



Board of Directors of Neurosoft S.A. approves 2016 Annual Financial Statements

- **Consolidated Revenues in 2016 up to €8,74 million (€12,43 million in 2015)**
- **Gross Profit in 2016 up to €4,13 million (€4,18 million in 2015)**
- **EBITDA in 2016 up to €3,47 million (€3,13 million in 2015)**
- **EBIT in 2016 up to €2,92 million (€2,73 million in 2015)**
- **Net Profit in 2016 up to €1,92 million (€1,97 million in 2015)**
- **Net Financial Position in 2016 up to €2,25 million (2,97 million in 2015)**

Iraklio, Attica, May 11th 2017 - The Board of Directors of **Neurosoft S.A.**, a fully integrated ICT Company with Software Development, System Integration and Information Technology Security Capabilities, met today and approved Neurosoft's Consolidated Annual Audited Financial Statements (including the results for its subsidiaries, Neurosoft Cyprus Ltd and Neurosoft Romania Srl) for the year ended 31st December 2016. Neurosoft, traded on Milan's AIM Italia market ([GRS802003004](#), [Reuters NRST.MI](#), [Bloomberg NRST:IM](#)), has Integrae SIM as its Nominated Adviser.

"In 2016 we have made good progress. Although our revenue was affected from unexpected delays in project procurement mainly in the ICT area which had been budgeted to year 2016, our bottom line remained almost unaffected. That was because we took measures in order to rationalise costs and efficiency and at the same time reinvesting significantly to strengthen the company's competitive advantages by deepening and widening our product and service offering. This effort set the firm ground for adapting to future trends and staying technologically sound and financially solid." Stated Nikolaos Vasilonikolidakis, Chief Executive Officer of Neurosoft S.A

2016 Neurosoft Group Consolidated Performance

Group Turnover for financial year 2016 was up to €8,74 million compared to € 12,43 million for financial year 2015. The difference in revenues was due to unexpected delays in projects mainly in the ICT area which had been budgeted to year 2016.

Cost of services for the Group in 2016 amounted to € 4,61 million compared to € 8,25 million for financial year 2015. The main reasons for these accomplishments are the reduction of operating costs and the continuous investment in R&D.

As a result, the Company maintained almost unaffected 2016 Gross Profit, up to € 4,13 million compared to €4,18 million in 2015, 2016 EBITDA, up to € 3.47 million compared to € 3.13 million in 2015, 2016 EBIT, up to € 2.92 million compared to € 2.73 million in 2015 and 2016 Net Profit, up to € 1,92 million compared to € 1,97 million in 2015.

The effect of the above mentioned elements on the financial figures of the Company is reasonably reflected in the strong improvement of profitability, as shown in 2016 Gross Profit Margin, up to 47% compared to 34% in 2015, EBITDA Margin, up to 39% compared to 35% in 2015, EBIT Margin, up to 33% compared to 25% in 2015 and Net Profit Margin, up to 22% compared to 16% in 2015.

2016 Net Profit

In 2016 Net Profit was up to €1,92million. No dividends will be distributed for the year ended December 31, 2016. All profits will be transferred to the retained earnings as of December 31, 2016.

Outlook per business segment

Each segment of the group represents a different business area of activity: (i) Factoring and Financials, (ii) Sports Betting & Gaming Analytics, (iii) ICT and (iv) MICT&CSS.

(i) Factoring and Financials

Barclays Bank PLC: Neurosoft participated to the ReFINA (Barclays Open Account/Sales Finance products) 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 contracted to perform a "Discovery Phase" system evaluation which was completed in June 2016 and at the same time proceeded to negotiate the main contract and signed the General Framework Agreement. On the 30th of August, Barclays notified Neurosoft that the Booking Platform for Barclays Open Account/Sales Finance products, 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 is under negotiations as to the next actions regarding the project.

SCF and New Sales Finance Modules: Neurosoft proceeded into redesigning and augment its offering in the Supply Chain Finance area. That effort entailed technological overhaul such as 100% responsive interface using Angular 2, as well as introduction of new modules such as Syndication, Asset Based lending (including stock financing) and Confidential Invoice Discounting. The new offering bring Proxima+ and Tesla to the frontiers, allowing our customers to have one of the most complete product portfolio in the area of Sales Finance.

(ii) Sports Betting & Gaming Analytics

Betbuzz: In December 2016, Neurosoft launched Betbuzz.com which is a one of a kind sports betting service, based on the principle that the player gets better prices (odds) as more events to the wager are added. The service supports

only accumulators, initially for football, and will be available in the UK under a license governed by UKGC (United Kingdom Gambling Commission) and MGA (Malta Gaming Authority), offering the best prices for multiples compared to competition. Neurosoft provides pricing, risk management and trading tools where third parties supply the transaction engine, user interface and regulatory compliance. Neurosoft's Risk Management tools allow real-time risk exposure calculation for accumulators which is paired by its unique pricing algorithms, allowing a holistic view of risk.

Tendz: In 2015, Neurosoft completed B-BOLT, Bettracker and Alkemi, three tools that are needed for risk management and pricing of its innovative BOOM product. In 2016, we continued in a roadmap to have a complete independent end-to-end solution for BOOM. In that respect, we started the development of Trendz, an open standard sports betting transaction engine. The plan includes its own CRM, PAM (Players Account Management) and Direct Payment Gateway interfaces. The whole suite is designed so that modules can work together as an independent system or bypass modules (such as CRM and PAM) in case integration is needed with third party systems. Development will continue in 2017 where completion is envisaged.

(iii) ICT

Nokia – Telecom support and Implementation: Neurosoft had started a cooperation with Alcatel-Lucent for field services in the telecom sector back in 2008. Since then the field services department has grown significantly on three fronts: people, geographical coverage and technologies covered. In mid 2016 Nokia finalized the acquisition of Alcatel-Lucent. Neurosoft engaged throughout 2016 with Nokia procurement in extensive negotiations about Support and Implementation services for Nokia equipment in Telecom Service Providers networks. Neurosoft managed not only to sustain the business but to further grow it under the Nokia umbrella.

VLT Project – Implementation & Support: The VLT Project remained idle for little over a year, since June 2015. While anticipating the project launch either in late Q4-2016 or early Q1-2017, Neurosoft started preparations in Q4-2016 by re-evaluating procedures and processes in order to achieve high readiness standards for the upcoming project launch.

(iv) MICT&CSS:

SNFCC S.A. – Operations Services: In 2015, Neurosoft was awarded the implementation of the ICT Infrastructure of the Stavros Niarchos Foundation Cultural Center. The project was completed on a timely manner and handed over to the end-customer in August 2016 following a strict international supervision process. From that point onwards, Neurosoft has been awarded after a tender process, a 5-year contract undertaking the on-site Operations for the entire ICT infrastructure. The scope of the project engulfs the day-to-day operations of the end-users' ICT needs, the overall IT needs of the Data Centers in addition to the entire telecom wired and wireless infrastructure of the SNFCC campus.

Vodafone Security Assessment – Frame Contract: In Q3-2016 Neurosoft participated in a closed tender process initiated by Vodafone Greece, for a frame agreement covering Security Assessment services for all corporate and new services of the Telecom giant. Neurosoft was shortlisted and finally included in the list of preferred companies. Since then Vodafone GR has awarded Neurosoft with various Security Assessment activities ranging from Web to Mobile services.

Cyber Maritime – Managed Security Offering: The gradual and inevitable proliferation of IoT (Internet of Things) even on the maritime space, has contributed to the need for increased Cyber security on the specific sector. Neurosoft has identified that growing need and formed an alliance with Navarino in order 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 optimization 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. The alliance will cover all aspects of the service, i.e. Technical, Operational and Commercial yielding a unique business case.

Auditors' opinion

In auditor's opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and its subsidiaries as of December 31, 2016, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards, as adopted by the European Union.

It is specified that Neurosoft Separate and Consolidated Annual Financial Reports (including the results for its subsidiaries, Neurosoft Cyprus Ltd and Neurosoft Romania S.r.l.) of Neurosoft S.A. at 31st December 2016 will be available to the public in compliance with the terms and conditions required by the law, on the company's website www.neurosoft.gr.

Neurosoft S.A., a Greek company listed on the AIM Italia market, organized and managed by the Italian Stock Exchange ([ISIN GRS802003004](#), [Reuters NRST.MI](#), [Bloomberg NRST:IM](#)), was founded in 1994 as a local, in-house, software development company. Since then it has evolved into a fully integrated ICT company combining Software Development and System Integration and Information Technology Security capabilities. The Company is listed in AIM Milan since 2009. The staff headcount exceeds 130 highly skilled employees with in-depth experience in their field. The company is located in Athens and has subsidiaries/Rep Offices in Cyprus, UK and Dubai.

Neurosoft business activities include:

- Design, development and integration of innovative products and solutions for Sports Betting companies, Factoring & other Financial Institutions with fully customized Business Intelligence & Risk Management solutions.
- Design, implementation operation and support of large scale infrastructure solutions for Operators of Critical Networks and Critical National Infrastructures Stakeholders.
- Provision of Cyber security services (Security Assessments, Consulting and Managed Security Services).

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

As of today Integrae SIM S.p.A is Neurosoft's Nominated Adviser for the AIM Italia market.

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

Note	Group		Company	
	01.01- 31.12.2016	01.01- 31.12.2015	01.01- 31.12.2016	01.01- 31.12.2015
Revenues	4	8,744,788	12,433,822	8,691,682
Cost of services	8	(4,610,775)	(8,254,079)	(4,598,089)
Gross profit		4,134,013	4,179,743	4,093,593
Selling and distribution expenses	8	(470,866)	(550,474)	(413,339)
Administrative expenses	8	(804,278)	(990,784)	(748,649)
Other income		54,604	96,029	54,604
Financial income	7	1,853	2,462	1,853
Financial costs	7	(54,808)	(106,667)	(53,368)
Profit before income taxes		2,860,518	2,630,309	2,934,694
Income taxes	9	(936,017)	(659,508)	(936,017)
Net Profit (A)		1,924,501	1,970,801	1,998,677
Other total comprehensive income after tax (B)		-	-	-
Total comprehensive income after tax (A)+(B)		-	-	-
Profit attributable to:		1,924,501	1,970,801	1,998,677
Equity holders of the parent		1,924,501	1,970,801	1,998,677
Non-controlling interests		-	-	-
		1,924,501	1,970,801	1,998,677
		-	-	-
Total weighted average number of ordinary shares	24	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
Income per share (basic and diluted)	24	0.0752	0.0770	0.0781
		0.0783		

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	Note	Group		Company		
		31.12.2016	31.12.2015	31.12.2016	31.12.2015	
ASSETS						
Non-Current Assets						
Property, plant and equipment	11	524,658	554,940	524,658	554,940	
Intangible assets	12	3,068,906	1,551,375	3,005,325	1,430,268	
Goodwill		-	-	51,852	51,852	
Investments in subsidiaries		37,000	37,000	850,500	850,500	
Other non-current assets		94,956	88,285	94,956	88,285	
Total Non-Current Assets		3,725,520	2,231,600	4,527,291	2,975,845	
Current Assets						
Inventories	13	548,924	549,732	548,924	549,732	
Trade accounts receivable	14	3,927,532	2,886,950	3,897,132	2,856,550	
Prepayments and other receivables	15	1,457,203	1,111,531	1,428,037	1,095,189	
Receivables from intra Group Companies		-	-	150,750	150,750	
Cash and cash equivalents	16	3,108,874	3,960,210	3,108,465	3,947,409	
Total Current Assets		9,042,532	8,508,423	9,133,307	8,599,630	
TOTAL ASSETS		12,768,051	10,740,024	13,660,597	11,575,475	
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	347,536	196,067	377,638	208,391	
Retained earnings		(739,938)	(2,512,970)	187,955	(1,641,474)	
Total equity		9,162,206	7,237,705	10,120,202	8,121,525	
Minority interests		-	-	-	-	
Total equity		9,162,206	7,237,705	10,120,202	8,121,525	
Non-Current Liabilities						
Reserve for staff retirement indemnities	23	296,945	212,863	296,945	212,863	
Deferred tax liability	9	965,218	29,201	965,218	29,201	
Total Non-Current Liabilities		1,262,163	242,064	1,262,163	242,064	
Current Liabilities						
Trade accounts payable	21	750,284	1,661,692	708,701	1,640,109	
Short-term borrowings	20	855,304	987,969	855,304	987,969	
Income tax payable		54,336	48,811	54,336	48,811	
Accrued and other current liabilities	22	683,759	561,784	659,892	534,998	
Total Current Liabilities		2,343,683	3,260,255	2,278,233	3,211,886	
Total Liabilities		3,605,845	3,502,319	3,540,396	3,453,950	
TOTAL LIABILITIES AND EQUITY		12,768,051	10,740,024	13,660,597	11,575,475	

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

Group	Share Capital	Share Premium	Reserves	Retained Earnings	Total	Non Controlling Interests	Total
Total Equity as at 1 Jan 2015	8.954.608	600.000	196.067	(4.483.772)	5.266.904	-	5.266.904
Total operating income after tax	-	-	-	1.970.801	1.970.801	-	1.970.801
Total Equity as at 30 Dec 2015	8.954.608	600.000	196.067	(2.512.970)	7.237.705	-	7.237.705
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	-	-	-	1.924.501	1.924.501	-	1.924.501
Total Equity as at 31 Dec 2016	8.954.608	600.000	196.067	(588.469)	9.162.206	-	9.162.206

Company	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Total Equity as at 1 Jan 2015	8.954.608	600.000	208.391	(3.644.580)	6.118.419
Total operating income after tax	-	-	-	2.003.106	2.003.106
Total Equity as at 30 Dec 2015	8.954.608	600.000	208.391	(1.641.474)	8.121.525
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	-	-	-	1.998.677	1.998.677
Total Equity as at 31 Dec 2016	8.954.608	600.000	208.391	357.203	10.120.202

The accompanying notes are an integral part of the Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

	Group		Company	
	01.01- 31.12.2016	01.01- 31.12.2015	01.01- 31.12.2016	01.01- 31.12.2015
Cash flows from Operating Activities				
Profit before income taxes	2,860,518	2,630,309	2,934,694	2,662,614
Adjustments for:				
Depreciation and amortisation	559,409	392,305	501,236	334,778
Other Provisions	91,896	100,099	91,896	100,099
Financial (income)/expenses	52,955	104,205	51,515	103,874
Operating profit before working capital changes	3,564,778	3,226,919	3,579,341	3,201,366
(Increase)/Decrease in:				
Inventories	808	259,264	808	259,264
Trade accounts receivables	(1,027,975)	(812,259)	(1,027,329)	(812,259)
Prepayments and other receivables	(345,671)	(87,234)	(332,847)	(77,708)
Trade accounts payable	(911,408)	15,378	(931,408)	21,628
Accrued and other current liabilities	121,975	58,067	124,894	55,064
Interest paid	(54,808)	(106,667)	(53,368)	(106,336)
Tax paid	(7,725)	(5,525)	(7,725)	(5,525)
Payment for staff indemnity	(7,815)	-	(7,815)	-
Other long term liabilities	(6,671)	(10,225)	(6,671)	(10,225)
Net cash from Operating Activities	1,325,487	2,537,719	1,337,879	2,525,270
Cash flows from Investing Activities				
Capital expenditure for property, plant and equipment	(2,046,012)	(969,281)	(2,046,012)	(969,281)
Interest and related income received	1,853	2,462	1,853	2,462
Net cash used in Investing Activities	(2,044,159)	(966,819)	(2,044,159)	(966,819)
Cash flow from financing activities				
Net change in short-term borrowings	(132,664)	-	(132,664)	-
Net cash from Financing Activities	(132,664)	-	(132,664)	-
Net increase (decrease) in cash and cash equivalents	(851,336)	1,570,900	(838,944)	1,558,451
Cash and cash equivalents at the beginning of the year	3,960,210	2,389,308	3,947,409	2,388,956
Cash and cash equivalents at the end of the year	3,108,874	3,960,210	3,108,465	3,947,409

The accompanying notes are an integral part of the Financial Statements