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Relevant information

Results 6M21

Lisboa, 29 July 2021

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 article 248-A of the Portuguese Securities Code, discloses today to the market the results regarding the first six 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+1). More information about registration can be found at www.novabase.com.

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Novabase – Sociedade Gestora de Participações Sociais, SA

Public Company

Registered Office: Av. D. João II, nº 34, Parque das Nações, 1998-031 Lisboa

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

6M21

Consolidated Results

July 29, 2021

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6M21 Outlook



Chairman and CEO

Message from Luís Paulo Salvado

“Novabase's businesses had a strong performance in the semester, confirming the trends of the last quarter.

Next-Gen grew 11% overall and a remarkable 16% in our target geographies - Europe and Middle East - rising the non-domestic business to almost 2/3 of its Turnover. These results show that our competencies and offerings in the Digital and Cognitive areas have an excellent acceptance in the most competitive markets.

Value Portfolio continued its recovery trend, growing for the 2nd consecutive quarter, but not yet reaching the 1H2020 figures.

Consolidated profitability also improved: EBITDA rose 15% and Net Profit from continuing operations soared 75%.

We also face numerous challenges. The pandemic situation, which continues to drag on and cause great uncertainty, has slowed down our M&A initiative and the acquisition of new leading international clients. The increasingly fierce competition for talent is also very challenging, even though we managed to increase Next-Gen's headcount by 14% YoY.

Although cautious about the uncertain context, we trust the strategic direction we have set and our teams to execute it successfully.”

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6M21 in Review

Next-Gen started the year with great momentum...

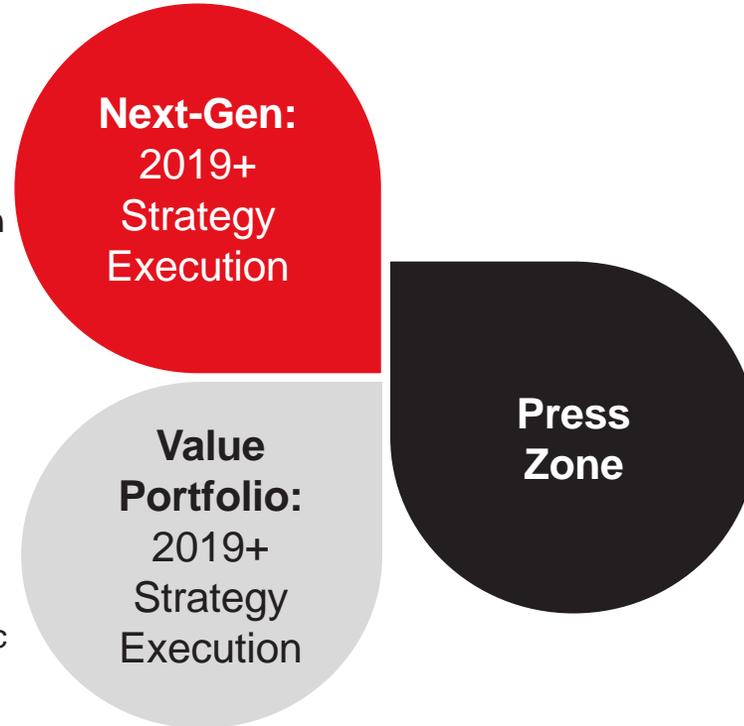
... and is on a strong operational course. Current portfolio is performing well, benefitting from a focus on resilient sectors and larger-sized customers.

While M&A initiatives are delayed, **Next-Gen** is making good progress with the Transformation and **continues to thrive in its organic growth strategy.**

Value Portfolio's improved its performance for the 2nd consecutive quarter...

... as a promising sign that indicates 2021 can be a year of recovery after the pandemic impacts (mainly in the Spanish market).

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



Novabase in the News ⁽¹⁾

- **Novabase has a new brand architecture** || www.novabase.com.
- **Celfocus with eyes set on talent** || Celfocus engaged in multiple initiatives, e.g. SINFO tech conference and SET - Business and Technology Week, with one goal: having the best by its side.
- **Neotalent's New Digital Talent Ecosystem** || A R&D project using AI and blockchain, in partnership with ISCTE and Instituto Pedro Nunes, that is intended to transform the talent market.
- **Trust – before and after Covid ⁽²⁾** || Novabase Chairman Luís Paulo Salvado's opinion article on the findings of the Edelman Trust Barometer, one of the world's most important reports.
- **Novabase once again at PWIT** || Novabase is one of the sponsors of Portuguese Women in Tech and has two of its co-workers among the finalists.
- **Innovative talent** || The Human Resources Portugal magazine distinguished Novabase as the most innovative company in managing people for the 3rd year in a row.
- **Bankinter's Digital Home Loans by Celfocus** || Celfocus was chosen to deploy a pioneer digital home loan solution.
- **Santander Portugal chooses Celfocus eSign solution** || The solution will be used in all processes of collecting digital signatures from the bank's applications.
- **New governing bodies for the 2021/2023 triennium** || Luís Paulo Salvado and Álvaro Ferreira were nominated as directors with delegated powers, and María Gil Marín, as director with special responsibilities.
- **PWN Lisbon partnered with Novabase** || With the aim at promoting female talent and increase its representation in the areas of STEM (Science, Technology, Engineering and Mathematics). ⁶

(1) Until this presentation date.

(2) Executive Digest magazine no. 178 of January 2021.

Covid-19



**In compliance with
ESMA guidelines**

Update on impacts

2021 began under a wave of new infections by Covid-19. **Portugal witnessed the worsening of the pandemic crisis at the beginning of the year**, with a new general confinement imposed and intermittent lockdowns in Europe, **but from the middle of the 2nd quarter, the pandemic situation started to improve.**

The Group's Pandemic Task Force continued to support the operations, while taking all necessary health measures to protect the entire community. The analysis of the evolution of the outbreak is constant and implementation of new measures is / will be carried out whenever necessary.

There was **no material impact on the direct operating conditions during 6M21**, since our teams have been working remotely since the beginning of the pandemic. Our Nearshore Agile Delivery Model enabled customer operations to continue seamlessly and smoothly.

In terms of financial impacts, no relevant negative Covid-19 effects were observed. On the contrary, Next-Gen started the year with great momentum and the IT Staffing Business abroad, on the Value Portfolio segment, which had experienced some Covid-effects especially over 2H20, was able to clock improvements in both quarters of 2021.

Other impacts include delays in the M&A initiatives and in winning new clients of size, above all in Europe, due to travel restrictions, although advances in global vaccination and the recently approved EU Digital COVID Certificate bring positive perspectives.

The 6M21 figures, the robust liquidity position, and our well-defined objectives are reassuring, reinforcing Novabase's confidence in its strategic roadmap. **Nevertheless**, Covid-19 pandemic is still spreading globally, with Delta variant becoming dominant and Europe experiencing the 4th wave of the pandemic, so the **international landscape remains complex and with a high-level of uncertainty.**

Financial Highlights

6M21 performance: Strong first-half 2021

- Turnover grew 6% YoY, with Next-Gen representing $\frac{3}{4}$ of Total
- 58% of Turnover is generated outside Portugal, with Next-Gen growing at double-digits, +13% YoY
- Europe & ME accounts for 90% of Next-Gen's International Turnover
- 86% of Next-Gen Revenues captured from Top Tier clients
- EBITDA of 6.3 M€, leveraged by Next-Gen
- Net Profit from continuing operations increased 75% YoY, to 3.3 M€
- Solid Net Cash position of 51.9 M€
- Next-Gen Talent Pool increased 14% YoY
- NBA price gained 30% during 6M21, outperforming the reference indexes
- No relevant impacts booked in 6M21 due to Covid-19 pandemic

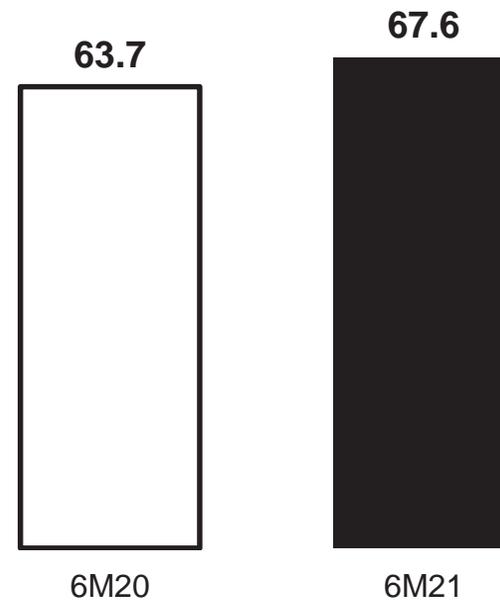
Key Figures



Turnover

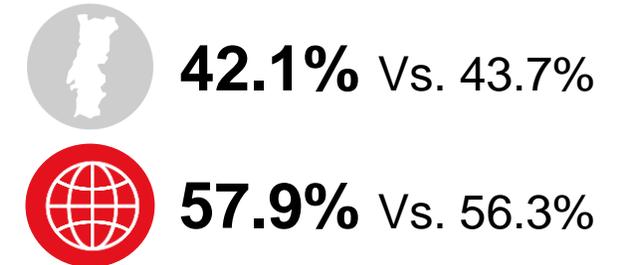
Turnover grew by 6% YoY, with Next-Gen representing $\frac{3}{4}$ of Total

Turnover

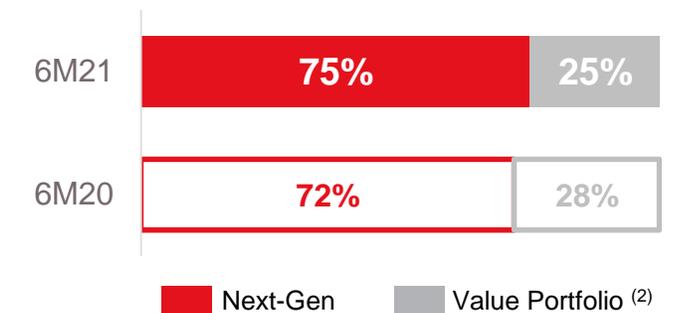


No relevant impacts were observed in 6M21 due to the Covid-19 pandemic, both in Next-Gen and in Value Portfolio segments, despite nationwide lockdowns in Portugal and all over Europe for a good part of this semester.

Breakdown by Geography (%) ⁽¹⁾



Breakdown by Segment (%)



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(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.

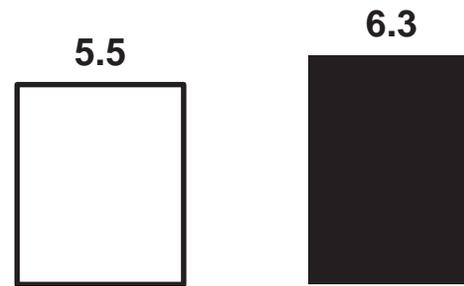
Key Figures



EBITDA

EBITDA increased 15%
YoY, leveraged by
Next-Gen

EBITDA

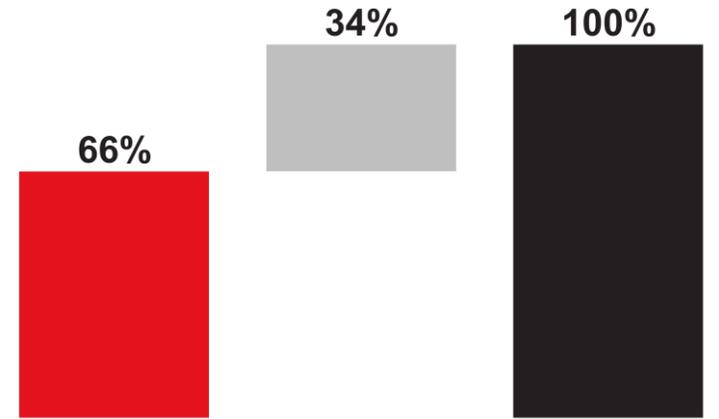


6M20

6M21

EBITDA Margin

Breakdown by Segment (%)



Next-Gen

Value Portfolio

Novabase

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Key Figures

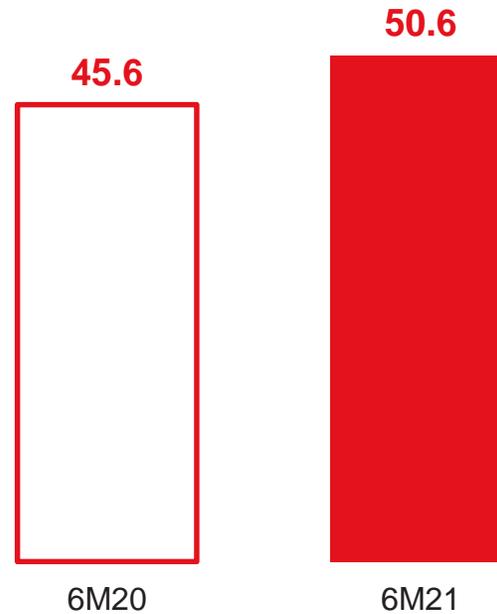


Next-Gen Segment

Next-Gen logs double-digit Topline growth, +11% YoY

Fully organic growth and mainly driven by international operations.

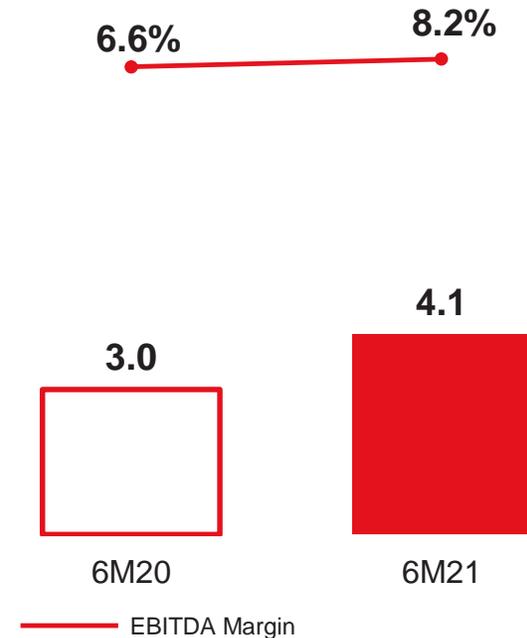
Turnover



EBITDA margin increased 160 bps

Working on strategic initiatives for 2023 goals.

EBITDA



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Key Figures



Next-Gen Segment

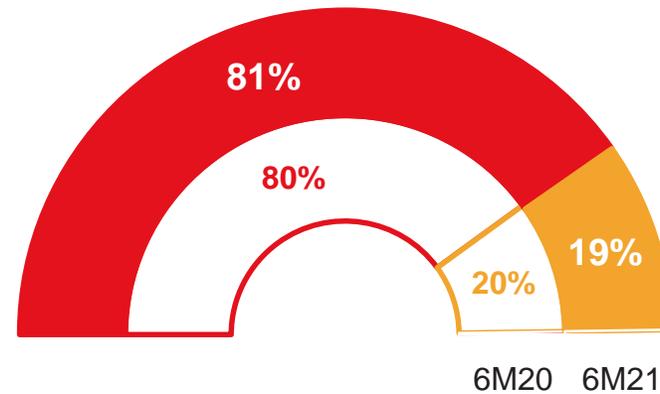
Half-year record high in international Revenues

Next-Gen focused on Telco in 6M21 and working on its Multi Industry approach, delayed due to the pandemic.

Next-Gen international Turnover grew 13% YoY standing for 64% of the total Next-Gen Turnover in 6M21.

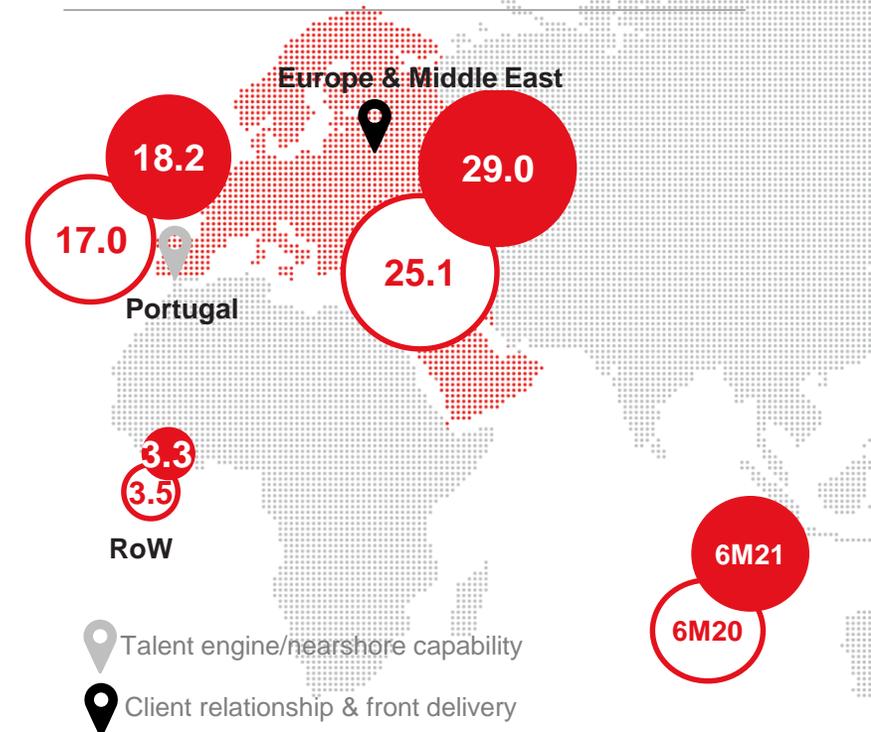
Operations in Europe & ME – which account for 90% of this segment’s international business (88% in 6M20) – increased 16% YoY. Exposure to Africa declined by 10% YoY.

% of Revenue by Industry



Telco Financial Services

Revenue by Geography



Talent engine/nearshore capability
Client relationship & front delivery

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Key Figures

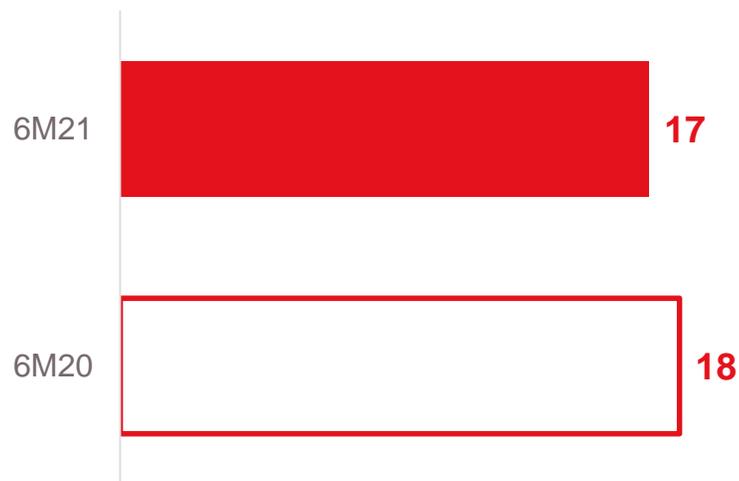


Next-Gen Segment

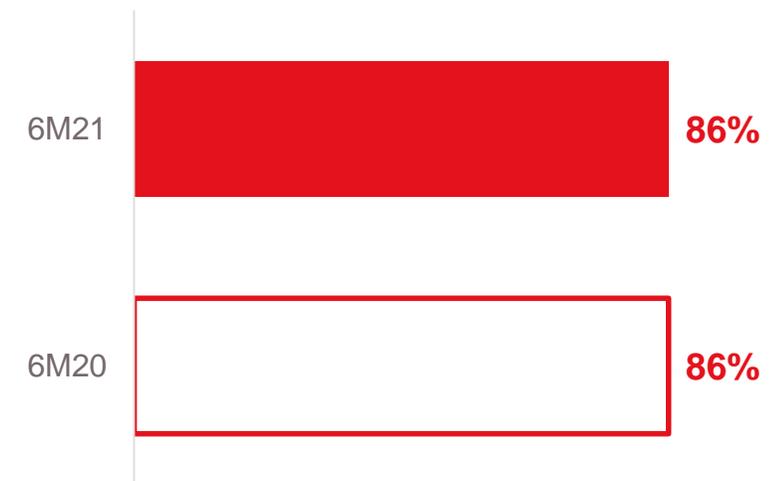
Top Tier clients Revenues grew by 11% YoY

As a result of Next-Gen's focus on building long-term relationships.

Top Tier Clients ⁽¹⁾



% of Revenues from Top Tier clients ⁽¹⁾



Total number of clients in 6M21 increased to 114 (107 in 6M20).

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

Key Figures

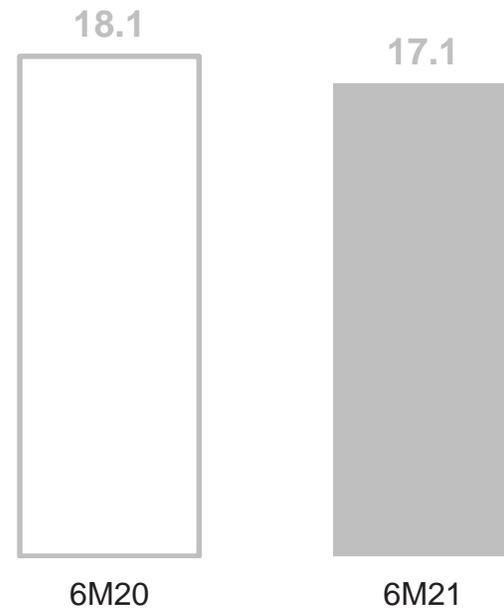


Value Portfolio Segment

Value Portfolio's Topline increased for the 2nd consecutive quarter...

... +4% QoQ since Q4 2020, confirming the positive **signs of recovery** observed in Q1, but **6M21 still below YoY (-6%)**.

Turnover



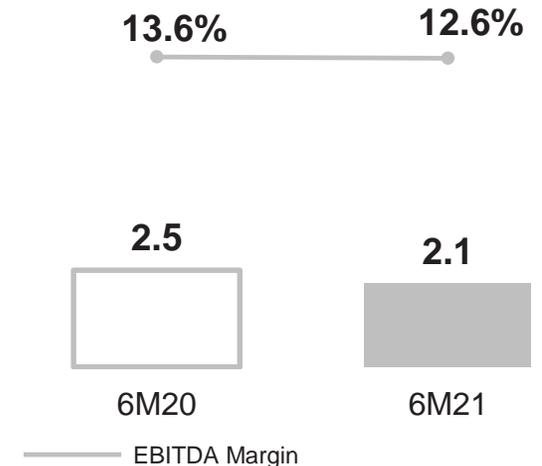
40% of Turnover **generated abroad**, **92%** of which in **Europe & ME** (90% in 6M20).

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Sound EBITDA margin despite YoY decline

6M21 of pandemic context, in contrast with 2020, which was mainly affected during the second half of the year.

EBITDA



Key Figures



EBITDA to Net Profit

Net Profit from continuing operations increased 75% YoY

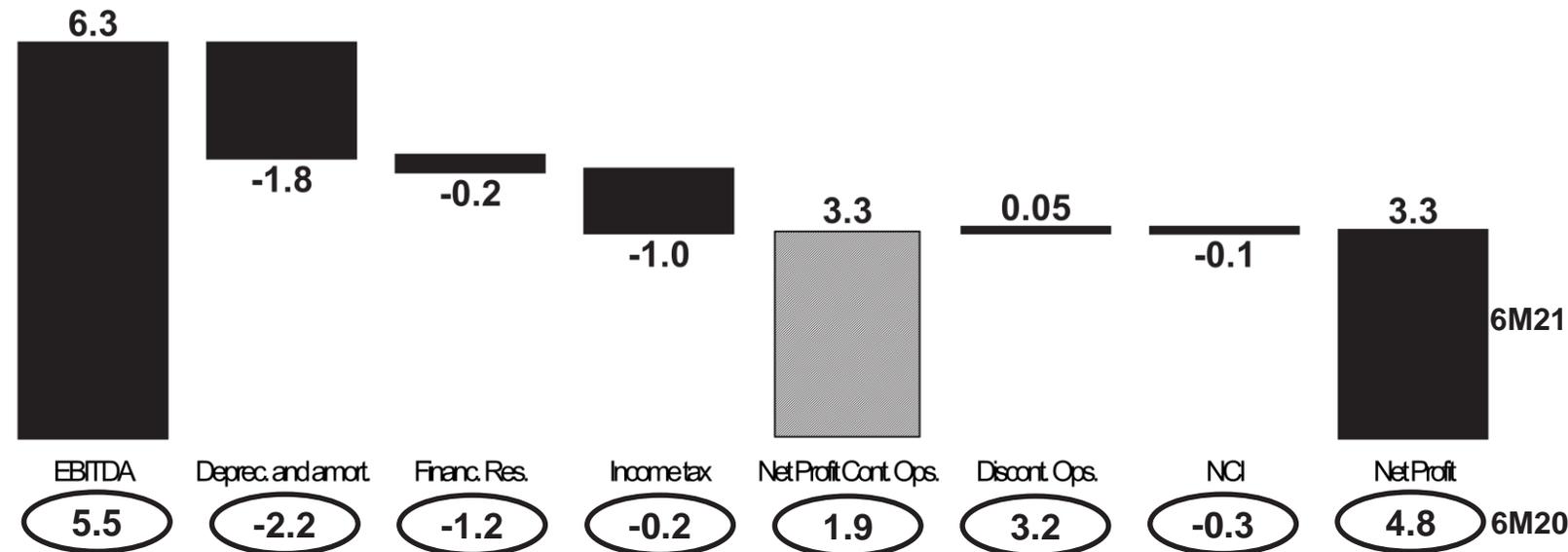
Financial results improved 1.0 M€ YoY, fundamentally due to the exchange differences recorded in foreign operations.

Discontinued operations decreased 3.2 M€ YoY, owing to the capital gains recorded in 6M20 on the GTE Business and Collab disposals. In 6M21, this heading reflects the capital gain adjustment related to the First Additional Purchase Price on the sale of Collab, as set out in the agreement.

Evolution of NCI, of +0.2 M€ YoY, essentially explained by the full ownership of Celfocus since April 2020.

Total EPS reached 0.11 € (0.16 € in 6M20).

EBITDA to Net Profit



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Key Figures



Net Cash

Solid Net Cash position of 51.9 M€

Comfortable liquidity situation to support investments in 2019+ Strategy and face the Covid-19 pandemic context.

Net Cash



Primarily driven by solid net cash provided by **operating activities and effective working capital management.**

Cash generation of 0.4 M€ in 6M21 also includes a 1.0 M€ payment to NCI, as a result of amounts released following the share capital reduction of Novabase Capital I&I venture capital Fund.

Thus, 2.9 M€ of Net Cash refers to Non-controlling Interests (Vs. 4.3 M€ in FY20).

Net Cash increased YoY impacted by the M&A cash flows, totalling +0.8 M€ (proceeds from the Collab disposal: holdback amount in Q4 2020 and first-year earn-out in Q2 2021).

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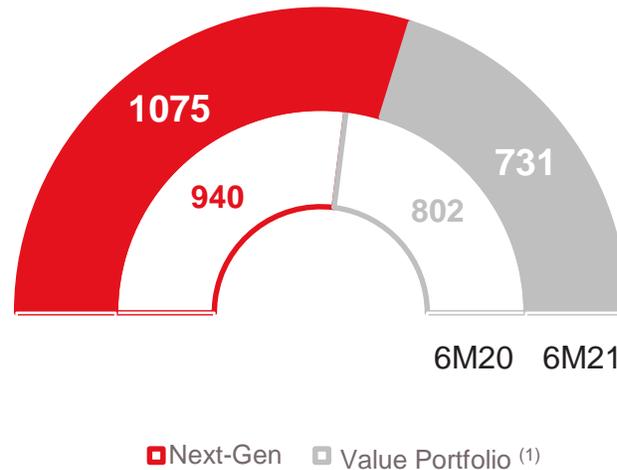
Key Figures



Talent

Talent Pool of 1806 employees in 6M21

Average Number of Employees



- (1) Including holding / shared services representing 78 employees in 6M21 (84 in 6M20).
- (2) Is determined by the formula: number of leaves at the employee's initiative ÷ average number of employees.

Talent pool increased 4% YoY (1742 in 6M20). The breakdown by segment shows a 14% growth in Next-Gen, which already represents 60% of Total, in line with the strategic objectives.

Next-Gen Turnover per employee slightly below 6M20 level, reflecting a shift in mix from subcontracting to talent acquisition.

Annualised attrition rate (2) of Next-Gen is 20.8% in 6M21 (13.2% in 6M20), which we believe to be a correction towards the unusually low figures recorded in 2020, also reflecting the new labour dynamics.

Key Figures

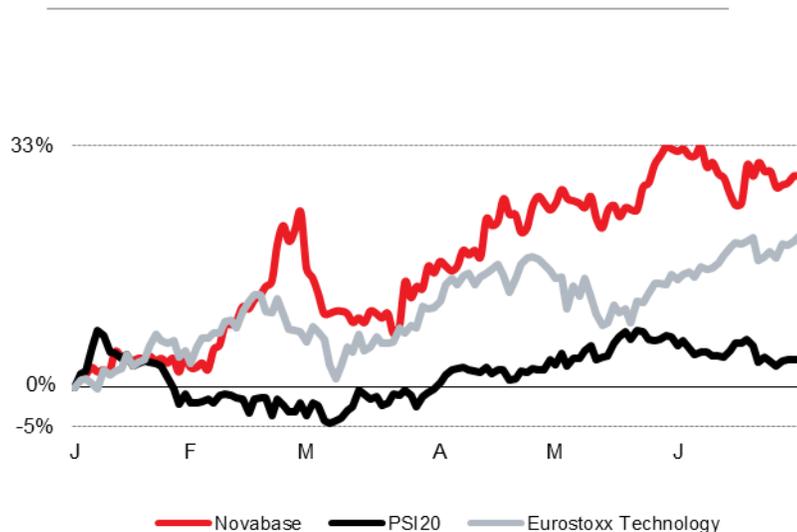


Stock Market

NBA price increased 30% in 6M21, and 34% over the last twelve months

The annual review of the PSI20, in March 2021, determined no changes in the composition of the index, meaning **Novabase stays in the main index of the Lisbon stock exchange for the 2nd consecutive year.**

Novabase and the Market



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Novabase outperformed the reference indexes, PSI20 and EuroStoxx Technology, which increased 3% and 20%, respectively.

Due to the Covid-19 pandemic and high level of uncertainty affecting the business environment, **the Board of Directors decided not to propose any shareholder remuneration** on the ordinary 2021 GMS, held on May 25. **The commitment to distribute 1.5 €/share in 2019-2023 ⁽¹⁾ was reaffirmed.**

The average price target disclosed by Novabase's analysts is **5.50 €**, with unanimous recommendation to buy. **The average upside is 32%.**

Market Capitalization at the end of 6M21 is **130.6 M€**, implying a **ttm Price to Sales of 1.04x.**

Free Float Velocity ⁽²⁾ represented 33% (39% in 6M20).

(1) According to Strategic Update 2019+, from which 0.65 €/share were already paid.

(2) Considering a free float of 40% for both periods, calculated according to Euronext criteria.

APMs

Alternative Performance Measures



In compliance with
ESMA guidelines

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 6M21 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	6M21
Cash and cash equivalents	71,929	68,510
Treasury shares held by the Company ⁽¹⁾	2,172	2,815
Bank borrowings - Non-Current	(16,200)	(13,500)
Bank borrowings - Current	(6,400)	(5,900)
Net Cash (Euro thousands)	51,501	51,925

	FY20	6M21
Treasury shares held by the Company	676,611	676,611
Closing price @ last tradable day (€)	3.210	4.160
Treasury shares held by the Company (Euro thousands)	2,172	2,815

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

About NOVABASE



NEXT-GEN IT SERVICES COMPANY

Company Information

Novabase SGPS, S.A.
Public Company
Euronext code: PTNBA0AM0006
Registered in TRO of Lisbon and
Corporate Tax Payer no.
502.280.182
Share Capital: 54,638,425.56 €
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Report available on website:
www.novabase.com

Next Events

Roadshows:
Kepler Cheuvreux Autumn
Conference: September 13-15
ODDO BHF – IBERIAN FORUM:
October 6-7
JB Capital Iberian Conference:
November 9-10

Trading Update 9M21
November 4 (after market closure)

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Consolidated Statement of Financial Position as at 30 June 2021

	30.06.21	31.12.20
	(Thousands of Euros)	
ASSETS		
Tangible assets	1,878	1,963
Intangible assets	11,891	12,063
Right-of-use assets	5,345	7,132
Financial investments	12,826	12,824
Deferred income tax assets	7,829	7,947
Other non-current assets	2,025	2,025
Total Non-Current Assets	41,794	43,954
Inventories	10	10
Trade debtors and accrued income	44,590	38,880
Other debtors and prepaid expenses	13,735	14,614
Derivative financial instruments	20	64
Cash and cash equivalents	68,510	71,929
Total Current Assets	126,865	125,497
Assets for continuing operations	168,659	169,451
Assets for discontinued operations	339	342
Total Assets	168,998	169,793
EQUITY		
Share capital	54,638	54,638
Treasury shares	(1,177)	(1,177)
Share premium	226	226
Reserves and retained earnings	3,383	(4,124)
Net profit	3,277	7,486
Total Shareholders' Equity	60,347	57,049
Non-controlling interests	9,051	10,047
Total Equity	69,398	67,096
LIABILITIES		
Bank borrowings	13,500	16,200
Lease liabilities	3,742	5,293
Provisions	5,156	5,233
Other non-current liabilities	2,099	3,705
Total Non-Current Liabilities	24,497	30,431
Bank borrowings	5,900	6,400
Lease liabilities	2,794	3,032
Trade payables	3,952	5,621
Other creditors and accruals	37,147	34,745
Derivative financial instruments	73	9
Deferred income	19,634	16,148
Total Current Liabilities	69,500	65,955
Total Liabilities for cont. operations	93,997	96,386
Total Liabilities for discount. operations	5,603	6,311
Total Liabilities	99,600	102,697
Total Equity and Liabilities	168,998	169,793
Net Cash	51,925	51,501

Consolidated Income Statement for the period of 6 months ended 30 June 2021

	30.06.21	30.06.20	Var. %
	(Thousands of Euros)		
CONTINUING OPERATIONS			
Sale of goods	-	-	
Cost of goods sold	-	-	
Gross margin	-	-	-
Other income			
Services rendered	67,644	63,668	
Supplementary income and subsidies	52	572	
Other operating income	53	479	
	67,749	64,719	
	67,749	64,719	
Other expenses			
External supplies and services	(20,080)	(20,519)	
Employee benefit expense	(41,187)	(40,277)	
(Provisions) / Provisions reversal	77	1,733	
Net impairm. losses on financ. assets	(66)	18	
Other operating expenses	(215)	(213)	
	(61,471)	(59,258)	
Gross Net Profit (EBITDA)	6,278	5,461	15.0 %
Depreciation and amortisation	(1,798)	(2,174)	
Operating Profit (EBIT)	4,480	3,287	36.3 %
Financial results	(223)	(1,210)	
Net Profit before taxes (EBT)	4,257	2,077	105.0 %
Income tax expense	(975)	(206)	
Net Profit from continuing operations	3,282	1,871	75.4 %
DISCONTINUED OPERATIONS			
Net Profit from discount. operations	46	3,202	-98.6 %
Non-controlling interests	(51)	(254)	
Attributable Net Profit	3,277	4,819	-32.0 %
Other information :			
Turnover	67,644	63,668	6.2 %
EBITDA margin	9.3 %	8.6 %	
EBT % on Turnover	6.3 %	3.3 %	
Net profit % on Turnover	4.8 %	7.6 %	

Results Information by SEGMENTS for the period of 6 months ended 30 June 2021

(Thousands of Euros)

	Value Portfolio	Next-Gen	NOVABASE
CONTINUING OPERATIONS			
Turnover	17,093	50,551	67,644
Gross Net Profit (EBITDA)	2,149	4,129	6,278
Depreciation and amortisation	(1,065)	(733)	(1,798)
Operating Profit (EBIT)	1,084	3,396	4,480
Financial results	(163)	(60)	(223)
Net Profit / (Loss) before Taxes (EBT)	921	3,336	4,257
Income tax expense	(139)	(836)	(975)
Net Profit / (Loss) from cont. operations	782	2,500	3,282
DISCONTINUED OPERATIONS			
Net Profit from discontinued operations	46	-	46
Non-controlling interests	(51)	-	(51)
Attributable Net Profit / (Loss)	777	2,500	3,277
Other information :			
EBITDA % on Turnover	12.6%	8.2%	9.3%
EBT % on Turnover	5.4%	6.6%	6.3%
Net profit % on Turnover	4.5%	4.9%	4.8%