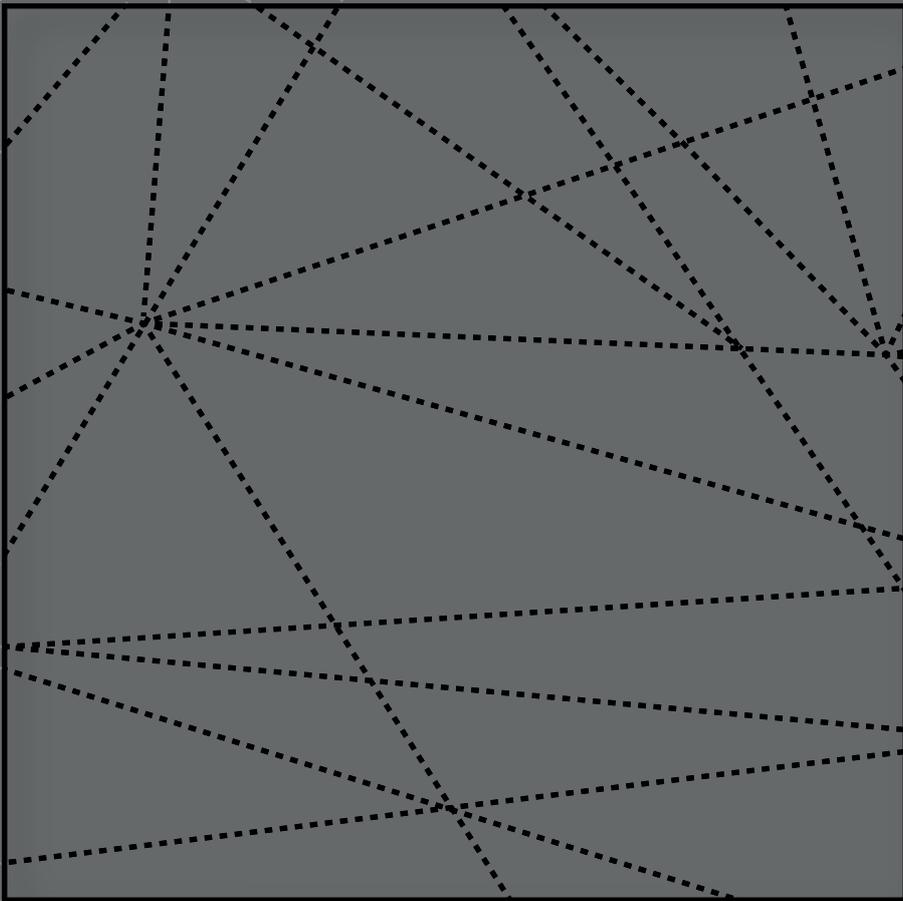


MANAGEMENT REPORT



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2018 IN THE SPOTLIGHT

CHAIRMAN'S MESSAGE

Dear Shareholders,

In 2018, we began a new chapter at **NOVABASE**.

This transition means changes, starting with the company's corporate boards. We have appointed a new CEO, and have bolstered the Board of Directors' composition with profiles better suited to our new challenges and current market setting.

There are also major developments in the area of corporate policies. We have approved and disseminated diversity and harassment policies to help consolidate practices and a vision more closely aligned with the interests of our company. With regard to risk management - an area of paramount importance in a sector as dynamic and disruptive as ours - we have approved a new system and have disseminated a new policy to help create a more transparent, conscientious and responsible company culture.

Our sector has never impacted the world as much as it does today. We are living in exciting times! But the difficulty of our mission and the uncertainties we face are also tremendous.

Once again, we will have to reinvent ourselves to be successful. In the past, we have always been able to navigate the waves of innovation and take advantage of disruptions. Today's world wants us to become increasingly more global. It wants our products and services to play a central, differentiated role in the new digital value chains. It wants us to find new ways of attracting and motivating talent, whose demand has become increasingly more competitive. It wants us to create a new work culture where creativity, accountability and independence are accessible, and are demanded and assumed by all of our employees.

These are the challenges we have given ourselves, and we have gotten off to a good start. We boast an enviable position serving the future to which we aspire. More than half our business is outside of Portugal, with a major international track record. A story, a brand and an undertaking which we will have to make even more appealing to the technology talent we will need. Our experimental practices and cutting-edge ways of organizing work can be a competitive advantage.

Being the world's biggest technology company headquartered in Lisbon is just one way of summarising these arguments, giving us the inspiration and confidence for this new chapter we now embrace. It is also an ongoing point of pride and motivation.

Thanks to everyone for being part of this undertaking!

Luís Salvado,

CHAIRMAN NOVABASE

2018 IN THE SPOTLIGHT

CEO'S MESSAGE

Dear Shareholders,

On its 30-year anniversary, **NOVABASE** is today a financially sound company focused on creating value, with geographical diversification and resiliency in its operations.

Its strategy of sustaining value with a strong focus on profitability is well-matched to the adverse market environment seen in recent years. Note that, despite its discipline and efforts towards efficiency, the company still made major investments in the innovation of its products and services and in sales efforts outside of the domestic market, as reflected by its international turnover.

Key 2018 financial indicators confirm the company's ability to maintain a stable flow of results. **NOVABASE** has proven the resiliency of its business model in reacting to the sporadic adversities so characteristic of the IT service business, finishing the period with outstanding results.

Some of these include:

- Growth in Turnover: overall, this indicator was up 6.4% at €148.7 million, including 7.1% growth in the international business.
- Net Cash position: at the end of the period, it hit a record of €62.0 million after a distribution of €5.5 million to shareholders and non-controlling interests.
- Operating Profit (EBITDA): €10.3 million, after a solid recovery in the second half of the year.

Thinking and building the future is now our priority. In our business sector, those who fail to reinvent themselves will wither away.

Information technologies – particularly software – are today’s main ingredient in building digital business platforms and systems. According to Gartner and IDC analysts, the IT services sector will grow at an overall annual rate of around 6% until 2020, with all of this growth occurring in the digital segment at a rate of 13% per year, which is estimated to represent approximately half the total market by 2020.

The opportunities and threats are clear. So are the challenges faced by **NOVABASE**:

- Market demand for high-quality talent – especially in the Portuguese market, where we recruit nearly all our employees – is high, with a sharp rise in labour costs, making retention more difficult.
- The digital revolution in our customers’ businesses will transform how software is delivered, requiring not only a mass-requalification of technology expertise, but also a redefinition of project delivery methods to our customers. To leverage these dynamics, **NOVABASE** is in a process of in-depth strategic reflection, which it will announce to shareholders and the general market in due course.

It is a time of transformations. Once again, **NOVABASE** will be reinventing itself.

João Nuno Bento

CEO NOVABASE

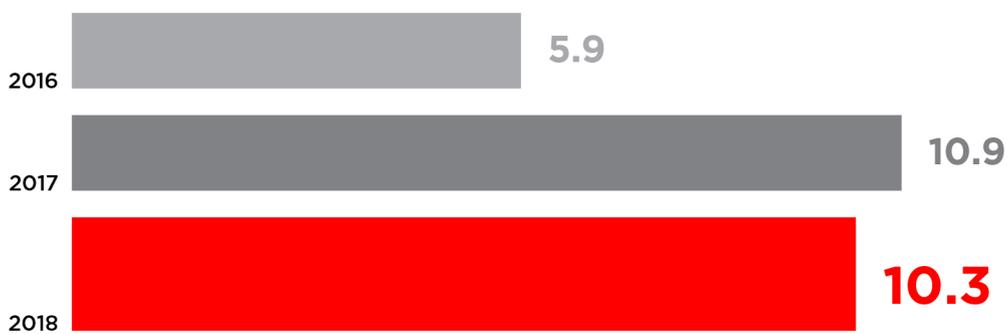
FINANCIAL HIGHLIGHTS

AMOUNTS IN M€, EXCEPT OTHERWISE STATED

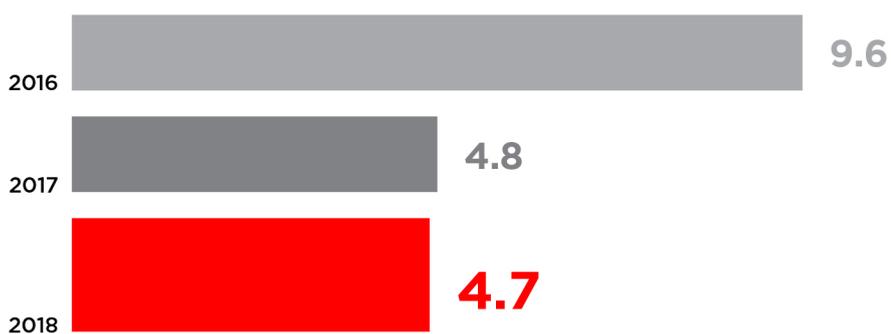
TURNOVER



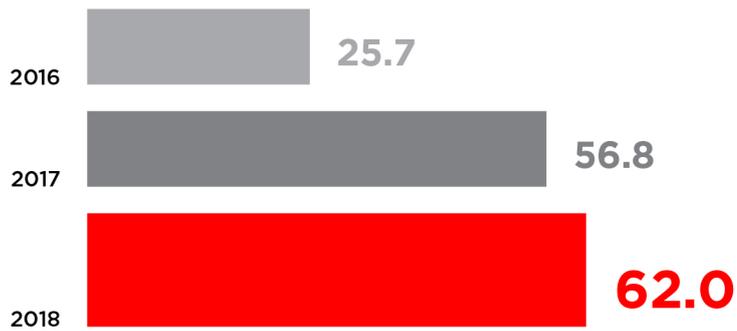
EBITDA



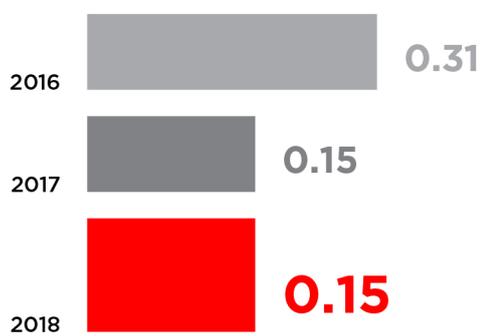
NET PROFIT



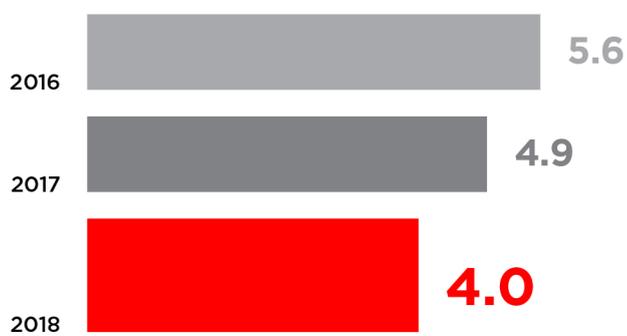
NET CASH



EPS (€/share)



R&D EXPENSE



INTERNATIONAL BUSINESS (%)



CORPORATE GOVERNANCE

NOVABASE has been a publicly-traded company since July 2000. It operates according to a governance model whose suitability and performance are assessed regularly by the Board of Directors to help optimise its performance in closer alignment with the interests of all stakeholders – those interested in **NOVABASE**'s corporate activities, namely shareholders, investors, customers, suppliers, other business partners and employees.

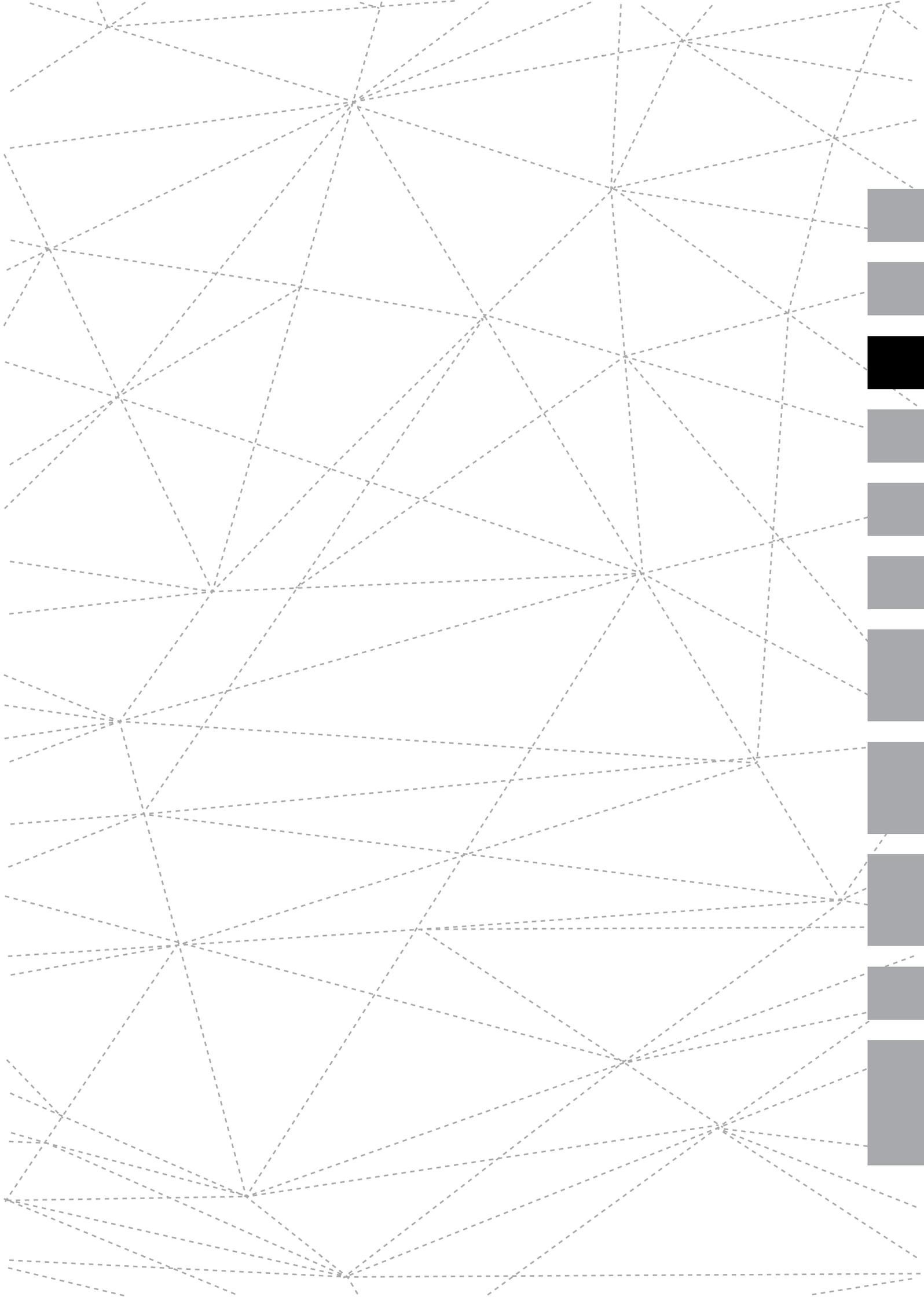
In view of the mounting challenges of internationalization and competition revolving around **NOVABASE**'s business, the corporate governance system in place at the company needed to be brought up to date by simplifying and streamlining company bodies and procedures, so as to tailor existing solutions to the company's size and specific circumstances.

Therefore, beginning in 2015, **NOVABASE** adopted a reinforced Latin corporate governance model comprised of a Board of Directors, Audit Board and Statutory Auditor (ROC). In this model, a substantially more agile day-to-day management structure was implemented, with the Board of Directors able to delegate the day-to-day running of the company to one or more directors (managing directors) or to an Executive Committee of 3 to 9 members.

Following the General Meeting of Shareholders of 10 May 2018 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for the three-year period of 2018-2020), the elected Board of Directors delegated **NOVABASE**'s daily management to an Executive Committee supervised by the non-executive directors.

Moreover, **NOVABASE** has a general meeting board elected for three-year terms of office, along with a Remuneration Committee appointed by the General Meeting of Shareholders to establish the remuneration of each corporate board member based on the duties performed and the company's financial status. The company also designates a secretary and respective substitute, under the terms of article 446.-A of the Commercial Companies Code, to perform the duties established by law.

NOVABASE constantly analyses the implementation of this model in order to refine its corporate governance practices, whenever possible, and tailor the model to the demands and challenges faced by the Company.



SUSTAINABILITY

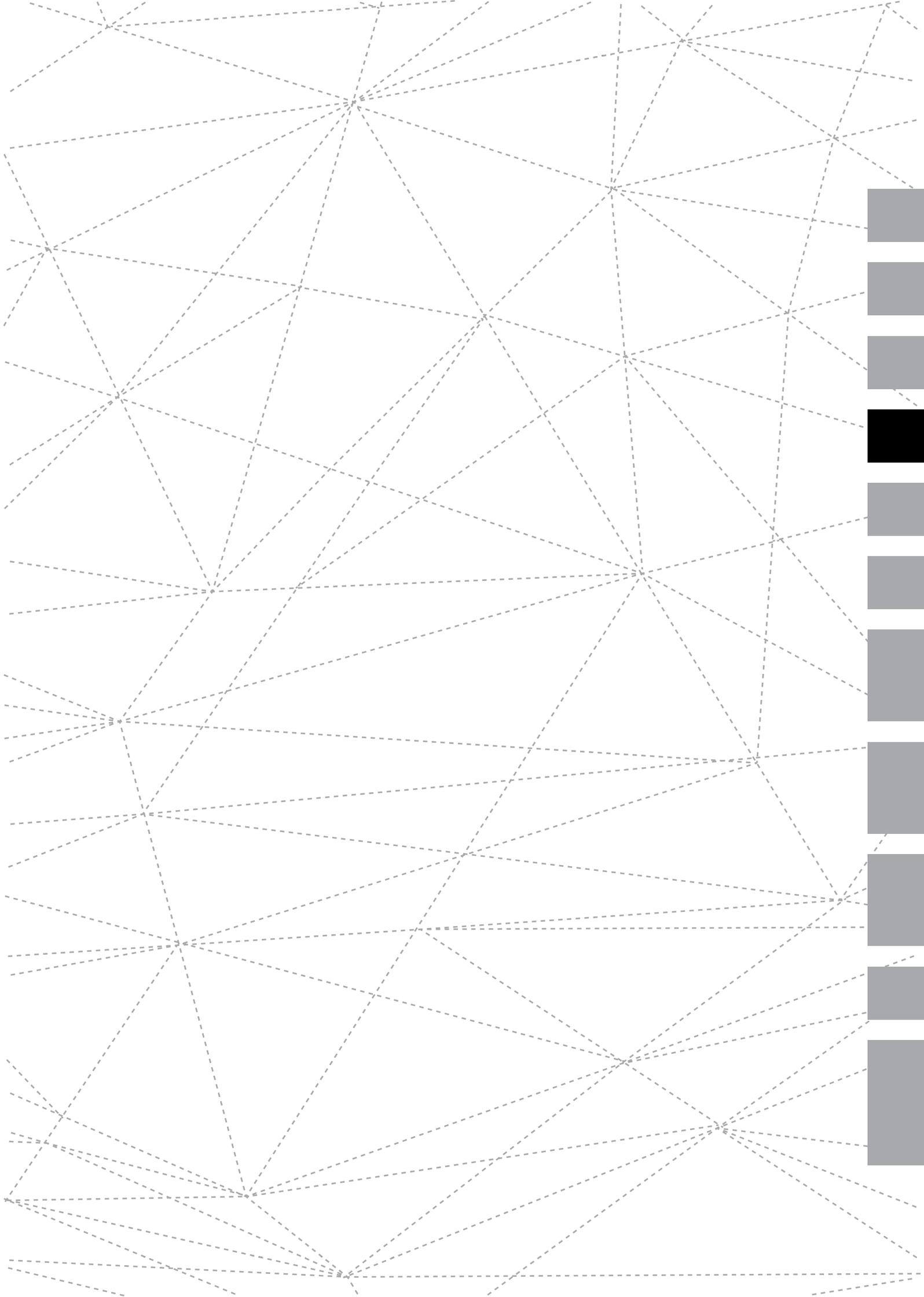
CREATION OF VALUE FOR THE SHAREHOLDERS	Turnover	148.7 M€
	EBITDA	10.3 M€
	Atributable Net Profit	4.7 M€
	Turnover growth rate	6.4%
	International Turnover growth rate	7.1%
	EBITDA growth rate	-5.6%
	Atributable Net Profit growth rate	-0.8%
	Net Cash growth	5.2 M€
	Return on Equity	7.1%
	Return on Assets ¹	4.3%
¹ Return on Assets = Operating Profit / Total Assets		

AVERAGE NUMBER EMPLOYEES

2085

NEW TALENT

+152



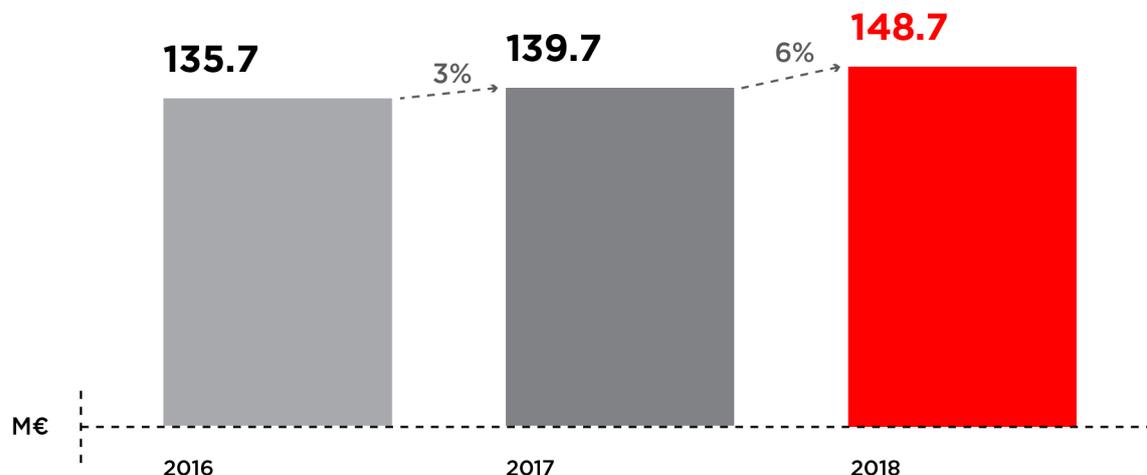
FINANCIAL AND STOCK PERFORMANCE

CHANGES IN KEY INDICATORS

As of 1 January 2018, **NOVABASE** adopted IFRS 9 - Financial Instruments and IFRS 15 - Revenue from contracts with customers, and has not restated comparative information, as provided by the standards, with the cumulative effect of the initial application recognised in Equity at 1/1/18.

TURNOVER

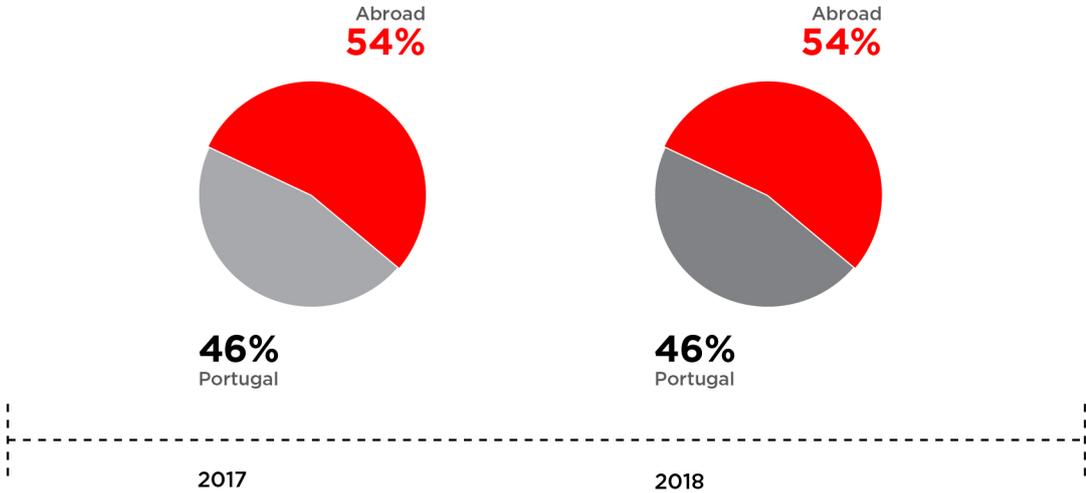
NOVABASE's Turnover in 2018 was 148.7 M€ (million euros), an increase of 6% compared to 139.7 M€ in 2017. The evolution of Turnover was positively impacted by the recognition in 2018 of 6.5 M€ in accordance with IFRS 15. Even so, excluding this effect, Turnover stood above the annual Guidance (of 140 M€) by 2%.



From the total Turnover, 80.9 M€ were generated outside Portugal, which compares to 75.5 M€ registered in 2017.

It is to be noted that the total Turnover for 2018 includes 6.5 M€ by the entry into force of the international accounting standard IFRS 15, however, the International Turnover ratio does not change significantly if we exclude this impact (53%).

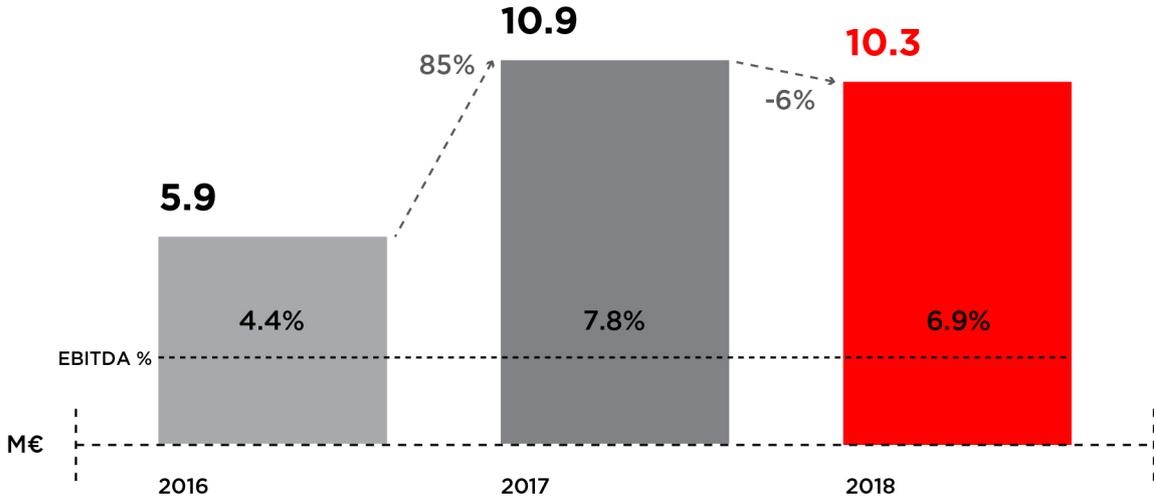
Europe was the continent with greater expression in 2018, consolidating its leadership as the major market which reflects **NOVABASE**'s strategy to limit its activity in geographies with greater volatility. Europe contributed with 55.6 M€ for the total Turnover (which represents 69% of international business), a 7% increase over the previous year.



By segment, business outside Portugal generated in the Business Solutions area remained at 54% of the respective Turnover (54% in 2017) and in the Venture Capital area increased to 66% (60% in 2017).

EBITDA

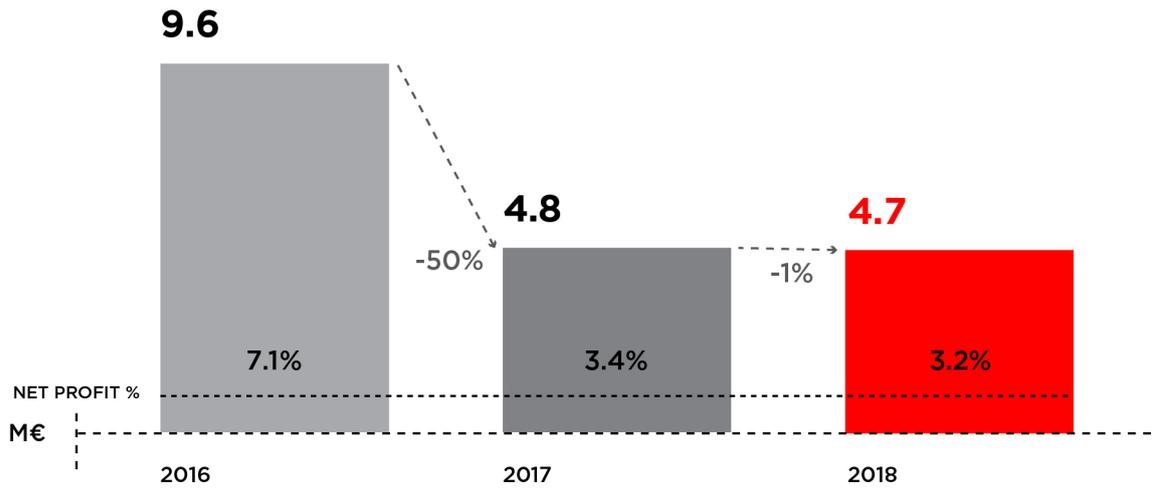
EBITDA reached 10.3 M€ in 2018, a 6% decrease compared to the 10.9 M€ obtained in 2017. Excluding the positive effect of IFRS 15 amounting to 2.1 M€, EBITDA stood in line with the annual Guidance of 8.0 M€ (+2% in value and nil percentage points).



The EBITDA margin was 6.9%, below the 7.8% of margin obtained in 2017.

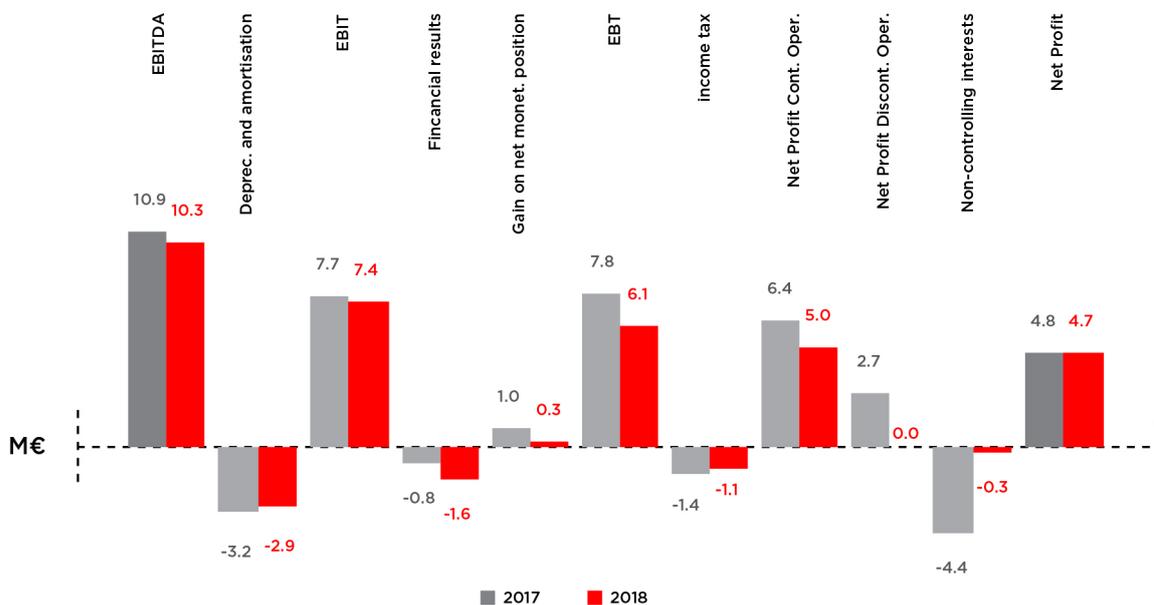
RESULTS

Consolidated Net Profit, after Non-Controlling Interests, reached 4.7 M€, showing a decrease of 1% compared to the 4.8 M€ registered in 2017. However, Net Profit increased by 47% YoY, excluding the one-off effects recorded in 2017 and 2018, of the adjustment to the gain on sale of the IMS Business and IFRS 15 (net of tax), respectively.



Earnings per Share in 2018 reached 0.15 Euros per share, in line with the Earnings per Share from the previous year of 0.15 Euros per share.

Trends in EBITDA to Net Profit were as follows:



Depreciation and amortisation reached -2.9 M€, an improvement towards the amount registered in 2017 (-3.2 M€).

Operating Profit (EBIT) was 7.4 M€, a decrease of 4% compared to the previous year (7.7 M€).

Financial results were negative in 1.6 M€, which compares to -0.8 M€ in 2017.

Earnings Before Taxes (EBT) in 2018 were 6.1 M€, registering a 22% decrease versus the 7.8 M€ recorded in 2017.

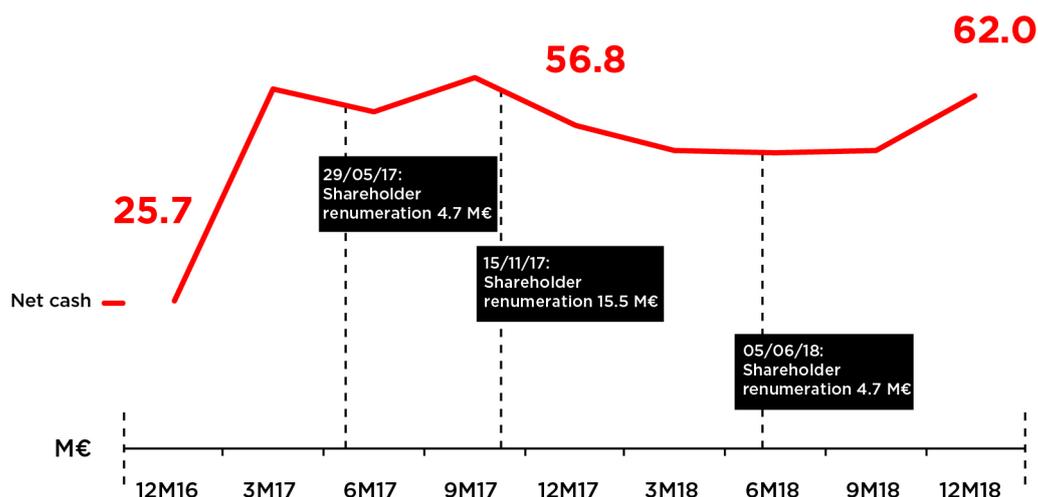
The Gain on net monetary position, amounting to 0.3 M€, derives from the application of IAS 29 to the financial statements of the subsidiary in Angola, after this economy has been considered as a hyperinflationary economy, in accordance with that standard, since December 2017. The 2018 computed gain considers an inflation rate of 18.6% in Angola.

Results from Discontinued Operations in 2018 are nil, which compares to 2.7 M€ in 2017, value that corresponds fully to the adjustment on the gain generated by the sale of the IMS business, arising from the final calculation of working capital and net debt, as established in the purchase and sale agreement.

Non-controlling interests amounted to -0.3 M€ in 2018, which compares to -4.4 M€ in 2017. This difference is mainly explained by the evolution of the results of subsidiaries focused on international expansion.

CASH

In 2018, **NOVABASE** shows a positive evolution in cash generation, with a 5.2 M€ increase in the cash position in 2018. Thus, **NOVABASE** ended 2018 with 62.0 M€ in Net Cash, which compares to 56.8 M€ in 2017. This cash generation includes the payment of dividends to shareholders and Non-controlling interests referred below, and a significant release of working capital.



On June 5, 2018, **NOVABASE** paid its shareholders a total amount of 4.7 M€ (0.15€/share). Additionally, on December, 2018, the amount of 0.8 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 THOUSANDS OF EUROS	
	31.12.18	31.12.17
Cash and cash equivalents	63,614	56,136
Held-to-maturity invest. / Invest. securities - Non-current *	7,680	7,713
Held-to-maturity invest. / Invest. securities - Current *	1,198	7,353
Treasury shares held by the Company **	761	1,148
Bank borrowings - Non-current	(6,294)	(10,563)
Bank borrowings - Current	(4,959)	(4,963)
	62,000	56,824

* 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" are shown, in the comparative period, under "Held-to-maturity investments" caption.

** The share price in the Stock Exchange in the last tradable day of 2018 was 2.020 Euros (2017: 3.049 Euros).

CAPITAL EXPENDITURE

Consolidated recurring investment reached 1.1 M€ in 2018. 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 0.9 M€, related to other tangible assets, such as furnishings.

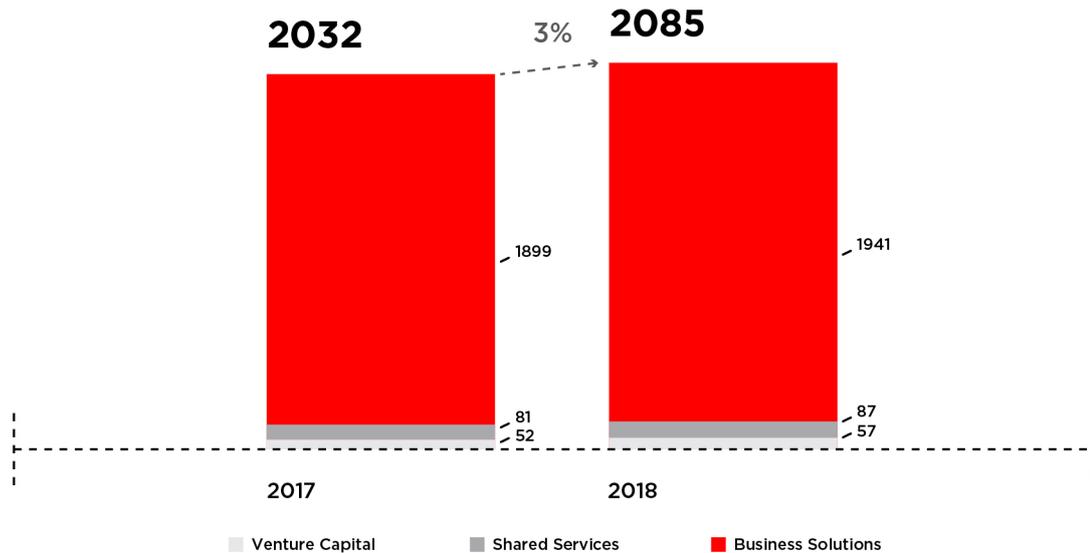
Non-recurring investment was negative, in the total amount of -0.4 M€, comprising extraordinary movements, write-offs and currency translation differences, and the application of the hyperinflation standard (IAS 29) to the tangible assets of the subsidiary in Angola (non-cash items).

	NON-RECURRING	RECURRING	TOTAL
WORK IN PROGRESS			
Work in Progress		0.2	0.2
Transfer to Intangible Assets	-0.4		-0.4
SUB-TOTAL (1)	-0.4	0.2	-0.2
INTANGIBLE ASSETS			
R&D	0.4		0.4
Industrial Property and Other Rights	0.0		0.0
Goodwill	0.0		0.0
SUB-TOTAL (2)	0.4	0.0	0.4
TANGIBLE ASSETS			
Transport Equipment / Leasing / OR	-0.3		-0.3
Other Tangible Assets	-0.1	0.9	0.8
SUB-TOTAL (3)	-0.4	0.9	0.5
TOTAL	-0.4	1.1	0.7

HUMAN RESOURCES

In terms of Human Resources, **NOVABASE** had, on average, 2085 employees in 2018, an increase of 3% compared to 2017 (2032).

The following table shows the average number employee's breakdown, during 2018, among **NOVABASE**'s various business areas:



At the end of the year, the total number of employees was 2157, which compares to 1991 at the end of 2017.

Worthy of note is that international employees accounts for 11% of the total number in 2018 (231), a 9% growth YoY in line with **NOVABASE**'s focus on markets outside Portugal, and the recruitment of 152 new university graduates through Novabase Academy program.

BUSINESS SUMMARY

The 2018 results were in line with expectations in terms of Turnover and EBITDA. In effect, the year was marked by a second half in which we observed an acceleration of the activity, and a recovery in terms of profitability, which had been penalized in the first months of the year due to operational difficulties limited to an international project in the Business Solutions area.

Compared to the same period of last year, Turnover increased by 6% (or 2%, excluding the impact of the change on the revenue recognition accounting policy), with the international business accounting for 54% of the total. Europe continues to lead as the major market, with operations in this geography rising to 69% of non-domestic activity.

EBITDA has evolved as anticipated in the Management Plans for 2018, registering a decrease of 6% YoY, to 10.3 M€. It is worth noting that the Guidance included the anticipation of costs, by means of R&D investment,

associated to a strategy of transformation of the business model. Net Profit reached 4.7 M€, a 47% increase over the previous year if we exclude the one-off effects of 2018 and 2017 (impact of IFRS 15 and correction of the gain on sale of the IMS Business, respectively).

Towards the Guidance, and excluding the positive effects of the IFRS 15 adoption, this year's results were above in Turnover (+2%) and in EBITDA (+2% in value and same EBITDA margin).

The year 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 - who remains as Chairman of the Board of Directors - as CEO, at a time when **NOVABASE** has a strategic reflection in course.

We highlight in 2018:

- 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;
- **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 152 university graduates in 2018, through its Novabase Academy Program. Since its creation in 2006, more than 1500 young people have been hired under the Novabase Academy, which has also been held in two more countries besides Portugal.

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;
- **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;
- Additionally, **NOVABASE** participated in the APDC Congress, where it has presented its partnership with Instituto Superior Técnico (IST) in the definition and creation of the programmatic contents of a new Machine Learning course.

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

Also, **NOVABASE** once again supported the Web Summit 2018, considered one of the world's most important events in entrepreneurship, technology and innovation. The company's focus this year was its Financial Services offering, with emphasis on the Wizzio product.

In the Venture Capital area, the most recent Venture Capital Fund 'Novabase Capital +Inovação', established at the end of last year, made its first investments. Venture Capital strengthened its portfolio in 2018 with innovative technology-based SME's, in an overall investment of 0.5 M€, by acquiring stakes in companies Probely, Lda., a company focused on cybersecurity, in CBTalents Global, S.A., a start-up specialised in the international recruitment of IT professionals, and in Aixel Technologies, S.A., a Portuguese start-up that developed FIBERCLOUD, a network management platform for the global market.

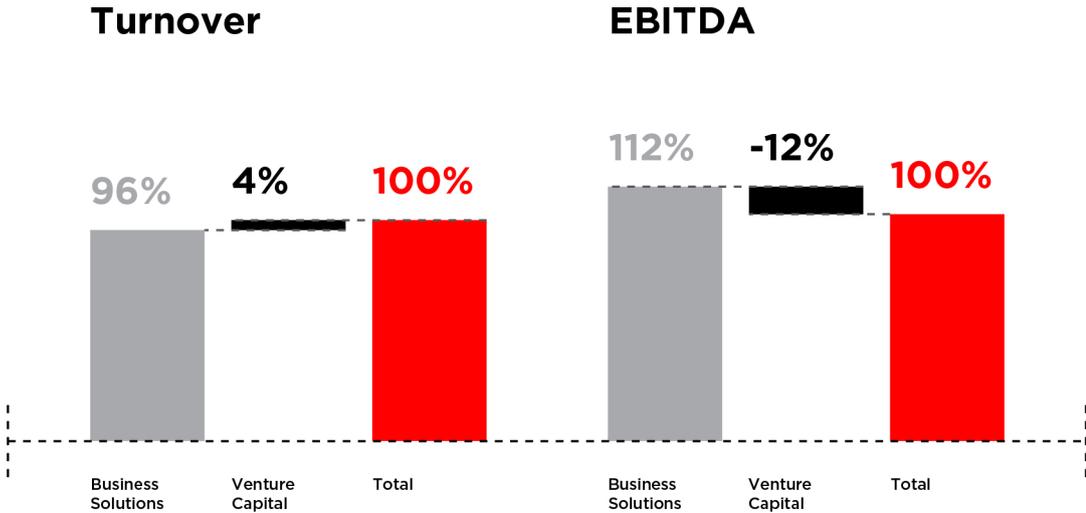
These investments were made through the Lisbon 2020, COMPETE (included in the National Strategic Reference Framework - QREN) and COMPETE 2020 programs, with co-funding from the ERDF.



In terms of awards and distinctions, it is also worth noting that **NOVABASE** was distinguished by the British embassy’s Department for International Trade (DIT) with the International Expansion Award for its investments in the United Kingdom.

Finally, we also highlight in 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.

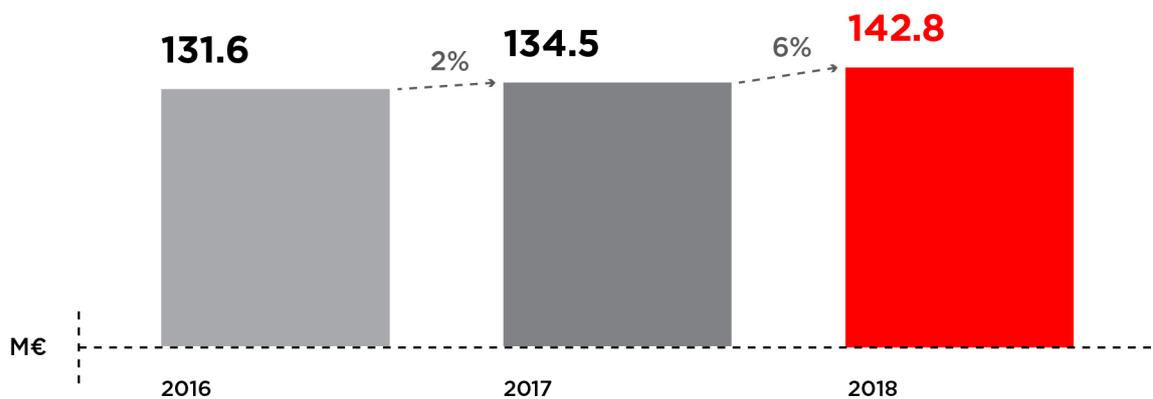
The percentage breakdown of Turnover and EBITDA by the different businesses, in 2018, is as follows:



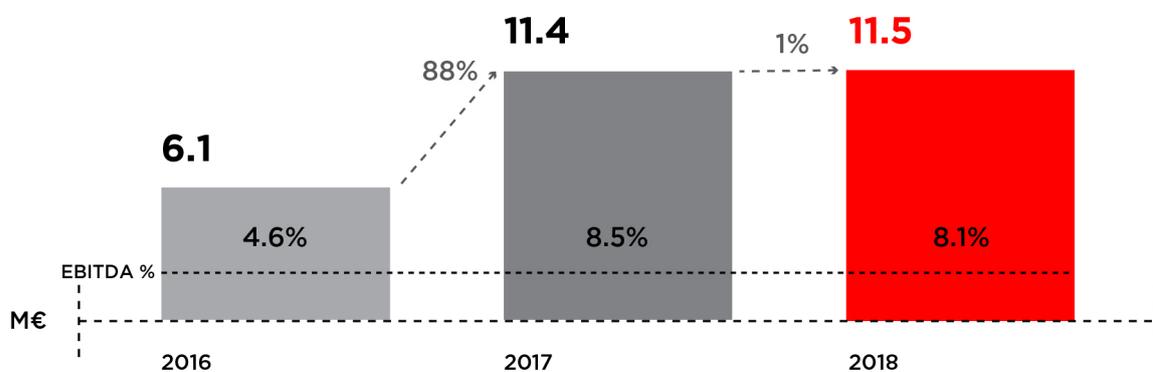
BUSINESS SOLUTIONS

In 2018, Business Solutions had, on average, a team of 1941 consultants, and generated 96% of **NOVABASE**'s total Turnover and 112% of the total EBITDA.

This business area's Turnover was 142.8 M€, a 6% increase compared to the amount recorded in 2017.



Business Solutions EBITDA increased 1% in 2018 in equivalent terms (from 11.4 M€ to 11.5 M€), with an EBITDA margin of 8.1% (which compares to 8.5% in 2017).

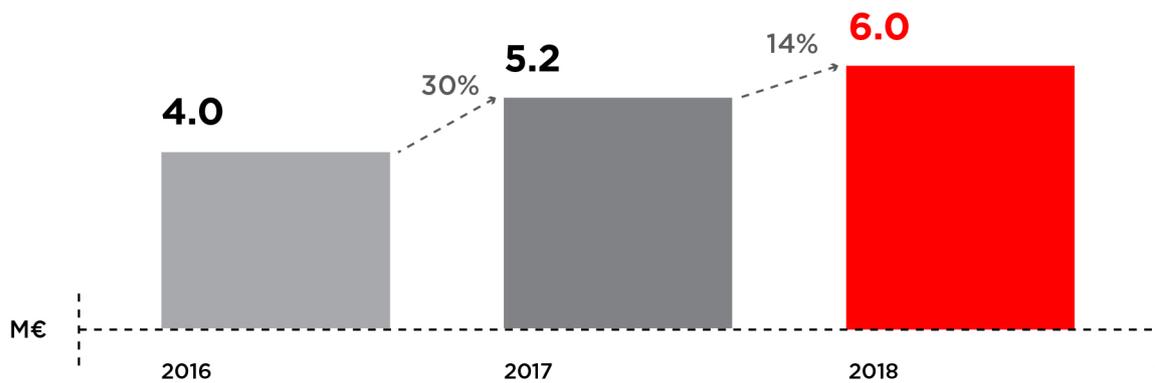


Excluding the positive effect of adopting IFRS 15 in 2018, Business Solutions' Turnover would have been 136.3 M€, with an EBITDA of 9.4 M€.

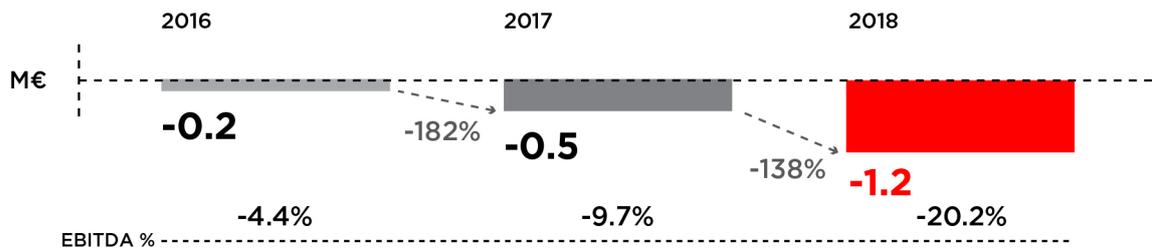
VENTURE CAPITAL

Venture Capital had, on average, a critical mass of 57 employees in 2018, and generated 4% of **NOVABASE**'s Turnover and -12% of the total EBITDA.

This business area's Turnover reached 6.0 M€, a 14% increase compared to the amount recorded in 2017.



Venture Capital's EBITDA decreased in 2018, in equivalent terms, from -0.5 M€ to -1.2 M€, with an EBITDA margin of -20.2%. This evolution mainly reflects the investment in marketing and international sales structure of one of its subsidiaries.



STOCK PERFORMANCE

In 2018, **NOVABASE** share price lost 34%, comparing to a 12% loss in the PSI20 Index and an 11% loss in the EuroStoxx Technology Index.

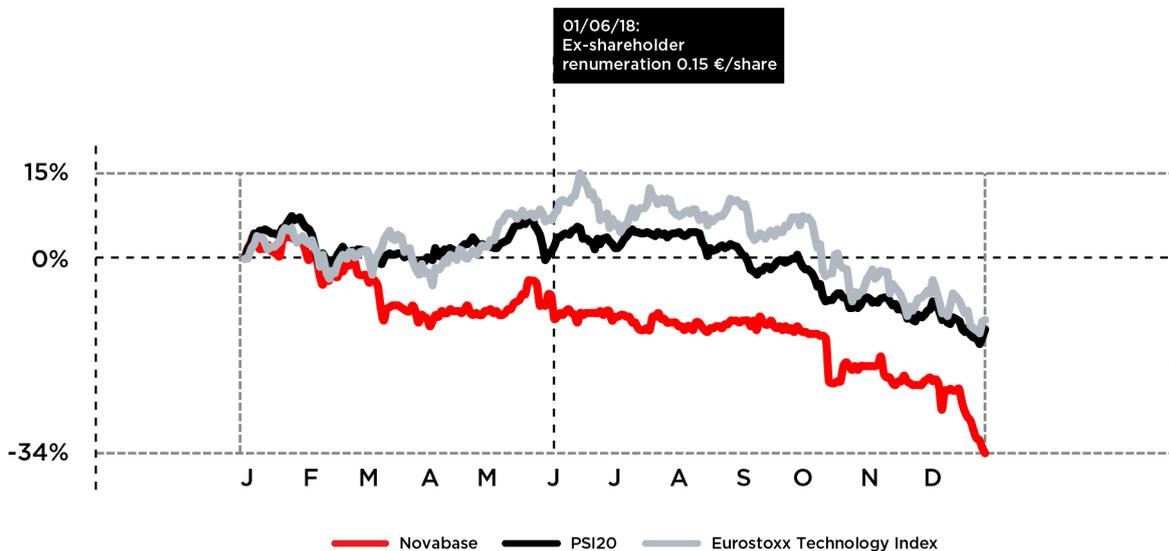
The annual review of the composition of the PSI20 Index, in March 2018, established the exit of **NOVABASE** as of March, 19, where it was trading since March 20, 2017.

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.

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

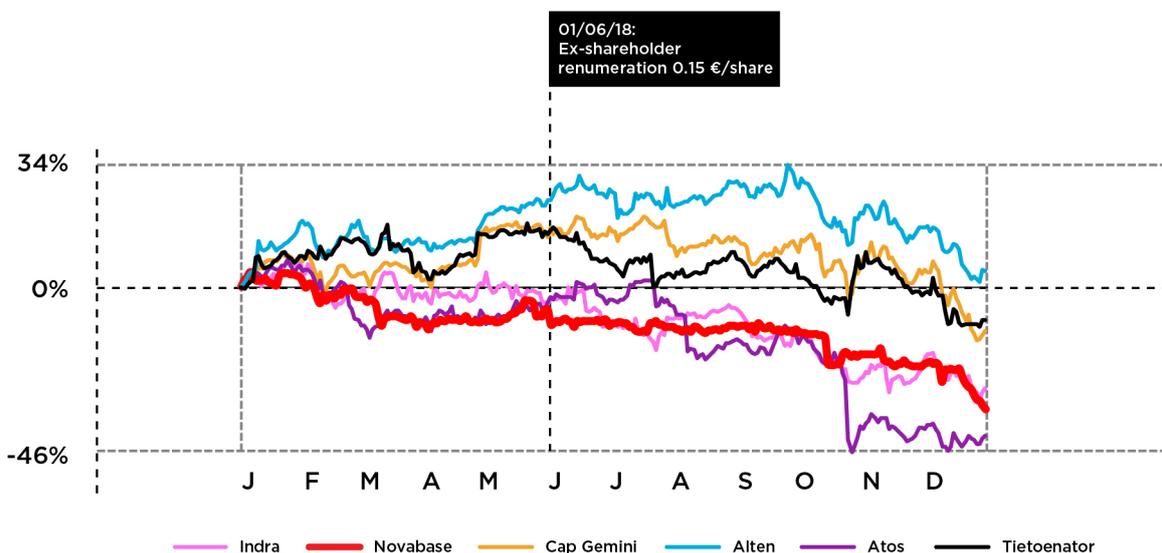
The Board of Directors will propose to the General Meeting of Shareholders to be held on 7 May 2019, the distribution of dividends in the amount of 4.7 M€, corresponding to 0.15€ per share. This dividend proposal corresponds nearly to a 100% payout and yield of around 7%.

NOVABASE AND THE MARKET



The evolution of **NOVABASE** share prices compared to other companies in the IT sector in Europe, in 2018, was as follows:

NOVABASE AND OTHER TMT



The average price target disclosed by the research that cover **NOVABASE** is 2.75 Euros (average upside of 36%).

The average **NOVABASE** share price weighted by quantity in 2018 was 2.815 Euros per share. 3.8 million shares were traded in all 255 stock exchange sessions in 2018, corresponding to a trading value of 10.6 M€.

The daily average number of shares traded was 14.8 thousand shares, corresponding to a daily average value of approximately 0.04 M€.

Share price on the last tradable day of 2018, 31 December 2018, was 2.020 Euros, which represents a loss of 34% compared to the 3.049 Euros that **NOVABASE** shares registered at the end of 2017.

The maximum closing price achieved in 2018 was 3.170 Euros, while the minimum closing price recorded was 2.020 Euros. Market capitalization at the end of 2018 was 63.4 M€.

Share turnover accounted for 12% of **NOVABASE**'s capital, with 3.8 million shares traded, 2.2 times lower than the values recorded in 2017 (turnover of 26% of capital, with 8.2 million shares traded).

SUMMARY	2014	2015	2016	2017	2018
Minimum price (€)	2.090	2.070	1.879	2.480	2.020
Maximum price (€)	4.100	2.619	2.490	3.639	3.170
Volume weighted average price (€)	3.183	2.350	2.145	3.136	2.815
Last tradable day price (€)	2.214	2.114	2.490	3.049	2.020
No. of shares traded (millions)	5.9	5.7	2.8	8.2	3.8
Market cap. in the last day (M€)	69.5	66.4	78.2	95.7	63.4

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 "Financial Risk Management Policy" note included in the Accounts, an integral part of this Consolidated Report and Accounts, and for which reading is advised.

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 minimise the impact of their fluctuations in consolidated results. Whenever expectations of changes in exchange rates justify it, the Group uses derivative financial instruments to hedge those exposures.

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

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

The 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 results.

NOVABASE's exposure to interest rates is related to financial assets and 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 amount, 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 interest expenses.

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:

- (i) To safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- (ii) To maintain a solid capital structure to support the development of its business;
- (iii) To maintain an optimal capital structure to reduce the cost of capital.

OUTLOOK FOR 2019

The 2018 results are positive and aligned with the goals laid out for the year and incorporated in the Guidance of Turnover and EBITDA (+2% in both cases, after excluding the accounting effects of the IFRS 15 adoption).

The international business accounts for 54% of the total activity, with Europe consolidating its position as the major market, having increased its weight to 69%. In this period, EBITDA margin was 6.9% and Net Profit reached 3.2%. The Cash position evolved favourably, with a generation of 5.2 M€ in the year.

In 2018, **NOVABASE** reaffirmed the priority of business adequacy, especially in relation to investments to enable skills in higher-quality more sustainable areas.

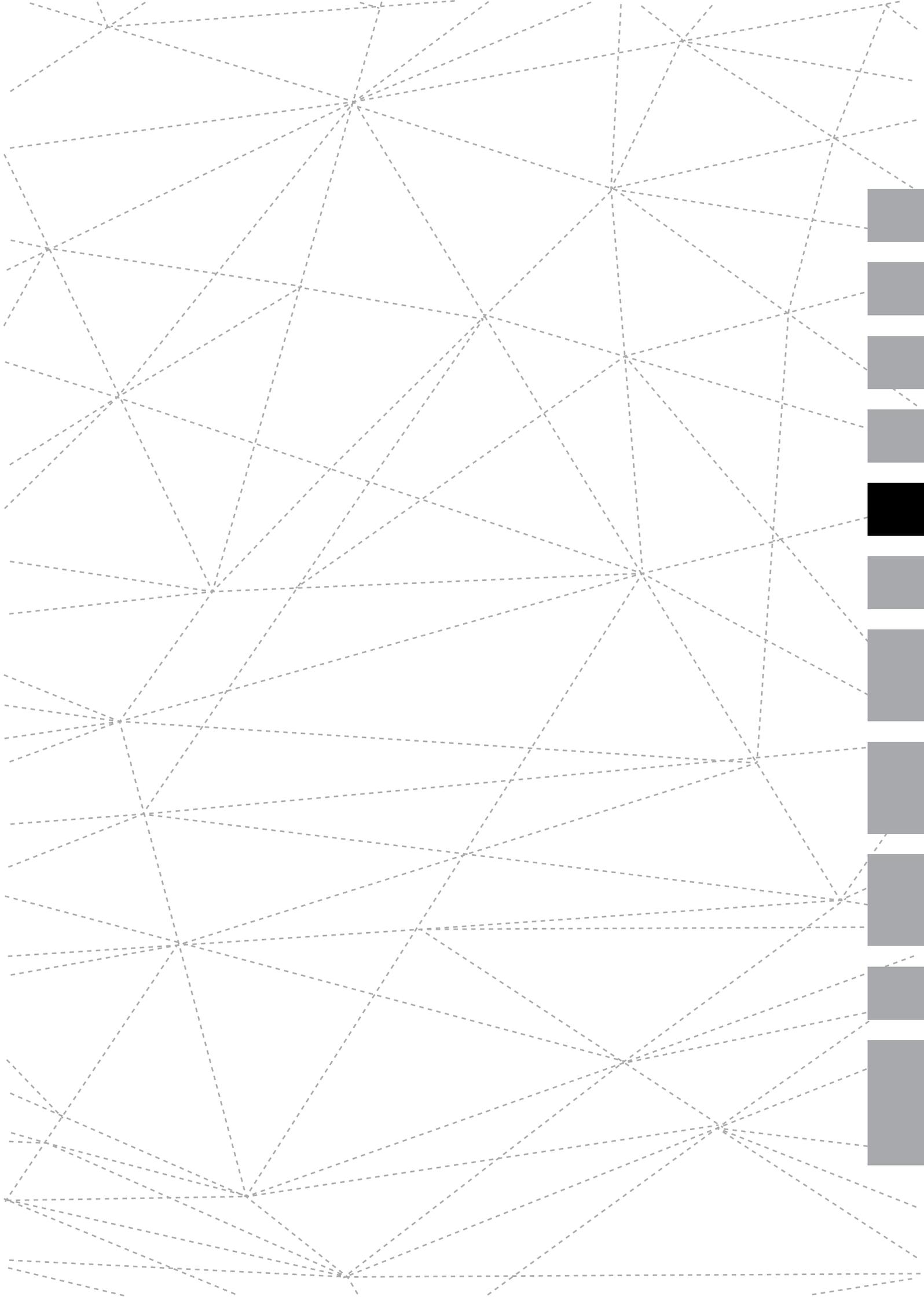
Indeed, **NOVABASE** is currently concluding a strategic reflection period, and in due time the main guidelines will be released.

SUBSEQUENT EVENTS

The following relevant facts occurred in 2019 by the date of issue of this report:

Dividend to shareholders

NOVABASE informed the intention of its Board of Directors to propose, at the 2019 Annual General Meeting of Shareholders, the distribution of 4.7 Million Euros to shareholders. This payment, equal to 99.4% of the consolidated net profit, represents a dividend of 15 Euro cents per share.



CORPORATE BOARDS



BOARD OF DIRECTORS

Chairman

Luís Paulo Cardoso Salvado

Members

João Nuno da Silva Bento
Álvaro José da Silva Ferreira
Francisco Paulo Figueiredo Morais Antunes
María del Carmen Gíl Marin
José Afonso Oom Ferreira de Sousa
Pedro Miguel Quinteiro Marques Carvalho
Marta Isabel dos Reis Graça Rodrigues do Nascimento

OFFICERS OF THE GENERAL MEETING

Chairman

António Manuel da Rocha e Menezes Cordeiro

Secretary

Madalena Paz Ferreira Perestrelo de Oliveira

EXECUTIVE COMMITTEE

Chairman

João Nuno da Silva Bento

Members

Álvaro José da Silva Ferreira
Francisco Paulo Figueiredo Morais Antunes
María del Carmen Gil Marín

AUDIT BOARD

Chairman

Álvaro José Barrigas do Nascimento

Members

Fátima do Rosário Piteira Patinha Farinha
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira

Surrogate

Manuel Saldanha Tavares Festas

STATUTORY AUDITOR

Effective Statutory Auditor

KPMG & Associados - S.R.O.C., S.A. represented by Paulo Alexandre Martins Quintas Paixão

Surrogate Statutory Auditor

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
Marta Isabel dos Reis G. Rodrigues do Nascimento (Surrogate)

PROPOSAL FOR THE ALLOCATION OF PROFITS

In 2018, Novabase S.G.P.S., S.A. recorded a consolidated net profit of € 4,736,600.14 (four million, seven hundred and thirty six thousand, six hundred euros and fourteen cents) and a net profit of €1,208,534.87 (one million, two hundred and eight thousand, five hundred and thirty-four euros and eighty-seven cents) in the individual accounts .

In compliance with the provisions of law and the articles of association, 5% of the net profit for the financial year should be added to the statutory reserves until such statutory reserves represent at least 20% of the share capital. In addition, and in accordance with subparagraph b) of paragraph 1 of article 324 of the Companies Code, Novabase S.G.P.S. creates a non-distributable reserve with an amount equal to the amount recorded in treasury shares.

The individual statement of financial position of the Company, reported as at December 31, 2018, 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 reaches the minimum legally required, not becoming, on the other hand, as a result of the intended allocation of profits and distribution of retained earnings, 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.

The individual statement of financial position of the Company, reported as at December 31, 2018, presents, moreover, reserves and retained earnings in the amount of € 18,184,578.45 (eighteen million, one hundred and eighty four thousand, five hundred and seventy eight euros and forty-five cents) of which, as mentioned above, only the following amounts may not be distributed: (i) € 3,140,139.40 (three million, one hundred and forty thousand, one hundred and thirty nine euros and forty cents) corresponding to the legal reserve, and (ii) € 188,305.50 (one hundred and eighty eight thousand, three hundred and five euros and fifty cents) corresponding to the reserve for treasury shares.

On 14 February 2019, the Company's Board of Directors informed on its intention to propose, at the 2019 Annual General Meeting of Shareholders, the distribution of a global amount of € 4,7 million, equivalent to 99.4% of the consolidated net profit, corresponding to a payment to the shareholders of €0.15 per share, subject to the General Meeting's approval.

Pursuant to legal and statutory provisions, the Board of Directors proposes the following distribution of results:

1. Payment to the shareholders of the entirety of the net profit for the financial year above mentioned, in the amount of €1,208,534.87 (one million, two hundred and eight thousand, five hundred and thirty-four euros and eighty-seven cents), plus € 3,501,674.23 (three million, five hundred and one thousand, six hundred and seventy four euros and twenty-three cents) from the abovementioned distributable reserves and retained earnings, in a total amount of €4,710,209.10 (four million, seven hundred and ten thousand, two hundred and nine euros and ten cents) corresponding to a payment of € 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 (fifteen euro cents)), 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.

Lisbon, 28 March 2019

Board of Directors

ANNEXES TO THE MANAGEMENT REPORT

LIST OF SHAREHOLDERS WITH QUALIFYING STAKES AS AT 31 DECEMBER, 2018

(Under the terms of paragraph 4 of Article 448.º of the Portuguese Commercial Companies Code and Article 16º of the Portuguese Securities Code)

HOLDING UNDER THE SHAREHOLDERS AGREEMENT CONCERNING NOVABASE	NO. OF SHARES	% OF SHARE CAPITAL AND VOTING RIGHTS
HNB - S.G.P.S., S.A. ¹	10,501,589	33.44%
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613	6.68%
Luís Paulo Cardoso Salvado ¹	1	0.00%
João Nuno da Silva Bento ¹	1	0.00%
Álvaro José da Silva Ferreira ¹	1	0.00%
José Afonso Oom Ferreira de Sousa ¹	1	0.00%
TOTAL ²	12,599,206	40.12%

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 - S.G.P.S., S.A., and have entered into a shareholders agreement concerning the whole of HNB - S.G.P.S., 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
	Lazard Frères Gestion SAS	1,570,870	5.00%

	Santander Asset Management Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.	NO. OF SHARES	% OF SHARE CAPITAL AND VOTING RIGHTS
	Fundo de Investimento Mobiliário Aberto Santander Ações Portugal	1,476,905	4.70%
	Fundo de Investimento Mobiliário Aberto Poupança Ações Santander PPA	34,537	0.11%
	TOTAL ¹	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
	Maria Manuela de Oliveira Marques	1,043,924	3.32%

The holdings identified above correspond to the last positions notified to the Company with reference to 31 December 2018 or a previous date.

There are no categories of shares with special rights.

INFORMATION CONCERNING STAKES HELD IN THE COMPANY BY MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BODIES AS AT 31 DECEMBER, 2018

(Under the terms of paragraph 5 of Article 447 of the Portuguese Commercial Companies Code)

HOLDERS ¹	NO. SHARES ¹	% OF SHARE CAPITAL AND VOTING RIGHTS
Pedro Miguel Quinteiro Marques de Carvalho (Non-Executive member of the Board of Directors)	2,097,613	6.68%
Manuel Saldanha Tavares Festas (Deputy member of the Audit Board)	74,986	0.24%
Francisco Paulo de Figueiredo Morais Antunes (Executive member of the Board of Directors and CFO)	30,335	0.10%
María del Carmen Gil Marín (Executive member of the Board of Directors)	23,001	0.07%
Luís Paulo Cardoso Salvado ² (Chairman of the Board of Directors)	1	0.00%
João Nuno da Silva Bento ² (Executive member of the Board of Directors and CEO)	1	0.00%
Álvaro José da Silva Ferreira ² (Executive member of the Board of Directors)	1	0.00%
José Afonso Oom Ferreira de Sousa ² (Non-Executive member of the Board of Directors)	1	0.00%
Marta Isabel dos Reis da Graça Rodrigues do Nascimento (Non-Executive member of the Board of Directors)	0	0.00%
Álvaro José Barrigas do Nascimento (Chairman of the Audit Board)	0	0.00%
Fátima do Rosário Piteira Patinha Farinha (Effective member of the Audit Board)	0	0.00%
Miguel Tiago Perestrelo Ribeiro Ferreira (Effective member of the Audit Board)	0	0.00%
KPMG & Associados - S.R.O.C., represented by Paulo Alexandre Martins Quintas Paixão (Effective Chartered Accountant)	0	0.00%
Maria Cristina Santos Ferreira (Deputy Chartered Accountant)	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 2018 or a previous date.

² José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are shareholders of HNB - S.G.P.S., S.A., where they hold management positions. HNB - S.G.P.S., S.A. holds 10,501,589 shares representing 33.44% 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 no. 5/2010)

DIRECTOR / CLOSELY ASSOCIATED PERSON ¹	TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Pedro Miguel Quinteiro Marques de Carvalho	Disposal	04/01/18	Over-the-Counter	191,455	3.130
HNB - S.G.P.S., S.A. (a)	Acquisition	05/11/18	NYSE Euronext Lisbon	4,719	2.490
HNB - S.G.P.S., S.A. (a)	Acquisition	05/11/18	NYSE Euronext Lisbon	235,475	2.490

¹ Transactions on Novabase' shares by the persons referred to in Article 447 of the Commercial Companies Code.

(a) The company HNB - S.G.P.S., S.A. have José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, 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 66.º of the Portuguese Commercial Companies Code)

At 31 December 2017, Novabase S.G.P.S. held 376,611 own shares, representing 1.20% of its share capital.

During 2018, there were no own shares transactions.

Thus, at 31 December 2018, Novabase S.G.P.S. held 376,611 own shares, representing 1.20% of its share capital.

During the 2018 financial year, Novabase S.G.P.S. shares always had a nominal value of €0.5.

NON-FINANCIAL STATEMENTS

SCOPE

Pursuant to article 508.-G of the Commercial Companies Code, as amended by Decree Law no. 89/2017 of 28 July, which transposed Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 into Portuguese legislation, **NOVABASE** explains in this document the “information for a sufficient understanding of the developments, performance, position and impact of the group’s activities, at minimum with regard to environmental, social and employee-related issues, equality between men and women, non-discrimination, respect for human rights and fighting corruption and attempted bribery” in relation to the Novabase Group for the year ending 31 December 2018.

INTRODUCTION | NOVABASE GROUP

Information on the Novabase Group’s business and corporate structure is available in the 2018 Annual Report and Accounts (Notes to the Consolidated Financial Statements for the year ending 31 December 2018, Section 1. General Information), as well as in the 2018 Corporate Governance Report (Part I, Section B., Point 21).

REFERENCE DOCUMENTS AND DILIGENCE PROCEEDINGS

In view of the Novabase Group’s size, the nature of its business, its business model and the industries in which it operates, no formal policies have been approved for all of the items referred to in article 508.-G (2) of the Commercial Companies Code. Nonetheless, various aspects of the Novabase Group’s business are governed by applicable legislation, and by applicable regulations and recommendations of the Portuguese Securities Market Commission and other domestic and international entities. In addition, the Novabase Group internally uses a number of reference documents, diligence proceedings and systems regarding practices to be employed in certain areas, taking the Group and its needs into account, together with its employees, professionals and other stakeholders, with a view to ensuring sustainable growth. Novabase Group companies are also subject to a number of different internal and external audits.

In this context, the main aspects, documents, practices and processes in place at the Novabase Group, which it believes have an impact on non-financial issues relevant to the Group (namely involving the environment, society, labour, gender equality, non-discrimination, human rights and the fight against corruption), are listed below:

-
- **NOVABASE**'s business and the conduct of its employees and professionals are governed by applicable law in relevant jurisdictions, and by **NOVABASE**'s Code of Conduct (published at its corporate website), an internally approved document in effect at the Group since 2011 aimed at guiding the conduct of **NOVABASE**'s professionals through values cultivated by the Group in its customer and interpersonal relations.
 - The company's business is managed in accordance with the Integrated Management System.
 - **NOVABASE**'s companies are audited by its financial auditors; its certifications in quality (ISO 9001), environmental management (ISO 14001) and occupational health and safety (ISO 45001) are renewed each year after internal and external audits, the latter conducted by certifying entities.
 - The company regularly monitors customer satisfaction, along with its employees' and professionals' satisfaction with company services and other issues of interest to the management.
 - In compliance with Portuguese Securities Market Commission recommendations regarding the governance of listed companies, and in view of fostering a culture of responsibility and compliance, **NOVABASE** has adopted a system for reporting irregularities (known as "SPI") that may occur within its Group. Any report of irregularities made through the SPI is directed to a member of the Auditing Committee specifically designated for this purpose.
 - The company is committed to promoting diversity. In the first quarter of 2018 (see point below), it approved a diversity policy for the managing and supervisory boards of Novabase S.G.P.S., S.A., reflecting shareholders' efforts to appoint a Board of Directors represented by at least 25% of members from each gender, likewise reflected in the Executive Committee.
 - The company also has "Internal Regulations on Business Dealings with Qualified Novabase, S.G.P.S., S.A. Shareholders" in effect."

MANAGING AND SUPERVISORY BOARD DIVERSITY POLICY

At **NOVABASE**, we believe in equal opportunities and mutual respect regardless of ethnicity, gender, religion, beliefs, social background or sexual orientation. These differences tend to enhance the quality of decision-making processes through multiple perspectives, greater intellectual and cultural richness and a better representation of reality and of those involved.

For this reason, we also believe that diversity in our corporate boards helps to improve **NOVABASE**'s performance and competitiveness. As such, we are committed to the following policy:

- Compliance with Law no. 62/2017 of 01 August, since gender diversity provides different management styles and complementary approaches;
- With regard to age, there must be a balance between experience and maturity and the youth and energy needed for the fast-paced innovation of our highly dynamic sector (information technologies);
- With regard to qualifications and education, in addition to areas associated with technology, various other areas of knowledge must also be represented, in view of the mounting importance of multidisciplinary in team performance.

NOVABASE will monitor this policy's implementation, in accordance with its corporate governance model, and will review it whenever deemed appropriate.

RESULTS AND KEY INDICATORS

Since no matters involving human rights, corruption or attempted bribery were reported in 2018 to the management of Novabase SGPS, S.A. through the available channels for this purpose, there are no indicators to report in this regard.

As regards gender equality, the key indicator considered is the proportion of men and women vis-à-vis all employees, which should tend to be balanced. This indicator has evolved positively (from 70% men and 30% women in 2017 to 68% men and 32% women in 2018). The gender imbalance is in line with trends in the IT industry in Portugal and abroad, and also reflects the higher education choices of each gender. In fact, in degree courses such as computer engineering, electrical engineering and network engineering, the number of male graduates far exceeds the number of female graduates.

In turn, the key indicator used for environmental issues is the number of non-conformities found in the annual Environmental Management System audit, as a result of certification in standard ISO14001. In 2018, much like in 2017, the Novabase Group's companies had no non-conformities under this standard.

Other indicators (operating, not key) monitored with regard to these issues include:

- Business: investment in research, development and innovation; customer satisfaction.
- Employee-related: number of training initiatives, participants and hours; number of occupational accidents; number of recent graduates welcomed through the Novabase Academy integration program.
- Environment: consumption of electricity, thermal energy, water, diesel and gas; recycling of plastic, cardboard, paper and glass; emission of greenhouse gases.

RISK MANAGEMENT AND INTERNAL CONTROL

The Novabase Group is subject to both standard market risks and specific risks related to its business. **NOVABASE** believes that the risk management policy is of vital importance in running and developing a business which has historically had a higher risk appetite profile, since this is intrinsically necessary in such a dynamic and disruptive sector.

NOVABASE also has internal control systems and procedures to prevent and manage risks within the context of its organization and activities. Additional information on **NOVABASE**'s internal control and risk management can be found in Part I, Section III. "Internal Control and Risk Management" of the 2018 Corporate Governance Report.

FINANCIAL STATEMENTS

TURNOVER

148.7 M€

EBITDA

10.3 M€

NET PROFIT

4.7 M€

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	31.12.18	31.12.17
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	10,235	10,019
Intangible assets	16,065	17,162
Investments in associates	252	314
Financial assets at fair value through profit or loss	3,868	2,796
Held-to-maturity investments	-	7,713
Investment securities	7,680	-
Deferred tax assets	10,048	10,448
Other non-current assets	1,644	3,256
TOTAL NON-CURRENT ASSETS	49,792	51,708
CURRENT ASSETS		
Inventories	33	46
Trade and other receivables	45,658	49,745
Accrued income	5,464	16,356
Income tax receivable	2,619	1,318
Derivative financial instruments	26	18
Other current assets	3,851	1,546
Held-to-maturity investments	-	7,353
Investment securities	1,198	-
Cash and cash equivalents	63,614	56,136
TOTAL CURRENT ASSETS	122,463	132,518
Assets from discontinued operations	-	-
TOTAL ASSETS	172,255	184,226
EQUITY		
Share capital	15,701	15,701
Treasury shares	(188)	(188)
Share premium	43,560	43,560
Reserves and retained earnings	3,016	3,722
Profit for the year	4,737	4,774
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	66,826	67,569
Non-controlling interests	13,754	13,597
TOTAL EQUITY	80,580	81,166
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	13,360	16,837
Provisions	8,252	10,369
Other non-current liabilities	990	744
TOTAL NON-CURRENT LIABILITIES	22,602	27,950
CURRENT LIABILITIES		
Borrowings	6,320	6,907
Trade and other payables	40,399	41,619
Income tax payable	-	578
Derivative financial instruments	24	-
Deferred income and other current liabilities	22,267	25,103
TOTAL CURRENT LIABILITIES	69,010	74,207
Liabilities from discontinued operations	63	903
TOTAL LIABILITIES	91,675	103,060
TOTAL EQUITY AND LIABILITIES	172,255	184,226

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS

12 M *

31.12.18

31.12.17

CONTINUING OPERATIONS		
Sales	894	159
Services rendered	147,829	139,563
Cost of sales	(848)	(31)
External supplies and services	(53,844)	(51,201)
Employee benefit expense	(86,468)	(82,155)
Net impairment losses on trade and other receivables	785	-
Other gains/(losses) - net	1,951	4,580
Depreciation and amortisation	(2,940)	(3,210)
OPERATING PROFIT	7,359	7,705
Finance income	2,548	6,199
Finance costs	(4,039)	(6,776)
Share of loss of associates	(62)	(261)
Gain on net monetary position	308	955
PROFIT BEFORE INCOME TAX	6,114	7,822
Income tax expense	(1,100)	(1,382)
PROFIT FROM CONTINUING OPERATIONS	5,014	6,440
DISCONTINUED OPERATIONS		
Profit from discontinued operations	-	2,696
PROFIT FOR THE YEAR	5,014	9,136
PROFIT ATTRIBUTABLE TO:		
Owners of the parent	4,737	4,774
Non-controlling interests	277	4,362
	5,014	9,136
EARNINGS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT (EUROS PER SHARE)		
BASIC EARNINGS PER SHARE		
From continuing operations	0.15 Euros	0.07 Euros
From discontinued operations	Zero Euros	0.09 Euros
FROM PROFIT FOR THE YEAR	0.15 Euros	0.15 Euros
DILUTED EARNINGS PER SHARE		
From continuing operations	0.15 Euros	0.07 Euros
From discontinued operations	Zero Euros	0.09 Euros
FROM PROFIT FOR THE YEAR	0.15 Euros	0.15 Euros
12 M * - period of 12 months ended		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS

12 M *

	31.12.18	31.12.17
PROFIT FOR THE YEAR	5,014	9,136
Other comprehensive income for the year		
Items that may be reclassified to profit or loss		
Exchange differences on foreign operations, net of tax	1,627	(467)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	1,627	(467)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,641	8,669
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	5,556	4,533
Non-controlling interests	1,085	4,136
	6,641	8,669
12 M * - 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, 2018

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, 2018.

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 five 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 2018 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 2018, the Audit Board did not receive any communications on irregularities through the means established for this purpose.

Related Party Transactions

During the 2018 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 2018 financial year, which comprise the Consolidated Statement on the Financial Position as of December 31, 2018, 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 2018 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 2018 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 2018 financial year;
- There are no objections to the approval of the Consolidated Financial Statements for the 2018 financial year.

Lisbon, March 28, 2019

The Audit Board

Álvaro Nascimento – Chairman

Fátima Farinha – Member

Miguel Ribeiro Ferreira – 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 2018 (showing a total of 172,255 thousand euros and equity of 80,580 thousand euros, including non-controlling interests of 13,754 thousand euros and a net profit attributable to the shareholders of Novabase of 4,737 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 2018 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.

Key audit matters

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras consolidadas do ano corrente. Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras consolidadas como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias.



Revenue recognition

The Risk

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.

The recognition of such projects overtime in accordance with IFRS 15, 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 2018.

Our response to the identified risk

Our audit procedures included, among others, the following:

- We have analyzed the revenue recognition policy adopted by the Group with reference to the applicable accounting standards;
- We have tested the relevant controls, including application controls and general IT controls, related to the revenue recognition process;
- We have critically analyzed the 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,
- We have assessed the adequacy of the Group's disclosures over revenue recognition considering the applicable accounting standards.



International exposure

The Risk

The Group's operations outside Portugal represented more than 54% of total consolidated revenue in 2018. In recent years, as a result of the assessment of business risks, the Group has limited its activity in more volatile geographies. Currently, the European market accounts for about 69% of the international business. The past internationalization process exposes the Group to the risk of foreign exchange fluctuation, mainly to the dollar, kwanza and metical.

As disclosed in notes 3(a) and 3(d), increased exposure to these currencies and geographies results in increased risks for the Group, mainly:

- 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;

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 2018.

Our response to the identified risk

Our audit procedures included, among others, the following:

- 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.



Recoverability of goodwill

The Risk

As disclosed in note 8, as at 31 December 2018, the net book value of goodwill of the Business Solutions segment amounted to 14,886 thousand euros.

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.

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 2.7(1), 4(a) and 8.

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 2018.

Our response to the identified risk

Our audit procedures included, among others, the following:

- We have analyzed the budgeting procedures on which the projections are based, by comparing current performance with estimates made in prior periods, and the integrity of the discounted cash flow model;
- We have compared the internal and external assumptions used and we have considered their reasonableness such as current business trends, market performance, inflation, projected economic growth and discount rates;
- We have involved specialists in the measurement of the average cost of capital ratio; and,
- We have assessed the adequacy of the Group's disclosure over recognition of deferred tax assets considering the applicable accounting standards.



Recoverability of deferred tax assets

The Risk

As disclosed in note 11, as at 31 December 2018, the amount of deferred tax assets was of 10,048 thousand euros, of which 9,516 thousand euros related to tax benefits arising from Research and Development projects presented under the SIFIDE incentive scheme.

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).

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 2018.

Our response to the identified risk

Our audit procedures included, among others, the following:

- 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 body 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;
- 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 consolidated financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, al. (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.

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 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.



Sobre a informação não financeira prevista no artigo 508.º-G do Código das Sociedades Comerciais

Dando cumprimento ao artigo 451.º, n.º 6, do Código das Sociedades Comerciais, informamos que o Grupo incluiu no seu relatório de gestão a demonstração não financeira prevista no artigo 508.º-G do Código das Sociedades Comerciais.

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

Pursuant to article 451, nr. 6, of the Portuguese Companies' Code, we inform that the Group inform that the Group included in its management report the non-financial information defined in article 508º-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 first appointed as auditors of Novabase, SGPS, S.A. (parent Entity of the Group) in the shareholders general assembly held on 29 April 2015 for a first mandate from 2015 to 2017. We were appointed in the shareholders general assembly held on 10 May 2018 for a second mandate from 2018 to 2020;
- Management as 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 28 March 2019; and,
- We declare that we have not provided any prohibited services as described in article 77, nr. 8 of the Ordem dos Revisores Oficiais de Contas' statutes, and we have remained independent of the Group in conducting the audit.

28 March 2019

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)