NEUROsoft

ANNUAL FINANCIAL REPORT

For the year ended December 31, 2018

INDEX TO THE FINANCIAL STATEMENTS

STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

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

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

The undersigned, in our above-mentioned capacity, as specifically appointed by the Board of Directors of the 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, 2018 to December 31, 2018, 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 of the companies which are included in the consolidation.

(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 of the companies’ which are included in the consolidation, including the description of the main risks and uncertainties they face and relevant information.

Iraklio, April 4, 2019

Nikolaos Vasilonikolidakis	Epameinondas Paschalidis
Chairman of the BOD	CEO of the Company

BOARD OF DIRECTORS' ANNUAL REPORT

of «Neurosoft S.A. »

Regarding the consolidated Financial Statements

~~F~~or the year ended December 31, 2018

This Annual Board of Directors Report, which follows, (hereinafter referred for brevity as the "**Report**" or "**Annual Report**"), refers to the fiscal year 2018 (01.01.2018-31.12.2018), 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 SOFTWARE PRODUCTION SOCIETE ANONYME» (hereafter referred to as the "Company" or «NEUROSOFT») and the NEUROSOFT Group of companies (hereinafter referred to as the "Group"), which apart from the Company include the following affiliated companies :

a) «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a stake of 100% of its share capital,
b) «Neurosoft Romania Srl headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd,
c) «Neurosoft Cyber and Analytics Ltd», headquartered in United Kingdom, in which the Company holds a stake of 100% of its share capital.
d) On 15-12-2014 with the completion of the merger through absorption of the Company under the name "KESTREL INFORMATION SYSTEMS SOCIÉTÉ ANONYME", by NEUROSOFT S.A., the Company absorbed the following subsidiaries of KESTREL:

    - Kestrel Information Solutions Albania SH.P.K in which KESTREL SA held the 80% of its share capital
    - Kestrel Information Systems BULGARIA OOD in which KESTREL SA held the 100% of its share capital
    - Kestrel Information Systems DOO BEOGRAD in which KESTREL SA held the 100% of its share capital.

The above three mentioned subsidiaries are inactive and under dissolution.

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

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

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

This report accompanies the annual consolidated and standalone financial statements for the fiscal year 2018 (01.01.2018-31.12.2018) and since the Company prepares consolidated financial statements, this report's main and primary reference is to the consolidated financial data of the Company and its related companies. The report together with the financial statements and other information and statements required by law, are included in the Annual Financial Report for the fiscal year 2018.
The sections of this Report and the contents thereof, are as follows:

SECTION A

Significant events that occurred during the year 2018

The significant events that occurred during the year 2018 (01.01.2018-31.12.2018) with calendar order, 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 20th, 2018, 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. 91,41% 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 2017 as well as the Board of Directors' Report (Management Report) and the Auditors' Report for the same fiscal year 2017.
- The shareholders approved the non-distribution of profits as depicted in the annual financial statements for the financial year 2017.
- The shareholders' Meeting discharged the Directors and the Auditors from any liability related to the results of the financial year 2017 as well as the annual financial statements of the same fiscal year.
- The shareholders approved the remuneration to the Board of Directors for the fiscal year 2017 and for the first semester of 2018 and also pre-approved the remuneration to be paid to the Board of Directors for the second semester of 2018 as well as for the first semester of 2019.

- The shareholders approved the appointment of the auditing firm HELLENIC AUDITING COMPANY SA (SOEL Reg. Number: 156) as Certified Auditors for the financial year 2018 (audit standalone and consolidated financial statements) as well as their fees.
- The shareholders adopted the approval - validation of contracts between the Company and persons of article 23a of Codified Law 2190/1920. Authorization 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 Messrs 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 2019 as mentioned in detail in the annual Financial Report and also noted that the outlook for the fiscal year 2018 looked positive for the Group.

2. Product & Solution Development:

2.1 Proxima+ platform evolution: 2018 was a year of on-going product development in line with augmenting the breadth of our product offering such as Pre-shipment financing and Term Loans, in particular, Open account TR and Settlement and Open account advance TR. At the same time, we set up the design for our self-onboarding module as well as the algorithm testing and selection of our machine learning module with respect to Risk and Fraud.

2.2 Blockchain: Starting in 2017 as early adopters of the Oracle Autonomous Blockchain Cloud Platform, in 2018, we saw the launch of the OABCS platform in August which allowed us to move to full development of our first application in the receivables space, tackling the issue of peer-to-peer invoice reconciliation. It is planned to go live in Q1 2019 with the on-boarding of the first buyers and suppliers. This is the first step in a series of blockchain services to be offered, which eventually will link up with our Proxima+ platform.

2.3. BOLT and related development: The new version of BOLT was implemented, delivered and deployed at OPAP, with extensive connectivity to OPAP's new technology framework (Core Gaming engines). At the same time a middleware aggregator was developed as a hub to collect and distribute gaming results to multiple end points.

2.4 Angel - Cyber Maritime Managed Security Solution: Following the successful launch in Q4 2017 and a series of live demos in Q1 2018 the first customers were on-boarded in mid-2018. The market response was very positive leading to a commercial success according to the initial forecast. New features and functionalities are expected to be presented in mid-2019.

2.4 Illicium - Deception Technology Product: The initial development plan was on schedule. Friendly Beta customers were introduced with a small delay in 2018 Q2 providing significant feedback on the product functionality and performance. The product went live to friendly customers in the last quarter of the year. In 2019 Illicium will be fully marketed in Greece and Cyprus directly and Internationally through a channel partner approach. Cloud marketplaces will be also evaluated.

3. Business Development:

3.1 Fintech: Neurosoft is dominant in the domestic market with its Factoring & Supply Chain Finance platform Proxima+. The target for 2018 was to capitalize on the successful UAE business case for GCC and European markets. Sales and Business Development capacity was increased resulting to a very active year. The company participated to a number (record year) of local and international RFPs and PoCs building up a solid pipeline.

3.2 Cyber Security: Established presence in Greece & Cyprus. The focus in 2018 was to enter new high spending security verticals (i.e. Financial Services) while on the offering side to expand in Operational Technology cyber security market (Oil & Gas, Utilities, Transportation). In parallel, preparations were made in 2018 Q4 for geographical expansion, mainly in UAE and CEE. In-house development cyber security products, such as Illicium, can act as up-selling drivers for the services portfolio.

3.3 Systems Engineering: A very active year on the servicing side being a significant contributor to OPAP's OS&GH support and technology transformation in parallel to the traditional Service Provider customer base. On the project side, the focus was in niche verticals, starting with aviation, for home and SEE markets.

3.4 Barclays Bank Account: During 2018, the legal process has started and is envisaged to be completed, in the worst-case scenario, in Q2 2019, with a three-month delay than the initial time plan.

4. Quality Assurance:

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

SECTION B

Principal risks and uncertainties

The Company operates in a highly competitive and especially challenging international environment, which is rapidly changing. Over the last few years the Company has systematically tried to enhance its extroversion in the geographical areas of interest, with emphasis on a continuous upgrade of products and provided solutions, while in the meantime it develops new products and promotes its entry into new markets, with a view to further penetrate new markets and thus strengthen its competitiveness.

The usual financial and other risk exposures of the Company and the risks which were encountered over the course of the fiscal year 2018 (01.01.2018-31.12.2018) are: market risk, credit risk, liquidity risk as follows:

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 in respect to customers from other countries for which the effective control of credibility is not always easy. Therefore, the Company continuously develops and further evolves its internal risk management mechanisms to fully confront this risk. Therefore, this risk, although actual in view of the general adverse economic environment, is currently assumed 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~~,~~ the fluctuations in interest rates and evaluates the need for taking relevant positions to hedge against such risks.

The following table shows the effect in the Group's profit before tax (due to the impact of the loan balances at year end with a floating interest rate on profits) as a result of possible changes in interest rates, holding other variables stable.

Sensitivity analysis of the Group's profit before tax due to borrowings interest rate changes:

	31 December 2018	
	Interest rates volatility	**Effect on profit before tax**
(Loss)/gain in Euro	1.0%	(8,992)
	(1.0) %	8,992

	31 December 2017	
	Interest rates volatility	**Effect on profit before tax**
(Loss)/gain in Euro	1.0%	(9,229)
	(1.0) %	9,229

Note: The above table does not include the relevant positive effect 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 summarizes the maturity profile of financial liabilities as at 31 December 2018 and 2017 respectively.

Year ended December 31, 2018	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	181,800	181,800	368,000	112,656	844,256
Trade and other payables	1,504,049	564,314	660,501	201,257	-	2,930,121
Total		**746,114**	**842,301**	**569,257**	**112,656**	**3,774,377**

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	1,499,438	428,234	37,371	76,480	-	2,041,523
Total	**1,499,438**	**482,241**	**91,362**	**508,400**	**215,960**	**2,797,401**

SECTION C

Important related party transactions

This section includes the most significant transactions between the Company and its 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 2018 (01.01.2018-31.12.2018) that have materially affected the financial position 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 position or performance of the Company during 2018.

Note that the reference to the above transactions includes the following:

(a) the amount of such transactions for the year 2018 (01.01.2018-31.12.2018)

(b) the outstanding balances at the end of the year (31.12.2018)

(c) the nature of the related party's relationship with the Company and

(d) any information on transactions, which are necessary for understanding the financial position of the Company, but only if such transactions are important and have not been made under normal market conditions.

Intercompany sales and other revenue	**1.1-31.12.2018**	**1.1-31.12.2017**
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	-	-
OPAP S.A.	8,736,871	
Total	**8,736,871**	-

Intercompany purchases	**1.1-31.12.2018**	**1.1-31.12.2017**
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	93,500	20,000
Total	**93,500**	**20,000**

The balances of receivables and payables of the Company and its related parties are analyzed as follows:

Intercompany balances (receivables)	**31.12.2018**	**31.12.2017**
Neurosoft Romania Srl	-	352,450
Neurosoft Cyprus Ltd	213,527	126,000
Neurosoft Cyber and Analytics Ltd	2,506	151
OPAP S.A.	1,652,605	1,480,937
Total	**1,868,638**	**1.959.538**

Intercompany balances (payables)	**31.12.2018**	**31.12.2017**
Neurosoft Romania Srl	-	-
NeurosoftCyprus Ltd	11,300	800
Total	**11,300**	**800**

Transactions and balances with related party individuals, as defined by the International Accounting Standard 24, for the 12 months of 2018 and 2017 respectively are as follows:

	2018	**2017**
Executives and Board of Directors members' remuneration	**707,400**	**688,614**

Furthermore, 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, with value exceeding 10% of the Company's asset value, 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 registered shares with a nominal value of Euro 0.35 each.

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

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

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

2. Restrictions on the transfer of shares of the Company

There are no restrictions on the transfer of shares.

3. Significant direct or indirect participations

a) "Neurosoft Cyprus Ltd", headquartered in Cyprus, in which the Company holds a stake of 100%,

b) "Neurosoft Romania Srl" headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd,

c) "Neurosoft Cyber and Analytics Ltd", headquartered in United Kingdom, in which the Company holds a 100% stake.

Further to the above, the direct or indirect holdings in the share capital and voting rights of the Company within the meaning of Articles 9 to 11 of Law 3556/2007 as of 31.12.2018 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) 2,765,744 shares and voting rights (percentage 10.81%)
- 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: 327,353 shares and voting rights (percentage 1.28%)
- Paschalidis Epameinondas: 322,120 shares and voting rights (percentage 1.26%)

Important Notes:

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

4. Shares with special control rights

There are no 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 Articles of Associations, there are no rules that differ from the provisions of Codified Law 2190/1920, as was in force during 2018.

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 was in force during 2018.

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

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

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

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

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

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

1. The structure and mode of formation of the share capital of the Company is set out in detail in Article 5 of the Articles of Association.

The Company's shares were listed on the Milan Stock Exchange on May 8, 2009 and are traded in the above Stock Exchange continuously to date.

2. No such restriction exists under the law or the Articles of Association, or any other agreement.
3. Data on the number of shares and voting rights of persons who have significant participation, are drawn from the Company's share register and relevant disclosures notified to the Company by law.
4. There are no other classes of shares, only common shares with voting 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 was in force during 2018.
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 31.12.2018 employs 204 people, compared to 179 people, as of 31.12.2017.
2. The basic principle governing the Group's (hereinafter: 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 recognizes the need for continuous improvement of its environmental performance based on the principles of sustainable development and in compliance with legislation and international standards, aiming to achieve a balanced economic development in harmony with the natural environment. Following the above-mentioned principles, the Group carries out its activities in a manner that ensures the protection of the environment on the one hand and the protection of the health and safety of its personnel on the other.

SECTION F

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

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

1. Group achievements in numbers

The main financial figures of the Group are as follows:

Group	31.12.2018	31.12.2017
Total Assets	13,270,411	12,860,937
Total Equity	8,266,513	8,572,959
Revenue	13,781,983	9,764,011
Gross Profit	2,412,394	1,732,045
EBT	(667,637)	(478,167)
Losses after tax	(310,221)	(776,555)

2. 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			
	31/12/18	31/12/17	
Fixed Assets ratio	40%	46%	This ratio shows the percentage of fixed assets to total assets
Total equity to fixed assets ratio	1,56	1,46	This ratio shows the capital structure of the Group
Total Liabilities to liabilities and equity ratio	44%	40%	Debt percentage ratio
Total equity to liabilities and equity	62%	67%	
Debt to equity ratio	8%	9%	The percentage of debt to equity
Working Capital ratio	2,52	3,42	This ratio shows how many times the current assets cover the current liabilities of the Group
Assets return ratio	-2%	-6%	Net profit after tax as a percentage of the total assets
Total equity return ratio	-4%	-9%	Net profit after tax as a percentage of the equity
Gross profit margin	18%	18%	The ratio shows the Gross profit margin
Net profit margin	-2%	-8%	The ratio shows the net profit attributable to the group as a percentage of sales.

Company			
	31/12/18	31/12/17	
Fixed Assets ratio	43%	49%	This ratio shows the percentage of fixed assets to total assets

Total equity to fixed assets ratio	1,50	1,42	This ratio shows the capital structure of the Company
Total Liabilities to liabilities and equity ratio	40%	36%	Debt percentage ratio
Total equity to -liabilities and equity	65%	69%	
Debt to equity ratio	7%	8%	The percentage of debt to equity
Working Capital ratio	2,56	3,59	This ratio shows how many times the current assets cover the current liabilities of the Company
Assets return ratio	-3%	-4%	Net profit after tax as a percentage of the total assets
Total equity return ratio	-4%	-7%	Net profit after tax as a percentage of the equity
Gross profit margin	17%	18%	The ratio shows the Gross profit margin
Net profit margin	-3%	-7%	The ratio shows the net profit as a percentage of sales.

SECTION G

Anticipated course and Company development for the year 2019

Based on the up-to-date estimations for 2019 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 2019, in line with the requirements of our times, which are expected to yield a dynamic response in the targeted markets, while in the meantime it will focus on further enhancing its extroversion. In any case, taking into consideration the overall liquidity that prevails, the future cannot be predicted with accuracy. The extremely dynamic sectors (SE and CSO) allow the diversification of its portfolio on the one hand, and cross synergies that were not in-place in the previous years on the other. The strategy of the company will be international expansion with two poles, one in the UAE for factoring and ICT infrastructure and London for factoring 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 that was in force in 2018.
- 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 was in force during 2018 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 applicable 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 accordingly.

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

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

The configuration of this Code however is a dynamic process, which in view of the consultation that takes place at the moment for the amendment of the Law 3016/2012 and the new law for the sociétés anonymes L. 4548/2018, is expected to be continued.

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

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

The Company, as far as corporate governance issues are concerned, applies so far, the provisions of 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 main risks it is facing or might face in the future, ensure that the data, based on which the financial statements have been prepared, is correct and accurate, as well as that the current legal framework ~~is~~ compiled and law principles and policies adopted by the Administration, are being applied.

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

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

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

• Entries from the accounting department of the Company are submitted under a specific procedure that requires all documents to be original and have the appropriate authorized signature.

• The accounting department performs periodic reconciliation of payroll accounts, customers, suppliers, VAT etc.

• The Company maintains authenticated fixed asset record, performs depreciations based on the International Accounting Standards and the tax rates provided, which are controlled by the person responsible for the operation of financial services.

• The Group annually prepares the consolidated and the individual subsidiary budgets per Group's company for the next financial year, which are presented to the Board of Directors for approval.

• Every month a detailed presentation of the financial results per subsidiary and consolidated at Group level is prepared and communicated to the Group's Management.

• Companies that comprise the Group follow single accounting applications and processes in accordance with the International Financial Reporting Standards.

• Relationships and transactions between the Company and its affiliated companies are being checked.

• Regular and emergency inventories are conducted.

• Accounting and general computerized systems of the Company are being checked.

• The legality of fees and all kinds of benefits to the Board of Directors members are being checked as well as the compliance and renewal of the Company's operating regulations, as they have been established by the Board of Directors, its Articles of Association and the general legislation.

• At the end of each period, the accounting departments of the parent Company and its subsidiaries prepare their financial statements pursuant to the International Financial Reporting Standards.

•The financial departments of the Group collect all the necessary data from the subsidiaries, the consolidation entries are carried out and the financial statements are prepared according to the International Financial Reporting Standards.

•There are specific procedures for closing the financial statements of the budget year which include submission deadlines, responsibilities and updating for the required disclosures.

• Finally, the software system used by the Company is developed and constantly upgraded by its IT department to be adjusted to the constantly expanding and specialized needs with the aim of supporting the long-term goals and prospects of the company. The IT department is among other things, responsible for the implementation of the security processes (backups on a daily basis, access to files, also all programs have specific people using their own passwords, etc.) and of security procedures which have been established by the Company (anti-virus software, email protection) and the applicable legislation including GDPR (EE Regulation 2016/679).

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

•it has approved the Internal Operating Regulation of the Company which includes adequate policies, procedures and regulations that comprise the Internal Audit System applied by the Company,

• The Members of the Company's Board of Directors are recipients of the reports prepared by the Internal Audit of the Company. Through these reports various areas / operations of the Company are evaluated, as well as the adequacy of the Internal Control Systems applicable to them.

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

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

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

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

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

• Relative to point c: significant direct and indirect shareholdings of the Company are as follows:

a) "Neurosoft Cyprus Ltd", headquartered in Cyprus, in which the Company holds a stake of 100%,

b) "Neurosoft Romania Srl" headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd.

c) "Neurosoft Cyber and Analytics Ltd", headquartered in United Kingdom, in which the Company holds a 100% stake.

Furthermore, significant direct or indirect shareholdings in the share capital and voting rights

- 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) 2,765,744 shares and voting rights (percentage 10.81%)
- 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: 327,353 shares and voting rights (percentage 1.28%)
- Paschalidis Epameinondas: 322,120 shares and voting rights (percentage 1.26%)

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 were - the Company's executive directors during 2018. Mr. Paschalidis is also listed above as he is the present CEO and executive director of the Company.
- 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 three (3) executive, three (3) non-executive and one (1) independent non-executive.

The following table includes the members of the Board as of 31/12/2018:

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)

The following table includes the members of the Board as of 4/2/2019:

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

Note:

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

2. Powers of the Board of Directors

The Board of Directors manages and represents the Company and is competent to decide on every matter concerning the company's management, the pursuit of the objectives of the company's scope and the management of its assets, except for those matters under the exclusive jurisdiction of the General Meeting according to the Law or the Articles of Association. Any actions of the Board of Directors, even actions not included in the company's scope, are binding on the company before third parties, except where it is proven that the third party involved was aware or should have been aware of this encroachment. Adherence to publication formalities regarding the company's Articles of Association or its amendment does not constitute proof on its own. Any limitations to the power of the Board of Directors by the Articles of Association or by a resolution of the General Meeting cannot be used against third parties acting in good faith, even if they have been subject to the publication formalities. The Board of Directors may, in writing only, assign the exercising of all its powers and jurisdiction (except for those demanding collective action), as well as the company's representation, to one or more persons, who may or may not be Directors, while also determining the extent of this assignment. In any case, the jurisdiction of the Board of Directors is subject to articles 10 and 23a of Codified Law 2190/1920, as was in force and from 01.01.2019 to L. 4548/2018.

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

- the approval of the long-term strategic and operational objectives of the Company,
- the approval of the annual budget and business plan and decision-making on major capital expenditures, acquisitions and divestitures,
- the selection and, if necessary, replacement of the executive management of the company, as well as the supervision of succession planning,
- the performance control of senior management and the harmonization of remuneration of senior executives with the long-term interests of the Company and its shareholders,
- the assurance of the reliability of the financial statements and figures of the Company, the financial information systems and the data available in public, as well as the assurance of the effectiveness of internal and risk management control.
- the vigilance regarding existing and potential conflicts of interest between the company and the company's management, Board members or major shareholders (including shareholders with direct or indirect power to modulate or influence the composition and the behavior of the Board), and the appropriate handling of such conflicts
- the assurance of an effective regulatory process of Company Compliance,
- the responsibility for decision-making and monitoring of the effectiveness of the Company's management system, including decision-making and delegation of powers and duties to other employees, and
- the formulation, dissemination and application of the basic values and principles governing the Company's relations with all parties, whose interests are connected with those of the Company.

3. Board of Directors operation

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

<u>**Convening of the Board of Directors**</u>

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

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

Role of the Chairman of the Board of Directors

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

CEO

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

• the implementation of the objectives of the annual budget,

• the evaluation of risks and the implementation of measures and procedures to effectively deal with them,

• the coordination of the senior management team, overseeing and ensuring profitability for the proper operation of the Company,

• suitability assessment - systems and procedures regarding the operation of the Company and the suggestion and / or implementation of improvements

• the monitoring of the progress of projects, taking corrective actions where necessary and the efficient allocation of resources between projects,

• ensuring the implementation of the Company's decisions, as well as updating the Board of Directors and the Management Board on matters of the Company. The CEO is responsible for the coordination of individual departments of the company and the submission of recommendations to the Management Board, with respect to matters within the competence of the Board.

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

Decision Making

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

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

Representation of members of the Board

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

4. Board of Directors' Meetings

The Board 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 2018, seven (7) Board meetings took place.

Minutes of the Board of Directors

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

Compensation of Directors

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

G. General Meeting and Shareholders' Rights

1. Competence of the General Meeting

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

a) The extension of duration, merger, except for absorption pursuant to the applicable legislation, 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 was in force during 2018, 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 Ordinary General Meeting of shareholders is convoked by the Board of Directors and convenes regularly, once a year, at the company's registered offices and 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 the provisions of the applicable legislation and when the Meeting is attended by shareholders or their proxies representing the total share capital and no shareholder is opposed to hold a meeting and pass a resolution.

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

3. Representation of Shareholders in the General Meeting

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

4. Chairman of the General Meeting

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

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

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

• the date, time and place of the General Meeting of Shareholders;

• the basic rules and practices of participation, including the right to propose items for the daily agenda and ask questions, and the deadlines for exercising these rights;

• Voting procedures, terms of representation by proxy and the forms used for proxy voting;

• the proposed daily agenda for the meeting, including drafts of the resolutions upon the discussion and voting, and accompanying documentation as well;

• the proposed list of candidates for Board membership and their resumes in case of election of members; and

• the total number of shares and voting rights on the date of convocation.

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

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

6. Participation and voting rights

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

7. Minority Shareholders' Rights

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 registered ordinary shares listed for trading on the Milan Stock Exchange.

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

Each share incorporates all the rights and obligations established by 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 amortization of capital corresponding to the share, if so decided by the General Meeting. The General Meeting of the Shareholders of the Company reserves all of its rights during the liquidation,

• the right of preference in any increase of the Company's share capital in cash and the issue of new shares, and the right of preference in each issue of convertible bonds, unless the General Meeting decides to approve the increase,

• the right to receive a copy of the financial statements and the reports of the auditors and the Board of the Company,

• the above-mentioned rights of minority shareholders.

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

Independent Auditor's Report

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, 2018, 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, 2018, 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, 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 31/12/2018.

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) 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.

3) 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 4 consecutive years.

Marousi, 4/4/2019

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, 2018

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Group		Company	
		01.01-31.12.2018	01.01-31.12.2017	01.01-31.12.2018	01.01-31.12.2017
Revenues	4	13.781.983	9.764.011	13.648.283	9.710.617
Cost of services	8	(11.369.589)	(8.031.966)	(11.325.316)	(7.916.230)
Gross profit		**2.412.394**	**1.732.045**	**2.322.967**	**1.794.387**
Selling and distribution expenses	8	(1.204.015)	(815.407)	(1.161.571)	(811.921)
Administrative expenses	8	(2.054.264)	(1.440.010)	(2.032.749)	(1.420.862)
Impairment of investments		-	(37.000)	-	(37.000)
Impairment of intangible assets		(40.534)	-	(92.386)	-
Other income		270.144	140.925	258.626	130.823
Financial income	7	2.859	484	2.859	484
Financial expenses	7	(54.221)	(59.204)	(49.364)	(56.326)
Loss before income taxes		**(667.637)**	**(478.167)**	**(751.618)**	**(400.414)**
Income taxes	9	357.416	(298.387)	357.416	(298.387)
Net Loss (A)		**(310.221)**	**(776.555)**	**(394.201)**	**(698.802)**
Net other comprehensive income not to be reclassified in profit or loss in subsequent period:					
Accruarial gains or losses		5.034	221.418	5.034	221.418
Income taxes	9	(1.258)	(64.211)	(1.258)	(64.211)
Other total comprehensive income after tax (B)		**3.775**	**157.207**	**3.775**	**157.207**
Total comprehensive income after tax (A)+(B)		**(306.446)**	**(619.348)**	**(390.426)**	**(541.595)**
Profit / (Loss) attributable to:		**(306.446)**	**(619.348)**	**(390.426)**	**(541.595)**
Equity holders of the parent		(324.068)	(619.348)	(390.426)	(541.595)
Non-controlling interests		17.623	-	-	-
		(306.446)	**(619.348)**	**(390.426)**	**(541.595)**
		-	-	-	-
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
Earnings / (Loss) per share (basic and diluted)	24	**(0,0121)**	**(0,0304)**	**(0,0154)**	**(0,0273)**

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Note	Group		Company	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	493.509	494.852	493.509	494.852
Intangible assets	12	4.703.920	5.268.872	4.703.920	5.268.872
Goodwill		-	-	-	51.852
Invstments in subsidiaries	10	-	-	813.501	813.501
Other non-current assets		98.911	114.666	98.911	114.666
Total Non-current Assets		**5.296.340**	**5.878.391**	**6.109.841**	**6.743.743**
Current Assets					
Inventories	13	807.595	559.020	807.595	559.020
Trade accounts receivable	14	3.938.547	3.410.329	3.905.296	3.366.579
Prepayments and other receivables	15	443.676	518.093	378.700	498.271
Receivables from intra Group Companies	25	-	-	215.673	166.151
Cash and cash equivalents	16	2.784.254	2.495.105	2.768.679	2.454.582
Total Current Assets		**7.974.071**	**6.982.547**	**8.075.943**	**7.044.602**
TOTAL ASSETS		**13.270.411**	**12.860.937**	**14.185.784**	**13.788.346**
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
Reserves	18	377.638	377.638	377.638	377.638
Retained earnings		(1.683.355)	(1.359.287)	(744.066)	(353.639)
Total equity		**8.248.890**	**8.572.959**	**9.188.181**	**9.578.607**
Non Controlling Interests		17.623	-	-	-
Total equity		**8.266.513**	**8.572.959**	**9.188.181**	**9.578.607**
Non-Current Liabilities					
Long term borrowings	20	664.256	755.878	664.256	755.878
Reserve for staff retirement indemnities	23	205.526	164.960	205.526	164.960
Deferred tax liability	9	969.458	1.325.616	969.458	1.325.616
Total Non-Current Liabilities		**1.839.241**	**2.246.455**	**1.839.241**	**2.246.454**
Current Liabilities					
Trade accounts payable	21	1.618.647	1.076.175	1.629.948	1.064.647
Short-term borrowings	20	180.000	-	180.000	-
Income tax payable		54.336	54.336	54.336	54.336
Accrued and other current liabilities	22	1.311.674	911.012	1.294.079	844.302
Total Current Liabilities		**3.164.657**	**2.041.523**	**3.158.362**	**1.963.285**
Total Liabilities		**5.003.898**	**4.287.978**	**4.997.603**	**4.209.739**
TOTAL LIABILITIES AND EQUITY		**13.270.411**	**12.860.937**	**14.185.784**	**13.788.346**

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

Group	Share Capital	Share Premium	Reserves	Retained Earnings	Total	Non Controlling Interests	Total
Total Equity as at 1 Jan 2017	**8.954.608**	**600.000**	**347.536**	**(739.938)**	**9.162.206**	**-**	**9.162.206**
Other comprehensive income - IAS 19	-	-	-	157.207	157.207	-	157.207
Other	-	-	30.102	-	30.102		30.102
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**	**(1.359.287)**	**8.572.959**	**-**	**8.572.959**
Total Equity as at 1 Jan 2018	**8.954.608**	**600.000**	**377.638**	**(1.359.287)**	**8.572.959**	**-**	**8.572.959**
Other comprehensive income - IAS 19	-	-	-	3.775	3.775	-	3.775
Total operating income after tax	-	-	-	(327.844)	(327.844)	17.623	(310.221)
Total Equity as at 31 Dec 2018	**8.954.608**	**600.000**	**377.638**	**(1.683.355)**	**8.248.890**	**17.623**	**8.266.513**

Company	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Total Equity as at 1 Jan 2017	**8.954.608**	**600.000**	**377.638**	**187.956**	**10.120.202**
Other comprehensive income - IAS 19				157.207	157.207
Total operating income 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**
Total Equity as at 1 Jan 2018	**8.954.608**	**600.000**	**377.638**	**(353.639)**	**9.578.607**
Other comprehensive income - IAS 19	-	-	-	3.775	3.775
Total operating income / (expense) after tax	-	-	-	(394.201)	(394.201)
Total Equity as at 31 Dec 2018	**8.954.608**	**600.000**	**377.638**	**(744.066)**	**9.188.181**

The accompanying notes are an integral part of the Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

	Group		Company	
	01.01-31.12.2018	01.01-31.12.2017	01.01-31.12.2018	01.01-31.12.2017
Cash flows from Operating Activities				
Loss before income taxes	(667.637)	(478.167)	(751.618)	(400.414)
Adjustments for:				
Depreciation and amortisation	1.421.711	995.777	1.421.711	922.094
Other Provisions	122.674	37.000	122.674	37.000
Financial (income)/expenses	51.362	42.587	46.505	55.842
Operating profit before working capital changes	**928.109**	**597.196**	**839.272**	**614.522**
(Increase)/Decrease in:				
Inventories	(248.575)	(10.096)	(248.575)	(10.096)
Trade accounts receivables	(586.697)	656.607	(545.343)	618.422
Prepayments and other receivables	74.417	939.110	70.048	929.766
Trade accounts payable	542.472	325.892	565.300	355.947
Accrued and other current liabilities	400.662	227.253	449.777	184.410
Interest paid	(54.221)	(59.204)	(49.364)	(56.326)
Tax paid	(2.200)	(2.200)	(2.200)	(2.200)
Payement for staff indemnity	(5.133)	(35.414)	(5.133)	(35.414)
Other long term liabilities	15.755	(19.711)	15.755	(19.711)
Net cash from Operating Activities	**1.064.589**	**2.619.434**	**1.089.537**	**2.579.320**
Cash flows from Investing Activities				
Capital expenditure for tangible and intangible assets	(866.677)	(3.134.260)	(866.677)	(3.134.260)
Interest and related income received	2.859	484	2.859	484
Net cash used in Investing Activities	**(863.818)**	**(3.133.776)**	**(863.818)**	**(3.133.776)**
Cash flow from financing activities				
Net change in long-term borrowings	(91.622)	755.878	(91.622)	755.878
Net change in short-term borrowings	180.000	(855.304)	180.000	(855.304)
Net cash from Financing Activities	**88.378**	**(99.427)**	**88.378**	**(99.427)**
Net increase (decrease) in cash and cash equivalents	**289.149**	**(613.769)**	**314.097**	**(653.883)**
Cash and cash equivalents at the beginning of the year	**2.495.105**	**3.108.874**	**2.454.582**	**3.108.465**
Cash and cash equivalents at the end of the year	**2.784.254**	**2.495.107**	**2.768.679**	**2.454.584**

The accompanying notes are an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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) FINTECH, (ii) GAMING, (iii) SE and (iv) CYBER SECURITY OPERATIONS, as well as in the provision of advanced information technology services in both the Greek and international markets.

The number of employees for the Group and the Company on December 31, 2018, amounted to 204 and 201 respectively. On December 31, 2017, the respective number of employees was 178 for both the Group and the Company.

Information on the Subsidiaries:

e) «Neurosoft Cyprus Ltd.», headquartered in Cyprus, in which the Company holds a stake of 100% of its capital,

f) «Neurosoft Romania Srl.» headquartered in Romania, in which the Company holds a stake of 95% indirectly through its subsidiary Neurosoft Cyprus Ltd,

g) «Neurosoft Cyber and Analytics Ltd », headquartered in United Kingdom, in which the Company holds a stake of 100% of its capital.

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 and the assumption of business continuity.

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).

The management of the Group and the Company continuously assesses the likely impact of any changes in the macroeconomic and financial environment in Greece in order to ensure that all necessary actions and measures are taken to minimize any impact on the Company's activities. Management is not in a position to accurately predict possible developments in the Greek economy, but based on its assessment, it has concluded that no additional impairment provisions for financial and non-financial assets are required at 31 December 2018.

(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, 2017, except for the adoption of new standards and interpretations applicable for fiscal periods beginning on January 1, 2018. (See Note 3)

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

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model that was applied under IAS 39. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model in IAS 39. The Group is currently investigating the impact of IFRS 9 and IFRS 7 on its financial statements, the effect from applying the standard to the Group is described in note 14.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity recognizes 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.

IFRS 4 (Amendments) "Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts"

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

IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions"

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

IAS 40 (Amendments) "Transfers of Investment Property"

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

IFRIC 22 "Foreign currency transactions and advance consideration"

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

Annual Improvements to IFRS 2014 (2014 – 2016 Cycle)

IAS 28 "Investments in associates and Joint ventures"

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

Standards and Interpretations effective for subsequent periods

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

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

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 recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is currently investigating the impact of IFRS 16 on its financial statements, the effect from applying the standard to the Company and the Group is considered non-substantial.

IFRS 17 "Insurance contracts" (effective for annual periods beginning on or after 1 January 2021)

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

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

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

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

The interpretation explains how to recognize, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation has not yet been endorsed by the EU.

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

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

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

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

IFRS 3 "Business combinations"

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

IFRS 11 "Joint arrangements"

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

IAS 12 "Income taxes"

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

IAS 23 "Borrowing costs"

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

(d) Approval of Financial Statements:

The Board of Directors of Neurosoft S.A. approved the separate and consolidated financial statements for the period ended December 31, 2018, on April 4, 2019. The above-mentioned financial statements are subject to the final approval of the General Meeting of the Shareholders.

(e) Financial Statements:

The Company and its subsidiaries keep their books in accordance with the Greek Commercial Law and the applicable tax legislation. Consequently, the above annual financial statements are based on the financial statements prepared by the companies in accordance with the applicable tax legislation, on which all appropriate off-balance sheet entries have been executed in order to comply with IFRS.

(f) Uses of Estimations

The preparation of financial statements in accordance with IFRS requires the management to make estimates and assumptions that affect the balances of assets, liabilities and income statement and the disclosure of contingent assets and liabilities at the date of preparation of the financial statements. However, actual results may differ from these estimates. Sectors requiring a higher degree of judgment as well as areas where assumptions and estimates are material to the financial statements are disclosed in paragraph (g).

(g) Significant Accounting Judgements and Estimates:

The Group and the company make 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 and legal cases: Management periodically reassess the adequacy of allowance for doubtful accounts receivable following an expected credit losses (‘ECLs’) approach. The expected loss rate is assessed on the basis of historical credit losses adjusted to reflect current and forward-looking information. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Company expects to receive policy and taking into consideration reports from its legal department. For the allowance of legal cases management assesses the probability of negative outcome, as well as possible payment amounts for their settlement.

(ii) Provision for income taxes: The income tax provision based on IAS 12 is calculated by estimating the taxes to be paid to the tax authorities and includes the current income tax for each fiscal year, the provision for additional taxes that may arise from future tax audits and recognition of future tax benefits Note 9). The final settlement of income taxes may deviate from the relevant amounts entered in the financial statements.

(iii) Useful life - 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.

(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 (Note 9).

(vii) Provision for staff compensation: The cost of personnel compensation is determined based on actuarial estimates. Actuarial assumptions require the management to make assumptions about future salary increases, discount rates, mortality rates, etc. Management at each reporting date where the relevant provision is reviewed gives the best possible estimate of the above-mentioned parameters.

3. PRINCIPAL ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of the accompanying financial statements are as follows:

(a) Basis of consolidation: 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 acquisition. For each business combination, the Group measures the non-controlling interest in the acquisition either at fair value or at the proportionate share of the acquirer'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 acquisition. If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquisition is premeasured 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 IFRS 9, 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 acquire 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) Functional currency and presentation currency: The company's financial statements are valued using the currency of the economic environment in which the company operates (functional currency). The financial statements are presented in Euro, which is the functional currency of the company.

(c) Transactions and balances: Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the translation of monetary items denominated in a foreign currency during the year and at the balance sheet date with the prevailing exchange rates are recognized in the income statement. Foreign exchange differences from non-monetary items measured at fair value are treated as part of the fair value and are therefore recorded wherever the fair value differences.

(d) Property, Plant and Equipment: Property, plant and equipment are presented in the financial statements at their acquisition cost. These values are depreciated: (a) accrued depreciation and (b) depreciation of fixed assets.

The initial cost of property, plant or equipment consists of the purchase price including import duties and non-refundable purchase taxes and any costs necessary to make the asset operational and ready for its intended use.

Subsequent expenditure incurred in respect of tangible fixed assets is capitalized only when it increases the future economic benefits expected to result from the exploitation of the affected assets. All other costs of repairs, maintenance, etc. of the fixed assets are recorded in the expenses of the year in which they are incurred.

Upon the withdrawal or disposal of an asset, the cost and accumulated depreciation are written off from the corresponding accounts at the time of withdrawal or sale and the related gains or losses are recognized in the income statement.

Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful life of the fixed assets. Terrain land is not depreciated. The estimated useful life, by category of fixed assets, is as follows:

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

The residual values and useful lives of tangible assets are subject to review in each annual balance sheet. When the carrying values of tangible assets exceed their recoverable amount, the differences (impairment) are recognized as expenses in the income statement.

(e) 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.

(f) 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

(g) 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.

(h) Impairment of Assets: Tangible Assets and other Non-current Assets are reviewed for possible impairment loss whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, its corresponding impairment loss is recognized in the income statement. The recoverable amount of an asset is the largest amount between the estimated net selling price and its value in use. Net selling price is considered as the possible income from the sale of an asset in an arm's length transaction in which the parties have full knowledge and act voluntarily, after deducting any additional direct cost of disposal of the asset.

Value of use is the present value of the estimated future cash flows expected to be realized by the continuing use of an asset and its disposal at the end of its estimated useful life. If it is not possible to estimate the recoverable amount of an asset for which there is an indication of impairment, then the recoverable amount of the cash-generating unit to which the asset belongs is determined.

Reversal of an impairment loss on the value of assets recognized in prior years is made only when there is sufficient evidence that the impairment is no longer or has decreased. In such cases the above reversal is recognized as income.

(i) Financial Instruments: Initial recognition and subsequent measurement

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

i) Financial assets

Initial recognition and measurement

Financial assets of the Group are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the 'solely payments of principal and interest' test and is performed at an instrument level.

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Derecognition of financial asset

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

- The rights to receive cash flows from the asset have expired

  Or

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

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

- transfers the contractual rights to receive the cash flows of the financial asset

  Or

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

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

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

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

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

Impairment of financial assets

The Group recognise an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Group apply a simplified approach in calculating expected credit losses Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group considered the risk of default, the days past due and the historical credit losses experienced adjusted to reflect current and forward-looking information per debtor to measure the expected credit losses for each individual trade and other receivable balance.

At each reporting date, the Group assess whether the credit risk of a financial asset has increased significantly from the initial recognition. The Group consider a financial asset in default when contractual payments past due over the Company's credit policy. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, trade and other payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. Loans and borrowings are classified as current liabilities unless the Group and the Company has the right to defer settlement for at least twelve months from the date of financial position date.

Trade and other payables

Trade payables are obligations for goods or services that have been acquired in the ordinary course of business by suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade account payables subsequent to the initial recognition are measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(j) Provisions: Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each reporting date, and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, they are reversed. Provisions are used only for expenditures for which they were originally recognized. No provisions are recognized for future operating losses. Contingent assets and contingent liabilities are not recognized.

(j) 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.

(k) Trade and Other Accounts Receivables: Receivables from customers are initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate, net of impairment losses. Impairment losses (losses from bad debts) are recognized when there is objective evidence that the Company is not in a position to collect all amounts due under the contractual terms. The amount of the impairment loss is the difference between the carrying amount of the receivables and the present value of the estimated future cash flows discounted at the effective interest rate. The amount of the impairment loss is recognized as an expense in the income statement.

(l) 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.

(m) 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”.

(n) 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.

(o) Leases: Leases that actually convey to the Group all dangers and benefits relevant to the leased asset are classified as financial leases. Leased fixed assets are capitalized at the beginning of the lease at their fair value or at present value of total minimum finance lease payments, if the latter is lower. Financial lease payments are allocated between financial expenditure and financial liabilities reduction in order to achieve a fixed interest rate for the remaining liability balance. Financial expenditure is debited directly in the period financial results. Capitalized leased fixed assets are depreciated according to their expected useful life. When the lessor retains all risk and rewards of fixed asset, then these leases are classified as operational leases. Operational lease payments are recognized as expenditure in the Income Statement on a regular basis during the lease. Revenue from rental income arising, from operating leases, is accounted for on a straight-line basis over the lease terms.

(p) 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.

(q) 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 recognized for all taxable temporary differences:

- Except where the deferred income tax liability arises from goodwill amortization 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 utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, 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.

(r) 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).

(s) 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 recognized on a straight-line basis over the average period until the benefits under the plan become vested. Actuarial gains or losses are recognized 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.

(t) Segment Reporting: The Group's primary segment reporting is categorized 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) Fintech, (ii) Gaming, (iii) System Engineering and (iv) Cyber Security Operations.

Fintech (Former Factoring and Financials):

The Company entered the core factoring business in 2004 with dynaFactor, a client server product. The international and local market challenges in Factoring and Supply Chain finance lead to the development of Proxima+, a unique business and technological proposition which had all tools integrated and set new standards in the receivables finance space.

The modern technological trends and business needs shaped the Proxima+ Core, our third generation, powerful web-based end-to-end Sales Finance and SCF solution aligned with each country's legislation and local business requirements allowing secure interaction with clients and debtors through our Sales Finance collaboration platform, Tesla Radius.

The Company offers a) a holistic service including the infrastructure design by using the latest methods and techniques in IT Security carried out by certified engineers and b) an end to end solution for the Sales Finance industry, full supply chain finance and asset-based lending platform, with built in workflow, advanced data analytics, bringing the trust and power of blockchain and IoT to the receivables finance sector.

Gaming Analytics:

Neurosoft has extensive experience in the field of business intelligence and gaming analytics. For over 15 years we created products and delivered services to leading gaming operators assisting them to monitor and control their business operational risk.

Neurosoft's acquisition by OPAP has strengthen the relationship between the two companies and allowed a closer collaboration with Neurosoft's experienced software development team.

During Q2 2018, the Company decided to intensify their product portfolio offered to OPAP and to withdraw from the international markets. This strategic decision optimized the allocation of resources and increased their performance and competence

Systems Engineering (Former ICT):

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

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

Cyber Security Operations (Former MICT & CSS):

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

(u) 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.

(v) Share Capital: Common stocks are classified as capital. The increased external costs directly attributable to the issue of new shares are shown in the subtotal of the amount receivable. Upon the acquisition of treasury shares, the consideration paid, including the related expenses, is shown as a deduction from equity.

(w) IFRS 15 "Revenue from Contracts with Customers":

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

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

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

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

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

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

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

Step 2. Identify the performance obligations in the contract.

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

Step 3. Determine the transaction price.

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

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

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

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

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

A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer).

For a performance obligation satisfied over time, a company would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

Portfolio of contracts

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

Contract costs

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

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

Contract assets

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

Contract liabilities

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

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

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

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

Classification and measurement of financial assets and financial liabilities

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

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

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

• the business model within which the financial asset is held, i.e. whether the objective is to hold it in order to collect contractual cash flows or to collect contractual cash flows as well as sell financial assets and

• whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the 'SPPI criterion').

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

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

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

Impairment

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

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

a) receivables from customers – trade receivables,

b) contractual assets

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

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

Contract assets and trade receivables

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

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

Other financial assets

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

Hedging

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

• more items become eligible for participating in a hedging relationship either as hedging instrument or as hedged items,

• the requirement for hedge effectiveness tests to be within the range of 80%-125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,

• in case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria. It is noted that the new requirements for hedge accounting do not include those that relate to macro hedging, since they have not been finalized yet.

(y) Investment property: Investment property is acquired in order to benefit from the collection of rents and the increase in the commercial value of the property. Other proprietary real estates are used to serve the Company's activities as well as for administrative purposes.

Investment property is monitored as long-term investments and valued at their fair value, which is equal to their current value determined by independent recognized property valuers. Changes in the fair value of investment property are recognized in the income statement.

(z) State Insurance Schemes: The Group's staff is mainly covered by the State Private Insurance Agency (NSA), which provides pension and healthcare benefits. Every employee is required to contribute part of his monthly salary to the fund, while part of the total contribution is covered by the Group. At retirement, the pension fund is responsible for paying employees' retirement benefits. Consequently, the Group has no legal or constructive obligation to pay future benefits under this plan.

4. GROUP SEGMENT INFORMATION:

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

4.1 FINTECK

4.2 GAMING ANALYTICS

4.3 SYSTEM ENGINEERING

4.4 CYBER SECURITY OPERATIONS

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, 2018 and 2017 is analyzed as follows:

F.Y. 2018	Fintech	Gaming Analytics	System Engineering	Cyber Security Operations	Total
Sales	950.000	1.050.000	9.781.983	2.000.000	**13,781,983**
Cost of Revenue	560.500	704.550	8.412.505	1.661.634	**11,339,189**
EBITDA	220.000	31.500	303.435	250.500	**805,435**
Trade receivables	374.023	332.305	2.098.322	1.133.897	**3,938,547**
Other Receivables	28.799	41.418	293.459	80.000	**443,676**
Liabilities	266.000	315.000	3.659.497	763.401	**5,003,898**

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**

	Group		Company	
	2018	2017	2018	2017
Sale of merchandise	1,178,018	724,463	1,178,018	724,463
Services in Greece	11,996,561	8,709,399	11,862,861	8,656,005
Services abroad	230,375	259,713	230,375	259,713
Other	377,029	70,437	377,029	70,437
Total	**13,781,983**	**9,764,011**	**13,648,283**	**9,710,617**

5. PAYROLL COST:

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Wages and salaries	4.126.680	1.579.678	4.109.236	1.557.935
Social security costs	912.749	384.175	912.749	384.175
Staff retirement indemnities	48.424	108.714	48.424	108.714
Other staff costs	58.663	63.191	58.663	63.191
Total Payroll Cost (Note 8)	**5.146.516**	**2.135.758**	**5.129.072**	**2.114.015**

The number of employees for the Group and the Company on December 31, 2018, amounted to 204 and 201 respectively. On December 31, 2017, the respective number of employees was 178 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	
	2018	2017	2018	2017
Depreciation on buildings	46,122	43,639	46,122	43,639
Depreciation on equipment	12,610	6,012	12,610	6,012
Depreciation on transportation means	368	3,097	368	3,097
Depreciation on furniture and equipment	59,087	76,391	59,087	76,391
Depreciation on property, plant and equipment	**118,188**	**129,139**	**118,188**	**129,139**

Amortization on software and other intangible assets	1,303,524	866,638	1,303,524	792,955
Amorisation on intangible assets	**1,303,524**	**866,638**	**1,303,524**	**792,955**
Depreciation and amortization	**1,421,711**	**995,777**	**1,421,711**	**922,094**

7. FINANCIAL INCOME / (EXPENSES):

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Interest on long-term borrowings (Note20)	(28,861)	(23,171)	(26,351)	(21,900)
Interest on short-term borrowings (Note20)	(4,022)	-	(4,022)	-
Other financial costs	(21,337)	(36,033)	(18,990)	(34,426)
Total financial expenses	**(54,221)**	**(59,204)**	**(49,364)**	**(56,326)**
Interest earned on cash at banks and on time deposits (Note 16)	2,859	484	2,859	484
Total financial income	**2,859**	**484**	**2,859**	**484**
Total net financial income/(expenses)	**(51,362)**	**(58,720)**	**(46,505)**	**(55,842)**

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	
	2018	2017	2018	2017
Payroll and related costs (Note 5)	5,146,516	2,135,758	5,129,072	2,114,015
Third party fees and services	3,780,484	3,608,555	3,748,206	3,604,059
Taxes and duties	15,440	11,417	15,440	11,068
Sundry expenses	3,004,847	2,518,368	2,976,736	2,480,269
Provisions	38,849	24,750	38,849	24,750
Depreciation and amortisation (Note 6)	1,421,711	995,777	1,421,711	922,094
Other operating expenses	289,910	161,551	259,510	161,551
Cost of sales of inventory and consumables	930,111	831,207	930,111	831,207
Total expenses	**14,627,868**	**10,287,383**	**14,519,635**	**10,149,013**

The above expenses in the financial statements of the fiscal year 2018 and 2017 are presented as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Cost of sales	11,369,589	8,031,966	11,325,316	7,916,230

Selling and distribution expenses	1,204,015	815,407	1,161,571	811,921
Administrative expenses	2,054,264	1,440,010	2,032,749	1,420,862
Total expenses	**14,627,868**	**10,287,383**	**14,519,635**	**10,149,013**

9. INCOME TAXES:

According to the Greek tax law L.4334/GG A' 80/16.07.2015, the tax rate for the Societies Anonymes in Greece, is 29% (2017: 29%).

Based on the article 23 of L.4579/2018 starting from 2019, the corporate income tax rate in Greece will gradually decrease to 25% by 2022. The rate will decrease by 1% each year (i.e. 28% in 2019, 27% in 2020, 26% in 2021 and 25% in 2022 and thereafter).

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**	
	2018	**2017**	**2018**	**2017**
Current income taxes	-	2,200	-	2,200
Prior years' taxes	-	-	-	-
Deferred income taxes	(357,416)	296,187	(357,416)	296,187
Total income taxes (credit) / debit reflected in the statement of profit and loss	**(357,416)**	**298,387**	**(357,416)**	**298,387**

	Group		**Company**	
	January 1 - December 31		**January 1 - December 31**	
	2018	**2017**	**2018**	**2017**
Deferred income taxes	1,258	64,211	1,258	64,211
Total income taxes (credit) / debit reflected in the statement of other comprehensive income	**1,258**	**64,211**	**1,258**	**64,211**

The reconciliation of income taxes reflected in statements 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	
	2018	2017	2018	2017
Profit before tax	**(667,637)**	**(478,167)**	**(751,618)**	**(400,414)**
Income tax calculated at the nominal applicable tax rate (25%)	193,615	138,668	217,969	116,120
Tax effect of non-tax-deductible expenses and non-taxable income	320,038	(437,055)	320,038	(414,507)
Recognition of deferred tax asset on prior years' tax losses	-	-	-	-
Effect of unrecognized deferred tax asset on tax losses carried forward	(311,351)	-	(311,351)	-
Tax effect of change in tax rates	155,114	-	155,114	-
Income tax reported in the consolidated statement of profit and loss	**357,416**	**(298,387)**	**357,416**	**(298,387)**

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 to 2017 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 2018 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 changes 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	
	2018	2017	2018	2017
Beginning balance	1,325,616	965,218	1,325,616	965,218
Income taxes through OCI	(1,258)	64,211	(1,258)	64,211
Income taxes [credit/(debit)]	357,416	296,187	357,416	296,187
Ending balance through profit and loss	**(969,458)**	**1,325,616**	**(969,458)**	**1,325,616**

The movement in deferred tax assets / (liabilities) during the year 2018 and the previous year 2017 is as follows:

Group / Company	January 1st, 2018	Debit/ (Credit)to P&L	December 31st, 2018
Deferred income tax asset:			

Provision for bad debts	15,365	7,593	22.958
Staff retirement indemnities	112,050	4,801	116.851
Intangible assets	(1,475,540)	360,206	(1.115.334)
Total	**(1,348,125)**	**372,601**	**(975.524)**
Deferred income tax liability:			
Other	86,720	(15.185)	71.535
Total	**86,720**	**(15.185)**	**71.535**
Net deferred income tax asset	**(1,261,405)**	**357.416**	**(903.989)**
Deferred tax recognized in other comprehensive income	(64,211)	(1.258)	(65.469)
Total	**(64,211)**	**(1.258)**	**(65.469)**
Net deferred income tax asset	**(1,325,616)**	**356.158**	**(969.458)**

Group / Company	**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
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)**

10. SUBSIDIARIES:

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

Company Name	Group			
	31/12/2018		31/12/2017	
	Book Value	**%**	**Book Value**	**%**
NEUROSOFT CYPRUS LTD	-	100%	-	100%
NEUROSOFT ROMANIA SRL	-	95%	-	95%
NEUROSOFT CYBER AND ANALYTICS	-	100%	-	100%
	-		**-**	

Company Name	Company			
	31/12/2018		31/12/2017	
	Book Value	**%**	**Book Value**	**%**
NEUROSOFT CYPRUS LTD	813,500	100%	813,500	100%
NEUROSOFT ROMANIA SRL	-	95%	-	95%
NEUROSOFT CYBER AND ANALYTICS	1	100%	1	100%
	813,501		**813,501**	

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, 2017	**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**
Additions	60,380	31,437	-	27,416	119,233
Disposals / Write-offs	-	172	-	2,316	2,488
On December 31, 2018	**470,220**	**77,925**	**3,218**	**888,705**	**1,440,068**
DEPRECIATION					
On January 1, 2017	**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**
Depreciation expense	46,122	12,610	368	59,087	118,188
Disposals / Write-offs	-	57	-	42	99
On December 31, 2018	**185,839**	**24,414**	**1,705**	**734,602**	**946,559**
NET BOOK VALUE					
On December 31, 2017	**330,503**	**66,064**	**1,881**	**213,148**	**494,852**
On December 31, 2018	**284,381**	**53,511**	**1,513**	**154,103**	**493,509**

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, 2018	Additions	Disposals / Write-offs	December 31, 2018
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	781.437	-	-	781.437
Tendz	538.805	-	-	538.805
Tesla	1.118.016	-	-	1.118.016
Ilicium	700.529	305.983	-	1.006.512
Angel	804.095	109.056	-	913.151
Blockchain and DLT	284.697	149.359	-	434.056
Proxima Suite	-	145.869	-	145.869
Software	273.280	68.839	-	342.119
	7.975.262	**779.106**	**1.762.528**	**6.991.839**

	DEPRECIATION			
	January 1, 2018	Additions	Disposals / Write-offs	December 31, 2018
Betscape	406.334	54.749	461.083	-
Alkemi	229.696	88.020	-	317.716
Client Development	901.020	-	901.020	-
Qualytor	75.304	25.101	100.405	-
Kestrel intangibles	259.486	-	259.486	-
CyberSec	71.181	23.727	-	94.908
Betbuzz	292.124	230.628	-	522.752
Bolt	51.487	156.287	-	207.774
Tendz	107.761	107.761	-	215.522
Tesla	111.359	223.603	-	334.962
Ilicium	-	140.106	-	140.106
Angel	-	160.819	-	160.819
Blockchain and DLT	-	56.939	-	56.939
Proxima Suite	-	-	-	-
Software	200.638	35.783		236.421
	2.706.390	**1.303.524**	**1.721.994**	**2.287.919**

	NET BOOK VALUE	
	December 31, 2017	December 31, 2018
Betscape	70.182	-
Alkemi	210.403	122.383
Client Development	-	-
Qualytor	50.202	-
Kestrel intangibles	-	-
CyberSec	47.454	23.727
Betbuzz	861.017	630.389
Bolt	729.950	573.663
Tendz	431.044	323.283
Tesla	1.006.657	783.054
Ilicium	700.529	866.406
Angel	804.095	752.332
Blockchain and DLT	284.697	377.117
Proxima Suite	-	145.869
Software	72.641	105.698
	5.268.872	4.703.920

13. INVENTORIES:

Inventories in the accompanying financial statements are analyzed as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Merchandise	807,595	559,020	807,595	559,020
Total	**807,595**	**559,020**	**807,595**	**559,020**

14. TRADE ACCOUNTS RECEIVABLE:

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Trade customers	3,807,976	3,240,909	3,774,725	3,197,159
Cheques and notes receivable	59,774	59,774	59,774	59,774
Doubtful customers	180,306	180,306	180,306	180,306
Less: Allowance for doubtful accounts receivable	(109,509)	(70,660)	(109,509)	(70,660)
Balance of trade and other receivables	**3,938,547**	**3,410,329**	**3,905,296**	**3,366,579**

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

For determining these losses, the following table of aging analysis and rates was used, developed by historical data and reasonable provisions for the future, according to which the additional expected credit loss in 01.01.2018 amounted to € 2,095 for Group and Company. The amount that came up as an additional expected credit loss as of 31.12.2017 was considered immaterial, so the accumulated amount for expected losses was recognized in current period profit and loss.

The accumulated expected credit loss for the period 01.01.2018 – 31.12.2018 amounted to € 38,849 for Group and for Company, which were recognized in current period's profit and loss.

Group / Company 31.12.2017	**0-6 months**	**6-12 months**	**1-2 years**	**over 2 years**	**Total**
Receivables	3,174,584	255,649	361,167	239,646	**4,031,046**
% of Loss	0.10%	0.30%	6.00%	30.00%	
	3,175	767	21,670	71,894	**97,505**
Provision 31/12/2017					**95,410**
					2,095

Group / Company 31.12.2018	**0-6 months**	**6-12 months**	**1-2 years**	**over 2 years**	**Total**
Receivables	3,597,090	225,351	353,156	362,654	**4,538,250**
% of Loss	0.10%	0.30%	6.00%	30.00%	
	3,597	676	21,189	108,796	**134,259**
Provision 31/12/2018					**95,410**
					38,849

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Beginning balance	**70,660**	**70,660**	**70,660**	**70,660**
Provision for the year	38,849	-	38,849	-
Used provision	-	-	-	-
Ending balance	**109,509**	**70,660**	**109,509**	**70,660**

15. PREPAYMENTS AND OTHER RECEIVABLES:

Prepayments and other receivable in the accompanying financial statements are analyzed as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Blocked deposits	2,259	2,259	2,259	2,259
Tax advances	-	46,526	-	27,887
Prepaid expenses	237,738	196,031	237,738	195,618
Advances to employees and contractors	6,848	7,277	6,848	7,277
Other debtors	196,831	266,000	131,855	265,230
Balance of trade and other receivables	**443,676**	**518,093**	**378,700**	**498,271**

16. CASH AND CASH EQUIVALENTS:

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

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Cash in hand	20,081	18,990	20,081	18,990
Cash at banks	2,764,173	2,476,115	2,748,598	2,435,591
Total	**2,784,254**	**2,495,105**	**2,768,679**	**2,454,582**

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, 2018, amounted to € 2,859 (December 31, 2017: € 484) 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 capitalization for the purpose of rounding the nominal value of the shares, part of the share premium account of the Absorbing Company, at the amount of € 0.14.

Therefore, the total amount of the (net) share capital increase of Neurosoft S.A. was € 204,607.90, and its total share capital amounted 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, was 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 amounted to €8,954,607.90, divided into 25,584,594 ordinary nominal (par value) shares with voting rights, 25,184,594 shares corresponded to the shareholders of Neurosoft S.A. and 400,000 shares to the shareholders of Kestrel S.A. (except for those of the Absorbing Company).

Following the above, the major shareholders of the Company's share capital as of December 31st, 2018, are analyzed as follows:

Shareholders	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 AIM MILAN	2,765,744	10.81%
OPAP CYPRUS LIMITED	1,154,315	4.51%
Nikolaos Vasilonikolidakis	666,840	2.61%
Mavroeidis Angelopoulos	327,353	1.28%
Paschalidis Epameinondas	322,120	1.26%
TOTAL	**25,584,594**	**100.00%**

Important Notes:

• It is noted that the above percentages have been extracted pursuant to the completion of all the merger procedures with Kestrel SA 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 were - the Company's executive directors during 2018. Mr. Paschalidis is also listed above as he is the present CEO and executive director of the Company.

18. RESERVES:

Other reserves are analysed as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Legal reserve	372,792	372,792	372,792	372,792
Special reserves	4,846	4,846	4,846	4,846
Total reserve	**377,638**	**377,638**	**377,638**	**377,638**

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

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

19. DIVIDENDS:

Dividends paid in 2018 related to fiscal year 2017: The Annual General Assembly of the Company which was held on June 20th , 2018 decided that the Company should not distribute any profits as dividends.

Dividends proposed for the fiscal year 2018: On April 4, 2019 the Board of Directors proposed not to distribute any dividends from the 2018-year profits. The final authorization is subject to approval by the Annual General Assembly.

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 and short-term borrowings for the years ended December 31, 2018 and 2017, amounted to € 32,883 and € 23,171 for the Group and € 30,373 and € 21,900 for 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 analyzed as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Domestic and foreign suppliers	1,350,458	1,013,431	1,361,740	1,001,903
Post-dated cheques payable	268,189	62,744	268,189	62,744
Total	**1,618,647**	**1,076,175**	**1,629,948**	**1,064,647**

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	
	2018	2017	2018	2017
Social security payable	275,215	260,424	275,215	260,424
Value added tax and withheld taxes	637.856	434,818	637.856	434,818
Accrued expenses	270.299	18,376	270.299	8,000
Other current liabilities	128,304	197,394	110,709	141,060
Total	**1,311,674**	**911,012**	**1,294,079**	**844,302**

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 of December 31st, 2018 and 2017 are:

Group / Company	December 31,	
	2018	2017
Present value of unfunded obligations	205,526	164,960
Net Liability in Balance Sheet	**205,526**	**164,960**
Components of net periodic pension cost		
Service cost	43,291	73,300
Interest cost	2,309	4,009
Cost (effect) of Settlements / Cuts / Special cases	4,592	-
Total charge to operations	**50,192**	**77,309**
Reconciliation of benefit obligation		
Present value of liability at start of period	164,960	296,945
Service cost	43,291	73,300
Interest cost	2,309	4,009
Cost (effect) of Settlements / Cuts / Special cases	4,592	-
Benefits paid during the current year	(5.133)	-
Actuarial gains/(loss)	(4,492)	(209,294)
Present value of liability at the end of year	**205,526**	**164,960**
Principal Assumptions:		
Discount Rate	1.40%	1.40%
Rate of compensation increase	2.00%	2.00%
Inflation rate	2.00%	2.00%

24. EARNINGS PER SHARE:

Basic loss/profit per share amounts are calculated by dividing net loss / gain 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 / gain 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, 2018 and 2017:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Net (loss) /income attributable to the shareholders of the parent	**(310,221)**	**(776,555)**	**(394,201)**	**(658,802)**
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)	**(0.0121)**	**(0.0304)**	**(0.0154)**	**(0.0273)**

25. RELATED PARTIES:

Related party transactions refer to purchases of goods and services from and services provided to 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 year 2018 (01.01.2018-31.12.2018) that have materially affected the financial position 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 that could have a material effect on the financial position or performance of the Company during 2018.

Note that the reference to the above transactions includes the following:

(a) the amount of such transactions for the year 2018 (01.01.2018-31.12.2018)

(b) the outstanding balance at the end of the year (31.12.2018)

(c) the nature of the related party's relationship with the Company and

(d) any information on transactions, which are necessary for understanding 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.
- "Opap Investment Ltd" headquartered in Cyprus, holding a 38.19% stake in Neurosoft

- "Opap International Ltd" headquartered in Cyprus, holding a 25.02% stake in Neurosoft
- "Opap Cyprus Ltd" headquartered in Cyprus, holding a 4.51% stake in Neurosoft

Intercompany sales and other revenue	**1.1-31.12.2018**	**1.1-31.12.2017**
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	-	-
Opap S.A.	8,736,871	-
Total	**8,736,871**	**-**

Intercompany purchases	**1.1-31.12.2018**	**1.1-31.12.2017**
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	93,500	20,000
Total	**93,500**	**20,000**

The balances of receivables and payables of the Company and its related parties are analyzed as follows:

Intercompany balances (receivables)	**31.12.2018**	**31.12.2017**
Neurosoft Romania Srl	-	352,450
Neurosoft Cyprus Ltd	213,527	166,000
Neurosoft Cyber and Analytics Ltd	2,506	151
OPAP S.A.	1,652,605	1,480,937
Total	**1,868,640**	**1.959,538**

Intercompany balances (payables)	**31.12.2018**	**31.12.2017**
Neurosoft Romania Srl	-	-
Neurosoft Cyprus Ltd	11,300	800
Total	**11,300**	**800**

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, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Salaries and fees for executive members of the BoD	285,840	133,242
Salaries and fees for Senior Managers	421,560	555,372
Total	**707,400**	**688,614**

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 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 programs and ensure the Bank's commitments to shareholders and regulators are fully met. Neurosoft currently has prepared a complete claim (under the Laws of England and Wales) against Barclays for unfair enrichment according which it has requested Barclays to come to a mediation and Barclays' answer is expected within the next two months. In case the answer is negative the company will consider the submission of the claim before the Courts of London.

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, 2018 and 2017, are as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Within one year	382,240	363,875	380,240	363,875
2-5 years	1,043,708	1,111,080	1,035,708	1,111,080
Over 5 years	187,940	274,410	182,940	274,410
Total	**1,613,888**	**1,749,365**	**1,598,888**	**1,749,365**

Guarantees: Letters of guarantee are issued by the Group and the Company to various beneficiaries and as at December 31, 2018 and 2017, are analysed as follows:

	Group		Company	
	January 1 - December 31		January 1 - December 31	
	2018	2017	2018	2017
Good execution of agreements	482,467	328,369	482,467	328,369
Participation in contests	34,760	-	34,760	-
Good operation	334,221	395,503	334,221	395,503
Total	**851,448**	**723,872**	**851,448**	**723,872**

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 reliability and ability. Due to the expansion of the Company's activities abroad, this risk becomes real especially with respect to foreign customers from other countries for which the effective control of credibility is not always easy. Therefore, the Company continuously develops and further evolves its internal risk management mechanisms to fully confront this risk. Consequently, this risk, although real in view of the general adverse economic environment, is currently assumed as controlled.

Foreign 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.

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 stable.

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 31,2018		December 31,2017	
	Interest Rate volatility	Effect on profit before tax	Interest Rate volatility	Effect on profit before tax
(Loss)/gain in Euro ~~(€)~~	1.0%	(8,992)	1.0%	(9,229)
	(1.0) %	8,992	(1.0) %	9,229

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 utilized 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, 2018 and 2017, respectively, based on contractual undiscounted payments.

Year ended December 31, 2018 (Group)	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	181,800	181,800	368,000	112,656	844,256
Trade and other payables	1,504,049	564,314	660,501	201,257	-	2,930,121
Total		**746,114**	**842,301**	**569,257**	**112,656**	**3,774,377**

Year ended December 31, 2018 (Company)	On demand	Less than 6 months	6 to 12 months	1 to 5 years	>5 years	Total
Borrowings	-	181,800	181,800	368,000	112,656	**844,256**
Trade and other payables	1,504,049	558,219	660,501	201,257	-	**2,924,026**
Total		**740,019**	**842,301**	**569,257**	**112,656**	**3,768,282**

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	1,445,102	428,234	37,371	76,480	-	**1,987,187**
Total	**1,445,102**	**482,241**	**91,362**	**508,380**	**215,960**	**2,743,065**

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**

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 on the basis of the gearing ratio

	Group		**Company**	
	January 1 - December 31		**January 1 - December 31**	
	2018	**2017**	**2018**	**2017**
Short-term borrowings	180,000	-	180,000	-
Long-term borrowings	664,256	755.878	664,256	755.878
Total Debt	**844,256**	**755.878**	**844,256**	**755.878**
Less: Cash and cash equivalents	(2,784,254)	(2,495,105)	(2,768,679)	(2,454,582)
Net Debt/(cash)	**(1,939,998)**	**(1.739.227)**	**(1,924,423)**	**(1.698.704)**
Equity	**8,266,513**	**8,572,959**	**9,188,181**	**9,578,607**
Total Capital Employed	**10,206,511**	**10,312,186**	**11,112,604**	**11,277,311**
Gearing Ratio	**-0,19**	**-0,17**	**-0,17**	**-0,15**

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, 2018.

Athens, April 4, 2019

Chairman of the BoD	Chief Executive Officer	Head Accountant
Nikolaos Vassilonikolidakis	Epameinondas Paschalidis	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.