

NOVABASE

Privileged Information

NEXT-GEN

IT SERVICES COMPANY

FY23

CONSOLIDATED RESULTS

February 15, 2024

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FY23 Outlook



Chairman and CEO

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Message from Luís Paulo Salvado

“In 2023, Novabase achieved significant progress in the execution of its strategy, as mirrored in the financial outcomes we now disclose.

Turnover increased by 10% and EBITDA by 19%. Net Profit reached 47 M€, surging by 428%, driven by a capital gain of 40 M€ from the divestiture of the Neotalent business.

Net Cash was 68 M€, marking an uplift of 28 M€, inclusive of the disbursement of 17 M€ in the Buyback Offer for its own shares and 11 M€ in shareholder’s remuneration.

Total shareholders return was 42%, reflecting a robust strategic and operational performance.

Within the Next-Gen segment, international operations expanded by 13%, accounting for 69% of total Turnover, with the UK and Germany emerging as the main markets. EBITDA escalated by 39%, benefiting from the operational stabilization in the Middle East. The cost per employee rose by 11%, showing a stronger value proposition amidst the current competition for specialized expertise in the tech sector.

These achievements are dedicated to the entire team at Novabase, whose talent and committed efforts made them possible.

The 2023 guidance outlined in the Strategy Update 2019+, as previously forecasted and announced to the market, was not fully achieved. Nonetheless, over the 3-year term now concluding, Next-Gen witnessed an organic growth of 46% in Turnover and 57% in EBITDA, establishing EBITDA margin at 9.5%.

For 2024, despite ongoing uncertainty as the prevailing variable, we trust in our team's capacity to implement the defined strategy.

Given the current Cash position, the Board of Directors will propose at the next General Meeting of Shareholders a distribution of up to 1.79 € per share, subject to potential adjustments based on the final configuration of the balance sheet items, and with a possibility still under review for payment in kind, at the discretion of the beneficiary shareholder, to be announced at the time of the meeting call.”

FY23 in Review

Next-Gen: 2019+ Strategy Execution

Strong performance, fully organically

Next-Gen grew at double-digit YoY, with international revenues up 13%. Profitability near the two-digit goal, showing a recovery in ME projects with delivery challenges in 2022.

Equity Partnership in Celfocus, aiming at aligning shareholder value, completed by the end of 2023.

Next-Gen focused on international expansion, particularly in the areas of Cognitive and Analytics, while successfully developing its talent engine.

Value Portfolio: 2019+ Strategy Execution

Sale of IT Staffing Business

Novabase continued to successfully deliver on its strategy, with the sale of the *IT Staffing* Business to Conclusion Group B.V., for a Price to Sales 2022 multiple of 1.31x, subject to adjustments.

This transaction enables additional Novabase shareholders' remuneration while focusing all its resources on Next-Gen Business.

2019+ Strategy Execution

Successful transformation

Fully delivered on the shareholder remuneration target, while, as anticipated, slower on its operating ambition for 2019-2023, conditioned by delays in inorganic growth and the complexity of the period (COVID-19 and geopolitical conflicts).

Press Zone

Novabase in the News¹

- **Partnership with MATRIX Software** | Celfocus and MATRIX have joined forces to launch an AI solution for 5G monetization.
- **Award at the Glotel Awards Ceremony** | Celfocus and Vodafone won at the 2023 World Communication Awards hosted by Telecoms.com.
- **Sponsorship of Banking Transformation Summit, FutureNet World, Total Telecom Congress and Network Now** | Celfocus continues to support international reference events focused on topics impacting digital economy and next-gen technology innovation.
- **Building up an employer branding** | Novabase is invested in attracting the best talent, engaging in multiple initiatives at universities and job fairs, e.g. FISTA23², SINFO 30, JEEC 2023³ and Jobshop 2023, to name a few.
- **Equity Partnership in Celfocus** | Within the scope of Celfocus's business development plan, a process will be initiated that will culminate in the acquisition of a minority percentage of the share capital of Celfocus by a group of employees of Novabase Group with operational leadership responsibilities.
- **Sale of IT Staffing Business** | Novabase sold its *IT Staffing* business to Conclusion Group for 51.1 million euros, subject to adjustments.
- **Novabase launched a Public Offer for the acquisition of own shares** | As a result, Novabase acquired 3,558,550 shares (11.33% of its share capital) and reduced its share capital by cancelation of the shares acquired in the context of the Offer.
- **Novabase paid 0.42 €/share** | The commitment to pay a total of 1.50 €/share to shareholders in 2019-2023 horizon, under 2019+ Strategy, was fulfilled.
- **New qualified shareholder** | Isatis Investment Classic Blue fund reported holding a qualified 5% stake in the share capital of Novabase.

¹ Until this presentation date.

² Forum of ISCTE School of Technology and Architecture.

³ Engineering & Tech Talks.

Relevant Information



Sale of *IT Staffing* Business

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Completion of *IT Staffing* Business sale

- On October 12, 2023, Novabase entered into a Sale and Purchase Agreement with Conclusion Group B.V. for its *IT Staffing* Business through the disposal of all the shares held in Novabase Neotalent S.A., corresponding to 95.003% of the shares representing the respective share capital, which holds the entire share capital of Novabase Neotalent España, S.A.U..
- The agreed initial purchase price was 49.4 M€, subject to certain adjustments as foreseen in the SPA, to which a potential earn-out of up to 0.95 M€ may be accreted, depending on full compliance with the Transitional Services Agreement ("TSA") also entered into on the same date.
- The sale was substantially completed by the end of November, after verification of the relevant conditions precedent under the Agreement.
- On December 18, it was paid by the buyer 51.1 M€, comprising certain adjustments to the initial price. The final price is still subject to positive and negative adjustments, resulting from the final calculation of price mechanisms clauses in the Agreement.
- As a result, Novabase recorded, with reference to November 30, 2023, a gain on the sale of *IT Staffing* Business in the amount of 39.8 M€, above the range of 26 M€ to 33 M€ of estimated capital gain disclosed, but still subject to adjustments.

Financial Highlights

Strong results in a year marked by the sale of *IT Staffing*

Turnover and EBITDA do not include the *IT Staffing* Business (Value Portfolio), discontinued in 4Q23, for all periods in this presentation.

- Turnover grew 10% YoY
- 69% of Turnover is generated outside Portugal, with Next-Gen growing internationally at double-digit, +13% YoY
- Europe & ME target markets account for 95% of NG's International Ops.
- Top Tier clients Revenues grew 9% YoY
- EBITDA increased 19% YoY
- Net Profit of 47.1 M€
- Record high Net Cash position of 67.8 M€
- Talent Pool of 1317 employees
- Total Shareholder Return of 42%



FY23 Performance

Key Figures



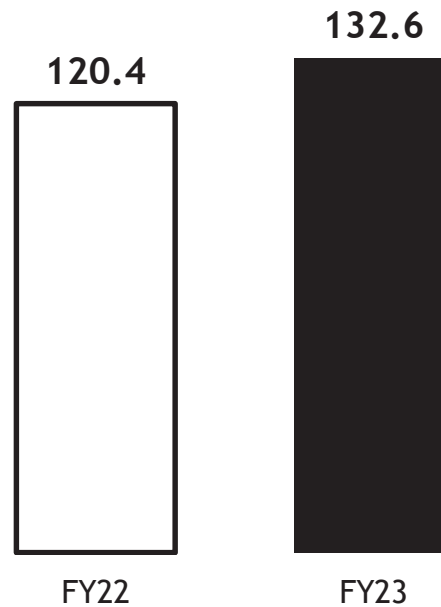
Turnover

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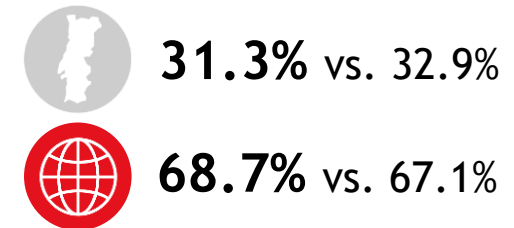
Turnover grew 10% YoY

Driven by Next-Gen's international business, with revenues up 13% YoY.

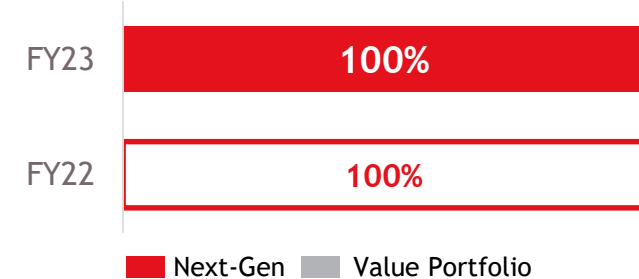
Turnover



Breakdown by Geography (%) ⁽¹⁾



Breakdown by Segment (%)



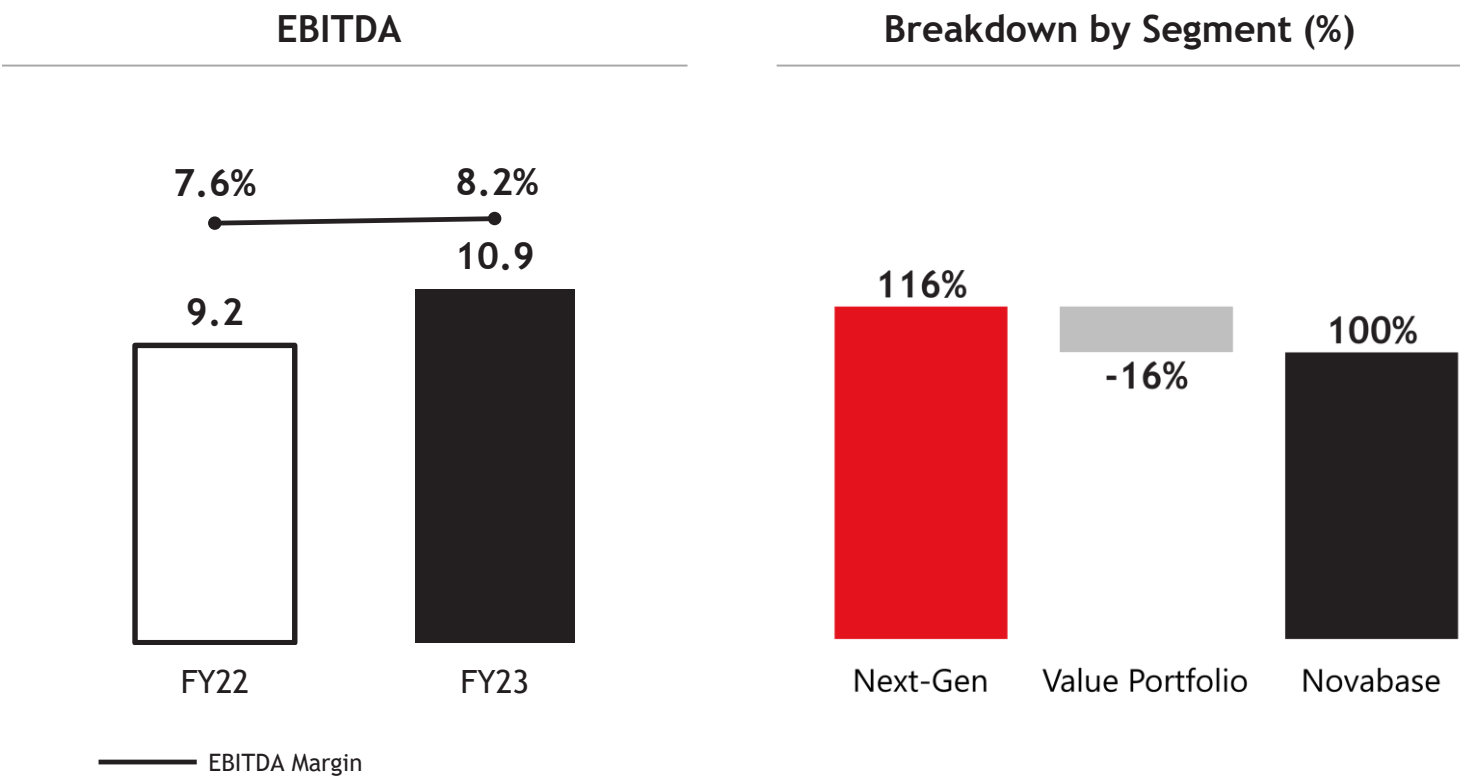
(1) Turnover by Geography is computed based on the location of the client where the project is delivered.

Key Figures



EBITDA

EBITDA increased 19% YoY



Key Figures



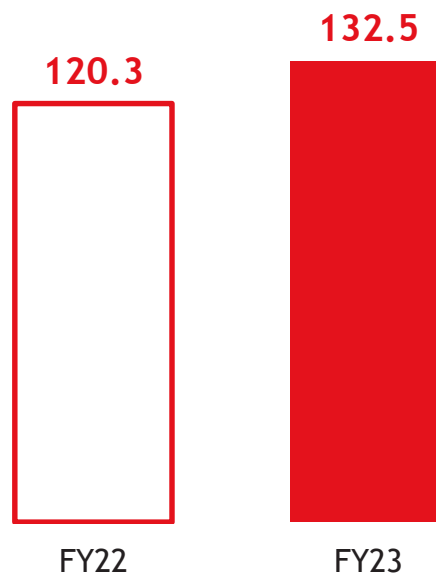
Next-Gen Segment

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Next-Gen Turnover grew 10% YoY...

Fully organic growth.

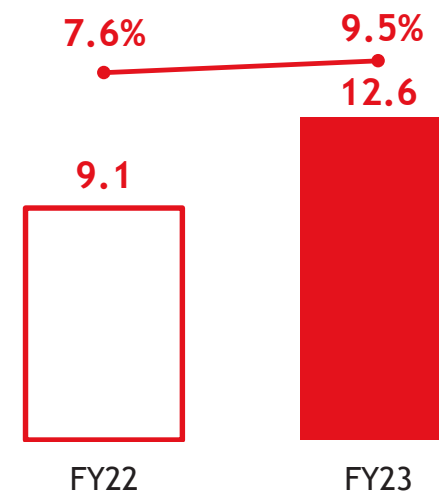
Turnover



... with EBITDA up 39% YoY

Profitability positively impacted by the recovery of Middle East margins, despite scale-up costs, wage inflation and investments in key offerings.

EBITDA



EBITDA Margin

Key Figures



Next-Gen Segment

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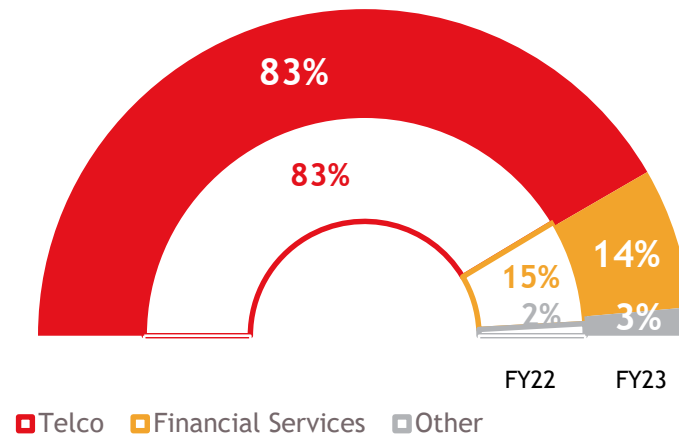
Double-digit growth in international Ops.

Multi-industry approach results emerging, but still Telco dominance.

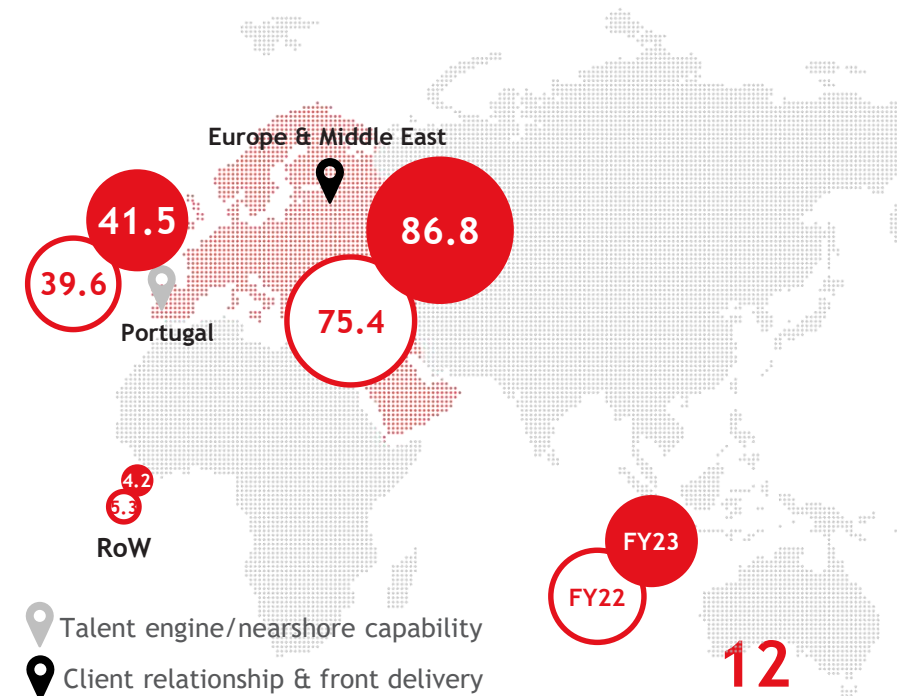
International Turnover showed a remarkable 13% growth YoY and stands for 69% of Next-Gen's Turnover.

Target markets of Europe & ME totalled 95% of the segment's international Revenues, +15% YoY.

Revenue by Industry (%)



Revenue by Geography



Key Figures



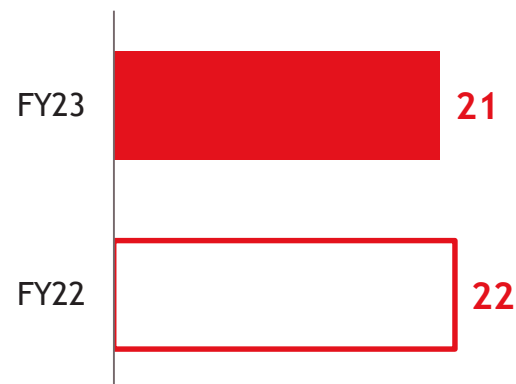
Next-Gen Segment

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Top Tier clients Revenues grew 9% YoY

Growth of the customer base and ongoing investments to increase brand awareness and top-tier client share of wallet.

Top Tier clients ⁽¹⁾



% of Revenues from Top Tier clients ⁽¹⁾



Total number of clients in FY23 increased to 117 (111 in FY22).

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

Key Figures



Value Portfolio Segment

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Value Portfolio Turnover of 0.1 M€

Segment reflects only VC ops. and central structure, as a result of the *IT Staffing* Business disposal, and its consequent presentation under Discontinued operations.

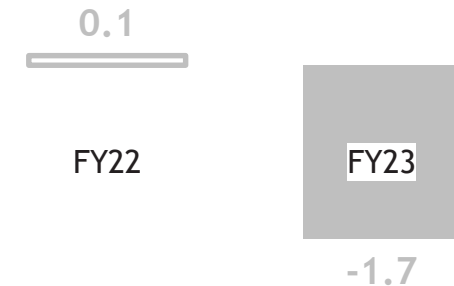
Turnover



EBITDA down to -1.7 M€

Impacted by central structure costs.

EBITDA



Key Figures



EBITDA to Net Profit

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Net Profit of 47.1 M€

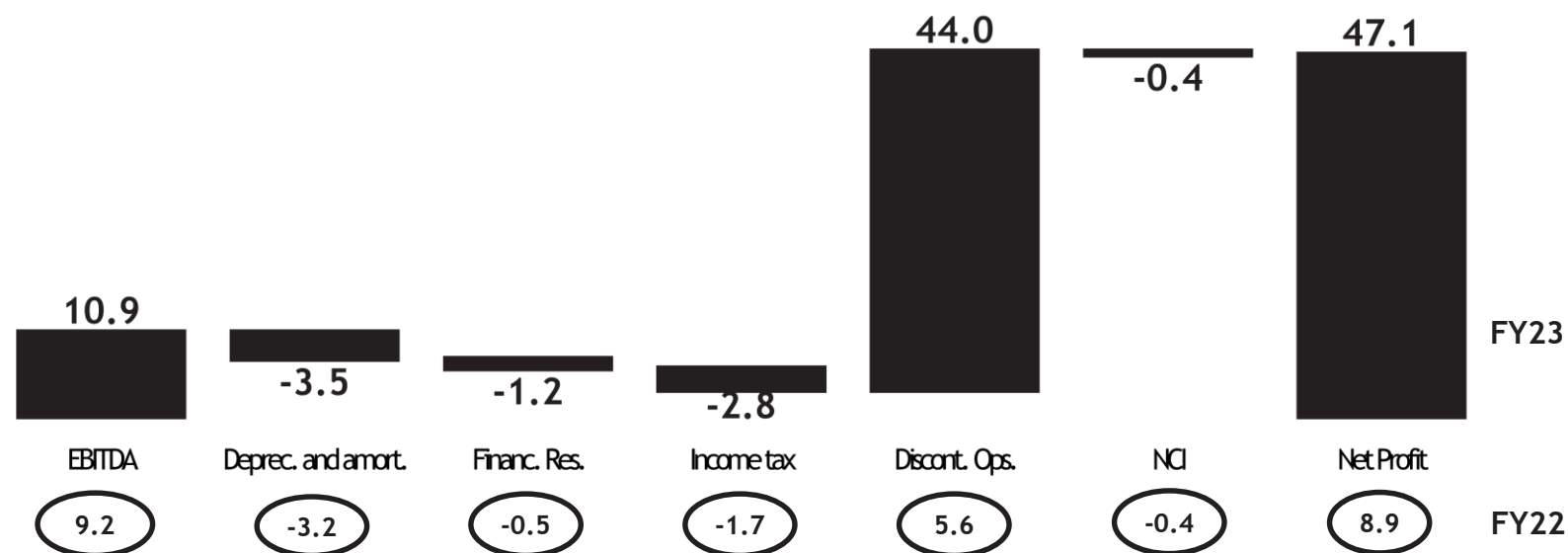
Financial results declined 0.7 M€ YoY due to higher interests and a lower level of re-evaluations in the VC Funds portfolio.

Change in income tax of -1.1 M€ YoY shows a drop in SIFIDE R&D tax incentives recognised.

Discontinued operations increased 38.4 M€ YoY, fundamentally due to the capital gain of *IT Staffing* Business disposal, amounting to 39.8 M€.

Total EPS increased to 1.76 € (0.29 € in FY22).

EBITDA to Net Profit



Key Figures



Net Cash

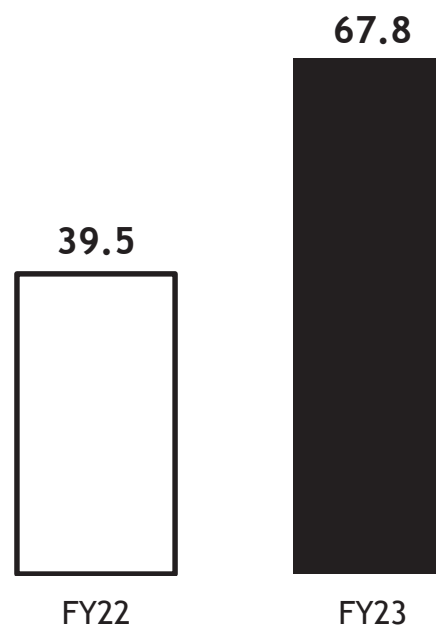
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Record high Net Cash position of 67.8 M€

To support Next-Gen growth and shareholder remuneration.

Cash generation of 5.3 M€ in 2023, excluding the cash inflow of 51.1 M€ from *IT Staffing* Business disposal, and the cash outflows of 10.8 M€ from shareholder remuneration and 17.3 M€ related to the acquisition of own shares in the context of the Public Offer.

Net Cash



3.3 M€ of Net Cash refers to Non-Controlling Interests (Vs. 3.2 M€ in FY22).

Given the cash inflow from the sale of *IT Staffing* Business and the strong performance in FY23, the Board will propose to the next GMS a remuneration of up to 1.79 €/share.

Key Figures

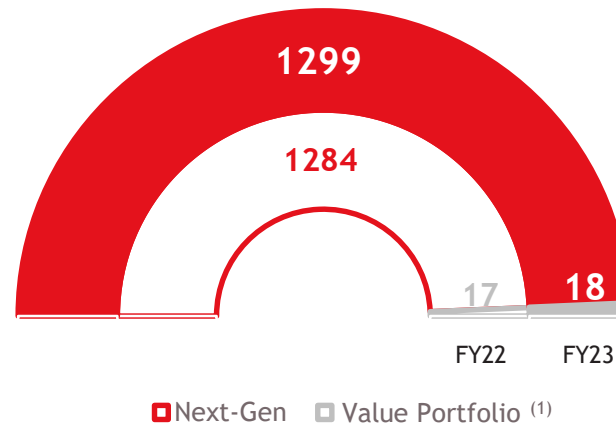


Talent

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Talent Pool of 1317 employees

Average number of Employees



Talent pool increased 1% YoY (1301 in FY22).

TTM attrition rate ⁽²⁾ of Next-Gen dropped to 11.2% (18.2% in FY22), confirming the downward trend we have been observing, as a result of proactive management of our pool and evolving market context.

(1) Excluding *IT Staffing* representing 811 employees in FY22.

(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

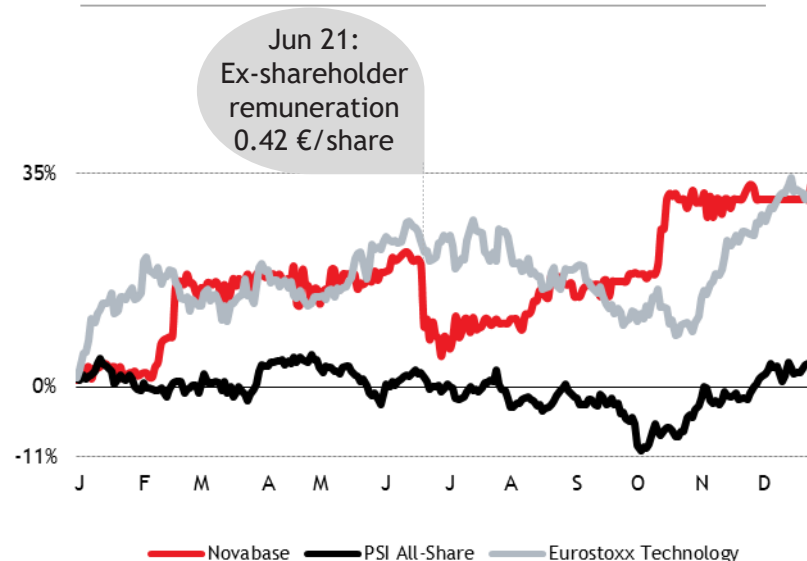
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TSR of 42%

NBA stock price increased 33% in 2023 (or 42% adjusting the shareholder remuneration), whilst EuroStoxx Technology Index increased 32% and PSI All-Share Index increased 4%.

In 2023 Novabase paid 0.42 €/share to shareholders, thus fulfilling the intention to pay a total of 1.50 €/share in 2019-2023 ⁽¹⁾.

Novabase and the Market



(1) Expressed by the Board of Directors under the terms of Strategy Update 2019+.

In this period, Novabase launched a Public Offer over own shares, creating an additional remuneration opportunity for shareholders. As a result, Novabase acquired 3,558,550 shares at 4.85 €/share.

Excluding shares acquired in the context of the Offer (cancelled afterwards to reduce share capital), Novabase acquired 18k shares during 2023. At 31 December 2023, Novabase holds 658,461 own shares (2.48% of its share capital).

Average price target disclosed by Novabase's analysts is 6.40 €. Average upside is 19%.

Market Cap at the end of 2023 is 142.2 M€, with a ttm Price to Sales of 0.79x.

The Board will propose to the GMS to be held on May 22, a remuneration of up to 1.79 €/share.



**In compliance with
ESMA guidelines**

Alternative Performance Measures

APMs used by Novabase in this presentation are: EBITDA and Net Cash.

EBITDA allows to evaluate the profitability of the business and the company's capacity to generate resources through its operating activities. EBITDA is defined as operating profit excluding depreciation and amortisation and (if any) non-operating costs (e.g. restructuring costs). "Operating Profit" is simultaneously the item of the consolidated income statement, which is an integral part of this Report, more directly reconcilable and more relevant to this APM.

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. "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 FY23 and prior period, is analysed in the table below.

	FY22	FY23
Cash and cash equivalents	40,617	80,314
Treasury shares held by the Company ⁽¹⁾	8,272	3,529
Bank borrowings - Non-Current	(5,200)	(8,587)
Bank borrowings - Current	(4,200)	(7,475)
Net Cash (Euro thousands)	39,489	67,781

	FY22	FY23
Treasury shares held by the Company	2,047,413	658,461
Closing price @ last tradable day (€)	4.040	5.360
Treasury shares held by the Company (Euro thousands)	8,272	3,529

(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: 795,829.11 €
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Next Events

General Meeting of Shareholders
May 22 (3 pm GMT+1)

Results 1H24
July 31 (after market closure)

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**Consolidated Statement of Financial Position
as at 31 December 2023**

	31.12.23	31.12.22
	(Thousands of Euros)	
ASSETS		
Tangible assets	1,391	1,918
Intangible assets	9,264	11,935
Right-of-use assets	11,390	3,253
Financial investments	13,879	13,961
Deferred income tax assets	6,945	8,826
Other non-current assets	1,466	1,706
Total Non-Current Assets	44,335	41,599
Inventories	-	-
Trade debtors and accrued income	40,073	55,528
Other debtors and prepaid expenses	10,326	10,866
Derivative financial instruments	246	763
Cash and cash equivalents	80,314	40,617
Total Current Assets	130,959	107,774
Assets for continuing operations	175,294	149,373
Assets for discontinued operations	1,373	268
Total Assets	176,667	149,641
EQUITY		
Share capital	796	32,971
Treasury shares	(20)	(2,150)
Share premium	226	226
Reserves and retained earnings	27,449	16,436
Net profit	47,058	8,917
Total Shareholders' Equity	75,509	56,400
Non-controlling interests	11,587	10,827
Total Equity	87,096	67,227
LIABILITIES		
Bank borrowings	8,587	5,200
Lease liabilities	9,796	1,114
Provisions	3,269	3,047
Other non-current liabilities	2,749	363
Total Non-Current Liabilities	24,401	9,724
Bank borrowings	7,475	4,200
Lease liabilities	1,961	2,737
Trade payables	4,628	7,015
Other creditors and accruals	28,240	36,503
Derivative financial instruments	112	260
Deferred income	20,972	20,007
Total Current Liabilities	63,388	70,722
Total Liabilities for cont. operations	87,789	80,446
Total Liabilities for discount. operations	1,782	1,968
Total Liabilities	89,571	82,414
Total Equity and Liabilities	176,667	149,641
Net Cash	67,781	39,489

**Consolidated Income Statement
for the year ended 31 December 2023**

	31.12.23	31.12.22 (*)	Var. %
	(Thousands of Euros)		
CONTINUING OPERATIONS			
<i>Operating income</i>			
Services rendered	132,556	120,399	
Supplementary income and subsidies	144	124	
Other operating income	321	219	
	133,021	120,742	
<i>Operating expenses</i>			
External supplies and services	(46,760)	(45,141)	
Employee benefit expense	(73,945)	(66,668)	
(Provisions) / Provisions reversal	(827)	267	
Net impairm. losses on financ. assets	(156)	193	
Other operating expenses	(404)	(205)	
	(122,092)	(111,554)	
Gross Net Profit (EBITDA)	10,929	9,188	18.9 %
Depreciation and amortisation	(3,468)	(3,224)	
Operating Profit (EBIT)	7,461	5,964	25.1 %
Financial results	(1,215)	(491)	
Net Profit before taxes (EBT)	6,246	5,473	14.1 %
Income tax expense	(2,822)	(1,727)	
Net Profit from continuing operations	3,424	3,746	-8.6 %
DISCONTINUED OPERATIONS			
Net Profit from discount. operations	44,031	5,609	685.0 %
Non-controlling interests	(397)	(438)	
Attributable Net Profit	47,058	8,917	427.7 %
Other information :			
Turnover	132,556	120,399	10.1 %
EBITDA margin	8.2 %	7.6 %	
EBT % on Turnover	4.7 %	4.5 %	
Net profit % on Turnover	35.5 %	7.4 %	

* Restated - The IT Staffing business was considered in discontinued operations.

Results Information by SEGMENTS for the year ended 31 December 2023

(Thousands of Euros)

	Value Portfolio	Next-Gen	NOVABASE
<i>CONTINUING OPERATIONS</i>			
Turnover	56	132,500	132,556
Gross Net Profit (EBITDA)	(1,711)	12,640	10,929
Depreciation and amortisation	(9)	(3,459)	(3,468)
Operating Profit (EBIT)	(1,720)	9,181	7,461
Financial results	(564)	(651)	(1,215)
Net Profit / (Loss) before Taxes (EBT)	(2,284)	8,530	6,246
Income tax expense	569	(3,391)	(2,822)
Net Profit / (Loss) from cont. operations	(1,715)	5,139	3,424
<i>DISCONTINUED OPERATIONS</i>			
Net Profit from discontinued operations	44,031	-	44,031
Non-controlling interests	(288)	(109)	(397)
Attributable Net Profit / (Loss)	42,028	5,030	47,058
Other information :			
EBITDA % on Turnover	n/a	9.5%	8.2%
EBT % on Turnover	n/a	6.4%	4.7%
Net profit % on Turnover	n/a	3.8%	35.5%