ANNUAL
FINANCIAL REPORT

For the year
Ended December 31, 2017

INDEX TO THE FINANCIAL STATEMENTS

STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Statements of the Members of the Boards of Directors
(in accordance with article 4 par. 2 of L. 3556/2007)

The following statements, which are affected in accordance with article 4 par. 2 of the L.3556/2007, as applicable, are given by the following Members of the Board of Directors of the Company:

1. Mavroeidis Aggelopoulos, President of the Board of Directors
2. Nikolaos Vasilonikolidakis, CEO

The undersigned, in our above-mentioned capacity, and in particular the third as specifically appointed by the Board of Directors of the societe 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 financial statements of the Company and the Group of the society anonyme company under the name of “Neurosoft SA” for the period from January 1, 2017 to December 31, 2017, which were compiled according to the applicable International Financial Reporting Standards, as adopted by the European Union provide a true and fair view of the assets and the liabilities, the equity and the results of the Company, as well as the companies’ which are included in the consolidation, according to that stated in paragraphs 3 to 6 of article 4 of the L.3556/2007 and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

(b) the annual Report of the Board of Directors of the Company provide a true and fair view of the evolution, the achievements and the financial position of the Company, as well as the companies’ which are included in the consolidation, including the description of the main risks and uncertainties they face and relevant information that is required according to paragraph 3 to 6 of article 4 of the L. 3556/2007, and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

Iraklio, April 19, 2018

Mavroeidis Aggelopoulos	Nikolaos Vasilonikolidakis
President of the Board of Directors	Chief Executive Officer

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

Regarding the consolidated Financial Statements
For the year ended December 31, 2017

This Annual Board of Directors Report, which follows, (hereinafter referred for brevity as the **"Report"** or **"Annual Report"**), refers to the fiscal year 2017 (01.01.2017-31.12.2017), was prepared in accordance with the relevant provisions of Article 136 and 43a of Codified Law 2190/1920 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 SA COMPANY of SOFTWARE PRODUCTION (hereinafter referred to as the **"Company" or «NEUROSOFT»**) and the NEUROSOFT Group of companies, in which Group are included at the end of the fiscal year apart from the Company the following affiliated companies:

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.

<u>Notes in relation to the consolidation requirements</u>:

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 mentioned company was merged with the company «Neurosoft Cyprus LTD» which is the above subsidiary of the Company.

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 and 2015 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 and 2017 remained inactive.

This report accompanies the annual consolidated financial statements for the fiscal year 2017 (01.01.2017-31.12.2017) 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 Annual Financial Report for the fiscal year 2017.

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

SECTION A

Significant events that occurred during the year 2017

The significant events that occurred during the year 2017 (01.01.2017-31.12.2017) with calendar series, as well as any impact on the annual financial statements are summarised as follows:

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

On Thursday, June 22rd, 2017, 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 22,689,730 ordinary shares and voting rights, i.e. 88,89% 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 2016 as well as the Board of Directors' Report (Management Report) and the Auditors' Report for the same fiscal year 2016.
- The shareholders approved the distribution of profits as depicted in the annual financial statements for the financial year 2016 and in particular approved no dividend distribution.
- The shareholders' Meeting discharged the Directors and the Auditors from any liability related to the results of the financial year 2016 as well as the annual financial statements of the said fiscal year.
- The shareholders approved the remuneration payable to the Board of Directors for the fiscal year 2016 and for the first semester of 2017 and also pre-approved the remuneration to be paid to the Board of Directors for the second semester of 2017 as well as for the first semester of 2018.
- The shareholders approved the appointment of the auditing firm HELLENIC AUDITING COMPANY SA (SOEL Reg. Number: 156) as Certified Auditors for the financial year 2017 (auditing of the financial statements corporate and consolidated), approving also their fees.
- The shareholders adopted the approval - validation of contracts between the Company and persons of article 23a of Codified Law 2190/1920. Authorisation to Board members for their participation in the management of other companies of the Group, in accordance with article 23 par. 1 of Codified Law 2190/1920.
- The shareholders approved of Mr's Michele Fusella and Evangelos Kollias 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 of this fiscal year, as mentioned in detail in the annual Financial Report and also noted that the outlook for the current fiscal year 2018 looks positive for the Group.

2. Product & Solution Development:

2.1 Proxima+ & Tesla evolution: During 2017, the rise of standards in Blockchain technology allowed us to enter the technology near the end of the year. Neurosoft forged an agreement with Oracle Blockchain Cloud to enter the Early Adopters program which meant backing of Oracle top Blockchain technologists. The intention is to have integrated blockchain technology into Proxima+ platform within 2018. Our Supply Chain Finance solution was chosen by Piraeus Bank and National Bank of Greece, where implementation started in Q4 2017 and is expected to finish in Q1 2018.

2.2. BOLT & Trendz Product Development: Due to the technology changes during 2017, Trendz development has been mostly directed into the revamp of BOLT and the connection to the BGT on-line systems which is expected to go live in March 2018. Connections with more core systems are expected to follow.

2.3 Angel - Cyber Maritime Managed Security Solution: The gradual and inevitable proliferation of the IoT (Internet of Things) even in the maritime industry, has contributed to the need for increased Cyber Security in that specific sector. Neurosoft has identified that growing need and formed an alliance with Navarino to introduce a maritime Security offering. Navarino is one of the world's leading providers of satellite communications solutions to the merchant marine market. Navarino is also the designer and distributor of Infinity, the world's most successful bandwidth optimisation solution. Neurosoft together with Navarino have engaged into the exploration and extensive testing of an end-to-end Cyber Security offering for vessels at sea, our "Angel". The service was launched in Q4 2017 in a dedicated event held at Stavros Niarchos Foundation Cultural Centre. The event attracted the interest of the shipping community setting the standard of the maritime cyber market. The first live demos were performed in Q4 that will lead to the first customers of the service.

2.4 Ilicium – Deception Technology Product: Following the strategic decision in mid-2016 to capitalise on the extensive and focused know-how of the Security Assessment team and join forces with the Software Development team Illicium development was finalized in 2017 producing the first beta version. Illicium is a centrally managed platform with various agents aiming to enhance the defence process of any organisation by deploying multiple decoys throughout the ICT infrastructure. Friendly Beta customers are scheduled for 2018Q1 in parallel with the development of the sales & marketing plan.

3. Key Accounts:

3.1 Stavros Niarchos Foundation Cultural Centre – ICT Operations Services: Neurosoft was awarded a 5-year contract undertaking the on-site Operations for the entire ICT infrastructure. The scope of the project includes the day-to-day operations based on the end-user's ICT needs, the overall IT needs of the Data Centres in addition to the entire telecom wired and wireless infrastructure of the SNFCC campus. This is one of the most important outsourcing services of Neurosoft, offered to a high-end and demanding customer.

3.2. Nokia – Telecom support and Implementation: Neurosoft cooperation with Nokia goes back since 2008 from the Alcatel-Lucent days. Since then the field services department has grown significantly on three fronts: people, geographical coverage and technologies covered. Throughout 2017 Neurosoft managed to sustain the business and to further grow it in different technologies that add significantly to the department margins.

3.3 Vodafone – Cyber Security Frame Contract: Contract was signed in 2016 and successfully executed in 2017. Following a closed tendering procedure launched by Vodafone Greece, Neurosoft was selected to provide Security Assessment services for all corporate and new services of the Telecom giant. During the year various Security Assessment activities were assigned to Neurosoft ranging from Web to Mobile services.

3.4. Opap – Field Services: Neurosoft teams were fundamental in the successful demanding VLT rollout project. Client objectives were achieved while more than 10,000 VLTs were deployed and supported in 2017. The internal preparations (systems and processes) that started 2016Q4 resulted in high readiness standards and outstanding level of service. In parallel, an additional frame agreement covering field services (rollout and SLA) in the Opap Shops was signed and executed with similar success. Next step, to capitalize from the experience gained and offer similar cos-effective services to other big networks such as banking, post office etc.

3.5 Betbuzz Operation: Neurosoft considering the imminent reshaping of the Greek and Cypriot sport betting markets, decided to put our resources investigating the possibilities in our neighbourhood and Betbuzz operation in UK (based on our BOOM technology) was decided to put on hold for the time being.

3.6 Barclays Bank Account: During 2017, there have been numerous efforts to reach an Alternative Dispute Settlement with Barclays which has not been concluded. The process is envisaged to be completed, in the worst-case scenario, in Q1 2019.

3.7 Daedalus Technologies – UAE Channel Partner: Following a market sounding in UAE together with the fact that Proxima+ is a mature, well referenced Sales & Supply Chain Finance platform, Neurosoft decided to sign an exclusive agreement with Daedalus Technologies in UAE to promote and support sales efforts in the region. The offering includes the only locally hosted SaaS solution in addition to our traditional IaaS and License based options. The results of the first roadshow in Q4 were very promising.

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. Aiming to increase the quality of the provided service levels, Neurosoft has started an internal, targeted restructuring process to achieve certification under the ISO20000 for IT Service Management aimed primarily at IT outsourcing projects. Due to the have workload during 2017Q3, the process started in

2017Q4 with an expected completion date in 2018Q2. After this last certification, the company will operate under the highest international standards.

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), 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 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%
- OPAP (CYPRUS) LTD: 1,154,315 shares representing 4.51 %
- OPAP INVESTMENT LTD: 9,770,444 shares representing 38.19%.

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 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 over the course of the current fiscal year 2017 (01.01.2017-31.12.2017) are market risk, credit risk, liquidity risk etc.

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 for which the effective control of credibility is not always easy. Therefore, the Company continuously develops and further evolves its internal risk management mechanisms in order to fully confront this risk. As a consequence, 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.

3. Interest rate risk

Regarding short-term borrowings, 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 other variables constant.

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

	31 December 2017	
	Interest rates volatility	**Effect on Comprehensive Income Statement**
Euro	1.0%	(9,229)
	(1.0) %	9,229

	31 December 2016	
	Interest rates volatility	**Effect on Comprehensive Income Statement**
Euro	1.0%	(9,898)
	(1.0) %	9,898

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 secure 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. Prudent liquidity management is achieved with credit availability through approved bank credits and available cash.

The table below summarises the maturity profile of financial liabilities as of 31 December 2017 and 2016 respectively.

Year ended December 31, 2017	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	54,007	53,991	431,920	215,960	755,878
Trade and other payables	1,421,200	428,234	37,371	76,480	-	1,963,285
Total	**1,421,200**	**482,241**	**91,362**	**508,380**	**215,960**	**2,719,163**

Year ended December 31, 2016	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	183,000	180,600	491,704	-	855,304
Trade and other payables	305,802	699,206	429,035	-	-	1,434,043
Total	**305,802**	**882,306**	**609,635**	**491,704**	**-**	**2,289,347**

SECTION C

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 fiscal year 2017 (01.01.2017-31.12.2017) 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 2017.

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

(a) the amount of such transactions for the year 2017 (01.01.2017-31.12.2017)

(b) the outstanding balance at the end of the year (31.12.2017)

(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 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.

Intercompany sales and other revenue	31.12.2017	31.12.2016
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	-	-
Total	-	-

Intercompany purchases	31.12.2017	31.12.2016
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	20,000	15,000
Total	**20,000**	**15,000**

The balances of receivables and payables of the Company and its related companies during the current fiscal year are analysed as follows:

Intercompany balances (receivables)	31.12.2017	31.12.2016
Neurosoft Romania Srl	352,450	352,450
Neurosoft Cyprus Ltd	166,000	126,000
Neurosoft Cyber and Analytics Ltd	151	
Total	**518,601**	**478,450**

Intercompany balances (payables)	31.12.2017	31.12.2016
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	800	800
Total	**800**	**800**

Transactions and balances with related individuals, as defined by the International Accounting Standard 24, for the 12 months of 2017 and 2016 respectively are as follows:

	2017	2016
Executives and management members' remuneration	**688,614**	**528,388**

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 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 statements.

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 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.

Further to the above, the significant 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 in force are as follows:

- OPAP INVESTMENT Ltd: 9,770,444 shares and voting rights (percentage 38.19%)
- OPAP INTERNATIONAL Ltd: 6,401,241 shares and voting rights (percentage 25.02%)
- IGT PLC: 4,176,537 shares and voting rights (percentage 16.32%)
- Market (AIM Milan) 2,892,864 shares and voting rights (percentage 11.31%)
- OPAP CYPRUS Ltd: 1,154,315 shares and voting rights (percentage 4.51%)
- Nikolaos Vasilonikolidakis: 666,840 shares and voting rights (percentage 2.61%)
- Mavroeidis Angelopoulos: 522,353 shares and voting rights (percentage 2.04%)

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.

4. Shares with special control rights

There are no shares with special control rights.

5. Restrictions on voting rights

No restrictions to holders of voting shares are known to the Company.

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 governing the appointment and replacement of Board members and amendments of the Articles of Associations which differ from those envisaged in Codified Law 2190/1920 as in force today.

Regarding the appointment and replacement of Board members as well as the amendment of the Memorandum of Association, there are no rules that differ from the provisions of Codified Law 2190/1920, as in force.

8. Jurisdiction of the Board or some of its members to issue new shares or acquire treasury shares of the Company in accordance with Article 16 of Codified Law 2190/1920.

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 16 of Codified Law 2190/1920, as in force.

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 or employees of the Company

There isn't any agreement between the Company and members of its Board of Directors or staff, which provides compensation in case of resignation or dismissal without cause or termination of office or 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 (drafted in accordance with Article 4, paragraph 8 of Law 3556/2007) follows the same numbering of the relevant information under Article 4, paragraph 7 of Law 3556/2007, as the information listed above:

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 right.
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 Codified Law 2190/1920 as in force.

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 31.12.2017 employs 179 people, compared to 114 people, as of 31.12.2016.

2. The basic principle governing the Group 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 recognises 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.

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 activity 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 corresponds to the size and complexity of these companies' activities. 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. Group achievements in numbers

The main financial numbers for the Group are as follows:

Group	**31.12.2017**	**31.12.2016**
Total Assets	12,860,937	12,768,051
Total Equity	8,572,959	9,162,206
Sales	9,764,011	8,744,788
Gross Profit	1,732,045	4,134,013
EBT	(478,167)	2,860,518
Earnings after tax	(776,555)	1,924,501

2. Group financial ratios

Below are listed several ratios (financial or not) related to the essential performance, position and economic situation of both the Group and the Company:

Group			
	31/12/17	**31/12/16**	
Fixed Assets ratio	46%	29%	This ratio shows the percentage of fixed assets to total assets
Total equity to fixed assets ratio	1,46	2,46	This ratio shows the capital structure of the Group
Total Liabilities to liabilities and equity ratio	40%	31%	Debt percentage ratio
Total equity to total liabilities and equity	67%	72%	
Debt to equity ratio	9%	9%	The percentage of debt to equity
Working Capital ratio	3,42	3,86	This ratio shows how many times the current assets cover the current liabilities of the Group
Assets return ratio	-6%	15%	Net profit after tax as a percentage of the total assets
Total equity return ratio	-9%	21%	Net profit after tax as a percentage of the equity
Gross profit margin	18%	47%	The ratio shows the Gross profit margin
Net profit margin	-8%	22%	The ratio shows the net profit attributable to the group as a percentage of sales.

Company			
	31/12/17	**31/12/16**	
Fixed Assets ratio	49%	33%	This ratio shows the percentage of fixed assets to total assets
Total equity to fixed assets ratio	1,42	2,24	This ratio shows the capital structure of the Group
Total Liabilities to liabilities and equity ratio	36%	29%	Debt percentage ratio
Total equity to total liabilities and equity	69%	74%	
Debt to equity ratio	8%	8%	The percentage of debt to equity
Working Capital ratio	3,59	4,01	This ratio shows how many times the current assets cover the current liabilities of the Group
Assets return ratio	-4%	15%	Net profit after tax as a percentage of the total assets
Total equity return ratio	-7%	20%	Net profit after tax as a percentage of the equity
Gross profit margin	18%	47%	The ratio shows the Gross profit margin
Net profit margin	-7%	23%	The ratio shows the net profit attributable to the group as a percentage of sales.

SECTION G

Anticipated course and Company development for the year 2018

Based on the up-to-date estimations for 2018 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 2018, 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 (ICT and MICT & CSS) 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 and London for factoring, sports betting and cyber security.

SECTION H

Further Information

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

- None of the companies included in the consolidation owns shares or stakes as per paragraph 5 of Article 103 of the Codified Law 2190/1920.
- 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

Corporate Governance Statement

This Corporate Governance Statement (Declaration) is drafted according to Article 43a par. 3d of Codified Law 2190/1920, as in force; 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 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 Corporate Governance Code

Law 3873/2010, which has incorporated in Greek law and legal order, the European Union Directive 2006/46/EC, 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 existing legislation (Codified Law 2190/1920, Law 3016/2002, as amended and in force today, Laws 3693/2008 and 3884/2010), 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 and published in October 2013.

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.

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 Law 3016/2012 is expected to be continued.

Within this framework, the Company with the Company's Board of Directors resolution of 31.07.2017 has appointed 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 the provisions of laws 2190/1920, 3016/2002 and 3693/2008, 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 key 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 it is 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 authorised 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 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.

• The financial statements are audited by the Audit Committee and the Board of Directors.

Finally, the software system used by the Company is developed and constantly upgraded by its IT department in order to be adjusted to the constantly expanding and specialised 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 f security procedures which have been established by the Company (anti-virus software, email protection).

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 according to Articles 9 to 11 of Law 3556/2007 are as follows:

- OPAP INVESTMENT Ltd: 9,770,444 shares and voting rights (percentage 38.19%)
- OPAP INTERNATIONAL Ltd: 6,401,241 shares and voting rights (percentage 25.02%)
- IGT PLC: 4,176,537 shares and voting rights (percentage 16.32%)
- Market (AIM Milan) 2,892,864 shares and voting rights (percentage 11.31%)
- OPAP CYPRUS Ltd: 1,154,315 shares and voting rights (percentage 4.51%)
- Nikolaos Vasilonikolidakis: 666,840 shares and voting rights (percentage 2.61%)
- Mavroeidis Angelopoulos: 522,353 shares and voting rights (percentage 2.04%)

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.

- 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.
- 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 Codified Law 2190/1920, 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 seven (7) 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 two (2) executive, four (4) non-executive and one (1) independent non-executive.

The following table includes the members of the Board:

Board of Directors Member	Position
Mavroeidis Angelopoulos	Chairman of BoD (executive)
Nikolaos Vasilonikolidakis	CEO of the Company (executive)
Evangelos Kollias	Member of BoD (non-executive)
Athanasios Rigas	Member of BoD (non-executive)
Michele Fusella	Member of BoD (non-executive)
Michal Houst	Member of BoD (non-executive)
Ioannis Papanikolaou	Independent Member of BoD (non-executive)

Note:

All the aforementioned members of the Board have Greek citizenship, except for Mr Michal Houst 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 with regard to 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 10 and 23a of Codified Law 2190/1920, as in force.

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 harmonisation 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 behaviour 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 and the Managing Director(s). 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. If the Vice-chairman is absent or unable to perform their duties, they are replaced by the Managing Director, following a related decision of the Board of Directors. Finally, in similar cases the Managing Director 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 responsible for setting the agenda, besides all the other possible responsibilities, ensuring the proper execution of tasks regarding the organisation 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 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.

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 shall meet regularly at the company's headquarters following the Chairman's invitation. The Board can also validly convene elsewhere, either at home or abroad, as long as all the Members are present or represented and no one disagrees that the meeting and decision making should take place.
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 2017, eleven (11) 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 Managing Director.

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 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) The extension of duration, merger, except for absorption pursuant to article 78 of Codified Law 2190/1920, dissolution of the company, conversion, split, revival;
b) The amendment of the Articles of Association;
c) The increase or reduction of the share capital, except in the case of paragraph 2 of article 5 of the Articles of Association;
d) Issuing of corporate bonds and other bonds, as described in articles 3a, 3b and 3c of Codified Law 2190/1920, as in force, except in the case of paragraph 2 of article 5 of the Articles of Association;

e) The election of Directors, except in the case of article 22 of the Articles of Association;

f) The election of auditors;

g) The election of liquidators;

h) The approval of annual accounts (annual financial statements);

i) The appropriation of net profits; and

j) The acquisition or sale 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 sale price of the aforementioned 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, exceed the corresponding figure for the Company, and

k) Any other matter provided by law or by the Articles of Association.

2. Convocation of the General Meeting

The General Meeting of shareholders is convoked by the Board of Directors and convenes regularly, once a year, at the company's registered offices and within the first six months from the end of each 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 special permission granted by the competent authority, which the terms of this permission shall also be defined. This permission is not required 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 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 authorised 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

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 or optionally the independent Vice Chairman, 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 authorised to do so by the Board of Directors. For the exercise of the share right, if the shares are traded on AIM Italia, the above-mentioned certificate shall be 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

A. Following the request of shareholders representing at least one twentieth (1/20) of the paid-up share capital, the Board of Directors is obliged to convene an Extraordinary General Meeting of Shareholders, setting the date for this meeting, which shall not be later than forty-five (45) days from the day the request has been addressed to the Chairman of the Board. The invitation shall contain the items of the daily agenda. In case the General Meeting is not convened by the Board within twenty (20) days following the request, it shall be convened by the requesting shareholders at the expense of the Company, pursuant to the judgment of the one-member Court of First Instance rendering preliminary injunction at the Company's headquarters. The place, time as well as the items of the daily agenda shall be indicated.

B. Upon request of shareholders representing at least one twentieth (1/20) of the paid-up share capital, the Board is obliged to include additional items in the daily agenda of the General Meeting, which has already been convoked, if the relevant request has been received by the Board fifteen (15) days before the General Meeting. Additional items shall be published or disclosed under the responsibility of the Board pursuant to Article 26 of the Codified Law 2190/20, at least (7) days before the General Meeting.

C. Upon request of shareholders representing at least one twentieth (1/20) of the paid up share capital, the Chairman of the Meeting is obliged to postpone only once the adoption of resolution by the General Meeting, Ordinary or Extraordinary, regarding the items of the agenda partly or as a whole, defining at the same time the date of the meeting, as defined in the shareholders' request, which cannot be later than thirty (30) days from the date of postponement. The General Meeting following the postponement is a continuation of the previous one, it does not require that the formalities of publication of shareholders invitation be repeated and it can be attended by new shareholders, pursuant to the provisions of Articles 27 § 2 and 28 of Codified Law 2190/1920.

D. Upon request of any shareholder of the Company at least five (5) full days before the General Meeting, the Board of Directors is obliged to provide to the General Meeting the requested information regarding the matters of the Company, to the extent that they are useful for the assessment of the items of the agenda.

E. Furthermore, upon request of shareholders representing at least one twentieth (1/20) of the paid-up share capital, the Board of Directors must notify the General Meeting, if it is an ordinary one, of the amounts paid to each member of the Board or manager of the Company during the last two years, as well as of any benefit paid to such persons for any cause or under any contract.

In any of the above cases the Board may decline to provide such information for substantial reason, which is mentioned in the minutes. Such a reason may be, under specific circumstances, the representation of the requesting shareholders in the Board pursuant to paragraphs 3 or 6 of article 18 of Codified Law 2190/1920.

F. Upon request of shareholders representing one fifth (1/5) of the paid-up share capital, which is submitted to the Company within the period of the aforementioned paragraph, the Board is obliged to provide the General Meeting with information referring to the progress of corporate matters and the financial status of the Company. The Board may refuse to provide such information for substantial reason, which shall be mentioned in the minutes.

Such reason may be, under specific circumstances, the representation of the requesting shareholders in the Board pursuant to paragraphs 3 or 6 of Article 18 of the Codified Law 2190/20, since the respective members of the Board of Directors have received the relevant information adequately.

G. Upon request of shareholders representing one twentieth (1/20) of the paid-up share capital, resolutions on any item of the daily agenda of the General Meeting are adopted by roll call.

H. The right to request an audit of the Company from the one-member Court of First Instance at the Company's headquarters according to non-contentious proceedings is given to:

a) shareholders representing at least one twentieth (1/20) of the paid-up share capital

b) the Exchange Commission

c) the Minister of Development, or the competent supervisory body respectively.

This audit is ordered in case actions violating the provisions of the law or the Articles of Association or resolutions of the General Meeting are suspected. In any case, the audit request must be submitted within three (3) years from the approval of the financial statements for the fiscal year within which the offending acts have been committed. Shareholders representing one fifth (1/5) of the paid-up share capital have the right to ask the court of par. 9 for an audit of the Company, if it is believed that the management of corporate issues is not carried out as required by the proper and prudent management.

8. Shareholders' rights and way of exercising

The Company has issued 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 Codified Law 2190/1920 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 amortisation 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 Certified Accountant – Auditor's Report

To the Shareholders of the Company "NEUROSOFT SOFTWARE PRODUCTION S.A."

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of the Company **"NEUROSOFT S.A"** (the Company), which comprise the separate and consolidated statement of financial position as at December 31, 2017, and the separate and consolidated statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company **"NEUROSOFT S.A"** and its subsidiaries (the Group) as of December 31, 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as incorporated in Greek Legislation. Our responsibilities, under those standards are described in the "Auditor's Responsibilities for the Audit of the separate and consolidated financial statements" section of our report. 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) as incorporated in Greek legislation and the ethical requirements relevant to the audit of the separate and consolidated financial statements in Greece and we have fulfilled our responsibilities in accordance with the provisions of the currently enacted law and the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the consolidated financial statements of the current period. These matters and the related risks of material misstatement were addressed in the context of our audit of the separate and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue and Trade Receivables:

The largest volume of sales is related to wholesale sales, while revenue is recognized when the related risks and benefits associated with the sold goods are transferred to the customers, while the take-over of the demand is reasonable assurance. Recognition of revenue is carried out automatically through its sub-systems.

Addressing the issue of revenue recognition included the following procedures:

• Testing the controls applied by the Company's management with regard to revenue recognition in order to obtain reasonable assurance of their effectiveness and the ability to prevent or detect and correct any errors in a timely manner, so that the proceeds from sales appear correctly in the financial statements. • Control of the general safety mechanisms of the financial systems used by the Company to record revenue. Procedures have been carried out to evaluate the adequacy and accuracy of the revenue stream resulting from these subsystems of the company. In addition, control of the design, implementation and efficient operation of the subsystems, including the agreements with the General Accounting, was carried out.

• In addition to security controls, a number of audit procedures, such as the conduct of analytical procedures, were also carried out.

2. Intangible Assets

Intangible assets include costs of purchased and internally generated software. Purchased intangible assets acquired separately are capitalized at cost while those acquired from a business combination are capitalized at fair value on the date of acquisition. Internally generated software includes 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. Intangible assets with finite useful lives are being amortized using the straight-line method over their estimated useful lives. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where the carrying amount exceeds the recoverable amount. The useful lives and residual values of intangible assets are reassessed on an annual basis. Amortization periods for intangible assets with finite useful lives vary in accordance with the conditions in the relevant industries but are subject to maximum limits i) Software for 5 years and ii) customers' base for 8 years.

Also, development expenditure is mainly incurred for developing software. Costs incurred for the development of an individual project are recognized as an intangible asset only when the requirements of IAS 38 "Intangible Assets" are met. 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 amortized over their average useful lives.

Addressing the issue of intangible assets included the following procedures:

• Control of the general safety mechanisms of the financial systems used by the Company to record payroll and development costs. Procedures have been carried out to evaluate the adequacy and accuracy of costs resulting from these subsystems of the company. In addition, control of the design, implementation and efficient operation of the subsystems, including the agreements with the General Accounting, was carried out.

• In addition to security controls, a number of audit procedures, such as the conduct of analytical procedures, were also carried out.

Other Information

Management is responsible for the other information. The other information is included in the Board of Directors' Report, as referred to the "Report on other Legal and Regulatory Requirements" section, in the Declaration of the Board of Directors Representatives, but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the separate and consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards, as endorsed by the European Union, and for such internal control as Management 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, Management 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, management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (art. 44 of Law 4449/2017) of the Company is responsible for overseeing the Company's and the 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 the 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, as incorporated in Greek Legislation, 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 as incorporated in Greek Legislation, we exercise professional judgment and maintain professional skepticism 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 the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 the 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 the 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 separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and the Group. 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.

Report on Other Legal and Regulatory Requirements

1) Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report which and the Corporate Governance Statement that is include therein, according to the provisions of paragraph 5 of article 2 of L. 4336/2015 (part B), we note that:

a) The Board of Directors' Report includes the Corporate Governance Statement which provides the information required by Article 43bb of Codified Law 2190/1920.

b) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of articles 43a and 107A and of paragraph 1 (cases c' and d') of article 43bb of Codified Law 2190/1920 and its content is consistent with the accompanying separate and consolidated financial statements for the year ended 31/12/2017.

c) Based on the knowledge we obtained during our audit about the company **"NEUROSOFT S.A."** and its environment, we have not identified any material inconsistencies in the Board of Directors' Report.

2) Additional Report to the Audit Committee

Our audit opinion on the separate and the consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Company, referred to in article 11 of EU Regulation 537/2014.

3) Provision of Non-Audit Services

We have not provided to the Company and the Group any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014 or other permissible non-audit services.

4) Auditor's Appointment

We were appointed as statutory auditors for the first time by the General Assembly of shareholders of the Company on 26/06/2015. Our appointment has been, since then, uninterrupted renewed by the Annual General Assembly of shareholders of the Company for 3 consecutive years.

Marousi, 19/4/2018

ANDREAS D. TSAMAKIS
Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 17101
HELLENIC AUDITING COMPANY SA

ANNUAL
FINANCIAL STATEMENTS

For the year ended
December 31, 2017

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	Group		Company	
		01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Revenues	4	9.764.011	8.744.788	9.710.617	8.691.682
Cost of services	8	(8.031.966)	(4.610.775)	(7.916.230)	(4.598.089)
Gross profit		**1.732.045**	**4.134.013**	**1.794.387**	**4.093.593**
Selling and distribution expenses	8	(815.407)	(470.866)	(811.921)	(413.339)
Administrative expenses	8	(1.440.010)	(804.278)	(1.420.862)	(748.649)
Impairment of investments		(37.000)	-	(37.000)	-
Other income		140.925	54.604	130.823	54.604
Financial income	7	484	1.853	484	1.853
Financial costs	7	(59.204)	(54.808)	(56.326)	(53.368)
Profit / (Loss) before income taxes		**(478.167)**	**2.860.518**	**(400.414)**	**2.934.694**
Income taxes	9	(298.387)	(936.017)	(298.387)	(936.017)
Net Profit / (Loss) (A)		**(776.555)**	**1.924.501**	**(698.802)**	**1.998.677**
Net other comprehensive income not to be reclassified in profit or loss in subsequent period:					
Re-measurment profit or loss on benefits plans		221.418	-	221.418	-
Income taxes		(64.211)	-	(64.211)	-
Other total comprehensive income after tax (B)		**157.207**	-	**157.207**	-
Total comprehensive income after tax (A)+(B)		**(619.348)**	**1.924.501**	**(541.595)**	**1.998.677**
Profit / (Loss) attributable to:		**(619.348)**	**1.924.501**	**(541.595)**	**1.998.677**
Equity holders of the parent		(619.348)	1.924.501	(541.595)	1.998.677
Non-controlling interests		-	-	-	-
		(619.348)	**1.924.501**	**(541.595)**	**1.998.677**
		-	-	-	-
Total weighted average number of ordinary shares	24	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	24	25.584.594	25.584.594	25.584.594	25.584.594
Income / (Loss) per share (basic and diluted)	24	**(0,0242)**	**0,0752**	**(0,0212)**	**0,0781**

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	Note	Group		Company	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	494.852	524.658	494.852	524.658
Intangible assets	12	5.268.872	3.068.906	5.268.872	3.005.325
Goodwill		-	-	51.852	51.852
Investments in subsidiaries	10	-	37.000	813.501	850.500
Other non-current assets		114.666	94.956	114.666	94.956
Total Non-Current Assets		**5.878.391**	**3.725.520**	**6.743.743**	**4.527.291**
Current Assets					
Inventories	13	559.020	548.924	559.020	548.924
Trade accounts receivable	14	3.410.329	3.927.532	3.366.579	3.897.132
Prepayments and other receivables	15	518.093	1.457.203	498.271	1.428.037
Receivables from intra Group Companies		-	-	166.151	150.750
Cash and cash equivalents	16	2.495.105	3.108.874	2.454.582	3.108.465
Total Current Assets		**6.982.547**	**9.042.532**	**7.044.602**	**9.133.307**
TOTAL ASSETS		**12.860.937**	**12.768.051**	**13.788.346**	**13.660.597**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent company					
Share capital	17	8.954.608	8.954.608	8.954.608	8.954.608
Share premium		600.000	600.000	600.000	600.000
Other reserves	18	377.638	347.536	377.638	377.638
Retained earnings		(1.359.287)	(739.938)	(353.640)	187.955
Total equity		**8.572.959**	**9.162.206**	**9.578.607**	**10.120.202**
Minority interests		-	-	-	-
Total equity		**8.572.959**	**9.162.206**	**9.578.607**	**10.120.202**
Non-Current Liabilities					
Long term loans	20	755.878	-	755.878	-
Reserve for staff retirement indemnities	23	164.960	296.945	164.960	296.945
Deferred tax liability	9	1.325.616	965.218	1.325.616	965.218
Total Non-Current Liabilities		**2.246.454**	**1.262.163**	**2.246.454**	**1.262.163**
Current Liabilities					
Trade accounts payable	21	1.076.175	750.284	1.064.647	708.701
Short-term borrowings	20	-	855.304	-	855.304
Income tax payable		54.336	54.336	54.336	54.336
Accrued and other current liabilities	22	911.012	683.759	844.302	659.892
Total Current Liabilities		**2.041.523**	**2.343.683**	**1.963.285**	**2.278.233**
Total Liabilities		**4.287.978**	**3.605.845**	**4.209.739**	**3.540.396**
TOTAL LIABILITIES AND EQUITY		**12.860.937**	**12.768.051**	**13.788.346**	**13.660.597**

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

Group	Share Capital	Share Premium	Reserves	Retained Earnings	Total	Non Controlling Interests	Total
Total Equity as at 1 Jan 2016	**8.954.608**	**600.000**	**196.067**	**(2.512.970)**	**7.237.705**	**-**	**7.237.705**
Total operating income after tax	-	-	151.469	1.773.032	1.924.501	-	1.924.501
Total Equity as at 31 Dec 2016	**8.954.608**	**600.000**	**347.536**	**(739.937)**	**9.162.206**	-	**9.162.206**
Total Equity as at 1 Jan 2017	**8.954.608**	**600.000**	**347.536**	**(739.938)**	**9.162.206**	**-**	**9.162.206**
Other	-	-	30.102	-	30.102	-	30.102
Other comprehensive income after income tax	-	-	-	157.207	157.207	-	157.207
Total operating income after tax	-	-	-	(776.555)	(776.555)	-	(776.555)
Total Equity as at 31 Dec 2017	**8.954.608**	**600.000**	**377.638**	**(1.359.286)**	**8.572.960**	-	**8.572.959**

Company	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Total Equity as at 1 Jan 2016	**8.954.608**	**600.000**	**208.391**	**(1.641.474)**	**8.121.525**
Total operating income after tax	-	-	169.247	1.829.430	1.998.677
Total Equity as at 31 Dec 2016	**8.954.608**	**600.000**	**377.638**	**187.956**	**10.120.202**
Total Equity as at 1 Jan 2017	**8.954.608**	**600.000**	**377.638**	**187.956**	**10.120.202**
Other comprehensive income after income tax	-	-	-	157.207	157.207
Total operating income / (expense) after tax	-	-	-	(698.802)	(698.802)
Total Equity as at 31 Dec 2017	**8.954.608**	**600.000**	**377.638**	**(353.639)**	**9.578.607**

The accompanying notes are an integral part of the Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

	Group		Company	
	01.01-31.12.2017	01.01-31.12.2016	01.01-31.12.2017	01.01-31.12.2016
Cash flows from Operating Activities				
Profit / (Loss) before income taxes	(478.167)	2.860.518	(400.414)	2.934.694
Adjustments for:				
Depreciation and amortisation	995.777	559.409	922.094	501.236
Other Provisions	37.000	91.896	37.000	91.896
Financial (income)/expenses	42.587	52.955	55.842	51.515
Operating profit before working capital changes	**597.196**	**3.564.778**	**614.522**	**3.579.341**
(Increase)/Decrease in:				
Inventories	(10.096)	808	(10.096)	808
Trade accounts receivables	656.607	(1.027.975)	618.422	(1.027.329)
Prepayments and other receivables	939.110	(345.671)	929.766	(332.847)
Trade accounts payable	325.892	(911.408)	355.947	(931.408)
Accrued and other current liabilities	227.253	121.975	184.410	124.894
Interest paid	(59.204)	(54.808)	(56.326)	(53.368)
Tax paid	(2.200)	(7.725)	(2.200)	(7.725)
Payement for staff indemnity	(35.414)	(7.815)	(35.414)	(7.815)
Other long term liabilities	(19.711)	(6.671)	(19.711)	(6.671)
Net cash from Operating Activities	**2.619.434**	**1.325.487**	**2.579.320**	**1.337.879**
Cash flows from Investing Activities				
Capital expenditure for tangible and intangible assets	(3.134.260)	(2.046.012)	(3.134.260)	(2.046.012)
Interest and related income received	484	1.853	484	1.853
Net cash used in Investing Activities	**(3.133.776)**	**(2.044.159)**	**(3.133.776)**	**(2.044.159)**
Cash flow from financing activities				
Net change in long-term borrowings	755.878	-	755.878	-
Net change in short-term borrowings	(855.304)	(132.664)	(855.304)	(132.664)
Net cash from Financing Activities	**(99.427)**	**(132.664)**	**(99.427)**	**(132.664)**
Net increase (decrease) in cash and cash equivalents	**(613.769)**	**(851.336)**	**(653.883)**	**(838.944)**
Cash and cash equivalents at the beginning of the year	**3.108.874**	**3.960.210**	**3.108.465**	**3.947.409**
Cash and cash equivalents at the end of the year	**2.495.105**	**3.108.876**	**2.454.582**	**3.108.467**

The accompanying notes are an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. CORPRORATE 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 company, which specialises in the design, development, customisation and maintenance of integrated software systems in its four core business areas: (i) Factoring and Financials, (ii) Sports Betting & Gaming Analytics, (iii) ICT and (iv) MICT & CSS, as well as in the provision of advanced information technology services in both the Greek and international markets.

The number of employees for both the Group and the Company on December 31, 2017, amounted to 179. On December 31, 2016, the respective number of employees was 114 for both the Group and the Company.

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, following 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".

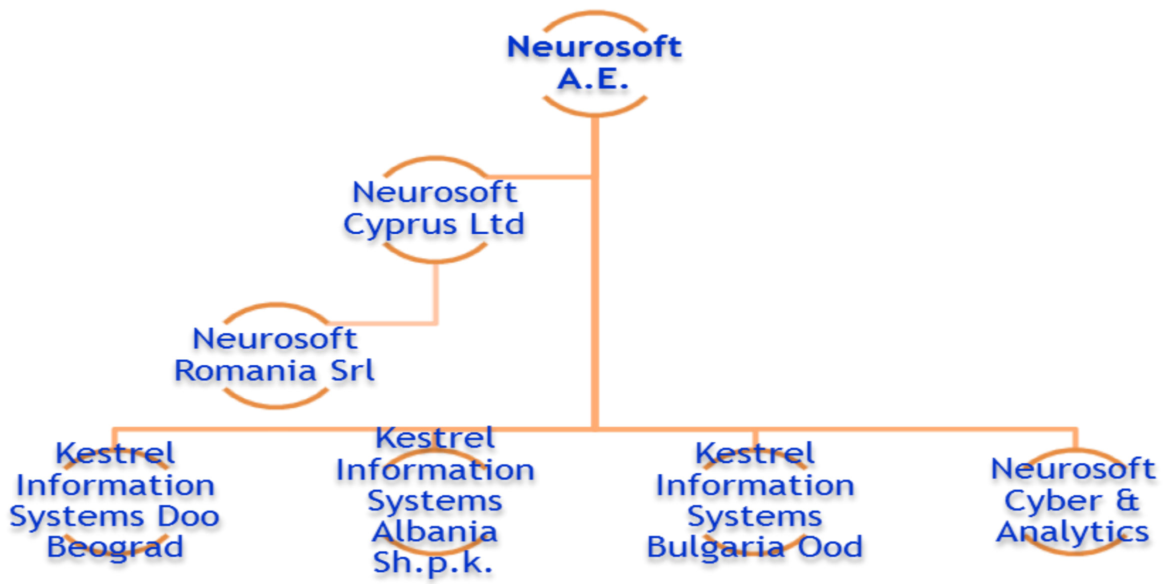
Neurosoft Romania Srl

On June 23, 2008, "Rockberg Holdings Ltd" and Mr Paschalidis established "Neurosoft Romania Srl", a software company which is based in Bucharest and is expected to serve the market needs for "Neurosoft's S.A." products in Eastern Europe. On December 31, 2016, "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 Organisation chart



2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:

(a) Basis of Preparation of Financial Statements:

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (E.U.).

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 are measured at fair value.

The preparation of financial statements, in accordance with the 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(c).

(b) Basis of Consolidation of Financial Statements:

The accompanying separate and consolidated financial statements comprise the financial statements of Neurosoft S.A. and all subsidiaries where 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. Where necessary, accounting policies for subsidiaries have been revised 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 as that of the parent company.

Gain or losses of subsidiaries, along with other income, 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 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, 2016, except for the adoption of new standards and interpretations applicable for fiscal periods beginning on January 1, 2017. However, those standards have either no significant effect on the Financial Statement of the Group and the Company, or no application to the Group and the Company.

Standards issued but not yet effective and not early adopted

- **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 used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The Group and the Company is currently investigating the impact of IFRS 9 on its financial statements.

- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after 1 January 2018)
  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 will recognise 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 and the Company is currently investigating the impact of IFRS 15 on its financial statements.

- **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 standard has not yet been endorsed by the EU.

- **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 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses"** <u>(effective for annual periods beginning on or after 1 January 2017)</u>
  These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments have not yet been endorsed by the EU.

- **IAS 7 (Amendments) "Disclosure initiative"** <u>(effective for annual periods beginning on or after 1 January 2017)</u>
  These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have not yet been endorsed by the EU.

- **IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions"** <u>(effective for annual periods beginning on or after 1 January 2018)</u>
  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 amendments have not yet been endorsed by the EU.

- **IFRS 4 (Amendments) "Applying IFRS 9 *Financial instruments* with IFRS 4 *Insurance contracts*"** <u>(effective for annual periods beginning on or after 1 January 2018)</u>
  The amendments introduce two approaches. The amended standard will: a) give 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) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39. The amendments have not yet been endorsed by the EU.

- **IAS 40 (Amendments) "Transfers of Investment Property"** <u>(effective for annual periods beginning on or after 1 January 2018)</u>
  The amendments 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 amendments have not yet been endorsed by the EU.

- **IFRIC 22 "Foreign currency transactions and advance consideration"** (effective for annual periods beginning on or after 1 January 2018)
  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 interpretation has 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.

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle)

The amendments set out below describe the key changes to two IFRSs. The amendments have not yet been endorsed by the EU.

IFRS 12 "Disclosures of Interests in Other Entities"

The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information. The amendment is effective for annual periods beginning on or after 1 January 2017.

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. The amendment is effective for annual periods beginning on or after 1 January 2018.

(d) Approval of Financial Statements:

The Board of Directors of Neurosoft S.A. approved the separate and consolidated financial statements for the period ended December 31, 2017, on April 19, 2018. The above-mentioned financial statements are subject to the final approval of the General Meeting of the Shareholders.

(e) Significant Accounting Judgements and Estimates:

The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal 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 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:

(i) ***Allowance for doubtful accounts receivables***: The Group's Management periodically reassesses 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.

(ii) ***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 include 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 included in these financial statements.

(iii) ***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.

(iv) ***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).

(v)***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 principal accounting policies adopted in the preparation of the accompanying financial statements are as follows:

(a) Business Combinations and Goodwill: Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value, and the amount of any non-controlling interest (previously minority interests) in the acquiree. For each business combination, the Group 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 incurred are expensed.

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 acquiree. If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit and loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value on the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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.

(b) Investments in Associates: The Group's investments in other entities, in which it exercises significant influence, are accounted for using the equity method. Under this method the investment in associates is recognised at cost and subsequently increased or decreased to recognise the investor's share of the profit or loss of the associate, changes in the investor's share of other changes in the associate's equity, distributions received and any impairment in value. The consolidated statements of income reflect the Group's share of the results of operations of the associate. Investments in associates in the separate financial statements are accounted for at cost less any accumulated impairment.

(c) Foreign Currency Translation: The Group's measurement as well as reporting currency is the Euro. Transactions involving other currencies are converted into Euro using the exchange rates, which were in effect at the time of the transactions. On the balance sheet dates, monetary assets and liabilities which are denominated in other currencies are adjusted to reflect the current exchange rates.

Gains or losses of the period ended resulting from foreign currency remeasurements are reflected in the accompanying statement of income. Gains or losses resulting from transactions are also reflected in the accompanying statement of income.

(d) Property, Plant and Equipment: Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance costs are expensed as incurred. Significant improvements are capitalised to the cost of the related asset if such improvements increase the life of the asset, increase its production capacity or improve its efficiency. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the statement of income.

Profit and losses arising from the write-off of assets are included in the income of statement that this asset is written-off.

(e) Depreciation: Depreciation is computed based on the straight-line method at rates, which approximate average useful lives. The useful lives used are as follows:

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

(f) Goodwill: Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary, on the date of acquisition. Goodwill on acquisitions of subsidiaries is reflected separately in the balance sheet. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment.

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.

(g) Intangible Assets: Intangible assets include costs of purchased and internally generated software. Purchased intangible assets acquired separately are capitalised at cost while those acquired from a business combination are capitalised at fair value on the date of acquisition. Internally generated software includes 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.

Intangible assets with finite useful lives are being amortised using the straight-line method over their estimated useful lives. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where the carrying amount exceeds the recoverable amount. 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
Customers' base	8

(h) Research and Development Costs: Research costs are expensed 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 requirements of IAS 38 "Intangible Assets" are met. 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.

(i) Impairment of Assets: With the exception of goodwill which is tested for impairment on an annual basis, the carrying values of other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Whenever the carrying value of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of income. The recoverable amount is measured as the higher of net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental selling costs, while value in use is the present value of estimated future cash flows expected to arise from continuing use of the asset and its disposal at the end of its useful life.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses which were accounted for in prior years are reversed only when there is sufficient evidence that the assumptions used in determining the recoverable amount have changed. In these circumstances, the related reversal is recognised as income. Probable impairment of goodwill is not reversed.

(j) Investments and Other (primary) Financial Assets: (Primary) Financial assets which fall within the scope of IAS 39 are classified based on their nature and characteristics in the following three categories:

- Financial assets at fair value through profit and loss,
- Loans and receivables,
- Available-for-sale financial assets.

Financial assets are initially recognised at acquisition cost which represents the fair value and, in certain circumstances, plus directly attributable transaction costs. The purchase and sale of investments is recognised on the date of the transaction which is the date on which the Group commits to purchase or sell the related financial asset.

The classification of the above-mentioned financial assets is determined after initial recognition and, where allowed the designation is reassessed periodically.

(i) Financial assets at fair value through profit and loss:

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in income.

(ii) Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Available-for-sale financial assets:

Available-for-sale financial assets (primary) are those non-derivative financial assets that are designated as available for sale or are not classified in any of the two preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

The available for sale financial assets for which their fair value cannot be measured reliably, are carried at cost less any impairment in accordance to IAS 39.

(k) Inventories: Inventories are stated at the lower of cost or 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 estimated costs of completion and the estimated costs necessary to make the sale. A reserve is established when such items are determined to be obsolete or slow moving.

(l) Trade and Other Accounts Receivables: Trade accounts receivable, which generally have 30-90 day payment terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Accounts receivable for pay-tv are pre-received at the beginning of each month. An estimate for doubtful debts is made when collection is no longer probable. The provision for doubtful debts is charged to the statement of income. Bad debts are written-off against the established reserve when identified.

(m) Cash and Cash Equivalents: The Group considers time deposits and other highly liquid investments with original maturity of three months or less, to be cash equivalents. For the purpose of the cash flow statement, cash and cash equivalents consist of cash at hand and in banks and of cash and cash equivalents as defined above.

(n) Borrowing Costs: Borrowing costs are recognised as an expense in the period in which they are incurred in accordance with the basic treatment of IAS 23 "Borrowing Costs".

(o) Loan Agreements: All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in the statement of income either through the amortisation process or where the liabilities are written-off.

(p) Leases: Finance leases, which substantially transfer to the Group all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, at the fair value of the leased item, or if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Capitalised leased assets are depreciated over the estimated useful life of the asset.

Leases where the lessor substantially retains all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised equally as an expense during the lease agreement in the statement of income.

(q) Provisions and Contingencies: Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed on each balance sheet date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate the risks specific to the liability.

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.

(r) Income Taxes (Current and Deferred): Current and deferred income taxes are computed based on the separate financial statements of each of the entities included in the consolidated financial statements, in accordance with the tax rules in force in Greece or other tax jurisdictions in which entities operate.

Income tax expense consists of income taxes for the current year based on each entity's profits as adjusted in its tax returns, additional income taxes resulting from the audits of the tax authorities and deferred income taxes, using substantively enacted tax rates.

Deferred income taxes are provided using the liability method for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from goodwill amortisation or the initial recognition 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, except 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 recognised 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 utilised.

- Except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition 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 taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except 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 and there will be available taxable profit which will be used against temporary differences.

Deferred tax assets are reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the balance sheet date.

For transactions recognised directly in equity, any related tax effects are also recognised directly in equity and not in the statement of income.

(s) **Revenue Recognition:** Revenue is accounted for on an accrual basis and 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.

(t) **Earnings/(Loss) per Share:** Basic earnings/(loss) per share are computed by dividing net income/(loss) attributable to the shareholders of the parent by the weighted average number of ordinary shares outstanding during each year, excluding the average number of shares purchased as treasury shares.

Diluted earnings/(loss) per share amounts are calculated by dividing the net income/(loss) attributable to shareholders of the parent by the weighted average number of ordinary shares outstanding each year as adjusted for the impact on the convertible redeemable preference shares (i.e. stock option plan).

(u) **Reserve for Staff Retirement Indemnities**: Staff retirement obligations are calculated at the present value of the future retirement benefits deemed to have accrued, based on the employees earning retirement benefit rights steadily throughout the working period. The reserve for retirement obligations is calculated on the basis of financial and actuarial assumptions and is determined using the projected unit credit actuarial valuation method. Net pension costs for the period are included in payroll in the accompanying statement of income and consist of the present value of benefits earned in the period, interest cost on the benefit obligation, prior service cost, actuarial gains or losses and the cost of additional pension charges. Past service costs are recognised on a straight-line basis over the average period until the benefits under the plan become vested. Actuarial gains or losses are recognised based on the corridor approach over the average remaining service period of active employees and included as a component of net pension cost for a year if, as of the beginning of the year it exceeds 10% of the projected benefit obligation. The retirement benefit obligations are not funded.

(v) Segment Reporting: The Group's primary segment reporting is categorised by business activity because the risks and profitability of the Group are mainly affected by the type of the product and services offered. Each segment represents a different business area of activity: (i) Factoring and Financials, (ii) Sports Betting & Gaming Analytics, (iii) ICT and (iv) ICT MICT&CSS .

Factoring and Financials: In order to penetrate in the growing market of Factoring, Neurosoft has developed and introduced Proxima+, a powerful, flexible and scalable business factoring software solution, which aims at assisting factoring companies to meet their objectives in a cost-efficient and timely manner.

The Company entered the core factoring business in 2004 with a client/server implementation called dynaFactor. Proxima+ was loosely based on dynaFactor and has incorporated many of the latest technological and business improvements available. Furthermore, the company developed Tesla, a web interface for the clients and debtors of a factoring company as well as FoLs, an integrated Risk management and anti-fraud tool tailored for factoring companies.

Sports Betting & Gaming Analytics: In order to serve the area of Sports Betting Analytics, Neurosoft has developed a business intelligence solution, which provides Betting Operators with liability monitoring capabilities. Based on specially-designed technological architecture and complex algorithms, BOLT ensures real-time measurement of liability and visual analysis. The primary goal of the technology is to enable a betting operator to continually and accurately monitor liability in an effort to minimize payout and, by default, maximize revenues. Alongside with BOLT the company developed Qualytor, a tool that monitors market trends and ensures that the operator stays within "acceptable" limits in their pricing, and thus avoids hedging and arbitrage. Lately, the company has been developing a full book making and pricing tool based on state-of-the-art algorithms that allows operators to have the edge on the pricing of their events.

ICT: 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, undertakes the mission of supporting our carrier-grade customers with sensitive SLAs.

The ICT Department offers Field services aiming 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, utilising its own personnel and a selective network of partners covering the respective needs of our customers.

MICT&CSS: With Information Security threats growing both in number and complexity, Neurosoft has identified Cyber Security as an area of growth for the coming years. The department 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. In addition, we capitalise on the company's strong software development background in order to develop our in-house offering.

(w) Dividend Distribution: Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the General Meeting of the Company's Shareholders.

(x) Share Capital: Share capital represents the value of the parent company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognised as the "Share premium" in shareholders' equity. Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity, net of tax, from the proceeds.

(y) De-recognition of Financial Assets and Liabilities:

(i) 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 where:

- The rights to receive cash flows from the asset have expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement.
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset. Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.
- Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at

fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities: A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

4. GROUP SEGMENT INFORMATION:

The Group's operations are divided into four segments, as described above in note 3(v):

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

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

The segment information for the year ended December 31, 2017 and 2016 is analysed as follows:

F.Y. 2017	Factoring and Financials	Sport Betting & Gaming Analytics	ICT	MICT & CSS	Total
Revenue	778,304	497,331	7,145,098	1,343,278	**9,764,011**
Cost of Revenue	439,742	333,709	6,157,027	1,101,488	**8,031,966**
EBITDA	186,793	14,920	208,633	202,983	**613,329**
Trade receivables	383,947	1,227,771	1,066,025	732,586	**3,410,329**
Other Receivables	16,344	19,311	428,706	53,731	**518,093**
Liabilities	239,718	164,119	3,286,382	597,759	**4,287,978**

F.Y. 2016	Factoring and Financials	Sport Betting & Gaming Analytics	ICT	MICT & CSS	Total
Revenue	554,899	1,108,731	5,024,589	2,056,569	**8,744,788**
Cost of Revenue	288,547	576,540	2,696,837	1,048,850	**4,610,775**
EBITDA	310,743	493,385	1,681,600	987,153	**3,472,882**
Trade receivables	155,372	453,138	2,311,303	1,007,719	**3,927,532**
Other Receivables	57,432	166,310	904,410	329,051	**1,457,203**
Liabilities	271,901	576,540	1,708,554	1,048,850	**3,605,845**

5. PAYROLL COST:

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Wages and salaries	1,579,678	1,219,918	1,557,935	1,219,918
Social security costs	384,175	245,805	384,175	245,805
Staff retirement indemnities	108,714	91,897	108,714	91,897
Other staff costs	63,191	24,920	63,191	24,920
Total Payroll Cost (Note 8)	**2,135,758**	**1,582,540**	**2,114,015**	**1,582,540**

The number of employees on December 31, 2017 for the Group amounted to 179 and for the Company, amounted to 178. On December 31, 2016, the respective number of employees was 114 for both the Group and the Company.

6. DEPRECIATION AND AMORTISATION:

Depreciation and amortization in the accompanying financial statements are analyzed as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Depreciation on buildings	43,639	41,089	43,639	41,089
Depreciation on equipment	6,012	3,924	6,012	3,924
Depreciation on transportation means	3,097	3,643	3,097	3,643
Depreciation on furniture and equipment	76,391	64,959	76,391	64,959
Depreciation on property, plant and equipment	**129,139**	**113,615**	**129,139**	**113,615**
Amortization on software and other intangible assets	866,638	445,794	792,955	387,621
Amorisation on intangible assets	**866,638**	**445,794**	**792,955**	**387,621**
Depreciation and amortization	**995,777**	**559,409**	**922,094**	**501,236**

7. FINANCIAL INCOME / (EXPENSES):

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Interest on short-term borrowings (Note20)	(23,171)	(42,192)	(21,900)	(42,192)
Other financial costs	(36,033)	(12,616)	(34,426)	(11,176)
Total financial expenses	**(59,204)**	**(54,808)**	**(56,326)**	**(53,368)**

Interest earned on cash at banks and on time deposits (Note 16)	484	1,853	484	1,853
Total financial income	**484**	**1,853**	**484**	**1,853**
Total net financial income/(expenses)	**(58,720)**	**(52,955)**	**(55,842)**	**(51,515)**

8. ANALYSIS OF EXPENSES:

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

	Group		**Company**	
	January 1 - December 31		**January 1 - December 31**	
	2017	**2016**	**2017**	**2016**
Payroll and related costs (Note 5)	2,135,758	1,582,540	2,114,015	1,582,540
Third party fees and services	3,608,555	2,180,502	3,604,059	2,119,966
Taxes and duties	11,417	10,037	11,068	10,037
Sundry expenses	2,543,118	457,806	2,505,019	450,673
Depreciation and amortisation (Note 6)	995,777	559,409	922,094	501,236
Other operating expenses	161,551	64,915	161,551	64,915
Cost of sales of inventory and consumables	831,207	1,030,710	831,207	1,030,710
Total expenses	**10,287,383**	**5,885,919**	**10,149,013**	**5,760,077**

The above expenses in the financial statements of the fiscal year 2017 are presented as follows:

	Group		**Company**	
	January 1 - December 31		**January 1 - December 31**	
	2017	2016	2017	2016
Cost of sales	8,031,966	4,610,775	7,916,230	4,598,089
Selling and distribution expenses	815,407	470,866	811,921	413,339
Administrative expenses	1,440,010	804,278	1,420,862	748,649
Total expenses	**10,287,383**	5,885,919	**10,149,013**	5,760,077

9. INCOME TAXES:

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

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Current income taxes	2,200	-	2,200	-
Prior years' taxes	-	-	-	-
Deferred income taxes	296,187	936,017	296,187	936,017
Total income taxes (credit) / debit reflected in the statement of comprehensive income	**298,387**	**936,017**	**298,387**	**936,017**

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Deferred income taxes	64,211	-	64,211	-
Total income taxes (credit) / debit reflected in the statement of other comprehensive income	**64,211**	**-**	**64,211**	**-**

The reconciliation of income taxes reflected in statements of income and the amount of income taxes determined by the application of the Greek statutory tax rate to pretax income is summarized as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Profit before tax	**(478,167)**	**2,860,518**	(400,414)	2,934,694
Income tax calculated at the nominal applicable tax rate	138,668	(829,550)	116,120	(851,061)
Tax effect of non-tax-deductible expenses and non-taxable income	(437,055)	(106,467)	(414,507)	(84,956)
Recognition of deferred tax asset on prior years' tax losses	-	-	-	-
Utilisation of previously unrecognised tax losses	-	-	-	-
Tax effect of change in tax rates	-	-	-	-
Income tax reported in the consolidated income statement	**(298,387)**	**(936,017)**	**(298,387)**	**(936,017)**

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 financial year 2011 and onwards, all Greek Société 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 entity 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 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 of those provided for and disclosed in the financial statements.

The tax compliance certificate for the financial 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 it is possible that additional taxes and penalties may be assessed to Neurosoft and 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.

The movement of the deferred tax asset is as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Beginning balance	965,218	29,201	965,218	29,201
Income taxes - Other comprehensive income	64,211	-	64,211	-
Income taxes [credit/(debit)]	296,187	936,017	296,187	936,017
Ending balance	**1,325,616**	**965,218**	**1,325,616**	**965,218**

The movement in deferred tax assets / (liabilities) during the year and the previous year is as follows:

Group	January 1st, 2017	Debit/ (Credit)to P&L	December 31st, 2017
Deferred income tax asset:			
Provision for bad debts	15,365	-	15,365
Staff retirement indemnities	86,114	25,936	112,050
Tax losses carried forward	-	-	-
Intangible assets	(816,236)	(659,304)	(1,475,540)
Total	**(714,757)**	**(633,368)**	**(1,348,125)**
Deferred income tax liability:			
Other	(76,403)	163,123	86,720
Unbilled revenue	(174,058)	174,058	-
Total	**(250,461)**	**337,181**	**86,720**
Net deferred income tax asset	**(965,218)**	**(296,187)**	**(1,261,405)**
Deferred income tax liability - other comprehensive income:			
Deferred tax recognized in other comprehensive income	-	(64,211)	(64,211)
Total	**-**	**(64,211)**	**(64,211)**
Net deferred income tax asset	**(965,218)**	**(360,398)**	**(1,325,616)**

Group	January 1st, 2016	Debit/ (Credit)to P&L	December 31st, 2016
Deferred income tax asset:			
Provision for bad debts	15,365	-	15,365
Staff retirement indemnities	61,730	24,384	86,114
Tax losses carried forward	145,000	(145,000)	-
Intangible assets	(347,762)	(468,474)	(816,236)
Total	**(125,667)**	**(589,090)**	**(714,757)**
Deferred income tax liability:			
Other	96,465	(172,869)	(76,403)
Unbilled revenue	-	(174,058)	(174,058)
Total	**96,465**	**(346,927)**	**(250,461)**
Net deferred income tax asset	**(29,201)**	**(936,017)**	**(965,218)**

10. SUBSIDIARIES - GOODWILL:

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

Company Name	Group			
	31/12/2017		31/12/2016	
	Book Value	%	Book Value	%
NEUROSOFT CYPRUS LTD	-	100%	-	100%
NEUROSOFT ROMANIA SRL	-	95%	-	95%
NEUROSOFT CYBER AND ANALYTICS	-	100%	-	-
Other	-		37,000	
	-		**37,000**	

Company Name	Company			
	31/12/2017		31/12/2016	
	Book Value	%	Book Value	%
NEUROSOFT CYPRUS LTD	813,500	100%	813,500	100%
NEUROSOFT ROMANIA SRL	-	95%	-	95%
NEUROSOFT CYBER AND ANALYTICS	1	100%	-	-
Other	-		37,000	
	813,501		**850,500**	

11. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment in the accompanying financial statements for both the Group and the Company are analyzed as follows:

	Buildings	Machinery	Transportation Means	Furniture & Other Equipment	Total
COST					
On January 1, 2016	**365,903**	**33,362**	**30,508**	**744,395**	**1,174,168**
Additions	24,150	3,246	-	55,533	82,929
Disposals / Write-offs	-	-	-	-	-
On December 31, 2016	**390,053**	**36,608**	**30,508**	**799,928**	**1,257,097**
Additions	19,787	10,052	-	90,217	120,056
Disposals / Write-offs	-	-	27,290	26,539	53,830
On December 31, 2017	**409,840**	**46,660**	**3,218**	**863,606**	**1,323,323**
DEPRECIATION					
On January 1, 2016	**54,989**	**1,433**	**7,085**	**555,721**	**619,228**
Depreciation expense	41,089	3,924	3,643	64,959	113,615
Disposals / Write-offs		492		896	404
On December 31, 2016	**96,078**	**5,849**	**10,728**	**619,784**	**732,439**
Depreciation expense	43,639	6,012	3,097	76,391	129,139
Disposals / Write-offs			12,489	20,618	33,107
On December 31, 2017	**139,717**	**11,861**	**1,336**	**675,557**	**828,471**
NET BOOK VALUE					
On December 31, 2016	**293,975**	**30,759**	**19,780**	**180,144**	**524,658**
On December 31, 2017	**270,123**	**34,799**	**1,881**	**188,049**	**494,852**

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

12. INTANGIBLE ASSETS:

Intangible assets comprise:

a) The website www.betonews.gr, owned by the subsidiary Rockberg S.A. Useful life was estimated by Management at 5 years.

b) 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.

c) The customer base which derived from the allocation of the provisional goodwill (acquisition of Kestrel)

Intangible assets in the accompanying financial statements for the Group are analyzed as follows:

	COST			
	January 1, 2017	Additions	Disposals / Write-offs	December 31, 2017
Betscape	476.516	-	-	476.516
Alkemi	440.099	-	-	440.099
Client Development	901.020	-	-	901.020
Qualytor	125.506	-	-	125.506
Kestrel intangibles	259.486	-	-	259.486
CyberSec	118.635	-	-	118.635
Betbuzz	1.153.140	-	-	1.153.140
Bolt	128.716	652.721	-	781.437
Tendz	538.805	-	-	538.805
Tesla	556.796	561.221	-	1.118.016
Ilicium	-	700.529	-	700.529
Angel	-	804.095	-	804.095
Blockchain and DLT	-	284.697	-	284.697
Software	223.275	50.005	-	273.280
	4.921.995	**3.053.267**	**-**	**7.975.262**

	DEPRECIATION			
	January 1, 2017	Additions	Disposals / Write-offs	December 31, 2017
Betscape	311.031	95.303	-	406.334
Alkemi	141.676	88.020	-	229.696
Client Development	901.020	-	-	901.020
Qualytor	50.202	25.101	-	75.304
Kestrel intangibles	207.589	51.897	-	259.486
CyberSec	47.454	23.727	-	71.181
Betbuzz	61.496	230.628	-	292.124
Bolt	25.743	25.743	-	51.487
Tendz	-	107.761	-	107.761
Tesla	-	111.359	-	111.359
Ilicium	-	-	-	-
Angel	-	-	-	-
Blockchain and DLT	-	-	-	-
Software	106.877	93.761	-	200.638
	1.853.089	**853.301**	**-**	**2.706.390**

	NET BOOK VALUE	
	December 31, 2016	December 31, 2017
Betscape	165.485	70.182
Alkemi	298.423	210.403
Client Development	-	-
Qualytor	75.304	50.202
Kestrel intangibles	51.897	-
CyberSec	71.181	47.454
Betbuzz	1.091.645	861.017
Bolt	102.973	729.950
Tendz	538.805	431.044
Tesla	556.796	1.006.657
Ilicium	-	700.529
Angel	-	804.095
Blockchain and DLT	-	284.697
Software	116.397	72.641
	3.068.906	**5.268.872**

13. INVENTORIES:

Inventories in the accompanying financial statements are analyzed as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Merchandise	559,020	548,924	559,020	548,924
Provision for obsolete stock	-	-	-	-
Total	**559,020**	**548,924**	**559,020**	**548,924**

14. TRADE ACCOUNTS RECEIVABLE:

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Trade customers	3,240,909	3,833,112	3,197,159	3,802,712
Cheques and notes receivable	59,774	59,774	59,774	59,774
Doubtful customers	180,306	105,306	180,306	105,306
Less: Allowance for doubtful accounts receivable	(70,660)	(70,660)	(70,660)	(70,660)
Balance of trade and other receivables	**3,410,329**	**3,927,532**	**3,366,579**	**3,897,132**

The movement in the allowance for doubtful accounts receivable is analyzed as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Beginning balance	**70,660**	**70,660**	**70,660**	**70,660**
Provision for the year	-	-	-	-
Used provision	-	-	-	-
Ending balance	**70,660**	**70,660**	**70,660**	**70,660**

15. PREPAYMENTS AND OTHER RECEIVABLES:

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Blocked deposits	2,259	2,115	2,259	2,115
Tax withheld	46,526	55,593	27,887	55,593
Prepaid expenses	196,031	981,392	195,618	981,392
Advances to employees and contractors	7,277	4,112	7,277	2,662
Other debtors	266,000	413,991	265,230	386,275
Balance of trade and other receivables	**518,093**	**1,457,203**	**498,271**	**1,428,037**

16. CASH AND CASH EQUIVALENTS:

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Cash in hand	18,990	162,815	18,990	162,406
Cash at banks	2,476,115	2,946,059	2,435,591	2,946,059
Total	**2,495,105**	**3,108,874**	**2,454,582**	**3,108,465**

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and for the year ended

December 31, 2017, amounted to € 484 (December 31, 2016: € 1,853) for both the Group and the Company and is included in financial income in the accompanying income statements.

17. 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) as a result of capitalisation 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 at December 31, 2017, 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	2.892.864	11,31%
OPAP CYPRUS LIMITED	1.154.315	4,51%
Nikolaos Vasilonikolidakis	666.840	2,61%
Mavroeidis Angelopoulos	522.353	2,04%
TOTAL	**25.584.594**	**100,00%**

18. RESERVES:

Other reserves are analysed as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Legal reserve	372,792	342,690	372,792	372,792
Special reserves	4,846	4,846	4,846	4,846
Total reserve	**377,638**	**347,536**	**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.

19. DIVIDENDS:

Under Greek corporate law, companies are required each year to distribute in cash to the shareholders at least 35% of net profit, after allowing for the legal reserve and certain profits from the sale of shares described under par. 1 of art. 3 of Law 148/1967. The above provisions do not apply, if the General Meeting of the Shareholders by a majority of at least 65% resolves not to distribute profits. In this case, the non-distributed - profits are transferred to a "special reserves account". The Company is obliged within four years from the formation of reserves to capitalise these reserves by the issue of new shares which it grants free to the beneficiaries (par. 2 art. 3 of the Law 148/1967). The above provisions of par. 1 and 2 do not apply, if approved by the General Meeting of the Shareholders by a majority of at least 70% of the paid-up share capital.

No dividends were paid or proposed during the years ended December 31, 2017 and 2016.

20. SHORT-TERM BORROWINGS & LONG-TERM BORROWINGS:

The short-term borrowings refer to a loan provided by Alpha Bank initially on March 18, 2004, to Kestrel S.A., which was absorbed by Neurosoft S.A. during the fiscal year 2014. The initial amount of the loan which amounted to € 200,000.00, increased to € 3,245,000.00 over the years, with annual variable interest rates of three months Euribor plus a margin of 4.5%.
For the loan above, a repayment agreement with the bank was made, with the maturity date being up to 2025. For this reason, the company decided to transfer this amount to the long-term loans. As of December 31, 2017, the total amount due to Alpha Bank Long term loans is € 755,878.

The total interest expense for long-term borrowings for the years ended December 31, 2017 and 2016, amounted to € 21,900 and € 42,192 for both the Group and the Company, and is included in financial expenses (Note 7), in the accompanying statements of comprehensive income.

21. TRADE ACCOUNTS PAYABLE:

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Domestic and foreign suppliers	1,013,431	750,284	1,001,903	708,701
Post-dated cheques payable	62,744	-	62,744	-
Total	**1,076,175**	**750,284**	**1,064,647**	**708,701**

22. ACCRUED AND OTHER CURRENT LIABILITIES:

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Social security payable	260,424	177,995	260,424	177,995
Value added tax and withheld taxes	434,818	401,432	434,818	401,432
Accrued expenses	18,376	18,114	8,000	14,649
Other current liabilities	197,394	86,218	141,060	65,816
Total	**911,012**	**683,759**	**844,302**	**659,892**

23. RESERVE FOR STAFF RETIREMENT INDEMNITIES:

a) **State Pension:** The Company's employees are covered by one of several Greek State sponsored pension funds. Each employee is required to contribute a portion of their monthly salary to the fund, with the Company also contributing a portion. Upon retirement, the pension fund is responsible for paying the employees' retirement benefits. As such, the Company has no legal or constructive obligation to pay future benefits under this plan.

b) **Staff Retirement Indemnities:** Under Greek labor law, employees and workers are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's or worker's compensation, length of service and manner of termination (dismissed or retired). Employees or workers 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 Company charges income from continuing operations for benefits earned in each period with a corresponding increase in retirement indemnity liability. Benefits payments made each period to retirees are charged against this liability.

An independent actuary evaluated the Group's liabilities arising from the obligation to pay retirement indemnities. The details and principal assumptions of the actuarial study for both the Group and the Company, as a December 31, 2017 and 2016 are:

	December 31,	
	2017	**2016**
Present value of unfunded obligations	164,960	296,945
Net Liability in Balance Sheet	**164,960**	**296,945**
Components of net periodic pension cost		
Service cost	73.300	70,982
Interest cost	16.133	13,100
Amortisation of unrecognised net loss	-	-
Total charge to operations	**89.433**	**84,082**
Reconciliation of benefit obligation		
Present value of liability at start of period	296.945	207,512
Liability from acquisition	-	-
Service cost	73.300	73,300
Interest cost	16.133	16,133
Benefits paid	-	-
Actuarial gains/(loss)	(221.418)	-
Present value of liability at the end of year	**164,960**	**296,945**

Principal Assumptions:

Discount Rate	1.35%	1.40%
Rate of compensation increase	1.00%	1.00%
Inflation rate	2.00%	2.00%

24. PROFIT (LOSS) / EARNINGS PER SHARE:

Basic (loss)/profit per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year, adjusted for the impact on the convertible redeemable preference shares (i.e. stock option plan).

The following reflects the net loss and share data used in the basic and diluted earnings per share computations as at December 31, 2017 and 2016:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Net (loss) /income attributable to the shareholders of the parent	**(619,348)**	**1,924,501**	**(541,595)**	**1,998,677**
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
Income per share (basic and diluted)	**(0.0242)**	**0.0752**	**(0.0212)**	**0.0781**

25. 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:

(a) Transactions between the Company and any related party incurred during the fiscal years 2017 (01.01.2017-31.12.2017) and 2016 (01.01.2016-31.12.2016) which 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 2017 and 2016.

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

(a) the amount of such transactions for the years 2017 (01.01.2017-31.12.2017) and 2016 (01.01.2016-31.12.2016)

(b) the outstanding balance at the end of the year (31.12.2017 and 31.12.2016 respectively)

(c) the nature of the related party's 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:

- "Neurosoft Cyprus Ltd" headquartered in Cyprus, in which the Company holds a stake of 100%.
- "Neurosoft Romania SRL" headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd.

- «Neurosoft Cyber and Analytics Ltd », headquartered in United Kingdom, in which the Company holds a 100% stake.

Intercompany sales and other revenue	31.12.2017	31.12.2016
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	-	-
Total	-	-

Intercompany purchases	31.12.2017	31.12.2016
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	20,000	15,000
Total	**20,000**	**15,000**

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

Intercompany balances (receivables)	31.12.2017	31.12.2016
Neurosoft Romania Srl	352,450	352,450
Neurosoft Cyprus Ltd	166,000	126,000
Neurosoft Cyber and Analytics Ltd	151	
Total	**518,601**	**478,450**

Intercompany balances (payables)	31.12.2017	31.12.2016
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	800	800
Total	**800**	**800**

The receivable amount of € 352,450 refers to non-interest loan provided by Neurosoft Cyprus Ltd to Neurosoft Romania Srl.

The receivable amount of € 126,000 refers to non-interest loan provided by Neurosoft S.A. to Neurosoft Cyprus Ltd.

Transactions and balances with related individuals, as defined by the International Accounting Standard 24, for the year ended on December 31, 2017 and 2016 are as follows:

	December 31,	
	2017	**2016**
Salaries and fees for executive members of the BoD	133,242	273,901
Salaries and fees for Senior Managers	555,372	265,287
Total	**688,614**	**539,188**

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 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 statements.

26. 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 programmes and ensure the Bank's commitments to shareholders and regulators are fully met. Neurosoft at this time was under negotiations as to the next actions regarding the Project.

Rent: The Group and the Company have entered into commercial operating lease agreements for the lease of office space and vehicles. These lease agreements have an average life of 5 to 10 years with renewal terms included in certain contracts. Future minimum rentals payable under non-cancelable operating leases as at December 31, 2017 and 2016, are as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Within one year	363,875	339,220	363,875	339,220
2-5 years	1,111,080	1,176,124	1,111,080	1,176,124
Over 5 years	274,410	208,429	274,410	208,429
Total	**1,749,365**	**1,449,861**	**1,749,365**	**1,449,861**

Guarantees: Letters of guarantee are issued by the Group and the Company to various beneficiaries and as at December 31, 2017 and 2016, are analysed as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
		2016		2016
Good execution of agreements	328,369	516,271	328,369	516,271
Good operation	395,503	196,656	395,503	196,656
Total	**723,872**	**712,927**	**723,872**	**712,927**

27. FINANCIAL INSTRUMENTS:

Fair Value: The carrying amounts reflected in the accompanying balance sheets for cash and cash equivalents, trade and other accounts receivable, prepayments, trade and other accounts payable and accrued and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair value of variable rate loans and borrowings approximate the amounts appearing in balance sheets.

Credit Risk: The Management of the Company ensures that sales are addressed to customers with high credit trustworthiness 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 (particularly in Asia), for which the effective control of their credibility is not always easy. Therefore, the Company continuously develops and further evolves its internal working mechanisms in order to fully confront this risk. As a consequence, this risk, although real in view of the general adverse economic environment, is currently evaluated as controlled.

Foreign Currency Risk: As the Group's transactions are mainly in euro, it is not exposed to variations in foreign currency exchange rate.

Interest Rate Risk: With respect to short-term borrowings, Management monitors on a constant basis the interest rate variances and evaluates the need for assuming certain positions for the hedging of such risks.

The following table demonstrates the sensitivity of the Group's profit before tax (through the impact of the outstanding floating rate borrowings at the end of the period on profits) to reasonable changes in interest rates, assuming all other variables to be constant.

Sensitivity Analysis of Group's Borrowings due to interest rate changes:

	December 31,2017		December 31,2016	
	Interest Rate Variation	Effect on income	Interest Rate Variation	Effect on income
Euro (€)	1.0%	(9,229)	1.0%	(9,898)
	(1.0) %	9,229	(1.0) %	9,898

Note: Table above excludes the positive impact of interest received from deposits.

Liquidity Risk: The Group manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate banking facilities and reserve borrowing facilities are maintained. The Group has sufficient undrawn committed and uncommitted borrowing facilities that can be utilised to fund any potential shortfall in cash resources.

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities, cash and marketable securities and the ability to close out those positions as and when required by the business or project.

The table below summarizes the maturity profile of financial liabilities on December 31, 2017 and 2016, respectively, based on contractual undiscounted payments.

Year ended December 31, 2017 (Group)	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	54,007	53,991	431,920	215,960	755,878
Trade and other payables	1,421,200	428,234	37,371	76,480	-	1,963,285
Total	**1,421,200**	**482,241**	**91,362**	**508,380**	**215,960**	**2,719,163**

Year ended December 31, 2017 (Company)	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings		54,007	53,991	431,920	215,960	755,878
Trade and other payables	1.381.875	413.223	37,371	76,480	-	1,908,949
Total	**1.381.875**	**467.230**	**91,362**	**508,400**	**215,960**	**1,908,949**

Year ended December 31, 2016 (Group)	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	183,000	180,600	491,704	-	855,304
Trade and other payables	305,802	699,206	429,035	-	-	1,434,043
Total	**305,802**	**882,206**	**609,635**	**491,704**	**-**	**2,289,347**

Year ended December 31, 2016 (Company)	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	183,000	180,600	491,704	-	855,304
Trade and other payables	240,352	699,206	429,035	-	-	1,368,593
Total	**240,352**	**882,206**	**609,635**	**491,704**	**-**	**2,223,897**

Capital Management

The primary objective of the Group’s capital management is to ensure that it maintains a strong internal calculation credit rating and healthy capital ratios in order to support its operations and maximize shareholder value. The Group’s policy is to maintain leverage targets in line with an investment grade profile. The Group monitors capital with the use of the ratio and Net indebtedness to EBITDA. The Group includes within Net indebtedness, interest bearing loans and borrowings, less cash and cash equivalents. EBITDA is defined as Earnings before interest taxes, depreciation and amortisation.

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2017	2016	2017	2016
Short-term borrowings	-	855,304	-	855,304
Long-term borrowings	755.878	-	755.878	-
Total Debt	**755.878**	**855,304**	**755.878**	**855,304**
Less: Cash and cash equivalents	(2,495,105)	(3,108,874)	(2,454,582)	(3,108,465)
Net Debt/(cash)	**(1.739.227)**	**(2,253,570)**	**(1.698.704)**	**(2,253,161)**
EBITDA	**613,329**	**3,472,882**	**614,522**	**3,487,445**

28. SUBSEQUENT EVENTS:

There are no subsequent events that should be considered for the preparation of the Financial Statements for the year ended December 31, 2017.

Athens, April 19, 2018

President of the BoD	Chief Executive Officer	Head Accountant
Mavroeides Angelopoulos	Nikolaos Vassilonikolidakis	Michalis Amanitis

WEBSITE PLACE OF UPLOADING THE PARENT STATEMENTS, CONSOLIDATED FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENTS OF SUBSIDIARIES

The annual separate and consolidated financial statements of the Company, the Auditor's report and the Reports of management are registered on the internet at the URL www.neurosoft.gr

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

NEUROSOFT S.A.

Registration Number S.A.: 41795/01AT/B/98/384

Headquarters: 466 Irakliou Avenue, 141 22 Iraklio Attikis

FINANCIAL DATA AND INFORMATION (Group and Company) FOR THE YEAR ENDED DECEMBER 31, 2017

(Published based on Corporate Law 2190, article 135 for corporations that report annual financial statements, consolidated or not, according to IFRS)

The financial data and information provided below, aim to provide a general overview of both NEUROSOFT S.A.'s and the Group's financial statements and results. As a result of this, we recommend to any potential investor, before engage in any type of investment activity or any other kind of transaction with the Company, to visit the Company's web site, where all financial statements according to IFRS as well as the Audit Review report, when is required, are posted.

(amounts presented in euro)

GENERAL INFORMATION :

Competent Authority:	Ministry of Development - General Secretariat of Commerce
Board of Directors approval date	April 19, 2018
Certified Auditor Accountant:	Andreas Dim Tsamakis
Auditing firm:	Hellenic Auditing Company S.A.
Type of auditor's review report:	Unqualified report
Company's web site:	www.neurosoft.gr

Board of Directors Members:
Mavroeidis Angelopoulos, Chairman of BoD (executive)
Nikolaos Vasilonikolidakis, CEO of the Company (executive)
Evangelos Kollias, Member of BoD (non-executive)
Athanasios Rigas, Member of BoD (non-executive)
Michele Fusella, Member of BoD (non-executive)
Michael Houst, Member of BoD (non-executive)
Ioannis Papanikolaou, Independent Member of BoD (non-executive)

STATEMENT OF FINANCIAL POSITION (consolidated and parent company)

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
ASSETS				
Tangible assets	494.852	524.658	494.852	524.658
Intangible assets	5.268.872	3.068.906	5.268.872	3.005.325
Investments in associates accounted under the equity method	-	37.000	813.501	850.500
Other non-current assets	114.666	94.956	166.518	146.808
Inventories	559.020	548.924	559.020	548.924
Trade receivables	3.410.329	3.927.532	3.366.579	3.897.132
Other current assets	3.013.198	4.566.076	3.119.003	4.687.251
TOTAL ASSETS	**12.860.937**	**12.768.051**	**13.788.346**	**13.660.597**
EQUITY AND LIABILITIES				
Share Capital (25.584.594 shares of € 0,35 each)	8.954.608	8.954.608	8.954.608	8.954.608
Retained earnings and other reserves	(381.649)	207.598	623.999	1.165.594
Total Shareholders equity (a)	**8.572.959**	**9.162.206**	**9.578.607**	**10.120.202**
Non-controlling interests (b)	-	-	-	-
Total equity (c)=(a)+(b)	**8.572.959**	**9.162.206**	**9.578.607**	**10.120.202**
Provisions/Other long-term liabilities	2.246.454	1.262.163	2.246.454	1.262.163
Short-term borrowings	-	855.304	-	855.304
Other current liabilities	2.041.523	1.488.378	1.963.285	1.422.929
Total liabilities (d)	4.287.978	3.605.845	4.209.739	3.540.396
TOTAL EQUITY AND LIABILITIES (c)+(d)	**12.860.937**	**12.768.051**	**13.788.346**	**13.660.597**

TOTAL COMPREHENSIVE INCOME (consolidated and parent company)

	GROUP		COMPANY	
	01.01 - 31.12.2017	01.01 - 31.12.2016	01.01 - 31.12.2017	01.01 - 31.12.2016
Turnover	9.764.011	8.744.788	9.710.617	8.691.682
Gross profit	1.732.045	4.134.013	1.794.387	4.093.593
Profit before taxes, financing and investing activities	(419.448)	2.913.473	(344.572)	2.986.209
Profit before income taxes	(478.167)	2.860.518	(400.414)	2.934.694
Net Profit (A)	**(776.555)**	**1.924.501**	**(698.802)**	**1.998.677**
- Equity holders of the parent	(619.348)	1.924.501	-	-
- Non-controlling interests	-	-	-	-
Other total comprehensive income after tax (B)	**157.207**	**-**	**157.207**	**-**
Total comprehensive income after tax (A)+(B)	**(619.348)**	**1.924.501**	**(541.595)**	**1.998.677**
- Equity holders of the parent	(619.348)	1.924.501	(541.595)	1.998.677
- Non-controlling interests	-	-	-	-
Income per share (basic and diluted)	(0,0242)	0,0752	(0,0212)	0,0781
Profit before taxes, financing, investing activities and depreciation	576.329	3.472.882	577.522	3.487.445

STATEMENT OF CHANGES IN EQUITY (consolidated and parent company)

	GROUP		COMPANY	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Total Equity as at January 1, 2017 and 2018 respectively	9.162.206	7.237.705	10.120.202	8.121.525
Other	30.102			
Other total comprehensive income after tax (B)	157.207		157.207	
Total operating income after tax	(776.555)	1.924.501	(698.802)	1.998.677
Total Equity as at December 31, 2017 and 2016 respectively	**8.572.959**	**9.162.206**	**9.578.607**	**10.120.202**

CASH FLOW STATEMENT (consolidated and parent company)

	GROUP		COMPANY	
	01.01 - 31.12.2017	01.01 - 31.12.2016	01.01 - 31.12.2017	01.01 - 31.12.2016
Cash flows from Operating Activities				
Profit before income taxes	(478.167)	2.860.518	(400.414)	2.934.694
Adjustments for:				
Depreciation and amortisation	995.777	559.409	922.094	501.236
Decrease/(increase) in financial assets	-	-	-	-
Other Provisions	37.000	91.896	37.000	91.896
Financial (income)/expenses	42.587	52.955	55.842	51.515
Add/ less adjustments for changes in working capital related to operating activities:				
Decrease / (Increase) in Inventories	(10.096)	808	(10.096)	808
Decrease/ (increase) in receivables	1.595.717	(1.373.647)	1.548.188	(1.360.177)
Decrease liabilities (other than Bank loans)	553.145	(789.433)	540.356	(806.514)
Minus:				
Interest paid	(59.204)	(54.808)	(56.326)	(53.368)
Tax paid	(2.200)	(7.725)	(2.200)	(7.725)
Other long term liabilities	(19.711)	(6.671)	(19.711)	(6.671)
Payement for staff indemnity	(35.414)	(7.815)	(35.414)	(7.815)
Net cash from Operating Activities (a)	**2.619.434**	**1.325.487**	**2.579.320**	**1.337.879**
Cash flow from Investing activities				
Increase of participation in subsidiary / affiliated company	-	-	-	-
Capital expenditure for property, plant and equipment	(3.134.260)	(2.046.012)	(3.134.260)	(2.046.012)
Financial assets at fair value through income statement	-	-	-	-
Acquisition of subsidiaries, associates, joint ventures and other investments	-	-	-	-
Interest and related income received	484	1.853	484	1.853
Net cash used in Investing Activities (b)	**(3.133.776)**	**(2.044.159)**	**(3.133.776)**	**(2.044.159)**
Cash flows from Financing Activities				
Net proceeds from the issuance of share capital	-	-	-	-
Import costs in Stock	-	-	-	-
Net change in long-term borrowings	755.878	-	755.878	-
Net change in short-term borrowings	(855.304)	(132.664)	(855.304)	(132.664)
Repayments of finance lease liabilities (repayments)	-	-	-	-
Net cash used in Financing Activities ©	**(99.427)**	**(132.664)**	**(99.427)**	**(132.664)**
Net increase/(decrease) in cash and cash equivalents (a+b+c)	**(613.769)**	**(851.336)**	**(653.882)**	**(838.944)**
Cash and cash equivalents at the beginning of the year	**3.108.876**	**3.960.210**	**3.108.467**	**3.947.409**
Cash and cash equivalents of absorbed company	**-**	**-**	**-**	**-**
Cash and cash equivalents at the end of the year	**2.495.107**	**3.108.876**	**2.454.585**	**3.108.467**

ADDITIONAL DATA AND INFORMATION

1. The Board of Directors of Neurosoft S.A. approved the separate and consolidated financial statements for the year ended at December 31, 2017, on April 19, 2018.
2. The number of employees for the Group and the Company at December 31, 2017, amounted to 179 and 178 respectively. At December 31, 2016, the respective number of employees was 114 for both the Group and the Company.
3. There were no changes in accounting methods and assessments.
4. The Group's subsidiaries, their participation relationship and the consolifation method under which they are presented in the consolidatied financial statements are stated in Note 10 of the financial statements.
5. The unaudited tax years of the Company and of the companies of the Group are stated in Note 9 of the financial statements.
6. The Company and the Group have made cumulative provisions for additional taxes assessments for the unaudited tax-years amounting to € 54 thousands for the Group and the Company,in order to cover any additional taxes which will occur in future tax audit.
7. There are no disputes or issues under arbitration, or decisions issued by legal or arbitration bodies affecting the Group's financial status.
8. Other provisions amounted to € 0 and € 0 for the Group and the Company respectively.
9. At the end of current period no shares of the parent company are possessed by either the parent company or any subsidiary or associate companies.
10. The accumulated income and expenses since the beginning of the current fiscal year as well as the Company' s and the Group' s trade accounts receivable and liabilities as at the end of the year derived from transactions with related parties as defined by IAS 24 are as follows:

(Amounts presented in euro)	Group	Company
a) Income	-	20.000
b) Expenses	-	-
c) Receivables	-	518.601
d) Liabilities	-	800
e) Fees of Managers and members of the Board of Directors	-	688.614
f) Amounts owed by Managers and members of the Board of Directors	-	-
g) Amounts to Managers and members of the Board of Directors	-	-

11. The Capital Investments of both the Group and the Company for the year ended at December 31, 2017, amounted to € 3,134,260.

Athens, April 19, 2018

President of the BoD	Chief Executive Officer	Head Accountant
Mavroeidis Angelopoulos	Nikolaos Vasilonikolidakis	Michalis Amanitis
ID No. AH 064628	ID No. AK 520278	ID No. AB 056092
		License Number O.E.E. A' Class 42931