

# accounts

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# **REPORT AND ACCOUNTS - 1<sup>ST</sup> HALF 2017**

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## Consolidated Results 6M17

### Privileged Information

July 27, 2017

### Highlights:

**Turnover: 72.4 M€**  
(64.1 M€ in 6M16)

**EBITDA: 5.4 M€**  
(4.1 M€ in 6M16)

**Net Profit: 3.9 M€**  
(2.8 M€ in 6M16)

**Net Cash: 59.2 M€**  
(25.7 M€ in 12M16)

## Message from the Chairman and CEO Luís Salvado



"The results from the first half of the year bear out the success of our internationalization strategy, and are in line with the goals laid out for the year.

60% of our business is now done outside of Portugal. International Turnover was up 15%, with Europe accounting for around two thirds of non-domestic business.

EBITDA and Net Profit were up 33% and 41%, respectively.

Cash also saw extremely positive progress, generating 33 M€ in the past six months, benefiting from proceeds from the sale of the Infrastructures & Managed Services business. In the past 12 months, 51 M€ of Cash was generated.

The first half of the year was also marked by Novabase's return to the PSI20, the Euronext Lisbon's main index. This re-entry strengthens our stock's visibility and liquidity. During the same time period, Novabase almost quadrupled its transaction volume over the previous year, with its stock price up 29%.

Through the end of the year, we will keep our strategic focuses, namely reinforced investments in R&D and more selectivity in the offerings with which we work. Despite ongoing uncertainties in the markets where we do business, we remain confident in the targets laid out for 2017."

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Report available on website :  
[www.novabase.pt](http://www.novabase.pt)

Novabase SGPS, S.A.  
Public Company, Euronext code: NBA.AM  
Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182 . Share Capital: 15,700,697.00 € .  
Head Office: Av. D. João II, 34, 1998-031 Lisbon - PORTUGAL

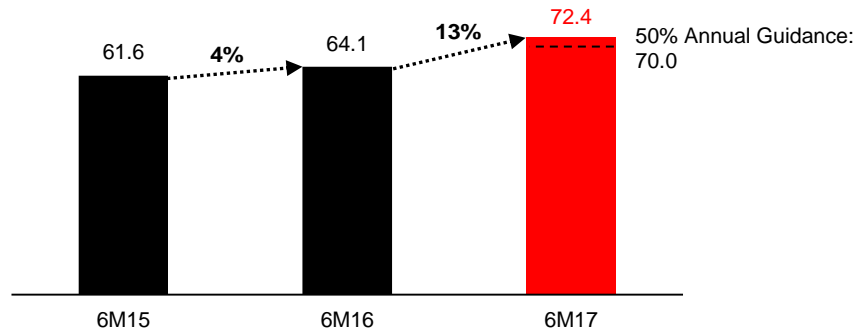


## 1. Key Indicators Evolution

Turnover and EBITDA comparatives were restated, and do not include the Infrastructures & Managed Services business, discontinued in 4Q16.

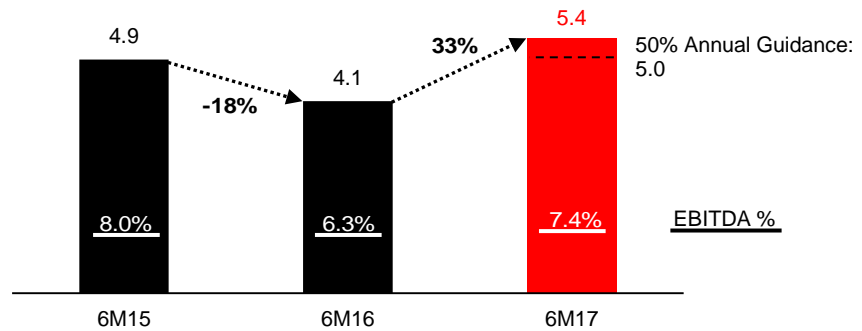
### Turnover (M€)

Turnover shows a 13% rise YoY, and is above the annual Guidance (+3%). Highlights include the international growth (15%), in line with the strategic focus.

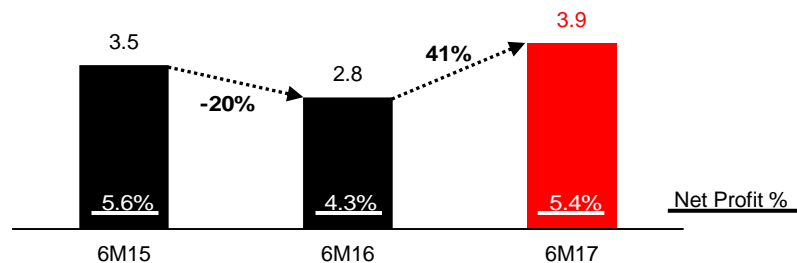


### EBITDA (M€)

EBITDA above the annual Guidance (+7%), and registering a 33% growth, YoY.



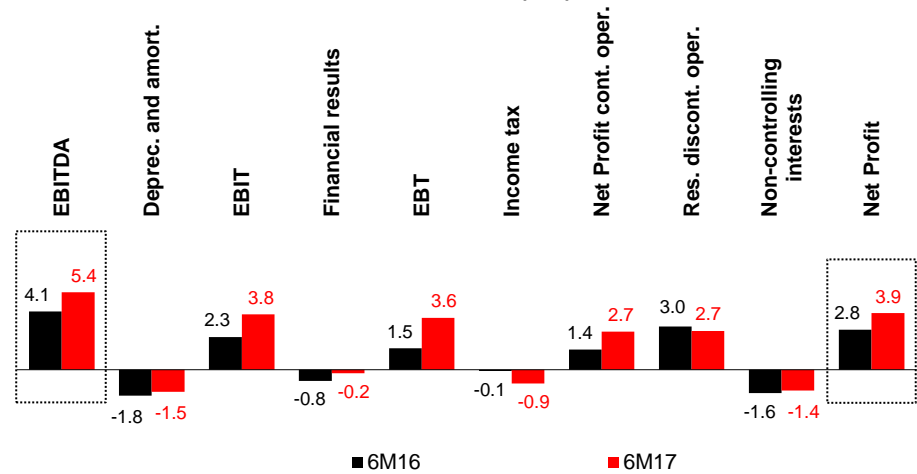
### Net Profit (M€)



Earnings per share (EPS) in 6M17 reached 0.13 euros per share, registering an increase of 43% towards the EPS from the previous year of 0.09 euros per share.



### From EBITDA to Net Profit 6M17 Vs 6M16 (M€)

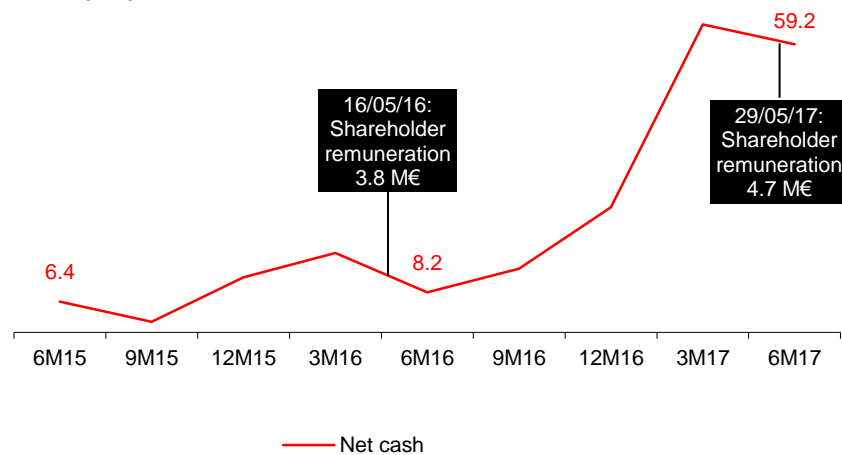


The Financial Results were negative in 0.2 M€, an increase of 0.6 M€, fundamentally due to the increase in the short term bank deposits and held-to-maturity gains compared to the same period of last year.

Results from discontinued operations in 6M17 reached a 2.7 M€ profit (3.0 M€ in 6M16) and correspond to the results attributable to IMS segment. In 6M17, this figure corresponds fully to the adjustment on the gain generated by the sale of the business, resulting from the final calculation of working capital and net debt, as established in the purchase and sale agreement.

### Net Cash (M€)

Increase of 33.5 M€ in the cash position, in the first half of 2017.



In the 6M17, Novabase shows a positive evolution in cash generation. Novabase ended the 6M17 with 59.2 M€ in net cash, which compares to 25.7 M€ in the 12M16.

This evolution mainly reflects the cash inflow from IMS Business disposal, in the amount of 41.1 M€. Additionally, on May 29, 2017, Novabase paid its shareholders a total amount of 4.7 M€ (0.15 €/share).



## 2. Short Summary of the Activity

The first half results are aligned with the expectations laid out for the year, and confirm the sale of the Infrastructures & Managed Services (IMS) business as a crucial step in the repositioning that Novabase has been doing to focus and strengthen its internationalization strategy.

International business shows a 15% rise. Europe maintains its leadership as the major market.

In the new perimeter, Turnover increased by 13%, and the weight of international business grew to 60% of the total. Operations in Europe expanded 13% YoY, and accounts for approximately 2/3 of non-domestic activity. Likewise, an improvement of operating competitiveness was verified, with EBITDA margin rising 33% up to 5.4 M€ and Net Profit reaching 3.9 M€.

Towards the Guidance, the six months of 2017 results stood above both in Turnover (+3%) and EBITDA (+7% in absolute terms and +0.3% in percentage points).

The table below contains the Infrastructures & Managed Services area Turnover and EBITDA in 6M15 and 6M16, which were disregarded from the comparatives to show continuing operations separately from discontinued operations, following the IMS Business sale:

IMS	6M15	6M16
Turnover (M€)	51.270	41.566
International Turnover (M€)	16.668	10.876
EBITDA (M€)	2.761	3.100

World reference events reflect Novabase's focus on innovation and provide excellent showcases for the dissemination of its offerings.

In the first year-half, highlights include that Novabase was once again the platinum sponsor of the Receivables Finance International 2017 (RFI) conference, held in London. The RFI conferences are the main event in the area of factoring, gathering banks, financial institutions, companies and specialists for an in-depth discussion on the financial industry's future.

Also, Celfocus was in attendance at the Mobile World Congress, considered the telecommunications sector's most important trade show on a worldwide scale, with its Celfocus Omnichannel solution.

In the Venture Capital area, Collab has been awarded the Gold Award in Global Technology by Associação Portuguesa de Contact Centers (Portuguese Association of Contract Centres). The award was announced at the 13th International Conference of the association, an event that brings together the Portuguese contact centre industry.



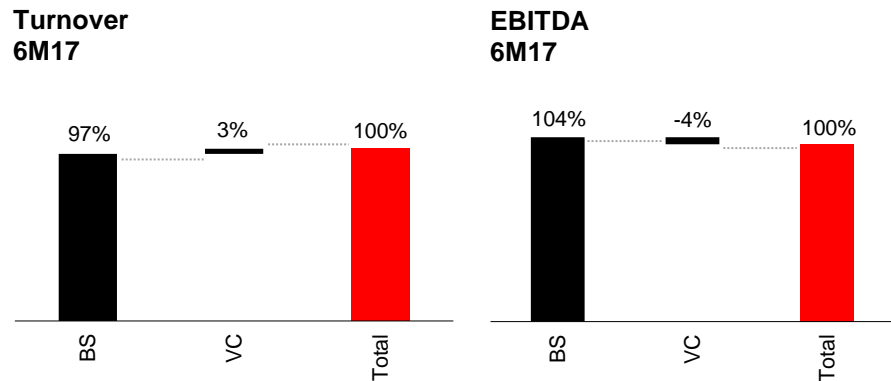
With regard to new partnerships, Novabase has signed a protocol with Instituto Superior Técnico (IST) to join its network of strategic partners. This agreement will allow Novabase to support the transfer of knowledge and innovation, resulting from the research activity of the University to the Industry and vice versa, and fall under Novabase's strategy to specialise its offerings and make them more suitable for the most sophisticated markets.

Highlights also include the re-entry of Novabase to the main index of the Lisbon stock exchange. The return to PSI20 increases the visibility of Novabase and may lead to an increase of the liquidity of its stock, which recorded a 29% appreciation during the first six months.





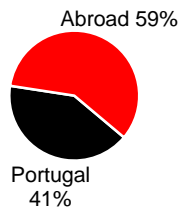
The percentage breakdown of Turnover and EBITDA by the different businesses, in the 6M17, is as follows:



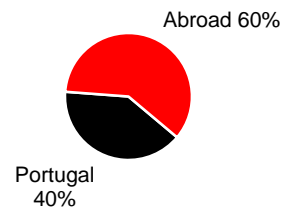
From the total Turnover, 43.4 M€ were generated outside Portugal, which compares to 37.6 M€ registered in 6M16.

This growth confirms the repositioning that Novabase has been operating in recent years to consolidate its internationalization, evolving from a geographic leadership with a broad offer to a strategy of specialised offers to the global market.

**Turnover by geography 6M16**



**Turnover by geography 6M17**



Europe was the continent with greater expression in 6M17, accounting for 64% of international business.

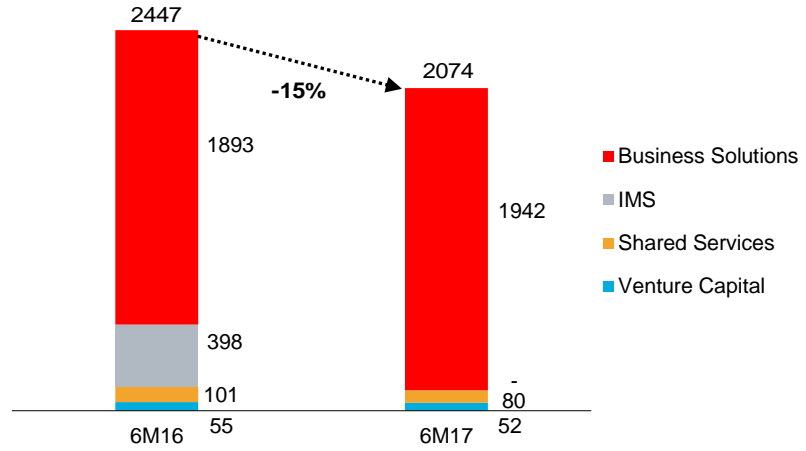
Business outside Portugal generated in the Business Solutions area remained in 60% of the respective Turnover (60% in 6M16) and in the Venture Capital area increased to 62% (34% in 6M16).

Novabase had 2074 employees on average in the 6M17, a decrease of 15% compared to the 6M16 (2447), reflecting the exit of the IMS Business companies employees, sold at the end of 2016.

Average number of employee's breakdown by business area, during 6M17, was as follows:



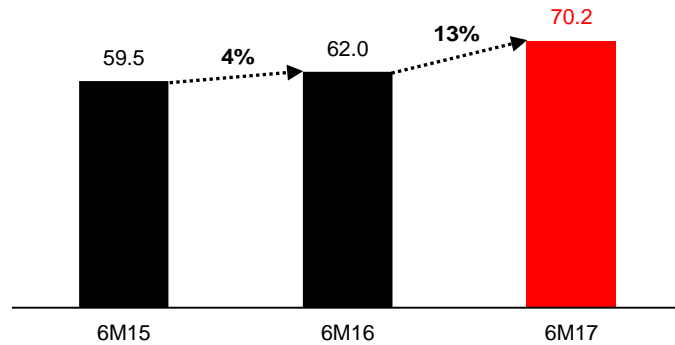
### Average Number of Employees



Worthy of note is that international employees represent 10% of the total number in 6M17 (216), and the recruitment of 95 new university graduates through Novabase Academy program.

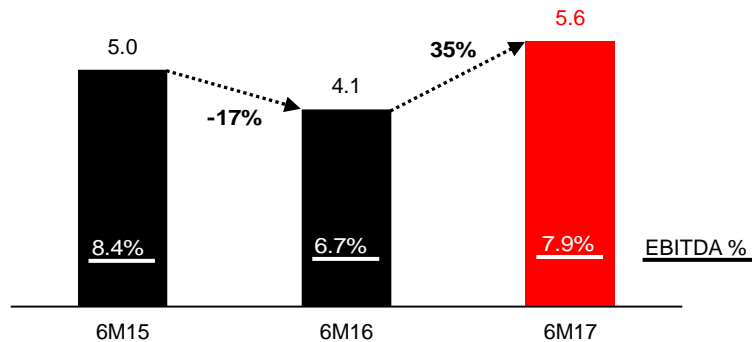
### 2.1. Business Solutions (BS)

#### Turnover Business Solutions (M€)



BS evolution reflects top-line growth, both internationally (+14%) and in the domestic market (+12%), and a positive performance of the businesses.

#### EBITDA Business Solutions (M€)





## 2.2. Infrastructures & Managed Services (IMS)

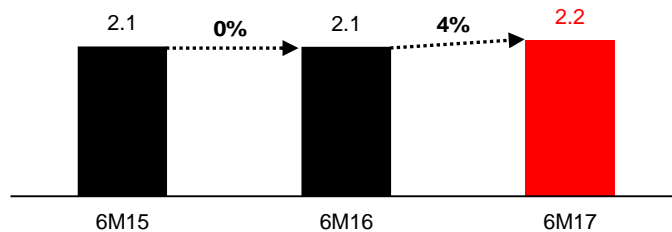
As at October 12, 2016, Novabase has entered into a purchase and sale agreement with VINCI Energies Portugal, SGPS, S.A., to sell its Infrastructures & Managed Services business (“IMS Business”), by the agreed price of 38.365 million euros, which was substantially completed by the end of the year, therefore a gain amounting to 17.6 M€ was recorded in 2016 accounts.

In the first half of 2017, the final calculation of working capital and net debt as established in the purchase and sale agreement took place, and the final price was revised to 41.061 million euros, resulting in an adjustment to the gain generated by the sale of the IMS business in the amount of 2.7 M€.

Final price calculation generated an additional gain of 2.7 M€.

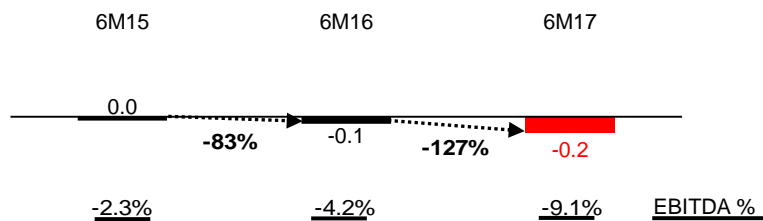
## 2.3. Venture Capital (VC)

### Turnover Venture Capital (M€)



VC area with limited significance, typical of the development stage of its investments.

### EBITDA Venture Capital (M€)





### 3. Stock Performance

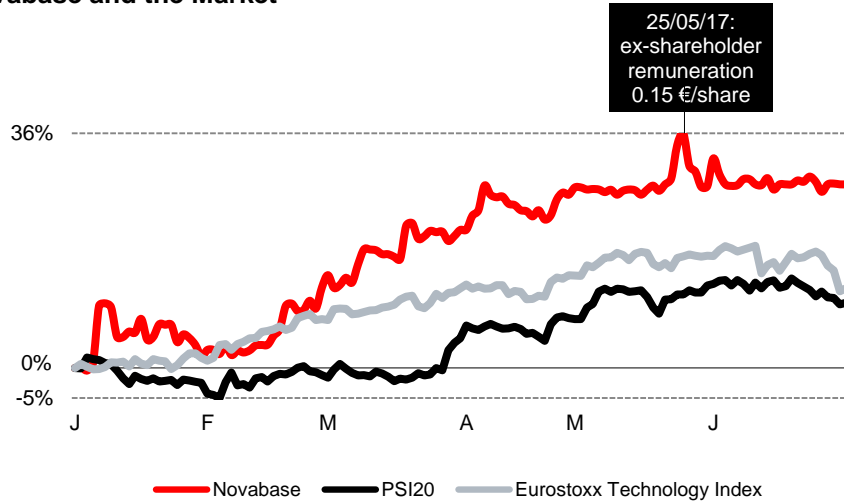
Excluding the shareholder remuneration, the appreciation of Novabase share price would have been 34%.

Novabase share price in 6M17 gained 29%, comparing to a 10% gain in the PSI20 Index and a 12% gain in the EuroStoxx Technology Index.

In this period, a dividend of 0.15 €/share was distributed.

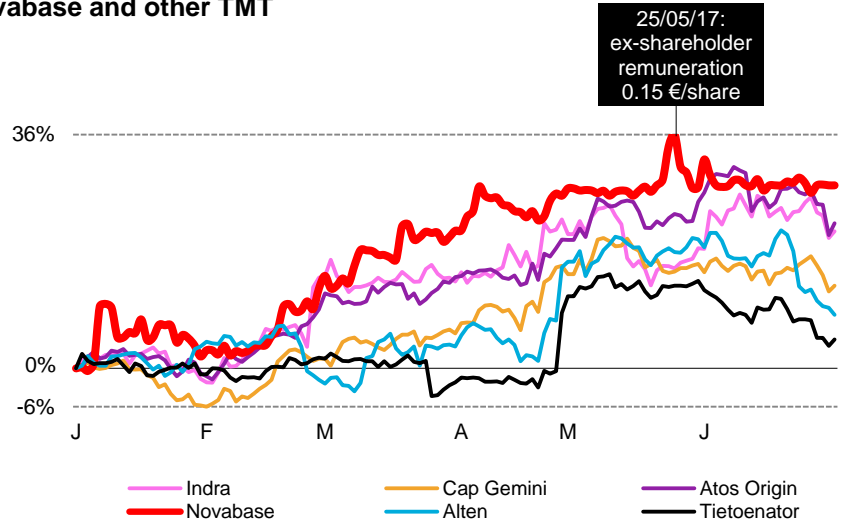
Also to be noted the re-entry of Novabase to the main index of the Lisbon stock exchange, the PSI20, as of March, 20.

#### Novabase and the Market



The evolution of Novabase share prices compared to other companies in the IT sector in Europe, in 6M17, was as follows:

#### Novabase and other TMT



In the end of the first half of 2017, Novabase presented a Price to Sales multiple of 0.74x, which represents a discount of 33% compared to the average of other companies in the sector in Europe (source: Reuters, ttm values at 30/06).

9% is the average upside according to the analysts who cover Novabase.

The average price target disclosed by the analysts who cover Novabase is 3.48 euros.



Rotation in 6M17 represented 14% of the capital and 4.3 million shares were traded, about four times higher than the values recorded in 6M16 (rotation of 3% of the capital and 1.1 million shares traded).

Summary	1H15	2H15	1H16	2H16	1H17
Minimum price (€)	2.170	2.070	1.879	1.910	2.480
Maximum price (€)	2.619	2.535	2.150	2.490	3.397
Volume weighted average price (€)	2.389	2.242	2.026	2.220	2.962
Closing price at the end of the period (€)	2.500	2.114	1.980	2.490	3.200
Nr. of shares traded	4,192,659	1,531,699	1,092,537	1,736,117	4,287,838
Market cap in the last day (M€)	78.5	66.4	62.2	78.2	100.5

## 4. Outlook 2017

These half-year results are in line with the strategic objectives set for the year.

The international activity accounts for 60% of the total business, and Europe consolidates its position as the major market, representing 64% of total. In this period, EBITDA margin was 7.4% and Net Profit reached 5.4%.

Novabase maintains confidence in the goals set for 2017:

- Turnover of 140 M€, more than 60% of which generated abroad
- EBITDA exceeding 10 M€

We reaffirm the priority of sustainable international growth, with focus on the differentiation of our offerings for the most sophisticated markets.



## Alternative Performance Measures (APMs)

In compliance with ESMA/2015/141en issued by European Securities and Markets Authority.

APMs used by Novabase are intended to provide additional information, more comprehensive and relevant to users, regarding the position and financial performance of the company. These APMs are applied consistently in all periods reflected in this release.

### Net Cash

Net Cash provides information on the level of cash and other bank deposits and marketable securities, after discounting the debts to financial institutions, assisting in the analysis of the company's liquidity and ability to meet its non-bank commitments.

The caption "Cash and cash equivalents" is simultaneously the item of the consolidated statement of financial position more directly reconcilable and more relevant to this APM.

The detail and breakdown of Net Cash, as well as the reconciliation in 6M17 and prior periods, is analysed as follows:

	6M15	6M16	6M17
Cash and cash equivalents	19,588	18,572	67,109
Held-to-maturity investments - Non-current	4,409	6,337	866
Held-to-maturity investments - Current	-	4,492	6,298
Treasury shares held by the Company (*)	30	17	1,205
Bank borrowings - Non-current	(12,790)	(16,277)	(11,532)
Bank borrowings - Current	(4,883)	(4,915)	(4,745)
<b>Net Cash</b>	<b>6,354</b>	<b>8,226</b>	<b>59,201</b>

(\*) Is determined by multiplying the number of treasury shares held by the Company at the end of the period by the share price on the last tradable day:

	6M15	6M16	6M17
Treasury shares held by the Company (thousands)	11.957	8.615	376.611
Closing price on the last tradable day (€)	2.500	1.980	3.200
Treasury shares held by the Company (EUR thousand)	30	17	1,205

This APM and all its components contain no estimates or judgments made by Management.

### EBITDA

EBITDA provides information on the company's ability to generate resources through its operations, without taking into account the financial effects, taxes and other non-operational items, assisting in the analysis of the business performance.

Operating profit (EBIT) is simultaneously the item of the consolidated income statement more directly reconcilable and more relevant to this APM. Given that EBITDA is directly identifiable from the referred financial statement, no reconciliation is presented here.

The detail and breakdown of EBITDA is analysed as follows:

EBIT - Depreciation and amortization - Restructuring costs

This APM includes a component that may require the use of estimates and judgments made by Management on future results ("Restructuring costs": costs related to specific processes implemented with the aim to improve the competitiveness of the operations). For the periods presented in this release, this item is null.

APMs used by Novabase are Net Cash and EBITDA.


**Consolidated Statement of Financial Position  
as at 30 June 2017**

	30.06.17	31.12.16
	(Thousands of Euros)	
<b>ASSETS</b>		
Tangible assets	8,914	8,899
Intangible assets	17,613	18,104
Financial investments	4,800	4,928
Held-to-maturity investments	866	4,859
Deferred income tax assets	9,256	9,545
Other non-current assets	5,132	5,132
Total Non-Current Assets	<u>46,581</u>	<u>51,467</u>
Inventories	65	486
Trade debtors and accrued income	53,680	64,120
Other debtors and prepaid expenses	10,338	48,953
Derivative financial instruments	68	19
Held-to-maturity investments	6,298	4,441
Cash and cash equivalents	67,109	35,703
Total Current Assets	<u>137,558</u>	<u>153,722</u>
Assets for continuing operations	<u>184,139</u>	<u>205,189</u>
Assets for discontinued operations	-	-
Total Assets	<u><b>184,139</b></u>	<u><b>205,189</b></u>
<b>EQUITY</b>		
Share capital	15,701	15,701
Treasury shares	(188)	(4)
Share premium	43,560	43,560
Reserves and retained earnings	19,546	16,071
Net profit	3,924	9,577
Total Shareholders' Equity	<u>82,543</u>	<u>84,905</u>
Non-controlling interests	8,868	8,151
Total Equity	<u>91,411</u>	<u>93,056</u>
<b>LIABILITIES</b>		
Bank borrowings	11,532	13,907
Finance lease liabilities	5,385	4,990
Provisions	6,876	9,109
Other non-current liabilities	-	-
Total Non-Current Liabilities	<u>23,793</u>	<u>28,006</u>
Bank borrowings	4,745	5,376
Finance lease liabilities	1,531	1,540
Trade payables	5,366	7,242
Other creditors and accruals	32,875	40,178
Derivative financial instruments	1	82
Deferred income	22,417	27,709
Total Current Liabilities	<u>66,935</u>	<u>82,127</u>
Total Liabilities for cont. operations	<u>90,728</u>	<u>110,133</u>
Total Liabilities for discount. operations	<u>2,000</u>	<u>2,000</u>
Total Liabilities	<u>92,728</u>	<u>112,133</u>
Total Equity and Liabilities	<u><b>184,139</b></u>	<u><b>205,189</b></u>
Net Cash	59,201	25,741

**Consolidated Income Statement  
for the period of 6 months ended 30 June 2017**

	30.06.17	30.06.16 *	Var. %
	(Thousands of Euros)		
<b>CONTINUING OPERATIONS</b>			
Sale of goods	1,295	104	
Cost of goods sold	(661)	(69)	
<b>Gross margin</b>	<u><b>634</b></u>	<u><b>35</b></u>	<u><b>1711.4 %</b></u>
<i>Other income</i>			
Services rendered	71,073	63,992	
Supplementary income and subsidies	913	182	
Other operating income	354	378	
	<u><b>72,340</b></u>	<u><b>64,552</b></u>	
	<u><b>72,974</b></u>	<u><b>64,587</b></u>	
<i>Other expenses</i>			
External supplies and services	(30,472)	(21,723)	
Employee benefit expense	(43,453)	(38,674)	
Provisions reversal	6,794	201	
Other operating expenses	(470)	(336)	
	<u><b>(67,601)</b></u>	<u><b>(60,532)</b></u>	
<b>Gross Net Profit (EBITDA)</b>	<u><b>5,373</b></u>	<u><b>4,055</b></u>	<u><b>32.5 %</b></u>
Restructuring costs	-	-	
<b>Operating Gross Net Profit</b>	<u><b>5,373</b></u>	<u><b>4,055</b></u>	<u><b>32.5 %</b></u>
Depreciation and amortization	(1,533)	(1,786)	
<b>Operating Profit (EBIT)</b>	<u><b>3,840</b></u>	<u><b>2,269</b></u>	<u><b>69.2 %</b></u>
Financial results	(246)	(770)	
<b>Net Profit before taxes (EBT)</b>	<u><b>3,594</b></u>	<u><b>1,499</b></u>	<u><b>139.8 %</b></u>
Income tax expense	(938)	(92)	
<b>Net Profit from continuing operations</b>	<u><b>2,656</b></u>	<u><b>1,407</b></u>	<u><b>88.8 %</b></u>
<b>DISCONTINUED OPERATIONS</b>			
<b>Net Profit from discount. operations</b>	<u><b>2,696</b></u>	<u><b>2,992</b></u>	<u><b>-9.9 %</b></u>
Non-controlling interests	(1,428)	(1,623)	
<b>Attributable Net Profit</b>	<u><u><b>3,924</b></u></u>	<u><u><b>2,776</b></u></u>	<u><u><b>41.4 %</b></u></u>
<b>Other information:</b>			
Turnover	72,368	64,096	12.9 %
Gross margin from sales %	49.0 %	33.7 %	
EBITDA margin	7.4 %	6.3 %	
EBT % on Turnover	5.0 %	2.3 %	
Net profit % on Turnover	5.4 %	4.3 %	

\* Comparatives were restated to show continuing operations separately from discontinued operations (IMS Business).



**Consolidated Income Statement by SEGMENTS**  
**for the period of 6 months ended 30 June 2017**

(Thousands of Euros)

	<b>Business Solutions</b>	<b>IMS</b>	<b>Venture Capital</b>	<b>NOVABASE</b>
<b>CONTINUING OPERATIONS</b>				
Sale of goods	1,295	-	-	1,295
Cost of goods sold	(661)	-	-	(661)
<b>Gross margin</b>	<b>634</b>	<b>-</b>	<b>-</b>	<b>634</b>
<b>Other income</b>				
Services rendered	68,880	-	2,193	71,073
Supplementary income and subsidies	903	-	10	913
Other operating income	293	-	61	354
	<b>70,076</b>	<b>-</b>	<b>2,264</b>	<b>72,340</b>
	<b>70,710</b>	<b>-</b>	<b>2,264</b>	<b>72,974</b>
<b>Other expenses</b>				
External supplies and services	(29,301)	-	(1,171)	(30,472)
Employee benefit expense	(42,171)	-	(1,282)	(43,453)
(Provisions) / Provisions reversal	6,788	-	6	6,794
Other operating expenses	(453)	-	(17)	(470)
	<b>(65,137)</b>	<b>-</b>	<b>(2,464)</b>	<b>(67,601)</b>
<b>Gross Net Profit (EBITDA)</b>	<b>5,573</b>	<b>-</b>	<b>(200)</b>	<b>5,373</b>
Depreciation and amortization	(1,352)	-	(181)	(1,533)
<b>Operating Profit (EBIT)</b>	<b>4,221</b>	<b>-</b>	<b>(381)</b>	<b>3,840</b>
Financial results	(126)	-	(120)	(246)
<b>Net Profit / (Loss) before Taxes (EBT)</b>	<b>4,095</b>	<b>-</b>	<b>(501)</b>	<b>3,594</b>
Income tax expense	(676)	-	(262)	(938)
<b>Net Profit / (Loss) from cont. operations</b>	<b>3,419</b>	<b>-</b>	<b>(763)</b>	<b>2,656</b>
<b>DISCONTINUED OPERATIONS</b>				
<b>Net Profit from discontinued operations</b>	<b>-</b>	<b>2,696</b>	<b>-</b>	<b>2,696</b>
Non-controlling interests	(1,615)	-	187	(1,428)
<b>Attributable Net Profit / (Loss)</b>	<b>1,804</b>	<b>2,696</b>	<b>(576)</b>	<b>3,924</b>
Other information :				
Turnover	70,175	-	2,193	72,368
EBITDA	5,573	-	(200)	5,373
EBITDA % on Turnover	7.9%	-	-9.1%	7.4%
EBT % on Turnover	5.8%	-	-22.8%	5.0%



## Annex I - Management Report

### 30 June 2017



### Qualifying Holdings and Shareholding Structure

List of Shareholders with Qualifying Stakes (under the terms of paragraph 4 of Article 448º of the Portuguese Commercial Companies Code and Article 16º of the Portuguese Securities Code - 'CVM')

Shareholder	Number of Shares	% Share capital with voting rights
HNB - SGPS, SA <sup>1</sup>	8,461,637	26.95%
R.S.C. Invest, SGPS, SA <sup>2</sup>	235,000	0.75%
Pedro Miguel Quinteiro Marques de Carvalho	2,289,068	7.29%
Rogério dos Santos Carapuça	1,079,122	3.44%
João Nuno da Silva Bento <sup>1</sup>	485,637	1.55%
Álvaro José da Silva Ferreira <sup>1</sup>	1	0.00%
Luís Paulo Cardoso Salvado <sup>1</sup>	1	0.00%
José Afonso Oom Ferreira de Sousa <sup>1</sup>	1	0.00%
<b>Number of shares attributable to signatories of the Novabase Shareholders' Agreement (under the terms of article 20, paragraph 1 of the Securities Code)</b>	<b>12,550,467</b>	<b>39.97%</b>
<b>Partbleu, Sociedade Gestora de Participações Sociais, SA</b>	<b>3,180,444</b>	<b>10.13%</b>
<b>Maria Manuela de Oliveira Marques</b>	<b>1,043,924</b>	<b>3.32%</b>
<b>Fernando Fonseca Santos</b>	<b>1,575,020</b>	<b>5.02%</b>
Fundo de Investimento Mobiliário Aberto Santander Ações Portugal	1,476,905	4.70%
Fundo de Investimento Mobiliário Aberto Poupança Ações Santander PPA	34,537	0.11%
<b>Santander Asset Management - Soc. Gestora de Fundos de Investimento Mobiliário, SA (under the terms of article 20, paragraph 1 of the Securities Code)</b>	<b>1,511,442</b>	<b>4.81%</b>
<b>IBIM2 Limited</b>	<b>1,610,145</b>	<b>5.13%</b>
<b>Lazard Frères Gestion SAS</b>	<b>669,122</b>	<b>2.13%</b>
<b>Total</b>	<b>22,140,564</b>	<b>70.51%</b>

<sup>1</sup> José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are the only shareholders of HNB - SGPS, S.A., having signed a shareholder's agreement for all of this company's share capital.

<sup>2</sup> R.S.C. INVEST, SGPS, S.A. is controlled by Rogério dos Santos Carapuça.

The holdings identified above correspond to the last positions notified to the Company with reference to 30 June 2017 or before.



**Information concerning stakes held in the company by members of the board of directors and supervisory boards (under the terms of paragraph 5 of Article 447º of the Portuguese Commercial Companies Code)**

Holders <sup>1</sup>	Number of Shares	% Share capital with voting rights
José Afonso Oom Ferreira de Sousa <sup>2</sup>	1	0.00%
Pedro Miguel Quinteiro Marques de Carvalho	2,289,068	7.29%
Luís Paulo Cardoso Salvado <sup>2</sup>	1	0.00%
Francisco Paulo Figueiredo Morais Antunes	30,335	0.10%
Paulo Soares de Pinho (member of the Supervisory Board)	0	0.00%
Maria de Fátima Piteira Patinha Farinha (member of the Supervisory Board)	0	0.00%
Nuno Miguel Dias Pires (member of the Supervisory Board)	0	0.00%
KPMG & Associados – SROC, represented by Paulo Alexandre Martins Quintas Paixão (effective Statutory Auditor)	0	0.00%
Maria Cristina Santos Ferreira (surrogate Statutory Auditor)	0	0.00%
	<b>2,319,405</b>	<b>7.39%</b>

<sup>1</sup> The shareholding of each of these members of the corporate and supervisory board corresponds to the last position notified to the Company in reference to 30 June 2017 or before.

<sup>2</sup> José Afonso Oom Ferreira de Sousa and Luís Paulo Cardoso Salvado (along with Álvaro José da Silva Ferreira and João Nuno da Silva Bento) are shareholders of HNB - SGPS, S.A., where they hold management positions. HNB - SGPS, S.A. holds 8,461,637 shares representing 26.95% of Novabase's share capital and respective voting rights.



## Annex II - Management Report

### 30 June 2017

### Management Transactions

(Summary of the transactions on Novabase shares reported in the 1<sup>st</sup> half of 2017, pursuant to the terms and for the purposes of articles 248-B of the Portuguese Securities Code and 14 of the Portuguese Securities Commission Regulation no. 5/2010, and of the Commission Implementing Regulation (EU) 2016/523 of 10 March 2016)

Director / Closely associated person	Transaction Date	Location	# Shares	€ Share price
Francisco Antunes	Acquisition 19-04-2017	Euronext Lisbon	1,500	3.100
Francisco Antunes	Acquisition 19-04-2017	Euronext Lisbon	1,300	3.100
Francisco Antunes	Acquisition 20-04-2017	Euronext Lisbon	10,000	3.100
Francisco Antunes	Acquisition 21-04-2017	Euronext Lisbon	2,200	3.100
Francisco Antunes	Disposal 19-04-2017	Euronext Lisbon	1,100	3.100
Francisco Antunes	Disposal 20-04-2017	Euronext Lisbon	13,900	3.100
Luís Paulo Salvado	Disposal 21-04-2017	Over-the-Counter	14,999	3.100
José Afonso de Sousa	Disposal 24-04-2017	Over-the-Counter	10,056	3.100
HNB - SGPS, SA (a)	Acquisition 21-04-2017	Over-the-Counter	14,999	3.100
HNB - SGPS, SA (a)	Acquisition 24-04-2017	Over-the-Counter	10,056	3.100
Luís Paulo Salvado	Disposal 02-05-2017	Over-the-Counter	50,282	3.100
HNB - SGPS, SA (a)	Acquisition 02-05-2017	Over-the-Counter	50,282	3.100
HNB - SGPS, SA (a)	Acquisition 04-05-2017	Over-the-Counter	65,281	3.100

(a) The company HNB - SGPS, SA, have José Afonso Oom Ferreira de Sousa and Luís Paulo Cardoso Salvado (along with Álvaro José da Silva Ferreira and João Nuno da Silva Bento) as shareholders, therefore, it is considered as a closely associated person to a director of Novabase, under article 248-B, no. 3 and 4, of the Portuguese Securities Code.

At 30 June 2017, as a result of such transactions, the referred directors and closely associated person hold the following shareholdings in the Company's share capital:

Director / Closely associated person	# Shares (held directly and indirectly)	% Share capital and voting rights
Luís Paulo Salvado	1	0.00%
José Afonso de Sousa	1	0.00%
Pedro Marques de Carvalho	2,289,068	7.29%
HNB - SGPS, SA	8,461,637	26.95%
Francisco Antunes	30,335	0.10%



## Annex III - Management Report

### 30 June 2017

#### Own Shares Transactions

(Under the terms of section d) of paragraph 5 of Article 66º of the Portuguese Commercial Companies Code)

Transaction	Date	Location	# Shares	€ Share price
Acquisition	10-01-2017	Euronext Lisbon	1,379	2.744
Acquisition	10-01-2017	Euronext Lisbon	108,621	2.745
Acquisition	11-01-2017	Euronext Lisbon	207,000	2.660
Acquisition	11-01-2017	Euronext Lisbon	1,000	2.660
Acquisition	21-04-2017	Euronext Lisbon	49,996	3.100

At 31 December 2016, Novabase S.G.P.S. held 8,615 own shares, representing 0.03% of its share capital.

During the first half of 2017, the company acquired on the market 367,996 own shares at the average price of 2.745 euros.

Own shares acquisitions were performed because they were considered as best interest to society.

At 30 June 2017, Novabase S.G.P.S. held 376,611 own shares, representing 1.20% of its share capital.

During the period, Novabase S.G.P.S. shares always had a nominal value of € 0.5.

**Condensed Consolidated Accounts**  
**1st half 2017**  
(Unaudited)

**NOVABASE S.G.P.S., S.A.**

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**I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**for the period of 6 months ended 30 June 2017**

# NOVABASE S.G.P.S., S.A.

## Condensed Consolidated Interim Statement of Financial Position as at 30 June 2017

(Amounts expressed in thousands of Euros)

	Note	<u>30.06.17</u>	<u>31.12.16</u>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	6	8,914	8,899
Intangible assets	6	17,613	18,104
Investments in associates		541	575
Financial assets at fair value through profit or loss		4,259	4,353
Held-to-maturity investments		866	4,859
Deferred tax assets	7	9,256	9,545
Other non-current assets	20	5,132	5,132
<b>Total Non-Current Assets</b>		<b><u>46,581</u></b>	<b><u>51,467</u></b>
<b>Current Assets</b>			
Inventories		65	486
Trade and other receivables	8	38,186	92,712
Accrued income		20,224	15,081
Income tax receivable		3,568	3,394
Derivative financial instruments		68	19
Other current assets		2,040	1,886
Held-to-maturity investments		6,298	4,441
Cash and cash equivalents	9	67,109	35,703
<b>Total Current Assets</b>		<b><u>137,558</u></b>	<b><u>153,722</u></b>
Assets from discontinued operations	21	-	-
<b>Total Assets</b>		<b><u>184,139</u></b>	<b><u>205,189</u></b>
<b>Equity</b>			
Share capital		15,701	15,701
Treasury shares		(188)	(4)
Share premium		43,560	43,560
Reserves and retained earnings		19,546	16,071
Profit for the period		3,924	9,577
Total Equity attributable to owners of the parent		<u>82,543</u>	<u>84,905</u>
Non-controlling interests	11	8,868	8,151
<b>Total Equity</b>		<b><u>91,411</u></b>	<b><u>93,056</u></b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	12	16,917	18,897
Provisions	13	6,876	9,109
<b>Total Non-Current Liabilities</b>		<b><u>23,793</u></b>	<b><u>28,006</u></b>
<b>Current Liabilities</b>			
Borrowings	12	6,276	6,916
Trade and other payables	14	38,235	47,414
Income tax payable		6	6
Derivative financial instruments		1	82
Deferred income and other current liabilities		22,417	27,709
<b>Total Current Liabilities</b>		<b><u>66,935</u></b>	<b><u>82,127</u></b>
Liabilities from discontinued operations	21	2,000	2,000
<b>Total Liabilities</b>		<b><u>92,728</u></b>	<b><u>112,133</u></b>
<b>Total Equity and Liabilities</b>		<b><u>184,139</u></b>	<b><u>205,189</u></b>

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

The accompanying notes are an integral part of these condensed consolidated interim financial statements

# NOVABASE S.G.P.S., S.A.

## Condensed Consolidated Interim Statement of Profit and Loss for the period of 6 months ended 30 June 2017

(Amounts expressed in thousands of Euros)

	Note	6 M *	
		30.06.17	30.06.16 (*)
<b>Continuing Operations</b>			
Sales	5	1,295	104
Services rendered	5	71,073	63,992
Cost of sales		(661)	(69)
External supplies and services		(30,472)	(21,723)
Employee benefit expense		(43,453)	(38,674)
Other gains/(losses) - net	15	7,591	425
Depreciation and amortisation		(1,533)	(1,786)
<b>Operating Profit</b>		<b>3,840</b>	<b>2,269</b>
Finance income	16	1,568	411
Finance costs	17	(1,780)	(1,143)
Share of (loss)/profit of associates		(34)	(38)
<b>Profit Before Income Tax</b>		<b>3,594</b>	<b>1,499</b>
Income tax expense	18	(938)	(92)
Profit from continuing operations		2,656	1,407
<b>Discontinued operations</b>			
Profit from discontinued operations	21	2,696	2,992
<b>Profit for the period</b>		<b>5,352</b>	<b>4,399</b>
<b>Profit attributable to:</b>			
Owners of the parent		3,924	2,776
Non-controlling interests	11	1,428	1,623
		5,352	4,399
<b>Earnings per share from continuing and discontinued operations attributable to owners of the parent (Euros per share)</b>			
<b>Basic earnings per share</b>			
From continuing operations	19	0.04 Euros	(0.01) Euros
From discontinued operations	19	0.09 Euros	0.10 Euros
From profit for the period	19	0.13 Euros	0.09 Euros
<b>Diluted earnings per share</b>			
From continuing operations	19	0.04 Euros	(0.01) Euros
From discontinued operations	19	0.09 Euros	0.10 Euros
From profit for the period	19	0.13 Euros	0.09 Euros

(\*) Restated to show continuing operations separately from discontinued operations (IMS Business) - see note 21.

**6 M \* - period of 6 months ended**

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

# NOVABASE S.G.P.S., S.A.

## Condensed Consolidated Interim Statement of Comprehensive Income for the period of 6 months ended 30 June 2017

(Amounts expressed in thousands of Euros)

	Note	6 M *	
		30.06.17	30.06.16
<b>Profit for the period</b>		5,352	4,399
<b>Other comprehensive income for the period</b>			
Exchange differences on foreign operations		(1,333)	(3,754)
<b>Other comprehensive income for the period</b>		(1,333)	(3,754)
<b>Total comprehensive income for the period</b>		<b>4,019</b>	<b>645</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		3,302	386
Non-controlling interests		717	259
		<b>4,019</b>	<b>645</b>

**6 M \* - period of 6 months ended**

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

The accompanying notes are an integral part of these condensed consolidated interim financial statements

# NOVABASE S.G.P.S., S.A.

## Condensed Consolidated Interim Statement of Changes in Equity for the period of 6 months ended 30 June 2017

(Amounts expressed in thousands of Euros)

Note	Attributable to owners of the parent							Non- controlling interests	Total Equity
	Share capital	Treasury shares	Share premium	Legal reserves	Stock options reserves	Reserves and retained earnings	Total		
<b>Balance at 1 January, 2016</b>	<b>15,701</b>	<b>(6)</b>	<b>43,560</b>	<b>3,140</b>	-	<b>19,077</b>	<b>8,194</b>	<b>89,666</b>	
Profit for the period	-	-	-	-	-	2,776	1,623	4,399	
Other comprehensive income for the period	-	-	-	-	-	(2,390)	(1,364)	(3,754)	
Total comprehensive income for the period	-	-	-	-	-	386	259	645	
<b>Transactions with owners</b>									
Dividends	10, 11	-	-	-	-	(3,767)	(585)	(4,352)	
Treasury shares movements		-	2	-	-	9	-	11	
Transactions with owners		-	2	-	-	(3,758)	(585)	(4,341)	
<b>Changes in ownership interests in subsidiaries that do not result in a loss of control</b>									
Transactions with non-controlling interests		-	-	-	-	-	-	-	
<b>Balance at 30 June, 2016</b>	<b>15,701</b>	<b>(4)</b>	<b>43,560</b>	<b>3,140</b>	-	<b>15,705</b>	<b>7,868</b>	<b>85,970</b>	
<b>Balance at 1 January, 2017</b>	<b>15,701</b>	<b>(4)</b>	<b>43,560</b>	<b>3,140</b>	-	<b>22,508</b>	<b>8,151</b>	<b>93,056</b>	
Profit for the period	-	-	-	-	-	3,924	1,428	5,352	
Other comprehensive income for the period	-	-	-	-	-	(622)	(711)	(1,333)	
Total comprehensive income for the period	-	-	-	-	-	3,302	717	4,019	
<b>Transactions with owners</b>									
Dividends	10, 11	-	-	-	-	(4,654)	-	(4,654)	
Treasury shares movements		-	(184)	-	-	(826)	-	(1,010)	
Transactions with owners		-	(184)	-	-	(5,480)	-	(5,664)	
<b>Changes in ownership interests in subsidiaries that do not result in a loss of control</b>									
Transactions with non-controlling interests		-	-	-	-	-	-	-	
<b>Balance at 30 June, 2017</b>	<b>15,701</b>	<b>(188)</b>	<b>43,560</b>	<b>3,140</b>	-	<b>20,330</b>	<b>8,868</b>	<b>91,411</b>	

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

The accompanying notes are an integral part of these condensed consolidated interim financial statements

# NOVABASE S.G.P.S., S.A.

## Condensed Consolidated Interim Statement of Cash Flows for the period of 6 months ended 30 June 2017

(Amounts expressed in thousands of Euros)

		<b>6 M *</b>	
	<b>Note</b>	<b>30.06.17</b>	<b>30.06.16</b>
<b><i>Cash flows from operating activities</i></b>			
<b>Net Cash from / (used in) operating activities</b>		<b>(1,962)</b>	<b>4,390</b>
<b><i>Cash flows from investing activities</i></b>			
Receipts:			
Proceeds from sale of subsidiaries, associates and other partic. companies		41,063	73
Proceeds from loans granted to associates and participated companies		750	-
Disposal of financial assets held-to-maturity		1,426	-
Proceeds from sale of property, plant and equipment		96	10
Interest received		526	442
		<b>43,861</b>	<b>525</b>
Payments:			
Purchases of financial assets held-to-maturity		-	(4,717)
Purchases of property, plant and equipment		(231)	(795)
Purchases of intangible assets		(156)	(174)
		<b>(387)</b>	<b>(5,686)</b>
<b>Net Cash from / (used in) investing activities</b>		<b>43,474</b>	<b>(5,161)</b>
<b><i>Cash flows from financing activities</i></b>			
Receipts:			
Proceeds from borrowings		-	4,989
		<b>-</b>	<b>4,989</b>
Payments:			
Repayments of borrowings		(2,927)	(2,117)
Dividends paid	10, 11	(4,654)	(4,976)
Payment of finance lease liabilities		(502)	(520)
Interest paid		(409)	(553)
Purchase of treasury shares		(1,010)	(40)
		<b>(9,502)</b>	<b>(8,206)</b>
<b>Net Cash from / (used in) financing activities</b>		<b>(9,502)</b>	<b>(3,217)</b>
<b>Cash, cash equivalents and bank overdrafts at beg. of period</b>		<b>35,703</b>	<b>24,293</b>
<b>Net increase / (decrease) of cash, cash equivalents and bank overdrafts</b>		<b>32,010</b>	<b>(3,988)</b>
<b>Effect from exchange rate fluctuations on cash held</b>		<b>(604)</b>	<b>(1,733)</b>
<b>Cash, cash equivalents and bank overdrafts at end of period</b>		<b>67,109</b>	<b>18,572</b>
<b>6 M * - period of 6 months ended</b>			

THE CERTIFIED ACCOUNTANT

THE BOARD OF DIRECTORS

**NOVABASE S.G.P.S., S.A.**  
**Selected Notes to the Condensed Consolidated Interim Financial Statements**  
**for the period of 6 months ended 30 June 2017**

**1. General information**

Novabase, Sociedade Gestora de Participações Sociais, SA (hereinafter referred to as Novabase or Group), with its head office in Av. D. João II, 34, Parque das Nações, 1998-031 Lisbon, Portugal, holds and manages financial holdings in other companies as an indirect way of doing business, being the Holding Company of Novabase Group.

Novabase is listed on the Euronext Lisbon.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on July 27, 2017. In the opinion of the Board of Directors these financial statements fairly present the Group operations, as well as its financial position, financial performance and cash flows.

**2. Significant accounting policies**

These condensed consolidated interim financial statements for the period of six months ended 30 June 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRSs, as adopted by the European Union (EU).

These financial statements are presented in thousands of euros (EUR thousand).

These financial statements have not been audited.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those financial statements. No standard or interpretation that became effective in this period is material for the Group.

Taxes on income in this interim period were accrued using the tax rate that would be applicable to expected total annual earnings for the year 2017.

**3. Critical accounting estimates and judgements**

The preparation of interim financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant estimates and judgments made are the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

**4. Seasonality**

The activity of Business Solutions is usually lower in 3rd quarter due to holiday period.

## 5. Segment information

At the end of 2016, as the result of the sale agreement of Infrastructures & Managed Services business entered into with VINCI Energies Portugal SGPS, S.A. (see note 21), the IMS Business was discontinued. This situation led to the restatement of the figures presented in June 2016.

	<b>Business</b>	<b>Venture</b>	<b>Disc. operations</b>	
	<b>Solutions</b>	<b>Capital</b>	<b>NOVABASE</b>	<b>IMS</b>
<b>At 30 June 2016</b>				
Total segment Sales and services rendered	87,423	2,492	89,915	45,886
Inter-segment Sales and services rendered	25,431	388	25,819	4,320
Sales and services rendered	61,992	2,104	64,096	41,566
Depreciation and amortisation	(1,483)	(303)	(1,786)	(465)
Operating profit/(loss)	2,660	(391)	2,269	2,635
Finance costs – net	(824)	92	(732)	1,175
Share of (loss)/profit of associates	-	(38)	(38)	-
Income tax expense	(193)	101	(92)	(818)
Profit/(Loss) from operations	1,643	(236)	1,407	2,992
<b>Other information:</b>				
(Provisions) / Provisions reversal	305	(104)	201	712

	<b>Business</b>	<b>Venture</b>	<b>Disc. operations</b>	
	<b>Solutions</b>	<b>Capital</b>	<b>NOVABASE</b>	<b>IMS</b>
<b>At 30 June 2017</b>				
Total segment Sales and services rendered	90,561	2,595	93,156	-
Inter-segment Sales and services rendered	20,386	402	20,788	-
Sales and services rendered	70,175	2,193	72,368	-
Depreciation and amortisation	(1,352)	(181)	(1,533)	-
Operating profit/(loss)	4,221	(381)	3,840	2,696
Finance costs – net	(126)	(86)	(212)	-
Share of (loss)/profit of associates	-	(34)	(34)	-
Income tax expense	(676)	(262)	(938)	-
Profit/(Loss) from operations	3,419	(763)	2,656	2,696
<b>Other information:</b>				
(Provisions) / Provisions reversal	6,788	6	6,794	-

## 6. Property, plant and equipment and intangible assets

During the periods ended at 30 June 2017 and 30 June 2016, the movements in the net book value of property, plant and equipment and intangible assets, were as follows:

	<b>Property, plant and equipment</b>	<b>Intangible assets</b>
<b>Net book value at 1 January 2016</b>	9,704	29,304
Acquisitions / increases	1,229	174
Write-offs / disposals	(228)	-
Exchange differences	(23)	-
Depreciation and amortisation	(1,075)	(1,176)
<b>Net book value at 30 June 2016</b>	<b>9,607</b>	<b>28,302</b>
<b>Net book value at 1 January 2017</b>	8,899	18,104
Acquisitions / increases	1,573	156
Write-offs / disposals	(680)	-
Exchange differences	8	-
Depreciation and amortisation	(886)	(647)
<b>Net book value at 30 June 2017</b>	<b>8,914</b>	<b>17,613</b>



**7. Deferred tax assets and liabilities**

The movement in the deferred tax assets was as follows:

	<b>30.06.17</b>	<b>31.12.16</b>
<b>Balance at 1 January</b>	9,545	16,352
Change in consolidation perimeter	-	(542)
Exchange differences	35	(478)
Profit or loss charge	(324)	(5,787)
<b>Balance at the end of the period</b>	<b>9,256</b>	<b>9,545</b>

The movement in deferred tax assets during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	<b>Tax Losses</b>	<b>Tax Incentives</b>	<b>Provisions / Adjustments</b>	<b>Total</b>
<b>Balance at 1 January 2016</b>	3,993	9,867	2,492	16,352
Profit or loss charge	(2,845)	(3,467)	525	(5,787)
Change in consolidation perimeter	(542)	-	-	(542)
Exchange differences	(478)	-	-	(478)
<b>Balance at 31 December 2016</b>	128	6,400	3,017	9,545
Profit or loss charge	1,508	(95)	(1,737)	(324)
Exchange differences	35	-	-	35
<b>Balance at 30 June 2017</b>	<b>1,671</b>	<b>6,305</b>	<b>1,280</b>	<b>9,256</b>

**8. Trade and other receivables**

	<b>30.06.17</b>	<b>31.12.16</b>
Trade receivables	39,762	60,199
Allowance for impairment of trade receivables	(6,306)	(11,160)
	<b>33,456</b>	<b>49,039</b>
Prepayments to suppliers	539	562
Employees	115	95
Value added tax	2,316	2,297
Receivables from related parties	465	1,215
Financial holdings disposal	-	38,365
Receivables from financed projects	1,427	1,449
Other receivables	988	821
Allowance for impairment of other receivables	(1,120)	(1,131)
	<b>4,730</b>	<b>43,673</b>
	<b>38,186</b>	<b>92,712</b>

Movements in allowances for impairment of trade and other receivables are analysed as follows:

	<b>Trade receivables</b>		<b>Other receivables</b>		<b>Total</b>	
	<b>30.06.17</b>	<b>31.12.16</b>	<b>30.06.17</b>	<b>31.12.16</b>	<b>30.06.17</b>	<b>31.12.16</b>
<b>Balance at 1 January</b>	11,160	5,763	1,131	3,356	12,291	9,119
Change in consolidation perimeter	-	(1,835)	-	(5)	-	(1,840)
Impairment	1,249	10,306	-	992	1,249	11,298
Impairment reversal	(5,768)	(2,088)	-	-	(5,768)	(2,088)
Exchange differences	(246)	(2)	(11)	(6)	(257)	(8)
Write-offs	(89)	(984)	-	(3,206)	(89)	(4,190)
<b>Balance at the end of the period</b>	<b>6,306</b>	<b>11,160</b>	<b>1,120</b>	<b>1,131</b>	<b>7,426</b>	<b>12,291</b>

**9. Cash and cash equivalents**

With reference to the consolidated statement of cash flows, the detail and description of **Cash, cash equivalents and bank overdrafts** is analysed as follows:

	<u>30.06.17</u>	<u>31.12.16</u>
- Cash	29	8
- Short term bank deposits	67,080	35,695
Cash and cash equivalents	<u>67,109</u>	<u>35,703</u>
- Overdrafts	-	-
	<u>67,109</u>	<u>35,703</u>

A short-term bank deposit in the amount of USD 613 thousand is captive and was given as collateral until July 31, 2017.

**10. Reserves and retained earnings**

In the General Meeting of Shareholders held on May 2017, it was approved the distribution to the shareholders of EUR 4,710 thousand, corresponding to 0.15 Euros per share. The payment occurred in May 2017.

	<u>30.06.17</u>	<u>30.06.16</u>
Payment to shareholders	4,654	3,767
Remuneration of the treasury shares held by the Company	56	1
	<u>4,710</u>	<u>3,768</u>

**11. Non-controlling interests**

	<u>30.06.17</u>	<u>31.12.16</u>
<b>Balance at 1 January</b>	8,151	8,194
(*) Distribution of dividends to non-controlling interests	-	(585)
Exchange differences on foreign operations	(711)	(929)
Profit attributable to non-controlling interests	1,428	1,471
<b>Balance at the end of the period</b>	<u>8,868</u>	<u>8,151</u>

(\*) In 2016, Celfocus distributed dividends to its shareholders.

**12. Borrowings**

	<u>30.06.17</u>	<u>31.12.16</u>
<b>Non-current</b>		
Bank borrowings	11,532	13,907
Finance lease liabilities	5,385	4,990
	<u>16,917</u>	<u>18,897</u>
<b>Current</b>		
Bank borrowings	4,745	5,376
Finance lease liabilities	1,531	1,540
	<u>6,276</u>	<u>6,916</u>
Total borrowings	<u>23,193</u>	<u>25,813</u>

The periods in which the current bank borrowings will be paid are as follows:

	<u>30.06.17</u>	<u>31.12.16</u>
6 months or less	2,370	3,006
6 to 12 months	2,375	2,370
	<u>4,745</u>	<u>5,376</u>

The maturity of non-current bank borrowings is as follows:

	<u>30.06.17</u>	<u>31.12.16</u>
Between 1 and 2 years	3,832	4,407
Between 2 and 5 years	7,700	9,100
Over 5 years	-	400
	<u>11,532</u>	<u>13,907</u>

The effective interest rates at the reporting date were as follows:

	<u>30.06.17</u>	<u>31.12.16</u>
Bank borrowings	2.347%	3.124%

Gross finance lease liabilities – minimum lease payments:

	<u>30.06.17</u>	<u>31.12.16</u>
No later than 1 year	1,745	1,770
Between 1 and 5 years	5,760	5,224
	<u>7,505</u>	<u>6,994</u>
Future finance charges on finance leases	(589)	(464)
Present value of finance lease liabilities	<u>6,916</u>	<u>6,530</u>

The present value of finance lease liabilities is analysed as follows:

	<u>30.06.17</u>	<u>31.12.16</u>
No later than 1 year	1,531	1,540
Between 1 and 5 years	5,385	4,990
	<u>6,916</u>	<u>6,530</u>

### 13. Provisions

Movements in provisions are analysed as follows:

	<u>Warranties</u>	<u>Legal Claims</u>	<u>Restructuring and Charges</u>	<u>Other Risks and Charges</u>	<u>Total</u>
<b>Balance at 1 January 2016</b>	199	50	60	11,188	11,497
Additional provisions	4	130	-	2,475	2,609
Reversals / utilisations	(148)	(50)	(60)	(4,373)	(4,631)
Change in consolidation perimeter	(55)	-	-	(312)	(367)
Exchange differences	-	-	-	1	1
<b>Balance at 31 December 2016</b>	-	130	-	8,979	9,109
Additional provisions	-	-	-	2	2
Reversals / utilisations	-	(130)	-	(2,105)	(2,235)
Exchange differences	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,876</u>	<u>6,876</u>

**14. Trade and other payables**

	<b>30.06.17</b>	<b>31.12.16</b>
Trade payables	5,366	7,242
Remunerations, holiday and holiday and Christmas allowances	11,137	8,567
Bonus	6,421	8,583
Ongoing projects	3,856	3,335
Value added tax	1,114	3,334
Social security contributions	1,231	2,051
Income tax withholding	1,166	1,579
Amount to be paid to non-controlling interests	5	5
Employees	615	528
Prepayments from trade receivables	37	5
Other accrued expenses	6,649	6,835
Other payables	638	5,350
	<u>38,235</u>	<u>47,414</u>

**15. Other gains/(losses) - net**

	<b>30.06.17</b>	<b>30.06.16</b>
Impairment and impairment reversal of trade and other receivables	4,519	(74)
Impairment and impairment reversal of inventories	42	(1)
Warranties provision	-	-
Legal claims provision	130	-
Provisions for other risks and charges	2,103	276
Other operating income and expense	797	224
	<u>7,591</u>	<u>425</u>

**16. Finance income**

	<b>30.06.17</b>	<b>30.06.16</b>
Interest received	753	225
Positive exchange differences	815	102
Fair value of financial assets adjustment	-	84
	<u>1,568</u>	<u>411</u>

**17. Finance costs**

	<b>30.06.17</b>	<b>30.06.16</b>
Interest expenses		
- Borrowings	(249)	(250)
- Finance lease liabilities	(130)	(82)
- Other interest	-	(6)
Bank guarantees charges	(93)	(41)
Bank services	(59)	(72)
Negative exchange differences	(1,157)	(692)
Fair value of financial assets adjustment	(84)	-
Loss on disposal of financial assets	(8)	-
	<u>(1,780)</u>	<u>(1,143)</u>

**18. Income tax expense**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average rate applicable to profits of the consolidated entities as follows:

	<b>30.06.17</b>	<b>30.06.16</b>
Profit before income tax	3,594	1,499
<b>Income tax expense at nominal rate (21% in 2017 and 2016)</b>	755	315
Tax benefit on the net creation of employment for young and long term unemployed people	(156)	(139)
Provisions and amortisations not considered for tax purposes	210	-
Recognition of tax on the events of previous years	51	(12)
Associates' results reported net of tax	7	8
Autonomous taxation	296	313
Losses in companies where no deferred tax is recognised	(324)	-
Expenses not deductible for tax purposes	(90)	98
Differential tax rate on companies located abroad	221	(113)
Research & Development tax benefit	(120)	(429)
Municipal surcharge and State surcharge	54	46
Impairment of Special Payment on Account, tax losses and withholding taxes	34	5
<b>Income tax expense</b>	<b>938</b>	<b>92</b>
<b>Effective tax rate</b>	<b>26.1%</b>	<b>6.1%</b>

**19. Earnings per share**

	<b>30.06.17</b>	<b>30.06.16</b>
Weighted average number of ordinary shares in issue	31,049,781	31,387,775
Stock options adjustment	-	-
Adjusted weighted average number of ordinary shares in issue	31,049,781	31,387,775
Profit attributable to owners of the parent	3,924	2,776
Basic earnings per share (Euros per share)	0.13 Euros	0.09 Euros
Diluted earnings per share (Euros per share)	0.13 Euros	0.09 Euros
Profit from continuing operations attributable to owners of the parent	1,228	(216)
Basic earnings per share (Euros per share)	0.04 Euros	(0.01) Euros
Diluted earnings per share (Euros per share)	0.04 Euros	(0.01) Euros
Profit from discontinued operations attributable to owners of the parent	2,696	2,992
Basic earnings per share (Euros per share)	0.09 Euros	0.10 Euros
Diluted earnings per share (Euros per share)	0.09 Euros	0.10 Euros

**20. Related parties**

For reporting purposes, related parties include subsidiaries, associates, shareholders with management influence, key elements in the Group management and entities that provide management services to the Group (Autonomy Mastery and Purpose, S.A. and Groovesnore Investimentos Imobiliários, Lda).

## i) Key management compensation

	<b>30.06.17</b>	<b>30.06.16</b>
(*) Wages and other short-term employee benefits	2,920	2,069
Stock options granted	-	-
	<b>2,920</b>	<b>2,069</b>

(\*) Regarding the balance presented in June 2016, EUR 159 thousand were considered as part of discontinued operations, therefore were not included in this note.

## ii) Other balances with related parties

	Non-current		Current (note 8)	
	30.06.17	31.12.16	30.06.17	31.12.16
Loan to Powergrid, Lda	2,050	2,050	-	-
Loan to Bright Innovation, Lda	1,477	1,477	-	-
Loan to SmartGeo Solutions, Lda	99	99	-	-
Loan to Radical Innovation, Lda	994	994	-	-
Loan to Power Data, Lda	248	248	-	-
Loan to City Pulse, Lda	2,410	2,410	-	-
Loan to Livian Technologies, Lda	1,292	1,292	450	1,200
Loans to other shareholders	-	-	15	15
	<u>8,570</u>	<u>8,570</u>	<u>465</u>	<u>1,215</u>
Provisions for loans granted to related parties	(3,438)	(3,438)	-	-
	<u>5,132</u>	<u>5,132</u>	<u>465</u>	<u>1,215</u>

**21. Discontinued operations**

At October 12, 2016, Novabase has entered into a sale and purchase agreement with VINCI Energies Portugal, SGPS, S.A. ("VINCI Energies"), to sell its Infrastructures & Managed Services business ("IMS Business"), through the sale of the shares representing the whole share capital of Novabase IMS (further to the carve-out of the assets which were not part of the IMS Business), and two other companies to which the IMS Business developed by Novabase Digital TV and by Novabase Serviços would be transferred. The price agreed was EUR 38,365 thousand, to be paid on the date of completion of the transaction, subject to certain adjustments, as established in the sale and purchase agreement.

The sale was substantially completed, namely through the approval of the Competition Authority, at the end of 2016. As a result, Novabase recorded, with reference to December 31, 2016, the gain generated by the sale of the IMS Business to VEP, in the amount of EUR 17,567 thousand.

In the first half of 2017, the final calculation of working capital and net debt as established in the purchase and sale agreement took place, and the final price was revised to EUR 41,061 thousand, resulting in an adjustment to the gain generated by the sale of the IMS business in the amount of EUR 2,696 thousand.

In the statement of profit and loss, comparatives were restated to show continuing operations separately from discontinued operations.

**A. Results of discontinued operations**

	30.06.17	30.06.16
Revenue	-	41,808
Expenses	-	(37,998)
<b>Results from operating activities</b>	-	3,810
Income tax	-	(818)
<b>Results from operating activities, net of tax</b>	-	2,992
Gain on sale of IMS Business	2,696	-
Income tax on gain on sale of IMS Business	-	-
<b>Profit from discontinued operations, net of tax</b>	<u>2,696</u>	<u>2,992</u>

**B. Cash flows from (used in) discontinued operations**

	30.06.17	30.06.16
Cash flows from operating activities	-	5,570
Cash flows used in investing activities	-	(4,565)
Cash flows from financing activities	-	20
Net cash flows for the period from discontinued operations	<u>-</u>	<u>1,025</u>

Also, there is a provision of EUR 2 Million recorded for responsibilities associated to the disposal of IMS Business, under the 'Liabilities from discontinued operations' caption in the consolidated statement of financial position. During the first half of 2017, the provision was not used.

## 22. Contingencies

Given the disclosed in the annual financial statements for the year 2016, the significant changes in the judicial processes are the following:

- Novabase Neotalent is defendant in a claim by a former services provider who is arguing that he had an employment contract since October 2002, and claims the payment of holiday and Christmas allowances and training credits since the starting date in the total amount of 185,999 Euros. The defendant argued against the plaintiff's claims maintaining that the relation was that of a provision of services and that plaintiff signed a termination agreement on December 15, 2015 and stated that there was nothing more was due in light of the contract therein ending. The Parties reached an agreement, putting an end to the procedure, whereby Novabase Neotalent paid the claimant a compensation in the amount of EUR 30 thousand.
- Celfocus has been served with two procedures from the Instituto de Gestão Financeira da Segurança Social regarding the alleged absence of payment of social security contributions of some months of the years 2011 to 2015, and 2015 / 2016 in the total amount of 93,000 Euros. The company has filed opposition regarding the allegations demonstrating compliance with applicable laws, payment of all amounts due and providing documents to that respect. In one of the procedures, the IGFSS has accepted Celfocus' s claim and has terminated the procedure in the amount of EUR 27 thousand. The second procedure is pending analysis and decision from the IGFSS.

## 23. Events after the reporting period

No events worthy of note happened until the date of conclusion of this report.

## 24. Note added for translation

These financial statements are a translation of financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version will prevail.

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**II. SECURITIES ISSUED BY THE COMPANY AND OTHER GROUP COMPANIES, HELD BY BOARD MEMBERS**

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**DETAIL ON SECURITIES ISSUED BY THE COMPANY AND OTHER GROUP COMPANIES, HELD BY BOARD MEMBERS OF NOVABASE S.G.P.S.**

	Share Capital	Total Number of Shares / Quotas	Number of Shares / Quotas held by Board Members at 31.12.16	Transactions	Number of Shares / Quotas held by Board Members at 30.06.17	% held by Board Members at 30.06.17
<b>Novabase SGPS, S.A.</b>	<b>15,700,697 €</b>	<b>31,401,394</b>	<b>10,715,761</b>	<b>65,281</b>	<b>10,781,042</b>	<b>34.3%</b>
José Afonso Oom Ferreira de Sousa			10,057	(10,056)	1	0.0%
Pedro Miguel Quinteiro Marques de Carvalho			2,289,068	0	2,289,068	7.3%
Luís Paulo Cardoso Salvado			65,282	(65,281)	1	0.0%
Francisco Antunes			30,335	0	30,335	0.1%
HNB - SGPS, SA (a)			8,321,019	140,618	8,461,637	26.9%
<b>NBASIT - Sist. Inf e Telecomunicações, S.A.</b>	<b>47,500,000 AOA</b>	<b>100,000</b>	<b>400</b>	<b>0</b>	<b>400</b>	<b>0.4%</b>
Francisco Paulo Figueiredo Morais Antunes			200	0	200	0.2%
Luís Paulo Cardoso Salvado			200	0	200	0.2%
<b>CelFocus, S.A.</b>	<b>100,000 €</b>	<b>100,000</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0.0%</b>
José Afonso Oom Ferreira de Sousa			1	0	1	0.0%
<b>FeedZai, S.A.</b>	<b>154,377 €</b>	<b>20,316,971</b>	<b>225,001</b>	<b>0</b>	<b>225,001</b>	<b>1.1%</b>
Pedro Miguel Quinteiro Marques de Carvalho			225,001	0	225,001	1.1%

(a) José Afonso Oom Ferreira de Sousa and Luís Paulo Cardoso Salvado are shareholders of this company.

Novabase reports as directors the company HNB - S.G.P.S., S.A. and the board members of the Company.

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# **STATEMENT OF COMPLIANCE**

(Unaudited)

**NOVABASE S.G.P.S., S.A.**

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## **Statement of the Board of Directors**

**(Free translation from the original version in Portuguese)**

Under the terms of sub-paragraph c) paragraph 1 of article 246 of the Portuguese Securities Code, the members of the Board of Directors of Novabase S.G.P.S., S.A., below identified declare that to the extent of their knowledge:

(i) the information contained in the condensed consolidated interim financial statements and all other accounting documentation required by law or regulation, regarding the period of six months ended 30 June 2017, was prepared in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, financial position and results of Novabase S.G.P.S., S.A. and the companies included in the consolidation perimeter; and

(ii) the interim management report faithfully states the evolution of the businesses, of the performance and of the position of Novabase S.G.P.S., S.A. and the companies included in the consolidation perimeter, containing namely an accurate description of the main risks and uncertainties which they face.

Lisbon, July 27, 2017

Luís Paulo Cardoso Salvado  
Chairman and CEO

Francisco Paulo Figueiredo Morais Antunes  
CFO

José Afonso Oom Ferreira de Sousa  
Non-Executive member of the Board

Pedro Miguel Quinteiro Marques de Carvalho  
Non-Executive member of the Board

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