



Board of Directors of Neurosoft S.A. approves 2017 Annual Financial Statements

- Consolidated Revenues amounted to €9,76 million in 2017 (€8,74 million in 2016)
- Gross Profit in 2017 amounted to €1,73 million (€4,13 million in 2016)
- EBITDA in 2017 amounted to €0,61 million (€3,47million in 2016)
- EBIT in 2017 amounted to € (0,38) million (€2,92 million in 2016)
- Net Profit in 2017 amounted to € (0,78) million (€1,92 million in 2016)
- Net Financial Position in 2017 amounted to €1,85 million (€2,25 million in 2016)

Iraklio, Attica, April 19th 2018 - The Board of Directors of **Neurosoft S.A.**, a fully integrated ICT Company with Software Development, System Integration and Information Technology Security Capabilities, met today and approved Neurosoft's Consolidated Annual Audited Financial Statements (including the results for its subsidiaries, Neurosoft Cyprus Ltd, Neurosoft Romania Srl and Neurosoft Cyber and Analytics Ltd) for the year ended 31st December 2017. Neurosoft, traded on Milan's AIM Italia market ([GRS802003004](#), [Reuters NRST.MI](#), [Bloomberg NRST:IM](#)), has Integrae SIM as its Nominated Adviser.

"2017 has been a very challenging year for us. During this year we achieved a 12% Revenue growth accompanied by operational improvements that strengthen our financial soundness. The continuous technological evolution and the new operational standards adopted by our current and prospect clients forced us to break from our "Business as Usual" comfort environment, think out of the box and design a strategy that will allow us to foster competitiveness. We carefully built an investment plan that will ensure a larger market penetration and an expansion of our footprint in new markets during the forthcoming years, without jeopardizing of course a positive EBITDA level for FY 2017." Stated Nikolaos Vasilonikolidakis, Chief Executive Officer of Neurosoft S.A

2017 Neurosoft Group Consolidated Performance

The FY 2017 ended with a remarkable 12% Revenue growth that safeguarded the Company market position.

During 2017, Neurosoft made the strategic business decision to significantly invest in research and development, premium infrastructure and sales & marketing activities.

Also, the lower, however positive, EBITDA of this year, reflects the additional costs occurred in order to pursue growth strategy, mainly represented by an increase of the following cost categories: personnel costs, expenses related to sales and marketing activities (participation in conferences branding and rebranding), software amortization and third-party fees to conduct surveys and obtain technological know-how as well as to adopt operational standards. Moreover, the manpower basis was enlarged by 57% (179 employees-2017).

The aim of these investments is to effectively serve future trade obligations, expand its activities, offer to its clientele niche IT services and develop innovative products.

During 2017, the Company maintained the robust cash and cash equivalent levels and managed to increase its Net Cash from Operating Activities to € 2.6M (€ 1.3M in 2016).

In addition, during the past year Neurosoft lowered the total debt levels from € 0.85 M (2016) to 0.75 M (2017) and successfully restructured the short term borrowing to long term.

The improved liquidity and the restructured debt levels ensure a healthy financial standing and solvency.

No dividends will be distributed for the year ended December 31, 2017.

Outlook per business segment

Each segment of the group represents a different business area of activity: (i) Fintech: Factoring and Supply Chain Finance, (ii) Gaming: Sports Betting & Gaming Analytics, (iii) Systems Engineering: ICT Infrastructure Products and (iv) Cyber Security: Managed ICT and Cyber Security Services.

(i) Factoring & Supply Chain Finance

Proxima+ & Tesla evolution: Being well established in the Greek Financial Market, our aim is to maintain and expand our position and therefore to keep up with the business trends and timely embed niche technologies. The rise of standards in Blockchain technology forced us to enter the area and to adopt these standards near the end of the 2017. Neurosoft forged an agreement with Oracle Blockchain Cloud to enter the Early Adopters program which meant backing of Oracle top Blockchain technologists. The intention is to fully integrate blockchain technology into Proxima+ platform within 2018. Our Supply Chain Finance solution was selected by Piraeus Bank and National Bank of Greece, the implementation started Q4 2017 and is expected to finish Q1 2018.

ii) Sports Betting & Gaming Analytics

BOLT & Trendz Product Development: Due to the technological migrations of OPAP, that took place during 2017, our efforts and manpower was mostly directed into the revamp of BOLT and its integration with the BGT on-line systems which is expected to go live in March 2018. Integrations with more core systems will follow.

iii) ICT Infrastructure Projects

Opap – Field Services: Neurosoft teams undertook the demanding VLT rollout project and successfully completed it. Client objectives were fulfilled while more than 10,000 VLTs were deployed and supported in 2017. The internal preparations (systems and processes) that started 2016Q4 resulted in high readiness standards and outstanding level of service. In parallel, an additional frame agreement covering field services (rollout and SLA) in the OPAP Shops was signed and executed with same success. Our aim is to capitalize on the experience gained and offer similar cost-effective services to other critical infrastructure projects (banking sector, post office etc).

iv) Managed ICT & Cyber Security Services

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

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

Auditors' opinion

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

It is specified that Neurosoft Separate and Consolidated Annual Financial Reports (including the results for its subsidiaries, Neurosoft Cyprus Ltd and Neurosoft Romania S.r.l.) of Neurosoft S.A. at 31st December 2017 will be available to the public in compliance with the terms and conditions required by the law, on the company's website www.neurosoft.gr.

Neurosoft S.A., a Greek company listed on the AIM Italia market , organized and managed by the Italian Stock Exchange ([ISIN GRS802003004](#), [Reuters NRST:MI](#), [Bloomberg NRST:IM](#)), was founded in 1994 as a local, in-house, software development company. Since then it has evolved into a fully integrated ICT company combining Software Development and System Integration and Information Technology Security capabilities. The Company is listed in AIM Milan since 2009. The staff headcount exceeds 180 highly skilled employees with in-depth experience in their field. The company is located in Athens and has subsidiaries/Rep Offices in Cyprus, UK and Dubai.

Neurosoft business activities include:

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

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

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

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

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

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

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

The accompanying notes are an integral part of the Financial Statements

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

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

Company	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Total Equity as at 1 Jan 2016	8.954.608	600.000	208.391	(1.641.474)	8.121.525
Total operating income after tax	-	-	169.247	1.829.430	1.998.677
Total Equity as at 31 Dec 2016	8.954.608	600.000	377.638	187.956	10.120.202
Total Equity as at 1 Jan 2017	8.954.608	600.000	377.638	187.956	10.120.202
Other comprehensive income after income tax	-	-	-	157.207	157.207
Total operating income / (expense) after tax	-	-	-	(698.802)	(698.802)
Total Equity as at 31 Dec 2017	8.954.608	600.000	377.638	(353.639)	9.578.607
The accompanying notes are an integral part of the Financial Statements					

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

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

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