

## Consolidated Results 6M18

### Privileged Information

July 26, 2018

### Highlights:

<b>Turnover: 69.1 M€</b>	(72.4 M€ in 6M17)
<b>EBITDA: 3.3 M€</b>	(5.4 M€ in 6M17)
<b>Net Profit: 1.4 M€</b>	(3.9 M€ or 1.2 M€ without Disc. Operations in 6M17)
<b>Net Cash: 52.0 M€</b>	(56.8 M€ in 12M17)

### Message from CEO João Nuno Bento



"As I address the shareholders and the general market as CEO of Novabase for the first time, please allow me a word of gratitude and a reiteration of our commitment to creating value. Gratefulness for the continuing trust you have placed in our company and, personally, for the honour and privilege of being able to perform these duties. It is precisely in our everyday contacts with our customers that we perceive the quality of our portfolio and sense the commitment and the excellence of our 2044 employees, who reinforce our dedication to you.

The Consolidated Results for the first six months of 2018 are in line with our expectations for Turnover and Net Profit, with the EBITDA being below expectations. Novabase presented a strong balance sheet and the cash generation reached 14 M€ in the last 12 months, after deducting the remuneration of shareholders distributed over that period.

The Portuguese business sector has improved in recent months, which has led to a 10% increase in domestic Turnover. This positive performance counterbalanced the 35% Turnover drop in Africa and the 10% drop in Europe. Since the rupture in Africa was expected, in Europe it was due to operational hindrances confined to a specific project. The EBITDA of the 1H18 is less than half of the value stated as the annual guidance. This difference is explained by the project's implementation deviations, based on a closed-price model for an international client.

It is important to underline that the Venture Capital Unit of Novabase registered a growth in Turnover of 38% impelled by the investment in marketing and international sales structure of one of its participated companies. Therefore, we presented an EBITDA of -0.8 M€, already included in the annual guidance.

Novabase has invested in the development of licensable software and in other intellectual property rights that allow for a more efficient replication of knowledge, thus optimizing the sales effort and improving project risk profiles. This business model obliges us to anticipate costs by investing in R&D, Marketing and Sales. In the first semester, there were opportunities in the financial sector, in telecommunications and in the public sector which validated this investment in intellectual property. In the future, we will continue in this path of reinforcing investment in the most commercially successful offers."

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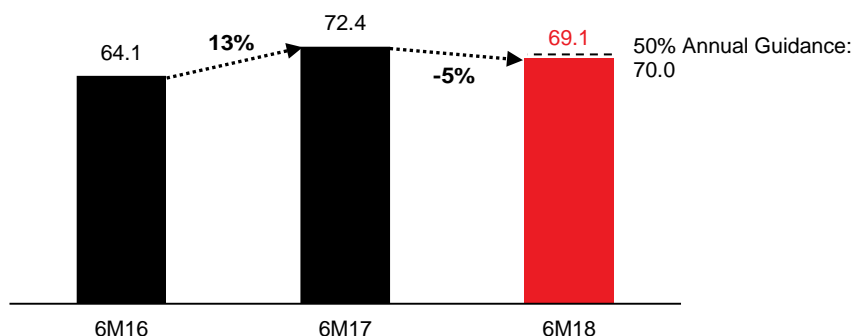
Report available on website :  
[www.novabase.pt](http://www.novabase.pt)

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

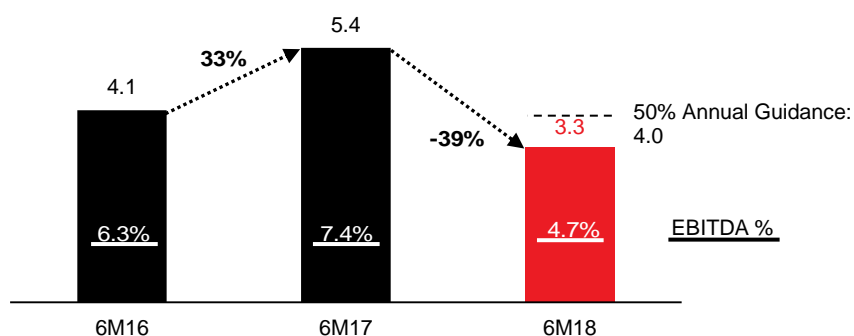
## Turnover (M€)

Turnover in line with the annual Guidance linearized of 140 M€ (-1%).



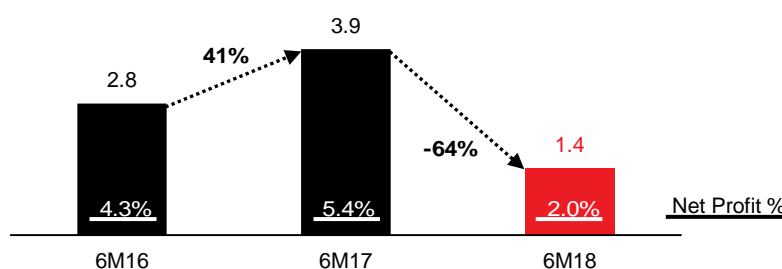
## EBITDA (M€)

EBITDA below the annual Guidance linearized (-18% in value and -1.0 percentage points).



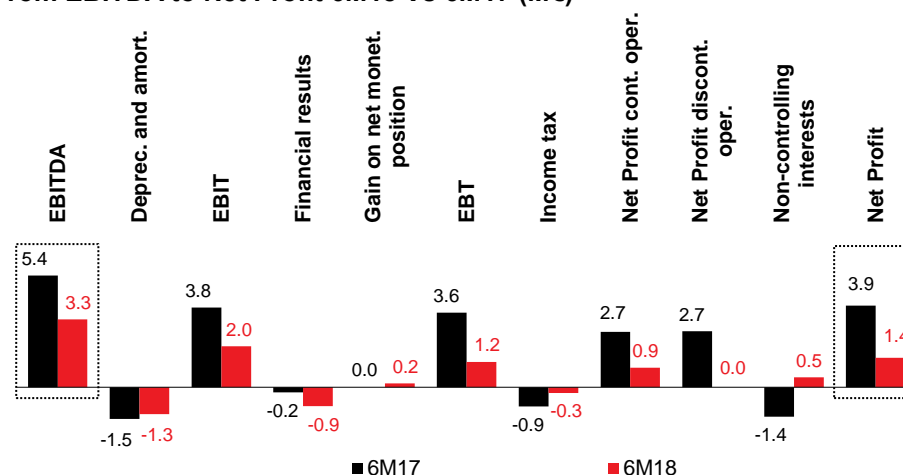
## Net Profit (M€)

Net Profit increases 15% excluding the effect of the adjustment to the gain on the sale of IMS business, registered in 2017.



Earnings per share (EPS) in 6M18 reached 0.05 euros per share, registering a decrease of 64% towards the EPS from the previous year of 0.13 euros per share.

## From EBITDA to Net Profit 6M18 Vs 6M17 (M€)



The Financial Results reached a net negative value of 0.9 M€, a decrease of 0.7 M€ compared to the same period of last year, especially due to the gains from financial investments recorded in 2017.

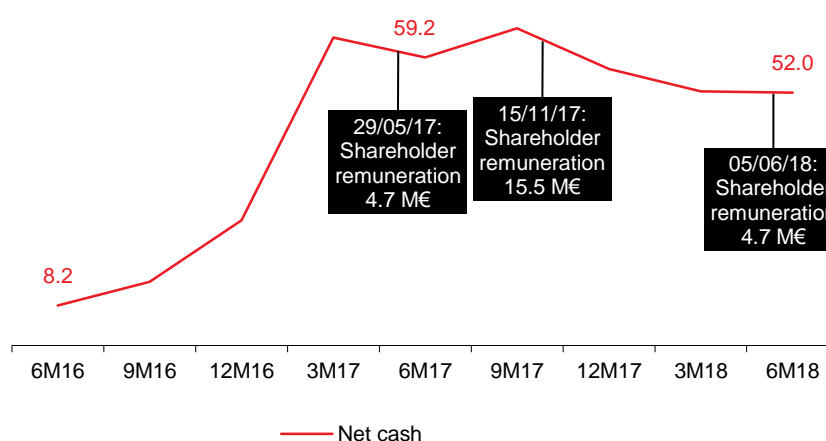
The gain on the net monetary position, amounting to 0.2 M€, derives from the application of IAS 29 to the financial statements of the subsidiary in Angola, after this economy being considered as a hyperinflationary economy in accordance with that standard since December 2017.

Results from discontinued operations in 6M18 are nil, which compares with 2.7 M€ in 6M17, value that corresponds fully to the adjustment on the gain generated by the sale of the IMS business, resulting from the final calculation of working capital and net debt, as established in the purchase and sale agreement.

Non-controlling interests in 6M18 amounted to 0.5 M€, which compares to -1.4 M€ in 6M17. This variation is mainly due to the evolution of the results of subsidiaries focused on international expansion.

## Net Cash (M€)

Cash use of 4.9 M€ includes the payment of dividends.



In the 6M18, Novabase shows a negative evolution in cash generation. Novabase ended the 6M18 with 52.0 M€ in net cash, which compares to 56.8 M€ in the 12M17 and 59.2 M€ in 6M17. Thus, cash generation in the last 12 months, excluding the effect of shareholder remuneration and dividends paid to non-controlling interests, amounted to 14.2 M€.

On June 5, 2018, Novabase paid its shareholders a total amount of 4.7 M€ (0.15 €/share).

## 2. Short Summary of the Activity

The results for the first half of 2018 were in line with expectations in terms of Top Line, however, we saw a deterioration in profitability mainly due to operational difficulties in an international project in the BS area.

Evolution partially anticipated in the Management plans for 2018.

Compared to the same period of last year, EBITDA decreased by 39% to 3.3 M€. Domestic Turnover registered a 10% growth, YoY, with the weight of the international business accounting for 54% of the total. Europe continues to lead as the major market, with operations in this geography representing 2/3 of the non-domestic activity. Net Results reached 1.4 M€, a 15% increase over the first half of 2017, if we exclude the impact of the adjustment to the gain on sale of the IMS Business registered in that period.

Towards the Guidance, the first half results stood in line in Turnover (-1%) and below in EBITDA (-18% in absolute terms and -0.1% in percentage points).

João Nuno Bento has been appointed Novabase Chief Executive Officer (CEO) and Luís Paulo Salvado remains as Non-Executive Chairman of the Board of Directors.

The first half of 2018 marks the beginning of a new cycle in the Novabase Group, with João Nuno Bento taking over the chair of the executive committee for the mandate corresponding to the 2018-2020 triennium. João Nuno Bento replaces Luís Paulo Salvado, at a time when Novabase intends to develop a transformation strategy, in order to be a solid leverage to the digitalization of the customers' businesses.

We highlight in the first half of 2018, as part of this strategic focus on innovative solutions:

Novabase strengthens its position as a key player with a portfolio of innovative solutions, addressing the challenges of digital transformation.

- The Symetria product was chosen by multiple Financial Institutions as a reporting tool for Banco de Portugal's new Credit Responsibility Central. This solution simplifies reporting and compliance obligations by ensuring that obligations are met under the new regulatory framework, while also providing risk management and analysis tools;
- Novabase was the company in charge of developing account opening system with authentication by video call for two Portuguese Banks, using Wizzio. We recall that this Digital Platform, developed by the Financial Services area of Novabase, was presented at the 2017 Web Summit, considered one of the most important worldwide events in the area of entrepreneurship, technology and innovation;
- Novabase developed the solution that supports the Escola 360 project, whose objective is to centralize in a single platform all the modules of management of pre-school, basic and secondary school students, within the scope of the new paradigms for Education resulting from Digital Transformation in course.

Given the importance of Talent in technological innovation process, Novabase has taken several initiatives aimed at enhancing People and Knowledge.

On the one hand, Novabase has hired 83 university graduates in the first half of 2018, through its Novabase Academy Program. Since its creation in 2006, more than 1200 young people have been hired under the Novabase Academy, which has also been held in two more countries outside of Portugal.

Several initiatives aimed at strengthening Talent and innovation.

On the other hand, and in addition to this program, Novabase now has strong ties with universities and scientific ecosystems, with strategic partnerships and involvement in numerous joint initiatives. To highlight, in this period:

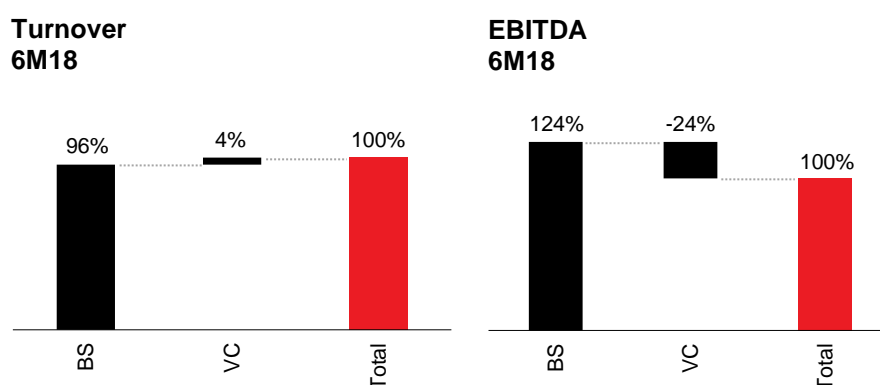
- Novabase joined the Data Science Portugal group by supporting the meetups promoted by this community of Data Science enthusiasts. The goal is to share knowledge on topics such as Data Science, Machine Learning and Artificial Intelligence;
- Novabase was the main sponsor of IMSHARE, the largest Portuguese conference on data management and analysis. With four speakers on the panel, Novabase shared over the three-day conference, knowledge on topics such as Security, IOT and AI, among others;
- Novabase Academy was at FCT-UNL's Hackathon, where about 15 teams worked 24 hours straight with the goal of developing projects focused on desktop, web and mobile platforms;
- Additionally, Novabase is on the list of companies that are part of the Instituto Superior Técnico Network of Partnerships, a program whose objective is to coordinate the actions of the institution with some of the more relevant organizations of the Portuguese business community.

With regard to the promotion of the offerings, Novabase participated in the Receivables Finance International (RFI) conference, in the context of the "Intelligent Receivables - The Rise of AI" panel and presented its Rely solution. The RFI, held in London, is one of the world's main events in the area of banking, that bring together financial institutions, companies and specialists for an in-depth discussion about the industry's future.

Novabase remains in the Euronext Tech 40 index, which brings together European companies that stand out for innovation.

Finally, we also highlight in the first half of 2018, that Novabase was again distinguished as an innovative European company by Euronext, to join the Tech 40, an index which distinguishes European listed companies for their focus on innovation and development. The companies that integrate this restricted group have access to a special roadshows program and greater visibility in some world reference events in the sector.

The percentage breakdown of Turnover and EBITDA by the different businesses, in the 6M18, is as follows:



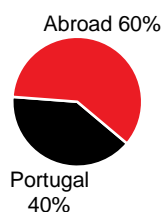
Evolution of international business reflects Novabase's strategy to limit its activity in geographies with greater volatility.

From the total Turnover, 37.2 M€ were generated outside Portugal, which compares to 43.4 M€ registered in 6M17.

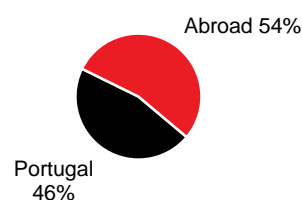
Europe was the continent with greater expression in 6M18, accounting for 67% of international business, and the African geography registered a reduction of 35%.

Europe consolidate its leadership as the major market, accounting for 2/3 of international business.

**Turnover by geography 6M17**



**Turnover by geography 6M18**

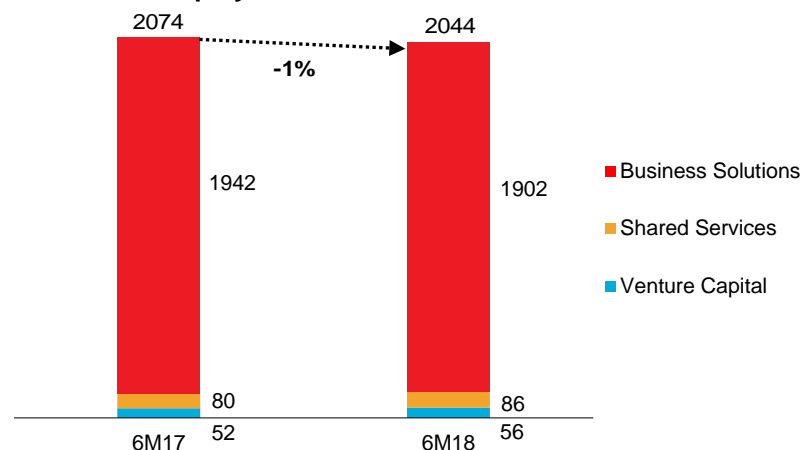


Business outside Portugal generated in the Business Solutions area decreased to 53% of the respective Turnover (60% in 6M17) and in the Venture Capital area increased to 70% (62% in 6M17).

Novabase had on average, in the 6M18, 2044 employees, which represents a decrease of 1% compared to the 6M17 (2074) and an increase of 1% compared to FY17 (2032).

Average number of employee's breakdown by business area, during 6M18, was as follows:

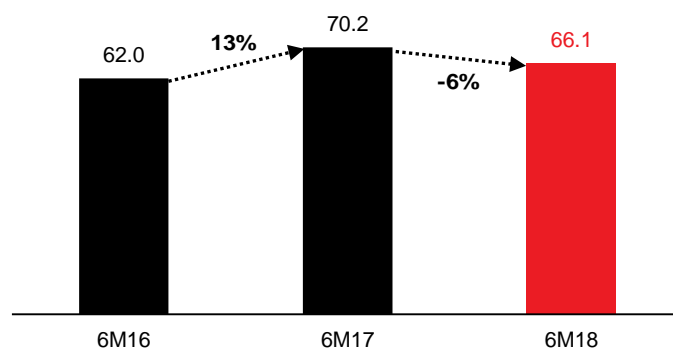
**Average Number of Employees**



Worthy of note is that international employees represent 11% of the total number in 6M18 (224), a growth of 4% YoY, in line with Novabase's focus on markets outside Portugal.

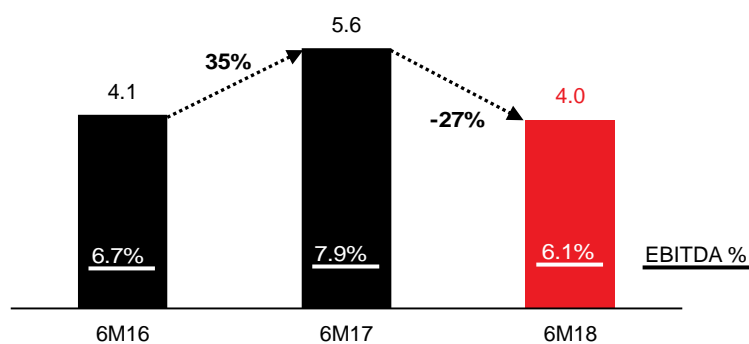
## 2.1. Business Solutions (BS)

### Turnover Business Solutions (M€)



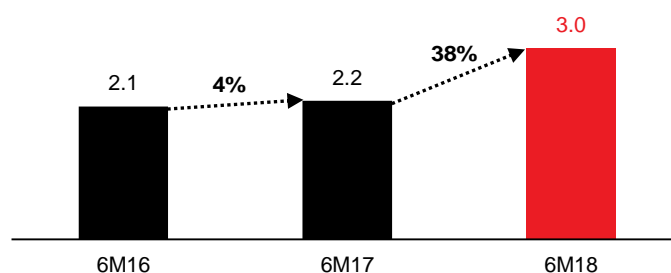
Evolution of BS impacted by deviations from execution of a specific project in 6M18.

### EBITDA Business Solutions (M€)



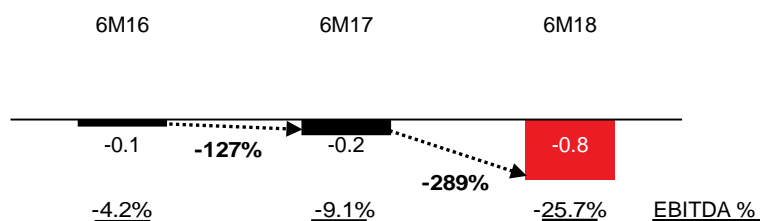
## 2.2. Venture Capital (VC)

### Turnover Venture Capital (M€)



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

## EBITDA Venture Capital (M€)



## 3. Stock Performance

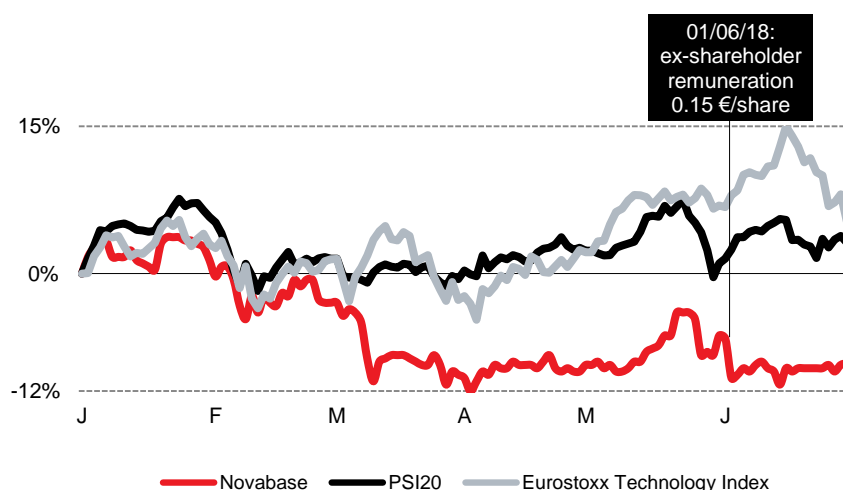
Novabase share price in 6M18 lost 11%, comparing to a 3% gain in the PSI20 Index and a 7% gain in the EuroStoxx Technology Index. Excluding the shareholder remuneration, Novabase share price would have registered a depreciation of 6%.

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

The annual review of the composition of the PSI20 Index, in March 2018, established the exit of Novabase as of March, 19, where it was trading since March 20, 2017.

Also to be noted that, on April 2018, Euronext has once again chosen Novabase to join the Tech 40, an index which distinguishes European listed companies for their focus on innovation and development.

### Novabase and the Market



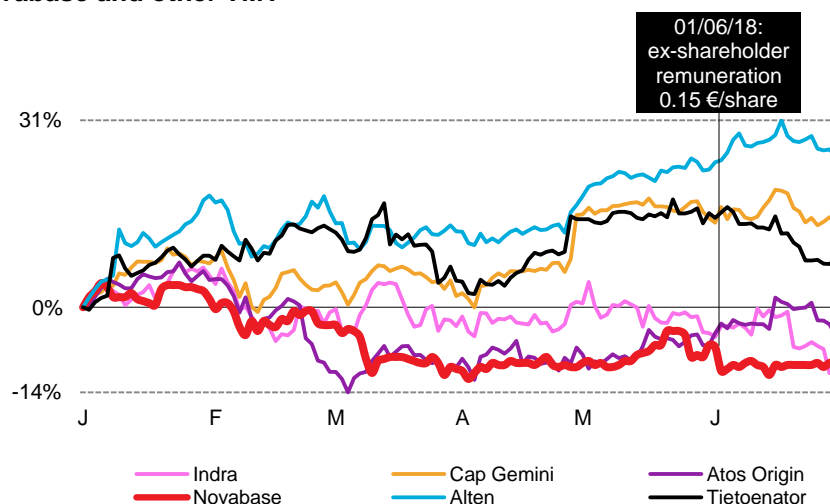
The evolution of Novabase share prices compared to other companies in the IT sector in Europe, in 6M18, was as follows:



## Novabase and other TMT

In the end of the first half of 2018, Novabase presented a Price to Sales multiple of 0.62x, which represents a discount of 43% compared to the average of other companies in the sector in Europe (source: Reuters, ttm values at 30/06).

7% is the average upside according to the analysts who cover Novabase.



The average price target disclosed by the analysts who cover Novabase is 2.90 euros.

Rotation in 6M18 represented 9% of the capital and 2.8 million shares were traded, about 1/3 below the values recorded in 6M17 (rotation of 14% of the capital and 4.3 million shares traded).

Summary	1H16	2H16	1H17	2H17	1H18
Minimum price (€)	1.879	1.910	2.480	2.926	2.690
Maximum price (€)	2.150	2.490	3.397	3.639	3.170
Volume weighted average price (€)	2.026	2.220	2.962	3.324	2.926
Closing price at the end of the period (€)	1.980	2.490	3.200	3.049	2.720
Nr. of shares traded	1,092,537	1,736,117	4,287,838	3,939,572	2,812,743
Market cap in the last day (M€)	62.2	78.2	100.5	95.7	85.4

## 4. Outlook 2018

The first half of 2018 results are overall in line with the expectations in terms of Turnover, but reflect some additional degradation in operating margins.

The international business accounts for 54% of the total activity, with Europe consolidating its position as the major market, contributing with 67%. In this period, EBITDA margin was 4.7% and Net Profit reached 2.0%.

Novabase remains committed to the compliance of the Guidance for 2018, which is challenging:

- Turnover of 140 M€
- EBITDA of 8 M€

We reaffirm the priority of the transformation of the business, especially in relation to investments in offerings to enable future access to higher-quality, more sustainable businesses.

## 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 6M18 and prior periods, is analysed as follows:

	6M16	6M17	6M18
Cash and cash equivalents	18,572	67,109	50,786
Held-to-maturity invest. / Investment securities - Non-current (*)	6,337	866	11,841
Held-to-maturity investments / Investment securities - Current (*)	4,492	6,298	1,907
Treasury shares held by the Company (**)	17	1,205	1,024
Bank borrowings - Non-current	(16,277)	(11,532)	(8,429)
Bank borrowings - Current	(4,915)	(4,745)	(5,166)
<b>Net Cash</b>	<b>8,226</b>	<b>59,201</b>	<b>51,963</b>

(\*) The Group adopted IFRS 9 on 1/1/2018 in accordance with the modified retrospective approach, and therefore the amounts of the comparative period are not restated. Accordingly, the amounts currently shown in the caption "Investment securities" in the comparative are shown under the heading "Held-to-maturity investments".

(\*\*) 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:

	6M16	6M17	6M18
Treasury shares held by the Company (thousands)	8.615	376.611	376.611
Closing price on the last tradable day (€)	1.980	3.200	2.720
Treasury shares held by the Company (EUR thousand)	17	1,205	1,024

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"). 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 2018

	30.06.18	31.12.17
	(Thousands of Euros)	
<b>ASSETS</b>		
Tangible assets	9,332	10,019
Intangible assets	16,578	17,162
Financial investments	3,154	3,110
Held-to-maturity investments	-	7,713
Investment securities	11,841	-
Deferred income tax assets	11,098	10,448
Other non-current assets	2,022	3,256
<b>Total Non-Current Assets</b>	<b>54,025</b>	<b>51,708</b>
Inventories	38	46
Trade debtors and accrued income	46,131	61,642
Other debtors and prepaid expenses	12,102	7,323
Derivative financial instruments	46	18
Held-to-maturity investments	-	7,353
Investment securities	1,907	-
Cash and cash equivalents	50,786	56,136
<b>Total Current Assets</b>	<b>111,010</b>	<b>132,518</b>
<b>Assets for continuing operations</b>	<b>165,035</b>	<b>184,226</b>
<b>Assets for discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>165,035</b>	<b>184,226</b>
<b>EQUITY</b>		
Share capital	15,701	15,701
Treasury shares	(188)	(188)
Share premium	43,560	43,560
Reserves and retained earnings	2,850	3,722
Net profit	1,415	4,774
<b>Total Shareholders' Equity</b>	<b>63,338</b>	<b>67,569</b>
Non-controlling interests	12,740	13,597
<b>Total Equity</b>	<b>76,078</b>	<b>81,166</b>
<b>LIABILITIES</b>		
Bank borrowings	8,429	10,563
Finance lease liabilities	6,208	6,274
Provisions	10,119	10,369
Other non-current liabilities	406	744
<b>Total Non-Current Liabilities</b>	<b>25,162</b>	<b>27,950</b>
Bank borrowings	5,166	4,963
Finance lease liabilities	1,298	1,944
Trade payables	4,978	5,616
Other creditors and accruals	31,681	36,581
Derivative financial instruments	143	-
Deferred income	19,626	25,103
<b>Total Current Liabilities</b>	<b>62,892</b>	<b>74,207</b>
<b>Total Liabilities for cont. operations</b>	<b>88,054</b>	<b>102,157</b>
<b>Total Liabilities for discount. operations</b>	<b>903</b>	<b>903</b>
<b>Total Liabilities</b>	<b>88,957</b>	<b>103,060</b>
<b>Total Equity and Liabilities</b>	<b>165,035</b>	<b>184,226</b>
<b>Net Cash</b>	<b>51,963</b>	<b>56,824</b>

## Consolidated Income Statement for the period of 6 months ended 30 June 2018

	30.06.18	30.06.17	Var. %
	(Thousands of Euros)		
<b>CONTINUING OPERATIONS</b>			
Sale of goods	115	1,295	
Cost of goods sold	(83)	(661)	
<b>Gross margin</b>	<b>32</b>	<b>634</b>	<b>-95.0 %</b>
<i>Other income</i>			
Services rendered	68,960	71,073	
Supplementary income and subsidies	189	913	
Other operating income	398	354	
	<b>69,547</b>	<b>72,340</b>	
	<b>69,579</b>	<b>72,974</b>	
<i>Other expenses</i>			
External supplies and services	(26,112)	(30,472)	
Employee benefit expense	(40,562)	(43,453)	
Provisions reversal	678	6,794	
Other operating expenses	(315)	(470)	
	<b>(66,311)</b>	<b>(67,601)</b>	
<b>Gross Net Profit (EBITDA)</b>	<b>3,268</b>	<b>5,373</b>	<b>-39.2 %</b>
Restructuring costs	-	-	
<b>Operating Gross Net Profit</b>	<b>3,268</b>	<b>5,373</b>	<b>-39.2 %</b>
Depreciation and amortization	(1,299)	(1,533)	
<b>Operating Profit (EBIT)</b>	<b>1,969</b>	<b>3,840</b>	<b>-48.7 %</b>
Financial results	(924)	(246)	
Gain on net monetary position	172	-	
<b>Net Profit before taxes (EBT)</b>	<b>1,217</b>	<b>3,594</b>	<b>-66.1 %</b>
Income tax expense	(277)	(938)	
<b>Net Profit from continuing operations</b>	<b>940</b>	<b>2,656</b>	<b>-64.6 %</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Net Profit from discount. operations</b>	<b>-</b>	<b>2,696</b>	<b>-100.0 %</b>
Non-controlling interests	475	(1,428)	
<b>Attributable Net Profit</b>	<b>1,415</b>	<b>3,924</b>	<b>-63.9 %</b>
<b>Other information:</b>			
Turnover	69,075	72,368	-4.6 %
EBITDA margin	4.7 %	7.4 %	
EBT % on Turnover	1.8 %	5.0 %	
Net profit % on Turnover	2.0 %	5.4 %	

## Consolidated Income Statement by SEGMENTS for the period of 6 months ended 30 June 2018

(Thousands of Euros)

	Business Solutions	Discont. op. IMS	Venture Capital	NOVABASE
<b>CONTINUING OPERATIONS</b>				
Sale of goods	115	-	-	115
Cost of goods sold	(83)	-	-	(83)
<b>Gross margin</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>32</b>
<b>Other income</b>				
Services rendered	65,938	-	3,022	68,960
Supplementary income and subsidies	188	-	1	189
Other operating income	329	-	69	398
	<b>66,455</b>	<b>-</b>	<b>3,092</b>	<b>69,547</b>
	<b>66,487</b>	<b>-</b>	<b>3,092</b>	<b>69,579</b>
<b>Other expenses</b>				
External supplies and services	(24,166)	-	(1,946)	(26,112)
Employee benefit expense	(38,693)	-	(1,869)	(40,562)
(Provisions) / Provisions reversal	708	-	(30)	678
Other operating expenses	(290)	-	(25)	(315)
	<b>(62,441)</b>	<b>-</b>	<b>(3,870)</b>	<b>(66,311)</b>
<b>Gross Net Profit (EBITDA)</b>	<b>4,046</b>	<b>-</b>	<b>(778)</b>	<b>3,268</b>
Depreciation and amortization	(1,103)	-	(196)	(1,299)
<b>Operating Profit (EBIT)</b>	<b>2,943</b>	<b>-</b>	<b>(974)</b>	<b>1,969</b>
Financial results	(879)	-	(45)	(924)
Gain on net monetary position	172	-	-	172
<b>Net Profit / (Loss) before Taxes (EBT)</b>	<b>2,236</b>	<b>-</b>	<b>(1,019)</b>	<b>1,217</b>
Income tax expense	(413)	-	136	(277)
<b>Net Profit / (Loss) from cont. operations</b>	<b>1,823</b>	<b>-</b>	<b>(883)</b>	<b>940</b>
<b>DISCONTINUED OPERATIONS</b>				
<b>Net Profit from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-controlling interests	250	-	225	475
<b>Attributable Net Profit / (Loss)</b>	<b>2,073</b>	<b>-</b>	<b>(658)</b>	<b>1,415</b>
Other information :				
<b>Turnover</b>	66,053	-	3,022	69,075
<b>EBITDA</b>	4,046	-	(778)	3,268
<b>EBITDA % on Turnover</b>	6.1%	-	-25.7%	4.7%
<b>EBT % on Turnover</b>	3.4%	-	-33.7%	1.8%