



**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED  
JUNE 30, 2018  
(JANUARY 1 – JUNE 30, 2018)  
OF NEUROSOFT SOFTWARE PRODUCTION S.A.  
AND ITS SUBSIDIARIES**

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

**INDEX TO THE FINANCIAL STATEMENTS**

<b>BOARD OF DIRECTORS' REPORT ON THE SEMI-ANNUAL FINANCIAL STATEMENTS .....</b>	<b>3</b>
<b>INTERIM STATEMENT OF COMPREHENSIVE INCOME .....</b>	<b>11</b>
<b>INTERIM STATEMENT OF FINANCIAL POSITION .....</b>	<b>12</b>
<b>INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY .....</b>	<b>13</b>
<b>INTERIM CASH FLOW STATEMENT .....</b>	<b>14</b>
<b>NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS .....</b>	<b>15</b>
1.    CORPORATE INFORMATION: .....	15
2.    BASIS OF PRESENTATION OF FINANCIAL STATEMENTS: .....	16
3.    PRINCIPAL ACCOUNTING POLICIES: .....	23
4.    GROUP SEGMENT INFORMATION: .....	30
5.    FINANCIAL INCOME / (EXPENSES): .....	31
6.    ANALYSIS OF EXPENSES: .....	31
7.    INCOME TAXES: .....	32
8.    SUBSIDIARIES - GOODWILL: .....	34
9.    PROPERTY, PLANT AND EQUIPMENT: .....	35
10.   INTANGIBLE ASSETS: .....	35
11.   TRADE ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLES: .....	35
12.   CASH AND CASH EQUIVALENTS: .....	36
13.   SHARE CAPITAL: .....	37
14.   TRADE ACCOUNTS PAYABLE: .....	38
15.   ACCRUED AND OTHER CURRENT LIABILITIES: .....	38
16.   RELATED PARTIES: .....	39
17.   COMMITMENTS AND CONTINGENCIES: .....	41
18.   EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE: .....	41

**BOARD OF DIRECTORS' REPORT ON THE SEMI-ANNUAL FINANCIAL STATEMENTS**  
**of «Neurosoft S.A. »**

Regarding the interim condensed consolidated Financial Statements  
For the six-month period ended June 30, 2018

This Semi - Annual Board of Directors' Report, which follows, (hereinafter referred for brevity as the **"Report" or "Semi Annual Report"** ), refers to the six month period (01.01.2018-30.06.2018), and was prepared in accordance with the relevant provisions 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 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.
- 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 Systems Albania SH.P.K. in which KESTREL SA held the 80% of its capital
  - Kestrel Information Systems BULGARIA OOD in which KESTREL SA held the 100% of its capital
  - Kestrel Information Systems DOO BEOGRAD in which KESTREL SA held the 100% of its 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, the above mentioned company was merged with the company «Neurosoft Cyprus Ltd» being a subsidiary of the Company 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, 2012, 2013, 2014, 2015, 2016, 2017 and the 1<sup>st</sup> half of 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, 2017 and the 1<sup>st</sup> half of 2018 remained inactive.

This report accompanies the unaudited interim condensed consolidated financial statements for the six-month period ended at June 30, 2018 (01.01.2018-30.06.2018) and since the Company prepares consolidated financial statements, this report is single, with main and primary reference to the consolidated financial data of the Company and its related companies. The Report along with the financial statements and other information and statements required by law are included in the Semi-Annual Financial Report for the six-month period of 01.01.2018-30.06.2018.

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

## **SECTION A**

### **Principal risks and uncertainties**

The Company operates in a highly competitive and especially challenging international environment, which is rapidly changing. Over the last years the Company has systematically tried to enhance its extroversion in different 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 penetrating new markets and thus strengthening its competitiveness.

The usual financial and other risk exposures of the Company and the risks which may be encountered during the course of the second half of 2018 (01.07.2018-31.12.2018) are market risk, credit risk, liquidity risk and similar to these risks as below are presented.

### 1. Credit risk

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 (especially third countries), for which the effective control of credibility is not always easy. Therefore, the Company continuously develops and further evolves its internal risk and legal management mechanisms to fully confront this risk. Therefore, this risk, although real in view of the general adverse economic environment, is currently evaluated as controlled.

### 2. 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 and includes currency provisions in the agreements with its clients from third countries to mitigate related risks.

### 3. Interest rate risk

Regarding short-term borrowings/ loans, Management monitors on a continuous basis, fluctuations in interest rates and evaluates the need for taking relevant positions to hedge against such risks. The following table shows the changes in the Group's profit before tax (through the impact of the loan balances at year end with a floating interest rate on profits) in possible changes in interest rates holding at the same time other variables constant.

Sensitivity analysis of the Group's borrowings/ loans to interest rate changes:

30 June 2018		
	Interest rates volatility	Effect on Comprehensive Income Statement
Euro	1.0%	(10,081)
	(1.0%)	10,081

30 June 2017		
	Interest rates volatility	Effect on Comprehensive

		<b>Income Statement</b>
Euro	1.0%	(9,998)
	(1.0%)	9,998

**Note:** The above table does not include the positive impact of the interest earned on deposits.

#### 4. Cash flow risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that there are always secured credits to use. The existing undrawn credit to the Group is absolutely sufficient to cover any potential lack of cash. The Group maintains sufficient cash reserves and enjoys high credibility with banks due to its dynamic progress in the Greek market and abroad. Prudent liquidity management is achieved with credit availability through approved bank credits and available cash.

The table below summarizes the maturity profile of financial liabilities as of June 30, 2018 and fiscal year 2017 respectively.

<b>Period ended June 30, 2018</b>	<b>On demand</b>	<b>Less than 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Borrowings	-	45,808	45,808	363,264	255,187	710,067
Trade and other payables	759,684	835,925	113,998	509,829	-	2,219,435
<b>Total</b>	<b>759,684</b>	<b>881,733</b>	<b>159,806</b>	<b>873,093</b>	<b>255,187</b>	<b>2,929,502</b>

<b>Period ended June 30, 2017</b>	<b>On demand</b>	<b>Less than 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Borrowings	-	60,000	60,000	688,993	-	808,993
Trade and other payables	382,922	328,218	200,578		-	911,718
<b>Total</b>	<b>382,922</b>	<b>388,218</b>	<b>260,578</b>	<b>688,993</b>	<b>-</b>	<b>1,720,711</b>

#### 5. Change of control in the share capital

OPAP SA on August 2nd 2017, informed the Company that it received the approval of the competent competition authorities of Cyprus (Commission for the Protection of Competition) for the acquisition through its 100% subsidiary, OPAP Investment Ltd (the Buyer) from “Twillin Limited”, a company incorporated in Cyprus (the Seller), of 9,770,444 ordinary shares of

Neurosoft S.A. representing 38.19% of the shares of the Company, at the agreed price of Euro 3.5/share. The total consideration of the transaction is €34.2mil and was fully paid today by OPAP Investment Ltd.

OPAP's Group total participation in Neurosoft is now 67.72%, which is held through its subsidiaries as follows:

- OPAP INTERNATIONAL LTD: 6,401,241 shares representing 25.02% of the Company's capital
- OPAP (CYPRUS) LTD: 1,154,315 shares representing 4.51 %
- OPAP INVESTMENT LTD: 9,770,444 shares representing 38.19%.

## **SECTION B**

### **Important related party transactions**

This section includes the most significant transactions between the Company and its affiliated persons (related parties) as defined in International Accounting Standard 24.

Particularly this section includes:

- (a) Transactions between the Company and any related party incurred during the 1st half of 2018 (01.01.2018-30.06.2018) that have materially affected the financial situation or performance of the Company during this period.
- (b) Any changes in the transactions between the Company and any related party described in the last annual report, which could have a material effect on the financial situation or performance of the Company during the first half of 2018.

Note that the reference to the above transactions, which follows, includes the following:

- (a) The amount of such transactions for the first half of 2018 (01.01.2018-30.06.2018)
- (b) The outstanding balance at the end of the first half of 2018 (30.06.2018)
- (c) The nature of the related party relationship with the Company and
- (d) Any information on transactions, which are necessary for an understanding of the financial position of the Company, but only if such transactions are important and have not been made under normal market conditions.

The related parties of the company are as follows:

- a) «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a 100% stake,
- b) «Neurosoft Romania Srl.» headquartered in Romania, in which the Company holds 95% stake 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.

- 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 Systems Albania SH.P.K. in which KESTREL SA held the 80% of its capital

Kestrel Information Systems BULGARIA OOD in which KESTREL SA held the 100% of its capital

Kestrel Information Systems DOO BEOGRAD in which KESTREL SA held the 100% of its capital.

The above three mentioned subsidiaries are inactive and under dissolution.

Intercompany sales and other revenue	30.06.2018	30.06.2017
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	-	-
NEUROSOFT CYBER AND ANALYTICS LTD	-	-
OPAP S.A.	4,008.406	1,979,424
<b>Total</b>	<b>4,008.406</b>	<b>1,979,424</b>

Intercompany purchases	30.06.2018	30.06.2017
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	-	-
NEUROSOFT CYBER AND ANALYTICS LTD	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

The balances of receivables and payable of the Group and its related companies during the current fiscal year are analyzed as follows:

Intercompany balances (receivables)	30.06.2018	30.06.2017
NEUROSOFT ROMANIA SRL	352,450	352,450
NEUROSOFT CYPRUS LTD	211,000	126,000
NEUROSOFT CYBER AND ANALYTICS LTD	2,506	-
OPAP S.A.	1,784,487	147,010
<b>Total</b>	<b>2,350,443</b>	<b>625,460</b>

Intercompany balances (payables)	30.06.2018	30.06.2017
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	800	800
NEUROSOFT CYBER AND ANALYTICS LTD	-	-
<b>Total</b>	<b>800</b>	<b>800</b>

Transactions and balances with related individuals, as defined by the International Accounting Standard 24, for the six-month period ended on June 30, 2018 are as follows:



	<b>30.06.2018</b>
Executives and management members remuneration	57,000
Remuneration of members of the board	264,910

Further to the above we note the following:

- No loans or credit facilities have been granted to the members of the Board or to other executive members of the Company (and their families).
- These transactions contain no exceptional or individual characteristic, which would make imperative the further analysis per related party imperative.
- Apart from the above remuneration no other transactions between the Company and the aforementioned executives and Board members exist.
- No transaction has taken place outside and beyond normal market conditions.
- No transaction exists, the value of which exceeds 10 % of the value of the assets of the Company, as reflected in the latest published financial statements.

## **SECTION C**

### **FURTHER INFORMATION**

- 1.1 Regarding any subsequent events, as of the day of the drafting of this report, please see at note 18 below.
- 1.2 None of the companies included in the consolidation owns shares or stakes as of paragraph 5 of Article 103 of the Codified Law 2190/1920.
- 1.3 Regarding the planned growth of the Company as well as of the companies included in the consolidation, relative analysis is presented in Section G of this Report.

All the unaudited condensed consolidated financial accounts will be available via the company's site [www.neurosoft.gr](http://www.neurosoft.gr)

# **UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the period ended  
June 30, 2018

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

## INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		Company	
		01.01- 30.06.2018	01.01- 30.06.2017	01.01- 30.06.2018	01.01- 30.06.2017
Revenues	4	6,237,605	4,880,381	6,204,405	4,855,287
Cost of services	6	(5,981,770)	(3,323,447)	(5,969,380)	(3,318,412)
<b>Gross profit</b>		<b>255,834</b>	<b>1,556,934</b>	<b>235,024</b>	<b>1,536,875</b>
Selling and distribution expenses	6	(612,244)	(368,080)	(612,244)	(339,317)
Administrative expenses	6	(1,094,203)	(617,897)	(1,071,427)	(612,136)
Other income		227,052	86,643	227,052	86,643
Financial income	5	164	344	164	344
Financial costs	5	(23,176)	(27,110)	(21,212)	(25,946)
<b>Profit / (Loss) before income taxes</b>		<b>(1,246,572)</b>	<b>630,833</b>	<b>(1,242,642)</b>	<b>646,463</b>
Income taxes	7	193,986	(302,304)	193,986	(302,304)
<b>Net Profit / (Loss) (A)</b>		<b>(1,052,586)</b>	<b>328,529</b>	<b>(1,048,656)</b>	<b>344,159</b>
<b>Net other comprehensive income not to be reclassified in profit or loss in subsequent period:</b>					
Re-measurment profit or loss on benefits plans		-	-	-	-
Income taxes		-	-	-	-
<b>Other total comprehensive income after tax (B)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income after tax (A)+(B)</b>		<b>(1,052,586)</b>	<b>328,529</b>	<b>(1,048,656)</b>	<b>344,159</b>
<b>Profit / (Loss) attributable to:</b>		<b>(1,052,586)</b>	<b>328,529</b>	<b>(1,048,656)</b>	<b>344,159</b>
Equity holders of the parent		(1,052,586)	328,529	(1,048,656)	344,159
Non-controlling interests		-	-	-	-
		<b>(1,052,586)</b>	<b>328,529</b>	<b>(1,048,656)</b>	<b>344,159</b>
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)/ income per share		25,584,594	25,584,594	25,584,594	25,584,594
<b>Income / (Loss) per share (basic and diluted)</b>		<b>(0.0411)</b>	<b>0.0128</b>	<b>(0.0410)</b>	<b>0.0135</b>

The accompanying notes are an integral part of the Financial Statements

## INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		30.06.2018	31.12.2017	30.06.2018	31.12.2017
ASSETS					
Non-Current Assets					
Property, plant and equipment	9	508.508	494.852	508.508	494.852
Intangible assets	10	4.675.447	5.268.872	4.675.447	5.268.872
Goodwill		-	-	51.852	51.852
Investments in subsidiaries	8	-	-	813.501	813.501
Other non-current assets		126.113	114.666	126.113	114.666
Total Non-Current Assets		5.310.068	5.878.390	6.175.421	6.743.743
Current Assets					
Inventories		557.748	559.020	557.748	559.020
Trade accounts receivable	11	3.597.504	3.410.329	3.555.258	3.366.579
Prepayments and other receivables	11	363.311	518.093	334.565	498.271
Receivables from intra Group Companies	11	-	-	211.000	166.151
Cash and cash equivalents	12	2.400.397	2.495.105	2.371.374	2.454.582
Total Current Assets		6.918.960	6.982.547	7.029.946	7.044.603
TOTAL ASSETS		12.229.028	12.860.937	13.205.367	13.788.346
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company					
Share capital	13	8.954.608	8.954.608	8.954.608	8.954.608
Share premium		600.000	600.000	600.000	600.000
Other reserves		377.638	377.638	377.638	377.638
Retained earnings		(2.411.872)	(1.359.287)	(1.402.295)	(353.640)
Total equity		7.520.374	8.572.959	8.529.951	9.578.606
Minority interests		-	-	-	-
Total equity		7.520.374	8.572.959	8.529.951	9.578.606
Non-Current Liabilities					
Long term loans		710.067	755.878	710.067	755.878
Reserve for staff retirement indemnities		187.760	164.960	187.760	164.960
Deferred tax liability		1.131.630	1.325.616	1.131.630	1.325.616
Total Non-Current Liabilities		2.029.457	2.246.454	2.029.457	2.246.454
Current Liabilities					
Trade accounts payable	14	1.262.791	1.076.175	1.252.072	1.064.647
Short-term borrowings		407.000	-	407.000	-
Income tax payable		52.762	54.336	52.762	54.336
Accrued and other current liabilities	15	956.644	911.012	934.125	844.302
Total Current Liabilities		2.679.198	2.041.524	2.645.959	1.963.286
Total Liabilities		4.708.654	4.287.978	4.675.416	4.209.740
TOTAL LIABILITIES AND EQUITY		12.229.028	12.860.937	13.205.367	13.788.346

The accompanying notes are an integral part of the Financial Statements

### INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

Group	Share Capital	Share Premium	Reserves	Retained Earnings	Total	Non Controlling Interests	Total
Total Equity as at 1 Jan 2017	8,954,608	600,000	196,067	(588,469)	9,162,206	-	9,162,206
Total operating income after tax	-	-	-	328,529	328,529	-	328,529
Total Equity as at 30 Jun 2017	8,954,608	600,000	196,067	(259,939)	9,490,735	-	9,490,735
Total Equity as at 1 Jan 2018	8,954,608	600,000	377,638	(1,359,287)	8,572,959	-	8,572,959
Total operating income after tax	-	-	-	(1,052,586)	(1,052,586)	-	(1,052,586)
Total Equity as at 30 Jun 2018	8,954,608	600,000	377,638	(2,411,873)	7,520,373	-	7,520,374

Company	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Total Equity as at 1 Jan 2017	8,954,608	600,000	377,638	187,955	10,120,202
Total operating income after tax	-	-	-	344,159	344,159
Total Equity as at 30 Jun 2017	8,954,608	600,000	377,638	532,114	10,464,360
Total Equity as at 1 Jan 2018	8,954,608	600,000	377,638	-353,640	9,578,606
Total operating income / (expense) after tax	-	-	-	(1,048,656)	(1,048,656)
Total Equity as at 30 Jun 2018	8,954,608	600,000	377,638	(1,402,296)	8,529,951

The accompanying notes are an integral part of the Financial Statements

## INTERIM CASH FLOW STATEMENT

	Group		Company	
	01.01- 30.06.2018	01.01- 30.06.2017	01.01- 30.06.2018	01.01- 30.06.2017
<b>Cash flows from Operating Activities</b>				
Profit / (Loss) before income taxes	(1,246,572)	630,834	(1,242,642)	646,463
Adjustments for:				
Depreciation and amortisation	706,003	485,457	706,003	456,694
Other Provisions	46,805	12,918	46,805	12,918
Financial (income)/expenses	23,012	26,766	21,048	25,602
<b>Operating profit before working capital changes</b>	<b>(470,753)</b>	<b>1,155,975</b>	<b>(468,787)</b>	<b>1,141,677</b>
<b>(Increase)/Decrease in:</b>				
Inventories	1,272	(97,658)	1,272	(97,658)
Trade accounts receivables	(210,246)	1,580,924	(211,750)	1,580,924
Prepayments and other receivables	154,782	(334,273)	118,857	(327,252)
Trade accounts payable	186,615	(260,101)	187,424	(230,037)
Accrued and other current liabilities	45,632	(262,224)	89,823	(290,429)
Interest paid	(23,176)	(27,110)	(21,212)	(25,946)
Tax paid	(1,574)	(2,200)	(1,574)	(2,200)
Payment for staff indemnity	(933)	-	(933)	-
Other long term liabilities	(11,447)	(17,634)	(11,447)	(17,634)
<b>Net cash from Operating Activities</b>	<b>(329,827)</b>	<b>1,735,699</b>	<b>(318,327)</b>	<b>1,731,445</b>
<b>Cash flows from Investing Activities</b>				
Capital expenditure for tangible and intangible assets	(126,234)	(1,679,785)	(126,234)	(1,679,785)
Interest and related income received	164	344	164	344
<b>Net cash used in Investing Activities</b>	<b>(126,070)</b>	<b>(1,679,441)</b>	<b>(126,070)</b>	<b>(1,679,441)</b>
<b>Cash flow from financing activities</b>				
Net change in long-term borrowings	(45,811)	-	(45,811)	-
Net change in short-term borrowings	407,000	(46,311)	407,000	(46,311)
<b>Net cash from Financing Activities</b>	<b>361,189</b>	<b>(46,311)</b>	<b>361,189</b>	<b>(46,311)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(94,708)</b>	<b>9,947</b>	<b>(83,208)</b>	<b>5,693</b>
Cash and cash equivalents at the beginning of the year	2,495,105	3,108,874	2,454,582	3,108,465
Cash and cash equivalents at the end of the year	<u>2,400,397</u>	<u>3,118,821</u>	<u>2,371,374</u>	<u>3,114,157</u>

The accompanying notes are an integral part of the Financial Statements

## NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION:

Neurosoft Software Production S.A (the Company) is a société anonyme incorporated and with registered offices in Greece, at 466 Irakliou Ave. & Kiprou str., 141 22 Iraklio Attica, whose shares are publicly traded at 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 following an 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 for its four core business areas: (i) Factoring and Financials, (ii) Sports Betting & Gaming Analytics, (iii) ICT and (iv) MICT & CSS, as well as the provision of advanced information technology services in both the Greek and international markets.

The number of employees for the Group and the Company at June 30, 2018, amounted to 187. At December 31, 2017, the respective number of employees was 179.

#### **Information on the Subsidiaries:**

##### Neurosoft Cyprus Ltd

On February 2, 2009, the Company established "Rockberg Holdings Ltd" as a limited liability company under the laws of Cyprus. "Rockberg Holdings Ltd" owns the intellectual property rights related to the use and commercial exploitation of the website: "http://betonews.com/", which provides statistical analysis and historical data on soccer and basketball events. On May 3rd, 2011, after the approval of the Court of Limassol, a merger between "Rockberg Holdings Ltd" and "Gaeknar Ventures Ltd" took place.

In 2014 the company "Rockberg Holdings Ltd" changed its name to "Neurosoft Cyprus Ltd".

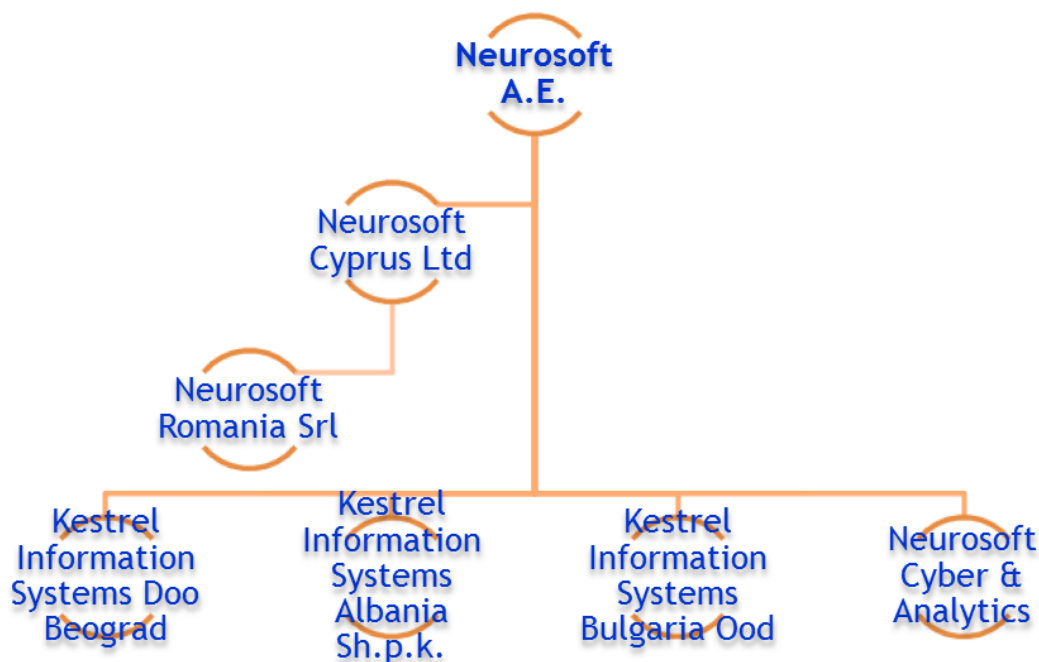
##### Neurosoft Romania

On June 23, 2008, "Rockberg Holdings Ltd" and Mr. Paschalidis established "Neurosoft Romania Srl", a software company which is based in Bucharest and was expected to serve the market needs for "Neurosoft's S.A." products in Eastern Europe. On 31 December 2017, "Rockberg Holdings Ltd" holds 95% of the shares in "Neurosoft Romania Srl" and Mr. Paschalidis holds the remaining 5%.

##### Neurosoft Cyber and Analytics Ltd

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.

### Group Organization chart



## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

### (a) Basis of Preparation of Financial Statements:

The accompanying separate and consolidated interim condensed financial statements, for the six-month period ended at June 30, 2018, have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The accompanying separate and consolidated interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the published annual financial statements for the year ended December 31, 2017, which are available on the internet in the address [www.neurosoft.gr](http://www.neurosoft.gr).

Certain line items of the previous period/year financial statements were reclassified to conform to the current period’s presentation.

These financial statements have been prepared under the historical cost convention except for the valuation of financial assets at fair value through profit or loss, which have been prepared at fair value.



The preparation of the financial statements, in accordance with International Financial Reporting Standards (IFRS), requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies which have been adopted. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(e) below.

**(b) Basis of Consolidation of Financial Statements:**

The accompanying separate and consolidated interim condensed financial statements comprise the financial statements of “Neurosoft S.A.” and all the subsidiaries that “Neurosoft S.A.” has the power to control. All subsidiaries (companies in which the Group has direct or indirect ownership of 50% or more voting interest or has the power to control the Board of the investees) have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intra-group balances and transactions have been eliminated in the accompanying consolidated financial statements. Accounting policies for subsidiaries have been revised, where necessary, to ensure consistency with the policies adopted by the Group. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The financial statements of the subsidiaries are prepared for the same reporting date with that of the Company.

Losses of subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the said subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parents' share of components previously recognised in other comprehensive income to profit or loss

Investments in subsidiaries in the separate financial statements are accounted for at cost less any accumulated impairment.

**(c) Changes in accounting policies and disclosures:**

The accounting policies adopted in the preparation of the annual financial statements are consistent with those followed for the year ended December 31, 2017, except for the adoption of new standards and interpretations applicable for fiscal periods beginning on January 1, 2018. (See Note 3)

**Standards and Interpretations effective for the current financial year**

**IFRS 9 “Financial Instruments” and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018)**

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model that was applied under IAS 39. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model in IAS 39. The Group is currently investigating the impact of IFRS 9 and IFRS 7 on its financial statements, the effect from applying the standard to the Group is described in note 11.

**IFRS 15 “Revenue from Contracts with Customers”**

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity recognises revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The Group is currently investigating the impact of IFRS 15 on its financial statements.

**IFRS 4 (Amendments) “Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts”**

The Amendments introduce two approaches. The amended standard: a) gives all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) gives companies, whose activities are predominantly connected with insurance, an optional temporary exemption from applying IFRS 9 until 2021. The entities that have elected to defer the application of IFRS 9 continue to apply the existing financial instruments standard—IAS 39. The Group is currently investigating the impact of IFRS 4 on its financial statements.

#### **IFRS 2 (Amendments) “Classification and measurement of Shared-based Payment transactions”**

The Amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The Group is currently investigating the impact of IFRS 2 on its financial statements.

#### **IAS 40 (Amendments) “Transfers of Investment Property”**

The Amendment clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The Group is currently investigating the impact of IAS 40 on its financial statements.

#### **IFRIC 22 “Foreign currency transactions and advance consideration”**

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The Group is currently investigating the impact of IFRIC 22 on its financial statements.

#### **Annual Improvements to IFRS 2014 (2014 - 2016 Cycle)**

#### **IAS 28 “Investments in associates and Joint ventures”**

The Amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition. This does not apply to the Company.

#### **Standards and Interpretations effective for subsequent periods**

##### **IFRS 9 (Amendments) “Prepayment Features with Negative Compensation” (effective for annual periods beginning on or after 1 January 2019)**

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

##### **IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019)**

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in 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 Group is currently investigating the impact of IFRS 16 on its financial statements, the effect from applying the standard to the Group is considered non-substantial.

##### **IFRS 17 “Insurance contracts” (effective for annual periods beginning on or after 1 January 2021)**

IFRS 17 has been issued in May 2017 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been endorsed by the EU.

**IAS 28 (Amendments) “Long term interests in associates and joint ventures” (effective for annual periods beginning on or after 1 January 2019)**

The Amendments clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9. The amendments have not yet been endorsed by the EU.

**IFRIC 23 “Uncertainty over income tax treatments” (effective for annual periods beginning on or after 1 January 2019)**

The interpretation explains how to recognise, 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. The interpretation has not yet been endorsed by the EU.

**IAS 19 (Amendments) “Plan amendment, curtailment or settlement” (effective for annual periods beginning on or after 1 January 2019)**

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments have not yet been endorsed by the EU.

**Annual Improvements to IFRS (2015 - 2017 Cycle) (effective for annual periods beginning on or after 1 January 2019)**

The amendments set out below include changes to four IFRSs. The amendments have not yet been endorsed by the EU.

**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.

#### **(d) Approval of Financial Statements:**

The Board of Directors of “Neurosoft S.A.” approved the separate and consolidated financial statements for the period ended at June 30, 2018, on September 19, 2018. The above-mentioned financial statements are subject to the final approval of the Ordinary General Assembly of the Shareholders.

#### **(e) Significant Accounting Judgements and Estimates:**

The Group and the Company make estimates and judgments concerning the future. The resulting accounting estimates will, by definition, be seldom equal to the related actual results. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

**(a) Allowance for doubtful accounts receivables:** The Group’s and the Company’s Management periodically reassess the adequacy of the allowance for doubtful accounts receivable in conjunction with its credit policy and taking into consideration reports from its legal department, which are prepared following the processing of historical data and recent developments of the cases they are handling.

**(b) Provision for income taxes:** According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities and includes

the current income tax for each fiscal year, the provision for additional taxes which may arise from future tax audits and the recognition of future tax benefits. The final clearance of income taxes may be different from the relevant amounts which are included in these financial statements.

- (c) **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.
- (d) **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 (note 3i).
- (e) **Deferred tax assets:** Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits together with future tax planning strategies.

### 3. PRINCIPAL ACCOUNTING POLICIES:

The preparation of accompanying separate and consolidated interim condensed financial statements, in accordance with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as, revenue and expenses as of the reporting period. Actual results may differ from those estimates.

The Group and the Company make estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to

be reasonable under the circumstances. The estimates and judgments adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's and the Company's annual financial statements for the year ended December 31, 2017, plus the changes in accounting principle below:

- **IFRS 15 “Revenue from Contracts with Customers”**

The Company applied, for the first time, IFRS 15 “Revenue from Contracts with Customers” using the cumulative effect method (i.e. modified retrospective approach) where it deemed necessary, with the effect of this Standard's application to be recognized at the date of initial application (i.e. 1 January 2018).

IFRS 15 replaces the previous revenue Standards: IAS 18 “Revenue” and IAS 11 “Construction Contracts”, and the related Interpretations on revenue recognition: IFRIC 13 “Customer Loyalty Programmes”, IFRIC 15 “Agreements for the Construction of Real Estate”, IFRIC 18 “Transfers of Assets from Customers” and SIC-31 “Revenue— Barter Transactions Involving Advertising Services”.

IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments).

The key principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services, determining the timing of the transfer of control - at a point in time or over time.

IFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. For this purpose, the new standard establishes a five-step model to account for revenue arising from contracts with customers:

**Step 1. Identify the contract(s) with a customer.**

A contract is an agreement between two or more parties that creates enforceable rights and obligations. A company would apply IFRS 15 to each contract with a customer that has commercial substance and meets other specified criteria. One criterion requires a company to assess whether it is probable that the company will collect the consideration to which it will be entitled in exchange for the promised goods or services. In some cases, IFRS 15



requires a company to combine contracts and account for them as one contract. IFRS 15 also specifies how a company would account for contract modifications.

**Step 2. Identify the performance obligations in the contract.**

Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct. In determining whether a good or service is distinct, a company considers if the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer. A company also considers whether the company's promise to transfer the good or service is separately identifiable from other promises in the contract. For example, a customer could benefit separately from the supply of bricks and the supply of construction labor. However, those items would not be distinct if the company is providing the bricks and construction labor to the customer as part of its promise in the contract to construct a brick wall for the customer. In that case, the company has a single performance obligation to construct a brick wall. The bricks and construction labor would not be distinct goods or services because those items are used as inputs to produce the output for which the customer has contracted.

**Step 3. Determine the transaction price.**

The transaction price is the amount of consideration to which a company expects to be entitled in exchange for transferring promised goods or services to a customer. Usually, the transaction price is a fixed amount of customer consideration. Sometimes, the transaction price includes estimates of consideration that is variable or consideration in a form other than cash. Some or all of the estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Adjustments to the transaction price are also made for the effects of financing (if significant to the contract) and for any consideration payable to the customer.

**Step 4. Allocate the transaction price to the performance obligations in the contract.**

A company would typically allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service. If a stand-alone selling price is not observable, the company would estimate it. Sometimes, the transaction price may include a discount or a variable amount of consideration that relates entirely to a specific part of the contract. The requirements specify when a company should

allocate the discount or variable consideration to a specific part of the contract rather than to all performance obligations in the contract.

**Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.**

A company would recognize revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, a company would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

**Portfolio of contracts**

Although IFRS 15 specifies the accounting required for an individual contract, in some cases, a company may be able to apply the requirements to a portfolio of contracts instead of applying the requirements separately to each contract with a customer.

**Contract costs**

IFRS 15 also includes requirements for accounting for some costs that are related to a contract with a customer. A company would recognize an asset for the incremental costs of obtaining a contract if those costs are expected to be recovered. For costs to fulfil a contract that are not within the scope of other Standards, a company would recognize an asset for those costs if the following criteria are met:

- the costs relate directly to a contract (or a specific anticipated contract);
- the costs generate or enhance resources of the company that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

**Contract assets**

If an entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present the contract as a contract asset, excluding any amounts presented as a receivable.

**Contract liabilities**

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).

- **IFRS 9 “Financial Instruments”**

IFRS 9 replaces the guidance of IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model (ECL model) that replaces the incurred loss impairment model (IL model). IFRS 9 also establishes a new more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the model in IAS 39.

The new provisions on the accounting of impairment losses lead to expected losses having to be expensed earlier in some cases.

The adoption of IFRS 9 was made without the restatement of comparative information, so adjustments in cases that arose due to the new classification and new rules for impairment were not presented in equity of 31, December 2017, but they were recognized in beginning equity of 1, January 2018.

#### **Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the requirements of IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available-for sale.

Except for the trade receivables that are initially measured at the transaction price, the company primarily measures a financial asset at fair value plus transaction costs except for financial assets at fair value through profit or loss.

Under IFRS 9, financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria:

- the business model within which the financial asset is held, i.e. whether the objective is to hold it in order to collect contractual cash flows or to collect contractual cash flows as well as sell financial assets and
- whether the instruments' contractual cash flows represent “solely payments of principal and interest” on the principal amount outstanding (the ‘SPPI criterion’).

The new classification and measurement of the company's financial assets are, as follows:

**Financial assets at amortized cost:** The category includes financial assets that are held within the business model with the objective to hold financial assets and collect contractual cash flows that meet the SPPI criterion.

**Financial assets at fair value through profit or loss (FVPL):** The category includes investments that do not meet the IFRS 9 criteria for classification at amortized cost, because their cash flows do not represent solely payments of principal and interest.

### **Impairment**

In contrary to IAS 39, under which an entity recognizes only incurred credit losses, the new standard requires the recognition of lifetime credit losses if the credit risk of the financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, 12 month expected credit losses shall be recognized (General approach).

The Company has the following types of financial assets that are subject to IFRS 9 new expected credit loss model:

*a) receivables from customers - trade receivables,*

*b) contractual assets*

IFRS 9 requires the company to adopt the expected credit losses (ECL) model for each of these classes of assets.

ECL model is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

### **Contract assets and trade receivables**

Company applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit loss in relation to trade receivables, the company has established a provision matrix relying on aging analysis, which is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### **Other financial assets**

For all other Company's financial assets, the general approach is applied.

### **Hedging**

The new requirements for hedge accounting are more aligned with the entity's risk management. The main changes in relation to the requirements of IAS 39 are summarized below:

- more items become eligible for participating in a hedging relationship either as hedging instrument or as hedged items,
- the requirement for hedge effectiveness tests to be within the range of 80%-125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,
- in case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria. It is noted that the new requirements for hedge accounting do not include those that relate to macro hedging, since they have not been finalized yet.

#### 4. GROUP SEGMENT INFORMATION:

The Group's and Company's operations are divided into four segments:

- 1) Factoring and Financials
- 2) Sports betting & Gaming analytics
- 3) ICT
- 4) MICT & CSS

Transactions between business segments are set on arm's length basis in a manner similar to transactions with third parties.

The segment information of the Group for the period ended June 30, 2018 and fiscal year 2017 is analyzed as follows:

For the period ended June 30, 2018	Factoring and Financials	Sport Betting & Gaming Analytics	ICT	MICT & CSS	Total
Revenue	563,856	888,261	4,077,722	707,766	6,237,605
Cost of Revenue	468,486	800,567	4,020,008	692,710	5,981,770
EBITDA	(59,926)	(93,460)	(288,951)	(75,221)	(517,558)
Trade receivables	203,453	449,341	2,502,074	442,635	3,597,504
Other Receivables	22,915	42,283	258,807	39,306	363,311
Liabilities	328,195	546,282	3,414,448	419,731	4,708,654

For the period ended June 30, 2017	Factoring and Financials	Sport Betting & Gaming Analytics	ICT	MICT & CSS	Total
Revenue	441,168	694,987	3,190,461	553,765	4,880,381
Cost of Revenue	260,289	444,792	2,233,500	384,867	3,323,447
EBITDA	132,350	206,411	638,166	166,130	1,143,057
Trade receivables	134,902	297,941	1,659,032	293,495	2,385,371
Other Receivables	112,994	208,496	1,276,168	193,818	1,791,476
Liabilities	233,819	389,193	2,432,588	299,033	3,354,632

## 5. FINANCIAL INCOME / (EXPENSES):

Financial income / (expenses) in the accompanying financial statements are analyzed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>January 1 - June 30,</b>		<b>January 1 - June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Unaudited</b>		<b>Unaudited</b>	
Interest on short-term borrowings	(14,522)	(14,725)	(13,562)	(14,725)
Currency differences	-	(607)	-	-
Other financial costs	(8,654)	(11,778)	(7,650)	(11,221)
<b>Total financial expenses</b>	<b>(23,176)</b>	<b>(27,110)</b>	<b>(21,212)</b>	<b>(25,946)</b>
Interest earned on cash at banks and on time deposits	164	344	164	344
<b>Total financial income</b>	<b>164</b>	<b>344</b>	<b>164</b>	<b>344</b>
<b>Net total financial income/(expenses)</b>	<b>(23,012)</b>	<b>(26,766)</b>	<b>(21,048)</b>	<b>(25,602)</b>

## 6. ANALYSIS OF EXPENSES:

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

	<b>Group</b>		<b>Company</b>	
	<b>January 1 - June 30,</b>		<b>January 1 - June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Unaudited</b>		<b>Unaudited</b>	
Payroll and related costs	2,972,682	639,082	2,962,647	634,047
Third party fees and services	2,355,273	1,613,221	2,348,297	1,607,649
Taxes and duties	7,819	5,416	7,819	5,416
Sundry expenses	1,084,576	1,331,080	1,084,576	1,302,317
Depreciation and amortisation	706,003	456,693	706,003	456,693
Provisions for doubtful debts (IFRS 9)	24,005	-	24,005	-
Other operating expenses	183,873	70,149	165,718	69,960
Cost of sales of inventory and consumables	353,987	193,783	353,987	193,783
<b>Total expenses</b>	<b>7,688,218</b>	<b>4,309,424</b>	<b>7,653,052</b>	<b>4,269,865</b>

The above expenses are analyzed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>January 1 - June 30,</b>		<b>January 1 - June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Unaudited</b>		<b>Unaudited</b>	
Cost of sales	5,981,770	3,323,447	5,969,380	3,318,412
Selling and distribution expenses	612,244	368,080	612,244	339,317
Administrative expenses	1,094,203	617,897	1,071,427	612,136
<b>Total</b>	<b>7,688,218</b>	<b>4,309,424</b>	<b>7,653,052</b>	<b>4,269,865</b>

## 7. INCOME TAXES:

According to the new Greek tax law L.4334/2015 GG A' 80/16.07.2015, the tax rate for the Societies Anonymes in Greece, was raised from 26% to 29%, for the profit of each fiscal year beginning January 1, 2015.

The amounts of income taxes which are reflected in the accompanying statement of income are analyzed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>January 1 - June 30,</b>		<b>January 1 - June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Unaudited</b>		<b>Unaudited</b>	
Current income taxes	-	-	-	-
Prior years' taxes	-	-	-	-
Deferred income taxes	193,986	(302,304)	193,986	(302,304)
<b>Total income taxes (credit) / debit reflected in the statement of comprehensive income</b>	<b>193,986</b>	<b>(302,304)</b>	<b>193,986</b>	<b>(302,304)</b>

Greek tax laws and regulations are subject to interpretations 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. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate.



### Tax Compliance certificate

From the fiscal year 2011 and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must in addition obtain an "Annual Tax Certificate" as provided for by Article 65a of L.4174/2013. This "Annual Tax Certificate" must be 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 must issue to the company a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. This "Tax Compliance Report" must be submitted to the Ministry of Finance, within ten days from the date of approval of the financial statements by the Annual General Meeting of Shareholders. The Ministry of Finance will subsequently select a sample of at least 9% of all companies for which a "Tax Compliance Report" has been submitted for the performance of a tax audit by the relevant auditors from the Ministry of Finance. The audit by the Ministry of Finance must be completed within a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance.

Neurosoft has not been audited by the tax authorities for the fiscal year 2010. As for Neurosoft's subsidiaries, they have not been audited for the fiscal years shown as follows:

Subsidiary Companies	Unaudited tax years / periods
Neurosoft Cyprus Ltd.	-
Neurosoft Romania Srl.	23/6/2008 - today
Neurosoft Cyber and Analytics Ltd	-

For the fiscal years 2011, 2012, 2013, 2014, 2015 and 2016 Neurosoft S.A. has been tax audited by its statutory auditors in accordance with the paragraph 5 of Article 82 of L.2238/1994 and the article 65a of L.4174/2013. No significant additional tax liabilities arose, in excess to those provided for and disclosed in the financial statements.

The tax compliance certificate for the fiscal year 2017 is still in progress based on the provisions of article 65a of L.4174/2013. No significant additional tax liabilities are expected to arise, in excess of those provided for and disclosed in the financial statements.

In a future tax audit of the unaudited tax years as above mentioned, it is possible that additional taxes and penalties may be assessed to Neurosoft and/ or its subsidiaries. The Group believes that they have provided adequate provision (€ 54,336) for probable future

tax assessments based upon previous years' tax examinations and past interpretations of the tax laws.

## 8. SUBSIDIARIES - GOODWILL:

- a) Neurosoft's subsidiaries which are included in the accompanying consolidated financial statements are as follows:

Company Name	Group			
	30/06/2018		31/12/2017	
	Book Value	%	Book Value	%
NEUROSOFT CYPRUS LTD	-		-	
NEUROSOFT ROMANIA SRL	-		-	
NEUROSOFT CYBER AND ANALYTICS	-		-	
Other	-		-	
	<u>-</u>		<u>-</u>	

Company Name	Company			
	30/06/2018		31/12/2017	
	Book Value	%	Book Value	%
NEUROSOFT CYPRUS LTD	813,500	100%	813,500	100%
NEUROSOFT ROMANIA SRL	-	95%	-	95%
NEUROSOFT CYBER AND ANALYTICS	1	100%	1	100%
Other	-		-	
	<u>813.501</u>		<u>813.501</u>	

## b) Merger through absorption of Kestrel Information Systems S.A

On November 25<sup>th</sup>, 2014, completed the merge through absorption of the Company under the name "KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME" in accordance with the provisions of articles 68 par. 2 and 69-77a of Codified Law 2190/1920, as in force today, as well as the provisions of articles 1-5 of Law 2166/1993, as in force, by "Neurosoft S.A.".

The above-mentioned absorption resulted to an increase in the share capital of the Company by the total amount of € 204,608 and the relocation of its registered offices from Kifissias Avenue 32 in Maroussi to 466 Irakliou Ave. & Kiprou str., in Iraklion, Attica.

## 9. PROPERTY, PLANT AND EQUIPMENT:

Capital expenditure for property, plant and equipment amounted to € 508,508 for the six-month period ended June 30, 2018 and to € 494,852 for the period ended December 31, 2017, for both the Group and the Company.

## 10. INTANGIBLE ASSETS:

Intangible assets comprise:

- The website [www.betonews.gr](http://www.betonews.gr), owned by the subsidiary Rockberg S.A. Useful life was estimated by Management at 5 years.
- The development costs (payroll) of internally generated software. The costs meet the criteria of development costs described in IAS 38 "Intangible Assets". Useful life was estimated by Management at 5 years.
- The customer base which derived from the allocation of the provisional goodwill (acquisition of Kestrel)

Capital expenditure for intangible assets amounted to € 4,675,447 and € 4,675,447 for the six-month period ended June 30, 2018 and to € 5,268,872 and € 5,268,872 for period ended December 31, 2017, for the Group and the Company respectively.

## 11. TRADE ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLES:

Trade accounts receivable in the accompanying financial statements are analyzed as follows:

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	Unaudited	Audited	Unaudited	Audited
Trade customers	3,418,820	3,240,909	3,376,574	3,197,159
Cheques and notes receivable	93,043	59,774	93,043	59,774
Doubtful customers	180,306	180,306	180,306	180,306
Blocked deposits	2,259	2,259	2,259	2,259
Tax withheld	27,981	46,526	27,981	27,887
Prepaid expenses	38,165	196,031	38,165	195,618
Advances to employees and contractors	6,698	7,277	6,698	7,277
Other debtors	288,208	266,000	259,462	265,230
Receivables from intra Group Companies	-	-	235,750	190,901
Less: Allowance for doubtful accounts receivable	(94,665)	(70,660)	(119,415)	(95,410)
<b>Balance of trade and other receivables</b>	<b>3,960,815</b>	<b>3,928,422</b>	<b>4,100,823</b>	<b>4,031,001</b>

Company and Group have applied the simplified approach of paragraph 5.5.15 of IFRS 9, according to which contra account of expected credit losses, regarding receivables from customers is determined to the amount arising based on the total duration of receivables.

For determining these losses, the following table of aging analysis and rates was used, developed by historical data and reasonable provisions for the future, according to which the additional expected credit loss in 01.01.2018 amounted to € 2,095 for Group and Company. The amount that came up as an additional expected credit loss as of 31/12/2017 was considered immaterial, so the accumulated amount for expected losses recognized in current period profit and loss.

The accumulated expected credit loss for the period 01.01.2018 - 30.6.2018 amounted to € 24,005 for Group and for Company, which were recognized in current period's profit and loss.

<b>Company</b>	<b>0-6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>over 2 years</b>	<b>Total</b>
31/12/2017					
Receivables	3,174,584	255,649	361,167	239,646	4,031,046
% of Loss	0,10%	0,30%	6,00%	30,00%	
	3,175	767	21,670	71,894	97,505
Provision 31/12/2017					95,410
					<u><u>2,095</u></u>

<b>Company</b>	<b>0-6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>over 2 years</b>	<b>Total</b>
30/6/2018					
Receivables	3,330,255	166,770	303,156	324,647	4,124,828
% of Loss	0,10%	0,30%	6,00%	30,00%	
	3,330	500	18,189	97,394	119,414
Provision 31/12/2017					95,410
					<u><u>24,005</u></u>

## 12. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents in the accompanying financial statements are analyzed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2018</b>	<b>31.12.2017</b>	<b>30.06.2018</b>	<b>31.12.2017</b>
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
Cash in hand	19,167	18,990	19,167	18,990
Cash at bank	2,381,230	2,476,115	2,352,207	2,435,591
<b>Total</b>	<u><u>2,400,397</u></u>	<u><u>2,495,105</u></u>	<u><u>2,371,374</u></u>	<u><u>2,454,582</u></u>

**13. SHARE CAPITAL:**

Neurosoft's ordinary share capital on December 31, 2008 amounted to € 700,000 divided into 2,000,000 ordinary shares of € 0.35 par value each.

Following the decision of the General Meeting of the Shareholders on April 1, 2009, the Company's ordinary share capital increased to € 2,100,000 divided into 6,000,000 ordinary shares of € 0.35 par value each.

An increase of share capital by the amount of € 6,650,000 was decided in the resolution passed by the Company's General Meeting on 28.09.2009, by use of part of the available funds of the relevant special share premium reserve account, which resulted from the share capital increase realized after the General Meeting of the Shareholders on 01.04.2009, by issue of 19,000,000 new ordinary registered voting shares, of a par value of € 0.35 each, and the free ensuing proportional allocation to shareholders of 19 new shares for each 6 shares held.

On November 25, 2014, the merge through absorption of the company under the name "KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME" was completed. The property of the Absorbed Company (assets and liabilities) was transferred to the Absorbing Company, based on its property condition which appears in the Merger Balance Sheet of May 31st, 2014. As a result, the share capital of "Neurosoft S.A." increased simultaneously and in parallel:

- a) by the amount of the remaining contributed share capital of the Absorbed Company amounting to € 204,607.76 and
- b) because of capitalization for the purpose of rounding the nominal value of the shares, part of the share premium account of the Absorbing Company, at the amount of € 0.14.

Therefore, the total amount of the (net) share capital increase of Neurosoft S.A. will be € 204,607.90, and its total share capital will amount to €8,954,607.90, divided into 25,584,594 ordinary nominal (par value) shares with voting rights at a nominal value of € 0.35 each.

The participation ratio of the shareholders of the Merging Companies to the new share capital of the Absorbing Company, as resulting from the Merger, will be 98.44% for the shareholders of Neurosoft S.A. and 1.56% for the shareholders of Kestrel S.A. Consequently, regarding the new total share capital of the Absorbing Company, which amounts to €8,954,607.90, now divided into 25,584,594 ordinary nominal (par value) shares with voting rights, 25,184,594 shares will correspond to the shareholders of

Neurosoft S.A. and 400,000 shares to the shareholders of Kestrel S.A. (except for those of the Absorbing Company).

Following the above, the major shareholders of the Company's share capital, as of June 30, 2018, are analyzed as follows:

Shareholder	No of Neurosoft Shares	%
OPAP INVESTMENT LIMITED	9,770,444	38.19%
OPAP INTERNATIONAL LIMITED	6,401,241	25.02%
IGT PLC	4,176,537	16.32%
Market	3,087,864	12.07%
OPAP CYPRUS LIMITED	1,154,315	4.51%
Nikolaos Vasilonikolidakis	666,840	2.61%
Mavroeidis Angelopoulos	327,353	1.28%
<b>TOTAL</b>	<b>25,584,594</b>	<b>100.00%</b>

#### Important Notes:

- It is noted that the above percentages have been extracted pursuant to the completion of all the merger procedures with Kestrel SA in front of 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 clarity reasons and as they are the Company's executive directors.

#### 14. TRADE ACCOUNTS PAYABLE:

Trade accounts payables in the accompanying financial statements are analyzed as follows:

	Group		Company	
	30.06.2018 Unaudited	31.12.2017 Audited	30.06.2018 Unaudited	31.12.2017 Audited
Domestic and foreign suppliers	1,262,791	1,013,431	1,252,072	1,001,903
Post-dated cheques payable	-	62,744	-	62,744
<b>Total</b>	<b>1,262,791</b>	<b>1,076,175</b>	<b>1,252,072</b>	<b>1,064,647</b>

#### 15. ACCRUED AND OTHER CURRENT LIABILITIES:

Accrued and other current liabilities in the accompanying financial statements are analyzed as follows:

Group		Company	
30.06.2018	31.12.2017	30.06.2018	31.12.2017

	<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Audited</u>
Social security payable	136,966	260,424	136,966	260,424
Value added tax and withheld taxes	486,855	434,818	486,855	434,818
Accrued expenses	20,673	18,376	1,349	8,000
Other current liabilities	312,150	197,394	308,955	141,060
<b>Total</b>	<b><u>956,644</u></b>	<b><u>911,012</u></b>	<b><u>934,125</u></b>	<b><u>844,302</u></b>

## 16. RELATED PARTIES:

Related party transactions refer to purchases of goods and services from and services provided to certain related parties in the normal course of business.

Particularly related parties' transactions include:

- Transactions between the Company and any related party incurred during the 1st half of 2018 (01.01.2018-30.06.2018) and that have materially affected the financial situation or performance of the Company during this period.
- Any changes in the transactions between the Company and any related party described in the last annual report, which could have a material effect on the financial situation or performance of the Company during the first half of 2018.

Note that the reference to the above transactions, which follows, includes the following:

- The amount of such transactions for the first half of 2018 (01.01.2018-30.06.2018)
- The outstanding balance at the end of the first half of 2018 (30.06.2018)
- The nature of the related party relationship with the Company and
- Any information on transactions, which are necessary for an understanding of the financial position of the Company, but only if such transactions are important and have not been made under normal market conditions.

The related parties of the company are as follows:

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

<b>Intercompany sales and other revenue</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	-	-
NEUROSOFT CYBER AND ANALYTICS LTD	-	-
OPAP S.A.	4,008.406	1,979,424
<b>Total</b>	<b>4,008.406</b>	<b>1,979,424</b>

<b>Intercompany purchases</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	-	-
NEUROSOFT CYBER AND ANALYTICS LTD	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

The balances of receivables and payable of the Company and its related companies during the current fiscal year and the period ending 30.06.2018 and the fiscal year 2017 are analyzed as follows:

<b>Intercompany balances (receivables)</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
NEUROSOFT ROMANIA SRL	352,450	352,450
NEUROSOFT CYPRUS LTD	211,000	126,000
NEUROSOFT CYBER AND ANALYTICS LTD	2,506	-
OPAP S.A.	1,784,487	147,010
<b>Total</b>	<b>2,350,443</b>	<b>625,460</b>

<b>Intercompany balances (payables)</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
NEUROSOFT ROMANIA SRL	-	-
NEUROSOFT CYPRUS LTD	800	800
NEUROSOFT CYBER AND ANALYTICS LTD	-	-
<b>Total</b>	<b>800</b>	<b>800</b>

Transactions and balances with related individuals, as defined by the International Accounting Standard 24, for the six-month period ended on June 30, 2018 and 2017 are as follows:

	<b>30.06.2018</b>	<b>30.06.2017</b>
Executives and management members' remuneration	57,000	57,000
Remuneration of members of the board	264,910	218,154

Further to the above we note:

- No loans or credit facilities have been granted to the members of the Board or to other executive members of the Company (and their families).
- These transactions contain no exceptional or individual characteristic, which would make imperative the further analysis per related party.



- Apart from the above remuneration no other transactions between the Company and the executives and Board members exist.
- No transaction has taken place outside and beyond normal market conditions.
- No transaction exists, the value of which exceeds 10 % of the value of the assets of the Company, as reflected in the latest published statements.

**17. COMMITMENTS AND CONTINGENCIES:****Litigation and Claims:****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 is under preparation of a complete claim against Barclays for unfair enrichment according which it will request Barclays to come to a mediation before filing final claim to the court.

**18. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE:**

There are no subsequent events that should be considered for the preparation of the Financial Statements for the period ended June 30, 2018.

Athens, September 19, 2018

President of the BoD  
Mavroeides Angelopoulos

Chief Executive Officer  
Nikolaos Vassilonikolidakis

Head Accountant  
Michalis Amanitis