

NOVABASE

Privileged Information

NEXT-GEN

IT SERVICES COMPANY

FY22

CONSOLIDATED RESULTS

February 16, 2023

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FY22 Outlook



Chairman and CEO

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Message from Luís Paulo Salvado

“Novabase’s 2022 results show a good performance driven by a successful execution of our strategy.

Regarding the financials, I would like to highlight:

- Turnover increased by 18%, boosted by a 25% growth in international operations, which represent 61% of our global business.
- EBITDA grew 10%, pressured by costs linked to non-domestic expansion and rising labour costs.
- Profit was up 2%, impacted by higher financial and tax costs.
- Net cash decreased by 16 M€ mainly due to shareholder remuneration (13 M€) and working capital increase (8 M€).
- Total shareholder return was -13% influenced by the macroeconomic conjuncture, especially in the IT industry.

In relation to the business segments, it should be noted:

- There is an outstanding 24% growth in the Value Portfolio, profiting from market tailwinds.
- Next-Gen’s fast international expansion - a remarkable 22% top line growth - despite causing delivery difficulties in the Middle East that will continue throughout 2023.

There is a significant amount of uncertainty surrounding the outlook for this year, as the threat of recession looms over our primary target markets in Europe.

Regarding the 2019 guidance for 2023, it’s highly unlikely that Next-Gen reach its targets. As previously disclosed, the pandemic has caused a delay of at least 2 years in the execution of our strategy.

FY22 Outlook



Chairman and CEO

NOVABASE

Message from Luís Paulo Salvado

Despite the good organic performance, it's not feasible to achieve the turnover target without acquisitions. Additionally, profitability will remain under pressure due to the international scale-up costs, rising labour costs and investments required to reposition certain offerings.

With respect to shareholder remuneration the Board maintains its intention to pay the remaining €0.42 (of the €1.5 defined for the period 2019-2023) by the end of the year.

To summarise:

- We had a good year, and we extend our gratitude to the hardworking team behind it.
- We trust our strategy and the talent of our people to deliver it.

- There is a significant amount of uncertainty, and it may take longer than we anticipated to achieve our objectives.

In this context and considering the company's balance sheet, the Board approved a Public Offer for up to 20% of the capital in own shares, creating an additional remuneration opportunity for shareholders.”

FY22 in Review

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Next-Gen: 2019+ Strategy Execution

Next-Gen continues to grow

Next-Gen grew at double-digit YoY and international revenues hit a record high, fully organically.

Next-Gen focused on Cognitive, Digital and Agile DevOps offers to propel its growth strategy, while working on its talent engine.

Value Portfolio: 2019+ Strategy Execution

Value Portfolio reports a notable growth

A remarkable year for *IT Staffing* business, with Turnover growing at high double-digit YoY.

Value Portfolio is well positioned for sustained growth and to generate further value.

¹ Until this presentation date.

² Forum of ISCTE School of Technology and Architecture.

³ Business and Technology Week.

⁴ Engineering & Tech Talks.

Press Zone

Novabase in the News¹

- **Best ‘Employer Brand’ Company Award** | Celfocus was recognised at Teamlyzer Awards.
- **Best Digital Transformation Program Award** | Celfocus was recognised at the Middle East Telecoms World Conference, in partnership with solutions by stc, Jawwy.
- **AIOps Award** | Celfocus was shortlisted as finalist in ‘Best operations solution incorporating AI functionality’ at FutureNet World 2022.
- **Partnership with PcVue** | Neotalent Spain was recognised as a reseller and certified system integrator partner.
- **Celfocus eSign solution showcased in Ireland** | With AICEP Portugal Global.
- **Certifications by APCER** | Celfocus has obtained ISO/IEC 27001 (Information Security) and ISO/IEC 27701 (Privacy) certifications.
- **2022 Wellbeing Awards by Workwell** | Celfocus won the ‘Healthiest Company’.
- **Sponsorship of Arch Summit, Cordacon and Total Telecom Congress** | Celfocus supported international reference events focused on topics impacting the digital economy, next-gen technology innovation, and telecoms market.
- **Building up an employer branding** | Novabase engaged in multiple initiatives, e.g. FISTA22², SINFO 29, SET³ and JEEC 2022⁴ at IST, and UAlg Careers Fair, among others.
- **Acting with a purpose** | Novabase has come together to donate funds, collect goods and give people work time to volunteer, with #standwithukraine initiative.
- **Social responsibility** | Neotalent donated more than 100 baskets of goods to CASA, a Portuguese association that supports the homeless and families in need.
- **Empowering female talent** | Neotalent is the main sponsor of Nova School of Business and Economics young women volleyball team.
- **Sponsorship of FST11** | Celfocus is the main sponsor of IST team’s first vehicle with autonomous and non-autonomous capabilities.
- **Novabase left PSI as of 18 March** | Due to the Index’ new requirement of market cap free float lower limit of 100 M€.
- **Novabase pays 0.43 €/share to shareholders** | Following the operation to reduce the Company’s share capital from 54.6 million euros to 33.0 million euros.

Financial Highlights



FY22 Performance

Strong revenue growth

- Turnover grew 18% YoY, with Next-Gen representing 74%
- 61% of Turnover is generated outside Portugal, with Next-Gen growing at double-digit, +22% YoY
- Europe & ME accounts for 93% of Next-Gen's International Turnover
- # Next-Gen Top Tier clients grew 16% YoY
- EBITDA increased 10% YoY
- Net Profit up 2% YoY, for a total EPS of 0.29 €
- Solid Net Cash position of 39.5 M€, after 0.43 €/share payment
- Talent Pool increased 13% YoY
- Total Shareholder Return of -13% in FY22

Key Figures



Turnover

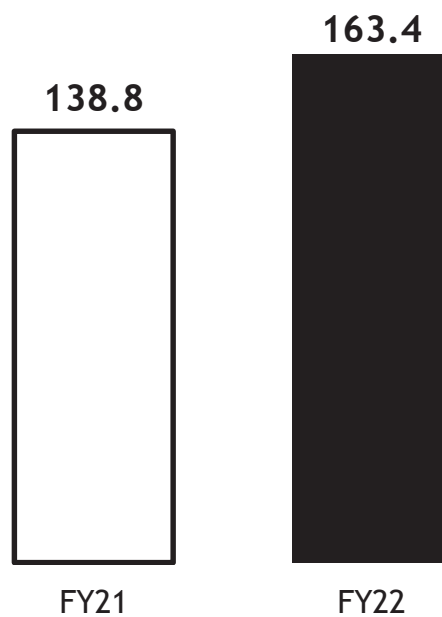
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Turnover grew 18% YoY, with Next-Gen representing 74%

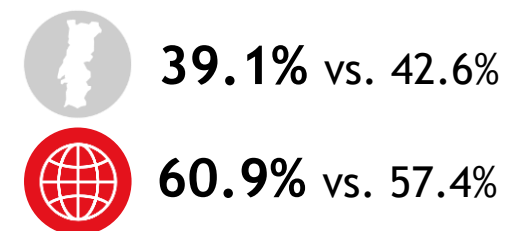
International revenues totalled nearly 100 M€, up 25% YoY.

No relevant impacts observed in 2022 due to the COVID-19 pandemic nor Ukraine's conflict, both in Next-Gen and in Value Portfolio segments.

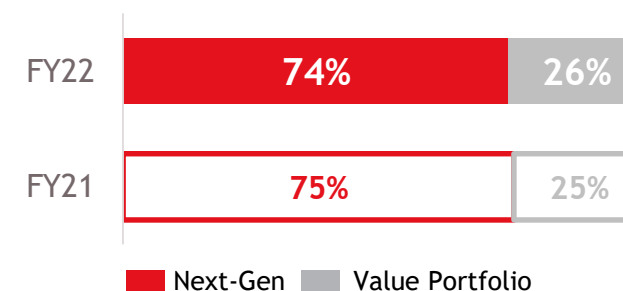
Turnover



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.

Key Figures

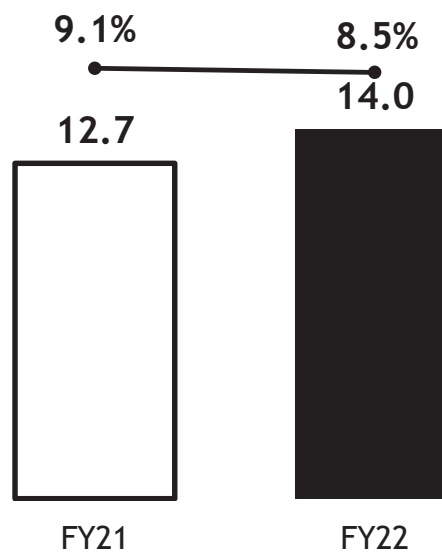


EBITDA

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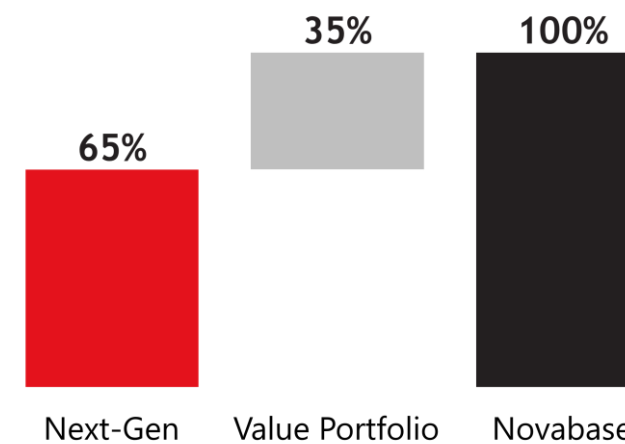
EBITDA increased 10% YoY

EBITDA ⁽¹⁾



EBITDA Margin

Breakdown by Segment (%)



(1) As from January 1, 2022, Shared Services is included in Next-Gen segment, due to the merger of Novabase Serviços into Celfocus. Shared Services EBITDA in FY21 was 1.0 M€.

Key Figures



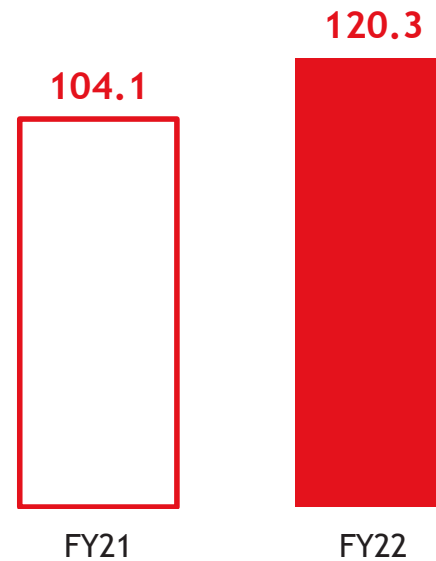
Next-Gen Segment

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Next-Gen Turnover grew 16% YoY...

Fully organic growth.

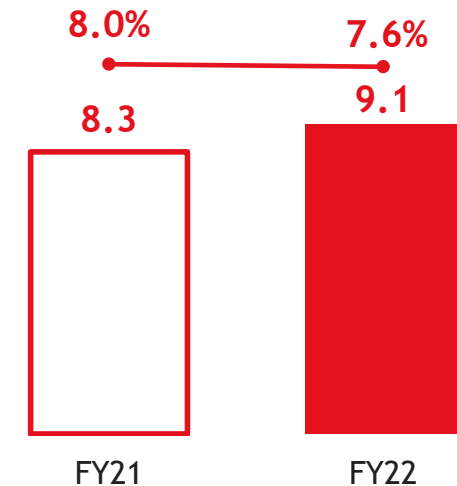
Turnover



... with EBITDA up 10% YoY

Continued investment in strategic and talent initiatives and delivery challenges in ME impacted profitability.

EBITDA



— EBITDA Margin

Key Figures



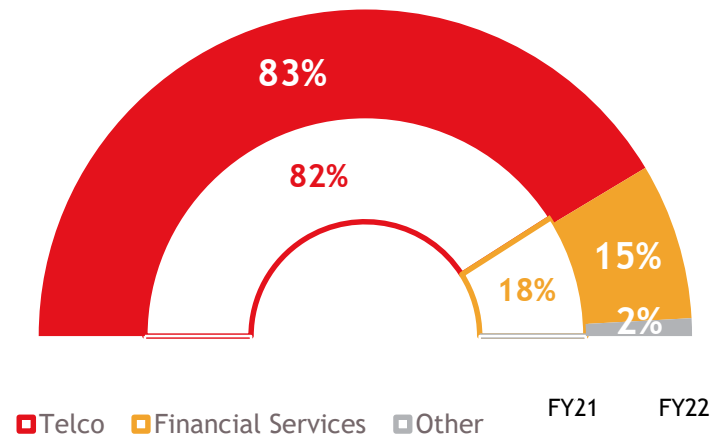
Next-Gen Segment

NOVABASE

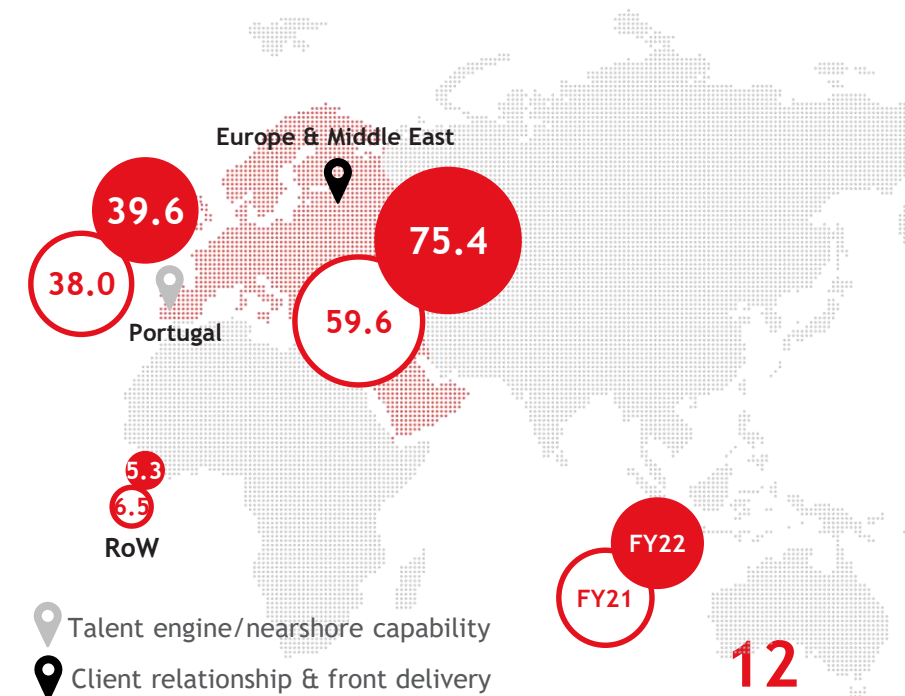
Year-end record high in international Revenues

Entry into new clients of other industries with strategic offers, but still Telco dominance. International Turnover grew 22% YoY and stands for over 2/3 of Next-Gen's Turnover. Target markets of Europe & ME represented 93% of the segment's international operations, increasing 26% YoY.

Revenue by Industry (%)



Revenue by Geography



Key Figures



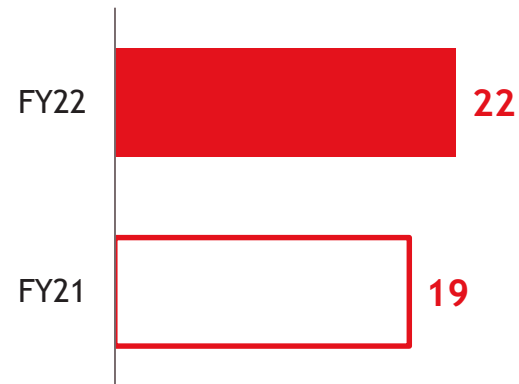
Next-Gen Segment

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Top Tier clients grew 16% YoY...

... as a result of commercial victories that have been taking place.

Top Tier clients ⁽¹⁾



% of Revenues from Top Tier clients ⁽¹⁾



Total number of clients in FY22 of 111
(112 in FY21).

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

Key Figures



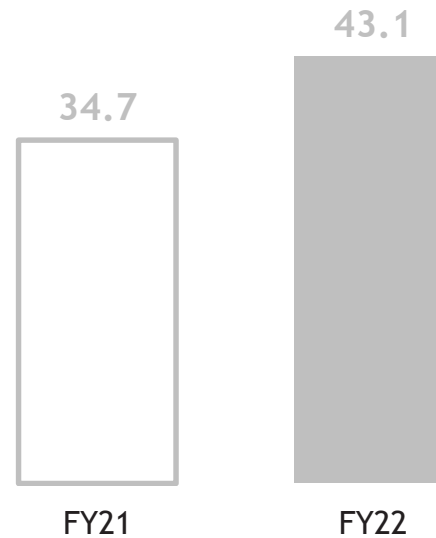
Value Portfolio
Segment

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Value Portfolio grew at double-digit in Turnover, +24% YoY

Remarkable growth mainly driven by international operations.

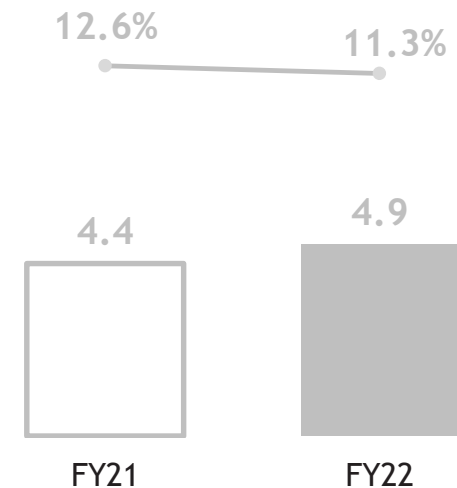
Turnover



EBITDA totalled 4.9 M€, up 11% YoY

Double-digit EBITDA Margin.

EBITDA



EBITDA Margin

Key Figures



EBITDA to Net Profit

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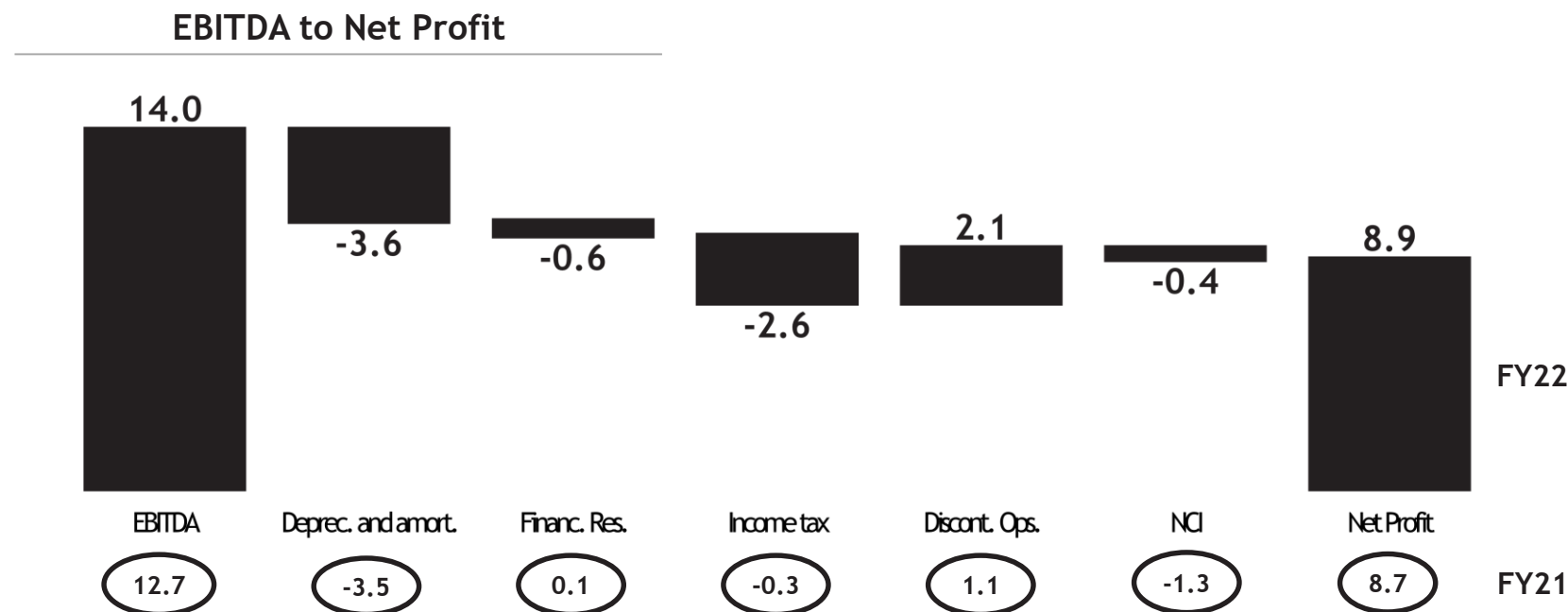
Net Profit up 2% YoY, for a total EPS of 0.29 €

Financial results declined 0.6 M€ YoY, due to the lower level of re-evaluations in the VC Funds portfolio.

Change in Income Tax of -2.3 M€ YoY shows a drop in SIFIDE R&D tax incentives recorded.

Discontinued operations increased 1.1 M€ YoY, fundamentally due to the capital gain adjustment on the sale of Collab (second-year earn-out, and holdback arbitration).

Evolution of NCI (+0.8 M€ YoY) linked to the evolution of results from foreign operations.



Key Figures

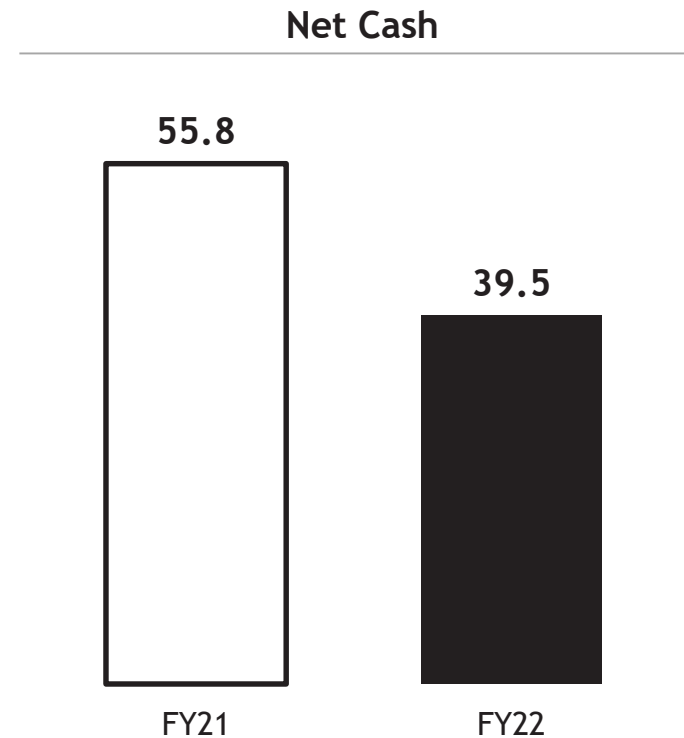


Net Cash

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Solid Net Cash position of 39.5 M€...

... after 0.43 €/share payment.



Cash use of 3.3 M€ in 2022, excluding the 13.1 M€ cash outflow from the shareholder remuneration, mainly due to strong investment in working capital.

3.2 M€ of Net Cash refers to Non-Controlling Interests (Vs. 3.1 M€ in FY21).

Key Figures

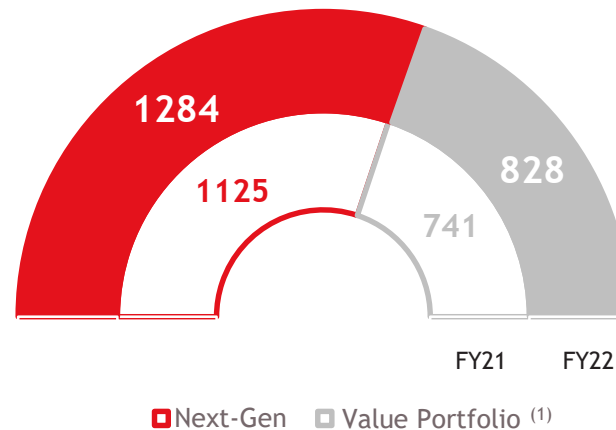


Talent

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Talent Pool increased 13% YoY

Average number of Employees



Talent pool reached 2112 employees in FY22 (Vs. 1866 in FY21).

Next-Gen talent pool grew 8% YoY, excluding the shared services team absorbed by Celfocus, Next-Gen's main company, in 2022.

TTM attrition rate ⁽²⁾ of Next-Gen lowered to 18.2% (21.6% in FY21), with leadership focused on managing the current talent shortage.

(1) Including shared services team of 60 employees in FY21.

(2) Determined by the formula: number of leaves at the employee's initiative ÷ average number of employees, for the Trailing 12 Months.

Key Figures



Stock Market

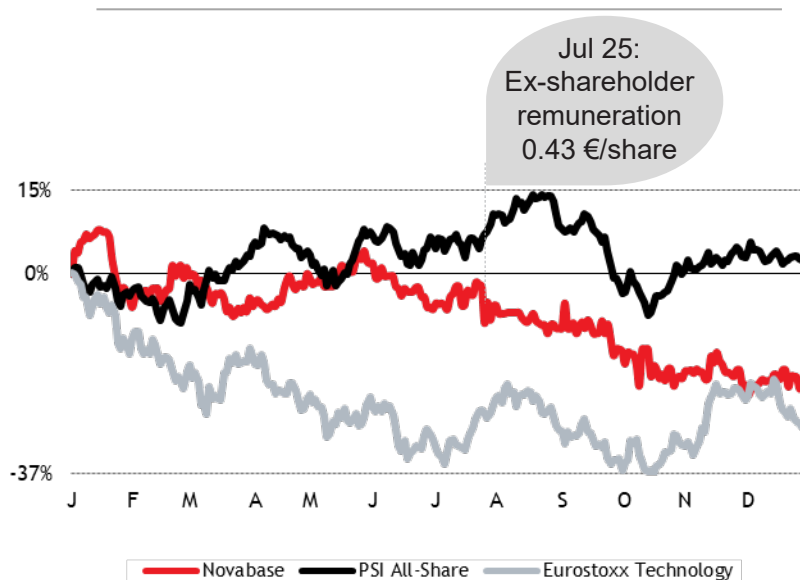
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TSR of -13% in FY22

Inflationary pressures and volatility on the global financial markets, fuelled by the war in Ukraine, roiled the main stock markets in 2022. Thus, NBA stock price decreased 21% in 2022, whilst the PSI All-Share Index increase 2% and EuroStoxx Tech Index plummeted 28%.

In 2022, Novabase paid 0.43 €/share to shareholders, following the Company's share capital reduction, and the Board of Directors maintains its intention to distribute, until the end of 2023, the 0.42 €/share yet to be paid according to the Strategy 2019+.

Novabase and the Market



The average price target disclosed by Novabase's analysts is 6.30 €, with unanimous recommendation to buy. Average upside is 56%.

During 2022 Novabase acquired 1.348k shares. At 31 December 2022, Novabase holds 2,047,413 own shares (6.52% of its share capital).

Market Capitalisation at the end of 2022 is 126.9 M€, with a ttm Price to Sales of 0.83x.

Free Float Velocity ⁽¹⁾ was 49% (32% in FY21).

The Board approved a Public Offer for up to 20% of the capital in own shares, creating an additional remuneration opportunity for shareholders.

(1) Considering a free float of 35% in both periods, calculated according to Euronext criteria.



**In compliance with
ESMA guidelines**

Alternative Performance Measures

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 FY22 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.

	FY21	FY22
Cash and cash equivalents	68,431	40,617
Treasury shares held by the Company ⁽¹⁾	3,581	8,272
Bank borrowings - Non-Current	(9,400)	(5,200)
Bank borrowings - Current	(6,800)	(4,200)
Net Cash (Euro thousands)	55,812	39,489

	FY21	FY22
Treasury shares held by the Company	699,480	2,047,413
Closing price @ last tradable day (€)	5.120	4.040
Treasury shares held by the Company (Euro thousands)	3,581	8,272

(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.

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
Share Capital: 32,971,463.70 €
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www.novabase.com



Next Events

**Extraordinary General Meeting of
Shareholders**
March 13 (3 pm GMT+1)

Trading Update 3M23
May 4 (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 2022

	31.12.22	31.12.21
	(Thousands of Euros)	
ASSETS		
Tangible assets	1,918	1,996
Intangible assets	11,935	11,873
Right-of-use assets	3,253	4,844
Financial investments	13,961	13,775
Deferred income tax assets	8,826	9,443
Other non-current assets	1,706	1,997
Total Non-Current Assets	41,599	43,928
Inventories	-	7
Trade debtors and accrued income	55,528	42,456
Other debtors and prepaid expenses	10,866	10,210
Derivative financial instruments	763	16
Cash and cash equivalents	40,617	68,431
Total Current Assets	107,774	121,120
Assets for continuing operations	149,373	165,048
Assets for discontinued operations	268	396
Total Assets	149,641	165,444
EQUITY		
Share capital	32,971	54,638
Treasury shares	(2,150)	(1,217)
Share premium	226	226
Reserves and retained earnings	16,436	3,235
Net profit	8,917	8,706
Total Shareholders' Equity	56,400	65,588
Non-controlling interests	10,827	10,361
Total Equity	67,227	75,949
LIABILITIES		
Bank borrowings	5,200	9,400
Lease liabilities	1,114	3,017
Provisions	3,047	3,391
Other non-current liabilities	363	2,120
Total Non-Current Liabilities	9,724	17,928
Bank borrowings	4,200	6,800
Lease liabilities	2,737	2,783
Trade payables	7,015	4,508
Other creditors and accruals	36,503	33,363
Derivative financial instruments	260	71
Deferred income	20,007	19,711
Total Current Liabilities	70,722	67,236
Total Liabilities for cont. operations	80,446	85,164
Total Liabilities for discount. operations	1,968	4,331
Total Liabilities	82,414	89,495
Total Equity and Liabilities	149,641	165,444
Net Cash	39,489	55,812

Consolidated Income Statement for the year ended 31 December 2022

	31.12.22	31.12.21	Var. %
	(Thousands of Euros)		
CONTINUING OPERATIONS			
Operating income			
Services rendered	163,405	138,788	
Supplementary income and subsidies	133	168	
Other operating income	328	241	
	163,866	139,197	
Operating expenses			
External supplies and services	(53,596)	(41,518)	
Employee benefit expense	(96,465)	(85,913)	
(Provisions) / Provisions reversal	344	1,839	
Net impairm. losses on financ. assets	105	(272)	
Other operating expenses	(303)	(666)	
	(149,915)	(126,530)	
Gross Net Profit (EBITDA)	13,951	12,667	10.1 %
Depreciation and amortisation	(3,559)	(3,521)	
Operating Profit (EBIT)	10,392	9,146	13.6 %
Financial results	(559)	63	
Net Profit before taxes (EBT)	9,833	9,209	6.8 %
Income tax expense	(2,617)	(293)	
Net Profit from continuing operations	7,216	8,916	-19.1 %
DISCONTINUED OPERATIONS			
Net Profit from discount. operations	2,139	1,060	101.8 %
Non-controlling interests	(438)	(1,270)	
Attributable Net Profit	8,917	8,706	2.4 %
Other information :			
Turnover	163,405	138,788	17.7 %
EBITDA margin	8.5 %	9.1 %	
EBT % on Turnover	6.0 %	6.6 %	
Net profit % on Turnover	5.5 %	6.3 %	

Results Information by SEGMENTS for the year ended 31 December 2022

(Thousands of Euros)

	Value Portfolio	Next-Gen	NOVABASE
<i>CONTINUING OPERATIONS</i>			
Turnover	43,107	120,298	163,405
Gross Net Profit (EBITDA)	4,856	9,095	13,951
Depreciation and amortisation	(358)	(3,201)	(3,559)
Operating Profit (EBIT)	4,498	5,894	10,392
Financial results	30	(589)	(559)
Net Profit / (Loss) before Taxes (EBT)	4,528	5,305	9,833
Income tax expense	(1,501)	(1,116)	(2,617)
Net Profit / (Loss) from cont. operations	3,027	4,189	7,216
<i>DISCONTINUED OPERATIONS</i>			
Net Profit from discontinued operations	2,139	-	2,139
Non-controlling interests	(438)	-	(438)
Attributable Net Profit / (Loss)	4,728	4,189	8,917
Other information :			
EBITDA % on Turnover	11.3%	7.6%	8.5%
EBT % on Turnover	10.5%	4.4%	6.0%
Net profit % on Turnover	11.0%	3.5%	5.5%