

# Accounts



# **REPORT AND ACCOUNTS - 3rd QUARTER 2015**

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## Consolidated Results 9M15

### Privileged Information

November 5, 2015

### Highlights:

**Turnover: 169.3 M€**  
(158.6 M€ in 9M14)

**EBITDA: 10.5 M€**  
(9.9 M€ in 9M14)

**Net Profit: 4.4 M€**  
(2.0 M€ in 9M14)

**Net Cash: 2.2 M€**  
(6.9 M€ in 12M14)

## Message from the Chairman and CEO Luís Salvado



"The success of Novabase's internationalization strategy is confirmed by these results, in line with our goals for this year.

International business grew 25% and now accounts for 45% of total activity. In Europe, operations increased 55% representing half of the international activity. The services rose 12%, driven by a strong growth in Business Solutions outside Portugal.

EBITDA and Net Profit also showed a positive trend, despite the very challenging environment in the domestic market and the significant international expansion costs. These effects caused a greater pressure in the profitability of Business Solutions. Our cash position deteriorated 5 M€ since the beginning of the year.

Regardless of the adverse and particularly demanding conditions of some markets we operate in, including our domestic market, we are committed towards the accomplishment of our 2015 Guidance. In 2016, internationalization will continue to be our top priority adjusting our targets and resources to the potential and specific circumstances of each market."

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

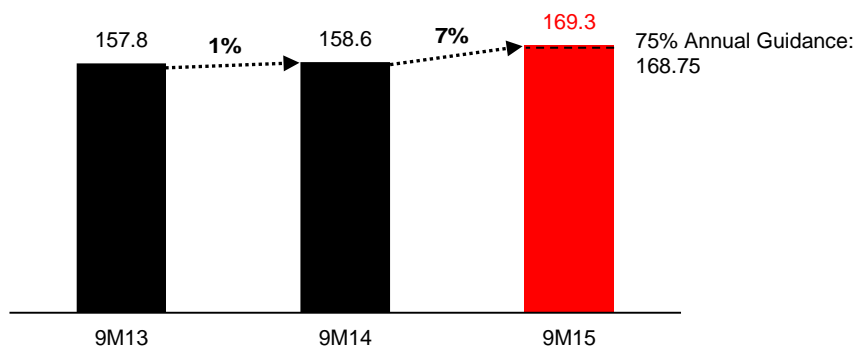
Novabase SGPS, S.A.  
Public Company . Euronext code: NBA.AM .  
Registered in TRO of Lisbon and Corporate Tax Payer nº 502.280.182 . Share Capital: 15,700,697.00 € .  
Head Office: Av. D. João II, 34, 1998-031 Lisbon - PORTUGAL



## 1. Key Indicators Evolution

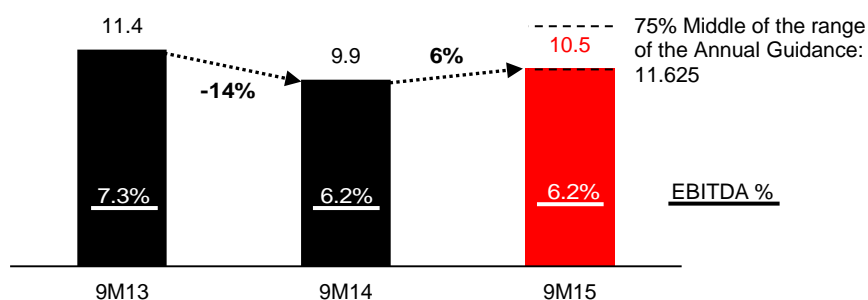
### Turnover (M€)

Turnover shows a 7% rise YoY, and is in line with the annual Guidance. Highlights include the significant international growth (25%).



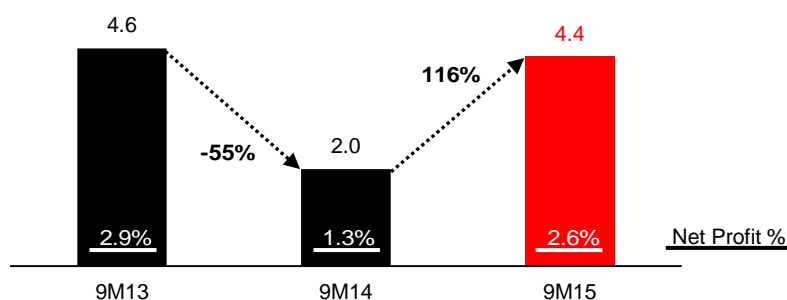
### EBITDA (M€)

EBITDA presents a 6% growth YoY and at the lower end of the range of the annual Guidance.



### Net Profit (M€)

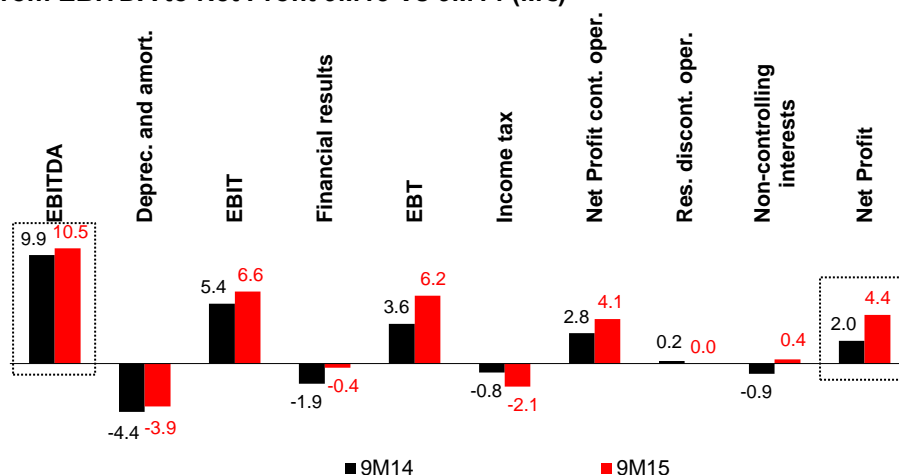
Profitability improved as a result of the measures adopted in the end of 2014.



Earnings per share (EPS) in 9M15 reached 0.14 euros per share, registering an increase of 114% towards the EPS from the previous year of 0.07 euros per share.



### From EBITDA to Net Profit 9M15 Vs 9M14 (M€)

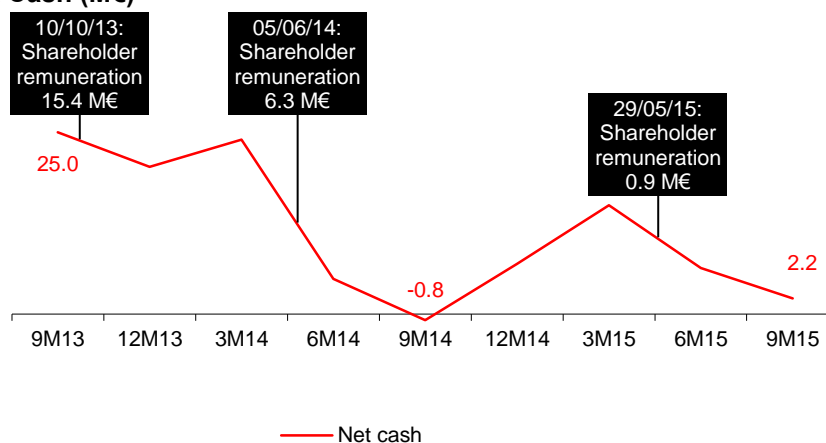


The Financial Results were negative in 0.4 M€, an increase of 1.5 M€, fundamentally based on the foreign exchange differences recorded compared to the same period of last year.

Results from discontinued operations are null in 9M15, compared to 0.2 M€ in 9M14. Note that, that gain reflected the completion of the closure process of the 'Mobility Solutions' area with a value lower than the one provisioned.

Non-controlling interests in 9M15 amounted to 0.4 M€, which compares to -0.9 M€ in 9M14. This variation is mainly due to evolution of the results of international subsidiaries.

### Net Cash (M€)



Cash use of 4.7 M€ in 9M15 includes the payment of dividends to Shareholders and Non-controlling interests.

Novabase ended the 9M15 with 2.2 M€ in net cash, which compares to 6.9 M€ in the 12M14. However, considering the last 12 months, we observed a positive trend, with a generation of 3.0 M€.

On May 29, 2015, Novabase paid its shareholders a total amount of 0.9 M€ (0.03€/share). Additionally, on May 21, 2015, occurred the payment of 0.4 M€ to Non-controlling interests.



## 2. Short Summary of the Activity

Clear progress in terms of international expansion and differentiation of the offerings.

Europe was the continent with greater expression in 9M15, representing half of international business.

New partnerships fall under Novabase's international expansion strategy.

The first nine months of 2015 were marked by a significant increase in international activity, in line with the goals set for the year, and by the growth in services, which now accounts for approximately 3/4 of the total business.

Overall, compared to the same period of last year, Turnover increased by 7%, due to the significant 25% growth in the international business, which now accounts for 45% of the total business (in line with the annual goal of 40-45%). The services continued to rise and its weight is 72% of the total activity. Operationally, it was also registered an improvement, with EBITDA increasing by 6%, reflecting the measures implemented in late 2014 (restructuring aiming to improve competitiveness in the domestic operations and freeing resources to the effort of internationalization).

Given the Guidance, the results of the nine months of 2015 were in line on Turnover, and at the lower end of the EBITDA range.

To highlight that Novabase won several managed services contracts for the European Commission. These contracts, led by Novabase, are included in the framework agreement signed in consortium with another European company.

With regard to new partnerships, Novabase IMS is since the beginning of 2015, Gold partner of EMC, the Storage and Backup market leader in Portugal. In the second quarter, Novabase and OutSystems signed a strategic partnership to offer new joint products and services in the markets where they do business. Likewise, Novabase and SAP strengthened their partnership, to resell SAP products and solutions in Africa. Note that Novabase has been a recognized SAP partner for more than 15 years, and received certification as a SAP Channel Partner in 2013.

In the Venture Capital area, the Venture Capital Fund Novabase Capital Inovação e Internacionalização sold part of its investment in the company Feedzai, in a round of a venture capital investment, led by Oak HC/FT, a leading world venture capital firm in the area of fintech. Feedzai works in the area of data science and is one of the references of innovation in Novabase Capital' portfolio.

Also worthy of note, is the distinction of Novabase with the 2014 Innovation Partner award from IBM, at the National Business Partners' Conference, which acknowledges the work being done by our Financial Services area. Additionally, Novabase IMS has been recognized by Microsoft as Gold Partner, with the Cloud Productivity competency. The subsidiary Collab won the award for "Best Global Customer Satisfaction" Technology company in 2015, at the Portuguese Association of Contact Centers event. On the other hand, Novabase Mozambique has been named Microsoft's "Communications Partner of the Year" for the WECA (West, East and Central Africa) region.

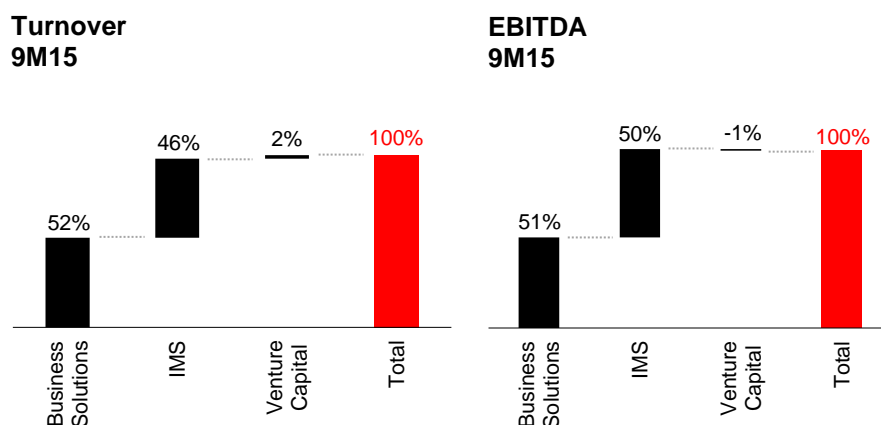


Novabase's focus in innovation materialized in world reference events.

Additionally, Novabase launched MyWizzio in New York, at Finovate Fall 2015. Finovate conferences showcase the latest and the greatest in global fintech and perform high quality networking, gathering over 1000 fintech innovators and financial institutions from all over the world.

Finally, highlight that Novabase was honoured with an "Excellence at Work" award, in the category "large companies" with more than 1000 employees, which distinguish best practices in managing people at companies, by surveying employees.

The percentage breakdown of Turnover and EBITDA by the different businesses, in the 9M15, is as follows:



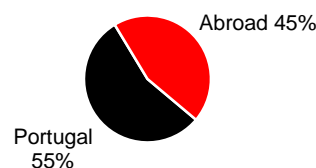
The services rendered increased by 12% in 9M15, in line with Novabase strategy to increase the added value of its offerings.

From the total Turnover, 75.7 M€ were generated outside Portugal, which compares to 60.5 M€ registered in 9M14.

**Turnover by geography 9M14**



**Turnover by geography 9M15**



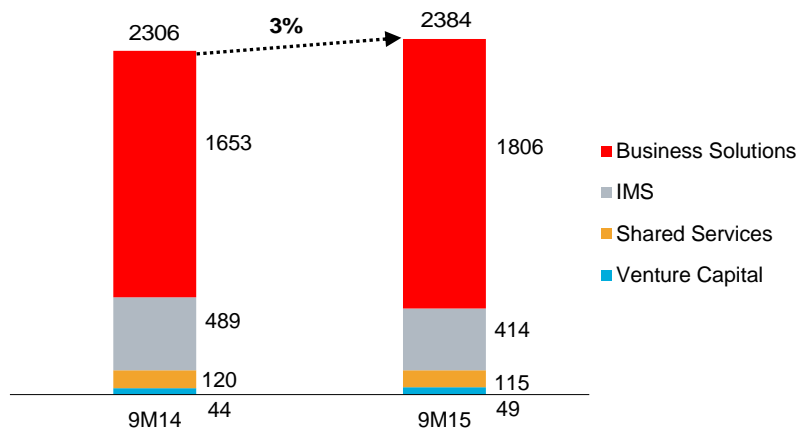
Business outside Portugal generated in the Business Solutions area increased to 53% of the respective Turnover (40% in 9M14). In the IMS business area, the international business in 9M15 remained at 35% and in the Venture Capital area decreased to 62% (66% in 9M14).

Novabase had on average, in the 9M15, 2384 employees, which represents an increase of 3% compared to the 9M14 (2306).



Employee breakdown by business area, in 9M15, is as follows:

### Average Number of Employees



Average number of employees increased due to international expansion and services growth. Worthy of note is the recruitment of 109 new university graduates through Novabase Academy program.

### Average Number of Employees by geography 9M14

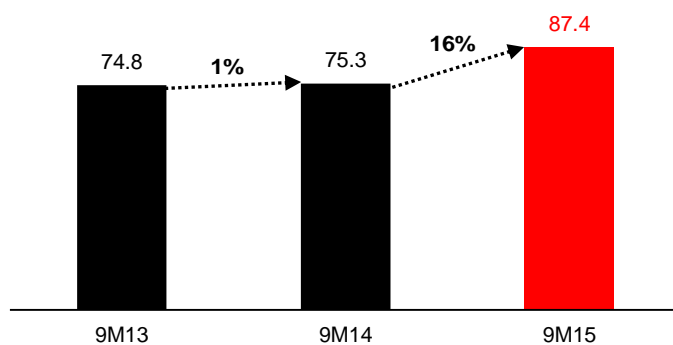


### Average Number of Employees by geography 9M15



## 2.1. Business Solutions

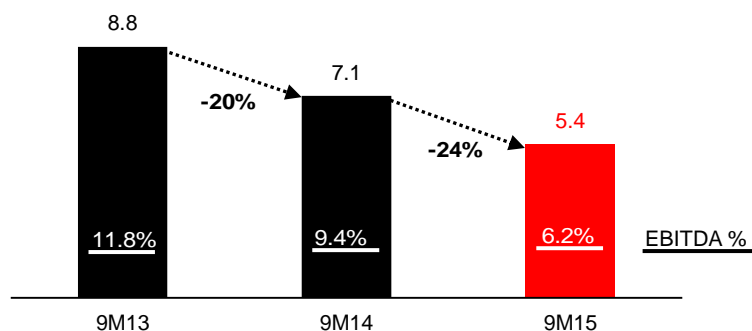
### Turnover Business Solutions (M€)





### EBITDA Business Solutions (M€)

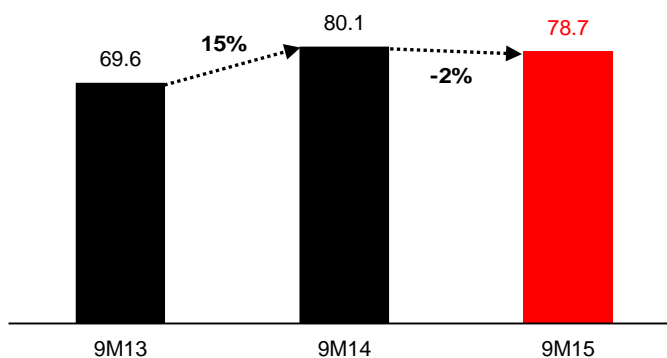
Despite the significant international growth (+54%), BS evolution reflects the costs associated to the international expansion strategy.



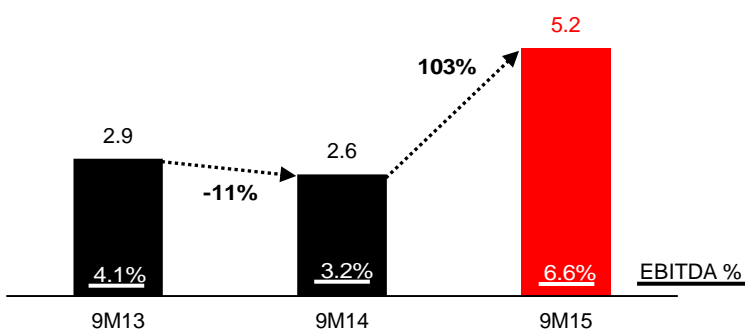
## 2.2. Infrastructures & Managed Services

### Turnover IMS (M€)

IMS evolution reflects a change in the mix products / services, with services representing over 40% of the total.



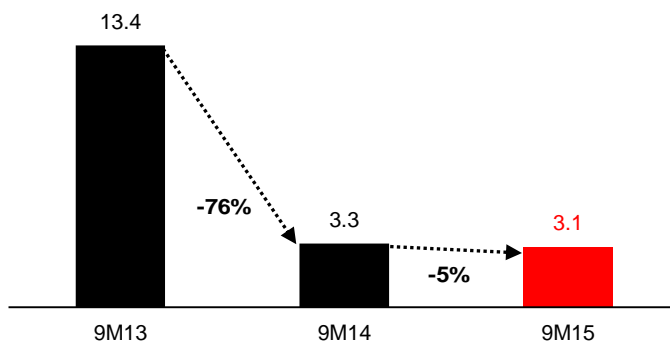
### EBITDA IMS (M€)





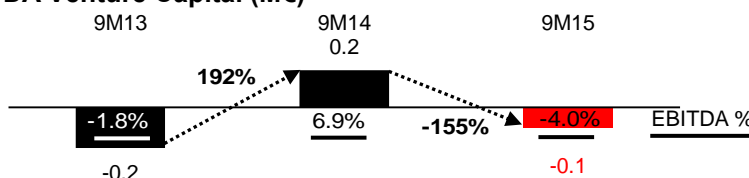
## 2.3. Venture Capital

### Turnover Venture Capital (M€)



VC area with marginal significance. Evolution typical of the development stage of the investments of the Funds.

### EBITDA Venture Capital (M€)



## 3. Stock Performance

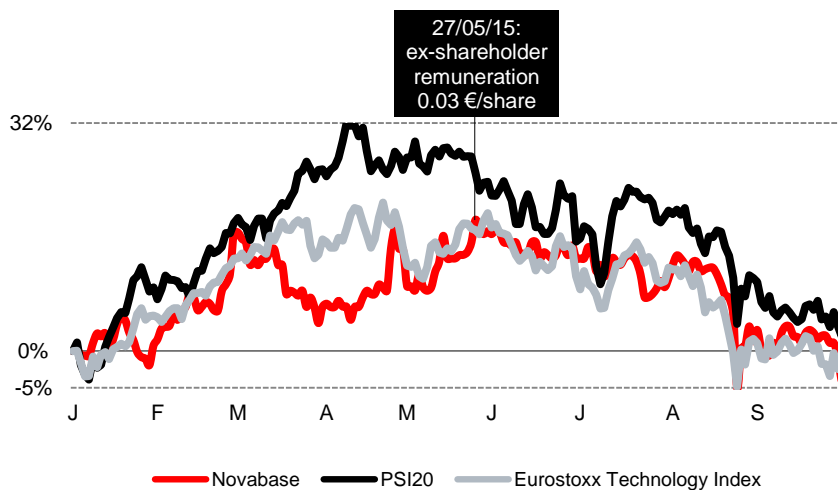
Novabase share price in 9M15 lost 3%, comparing to a 5% gain in the PSI20 Index and a 0.3% gain in the EuroStoxx Technology Index.

In this period, a dividend of 0.03€/share was distributed.

Also to be noted that, on May 2015, Novabase was chosen to be part of Tech 40, Euronext's international technology index whose purpose is to distinguish innovative listed European companies.



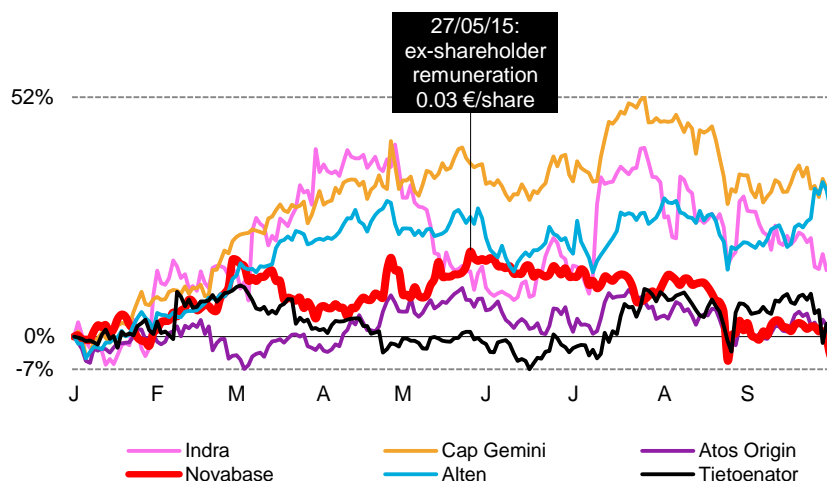
### Novabase and the Market



Excluding the shareholder remuneration, Novabase share price would have registered a depreciation of 1.6%.

The evolution of Novabase share prices compared to other companies in the IT sector in Europe, in 9M15, was as follows:

#### Novabase and other TMT



Average upside of 54%, according to the analysts who cover Novabase.

The average price target disclosed by the analysts who cover Novabase is 3.32 euros.

Rotation in 9M15 represented 15% of the capital and 4.8 million shares were traded, similar to the values in 9M14 (rotation of 15% of the capital and 4.6 million shares traded).

Summary	3Q15	2Q15	1Q15	4Q14	3Q14
Minimum price (€)	2.100	2.310	2.170	2.090	2.421
Maximum price (€)	2.535	2.619	2.580	2.530	3.520
Volume weighted average price (€)	2.329	2.414	2.337	2.165	3.089
Closing price at the end of the Quarter (€)	2.148	2.500	2.360	2.214	2.421
Nr. of shares traded	573,164	2,848,400	1,344,259	1,324,176	1,417,140
Market cap in the last day (M€)	67.5	78.5	74.1	69.5	76.0

## 4. Outlook 2015

The results of the nine months reflect the success of Novabase' strategic options in internationalization and differentiation of its offerings. Turnover increased, strongly driven by the international business, which now accounts for 45% of total business. Likewise, the weight of services increased to 72%. EBITDA grew by 6%, as a result of the measures implemented in the end of 2014 for the improvement of operating competitiveness.

For the last quarter, we reaffirm the continuity of the strategic focus on international growth. Despite the uncertainty in some of the markets where we operate and the very challenging conditions in the domestic market, we are committed to compliance with the guidance for the FY15.



## Consolidated Statement of Financial Position as at 30 September 2015

	30.09.15	31.12.14
	(Thousands of Euros)	
<b>Assets</b>		
Tangible assets	5,466	5,570
Intangible assets	28,901	30,663
Financial investments	3,351	2,415
Held-to-maturity investments	3,004	-
Deferred income tax assets	15,363	17,228
Other non-current assets	8,410	7,770
<b>Total Non-Current Assets</b>	<b>64,495</b>	<b>63,646</b>
Inventories	8,177	4,943
Trade debtors and accrued income	109,559	103,821
Other debtors and prepaid expenses	15,305	17,242
Derivative financial instruments	61	88
Held-to-maturity investments	1,003	-
Cash and cash equivalents	17,934	20,714
<b>Total Current Assets</b>	<b>152,039</b>	<b>146,808</b>
<b>Total Assets</b>	<b>216,534</b>	<b>210,454</b>
<b>Shareholders' Equity</b>		
Share capital	15,701	15,701
Treasury shares	(6)	(29)
Share premium	43,560	43,560
Reserves and retained earnings	21,802	24,493
Net profit	4,417	3,112
<b>Total Shareholders' Equity</b>	<b>85,474</b>	<b>86,837</b>
Non-controlling interests	9,231	12,431
<b>Total Equity</b>	<b>94,705</b>	<b>99,268</b>
<b>Liabilities</b>		
Bank borrowings	11,905	8,376
Finance lease liabilities	1,519	1,613
Provisions	1,950	3,638
Other non-current liabilities	64	70
<b>Total Non-Current Liabilities</b>	<b>15,438</b>	<b>13,697</b>
Bank borrowings	7,882	5,561
Trade payables	26,962	21,849
Other creditors and accruals	40,302	39,092
Derivative financial instruments	91	1,323
Deferred income	31,154	29,664
<b>Total Current Liabilities</b>	<b>106,391</b>	<b>97,489</b>
<b>Total Liabilities</b>	<b>121,829</b>	<b>111,186</b>
<b>Total Equity and Liabilities</b>	<b>216,534</b>	<b>210,454</b>
Net Cash	2,180	6,903

## Consolidated Income Statement for the period of 9 months ended 30 September 2015

	30.09.15	30.09.14	Var. %
	(Thousands of Euros)		
<b>CONTINUING OPERATIONS</b>			
Sale of goods	46,607	49,576	
Cost of goods sold	(41,148)	(44,862)	
<b>Gross margin</b>	<b>5,459</b>	<b>4,714</b>	<b>15.8 %</b>
<i>Other income</i>			
Services rendered	122,646	109,073	
Supplementary income and subsidies	450	228	
Other operating income	1,209	1,372	
	<b>124,305</b>	<b>110,673</b>	
	<b>129,764</b>	<b>115,387</b>	
<i>Other expenses</i>			
External supplies and services	(50,831)	(41,483)	
Employee benefit expense	(67,582)	(65,185)	
Provisions reversal	517	2,766	
Other operating expenses	(1,407)	(1,633)	
	<b>(119,303)</b>	<b>(105,535)</b>	
<b>Gross Net Profit (EBITDA)</b>	<b>10,461</b>	<b>9,852</b>	<b>6.2 %</b>
Depreciation and amortization	(3,905)	(4,405)	
<b>Operating Profit (EBIT)</b>	<b>6,556</b>	<b>5,447</b>	<b>20.4 %</b>
Financial results	(392)	(1,857)	
<b>Net Profit before taxes (EBT)</b>	<b>6,164</b>	<b>3,590</b>	<b>71.7 %</b>
Income tax expense	(2,114)	(831)	
<b>Net Profit from continuing operations</b>	<b>4,050</b>	<b>2,759</b>	<b>46.8 %</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Net Profit from discount. operations</b>	<b>-</b>	<b>219</b>	<b>-100.0 %</b>
Non-controlling interests	367	(931)	
<b>Attributable Net Profit</b>	<b>4,417</b>	<b>2,047</b>	<b>115.8 %</b>
<b>Other information:</b>			
Turnover	169,253	158,649	6.7 %
Gross margin from sales %	11.7 %	9.5 %	
EBITDA margin	6.2 %	6.2 %	
EBT % on Turnover	3.6 %	2.3 %	
Net profit % on Turnover	2.6 %	1.3 %	

## Consolidated Income Statement by SEGMENTS for the period of 9 months ended 30 September 2015

(Thousands of Euros)

	Business Solutions	IMS	Venture Capital	NOVABASE
Sale of goods	243	46,364	-	46,607
Cost of goods sold	(122)	(41,026)	-	(41,148)
<b>Gross margin</b>	<b>121</b>	<b>5,338</b>	<b>-</b>	<b>5,459</b>
<b>Other income</b>				
Services rendered	87,205	32,345	3,096	122,646
Supplementary income and subsidies	358	80	12	450
Other operating income	1,097	112	-	1,209
	<b>88,660</b>	<b>32,537</b>	<b>3,108</b>	<b>124,305</b>
	<b>88,781</b>	<b>37,875</b>	<b>3,108</b>	<b>129,764</b>
<b>Other expenses</b>				
External supplies and services	(30,501)	(18,799)	(1,531)	(50,831)
Employee benefit expense	(52,368)	(13,556)	(1,658)	(67,582)
(Provisions) / Provisions reversal	349	185	(17)	517
Other operating expenses	(879)	(503)	(25)	(1,407)
	<b>(83,399)</b>	<b>(32,673)</b>	<b>(3,231)</b>	<b>(119,303)</b>
<b>Gross Net Profit (EBITDA)</b>	<b>5,382</b>	<b>5,202</b>	<b>(123)</b>	<b>10,461</b>
Depreciation and amortization	(2,683)	(1,008)	(214)	(3,905)
<b>Operating Profit (EBIT)</b>	<b>2,699</b>	<b>4,194</b>	<b>(337)</b>	<b>6,556</b>
Financial results	363	(945)	190	(392)
<b>Net Profit / (Loss) before Taxes (EBT)</b>	<b>3,062</b>	<b>3,249</b>	<b>(147)</b>	<b>6,164</b>
Income tax expense	(1,122)	(624)	(368)	(2,114)
Non-controlling interests	123	223	21	367
<b>Attributable Net Profit / (Loss)</b>	<b>2,063</b>	<b>2,848</b>	<b>(494)</b>	<b>4,417</b>
Other information :				
<b>Turnover</b>	87,448	78,709	3,096	169,253
<b>EBITDA</b>	5,382	5,202	(123)	10,461
<b>EBITDA % on Turnover</b>	6.2%	6.6%	-4.0%	6.2%
<b>EBT % on Turnover</b>	3.5%	4.1%	-4.7%	3.6%

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**Condensed Consolidated Accounts**  
**3rd quarter 2015**  
(Unaudited)

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

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**for the period of 9 months ended 30 September 2015**

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

## Condensed Consolidated Interim Statement of Financial Position as at 30 September 2015

(Amounts expressed in thousands of Euros)

	Note	30.09.15	31.12.14
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	6	5,466	5,570
Intangible assets	6	28,901	30,663
Investments in associates		610	871
Financial assets at fair value through profit or loss		2,741	1,544
Held-to-maturity investments		3,004	-
Deferred income tax assets	7	15,363	17,228
Other non-current assets	20	8,410	7,770
<b>Total Non-Current Assets</b>		<b>64,495</b>	<b>63,646</b>
<b>Current Assets</b>			
Inventories		8,177	4,943
Trade and other receivables	8	88,427	91,645
Accrued income		27,877	22,047
Income tax receivable		2,567	2,223
Derivative financial instruments		61	88
Other current assets		5,993	5,148
Held-to-maturity investments		1,003	-
Cash and cash equivalents	9	17,934	20,714
<b>Total Current Assets</b>		<b>152,039</b>	<b>146,808</b>
<b>Total Assets</b>		<b>216,534</b>	<b>210,454</b>
<b>Equity</b>			
Share capital		15,701	15,701
Treasury shares		(6)	(29)
Share premium		43,560	43,560
Reserves and retained earnings	10	21,802	24,493
Profit for the period		4,417	3,112
Total Equity attributable to owners of the parent		85,474	86,837
Non-controlling interests	11	9,231	12,431
<b>Total Equity</b>		<b>94,705</b>	<b>99,268</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	12	13,424	9,989
Provisions	13	1,950	3,638
Other non-current liabilities		64	70
<b>Total Non-Current Liabilities</b>		<b>15,438</b>	<b>13,697</b>
<b>Current Liabilities</b>			
Borrowings	12	8,902	6,418
Trade and other payables	14	66,236	59,117
Income tax payable		8	967
Derivative financial instruments		91	1,323
Deferred income and other current liabilities		31,154	29,664
<b>Total Current Liabilities</b>		<b>106,391</b>	<b>97,489</b>
<b>Total Liabilities</b>		<b>121,829</b>	<b>111,186</b>
<b>Total Equity and Liabilities</b>		<b>216,534</b>	<b>210,454</b>

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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

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

## Condensed Consolidated Interim Statement of Profit and Loss and Other Comprehensive Income for the period of 9 months ended 30 September 2015

(Amounts expressed in thousands of Euros)

		9 M *		3 M *	
	Note	30.09.15	30.09.14	30.09.15	30.09.14
<b>Continuing Operations</b>					
Sales	5	46,607	49,576	23,163	14,978
Services rendered	5	122,646	109,073	33,175	37,762
Cost of sales		(41,148)	(44,862)	(20,264)	(14,294)
External supplies and services		(50,831)	(41,483)	(11,767)	(14,507)
Employee benefit expense		(67,582)	(65,185)	(21,056)	(21,007)
Other gains/(losses) - net	15	769	2,733	(480)	507
Depreciation and amortisation		(3,905)	(4,405)	(1,251)	(1,468)
<b>Operating Profit</b>		<b>6,556</b>	<b>5,447</b>	<b>1,520</b>	<b>1,971</b>
Finance income	16	5,369	1,180	1,039	667
Finance costs	17	(5,550)	(2,973)	(1,061)	(2,047)
Share of loss of associates		(211)	(64)	(19)	(17)
<b>Profit Before Income Tax</b>		<b>6,164</b>	<b>3,590</b>	<b>1,479</b>	<b>574</b>
Income tax expense	18	(2,114)	(831)	(848)	(134)
Profit from continuing operations		4,050	2,759	631	440
<b>Discontinued operations</b>					
Profit from discontinued operations	5	-	219	-	-
<b>Profit for the period</b>		<b>4,050</b>	<b>2,978</b>	<b>631</b>	<b>440</b>
<b>Other comprehensive income for the period</b>					
		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>4,050</b>	<b>2,978</b>	<b>631</b>	<b>440</b>
<b>Profit attributable to:</b>					
Owners of the parent		4,417	2,047	955	98
Non-controlling interests	11	(367)	931	(324)	342
		4,050	2,978	631	440
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		4,417	2,047	955	98
Non-controlling interests	11	(367)	931	(324)	342
		4,050	2,978	631	440
<b>Earnings per share from continuing and discontinued operations attributable to owners of the parent (Euros per share)</b>					
<b>Basic earnings per share</b>					
From continuing operations	19	0.14 Euros	0.06 Euros	0.00 Euros	Zero Euros
From discontinued operations	19	Zero Euros	0.01 Euros	Zero Euros	Zero Euros
From profit for the period	19	0.14 Euros	0.07 Euros	0.00 Euros	Zero Euros
<b>Diluted earnings per share</b>					
From continuing operations	19	0.14 Euros	0.06 Euros	0.00 Euros	Zero Euros
From discontinued operations	19	Zero Euros	0.01 Euros	Zero Euros	Zero Euros
From profit for the period	19	0.14 Euros	0.07 Euros	0.00 Euros	Zero Euros
<b>9 M * - period of 9 months ended</b>					
<b>3 M * - period of 3 months ended</b>					

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

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

## Condensed Consolidated Interim Statement of Changes in Equity for the period of 9 months ended 30 September 2015

(Amounts expressed in thousands of Euros)

		Attributable to owners of the parent							
	Note	Share capital	Treasury shares	Share premium	Legal reserves	Stock options reserves	Reserves and retained earnings	Non-controlling interests	Total Equity
Balance at 1 January, 2014		15,701	(295)	43,560	3,140	326	27,800	11,522	101,754
Total comprehensive income for the period		-	-	-	-	-	2,047	931	2,978
Transactions with owners									
Dividends	10, 11	-	-	-	-	-	(6,269)	(1,394)	(7,663)
Treasury shares movements		-	(20)	-	-	-	(132)	-	(152)
Share-based payments - stock options exercise		-	286	-	-	(278)	(8)	-	-
Share-based payments	20	-	-	-	-	79	-	-	79
Foreign currency translation reserve		-	-	-	-	-	815	732	1,547
Transactions with owners		-	266	-	-	(199)	(5,594)	(662)	(6,189)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Transactions with non-controlling interests		-	-	-	-	-	-	-	-
Balance at 30 September, 2014		15,701	(29)	43,560	3,140	127	24,253	11,791	98,543
Balance at 1 January, 2015		15,701	(29)	43,560	3,140	154	24,311	12,431	99,268
Total comprehensive income for the period		-	-	-	-	-	4,417	(367)	4,050
Transactions with owners									
Dividends	10, 11	-	-	-	-	-	(936)	(412)	(1,348)
Treasury shares movements		-	(141)	-	-	-	(525)	-	(666)
Share-based payments - stock options exercise		-	164	-	-	(170)	6	-	-
Share-based payments	20	-	-	-	-	16	-	-	16
Foreign currency translation reserve		-	-	-	-	-	(4,194)	(2,421)	(6,615)
Transactions with owners		-	23	-	-	(154)	(5,649)	(2,833)	(8,613)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Transactions with non-controlling interests		-	-	-	-	-	-	-	-
Balance at 30 September, 2015		15,701	(6)	43,560	3,140	-	23,079	9,231	94,705

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

## Condensed Consolidated Interim Statement of Cash Flows for the period of 9 months ended 30 September 2015

(Amounts expressed in thousands of Euros)

		9 M *		3 M *	
	Note	30.09.15	30.09.14	30.09.15	30.09.14
<b>Cash flows from operating activities</b>					
<b>Net Cash generated / (used) in operating activities</b>		<b>5,899</b>	<b>(11,382)</b>	<b>(306)</b>	<b>(1,975)</b>
<b>Cash flows from investing activities</b>					
Receipts:					
Proceeds on disposal of subsidiaries and associates		1,265	2,079	-	-
Loan repayments received from associates		139	3,343	103	-
Disposal of financial assets held for trading / held-to-maturity		-	10,034	-	-
Proceeds on disposal of property, plant and equipment		204	13	198	9
Interest received		212	617	11	46
		1,820	16,086	312	55
Payments:					
Acquisition of subsidiaries and associates		(152)	(218)	(80)	(8)
Loans granted to associates		(2,000)	(2,902)	(1,000)	(1,492)
Settlement of derivatives		(2,364)	-	(458)	-
Purchases of financial assets held for trading / held-to-maturity		(4,468)	(5,019)	-	-
Purchases of property, plant and equipment		(1,169)	(782)	(374)	(211)
Purchases of intangible assets		(468)	(625)	(24)	(165)
		(10,621)	(9,546)	(1,936)	(1,876)
<b>Net Cash generated / (used) in investing activities</b>		<b>(8,801)</b>	<b>6,540</b>	<b>(1,624)</b>	<b>(1,821)</b>
<b>Cash flows from financing activities</b>					
Receipts:					
Proceeds from borrowings		13,200	3,100	4,200	3,000
Capital contribution by non-controlling interests (i)		-	35	-	-
		13,200	3,135	4,200	3,000
Payments:					
Repayments of borrowings		(7,350)	(4,752)	(930)	(1,685)
Dividends paid		(1,341)	(7,663)	-	(1,394)
Payment of finance lease liabilities		(863)	(1,002)	(305)	(340)
Interest paid		(799)	(1,028)	(234)	(301)
Purchase of treasury shares		(778)	(392)	-	-
		(11,131)	(14,837)	(1,469)	(3,720)
<b>Net Cash (used) / generated in financing activities</b>		<b>2,069</b>	<b>(11,702)</b>	<b>2,731</b>	<b>(720)</b>
<b>Cash, cash equivalents and bank overdrafts at beg. of period</b>		<b>20,714</b>	<b>32,942</b>	<b>18,432</b>	<b>20,911</b>
<b>Net increase / (decrease) of cash, cash equivalents and bank overdrafts</b>		<b>(833)</b>	<b>(16,544)</b>	<b>801</b>	<b>(4,516)</b>
<b>Effect from exchange rate fluctuations on cash held</b>		<b>(1,947)</b>	<b>214</b>	<b>(1,299)</b>	<b>217</b>
<b>Cash, cash equivalents and bank overdrafts at end of period</b>		<b>17,934</b>	<b>16,612</b>	<b>17,934</b>	<b>16,612</b>
<b>9 M * - period of 9 months ended</b>					
<b>3 M * - period of 3 months ended</b>					

(i) 2014: NBMSIT, Sist. De Inf. E Tecnol., S.A. (Mozambique).

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**NOVABASE S.G.P.S., S.A.**  
**Selected Notes to the Condensed Consolidated Interim Financial Statements**  
**for the period of 9 months ended 30 September 2015**

**1. General information**

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

Novabase is listed on the Euronext Lisbon.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on October 29, 2015. In the opinion of the Board of Directors these financial statements fairly present the Group operations, as well as its financial position, financial performance and cash flows.

**2. Significant accounting policies**

These condensed consolidated interim financial statements for the period of nine months ended 30 September 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs, as adopted by the European Union (EU).

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

These financial statements have not been audited.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those financial statements. A number of standards and interpretations became effective in this period and are not material for the Group.

Taxes on income in this interim period were accrued using the tax rate that would be applicable to expected total annual earnings for the year 2015.

**3. Critical accounting estimates and judgements**

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

In preparing these condensed consolidated interim financial statements, the significant estimates and judgments made are the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

**4. Seasonality**

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

## 5. Segment information

	<b>Business Solutions</b>	<b>IMS</b>	<b>Venture Capital</b>	<b>NOVABASE</b>	<b>Discontinued Operations</b>
<b>At 30 September 2014</b>					
Total segment Sales and services rendered	124,093	96,169	4,124	224,386	-
Inter-segment Sales and services rendered	48,793	16,072	872	65,737	-
Sales and services rendered	75,300	80,097	3,252	158,649	-
Depreciation and amortisation	(3,179)	(1,012)	(214)	(4,405)	-
Operating profit/(loss)	3,893	1,545	9	5,447	219
Finance costs – net	(955)	(933)	95	(1,793)	-
Share of loss of associates	-	-	(64)	(64)	-
Income tax expense	(289)	(911)	369	(831)	-
Profit/(Loss) from operations	2,649	(299)	409	2,759	219
<b>Other information:</b>					
(Provisions) / Provisions reversal	1,137	1,073	556	2,766	-
	<b>Business Solutions</b>	<b>IMS</b>	<b>Venture Capital</b>	<b>NOVABASE</b>	
<b>At 30 September 2015</b>					
Total segment Sales and services rendered	132,680	89,443	3,587	225,710	
Inter-segment Sales and services rendered	45,232	10,734	491	56,457	
Sales and services rendered	87,448	78,709	3,096	169,253	
Depreciation and amortisation	(2,683)	(1,008)	(214)	(3,905)	
Operating profit/(loss)	2,699	4,194	(337)	6,556	
Finance costs – net	363	(945)	401	(181)	
Share of loss of associates	-	-	(211)	(211)	
Income tax expense	(1,122)	(624)	(368)	(2,114)	
Profit/(Loss) from operations	1,940	2,625	(515)	4,050	
<b>Other information:</b>					
(Provisions) / Provisions reversal	349	185	(17)	517	

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

During the periods ended at 30 September 2015 and 30 September 2014, the movements in the net book value of property, plant and equipment and intangible assets, were as follows:

	<b>Property, plant and equipment</b>	<b>Intangible assets</b>
<b>Net book value at 1 January 2014</b>	6,120	32,095
Acquisitions / increases	1,449	625
Write-offs / disposals	(93)	-
Exchange differences	28	-
Depreciation and amortisation	(1,785)	(2,620)
<b>Net book value at 30 September 2014</b>	<b>5,719</b>	<b>30,100</b>
<b>Net book value at 1 January 2015</b>	5,570	30,663
Acquisitions / increases	1,939	468
Write-offs / disposals	(338)	-
Exchange differences	(30)	-
Depreciation and amortisation	(1,675)	(2,230)
<b>Net book value at 30 September 2015</b>	<b>5,466</b>	<b>28,901</b>

## 7. Deferred income tax assets and liabilities

The movement in the deferred income tax assets was as follows:

	30.09.15	31.12.14
<b>Balance at 1 January</b>	17,228	14,901
Exchange differences	(448)	(1)
Profit or loss charge	(1,417)	2,328
<b>Balance at the end of the period</b>	15,363	17,228

The movement in the deferred income tax liabilities was as follows:

	30.09.15	31.12.14
<b>Balance at 1 January</b>	-	100
Profit or loss charge	-	(100)
<b>Balance at the end of the period</b>	-	-

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

	Tax Losses	Tax Incentives	Provisions / Adjustments	Total
<b>Balance at 1 January 2014</b>	703	11,454	2,744	14,901
Profit or loss charge	1,669	1,116	(457)	2,328
Exchange differences	(1)	-	-	(1)
<b>Balance at 31 December 2014</b>	2,371	12,570	2,287	17,228
Profit or loss charge	204	(1,053)	(568)	(1,417)
Exchange differences	(448)	-	-	(448)
<b>Balance at 30 September 2015</b>	2,127	11,517	1,719	15,363

## 8. Trade and other receivables

	30.09.15	31.12.14
Trade receivables	87,219	86,262
Allowance for impairment of trade receivables	(5,537)	(4,488)
	81,682	81,774
Prepayments to suppliers	1,142	684
Employees	316	640
Value added tax	2,282	4,725
Receivables from related parties (note 20)	15	799
Financial investments disposal	67	67
Receivables from financed projects	1,830	2,889
Other receivables	4,399	4,126
Allowance for impairment of other receivables	(3,306)	(4,059)
	6,745	9,871
	88,427	91,645

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

	Trade receivables		Other receivables		Total	
	30.09.15	31.12.14	30.09.15	31.12.14	30.09.15	31.12.14
<b>Balance at 1 January</b>	4,488	4,434	4,059	3,383	8,547	7,817
Impairment	1,937	577	-	681	1,937	1,258
Impairment reversal	(850)	(144)	(716)	(52)	(1,566)	(196)
Exchange differences	(38)	(23)	(37)	47	(75)	24
Write-offs	-	(356)	-	-	-	(356)
<b>Balance at the end of the period</b>	5,537	4,488	3,306	4,059	8,843	8,547

**9. Cash and cash equivalents**

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

	<b>30.09.15</b>	<b>31.12.14</b>
- Cash	29	15
- Short term bank deposits	17,905	20,699
Cash and cash equivalents	17,934	20,714
- Overdrafts	-	-
	17,934	20,714

**10. Reserves and retained earnings**

In the Annual General Meeting of Shareholders held on April 2015, it was approved the payment to shareholders of an amount of EUR 942 thousand, corresponding to 0.03 Euros per share. The payment occurred in May, 2015.

	<b>30.09.15</b>	<b>30.09.14</b>
Payment to shareholders	936	6,269
Remuneration of the treasury shares held by the Company	6	11
	942	6,280

**11. Non-controlling interests**

	<b>30.09.15</b>	<b>31.12.14</b>
<b>Balance at 1 January</b>	12,431	11,522
(*) Change in consolidation universe	-	16
(**) Distribution of dividends to non-controlling interests	(412)	(1,394)
Foreign currency translation differences for foreign operations	(2,421)	590
Profit/(loss) attributable to non-controlling interests	(367)	1,697
<b>Balance at the end of the period</b>	9,231	12,431

(\*) In 2014, Celfocus Turquia was established.

(\*\*) In 2015, NBASIT (Angola) distributed dividends to its shareholders, from which EUR 6 thousand are still to be settled - see note 14. In 2014, Celfocus distributed dividends to its shareholders.

**12. Borrowings**

	<b>30.09.15</b>	<b>31.12.14</b>
<b>Non-current</b>		
Bank borrowings	11,905	8,376
Finance lease liabilities	1,519	1,613
	13,424	9,989
<b>Current</b>		
Bank borrowings	7,882	5,561
Finance lease liabilities	1,020	857
	8,902	6,418
<b>Total borrowings</b>	22,326	16,407

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

	<b>30.09.15</b>	<b>31.12.14</b>
6 months or less	6,064	3,203
6 to 12 months	1,818	2,358
	7,882	5,561

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

	30.09.15	31.12.14
Between 1 and 2 years	4,213	4,556
Between 2 and 5 years	6,692	3,820
Over 5 years	1,000	-
	<u>11,905</u>	<u>8,376</u>

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

	30.09.15	31.12.14
Bank borrowings	3.562%	5.007%

Gross finance lease liabilities – minimum lease payments:

	30.09.15	31.12.14
No later than 1 year	1,317	1,184
Between 1 and 5 years	1,881	2,059
	<u>3,198</u>	<u>3,243</u>
Future finance charges on finance leases	(659)	(773)
Present value of finance lease liabilities	<u>2,539</u>	<u>2,470</u>

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

	30.09.15	31.12.14
No later than 1 year	1,020	857
Between 1 and 5 years	1,519	1,613
	<u>2,539</u>	<u>2,470</u>

### 13. Provisions

Movements in provisions are analysed as follows:

	Warranties	Legal Claims	Restructuring	Other Risks and Charges	Total
<b>Balance at 1 January 2014</b>	645	712	-	3,029	4,386
Additional provisions	108	-	1,403	756	2,267
Reversals / utilisations	(587)	(647)	-	(1,781)	(3,015)
<b>Balance at 31 December 2014</b>	166	65	1,403	2,004	3,638
Additional provisions	233	-	-	262	495
Reversals / utilisations	(158)	(15)	(792)	(1,218)	(2,183)
<b>Balance at 30 September 2015</b>	<u>241</u>	<u>50</u>	<u>611</u>	<u>1,048</u>	<u>1,950</u>

#### 14. Trade and other payables

	30.09.15	31.12.14
Trade payables	25,942	20,992
Remunerations, vacations and vacation and Christmas subsidies	10,541	8,939
Bonus	6,885	7,843
Ongoing projects	5,645	4,837
Value added tax	5,618	5,878
Social security contributions	1,322	2,040
Income tax withholding	1,112	1,680
Amount to be paid to non-controlling interests - see note 11	6	-
Employees	120	320
Prepayments from trade receivables	150	820
Acquisition of financial interest in Binómio	6	-
Acquisition of financial interest in FCR Istart I	-	72
Other accrued expenses	8,736	5,529
Other payables	153	167
	<u>66,236</u>	<u>59,117</u>

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

	30.09.15	30.09.14
Impairment and impairment reversal of trade and other receivables	(371)	(7)
Impairment and impairment reversal of inventories	(8)	114
Warranties provision	(75)	553
Legal claims provision	15	457
Provisions for other risks and charges	956	1,649
Other operating income and expense	252	(33)
	<u>769</u>	<u>2,733</u>

#### 16. Finance income

	30.09.15	30.09.14
Interest received	344	243
Positive exchange differences	2,901	848
Fair value of financial assets adjustment	1,014	-
Disposal of financial assets (*)	1,110	-
Other financial gains	-	89
	<u>5,369</u>	<u>1,180</u>

(\*) Partial sale of the investment in Feedzai, Lda.

#### 17. Finance costs

	30.09.15	30.09.14
Interest expenses		
- Borrowings	(529)	(709)
- Finance lease liabilities	(243)	(269)
- Other interest	(51)	(25)
Bank guarantees charges	(126)	(106)
Bank services	(157)	(148)
Negative exchange differences	(2,611)	(1,704)
Fair value of financial assets adjustment	(1,833)	-
Other financial costs	-	(12)
	<u>(5,550)</u>	<u>(2,973)</u>

**18. Income tax expense**

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

	<b>30.09.15</b>	<b>30.09.14</b>
Profit before income tax	6,164	3,590
<b>Income tax expense at nominal rate (23% in 2014, 21% in 2015)</b>	1,294	826
Tax benefit on the net creation of employment for young and long term unemployed people	(207)	(257)
Provisions and amortisations not considered for tax purposes	-	48
Recognition of tax on the events of previous years	(34)	(63)
Associates' results reported net of tax	44	15
Autonomous taxation	662	736
Losses in companies where no deferred tax is recognised	33	234
Expenses not deductible for tax purposes	(211)	(312)
Differential tax rate on companies located abroad	(538)	130
Research & Development tax benefit	975	(922)
Municipal surcharge and State surcharge	113	147
Impairment of Special Payment on Account, tax losses and withholding taxes	(17)	249
<b>Income tax expense</b>	<b>2,114</b>	<b>831</b>

**19. Earnings per share**

	<b>30.09.15</b>	<b>30.09.14</b>
Weighted average number of ordinary shares in issue	31,337,967	31,103,211
Stock options adjustment	-	273,392
Adjusted weighted average number of ordinary shares in issue	31,337,967	31,376,603
Profit attributable to owners of the parent	4,417	2,047
Basic earnings per share (Euros per share)	0.14 Euros	0.07 Euros
Diluted earnings per share (Euros per share)	0.14 Euros	0.07 Euros
Profit from continuing operations attributable to owners of the parent	4,417	1,828
Basic earnings per share (Euros per share)	0.14 Euros	0.06 Euros
Diluted earnings per share (Euros per share)	0.14 Euros	0.06 Euros
Profit from discontinued operations attributable to owners of the parent	-	219
Basic earnings per share (Euros per share)	-	0.01 Euros
Diluted earnings per share (Euros per share)	-	0.01 Euros

**20. Related-party transactions**

For reporting purposes, related-party considers subsidiaries, associates, shareholders with management influence and key elements in the Group management.

## i) Key management compensation

	<b>30.09.15</b>	<b>30.09.14</b>
Wages and other short-term employee benefits	3,030	3,021
Stock options granted	16	79
	<b>3,046</b>	<b>3,100</b>

ii) Other balances with related parties

	Non-current		Current (note 8)	
	30.09.15	31.12.14	30.09.15	31.12.14
Loan to Globaleda, S.A.	-	-	-	784
Loan to Powergrid, Lda	2,050	2,050	-	-
Loan to Bright Innovation, Lda	1,477	1,477	-	-
Loan to SmartGeo Solutions, Lda	99	99	-	-
Loan to Radical Innovation, Lda	994	994	-	-
Loan to Power Data, Lda	248	248	-	-
Loan to City Pulse, Lda	2,410	1,410	-	-
Loan to Livian Technologies, Lda	2,492	1,492	-	-
Loans to other shareholders	-	-	15	15
	<u>9,770</u>	<u>7,770</u>	<u>15</u>	<u>799</u>
Provisions for loans granted to related parties	(1,360)	-	-	-
	<u>8,410</u>	<u>7,770</u>	<u>15</u>	<u>799</u>

## 21. Contingencies

Given the disclosed in the annual financial statements for the year 2014, the significant changes in the judicial processes are the following:

- The company Qimonda Portugal S.A. has filed for insolvency, whereby NBO has claimed credits in the amount of approximately EUR 980 thousand corresponding to the unpaid invoices and compensation for breach of prior notice for termination of contract. General Creditors Assembly has voted the Recovery Plan for the company and process is in place to start making payments to creditors. Of the total amount claimed, Quimonda has paid a total amount of EUR 487 thousand in accordance to the amounts accepted and payment terms agreed upon in creditors assembly.

## 22. Events after the reporting period

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

## 23. Note added for translation

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