

2017

NOVABASE
ANNUAL
REPORT



Management Report

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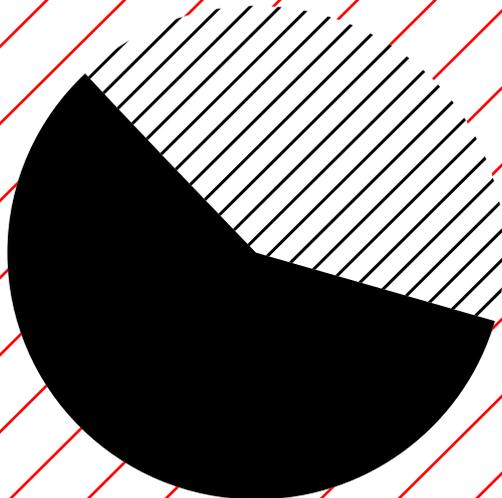
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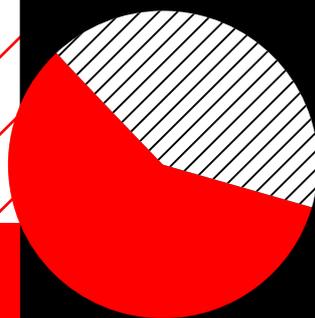
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**REPORT AND OPINION
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2017

IN THE SPOTLIGHT



Dear Shareholders,

The 2017 results show that we have achieved the goals laid out for the year, and bear out **the transformations we are making to our business**.

First, we are **replacing business in more volatile regions subject to exchange rate difficulties with a greater presence in Europe**, which now accounts for around 70% of international operations. Second, we have **intensified our focus on specialized products and services** as a solid leverage to the digitalization of our customers' businesses - you can learn about some of the solutions at www.novabase.com.

We have achieved this through major R&D investments and **methodologies centered on people**, such as design thinking and gamification. We have also used these types of approaches successfully within the company, with NOVA being just one example. Developed by Novabase, this platform will accelerate the development of our employees - mostly millennials - and give us an advantage in a **market which has become extremely competitive in terms of technology talent**.

The major changes in EBITDA and Net Profits, +85% and -50% respectively, are due to the unusual circumstances of 2016: extraordinary costs from a project, and capital gains from the sale of the Infrastructures & Managed Services business. The latter also resulted in a **record year for cash generation: more than €31 million**. Without it (€41 million), and without dividends paid (€-20 million), the cash generated was €10 million.

Novabase renewed its appraisal of Maturity Level 3 in the Capability Maturity Model Integration (CMMI), keeping us in the restrict group of companies in Portugal that have this certification. The CMMI is the international benchmark that measures the maturity and capacity of an organization's processes, certifying its expertise in product and service development in the areas of systems and software engineering. Novabase has signed a strategic partnership with Instituto Superior Técnico (IST) to support the transfer of knowledge and innovation. Celfocus and Novabase Business Solutions achieved respectively the first and second place, in the Innovation Services category, in the ranking published by Star Company magazine for the 1000 largest companies operating in Portugal. Collab has been awarded the Gold Award in Global Technology by Associação Portuguesa de Contact Centres (Portuguese Association of Contact Centres).

2017 was once again a **year of investment in innovation and dissemination of Novabase** offerings in events with large exposure, namely: conference of Gamification Europe, held in the UK, where Novabase presented its NOVA platform; Platinum sponsor of the Receivables Finance International 2017 (RFix) conference, held in London, the world's main event in the area of factoring, that bring together financial institutions, technology innovators; Celfocus presented its Celfocus Omnichannel solution at the Mobile World

Conference, which is considered the most important telecommunications trade show worldwide; Partner of Web Summit 2017, where we presented the Wizzio Digital Platform; Participation in the APDC Congress, whose central theme was the transformation of the businesses in order to meet the digital demand, where Novabase presented our most innovative solutions.

With regard to new companies, in the Venture Capital area, it was decided to establish a new **venture capital fund 'Novabase Capital + Inovação', with a total capital of 7 M€**. The referred fund is held in 53.1% by Novabase Capital SCR, S.A. and 46.9% by Fundo de Capital e Quase Capital (FC&QC). Through this Fund, Novabase Capital intends to respond to the constraints on SME financing in the ICT market and to contribute to the stimulation and orientation of business investment and job creation, in line with the investment objectives and priorities defined in the Portugal 2020. We sold part of our investment in the company Feedzai, to the North American companies Sapphire Ventures and Sapphire Sap, obtaining a 3 M€ gain. Feedzai works in the area of data science and is one of the fintechs in the list of Forbes for 2018.

Over the course of the year we hired more than 100 newly graduated students through Novabase Academy, a program that selects the best talent out of universities. Since its creation in 2006, we have already integrated more than 1,200 young talents into our workforce.

The year was also marked by Novabase's return to the PSI20, giving its stock more visibility. Novabase nearly tripled its transaction volume in **2017, which was up 48%, including the two dividends paid**.

Given the strong balance sheet of the company, we will propose a dividend payment of 15 cents per share at the 2018 General Meeting of Shareholders, corresponding nearly to a **100% payout and yield of around 5%**.

We will continue to pursue our business transformations in 2018, both from the standpoint of geographically diversifying risk as well as investing in products and services. In the short term, this decision will limit our growth and profitability; however, we believe it **will enable future access to higher-quality, more sustainable business**.

Luís Paulo Salvado

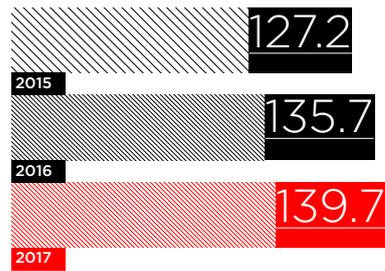
Chairman of the Board of Directors



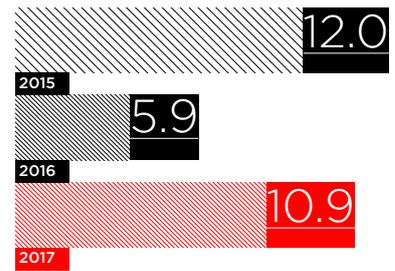
**FINANCIAL
HIGHLIGHTS**

(Amounts in M€,
except otherwise
stated)

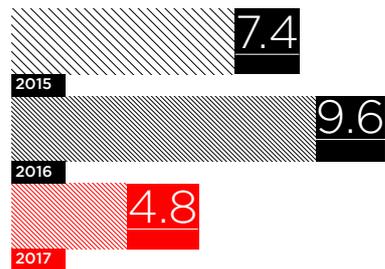
TURNOVER



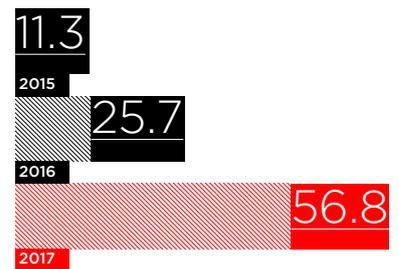
EBITDA



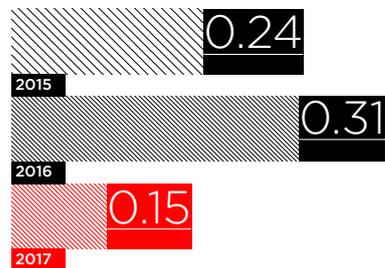
NET PROFIT



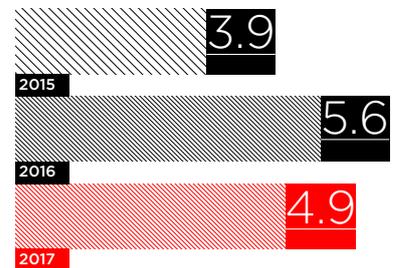
NET CASH



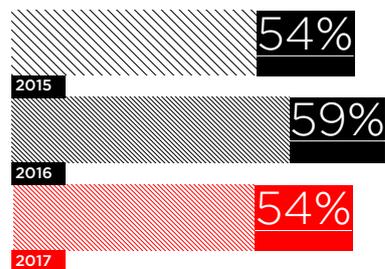
EARNINGS PER SHARE



R&D

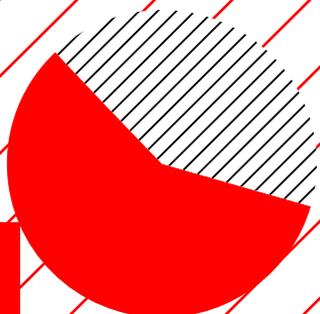


INTERNATIONAL BUSINESS (%)





**CORPORATE
GOVERNANCE**



Novabase is a listed Company since July 2000, working in compliance with a governance model regularly assessed by the Executive Board in terms of adequacy and performance, aiming at contributing to the performance optimization and to a more accurate alignment with all the stakeholders' interests. The stakeholders are entities whose interests involve the corporate activity and include Shareholders and Investors, Clients, Suppliers and other Business Partners, and Employees.

Given the growing challenges presented by the internationalization and competitiveness of **Novabase's** activities, it became necessary to update the corporate governance implemented in the Company, in order to simplify and promote flexibility on the Company's bodies and procedures and to better adjust the existing solutions to the Company's size and operating circumstances.

Therefore, at the General Meeting held on 29 April, 2015, **Novabase** changed its Articles of Association and implemented a reinforced Latin governance model, which integrates a Board of Directors, an Audit Board and an Effective Chartered Accountant. In the context of this model, a more agile daily company management structure was implemented, including two managing directors - Luís Paulo Cardoso Salvado (CEO) and Francisco Paulo Figueiredo Morais Antunes (CFO). On the other hand, **Novabase** has a General Meeting board elected for three-year mandates, as well as a Remuneration Committee appointed by the General Meeting that shall set the remuneration of each member of the Corporate Bodies, considering their duties and the Companies' economic situation. The Company also appoints a Secretary and a deputy secretary, in accordance with article 446-A of the Commercial Companies Code, to exercise their competences under the law.

Novabase continuously analyses the implementation of this model, to improve, wherever possible, its corporate governance practices and better adjust the adopted model to the demands and challenges faced by the Company.



SUSTAINABILITY

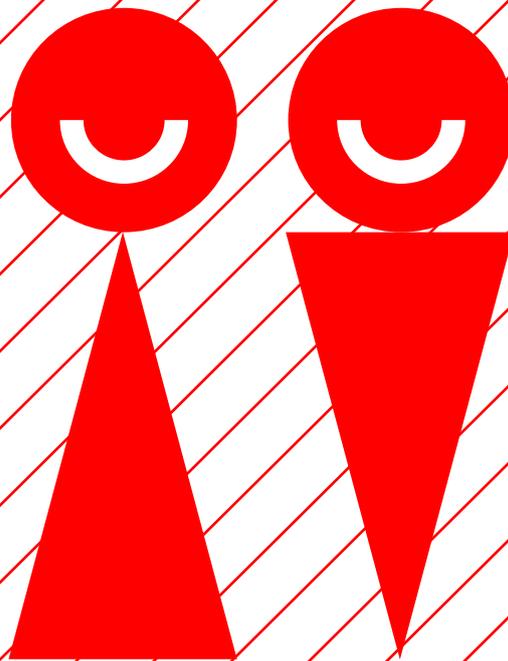
**CREATION OF
VALUE FOR THE
SHAREHOLDERS**

Turnover	139.7 M€
EBITDA	10.9 M€
Atributable Net Profit	4.8 M€
Turnover growth rate	3.0%
International turnover growth rate	-4.9%
EBITDA growth rate	84.8%
Atributable Net Profit growth rate	-50.2%
Net Cash growth	31.1 M€
Return on Equity	7.1%
Return on Assets ¹	4.2%

¹ Return on Assets = Operating Profit (EBIT) / Total Assets

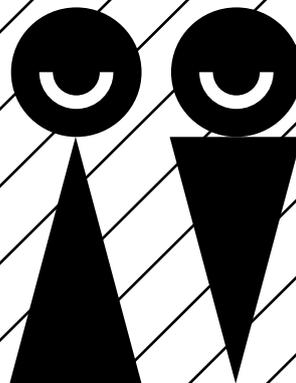
EMPLOYEES

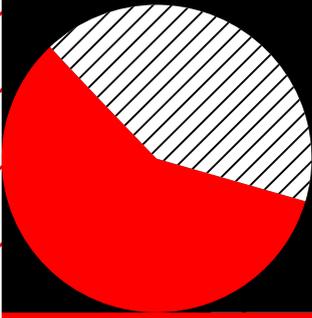
2032



NEW TALENT

97





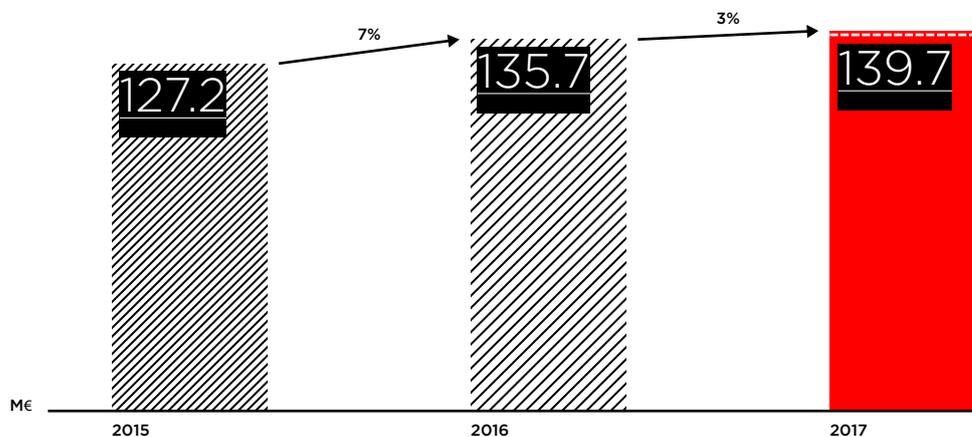
**FINANCIAL
AND STOCK
PERFORMANCE**

Changes
in key
indicators

Novabase's Turnover in 2017 was 139.7 M€ (million euros), an increase of 3% compared to 135.7 M€ in 2016, in line with the Annual Guidance of 140 M€.

Turnover

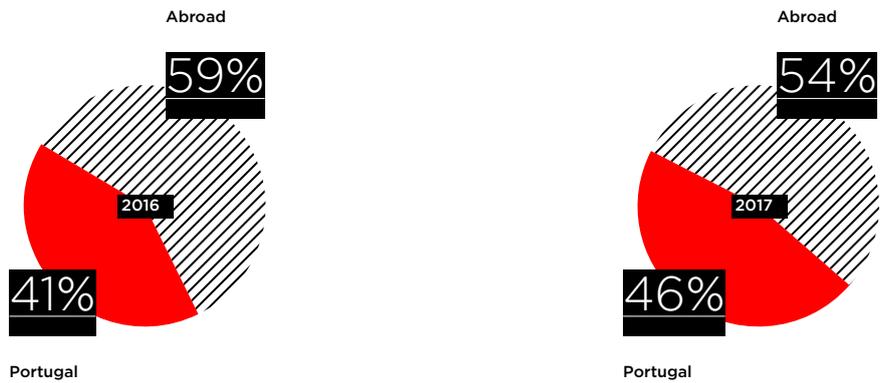
TURNOVER



From the total Turnover, 75.5 M€ were generated outside Portugal, which compares to 79.4 M€ registered in 2016.

Business outside Portugal generated in the Business Solutions area decreased to 54% of the respective Turnover (59% in 2016) and in the Venture Capital area increased to 60% (42% in 2016). Europe was the continent with greater expression in 2017, accounting for 69% of international business.

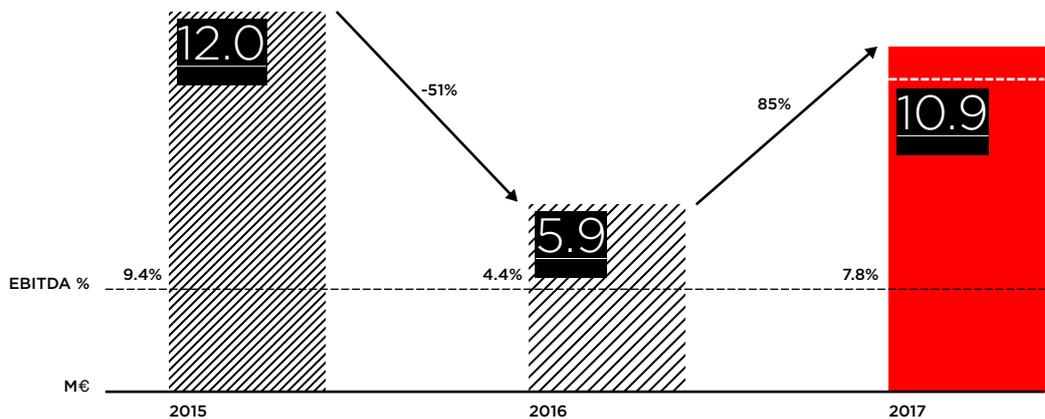
TURNOVER BY GEOGRAPHY



EBITDA

EBITDA reached 10.9 M€ in 2017, a 85% increase compared to the 5.9 M€ obtained in 2016, above the Annual Guidance (+9% in value and +0.7 percentage points). EBITDA's evolution was influenced by the extraordinary cost recorded in a project in 2016.

EBITDA

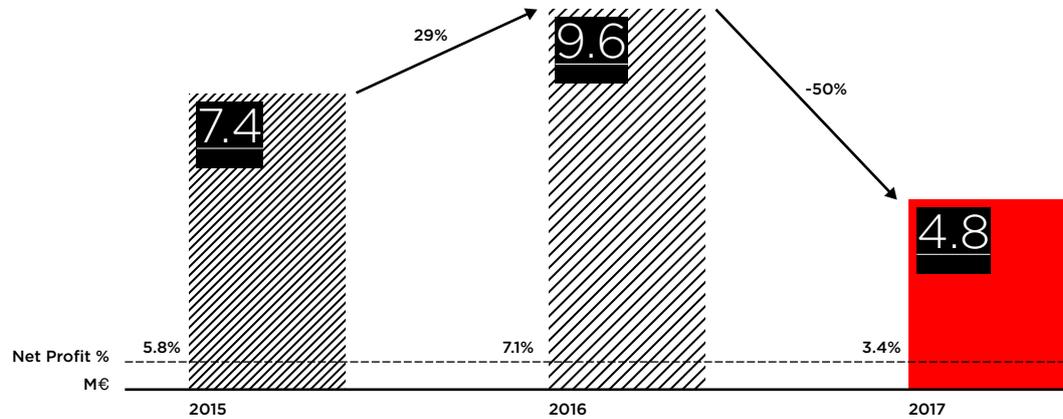


The EBITDA margin was 7.8%, above the 4.4% margin obtained in 2016.

Results

Consolidated Net Profit, after Non-Controlling interests, reached 4.8 M€, showing a 50% decrease compared to the 9.6 M€ registered in 2016. The evolution of Net Profit was impacted by the disposal of IMS Business in 2016.

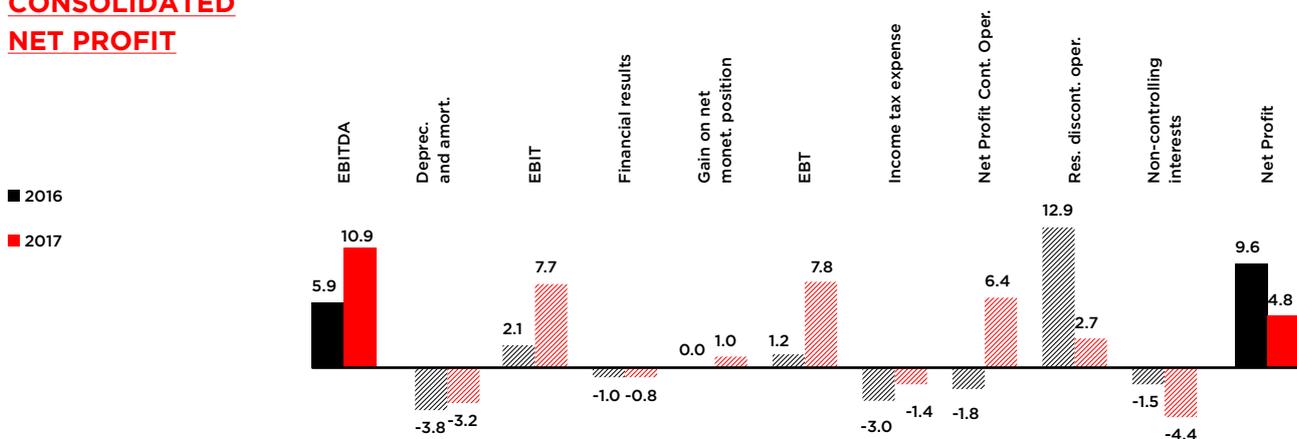
CONSOLIDATED NET PROFIT



Earnings per Share were 0.15 Euros in 2017, registering a decrease of 50% towards the Earnings per Share from the previous year of 0.31 Euros per share.

Trends in EBITDA to Net Profit were as follows:

CONSOLIDATED NET PROFIT



Depreciation and amortisation reached -3.2 M€, an increase towards the amount registered in 2016 (-3.8 M€).

Operating Profit (EBIT) was 7.7 M€, rising 263% compared to 2016 (2.1 M€).

The Financial results were negative in 0.8 M€, an increase of 0.2 M€ compared to 2016.

Earnings Before Taxes (EBT) in 2017 were 7.8 M€, registering a 569% increase compared to 1.2 M€ in 2016.

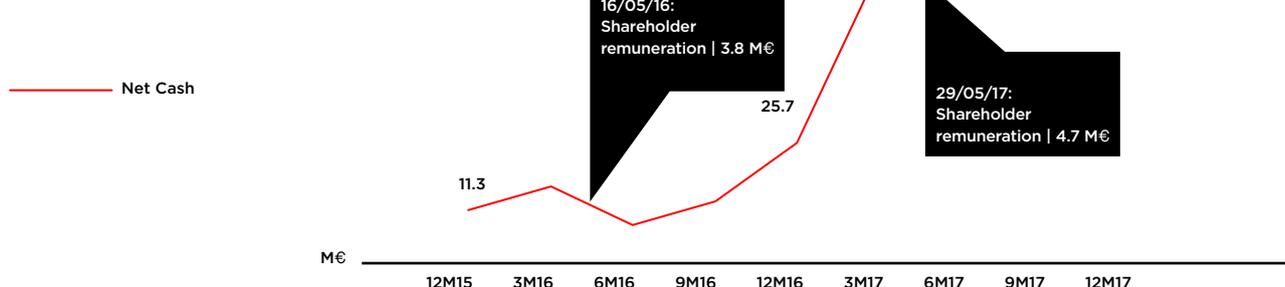
The Gain on net monetary position, amounting to 1.0 M€, derives from the application of IAS 29 to the financial statements of the subsidiary in Angola, after this economy was considered at the end of December 2017 as a hyperinflationary economy, in accordance with that standard. The calculated gain considers an inflation rate of 23.7% in Angola in 2017.

Results from discontinued operations reached a 2.7 M€ profit, which compares to 12.9 M€ in 2016, and correspond to the results attributable to IMS segment. In 2017, this value 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.

Cash

In 2017, Novabase shows a positive evolution in cash generation, with a 31.1 M€ increase in the cash position in 2017. Thus, Novabase ended 2017 with 56.8 M€ in net cash, which compares to 25.7 M€ in 2016. This evolution mainly reflects the cash inflow from IMS Business disposal, in the amount of 41.1 M€.

NET CASH



On May 29, 2017, **Novabase** paid its shareholders a total amount of 4.7 M€ (0.15€/share). Additionally, on November 15, 2017, occurred the payment of reserves and retained earnings to shareholders in a total amount of 15.5 M€, corresponding to 0.50€ per share. On July 3, 2017, the amount of 1.3 M€ was paid to Non-controlling interests.

With reference to the Notes to the Consolidated Financial Statements, the detail and description of Net Cash is analysed as follows:

AMOUNTS EXPRESSED IN THOUSAND OF EUROS	31.12.17	31.12.16
Cash and cash equivalents	56,136	35,703
Non-current Held-to-maturity investments	7,713	4,859
Current Held-to-maturity investments	7,353	4,441
Treasury shares held by the Company (*)	1,148	21
Non-current Bank borrowings	(10,563)	(13,907)
Current bank borrowings	(4,963)	(5,376)
	56,824	25,741

* The share price in the Stock Exchange in the last tradable day of 2017 was 3.049 Euros (2016: 2.490 Euros).

Capital Expenditure

Consolidated recurring investment reached 0.9 M€ in 2017. This amount, which corresponds to a cash write-off in the Statement of Financial Position, is divided into two parts: one pertaining to work in progress in the amount of 0.2 M€ related to the development of projects that are still under construction, and a second part, in the amount of 0.7 M€, related to other tangible assets, such as furnishings.

Non-recurring investment was positive, in the total amount of 1.5 M€, comprising extraordinary movements, write-offs and currency translation differences, and the application of the hyperinflation standard (IAS 29) to tangible assets of the subsidiary in Angola (non-cash items).

	AMOUNTS EXPRESSED IN MILLIONS OF EUROS	NON-RECURRING	RECURRING	TOTAL
CAPITAL EXPENDITURE	WORK IN PROGRESS			
	Work in Progress		0.2	0.2
	SUB-TOTAL (1)	0.0	0.2	0.2
	INTANGIBLE ASSETS			
	R&D	0.1		0.1
	SUB-TOTAL (2)	0.1	0	0.1
	TANGIBLE ASSETS			
	Transport Equipment / Leasing / OR	1.7		1.7
	Other Tangible Assets	-0.3	0.7	0.4
	SUB-TOTAL (3)	1.4	0.7	2.1
TOTAL	1.5	0.9	2.4	

Human Resources

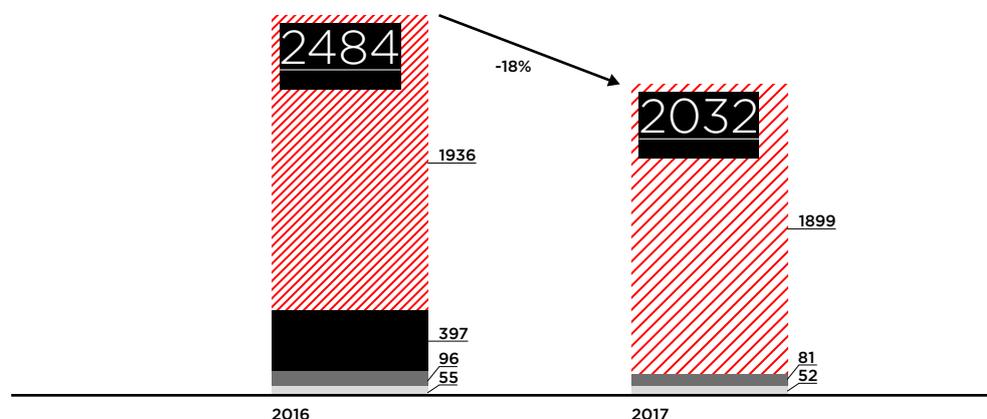
In terms of human resources, Novabase had an average of 2032 employees in 2017, a decrease of 18% compared to 2484 in 2016, mainly reflecting the exit of the employees of IMS Business companies, which were sold at the end of 2016.

The following table shows the average number employee's breakdown, during 2017, among **Novabase's** various business areas:

AVERAGE NUMBER OF EMPLOYEES

- Business Solutions
- IMS
- Shared Services*
- Venture Capital

* For the purpose of reporting by segment, Shared Services belongs to Business Solutions segment.



At the end of the year, the total number of employees was 1991, compared with 2138 at the end of 2016.

Worthy of note is that international employees represent 10% of the total number in 2017 (211), and the recruitment of 97 new university graduates through Novabase Academy program.

Business Summary

The 2017 results are aligned with the expectations laid out for the year and reflect the changes outlined for business.

In the new perimeter, Turnover increased by 3%, with the weight of the international business accounting for 54% of the total. Operations in Europe, which consolidated its leadership as the major market, represent 69% of non-domestic activity. Likewise, an improvement of operating competitiveness was verified, with EBITDA rising 85% up to 10.9 M€ and Net Profit reaching 4.8 M€.

Towards the Guidance, the 2017 results stood in line in Turnover and above in EBITDA (+9% in absolute terms and +0.7% in percentage points). In terms of international business weight, **Novabase** was below the 60% target, influenced by the domestic business growth.

We highlight in 2017, in the Venture Capital segment, that Collab has been awarded the Gold Award in Global Technology by Associação Portuguesa de Contact Centres (Portuguese Association of Contact Centres). The award

was announced at the 13th International Conference of the association, an event that brings together the Portuguese contact centre industry.

In the Business Solutions area, Celfocus and Novabase Business Solutions achieved the leadership of the Innovation – Services category, in the ranking published by Star Company magazine for the 1000 largest companies operating in Portugal, occupying the first and second place, respectively.

Additionally, **Novabase** renewed its appraisal of Maturity Level 3 in the CMMI (Capability Maturity Model Integration) model in Portugal. This international benchmark measures the maturity and capacity of an organization's processes, certifying its expertise in product and service development in the areas of systems and software engineering. This appraisal, once again given by the Spanish consultant PROQUA, keeps **Novabase** in the elite group of certified software companies headquartered in Portugal.

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 48% appreciation during the year, after adjusting the regular and extraordinary dividends paid in 2017.

2017 was also a year of investment in innovation and dissemination of **Novabase** offerings in events with large exposure, namely:

- Novabase participated in the conference of Gamification Europe, aimed at those who use gamification to encourage behavioural change within their companies. The conference was launched in the UK and was attended by the largest gamification specialists, where Novabase presented its NOVA project, a platform for promoting the growth of Novabase's employees;
- Novabase was the platinum sponsor of the Receivables Finance International 2017 (RFLx) conference, held in London, the world's main event in the area of factoring, that bring together financial institutions, technology innovators, companies and specialists for an in-depth discussion on the industry's future;
- Celfocus presented its Celfocus Omnichannel solution at the Mobile World Conference, which is considered the most important telecommunications trade show worldwide;

- Novabase was a partner of Web Summit 2017, considered one of the world's most important events in entrepreneurship, technology and innovation. The event took place once again in Lisbon and was the stage chosen for the presentation of the Wizzio Digital Platform, developed by the Financial Services area of Novabase;
- Novabase participated in the APDC Congress, whose central theme was the transformation of the businesses in order to meet the digital demand. Novabase unveiled its innovative methodologies such as Gamification and Design Thinking.

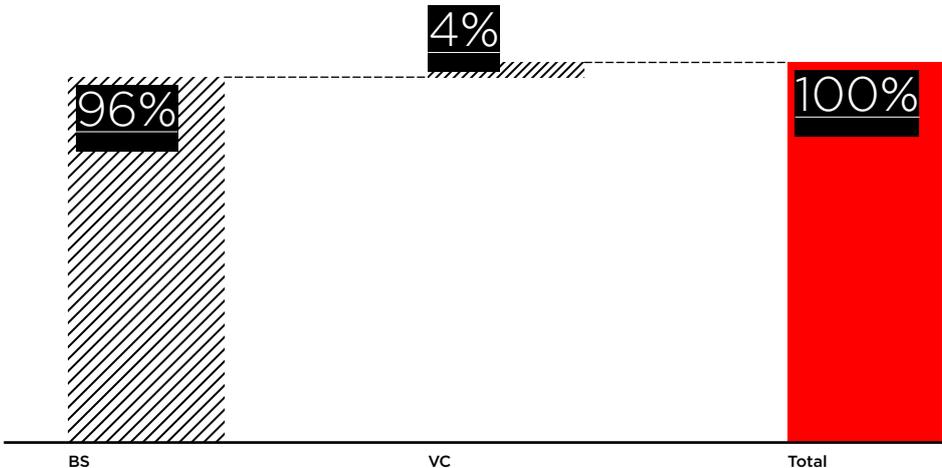
These world reference events reflect **Novabase's** focus on innovation and provide excellent showcases for the dissemination of its offerings.

With regard to new companies, in the Venture Capital area, it was decided to establish a new venture capital fund 'Novabase Capital + Inovação', with a total share capital of 7 M€. The referred fund is held in 53.1% by Novabase Capital SCR, S.A. and 46.9% by Fundo de Capital e Quase Capital (FC&QC). Through this Fund, Novabase Capital intends to respond to the constraints on SME financing in the ICT market and to contribute to the stimulation and orientation of business investment and job creation, in line with the investment objectives and priorities defined in the Portugal 2020.

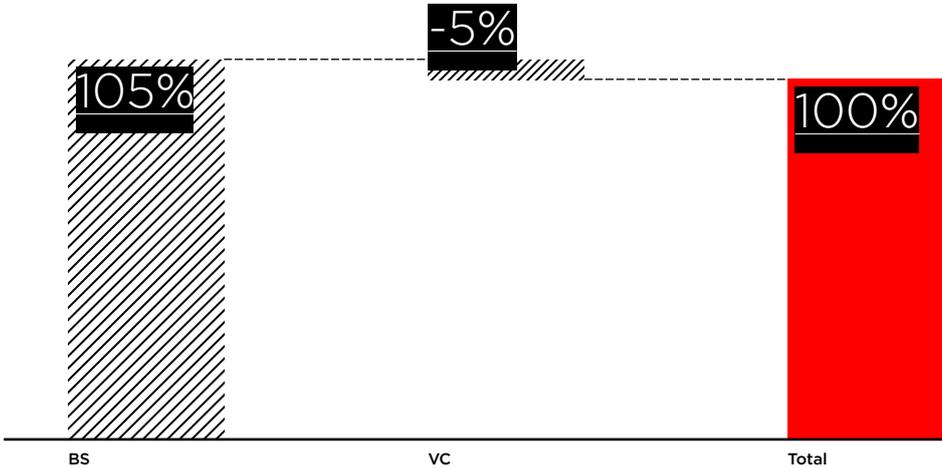
Still in this segment, the Venture Capital Fund Novabase Capital Inovação e Internacionalização sold part of its investment in the company Feedzai, to the North American companies Sapphire Ventures and Sapphire Sap, obtaining a 3 M€ gain. Feedzai works in the area of data science and is one of the references of innovation in Novabase Capital' portfolio.

The percent breakdown of Turnover and EBITDA, by business area, was as follows in 2017:

TURNOVER
2017



EBITDA
2017

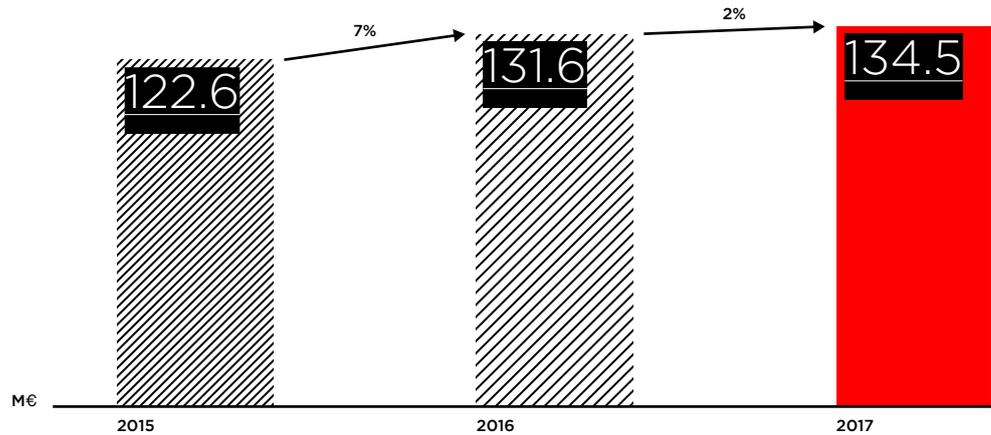


Business
Solutions

In 2017, Business Solutions had in average a team of 1899 consultants, and generated 96% of Novabase's total Turnover and 105% of the total EBITDA.

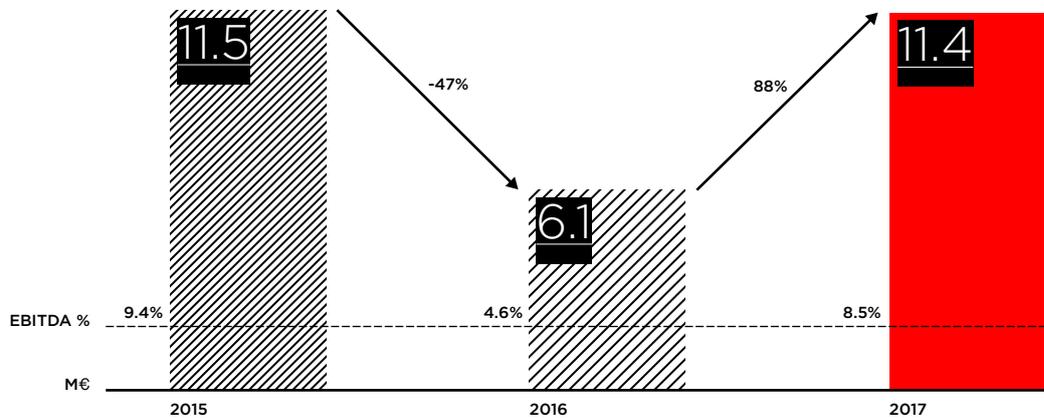
This business area's total Turnover was 134.5 M€, a 2% increase compared to 2016.

**TURNOVER
BUSINESS
SOLUTIONS**



Business Solutions EBITDA increased 88% in 2017 in equivalent terms (from 6.1 M€ to 11.4 M€), with an EBITDA margin of 8.5% (compared to 4.6% in 2016).

**EBITDA
BUSINESS
SOLUTIONS**



This evolution reflects top-line growth, in line with the expectations for the year, and a positive performance of the businesses.

Infras- tructures & Managed Services

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, operation that was substantially completed by the end of that year, therefore a gain amounting to 17.6 M€ was recorded in 2016 accounts.

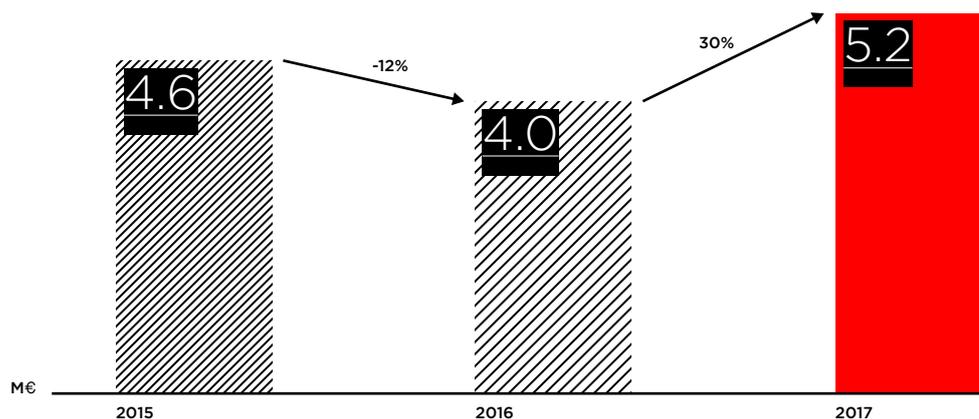
In the first half of 2017, the final calculation of working capital and net debt as established in the purchase and sale agreement took place, and the final price was revised to 41.061 million Euros, resulting in an adjustment to the gain on sale of 2.7 M€.

Venture Capital

Venture Capital had in average a critical mass of 52 employees in 2017, and generated 4% of Novabase’s Turnover and -5% of the total EBITDA.

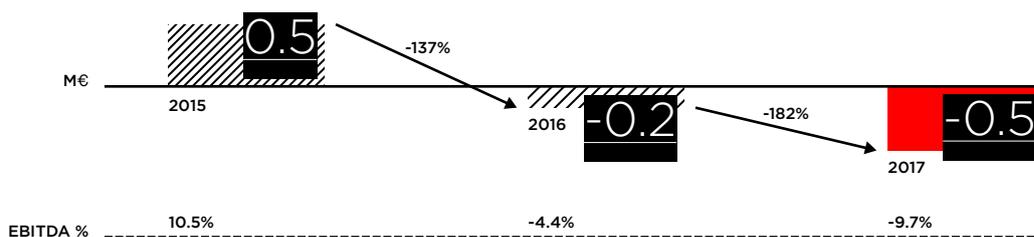
This business area’s total Turnover reached 5.2 M€, a 30% increase compared to 2016.

TURNOVER VENTURE CAPITAL



Venture Capital’s EBITDA decreased in 2017, in equivalent terms, from -0.2 M€ to -0.5 M€, with an EBITDA margin of -9.7%. This is a typical evolution of the development stage of the investments of the Funds.

**EBITDA
VENTURE
CAPITAL**



Stock
Performance

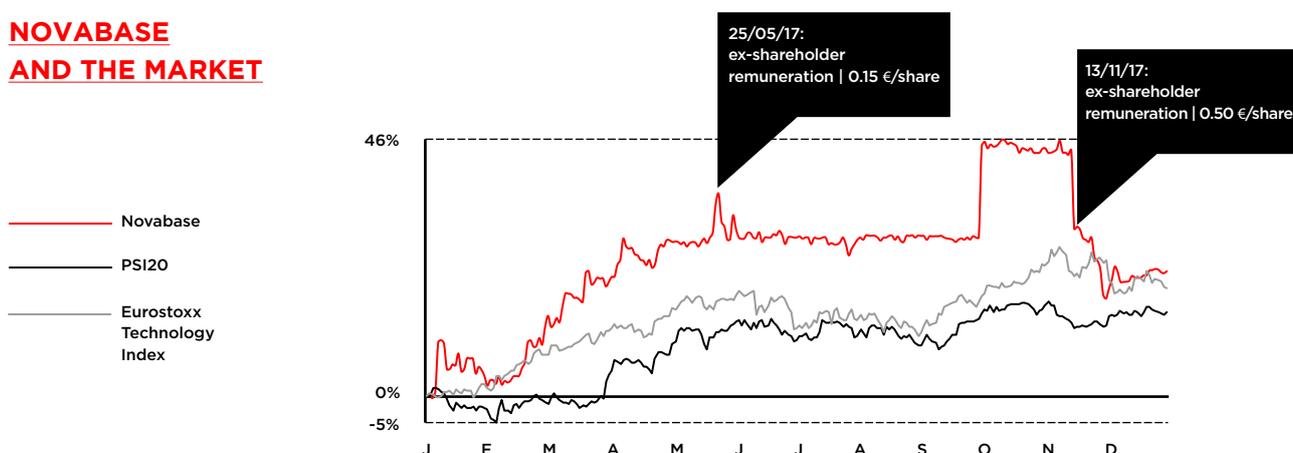
Novabase share price in 2017 appreciated 22%, comparing to a 15% gain in the PSI20 Index and a 19% gain in the EuroStoxx Technology Index. Excluding the shareholder remuneration, the gain on Novabase share price would have been 48%.

To be noted the re-entry of Novabase to the main index of the Lisbon stock exchange, the PSI 20, as at March, 20.

On May 2017, a dividend of 0.15€/share was distributed. Additionally, on November 2017, it was paid to the shareholders an amount of 0.50€ per share, corresponding to the distribution of reserves and retained earnings.

The Board of Directors will propose to the General Meeting of Shareholders to be held on May 10, 2018, the distribution of dividends in the amount of 4.7 M€, corresponding to 0.15€ per share.

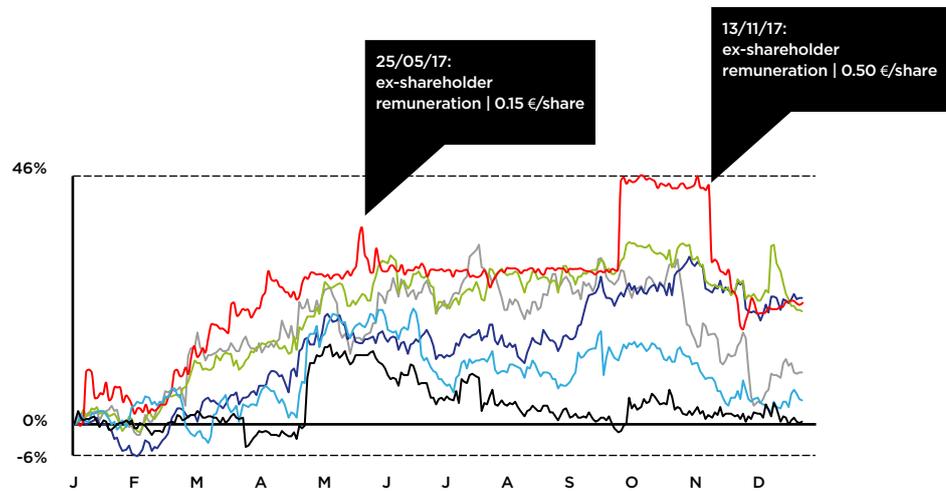
**NOVABASE
AND THE MARKET**



The evolution of **Novabase** share prices compared to other companies in the IT sector in Europe, in 2017, was as follows:

NOVABASE
E OUTRAS TMT

- Novabase
- Tietoerator
- Indra
- Cap Gemini
- Alten
- Atos Origin



The average price target disclosed by the analysts who cover **Novabase** is 3.40 Euros (average upside of 12%).

The average **Novabase** share price weighted by quantity in 2017 was 3.136 Euros per share. 8.2 million shares were traded in all 255 stock exchange sessions in 2017, corresponding to a trading value of 25.8 M€.

The daily average number of shares traded was 32.3 thousand shares, corresponding to a daily average value of approximately 0.1 M€.

The share price on the last tradable day of 2017, 29 December 2017, was 3.049 Euros, which represents a gain of 22% compared to the 2.490 Euros that **Novabase** shares registered at the end of 2016.

The maximum closing price achieved in 2017 was 3.639 Euros, while the minimum closing price recorded was 2.480 Euros. Market capitalization at the end of 2017 was 95.7 M€.

Share turnover accounted for 26% of **Novabase's** capital, with 8.2 million shares traded, 2.9 times higher than the values recorded in 2016 (turnover of 9% of capital, with 2.8 million shares traded).

	2013	2014	2015	2016	2017
SUMMARY					
Minimum price (€)	2.290	2.090	2.070	1.879	2.480
Maximum price (€)	3.110	4.100	2.619	2.490	3.639
Volume weighted average price (€)	2.790	3.183	2.350	2.145	3.136
Last tradable day price (€)	2.610	2.214	2.114	2.490	3.049
Nr. of shares traded (millions)	8.3	5.9	5.7	2.8	8.2
Market cap. in the last day (M€)	82.0	69.5	66.4	78.2	95.7

Risks

The Group's activities expose it to a variety of financial risks, namely, Foreign exchange risk, Interest rate risk (Cash flows and fair value), Credit risk, Liquidity risk and Capital management risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

More information on each of the financial risks that Novabase is exposed to, listed below, including control mechanisms and sensitivity analysis, can be found in the note "Financial Risk Management Policy" included in the Accounts, which forms an integral part of this Consolidated Report and Accounts.

a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, mainly arising from U.S. Dollar, Kwanza and Metical exposures, since some subsidiaries perform transactions in these currencies.

The finance department is responsible for monitoring the evolution of the exchange rate of the currencies mentioned above, in order to reduce the impact of their fluctuations in consolidated results. The group uses derivative financial instruments to hedge certain risk exposures.

b) Interest rate risk (Cash flows and fair value)

Interest rate risk reflects the possibility of changes in future interest charges in loans obtained as a result of changes in market interest rate levels.

Novabase Group's financial liabilities are indexed to short-term reference interest rates, revised in periods shorter than one year plus duly negotiated risk spreads. Hence, changes in interest rates can impact the Group's earnings.

The Group's exposure to interest rates is related to financial liabilities contracted with a fixed and/or floating rate. In the first case, the Group

faces a risk of fair value variation in these assets or liabilities, since every change in market rates involves an opportunity cost. In the second case, such change has a direct impact on interest value, consequently causing cash variations.

Exposure to interest rate risk is monitored continuously by the finance department. The purpose of managing interest rate risk is to reduce the volatility of financial costs in the income statement.

c) Credit Risk

Credit risk is managed, simultaneously, on business unit's level, for the amounts of outstanding trade and other receivables, and on Group basis, for financial instruments. Credit risk arises from cash and cash equivalents, derivative financial instruments, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently well rated parties are accepted. Credit risk management of trade and other receivables is based in credit limits, taking into account the financial position of the customer and past experience.

d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Group's liquidity reserve (which comprises undrawn committed borrowing facilities and cash and cash equivalents) on the basis of expected cash flows, taking into account the analysis of the remaining contractual maturity of the financial liabilities and the expected date of financial assets inflows, and taking into account the cash transfer restrictions from Angola. Additionally, the maturity concentration of derivative financial instruments, borrowings and liabilities of the Group are regularly monitored.

e) Capital management risk

The Group's objectives when managing capital, which is a broader concept than 'equity' in the consolidated statement of financial position, are:

- To safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;

- To maintain a solid capital structure to support the development of its business;
- To maintain an optimal capital structure to reduce the cost of capital.

Outlook for 2018

The 2017 results are in line with the strategic objectives set for the year.

The international activity accounts for 54% of the total business, and Europe consolidates its position as the major market, representing 69% of total. In this period, EBITDA margin reached 7.8% and Net Profit was 3.4%.

In 2018, **Novabase** will continue the transformations to its business, both from the standpoint of geographically diversifying risk as well as investing in products and services. In the short term, this strategy limits growth and profitability, but Novabase believes that it will enhance future access to higher-quality, more sustainable business.

Subsequent Events

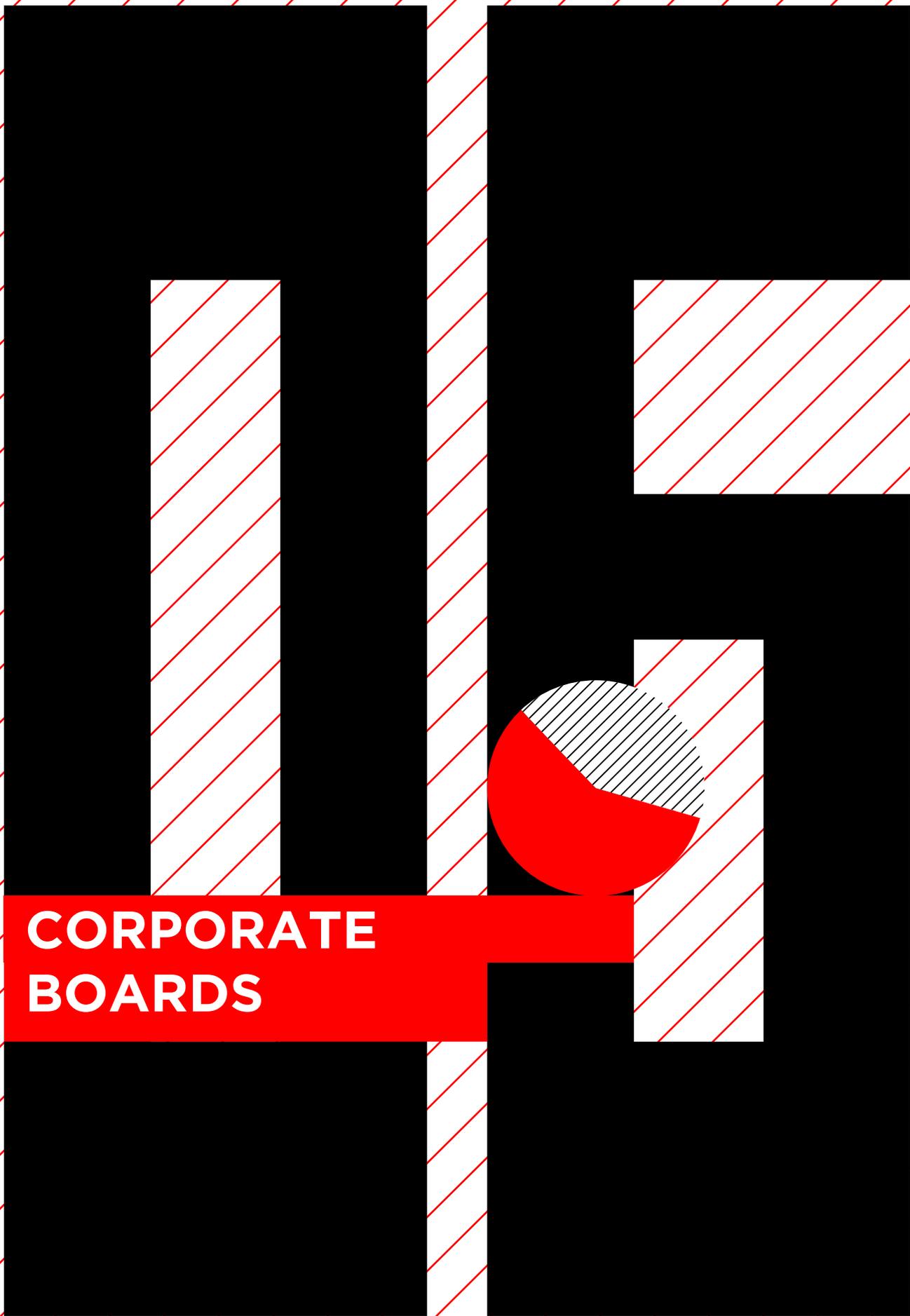
The following relevant facts occurred in 2018 by the date of issue of this report, details of which have been adequately disclosed as privileged information via the Novabase SGPS and CMVM sites, or are public knowledge:

Dividend to Shareholders

Novabase informed the intention of the Board of Directors to propose, at the 2018 Annual General Meeting of Shareholders, the distribution of 4.7 Million Euros to shareholders. This payment, equal to 98.7% of the consolidated net profit, represents a dividend of 15 Euro cents per share.

Novabase exit from PSI20 Index as of 19 March

As part of the annual review of the national stock exchange index, Euronext - the managing entity of the Lisbon stock exchange - announced in a news item dated from March 6, 2018, that Novabase will leave the main index of the Lisbon Stock Exchange, PSI20, from March 19, where it was trading since March 20, 2017. The PSI20 index is revised quarterly in June, September and December, with the full annual review taking place in March ”.



**CORPORATE
BOARDS**

[Board
of Directors](#)

Chairman
Luís Paulo Cardoso Salvado

Members
Francisco Paulo Figueiredo Morais Antunes
José Afonso Oom Ferreira de Sousa
Pedro Miguel Quinteiro Marques de Carvalho

[Officers of the
General Meeting
of Shareholders](#)

Chairman
António Manuel da Rocha e Menezes Cordeiro

Secretary
Madalena Paz Ferreira Perestrelo de Oliveira

[Managing
Directors](#)

Luís Paulo Cardoso Salvado
Francisco Paulo Figueiredo Morais Antunes

[Audit Board](#)

Chairman
Paulo José Jubilado Soares de Pinho

Members
Fátima do Rosário Piteira Patinha Farinha
Nuno Miguel Dias Pires

Surrogate
Manuel Tavares Festas

[Statutory
Auditor](#)

Statutory Auditor
KPMG & Associados - SROC, S.A. represented by Paulo Alexandre Martins
Quintas Paixão

Surrogate
Maria Cristina Santos Ferreira

[Remuneration
Committee](#)

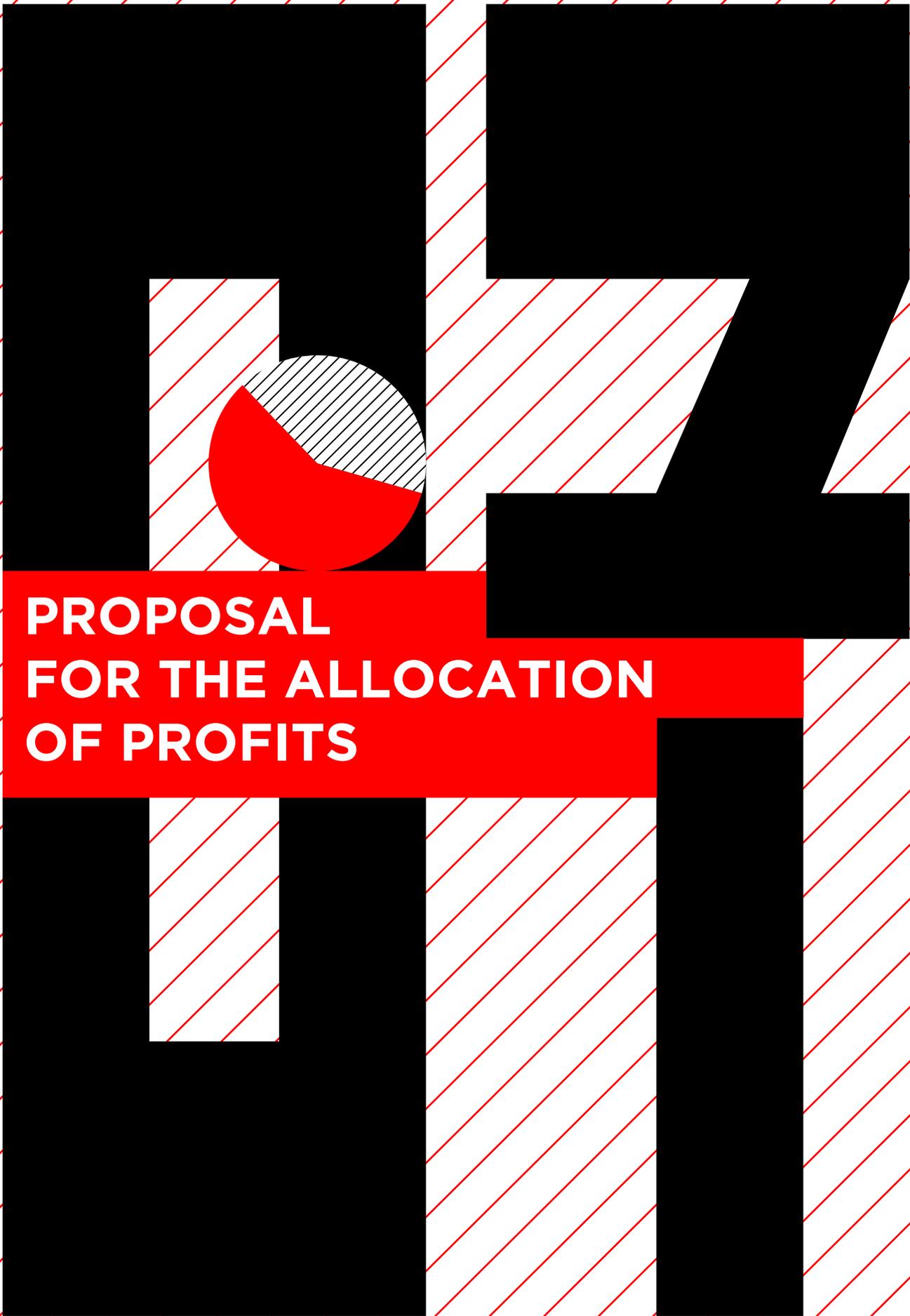
Chairman
Francisco Luís Murteira Nabo

Members
Pedro Miguel Duarte Rebelo de Sousa
João Francisco Ferreira de Almada e Quadros Saldanha

[Company's
Secretary](#)

Diogo Leónidas Ferreira da Rocha

Surrogate
Marta Isabel dos Reis G. Rodrigues do Nascimento



**PROPOSAL
FOR THE ALLOCATION
OF PROFITS**

In 2017, Novabase SGPS, SA had a consolidated net profit of €4,773,954.51 (four million, seven hundred and seventy three thousand, nine hundred and fifty four euros and fifty one cents) and a net profit of €16,995,280.48 (sixteen million, nine hundred and ninety five thousand, two hundred and eighty euros and forty eight cents) in the individual accounts.

In compliance with the provisions of law and the articles of association, 5% of the net profit for the year should be added to the statutory reserves until this balance reaches 20% of the share capital.

The individual statement of financial position of the Company, reported as at december 31, 2017, presents statutory reserves in the amount of €3,140,139.40 (three million, one hundred and forty thousand, one hundred and thirty nine euros and forty cents). This amount is equal to the minimum legally required, not becoming, on the other hand, as a result of the intended allocation of profits, the total equity inferior to the sum of the capital and reserves which may not be distributed to shareholders by the law or the contract.

On 22 february 2018, the company's Board of Directors informed on its intention to propose, at the 2018 annual General Meeting of shareholders, the distribution of €4.710 Million, corresponding to annual profits to be distributed by means of a resolution to allocate profits. This distribution, equal to 98.7% Of the consolidated net profit, will represent a dividend of €0.15 per share.

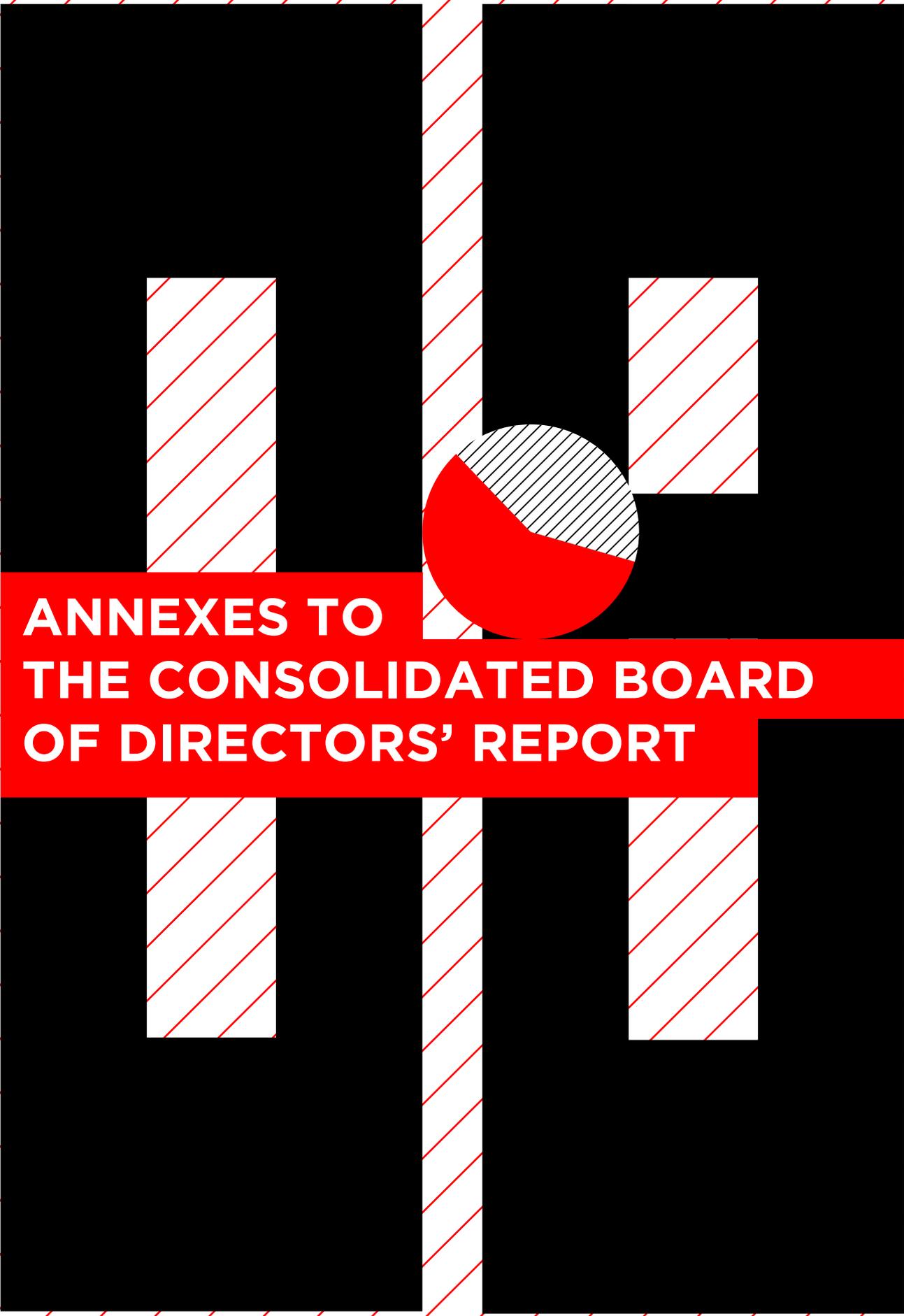
Pursuant to legal and statutory provisions, the Board of Directors proposes that the financial year individual net profit be allocated as follows:

1. From the net profit for the year above mentioned, an amount totaling €4,710,209.10 (four million, seven hundred and ten thousand, two hundred and nine euros and ten cents) is paid to shareholders, corresponding to €0.15 (fifteen euro cents) per share, as related to the total number of shares issued;

2. That, as it is not possible to accurately determine the number of own shares held in treasury on the date of the abovementioned payment without limiting the Company's intervention capacity, notably in the increase of liquidity in its securities, the overall sum of €4,710,209.10 (four million, seven hundred and ten thousand, two hundred and nine euros and ten cents) as provided for in the foregoing paragraph, based on an unit amount per issued share (in this case, €0.15), Be distributed as follows:
 - a) that the unit amount of €0.15 be paid to each issued share;
 - b) that the unit amount corresponding to the own shares held in treasury on the date of payment as referred to above not be paid, but transferred to retained earnings.
3. The remainder of net profit for the financial year in the amount of €12,285,071.38 (twelve million, two hundred and eighty five thousand, seventy one euros and thirty eight cents) is transferred to retained earnings.

Lisbon, 12 April 2018

Board of Directors

The image features a large, stylized black letter 'E' centered on a background of red diagonal lines. A red horizontal bar is superimposed across the middle of the 'E'. In the center of the 'E', there is a circular graphic divided into three segments: a red segment at the bottom, a white segment with black diagonal lines at the top, and a white segment on the right. The text 'ANNEXES TO THE CONSOLIDATED BOARD OF DIRECTORS' REPORT' is written in white, bold, uppercase letters across the red bar.

**ANNEXES TO
THE CONSOLIDATED BOARD
OF DIRECTORS' REPORT**

List of shareholders with qualifying stakes as at 31 December, 2017

(Under the terms of paragraph 4 of article 448^o of the portuguese commercial companies code and article 16^o of the portuguese securities code 'psc')

	NO. OF SHARES	% OF SHARE CAPITAL AND VOTING RIGHTS	
HOLDING UNDER THE SHAREHOLDERS AGREEMENT CONCERNING NOVABASE	HNB - SGPS, S.A. ¹	10,261,395	32.68%
	Pedro Miguel Quinteiro Marques de Carvalho	2,289,068	7.29%
	João Nuno da Silva Bento ¹	1	0.00%
	Álvaro José da Silva Ferreira ¹	1	0.00%
	Luís Paulo Cardoso Salvado ¹	1	0.00%
	José Afonso Oom Ferreira de Sousa ¹	1	0.00%
	TOTAL²	12,550,467	39.97%

1 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., and have entered into a shareholders agreement concerning the whole of HNB - SGPS, S.A.'s share capital.

2 The total holding is attributed to José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, João Nuno da Silva Bento and Pedro Miguel Quinteiro Marques de Carvalho, under the terms of the Shareholders Agreement concerning Novabase. This agreement is described in item 6 of the Corporate Governance Report attached to this Management Report.

	NO. OF SHARES	% OF SHARE CAPITAL AND VOTING RIGHTS
Partbleu, Sociedade Gestora de Participações Sociais, S.A. ¹	3,180,444	10.13%

1 When Novabase was notified of this holding, it was informed that Partbleu, Sociedade Gestora de Participações Sociais, S.A. was indirectly held in 72% by Mr. Miguel Pais do Amaral, and therefore the corresponding voting rights were attributed to him.

	NO. OF SHARES	% OF SHARE CAPITAL AND VOTING RIGHTS
IBIM2 Limited	3,144,217	10.01%

	NO. OF SHARES	% OF SHARE CAPITAL AND VOTING RIGHTS	
SANTANDER ASSET MANAGEMENT Sociedade Gestora de Fundos de Investimento Mobiliário, SA	Fundo de Investimento Mobiliário Aberto Poupança Ações Santander PPA	34,537	0.11%
	Fundo de Investimento Mobiliário Aberto Santander Ações Portugal	1,476,905	4.70%
	TOTAL¹	1,511,442	4.81%

1 When Novabase was notified of this holding, it was informed that the funds identified above were managed by Santander Asset Management - Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.

	NO. OF SHARES	% OF SHARE CAPITAL AND VOTING RIGHTS
Fernando Fonseca Santos	1,575,020	5.02%

	NO. OF SHARES	% OF SHARE CAPITAL AND VOTING RIGHTS
Maria Manuela de Oliveira Marques	1,043,924	3.32%

	NO. OF SHARES	% OF SHARE CAPITAL AND VOTING RIGHTS
Lazard Frères Gestion SAS	669,122	2.13%

The holdings identified above correspond to the last positions notified to the company with reference to 31 december 2017 or a previous date.

[Information concerning stakes held in the company by members of the board of directors and supervisory bodies as at 31 December, 2017](#)

(Under the terms of paragraph 5 of article 447 of the portuguese commercial companies code)

	NO. SHARES ¹	% CAPITAL AND VOTING RIGHTS
HOLDERS¹		
Luís Paulo Cardoso Salvado ²	1	0.00%
José Afonso Oom Ferreira de Sousa ²	1	0.00%
Pedro Miguel Quinteiro Marques de Carvalho	2,289,068	7.29%
Francisco Paulo de Figueiredo Moreira 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 – SROC, represented by Paulo Alexandre Martins Quintas Paixão (effective Statutory Auditor)	0	0.00%
Maria Cristina Santos Ferreira (surrogate Statutory Auditor)	0	0.00%

¹ The shareholding of each of these members of the corporate and supervisory boards corresponds to the last position notified to the company in reference to 31 december 2017 or a previous date.

² José Afonso Oom Ferreira de sousa and Luís Paulo Cardoso Salvado are shareholders of HNB - SGPS, S.A., Where they hold management positions. HNB - SGPS, S.A. Holds 10,261,395 shares representing 32.68% Of novabase's share capital and respective voting rights.

Information on management transactions, in accordance with article 248-b of the Portuguese Securities Code, is described in the next section.

In addition to those mentioned above, no encumbrances or other acquisitions or changes in the ownership of shares representing the Company's share capital (or of a company in a control or group relationship with the Company) were undertaken by the Members of the Management and Supervisory Bodies, nor any promissory, option or repurchase agreements, nor other agreements with similar effects on such shares.

The type of transactions described above were also not carried out by any person falling under the scope of paragraphs 2, a) to d) of article 447 of the Portuguese Companies Code.

Finally, it should be clarified that neither the Company nor any company in a control or group relationship with it is an issuer of bonds.

List of management transactions

(Under the terms of paragraphs 6 and 7 of article 14 of the Portuguese Securities Market Commission - CMVM - Regulation n.º 5/2010)

	DIRECTOR ¹	TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
LIST OF MANAGEMENT TRANSACTIONS	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	Acquisition	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
	HNB - SGPS, SA (a)	Acquisition	12/10/2017	Over-the-Counter	338,609	3.200
	HNB - SGPS, SA (a)	Acquisition	12/10/2017	Over-the-Counter	147,027	3.200
	HNB - SGPS, SA (a)	Acquisition	16/10/2017	Over-the-Counter	1,079,122	3.300
	HNB - SGPS, SA (a)	Acquisition	16/10/2017	Over-the-Counter	235,000	3.300

¹ Transactions on novabase' shares by the persons referred to in article 447 of the Commercial Companies Code ("CSC").

(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.

Own shares transactions

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

	TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
OWN SHARES TRANSACTIONS	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 SGPS held 8,615 own shares, representing 0.03% of its share capital.

During 2017, the company acquired on the market 367,996 own shares (1.17% of the subscribed capital) at the average net price of 2.745 Euros.

Own shares acquisitions were performed because they were considered to be in the company's best interest.

At 31 december 2017, Novabase SGPS held 367,611 own shares, representing 1.20% of its share capital.

During the 2017 financial year, Novabase SGPS shares always had a nominal value of €0.5.

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**CONSOLIDATED
NON-FINANCIAL
STATEMENT**

Scope

For the purposes of article 508-G of the Commercial Companies Code, in the wording introduced by Decree-Law No. 89/2017, of 28 July, which transposed Directive 2014/95/EU of the European Parliament and Council, of 22 October 2014, to the Portuguese Law, Novabase explicitly states in this [annex] the “sufficient information for the understanding of the progress, performance, position, and impact of the group’s activities, at least, with regard to environmental, social and work-related issues, to equality between men and women, non-discrimination, respect for human rights, fight against corruption and bribery attempts” concerning Novabase Group in the financial year ended 31 December 2017.

Introduction Novabase Group

Information on the business activity and organization of Novabase Group can be found in the Annual Report and Accounts 2017 (Notes to the Consolidated Financial Statements for the financial year ended 31 December 2017, Section 1. General Information), as well as in the Report on the Governance Practices for the financial year 2017 (Part I, Section B., Point 21).

Reference Documents and Due Diligence Processes

Considering the dimension of Novabase Group, the nature of the activities pursued, the business model implemented and the industries in which the Group operates, no formal policies were approved regarding all the aspects listed in number 2, of article 508-G of the Commercial Companies Code. However, Novabase Group is governed in the different aspects of its activity by the applicable law and by the applicable regulations and recommendations of the Portuguese Securities Market Commission and other national and international entities. Novabase Group also adopted internally certain reference documents, systems and due diligence processes with regard to the practices to be adopted in certain areas, taking into account the Group and its needs, as well as its employees, professionals and other stakeholders, with the goal, in particular, to ensure sustainable growth. Novabase Group companies are also subject to internal and external audits of a different nature.

In this context, we highlight below the main aspects, practices and processes in Novabase Group which the Group considers as having an impact on non-financial issues relevant to the Group, namely environmental, social, labour-related, gender equality and non-discrimination, human rights and fight against corruption issues:

- Novabase’s activity and the conduct of its employees and professionals is governed by the law applicable in the relevant jurisdictions and by the Novabase Code of Conduct (published on the corporate website), which is an internally approved document that has been in force since 2011 with the objective of guiding the conduct of the Novabase professionals according to the values supported by the Group, not only in its relationships with customers, but also with each other.

- The company's activity is managed according to the Integrated Management System.
- Novabase companies are audited by their financial auditors and their Quality (ISO 9001), Environmental Management (ISO 14001) and Health and Safety at Work (OHSAS 18001) certifications are renewed on an annual basis after internal and external audits, the latter being conducted by certifying bodies.
- The company regularly monitors its customer' satisfaction, as well as its employees and professionals satisfaction with regard to the internal services and other topics of interest to the management.
- In compliance with the recommendations of the Portuguese Securities Market Commission on the Governance of Listed Companies and with the objective of fostering a responsible and compliant culture, Novabase has adopted a system to report irregular practices (known as "SPI") that may have occurred within the Group. The reporting of irregular practices through the SPI is addressed to one of the members of the Auditing Committee specially appointed to this position.
- Although in 2017 Novabase does not have a formally approved diversity policy (the policy on the diversity in the administrative and supervisory bodies of S.G.P.S. S.A. was approved during the financial year 2018), the company is committed to the promotion of this aspect and the compliance with the applicable law with this regard. This effort is visible not only in the intentions of some shareholders, disclosed to the market during the financial year 2017 with regard to the proposal to be submitted to the General Meeting for the appointment of the governing bodies of Novabase S.G.P.S. S.A. for the 2018-2020 mandate - according to which the Board of Directors and the Executive Committee of this company shall have, at least, 25% of members of each gender - as well as in the improvement of the results of the key indicator related to this aspect, indicated in the following section.
- The company also has an "Internal Regulation on Business with Holders of Qualified Participation in Novabase, SGPS, S.A." in force.

Results and Key Indicators

In the financial year 2017 no occurrence related to human rights, corruption and bribery attempts was reported to Novabase SGPS, S.A. Board through the channels available for this purpose and, therefore, there are no indicators to report on this regard.

As for gender equality, the key indicator taken into account is that of the proportion of men and women in the total number of employees, which should tend to be balanced. This indicator has evolved positively (from 72% of men and 28% of women in 2016 to 70% of men and 30% of women

in 2017), this gender unbalance following the trend of the information technology industry, in Portugal and abroad, which also reflects the choices of higher education courses by gender. In effect, in courses such as Computer Engineering, Electronic Engineering or Network Engineering, the number of graduates (men) is much higher than the number of graduates (women).

In turn, the key indicator related to environmental issues taken into account is the number of non-conformities identified in the annual audit of the Environmental Management System as a consequence of ISO14001 certification. In 2017, as in 2016, the companies in the Novabase group had no-conformities under ISO14001 standard.

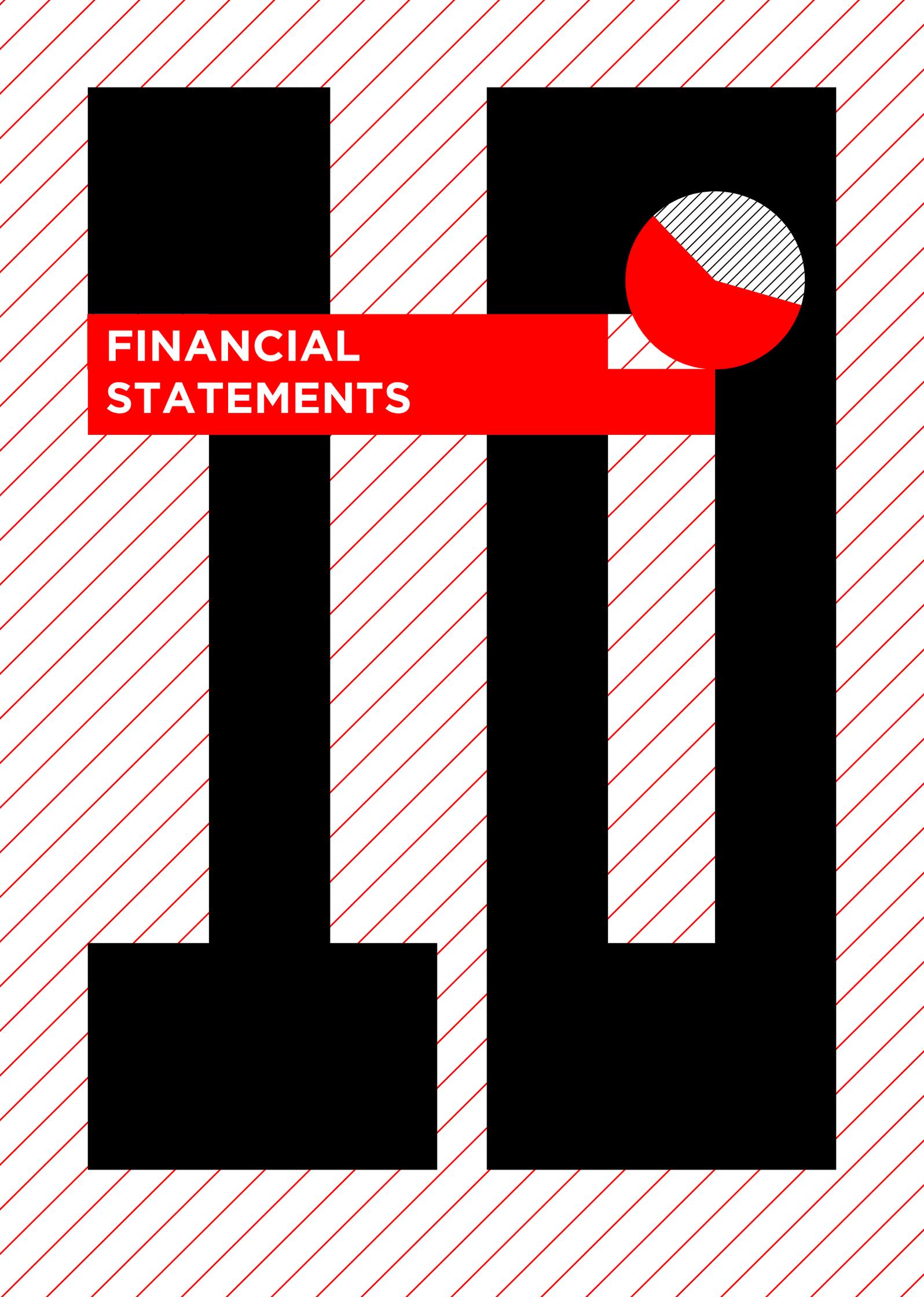
Other (operational, non-key) indicators monitored with regard to these topics include:

- Business: Investment in Research, Development and Innovation; Customer Satisfaction.
- Employee-related: Number of training actions, participants and hours; number of accidents at work; number of recent graduates received through the Novabase Academy integration program.
- Environment-related: consumption of electricity, thermal energy, water and diesel & gasoline; plastics recycling, cardboard & paper, glass; greenhouse gas emissions.

Risk management and Internal Control

Novabase Group is subject to normal market risks and to the specific risks of the activities it pursues. Novabase does not consider that the risks inherent to the issues addressed in this document are emphasized due to the type of activity pursued by the Group or the industries in which it operates.

Novabase also has internal control procedures and systems aimed at, namely, prevent and manage risks in the context of its organization and activities. Additional information with regard to Novabase's internal control and risk management can be found in Part I, Section III. "Internal Control and Risk Management" of the Report on Corporate Governance Practices for the financial year 2017.



**FINANCIAL
STATEMENTS**

Turnover

139.7 M€

EBITDA

10.9 M€

Net Profit

4.8 M€

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	THOUSAND OF EUROS	31.12.17	31.12.16
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		10,019	8,899
Intangible assets		17,162	18,104
Investments in associates		314	575
Financial assets at fair value through profit or loss		2,796	4,353
Held-to-maturity investments		7,713	4,859
Deferred income tax assets		10,448	9,545
Other non-current assets		3,256	5,132
TOTAL NON-CURRENT ASSETS		51,708	51,467
CURRENT ASSETS			
Inventories		46	486
Trade and other receivables		49,745	92,712
Accrued income		16,356	15,081
Income tax receivable		1,318	3,394
Derivative financial instruments		18	19
Other current assets		1,546	1,886
Held-to-maturity investments		7,353	4,441
Cash and cash equivalents		56,136	35,703
TOTAL CURRENT ASSETS		132,518	153,722
TOTAL ASSETS		184,226	205,189
EQUITY			
Share capital		15,701	15,701
Treasury shares		(188)	(4)
Share premium		43,560	43,560
Reserves and retained earnings		3,722	16,071
Profit for the year		4,774	9,577
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		67,569	84,905
Non-controlling Interests		13,597	8,151
TOTAL EQUITY		81,166	93,056
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings		16,837	18,897
Provisions		10,369	9,109
Other-non current liabilities		744	-
TOTAL NON-CURRENT LIABILITIES		27,950	28,006
CURRENT LIABILITIES			
Borrowings		6,907	6,916
Trade and other payables		41,619	47,414
Income tax payable		578	6
Derivative financial instruments		-	82
Deferred income and other current liabilities		25,103	27,709
TOTAL CURRENT LIABILITIES		74,207	82,127
Liabilities for discontinued operations		903	2,000
TOTAL LIABILITIES		103,060	112,133
TOTAL EQUITY AND LIABILITIES		184,226	205,189

	THOUSAND OF EUROS	31.12.17 (12M*)	31.12.16 (12M*)
CONSOLIDATED STATEMENT OF PROFIT AND LOSS	CONTINUING OPERATIONS		
	Sales	159	101
	Services rendered	139,563	135,553
	Cost of sales	(31)	(25)
	External supplies and services	(51,201)	(46,563)
	Employee benefit expense	(82,155)	(79,050)
	Other gains/(losses) - net	4,580	(4,111)
	Depreciation and amortisation	(3,210)	(3,785)
	OPERATING PROFIT	7,705	2,120
	Finance income	6,199	3,816
	Finance costs	(6,776)	(4,721)
Share of loss of associates	(261)	(46)	
Gain on net monetary position	955	-	
PROFIT BEFORE INCOME TAX	7,822	1,169	
Income tax expense	(1,382)	(3,002)	
PROFIT FROM CONTINUING OPERATIONS	6,440	(1,833)	
DISCONTINUED OPERATIONS			
PROFIT FROM DISCONTINUED OPERATIONS	2,696	12,881	
PROFIT FOR THE YEAR	9,136	11,048	
PROFIT ATTRIBUTABLE TO:			
Owners of the parent	4,774	9,577	
Non-controlling interests	4,362	1,471	
	9,136	11,048	
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (EUROS PER SHARE)			
Basic earnings per share			
From continuing operations	0.07 Euros	-0.11 Euros	
From discontinued operations	0.09 Euros	0.41 Euros	
FROM PROFIT FOR THE YEAR	0.15 EUROS	0.31 EUROS	
Diluted earnings per share			
From continuing operations	0.07 Euros	-0.11 Euros	
From discontinued operations	0.09 Euros	0.41 Euros	
FROM PROFIT FOR THE YEAR	0.15 EUROS	0.31 EUROS	

12M * - period of 12 months ended

	THOUSAND OF EUROS	31.12.17 (12M*)	31.12.16 (12M*)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	PROFIT FOR THE YEAR	9,136	11,048
	Other comprehensive income		
	Items that may be reclassified to profit or loss		
	Exchange differences on foreign operations, net of income tax	(467)	(3,317)
	OTHER COMPREHENSIVE INCOME	(467)	(3,317)
	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,669	7,731
	Total comprehensive income attributable to:		
	Owners of the parent	4,533	7,189
	Non-controlling interests	4,136	542
		8,669	7,731

12M * - period of 12 months ended



**REPORT AND OPINION
OF THE AUDIT BOARD
AND AUDITOR'S
REPORT**

REPORT AND OPINION OF THE AUDIT BOARD ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NOVABASE – SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. FOR THE FINANCIAL YEAR ENDED ON DECEMBER 31, 2017

To the Shareholders

INTRODUCTION

In compliance with the Law and for the purposes of paragraph g) of article 420 of the Portuguese Companies Code and the Company's bylaws, the Audit Board hereby presents for appreciation its Report on the supervising activity that was carried out and issues its Opinion on the Management Report and Consolidated Financial Statements of Novabase – Sociedade Gestora de Participações Sociais, S.A. for the financial year ended on December 31, 2017.

ACTIVITIES CARRIED OUT

Supervision of the Company

During the financial year, the Audit Board regularly followed up the evolution of the company's business and the business of its subsidiaries, ensuring compliance with the law and the relevant bylaws, and monitored the Company's management, the efficiency of the risk management and internal control systems and the preparation and disclosure of financial information, as well as the regularity of the accounting records, the accuracy of the consolidated financial statements and the accounting policies and metrical valuation criteria adopted by the company, in order to verify that they lead to an adequate expression of its consolidated assets, results and cash flows.

During the year, the Audit Board met eight times and the respective meetings were formally recorded in minutes. At these meetings there was always attendance of 100% of the respective members. In addition, the Audit Board took part in the meeting of the Board of Directors that approved the Management Report and the Consolidated Financial Statements for the 2017 financial year.

Within its duties, the Audit Board maintained the necessary contacts with the representatives of the Chartered Accountants Company and External Auditor, in order to monitor the planning and audit work that was carried out and to take note of the respective findings. The meetings held with the representatives of the Chartered Accountants Company and External Auditor enabled the Audit Board to reach a positive opinion on the integrity, rigor, skill, quality of work and objectivity with which they carried out their work, as well as the reliability of the financial information.

Relevant matters concerning auditing were also analyzed with the representatives of the Chartered Accountants Company and External Auditor; the Audit Board refers to their report on the consolidated financial statements for the description of the essential elements subject to analysis.

During the meetings of the Audit Board, the main risks affecting Novabase - Sociedade Gestora de Participações Sociais, S.A. and the companies included in the consolidation perimeter were analyzed and discussed with Management and the Statutory Auditor, based on presentations prepared by these corporate bodies. The Audit Board considers that it has obtained the explanations and clarifications considered relevant.

Whistleblowing procedures

During 2017, the Audit Board did not receive any communications on irregularities through the means established for this purpose.

Related Party Transactions

During the 2017 financial year, no related party transactions, in accordance with the regulation in force, were submitted to assessment by the Audit Board.

Independence of the External Auditor

The Audit Board received the statement by the Statutory Auditor confirming its independence in relation to the Company and communicating all relationships that may be perceived as a threat to its independence, as well as the safeguards that were implemented.

RESPONSIBILITY STATEMENT

Pursuant to paragraph 1/c) of article 245 of the Portuguese Securities Code, applicable by virtue of paragraph 1/a) of article 8 of the CMVM Regulation no. 5/2008 (Information Duties), we hereby declare that, to the best of our knowledge and belief, the aforementioned financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, giving a true and appropriate view of the assets and liabilities, financial position and results of Novabase - Sociedade Gestora de Participações Sociais, S.A. and the companies included in the consolidation perimeter, and the management report faithfully describes the evolution of the business, performance and position of Novabase - Sociedade Gestora de Participações Sociais, S.A. and the companies included in the consolidation perimeter, containing an adequate description of the main risks and uncertainties which they face.

OPINION

The Audit Board analyzed the Management Report and the Consolidated Financial Statements for the 2017 financial year, which comprise the Consolidated Statement on the Financial Position as of December 31, 2017, the Consolidated Income

Statement, the Consolidated Statement on Comprehensive Income, the Consolidated Statement on the Changes to Equity and the Consolidated Statement on the Cash Flows, as well as the accompanying notes, which were prepared in accordance with the International Financial Reporting Standards, as adopted in the European Union.

Within its duties the Audit Board has analyzed the Legal Certification of Accounts and the Audit Report on the Consolidated Financial Information for the 2017 financial year, prepared by the Statutory Auditor, document which does not present any reservation and with which the Audit Board agrees.

The Audit Board further analyzed the Corporate Governance Report for the 2017 financial year, which is attached to the Management Report prepared by the Board of Directors in compliance with the CMVM Regulation no. 4/2013 (Corporate Governance of Listed Companies), and the Audit Board certifies that it includes all the elements referred to in article 245-A of the Portuguese Securities Code.

In this context, it is the Audit Board's opinion that:

- There are no objections to the approval of the Management Report for the 2017 financial year;
- There are no objections to the approval of the Consolidated Financial Statements for the 2017 financial year.

Lisbon, April 12, 2018

The Audit Board

Paulo Soares de Pinho – Chairman

Fátima Farinha – Member

Nuno Pires – Member



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STATUTORY AUDITORS' REPORT AND AUDITORS' REPORT

(Free translation to English from a report originally issued in Portuguese language.
In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Novabase, SGPS, S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2017 (showing a total of 184,226 thousand euros and equity of 81,166 thousand euros, including non-controlling interests of 13,597 thousand euros and a net profit attributable to the shareholders of Novabase of 4,774 thousand euros), the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Novabase, SGPS, S.A. as at 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section below. We are independent of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A., a Portuguese company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG & Associados - S.R.O.C., S.A.
Capital Social: 3.916.000 Euros - Pessoa Colectiva N° PT 502 161 078 -
Inscrito na O.R.O.C. N° 189 - Inscrito na C.M.V.M. N° 20161489
Matriculada na Conservatória do registo Comercial de Lisboa sob o N°
PT 502 161 078



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Risk	Response
<p>The revenue recognition policy regarding turnkey consulting projects, which represent a significant part of the Group's business, requires judgment as disclosed in note 4(d) of the notes to the consolidated financial statements.</p> <p>The recognition of such projects in accordance with the percentage of completion method, as described in note 2.19(b), involves a number of qualitative factors such as estimated billing, estimated costs, including contingency values for contractual risks, which justify the consideration of this issue as a relevant matter to the audit of the Group's consolidated financial statements as at 31 December 2017.</p>	<p>We have analyzed the revenue recognition policy adopted by the Group with reference to the applicable accounting standards.</p> <p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">▪ We have tested the relevant controls, including application controls and general IT controls, related to the revenue recognition process;▪ Critical analysis of estimates and assumptions made by management, namely regarding estimated billing, estimated costs and contingencies;▪ Substantive analytical procedures and tests of detail regarding the accounting records in order to identify and test the risk of fraud and eventual override of controls implemented; and,▪ Assessment of the Group's disclosure adequacy over revenue recognition considering the applicable accounting standards.



International exposure

Risk	Response
<p>The Group's operations outside Portugal represented more than 50% of total consolidated revenue in 2017. The internationalization process exposes the Group to the risk of foreign exchange fluctuation, mainly to the dollar, kwanza and metical.</p> <p>As disclosed in notes 3(a) and 3(d), increased exposure to these currencies and geographies results in increased risks for the Group, mainly:</p> <ul style="list-style-type: none">Foreign exchange risk, in result of the strong devaluation of local currencies against the euro; and,Liquidity risk, in result of the difficulty of capital repatriation from those geographies; <p>which justify the consideration of this issue as a relevant matter to the audit of the Group's consolidated financial statements as at 31 December 2017.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">We have assessed the degree of exposure to geographies of high exchange and liquidity risks, namely at the level of receivables impairment and going concern;We have critically assessed estimates and assumptions performed by management, particularly regarding the impairment of receivables and the feasibility of implementing the business plans associated with these geographies units;We have analyzed the valuation of financial instruments used by the Group to hedge the exchange rate risk;We have analyzed the currency translation of the financial statements of the subsidiaries located in these geographies by reference to the applicable accounting standards; and,We have assessed the adequacy of the Group's disclosure over financial risk management policy, considering the applicable accounting standards.



Valuation of intangible assets and goodwill

Risk	Response
<p>As disclosed in note 8, as at 31 December 2017, the net book value of intangible assets amounted to 17,162 thousand euros of which 14,886 thousand euros related to the goodwill of the Business Solutions segment.</p> <p>The determination of the recoverable value of these assets is subjective due to the uncertainty inherent to the financial projections and to the discount of future cash flows, since many key assumptions are based on management expectations, not observable in the market.</p> <p>The Group performs, on an annual basis, goodwill impairment tests based on the discounted cash flows method, considering a 5-year business plan estimated by management, as mentioned in notes 2.6(1), 4(a) and 8.</p> <p>In addition, the Group has been capitalizing expenses with the development of software projects based on expectations of future revenues, as mentioned in notes 2.6(2) and 8.</p> <p>The complexity and the inherent degree of judgment justify the consideration of this issue as a relevant matter to the audit of the Group's consolidated financial statements as at 31 December 2017.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">▪ We have analyzed the budgeting procedures on which the projections are based, by comparing current performance with estimates made in prior periods;▪ We have analyzed the assumptions and methodology used by management to assess the recoverability of deferred tax assets, namely projections of taxable income; and,▪ We have assessed the adequacy of the Group's disclosure regarding the recognition of deferred tax assets considering the applicable accounting standards.



Recoverability of deferred tax assets

Risk	Response
<p>As disclosed in note 11, as at 31 December 2017, the amount of deferred tax assets was of 10,448 thousand euros, of which 9,754 thousand euros related to tax benefits arising from Research and Development projects presented under the SIFIDE incentive scheme.</p> <p>The deferred tax assets recorded by management are based on its best estimate on the timing and future amounts required for its recovery, using assumptions that require judgment, as mentioned in notes 2.15 and 4(c).</p> <p>The level of uncertainty associated and the inherent degree of judgment justify the consideration of this issue as a relevant matter to the audit of the Group's consolidated financial statements as at 31 December 2017.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">▪ We have analyzed the budgeting procedures on which the projections are based, by comparing current performance with estimates made in prior periods;▪ We have analyzed the assumptions and methodology used by management to assess the recoverability of deferred tax assets, namely projections of taxable income; and,▪ We have assessed the adequacy of the Group's disclosure over recognition of deferred tax assets considering the applicable accounting standards.



Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's financial position, financial performance and the cash flows, in accordance with the International Financial Reporting Standards, as adopted by the European Union;
- the preparation of the management report and the corporate governance report, in accordance with applicable laws;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

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- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement, that we have complied with the relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code, as well as the verification that the non-financial information was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to article 451, nr. 3, e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and, the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatements.

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On the corporate governance report

Pursuant to article 451, nr. 4, of the Portuguese Companies Code, it is our opinion that the corporate governance report includes the information required to the Group to provide under the article 245 – A of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance, with paragraphs c), d), f), h), i) and m) of that article.

On the non-financial information defined in the article 508-G of the Portuguese Companies' Code

Pursuant to article 451, nr. 6, of the Portuguese Companies' Code, we inform that the Group has included in its management report the non-financial statement defined in article 508-G of the Portuguese Companies' Code.

On the additional matters provided in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed auditors of Novabase, SGPS, S.A. for the first time at the shareholders' meeting held on 29 April 2015 for the current term from 2015 to 2017;
- The Executive Board of Directors confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud;
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the Group's supervisory body on 12 April 2018; and,
- We declare that we have not provided any prohibited services as described in article nr. 77, nr. 8 of the Ordem dos Revisores Oficiais de Contas' statutes, and we have maintained independent of the Group in conducting the audit.

Lisbon, 12 April 2018

SIGNED ON THE ORIGINAL

KPMG & Associados -
Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)
represented by
Paulo Alexandre Martins Quintas Paixão (ROC nr. 1427)

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