amount. In case the answer is negative, the Company will consider the submission of the claim before the Courts of London.

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 relevant provisions have been recognized.

b) Guarantees

The Group and the Company have issued letters of guarantee to various beneficiaries to assure their liabilities. As at December 31, 2019 and 2018 issued letters of guarantee amounted to €683,475 and €851,448 respectively.

31. Events after the reporting date

➤ The acquisition of Daedalus Technologies FZC was completed in March 2020, when the Company received the relevant certificates of the new shareholder by the Competent Authorities.

➤ The outbreak of novel coronavirus (COVID-19) has affected business and economic activity around the world, including Greece and Cyprus. Many governments are taking stringent steps to limit or delay the spread of the virus. As far as the Company's activities are concerned, the Company has not suspended its activities, although some business activities have been limited depending on the suspension of certain customers' activities. Based on current data, it is expected that these developments will affect the Company's financial performance. The impact of this outbreak is a non-adjusting post balance sheet event as of December 31, 2019. However, the future impact of the outbreak has to be assessed in light of the going concern basis of accounting that has been used in the preparation of these Financial Statements.

The Management of the Company has examined its current operating results. Apart from its operational performance, the Management has made an assessment of its cash position and made adjustments to its cash flow forecasts where necessary. The Management is confident that the Company has sufficient liquidity to repay all its suppliers and cover its future commitments.

As mentioned in note 17 the Company maintains an open credit facility account with a credit limit of €1,500,000. As of December 31, 2019 only an amount of €280,000 has been utilized. Therefore, the Company has sufficient undrawn borrowing facilities that can be utilized, without any restrictions, to fund any potential shortfall in cash resources. Additionally the Company's long-term borrowing agreements do not have any restrictions (including financial covenants) that the Company must comply with.

Given the uncertainty surrounding the outbreak of the COVID-19 pandemic, the duration of businesses' disruptions and the range of potential outcomes for the economy cannot be accurately predicted at this point in time.

Athens, April 27, 2020

Chairman of the BoD

Chief Executive Officer

Head Accountant

Nikolaos Vassilonikolidakis

Epameinondas Paschalidis

Maria Trakadi
Deloitte
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Accounting Office License
No 1297

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