

Relevant information

Results 12M21

Lisbon, 17 February 2022

Novabase – Sociedade Gestora de Participações Sociais, S.A., under the terms and for the purposes of article 17 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council and other applicable legislation, discloses today to the market the results regarding the twelve months 2021, whose essential features are included in the presentation attached.

In addition, it is further informed that a webcast on these results will be held today, at 5 pm Lisbon time (GMT). More information about registration can be found at www.novabase.com.

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Novabase – Sociedade Gestora de Participações Sociais, SA

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Share Capital: € 54,638,425.56

Lisbon Commercial Registry Office registration and legal person number 502.280.182

NOVABASE

Privileged Information

NEXT-GEN
IT SERVICES
COMPANY

NOVABASE

FY21

Consolidated Results

February 17, 2022

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Disclaimer

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FY21 Outlook



Chairman and CEO

Message from Luís Paulo Salvado

“Novabase’s results in 2021 reveal a sound strategy execution and reinforces our confidence and resolve to cope with the challenges ahead.

The main activity indicators posted a good performance. The double-digit growth in Turnover and the more than doubling of Net Profit from continuing operations should be highlighted.

Next-Gen business increased 15%, thanks to the strong expansion of our international operations by 20%. We won new flagship clients and enhanced our talent pool with 16% more specialists, despite the pandemic situation.

In the Value Portfolio business, we got back to growth and improved profitability, recovering from the negative impacts of COVID-19 in 2020.

During 2021 the share price soared 60%, accrediting the work of our entire team, to whom I thank for their enormous commitment under particularly adverse conditions.

Given the strong balance sheet and the results now disclosed, the Board will propose to the next GMS a remuneration of €0.43/share.

Our main bets and challenges for 2022 remain the same: the growth of our international business and our talent base. We will also keep looking for assets to buy to accelerate our strategy, but always with a value creation mindset.

Regardless of the uncertain context, we believe we are well positioned to seize the opportunities that the current environment provides.”

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FY21 in Review

Next-Gen with great momentum

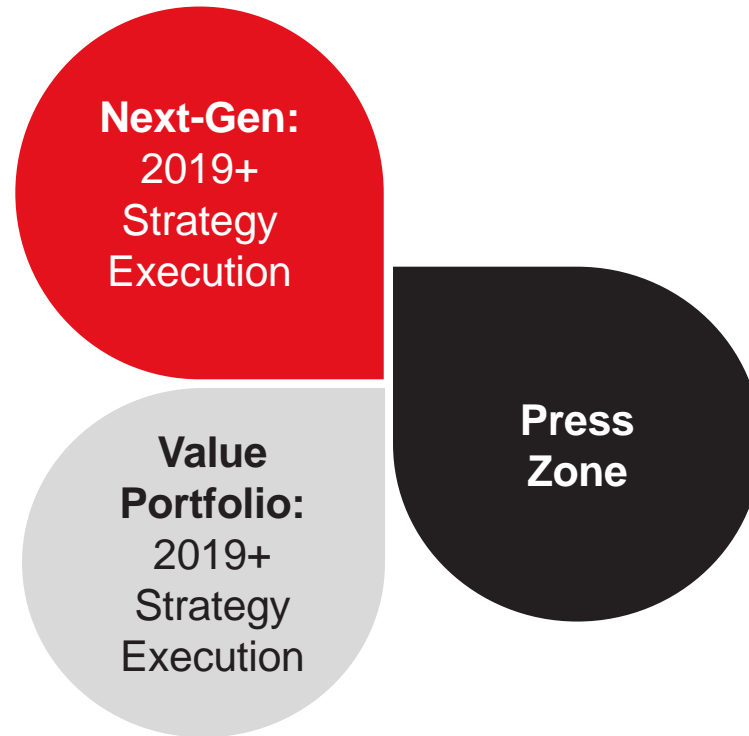
Next-Gen delivered a strong performance in 2021, growing at 20% its international Turnover, benefitting from the focus on resilient sectors and larger-sized customers.

Although the bolt-on M&A initiative is delayed, **Next-Gen** is making good progress with its Transformation and **continues to thrive in the organic growth strategy**.

Value Portfolio back to growth

2021 marks the recovery of the Value Portfolio, **after the pandemic impacts** (mainly in the Spanish market) experienced in 2020, especially during the second half. This segment was able to clock improvements in Turnover throughout the quarters and ended the year slightly above FY20 level.

As global economies continue to open, **Value Portfolio is well positioned** for continued growth and to generate sustained value to fund Next-Gen strategy.



Novabase in the News⁽¹⁾

- **New corporate bodies** for 2021/2023 triennium.
- **New brand architecture** (www.novabase.com).
- **New lab space sponsored** at IST.
- First edition of **FutureNet World Middle East & Africa** sponsored by Celfocus.
- Celfocus is **Diamond partner** of the **Portuguese Software Testing Qualifications Board**.
- **Partnership with ISCTE and IPN** to develop “**New Digital Talent Ecosystem**”, a R&D project using AI and blockchain.
- **Most innovative company in managing people** award for the 3rd year, by Human Resources Portugal magazine.
- **Agility in Service Design & Delivery** award to Celfocus, at the World Agility Forum Gala 2021.
- **Multiple initiatives at universities with eyes on talent**, e.g. SINFO conference, SET⁽²⁾ and UALG Careers Fair.
- **Internal mobility programme “Move My Talent”** launched by Neotalent, aimed at raising motivation and lowering attrition rate.
- **700 new talents virtually onboarded** by Celfocus.
- **New hybrid working model deployed**: 60% WFH policy, aimed at retaining and attracting talent.
- **Sponsorship of PWIT** - Portuguese Women in Tech.
- **Partnership with PWN Lisbon**, aiming at promoting female talent and increase its representation in the STEM⁽³⁾ areas.
- **Partnership with Portuguese Red Cross** on the Walkinar – Walk for a Cause initiative.
- **Social Responsibility Programme** launched by Celfocus, focused on expanding Technology reach.

(1) Until this presentation date.

(2) SET - Business and Technology Week.

(3) Science, Technology, Engineering and Mathematics.

Covid-19



**In compliance with
ESMA guidelines**

Update on impacts

The second year of the pandemic has proven to be a year of challenges, with advances and setbacks. 2021 began under a wave of infections and new lockdowns worldwide, but as of the middle of the 2nd quarter, the outlook began to improve. By the end of the year, the pandemic situation worsened again, due to the surge of a new variant.

The Group's Pandemic Task Force continued to support the operations, while taking all necessary health measures to protect the entire community. The **evolution of the pandemic is continuously monitored,** and implementation of new measures is carried out whenever necessary.

There was **no material impact on the direct operating conditions during FY21.** Our Nearshore Agile Delivery Model enabled sound growth and allowed customer operations to continue seamlessly and smoothly.

The successful experience of working remotely was key for the deployment of a **new hybrid working model:** Novabase's employees may **work remotely 60% of their time.** This policy brings the **flexibility** that we consider a **strategic imperative** for attracting and retaining talent.

In terms of financials, no relevant Covid impacts were observed. Next-Gen thrived in its organic growth and Value Portfolio showed a recovery, after experiencing some covid-effects especially during 2H20.

Other effects include higher complexity in talent retention, delays in the M&A initiatives and challenges in winning new clients. Nevertheless, observing the **commercial victories** achieved this year, we are **optimistic looking ahead.**

Despite the **uncertainties regarding the pandemic,** these results and the robust liquidity position reinforce **Novabase's confidence** in its roadmap.

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Financial Highlights

FY21 performance: Strong set of results in a year full of challenges

- **Turnover grew by 11% YoY**, leveraged by Next-Gen
- **57% of Turnover is generated outside Portugal**, with **Next-Gen growing at double-digit, +20% YoY**
- **Europe & ME accounts for 90% of Next-Gen's International Turnover**
- **88% of Next-Gen Revenues captured from Top Tier clients**
- **EBITDA of 12.7 M€**, with Next-Gen representing $\frac{2}{3}$
- **Net Profit increased 16% YoY**, to 8.7 M€
- **Solid Net Cash position of 55.8 M€**
- **Next-Gen Talent Pool increased 16% YoY**
- **NBA price soared by 60% in FY21**, clearly above the reference indexes

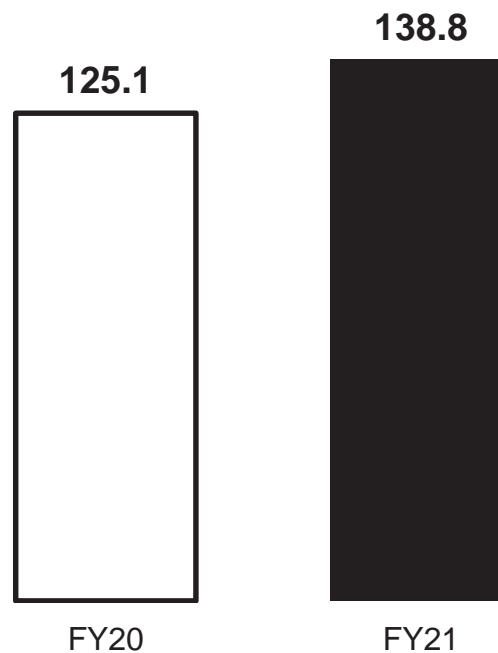
Key Figures



Turnover

Turnover grew by 11% YoY, leveraged by Next-Gen

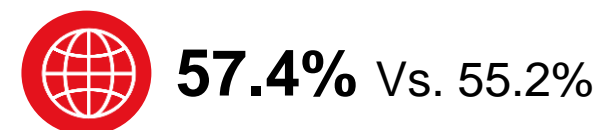
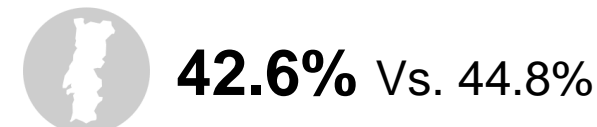
Turnover



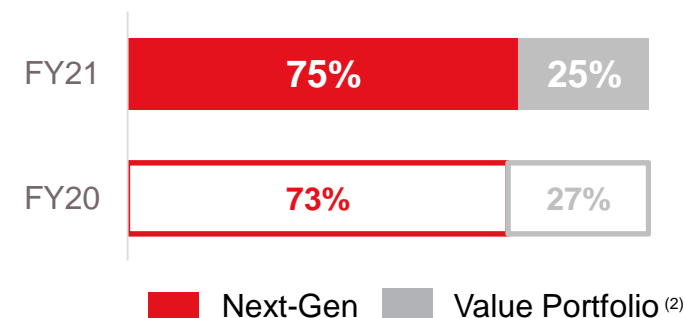
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No relevant impacts observed in 2021 due to the Covid-19 pandemic, both in Next-Gen and in Value Portfolio segments.

Breakdown by Geography (%) ⁽¹⁾



Breakdown by Segment (%)



(1) Turnover by Geography is computed based on the location of the client where the project is delivered.

(2) Value Portfolio includes holding / shared services.

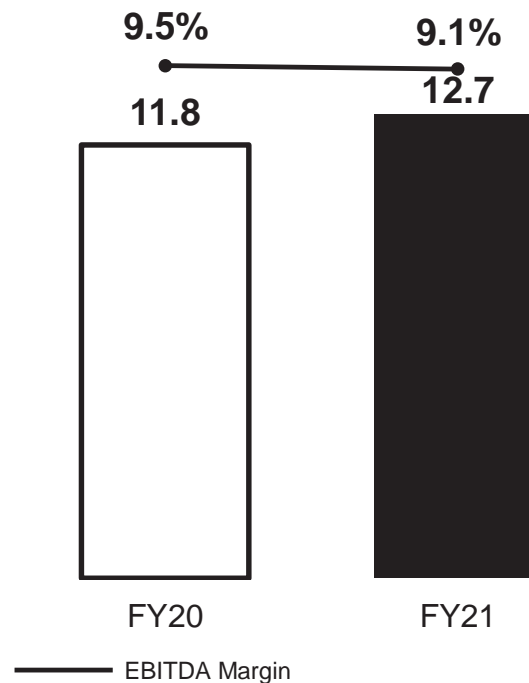
Key Figures



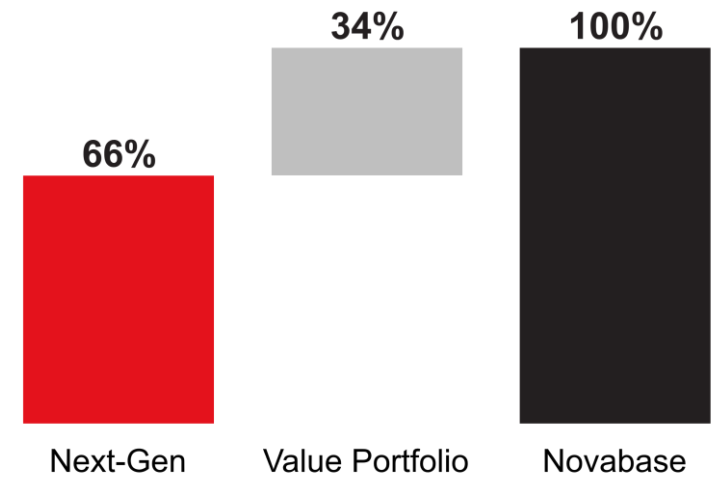
EBITDA

EBITDA increased 7%
YoY, with Next-Gen
representing $\frac{2}{3}$

EBITDA



Breakdown by Segment (%)



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Key Figures

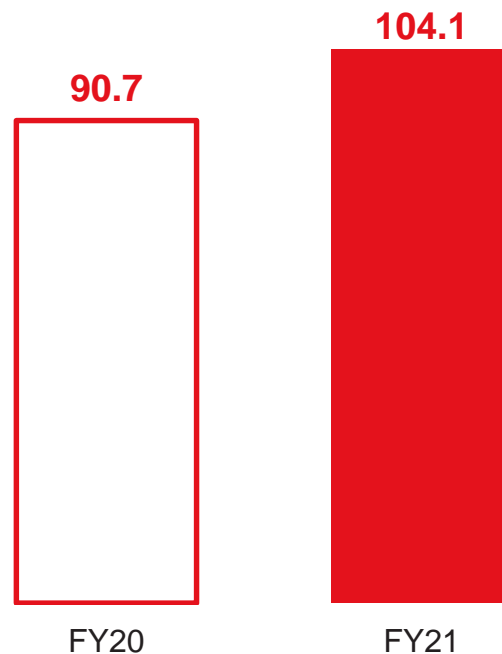


**Next-Gen
Segment**

Next-Gen logs double-digit topline growth, +15% YoY

Fully organic growth and driven by international operations.

Turnover

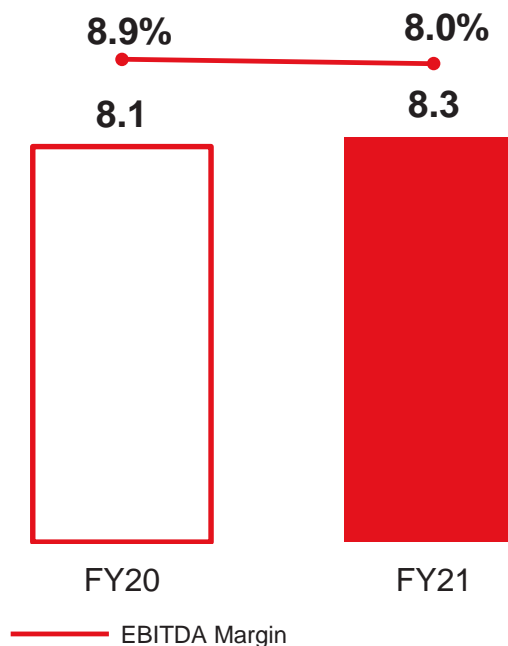


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EBITDA rises 3% YoY...

... reflecting the strategic and talent management initiatives.

EBITDA



Key Figures

Multi Industry approach delayed due to the pandemic

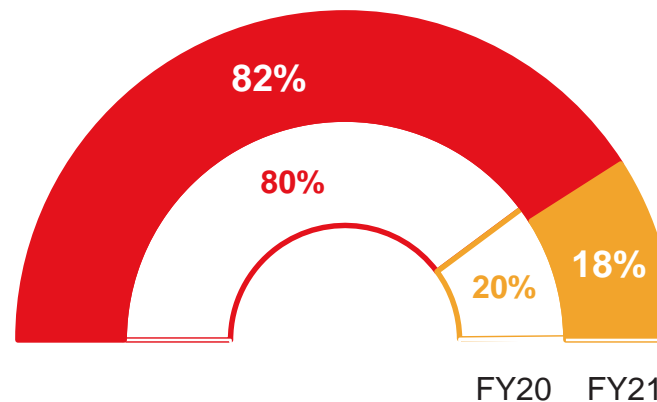
International Turnover grew 20% YoY standing for 64% of Next-Gen total Turnover.

Target markets of Europe & ME – representing 90% of the segment's international operations – **increased 22% YoY**. Exposure to **Africa declined by 9% YoY**.



Next-Gen Segment

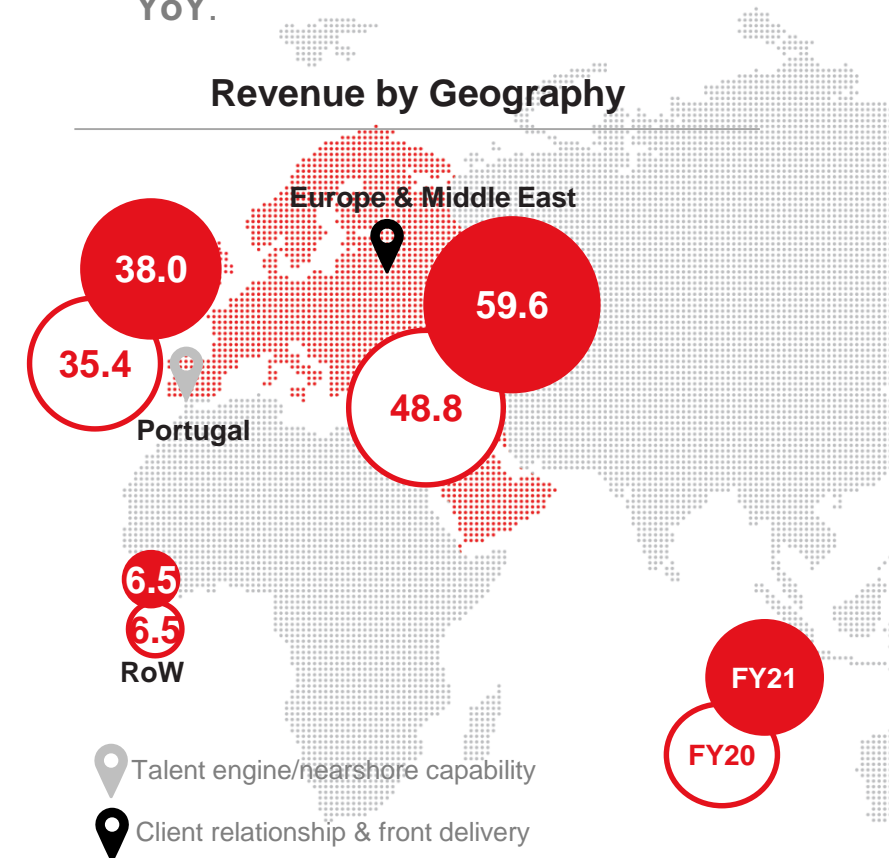
% of Revenue by Industry



■ Telco ■ Financial Services

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Revenue by Geography



Key Figures



Next-Gen Segment

Top Tier clients Revenues grew by 19% YoY

Next-Gen focused on **building long-term relationships** and in **winning new clients committed to digital**.

Top Tier clients ⁽¹⁾



% of Revenues from Top Tier clients ⁽¹⁾



Total number of clients in FY21 increased to 112 (102 in FY20).

(1) Top Tier clients (>1 M€) considers the Trailing 12 months.

Key Figures

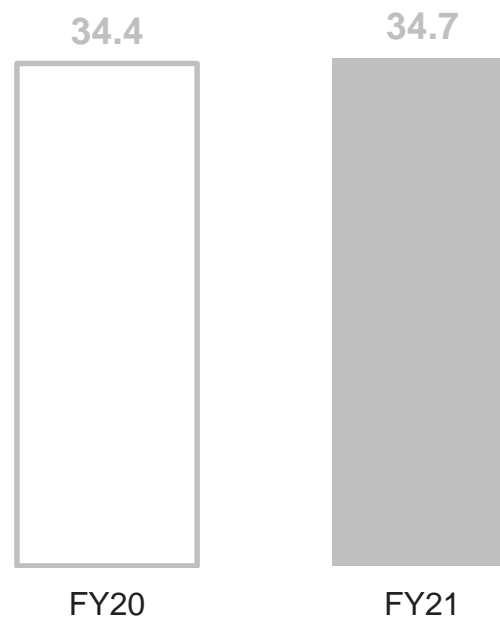


Value Portfolio
Segment

Value Portfolio's Turnover +1% above FY20...

Confirming the **recovery from the pandemic impacts** in 2H20 (mainly in the Spanish market).

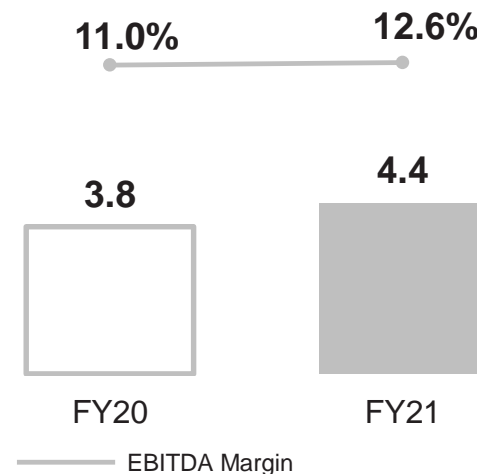
Turnover



... and EBITDA margin increased 160 bps

Resilient performance of the **IT Staffing Business**.

EBITDA



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Key Figures



EBITDA to Net Profit

Net Profit from continuing operations shot up 2.3x...

... while **Net Profit** increased 16% YoY, to 8.7 M€.

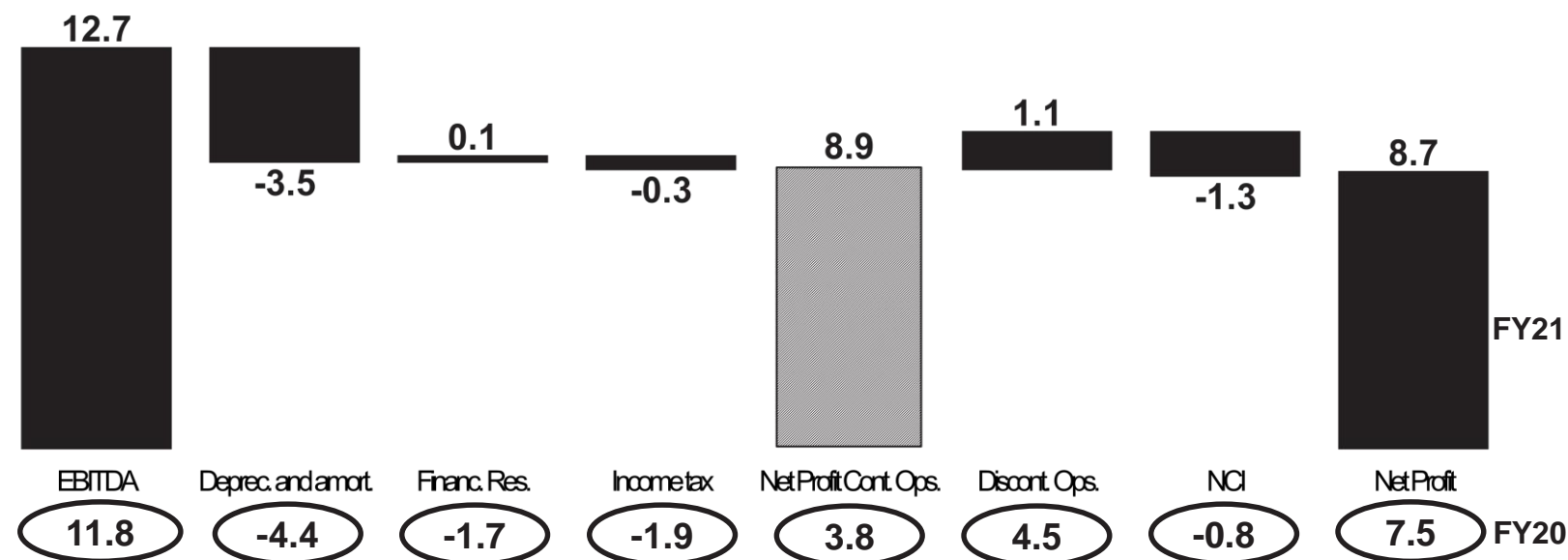
Financial results improved 1.8 M€ YoY, due to the exchange differences recorded in foreign operations and re-evaluations of the VC Funds investments.

Income Tax increased +1.6 M€ YoY benefiting from SIFIDE R&D tax incentives.

Discontinued operations, of 1.1 M€ in FY21, comprise R&W provisions reversals and the capital gain adjustment on the sale of Collab (first-year earn-out). In FY20, this heading presented capital gains on the GTE Business and Collab disposals.

Total EPS reached 0.28 € (0.24 € in FY20).

EBITDA to Net Profit



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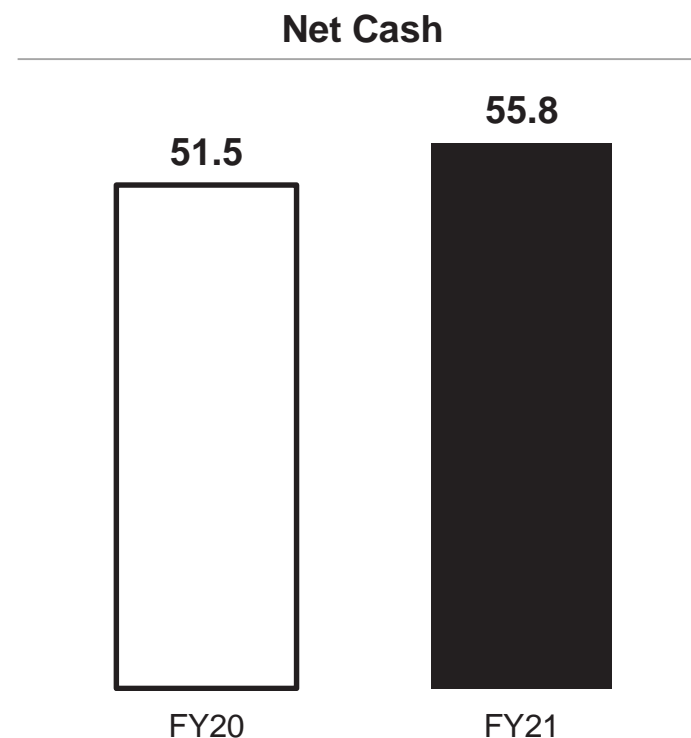
Key Figures



Net Cash

Solid Net Cash position of 55.8 M€...

... to support strategic investments and shareholders' remuneration commitments.



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Cash generation of 4.3 M€ in 2021 primarily driven by solid net cash provided by **operating activities**, also **comprises** the following cash flows:

- **M&A cash outflow of 4.5 M€**, from the price adjustment related to service hiring guarantees on the acquisition of Celfocus equity stake, as set out in the agreement;
- **Payments to NCI of 1.3 M€**, including dividends and amounts released following the share capital reduction of Novabase Capital I&I VC Fund.

3.1 M€ of Net Cash refers to Non-controlling Interests (Vs. 4.3 M€ in FY20).

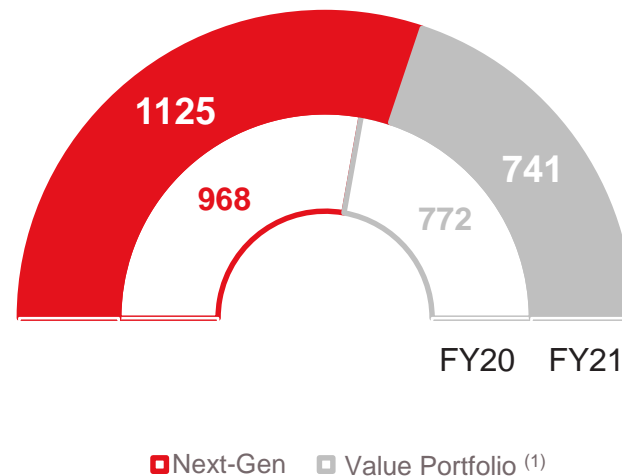
Key Figures



Talent

Talent Pool of 1866 employees in FY21

Average Number of Employees



- (1) Including holding / shared services representing 76 employees in FY21 (82 in FY20).
(2) Determined by the formula: number of leaves at the employee's initiative ÷ average number of employees.

Talent pool increased 7% YoY (1740 in FY20). The breakdown by segment shows a 16% growth in Next-Gen, which already represents 60% of Total, in line with the strategic objectives.

Next-Gen Turnover per employee in line with FY20 level.

Attrition rate ⁽²⁾ of Next-Gen is 21.7% in FY21 (11.7% in FY20), reflecting both a correction to the abnormally low values recorded in 2020 and the new labour dynamics driven by fierce competition for scarce talent.

Key Figures



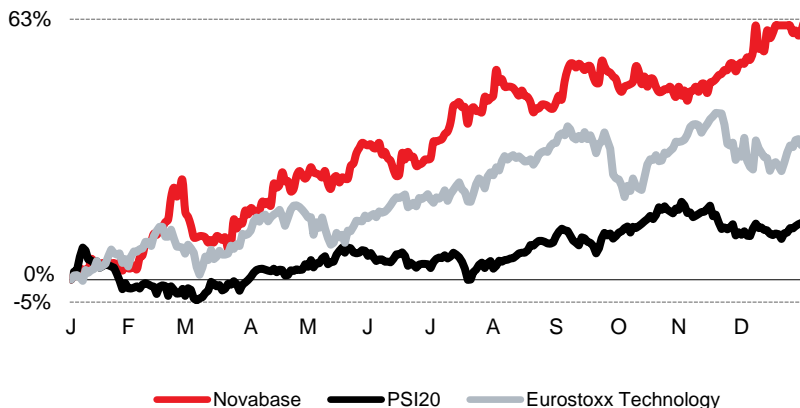
Stock Market

NBA price soared by 60% in FY21...

During all 2021, Novabase was part of **PSI20**, the Lisbon stock exchange main index. **NBA performed clearly above the reference indexes** PSI20 and EuroStoxx Technology, which increased 14% and 34%, respectively.

In 2021 no amounts were distributed to shareholders, due to the uncertainties of the pandemic context.

Novabase and the Market



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... and the Board will propose a remuneration of 0.43 €/share

Given the strong balance sheet and the FY21 results now disclosed, **the Board will propose to the next GMS a remuneration of 0.43 €/share**, just over half of the amount yet to be paid until **2023** according to the Strategic Update 2019+ commitment.

The average price target disclosed by Novabase's analysts is **5.95 €**, with unanimous recommendation to buy. **The average upside is 16%.**

Novabase acquired 23k shares in 2021, under the buy-back programme. **At December 31, Novabase holds 699,480 own shares** (2.23% of its share capital).

Market Cap at the end of 2021 is **160.8 M€**, with a ttm **Price to Sales** of **1.25x**. **Free Float Velocity⁽¹⁾ represented 32%** (39% in FY20).

(1) Considering a free float of 35% in FY21 and 40% in FY20, calculated according to Euronext criteria.

APMs



**In compliance with
ESMA guidelines**

Alternative Performance Measures

Net Cash

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

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

The detail and breakdown of Net Cash, as well as the reconciliation in FY21 and prior period, is analysed in the table on the right.

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

	FY20	FY21
Cash and cash equivalents	71,929	68,431
Treasury shares held by the Company ⁽¹⁾	2,172	3,581
Bank borrowings - Non-Current	(16,200)	(9,400)
Bank borrowings - Current	(6,400)	(6,800)
Net Cash (Euro thousands)	51,501	55,812

	FY20	FY21
Treasury shares held by the Company	676,611	699,480
Closing price @ last tradable day (€)	3.210	5.120
Treasury shares held by the Company (Euro thousands)	2,172	3,581

(1) Determined by multiplying the number of treasury shares held by the Company at the end of the period by the share price on the last tradable day.

About NOVABASE



NEXT-GEN IT SERVICES COMPANY

Company Information

Novabase SGPS, S.A.

Euronext code: PTNBA0AM0006
Registered in TRO of Lisbon and
Corporate Tax Payer no.
502.280.182
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Report available on website:
www.novabase.com

Next Events

Roadshows:

JB Capital TMT Forum:

March 23-24

Trading Update 3M22

May 5 (after market closure)

General Meeting of Shareholders

May 24 (3 pm GMT+1)

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**Consolidated Statement of Financial Position
as at 31 December 2021**

	31.12.21	31.12.20
	(Thousands of Euros)	
ASSETS		
Tangible assets	1,996	1,963
Intangible assets	11,873	12,063
Right-of-use assets	4,844	7,132
Financial investments	13,775	12,824
Deferred income tax assets	9,443	7,947
Other non-current assets	1,997	2,025
Total Non-Current Assets	43,928	43,954
Inventories	7	10
Trade debtors and accrued income	42,456	38,880
Other debtors and prepaid expenses	10,210	14,614
Derivative financial instruments	16	64
Cash and cash equivalents	68,431	71,929
Total Current Assets	121,120	125,497
Assets for continuing operations	165,048	169,451
Assets for discontinued operations	396	342
Total Assets	165,444	169,793
EQUITY		
Share capital	54,638	54,638
Treasury shares	(1,217)	(1,177)
Share premium	226	226
Reserves and retained earnings	3,235	(4,124)
Net profit	8,706	7,486
Total Shareholders' Equity	65,588	57,049
Non-controlling interests	10,361	10,047
Total Equity	75,949	67,096
LIABILITIES		
Bank borrowings	9,400	16,200
Lease liabilities	3,017	5,293
Provisions	3,391	5,233
Other non-current liabilities	2,120	3,705
Total Non-Current Liabilities	17,928	30,431
Bank borrowings	6,800	6,400
Lease liabilities	2,783	3,032
Trade payables	4,508	5,621
Other creditors and accruals	33,363	34,745
Derivative financial instruments	71	9
Deferred income	19,711	16,148
Total Current Liabilities	67,236	65,955
Total Liabilities for cont. operations	85,164	96,386
Total Liabilities for discount. operations	4,331	6,311
Total Liabilities	89,495	102,697
Total Equity and Liabilities	165,444	169,793
Net Cash	55,812	51,501

**Consolidated Income Statement
for the year ended 31 December 2021**

	31.12.21	31.12.20	Var. %
	(Thousands of Euros)		
CONTINUING OPERATIONS			
Sale of goods	-	-	
Cost of goods sold	-	-	
Gross margin	-	-	-
Other income			
Services rendered	138,788	125,080	
Supplementary income and subsidies	168	906	
Other operating income	241	763	
	139,197	126,749	
	139,197	126,749	
Other expenses			
External supplies and services	(41,518)	(37,379)	
Employee benefit expense	(85,913)	(80,176)	
(Provisions) / Provisions reversal	1,839	3,198	
Net impairm. losses on financ. assets	(272)	(72)	
Other operating expenses	(666)	(489)	
	(126,530)	(114,918)	
Gross Net Profit (EBITDA)	12,667	11,831	7.1 %
Depreciation and amortisation	(3,521)	(4,356)	
Operating Profit (EBIT)	9,146	7,475	22.4 %
Financial results	63	(1,746)	
Net Profit before taxes (EBT)	9,209	5,729	60.7 %
Income tax expense	(293)	(1,912)	
Net Profit from continuing operations	8,916	3,817	133.6 %
DISCONTINUED OPERATIONS			
Net Profit from discount. operations	1,060	4,509	-76.5 %
Non-controlling interests	(1,270)	(840)	
Attributable Net Profit	8,706	7,486	16.3 %
Other information :			
Turnover	138,788	125,080	11.0 %
EBITDA margin	9.1 %	9.5 %	
EBT % on Turnover	6.6 %	4.6 %	
Net profit % on Turnover	6.3 %	6.0 %	

Results Information by SEGMENTS for the year ended 31 December 2021

(Thousands of Euros)

	Value Portfolio	Next-Gen	NOVABASE
CONTINUING OPERATIONS			
Turnover	34,677	104,111	138,788
Gross Net Profit (EBITDA)	4,370	8,297	12,667
Depreciation and amortisation	(2,190)	(1,331)	(3,521)
Operating Profit (EBIT)	2,180	6,966	9,146
Financial results	224	(161)	63
Net Profit / (Loss) before Taxes (EBT)	2,404	6,805	9,209
Income tax expense	1,096	(1,389)	(293)
Net Profit / (Loss) from cont. operations	3,500	5,416	8,916
DISCONTINUED OPERATIONS			
Net Profit from discontinued operations	1,060	-	1,060
Non-controlling interests	(1,270)	-	(1,270)
Attributable Net Profit / (Loss)	3,290	5,416	8,706
Other information :			
EBITDA % on Turnover	12.6%	8.0%	9.1%
EBT % on Turnover	6.9%	6.5%	6.6%
Net profit % on Turnover	9.5%	5.2%	6.3%