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ANNUAL REPORT 2023

NOVABASE

ANNUAL REPORT 2023

MANAGEMENT REPORT

NOVABASE

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CHAIRMAN AND CEO'S MESSAGE

Dear Shareholders,

In 2023, NOVABASE achieved significant progress in the execution of its strategy, as mirrored in the reports we now disclose.

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

It's important to mention that we take great pride in Neotalent's remarkable journey over its 25-year existence, creating exceptional value for all stakeholders. This disposal also allows us to focus our energies and resources on the development of Next-Gen.

Net Cash was €68m, marking an uplift of €28m, inclusive of the disbursement of €17m in the Buyback Offer over own shares and €11m 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.

The 2023 guidance, outlined in the Strategy Update 2019+, was not fully achieved. Anticipating this scenario, we launched a Buyback Offer over own shares in the first half, creating an additional opportunity for shareholder remuneration.

Given the current cash position, the Board of Directors proposes to the General Meeting of shareholders a payment of €1.79 per share, with the option for the beneficiary shareholder to receive payment in kind.

As 2023 marks the final year of the term, it's also important to take stock of this period:

- In the second half of 2021, we initiated a shift in Next-Gen to give it more focus and competitiveness. Today, its strategy is clearer and more differentiated, and, after a reorganization carried out in 2023, we have a structure and processes more aligned with the critical success factors of this strategy. As a result, the company has also become more attractive to talent.

- Over the last 3 years, this business has grown organically by 46%, making NOVABASE larger today than at the beginning of the term, more than offsetting the reduction resulting from the sale of the Neotalent business.

- With the direct involvement of the top leadership, we made significant progress in initiatives to strengthen the sustainability of our business. This positive evolution is reflected in the environmental, social, and governance (ESG) indicators and has led to the definition of new multi-year objectives, which can be consulted in this document.

- Total shareholder return was 92%, clearly above the 13% and 26% of the PSI All-Share and EuroStoxx Tech indices, respectively.

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

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

Luís Salvado

HIGHLIGHTS 2023
ACTIVITY

2019+ STRATEGY EXECUTION

NOVABASE: SUCCESSFUL TRANSFORMATION

Full achievement of the shareholder remuneration target, while, as expected, slower achievement of the operational target for 2019-2023, conditioned by delays in inorganic growth and the complexity of the period (COVID-19 and geopolitical conflicts).

NEXT-GEN: STRONG PERFORMANCE, FULLY ORGANICALLY

Next-Gen grew double-digit year-on-year, with international revenues up 13%. Profitability close to the two-digit target, showing a recovery in the Middle East projects with delivery challenges in 2022.

Equity Partnership in Celfocus completed in 2023, with the acquisition of a minority percentage of the share capital of that company by a group of employees of NOVABASE Group with operational leadership responsibilities.

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

VALUE PORTFOLIO: 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 allows for additional remuneration for NOVABASE shareholders while enabling the Company to focus all its resources on Next-Gen business.

PRESS ZONE

- Partnership with MATRIXX Software | Celfocus and MATRIXX 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.

- Sponsorships of Banking Transformation Summit, FutureNet World, Total Telecom Congress and Network Now | Celfocus supported several international reference events focused on topics impacting digital economy and next-gen technology innovation.

- Building an 'Employer Brand' | NOVABASE is invested in attracting the best talent, engaging in multiple initiatives at universities and job fairs, e.g. ISCTE Forum School of Technology and Architecture 23, SINFO 30, Engineering & Tech Talks 2023 at IST and Jobshop 2023, among others.

- Equity Partnership in Celfocus | NOVABASE opened the share capital of Celfocus to a group of key employees of NOVABASE Group, aimed at aligning shareholder value.

- Sale of IT Staffing Business | NOVABASE sold its IT Staffing Business to Conclusion Group for €51.1m, subject to adjustments.

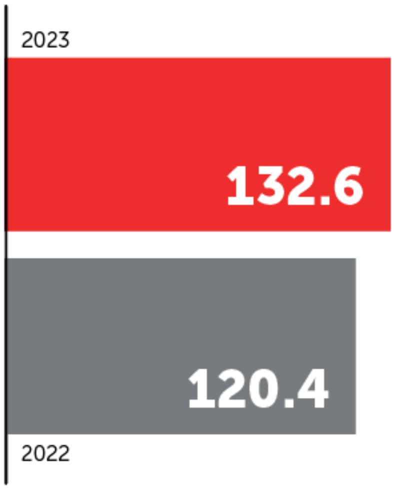
- Launch of Public Offer for the acquisition of own shares | NOVABASE acquired 3,558,550 shares (11.33% of its share capital) and reduced its share capital by cancelation of the shares acquired in the context of the Offer.

- NOVABASE paid €0.42 per share to shareholders | The commitment to pay a total of €1.50 per share in 2019-2023 horizon, under 2019+ Strategy, was fully fulfilled.

HIGHLIGHTS 2023
FINANCIAL HIGHLIGHTS

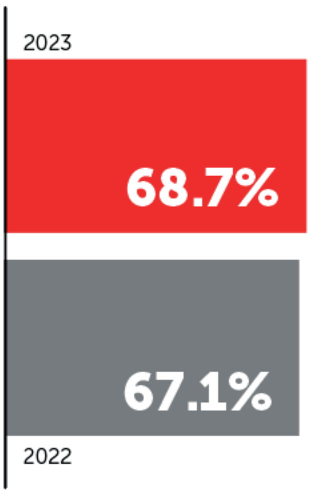
AMOUNTS IN EURO MILLIONS (€m), EXCEPT OTHERWISE STATED
2022 RESTATED (NOT INCLUDING NEOTALENT)

TURNOVER

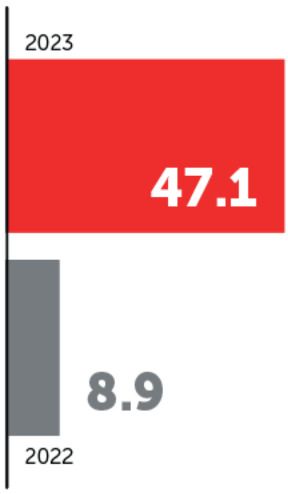


EBITDA

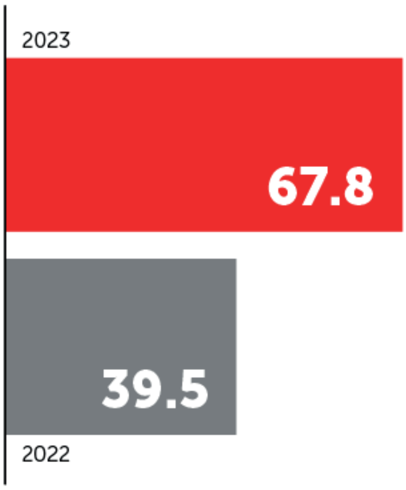
INTERNATIONAL BUSINESS (%)



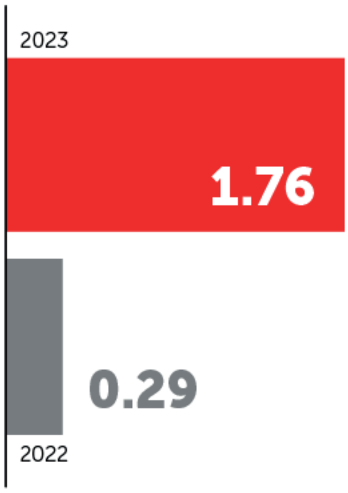
NET PROFIT



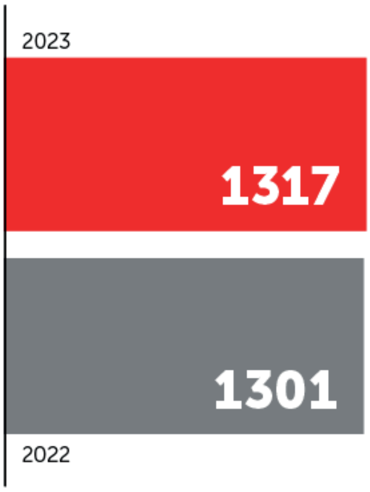
NET CASH



EPS (€/SHARE)



TALENT POOL (AVERAGE #)



MARKET CAPITALIZATION

CORPORATE GOVERNANCE

NOVABASE has been a publicly-traded company since July 2000. It operates according to a governance model whose suitability and performance are assessed regularly by the Board of Directors to help optimize its performance in closer alignment with the interests of all stakeholders – those interested in NOVABASE's corporate activities, namely shareholders, investors, customers, suppliers, other business partners and employees.

In view of the mounting challenges of internationalization and competition revolving around NOVABASE's business, the corporate governance system in place at the company needed to be brought up to date by simplifying and streamlining company bodies and procedures, so as to tailor existing solutions to the Company's size and specific circumstances.

Therefore, beginning in 2015, NOVABASE adopted a reinforced Latin corporate governance model comprised of a Board of Directors, Audit Board and Statutory Auditor (ROC). In this model, a substantially more agile day-to-day management structure was implemented, with the Board of Directors able to delegate the day-to-day running of the company to one or more directors (managing directors) or to an Executive Committee of 3 to 9 members.

Following the General Meeting of Shareholders of 25 May 2021 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for three-year period of 2021-2023), for the purpose of implementing a substantially more agile day-to-day management structure, the elected Board of Directors delegated NOVABASE's daily management to managing directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, thereby not creating an Executive Committee for this term of office. Along these lines, the decision was made to grant special responsibilities to director María del Carmen Gil Marín, pursuant to article 407, paragraph 1 of the Commercial Companies Code.

In addition, in the General Meeting of Shareholders held on 24 May 2022, directors Benito Vázquez Blanco and Francisco Paulo Figueiredo Morais Antunes were elected. On 2 June 2022, the Board of Directors decided to grant certain special responsibilities to director Francisco Paulo Figueiredo Morais Antunes, pursuant to and for the purposes of article 407, paragraph 1 of the Commercial Companies Code. The activities of these managing directors are supervised by the non-executive directors.

Moreover, NOVABASE has a general meeting board elected for three-year terms of office, along with a Remuneration Committee appointed by the General Meeting of Shareholders to establish the remuneration of each corporate board member, in accordance with the Remuneration Policy passed by the General Meeting of Shareholders on 25 May 2021. The Company also designates a secretary and respective substitute, under the terms of article 446-A of the Commercial Companies Code, to perform the duties established by law.

NOVABASE constantly analyses the implementation of this model in order to refine its corporate governance practices, whenever possible, and tailor the model to the demands and challenges faced by the Company.

FINANCIAL AND STOCK PERFORMANCE

RELEVANT INFORMATION

SALE OF IT STAFFING BUSINESS (NEOTALENT)

- On 12 October 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 €49.4m, subject to certain adjustments as foreseen in the Agreement, to which a potential earn-out of up to €0.95m 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 18 December the buyer paid €51.1m, comprising certain adjustments to the initial price. The final price is still subject to positive or negative adjustments, resulting from the final calculation of price mechanisms clauses in the Agreement.

- As a result, NOVABASE recorded, with reference to 30 November 2023, a gain on the sale of IT Staffing Business in the amount of €39.8m, above the range of €26m to €33m of estimated capital gain disclosed, but still subject to adjustments.

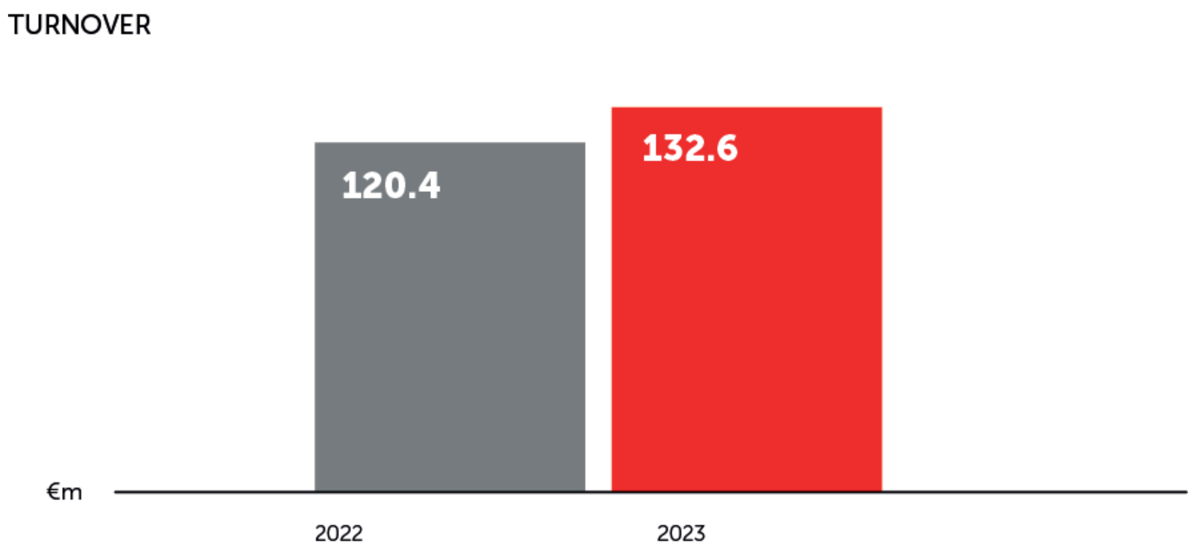
KEY FIGURES

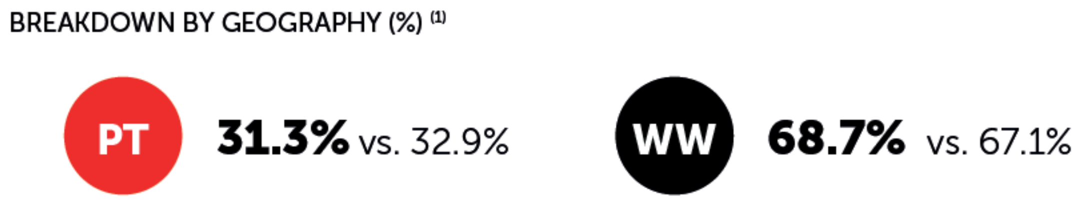
Following the sale of Neotalent, the comparatives of profit or loss were restated in order to present continuing operations separately from discontinued operations.

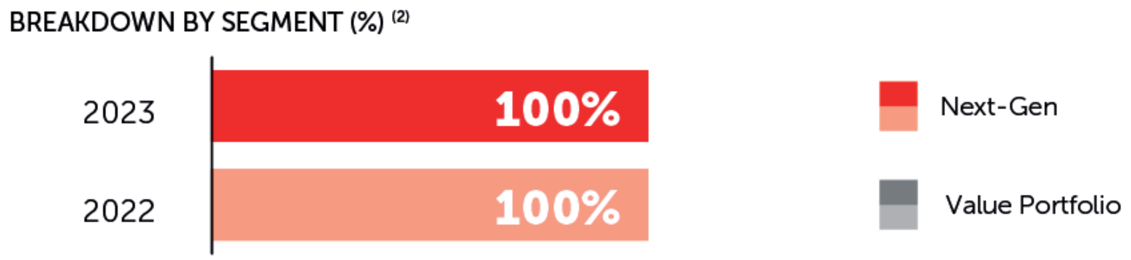
TURNOVER

Turnover grew 10% YoY

Growth driven by Next-Gen's international business which increased 13% YoY.

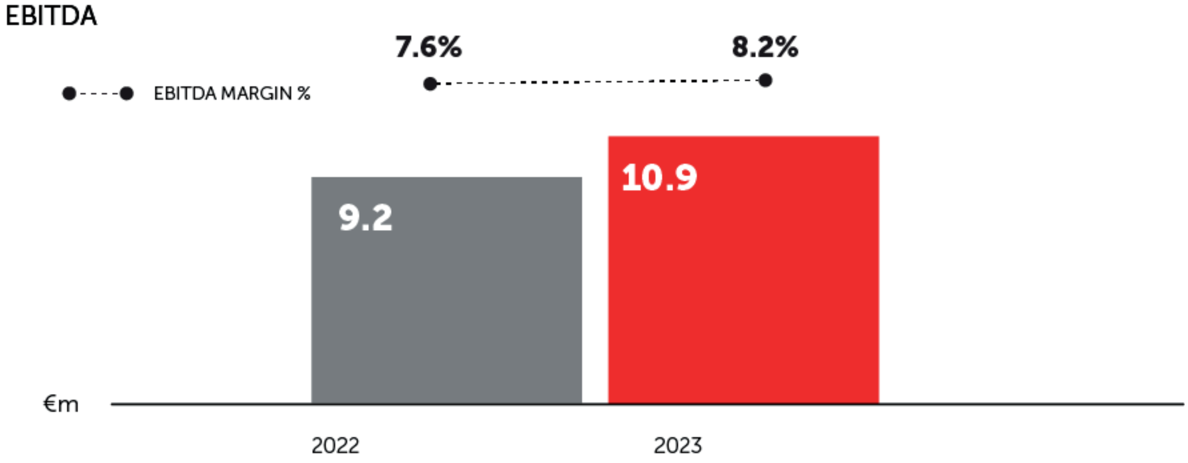




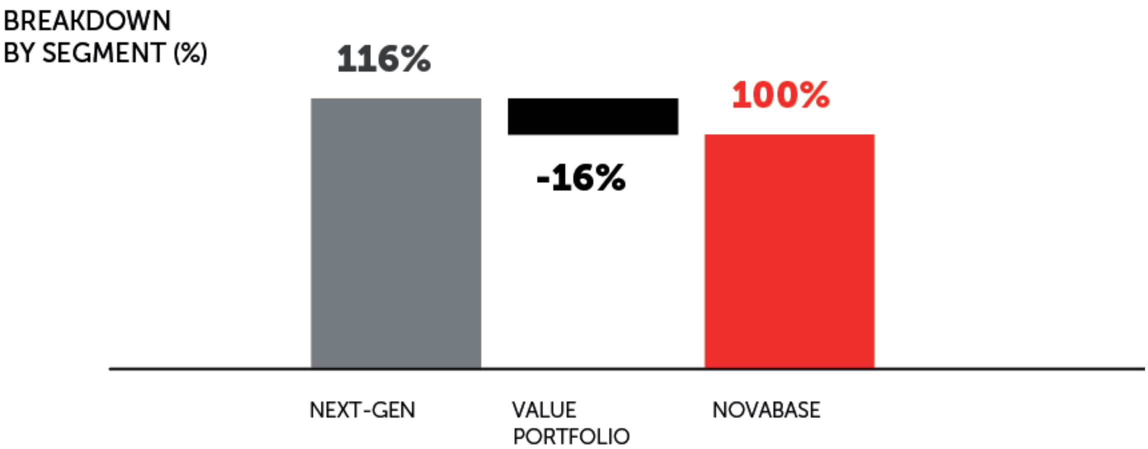


[1] Computed based on the location of the client where the project is delivered.
[2] The breakdown by segment of Turnover (%) reflects the exit of the IT Staffing activity, following the sale of Neotalent (Value Portfolio) to Conclusion Group B.V. by the end of 2023.

EBITDA
EBITDA increased 19% YoY

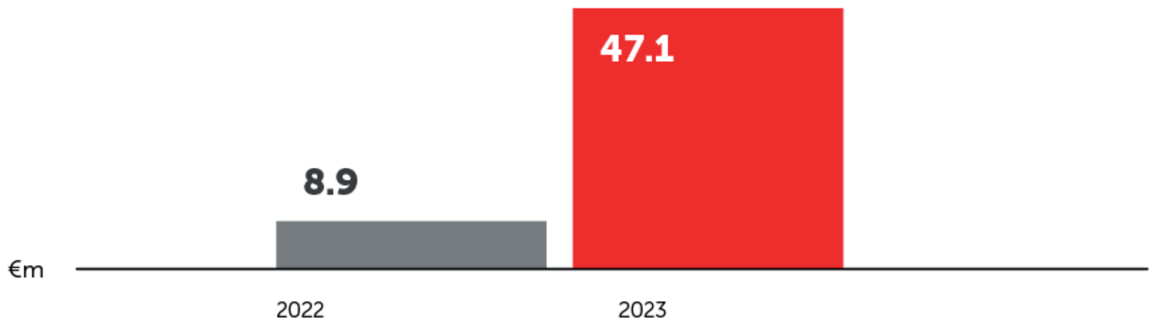


EBITDA is an Alternative Performance Measure (APM) used by NOVABASE to evaluate the profitability of the business and the capacity to generate resources through its operating activities. EBITDA is defined as Operating Profit excluding Amortisation and Depreciation and any non-operating costs that may occur (for example restructuring costs). The Operating Profit is the item of the Consolidated Statement of Profit or Loss, which is an integral part of this Consolidated Report and Accounts, more directly reconcilable and more relevant to this APM.



NET PROFIT
Net Profit of €47.1m

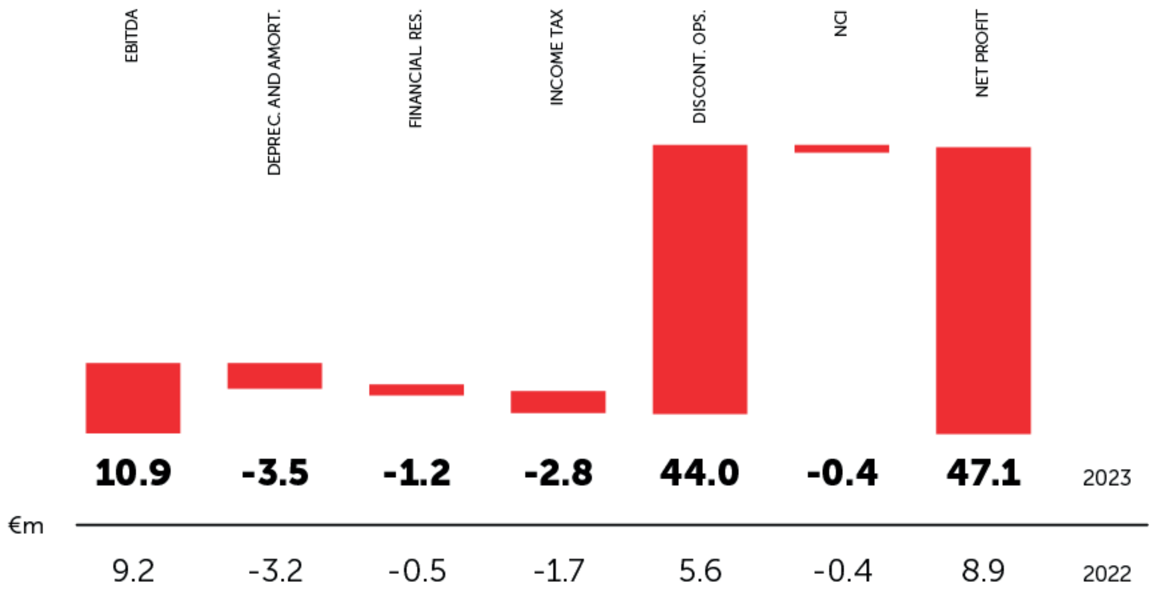
NET PROFIT



Total Earnings per Share reached €1.76 (€0.29 in 2022).

EBITDA TO NET PROFIT
Net Profit of €47.1m, surging by the capital gain on the sale of Neotalent

EBITDA TO NET PROFIT



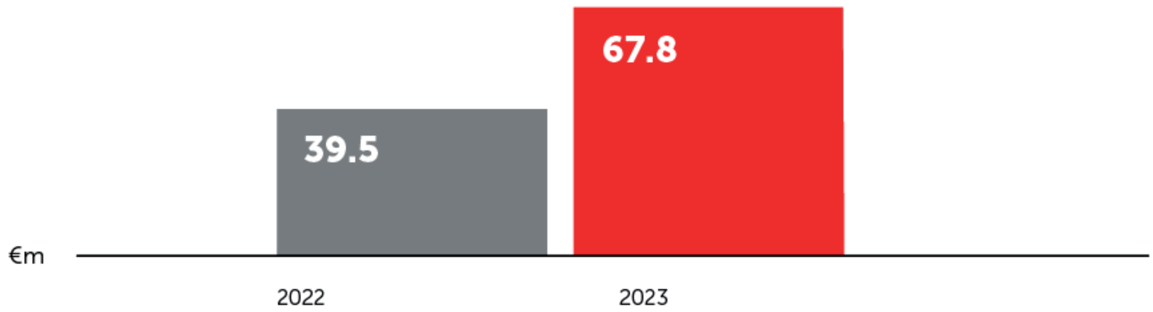
Financial Results declined €0.7m YoY due to higher interests and a lower level of re-evaluations in the Venture Capital Funds portfolio.

Change in Corporate Income Tax of -€1.1m YoY related to SIFIDE R&D tax incentives.

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

NET CASH
Record high Net Cash position of €67.8m

NET CASH



NOVABASE presents a solid Net Cash position to support Next-Gen growth and shareholder remuneration.

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

From the €67.8m of Net Cash, €3.3m refers to Non-controlling interests (versus €3.2m in 2022).

Given the cash inflow from the sale of IT Staffing Business and the strong performance in 2023, the Board of Directors will propose to the next General Meeting of Shareholders a remuneration of up to €1.79 per share.

Net Cash is an Alternative Performance Measure (APM) used by NOVABASE to assist in the analysis of the Company's liquidity and ability to meet commitments. The detail and breakdown of Net Cash is as follows:

AMOUNTS EXPRESSED IN €K	2022	2023
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	**39,489**	**67,781**
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	**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.

CAPITAL EXPENDITURE
Capex of €1.4m

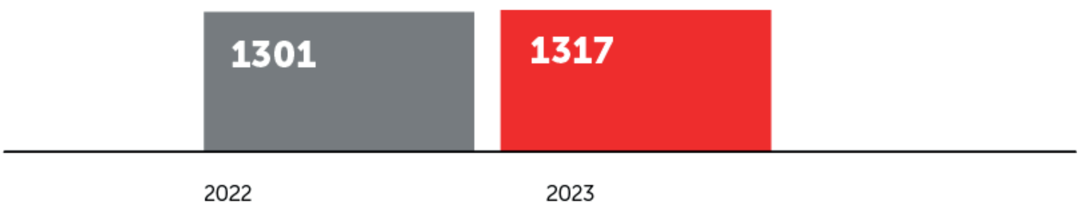
CAPEX amounted to €1.4m in 2023 (€1.0m in 2022) and is divided into two parts:

- Work in progress, in the amount of €0.9m, related to development of projects; and
- Property, plant and equipment (excluding right-of-use assets), in the amount of €0.4m, referring essentially to basic equipment for the operations.

CAPEX is an Alternative Performance Measure (APM) used by NOVABASE to analyse how much of its cash flow is being invested in fixed assets necessary to maintain or increase the operational capacity of the business. CAPEX is defined as payments related to the acquisition of property, plant and equipment and intangible assets, disclosed as investment activities in the Consolidated Statement of Cash Flows, which is an integral part of this Consolidated Report and Accounts.

TALENT
Talent pool of 1317 employees

AVERAGE NUMBER OF EMPLOYEES [1]



Despite the competition for tech talent, NOVABASE was able to maintain its pool of specialists, recording a slight increase compared to the same period of last year (+1%).

[1] Excluding IT Staffing representing 811 employees in 2022.

SEGMENT INFORMATION

NOVABASE's activity is organized into two operating segments: Next-Gen and Value Portfolio

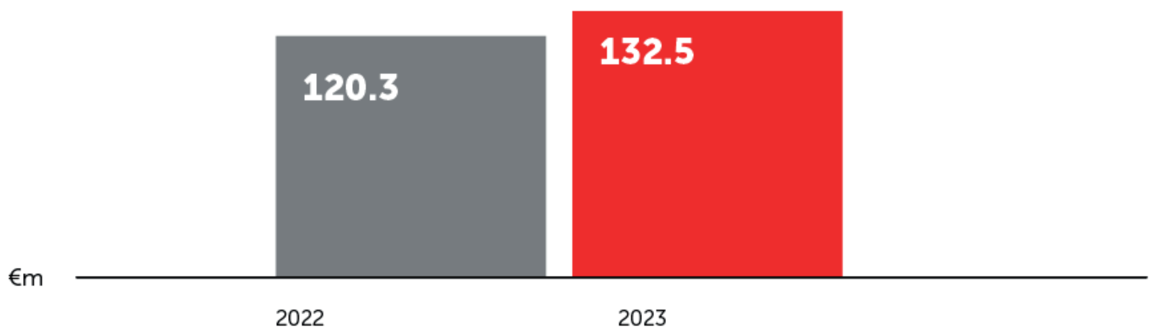
NEXT-GEN: NOVABASE's core segment, which operates under the Celfocus commercial brand according to NOVABASE's brand architecture. It develops an IT activity with technological offers that tend to be more advanced and targeted mainly to the Financial Services and Telecommunications industries and to the most competitive markets (Europe and the Middle East).

VALUE PORTFOLIO: Segment including the venture capital activity developed through Novabase Capital, S.C.R., S.A.. It also developed a consultancy activity and provided IT Staffing services, under the Neotalent commercial brand, which was discontinued in 2023. For reporting purposes, Value Portfolio segment includes the Group's holding.

- ### NEXT-GEN

Next-Gen's Topline grew at double-digit, +10% YoY

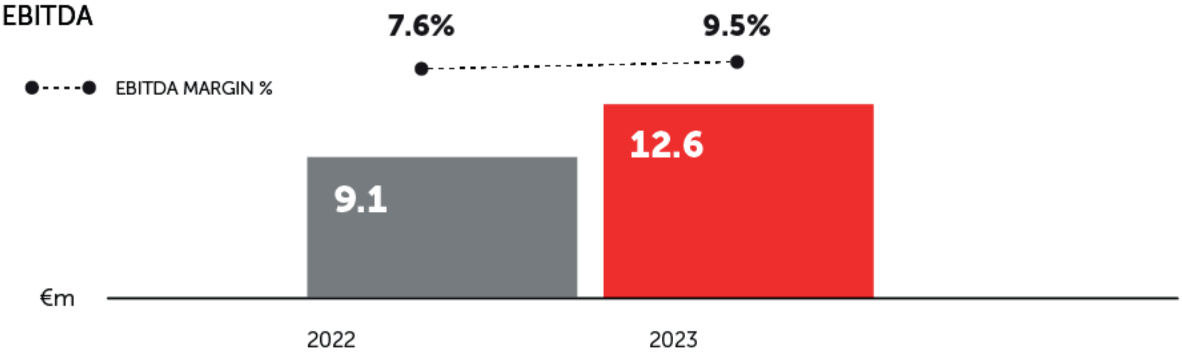
TURNOVER



Growth was fully organic.

Next-Gen's EBITDA rose 39% YoY

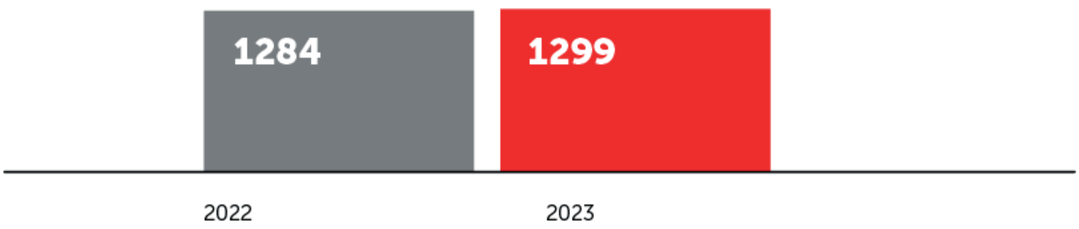
EBITDA



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

Next-Gen's Talent Pool increased 1% YoY

AVERAGE NUMBER OF EMPLOYEES



TTM attrition rate [1] of Next-Gen dropped to 11.2% (18.2% in 2022), confirming the downward trend observed, as a result of proactive management of our pool and evolving market context.

Multi-industry approach results emerging

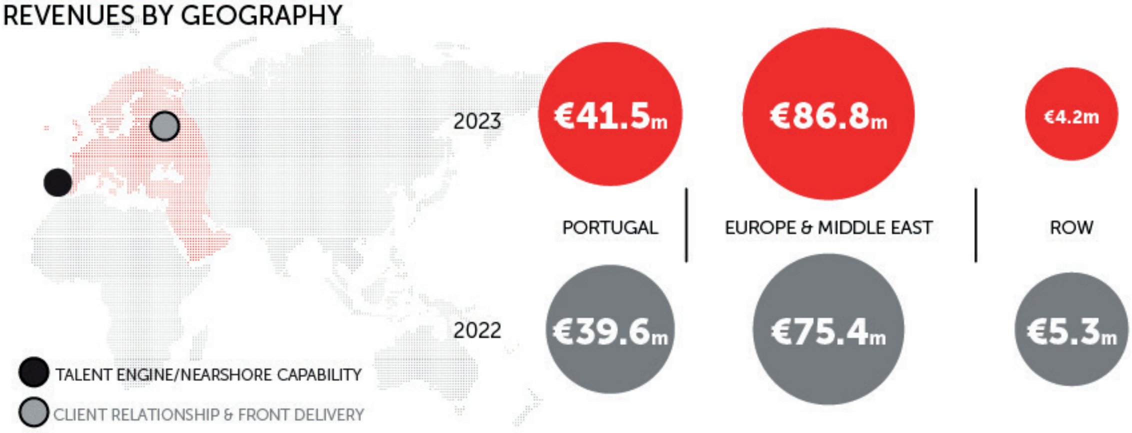
2023 still highlights Telco dominance.

% REVENUES BY INDUSTRY

[1] Determined by the formula: number of leaves at the employee's initiative ÷ average number of employees, for the Trailing Twelve Months.

Double-digit growth in international revenues

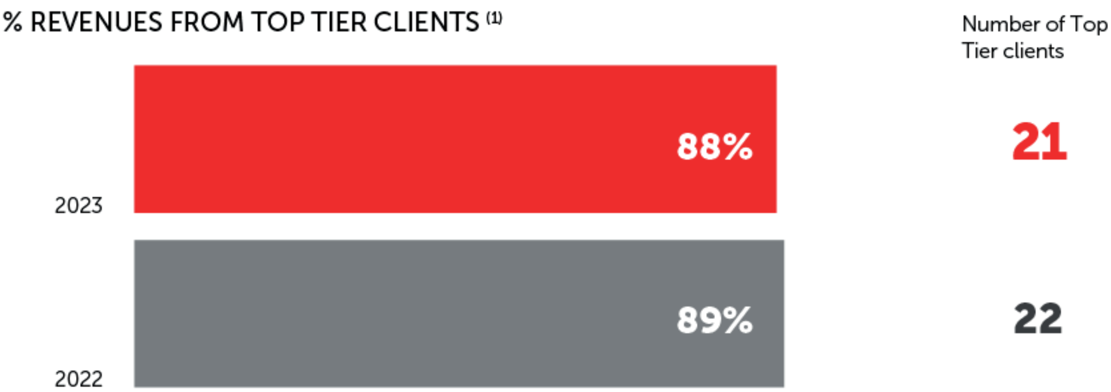
International Turnover showed a remarkable 13% growth YoY and stands for 69% of Next-Gen's Turnover.



Target markets of Europe & Middle East represented 95% of the segment's international business, increasing 15% YoY.

Top Tier clients Revenues grew 9% YoY

Growth of the customer base in 2023 and ongoing investments to increase brand awareness and Top Tier client share of wallet.



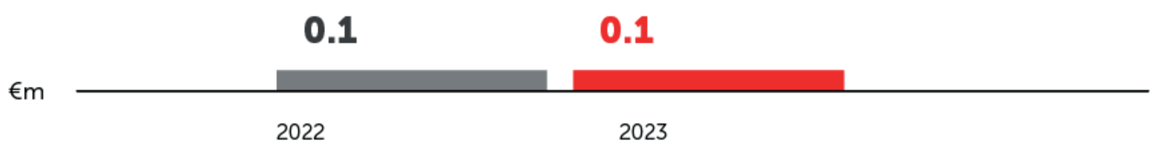
Total number of clients in 2023 increased to 117 (111 in 2022).

(1) Top Tier clients (>€1m) considers the Trailing Twelve Months.

• VALUE PORTFOLIO

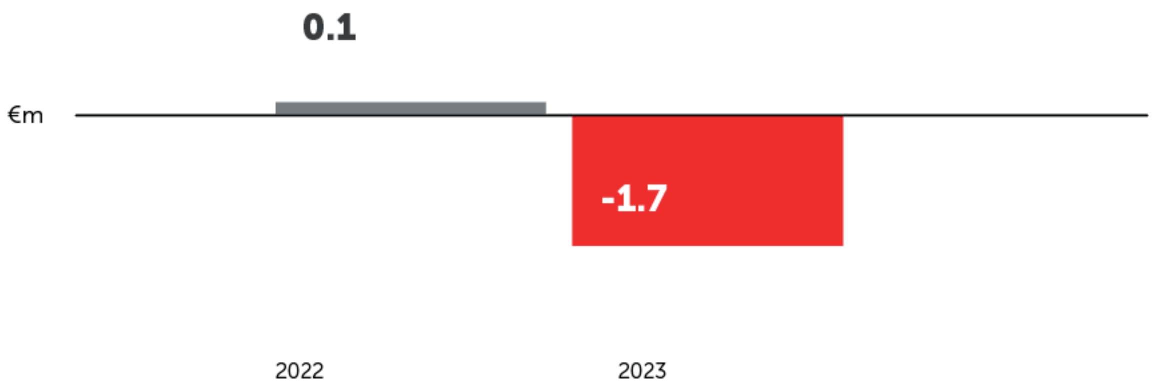
Value Portfolio Turnover of €0.1m

TURNOVER



Value Portfolio EBITDA decreased to -€1.7m

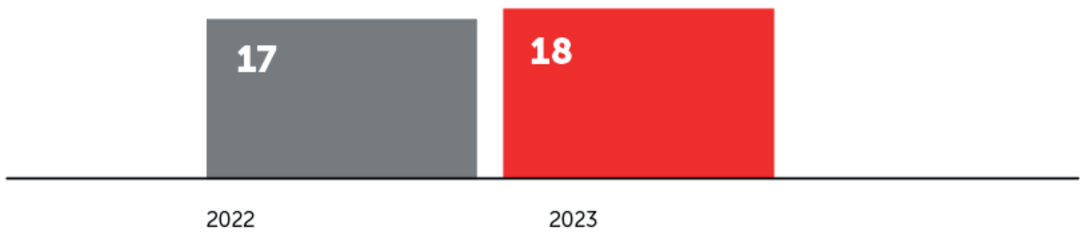
EBITDA



EBITDA was impacted by central structure costs.

Value Portfolio with 18 employees

AVERAGE NUMBER OF EMPLOYEES [1]



[1] Excluding IT Staffing representing 811 employees in 2022.

STOCK PERFORMANCE

Total Shareholder Return of 42%

NOVABASE 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%.

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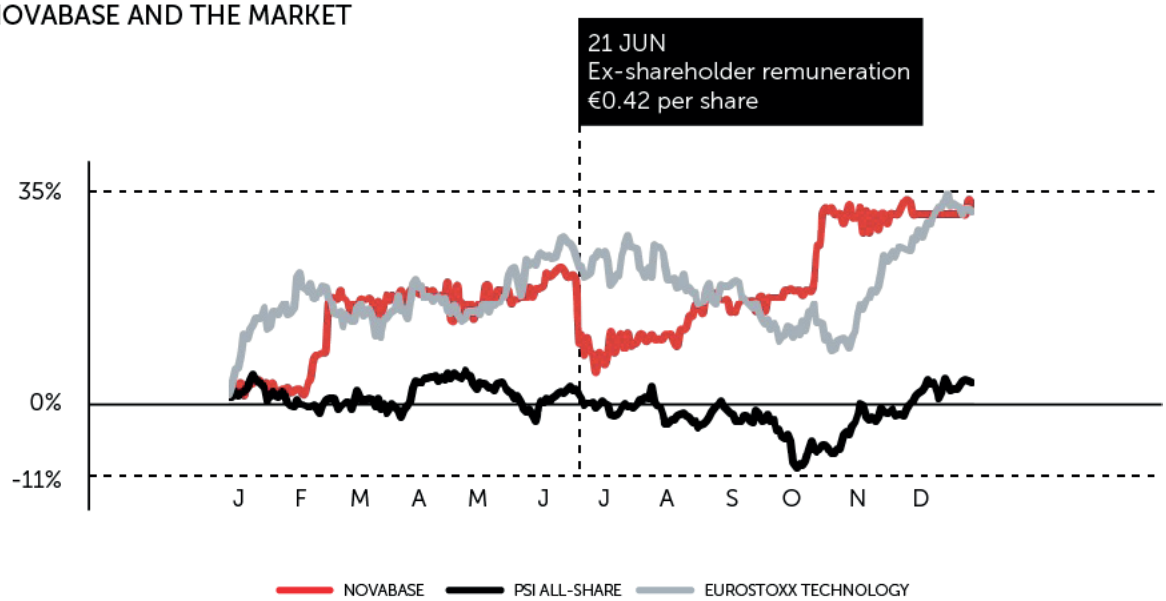
NOVABASE AND THE MARKET



In 2023 NOVABASE paid €0.42 per share to shareholders, thus fulfilling the intention to pay a total of €1.50 per share in 2019-2023[1].

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 per share.

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

Market Capitalization at the end of 2023 is €142.2m, with a TTM Price to Sales of 0.79x.

The Board of Directors will propose to the General Meeting of Shareholders to be held on 22 May, a remuneration of up to €1.79 per share.

At the date of issue of this Report, the average price target disclosed by analysts is €6.40. Average upside is 19%.

[1] Expressed by the Board of Directors under the terms of Strategy Update 2019+.

RISKS

• FINANCIAL RISKS

NOVABASE's activities expose it to a variety of financial risks, namely Foreign exchange risk, Interest rate risk (cash flows and fair value), Credit risk, Liquidity risk and Capital management risk. The Group's overall risk management programme focuses on the evolution of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

In 2023, uncertainty continued to mark the economic and geopolitical landscape. The hike in interest rates that has taken place since July 2022 in the Euro Zone continued until September 2023, with prospects that they will begin to decline in 2024, due to the relief of inflationary pressures. However, the slowdown in the global economy and a second military conflict in 2023 have brought further instability. The war in Ukraine and the risk of escalating the conflict in the Middle East, which would put a lot of pressure on oil supplies, could jeopardise the falling inflation and the inflection of central banks' monetary policy.

More information on each of the financial risks to which NOVABASE is exposed to, listed below, can be found in the "Financial Risk Management Policy" note included in the Accounts, an integral part of this Consolidated Report and Accounts, and for which reading is advised.

Foreign exchange risk

NOVABASE is exposed to foreign exchange risk, mainly arising from U.S. Dollar exposure, since some subsidiaries perform transactions in this currency, but also arising from British Pound and Kwanza exposures.

The finance department is responsible for monitoring the evolution of exchange rates of the currencies referred above, seeking to mitigate the impact of their fluctuations in consolidated results. Whenever expectations of changes in exchange rates justify it, the Group uses derivative financial instruments to hedge those exposures.

Interest rate risk (cash flows and fair value)

Interest rate risk reflects the possibility of fluctuations in future interest charges in borrowings obtained, as a result of changes in market interest rate levels.

The Group's financial liabilities are indexed to short-term reference interest rates, revised in periods equal or shorter than one year plus duly negotiated risk spreads. Hence, changes in interest rates can impact NOVABASE's results.

NOVABASE's exposure to interest rates arises from financial assets and liabilities contracted with a fixed and/or floating rate. In the first case, the Group faces a risk of fair value variation in these assets or liabilities, since every change in market rates involves an opportunity cost. In the second case, such change has a direct impact on interest expense, consequently causing cash variations.

Exposure to interest rate risk is monitored continuously by the finance department. The purpose of managing interest rate risk is to reduce the volatility of interest expenses.

Credit risk

NOVABASE's credit risk is managed, simultaneously, on a business units' level, for the outstanding amounts of trade and other receivables, and on a Group basis, for financial instruments.

Credit risk arises from cash and cash equivalents, derivative financial instruments, and credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only credible well-rated counterparties are accepted. Credit risk management of trade and other receivables is based in credit limit ranges, considering the financial position of the customer and past experience.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of financing through an adequate amount of committed credit facilities and the possibility to close out market positions.

Management monitors updated forecasts of NOVABASE's liquidity reserve (which comprises undrawn committed credit facilities and cash and cash equivalents) on the basis of expected cash flows, taking into account the analysis of the remaining contractual maturity of the financial liabilities and the expected date of financial assets inflows. Additionally, the maturity concentration of borrowings and liabilities of NOVABASE are regularly monitored.

Capital management risk

NOVABASE's objectives when managing capital, which is a broader concept than the equity disclosed on the face of the consolidated statement of financial position, are:

1. Safeguard the Group's ability to continue as a going concern and hence to provide returns for shareholders and benefits for other stakeholders;

2. Maintain a solid capital structure to support the development of its business;

3. Maintain an optimal capital structure to reduce the cost of capital.

Management monitors the Return on Capital ratio [(1)], which measures NOVABASE's ability to generate cash flows in relation to the capital invested in its business.

[(1)] Determined by the formula: Operating Profit ÷ Total Equity.

- **EMERGING RISKS**

In addition to the financial risks inherent to its activity, NOVABASE is also exposed to operational and business risks, which can be materialized into threats and opportunities, and proactively develops adequate mitigation strategies. From those, we highlight:

Cyber-risks

The growing sophistication and integration of technologies increased the companies' exposure to several cyber-risks (such as large-scale cyber-attacks, violation and destruction of data, extortion attempts, etc.), with possible financial, operational and reputational losses. The shift to working from home (WFH) and the geopolitical conflicts led to a significant increase of the exposure to this risk.

According to IBM's "Intelligence Index" annual report released in February 2024, Portugal was considered the fourth European country most affected by cyber-attacks detected in 2023, just after the United Kingdom, Germany and Denmark, responding to 11% of cases.

NOVABASE has been reinforcing measures to mitigate this risk, supervised directly by the Chief Information Security Officer, namely by strengthening technological security controls and, furthermore, focusing on training on good WFH practices and cybercrime awareness.

Talent retention risk

NOVABASE's ability for the success of its strategy depends on its ability to attract and retain top talent for each position.

The acceleration of digital transformation and the new labour dynamics since the pandemic, driven by fierce competition for scarce talent, have brought huge challenges to talent management, which translates into an increase in IT wages and increased difficulties in employee attraction, and especially in employee retention.

NOVABASE's human resources policies are aligned to achieve the strategic objectives, having been adapted and reinforced in view of this reality, namely through the adoption of a hybrid work model with 60% of remote work (since 2021), the continuous improvement of benefits and working conditions, a good on-boarding process, investment in training, among others.

Delivery risk

NOVABASE's policies to address delivery risk include, among others, the following:

- Analysis of each significant commercial proposal in order to reduce possible overselling, considering the available internal capacity;
- Permanent scrutiny of the quality of the team to be allocated to the projects;
- Maintenance of permanent training programmes in technologies (namely in New-Generation information technologies) and project management methodologies.

The Nearshore Agile delivery model that NOVABASE refined in recent years has shown its resilience during and in the post-pandemic.

Strategic and contextual risks

NOVABASE is not immune to the contingencies of the markets in which it operates, still facing the so-called "strategic and context risks".

The current geopolitical and macroeconomic environment, with the wars in Ukraine and in the Middle East, and a latent threat of recession in Europe, raised the levels of uncertainty and unpredictability. However, the director of the IMF affirmed, in February statements, to be very confident that the global economy is prepared for cuts in interest rates by mid-2024, going in the direction inflation has been going since late 2023. She also pointed out her fear regarding the unpredictability of the duration of the conflict in Gaza, warning that the risk of spillovers go up (if) it goes on.

NOVABASE seeks to manage and mitigate these risks through practices of recurring discussion, at the level of the various management chains, on the risks that impact the Company / business unit. These discussions address areas of investment / divestment, strategic bets and pending risks at all times, and where the risk appetite at the level of the organization and its evolution is also discussed.

Risks associated with climate change

While NOVABASE does not have a significant carbon footprint nor is it directly exposed to physical climate change risk, these factors are considered when making investment decisions. NOVABASE's performance is crucial in the context of generating return for shareholders, as well as in the context of the wider economy and well-being of the broader community in which it operates.

Aware of its role, NOVABASE has been progressively adopting a more rigorous and robust approach to:

- Identify, manage and mitigate climate related risks;
- Identify and maximize climate change generated opportunities;
- Report on how physical and transitional risks associated with climate related risks are managed and what initiatives have been developed, from the point of view of environmental preservation, towards a more sustainable low carbon economy.

Among the implemented policies, note that NOVABASE has an Environmental Management System (ISO 14001) and a policy with environmental requirements pertaining to the acquisition / supply of goods and services.

More information about the initiatives developed, including the evolution of a set of environmental indicators, can be found in the NON-FINANCIAL STATEMENTS section of this Report, and for which reading is advised.

OUTLOOK

The main bet and challenge for 2024 is the international expansion, in a year of great uncertainty

The outlook for this year is one of great uncertainty, namely due to the conflicts in Ukraine and Gaza, which may threaten the current decline in inflation and contribute to an increase in the risk of stagnation in economic growth.

The IT Staffing Business disposal by the end of 2023 allowed NOVABASE to focus all its resources on Next-Gen business. In 2024, NOVABASE will continue to focus on the growth of its international operations, particularly in the areas of Cognitive and Analytics.

Despite forecasts of a decline in inflation and interest rates, the uncertainty regarding the duration and risk of escalation of the current geopolitical conflicts makes 2024 a year of great uncertainty and extremely challenging.

SUBSEQUENT EVENTS

The following relevant facts occurred in 2024 up to the date of issue of this Report:

Qualified Holding

On 12 February 2024, NOVABASE disclosed to the market that it has received, from Isatis Investment Classic Blue Fund, the communication of qualified holding, pursuant to which it was informed that the referred Fund holds 5% of NOVABASE's share capital.

Remuneration to shareholders of up to €1.79 per share

On 15 February 2024, NOVABASE announced the intention of its Board of Directors to propose to the 2024 annual General Meeting the payment of a shareholder remuneration of up to €1.79 per share, subject only to possible adjustments due to the final configuration of balance sheet items. This corresponds to the distribution of up to €46.3m to shareholders, an amount equivalent to around 98.4% of the consolidated net profit for 2023.

The same press release informs that the Board of Directors is evaluating the possibility of this remuneration being paid, in whole or in part, in kind, in new NOVABASE shares to be issued for this purpose, of the same category as the existing ones, upon option of the shareholder who expresses this intention to the Company, in accordance with the information to be provided until the Call.

CORPORATE BODIES

OFFICERS OF THE GENERAL MEETING

Chairman
António Manuel da Rocha e Menezes Cordeiro

Secretary
Catarina Maria Marante Granadeiro

BOARD OF DIRECTORS

Chairman
Luís Paulo Cardoso Salvado
(Executive)

Members

Álvaro José da Silva Ferreira
(Executive)

Francisco Paulo Figueiredo Morais Antunes
(Non-executive)

María del Carmen Gil Marín
(Non-executive)

José Afonso Oom Ferreira de Sousa
(Non-executive)

Pedro Miguel Quinteiro Marques de Carvalho
(Non-executive)

Benito Vázquez Blanco
(Non-executive)

Madalena Paz Ferreira Perestrelo de Oliveira
(Non-executive)

Rita Wrem Viana Branquinho Lobo Carvalho Rosado
(Non-executive)

DELEGATED DIRECTORS

Luís Paulo Cardoso Salvado
Álvaro José da Silva Ferreira

DIRECTORS WITH SPECIAL RESPONSIBILITIES

Francisco Paulo Figueiredo Morais Antunes
María del Carmen Gil Marín

AUDIT BOARD

Chairman
Álvaro José Barrigas do Nascimento

Members
Fátima do Rosário Piteira Patinha Farinha
João Luís Correia Duque

Surrogate
Manuel Saldanha Tavares Festas

STATUTORY AUDITOR

Effective Statutory Auditor
KPMG & Associados - S.R.O.C., S.A. represented by Susana de Macedo Melim de Abreu Lopes

Surrogate Statutory Auditor
Maria Cristina Santos Ferreira

REMUNERATION COMMITTEE

Chairman
Francisco Luís Murteira Nabo

Members
Pedro Miguel Duarte Rebelo de Sousa
João Francisco Ferreira de Almada e Quadros Saldanha

COMPANY'S SECRETARY

Marta Isabel dos Reis da Graça Rodrigues do Nascimento
Diogo Leónidas Ferreira da Rocha (Surrogate)

PROPOSAL FOR THE ALLOCATION OF RESULTS

Whereas:

1. In the financial year 2023, NOVABASE reported individual net profits of €37,512,116.20;

2. As at 31 December 2023, the Company also has free reserves totalling €31,445,666.27 and retained earnings totalling €1,738,832.28;

3. The distribution of the free reserves contained in this proposal complies with Articles 32 and 33 of the Portuguese Companies Code;

4. On 15 February 2024, the Company's Board of Directors announced that it was looking into the possibility of proposing a resolution to the annual General Meeting whereby shareholders would be given the option to be paid their shareholder remuneration in kind, as an alternative to paying out the full dividend in cash, through the distribution of new NOVABASE shares of the same class as those already in existence, to be issued for this purpose in a share capital increase - this allotment in kind would always be subject to the beneficiary shareholder's option;

5. As a result of this assessment and to promote greater flexibility in terms of shareholder remuneration and contribute to reinforcing the Company's capitalization through the share capital increase to be also presented at annual General Meeting, the Board of Directors has decided to present the current proposal for the allocation of profits.

Therefore, pursuant to the applicable legal and statutory provisions and subject to the approval of the proposals submitted by the Board of Directors for a share capital increase, it is hereby proposed that:

1) An amount corresponding to €37,403,968.17, i.e., €1.41 per share relative to the total number of shares representing the share capital, be allotted of the net profit for the year to pay out dividends to shareholders, and the remainder, corresponding to €108,148.03, be transferred to retained earnings;

2) An amount of retained earnings, corresponding to €1,591,658.22, be allocated to free reserves, and that the amount of €10,080,502.06 be distributed to shareholders from the free reserves, which, together with the net profit for 2023 to be distributed as stated in the previous paragraph (€37,403,968.17), totals €47,484,470.23, resulting in a gross dividend per share of €1.79;

3) The shareholders have the possibility of opting to receive the dividend set out in the previous paragraph in new shares to be issued by the Company, by subscribing to a share capital increase to be carried out for this purpose. This proposal is therefore subject to the approval of the proposals submitted by this Board of Directors relating to this share capital increase. The terms and conditions for such option are detailed in the annex to the referred proposal of the Board of Directors to the annual General Meeting, disclosed with the notice of general meeting.

Lisbon, 29 April 2024

The Board of Directors

ANNEXES TO THE MANAGEMENT REPORT

LIST OF SHAREHOLDERS WITH QUALIFYING STAKES AS AT 31 DECEMBER 2023

(With the identification of the respective allocation of voting rights in accordance with paragraph 1 of article 20 of the Portuguese Securities Code)

The holdings identified below correspond to the last positions notified to the Company with reference to 31 December 2023 or a previous date.

There are no categories of shares with special rights.

HOLDERS	NO. SHARES	% SHARE CAPITAL AND VOTING RIGHTS
HNB - S.G.P.S., S.A. (1)	11,438,851	43.12%
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613	7.91%
IBI - Information Business Integration, A.G. (2)	6,257,430	23.59%
TOTAL	19,793,894	74.62%

(1) The directors José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira are the controlling shareholders and directors of HNB – S.G.P.S., S.A., having entered into a shareholder's agreement concerning the entirety of the share capital of this company.

(2) When NOVABASE received communication of this holding, it was informed that José Sancho García is the controlling shareholder of this company, and therefore the corresponding voting rights are attributed to him.

During 2023, NOVABASE did not maintain any significant business relationship with shareholders with qualifying stakes or entities that, as far as the Company is aware, are or were related to them.

INFORMATION CONCERNING STAKES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BODIES AS AT 31 DECEMBER 2023

(Under the terms of paragraph 5 of article 447 of the Portuguese Commercial Companies Code)

The shareholding of each of these members of the Corporate Bodies corresponds to the last position notified to the Company with reference to 31 December 2023 or a previous date. The duties of each of these Corporate Bodies are described in the CORPORATE BODIES section of this Report.

HOLDERS	NO. SHARES	% SHARE CAPITAL AND VOTING RIGHTS
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613	7.91%
Manuel Saldanha Tavares Festas	74,986	0.28%
Francisco Paulo Figueiredo Morais Antunes	30,335	0.11%
María del Carmen Gil Marín	23,001	0.09%
João Luís Correia Duque	500	0.00%
Luís Paulo Cardoso Salvado (1)	1	0.00%
Álvaro José da Silva Ferreira (1)	1	0.00%
José Afonso Oom Ferreira de Sousa (1)	1	0.00%
Rita Wrem Viana Branquinho Lobo Carvalho Rosado	0	0.00%
Madalena Paz Ferreira Perestrelo de Oliveira	0	0.00%
Benito Vázquez Blanco	0	0.00%
Álvaro José Barrigas do Nascimento	0	0.00%
Fátima do Rosário Piteira Patinha Farinha	0	0.00%
KPMG & Associados – S.R.O.C., represented by Susana de Macedo Melim de Abreu Lopes	0	0.00%
Maria Cristina Santos Ferreira	0	0.00%
TOTAL	2,226,438	8.39%

(1) Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and José Afonso Oom Ferreira de Sousa are shareholders of HNB – S.G.P.S., S.A., where they hold management positions. As at 31 December 2023, HNB – S.G.P.S., S.A. held 11,438,851 shares representing 43.12% of NOVABASE's share capital and respective voting rights.

In addition to those mentioned to in this document (at the management transactions item), no encumbrances or other acquisitions or changes in the ownership of shares representing the Company's share capital (or of a company in a control or group relationship with the Company) were undertaken by the members of the Board of Directors and Supervisory Bodies, nor any promissory, option or repurchase agreements, nor other agreements with similar effects on such shares.

No other transactions of the type described above were likewise carried out by any person falling under the scope of paragraphs 2 a) to d) of article 447 of the Portuguese Commercial Companies Code.

Finally, it should be clarified that neither the Company nor any company in a control or group relationship with it is an issuer of bonds.

MANAGEMENT TRANSACTIONS

(Under the terms of European Union market abuse regulation)

During 2023, there were no transactions carried out by the persons falling under the scope of article 447 of the Portuguese Commercial Companies Code.

OWN SHARES TRANSACTIONS

(Under the terms of section d) of paragraph 5 of article 66 of the Portuguese Commercial Companies Code)

As at 31 December 2022, NOVABASE held 2,047,413 own shares, representing 6.52% of its share capital, from which 962,194 shares, representing 3.06% of the share capital, were held through Novabase Consulting S.G.P.S., S.A..

During 2023, NOVABASE acquired on the market 17,794 own shares at the average net price of €4.169, in the context of the own shares buy-back programme ("Buy-Back Programme"). Additionally, NOVABASE acquired 3,558,550 shares at €4.85 per share following the Public Offer over own shares launched at 16 February, which were cancelled within the scope of a share capital reduction.

In 2023, 1,315,207 own shares were cancelled in compliance with the resolutions taken by the General Meeting of 24 May and following the prior acquisition by NOVABASE of 212,194 shares from Novabase Consulting S.G.P.S., S.A..

Also during 2023, NOVABASE transferred the ownership of 91,539 own shares in the settlement of options exercised within the scope of the Company's Stock Option Plan in force, after prior acquisition of these shares from Novabase Consulting S.G.P.S., S.A..

As at 31 December 2023, NOVABASE held 658,461 own shares, representing 2.48% of its share capital, all of them held through Novabase Consulting S.G.P.S., S.A..

The Buy-Back Programme, started on 29 September 2021 and suspended on 16 February 2023 following the preliminary announcement for a public tender offer over own shares, was concluded on 27 April 2023.

As at 31 December 2023, the nominal value of all shares representing the share capital of NOVABASE was €0.03 (31 December 2022: €1.05), as a result of the share capital reduction approved by the Extraordinary General Meeting of Shareholders held on 13 March 2023.

Own shares transactions carried out on the stock exchange in 2023, except those acquired in the context of the Public Offer, are detailed as follow:

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	02/01/2023	Euronext Lisbon	400	4.080
Acquisition	03/01/2023	Euronext Lisbon	100	4.090
Acquisition	03/01/2023	Euronext Lisbon	692	4.090
Acquisition	04/01/2023	Euronext Lisbon	300	4.130
Acquisition	09/01/2023	Euronext Lisbon	100	4.180
Acquisition	09/01/2023	Euronext Lisbon	150	4.160
Acquisition	09/01/2023	Euronext Lisbon	100	4.130
Acquisition	09/01/2023	Euronext Lisbon	300	4.120
Acquisition	09/01/2023	Euronext Lisbon	176	4.130
Acquisition	09/01/2023	Euronext Lisbon	674	4.130
Acquisition	09/01/2023	Euronext Lisbon	100	4.100
Acquisition	10/01/2023	Euronext Lisbon	51	4.170
Acquisition	10/01/2023	Euronext Lisbon	99	4.170
Acquisition	10/01/2023	Euronext Lisbon	1,400	4.100
Acquisition	11/01/2023	Euronext Lisbon	200	4.180
Acquisition	11/01/2023	Euronext Lisbon	200	4.180
Acquisition	11/01/2023	Euronext Lisbon	100	4.180
Acquisition	12/01/2023	Euronext Lisbon	700	4.190
Acquisition	12/01/2023	Euronext Lisbon	200	4.190

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	12/01/2023	Euronext Lisbon	300	4.190
Acquisition	16/01/2023	Euronext Lisbon	7	4.180
Acquisition	16/01/2023	Euronext Lisbon	187	4.200
Acquisition	16/01/2023	Euronext Lisbon	113	4.200
Acquisition	17/01/2023	Euronext Lisbon	1,000	4.200
Acquisition	17/01/2023	Euronext Lisbon	700	4.200
Acquisition	17/01/2023	Euronext Lisbon	10	4.180
Acquisition	17/01/2023	Euronext Lisbon	200	4.180
Acquisition	19/01/2023	Euronext Lisbon	142	4.180
Acquisition	19/01/2023	Euronext Lisbon	358	4.180
Acquisition	20/01/2023	Euronext Lisbon	150	4.180
Acquisition	20/01/2023	Euronext Lisbon	282	4.180
Acquisition	20/01/2023	Euronext Lisbon	1,218	4.180
Acquisition	24/01/2023	Euronext Lisbon	295	4,180
Acquisition	24/01/2023	Euronext Lisbon	98	4,180
Acquisition	24/01/2023	Euronext Lisbon	232	4.180
Acquisition	24/01/2023	Euronext Lisbon	150	4.150
Acquisition	25/01/2023	Euronext Lisbon	300	4.120
Acquisition	26/01/2023	Euronext Lisbon	662	4.140
Acquisition	27/01/2023	Euronext Lisbon	100	4.140
Acquisition	30/01/2023	Euronext Lisbon	400	4.150
Acquisition	31/01/2023	Euronext Lisbon	300	4.120
Acquisition	01/02/2023	Euronext Lisbon	28	4.150
Acquisition	01/02/2023	Euronext Lisbon	472	4.150
Acquisition	02/02/2023	Euronext Lisbon	141	4.120

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	02/02/2023	Euronext Lisbon	159	4.150
Acquisition	03/02/2023	Euronext Lisbon	1,000	4.150
Acquisition	03/02/2023	Euronext Lisbon	147	4.140
Acquisition	03/02/2023	Euronext Lisbon	453	4.140
Acquisition	03/02/2023	Euronext Lisbon	200	4.140
Acquisition	06/02/2023	Euronext Lisbon	200	4.140
Acquisition	06/02/2023	Euronext Lisbon	100	4.140
Acquisition	09/02/2023	Euronext Lisbon	125	4.130
Acquisition	13/02/2023	Euronext Lisbon	500	4.320
Acquisition	14/02/2023	Euronext Lisbon	250	4.360
Acquisition	15/02/2023	Euronext Lisbon	300	4.380
Acquisition	15/02/2023	Euronext Lisbon	323	4.340
Acquisition	16/02/2023	Euronext Lisbon	150	4.380

NON-FINANCIAL STATEMENTS

The topic of Sustainability has gained relevance over the last years as a means of drawing attention to the ever-mounting urgency of fighting climate change, promoting equality, diversity and inclusion and sustainable economic development, through business transparency and ethics.

The digitalization of economies is a global trend that gained great prominence after the COVID-19 pandemic. The NOVABASE Group, as a technology company, plays a critical role in this transformation, contributing not only directly through its business strategy, but also indirectly through its volunteer initiatives to promote more digital inclusion.

Fully aware of global challenges and needs, the NOVABASE Group has aligned itself with the topic of Sustainability, making it part of its strategy and, through its commercial brand Celfocus, has adhered to the ten principles of the United Nations Global Compact (UNGC), assuming its global commitment to a more sustainable future. Furthermore, Celfocus now has a Sustainability Committee as well, supervised by a member of Celfocus' management, to boost its importance in decision-making.

NOVABASE GROUP CONTRIBUTION

In its 2030 Agenda, the United Nations established a set of 17 Sustainable Development Goals (SDGs) on a global scale. During 2023, the NOVABASE Group, within the scope of the technology sector where it does business, evaluated how its current strategy and activities could contribute towards, and more proactively impact, the SDGs.

After an internal assessment, NOVABASE identified six SDGs as priority to its strategy and to which it could contribute more proactively:

4 QUALITY EDUCATION

4.4

Quality education: NOVABASE, through Celfocus, has implemented a number of volunteer initiatives, in particular the participation in the Technovation Girls programme with mentoring of young female student teams in the development of social sustainability projects. This mentoring is also aimed at helping to attract more women to the areas of Science, Technology, Engineering and Mathematics ("STEM"), thereby making the job market more balanced, and allowing more female talent to be hired.

8 DECENT WORK AND ECONOMIC GROWTH

8.3

Decent work and economic growth: NOVABASE provides a safe and healthy workplace, ensuring that all labour-related practices comply with legal regulations concerning labour, health and safety at all of the locations where it operates.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.4, 9.5

Industry, innovation and infrastructure: as a technology sector company, NOVABASE aims to persevere with generally more advanced technology offerings targeting the financial services and telecommunications industries.

10 REDUCED INEQUALITIES

10.3

Reduced inequalities: reinforcing NOVABASE's commitment to developing practices and policies that promote diversity, equality and inclusion at work, we signed the "Portuguese Diversity Charter" in 2023, an initiative of the Portuguese Association for Diversity and Inclusion in partnership with the High Commission for Migration.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

12.5, 12.6

Responsible consumption and production: beginning in 2025, NOVABASE will acquire 100% of its electricity from renewable energies at its facilities in Portugal, while simultaneously upholding the principles of a circular economy by promoting recycling and reducing and streamlining resources.

17 PARTNERSHIPS FOR THE GOALS

17.16

Partnerships for the goals: NOVABASE is committed to the ten universal principles of the UNGC through Celfocus, which has also become an associate of GRACE – Empresas Responsáveis.

OUR AMBITION FOR SUSTAINABILITY

In order to contribute directly towards the above SDGs, and indirectly to the remaining ones, NOVABASE has set short, medium and long-term goals, divided into three areas: Environmental, Social, and Governance ("ESG").

- ENVIRONMENTAL

ENVIRONMENTAL	2023	2027T	2030T	2035T
100% transition to completely electric or hybrid vehicles by 2035	58%	70%	>90%	100%
100% transition to renewable energy consumption	35%	100%	100%	100%
Reduce carbon emissions per employee originating from business travel and emissions associated with employee commuting (t/CO2 per employee)	0.72	-10% vs. 2023	-25% vs. 2023	-35% vs. 2023

- 100% TRANSITION TO COMPLETELY ELECTRIC OR HYBRID VEHICLES BY 2035

  With a view to reducing its direct greenhouse gas emissions (Scope 1), NOVABASE is committed to transitioning to completely electric or hybrid vehicles by 2035, in line with environmental concerns and global sustainability trends.

  This initiative reflects a growing awareness on the importance of being less dependent on fossil fuels and the environmental impact tied to their use. The use of electric and hybrid vehicles not only demonstrates a commitment to technological innovation, but also to ecological responsibility, which is crucial towards mitigating climate change and pollution.

- 100% TRANSITION TO RENEWABLE ENERGY CONSUMPTION

  Reducing Scope 2 emissions is also a priority for NOVABASE. Along these lines, NOVABASE plans to transition to 100% renewable energy consumption in the coming years, as demonstrated by the respective Guarantee of Origin Certificates, underscoring the Group's growing concerns of reducing the consumption of fossil fuels and preserving the environment.

  With this commitment, NOVABASE thus aims to include its value chain in its ecological responsibility as well, combining technological innovation with energy efficiency, and aligning its strategic vision with its stakeholders.

- REDUCE CARBON EMISSIONS ORIGINATING FROM BUSINESS TRAVEL AND EMISSIONS ASSOCIATED WITH EMPLOYEE COMMUTING

  The goal of reducing carbon emissions originating from business travel by NOVABASE employees, according to Scope 3, is yet another company commitment to sustainability. NOVABASE will continue to use its Nearshore Agile delivery model whenever possible. In addition, NOVABASE will work daily with its customers to help them in the transition to a more digital reality with low carbon emissions.

- SOCIAL

SOCIAL	2023	2027T	2030T	2035T
Celfocus e-NPS	23	>25	>30	>35
Employee diversity training	13%	60%	70%	>70%
Volunteer hours	47	700	1200	>1200

- CELFOCUS E-NPS

The Celfocus Employee Net Promoter Score (e-NPS) is used by NOVABASE to evaluate the satisfaction of its employees. This metric provides fundamental insights on employee well-being and commitment, and critical aspects for NOVABASE's business sustainability. The e-NPS thus plays a crucial role at NOVABASE, since it not only reflects the satisfaction of its employees, but also allows it to gauge the NOVABASE Group's corporate social responsibility. Monitoring positive progress in this metric is therefore important.

- EMPLOYEE DIVERSITY TRAINING

NOVABASE views the training of its employees as a fundamental aspect of their development and competitiveness in today's labour market. Constant fast-paced technology advancements and changing business models demand ongoing employee training, making this essential for NOVABASE.

NOVABASE embraces the management of diversity, equality and inclusion as an integral part of its global strategy, and thus as building blocks that are universal to all processes of talent management at our organization. This commitment applies to all companies belonging to the group, and to all regions.

Diversity training at NOVABASE is of the utmost importance as an essential means of leveraging an environment that remains inclusive and embraces differences.

Reinforcing NOVABASE's commitment to developing practices and policies that promote diversity, equality and inclusion at work, we signed the "Portuguese Diversity Charter" in May 2023, an initiative of the Portuguese Association for Diversity and Inclusion in partnership with the High Commission for Migration.

- VOLUNTEER HOURS

Social responsibility to the community is also a key point in the evolution of NOVABASE and its employees. As such, NOVABASE has created new social responsibility initiatives as part of its "Acting with a Purpose" programme. Through these initiatives, we want to promote the NOVABASE Group's commitment to our community and our desire to give back, by supporting worthy causes and amplifying positive social changes.

- GOVERNANCE

GOVERNANCE	2023	2027T	2030T	2035T
Significant cyber-security breaches	0	0	0	0
Supplier ESG assessment	0%	>80%	>90%	>90%
Employee ethics training	60%	>80%	>90%	>90%

- CYBER-SECURITY

Mounting technology integration and sophistication have heightened companies' exposure to various types of cyber-risk, with potential financial, operational and reputation losses.

Over the years, NOVABASE has been reinforcing measures to mitigate this risk, monitored directly by the Chief Information Security Officer, namely by investing in procedural and technological controls and training on best remote work practices and cybercrime awareness for employees.

As a player geared towards the values of IT, NOVABASE works proactively to protect data and promote cyber-security values, being fully dedicated to mitigating cyber-risks, by monitoring procedural and technological controls and investing in employee awareness on cybercrime.

NOVABASE is dedicated to embracing this stance towards data protection and cyber-risks as it develops digital transformation solutions for its customers.

As a means of commitment to the issue of cyber-security, NOVABASE, through its commercial brand Celfocus, keeps certifications in ISO/IEC 27001 (Information Security) and ISO/IEC 27701 (Private Information) as a top priority.

Thus, and in line with this commitment, NOVABASE's goal in the coming years is to have no major shortcomings in cyber-security.

- SUPPLIER ESG ASSESSMENT

Every NOVABASE Group employee is required to take on a personal commitment of integrity. Likewise, on the part of its suppliers, NOVABASE expects and demands a high standard in environmental, social and ethical conduct rooted in policies, codes and practices recognized by the market.

NOVABASE has implemented a process that sets rules to be followed by its suppliers at the time of signing and executing a service provision agreement between them and NOVABASE. As such, all NOVABASE areas that hire suppliers implement this procedure, making them aware of the Service Provider Regulations while still in the contractual negotiation phase, subsequently ensuring that these regulations are followed by service providers at the time of performing the service, and taking the necessary measures if this does not occur.

Prior to the start of service provision, the individual in charge of the contracted service guarantees that the supplier has filled out all required documentation, stating its commitment to fulfilling the Service Provider Regulations, Code of Ethics, Partner and Supplier Corruption Prevention Policy, national and community legislation and regulations in force concerning environmental issues (product and service conformity, emissions control and waste management) and social issues such as minimum wage, working hours, and the minimum legal age for the performance of work.

NOVABASE will continue to monitor its suppliers and evaluate them annually, reinforcing the policies currently in effect whenever necessary and so justified. In addition, starting in 2024, NOVABASE will begin a sustainability assessment of its top tier[1] suppliers based on all existing suppliers, together with all new ones.

The evaluation will be done by means of an ESG questionnaire aligned with new European reporting standards that will soon enter into force, with the goal of obtaining a response rate for the various years as shown in the above table. The evaluation results will then be analysed, and all suppliers classified as "high risk" will be subject to an action plan aimed at improving their rating, with a maximum revaluation period of 12 months.

With this annual assessment of ESG issues, NOVABASE aims to align its ESG goals with the entire value chain, including suppliers.

- EMPLOYEE ETHICS TRAINING

Business ethics have a truly significant weight at the NOVABASE Group. The training of its employees on topics involving business ethics, such as preventing corruption and the code of ethics, is critical for sustainable success and integrity. With this type of training, we aim to uphold a corporate culture which prioritizes ethical values, positively influencing decisions and the daily behaviour of NOVABASE's employees. By emphasizing the importance of honesty, transparency and responsibility, employees become more aware of the impacts of their actions not only within the company, but also in the market and community at large.

With a clear understanding of what constitutes inappropriate behaviour and the internal policies for reporting and managing such incidents, NOVABASE's employees are better prepared to avoid potential ethical offences.

In recent years, NOVABASE has implemented various measures aimed at contributing more towards issues involving sustainability, whether through internal initiatives or annual training of its employees.

[1] Top-tier suppliers are defined as those whose goods or services would affect NOVABASE's activities if they discontinued their supply or operation in an unexpected manner. These suppliers provide services in the areas of technology, law, security and talent.

PART I – INFORMATION ON POLICIES

A. INTRODUCTION | THE NOVABASE GROUP

Pursuant to article 508-G of the Commercial Companies Code, as amended by Decree Law no. 89/2017 of 28 July, which transposed Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 into Portuguese legislation, and article 29-G (1d) of the Securities Code, as amended by Law no. 99-A/2021 of 31 December, NOVABASE explains in this document the "information for a sufficient understanding of the developments, performance, position and impact of the group's activities, at minimum with regard to environmental, social and employee-related issues, equality between men and women, non-discrimination, respect for human rights and fighting corruption and attempted bribery" in relation to the NOVABASE Group for the year ended 31 December 2023.

B. BUSINESS MODEL

This information is described in Part I, Letter B., Section II. "ADMINISTRATION AND SUPERVISION (Board of Directors, Executive Board of Directors and General and Supervisory Board)" from the 2023 Corporate Governance Report.

C. MAIN RISK FACTORS

The NOVABASE Group is subject to both standard market risks and specific risks related to its business. NOVABASE believes that the risk management policy is of vital importance in running and developing a business which has historically had a higher risk appetite profile, since this is intrinsically necessary in such a dynamic and disruptive sector.

NOVABASE also has internal control systems and procedures to prevent and manage risks within the context of its organization and activities.

Additional information on NOVABASE's internal control and risk management can be found in Part I, Letter C., Section III. "Internal Control and Risk Management" of the 2023 Corporate Governance Report.

D. IMPLEMENTED POLICIES

i. Environmental

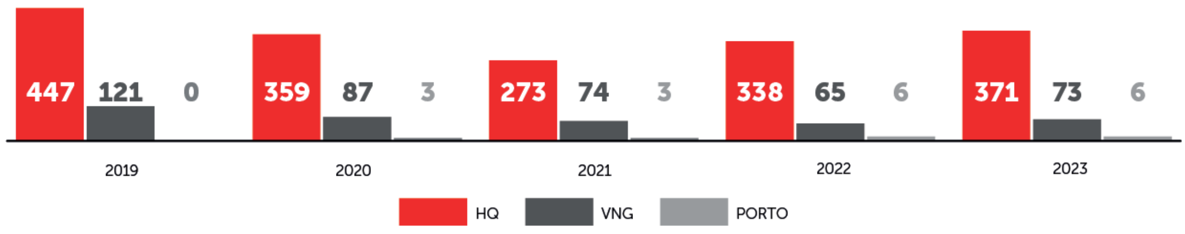
NOVABASE has implemented an Environmental Management System (ISO 14001) as part of its Integrated Management System (Quality, Environment, Occupational Health and Safety). The Integrated Management System is governed by a policy which has been incorporated into NOVABASE's vision and values and aligned with the needs of stakeholders. Internal and external audits are done annually, the latter by certifying entities. As in 2022, no non-conformities were found in 2023.

NOVABASE has a policy which identifies environmental and safety requirements to be met for the acquisition/provision of goods and services.

NOVABASE monitors a number of indicators: consumption of electricity, thermal energy, water, diesel and gas; recycling of plastic, cardboard, paper and glass; and the emission of greenhouse gases.

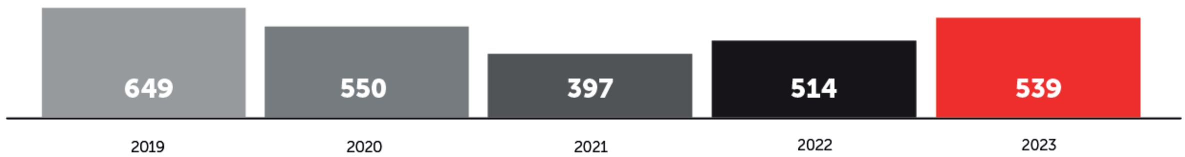
Despite keeping the hybrid work model as in previous years, the average number of employees at the company's headquarters saw an increase. This is highlighted by the following indicators:

ELECTRICITY CONSUMPTION (MW/H)



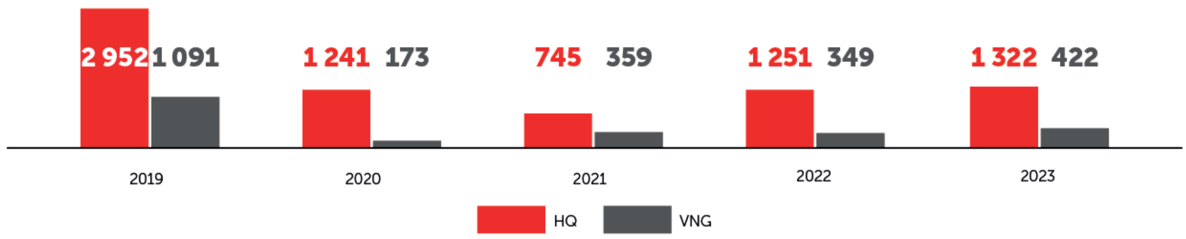
Measures implemented: Centralized Management System to control operating times, replacement of all fluorescent lighting with LED lighting.

THERMAL ENERGY CONSUMPTION (MW)



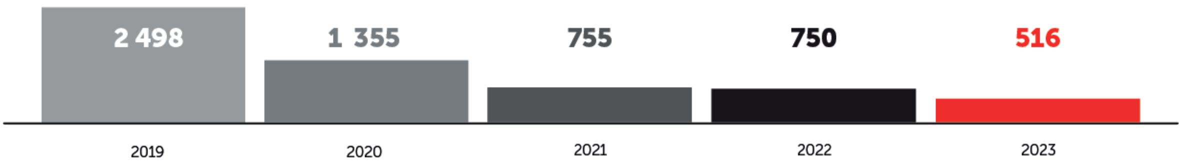
Measures implemented: Centralized Management System to control operating times of the climate control system. Last year, we implemented thermal insulation for heat exchangers, and thermal insulation for primary circuit accessories (valves, filter and picking) of the substation of the thermal plant.

WATER CONSUMPTION (M³)



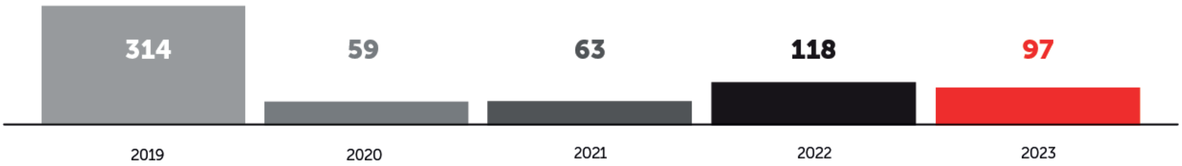
Measures implemented: decreased water flow and installation of regulating valves in faucets.

CONSUMPTION OF REAMS OF PAPER (KG)



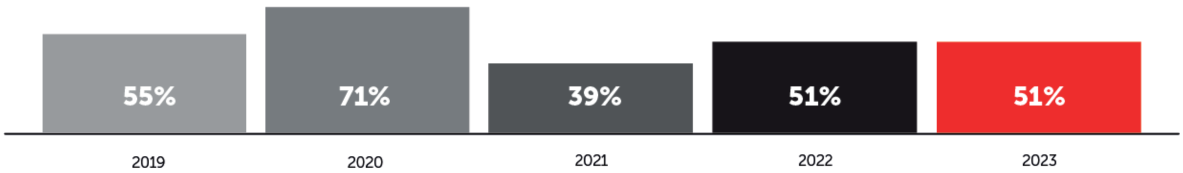
Measures implemented: awareness on decreasing the use of paper. Identification of suppliers who send hardcopy invoices, followed by a request for electronic billing.

PLASTIC PRODUCTION (KG)

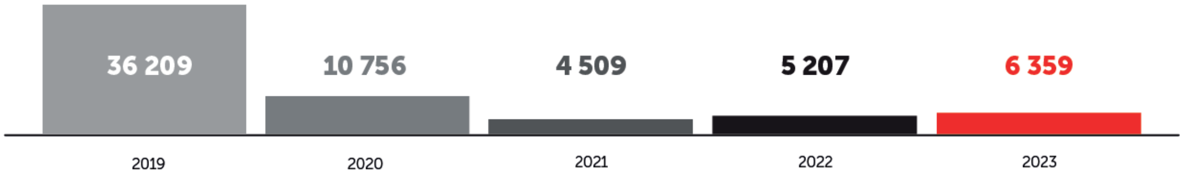


In the last quarter of the year, it was decided to end the use of daily plastic bottles. We made glass bottles available again in the meeting rooms, while also making glass cups available for common use in all of the break rooms. We were also able to wrap up the year with a decrease in the consumption of plastic.

RECYCLING RATE

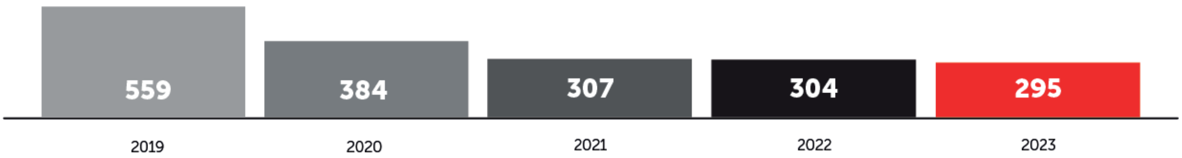


QUANTITY OF WASTE (KG)



With regard to emissions:

EMISSIONS FLEET (t/CO_2)

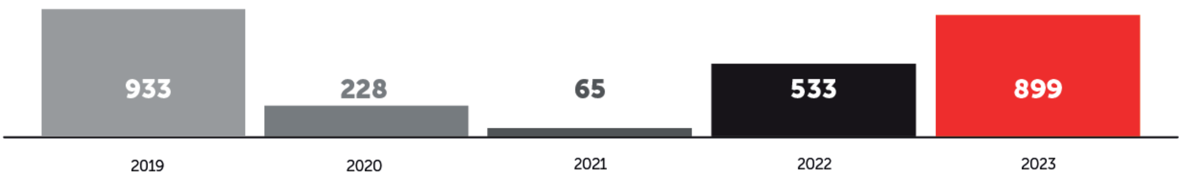


NOVABASE has less-polluting vehicles in its fleet, this year with the acquisition of an additional 94 plug-in hybrid vehicles and four electric vehicles.

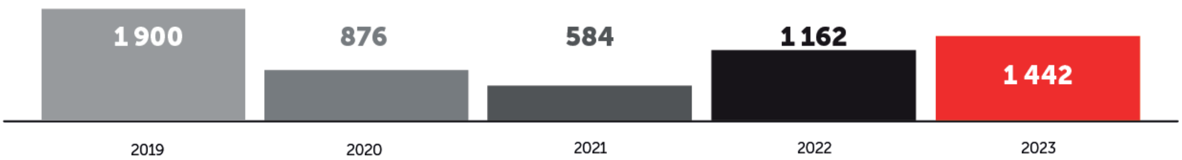
As shown in the following table, our fleet currently has a total of 184 plug-in hybrid vehicles, more than twice the previous year, and 20 electric vehicles.

VEHICLE TYPE	2019	2020	2021	2022	2023
Hybrid	0	0	1	1	1
Plug-in Hybrid	19	21	46	90	184
Electric	4	3	9	16	20

EMISSIONS AIR TRAVEL (t/CO_2)



EMISSIONS (t/CO_2)



In addition to measures already known (e.g. remote meetings, video calls, the existence of offices in other regions), other measures to offset future emissions are being analysed.

ii. Social and Fiscal

NOVABASE has implemented a number of measures aimed at well-being and a balance between the professional, family and personal lives of its employees. Some noteworthy measures include: general health appointments, at no charge, twice per week, osteopathy appointments, psychology appointments, at no charge, to help all those in need (with guaranteed anonymity), healthy breakfast in partnership with "Celeiro".

NOVABASE implemented the "Second Life" programme for equipment at the end of its professional life, allowing NOVABASE Group employees to use this equipment at home. 109 pieces of equipment were sold in 2023.

In 2023, we participated in the following welfare initiatives:

- Celfocus

    - "Zero Waste Policy": meaning that any material sent or given to the people of Celfocus should have a utility and useful life beyond the time denoted. Being useful and reusable is a matter of principle.

iii. Employees and Gender Equality and Non-Discrimination

At NOVABASE, we believe in equal opportunities and mutual respect regardless of each individual's ethnicity, gender, religion, beliefs, social background or sexual orientation. These differences which characterize us, and a variety of perspectives, tend to enhance the quality of decision-making processes, providing greater intellectual and cultural richness and a more accurate reflection of reality and of those involved. NOVABASE embraces the management of diversity, equality and inclusion as an integral part of its global strategy, and thus as building blocks that are universal to all processes of talent management at our organization. This commitment applies to all companies belonging to the group, and to all regions. NOVABASE also defends the need to boost awareness on policies for the integration of women, and the eradication of any obstacles that may breach the principle of equal opportunities and non-discrimination based on sex and gender. Professional growth should be valued based on the skills, capacities and knowledge of our people, regardless of their sex, gender or identity. Reinforcing NOVABASE's commitment to developing practices and policies that promote diversity, equality and inclusion at work, we signed the "Portuguese Diversity Charter" in May 2023, an initiative of the Portuguese Association for Diversity and Inclusion in partnership with the High Commission for Migration. In this context, the main aspects, documents, practices and processes in place at the NOVABASE Group, which it believes have an impact on non-financial issues relevant to the Group (namely involving the environment, society, labour, gender equality, non-discrimination, human rights and the fight against corruption), are listed below:

- Equality plan: presents a set of measures, based on internal analyses and diagnostics, aimed at promoting equal treatment and opportunities between men and women, and eliminating any discrimination based on sex, gender or identity;

- NOVABASE's business and the conduct of its employees are governed by applicable law in relevant jurisdictions, and by NOVABASE's Code of Conduct (published at its corporate website), an internally approved document in effect at the Group since 2011 aimed at guiding the conduct of NOVABASE's professionals through values cultivated by the Group in its customer and interpersonal relations;

- In 2019, a specific procedure was implemented on how to act in the event of workplace harassment, a conduct which NOVABASE considers to be unacceptable;

- The company's business is managed in accordance with the Integrated Management System. NOVABASE's companies are audited by its financial auditors; its certifications in quality (ISO 9001), environmental management (ISO 14001) and occupational health and safety (ISO 45001) are renewed each year after internal and external audits, the latter conducted by certifying entities;

- The company regularly monitors customer and employee satisfaction with company services and other issues of interest to the management;

- In compliance with Law no. 93/2021 of 20 December and the Portuguese Corporate Governance Institute's recommendations regarding the governance of listed companies, and in view of fostering a culture of responsibility and compliance, NOVABASE has adopted a whistleblowing system for reporting irregularities (known as "SPI") that may occur within its Group;

- The company also has "Internal Regulations on Business Dealings with Qualified NOVABASE, S.G.P.S., S.A. Shareholders" in effect.

All of the above practices address the legal and regulatory requirements applicable to NOVABASE's business, including:

- Council of Ministers Resolution no. 20/2112 of 8 March 2012, which requires the mandatory adoption of an equality plan by all entities in the state corporate sector, with a view to achieving equal treatment and equal opportunities between men and women, eliminating discrimination and reconciling personal, family and professional life;

- This obligation was extended to listed companies through Law no. 62/2017 of 1 August, which passed the scheme for equal representation between men and women in the managing and supervisory boards of entities from the corporate public sector and listed companies. Article 7 of this law establishes the obligation to prepare annual equality plans "aimed at effectively achieving equal treatment and equal opportunities between men and women, eliminating gender discrimination and reconciling personal, family and professional life";

- Article 5 (1) of Law no. 62/2017 also requires listed companies to have quotas representing both genders of 20% (beginning on the first elective General Meeting of Shareholders held after 1 January 2018) and 33.3% (beginning on the first elective General Meeting of Shareholders held after 1 January 2020) vis-à-vis all executive and non-executive directors comprising the managing boards;

- Sub-section III and Sub-section IV, articles 23 through 65 of the Labour Code, which give relevance to the topic of gender equality through general positions on equality and non-discrimination, the prohibition of harassment, and equality and non-discrimination according to gender and parenthood.

The Portuguese parliament has also issued a number of recommendations to the government in this regard:

- Resolution no. 116/2012 of 13 July, recommending that it take family support measures to reconcile personal life with professional life;

- Resolution no. 260/2017 of 30 November, recommending measures to ensure actual compliance with working hours and the reconciliation of work with family life.

- Through Law no. 60/2018 of 21 August, the Portuguese parliament passed measures promoting wage equality between men and women for the same work or work of equal value, through four types of information, evaluation and correction mechanisms, which entered into force on 21 February 2019.

We believe that diversity in our corporate boards helps to improve NOVABASE's performance and competitiveness. As such, we are committed to the following policy:

- Compliance with Law no. 62/2017 of 1 August, since gender diversity provides different management styles and complementary approaches;

- With regard to age, there must be a balance between experience and maturity and the youth and energy needed for the fast-paced innovation of our highly dynamic sector (Information Technologies);

- With regard to qualifications and education, in addition to areas associated with technology, various other areas of knowledge must also be represented, in view of the mounting importance of multidisciplinarity in team performance.

NOVABASE will monitor this policy's implementation, in accordance with its corporate governance model, and will revise it whenever deemed appropriate.

The IT sector continues to be predominantly male. At the NOVABASE Group, this indicator has remained stable in recent years. In 2023, the distribution of men and women was 68% and 32%, respectively.

In August 2023, NOVABASE unveiled a new version of its Gender Equality and Diversity Plan, in which it identified the measures and practices implemented in 2023 and defined measures and practices to be developed in 2023/2024. In 2023, these included the following:

- Signing of the Portuguese Diversity Charter, an initiative of the Portuguese Association for Diversity and Inclusion in partnership with the High Commission for Migration.

- Participation in the Technovation Girls programme with mentoring of young female student teams in the development of social sustainability projects.

- Internal and external communication of work done in the Technovation Girls programme, giving visibility to the goals and results achieved by the teams.

- Celebration of days with symbolic meaning in the context of diversity.

- Promotion and monitoring of the use of inclusive language in all aspects of internal and external communication.

- Use of inclusive language, without gender or any other type of discrimination, when writing job opportunities.

- Establishment of a partnership with Valor T, an employment agency for disabled persons.

- Establishment of a partnership with the Salvador Association.

- Establishment of partnership with IEFP (Institute for Employment and Vocational Training).

- Access to the programme of PWN Lisbon – Professional Women's Network, namely "breakfasts" with role models, and training/workshops in the area of individual development for women with high potential, at starting and intermediate career levels.

- Launch, analysis and dissemination, to all people, of the Celfocus People Survey.

- Expansion of the flex benefits plan with equipment needed for remote work.

- Participation in programmes and initiatives with external entities, such as PWIT – Portuguese Women in Tech.

- Initiatives for sharing knowledge and/or discussion forums on inclusive work practices, with a focus on mental health.

- Creation of an Interview Techniques course and training sessions for the first group of ten people.

iv. Human Rights

NOVABASE ensures and has specific principles related to (i) respecting human rights (ii) collective bargaining, and (iii) guaranteed non-existence of child and forced/mandatory labour. It has a Code of Conduct, which was reviewed and approved by the Board of Directors in 2021, to solidify these principles. This Code lays out the principles and rules governing NOVABASE's relationships with its stakeholders, in the broadest sense. They represent a commitment to NOVABASE's customers and partners, but also a commitment by and to its employees in terms of how they relate with the company and between themselves. It covers a range of topics from integrity, transparency, respect, health and safety, the use of information, intellectual property, the use of resources, social and environmental responsibility, managing conflicts of interest, corruption and bribery, including various aspects such as legal compliance, best environmental and labour practices, including human rights, and applying these principles to third-party procurement. The Code of Conduct is available at the website's institutional area and on the Intranet. Our ethical concerns also extend to our suppliers and partners. The principles and rules described in NOVABASE's Code of Conduct must be strictly followed by any partner or supplier working with NOVABASE, and incorporated into their day-to-day routines. In its contractual agreements with suppliers, NOVABASE includes a commitment to adhere to NOVABASE's Code of Conduct.

v. Anti-Corruption and Attempted Bribery

Council of Ministers Resolution no. 37/2021 of 6 April passed the 2020-2024 National

Anti-Corruption Strategy, which calls all sectors, including the private corporate sector, to be part of a joint anti-corruption effort primarily focused on the prevention of corruptive phenomena.

According to this strategy, companies must take on a central role in promoting and defending ethical relationships between the public and private sectors, as well as business relationships within the private sector, a place where the phenomenon of corruption also occurs.

The adoption and implementation of regulatory compliance programmes at companies have been cited as a means of greater private sector engagement in fighting corruption, particularly when aimed at preventing and cracking down on practices against company standards, against the company or through the company from failing to adopt them.

In accordance with the General Scheme for Preventing Corruption, NOVABASE, with a view to preventing, detecting and punishing acts of corruption and related offences committed against or through the company, has adopted and implemented a Regulatory Compliance Programme that includes:

i. Prevention Plan for the Risks of Corruption and Related Offences;
ii. Code of Conduct;
iii. Training Programme; and
iv. Whistleblowing Channel.

i. Prevention Plan for the Risks of Corruption and Related Offences
NOVABASE, fully aware of these risks, albeit potential, sought to identify them through the Prevention Plan for the Risks of Corruption and Related Offences in the specific ecosystem to which NOVABASE belongs and address them, thereby ensuring that our corporate culture is rooted in the fundamental values of legality, uprightness, trust and ethics. NOVABASE approved the Plan in 2021 and published it at its website.

ii. Code of Conduct
The Code of Conduct describes the behaviours, principles and values that everyone must have while doing their jobs, such as: acting with integrity, using ethical and proper behaviour, repudiating any act of corruption or related offence, making informed decisions and complying with legal and regulatory obligations.

The Code of Conduct is for everyone who works with or for NOVABASE, namely employees, subcontractors, suppliers and partners.

iii. Training programme
NOVABASE has created a training programme with the following goals:

- To provide information to all of its stakeholders and demystify the legal concept of the crime of corruption and other related offences;

- To define the role of NOVABASE and its employees in fighting corruption;

- To identify specific situations of corruption;

- To identify best practices in running its business as a means of preventing and fighting corruption; and

- To provide the necessary information and guidance so that its employees know how to act in specific situations of corruption.

iv. Whistleblowing Channel

With a view to fostering a culture of responsibility and compliance, NOVABASE has adopted, in accordance with applicable legal and regulatory provisions, a system for reporting irregularities (known as "SPI") that may occur within its Group.

The SPI was established to receive and handle reports of any irregularities that may occur within the Group's companies, pursuant to article 21 of the Securities Code, observing the principles of confidentiality and non-retaliation with regard to whistleblowers[1] and third parties assisting or related to them.

The reporting of irregularities through the SPI is directed to the Chairperson of the Audit Board, with the Audit Board designating the entity or person who will follow up on communications received ("Head of SPI").

The Chairperson of the Audit Board, the members of the Audit Board (in charge of receiving complaints) and the Head of SPI must act under criteria of independence, impartiality, confidentiality, data protection and secrecy, and ensure that there are no conflicts of interest.

Under the system implemented, whistleblowers have access to a direct and confidential channel for reporting to the Audit Board any potential irregularities occurring within the NOVABASE Group.

[1] Under the definition found in article 5 of Law no. 93/2021 of 20 December.

PART II – INFORMATION ON STANDARDS AND GUIDELINES FOLLOWED

In view of the NOVABASE Group's size, the nature of its business, its business model and the industries in which it operates, no formal policies have been approved for all of the items referred to in article 508-G (2) of the Commercial Companies Code. Nonetheless, various aspects of the NOVABASE Group's business are governed by applicable legislation, and by applicable regulations and recommendations of the Portuguese Securities Market Commission and other domestic and international entities. In addition, the NOVABASE Group internally uses a number of reference documents, diligence proceedings and systems regarding practices to be employed in certain areas, taking the Group and its needs into account, together with its employees, professionals and other stakeholders, with a view to ensuring sustainable growth. NOVABASE Group companies are also subject to a number of different internal and external audits. In this context, the main aspects, documents, practices and processes in place at the NOVABASE Group, which it believes have an impact on non-financial issues relevant to the Group (namely involving the environment, society, labour, gender equality, non-discrimination, human rights and the fight against corruption), are listed below:

- NOVABASE's business and the conduct of employees and professionals are governed by applicable law in relevant jurisdictions, and by NOVABASE's Code of Conduct (published at its corporate website), an internally approved document in effect at the Group since 2011 aimed at guiding the conduct of NOVABASE's professionals through values cultivated by the Group in its customer and interpersonal relations;
- The company's business is managed in accordance with the Integrated Management System (Quality, Environment, Occupational Health and Safety);
- NOVABASE's companies are audited by its financial auditors; its certifications in quality (ISO 9001), environmental management (ISO 14001) and occupational health and safety (ISO 45001) are renewed each year after internal and external audits, the latter conducted by certifying entities;
- The company regularly monitors customer satisfaction, along with its employees' and professionals' satisfaction with company services and other issues of interest to the management.

In compliance with the Portuguese Corporate Governance Institute's recommendations regarding the governance of listed companies, and in view of fostering a culture of responsibility and compliance, NOVABASE has adopted a whistleblowing system for reporting irregularities (known as "SPI") that may occur within its Group. Any report of irregularities made through the SPI is directed by employees or other stakeholders to the Chairperson of the Audit Board specifically designated for this purpose. Furthermore, this whistleblowing system used by NOVABASE and described herein also includes an internal whistleblowing channel, accessible by non-employees as well, as provided for by law and by recommendation II.2.4. of the IPCG Corporate Governance Code. Additional information on reporting irregularities through NOVABASE's SPI can be found in the document "Reporting Irregularities" (available in the institutional area of the website).

- The company also has "Internal Regulations on Business Dealings with Qualified NOVABASE, S.G.P.S., S.A. Shareholders" in effect.

EUROPEAN TAXONOMY

As in previous years, in light of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 and Article 29-G(1)(d) of the Securities Code, as amended by Law 99-A/2021 of 31 December, NOVABASE is subject to the publication of non-financial information (chapter 8 of this document), and is also covered by Article 8 of the European Union Taxonomy Regulation (EU2020/852, hereinafter referred to as the “Taxonomy Regulation”).

The Taxonomy Regulation defines criteria for considering an activity environmentally sustainable. This regulation is key to achieving carbon neutrality by 2050, as defined by the European Commission.

The Taxonomy is organized into three components:

1. Activities that make a significant contribution (“SC”) to one or more of the six EU climate objectives, as detailed in Articles 10 to 15 of the Taxonomy Regulation (1. Mitigation of climate change; 2. Adaptation to climate change; 3. Sustainable use and protection of water and marine resources; 4. Transition to a circular economy; 5. Pollution prevention and control; 6. Protection and restoration of biodiversity and ecosystems);

2. Does Not Significantly Harm (“DNSH”) any of the climate objectives under Article 17 of the Taxonomy Regulation (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems);

3. Comply with the Minimum Social Safeguards (“MSS”), in accordance with Article 18 of the Taxonomy Regulation.

Taking the Climate Delegated Act into account, NOVABASE has analysed all the activities eligible for the Taxonomy that could fit into the IT services market, where NOVABASE operates. To this end, NOVABASE provides the following information:

- Its “eligible” activities, based on the list of environmentally sustainable economic activities defined by the Taxonomy;

- Its activities “aligned” with the three Taxonomy components mentioned above;

- Disclosure of activities aligned with the Taxonomy in terms of amount and percentage of Turnover (revenues from green activities), OpEx (operating costs for green activities) and CapEx (investments in green activities).

TURNOVER

ACTIVITIES ELIGIBLE FOR TAXONOMY

An assessment was done of the NOVABASE Group's economic activities, which concluded that those eligible for Taxonomy and generating turnover for the Group are as follows:

- MAC 8.1. Data processing, hosting and related activities: Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing (NACE code: J.63.11);

- MAC 8.2. Data-driven solutions for GHG emissions reductions: development or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions. Such ICT solutions may include, inter alia, the use of decentralized technologies (i.e. distributed ledger technologies), Internet of Things (IoT), 5G and Artificial Intelligence (NACE code: J.61, J.62 and J.63.11).

Turnover corresponds to the total sales coming from the above-mentioned Taxonomy-eligible economic activities, as defined in point 1.1.1. of Annex I to Commission Delegated Regulation (EU) 2021/2178. Thus, the eligible numerator corresponds to the share of turnover coming from MAC 8.1 and MAC 8.2 eligible activities. The denominator corresponds to the Group's total turnover in 2023, the value of which can be reconciled with the consolidated financial statements in the Annual Report 2023, Consolidated Financial Statements.

Turnover: Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - Template of Annex II to Commission Delegated Regulation (EU) 2021/2178

TURNOVER	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportions of turnover, 2022	Category (enabling activity)	Category '(transitional category)'
		(€)	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
…		0	0%																
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1))		0	0%																
Of which, enabling			0%	0%	0%	0%	0%	0%	0%									E	
Of which, transitional			0%	0%															T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
			EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
8.1. Data processing, hosting and related activities	MAC 8.1	46 690 618	35%		N/EL	N/EL	N/EL	EL	N/EL										
8.2. Data-driven solutions for GHG emissions reductions	MAC 8.2	1 299 973	1%	EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)		47 990 590	36%														0%		
Total (A.1.+A.2.)		47 990 590	36%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		84 565 410	64%																
Total (A+B)		**132 556 000**	**100%**																

OPERATING EXPENSES (OPEX)

Eligible operating expenses correspond to the portion that is related to the assets and economic activities defined by the taxonomy, incorporating all non-capitalized direct costs from research and development (R&D) activities, costs arising from the acquisition for production of economic activities aligned with the taxonomy and with individual measures that enable the transformation of the activities in question into low-carbon activities or that enable reductions in greenhouse gas emissions.

- MAC 6.15. Infrastructure enabling low-carbon road transport and public transport: Construction, modernisation, maintenance and operation of infrastructure that is required for zero tailpipe CO2 operation of zero-emissions road transport, as well as infrastructure dedicated to transshipment, and infrastructure required for operating urban transport.

The amount used for the calculation in the table corresponds to the average electricity costs for charging electric and plug-in hybrid cars at the Group's facilities during 2023 and 2022.

OpEx: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - Template of Annex II to Commission Delegated Regulation (EU) 2021/2178

OPEX	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	OpEx	Proportion of turnover	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportions of turnover, 2022	Category (enabling activity)	Category '(transitional category)'
		(€)	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
...		0	0%																
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)		0	0%																
Of which enabling																			
Of which, transitional																			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
			EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
6.15. Infrastructure enabling low-carbon road transport and public transport	MAC 6.15	104 893	4%	EL		N/EL	EL	N/EL	N/EL								3%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		104 893	4%																
Total (A.1.+A.2.)		104 893	4%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		2 561 850	96%																
Total (A+B)		**2 666 746**	**100%**																

CAPITAL EXPENDITUERS (CAPEX)

An assessment was done of the NOVABASE Group's economic activities, which concluded that those eligible for Taxonomy for the Group are the following:

- MAC 6.5. Transport by motorbikes, passenger cars and light commercial vehicles: Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, both falling under the scope of Regulation (EC) No. 715/2007 of the European Parliament and of the Council, or L (2- and 3-wheel vehicles and quadricycles) (NACE codes: H.49.32, H.49.39 and N.77.11);

- MAC 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings): Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings (NACE codes: F.42, F.43, M.71, C.16, C.17, C.22, C.23, C.25, C.27 or C.28).

The value used to calculate the numerator corresponds to the amount invested by the Group in electric and hybrid vehicles during the years under analysis (2022 and 2023). No new vehicle charging stations were installed in either 2022 or 2023, so the figures associated with activity 7.4 described above are not taken into account. The denominator considered was the Group's total gross investment in 2023 (and the same period of the previous year), as presented in Note 7, "Property, Plant and Equipment", and Note 8, "Intangible Assets", removing the amount relating to Right-of-Use Assets relating to the building, in the Annual Report 2023, Consolidated Financial Statements.

CapEx: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - Template of Annex II to Commission Delegated Regulation (EU) 2021/2178

CAPEX	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	CapEx	Proportion of turnover	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportions of turnover, 2022	Category (enabling activity)	Category '(transitional category)'
		(€)	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	MAC 6.5	1 789 595	50%	Y	Y	N/EL	Y	N/EL	N/EL		Y	N/A	Y	Y	N/A	Y			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.))		1 789 595	50%	Y	Y	N/EL	Y	N/EL	N/EL										
Of which enabling																			
Of which, transitional																			
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities))			0%																
			0%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)																			
Total (A.1.+A.2.)		1 789 595	50%														19%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		1 790 139	50%														81%		
Total (A+B)		3 579 733																	

FINANCIAL STATEMENTS

TURNOVER	↑ €132.6m 2022*: €120.4m (Δ +10%)
EBITDA	↑ €10.9m 2022*: €9.2m (Δ +19%)
NET PROFIT	↑ €47.1m 2022: €8.9m (Δ +428%)

* Restated

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	31.12.23	31.12.22
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	12,781	5,171
Intangible assets	9,264	11,935
Financial assets at fair value through profit or loss	13,879	13,961
Deferred tax assets	6,945	8,826
Other non-current assets	1,466	1,706
TOTAL NON-CURRENT ASSETS	44,335	41,599
CURRENT ASSETS		
Trade and other receivables	41,827	54,366
Accrued income	3,514	6,095
Income tax receivable	1,670	1,970
Derivative financial instruments	246	763
Other current assets	3,388	3,963
Cash and cash equivalents	80,314	40,617
TOTAL CURRENT ASSETS	130,959	107,774
Assets from discontinued operations	1,373	268
TOTAL ASSETS	176,667	149,641
EQUITY AND LIABILITIES		
EQUITY		
Share capital	796	32,971
Treasury shares	(20)	(2,150)
Share premium	226	226
Reserves and retained earnings	27,449	16,436
Profit for the year	47,058	8,917
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	75,509	56,400
Non-controlling interests	11,587	10,827
TOTAL EQUITY	87,096	67,227
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	18,383	6,314
Provisions	3,269	3,047
Other non-current liabilities	2,749	363
TOTAL NON-CURRENT LIABILITIES	24,401	9,724
CURRENT LIABILITIES		
Borrowings	9,436	6,937
Trade and other payables	32,413	43,153
Income tax payable	455	365
Derivative financial instruments	112	260
Deferred income and other current liabilities	20,972	20,007
TOTAL CURRENT LIABILITIES	63,388	70,722
Liabilities from discontinued operations	1,782	1,968
TOTAL LIABILITIES	89,571	82,414
TOTAL EQUITY AND LIABILITIES	176,667	149,641

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	12 M *	
	31.12.23	31.12.22 [1]
CONTINUING OPERATIONS		
Services rendered	132,556	120,399
External supplies and services	(46,760)	(45,141)
Employee benefit expense	(73,945)	(66,668)
Net impairment losses on trade and other receivables	(156)	193
Other gains/(losses) - net	(766)	405
Depreciation and amortisation	(3,468)	(3,224)
OPERATING PROFIT	7,461	5,964
Finance income	1,700	2,120
Finance costs	(2,915)	(2,542)
Share of loss of associates	-	(69)
EARNINGS BEFORE TAXES (EBT)	6,246	5,473
Income tax expense	(2,822)	(1,727)
Profit from continuing operations	3,424	3,746
DISCONTINUED OPERATIONS		
Profit from discontinued operations	44,031	5,609
PROFIT FOR THE YEAR	47,455	9,355
PROFIT ATTRIBUTABLE TO:		
Owners of the parent	47,058	8,917
Non-controlling interests	397	438
	47,455	9,355
EARNINGS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT (EUROS PER SHARE):		
BASIC EARNINGS PER SHARE		
From continuing operations	0.11 Euros	0.11 Euros
From discontinued operations	1.65 Euros	0.18 Euros
FROM PROFIT FOR THE YEAR	1.76 Euros	0.29 Euros
DILUTED EARNINGS PER SHARE		
From continuing operations	0.11 Euros	0.11 Euros
From discontinued operations	1.60 Euros	0.18 Euros
FROM PROFIT FOR THE YEAR	1.71 Euros	0.29 Euros

12 M * - 12-month period ended
[1] Restated in accordance with the explanation in notes 2.24, 2.25 and 38 of the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	12 M *	
	31.12.23	31.12.22
PROFIT FOR THE YEAR	47,455	9,355
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on foreign operations, net of tax	(928)	81
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(928)	81
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	46,527	9,436
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	46,593	8,970
Non-controlling interests	(66)	466
	46,527	9,436

12 M * - 12-month period ended

AUDIT BOARD AND STATUTORY AUDITOR REPORTS

REPORT AND OPINION OF THE AUDIT BOARD ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NOVABASE – SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023

To the Shareholders,

INTRODUCTION

In compliance with the Law and for the purposes of paragraph g) of article 420 of the Portuguese Companies Code and the Company's bylaws, the Audit Board hereby presents for appreciation its Report on the supervising activity that was carried out and issues its Opinion on the Management Report and Consolidated Financial Statements of Novabase – Sociedade Gestora de Participações Sociais, S.A. for the financial year ended on 31 December 2023.

ACTIVITIES CARRIED OUT

Supervision of the Company

During the financial year, the Audit Board regularly followed up the evolution of the company's business and the business of its subsidiaries, ensuring compliance with the law and the relevant bylaws, and monitored the Company's management, the efficiency of the risk management and internal control systems and the preparation and disclosure of financial information, as well as the regularity of the accounting records, the accuracy of the consolidated financial statements and the accounting policies and metrical valuation criteria adopted by the company, in order to verify that they lead to an adequate expression of its consolidated assets, results and cash flows.

During the year, the Audit Board met six times and the respective meetings were formally recorded in minutes. At these meetings there was an attendance of 100% by the Chairman and Fátima Farinha and 83% by João Duque.

Additionally, the Audit Board participated in the Board of Directors meeting that approved the Management Report and the Consolidated Financial Statements for the financial year 2023.

Within its duties, the Audit Board maintained the necessary contacts with the representatives of the Chartered Accountants Company and External Auditor, in order to monitor the planning and audit work that was carried out and to take note of the respective findings. The meetings held with the representatives of the Chartered Accountants Company and External Auditor enabled the Audit Board to reach a positive opinion on the integrity, rigor, skill, quality of work and objectivity with which they carried out their work, as well as the reliability of the financial information.

Relevant matters concerning auditing were also analysed with the representatives of the Chartered Accountants Company and External Auditor; the Audit Board refers to their report on the consolidated financial statements for the description of the essential elements subject to analysis.

During the meetings of the Audit Board, the main risks affecting Novabase - Sociedade Gestora de Participações Sociais, S.A. and the companies included in the consolidation perimeter were analysed and discussed with Management and the Statutory Auditor, based on presentations prepared by these corporate bodies. The Audit Board considers that it has obtained the explanations and clarifications considered relevant.

Communication of irregularities

The Audit Board declares that during the financial year 2023 it has not received, through the means defined for this purpose, any communication of irregularities.

Related Party Transactions

During the 2023 financial year, no related party transactions, in accordance with the regulation in force, were submitted to assessment by the Audit Board.

Independence of the External Auditor

The Audit Board received the statement by the Statutory Auditor confirming its independence in relation to the Company and communicating all relationships that may be perceived as a threat to its independence, as well as the safeguards that were implemented.

RESPONSIBILITY STATEMENT

Pursuant to paragraph 1/c) of article 29-G of the Portuguese Securities Code, applicable by virtue of paragraph 1/a) of article 8 of the CMVM Regulation no. 1/2023 of 26 April (Information Duties), we hereby declare that, to the best of our knowledge and belief, the aforementioned financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, giving a true and appropriate view of the assets and liabilities, financial position and results of Novabase - Sociedade Gestora de Participações Sociais, S.A. and the companies included in the consolidation perimeter, and the management report faithfully describes the evolution of the business, performance and position of Novabase - Sociedade Gestora de Participações Sociais, S.A. and the companies included in the consolidation perimeter, containing an adequate description of the main risks and uncertainties which they face.

OPINION

The Audit Board analysed the Management Report and the Consolidated Financial Statements for the 2023 financial year, which comprise the Consolidated Statement of Financial Position as at 31 December 2023, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows, as well as the accompanying notes, which were prepared in accordance with the International Financial Reporting Standards, as adopted in the European Union.

Within its duties the Audit Board has analysed the Legal Certification of Accounts and the Audit Report on the Consolidated Financial Information for the 2023 financial year, prepared by the Statutory Auditor, document which does not present any reservation and with which the Audit Board agrees.

The Audit Board further analysed the Corporate Governance Report for the 2023 financial year, which is attached to the Management Report prepared by the Board of Directors in compliance with the CMVM Regulation no. 4/2013 (Corporate Governance of Listed Companies), and the Audit Board certifies that it includes all the elements referred to in article 29-H of the Portuguese Securities Code.

In this context, it is the Audit Board's opinion that:

- There are no objections to the approval of the Management Report for the 2023 financial year;
- There are no objections to the approval of the Consolidated Financial Statements for the 2023 financial year.

Lisbon, 29 April 2024

The Audit Board

Álvaro José Barrigas do Nascimento - Chairman

Fátima do Rosário Piteira Patinha Farinha – Member

João Luís Correia Duque - Member

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STATUTORY AUDITORS' REPORT and AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Novabase, Sociedade Gestora de Participações Sociais, S.A.** (the Group), which comprise the consolidated statement of financial position as at December 31, 2023 (showing a total of 176,667 thousand euros and total equity of 87,096 thousand euros and a profit for the year attributable to owners of the parent of 47,058 thousand euros), the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of **Novabase, Sociedade Gestora de Participações Sociais, S.A.** as at December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section below. We are independent of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition (Euro 132,556 thousand)

See Note 5 to the consolidated financial statements

The Risk	**Our response to the identified risk**
The revenue recognition policy for advisory projects on a turn key basis, which represent a significant part of the Group's business, requires judgment as disclosed in Note 4 (d) of the notes to the consolidated financial statements. The recognition of such projects overtime in accordance with the applicable accounting policy, as described in Note 2.18 (a), involves qualitative factors such as estimated billing, costs to be incurred, including contingency values for contractual risks, which justify that the revenue recognition has been considered a key audit matter.	Our audit procedures included, amongst others, those that we describe below: • We have analyzed the revenue recognition policy adopted by the Group with reference to the applicable accounting standards; • We have evaluated the design and implementation and operational effectiveness of relevant controls, including application controls and general IT controls, related to the revenue recognition process; • We have critically analyzed the estimates and key assumptions made by the management, namely regarding estimated billing, costs to be incurred and contingencies; • We have performed substantive analytical procedures and tests of detail to the accounting records in order to identify and test the risk of fraud and potential management override of controls; and, • We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

KPMG

Recoverability of deferred tax assets (Euro 6,945 thousand)	
See Note 10 to the consolidated financial statements which describes the amount of deferred tax assets related to tax benefits arising from Research and Development projects presented under the SIFIDE incentive scheme.	
The Risk	**Our response to the identified risk**
Deferred tax assets recorded by management are based on its best estimate of the timing and future amounts required for their recovery, using assumptions that require judgment, as mentioned in Notes 2.14 and 4 (c). The materiality of the amounts recognized in the financial statements and the degree inherent to the judgment justify that the recoverability of deferred tax assets has been considered as a key audit matter.	Our audit procedures included, amongst others, those that we describe below: • We have evaluated the design and implementation and operational effectiveness of key controls implemented by the Group in connection with this matter and have analyzed the budgeting procedures on which the projections are based, by comparing the current performance with estimates made in prior periods; • We have analyzed the methodology used by management to assess the recoverability of deferred tax assets, namely projections of taxable income; • We have analyzed the assumptions underlying the financial projections, including inflation rate, turnover growth rate and perpetuity growth rate; • We have performed sensitivity analyses on management assumptions; • We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

Disposal of the IT Staffing business (capital gain of Euro 39,760 thousand)	
See Notes 6, 38 and 40 to the consolidated financial statements	
The Risk	**Our response to the identified risk**
During the year ended December 31, 2023, the Group sold the IT Staffing business through the sale of all the shares held in Novabase Neotalent, S.A. This transaction resulted in a capital gain of Euro 39,760 thousand. The Group considered the operation as a discontinued operation and the comparative information has been restated accordingly. This transaction is a key audit matter given the materiality of the impacts on the consolidated financial statements and management's judgment in estimating the final price of the transaction.	Our audit procedures included, amongst others, those that we describe below: • We have obtained and analysed the supporting documentation of the transaction, namely the Share Sale and Purchase Agreement and the Transitional Service Agreement; • We have obtained and analysed the communications between the Group and the buyer regarding the price adjustment, as established in the Share Sale and Purchase Agreement; • We have assessed the bases and assumptions considered by the Board of Directors in determining the transaction price, with regard to the estimate of future adjustments to the price. We have validated the calculations underlying this estimate and inquired the Group's legal advisors about the interpretation of the requirements set out in the Share Sales and Purchase Agreement; • We have analysed the appropriate identification of the assets and liabilities sold; • We have assessed any liabilities that should be recorded or disclosed as a result of representations and warranties granted to the buyer; • We tested the mathematically accuracy of the capital gain from the transaction; • We have assessed compliance with the criteria for classifying these operations as discontinued; • We have assessed the potential impact of currency translation reserves recorded in the financial statements and respective disclosure; and, • We have assessed the adequacy of the respective disclosures in the financial statements including the contingent consideration relating to the earn-out, in accordance with the applicable accounting standards.

Responsibilities of management and the supervisory body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's consolidated financial position, financial performance and the consolidated cash flows, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the preparation of the consolidated management report, the corporate governance report, the consolidated non-financial information and the remunerations' report, in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error;
- adoption of accounting policies and criteria that are appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the consolidated management report is consistent with the consolidated financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the consolidated non-financial information and the remunerations report were presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

Pursuant to article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the consolidated management report was prepared in accordance with the applicable legal and regulatory requirements, the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatements. As defined in the article 451, nr. 7 of the Portuguese Companies' Code, this opinion is not applicable to the non-financial statement that is included in the consolidated management report.

On the corporate governance report

Pursuant to article 451, nr. 4, of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Group to provide under article 29-H of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of nr. 1 of that article.

On the consolidated non-financial information

Pursuant to article 451, nr. 6, of the Portuguese Companies' Code, we inform that the Group has included in its consolidated management report the non-financial statement defined in article 508-G of the Portuguese Companies' Code.

On the remunerations' report

Pursuant to article 26-G, nr. 6, of the Securities Code, we inform that the Group has included in the corporate governance report in a separate chapter the remunerations' report with the information defined in paragraph nr. 2 of that article.

On the European Single Electronic Format (ESEF)

The consolidated financial statements of Novabase, Sociedade Gestora de Participações Sociais, S.A. for the year ended December 31, 2023 have to comply with the applicable requirements established by the European Commission Delegated Regulation 2019/815 of December 17, 2018 (ESEF Regulation).

Management is responsible for the preparation and presentation of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, have been prepared in accordance with the requirements of the ESEF Regulation.

Our procedures considered the OROC (Portuguese Institute of Statutory Auditors) technical application guide on ESEF reporting and included, amongst others:

- obtaining an understanding of the financial reporting process, including the presentation of the annual report in a valid XHTML format; and
- identifying and assessing the risks of material misstatement related to the tagging of information in the financial statements, in XBRL format using iXBRL technology. This assessment was based on an understanding of the information tagging process implemented by the Entity.

In our opinion, the consolidated financial statements, included in the annual report, are presented, in all material respects, in accordance with the requirements established by the ESEF Regulation.

On the additional matters provided in article 10 of the Regulation (EU) 537/2014

Pursuant to article 10 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of the Group in the shareholders general assembly held on April 29, 2015 for a first mandate from 2015 to 2017. We were appointed as auditors of the Group in the shareholders general assembly held on May 10, 2018 for a second mandate from 2018 to 2020. We were appointed as auditors of the Group in the shareholders general assembly held on May 25, 2021 for a third mandate from 2021 to 2023.
- Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISA we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Group on April 29, 2024.
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and we have remained independent of the Group in conducting the audit.

April 29, 2024

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(nr. 189 and registered at CMVM with the nr. 20161489)
represented by
Susana de Macedo Melim de Abreu Lopes
(ROC nr. 1232 and registered at CMVM with the nr. 20160843)

ANNUAL
REPORT 2023

CORPORATE GOVERNANCE REPORT

NOVABASE

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PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. Shareholder base (share capital, number of shares, share distribution to shareholders), including indication of shares not admitted to trading, different categories of shares, underlying rights and duties and the percentage of capital that each category represents (article 29-H, paragraph 1, sub-paragraph a).

General Information on Capital Structure

Share capital on 31 December 2023 (€)	795,829.11
Total shares	26,527,637
Number of unlisted shares	0
Different categories of shares	Only ordinary shares exist

The company's share capital is fully paid up.

Ordinary shares grant general rights such as the right to vote, to participate in general meetings of shareholders, to receive information, profit sharing and pre-emptive rights in capital increases, as well as the generally applicable obligations of capital contributions and loyalty.

There are no categories of shares with special rights.

In 2023, in the wake of the capital reduction approved in the Extraordinary General Meeting of Shareholders of 13 March, NOVABASE S.G.P.S., S.A. cancelled 3,558,550 shares acquired during the Tender Offer launched by NOVABASE S.G.P.S., S.A. pursuant to the terms and conditions duly disclosed to the market. Subsequently, in the Ordinary General Meeting of Shareholders of 24 May, a new capital reduction was approved with the dissolution of 1,315,207 shares, 1,103,013 of which were already held by NOVABASE on the date of this meeting, with the remaining 212,194 shares acquired from Novabase Consulting, S.G.P.S., S.A., as duly disclosed to the market.

The decisions of these General Meetings of Shareholders and their terms and conditions were duly disclosed to the market, and can be consulted at the websites of the company and of the Portuguese Securities Market Commission (CMVM).

As such, following the transactions referred to above, on 31 December 2023, the share capital and number of shares of NOVABASE S.G.P.S., S.A. were those shown in the above table.

Shareholdings

	Number of shares	% share capital and voting rights
HNB - S.G.P.S., S.A. [1]	11,438,851	43.12%

[1] José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira are the controlling shareholders and directors of HNB - S.G.P.S., S.A., having signed a shareholders' agreement for all of this company's share capital.

	Number of shares	% share capital and voting rights
Pedro Miguel Quinteiro Marques Carvalho	2,097,613	7.91%

	Number of shares	% share capital and voting rights
IBI - Information Business Integration, A.G. [1]	6,257,430	23.59%

[1] At the time of receiving notice of the qualified holding, NOVABASE was informed that José Sancho García is the controlling shareholder of this company, and therefore was attributed the corresponding voting rights.

The above holdings correspond to the last positions notified to the company in reference to 31 December 2023 or before.

On 12 February 2024, NOVABASE was notified of the following qualified holding:

	Number of shares	% share capital and voting rights
ISATIS Investment Classic Blue Fund	1,326,490	5.00%

2. *Restrictions on the transferability of shares, such as consent of sale clauses or restrictions on ownership of shares (article 29-H, paragraph 1, sub-paragraph b).*

The articles of association's clauses do not limit the transfer or ownership of NOVABASE shares.

3. *Number of treasury shares, percentage of corresponding share capital and percentage of corresponding voting rights (article 29-H, paragraph 1, sub-paragraph a).*

On 31 December 2023, NOVABASE had 658,461 treasury shares representing 2.48% of share capital, held through its subsidiary Novabase Consulting S.G.P.S.

These 658,461 treasury shares have already been deducted from the 91,539 shares attributed to Director Paulo Jorge de Barros Pires Trigo in 2020 and handed over in 2023. In 2023, 178,056 shares were attributed to Director Luís Paulo Cardoso Salvado, 142,445 shares were attributed to Director Álvaro José da Silva Ferreira and 26,709 shares were attributed to each of the Directors Francisco Paulo Figueiredo Morais Antunes and María del Carmen Gil Marín following the exercising of NOVABASE stock options held by them, per the terms and conditions detailed in point 72 of this report. These shares corresponding to the options exercised will be withheld by NOVABASE for a period of three years from their exercising, and their ownership will not be transferred to these directors until the end of this period, conditional upon the company's positive performance during this time.

4. *Significant agreements that the company is a party to and will come into force in the future which can be altered or terminated in the event of a change in the control of the company resulting from a tender offer, along with the respective effects, unless, by their very nature, their disclosure is seriously harmful to the company, except if the company is specifically obliged to disclose such information as a result of legal h (article 29-H, paragraph 1, sub-paragraph j)).*

These do not exist.

5. *Applicable scheme for the renewal or revocation of defensive measures, in particular those aimed at limiting the number of votes that can be held or exercised by a single shareholder individually or in conjunction with other shareholders.*

As a company with listed shares to be traded in regulated markets, NOVABASE has not implemented any defensive measure for unsolicited takeover bids.

6. *Shareholders' agreements that are known to the company and which may lead to restrictions in terms of transferring securities or voting rights (article 29-H, paragraph 1, sub-paragraph g).*

On 18 May 2023, NOVABASE disclosed to the market that it was notified by its shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and Pedro Miguel Quinteiro Marques de Carvalho with regard to the termination of the shareholders' agreement and respective qualified holding.

Information on the terms of the termination of the shareholders' agreement and on the qualified holding in the announcement is shown below:

"Novabase, Sociedade Gestora de Participações Sociais, S.A. ("**NOVABASE**") hereby announces that it was notified by its shareholders Pedro Miguel Quinteiro Marques de Carvalho ("**Pedro Carvalho**"), José Afonso Oom Ferreira de Sousa ("**José Ferreira de Sousa**"), Luís Paulo Cardoso Salvado ("**Luís Paulo Salvado**") and Álvaro José da Silva Ferreira ("**Álvaro Ferreira**") and HNB – S.G.P.S., S.A. ("**HNB**") with regard to the following:

Following the obligation assumed on 19 April 2023 to end the situation resulting in the duty to launch a tender offer to which the shareholders in question are subject, as a result of the tender offer for treasury shares launched by NOVABASE, these same shareholders have agreed to the early termination of the Shareholders' Agreement signed between them on 30 April 2021, effective 16 May 2023.

These shareholders further stated, after the termination of the Shareholders' Agreement:

I. Shareholder Pedro Carvalho has now been attributed a holding of 7.53% (seven point five three per cent), calculated pursuant to article 16, paragraph 3, sub-paragraph b) of the Securities Code ("**CVM**"). As such, shareholder Pedro Carvalho has also duly informed, pursuant to article 16 of the CVM, that his holding has been reduced to an amount below the threshold of one third of voting rights corresponding to NOVABASE's share capital previously achieved.

II. Shareholder HNB and each of its controlling shareholders José Ferreira de Sousa, Luís Paulo Salvado and Álvaro Ferreira have now been attributed a holding of 41.08% (forty-one point zero eight per cent), calculated pursuant to article 16, paragraph 3, sub-paragraph b) of the CVM, and a holding of 44.38% (forty-four point three eight per cent) of voting rights, calculated pursuant to article 187, paragraph 5 of the CVM.

The holdings of each of the shareholders Pedro Carvalho, José Ferreira de Sousa, Luís Paulo Salvado, Álvaro Ferreira and HNB are summarized in the following table.

Shareholder	**Number of shares**	**% share capital and voting rights (pursuant to article 16, paragraph 3, sub-paragraph b) of the Securities Code)**	**% voting rights (calculated pursuant to article 187, paragraph 5 of the CVM)**
HNB - S.G.P.S., S.A. [1]	11,438,851	41.08%	44.38%
Luís Paulo Cardoso Salvado [1]	1	0.00%	0.00%
Álvaro José da Silva Ferreira [1]	1	0.00%	0.00%
José Afonso Oom Ferreira de Sousa [1]	1	0.00%	0.00%
Pedro Miguel Quinteiro Marques Carvalho	2,097,613	7.53%	8.14%

[1] Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and José Afonso Oom Ferreira de Sousa are the controlling shareholders and directors of HNB - S.G.P.S., S.A., having signed a shareholders' agreement for all of this company's share capital.

"

[end of transcription of announcement]

II. Shareholdings and Bonds

7. Identification of legal or natural persons who directly or indirectly own qualified holdings (article 29-H, paragraph 1, sub-paragraphs c) and d) and article 16), with specific percentages of capital and votes attributed, and the source and causes of the attribution.

Shareholdings

	Number of shares	% share capital and voting rights
HNB - S.G.P.S., S.A. [1]	11,438,851	43.12%

[1]Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and José Afonso Oom Ferreira de Sousa are the controlling shareholders and directors of HNB - S.G.P.S., S.A., having signed a shareholders' agreement for all of this company's share capital.

	Number of shares	% share capital and voting rights
Pedro Miguel Quinteiro Marques Carvalho	2,097,613	7.91%

	Number of shares	% share capital and voting rights
IBI – Information Business Integration, A.G.[1]	6,257,430	23.59%

[1] At the time of receiving notice of the qualified holding, NOVABASE was informed that José Sancho García is the controlling shareholder of this company, and therefore was attributed the corresponding voting rights.

The above holdings correspond to the last positions notified to the company in reference to 31 December 2023 or before.

On 12 February 2024, NOVABASE was notified of the following qualified holding:

	Number of shares	% share capital and voting rights
ISATIS Investment Classic Blue Fund	1,326,490	5.00%

As stated in point 1, there are no categories of shares with special rights.

8. Number of shares and bonds held by members of managing and supervisory boards. [NOTE: the information should be presented in accordance with the provisions of article 447, paragraph 5 of the Commercial Companies Code]

Holdings of Members of the Managing and Supervisory Boards (article 447, paragraph 5 of the Commercial Companies Code)[1]

Owner	#	%
	Shares[1]	Capital and Voting Rights
Pedro Miguel Quinteiro Marques de Carvalho (non-executive member of the Board of Directors)	2,097,613	7.91
Manuel Saldanha Tavares Festas (substitute member of the Audit Board)	74,986	0.28
Francisco Paulo Figueiredo Morais Antunes (non-executive member of the Board of Directors)	30,335	0.11
María del Carmen Gil Marín (non-executive member of the Board of Directors)	23,001	0.09
João Luís Correia Duque (Board of Auditors member)	500	0.00
Luís Paulo Cardoso Salvado[2] (Chairperson of the Board of Directors)	1	0.00
Álvaro José da Silva Ferreira[2] (executive member of the Board of Directors)	1	0.00
José Afonso Oom Ferreira de Sousa[2] (non-executive member of the Board of Directors)	1	0.00
Benito Vázquez Blanco (non-executive member of the Board of Directors)	0	0.00
Madalena Paz Ferreira Perestrelo de Oliveira (non-executive member of the Board of Directors)	0	0.00
Rita Wrem Viana Branquinho Lobo Carvalho Rosado (non-executive member of the Board of Directors)	0	0.00
Álvaro José Barrigas do Nascimento (Chairperson of the Audit Board)	0	0.00
Fátima do Rosário Piteira Patinha Farinha (full member of the Audit Board)	0	0.00

KPMG & Associados – SROC, S.A., represented by Susana de Macedo Melim de Abreu Lopes (acting statutory auditor and representative)	0	0.00
Maria Cristina Santos Ferreira (substitute statutory auditor)	0	0.00

[1] The shareholding of each of these corporate board members corresponds to the last position notified to the company in reference to 31 December 2023 or before.

[2] Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and José Afonso Oom Ferreira de Sousa are shareholders of HNB - S.G.P.S., S.A., a company where they hold management positions. On 31 December 2023, HNB - S.G.P.S., S.A. held 11,438,851 shares representing 43.12% of NOVABASE's share capital and respective voting rights.

In 2023, in the wake of the capital reduction approved in the Extraordinary General Meeting of Shareholders of 13 March, NOVABASE S.G.P.S., S.A. cancelled 3,558,550 shares acquired during the Tender Offer launched by NOVABASE S.G.P.S., S.A. pursuant to the terms and conditions duly disclosed to the market. Subsequently, in the Ordinary General Meeting of Shareholders of 24 May, a new capital reduction was approved with the dissolution of 1,315,207 shares, 1,103,013 of which were already held by NOVABASE on the date of this meeting, with the remaining 212,194 shares acquired from NOVABASE Consulting, S.G.P.S., S.A., as duly disclosed to the market.
No other transactions of the type described above were performed by the persons referred to in article 447, paragraph 2, sub-paragraphs a) through d) of the Commercial Companies Code.

Finally, it should be noted that neither the company nor any company in a group or control relationship with it is an issuer of bonds.

9. *Special powers of the board of directors, namely with respect to decisions to increase capital (article 29-H, paragraph 1, sub-paragraph i)), specifying, in this regard, the date on which they were given, the date until which they can be exercised, the maximum ceiling of the capital increase, the amount already issued under the allocation of powers and the means of implementing the powers granted.*

NOVABASE's managing board has no special powers vis-à-vis those granted by law.

10. *Information on the existence of significant business relationships between holders of qualified holdings and the company.*

In 2023, to the best of the company's knowledge, NOVABASE had no significant business relationships with holders of qualified holdings or entities related or previously related to them.

B. CORPORATE BOARDS AND COMMITTEES

I. General Meeting of Shareholders

a) Composition of the general meeting board

11. Identification, position and term of office (beginning and end) of members of the general meeting board.

The members of NOVABASE's general meeting board, elected in the General Meeting of Shareholders held on 25 May 2021 for the three-year period of 2021-2023, are Chairperson António Manuel da Rocha e Menezes Cordeiro and Secretary Catarina Maria Marante Granadeiro.

The Chairmanship of the General Meeting of Shareholders has the necessary and appropriate means to exercise its duties having access to a work room and secretarial services at the company. In addition, the Chairmanship of the General Meeting of Shareholders has 10 people (7 of whom belong to the company's staff) at its disposal dedicated to working specifically on the organization and management of the General Meeting of Shareholders.

b) Exercising of voting rights

12. Possible restrictions on voting rights, such as limitations on exercising voting rights based on ownership of a number or percentage of shares, deadlines for exercising a voting right or special systems for equity (article 29-H, paragraph 1, sub-paragraph f).

NOVABASE has no restrictions on voting rights, nor any limitations on voting based on a number or percentage of shares. Moreover, there are no systems related to asset content rights.

Shareholders may be represented at the General Meeting of Shareholders, pursuant to the law.

Shareholders may be represented by sending a letter addressed to the Chairmanship of the General Meeting of Shareholders at least three days before the date set for the meeting.

If the shares are jointly owned, only a common representative, or his/her representative, may participate in the General Meeting of Shareholders.

Postal voting is permitted under the articles of association, provided that the following are observed:

a) Shareholders with a voting right may exercise this right by post by means of a signed statement clearly indicating their voting intention for each point on the meeting's agenda. For this purpose, shareholders may use the postal voting form which will be made available at the company's website in a timely fashion;

b) A legible photocopy of the shareholder's identity card or citizen's card must accompany the voting form; If the shareholder is a legal person, the voting form must be signed by one of its representatives, and his/her signature must be notarized in that capacity;

c) Voting forms, together with the items specified in the preceding subparagraphs, must be placed in a sealed envelope addressed to the Chairperson of the General Meeting of Shareholders, delivered by hand to the company's registered office, or delivered to this office by registered mail by the third working day preceding the date of the General Meeting of Shareholders. However, individuals who submit a voting form accompanied only by a legible photocopy of the shareholder's identity card or citizen's card may, alternatively, use the email address specified for this purpose in the meeting notice;

d) The Chairperson of the General Meeting of Shareholders must ensure the authenticity and confidentiality of postal votes until the time of voting;

e) If the shareholder or his/her representative attends the General Meeting of Shareholders in person, his/her respective postal vote will be annulled;

f) Postal votes will be counted as 'No' votes in relation to items for discussion submitted after these votes' date of issue.

Although not specifically mentioned in the articles of association, electronic voting is referred to in meeting notices, and follows the same principles as those of postal voting.

The remaining deadlines and requirements for exercising voting rights are exclusively those established by law and by applicable recommendations.

13. Maximum percentage of voting rights that can be exercised by a single shareholder or by shareholders having any of the relationships referred to in article 20, paragraph 1 with that shareholder.

No such limitation exists.

14. Shareholder decisions which, pursuant to the articles of association, can only be made by a qualified majority, in addition to those provided for by law, specifying these majorities.

The company has no mechanisms that hinder the passing of resolutions by shareholders. There are no shareholder decisions which, pursuant to the articles of association and beyond those provided for by law, can only be made by a qualified majority or a decision-making quorum greater than that provided for by law.

Management and Supervision

(Board of Directors, Executive Board of Directors and General and Supervisory Board)

a) Composition

Board of Directors on 31 December 2023

Luís Paulo Cardoso Salvado
Álvaro José da Silva Ferreira
Francisco Paulo Figueiredo Morais Antunes
María del Carmen Gil Marín
José Afonso Oom Ferreira de Sousa

Pedro Miguel Quinteiro Marques Carvalho
Benito Vázquez Blanco
Madalena Paz Ferreira Perestrelo de Oliveira
Rita Wrem Viana Branquinho Lobo Carvalho Rosado

15. Identification of governance model used.

NOVABASE has been a publicly-traded company since July 2000. It operates according to a governance model whose suitability and performance are assessed regularly by the Board of Directors to help optimize its performance in closer alignment with the interests of all stakeholders – those interested in NOVABASE's corporate activities, namely shareholders, investors, customers, suppliers, other business partners and employees.

In view of the mounting challenges of internationalization and competition revolving around NOVABASE's business, the corporate governance system in place at the company needed to be brought up to date by simplifying and streamlining company bodies and procedures, so as to tailor existing solutions to the company's size and specific circumstances.

Therefore, beginning in 2015, NOVABASE adopted a reinforced Latin corporate governance model comprised of a Board of Directors, Audit Board and Statutory Auditor (ROC). In this model, a substantially more agile day-to-day management structure was implemented, with the Board of Directors able to delegate the day-to-day running of the company to one or more directors (managing directors) or to an Executive Committee of three to nine members.

Following the General Meeting of Shareholders of 25 May 2021 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for three-year period of 2021-2023), for the purpose of implementing a substantially more agile day-to-day management structure, the elected Board of Directors delegated NOVABASE's daily management to Managing Directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, thereby not creating an Executive Committee for this term of office. Along these lines, the decision was made to grant special responsibilities to Director María del Carmen Gil Marín, pursuant to article 407, paragraph 1 of the Commercial Companies Code. In addition, in the General Meeting of Shareholders held on 24 May 2022, Directors Benito Vázquez Blanco and Francisco Paulo Figueiredo Morais Antunes were elected. On 2 June 2022, the Board of Directors decided to grant certain special responsibilities to Director Francisco Paulo Figueiredo Morais Antunes, pursuant to and for the purposes of article 407, paragraph 1 of the Commercial Companies Code. The activities of these managing directors are supervised by the non-executive directors.

Moreover, NOVABASE has a general meeting board elected for three-year terms of office, along with a Remuneration Committee appointed by the General Meeting of Shareholders to establish the remuneration of each corporate board member, in accordance with the Remuneration Policy passed by the General Meeting of Shareholders on 25 May 2021. The company also designates a secretary and respective substitute, under the terms of article 446-A of the Commercial Companies Code, to perform the duties established by law.

NOVABASE constantly analyses the implementation of this model in order to refine its corporate governance practices, whenever possible, and tailor the model to the demands and challenges faced by the company.

16. *Article of association rules on procedural requirements and matters applicable to the appointment and replacement of members, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board (article 29-H, paragraph 1, sub-paragraph h).*

The members of NOVABASE's Board of Directors are appointed and replaced under the terms of the law, namely the provisions of articles 390 and following of the Commercial Companies Code. Article 14, paragraph 1 of the company's articles of association states that a Board of Directors shall be responsible for managing the company's business, with full and exclusive powers of representation, comprised of at least three and at most nineteen members elected by the General Meeting of Shareholders.

Furthermore, pursuant to article 14, paragraph 2 of the company's articles of association, the General Meeting of Shareholders is responsible for appointing the Chairperson of the Board of Directors, which will elect its own chairperson if the General Meeting of Shareholders fails to do so.

With regard to the absence and replacement of members of the management, pursuant to the articles of association, those who fail to attend over one third of the meetings held in a financial year, without justification approved by the Board of Directors, shall be considered permanently absent and subject to replacement pursuant to the law and the Board of Directors' regulations.

Article 8 of the articles of association states that members of the management are elected by the General Meeting of Shareholders for three-year terms, subject to re-election one or more times, and that, at the end of their terms of office, they shall keep their positions until the appointment of new members.

NOVABASE believes that the suitability of the managing board members' profile to their respective duties is essential for fostering a robust, effective corporate governance and proper composition of the interests of the company's various stakeholders. In weighing up the profile of the corporate board members to be elected, the election proposals approved by shareholders tend to be based not only on individual criteria (such as candidates' expertise, integrity, availability and experience in the sectors where NOVABASE does business), but also on diversity requirements.

Pursuant to article 29-H, paragraph 1, sub-paragraph q) of the Securities Code (CVM), following is a summary of NOVABASE's diversity policy for its managing and supervisory boards, how this policy was applied and its results in the 2023 financial year.

NOVABASE believes that it employs an ongoing approach of diversity in the composition of its managing and supervisory boards, helping to improve the performance of the relevant boards and providing balance in their composition, with a particular focus on gender diversity.

On 12 April 2018, NOVABASE's Board of Directors approved a formal diversity policy for its managing and supervisory boards, which is available to the public at the company's website. The approved policy is primarily rooted in the following commitments on the part of NOVABASE:

- Compliance with Law no. 62/2017 of 1 August, since gender diversity allows for different management styles and complementary approaches;

- With regard to age, there must be a balance between experience and maturity and the youth and energy needed for the fast-paced innovation of NOVABASE's highly dynamic sector (information technologies);

- With regard to qualifications and education, in addition to areas associated with technology, various other areas of knowledge must also be represented, in view of the mounting importance of multidisciplinarity in team performance.

The following are noteworthy with regard to the application and results of NOVABASE's diversity policy in the 2023 financial year:

- With regard to full members on NOVABASE's corporate boards performing duties in 2023, NOVABASE's corporate boards had a total of twelve men and five women;

- Throughout 2023, NOVABASE's corporate board members ranged from 34 to 70 years in age. Their areas of core training included engineering, law, mathematics, economics, management and philosophy;

- Therefore, the Board of Directors for the 2021-2023 term of office was comprised of 33.3% female members, thereby meeting the minimum referred to in Law no. 62/2017 of 1 August (33.3%), also including one female member granted special responsibilities pursuant to article 407, paragraph 1 of the Commercial Companies Code.

17. Composition, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board, stating the minimum and maximum number of members, term of office, number of full members, inauguration date and end date of each member's term of office, in accordance with the articles of association.

As stated above, article 8 of the company's articles of association states that members of the Board of Directors are elected by the General Meeting of Shareholders for three-year terms, subject to re-election one or more times, and that, at the end of their terms of office, they shall keep their positions until the appointment of new members.

NOVABASE's articles of association also state that the Board of Directors may be comprised of at least three and at most nineteen members.

On 31 December 2023, the Board of Directors had nine full members, as shown in the following table:

Director	Inauguration date	End of term of office
Luís Paulo Cardoso Salvado	18 March 1998	31 December 2023
Álvaro José da Silva Ferreira	10 May 2018 3 March 2000	31 December 2023 20 April 2015

Francisco Paulo Figueiredo Morais Antunes	24 May 2022 28 April 2009	31 December 2023 25 May 2021
María del Carmen Gil Marín	10 May 2018	31 December 2023
José Afonso Oom Ferreira de Sousa	24 January 1991	31 December 2023
Pedro Miguel Quinteiro Marques Carvalho	24 January 1991	31 December 2023
Benito Vázquez Blanco[1]	24 May 2022	31 December 2023
Madalena Paz Ferreira Perestrelo de Oliveira	25 May 2021	31 December 2023
Rita Wrem Viana Branquinho Lobo Carvalho Rosado	25 May 2021	31 December 2023

Pursuant to article 14 of the articles of association, the Board of Directors may delegate the day-to-day running of the company to one or more members of the Board of Directors (managing directors) or to an Executive Committee consisting of three to nine members.

Following the General Meeting of Shareholders of 25 May 2021 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for the 2021-2023 term of office), the elected Board of Directors delegated, on this same date, NOVABASE’s daily management to Managing Directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira. Along these lines, the decision was made to grant special responsibilities to Director María del Carmen Gil Marín, pursuant to article 407, paragraph 1 of the Commercial Companies Code. The activities of these managing directors are supervised by the non-executive directors.

Two new directors were elected in the General Meeting of Shareholders of 24 May 2022: Benito Vázquez Blanco and Francisco Paulo Figueiredo Morais Antunes for the remainder of the 2021-2023 period in progress. On this same date, the decision was made by the Board of Directors to grant special responsibilities to director Francisco Paulo Figueiredo Morais Antunes, pursuant to article 407, paragraph 1 of the Commercial Companies Code.

[1] Elected in the General Meeting of Shareholders of 24 May 2022 for the remainder of the 2021-2023 period in progress, following the resignation submitted by Director José Sancho García, pursuant to and for the purposes of article 393, paragraph 7 of the Commercial Companies Code.

18. Distinction between executive and non-executive members of the Board of Directors and, for the latter, identification of members who can be considered independent or, when applicable, identification of independent members of the General and Supervisory Board.

Member of the Board of Directors	Category	Independent[1]
Luís Paulo Cardoso Salvado	Executive (Chairperson)	No
Álvaro José da Silva Ferreira	Executive	No
Francisco Paulo Figueiredo Morais Antunes	Non-executive	No
María del Carmen Gil Marín	Non-executive	No
José Afonso Oom Ferreira de Sousa	Non-executive	No
Pedro Miguel Quinteiro Marques Carvalho	Non-executive	No
Benito Vázquez Blanco	Non-executive	No
Madalena Paz Ferreira Perestrelo de Oliveira	Non-executive	No
Rita Wrem Viana Branquinho Lobo Carvalho Rosado	Non-executive	No

[1] Under the terms of CMVM Regulation no. 4/2013, Annex I, point 18.1.

In view of the number of directors (nine), the seven non-executive members of the Board of Directors are sufficient in number to ensure effective monitoring, supervision and assessment of the activity of the remaining members of the managing board (see points 24 and 27 of this report with regard to the assessment of the other directors). In fact, the number of non-executive directors accounts for 77.8% of all directors, which is a truly significant proportion, above all considering the company's size and the respective free float, as resulting from this report. Furthermore, NOVABASE's non-executive members have professional qualifications, educations and backgrounds which differ between themselves, but which are relevant at various levels for NOVABASE's main business areas, thereby representing diverse areas of knowledge among non-executive members to support the executive members' monitoring, supervision and understanding of the business.

In view of the company's size, its need for agility and efficient management, its shareholder structure and respective free float, its various levels of internal control (including supervisory boards completely comprised of persons independent from the management and qualified shareholders, with the important note that, under the Anglo Saxon corporate governance model previously in effect at the company, only those management members with positions on the Auditing Committee were independent), and the vast set of options benefiting shareholder participation and the exercising of rights, NOVABASE does not believe that independent directors are needed to ensure the protection of the interests of all stakeholders.

19. Professional qualifications and other relevant background information of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.

Director	Professional Qualifications	Other background information[1]
Luís Paulo Cardoso Salvado	• MBA in Information Management from Universidade Católica Portuguesa • Graduate in Electrotechnical and Computer Engineering at Instituto Superior Técnico (IST - Higher Technical Institute)	• Chairperson of the Board of Directors and Managing Director of NOVABASE - S.G.P.S., S.A. Formerly: • CEO • Member of the Board of Directors Performance Assessment Committee and the Corporate Governance Assessment Committee • CFO, CHRO and CLO of the NOVABASE Group • CEO of NOVABASE Consulting, S.A. • Director of various NOVABASE Group companies
Álvaro José da Silva Ferreira	• Mergers and Acquisitions Programme - Harvard Business School • Private Equity and Venture Capital Programme - Harvard Business School Executive Education • MBA - Universidade Nova de Lisboa • Graduate in IT Engineering - Universidade Nova de Lisboa	• Managing Director of NOVABASE - S.G.P.S., S.A. Formerly: • COO Value Portfolio • Director of various NOVABASE Group companies
Francisco Paulo Figueiredo Morais Antunes	• Master's in Finance from ISCTE • Graduate in Company Organization and Management from ISCTE (Lisbon University Institute)	• Director of NOVABASE - S.G.P.S., S.A. with special responsibilities Formerly: • CFO of NOVABASE Group • Director of various NOVABASE Group companies

María del Carmen Gil Marín	• MBA - INSEAD • Academic cycle of PhD in the Environment and Alternative Energies - UNED • Higher Degree in Electronic Engineering - Universidad Pontificia de Comillas (I.C.A.I.) • Extensive executive training, including: Stanford University (Cyber Security), UCLA Anderson School of Management (Santander-UCLA W50), Nova School of Business & Economics (Boards Governance) and Harvard Business School (Leadership)	• Director of various NOVABASE Group companies Director of NOVABASE - S.G.P.S., S.A. with special responsibilities Formerly: • Executive Director of NOVABASE - S.G.P.S., S.A. (COO Value Portfolio, CIO and CISO) • Head of Investor Relations NOVABASE - S.G.P.S., S.A. • Director of various NOVABASE Group companies • Member of the Audit Board of Associação de Emitentes de Mercado (A.E.M.) • Member of Audit Board of Investor Relations Forum • Strategic Marketing Professor at Universidad Pontificia de Comillas • Strategic consultant at The Boston Consulting Group • Corporate Finance - Investment Banker at Lehman Brothers
José Afonso Oom Ferreira de Sousa	• Graduate in Philosophy from Universidade Católica de Lisboa • MBA from Universidade Nova de Lisboa • Master's in Electrotechnical Engineering from IST • Graduate in Electrotechnical Engineering from IST	• Non-executive Director of NOVABASE - S.G.P.S., S.A. Formerly: • Director without delegated areas • Member of the Board of Directors Performance Assessment Committee • Member of the Corporate Governance Assessment Committee • CLO and CFO of NOVABASE Group • Director of various NOVABASE Group companies
Pedro Miguel Quinteiro Marques Carvalho	• Graduate in Applied Mathematics from Universidade de Lisboa	• Non-executive Director of NOVABASE - S.G.P.S., S.A. Formerly: • Director without delegated areas • Member of the Board of Directors Performance Assessment Committee • Director responsible for the administrative and logistics area • CIO of NOVABASE Group • Director of various NOVABASE Group companies
Benito Vázquez Blanco	• Master of Telecommunications Engineering - Universidad Politécnica de Madrid	• Non-executive Director of NOVABASE S.G.P.S., S.A.

Madalena Paz Ferreira Perestrelo de Oliveira	• Doctorate in Law (legal/civil sciences) from the University of Lisbon School of Law • Completion of academic part of the Master's degree in Legal Sciences at the Faculty of Lisbon • Attendance at the 17th Postgraduate Course in Securities Law, organized by the Securities Institute (Instituto dos Valores Mobiliários) • Graduate in Law from the University of Lisbon School of Law	• Non-executive Director of NOVABASE - S.G.P.S., S.A. • Assistant Professor at the University of Lisbon School of Law • Consultant in the areas of banking, finance and corporate, M&A at PLMJ, Sociedade de Advogados, RL • Researcher at the Private Law Research Centre (CIDP) of the University of Lisbon School of Law; • Member of the Governance Lab, a legal research group dedicated to organizational governance; • Sub-director of the Financial Law and Capital Markets Journal Formerly: • Secretary of the General Meeting of Shareholders of NOVABASE - S.G.P.S., S.A.; • Assistant at the Católica Lisbon School of Business and Economics
Rita Wrem Viana Branquinho Lobo Carvalho Rosado	• Executive training: Advanced Programme for Non-executive Directors (IPCG) • Graduate in Law from Universidade Católica de Lisboa	• Non-executive Director of NOVABASE - S.G.P.S., S.A. • Secretary of the General Meeting of Shareholders of various NOVABASE Group companies • Head of Legal at the NOVABASE Group

[1] Professional activities performed in the past five years, namely in terms of positions at other companies or the company itself (article 289 of the Commercial Companies Code).

20. Regular and significant family, professional or business relationships of members, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors with shareholders to whom a qualified shareholding exceeding 5% of voting rights may be attributed.

Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and José Afonso Oom Ferreira de Sousa, directors of NOVABASE S.G.P.S., S.A., are also directors of HNB- S.G.P.S., S.A., which on 31 December 2023 had 11,438,851 shares representing 43.12% of the share capital and voting rights of NOVABASE S.G.P.S., S.A.

On 31 December 2023, there were no other regular and significant relationships between directors and qualified shareholders.

21. Organizational structure and functional chart relating to the division of powers among the various boards, committees and/or departments within the company, including information on the scope of the delegation of powers, particularly with regard to the delegation of day-to-day management of the company.

NOVABASE was organized into two business segments on 31 December 2023:

- Next-Gen
- Value Portfolio

These two segments were announced to the market on 25 July 2019, in the wake of the disclosure of the 2019+ Strategy Update.

The Next-Gen segment aims to be a key player in an area of fast growth and considerable size, through a leadership position in attracting hard-to-find technology talent in Portugal and in deploying advanced projects focusing on Europe and the Middle East. NOVABASE has a solid history in Nearshore Agile, and is already active in Telecommunications and Financial Services.

NEXT-GEN, an IT service company focused on:

- Design & UX
- Insights through data
- Native & scalable cloud
- Digital architecture
- Exposure to APIs
- AI/Analytics
- Automation of Tests & Engineering
- Continuous Delivery
- Intelligent Operations

The main purpose of the Value Portfolio segment is to generate funds to finance growth in the Next-Gen segment, through proactive management and by analysing potential strategic partnerships. It includes businesses with consolidated IT offers for the IT Staffing and Venture Capital sector.

On 12 October 2023, NOVABASE announced to the market the sale of its IT Staffing business through the disposal of all shares held by the seller, NOVABASE Neotalent S.A., corresponding to 95.003% of the shares representing its share capital, which held all of the share capital of the company NOVABASE Neotalent España, S.A.U. The purpose of this transaction was to focus all of NOVABASE's resources and energy on the international expansion of the Next-Gen business, namely in the areas of Cognitive and Analytics.

More information on the terms and conditions of this agreement can be consulted in the NOVABASE market disclosures of 12 October and 18 December 2023.

NOVABASE - S.G.P.S.,[1]/Celfocus [2]

NOVABASE - S.G.P.S. and Celfocus control the central functional areas: *Human Resources*, *Finance & Administration*, *IT*, *Marketing*, *Legal* and *Logistics*. NOVABASE - S.G.P.S. directly controls the *Investor*

[1] NOVABASE – Sociedade Gestora de Participações Sociais, S.A.

[2] Celfocus, S.A.

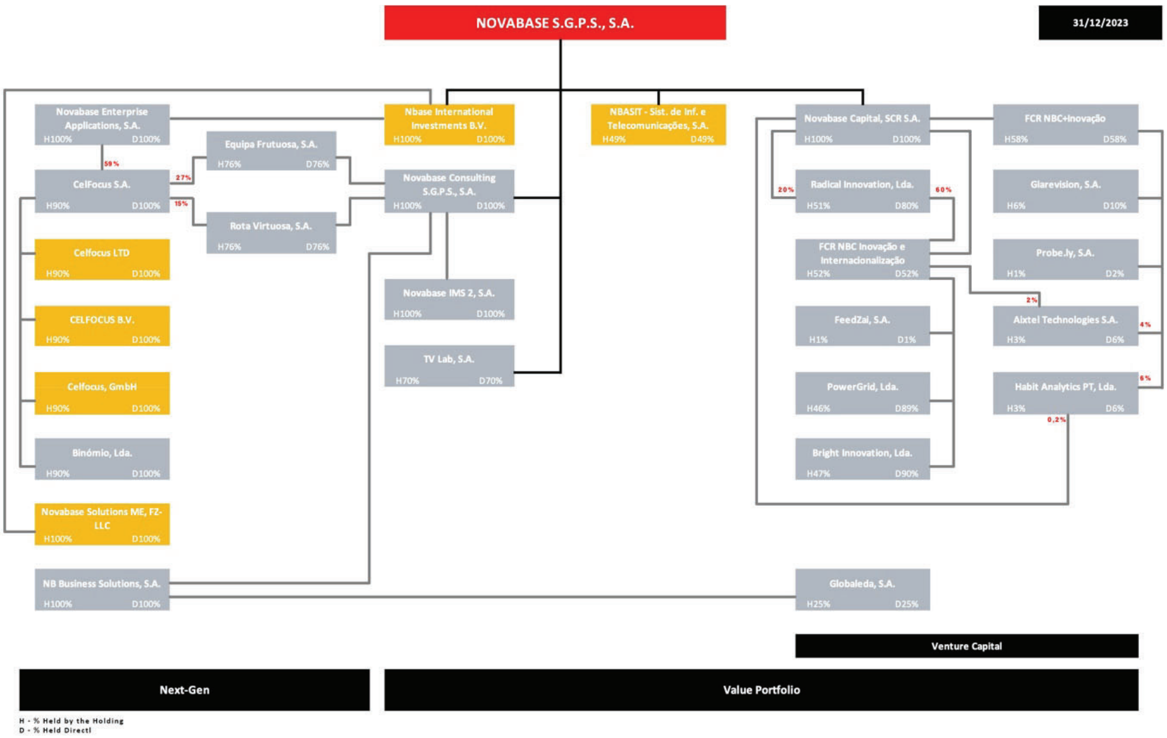
Relations function through the Investor Relations Office.

Information on the Investor Relations Office can be found in point 56 of this report.

Organizational Chart

Each of the aforementioned organizational units corresponds to a company or a group of companies.

The attached organizational chart includes all of the companies within NOVABASE's consolidation perimeter.



As stated in point II. A) 15., in view of the mounting challenges of internationalization and competition revolving around NOVABASE's business, the corporate governance system in place at the company needed to be brought up to date by simplifying and streamlining company bodies and procedures, so as to tailor existing solutions to the company's size and specific circumstances.

Therefore, beginning in 2015, NOVABASE adopted a reinforced Latin corporate governance model comprised of a Board of Directors, Audit Board and Statutory Auditor (ROC). In this model, a substantially more agile day-to-day management structure was implemented, with the Board of Directors able to delegate the day-to-day running of the company to one or more directors (managing directors) or to an Executive Committee of three to nine members.

Following the General Meeting of Shareholders of 25 May 2021 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for the three-year period of 2021-2023), the elected Board of Directors delegated, on this same date, NOVABASE's daily management to Managing Directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, with no Executive Committee having been created for this term of office. Along these lines, the decision was made to grant special responsibilities to Director María del Carmen Gil Marín, pursuant to article 407, paragraph 1 of the Commercial Companies Code.

Two new directors were elected in the General Meeting of Shareholders of 24 May 2022: Benito Vázquez Blanco and Francisco Paulo Figueiredo Morais Antunes for the remainder of the 2021-2023 period in progress. On this same date, the decision was made by the Board of Directors to grant special responsibilities to director Francisco Paulo Figueiredo Morais Antunes, pursuant to article 407, paragraph 1 of the Commercial Companies Code.

The activities of the managing directors are supervised by the non-executive directors. Moreover, NOVABASE has a general meeting board elected for three-year terms of office, along with a Remuneration Committee appointed by the General Meeting of Shareholders to establish the remuneration of each corporate board member based on the duties performed and the company's financial status. The company also designates a secretary and respective substitute, under the terms of article 446-A of the Commercial Companies Code, to perform the duties established by law.

Under the terms of article 14 of NOVABASE's articles of association, a Board of Directors with full and exclusive representation powers is responsible for managing the company's business.

The Board of Directors has general powers to act in pursuit of the company's corporate and business interests within the confines of the law, the articles of association and the decisions of the General Meeting of Shareholders and, in particular, to:

a) Acquire, encumber and sell any rights or movable property as well as to acquire, encumber and sell immovable property, whenever it is deemed appropriate for the company;

b) Take out loans and carry out any other financing operations in the interest of the company, under such terms and conditions that it deems fit;

c) Appoint representatives of the company;

d) Delegate powers to its members;

e) Hire employees, set their conditions of employment and exercise disciplinary power;

f) Represent the company in and out of court, as plaintiff or defendant, file lawsuits, and make admissions, compromise in them and withdraw from them, and engage in arbitration;

g) Open, operate and close any of the company's bank accounts, deposit and withdraw money, issue, accept, draw and endorse cheques, bills and promissory notes, invoice statements and any other securities;

h) Decide on investments in the capital of other companies or on participating in other businesses;

i) Run the company's businesses and carry out any acts and transactions relating to the corporate purpose that do not fall within the jurisdiction of other company bodies.

Under the terms of its regulations, the Board of Directors is responsible for setting a policy for reporting irregularities in compliance with goals laid out in this regard by law, by applicable regulations or by the General Meeting of Shareholders.

The Board of Directors' bylaws and regulations also state that it may delegate to one member of the Board of Directors certain specific management duties or the execution of the Board of Directors' decisions, and may also, as stated above, delegate the day-to-day running of the company to one or more directors (managing directors) or to an Executive Committee of three to nine members. The delegated powers must be drawn up in minutes. The Board of Directors will determine the powers of each managing director or of the Executive Committee, as applicable, in the day-to-day running of the company, delegating to the Executive Committee, when necessary, all of the powers not prohibited by article 407, paragraph 4 of the Commercial Companies Code.

Pursuant to the provisions of article 407, paragraph 4 of the Commercial Companies Code and the regulations of NOVABASE's Board of Directors, the Board of Directors may not delegate the following:

a) Selection of the Chairperson of the Board of Directors;

b) Co-option of directors;

c) Requests to call the General Meeting of Shareholders;

e) Drawing up of annual reports and accounts;

f) Provision of collateral, personal guarantees and security in rem by NOVABASE;

g) Change of registered office and capital increases;

h) Deliberation of projects to merge, divide and transform NOVABASE;

i) Approval of strategy;

j) Definition of the Group's corporate structure.

Managing Directors

Managing directors are responsible for the day-to-day running of the company, and may perform all actions required to this end, respecting the powers of the Board of Directors with regard to actions which must be submitted for its approval. Managing directors define the company's current organizational structure, appoint employees to perform management duties in the corporate boards of this structure and manage all of the company's operating areas.

In accordance with the delegation of powers approved by the Board of Directors on 25 May 2021, the performance of all actions required for the day-to-day running of the company has been delegated to the two Managing Directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, for the three-year period of 2021-2023, including the individual powers to perform all the actions required for the day-to-day running of NOVABASE, including all powers needed or expedient for pursuing the company's corporate purpose and conducting its business, namely:

a) Carry out the annual business plans and corresponding budgets after their approval by NOVABASE's Board of Directors;
b) Approve changes to the budget, except when their cumulative impact on the company's consolidated net profit is expected to exceed €1m (one million euros) in the financial year;
c) Approve and carry out the NOVABASE's short, medium and long-term organic development and investment plans, and identify and make investments in existing or new business areas of NOVABASE and its affiliates, by means of a budget approved by NOVABASE's Board of Directors and/or, in the absence of this, provided that (i) individually, they do not exceed €1m (one million euros); and (ii) together, €5m (five million euros) in a given financial year; or (iii) in the case of R&D (research and development) investments or investments with co-funding, covered by applicable tax incentives or subsidies, up to a combined amount of €20m (twenty million euros) per financial year;
d) Acquire, encumber and sell holdings in other companies, provided these transactions' general guidelines fall within the annual business plans and respective budgets or, otherwise, with the prior approval NOVABASE's Board of Directors;

e) Manage holdings in other companies, including affiliates, namely by appointing their representatives on corporate boards and laying out guidelines for these representatives' activities, together with approving and reorganizing these holdings according to the annual business plans, or by prior decision approved by NOVABASE's Board of Directors;
f) Notwithstanding legal provisions and formalities, buy and sell treasury shares within the framework and limits of the decision of the General Meeting of Shareholders;
g) Opening, transacting and closing bank accounts;
h) Approve short and medium-term financing agreements (12-36 months), including those which increase overall indebtedness, provided that their value is €5m (five million euros) or less per transaction, or cumulatively €20m (twenty million euros) per financial year, or of any amount with the prior approval of NOVABASE's Board of Directors;
i) Grant medium and short-term loans (and/or shareholder loans) to affiliates for cash-on-hand and other purposes allowed by law, up to the amount of €20m (twenty million euros) per financial year, or in any amount with the prior approval of NOVABASE's Board of Directors;
j) Acquire, sell and/or encumber NOVABASE's assets, individually up to €1m (one million euros), or cumulatively up to €5m (five million euros) per financial year;
k) Take or give in lease, and manage the use of, immovable property allocated to the business of NOVABASE and/or its affiliates, partially or in whole, in accordance with the budget approved by NOVABASE's Board of Directors or, apart from a budget, up to a combined annual amount of €1m (one million euros);
l) Manage and coordinate all of the company's operating and business support areas, including but not limited to Human Resources, Finance and Administration, Marketing and Communication, Information Systems, Legal, Organizational Development and Investor Relations, excluding internal auditing boards if/when they exist;
m) Recruit and dismiss employees, define human resources and occupational health and safety policies, define and implement plans for training, career levels, categories, remuneration terms/conditions and other bonuses or salary supplements;
n) Perform standard activities involving powers as an employer, including but not limited to disciplinary authority and the application of legally admissible employee penalties;
o) Order/determine the presentation, negotiation and contracting of any supplies of goods and/or services by NOVABASE and/or its affiliates within the scope of their corporate purpose, individually up to €20m (twenty million euros) and/or (i) without a binding obligation of any kind exceeding 15 years; (ii) without terms/conditions deemed of considerable financial, legal and/or commercial risk, attributable to NOVABASE's Managing Directors, by those in the organization responsible for monitoring or otherwise assisting in the control of this risk;
p) Contract goods and services of any kind and by any means, as needed to pursue the corporate purpose, up to the amount of €1m (one million euros) per transaction, or in any amount with the prior approval of NOVABASE's Board of Directors or associated with the transactions referred to in o);
q) Take part in incorporated joint ventures and European Economic Interest Groupings, enter into consortium and equity partnership agreements, and establish or take part in any other forms of temporary or permanent association between companies and/or private or public entities, except when their purpose is to participate in projects whose anticipated turnover for the company exceeds €20m (twenty million euros);
r) Represent the company in and out of court, as plaintiff or defendant, including the instituting, contesting and lodging of appeals in any legal or arbitration proceedings, as well as confessing, withdrawing from or coming to terms in any proceedings and engagement in arbitration. The managing directors have furnished information on any proceedings involving the company whose amount is equal to or exceeds €1m (one million euros);
s) Appoint representatives to perform specific acts or categories of acts, defining the scope of their respective powers.

Notwithstanding the above, it has also been determined that decisions within the scope of NOVABASE's day-to-day management of more than €5m (five million euros) in value may only be made by mutual agreement of the managing directors.

On this same date, the Board of Directors decided to grant, pursuant to and for the purposes of article 407, paragraph 1 of the Commercial Companies Code, the following special responsibilities to Director María del Carmen Gil Marín:

a) Responsibility for the business area related to NOVABASE Capital, with this director in charge of running and coordinating the business of NOVABASE Capital, Sociedade de Capital de Risco, S.A., a company fully owned by NOVABASE;

b) Responsibility for the area of investor relations, assuming, for all legal purposes, namely with the Portuguese Securities Market Commission (CMVM), the position of NOVABASE representative for market relations, with this director in charge of supervising, overseeing and ensuring, with the degree of action deemed necessary or sufficient, NOVABASE's fulfilment of its duties arising from the fact that the shares representing its share capital are listed for trading on the Euronext Lisbon regulated market, namely the duties of disclosing information to the market and to the CMVM, as the supervisory authority;

c) Responsibility for the area of marketing and communication, with this director in charge of running and coordinating all matters related to NOVABASE's areas of marketing and communication;

d) Responsibility for the area of information technologies (IT), with this director in charge of running and coordinating all matters related to NOVABASE's area of information technologies.

On 2 June 2022, following the election of Director Francisco Paulo Figueiredo Antunes in the General Meeting of Shareholders of 24 May 2022, the Board of Directors decided to grant to this director, pursuant to and for the purposes of article 407, paragraph 1 of the Commercial Companies Code, the following special responsibilities:

1. Responsibility for the area of logistics, with specific powers to perform all the actions required or convenient in matters related to the company's logistics area, which includes the management of buildings and other logistical processes for the company to comply with its obligations in this domain, and to develop this area of the company, including but not limited to:

1.1. In general, representing the company before third parties in any acts, agreements or legal negotiations with third parties related to the company's logistics area;

1.2. Negotiating, drawing up, signing, entering into, renewing, amending and terminating service contracts and/or agreements, and other agreements and contracts of any kind, related to the company's logistics area, including contracts for the supply of goods, provision of outside services, leasing agreements and service provision agreements, although only proceeding to act after and pursuant to a decision approved by the company's Board of Directors whenever involving the contracting of goods or services in amounts exceeding €250k (two hundred and fifty thousand euros), and to transact against them as deemed appropriate by the director with special responsibilities, with the authority to lodge claims, collect any amounts due and sign public and/or private documents of any kind to ensure the validity, enforceability and implementation of the agreements signed;

1.3. Entering into any other agreements, contracts and transactions of a commercial or corporate nature, as appropriate to carrying out the company's logistical activities, whether with third parties, group companies or associated companies, and signing public and/or private documents of any kind to ensure the validity, enforceability and implementation of the agreements signed, with complete authorization to negotiate the terms and conditions of these agreements, regardless of the category, and to modify or terminate these contractual relationships of a commercial or corporate nature.

2. Being responsible for the area of finance, taxes and taxation, with specific powers to perform all the actions required or convenient to fulfil the company's obligations in this domain, including the areas of planning and management control, financial reporting, corporate finance issues, financial and cash transactions, financial management and collections, as well as matters involving taxation, including for this purpose, but not limited to, the following powers:

2.1. Requesting and formalizing the provision of guarantees and obligations with banks, savings banks and other credit institutions, so as to ensure compliance with obligations assumed by the company as a result of transactions related to its business; signing agreements for loans, credit and borrowing in general (both with credit institutions as well as with other entities from the same group, whether domestic or foreign), including real estate development loans, and guaranteeing them with any type of guarantees, credits, bills, promissory notes or other securities, movable or immovable property;

2.2. Taking out any types of deposits and assuming any obligations for all purposes, with legal or natural persons, including banks, Banco de Portugal, the State, regional and municipal bodies and authorities or courts of any kind, withdrawing or cancelling these deposits and guarantees, partially or in whole, and collecting principal and interest;

2.3. Purchasing, modifying, terminating or settling insurance policies of any kind, as well as transacting against them as deemed convenient by the director with special responsibilities, with the ability to lodge claims and receive compensation from the insurer;

2.4. Claiming and collecting, as permitted by law, amounts due to the company, including credits and deposits with the State, its agencies or others, entities and institutions of the State and bodies dependent on the State, signing and issuing the respective proof of payment;

2.5. Accepting, from debtors, movable and immovable property delivered for the payment of debts or a part thereof, and assessing this property; taking the judicial and extrajudicial measures deemed necessary or appropriate in relation to property from debtors, with a view to defending the rights and interests of the company;

2.6. Paying and settling any credits, interest, amounts and, in general, any sums due from the company for any reason related to, among others, operating costs or expenses, amounts due for the operation, repair and maintenance of assets held by the company, amounts payable to suppliers and other operating expenses involving the day-to-day running of the company or the assets in its possession, requesting receipts for acquaintance and proof of payment in relation to any amounts paid;

2.7. Opening, supervising, using, maintaining and closing any bank accounts and passbook accounts, whether current accounts, term accounts, securities accounts, credit accounts or others, having access to the amounts and securities deposited in these accounts and, to this end, requesting bank transfers; initiating bank transactions and agreements with any type of banking, credit, discount, financial or private banking institutions;

2.8. Issuing, accepting, collecting, paying, endorsing, protesting, discounting, pledging, guaranteeing and negotiating bills of exchange, promissory notes, cheques, payment orders and other bank drafts or documents of exchange. Implementing and establishing the conditions for endorsements and discounts in receipts, in negotiable instruments of any other kind and in orders and payment orders in the treasuries of the State, banks, deposit banks and other entities in which it has securities, bills, cash or any type of asset;

2.9. Depositing, withdrawing, transferring or domiciling and determining payments to or from the accounts of the company, signing cheques, payment orders and/or any documents considered necessary, as well as operating the accounts through the online banking service of the banking entity;

2.10. Receiving notices, letters and bank statements of the accounts, and having complete access to them by any means, either when requesting such information directly from the banking entity of the accounts in question, or through the online banking system, together with having the powers of viewing;

2.11. Negotiating the services and fees of the contracts of bank accounts;

2.12. Representing the company, as appropriate, before the Tax and Customs Authority ("Tax Authority") and respective associated entities;

2.13. Signing and submitting, on behalf of the company, all tax returns required according to any national, regional or local tax authority, together with the respective settlement or acquittance before the Tax Authority; signing and submitting, on behalf of the company, any form, document or notice to Banco de Portugal or to the competent monetary authority, or to any other authority competent in matters involving foreign transactions; and signing, whether in agreement or in disagreement;

2.14. Representing the company before inspection bodies of the Tax Authority, as well as before regional and local offices, submitting documentation, appearing before any services of the Tax Authority, appealing and submitting any allegations or requisitions within the scope of tax inspections;

2.15. Signing, on behalf of the company, requisitions submitted with administrative authorities in accordance with the tax process and procedure, e.g. requisitions to respond to informational notices, together with any resources related to state, regional or local taxes, applied by the Tax Authority through any office;

2.16. In general, monitoring inspection processes in progress or brought in the future against the company, with the ability, in this regard, to (1) take all the measures deemed necessary or convenient to proceed with the various processes of claims or contestation of corporate income tax settlements by the Tax Authority which are underway with the competent authorities, making efforts to submit or reinforce bank guarantees aimed at securing the payment of tax amounts settled and subject to contestation; (2) carry out all acts that may become necessary in relation to proceedings brought by the Tax Authority following inspection activities in progress or which may be initiated with the company; (3) representing the company before any public or private entities; (4) hiring service providers, legal or financial advisers and/or experts for the company that may be necessary in this regard.

2.17. Making, submitting, accepting, refusing and authorizing collections, payments and settlements of any type of taxes, fees and charges before any competent person or entity, including by electronic means. Making guarantees and accepting or contesting fees, taxes or specific tariffs for this purpose. Requesting deferrals or payments in instalments. Making collections;

2.18. Requesting, managing, obtaining, accepting, acquiring, granting and renouncing concessions, benefits, subsidies, exemptions, discounts and deductions of any kind, as well as requesting any special tax scheme that may apply; establishing or accepting their terms and conditions, and doing everything needed to ensure their respective implementation, compliance, use and fruition;

2.19. Hiring service providers, legal or financial advisers and/or experts for the company in the areas of finance, law, taxation and strategic consultancy, as necessary in this context, with up to €250k (two hundred and fifty thousand euros) in total remuneration; and

2.20. Establishing, in representation of the company, and notwithstanding the powers of the company's Audit Board under the law and the company's articles of association, whose legally certified copy has been submitted by the parties and returned, the relationship with the company's external auditors, as needed to monitor auditing services.

3. Responsibility for the legal area, with specific powers to perform all the actions required or convenient in matters related to the company's legal area, including but not limited to:

3.1. Appearing and representing the company in court, before any tribunal, in any proceedings, and ratifying the respective taking of positions, both in the declarative and pre-trial phases, as well as in enforcement, interlocutory, reconciliation or voluntary jurisdiction acts, and finally in any ordinary and extraordinary appeals. Furthermore and specifically, special powers to make admissions, withdraw or compromise, draw up agreements, enter into, assume and sign commitments and terminate, settle, submit to arbitration and be part of the arbitration agreement, and make any statements that may suspend the proceedings by means of extrajudicial negotiation or as a result of a subsequent change of purpose, as well as all those in which the above-mentioned special powers may be deemed necessary;

3.2. Hire service providers and legal advisers and/or experts for the company that may be needed in this regard, with up to €250k (two hundred and fifty thousand euros) in total remuneration;

3.3. Grant general and special powers to attorneys and legal representatives, delegating any powers considered appropriate to better defend the company's interests, including the proposition/submission of actions, claims and criminal complaints, and their revocation, as appropriate; and

3.4. Provide any statements or sign any public and/or private document needed to meet applicable requirements involving regulations to fight money laundering.

The non-executive directors are in charge of overseeing the activities of the managing directors, and for any damages caused by the acts or omissions of the committee or its members when, being aware of such existing or intended acts or omissions, they fail to notify the Board of Directors to take the necessary measures. In addition to the power of submitting matters for the Board of Directors' assessment and decision, and with a view to fully carrying out their monitoring and oversight duties with regard to NOVABASE's business, non-executive and managing directors may raise specific issues regarding delegated matters directly with executive directors.

In the same manner, the directors who have been granted the above special responsibilities must keep NOVABASE's Board of Directors informed at all times of the acts carried out in fulfilling these special responsibilities, and must submit a summary of these acts, whenever justified, at each meeting of the Board of Directors, together with furnishing information to the members of the Board of Directors whenever requested.

In view of the above, no powers were delegated in 2023 involving matters where the Board of Directors must ensure that the company acts in accordance with its objectives, namely: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the Group; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.

- **Operation**

Under the terms of NOVABASE's articles of association, the Board of Directors shall meet whenever called by its Chairperson or by two other directors. It must meet at least once per quarter.

The Board of Directors cannot function without a majority of its active members present. Under urgent circumstances, the Chairperson may waive this majority when it can be achieved via postal or proxy voting to another member of management.

One or more members of the board may participate via telematic means, when duly recorded in the minutes. In this case, members of management attending remotely via telematic means are considered present at the meeting.

Except when a qualified majority is required by law, the decisions of the Board of Directors are made by simple majority. The Chairperson of the Board of Directors has the casting vote in the event of a tie.

Pursuant to the Board of Directors' regulations, its Chairperson is also responsible for: a) coordinating the Board of Directors' work; b) calling and running the Board of Directors' meetings, ensuring that their minutes are drawn up; c) making casting votes; and d) ensuring the execution of decisions made.

Detailed minutes are drawn up for the meetings of NOVABASE's Board of Directors, pursuant to article 9 of the Board of Directors' internal regulations.

Pursuant to recommendation IV.2.1. of the Portuguese Corporate Governance Institute (IPCG) Corporate Governance Code (2018, revised in 2023), notwithstanding the legal functions of the Chairperson of the Board of Directors, if the Chairperson is not independent, the independent directors must designate a coordinator (lead independent director) from among themselves for the following purposes: (i) serving, whenever necessary, as a spokesperson with the Chairperson of the Board of Directors and the other directors, (ii) ensuring that they have the necessary means and conditions to perform their duties; and (iii) coordinating them in assessing the performance by the managing board, as provided for in recommendation V.1.1. of the above Governance Code.

In view of NOVABASE's corporate organizational model, which has several levels of internal control, the company does not believe that independent directors are necessary, as further explained in point 18. The designation of a lead independent director per this recommendation is therefore not possible.

With regard to the option of designating a lead non-executive director (in the absence of independent directors), in view of the company's size, the Board of Directors (comprised of nine directors) and the number of non-executive directors (seven), NOVABASE does not believe this position is necessary.

In fact, given NOVABASE's agile and flexible structure since 2015, the non-executive directors have adequately coordinated their duties with no need for formal meetings called and run by one of these directors.

Pursuant to the NOVABASE Board of Directors' internal regulations, members of the Board of Directors may not vote on issues where they have a conflict of interest with NOVABASE, whether directly or through third parties.

While being obliged to inform the Chairperson of the Board of Directors about the conflict of interest, the board member in question may participate in the meeting where the issue will be discussed, but without the ability to vote.

Unless decided otherwise, this member may be asked to give an opinion, but without the ability to vote, and must provide all information and clarifications requested in this regard by the Board of Directors and/or its members. Pursuant to the Board of Directors' internal regulations, directors may obtain information deemed necessary or convenient for the performance of their functions, powers and duties, via request to the Chairperson of the Board of Directors. Directors shall also be ensured access to the company's employees, as necessary, to assess NOVABASE's performance, status and future prospects.

Managing directors must provide, in a timely and suitable fashion, any information requested by the Board of Directors and/or Audit Board so that they may assess NOVABASE's performance, status and future prospects.

In 2023, all the information requested by the various corporate boards was supplied by NOVABASE's managing directors in a timely and suitable fashion. Similarly in 2023, the directors with special responsibilities kept the Board of Directors informed at all times of the acts carried out in fulfilling these special responsibilities, and provided information on these matters to the members of this board whenever requested.

22. Existence and location of operating regulations, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.

The regulations of the Board of Directors are available at NOVABASE's website.

23. Number of meetings held and attendance of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.

Board of Directors	
Number of meetings: 10[1]	
Member	Attendance (%)
Luís Paulo Cardoso Salvado	100

Álvaro José da Silva Ferreira	100
Francisco Paulo Figueiredo Morais Antunes	100
María del Carmen Gil Marín	90
José Afonso Oom Ferreira de Sousa	100
Pedro Miguel Quinteiro Marques Carvalho	100
Benito Vázquez Blanco	100
Madalena Paz Ferreira Perestrelo de Oliveira	100
Rita Wrem Viana Branquinho Lobo Carvalho Rosado	100

1 - one meeting held per document circulation

24. The corporate bodies responsible for assessing the performance of executive members.

The activities of the managing directors are monitored continuously by the Board of Directors on the whole and, specifically, by the non-executive directors, through the provision of information on the company's business as needed to monitor its day-to-day running. This monitoring of the managing directors by non-executive members was a practice already in place prior to the publication of corporate governance recommendations on the existence of specific evaluation committees, and continues to be an actual practice employed by NOVABASE.

Furthermore, in the meeting of 25 May 2021, the Board of Directors approved new internal regulations for this body reflecting the recommendations in this regard from the Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG) (2018, revised in 2023), already included in the regulations in effect during the 2018-2020 term of office.

Pursuant to article 10 of these regulations, to allow non-executive directors to carry out their duties of monitoring and overseeing NOVABASE's business, in addition to their ability to submit matters to the Board of Directors for assessment and decision, they may also, individually or jointly, request that members of the Executive Committee, when it exists, provide meeting minutes, support documentation for decisions made, meeting notices and access to meeting archives, requesting such information through the Chairperson of the Board of Directors and/or Chairperson of the Executive Committee, who must respond to the request in a timely and suitable fashion.

On 31 December 2023, the non-executive members of the Board of Directors were Francisco Paulo Figueiredo Morais Antunes, María del Carmen Gil Marín, José Afonso Oom Ferreira de Sousa, Pedro Miguel Quinteiro de Marques Carvalho, Benito Vázquez Blanco, Madalena Paz Ferreira Perestrelo de Oliveira and Rita Wrem Viana Branquinho Lobo Carvalho Rosado.

Furthermore, in accordance with recommendation VI.1.1. of the IPCG Corporate Governance Code (2018, revised in 2023), the Board of Directors conducts an annual assessment of its performance and the performance of the managing directors or Executive Committee, as applicable, bearing in mind fulfilment of the company's strategic plan and budget, risk management, internal operation and each member's contribution in this regard, together with relationships between the company's boards and committees.

Along these lines, each year, the Board of Directors approves the following in a meeting in reference to the previous financial year: (i) performance assessment of the Board of Directors on the whole during the financial year in question, using a self-assessment process for this purpose based on the evaluation parameters in the above paragraph, with all members of the Board of Directors participating and voting in the decision to approve this assessment, and (ii) performance assessment of the managing directors or Executive Committee, as applicable, in the previous financial year, based on the same evaluation parameters and other relevant parameters considering the executive functions of this board, with only the non-executive members of the Board of Directors participating and voting in the decision to approve this assessment.

The overall performance assessment of the Board of Directors and managing directors in the 2023 financial year was approved by NOVABASE's Board of Directors on 8 February 2024. In addition, the Remuneration Committee is responsible for assessing the performance of the managing directors and the directors with special responsibilities, namely for the purposes of applying the evaluation criteria described in point 25 below, together with that of the remaining non-executive directors.

NOVABASE's Board of Directors also ensures that the individual performance evaluations of each member of management are notified to the Remuneration Committee.

25. The pre-established criteria for assessing the performance of executive members.

The performance assessment of members of the Board of Directors (including managing directors) takes into account the organization's performance in the year in question, measured by the turnover growth and total shareholder return, and is aimed at correlating the remuneration's variable cash component with the responsibility and performance of each director in particular (as stated in the policy in point 69 of this report).

More information on the evaluation parameters and assessment process of NOVABASE's directors can be found in point 24.

26. Availability of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, indicating positions held simultaneously at other companies, both in and outside of the group, and other relevant activities performed by the members of these boards over the year.

Director (availability)	Group companies	Other companies and activities
Luís Paulo Cardoso Salvado (Full time)	• Director of the following companies: • Chairperson of the Board of Directors of Celfocus, S.A.	• Director of HNB - S.G.P.S., S.A. • Managing partner of Turtlewalk, Unipessoal, Lda.

	• Chairperson of the Board of Directors of NOVABASE Consulting, S.G.P.S., S.A. • Chairperson of the Board of Directors of NOVABASE Business Solutions, S.A. • Chairperson of the Board of Directors of NOVABASE Enterprise Applications, S.A. • TVLAB, S.A.	
Álvaro José da Silva Ferreira (Full time)	• Director of the following companies: • • Chairperson of the Board of Directors of TVLAB, S.A. - Chairperson • Chairperson of the Board of Directors of NBASIT, S.A. • Chairperson of the Board of Directors of NOVABASE IMS2, S.A. • Chairperson of the Board of Directors of Equipa Frutuosa, S.A. • Chairperson of the Board of Directors of Rota Virtuosa, S.A. • Manager of Binómio, Lda. • Celfocus, S.A. • NOVABASE Consulting, S.G.P.S., S.A. • NOVABASE Business Solutions, S.A. • NOVABASE Enterprise Applications, S.A. • NOVABASE Capital, S.C.R., S.A. • NOVABASE Middle East • Celfocus GmbH	• Director of HNB - S.G.P.S., S.A. • Managing partner of Pragmatic Proton, Unipessoal, Lda.
Francisco Paulo Figueiredo Morais Antunes (Full time)	• Director of the following companies: • NB Consulting S.G.P.S., S.A. • NB Business Solutions, S.A. • NB Enterprise Applications, S.A. • Celfocus, S.A. • NBaseInternational Investments B.V. • NBASIT, S.A. • NOVABASE IMS2, S.A. • NOVABASE Capital, SCR S.A. • Binómio, Lda.	• Manager of Cosmostock, Unip, Lda

<table>
<tr><td></td><td>TVLAB, S.A.
Celfocus LTD
Celfocus B.V.
Celfocus GmbH
Equipa Frutuosa, S.A.
Rota Virtuosa, S.A.
NOVABASE Middle East</td><td></td></tr>
<tr><td>María del Carmen Gil Marín
(Full time)</td><td>Chairperson of the General Meeting of Shareholders of the following NOVABASE Group companies:
GLOBALEDA - Telecomunicações e Sistemas de Informação, S.A.
Director of the following companies:
Chairperson of the Board of Directors of NOVABASE Capital, S.C.R., S.A.
Celfocus, S.A.</td><td>Independent non-executive director of the postal service (CTT) and member of the Auditing Committee
Independent non-executive director of Caixa Geral de Depósitos and member of the Auditing Committee and of the Evaluation, Appointments and Remuneration Committee</td></tr>
<tr><td>José Afonso Oom Ferreira de Sousa
(Part time)</td><td>Chairperson of the General Meeting of Shareholders of the following companies:
NOVABASE IMS2, S.A.
TVLAB, S.A.</td><td>Manager of Pluraldistance, Lda.
Director of HNB - S.G.P.S., S.A.
Director of Fundação Maria Dias Ferreira
Director of PROMANUSS - Investimentos e Consultadoria, S.A.
Director of Xistroban, S.A.
Chairperson of the Audit Board of Clube Olímpico de Oeiras.</td></tr>
<tr><td>Pedro Miguel Quinteiro Marques Carvalho
(Part time)</td><td>Chairperson of the General Meeting of Shareholders of the following companies:
NOVABASE Consulting S.G.P.S., S.A.
NOVABASE Business Solutions, S.A.
NOVABASE Capital, S.C.R., S.A.
NOVABASE Enterprise Applications, S.A.
Celfocus, S.A.</td><td>No activities at other companies outside the Group.</td></tr>
</table>

Benito Vázquez Blanco (Part time)	• No activities at other NOVABASE Group companies	• Co-CEO of BKOOL (software simulation platform for indoor cycling and spinning) • Independent director of the following Boards of Directors: • Mapfre Iberia • Mapfre Vida • Mapfre Internacional • Luckia Gaming Group • Member of the following Advisory Committees: • Mapfre CATIT (Advisory Committee for Transformation, Innovation and Technology) • Jones Lang Lasalle (JLL) España S.A. • SCL • Escuela Técnica Superior Ingenieros de Telecomunicación (Universidad Politécnica de Madrid) • Information Processing and Telecommunications Centre (Universidad Politécnica de Madrid) • ICAI (Universidad Pontificia de Comillas)
Madalena Paz Ferreira Perestrelo de Oliveira (Part time)	• No activities at other NOVABASE Group companies	• Assistant Professor at the University of Lisbon School of Law • Consultant in the areas of banking, finance and corporate, M&A at PLMJ, Sociedade de Advogados, RL • Researcher at the Private Law Research Centre (CIDP) of the University of Lisbon School of Law
Rita Wrem Viana Branquinho Lobo Carvalho Rosado (Part time)	• Secretary of the General Meeting of Shareholders of the NOVABASE Group companies: • NOVABASE Consulting, S.G.P.S., S.A. • NOVABASE Business Solutions, S.A.	• No activities at other companies outside the Group.

	- NOVABASE Enterprise Applications, S.A. - Celfocus, S.A. - NOVABASE IMS2, S.A. - TVLAB, S.A. - NOVABASE Capital, S.C.R., S.A. • Head of Legal at the NOVABASE Group	

- **Committees within the managing or supervisory board and managing directors**

27. Committees created within, as applicable, the Board of Directors, General and Supervisory Board and Executive Board of Directors, and location of operating regulations.

As stated in point 15 of this report, in view of the mounting challenges of internationalization and competition revolving around NOVABASE's business, the corporate governance system in place at the company needed to be brought up to date by simplifying and streamlining company bodies and procedures, so as to tailor existing solutions to the company's size and specific circumstances.

No other committees have currently been created within the company's Board of Directors, namely (i) to assess the performance of the executive directors and Board of Directors, and (ii) to reflect and act on issues involving corporate governance.

With regard to evaluating the management, it should be noted that the Board of Directors annually assesses its own performance, together with the performance of the managing directors or Executive Committee, as applicable, also ensuring that the individual performance evaluations of each member of the management are notified to the Remuneration Committee.

The activities of the managing directors are also monitored continuously by the Board of Directors on the whole and, specifically, by the non-executive directors, through the provision of information on the company's business as needed to monitor its day-to-day running. This monitoring of the managing directors or of the Executive Committee, as applicable, by non-executive directors was a practice already in place prior to the publication of corporate governance recommendations on the existence of specific evaluation committees, and continues to be an actual practice employed by NOVABASE.

In addition, the Remuneration Committee is responsible for assessing the performance of the managing directors and the directors with special responsibilities, namely for the purposes of applying the evaluation criteria described in point 25.

More information on the annual evaluation process of NOVABASE's Board of Directors can be found in point 24 of this report.

Along these lines, given the relatively low complexity of the current corporate governance structure, maintaining or reintroducing a specific committee to reflect on issues involving corporate governance or appointments seems unnecessary, since the company is assisted by outside consultants in this regard. Note that NOVABASE's governance model is assessed regularly by the Board of Directors in terms of its suitability and performance, to help optimize its performance in closer alignment with the interests of all stakeholders.

28. Composition, if applicable, of the executive committee and/or identification of managing director(s).

On 31 December 2023, the managing directors were:

Luís Paulo Cardoso Salvado
Álvaro José da Silva Ferreira

29. Powers of each of the committees created, and summary of activities carried out in exercising these powers.

In the wake of in-depth strategic reflection beginning in 2018 on the company's future, in 2019 the Board of Directors decided to approve an updated strategy for 2019 and beyond (2019+ Strategy Update), whose key features were announced to the market on 25 July 2019.

In the same Board of Directors meeting, it was decided, by proposal of the Executive Committee and given the framework of the 2019+ Strategy Update, to discontinue NOVABASE's shareholder remuneration policy for the annual distribution of at least 30% of the NOVABASE Group's consolidated net profit for the year. The purpose of this change was to ensure flexibility in allocating available financial resources to serve initiatives under the 2019+ Strategy Update.

In May 2022, in the annual General Meeting of Shareholders, two new members were elected to the Board of Directors, Francisco Paulo Figueiredo Morais Antunes and Benito Vázquez Blanco.

In 2023, NOVABASE made major progress in the execution of its strategy, as reflected in the results achieved.

Turnover was up 10%, and EBITDA was up 19%. Net profits totalled €47m, an increase of 428%, catapulted by the €40m gain from the sale of the Neotalent business. Net cash stood at €68m, an increase of €28m, including the use of €17m in a tender offer on treasury shares and €11m in remuneration to shareholders. Total shareholder returns were 42%, a reflection of the positive strategic and operational performance. In the Next-Gen segment, international business grew 13% to account for 69% of the total, with the United Kingdom and Germany being the main markets. EBITDA rose by 39%, benefiting from the stabilization of operations in the Middle East. The cost per employee also grew by 11% compared to 2022, pointing to a more competitive value proposition to cope with the current competition by specialized technology staff.

The sale of the IT Staffing business to Conclusion Group B.V., for a 2022 price-to sales-multiple of 1.31x, subject to adjustments, will allow all resources to be focused on the Next-Gen business, while at the same time providing additional remuneration to NOVABASE shareholders.

The 2019+ Strategy Update was fully achieved with regard to the target for shareholder remuneration, although, as anticipated, more lagging in the operational ambition for 2019-2023, affected by delays in inorganic growth and the complexity of the period (COVID-19 and geopolitical conflicts).

Highlights in 2023 also included the partnership with MATRIXX Software for the unveiling of AI solutions to monetize 5G; our recognition at the Glotel Awards ceremony, where Celfocus and Vodafone won the award in the World Communication Awards 2023, organized by Telecoms.com; Banking Transformation Summit, FutureNet World, Total Telecom Congress and Network Now sponsorships, where Celfocus continues to support major international events focusing on issues that impact the digital economy and innovation in next-gen technologies, and the creation of the 'Employer Brand' to attract the best talent, participating in multiple initiatives at universities and job fairs such as FISTA232, SINFO 30, JEEC 20233 and Jobshop 2023, among others.

In 2024 – despite uncertainty continuing to be the predominant variable – NOVABASE's Board of Directors remains highly confident that this team will be able to execute the strategy we have laid out.

III. SUPERVISION

a) Composition

30. Identification of supervisory body (Audit Board, Auditing Committee or General and Supervisory Board) in the model adopted.

NOVABASE has adopted a reinforced Latin corporate governance model, which includes an Audit Board and Statutory Auditor.

31. Composition, as applicable, of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee, stating the minimum and maximum number of members, term of office, number of full members, inauguration date and end date of each member's term of office, in accordance with the articles of association (reference may be made to the point where this information is already found in the report per no. 18).

Article 8 of the company's articles of association states that members of the Audit Board are elected by the General Meeting of Shareholders for three-year terms, subject to re-election one or more times and that, at the end of their terms of office, they shall keep their positions until the appointment of new members.

NOVABASE's articles of associations further establish that the supervision of the company shall be the responsibility of an Audit Board elected by the General Meeting of Shareholders and composed of at least three full members, one of whom shall be its Chairperson, with at least one substitute.

At least one member of the Audit Board must have a higher education degree suited to his/her duties, as well as knowledge of auditing or accounting. The Audit Board's remaining members may be law firms, statutory auditing firms or shareholders, in the latter case individuals with full legal capacity, and with qualifications and professional experience suited to his/her duties. On the whole, the Audit Board's members must have prior experience and training in NOVABASE's business sector.

The Audit Board had the following composition on 31 December 2023:

Full Member	Inauguration date	End of term of office
Álvaro José Barrigas do Nascimento	10 May 2018	31 December 2023
Fátima do Rosário Piteira Patinha Farinha	29 April 2015	31 December 2023
João Luís Correia Duque	25 May 2021	31 December 2023

32. Identification, as applicable, of the members of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee considered to be independent under the terms of articles 414, paragraph 5 of the Commercial Companies Code (reference may be made to the point where this information is already found in the report per no. 19).

Full Member of the Audit Board	Independent[1]
Álvaro José Barrigas do Nascimento	Yes
Fátima do Rosário Piteira Patinha Farinha	Yes
João Luís Correia Duque	Yes

[1] In accordance with article 414 nº 5, of the Commercial Companies Code.

In 2023, all members of the Audit Board were in compliance with the incompatibility rules of article 414-A, paragraph 1 of the Commercial Companies Code, together with the requirements for independence under Law no. 148/2015 of 9 September, since all of this board's members, including the Chairperson, are independent in accordance with article 414, paragraph 5 of the Commercial Companies Code.

In addition, the Chairperson and other members of the Audit Board are adequately capable of carrying out their duties, as demonstrated by the background information in the following point.

In this way, in view of NOVABASE's comparative size, the complexity of its business risks and the independence of all members of its Audit Board, NOVABASE believes that the number of Audit Board members effectively ensures the functions entrusted to it.

33. Professional qualifications, as applicable, of the members of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee, and other relevant background information (reference may be made to the point where this information is already found in the report per no. 21).

Audit Board		
Full Member	**Professional Qualifications**	**Work experience**
Álvaro José Barrigas do Nascimento	• Graduate in Economics, Porto School of Economics | Porto, Portugal • PhD in Banking and Finance • Cass Business School, City University | London, United Kingdom • Master of Science in International Trade and Finance • The Management School, Lancaster University | Lancaster, United Kingdom • Graduate in Economics, Porto School of Economics | Porto, Portugal	• Full Professor/ Dean of Fernando Pessoa University (since 2023) • Associate Professor in Economics and Finance - Católica Porto Business School - Universidade Católica Portuguesa (1991-2022) • Independent NORS director (since 2020) • Chairperson of the Audit and Finance Committee of Sonae MC (2018-2020) • Member of the Audit Board of Unicer • Manager of the Business Administrator Forum (FAE) (since 2019) • Chairperson of the Advisory Committee of ERSAR (2019-2023) • Manager of the Católica Porto Business School (2008-2013) • Chairperson of the Board of Directors of CGD (2011-2013) • Member of management, Católica Luanda Business School (since 2020) • Chairperson of the Audit Board of Banco Carregosa (2017-2018) • Independent director of Euronext (2016-2018) • Manager of the Portuguese Corporate Governance Institute (2013-2019)

		• Manager of the Commercial Association of Porto (2013-2017) • Advisor to the Minister of Education of the XIV Constitutional Government (2002)
Fátima do Rosário Piteira Patinha Farinha	• Graduate in Company Organization and Management from Instituto Superior de Economia e Gestão • Registered in the Portuguese Statutory Auditors' Association	• Financial Director of Grupo Entreposto automobile retail • Assistant Financial Director of Entreposto Group (2002-2010); • Financial Director of NOVABASE Capital S.C.R., S.A. (2000- 2002); • Financial Director of NOVABASE Sistemas de Informação e Bases de Dados S.A. (1991- 2000).
João Luís Correia Duque	• Doctorate in Business Administration from the University of Manchester • Graduate in Company Organization and Management from University of Lisbon	• Chairperson of the ISEG - Lisbon School of Economics and Management • Chairperson of the Board of Directors of Taguspark, S.A. • Non-executive Director of NOVABASE - S.G.P.S., S.A. • Non-executive Director of Sogevinus - S.G.P.S., S.A. • Member of the management of the Portuguese Financial Analysts Foundation (APAF) • Chairperson of the Board of Directors of NOVABASE Capital S.C.R., S.A. • Member the Audit Board of Sagres - Sociedade de Titularização de Créditos, S.A. • Member the Audit Board of FGP - Federação de Ginástica de Portugal • Member of the Advisory Committee of IGCP • Chairperson of the Scientific Board of APOTEC - Associação dos Técnicos Oficiais de Contabilidade

		• Director of the Studies Office of the Portuguese Securities Market Commission (CMVM) • Consultant of CMC - Comissão do Mercado de Capitais de Angola.

b) Operation

The Audit Board is responsible for overseeing NOVABASE's management and ensuring compliance with the law and memorandum of association.

In performing its duties, NOVABASE's Audit Board is responsible for the following:

a) Propose, at the General Meeting of Shareholders, the appointment of the Statutory Auditor ("ROC") or Statutory Auditing Firm ("SROC"), pursuant to the law;
b) Monitor the independence of the ROC/SROC, particularly with regard to the provision of additional services to NOVABASE or to companies in its group;
c) Oversee the review of accounts and other company accounting documents;
d) Prepare an annual report on its oversight activities, and issue an opinion on the Annual Report and Accounts and proposals submitted by management;
e) Monitor the efficacy of the risk management system, internal control system and internal auditing system;
f) Monitor the preparation and disclosure of financial information;
g) Annually assess the Board of Directors' and Executive Committee's compliance with the budget;
h) Take whatever decisions it deems necessary, informing the Chairperson of the Board of Directors and director in charge of NOVABASE's financial area, with respect to information about any irregular practices which it receives from shareholders, NOVABASE employees or others, to the department created specifically for this purpose;
i) Issue a prior binding opinion on the type, scope and minimum individual or combined amount of business deals with related parties which (i) require the prior approval of the managing board; (ii) require the prior approval of the supervisory board due to their high value;
j) Issue a prior opinion on business deals with related parties submitted by the managing board;
k) Comply with other competencies and duties provided for by law and the memorandum of association.

In addition, since 31 March 2011, the company's supervisory board has performed duties involving preliminary assessments of the business deals to be carried out between the company and the owners of qualified holdings or entities related to them, pursuant to article 20 of the Securities Code. These functions are described in point 91 of this report.

Even so, in view of the entry into force of Law no. 50/2020 of 25 August during the 2020 financial year, which transposed into the Portuguese legal system Directive (EU) 2017/828 concerning shareholder rights in listed companies as regards shareholders' long-term engagement, having introduced articles 249-A and following (corresponding to current articles 29-S and following) to the Securities Code providing for a scheme for transactions with related parties, an internal procedure was established at NOVABASE in 2021 for verifying and approving transactions with related parties, with the involvement of the Board of Directors and the Audit Board, pursuant to the law, which was approved by the Board of Directors with a prior favourable opinion of the Audit Board.

This regulation is further described in point 91 of this report, including the intervention and functions of the Audit Board in this regard, which among others include: (i) issuance of a prior opinion by the Audit Board in relation to certain transactions between the company and related parties subject to decision of the Board of Directors, (ii) the need for the Board of Directors to verify and notify the Audit Board, before the end of the month following the end of each quarter, of the amount and nature of transactions between NOVABASE and any related party performed in the previous quarter which were not subject to a specific decision by these boards pursuant to the regulations.

Furthermore, on 20 June 2018, the Audit Board approved new internal regulations aimed at incorporating legal provisions applicable to this board and its activities, namely those resulting from Law no. 148/2015 of 9 September, together with recommendations from the IPCG Corporate Governance Code (2018, revised in 2023).

Along these lines, provisions aimed at establishing and implementing the Audit Board's duties within the scope of its powers were added to these regulations, particularly with regard to (i) the preparation of financial information, (ii) the supervision of systems for managing risks and control, and (iii) statutory and external auditing.

In performing its duties regarding the preparation of financial information, the Audit Board is specifically responsible for:

a) Overseeing the adequacy of the process for preparing and disclosing financial information by NOVABASE's Board of Directors, including the suitability of accounting policies, estimates, judgements, relevant disclosures and their consistent application between years, in a duly documented and properly communicated manner; and
b) Certifying that the report disclosed on corporate governance practices and structure includes the items referred to in article 29-H of the Securities Code.

In addition, in performing its duties regarding the supervision of systems for risk management, internal control and internal auditing, the Audit Board is specifically responsible for:

a) Evaluating the Board of Directors' risk management, implementing periodic control procedures and mechanisms to ensure that the risks actually taken by NOVABASE are consistent with the Board of Directors' goals;
b) Issuing its opinion on the working plans and resources allocated to internal control areas, also receiving reports from these areas on matters involving the rendering of accounts, identifying or resolving conflicts of interest and the detection of potential irregularities.

Finally, in performing its duties regarding statutory and external auditing, the Audit Board is specifically responsible for:

a) Ensuring an organized selection process for ROCs/SROCs to be proposed to the General Meeting of Shareholders, pursuant to applicable legislation. This selection must include the following:
    (i) It must begin with a sufficient amount of lead time before the scheduled date of the NOVABASE General Meeting of Shareholders which will elect the ROC/SROC, so that the Audit Board may properly assess proposals received from applicants and select the ROCs/SROCs to be proposed at the meeting;
    (ii) It must be open to various applicants during a specific period of time; the Audit Board shall select and invite a group of applicants prior to its established proposal submission period;
    (iii) It must follow selection criteria of transparency, non-discrimination and impartiality; in analysing and appraising each proposal received, the Audit Board shall consider applicants' knowledge of the business sectors where NOVABASE and the NOVABASE Group's companies do business, together with their resources, capacities and financial standing.

b) Selecting, in accordance with sub-paragraph a) above, the ROCs/SROCs to be proposed to the General Meeting of Shareholders for election and, as part of this proposal, recommending a preferred ROC/SROC on justified grounds, pursuant to the law;
c) Verifying, monitoring and overseeing the independence of NOVABASE's ROC/SROC, namely by means of the following:
   (i) Ensuring the receipt of information and communications pursuant to article 63 of the bylaws of the Portuguese Statutory Auditors' Association passed by Law no. 140/2015 of 7 September ("EOROC");
   (ii) Properly evaluating the threats to the independence of the ROC/SROC, together with existing or future safeguarding measures, and discussing these issues with the ROC/SROC when deemed necessary;
   (iii) Monitoring the services provided by the ROC/SROC, and ensuring that no services beyond auditing services ("prohibited services", listed in Annex I to the regulations) are provided, pursuant to article 77 of the EOROC;
   (iv) Annually evaluating the work done by the ROC/SROC, including its independence and suitability to perform its duties, proposing to the General Meeting of Shareholders that it be dismissed, or that its service provision agreement be terminated, whenever there are justified grounds for this purpose;
   (v) Implementing any other measures needed to ensure the independence of the ROC/SROC, pursuant to the law.
d) Establishing adequate communication channels between NOVABASE (and specifically the Audit Board) and the ROC, namely by:
   (i) Holding meetings if and when necessary between the ROC/SROC and NOVABASE's Audit Board and/or Board of Directors;
   (ii) Serving as NOVABASE's main spokesperson with the ROC/SROC.

Note that, within the scope of the powers in d) above, and as the primary spokesperson of the company's statutory auditor, the Audit Board proposes the remuneration of NOVABASE's statutory auditor and lays the proper groundwork for the provision of services within the company.

The Audit Board's powers have also been reinforced with a view to properly evaluating the performance, status and future prospects of NOVABASE. The Audit Board's regulations state that it may request any information deemed necessary from the Executive Committee or Board of Directors, together with their meeting minutes, meeting notices, support documentation or access to the meeting archives.

The Audit Board's internal regulations also detail several general duties and responsibilities, such as participating in meetings of the Board of Directors, managing directors or Executive Committee, as applicable, in which the annual accounts will be assessed, and the General Meeting of Shareholders, together with maintaining confidentiality with regard to facts and information disclosed to Audit Board members while performing their duties, notwithstanding the legal obligation to report criminal acts constituting public crimes pursuant to article 422, paragraph 3 of the Commercial Companies Code.

The Audit Board held the compulsory number of meetings in 2023 as required by the articles of association, and made all examinations of the accounts deemed necessary to fulfil its obligations, having conducted analyses and made suggestions as considered appropriate.

The Audit Board holds ordinary meetings at least once per quarter, or whenever deemed necessary by its Chairperson or requested by one of its members. The Chairperson of the Audit Board is responsible for convening and running its meetings, and has a casting vote. Detailed minutes are drawn up for the meetings of NOVABASE's Audit Board, pursuant to article 6, paragraph 4 of its internal regulations.

The Audit Board's decisions are made with a majority of its active members present, by majority vote. Pursuant to the Audit Board's internal regulations, for votes in which a member of the board has a conflict of interests, the board member in question must notify the others and abstain from voting.

34. Existence and location of operating regulations, as applicable, of the members of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee (reference may be made to the point where this information is already found in the report per no. 24).

The regulations of the Audit Board are available at NOVABASE's website.

35. Number of meetings held and attendance at each meeting, as applicable, of the members of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee (reference may be made to the point where this information is already found in the report per no. 25).

Audit Board	
Number of meetings: 6	
Full Member	**Attendance (%)**
Álvaro José Barrigas do Nascimento	100
Fátima do Rosário Piteira Patinha Farinha	100
João Luís Correia Duque	83

36. Availability of each member, as applicable, of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee, indicating positions held simultaneously at other companies, both in and outside of the group, and other relevant activities performed by the members of these boards over the year (reference may be made to the point where this information is already found in the report per no. 26).

Audit Board		
Full Member (availability)	**Group companies**	**Other companies and activities**
Álvaro José Barrigas do Nascimento (part time)	• Chairperson of the Audit Board of NOVABASE Capital, SCR, S.A.	• Dean of Fernando Pessoa University • Independent NORS director • Chairperson of the Audit Board of Vallis Partners

		• Chairperson of the Audit Board of Staples Portugal • Member of the Audit Board of Unicer • Manager of the Business Administrator Forum (FAE)
Fátima do Rosário Piteira Patinha Farinha (part time)	• Member of the Audit Board of NOVABASE Capital S.C.R., S.A.	• Business Controller Head at JAPRAC • Partner at MC Godinho & Associado SROC
João Luís Correia Duque (part time)	• No activities at other NOVABASE Group companies.	• Chairperson of the ISEG - Lisbon School of Economics and Management • Member of the General and Supervisory Board of Caixa Central de Crédito Agrícola Mútuo • Chairperson of the Remuneration Committee of REN - Redes Energéticas Nacionais, S.G.P.S., S.A. • Member of the PSI Steering Committee of Euronext Lisbon, S.A. • Member of the Advisory Committee of BCSD Portugal - Business Council for Sustainable Development.

c) Powers and duties

37. Description of procedures and criteria applicable to the supervisory board's involvement in hiring the external auditor for additional services.

Pursuant to its internal regulations, the Audit Board is responsible for monitoring and overseeing the independence of NOVABASE's ROC/SROC and, in particular, monitoring the services it provides, ensuring that no services beyond auditing are provided. Services other than auditing are listed in the annex to the Audit Board's regulations, pursuant to applicable legislation.

In addition, a procedure is in place by which all of the various auditing services are subject to the prior approval of the Audit Board. The procedure includes the submission of a proposal by the Board of Directors to the Audit Board to use the external auditor for the services in question, accompanied by information justifying this. The Audit Board must then approve the use of the auditor before the respective agreement between the company and the approved external auditor is signed.

Among other aspects, the Audit Board's evaluation of the proposal submitted by the Board of Directors weighs up the auditor's guarantee of independence in fulfilling its professional obligations and the functional advantages in using the proposed external auditor.

38. Other functions of the supervisory boards and, if applicable, of the Financial Matters Committee.

The powers of the Audit Board are described in section III.b) of this report.

In addition to the duties of overseeing the auditing of the company's accounts and accounting documents and those involving the use of the external auditor for services, of particular note, among other aspects described in more detail in section III.b), are the duties performed within the scope of risk management and internal control systems, and the system for reporting irregularities.

IV. STATUTORY AUDITOR

39. Identification of the statutory auditor and partner statutory auditor representing it.

Statutory Auditor (ROC): The statutory auditor is responsible for examining the company's accounts (specifically, performing the duties laid out in article 420 (1) c), d), e) and f) of the Commercial Companies Code), together with supervisory duties involving the ongoing pursuit of the company's corporate purpose. On 31 December 2023, NOVABASE's acting statutory auditor was KPMG & Associados - SROC, S.A., represented by its partner Susana de Macedo Melim de Abreu Lopes, and with Maria Cristina Santos Ferreira as substitute statutory auditor.

40. Number of consecutive years that the statutory auditor has performed duties at the company and/or group.

The statutory auditor has performed auditing duties for NOVABASE (company and group) for more than 8 consecutive years. As stated in point 43, the partner currently representing the statutory auditor, Susana de Macedo Melim de Abreu Lopes, has performed duties for NOVABASE since 22 December 2021. Until this date, KPMG & Associados - SROC, S.A. was represented by partner Paulo Alexandre Martins Quintas Paixão.

41. Description of other services provided by the statutory auditor to the company.

The Statutory Auditor is also the NOVABASE external auditor. Other services provided by the Statutory Auditor can be consulted in points 46 and 47 of this report.

V. EXTERNAL AUDITOR

42. Identification of external auditor designated for the purposes of articles 8 and the partner statutory auditor representing it in fulfilling these duties, together with the respective CMVM registry number.

On 31 December 2023, NOVABASE's acting external auditor was KPMG & Associados – SROC, S.A., registered with the Portuguese Securities Market Commission ("CMVM") as auditor no. 20161489, and represented by Susana de Macedo Melim de Abreu Lopes.

43. Number of years that the external auditor and the partner statutory auditor representing it in fulfilling these duties have performed these duties consecutively for the company and/or group.

The external auditor identified above has performed duties for NOVABASE (company and group) for more than eight consecutive years. The partner currently representing the external auditor and statutory auditor has performed duties for NOVABASE since 22 December 2021.

44. Policy and frequency for rotating the external auditor and statutory auditor representing it in fulfilling these duties.

Law no. 148/2015 of 9 September has mandatory auditing rules applicable to NOVABASE as an "entity of public interest".

With regard to rotating the statutory auditor, external auditor and responsible partner, the company takes the maximum periods in the bylaws of the Statutory Auditors' Association into account.

In view of this policy, and since KPMG has been hired to perform the duties of statutory auditor and external auditor as of 2015, and the partner currently representing KPMG has had this position since 22 December 2021, the company is in legal compliance with the period for rotating the responsible partner.

45. Board responsible for assessing the external auditor, and frequency of assessment.

The Audit Board is responsible for assessing the external auditor, which is done each year.

The external auditor's assessment includes verifying the implementation of remuneration policies and systems of the corporate boards, the efficiency and functioning of internal control mechanisms, and the reporting of any shortcomings to the company's supervisory board.

46. Identification of work other than auditing done by the external auditor for the company and/or companies controlled by it, internal procedures for approving the hiring of these services and reasons for doing so.

As described in point 47, in the year ending 31 December 2023, the statutory auditing firm KPMG, and other entities belonging to the same network, invoiced fees for the legal revision of the annual accounts, compliance assurance services and services other than auditing. The breakdown of the billing for these services is detailed below in point 47.

Services designated as "compliance assurance services" are related to the issuance of reports on the limited and reasonable guarantee of compliance within the scope of applying for Recovery and Resilience Plan (PRR) incentives. Services other than auditing involve the enrolment of NOVABASE employees in a training session given by KPMG to various customers on ESG and the provision of agreed

procedural services related to assessing the entity's financing capacity within the scope of the Recovery and Resilience Plan (PRR) application.
As stated above, these services are not on the list of prohibited services per article 5, paragraph 1 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014. The legal requirements for independence, and threats to this independence, together with safeguarding measures to limit these threats by the auditor, have been guaranteed.

Pursuant to the regulations of the Audit Board, this supervisory board evaluates the independence of statutory auditors, namely with regard to the provision of additional services (beyond auditing) to NOVABASE or companies in its group, and supervises the work done by external auditors, taking CMVM recommendations into account in this regard.

47. *Annual remuneration paid by the company, and/or by legal persons controlled by the company or part of its group, to the auditor and to other natural or legal persons belonging to the same network, with percentage breakdown for the following services (for the purposes of this information, the concept of "network" is that defined in European Commission Recommendation No C (2002) 1873, of 16 May):*

	€ / %
By the company	
Statutory auditing services (€)	28,000 / 20
Compliance assurance services (€)	
Tax consulting services (€)	
Services other than statutory auditing (€)	
By entities belonging to the Group	
Statutory auditing services (€)	104,500 / 74
Compliance assurance services (€)	5,000 / 4
Tax consulting services (€)	
Services other than statutory auditing (€)	2,928 / 2

C. INTERNAL ORGANIZATION

I. Articles of association

48. Rules applicable to amendment of the company' s articles of association (article 29-H, paragraph 1, sub-paragraph h).

Constitutive quorum for the General Meeting of Shareholders

When amendments to the articles of association are under consideration, the General Meeting of Shareholders can only decide on first notice if shareholders having stock corresponding to at least one-third of the share capital are present or represented. This requirement does not apply on second notice, and the General Meeting of Shareholders can then decide on any matter, regardless of how many shareholders are present.

Deliberating quorum for the General Meeting of Shareholders

When amendments to the articles of association are under consideration, the General Meeting of Shareholders decides by a two-thirds majority of the votes cast.

However, should shareholders representing at least half the share capital be present or represented on second notice, the decision on amendments to the memorandum and articles of association can be taken by an absolute majority of votes cast, and a two-thirds majority is not required.

II. Reporting of irregularities

49. Means and policy for reporting irregularities at the company.

Pursuant to article 3, paragraph 2 of its regulations, the Board of Directors is responsible for setting a policy for reporting irregularities in compliance with goals laid out in this regard by law, by applicable regulations or by the General Meeting of Shareholders.

With a view to fostering a culture of responsibility and compliance, NOVABASE has adopted, in accordance with applicable legal and regulatory provisions, a system for reporting irregularities (known as "SPI") that may occur within its Group.

The SPI was established to receive and handle reports of any irregularities that may occur within the Group's companies, pursuant to article 21 of the Securities Code, observing the principles of confidentiality and non-retaliation with regard to whistleblowers and third parties assisting or related to them.

The reporting of irregularities through the SPI is directed to the Chairperson of the Audit Board, with the Audit Board, designating the entity or person who will follow up on communications received ("Head of SPI").

The Chairperson of the Audit Board, the members of the Audit Board (in charge of receiving complaints) and the Head of SPI must act under criteria of independence, impartiality, confidentiality, data protection and secrecy, and ensure that there are no conflicts of interest.

Under the system implemented, whistleblowers have access to a direct and confidential channel for reporting to the Audit Board any potential irregularities occurring within the NOVABASE Group.

For these purposes, “irregular practices” or “irregularities” are defined as the acts or omissions referred to in article 2 (1) of Law no. 93/2021 of 20 December and article 3 to the Annex of Decree Law no. 109-E/2021 of 9 December, namely in the following domains: i) public procurement; ii) financial markets, products and services; iii) prevention of money laundering and terrorist financing; iv) protection of privacy and personal data, and network and information systems security; and v) prevention of corruption and related offences.

For the purposes of the SPI, “whistleblowers” are defined as the following natural persons who report, in good faith, an offence based on information obtained within the scope of their professional activities, even when the complaint is based on information obtained in a professional relationship that no longer exists: a) employees and members of the managing and supervisory boards of the Group’s companies; b) service providers, contractors, subcontractors and suppliers of the Group, as well as any persons acting under their supervision and direction; c) shareholders of the Group’s companies.

Employees of the NOVABASE Group are guaranteed that they will not be subject to any retaliation following the submission of a complaint in good faith, provided that they have serious grounds for believing that the information is true at the time.
The apparent irregularity must be reported, in a secure and strictly confidential manner, to the Chairperson of the Audit Board, using two different methods:

- to the private e-mail address (as applicable, according to the company concerned with regard to the complaint)
- whistle@novabase.com/whistle@celfocus.com/whistle@neotalent.com
- by post in a letter addressed to the Chairperson of the Audit Board, marked "Confidential" and with a reference to the NOVABASE Group company concerned with regard to the complaint, to the address:
  Av. D. João II, n.º 34, Parque das Nações, 1998-031 Lisbon.

Before proceeding to the final forwarding of the reports, the person responsible for SPI takes account of the reports for statistical purposes and maintains a record of the reports that exclusively covers the following aspects:

- notification receipt date;
- essential nature of the facts reported, while redacting all information identifying any natural persons;
- investigation completion date.

Once the investigation has been concluded, reports with an underlying probability of an irregular practice are forwarded by the Head of SPI to the Audit Board and, in turn, by the Audit Board to the Board of Directors of the company or NOVABASE Group company concerned with regard to the complaint, so that it can take appropriate measures.

At the end of 2023, the process of updating the Whistleblowing System began in order to comply with the General Scheme for Protecting Whistleblowers (Law no. 93/2021) and the General Scheme for Preventing Corruption (Decree Law no. 109/2021). The new framework is effective as of 6 February 2024, when it was ratified by the company’s Audit Board.

The information published at NOVABASE’s website refers to the procedure currently in effect. (www.novabase.com).

III. Internal control and risk management

50. Persons, boards or committees responsible for internal auditing and/or implementation of internal control systems.

The Audit Board, whose duties are described in section B III.b) of this report, is responsible for internal auditing. As detailed in this section, the Audit Board's internal regulations lay out its functions and duties with regard to supervising systems for risk management, internal control and internal auditing.

Given the importance of a structured risk management model to the business, together with market regulatory requirements, the company's Board of Directors has been tasked with establishing risk management objectives, and implementing and monitoring a suitable internal control and risk management process, working towards its efficacy.

In performing its duties regarding the supervision of systems for risk management, internal control and internal auditing, NOVABASE's Audit Board annually assesses the degree of internal compliance and performance of the risk management system, together with prospects for changing the risk framework described above.

51. Explanation (with possible inclusion of organizational chart) of relationships of hierarchical and/or functional dependence vis-à-vis other company boards or committees.

The position of Chief Risk Officer ("CRO") has been created at NOVABASE. Internal auditing areas and areas that ensure compliance with norms applicable to the company (compliance services) report to the CRO with regard to risk prevention and management. The CRO is responsible for reporting to the Chairperson of the Board of Directors, with regular meetings between the CRO and the Chairperson of the Board of Directors, and between the CRO and the Audit Board. The position of CRO continued to be held by NOVABASE CFO Francisco Paulo Figueiredo Morais Antunes over the course of 2023.

The Audit Board, as a supervisory body, monitors the activity of the external auditors, and may assess annual internal auditing plans, obtaining information about the actions performed by this team and providing an opinion regarding its conclusions.

In this context, this board also has powers involving the assessment of sufficient internal control mechanisms in order to understand and manage the inherent risks of NOVABASE's operations, suggesting policies and procedures to the Board of Directors to achieve these goals and refine these mechanisms.

Along these lines, the Audit Board is also responsible for: (i) evaluating the Board of Directors' risk management, implementing periodic control procedures and mechanisms to ensure that the risks actually taken by NOVABASE are consistent with the Board of Directors' goals, and (ii) issuing its opinion on the working plans and resources allocated to internal control areas, also receiving reports from these areas on matters involving the rendering of accounts, identifying or resolving conflicts of interest and the detection of potential irregularities.

52. Existence of other functional areas with risk control powers.

NOVABASE coordinates internal control teams, whether in the area of quality or shared services, responsible for conducting monitoring actions and improving internal control procedures essentially associated with the Group's central service areas, always in accordance with the strategic goals laid out in the integrated risk management model. Periodic, focused internal audits are thus performed.

53. Identification and description of the major types of risk (economic, financial and legal) to which the company is exposed in pursuing its business activity.

Below is a description of some of the risks analysed by the company which deserve attention due to their relevance and business impact.

- FINANCIAL RISKS

NOVABASE is exposed to a collection of financial risks resulting from its business, namely foreign exchange risk, interest rate risk (cash flows and fair value), credit risk, liquidity risk and capital risk. Developments in the financial markets are continuously analysed according to the Group's risk management policy to minimize potential adverse effects on its financial performance.

a) Foreign exchange risk

NOVABASE is exposed to foreign exchange risk, mainly arising from U.S. Dollar exposure, since some subsidiaries perform transactions in this currency, but also arising from British Pound and Kwanza exposures.

The finance department is responsible for monitoring the evolution of exchange rates of the currencies referred above, seeking to mitigate the impact of their fluctuations in consolidated results. Whenever expectations of changes in exchange rates justify it, the Group uses derivative financial instruments to hedge those exposures.

b) Interest rate risk (fair value and cash flows)

Interest-rate risk entails the possibility of fluctuations in future financial charges on loans due to changes in market interest rate levels.

The cost of the Group's financial debt is indexed to short-term reference rates, adjusted at a frequency of less than one year, plus duly negotiated risk premiums. Therefore, changes in interest rates can affect NOVABASE's results.

NOVABASE's exposure to interest rate risk originates from financial assets and liabilities with fixed and/or variable rates. In the case of fixed rates, the Group faces the risk of a variation in the fair value of these assets or liabilities, insofar as any change in market rates involves an opportunity cost. In the case of variable rates, such changes directly impact the amount of interest, thereby resulting in variations in cash.

Exposure to interest rate risk is constantly analysed by the financial department. Interest rate risk management is aimed at reducing the volatility of interest charges.

c) Credit risk

NOVABASE manages credit risk both in terms of business units (for customer receivables) and on a consolidated basis (for all active positions of financial instruments).

Credit risk originates from cash and cash equivalents, derivative financial instruments and customer credit exposure, including amounts receivable and previously agreed transactions. Only banks and institutions having credibility in the sector are accepted. Customer credit risk is managed based on credit limit ranges, based on the customer's financial position and historical business relations.

d) Liquidity risk

The prudent management of liquidity risk entails keeping cash or financial instruments sufficiently liquid, with sources of financing through an adequate number of credit facilities, together with the ability to close market positions.

The management monitors updated forecasts of NOVABASE's liquidity reserve (unused credit lines, cash and cash equivalents) at the base of expected cash flows, by analysing the remaining contractual maturity of financial liabilities and the expected date of inflows from financial assets. In addition, the maturity concentration of NOVABASE's loans and bonds is regularly controlled.

e) Capital risk

NOVABASE's goals with regard to capital management – a broader concept than the capital shown on the face of the statement of the consolidated financial position – are as follows:

(i) Safeguarding the Group's ability to keep doing business, and therefore provide returns to shareholders and benefits to other stakeholders;

(ii) Maintaining a solid capital structure to support the development of its business;

(iii) Maintaining a sound capital structure to reduce the cost of capital.

The management monitors the ratio of Return on Capital[1], which measures the extent to which NOVABASE generates cashflows in relation to the capital it has invested in its business.

[1] - Determined by the formula: Operating Results ÷ Total Equity.

- EMERGING RISKS

In addition to the financial risks associated with its business, NOVABASE is also exposed to risks of an operating and business nature, which can result in threats and opportunities, for which suitable mitigation strategies are proactively formulated. These include the following:

f) Cyber-Risk

Mounting technology integration and sophistication have heightened companies' exposure to various types of cyber-risk (e.g. large-scale cyber-attacks, data breach and destruction, attempted extortion, etc.), with potential financial, operational and reputational losses. The more widespread nature of remote work and the Russian invasion of Ukraine have significantly increased the exposure to this risk.

According to the annual "Intelligence Index" report of IBM published in February 2024, Europe was the most attacked region in 2023, accounting for 32% of global incidents, with Portugal ranked fourth among the most attacked European countries (11%).

NOVABASE has been reinforcing measures to mitigate this risk, monitored directly by the Chief Information Security Officer, namely by investing in procedural and technological controls and training on best remote work practices and cybercrime awareness for employees.

g) Talent Retention Risk

NOVABASE’s ability to successfully achieve its strategy depends on attracting and retaining the best qualified, most competent employees for each job position.

The accelerating digital transformation and new labour dynamics since the start of the pandemic, motivated by fierce competition for scarce talent, have brought tremendous challenges to talent management, resulting in higher IT salaries and greater difficulties in attracting (and above all retaining) talent.

According to the annual “2023 Total Compensation Report” by Mercer, 52% of the Portuguese companies surveyed by this consultant say they have difficulty retaining talent, at a time when voluntary employee turnover (voluntary departures) has reached levels higher than those before the pandemic.

NOVABASE’s human resource policies are aligned to achieve strategic goals, and have been adapted and underpinned vis-à-vis this new reality, namely through a new hybrid work model with 60% remote work (since 2021), the continuous improvement of working conditions and benefits, proper onboarding and investments in training, among others.

h) Delivery risk

Some of NOVABASE’s policies for addressing delivery risk include:

- Analysing each significant commercial proposal from the standpoint of reducing overselling, taking available company expertise into account;
- Constantly scrutinizing the quality of the team to be allocated to projects;
- Ongoing training programmes in technologies and project management methodologies.

The Nearshore Agile delivery model refined by NOVABASE in recent years has proven to be resilient during the post-pandemic.

i) Strategic and context risks

NOVABASE is not immune to the contingencies of the markets in which it operates, and must face so-called “strategic” and “context” risks. The current geopolitical and macroeconomic setting, with wars in Ukraine and the Gaza Strip, continues to be a latent threat of recession. In January 2024, the IMF affirmed that, despite the anticipation of higher global economic growth in 2024 compared to 2023, new peaks in raw material prices due to geopolitical shocks – including continuous attacks in the Red Sea – and disruptions to supply or more persistent underlying inflation could prolong restrictive monetary conditions, which may lead to disappointing growth.

NOVABASE aims to manage and mitigate these risks through recurrent discussions on various management chains for risks impacting the company/business unit. These discussions address areas for investment/disinvestment, strategic focuses and pending risks at any given time, and are also a venue for discussing the risk appetite of the organization and its future trends.

j) Risks associated with climate change

Although NOVABASE does not have a significant carbon footprint and is not directly exposed to the physical risks of climate change, such factors are still considered in making investment decisions. NOVABASE's performance is crucial in the context of generating shareholder returns, as well as in the broader context of the economic space and well-being of the community where it operates.

Fully aware of its role, NOVABASE has been gradually moving towards a more rigorous and robust approach with regard to:

- Identifying, managing and mitigating climate risks;
- Identifying and capitalizing on opportunities created by climate change;
- Reporting on how the physical and transition risks associated with climate risks are being managed, and which initiatives have been developed from the standpoint of environmental conservation, geared towards a more sustainable economy.

Among the policies implemented, of particular note is NOVABASE's Environmental Management System (ISO 14001) and a policy with environmental requirements for the acquisition/supply of goods and services.

54. Description of process for identifying, assessing, monitoring, controlling and managing risks.

The company has a model in force – safeguarding the company's worth and encouraging transparency in its corporate governance – based on detecting and anticipating potential risks and risk factors, so as to manage them in a timely manner, via the delegation of responsibilities and appropriate internal communication channels in line with the company's strategic goals for assuming risks as defined under this system.

Under its non-delegable powers of defining the company's overall policies and strategy, the Board of Directors is responsible for defining NOVABASE's strategic objectives in the area of risk assumption, in accordance with the company's needs and business activities.

In addition, in the area of medium and long-term strategic planning, the Board of Directors is responsible for analysing risk, and does so regularly in relation to the annual operations plan and whenever potential businesses and markets are being evaluated, measuring each potential risk's impact and likelihood of occurrence.

In turn, the Audit Board is in charge of evaluating the Board of Directors' risk management.

Along these lines, as a company working in the information technology and digitalization market – a sector characterized by constantly shifting dynamics, innovation and agility – NOVABASE acknowledges that the risk management policy is of vital importance in running and developing a business which historically has had a higher risk appetite. For this reason, on 13 December 2018, NOVABASE's Board of Directors approved a formal risk policy for the company, which is available at the company's website. The principles of this policy have been defined and implemented by NOVABASE's Board of Directors, namely with regard to determining acceptable risk levels.

On 25 July 2019, the Board of Directors approved an updated strategy for the years 2019 and beyond (2019+ Strategy Update).

This system's efficiency is due to the instituted internal procedure, which reinforces the communication channels between the Group's various departments and decision-making bodies, thereby allowing communication and information on various system components, together with an analysis of potential internal control problems and the detection of potential risks in real time.

NOVABASE also conducts monitoring actions and improves internal control procedures essentially associated with the Group's central service areas, always in accordance with the strategic goals laid out in the integrated risk management model.

Furthermore, as better explained in section B III.b) of this report and the Audit Board's internal regulations, the Audit Board is responsible for supervising NOVABASE's systems for risk management, internal control and internal auditing.

In 2023, the risk management and internal control model implemented allowed the risks and risk factors mentioned above to be identified, effectively helping to prevent them.

55. Main elements of the company's internal control and risk management systems regarding the process of disclosing financial information (article 29-A, paragraph 1, sub-paragraph l).

The Board of Directors is responsible for ensuring disclosure of accurate financial information that truthfully reflects the Group's situation at any given moment in compliance with the norms issued by the applicable regulatory authorities at any given time.

As regards the quality of the financial information that is publicly disclosed by the Investor Relations Office, it should be pointed out that it is the result of a financial reporting process that is ensured by the central services areas of the Group, subject to the internal control system of the Group and monitored through the aforementioned methods. Nevertheless, this information is still subject to analysis and approval by the relevant boards, including the Board of Directors itself.

In addition, the Audit Board is in charge of overseeing the adequacy of the Board of Directors' process for preparing and disclosing financial information.

IV. Investor Support

56. Department responsible for investor support, composition, duties, information provided and contact information.

NOVABASE is particularly focused on its presence in the capital market. The Investor Relations Office is responsible for representing NOVABASE in its dealings with the CMVM and investors, while promoting contact with private and institutional, foreign and Portuguese investors. The office is comprised of María Gil Marín, Amália Parente and Catarina Leitão Afonso.

The office provides information through NOVABASE's website *(*www.novabase.com*)*. Since 2002, NOVABASE has had a dedicated investor relations area on its company website at www.novabase.com. Investors have access to a number of links containing information of interest to their profile. In terms of financial information, they have access to Annual Reports and Accounts for previous years, the Financial Calendar, information published at the Electronic One-Stop Shop of the CMVM, information on the composition and powers of the company's corporate boards, the names, telephone numbers and e-mail addresses of the analysts covering the security, together with their price target, the market performance of NOVABASE's shares, NOVABASE's shareholder structure, a space reserved for the General Meetings of Shareholders for convening meetings and posting preparatory information for General Meetings of Shareholders, the form for postal votes and electronic voting (available since 2006), a Corporate Governance space in which NOVABASE publishes this report, the Corporate Governance Code of the Portuguese Corporate Governance Institute, which entered into force on 1 January 2018 (revised in 2023), frequently asked questions, and the contact details of NOVABASE's Investor Relations Office.

A summary of the decisions is published on the NOVABASE website and in the CMVM information disclosure system immediately after the General Meeting of Shareholders.

At its company website, NOVABASE maintains documents including information on the number of people present, number of shareholders represented and General Meeting of Shareholders meeting agendas. Voting results have also been provided since 2010. NOVABASE has also established the necessary mechanisms to ensure that the above are disclosed as quickly as possible, and always within the five days following the General Meeting of Shareholders.

On its website, NOVABASE keeps a collection of information on meetings held over the past ten years, including the number of people present, number of shareholders represented, meeting agendas, decisions taken and voting results.

The following up-to-date information is published in Portuguese and English on NOVABASE’s website: a) the company name, registered office and remaining data provided for in article 171 of the Commercial Companies Code; b) articles of association; c) credentials of the members of the Board of Directors and the Market Liaison Officer; d) Investor Relations Office – its functions and means of access; e) accounting documents, accessible for five years; f) half-yearly calendar on company events, published at the beginning of each half year and including, among other information, General Meetings of Shareholders, annual and half-yearly reports and accounts, and quarterly trading updates.

57. Identification of the market relations representative.

María Gil Marín

Market and Investor Relations

Telephone: +351 213 836 300

Fax: +351 213 836 301

Email: investor.relations@novabase.com

Address: Av. D. João II, nº 34, Parque das Nações, 1998-031 Lisbon, Portugal

58. Information on proportion and amount of time to respond to information requests submitted in the year or pending from previous years.

On 31 December 2023, NOVABASE had no pending information requests. Its average response time was 24 hours. 198 information requests were received in 2023.

V. Website

59. Address(es).

NOVABASE's website is available at the following address: www.novabase.com.

60. Location where information on the company, public company status, registered office and remaining data provided for in article 171 of the Commercial Companies Code is available.

This information is available on the page and links related to notices to the CMVM:

https://www.novabase.com/pt/investidor/informacao-a-cmvm/

61. Location of the articles of association and operating regulations of boards and/or committees.

This information is available at the following pages and links:

Articles of association

https://www.novabase.com/pt/investidor/governo-da-sociedade/artigos-de-associacao/

Regulations

https://www.novabase.com/pt/investidor/governo-da-sociedade/orgaos-sociais/

https://www.novabase.com/pt/investidor/governo-da-sociedade/transacoes-com-partes-relacionadas/

62. Location of information on the identities of corporate board members, market relations representative, investor support office or equivalent, their respective duties and contact information.

This information, together with the number of annual meetings of the company's managing and supervisory boards and internal committees, is available at the following pages and links:

Corporate board members and number of meetings

https://www.novabase.com/pt/investidor/governo-da-sociedade/orgaos-sociais/

Identification of the investor relations representative

https://www.novabase.com/pt/investidor/gabinete-de-relacoes-com-investidores/

63. Location of accounting documents (which should remain available for at least five years) and the bi-annual corporate events calendar published at the start of each half-yearly period, *including general meetings of shareholders and disclosure of annual, half-yearly and quarterly results, if applicable.*

This information is available at the following pages and links:

Accounting information

https://www.novabase.com/pt/investidor/informacao-financeira/

Finance agenda

https://www.novabase.com/pt/investidor/agenda-financeira/

64. Location of meeting notices for the general meeting of shareholders and all related preparatory and subsequent information.

This information is available at the following page and links on the General Meeting of Shareholders:

https://www.novabase.com/pt/investidor/governo-da-sociedade/assembleias-gerais/

65. Location of a historical record of the resolutions passed at the company's general meetings of shareholders, share capital and voting results referring to the previous three years.

Information on decisions taken is available at the following page and links on the General Meeting of Shareholders:

https://www.novabase.com/pt/investidor/governo-da-sociedade/assembleias-gerais/

D. REMUNERATION

VI. Responsibility for determining remuneration

66. Responsibility for determining the remuneration of corporate boards, members of the executive committee or managing director and managers of the company.

The Remuneration Committee decides upon the remuneration of corporate board members. More detail is provided in point 67 below.

It is important to point out that only the members of NOVABASE's Board of Directors, members of the Audit Board and Statutory Auditor are considered managers, as defined in European Union legislation on market abuse; as such, there is no separate information to be disclosed in this regard.

VII. Remuneration committee

67. Composition of the remuneration committee, with identification of the natural or legal persons hired to give it support, and statement on the independence of each member and advisor.

The Remuneration Committee members for the three-year period of 2021-2023 were chosen in the General Meeting of Shareholders of 25 May 2021. Francisco Luís Murteira Nabo presides over the Remuneration Committee, with Pedro Rebelo de Sousa and João Quadros Saldanha belonging to it as well.

All of the members of this committee are independent from the Board of Directors.

The Remuneration Committee acts with complete autonomy, and may freely decide on NOVABASE's hiring of consulting services, as needed or convenient for carrying out its duties, ensuring that service providers are chosen following criteria of competence and independence. In particular, it must ensure that these services are provided independently by consultants who do not provide other services to NOVABASE or other companies in its Group. The Remuneration Committee did not employ any natural or legal person to support it in performing these duties.

The Chairperson of NOVABASE's Remuneration Committee was present at the 2023 General Meeting of Shareholders dated 24 May, held via telematic means, to provide information and clarifications to shareholders.

68. Knowledge and experience of the members of the remuneration committee in remuneration policy issues.

Remuneration Committee		
Member	**Academic qualifications**	**Work experience**
Francisco Luís Murteira Nabo	• Graduate in Economics from Instituto Superior de Ciências Económicas e Financeiras • Master's in Management from AESE (University of Barcelona). • Honorary Doctorate from the Macau University of Science and Technology	Member of several boards of directors, including: • Chairperson of the Board of Directors and CEO of Portugal Telecom, S.G.P.S., S.A. • Chairperson of Galp Energia • Senior Partner of SaeR - Sociedade de Avaliação Estratégica e Risco, Lda. • Vice-Chairperson of the Board of Directors of SOREFAME • Vice-Chairperson of the company Portugal e Colónias • Managing Chairperson of IMOLEASING, CGD Group Member of the Advisory Committee: • INSEAD; Banco de Portugal and Mota Engil
Pedro Rebelo de Sousa	• Graduate in Law from Universidade Clássica de Lisboa • Specialization (post-graduation) in Commercial and Corporate Law from Universidade Pontifícia Católica, Brazil • Master's in Business Administration, Getúlio Vargas Foundation - Business Administration School, São Paulo, Brazil	Member of the board of directors at several financial institutions, including: • Chairperson and CEO of BFB • CitiBank • Banif • Caixa Geral de Depósitos • Cimpor • Intesa SanPaolo Imi International • Chairperson of the General Board of the Portuguese Corporate Governance Institute (IPCG) • Managing partner of SRS Advogados among others.

João Quadros Saldanha	• Graduate in Mining Engineering, Mining Planning from IST • MBA from Universidade Nova de Lisboa • Postgraduate in markets and financial risk from Universidade Nova	Member of the Board of Directors at several companies, namely: • IAPMEI - I.P. • Empordef, S.G.P.S., S.A. • OGMA - S.A. • White Airways, S.A. among others

VIII. Remuneration structure

69. Description of Managing and Supervisory Board Remuneration Policy.

The Remuneration Committee submitted for the assessment of the Annual General Meeting of Shareholders of 25 May 2021 its proposed Remuneration Policy for members of NOVABASE's managing and supervisory boards (**"Remuneration Policy"**), pursuant to and for the purposes of article 26-A and following of the Securities Code, which was approved in this meeting.

The Remuneration Policy was created in accordance with applicable legislation, in particular article 26-C of the Securities Code, and with applicable recommendations, also considering NOVABASE's characteristics, the sectors where it does business and, in particular, NOVABASE's current situation of redefinition and internal strategic updating aimed at repositioning the company in certain sectors with the ultimate goal of creating more value for NOVABASE shareholders in the medium and long term.

Under the Remuneration Policy, the following general principles must be followed with regard to the remuneration of members of NOVABASE's managing and supervisory boards:

a) An alignment should exist between the interests of managing board members and the interests of the company, which can be accomplished through variable remuneration components, including plans based on company securities;

b) Individual performance should be a determining criterion of the variable remuneration component, if applicable, notwithstanding other criteria which may be relevant under the policy, such as the performance of the company itself;

c) In any case, the company's long-term interests must be considered and given priority to avoid possible conflicts with short-term interests potentially impacting remuneration;

d) The international and European context, in particular the sectors where the NOVABASE Group does business, should be considered as comparative parameters for ensuring the competitive remuneration of NOVABASE's corporate boards, particularly given the circumstances of the technology sector and intense competition for talent at every level, especially management talent;

e) In view of its functions performed, the Remuneration Committee may decide that all or part of a director's variable remuneration, if it exists, will occur after the clearance of the accounts for the entire term of office;

f) When the company's performance is a determining criterion for variable remuneration, any downgrading in performance may justify limits upon this remuneration, in view of the specific circumstances.

Attached to this report is the Board of Directors' report on remuneration for the year 2023, pursuant to and for the purposes of article 26-G of the Securities Code.

NOVABASE's Remuneration Policy has no potential individual or combined ceilings for the remuneration of the members of its managing and supervisory boards. The setting of specific remuneration is left to the discretion of the Remuneration Committee, comprised exclusively of members who are independent from the Board of Directors. In fact, as stated in the Remuneration Policy, NOVABASE's current context also requires the company's Remuneration Committee to have sufficient leeway, within the principles and rules of the policy and applicable legislation and recommendations, to shape NOVABASE's remuneration practices to the goals of its strategic redefinition process currently underway.

As such, NOVABASE believes it is inappropriate to have maximum potential ceilings for the remuneration to be paid to the members of its managing and supervisory boards.

According to the Remuneration Policy, the remuneration of NOVABASE's Board of Directors includes:

(i) **A fixed component**, which considers the duties performed by each of the members and their responsibilities, together with market practices for comparable responsibilities, remunerating factors, among others, such as the know-how, experience and responsibility inherent to the duties of each of the members of the Board of Directors and, when applicable, the specific management duties performed and exercising of individual powers that cannot be delegated, and

(ii) if applicable, **a variable component**, which may be attributed bearing in mind the duties assumed by each member of the Board of Directors, whose terms and conditions are further described in the following point of this report.

The remuneration of members of NOVABASE's Audit Board must be recorded so as to align their interests with those of the company, following a strict model which must consist of fixed annual remuneration in line with market practices, unless justified otherwise by the circumstances, as determined each year by the Remuneration Committee.

Based on the provisions of NOVABASE's Remuneration Policy, the Remuneration Committee, in its meeting dated 1 June 2023, set remuneration for the corporate boards for 2023, together with the variable remuneration of directors according to their performance in 2022. The content of the Remuneration Committee's decision in this regard is available in the 2023 Remuneration Committee Report, attached to this report.

NOVABASE's Remuneration Policy, in line with applicable legislation, regulates in detail the terms and conditions for determining and attributing remuneration to the members of NOVABASE's managing and supervisory boards, and also establishes the terms and conditions for executing retirement supplements, bonuses and other benefits, among other aspects, and is available at NOVABASE's website at:
https://content.novabase.com/storage/uploads/ktcs1t13dgd-e4872d01-editorfile.pdf

Note also that, in 2023, there were nor breaches or deviations in relation to the Remuneration Policy, as approved by NOVABASE's shareholders in the General Meeting of Shareholders.

70. *Information on the way the remuneration is structured so as to allow aligning the interests of the members of the board of directors with the long-term interests of the company as well as how it is based on the performance assessment and how it discourages excessive risk assumption.*

Per the terms and conditions of NOVABASE's Remuneration Policy, the variable remuneration of NOVABASE directors can be comprised of the following components:

(i) Annual variable remuneration in cash tied to NOVABASE's performance, among other factors as described below;

(ii) Participation in the Plan for Options to Allot NOVABASE Shares approved in the NOVABASE General Meeting of Shareholders dated 26 September 2019.

The variable remuneration component in cash for members of the management is determined at the start of each year by the Remuneration Committee in reference to the performance of NOVABASE and its directors during the previous year, based on the following criteria, which are further detailed in the Remuneration Policy:

(a) financial criteria: total shareholder returns, growth in turnover and trends in net profit in the context of the strategic plan; and

(b) non-financial criteria: company performance in environmental, social and corporate governance indicators, reflecting the achievement of targets set by the Remuneration Committee for these indicators, a qualitative assessment by the Remuneration Committee of the Board of Directors' activities, in particular the executive directors, and the duties of each director.

These criteria are aimed at aligning the variable component of these members' remuneration with the performance of the organization each year in question and of each director in particular. This also promotes NOVABASE's business strategy, long-term interests and sustainability.

Since, according to the Remuneration Policy, part of a given year's total variable remuneration should be paid on a deferred basis, per terms and conditions to be determined by the Remuneration Committee, with at least 50% of variable remuneration in cash to be deferred for a period of three years, conditional upon positive company performance during this time period, the company's long-term interests are served and excessive risk assumption is discouraged, thereby promoting NOVABASE's long-term interests and sustainability. This discourages the assumption of excessive risks or prioritizing of short-term interests, thereby defending the interests of NOVABASE's shareholders and other stakeholders.

NOVABASE believes, with regard to directors' variable cash components which are not deferred for the entire term of office, that the company's medium-term interests must also be served, together with its economic interest in providing suitable performance optimization incentives to fulfil obligations and meet short-term goals for management positions, and in balancing and distributing the costs associated with directors' remuneration over term of office's three years, since it would not be appropriate to simply defer the entire variable remuneration component to the end of the term of office or afterwards.

With regard to the Plan for Options to Allot NOVABASE Shares, as described in greater detail in point 74 of this report, options attributed under this plan will comprise a single lot, and may be exercised once exactly two years after their date of attribution (maturity date), notwithstanding the ability to exercise them exactly one year after their date of attribution, at which time the participant may exercise 50% or 100% of the lot of options attributed to him/her.

Options attributed and actually exercised by a participant on their maturity date, or exactly one year after their date of attribution, will be settled as follows:

(a) via the attribution of NOVABASE shares (net share settlement) for 50% of the options subject to exercising;

(b) via the attribution of NOVABASE shares (net share settlement) or, alternatively, in cash (net cash settlement), by the participant's choice, for the remaining 50% of the options.

Under these terms, the variable component paid to members of management under the plan does not exclusively serve NOVABASE’s long-term interests, insofar as the start of the period for exercising options is not deferred for at least three years.

Even so, it should be noted that NOVABASE share options exercised by the participant pursuant to sub-paragraph (a) above (i.e. 50% of the options available for exercise) will be retained by NOVABASE for three years following the exercise date, and their ownership will not be transferred to the participant until the end of this period, conditional upon NOVABASE’s positive performance during this time.

Furthermore, the number of NOVABASE shares to be attributed under the plan, or the corresponding amount in cash under the net cash settlement option, is dependent upon the price of NOVABASE shares on the relevant dates for participants to exercise options, thus making this remuneration component conditional upon the company’s continued positive performance.

As such, NOVABASE believes that the company’s long-term interests have also been served by this remuneration component, discouraging excessive risk assumption.

Finally, it is noteworthy that the company has no knowledge of contracts between members of the Board of Directors and the company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established for them by the company.

71. Reference, if applicable, to the existence of a variable remuneration component and information on potential impact of performance assessment on this component.

As mentioned in the previous point, there is a variable cash component as well as a variable stock option component for management members’ remuneration.

As described in the above point, the variable component in cash of the management members’ remuneration is determined annually by the Remuneration Committee based on financial and non-financial criteria for the specific purpose of aligning the variable component of these members’ remuneration with the organization’s performance in each year in question, remunerating criteria such as total shareholder return, growth in turnover, trends in net profit, a qualitative assessment by the Remuneration Committee of the Board of Directors’ activities, in particular the executive directors, among other criteria referred to in the above point. When determining variable remuneration, the Remuneration Committee should consider NOVABASE’s performance based on the criteria referred to above, the collective performance of the Board of Directors and the individual performance of each of the directors, including their contribution towards the performance of the company and the Board of Directors in the financial and non-financial indicators referred to above. The assessment process of applicable criteria by the Remuneration Committee will be done annually, with regular oversight, based on specific information provided to the Remuneration Committee for monitoring these criteria.

As such, the performance assessment does have an impact on this remuneration component. A proper balance is also ensured between the fixed and variable portions of these remunerations.

With regard to the variable stock option component, the attribution of options under the Plan for Options to Allot NOVABASE Shares is decided by the competent body pursuant to the plan’s regulations, on a case-by-case basis in accordance with criteria to be set by this body, which will be NOVABASE’s Board of Directors, or the Remuneration Committee in the case of options attributed to members of the Board of Directors.

72. The deferred payment of the remuneration’s variable component and the relevant deferral period.

As previously stated, according to the Remuneration Policy, 50% of the variable remuneration in cash is deferred over three years and is conditional upon positive company performance during this time period.

Therefore, notwithstanding the variable component corresponding to NOVABASE stock options, the variable remuneration paid in cash in 2023 includes amounts allocated in 2021 for 2020 and deferred to the next three years, in the case of directors serving in these years for whom variable remuneration in cash was chosen under the terms duly disclosed.

73. Criteria providing the basis for variable remuneration in shares and the executive directors' keeping of these shares, the signing of agreements involving these shares (i.e. hedging agreements) or the transfer of risk, the respective limit and its relationship to the amount of total annual remuneration.

On 1 October 2019, the Remuneration Committee unanimously decided to make Paulo Jorge de Barros Pires Trigo, an executive director at the time, a participant in the Plan for Options to Allot NOVABASE Shares, and to attribute 400,000 (four hundred thousand) stock options to him. These options were attributed at a strike price of €2.295 per share.

Pursuant to the plan's regulations, the options attributed under the contractual agreement signed with this participant on 1 October 2019 comprised a single lot, which may be exercised once exactly two years after their date of attribution (i.e. 1 October 2021) (maturity date), notwithstanding the ability to exercise them after one year (i.e. 1 October 2020).

In this regard, as duly announced to the market in the notice of manager transaction dated 29 October 2020, on 26 October 2020 NOVABASE received from Director Paulo Jorge de Barros Pires Trigo a notification of the exercising of all 400,000 options on ordinary NOVABASE shares in his possession under the plan's regulations. This exercising occurred by the following means:

(i) For 50% of the options subject to exercising (200,000 options), via net share settlement (allotment of company shares), resulting in the allotment of 91,539 ordinary NOVABASE shares to this director, using the calculation formula in the plan's regulations; and

(ii) For the remaining 50% (200,000 options), via net cash settlement, resulting in a payment of €304,001.71 to this director, using the calculation formula in the plan's regulations.

As stated above, pursuant to article 14.2 of the plan's regulations, the NOVABASE shares corresponding to the options exercised in (i) are withheld by NOVABASE for a period of three years from their exercising, and their ownership will not be transferred to this director until the end of this period, conditional upon the company's positive performance during this time, pursuant to the terms of the regulations. The shares in question were handed over in 2023.

In 2023, given the socio-economic scenario, the Remuneration Committee believed that the attribution of variable remuneration exclusively to directors with executive functions at the company and with special responsibilities, via participation in the Plan, was an appropriate means for remunerating these members for the duties performed and associated responsibilities, while simultaneously reinforcing an alignment between the interests of the management and the company, in the medium and long term, together with their sustainability, in view of the characteristics of the Plan.

Therefore, on 1 June 2023, the Remuneration Committee unanimously decided, in view of the duties performed by Luís Paulo Cardoso Salvado, Chairperson of the Board of Directors, CEO and Managing Director, and by Álvaro José da Silva Ferreira, Managing Director, both charged with the day-to-day running of the company, with the responsibility associated with such positions on a full-time basis, together with the duties and responsibilities assigned to Directors Francisco Paulo Figueiredo Morais Antunes and María del Carmen Gil Marín, responsible for various areas relevant to the NOVABASE Group's business, to attribute to these directors the following company stock options under the Regulations:

- Luís Paulo Cardoso Salvado – 250,000 stock options;
- Álvaro José da Silva Ferreira – 200,000 stock options;
- Francisco Paulo Figueiredo Morais Antunes – 75,000 stock options;
- María del Carmen Gil Marín – 75,000 stock options.

These options were attributed at an adjusted strike price of €1.385.

Pursuant to the plan’s regulations, the options attributed under the contractual agreement signed with these participants on 2 June 2023 comprised a single lot, which may be exercised once exactly two years after their date of attribution (i.e. 1 June 2025) (maturity date), notwithstanding the ability to exercise them after one year (i.e. 1 June 2024).

74. Criteria whereon the allocation of variable remuneration on options is based as well as its deferral period and take-up price.

The NOVABASE General Meeting of Shareholders held on 26 September 2019 approved a medium or long-term plan for attributing variable remuneration to members of NOVABASE’s Board of Directors and to employees from NOVABASE or from other NOVABASE Group companies, based on the performance of NOVABASE shares (Plan for Options to Allot Shares), together with this plan’s regulations. This plan has the following goals:

- To retain NOVABASE and NOVABASE Group employees;
- To motivate and encourage their creativity and productivity;
- To retain and/or hire management staff and employees of high potential and strategic value to benefit the company's results.

Under this plan and its regulations, stock options representing NOVABASE’s share capital may be attributed in the form of a performance bonus for the plan’s participants.

Options are attributed by decision of the competent body pursuant to the plan’s regulations, on a case-by-case basis in accordance with criteria to be set by this body, which will be NOVABASE’s Board of Directors, or the Remuneration Committee in the case of options attributed to members of NOVABASE’s Board of Directors.

The options attributed will comprise a single lot, and may be exercised once exactly two years after their date of attribution (maturity date), notwithstanding the ability to exercise them exactly one year after their date of attribution, at which time the participant may exercise 50% or 100% of the lot of options attributed to him/her.

Options from the same lot not exercised in full by their maturity date will automatically expire.

Options attributed and actually exercised by a participant on their maturity date, or exactly one year after their date of attribution, will be settled as follows:

(a) via the attribution of NOVABASE shares (net share settlement) for 50% of the options subject to exercising;

(b) via the attribution of NOVABASE shares (net share settlement) or, alternatively, in cash (net cash settlement), by the participant’s choice, for the remaining 50% of the options.

NOVABASE share options exercised by the participant pursuant to sub-paragraph (a) (i.e. 50% of the options available for exercise) will be retained by NOVABASE for three years following the exercise date, and their ownership will not be transferred to the participant until the end of this period, conditional upon NOVABASE's positive performance during this time.

The options' strike price is defined before the date of attribution. It should correspond to the arithmetical average of the prices, weighted by the respective volumes, of the transactions of NOVABASE shares at sessions of the Euronext Lisbon regulated market occurring in the ninety days preceding 26 July 2019, adjusted by the shareholder remuneration distributed during this period, i.e. €2.295 per share.

Once the participant notifies the company of his/her intent to exercise options, the number of shares to be attributed (rounded down) to this participant, or the corresponding cash amount in the case of net cash settlement, is determined by the following formula:

No. of shares = no. of options exercised x [(exercise price – strike price/exercise price]

Where:

Strike price: the arithmetical average of the prices, weighted by the respective volumes, of the transactions of NOVABASE shares at trading sessions of the Euronext Lisbon occurring in the ninety days preceding 26 July 2019, adjusted by the shareholder remuneration distributed during this period, i.e. €2.295 per share; and

Exercise price: the arithmetical average of the prices, weighted by the respective volumes, of the transactions of NOVABASE's shares at trading sessions of the Euronext Lisbon occurring in the ninety days preceding the exercise date.

For the purposes of the net cash settlement option, the value of the shares determined as described above will be based on the arithmetical average of the prices, weighted by the respective volumes, of the transactions of NOVABASE's shares at trading sessions of the Euronext Lisbon occurring in the ninety days preceding these options' exercise date.

While the plan is in effect, stock options totalling more than 10% of NOVABASE's share capital may not be attributed.

Since the plan's approval, in 2019, 400,000 (four hundred thousand) NOVABASE stock options were attributed under the plan to then Executive Director Paulo Jorge de Barros Pires Trigo, which were exercised by him in 2020, having been attributed in 2021. Also under the plan, in 2021, 525,000 (five hundred and twenty-five thousand) NOVABASE stock options were attributed to Managing Directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira and to the Director with special responsibilities María del Carmen Gil Marín, with an adjusted strike price of €1.801. In 2022, 600,000 (six hundred thousand) NOVABASE stock options were attributed to Managing Directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira and to Directors with special responsibilities Francisco Paulo Figueiredo Morais Antunes and María del Carmen Gil Marín, with an adjusted strike price of €1.801. Also in 2023, 600,000 (six hundred thousand) NOVABASE stock options were attributed to Managing Directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira and to Directors with special responsibilities Francisco Paulo Figueiredo Morais Antunes and María del Carmen Gil Marín, with an adjusted strike price of €1.385, per the terms detailed in point 73.

The regulations of the Plan for Options to Allot NOVABASE Shares are available at the company's website:

https://content.novabase.com/storage/uploads/z43ddf4scbt-a0a21a2e-editorfile.pdf

75. The main factors and reasons for any annual bonus scheme and any other non-financial benefits.

No annual bonus scheme exists. With regard to non-monetary benefits, as stated in the Remuneration Policy, non-monetary supplementary benefits may be attributed to members of NOVABASE's managing board, per terms and conditions to be decided by the Remuneration Committee, which may include insurance (health, life, D&O and occupational accidents, including while travelling), company vehicles and cell phones, and other non-monetary benefits, as decided by the Remuneration Committee. In 2023, an additional amount of €17,752.72 was paid to the 2023 acting members of the Board of Directors in meal allowances.

Note that the non-monetary supplementary benefits currently attributed to members of the managing board, further described in the Board of Directors' report on remuneration attached to this report, does not have a significant weight on their remuneration, accounting for only 10% of its total cost.

76. Main characteristics of supplementary early retirement or pension schemes for directors, and date on which they were approved by the general meeting of shareholders, in individual terms.

The terms and conditions for executing retirement supplements, together with the application of benefits to be attributed and benefits contracted in accordance with these terms and conditions, are described in NOVABASE's Remuneration Policy, and are as follows:

a) Attribution to directors of retirement supplements, which may be associated with the fixed and/or variable remuneration component, as decided by the Remuneration Committee, namely through the channelling of funds attributed to these directors in relation to fixed and/or variable remuneration, to reinforce insurance contributions in force at NOVABASE in substitution of paying part of this remuneration;

b) The amount of the supplement will correspond to the cumulative annuities acquired from the consecutive premiums paid, increased by revaluations during the applicable period of establishment, as negotiated with the insurance company in question;

c) Financing through NOVABASE's payment of relevant insurance agreement premiums, as determined by the Remuneration Committee;

d) Instead of the above pension supplement, directors may opt for the redemption of accumulated capital, pursuant to the law and within legal limits;

e) Pursuant to the law and within legal limits, beneficiaries with entitlement to the accumulated capital may be designated in the event of the director's death prior to retirement;

f) Other terms and conditions to be determined by the Remuneration Committee, in conjunction with the Board of Directors.

IX. Disclosure of remuneration

77. Indication on the amount concerning the annual remuneration paid collectively or individually to members of the managing boards of the company, including fixed and variable remuneration and as to the latter, mentioning the different components that gave rise to same.

In this report, NOVABASE discloses the remuneration received by each member of the Board of Directors and Audit Board in 2023, in accordance with the Securities Code, CMVM Regulation no. 4/2013, and in line with the recommendations of the IPCG Corporate Governance Code (2018, revised in 2023) in this regard.

By unanimous decisions of the Remuneration Committee, fixed remuneration components were set for members of the NOVABASE Board of Directors in 2023, along with annual variable remuneration, as shown in the chart below.

This remuneration is distributed among the members of the Board of Directors in accordance with the breakdown stipulated by the Remuneration Committee, pursuant to the Remuneration Policy, whereby directors receive fixed remuneration in cash, and potentially variable remuneration as well, which may be comprised of variable remuneration in cash and variable remuneration based on stock options. This remuneration is broken down among directors as shown in the table below, in view of their responsibilities at NOVABASE, and as stipulated by the Remuneration Committee under the Remuneration Policy.

The remuneration of non-executive, non-independent directors may include a variable component, per the Remuneration Policy, if the duties and responsibilities so justify. In fact, the performance of remunerated duties by these members of the Board of Directors allows NOVABASE to leverage their extensive know-how acquired as company founders and accumulated over a period of almost 35 years, especially since these directors continue to have major responsibilities in the Group.

The variable component in cash of directors' remuneration should be determined annually by the Remuneration Committee, based on criteria described in the Remuneration Policy and in point 70 of this report.

Given the company's specific context, namely due to the execution of the strategic plan in progress (2019+ Strategy Update), the Remuneration Committee unanimously decided that, in 2023, all variable remuneration will be granted via plans based on securities of NOVABASE S.G.P.S., namely participation in the Plan for Options to Allot Company Shares approved in the General Meeting of Shareholders of 26 September 2019. Therefore, no variable remuneration in cash was paid to the directors of NOVABASE S.G.P.S. in relation to performance in the year 2022. During the year 2023, Managing Directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, and the Directors with special responsibilities Francisco Paulo Figueiredo Morais Antunes and María del Carmen Gil Marín were attributed, respectively, 250,000 (two hundred and fifty thousand), 200,000 (two hundred thousand), 75,000 (seventy-five thousand) and 75,000 (seventy-five thousand) options on shares under the Plan for Options to Allot NOVABASE Shares. These options were attributed at an adjusted strike price of €1.385 per share.

The variable remuneration and cash paid in 2023 corresponds to only 1/6 of the variable remuneration in cash allocated in 2021 for 2020 and 1/6 of the amount allocated in 2020 for 2019.

Furthermore, in 2023, the Remuneration Committee decided to channel 20% (twenty per cent) of amounts attributed as fixed remuneration for 2023 to each of the directors with executive functions or special responsibilities – namely, and respectively, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, Francisco Paulo Figueiredo Morais Antunes and María del Carmen Gil Marín – to reinforce capitalization insurance contributions currently in effect at the company in substitution of paying that part of fixed remuneration, pursuant to Clause 5 of the Remuneration Policy.

The following table shows remuneration paid in 2023 to directors in office on 31 December 2023.

Directors[1]	Remuneration /fixed annual[2] (€)	Annual variable remuneration in cash paid in 2023 (€)[3,4]	Partial Total (Fixed + Variable in cash paid in 2023) (€)	Variable in cash paid in 2023 /Partial Total (%)	Variable Remuneration /annual deferred (€)[5]	Variable Remuneration #options
Luís Paulo Cardoso Salvado	**340,200.00**	151,547.84	491,747.84	30.82	53,026.67	250,000
Álvaro José da Silva Ferreira	**283,500.00**	94,970.00	378,470.00	25.09	33,230.00	200,000
Executives Total	**623,700.00**	**246,517.84**	**870,217.84**	**28.33**	**86,256.67**	**450,000**
(% total)	**52.01**	**53.74**	**52.49**		**53.74**	
Francisco Paulo Figueiredo Morais Antunes	189,000.00	75,774.00	264,774.00	28.62	26,513.33	75,000
María del Carmen Gil Marín	189,000.00	75,774.00	264,774.00	28.62	26,513.33	75,000
José Afonso Oom Ferreira de Sousa	44,100.00	30,309.17	74,409.17	40.73	10,605.00	
Pedro Miguel Quinteiro Marques Carvalho	44,100.00	30,309.17	74,409.17	40.73	10,605.00	
Madalena Paz Ferreira Perestrelo de Oliveira	44,100.00	0.00	44,100.00	0.00	0.00	
Benito Vázquez Blanco	44,100.00	0.00	44,100.00	0.00	0.00	
Rita Wrem Viana Branquinho Lobo Carvalho Rosado	21,000.00	0.00	21,000.00	0.00	0.00	
Non-executives total	**575,400.00**	**212,166.34**	**787,566.34**	**26.94**	**74,236.67**	**150,000**
(% total)	**47.99**	**46.26**	**47.51**		**46.26**	
TOTAL	**1,199,100.00**	**458,684.18**	**1,657,784.18**	**27.67**	**160,493.33**	**600,000**

[1] Director Rita Wrem Viana Branquinho Lobo Carvalho Rosado received amounts in 2023 through other group companies for the position of Head of Legal of the NOVABASE Group. These amounts are not shown in this table, and are addressed in point 78 of this report.
[2] The amount shown includes amounts attributed as fixed remuneration in the Remuneration Committee meeting of 1 June 2023, which were channelled to retirement supplements by reinforcing capitalization insurance contributions currently in effect at the company, substituting payment of that part of fixed remuneration - namely, Luís Paulo Cardoso Salvado (€68,040), Álvaro José da Silva Ferreira (€56,700), Francisco Paulo Figueiredo Morais Antunes (€37,800) and María del Carmen Gil Marín (€37,800).
[3] The amount shown is the total amount paid to each director in 2023 (excluding the variable component based on stock options, as applicable): includes amounts allocated in 2021 for 2020, and deferred to the next three years. There are also deferrals for amounts allocated in 2020 for 2019, in the case of directors serving in these years for whom variable remuneration in cash was chosen under the terms duly disclosed.
[4] Amount used to reinforce capitalization insurance contributions currently in effect at the company.
[5] Amounts allocated in 2021 for 2020, and deferred to the next three years. For directors serving in these years for whom variable remuneration in cash was chosen under the terms duly disclosed, in the Corporate Governance Report for the year in question.

In the 2023 financial year, Directors Luís Paulo Cardoso Salvado (500,000 options) and Álvaro José da Silva Ferreira (400,000 options) exercised their options, allocated in 2021 and 2022, under the following terms:

(i) For 50% of the options subject to exercising (250,000/Luís Paulo Cardoso Salvado, 200,000/Álvaro José da Silva Ferreira), via net share settlement (allotment of company shares), resulting in the allotment of 178,056 and 142,445 ordinary NOVABASE shares, respectively, to Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, using the calculation formula in the plan's regulations, resulting in a total of 320,501 shares allotted, and

(ii) For the remaining 50% (250,000 options/Luís Paulo Cardoso Salvado and 200,000 options/Álvaro José da Silva Ferreira), via net cash settlement (payment in cash), resulting in payments to these directors, respectively, of €856,936.97 and €685,548.62 using the calculation formula in the plan's regulations i.e., a total of €1,542,485.59.

Also during the 2023 financial year, Directors Francisco Paulo Figueiredo Morais Antunes and María del Carmen Gil Marín exercised their options, allocated in 2022 (75,000 options each), under the following terms:

(i) For 50% of the options subject to exercising (37,500 options/each), via net share settlement (allotment of company shares), resulting in the allotment to each of these directors of 26,709 ordinary NOVABASE shares, using the calculation formula in the plan's regulations, resulting in a total of 53,418 shares allotted; and

(ii) For the remaining 50% (37,500 options/each), via net cash settlement, resulting in a payment to these directors of €128,535.25/each, using the calculation formula in the plan's regulations, resulting in a total amount paid of €257,070.50.

The exercising of these options resulted in a total allotment of 373,919 shares and a total amount paid of €1,799,556.09.

Also during the year 2023, Managing Directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, and Directors with special responsibilities Francisco Paulo Figueiredo Morais Antunes and María del Carmen Gil Marín were attributed, respectively, 250,000 (two hundred and fifty thousand), 200,000 (two hundred thousand), 75,000 (seventy-five thousand) and 75,000 (seventy-five thousand) options on shares under the Plan for Options to Allot NOVABASE Shares. These options were attributed at an adjusted strike price of €1.385 per share.

Pursuant to the plan's regulations, the options attributed under the contractual agreement signed with these participants on 1 June 2021 and 1 June 2022 comprised a single lot, which may be exercised once exactly two years after their date of attribution (i.e. 1 October 2021 - maturity date), notwithstanding the ability to exercise them after one year (i.e. 1 June 2022 and 1 June 2023).

In 2023, an additional amount of €17,752.72 was paid to the 2023 acting members of the Board of Directors in meal allowances.

Relatively speaking, the variable remuneration paid in 2023 to NOVABASE's directors represented approximately 28% of the total remuneration received by them for the year 2023, thereby demonstrating a reasonable balance between the fixed and variable remuneration components. There are no relevant amounts of non-monetary benefits considered as remuneration and not covered by the previous situations.

The table below shows remuneration paid by NOVABASE in 2023 to directors of the company whose positions ended in previous years:

Directors	Remuneration /fixed annual (€)	Annual variable remuneration in cash paid in 2023 (€)	Partial Total (Fixed + Variable in cash paid in 2023) (€)	Variable in cash paid in 2023 /Partial Total (%)	Variable Remuneration /annual deferred (€)
João Nuno da Silva Bento[1]		151,547.84	151,547.84	100.00	53,026.67
Paulo Jorge de Barros Pires Trigo[1]		42,423.27	42,423.27	100.00	33,528.33
TOTAL		193,971.11	193,971.11	100.00	86,555.00

[1] Left position in the General Meeting of Shareholders of 25 May 2021. The variable amount paid in 2023 and deferred to the following years corresponds to the years in which he held the position of director at this company, as demonstrated by the Corporate Governance Reports from previous years.

In 2023, 91,539 ordinary shares, allocated in 2020 following the exercising of options held by him and retained by NOVABASE pursuant to the regulations, were handed over to former director Paulo Jorge de Barros Pires Trigo. Together with the handover of the shares retained, the amount of shareholder dividends during the share retention period, i.e. €77,808.15, was also paid as provided for in the regulations.

Furthermore, there are no formal mechanisms regulating the possibility of requesting reimbursement for the variable remuneration received by NOVABASE directors. Even so, per the general guiding principles of NOVABASE's remuneration policy, when the company's performance is a determining criterion for variable remuneration, any downgrading in performance may justify limits upon this remuneration, in view of the specific circumstances.

78. Amounts paid on any basis by other companies in a group or controlling relationship or exercising control over the company.

The members of NOVABASE's Board of Directors and Audit Board are paid exclusively by this entity, and do not receive additional remuneration of any kind from other companies that are controlled by or part of the NOVABASE Group, nor from any company subject to shared control with NOVABASE, except for the remuneration shown in the following table.

Name	Remuneration /fixed annual (€)	Annual variable remuneration in cash paid in 2023 (€)	Partial Total (Fixed + Variable in cash paid in 2023) (€)	Variable in cash paid in 2023 /Partial Total (%)	Variable Remuneration /annual deferred (€)
Rita Wrem Viana Branquinho Lobo Carvalho Rosado[1]	79,796.40	30,524.47	110,320.87	27.67	0

[1] Amount paid by Celfocus, S.A., a company 90.19% owned (indirectly) by NOVABASE S.G.P.S., S.A., corresponding to remuneration received for the position of Head of Legal of the NOVABASE Group under a service provision agreement.

79. Remuneration paid in the form of a share in the profits and/or the payment of bonuses and the rationale behind the act of awarding such bonuses and/or share in profits.

In 2023, no additional remuneration was awarded in the form of profit sharing and/or payment of bonuses.

80. Compensation paid or owed to former executive directors in relation to early contract termination.

No compensations were paid, nor are any compensations owed, to former executive directors as a result of their duties no longer being performed in 2023.

81. Annual amount of remuneration received, collectively and individually, by members of the company's supervisory boards.

The remuneration of supervisory board members includes no component whose value depends on the performance or the value of the company.

As such, the following fixed annual remuneration was given to members of the Audit Board for 2023:

Chairperson of the Audit Board – Álvaro José Barrigas do Nascimento – €10,500 (ten thousand, five hundred euros);

Audit Board Member – Fátima do Rosário Piteira Patinha Farinha – €7,875 (seven thousand, eight hundred and seventy-five euros);

Audit Board Member – João Luís Correia Duque – €7,875 (seven thousand, eight hundred and seventy-five euros).

These amounts were adjusted by 5% in comparison to the previous year. As such, the total amount of remuneration attributed to members of the Audit Board was €26,250 (twenty-six thousand, two hundred and fifty euros).

Notwithstanding the remuneration attributed in 2023, a total of €6,150 (six thousand, one hundred and fifty euros) was paid to members of the Audit Board (taxes included):

Chairperson of the Audit Board – Álvaro José Barrigas do Nascimento – €0 (zero euros);

Audit Board Member – Fátima do Rosário Piteira Patinha Farinha – €0 (zero euros);

Audit Board Member – João Luís Correia Duque – €6,150 (six thousand, one hundred and fifty euros)[1]

Furthermore, the company's Statutory Auditor is remunerated according to standard remuneration practices and conditions for comparable services, following the signing of a service provision agreement and by proposal of the company's Audit Board.

82. Remuneration of the Chairperson of the General Meeting of Shareholders.

The Chairperson of the General Meeting of Shareholders is paid according to attendance in the amount of €3,150 (three thousand, one hundred and fifty euros) for each meeting presided over.

X. Agreements with implications on remuneration

83. Envisaged contractual restraints for compensation owed for undue dismissal of executive directors and its relation to the remunerations' variable component.

There are no contractual restraints for compensation owed for undue dismissal of directors, as per legal rules.

Pursuant to article 403, paragraph 5 of the Commercial Companies Code, if the dismissal lacks justified grounds, the director is entitled to compensation for damages incurred by the means specified in his/her contract or under the general terms of the law; this compensation may not exceed the remuneration he/she would presumably receive through the end of his/her appointed term.

In NOVABASE's opinion, since management positions are remunerated, with a mandatory legal ceiling on compensation for dismissal without due cause, and given the protection of expectations principle which must be observed, there is no justification for contractual restraints that reduce the maximum legal compensation amount to a director with legal proof of damages incurred.

Similarly, in view of the mandatory legal ceiling on compensation for undue dismissal, there is absolutely no foreseeable advantage in establishing contractual restraints to directors' compensation in the event of consensual termination of duties.

84. Reference to the existence and description, including amounts, of agreements between the company and members of the board of directors or employees providing for compensation in the event of employee resignation request, termination without just cause or termination of the employment relationship following a tender offer. (article 29-H, paragraph 1, sub-paragraph k).

No such agreements exist.

XI. Stock or stock option plans

85. Identification of plan and respective recipients.

The NOVABASE General Meeting of Shareholders held on 26 September 2019 approved a medium or long-term plan for attributing variable remuneration to members of NOVABASE's Board of Directors and to employees from NOVABASE or from other NOVABASE Group companies, based on the performance of NOVABASE shares, together with this plan's regulations. This plan has the following goals:

- To retain NOVABASE and NOVABASE Group employees;
- To motivate and encourage their creativity and productivity;
- To retain and/or hire management staff and employees of high potential and strategic value to benefit the company's results.

Under this plan and its regulations, stock options representing NOVABASE's share capital may be attributed in the form of a performance bonus for the plan's participants.

More information on the plan and its regulations can be found in point 74 of this report.

86. Description of plan (eligibility conditions, inalienability of shares clauses, criteria regarding share prices and the price for exercising options, time frame during which options can be exercised, characteristics of the shares or options to be attributed, existence of incentives to acquire shares and/or exercise options).

A description of the Plan for Options to Allot NOVABASE Shares – including its eligibility conditions, inalienability of shares clauses, criteria on the price for exercising options, time frame during which options can be exercised, characteristics of the shares or options to be attributed and the existence of incentives to acquire shares and/or exercise options – is available in point 74 of this report.

87. Option rights given for the acquisition of shares (stock options) for which the company's employees and workers are the beneficiaries.

In 2023, no options were attributed to the company's workers or employees; only the decision was made to attribute options to members of NOVABASE's Board of Directors.

88. Control mechanisms provided for in a possible employee investment scheme in which voting rights are not directly exercised by them (article 29-H, paragraph 1, sub-paragraph e).

There are no specific employee investment schemes in which voting rights are not directly exercised by them.

XII. Control mechanisms and procedures

89. Mechanisms implemented by the company to control transactions with related parties (using the concept defined in IAS 24 for this purpose).

As regards the year 2023, in addition to the rules of the Commercial Companies Code for contractual agreements between the company and members of the Board of Directors, NOVABASE had Internal Regulations on Transactions with Related Parties in effect which established an internal procedure for verifying and approving transactions with related parties, with the intervention of the Board of Directors and the Audit Board, pursuant to the law, which was approved by the Board of Directors, with the prior favourable opinion of the Audit Board. These regulations are further described in point 91 of this report, and are available at NOVABASE's website.

Other transactions with related parties are controlled and disclosed under the terms of internationally accepted and applicable rules and standards for accounting and financial reporting.

90. Transactions subject to control during the reporting year.

In 2023, NOVABASE had no transactions with related parties subject to the obligations of control laid out in the Internal Regulations on Transactions with Related Parties or the Securities Code.

As such, no transactions were subject to control as described above.

91. Description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the owners of qualifying holdings or entity-relationships with the former, as envisaged in article 20 of the Securities Code.

On 29 April 2021, pursuant to article 249-A (corresponding to the current article 29-S) of the Securities Code, introduced by Law no. 50/2020 of 25 August, the Board of Directors approved, with the prior favourable opinion of the Audit Board, Internal Regulations on Transactions with Related Parties, under which certain company transactions with related parties are subject to a decision of the Board of Directors, preceded by an opinion of the Audit Board.

Pursuant to these Internal Regulations, transactions with related parties are defined as those performed by the company or by entities in a control or group relationship with it, or by entities within its consolidation perimeter, with a party related to them as defined in the international accounting standards adopted pursuant to Regulation (EC) No 606/2022 of the European Parliament and of the Council of 16 April.

A decision by the Board of Directors, proceeded by a non-binding opinion of the Audit Board, shall apply to transactions with related parties: (i) whose total cumulative amount is 2.5% or more of NOVABASE's consolidated assets in a given financial year, half year or quarter, based on the most recent annual financial statements approved pursuant to the law, even when the amount of each business deal does not exceed this percentage individually; or (ii) which, on an exceptional basis, are not performed within the scope of NOVABASE's current business per the arm's-length principle, regardless of their amount.

In any case, the following shall be excluded from the scope of these Internal Regulations: (a) transactions between NOVABASE and its affiliates, provided that they are in a control relationship with the company, and no Related Party of the company has interests in the affiliate; (b) business deals involving the awarding of remuneration for management or senior management positions at the company, at entities in a control or group relationship with it, or at entities within NOVABASE, S.G.P.S, S.A.'s account consolidation perimeter, although such remuneration must always be attributed on an arm's-length basis and in accordance with the corporate governance model in force; or (c) transactions proposed to all shareholders under the same terms so as to ensure equitable shareholder treatment and protection of the company's interests.

In cases subject to the procedure established in the Internal Regulations, NOVABASE's Board of Directors shall notify the company's Audit Board, as soon as possible and always within five days of the transaction's date, of its intent to approve the business deal.

Such notification to NOVABASE's supervisory board must include the following: (a) parties to the transaction; (b) scheduled date for performing the transaction; (c) economic and financial terms and conditions of the transaction, and its total amount, which must always be specifically stated, even in the form of a mere estimate; (d) reason for performing the transaction by the NOVABASE Group and the entity in question; (e) specific reason for performing the transaction with the customer or supplier in question; (f) assessment as to whether the transaction in question will be done under normal market conditions for similar transactions, complying with the principle of equitable treatment for the NOVABASE Group's customers and suppliers. In the event of deviations to these principles, justifying circumstances must be given to perform the transaction, namely the need to pursue a higher company interest.

Once the notification described in the above paragraph has been received, the supervisory board must issue its approval or disapproval of the transaction in question as soon as possible.

In issuing its opinion, the supervisory board must bear in mind whether the business deal in question will be carried out on an arm's-length basis compared to similar deals, and whether the principle of equitable treatment of NOVABASE Group customers and suppliers will be respected, together with circumstances justifying the deal when deviations to these principles occur, namely the need to pursue a higher company interest.

In either case, the supervisory board must give immediate notification to NOVABASE's management of any prior opinion issued.

Under this procedure, by the end of the month following the end of each quarter, NOVABASE's Board of Directors verifies, and notifies the Audit Board of, the amount and nature of transactions between NOVABASE and any related party performed in the previous quarter which were not subject to a specific decision by these boards in accordance with these regulations.

The Internal Regulation is available at NOVABASE's website.

XIII. Items related to the business

92. Location of accounting documents with access to information on transactions with related parties, in accordance with IAS 24 or, alternatively, a reproduction of this information.

This information is available in the 2023 Consolidated Accounts, an integral part to the Annual Report and Accounts, in Note 37 of the Notes to the Consolidated Financial Statements.

1. *Corporate governance code adopted*

   Identification of the corporate governance code to which the company is subject, or has voluntarily decided to be subject to, under the terms and for the purposes of article 2 of these Regulations.
   The publicly accessible location of the texts of the corporate governance codes to which the issuer is subject should also be indicated (article 29-H, paragraph 1, sub-paragraph o).

Over the course of 2018, the Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG) entered into force in reference to 1 January 2018, thereby completing the transition process to a self-regulation model (soft law) in Portugal. This resulted in the revocation of the CMVM Corporate Governance Code (2013) as of the same date.

In this way, the IPCG Corporate Governance Code (2018) – subsequently revised 2020 and in 2023 – now represents the only corporate governance code in Portugal for the purposes of article 2, paragraph 1 of CMVM Regulation no. 4/2013.

Therefore, and in accordance with the above-mentioned provision of CMVM Regulation no. 4/2013, NOVABASE has adopted the Corporate Governance Code of the Portuguese Corporate Governance Institute (2018, as revised in 2023), which is available for consultation at https://cgov.pt/.

2. *Analysis of compliance with the corporate governance code adopted under the terms of article 29-H, paragraph 1, sub-paragraph n), whereby a statement should be included on the degree of compliance with the corporate governance code to which the issuer is subject, specifying any parts of this code from which it deviates, and the reasons for doing so.*
   The information presented should include the following for each recommendation:
   a) *Information to gauge compliance with the recommendation, or reference to the point in the report where the issue is described in more detail (chapter, title, point, page);*
   b) *Justification for any failure to comply or partial compliance;*
   c) *In the event of non-compliance or partial compliance, identification of any alternative means used by the company to achieve the same goal as the recommendation.*

	Recommendation	Fulfilment	Remarks
	General principles: **A.** *Corporate governance promotes and empowers the pursuit of respective long-term interests, performance and sustainable development, and is structured so as to balance interests between shareholders and other investors, employees, customers, creditors, suppliers and other stakeholders, helping to strengthen trust in the quality, transparency and ethical standards of the actions of management and supervisors, together with the sustainable development of companies' surrounding communities and the development of the capital market.* **B.** *Compliance with the code is voluntary, and its observance is based on a principle of "comply or explain" applicable to all recommendations.*		
	Chapter I. COMPANY RELATIONSHIP WITH SHAREHOLDERS, STAKEHOLDERS AND THE COMMUNITY IN GENERAL		
	I.A. Principles: *In their organization, their functioning and the determination of their strategy, companies contribute towards the pursuit of the UN Sustainable Development Goals under terms tailored to the nature of their business and respective size.* **I.B.** *The company periodically identifies, measures and aims to prevent the negative effects of the environmental and social impacts of its business, under terms tailored to the company's respective nature and size.* **I.C.** *In its decision-making processes, the managing board balances the interests of shareholders and other investors, employees, suppliers and other stakeholders in the company's business.*		
1	I.1. The company specifies the terms under which its strategy seeks to achieve its long-term goals, and the main ensuing contributions to the community in general[1].	Yes	Point 29 and the 2023 Non-Financial Statement
2	I.2. The company identifies the main policies and main measures employed with regard to achieving its environmental and social goals.	Yes	Point 29, Point 53, sub-paragraph j) and the 2023 Non-Financial Statement.

	Chapter II. COMPOSITION AND FUNCTIONING OF THE COMPANY'S BOARDS		
	II.1. Information		
	Principle: **II.1.A.** *Companies and, in particular, their managers treat shareholders and other investors equally, namely by assuring mechanisms and procedures for the suitable processing and disclosure of information.*		
2	II.11.The company establishes mechanisms which, in a suitable and rigorous manner, ensure the timely circulation or disclosure of information to corporate boards, the company's secretary, shareholders, investors, financial analysts, other stakeholders and the market in general.	Yes	Points 21, and 55 to 65
	II.2. Diverse composition and functioning of the company's boards		
	Principle: **II.2.A.** *Companies are equipped with suitable, transparent decision-making structures, ensuring the utmost operating efficiency of their boards and committees.* **II.2.B.** *Companies ensure diversity in the composition of their management and supervisory boards and the use of criteria of individual merit within the respective designation procedures, which are of the exclusive power of the shareholders.* **II.2.C.** *Companies ensure that the functioning of their boards and committees is properly recorded in meeting minutes, so as to provide an understanding of the decisions made as well as their grounds and the opinions expressed by their members.*		
3	II.2.1. Companies establish, in advance and in the abstract, criteria and requirements for the profile of members of the company's boards which are suited to the function to be performed, namely including individual attributes (such as expertise, independence, integrity, availability and experience), and diversity requirements (with a particular focus on equality between men and women),that can help to improve the board's performance and balance its composition.	Yes	Points 16 and 19
4	II.2.2. The managing and supervisory boards and their internal committees have regulations – namely regarding the exercising of their respective powers, chairmanship, meeting frequency, operation and table of duties of their members – published in full at the company's website, with minutes of their meetings drawn up.	n/a	NOVABASE does not have an Executive Committee or other internal committees.
5	II.2.3. The composition and number of annual meetings of the managing and supervisory boards and their internal committees are disclosed at the company's website.	Yes	Point 62
6	II.2.4. Companies adopt a policy for reporting irregularities ("whistleblowing policy") that specifies the main rules and procedures to be followed for each instance of reporting, and an internal reporting channel that is also accessible by non-employees, pursuant to the terms of applicable law.	Yes	Point 49

7	II.2.5. Companies have specialized committees for corporate governance, remuneration, appointments of the company's board members and performance evaluation, whether individual or combined. When a remuneration committee has been created per article 399 of the Commercial Companies Code, and when not prohibited from doing so by law, this recommendation may be fulfilled by entrusting these powers to this committee.	No	Point 27 No other committees have currently been created within the company's Board of Directors, namely (i) to assess the performance of the executive directors and Board of Directors, and (ii) to reflect and act on issues involving corporate governance. With regard to evaluating the management, it should be noted that the Board of Directors annually assesses its own performance, together with the performance of the managing directors or Executive Committee, as applicable, also ensuring that the individual performance evaluations of each member of the management are notified to the Remuneration Committee. Along these lines, given the relatively low complexity of the current corporate governance structure, maintaining or reintroducing a specific committee to reflect on issues involving corporate governance or appointments seems unnecessary, since the company is assisted by outside consultants in these matters.
	II.3. Relationship between company boards		
	Principle: **II.3.A.** *Corporate boards lay the groundwork so that, to the extent of their responsibilities, they can act in a harmonious, coordinated manner with information suited to the performance of their respective functions.*		
8	II.3.1. The articles of association or equivalent instruments used by the company establish mechanisms to ensure that, within the limits of applicable legislation, members of the managing and supervisory boards have permanent access to all information needed to assess the performance, status and future prospects of the company, including meeting minutes, support documentation for decisions taken, meeting notices and the archives of executive managing board meetings, notwithstanding access to any other documents or persons who may be asked to give clarifications.	Yes	Points 21, 24 and 33 b)
9	II.3.2. Each of the company's bodies and committees ensure, in a timely and appropriate manner, the inter-organic flow of information needed for all other boards and committees to perform their duties under the law and articles of association.	Yes	Points 21, 24 and 33 b)
	II.4. Conflicts of interest		
	II.4.A. Conflicts of interest, whether actual or potential, should be prevented between the members of boards and committees and the company, ensuring that any member in conflict does not interfere in the decision-making process.		

10	II.4.1. By internal regulations or equivalent means, members of the managing and supervisory boards and internal committees shall be obliged to notify the respective board or committee whenever there are facts which may constitute or give rise to a conflict between their interests and those of the company.	No	Points 21 and 33 b) The internal regulations of NOVABASE's relevant corporate boards state that they must notify the respective body, in the decision-making context, whenever there are facts which may constitute or give rise to a conflict between their interests and those of the company, without the ability to exercise their voting rights in such case. Although this obligation is not provided for in a general sense, but only in the decision-making context, NOVABASE believes that the interests protected by this recommendation are ensured, since the information conveyed in the decision-making context is also relevant to the day-to-day running of the company in the event of situations of conflicts of interest, while also fulfilling the legal requirement provided for in the Commercial Companies Code.
11	II.4.2. The company adopts procedures to ensure that a member in conflict does not interfere with the decision-making process, notwithstanding the obligation to provide information and clarifications requested by the board, committee or its respective members.	Yes	Points 21 and 33 b)
	II.5. Transactions with related parties		
	Principle: *Transactions with related parties must be justified by the company's interests and performed in normal market conditions, subject to the principles of transparency and proper oversight.*		
12	II.5.1. I.5.1. The managing board discloses, in its governance report or by another publicly available means, the internal procedure for verifying transactions with related parties.	Yes	Points 89 and 91
	Chapter III. SHAREHOLDERS AND GENERAL MEETING OF SHAREHOLDERS		
	Principles: **III.A.** *The proper engagement of shareholders in corporate governance is a positive factor in the company's efficient functioning and achievement of its corporate purpose.* **III.B.** *The company promotes the personal participation of shareholders in General Meetings of Shareholders as a venue for reflection on the company and communication between shareholders and the company's boards and committees.* *The company implements adequate means for shareholders to participate and vote remotely in meetings, including the possibility to send questions, clarification requests or information on agenda items and their respective proposals in advance.*		
13	III.1. The company should not require an excessively high number of shares for entitlement to voting rights, and specifies its choice in its corporate governance report whenever each share does not correspond to one vote.	n/a	n/a

14	III.2. A company that has issued shares with a special right to plural votes shall identify, in its corporate governance report, those matters which, pursuant to the company's articles of association, are excluded from the scope of plural voting.	n/a	n/a
15	III.3. The company should not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Yes	Point 14
16	III.4. The company implements suitable means for shareholders to participate in the General Meeting of Shareholders remotely, under terms proportional to its size.	Yes	Point 12 Note also that, in the past three years, NOVABASE's General Meetings of Shareholders were done exclusively via telemetric means, giving shareholders not only the option of voting via electronic correspondence or electronic means, but also the ability to participate via telematic means in the meeting and, in this context, change their vote previously cast during the meeting, as shown in documentation from these same General Meetings of Shareholders, duly published and available at NOVABASE's website.
17	III.5. The company also implements suitable means for exercising voting rights remotely, including via correspondence and via electronic means.	Yes	Point 12 Note also that, in the past three years, NOVABASE's General Meetings of Shareholders were done exclusively via telemetric means, giving shareholders not only the option of voting via electronic correspondence or electronic means, but also the ability to participate via telematic means in the meeting and, in this context, change their vote previously cast during the meeting, as shown in documentation from these same General Meetings of Shareholders, duly published and available at NOVABASE's website.
18	III.6. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Meeting of Shareholders (five-year intervals) on whether that statutory provision is to be amended or prevails – without superior quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	n/a	Points 12 and 13
19	III.7. Measures that require payment or the assumption of fees by the company in the event of change of control or change in the composition of the managing board, and which may impair the free transfer of shares and free assessment by shareholders of the performance of directors, shall not be adopted.	Yes	Points 4 and 84 Furthermore, measures that require payment or the assumption of fees by the company in the event of change of control or change in the composition of the managing board, and which may impair the free transfer of shares and free assessment by shareholders of the performance of directors, shall not be adopted.

	Chapter IV. DIRECTORS		
	IV.1. Managing Board and Executive Directors		
	Principles: **IV.1.A.** *The day-to-day running of the company is the responsibility of executive directors with suitable qualifications, expertise and experience, pursuing the company's goals and contributing towards its sustainable development.* **IV.1.B.** *The determination of the number of executive directors should take into account the company's size, the complexity and geographic dispersion of its business and costs, bearing in mind the desired functional agility of the executive management.*		
20	IV.1.1. The board of directors ensures that the company acts in accordance with its corporate purpose, and does not delegate powers with regard to the following: i) defining the strategy and general policies of the company; ii) organizing and coordinating the corporate structure; iii) matters considered strategic due to the amount, risk or particular characteristics involved.	Yes	Point 21
21	IV.1.2. The managing board approves, through internal regulations or comparable means, the scheme for executive directors' activities applicable to their performance of executive duties at entities outside the group.	No	Points 21 and 26 On 25 May 2021, the Board of Directors approved the delegation of powers to Managing Directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira. NOVABASE's current managing directors do not perform any executive functions at entities outside the Group; as such, NOVABASE believes there is no need to establish a scheme for executive directors' activities applicable to their performance of executive duties at entities outside the Group, since this situation does not apply to NOVABASE, thereby safeguarding the interests that the recommendation in question aims to protect. Furthermore, with regard to the table in Point 26 of this report (on activities of directors in and outside the Group), the duties shown for Managing Director Álvaro José da Silva Ferreira, despite involving administrative functions, are not considered executive duties impacting his full availability to carry out his respective duties at NOVABASE.
1	**IV.2. Managing Board and Non-Executive Directors**		
	Principles: **IV.2.A.** *To fully achieve the corporate purpose, non-executive directors carry out effective, judicious oversight which challenges executive management, supplemented by committees in central corporate governance areas.* **IV.2.B.** *The number and qualifications of non-executive directors should afford the company with balanced, proper diversity in terms of expertise, knowledge and professional backgrounds.*		

22	IV.2.1. Notwithstanding the legal functions of the Chairperson of the Board of Directors, if the Chairperson is not independent, the independent directors – or, when these are insufficient in number, the non-executive directors – must designate a coordinator (lead independent director) from among themselves for the following purposes (i) serving, whenever necessary, as a spokesperson with the Chairperson of the Board of Directors and the other directors, (ii) ensuring that they have the necessary means and conditions to perform their duties; and (iii) coordinating them in assessing the performance by the managing board, as provided for in recommendation VI.1.1; alternatively, the company can establish another equivalent mechanism for such coordination.	No	Points 18 and 21 In view of NOVABASE's corporate organizational model, which has several levels of internal control, the company does not believe that independent directors are necessary, as further explained in the above points in Part I of the Corporate Governance Report, together with the comments to recommendation IV.2.4 below. The designation of a lead independent director per this recommendation is therefore not possible. With regard to the option of designating a lead non-executive director (in the absence of independent directors), in view of the size of the company, the Board of Directors and the number of non-executive directors, the company does not believe this position is necessary. In fact, given NOVABASE's agile and flexible structure since 2015, the non-executive directors have adequately coordinated their duties with no need for formal meetings called and run by one of these directors. Note also that, pursuant to the Board of Directors' regulations, there are various mechanisms in place for the efficient coordination and performance of its work, particularly for members with non-executive functions, by giving them access to information to sufficiently carry out their duties.
23	IV.2.2. The number of non-executive members of the managing board should be suited to the company's size and the complexity of its business risks, but sufficient to effectively ensure the functions entrusted to them; the justifying grounds for this suitability should be included in the corporate governance report.	Yes	Points 18, 21, 31 and 32
24	IV.2.3. The number of non-executive directors is higher than the number of executive directors.	Yes	NOVABASE has two executive directors and seven non-executive directors.

25	IV.2.4. The number of non-executive directors that meet the independence requirements should be plural, and may not be less than one third of the total number of non-executive directors. For the purposes of this recommendation, independent persons are defined as those not associated with any specific interest group at the company, nor under any circumstances that may affect their exemption from analysis or decision, namely because of: i. Having held a position on any company board, on a consecutive or non-consecutive basis, for more than twelve years, with this time period calculated regardless of whether it coincides with the end of the term of office; ii. Having been an employee at the company or at a company in a control or group relationship within the past three years; iii. Having, in the past three years, provided services or established a significant commercial relationship with the company or a company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal entity; iv. Receiving remuneration paid by the company or by a company with which it is in a control or group relationship, besides the remuneration arising from performing the duties of director; v. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of directors of the company, directors of a legal person with a qualified holding in the company or natural persons with direct or indirect qualified holdings; vi. Being a qualifying shareholder or representative of a qualifying shareholder.	No	Point 18 In view of the company's size, its need for agility and efficient management, its shareholder structure and respective free float, its various levels of internal control (including supervisory boards completely comprised of persons independent from the management and qualified shareholders, with the important note that, under the Anglo Saxon corporate governance model previously in effect at the company, only those directors with positions on the Auditing Committee were independent), and the vast set of options benefiting shareholder participation and the exercising of rights, NOVABASE does not believe that independent directors are needed to ensure the protection of the interests of all stakeholders.
26	IV.2.5. The provisions of paragraph (i) of the above recommendation shall not impair the qualification of a new director as independent if, between the termination of his/her duties at any company board and his/her new designation, at least three years have elapsed (cooling-off period).	n/a	NOVABASE's Board of Directors has no independent directors.
	Chapter V. OVERSIGHT		
	***Principles*:** **V.A.** *The supervisory board constantly oversees the company's management including, from a preventive standpoint as well, monitoring the company's activities and, in particular, decisions of central importance to the company and the full achievement of its corporate purpose.* **V.B.** *The composition of the supervisory board affords the company with balanced, proper diversity in terms of expertise, knowledge and professional backgrounds.*		

27	V.1. In accordance with the powers entrusted to it by law, the supervisory board has knowledge of strategic guidelines, and evaluates and gives its opinion on the risk policy prior to its final approval by the managing board.	No	There is currently no procedure allowing the Audit Board to give its opinion on these issues prior to their final approval by the Board of Directors. Nonetheless, pursuant to its regulations, the Audit Board has the power to evaluate the risk management done by the Board of Directors and give its opinion on the working plans and resources allocated to control services. With regard to monitoring, assessing and giving an opinion on the company's strategic guidelines, NOVABASE believes this function is achieved through the Audit Board's oversight of the risk management system, which inevitably includes overseeing the risks assumed by the company vis-à-vis strategic guidelines in place. In view of the Audit Board's supervisory and oversight function, NOVABASE believes that this board's involvement in matters involving the company's strategic guidelines should be limited.
28	V.2. The number of members of the supervisory board and financial matters committee should be suited to the company's size and the complexity of its business risks, but sufficient to effectively ensure the functions entrusted to them; the justifying grounds for this suitability should be included in the corporate governance report.	Yes	Points 21, 31 and 32
	Chapter VI. PERFORMANCE EVALUATION, REMUNERATION AND APPOINTMENTS		
	VI.1. Annual performance evaluation		
	Principle: **VI.1.A.** *The company evaluates the performance of the executive board and its individual members, together with the overall performance of the managing board and its specialized committees.*		
29	VI.1.1. The managing board – or committee with competencies in this regard, comprised of a majority of non-executive members – evaluates its performance each year, together with the performance of the executive committee, executive directors and company committees, bearing in mind fulfilment of the company's strategic plan and budget, the management of risks, its internal operation and each member's contribution in this regard, together with relationships between the company's boards and committees.	Yes	Points 24 and 25

	VI.2. V.2. Remuneration
	Principles: **VI.2.A.** *The remuneration policy for members of the managing and supervisory boards should allow the company to attract qualified professionals, at a cost economically justified by the situation, align its interests with those of shareholders — taking into account the wealth actually created by the company, its economic position and that of the market — and build a company culture which is professional and sustainable, and promotes merit and transparency.* **VI.2.B.** *Given that the position of director is, by nature, a remunerated position, directors should receive remuneration:* *i) that adequately reciprocates the responsibilities assumed, availability and expertise afforded to the company;* *ii) that ensures that actions are aligned with long-term shareholder interests, promoting the company's sustainability; and* iii) *that rewards performance.*

30	VI.2.1. The company establishes a remuneration committee, whose composition ensures independence vis-à-vis the management; said committee may be the remuneration committee referred to in article 399 of the Commercial Companies Code.	Yes	Points 66 and 67
31	VI.2.2. The determination of remuneration for members of the managing and supervisory boards and the company's committees is the responsibility of the Remuneration Committee, or the General Meeting of Shareholders by proposal of this committee.	Yes	Points 66 and 67
32	VI.2.3. In its corporate governance report or remuneration report, the company discloses the termination of service of members of the company's boards or committees, specifying the amounts of all of the company's charges related to the termination of service, on any basis, in the year in question.	n/a	n/a
33	VI.2.4. With a view to providing information and clarifications to shareholders, the chairperson or other member of the remuneration committee should attend the annual General Meeting of Shareholders and any other meetings whose agenda includes matters related to the remuneration of members of the company's boards and committees, or when such attendance has been requested by shareholders.	Yes	Point 67 The Chairperson of NOVABASE's Remuneration Committee was present at the 2023 General Meeting of Shareholders, via telematic means, to provide information and clarifications to shareholders.
34	VI.2.5. Within the company's budgetary limits, the remuneration committee may freely decide on the company's hiring of consulting services, as needed or convenient for carrying out its duties.	Yes	Point 67 NOVABASE's Remuneration Committee acts with complete autonomy, and may freely decide on NOVABASE's hiring of consulting services, as needed or convenient for carrying out its duties. The Remuneration Committee did not employ any natural or legal person to support it in performing these duties.
35	VI.2.6. The remuneration committee ensures that these services are provided in an independent manner.	Yes	Point 67

36	VI.2.7. The providers of these services will not be hired, by the company itself or by other companies in a group or control relationship with it, to provide the company with any other services related to the responsibilities of the remuneration committee, without this committee's express authorization.	Yes	Point 67
37	VI.2.8. With a view to aligning interests between the company and executive directors, part of their remuneration is variable, reflecting the company's sustained performance and discouraging the assumption of excessive risks.	Yes	Points 70 and 71
38	VI.2.9. A significant part of the variable remuneration component is partially deferred for a period of not less than three years, associating it with sustainable performance, pursuant to the terms of the company's remuneration policy.	Yes	Points 70, 72 and 74
39	VI.2.10. When variable remuneration includes options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred for at least three years.	Yes	Points 70 and 74 NOVABASE stock options attributed under the Plan for Options to Allot Shares may be exercised once exactly two years after their date of attribution (maturity date), notwithstanding the ability to exercise them exactly one year after their date of attribution, at which time the participant may exercise 50% or 100% of the lot of options attributed to him/her. Even so, it should be noted that the number of NOVABASE shares to be attributed under the plan, or the corresponding amount in cash under the net cash settlement option, is dependent upon the price of NOVABASE shares on the relevant dates for participants to exercise options, thus making this remuneration component conditional upon NOVABASE's continued positive performance. Furthermore, the shares representing NOVABASE's share capital corresponding to 50% of the options which may be exercised will be retained by NOVABASE for three years following the exercise date, and their ownership will not be transferred to the participant until the end of this period, conditional upon NOVABASE's positive performance during this time. As such, NOVABASE believes that, even though the options' exercise period is not deferred for at least three years, this remuneration component generally serves the company's long-term interests, and discourages excessive risk assumption.

40	V.2.11. The remuneration of non-executive directors does not include any component whose value is subject to the performance or the value of the company.	No	Point 77 The remuneration of non-executive directors may include a variable component. The performance of remunerated duties by these members of the Board of Directors allows NOVABASE to leverage their extensive know-how acquired as company founders and accumulated over more than 20 years, especially since these directors continue to have major responsibilities in the Group. For this reason, this remuneration is fully justified.
	VI.3. Appointments		
	Principle: **VI.3.A.** *Regardless of their means of designation, knowledge, experience, professional background and availability, members of the company's boards and management should be suited to the duties to be performed.*		
41	VI.3.1. Pursuant to terms deemed adequate and by demonstrable means, the company ensures that proposals for the election of company board members include a justification of each applicant's suitability vis-à-vis the duties to be performed.	No	Point 16 Proposals for the election of company board members submitted to the General Meeting of Shareholders were, generally speaking, accompanied by the academic and professional background of each of the candidates, demonstrating their academic and professional skills, professional experience and past or current key positions, which NOVABASE believes demonstrates the suitability of the profile, knowledge and background vis-à-vis the duties in question. These CVs are available at all times at NOVABASE's website.
	VI.3.2. The appointment committee for corporate board members includes a majority of independent directors.	n/a	Since the company has no appointment committee, this recommendation does not apply to NOVABASE.

42	VI.3.3. Unless not justified by the company's size, the function of monitoring and supporting management staff appointments should be allocated to an appointment committee.	No	Given the low number of directors (nine, including two executive members and two members with special responsibilities), the company's size and shareholder structure represented in the managing board, NOVABASE has no appointment committee with the powers of monitoring and supporting management staff appointments. Furthermore, within the context of NOVABASE's corporate governance model, its various corporate boards contribute towards this function: the Board of Directors is responsible for determining the composition of the Executive Committee, or the delegation of powers to the managing directors, and the assigned spheres of responsibility, the Audit Board is charged with hiring the Statutory Auditor and, finally, the General Meeting of Shareholders has the final say in electing members of the corporate boards.
43	VI.3.4. The appointment committee for management staff provides its terms of reference and promotes, to the extent of its powers, the use of transparent selection processes with effective means of identifying potential applicants, proposing those that have the most merit, are best suited to the position's requirements and afford the organization with sufficient diversity, including with regard to equality between men and women.	n/a	Since the company has no appointment committee, this recommendation does not apply to NOVABASE. Even so, bearing in mind the growing importance of equal opportunities, together with the corporate understanding of diversity's role in contributing towards improved performance and competitiveness, NOVABASE approved a diversity policy for its managing and supervisory boards so as to better match applicants to the demands of their positions and foster diversity in these boards. More information on this topic can be found in point 16.
	Chapter VII. INTERNAL CONTROL		
	Principle: **VII.A.** *Based on its medium and long-term strategy, the company has an internal control system including the functions of risk management and control, compliance and internal auditing to foresee and minimize the risks inherent to its business.*		
44	VII.1. The managing board discusses and approves the company's strategic plan and risk policy, including the setting of limits with regard to risk exposure.	No	Points 50 and 54 On 13 December 2018, NOVABASE's Board of Directors approved a formal risk policy for the company. In the wake of in-depth strategic reflection beginning in 2018 on the company's future, in 2019 the Board of Directors decided to approve an updated strategy for 2019 and beyond (2019+ Strategy Update), whose key features were announced to the market on 25 July 2019. The principles of this policy have been defined and implemented by NOVABASE's Board of Directors, namely with regard to determining acceptable risk levels.

45	VII.2. The company has a specialized committee, or a committee comprised of specialists in the area of risk, that reports regularly to the managing board.	No	Point 50 and 51 NOVABASE does not have a specialized committee in the area of risk. However, the position of Chief Risk Officer ("CRO") has been created at NOVABASE. Internal auditing areas and areas that ensure compliance with norms applicable to the company (compliance services) report to the CRO with regard to risk prevention and management. The CRO is responsible for reporting to the Chairperson of the Board of Directors, with regular meetings between the CRO and the Chairperson of the Board of Directors, and between the CRO and the Audit Board. The Audit Board, as a supervisory body, monitors the activity of the external auditors, and may assess annual internal auditing plans, obtaining information about the actions performed by this team and providing an opinion regarding its conclusions. In this context, this board also has powers involving the assessment of sufficient internal control mechanisms in order to understand and manage the inherent risks of NOVABASE's operations, suggesting policies and procedures to the Board of Directors to achieve these goals and refine these mechanisms.
46	VII.3. The supervisory board organizes itself internally, implementing periodic control procedures and mechanisms to ensure that the risks actually taken by the company are consistent with the managing board's goals.	No	Points 33 and 51 As mentioned above, the position of Chief Risk Officer ("CRO") has been created at NOVABASE. Internal auditing areas and areas that ensure compliance with norms applicable to the company (compliance services) report to the CRO with regard to risk prevention and management. The CRO is responsible for reporting to the Chairperson of the Board of Directors, with regular meetings between the CRO and the Chairperson of the Board of Directors, and between the CRO and the Audit Board. In addition, the Audit Board has various powers in the area of risks (such as managing risks associated with the company's operations, risk assessment, identifying or resolving conflicts of interest, detecting potential irregularities and suggesting that the Board of Directors adopt policies and procedures to achieve these goals and refine these mechanisms).
47	VII.4. The internal control system, including the functions of risk management, compliance and internal auditing, is structured appropriately to the company's size and the complexity of the risks associated with its business; the supervisory board should evaluate it and, within the scope of its powers of overseeing the efficacy of the system, propose the adjustments deemed necessary.	Yes	Points 33, 50, 51 and 54

48	VII.5. The company establishes procedures for overseeing, periodically evaluating and adjusting the internal control system, including an annual assessment of the degree of internal compliance and the performance of the system, including from the standpoint of changing the previously defined risk framework.	Yes	Points 50 and 54
49	VII.6. Based on its risk policy, the company has a risk management function, identifying (i) the main risks to which it is exposed in its business, (ii) the likelihood of their occurrence and respective impacts, (iii) instruments and measures to mitigate them, and (iv) procedures for monitoring them.	Yes	Points 53 and 54
50	VII.7. The company has processes to collate and process data related to environmental and social sustainability, in order to alert the managing board of potential risks being incurred by the company and propose strategies to mitigate them.	Yes	Point 53 j) and the 2023 Non-Financial Statement
51	VII.8. The company clarifies how climate change is viewed at the organization and the means by which it weighs up the analysis of climate risk in its decision-making processes.	Yes	Point 53 j) and the 2023 Non-Financial Statement
52	VII.9. In its corporate governance report, the company clarifies the terms under which artificial intelligence mechanisms have been used in the decision-making of corporate boards.	n/a	No artificial intelligence mechanisms are used in the decision-making of corporate boards.
53	VII.10. The supervisory board gives its opinion on the working plans and resources allocated to the services of the internal control system, including the functions of risk management, compliance and internal auditing, with the ability to propose the adjustments deemed necessary.	Yes	Points 33, 50, 51 and 54
54	VII.11. The supervisory board receives the reports produced by internal control services, including the functions of risk management, compliance and internal auditing, at least in the case of matters related to the provision of accounts, identifying or resolving conflicts of interest and detecting potential irregularities.	Yes	Point 33
	Chapter VIII. INFORMATION AND STATUTORY AUDITING		
	VIII.1. Information		
	Principles: **VIII.1.A.** *The supervisory board, in an independent and diligent manner, ensures that the managing board fulfils its responsibilities in choosing policies, adopting appropriate accounting criteria and establishing adequate systems for financial reporting and sustainability, including risk management, compliance and internal auditing.* **VIII.1.B.** *The supervisory board properly coordinates internal auditing work with the legal review of the accounts.*		

55	VIII.1.1. The supervisory board's regulations require this board to oversee the adequacy of the process for preparing and disclosing financial information by the managing board, including the suitability of accounting policies, estimates, judgements, relevant disclosures and their consistent application between years, in a duly documented and properly communicated manner.	Yes	Point 33 b)
	VIII.2 Legal account review and oversight		
	Principle: **VIII.2.A.** *The supervisory board is responsible for establishing and monitoring formal, clear and transparent procedures with regard to the company relationship with the statutory auditor, and with regard to overseeing the statutory auditor's fulfilment of rules for independence, as required by law and professional standards.*		
56	VII.2.1. The supervisory board determines, through regulations and in accordance with the applicable legal scheme, oversight procedures aimed at ensuring the independence of the statutory auditor.	Yes	Point 33 b)
57	VIII.2.2. The supervisory board is the main spokesperson of the company's statutory auditor and the first recipient of the relevant reports, and is responsible for proposing relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Yes	Point 33 b)
58	VIII.2.3. The supervisory board annually evaluates the work done by the statutory auditor, including its independence and suitability to perform its duties, proposing to the competent body that it be dismissed, or that its service provision agreement be terminated, whenever there are justified grounds for this purpose.	Yes	Point 33 b)

3. Other information
The company should provide any additional information or items not addressed in the above points and relevant to understanding the governance model and practices used.

ANNEXES

Annex I – Board of Directors’ Report on Remuneration
Annex II - Remuneration Committee Report

ANNUAL
REPORT 2023

BOARD OF DIRECTORS' REPORT ON RENUMERATION

NOVABASE

Remuneration Report from the NOVABASE Board of Directors

The Board of Directors of NOVABASE, S.G.P.S., S.A. ("**NOVABASE**" or "**Company**") hereby approves and endorses this remuneration report of the members of the Board of Directors, Audit Board and NOVABASE Statutory Auditor, pursuant to and for the purposes of article 26.-G of the Securities Code, and in accordance with the provisions of the Remuneration Policy for members of NOVABASE's managing and supervisory board approved in the General Meeting of Shareholders of 24 May 2023 ("**Remuneration Policy**"). This report has been prepared with the assistance of the Company's Remuneration Committee.

The Board of Directors believes that the remuneration policy for members of NOVABASE's managing and supervisory boards should be clear and comprehensive, and should contribute towards NOVABASE's business strategy, long-term interests and sustainability.

I. Total remuneration broken down by different components, including proportions of fixed and variable remuneration

The total remuneration received by members of NOVABASE's Board of Directors and Audit Board in the 2023 financial year, broken down according to different applicable components in the case of members of the Board of Directors, is available for consultation, respectively, in points 77. and 81. of the Corporate Governance Report for this same year, to which this report has been attached ("**Corporate Governance Report**").

Total remuneration paid in 2023 to members of the Board of Directors elected in the 2021 General Meeting of Shareholders (fixed component + variable components[1])	€3,457,340.27
Total remuneration paid in 2023 to members of the Board of Directors whose positions ended in the 2023 General Meeting of Shareholders (fixed component + variable components)	€0
Total deferred remuneration paid in 2023 to members of the Board of Directors whose positions ended in the 2021 General Meeting of Shareholders (fixed component + variable components)	€193,971.11

[1] Total remuneration refers to the fixed and variable remuneration processed each year. In 2023 all the members of the Board of Directors exercised their options under the Stock Options Plan, having accumulated in 2023 the exercises of the options granted in 2021 and 2022, as mentioned in point 77 of the Corporate Governance Report.

Total remuneration paid to members of the Audit Board in 2023[1]	**€6,150.00**
Total 2023 remuneration	**€3,657,461.38**

In 2023, director Rita Wrem Viana Branquinho Lobo Carvalho Rosado received amounts through other group companies for the position of Head of Legal of the NOVABASE Group, which she continued to hold after the election of the 2022 General Meeting of Shareholders. The amount is listed in point 78 of the Corporate Governance Report, and is not included in the above table.

Relatively speaking, the variable remuneration paid in 2023 to NOVABASE's directors represented approximately 27.7% of the total annual remuneration[2] received by them for the year 2023, thereby demonstrating a reasonable balance between the fixed and variable remuneration components.

In 2023, an additional amount of €17,752.72 was paid to the 2023 acting members of the Board of Directors in meal allowances.

With regard to non-monetary benefits, as stated in the Remuneration Policy, non-monetary supplementary benefits may be attributed to members of NOVABASE's managing board, per terms and conditions to be decided by the Remuneration Committee, which may include insurance (health, life, D&O and occupational accidents, including while travelling), company vehicles and cell phones, and other non-monetary benefits, as decided by the Remuneration Committee.

In 2023, the Remuneration Committee decided to provide the following to members of the Board of Directors:

(i) at the director's discretion, the ability to use a company vehicle, within the legal framework in force;

(ii) additional health insurance to supplement the existing health insurance, including, in general terms, regular check-ups and international care with broad coverage.

The total value of these benefits over the course of 2023 was €28,609.43. As such, these benefits have only minor weight on their remuneration, accounting for less than 10% of the total remuneration cost.

[1] The total amount allocated was €30,319, which differs from the amount paid due to the time gap between the dates of service provision and payment dates.

[2] The amount of the options is not considered for calculation purposes.

II. Remuneration within the context of the Remuneration Policy

The structure of directors' remuneration is comprised of a fixed component and, when applicable, a variable component, always with an appropriate balance between them, as described above.

Fixed remuneration amounts for NOVABASE's directors were decided by the Remuneration Committee in a meeting dated 1 June 2023, and are paid in 12 monthly instalments. In its decision, the Remuneration Committee considered the know-how, experience, nature of the position and responsibilities assumed by each director and, when applicable, the management duties performed, as well as market practices for comparable responsibilities.

With regard to the variable component of remuneration in cash, when determining the variable remuneration to be given to directors for their performance in 2022, the Remuneration Committee unanimously decided that, in 2023, all variable remuneration will be granted via plans based on securities of NOVABASE S.G.P.S., namely participation in the Plan for Options to Allot Company Shares (**"Stock Option Plan"**) approved in the General Meeting of Shareholders of 26 September 2019.

The Remuneration Committee believed that the attribution of variable remuneration to managing directors and directors with special responsibilities, through participation in the Stock Option Plan, was an appropriate means for remunerating these members for the duties performed and associated responsibilities, while simultaneously reinforcing an alignment between the interests of the management and the company, in the medium and long term, together with their sustainability, in view of the characteristics of the Stock Option Plan.

The company's 2022 results bear out a competent and sustained execution of the strategy, with the main business indicators demonstrating positive performance, in particular:

- **Financial**
    - 18% (organic) growth in Turnover, including 25% in the international component;
    - 10% growth in EBITDA;
    - Growth in Net Profits of 2%;
    - Solid Net Cash position of €40m, despite the €16m reduction (mainly due to shareholder remuneration of €13m and an investment of €8m in working capital resulting from growth in the business);
- **Business Segments and Strategy**
    - Sustained internationalization of the company, with the percentage of non-domestic business increasing to 61% (versus 57% in 2021 and 55% in 2020);
    - Next-Gen Segment
        - Growth of 16%, including 22% in the international business;
        - Growth in the number of top-tier customers (customers with more than €1m in business in the past 12 months) to 22 (versus 19 in 2021), representing 89% of all business (versus 88% in 2021);

  - Number of employees up 14%, despite fierce competition for talent in the area of technology;
- Value Portfolio Segment: growth of 24%, including 38% in the international component;

- **Shareholder Gains**

  - -21% in 2022, in line with the Euro Stoxx Technology index (-28%) and below the PSI All-Share (2%), with the primary stock markets being highly volatile due to the war in Ukraine and inflationary pressure;

- **Governance and Sustainability**

  - Change to the composition of the Board of Directors (one departure and two new members), upholding diversity in terms of competencies, experience and gender;
  - Proper functioning of all corporate boards of the company, in particular the Board of Directors, managing directors and directors with special responsibilities, through their focus on strategy execution and sustainable value creation;
  - Resilience in operations and in the business, despite the adverse and uncertain macroeconomic context, thanks to the competitiveness of our products and services, the experience of our teams and the flexibility of our hybrid work model;
  - Positive developments in environmental, social and governance (ESG) indicators – more detail is available in the respective sections of the company's 2022 Annual Report and Accounts;
  - Continued improvement of the risk profile of customers and regions;

The deferred variable remuneration received in 2023 by directors José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho is justified by their willingness and tremendous dedication to matters critical to the company. Of particular note is their involvement and contributions towards the preparation for the mandate that is now ending (2021-2023), which is particularly demanding given the major paradigm shift (2019+ Strategy Update of the company, pandemic scenario and wars in Ukraine and the Gaza Strip).

As regards the variable remuneration attributed in 2023 to managing directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, and to the directors with special responsibilities María del Carmen Gil Marín and Francisco Paulo Figueiredo Morais Antunes, the Remuneration Committee unanimously decided to give these directors a total of 600,000 stock options, per the breakdown shown in point V. below.

Given that the number of NOVABASE shares to be attributed under the Stock Option Plan, or the corresponding amount in cash under the net cash settlement option, is dependent upon the price of NOVABASE shares on the relevant dates for its participants to exercise options, note that this remuneration component is conditional upon the company's continued positive performance.

Furthermore, shares representing NOVABASE's share capital corresponding to 50% of the options which may be exercised by the participant will be retained by NOVABASE for three years following the exercise date, and their ownership will not be transferred to the participant until the end of this period, conditional upon NOVABASE's positive performance during this time.

The main terms and conditions of the Stock Option Plan are described in points 70. and 74. of the Corporate Governance Report.

As regards the Audit Board, the remuneration of its members follows a strict model, insofar as it consists of annual fixed remuneration with no form of variable remuneration, pursuant to legal terms.

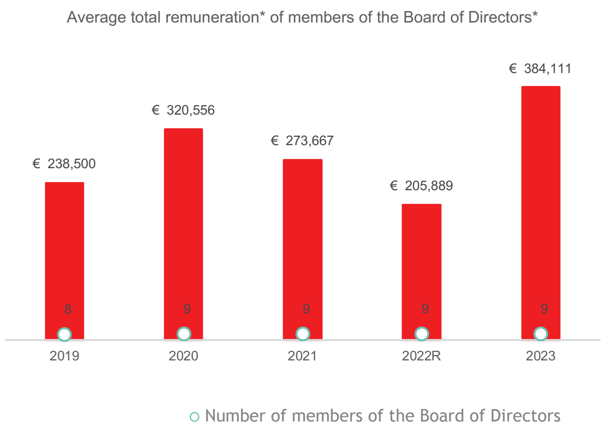
The Statutory Auditor is remunerated in accordance with standard market practices and conditions for the type of services in question, per the service provision agreement signed with the Statutory Auditor following a proposal for this purpose by the Company's Audit Board.

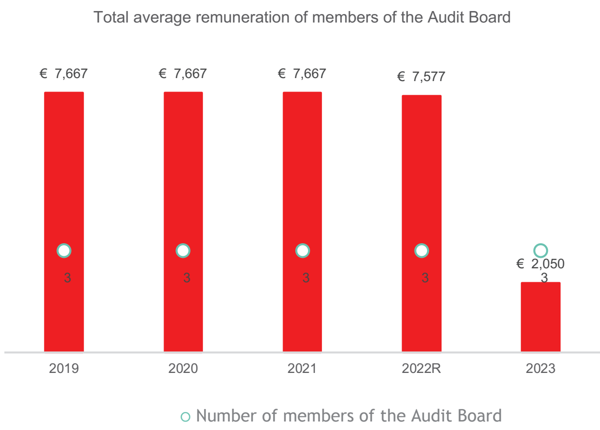
As such, we believe that remuneration on the whole complies with NOVABASE's Remuneration Policy, contributing towards the Company's long-term performance, in view of the determination criteria referred to above, along with the means of remuneration deferral.

III. Annual variations in remuneration, company performance and average employee compensation

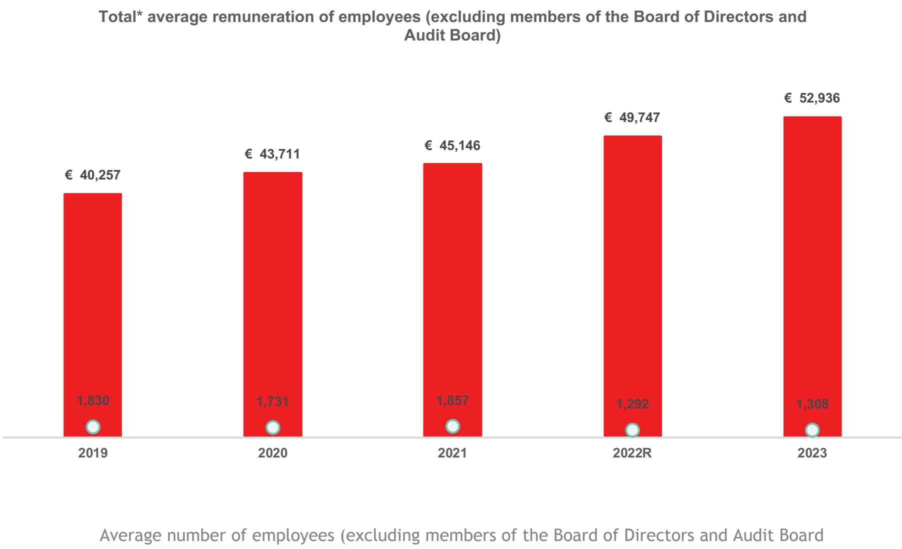
The changes in corporate board compensation compared to other employees are shown in the graphs below. The variations shown reflect the Remuneration Policy created in accordance with applicable legislation, namely article 26-C of the Securities Code, and NOVABASE's characteristics, the sectors where it does business and, in particular, NOVABASE's current ongoing situation of redefinition and internal strategic updating aimed at repositioning the company in certain sectors with the ultimate goal of creating more value for NOVABASE shareholders in the medium and long term.

Both the variations in the compensation of members of the Board of Directors and of employees have an upward trend over the years, which in turn have a positive correlation with developments in the Company's Turnover and Consolidated Net Profit (except for the annual change in turnover in 2019, due to the sale of the Government, Transport and Energy (GTE) business, as announced to the market in November 2019). In 2023, NOVABASE announced the sale of its IT Staffing business, having discontinued its operations in this year. For reasons of comparison, the 2022 amounts were readjusted, being comparable with those of 2023 but not with the years preceding 2022, as shown in the graph of changes in turnover below. 2023 saw an increase in average employee compensation, as occurred with the average compensation of members of the Board of Directors and Audit Board. In the latter case, the sharp decline in the average remuneration of members of the 2023 Audit Board is only due to the time gap between the dates of service provision and payment dates.

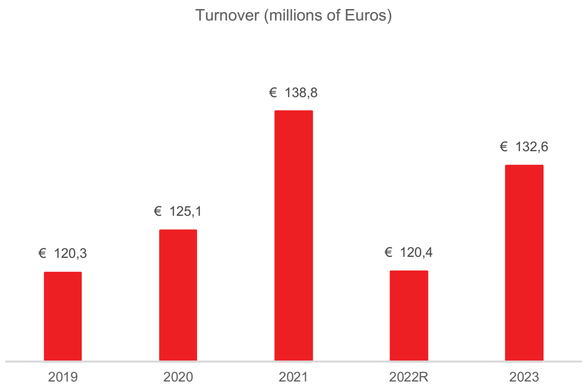




**Total remuneration refers to the fixed and variable remuneration processed each year. In 2023 all the members of the Board of Directors exercised their options under the Stock Options Plan, having accumulated in 2023 the exercises of the options granted in 2021 and 2022, as mentioned in point 77 of the Corporate Governance Report.*



**Total remuneration is defined as fixed and variable remuneration. To calculate average employee remuneration, annual staff costs each year were considered, minus corporate board costs (Board of Directors and Audit Board). The amounts for 2022 and 2023 do not include the IT Staffing business, which was discontinued in the fourth quarter of 2023. The amounts from 2022 and 2023 are thus inter-comparable.*



The Turnovers for 2022 and 2023 do not include the IT Staffing business, which was discontinued in the fourth quarter of 2023. The amounts from 2022 and 2023 are thus inter-comparable. The 2023 Net Profit reflects an increase of €38.4m compared to 2022 in discontinued operations, due to the €39.8m gain from the sale of the IT Staffing business.

IV. Remuneration originating from companies belonging to the same group, as defined in article 2 (1g) of Decree Law 158/2009 of 13 July

Generally speaking, NOVABASE's directors and Audit Board members are paid only by this entity, and receive no other remuneration from any other company in a group or control relationship with NOVABASE, nor from any company subject to shared control with NOVABASE, except for the remuneration paid by Celfocus, S.A., a company owned indirectly by NOVABASE, to director Rita Wrem Viana Branquinho Lobo Carvalho Rosado for the position of Head of Legal of the NOVABASE Group in 2023, before and after her respective appointment as a director, which is done under a service provision agreement. This remuneration is detailed in point 78. of the Corporate Governance Report.

V. Number of shares and share options awarded or offered, and the main conditions for exercising rights, including the exercise date and price and any amendments to these conditions

Per the terms and conditions of NOVABASE's Remuneration Policy, the variable remuneration of NOVABASE directors can be comprised of the following components: (i) annual variable remuneration in cash tied to NOVABASE's performance, among other factors as described below; and (ii) participation in the Stock Option Plan.

The main terms and conditions of the Stock Option Plan are described in points 70. and 74. of the Corporate Governance Report.

On 1 June 2023, the Remuneration Committee unanimously decided to make managing directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, and directors with special responsibilities María del Carmen Gil Marín and Francisco Paulo Figueiredo Morais Antunes, participants in the Stock Option Plan, and to award them the following company stock options, with an adjusted strike price of €1.385 per share:

- Luís Paulo Cardoso Salvado – 250,000 stock options;
- Álvaro José da Silva Ferreira – 200,000 stock options;
- Francisco Paulo Figueiredo Morais Antunes – 75,000 stock options;
- María del Carmen Gil Marín – 75,000 stock options.

Pursuant to the plan's regulations, the options attributed under the contractual agreement signed with these participants on 2 June 2023 comprised a single batch, which may be exercised once exactly two years after their date of attribution (i.e. 1 June 2025) (maturity date), notwithstanding the ability to exercise them exactly one year later (i.e. 1 June 2024).

VI. Possibility of requesting reimbursement of variable remuneration

The Remuneration Policy has no mechanisms regulating the possibility of requesting reimbursement for the variable remuneration received by NOVABASE directors. Nonetheless, and as provided for under this policy, insofar as NOVABASE's performance is among the criteria for determining the variable remuneration of members of the managing board, any deterioration in this performance may justify, in view of the specific circumstances, a limitation on such remuneration, pursuant to terms and conditions to be decided by the Remuneration Committee.

VII. Information on any deviations from the procedure of applying the remuneration policy and any applicable exemptions, including an explanation of the exceptional circumstances and specific items subject to exemption

Over the course of 2023, and since the entry into effect of the Remuneration Policy, there have been no deviations from the procedure of applying the Remuneration Policy or any exemptions thereto.

29 April 2024

The NOVABASE Board of Directors,

ANNUAL
REPORT 2023

REPORT OF THE RENUMERATIONS COMMITTEE

NOVABASE

Remuneration Committee Report for the Year 2023

The NOVABASE S.G.P.S., Remuneration Committee held one meeting in 2023, on 1 June, at the company's registered office.

This Remuneration Committee is comprised of Dr. Francisco Luís Murteira Nabo (Chairperson) and members Dr. Pedro Rebelo de Sousa and João Quadros Saldanha. All of its members were present in the above-mentioned meeting.

The Remuneration Committee's work this year was framed by the corporate board remuneration policies approved by shareholders at the General Meeting of Shareholders.

This report summarizes the decisions of the Remuneration Committee made over the course of 2023.

In addition, the Remuneration Committee wishes to note that, over the course of 2023, and since the entry into effect of the Remuneration Policy (as defined below), there have been no deviations from the procedure of applying the Remuneration Policy or any exemptions thereto.

Prior note:
As usual, the Remuneration Committee wishes to begin by clarifying that the decisions on variable remuneration referred to in this report relate to decisions made by the Remuneration Committee in 2023, and therefore apply to the performance of directors in 2022.

Following this prior note is a summary of the decisions made by the Remuneration Committee.

In this meeting, prior to proceeding with the Agenda, the Chairperson of the Remuneration Committee stated, as an introductory note, that at the NOVABASE S.G.P.S., General Meeting of Shareholders held on 25 May 2021, the Remuneration Policy for the Members of NOVABASE S.G.P.S.,' Managing and Supervisory Board ("**Remuneration Policy**") was approved, pursuant to and for the purposes of article 26-A and following of the Securities Code, as amended by Law no. 50/2020 of 25 August, as proposed by this Remuneration Committee pursuant to its resolution proposal dated 29 April 2021.

The Remuneration Policy, available at the company's website, entered into effect on the date of its approval by the NOVABASE S.G.P.S., General Meeting of Shareholders. The Remuneration Committee is responsible for determining, as of its entry into effect, the remuneration of members of NOVABASE's corporate boards according to the provisions of this policy, and to supervise and oversee the policy's application and fulfilment.

In this regard, decisions involving the remuneration to be received in 2023 by members of NOVABASE S.G.P.S.,' managing and supervisory boards must comply with the provisions of the approved Remuneration Policy.

Inflation in 2022, the highest since 1992, was also taken into account. According to Statistics Portugal, last year's Consumer Price Index (CPI) had an average annual change of 7.8%, up significantly from 2021 (1.3%). In order to partially offset this adverse effect, the unanimous decision was made to adjust the fixed remuneration of all of the company's corporate boards by 5% for the year 2023, i.e., as of 1 January 2023.

<u>Remuneration of members of the Chairmanship of the NOVABASE S.G.P.S., General Meeting of Shareholders for the year 2023.</u>

The decision was made to give members of the Chairmanship remuneration according to attendance at each General Meeting of Shareholders. For the Chairperson, this amount is €3,150 (three thousand, one hundred and fifty euros), and for the Secretary, it is €2,100 (two thousand, one hundred euros). These amounts were not adjusted in any way in comparison to the previous year. These decisions were made in a unanimous manner.

<u>Fixed remuneration of NOVABASE S.G.P.S., Directors for the year 2023</u>.

On 25 May 2021, the Board of Directors decided to delegate the day-to-day running of NOVABASE S.G.P.S., to its managing directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira. At the same meeting, the decision was also made to grant special responsibilities to director María Del Carmen Gil Marín, pursuant to and for the purposes of article 407 (1) of the Commercial Companies Code, putting this director in charge of the business area related to NOVABASE Capital and the areas of investor relations, marketing and communication, and information technology (IT).

On 2 June 2022, the Board of Directors decided to grant special responsibilities to director Francisco Paulo Figueiredo Morais Antunes, pursuant to and for the purposes of article 407 (1) of the Commercial Companies Code, putting this director in charge of the areas of finance, taxes and taxation (Chief Financial Officer), legal and logistics.

In view of the above, the unanimous decision was made to establish the following gross annual amounts for each member of the Board of Directors, to be paid in 12 monthly instalments, in consideration of their know-how and experience, the nature of their positions and respective responsibilities and, when applicable, the management duties performed, market practices for comparable responsibilities and the context described above:

- Eng. Luís Paulo Cardoso Salvado (Chairperson of the Board of Directors/CEO/Managing Director) – €340,200 (three hundred and forty thousand, two hundred euros);
- Eng. Álvaro José da Silva Ferreira (Managing Director) – €283,500 (two hundred and eighty-three thousand, five hundred euros);
- Dr. Francisco Paulo Figueiredo Morais Antunes (Director with special responsibilities) – €189,000 (one hundred and eighty-nine thousand euros);
- Eng. María del Carmen Gil Marín (Non-Executive Director with special responsibilities) – €189,000 (one hundred and eighty-nine thousand euros);
- Dr. Rita Wrem Viana Branquinho Lobo Carvalho Rosado (Non-Executive Director) – €21,000 (twenty-one thousand euros);
- Eng. José Afonso Oom Ferreira de Sousa (Non-Executive Director) – €44,100 (forty-four thousand, one hundred euros);
- Dr. Madalena Paz Ferreira Perestrelo de Oliveira (Non-Executive Director) – €44,100 (forty-four thousand, one hundred euros);

• Dr. Pedro Miguel Quinteiro Marques de Carvalho (Non-Executive Director) – €44,100 (forty-four thousand, one hundred euros);

• Dr. Benito Vázquez Blanco (Non-Executive Director) – €44,100 (forty-four thousand, one hundred euros).

These amounts were adjusted by 5% in comparison to the previous year.

Furthermore, Director Álvaro José da Silva Ferreira, as manager of the subsidiary NOVABASE Solutions Middle East FZ (L.L.C), signed, under local legislation, an employment agreement with this entity for the purposes of obtaining a residency authorization needed to comply with the requirements of local legislation. In view of his powers as a director with executive functions at NOVABASE S.G.P.S., S.A., under which he is remunerated in full for all duties and responsibilities assumed at NOVABASE Group subsidiaries, Director Álvaro Ferreira will have no benefits under the agreement signed, having issued a statement under which he has renounced any and all payments due from this subsidiary under the above-mentioned employment agreement.

Furthermore, as stated in the NOVABASE Annual General Meeting of Shareholders dated 25 May 2021, Director Rita Wrem Viana Branquinho Lobo Carvalho Rosado has carried out, and will continue carry out, legal functions at an affiliate of the group, under the same terms and conditions.

The total annual fixed remuneration of the directors of NOVABASE S.G.P.S., is now €1,199,100, compared to €1,142,000 in 2022.

Director retirement supplements associated with fixed remuneration component

In view of the current and anticipated medium and long-term future macroeconomic framework for the domestic economy, in which major difficulties will persist from the weight of both public and private foreign debt, coupled with truly significant short-term demographic pressure that will accentuate the risk of the viability and sustainability of Portuguese and European pension systems, it will be a prudent practice, and therefore has been unanimously decided, to channel 20% (per cent) of the fixed remuneration amounts in point two above to each of the directors with executive functions or special responsibilities, as applicable – namely to Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, María del Carmen Gil Marín and Francisco Paulo Figueiredo Morais Antunes – to reinforce capitalization insurance contributions currently in effect at the company, in lieu of payment of that part of fixed remuneration, pursuant to Clause 5 of the Remuneration Policy.

Variable remuneration of NOVABASE S.G.P.S., directors in relation to performance in the year 2022 ended.

Given the company's specific context, namely due to the execution of the strategic plan in progress (2019+ Strategy Update), the Remuneration Committee unanimously decided that, in 2023, all variable remuneration will be granted via plans based on securities of NOVABASE S.G.P.S.,, namely participation in the Plan for Options to Allot Company Shares approved in the General Meeting of Shareholders of 26 September 2019.

As such, the total short-term variable remuneration of NOVABASE S.G.P.S., directors in relation to performance in 2022, payable in cash, is €0 (zero euros), compared to €0 (zero euros) in relation to performance in the year 2021.

Decision on the attribution of company stock options, pursuant to and in accordance with the Regulations of the Plan for Options to Allot Shares approved by the General Meeting of Shareholders of 26 September 2019

The Remuneration Committee has stated that, as provided for in the Remuneration Policy, the variable remuneration of members of the NOVABASE S.G.P.S., managing board may be comprised of plans based on NOVABASE S.G.P.S., securities, namely participation in the Plan for Options to Allot Company Shares approved by the General Meeting of Shareholders of 26 September 2019 ("Plan") and the regulations for this plan ("Regulations") currently in effect.

All of the following terms that are capitalized and not defined shall have the same meaning has given to them in the Regulations.

In view of the current socio-economic circumstances, the Remuneration Committee believes that the attribution of variable remuneration to managing directors and directors with special responsibilities, through participation in the Plan, is an appropriate means for remunerating these members for the duties performed and associated responsibilities, while simultaneously reinforcing an alignment between the interests of the management and the company, in the medium and long term, together with their sustainability, in view of the characteristics of the Plan.

The company's results in 2020 demonstrate that the strategy is being executed successfully, with the main business indicators showing positive performance, namely:

- • Financial
  - 18% (organic) growth in Turnover, including 25% in the international component;
  - EBITDA growth of 10%;
  - Growth in Net Profits of 2%;
  - Solid Net Cash position of €40 million, despite the €16 million reduction (due to shareholder remuneration of €13 million and an investment of €8 million in working capital resulting from growth in the business);

- Business strategy and Segments
  - Sustained internationalization of the company, with the percentage of non-domestic business increasing to 61% (versus 57% in 2021 and 55% in 2020);
  - Next-Gen Segment
    - Growth of 16%, including 22% in the international business;
    - Growth in the number of top-tier customers (customers with more than €1 million in business in the past 12 months) to 22 (versus 19 in 2021), representing 89% of all business (versus 88% in 2021);
    - Number of employees up 14%, despite fierce competition for talent in the area of technology;
  - Value Portfolio Segment: growth of 24%, including 38% in the international component;

- Shareholder Gains
  - -21% in 2022, in line with the Euro Stoxx Technology index (-28%) and below the PSI All-Share (2%), with the primary stock markets being highly volatile due to the war in Ukraine and inflationary pressure;

- Governance and Sustainability

- Change to the composition of the Board of Directors (one departure and two new members), upholding diversity in terms of competencies, experience and gender;
- Proper functioning of all corporate boards of the company, in particular the Board of Directors, managing directors and directors with special responsibilities, through their focus on strategy execution and sustainable value creation;
- Resilience in operations and in the business, despite the adverse and uncertain macroeconomic context, thanks to the competitiveness of our products and services, the experience of our teams and the flexibility of our hybrid work model;
- Positive developments in environmental, social and governance (ESG) indicators – more detail is available in the respective sections of the company's 2022 Annual Report and Accounts;
- Continued improvement of the risk profile of customers and regions;

Under these terms, and in view of the duties performed by Luís Paulo Cardoso Salvado, Chairperson of the Board of Directors, CEO and Managing Director, and by Álvaro José da Silva Ferreira, Managing Director, both charged with the day-to-day running of the company, with the responsibility associated with such positions on a full-time basis, together with the duties and responsibilities assigned to directors Francisco Paulo Figueiredo Morais Antunes and María del Carmen Gil Marín, responsible for various areas relevant to the NOVABASE Group's business, the unanimous decision was made to attribute to these directors the following company stock options under the Regulations:

- Luís Paulo Cardoso Salvado – 250,000 stock options;
- Álvaro José da Silva Ferreira – 200,000 stock options;
- Francisco Paulo Figueiredo Morais Antunes – 75,000 stock options;
- María del Carmen Gil Marín – 75,000 stock options.

These amounts were not adjusted in any way in comparison to the previous year.

The inclusion of these directors in the Plan shall be done by means of a contractual agreement between them and the company, pursuant to Clause 5.1 of the Regulations, and their participation in the Plan shall be governed by the provisions of these Regulations.

The "Date of Attribution" applicable to these options (600,000) is 1 June 2023.

A future date shall apply to any additional attributions of options to these directors, in accordance with their performance in executing the company's 2019+ Strategy Update, as well as to other directors, as applicable, and pursuant to the Regulations of the Plan for Options to Allot Shares.

<u>Attribution of non-monetary supplementary benefits (fringe benefits) to members of the Board of Directors</u>

In addition to the non-monetary supplementary benefits attributed to members of the Board of Directors under the remuneration practices in effect at the NOVABASE Group and applicable to its employees (including health insurance and meal allowance), the Remuneration Committee decided to keep the same non-monetary supplementary benefits attributed to members of the Board of Directors as decided by the Remuneration Committee in the previous year, namely: (i) company vehicle, authorized to be used for both personal and professional purposes, at the director's discretion, within the corresponding legal and fiscal framework, and (ii) additional health insurance to supplement the existing health insurance.

Remuneration of members of the NOVABASE S.G.P.S., Audit Board for the year 2023

In accordance with article 422-A of the Commercial Companies Code and the Remuneration Policy, the remuneration of supervisory board members should consist of a fixed amount. Under these terms, the following fixed remuneration is attributed for the year 2023:

Álvaro José Barrigas do Nascimento (Chairperson) – €10,500 (ten thousand, five hundred euros);
Fátima do Rosário Piteira Patinha Farinha – €7,875 (seven thousand, eight hundred and seventy-five euros);
João Luís Correia Duque – €7,875 (seven thousand, eight hundred and seventy-five euros).

These amounts were adjusted by 5% in comparison to the previous year.

Remuneration of the Statutory Auditor for the year 2023

Pursuant to the Remuneration Policy, the unanimous decision was made to remunerate the Statutory Auditor in accordance with standard market practices and conditions for the type of services in question, per the service provision agreement signed with the Statutory Auditor following a proposal for this purpose by the Company's Audit Board.

Enforceability or unenforceability of payments for the dismissal or termination of service of board members

In this regard, since the matter in question is already duly provided for and governed by law, the unanimous decision was made to not attribute any right to receive compensation or remedies of any kind to company directors beyond those provided for by law, nor establish any generic prohibition against the company establishing such compensation in the future, if and when deemed convenient.

Lisbon, 12 February 2024

The Remuneration Committee

Francisco Luís Murteira Nabo (Chairperson)

Pedro Rebelo de Sousa (Member)

João Quadros Saldanha (Member)

PDF/printed version of the financial statements.
In the event of conflict between this version and the ESEF version, the later version prevails.

ANNUAL REPORT 2023

ACCOUNTS 2023

NOVABASE

2023 CONSOLIDATED FINANCIAL STATEMENTS

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

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I. CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2023

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

Consolidated Statement of Financial Position as at 31 December 2023

(Amounts expressed in thousands of Euros)

	Note	31.12.23	31.12.22
Assets			
Non-Current Assets			
Property, plant and equipment	7	12,781	5,171
Intangible assets	8	9,264	11,935
Financial assets at fair value through profit or loss	9	13,879	13,961
Deferred tax assets	10	6,945	8,826
Other non-current assets	11	1,466	1,706
Total Non-Current Assets		**44,335**	**41,599**
Current Assets			
Trade and other receivables	13	41,827	54,366
Accrued income	14	3,514	6,095
Income tax receivable		1,670	1,970
Derivative financial instruments	15	246	763
Other current assets	16	3,388	3,963
Cash and cash equivalents	17	80,314	40,617
Total Current Assets		**130,959**	**107,774**
Assets from discontinued operations	38	1,373	268
Total Assets		**176,667**	**149,641**
Equity and Liabilities			
Equity			
Share capital	18	796	32,971
Treasury shares	18	(20)	(2,150)
Share premium	18	226	226
Reserves and retained earnings	19	27,449	16,436
Profit for the year		47,058	8,917
Total Equity attributable to owners of the parent		75,509	56,400
Non-controlling interests	20	11,587	10,827
Total Equity		**87,096**	**67,227**
Liabilities			
Non-Current Liabilities			
Borrowings	21	18,383	6,314
Provisions	22	3,269	3,047
Other non-current liabilities	23	2,749	363
Total Non-Current Liabilities		**24,401**	**9,724**
Current Liabilities			
Borrowings	21	9,436	6,937
Trade and other payables	24	32,413	43,153
Income tax payable		455	365
Derivative financial instruments	15	112	260
Deferred income and other current liabilities	25	20,972	20,007
Total Current Liabilities		**63,388**	**70,722**
Liabilities from discontinued operations	38	1,782	1,968
Total Liabilities		**89,571**	**82,414**
Total Equity and Liabilities		**176,667**	**149,641**

THE CERTIFIED ACOUNTANT

THE BOARD OF DIRECTORS

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

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

Consolidated Statement of Profit or Loss
for the year ended 31 December 2023

(Amounts expressed in thousands of Euros)

	Note	12 M * 31.12.23	12 M * 31.12.22 (*)
Continuing operations			
Services rendered	5	132,556	120,399
External supplies and services	26	(46,760)	(45,141)
Employee benefit expense	27	(73,945)	(66,668)
Net impairment losses on trade and other receivables	13	(156)	193
Other gains/(losses) - net	28	(766)	405
Depreciation and amortisation	29	(3,468)	(3,224)
Operating Profit		**7,461**	**5,964**
Finance income	30	1,700	2,120
Finance costs	31	(2,915)	(2,542)
Share of loss of associates	32	-	(69)
Earnings Before Taxes (EBT)		**6,246**	**5,473**
Income tax expense	33	(2,822)	(1,727)
Profit from continuing operations		3,424	3,746
Discontinued operations			
Profit from discontinued operations	38	44,031	5,609
Profit for the Year		**47,455**	**9,355**
Profit attributable to:			
Owners of the parent		47,058	8,917
Non-controlling interests	20	397	438
		47,455	9,355
Earnings per share from continuing and discontinued operations attributable to owners of the parent (Euros per share)			
Basic earnings per share			
From continuing operations	34	0.11 Euros	0.11 Euros
From discontinued operations	34	1.65 Euros	0.18 Euros
From profit for the year	34	**1.76 Euros**	**0.29 Euros**
Diluted earnings per share			
From continuing operations	34	0.11 Euros	0.11 Euros
From discontinued operations	34	1.60 Euros	0.18 Euros
From profit for the year	34	**1.71 Euros**	**0.29 Euros**

(*) Restated in accordance with the explanation in notes 2.24, 2.25 and 38.

12 M * - 12-month period ended

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

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

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2023

(Amounts expressed in thousands of Euros)

	Note	12 M * 31.12.23	12 M * 31.12.22
Profit for the Year		47,455	9,355
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on foreign operations, net of tax		(928)	81
Other comprehensive income		(928)	81
Total comprehensive income for the year		**46,527**	**9,436**
Total comprehensive income attributable to:			
Owners of the parent		46,593	8,970
Non-controlling interests		(66)	466
		46,527	9,436

12 M * - 12-month period ended

THE CERTIFIED ACOUNTANT

THE BOARD OF DIRECTORS

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

Consolidated Statement of Changes in Equity
for the year ended 31 December 2023

(Amounts expressed in thousands of Euros)

	Note	Share capital	Treasury shares	Share premium	Legal reserves	Stock options reserves	Exch. dif. on foreign operations	Other res. & retained earnings	Non-controlling interests	Total Equity
		Attributable to owners of the parent								
Balance at 1 January 2022		**54,638**	**(1,217)**	**226**	**3,140**	**216**	**(5,164)**	**13,749**	**10,361**	**75,949**
Profit for the year		-	-	-	-	-	-	8,917	438	9,355
Other comprehensive income for the year	19, 20	-	-	-	-	-	53	-	28	81
Total comprehensive income for the year		-	-	-	-	-	53	8,917	466	9,436
Transactions with owners										
Share capital reduction	18, 19	(21,667)	578	-	-	-	-	8,026	-	(13,063)
Dividends and reserves paid	19, 20	-	-	-	-	-	-	-	-	-
Treasury shares movements	18, 19	-	(1,511)	-	-	-	-	(4,152)	-	(5,663)
Share-based payments - options exercise	18, 19	-	-	-	-	-	-	-	-	-
Share-based payments	18, 19	-	-	-	-	568	-	-	-	568
Change in consolidation perimeter	20	-	-	-	-	-	-	-	-	-
Transactions with owners		(21,667)	(933)	-	-	568	-	3,874	-	(18,158)
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Transactions with non-controlling interests	19, 20	-	-	-	-	-	-	-	-	-
Balance at 31 December 2022		**32,971**	**(2,150)**	**226**	**3,140**	**784**	**(5,111)**	**26,540**	**10,827**	**67,227**
Balance at 1 January 2023		**32,971**	**(2,150)**	**226**	**3,140**	**784**	**(5,111)**	**26,540**	**10,827**	**67,227**
Profit for the year		-	-	-	-	-	-	47,058	397	47,455
Other comprehensive income for the year	19, 20	-	-	-	-	-	(465)	-	(463)	(928)
Total comprehensive income for the year		-	-	-	-	-	(465)	47,058	(66)	46,527
Transactions with owners										
Share capital reduction	18, 19	(32,175)	2,253	-	(2,952)	-	-	32,874	-	-
Dividends and reserves paid	19, 20	-	-	-	-	-	-	(10,827)	(194)	(11,021)
Treasury shares movements	18, 19	-	(126)	-	-	-	-	(17,207)	-	(17,333)
Share-based payments - options exercise	18, 19	-	3	-	-	(129)	-	126	-	-
Share-based payments	18, 19	-	-	-	-	1,306	-	-	-	1,306
Change in consolidation perimeter	20	-	-	-	-	-	-	-	390	390
Transactions with owners		(32,175)	2,130	-	(2,952)	1,177	-	4,966	196	(26,658)
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Transactions with non-controlling interests	19, 20	-	-	-	-	-	-	(630)	630	-
Balance at 31 December 2023		**796**	**(20)**	**226**	**188**	**1,961**	**(5,576)**	**77,934**	**11,587**	**87,096**

THE CERTIFIED ACOUNTANT

THE BOARD OF DIRECTORS

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

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

Consolidated Statement of Cash Flows
for the year ended 31 December 2023

(Amounts expressed in thousands of Euros)

	Note	12 M * 31.12.23	12 M * 31.12.22
Cash flows from operating activities			
Cash receipts from customers		176,346	148,098
Cash paid to suppliers and employees		(158,366)	(145,050)
Cash generated from operations		17,980	3,048
Income taxes paid		(276)	(1,379)
Other operating proceeds		753	267
		477	(1,112)
Net cash from operating activities		**18,457**	**1,936**
Cash flows from investing activities			
Proceeds:			
Sale of subsidiaries, net of cash disposed of	38	48,559	1,061
Sale of associates and other participated companies	39	296	313
Acquisition of subsidiaries, net of cash acquired	6	24	-
Sale of property, plant and equipment		12	14
Investment grants	25	1,040	-
Interest received		311	20
Dividends		-	3
		50,242	1,411
Payments:			
Acquisition of subsidiaries	38	(215)	-
Acquisition of associates and other participated companies		-	(2)
Acquisition of property, plant and equipment	7	(434)	(745)
Acquisition of intangible assets	8	(918)	(294)
		(1,567)	(1,041)
Net cash used in investing activities		**48,675**	**370**
Cash flows from financing activities			
Proceeds:			
Proceeds from borrowings	21	12,000	-
		12,000	-
Payments:			
Repayment of borrowings	21	(5,338)	(6,800)
Dividends, reserves paid and share capital reductions	19, 20	(11,021)	(13,063)
Payment of lease liabilities	21	(2,966)	(2,877)
Interest paid		(1,251)	(658)
Purchase of treasury shares	18, 19	(17,338)	(5,658)
		(37,914)	(29,056)
Net cash used in financing activities		**(25,914)**	**(29,056)**
Cash and cash equivalents at 1 January	17	**40,620**	**68,433**
Net increase (decrease) in cash and cash equivalents		**41,218**	**(26,750)**
Effect of exchange rate changes on cash and cash equivalents		**(388)**	**(1,063)**
Cash and cash equivalents at 31 December	17	**81,450**	**40,620**

12 M * - 12-month period ended

THE CERTIFIED ACOUNTANT

THE BOARD OF DIRECTORS

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

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

Notes to the Consolidated Financial Statements
for the year ended 31 December 2023

1. General information

Novabase, Sociedade Gestora de Participações Sociais, S.A. (hereinafter referred to as Novabase, Novabase Group or Group), with head office at Av. D. João II, 34, Parque das Nações, 1998-031 Lisbon, Portugal, was incorporated in 11 May 1989 in Portugal. Novabase holds and manages financial holdings in other companies as an indirect way of doing business, being the Holding Company of Novabase Group.

Novabase's activity is aggregated into 2 operating segments:

(i) Next-Gen (NG) - This area, which operates under the Celfocus commercial brand according to Novabase's brand architecture, develops activities of IT consulting and services with technology offerings that tend to be more advanced and targeted mainly to the Financial Services (Banks, Insurance and Capital Markets) and Telecommunications (Operators) industries, and to the most competitive markets (Europe and Middle East);

(ii) Value Portfolio (VP) - This area of Novabase develops a venture capital activity through Novabase Capital, S.C.R., S.A.. It also developed activities of IT consulting and services of IT Staffing, under the Neotalent commercial brand, which was discontinued in 2023 as a result of the sale agreement of Novabase Neotalent, S.A..

Novabase is listed on the Euronext Lisbon. The share capital is represented by 26,527,637 shares (2022: 31,401,394 shares), and all shares have a nominal value of €0.03 each (2022: €1.05).

The consolidated financial statements were prepared to present fairly the Group's operations, as well as its financial position, financial performance and cash flows. These consolidated financial statements were approved and authorized for issue by the Board of Directors on 29 April 2024.

These consolidated financial statements will be subject to approval at the Shareholders' General Meeting scheduled for 22 May 2024.

2. Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are described below. These accounting policies have been consistently applied to all years presented in these financial statements.

2.1. Basis of preparation

The consolidated financial statements of Novabase have been prepared in accordance with International Financial Reporting Standards - IFRS, as adopted by the European Union (EU) as at 31 December 2023.

It should be understood as being part of those Standards, whether the IFRS issued by the International Accounting Standards Board (“IASB”), or the IAS issued by the International Accounting Standards Committee (“IASC”) and respective interpretations - IFRIC and SIC, issued, respectively, by the International Financial Reporting Interpretations Committee (“IFRIC”) and Standard Interpretations Committee (“SIC”). These standards and interpretations will be referred to generically as IFRS.

These financial statements are presented in thousands of Euros, rounded to the nearest thousand, except otherwise stated. The abbreviations ‘€k’ and ‘€m’ represent thousands and millions of Euros, respectively.

New standards, interpretations and amendments to existing standards, which became effective in 2023

• **Amendment to IAS 1, ‘Disclosure of accounting policies’**. This amendment requires entities to disclose their accounting policies based on the definition of 'material' rather than 'significant'. Information about an accounting policy is considered material if, in its absence, users of financial statements would not be able to understand other financial information included in those financial statements. Immaterial information regarding accounting policies need not be disclosed. IFRS Practice Statement 2 - ‘Making Materiality Judgements’ was also amended by the IASB to clarify how the concept of 'material' applies to the disclosure of accounting policies.

• **Amendment to IAS 8, ‘Disclosure of accounting estimates’**. This amendment introduces the definition of accounting estimate and how it is distinguished from changes in accounting policies. Accounting estimates are now defined as monetary amounts subject to measurement uncertainty that are used to achieve the objective(s) of an accounting policy.

• **Amendment to IAS 12, ‘Deferred taxes related to assets and liabilities arising from a single transaction’**. This amendment clarifies how entities should recognise deferred tax on certain specific transactions when their initial recognition gives rise to equal amounts of taxable and deductible temporary differences. The subject transactions relate to the recording of: i) right-of-use assets and lease liabilities; and ii) provisions for decommissioning, restoration or similar liabilities with the corresponding amounts recognised as part of the cost of the related asset, when at the date of initial recognition they are not relevant for tax purposes. These temporary differences are not within the scope of the exemption of initial recognition of deferred taxes.

• **Amendment to IAS 12, 'International tax reform – Pillar Two model rules'.** This amendment was the IASB's response to stakeholders' concerns about the implementation of the OECD Global anti-Base Erosion rules (GloBE Rules) and introduces: a) a temporary exception from the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two; and b) additional disclosure requirements for affected entities, such as to disclose that the exception has been applied, to separately disclose the current tax expense (income) related to Pillar Two income taxes, and disclosure of known or reasonably estimable information that helps users of financial statements understand the impact of applying Pillar Two rules, between the date in which Pillar Two legislation is enacted but not yet effective.

No standard, interpretation or amendment to existing standards adopted by the Group for the first time this year had a significant impact on the consolidated financial statements, considering what is mentioned below.

Due to the Amendment to IAS 1 effective in 2023, and the change from significant accounting policies to material accounting policies, Novabase revised its accounting policies, thus resulting in a reduction in the disclosures to be made.

New standards, interpretations and amendments to existing standards that have been published and are mandatory for annual periods beginning on or after 1 January 2024, but that the Group has not early adopted

• **Amendment to IFRS 16, 'Lease liabilities in a sale and leaseback'** (effective for annual periods beginning on or after 1 January 2024). The amendment to this standard introduces guidelines for the subsequent measurement of lease liabilities in a sale and leaseback transaction that qualify as a sale in accordance with IFRS 15 – 'Revenue from contracts with customers'. This amendment provides a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

• **Amendment to IAS 1, 'Classification of liabilities as current or non-current'** (effective for annual periods beginning on or after 1 January 2024). This amendment clarifies on the classification of liabilities as current or non-current balances depending on entity's right to defer its settlement for at least twelve months after the reporting period, and requires that this right must have substance and exist at the end of the reporting period. Classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability for at least twelve months after the reporting period.

• **Amendment to IAS 1, 'Non-current liabilities with covenants'** (effective for annual periods beginning on or after 1 January 2024). The amendment to this standard clarifies that covenants that an entity is required to comply with on or before the reporting date affect classification of debt as current or non-current, even if compliance with the covenant is assessed only after the reporting date (for example, a covenant based on the entity's financial position at the reporting date). When an entity classifies a liability arising from a loan arrangement as non-current and that liability is subject to covenants, the amendment requires a company to disclose information in the notes enabling investors to understand the risk that such debt could become repayable within 12 months.

• **Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'** (effective for annual periods beginning on or after 1 January 2024). These amendments are still subject to endorsement by the European Union and require an entity to provide additional disclosures about its supplier finance arrangements to enable users: a) to assess how supplier finance arrangements affect an entity's liabilities and cash flows; and b) to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. These additional disclosure requirements are intended to complement the current requirements in IFRS.

• **Amendment to IAS 21, 'Lack of exchangeability'** (effective for annual periods beginning on or after 1 January 2025). This change is still subject to endorsement by the European Union and clarifies: i) the circumstances in which a currency is considered to be exchangeable; ii) how to determine a spot exchange rate when exchangeability is lacking over a long period of time. IAS 21 amendment also requires the disclosure of information that enables users to understand how the currency not being exchangeable into another currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows, in addition to the spot exchange rate used at the reporting date and how it was estimated.

• **IFRS 18, 'Presentation and disclosure in financial statements'** (effective for annual periods beginning on or after 1 January 2027). This standard is still subject to endorsement by the European Union. IFRS 18 is the IASB's response to investors' demand for more comparable information about companies' performance and replaces IAS 1 - Presentation of financial statements. The new standard requires entity's to report more consistently and transparently on their financial performance, and introduce three sets of new requirements: i) new required categories and subtotals in the statement of profit or loss, including "operating profit"; ii) disclosure in the financial statements about management-defined performance measures in a single note; and iii) enhanced guidance on grouping of information (aggregation and disaggregation) and disclosure about items labelled as "other".

It is not expected for new standards, interpretations and amendments to existing standards not yet mandatory and not early adopted, to have a significant impact on the consolidated financial statements.

The Group's consolidated financial statements were prepared on a going concern basis, based on the historical cost principle except for 'Financial assets at fair value through profit or loss' and 'Derivative financial instruments', which were measured at fair value (notes 9 and 15).

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The Board of Directors believes that the estimates and assumptions adopted do not involve significant risks that may, during the next financial year, cause material adjustments in the amount of assets and liabilities.

2.2. Basis of consolidation

The consolidated financial statements, with reference to 31 December 2023, include assets, liabilities and results of the Group companies, understood as Novabase and its subsidiaries, which are presented in note 6.

(1) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has the power to manage the relevant activities, that is, is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group, and the fair value of the acquirer's previously held equity interest in the acquiree before control is transferred to the Group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the acquisition cost, the fair value of the acquirer's previously held equity interest in the acquiree before control is transferred to the Group and the fair value of non-controlling interest, over the net identifiable assets acquired and liabilities assumed is recorded as goodwill. If the acquisition cost, the fair value of the acquirer's previously held equity interest in the acquiree before control is transferred to the Group and the fair value of non-controlling interest, is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date, regardless of the probability of occurrence. Subsequent changes to the fair value of the contingent consideration do not affect goodwill.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries are changed when necessary to ensure consistency with the policies adopted by the Group.

(2) Transactions with non-controlling interests
Non-controlling interests corresponds to the proportion of the fair value of assets, liabilities and contingent liabilities of acquired subsidiaries, which are not directly or indirectly attributable to Novabase. Transactions with non-controlling interests are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners.

The Group recognises any non-controlling interest in a business combination either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This option is performed separately for each transaction.

In any acquisition to non-controlling interests, the difference between any consideration paid and the carrying amount of the relevant shares acquired is recorded in equity. Gains or losses on disposals to non-controlling interests that do not result in a loss of control are also recorded in Equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured at its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset.

2.3. Segment reporting

Operating segments are reported consistently with the internal reporting provided to the Management.

An operating segment is a component or a set of components of the Group that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Management and for which discrete financial information is available.

Novabase monitors the performance of its operations according to the main guidelines of the strategic plan for the 2019-2023 horizon, disclosed to the market on July 2019, based on which it identified the following reportable operating segments: Next-Gen, the betting segment of Novabase, who has the ambition to become a "Next-Gen IT Services Company", and Value Portfolio, segment aimed at generating the necessary funds to support the Next-Gen growth and transformation. Novabase did not aggregate operating segments.

General information on how Novabase identified its reportable operating segments, including the organisational basis, activities developed by each segment, as well as the types of products and services from which each operating segment derives its revenues are presented in note 5.

2.4. *Foreign currency translation*

(1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Euro is the Company's functional and presentation currency.

The subsidiaries included in consolidation with a functional currency different from the Group's presentation currency are those operating in Angola and in the United Kingdom, as shown in the table of note 6.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Exchange rate differences on non-monetary financial assets such as equity instruments at fair value through profit or loss are recognised in results for the period in the consolidated statement of profit or loss as part of the gain or loss of the fair value variation. Exchange rate differences on monetary items are included in other comprehensive income in the consolidated statement of comprehensive income.

The main exchange rates applied on the reporting date are those listed below:

Euro foreign exchange reference rates	Rate at		Average rate	
(x foreign exchange units per 1 Euro)	31.12.23	31.12.22	2023	2022
• Angolan Kwanza (AOA)	942.9324	548.1427	712.5121	400.0302
• US Dollar (USD)	1.1050	1.0666	1.0787	1.0574
• British Pound (GBP)	0.8691	0.8869	0.8743	0.8483

Except for AOA, all exchange rates used are the official EUR exchange rate at 31 December 2023 as published on 'Banco de Portugal' website. Regarding the AOA, it was used the most appropriate exchange rate as if the transactions were settled at the reporting date, according to IAS 21.26. For information on the most relevant changes observed after the reporting date in the exchange rates to which the Group is most exposed to, see note 3 a).

(3) Group companies

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency that is not the currency of a hyperinflationary economy, are translated into the presentation currency as follows:

(i) assets and liabilities at the reporting date are translated at the closing exchange rate in force at the reporting date;
(ii) income and expenses in results are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised in the statement of comprehensive income.

If the entity operates in a hyperinflationary economy, before translating from the functional currency to the presentation currency as described above, the amounts relating to the assets, liabilities, equity, income and expenses of that entity must first be monetarily restated, based on a general price index that reflects changes in the general purchasing power of the currency of the country in which transactions are generated.

The Group assesses annually whether any of the economies in emerging countries where it has subsidiaries meet the main criteria to be considered hyperinflationary in accordance with IAS 29 - 'Financial reporting in hyperinflationary economies'.

In 2023, Novabase reassessed the economies where it operates in accordance with this standard, with special attention to the Angolan economy, which recorded an annual inflation rate of 20.0% and an accumulated inflation for the last three years of approximately 73.4%, concluding that none of those economies met the necessary conditions to be considered as a hyperinflationary economy (it should be noted that Angola has qualified as a hyperinflationary economy in 2017 and 2018, but in 2019 no longer fulfilled the criteria, so the Group ceased the application of IAS 29 to the subsidiary NBASIT-Sist. de Inf. e Telecomunic., S.A. accounts for the year ended 31 December 2019).

Loans between Group companies and related foreign exchange gains or losses are eliminated on consolidation. However, when the loan is between Group companies that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognised in the consolidated result, unless the settlement of the loan is not planned nor likely to occur in the foreseeable future and, therefore, is in substance an extension of the net investment in a foreign operation.

In this case, exchange rate differences - whether they arise from the translation of net investments in foreign operations (i.e., from the conversion of monetary items at rates different from those at which they were converted in the initial recognition or in previous financial statements) or the early repayment of monetary items that are part of the net investment in a foreign entity - are recognised in other comprehensive income, under the heading 'Exchange differences on foreign operations', remaining in reserves until the sale or liquidation of such foreign entities.

As soon as the criteria for continuing to classify the amount receivable (in part or in whole) as a net investment in foreign entities are no longer verified, the future foreign exchange gains and losses related to it are recorded in profit or loss, but the historical gains and losses recorded up to that moment are not reclassified to profit or loss.

When a foreign entity is sold or substantially or completely liquidated, the accumulated exchange differences are recognised in profit or loss as part of the gain or loss on the sale. In the partial sale of a subsidiary without loss of control, the corresponding portion of the accumulated exchange differences is reclassified to non-controlling interests, within equity.

2.5. *Property, plant and equipment*

For Novabase Group, property, plant and equipment comprise own assets and right-of-use assets (see also note 2.20.).

Property, plant and equipment are essentially composed of buildings and other constructions, basic and transport equipment.

Depreciation is calculated using the straight-line method, over their estimated useful lives, as follows:

	No. of years
• Buildings and other constructions	3 to 50
• Basic equipment	3 to 4
• Transport equipment	4
• Tools and utensils	4
• Furniture, fittings and equipment	3 to 10

An asset’s carrying amount is written down to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

2.6. *Intangible assets*

(1) Goodwill
Goodwill represents the excess of the cost of acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'.

Goodwill (that has an undetermined useful life), is carried at cost less accumulated impairment losses, being tested annually for impairment, in the second half of the year. Impairment losses on goodwill are recognised whenever its carrying amount exceeds its recoverable amount, and are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of performing impairment tests, goodwill is allocated to cash generating units (CGUs). Cash generating units represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and cannot be larger than an operating segment before aggregation.

The cash generating units identified by Novabase represent how Management monitors the entity’s operations and makes decisions about continuing or disposing of the entity’s assets and operations. There is no unallocated goodwill to the cash generating units identified. Note 8 gives information on the goodwill's allocation to the CGUs.

(2) Internally generated intangible assets
Research expenses in the search for new technical or scientific knowledge are recognised in the statement of profit or loss as and when incurred. Development expenses are accounted as intangible assets when: i) it is technically feasible to complete the asset or process; ii) the Group has the intention and capacity to complete its development; iii) market viability is assured and iv) its cost can be reliably measured.

These assets are recorded at its production or acquisition cost, which include the acquisition cost of the assets plus employee costs directly involved in the production or outsourcing costs incurred for the same purpose, as well as an appropriate portion of relevant overheads.

Amortisation is calculated using the straight-line method, for periods between 3 to 10 years. Impairment of internally generated assets in progress is tested at each reporting date.

(3) Industrial property and other rights
Industrial property and other rights are recorded at acquisition cost. These assets have a finite useful life and are recognised at cost less accumulated amortisation for a period between 3 to 10 years. Amortisation is calculated using the straight-line method to allocate the cost of the industrial property and other rights over their estimated useful lives.

(4) Work in progress
Intangible assets in progress refer to, mainly, the ongoing internal development of software products.

2.7. *Financial assets and liabilities*

Financial assets are recognised in the consolidated statement of financial position on the trade or contracting date.

At the initial recognition, except for trade accounts receivable, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through profit or loss in which transaction costs are recognised immediately in profit or loss. The subsequent measurement depends on the category of the investment, Level 1, Level 2 or Level 3, which are described in note 39.

Fair value is determined using the quoted price in an active market, or based in valuation methods and techniques (when there is no active market). A market is regarded as 'active', and therefore liquid, if transactions for the asset take place on a regular basis.

Trade receivables, at the initial recognition, are recognised at their transaction price, as defined in IFRS 15.

Financial assets are derecognised when: (i) the contractual rights of the Group to receive their cash flows expire; (ii) the Group has transferred substantially all the risks and rewards of the ownership; or (iii) despite retaining a portion, but not substantially all the risks and rewards of the ownership, the Group has transferred control over the assets.

Novabase classifies its financial assets into the following categories: (i) financial assets measured at amortised cost, (ii) financial assets at fair value through other comprehensive income, and iii) financial assets at fair value through profit or loss. lts classification depends on the entity's business model to manage the financial assets (business model test) and the contractual characteristics in terms of the cash flows of the financial asset (SPPI test).

Management determines the classification of its investments at the date of acquisition and reassesses this classification at each reporting date. Regarding changes in the fair value measurement from period to period, the Group considers whether the inputs of the models initially used in its measurement became, for instance, observable and whether they have adherence to the financial instrument under analysis. If the inputs are observable and representative, Novabase changes the category from Level 3 to Level 2.

The Group's financial assets are mostly classified in the category of 'Financial assets measured at amortised cost' and include trade and other receivables, other assets, accrued income and cash and cash equivalents. These items are included in the statement of financial position in current assets, except for maturities greater than 12 months after the end of the reporting period that are classified as non-current assets.

The Group has also financial assets classified at fair value through profit or loss, such as derivative financial instruments and certain interests in companies mainly held through its Venture Capital Funds, NB Capital Inovação e Internacionalização and NB Capital +Inovação. In this category, fair value is calculated using the method of discounted cash flows, except in cases where fair value is observable in the market, with the changes in fair value recognised in profit or loss in the period in which they occur.

Financial liabilities are classified according to the contractual substance regardless of their legal form. They are derecognised only when they are extinguished, that is, when the obligation is settled, cancelled or expired.

ln accordance with IFRS 9, financial liabilities are subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, should subsequently be measured at fair value;
- Financial liabilities that arise when a transfer of a financial asset does not meet the conditions for derecognition or when the continued involvement approach is applied;
- Financial guarantee contracts;
- Commitments to grant a loan at a lower interest rate than the market;
- The contingent consideration recognised in a business combination to which IFRS 3 applies, which shall be subsequently measured at fair value, with changes recognised in profit or loss.

The Group's financial liabilities include borrowings, trade and other payables, derivative financial instruments and other liabilities. They are classified in the statement of financial position as non-current liabilities if the remaining maturity is greater than 12 months and as current liabilities if their maturity is less than 12 months.

2.8. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and depreciation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

The value in use is the present value of the estimated future cash flows from the continuous use of the asset and from its sale at the end of its useful life. In determining the value in use, estimated future cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the asset in question.

For the purposes of assessing impairment, assets are allocated by cash generating units, given that this is the level at which Management monitors its return on investment.

2.9. Impairment of financial assets

At each reporting date, Novabase assesses whether financial assets carried at amortised cost are credit-impaired and recognise loss allowances for ECLs on: (1) Trade, debtors and other receivables, and (2) Deposits and short-term investments.

ECLs are a probability-weighted estimate of credit losses and are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset.

The objective of this impairment policy is to recognise expected credit losses over the respective duration of financial instruments that have undergone significant increases in credit risk since initial recognition, assessed on an individual or collective basis, considering all reasonable and sustainable information, including available prospective information. lf, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since the initial recognition, the Group measures loss allowances relating to that financial instrument by an amount equivalent to the expected credit losses over a 12-month period.

In terms of the presentation in the statement of financial position, loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Regarding the statement of profit or loss, the Group has applied judgement in determining an appropriate presentation of impairment losses under IFRS 9, considering the specific requirements to present the effect of certain events or circumstances as a single amount in the statement of profit or loss, ensuring that the chosen presentation is relevant to the users' understanding of its financial statements. Consequently, the Group has disaggregated the impairment loss amount into:
• Impairment related to trade and other receivables, which is presented separately in the statement of profit or loss under the heading 'Net impairment losses on trade and other receivables'; and
• Impairment related to deposits and short-term investments, which is included in 'Finance costs' or 'Finance income' (in the case of reversals) due to materiality considerations.

(1) Trade, debtors and other receivables
With regard to trade and other receivables, Novabase measures loss allowances at an amount equal to lifetime ECLs. With receivables being recorded by the various group companies under IFRS 15, the Group applies the simplified approach to measure the expected credit losses, that means, it uses an allowance matrix per company, which is based on the past experience of actual losses over a period considered statistically relevant and representative of the specific characteristics of the underlying credit risk. These allowance matrices are reviewed whenever there is a significant change in the company's credit risk, changes in the type of customers or significant changes in the business or macroeconomic environment.

When determining whether the credit risk of a financial asset has increased significantly, the Group considers all reasonable and supportable information that is relevant and available without undue cost or effort, which includes both quantitative and qualitative information and analysis, based on the Group's historical experience and forward-looking information. Novabase defines a financial asset relating to trade and other receivables to be in default when is more than 360 days past due.

Despite the '90 days past due' presumption under IFRS 9, the Group considers 360 days past due to be a more appropriate default definition, because it's in line with the entity's current credit risk management policies, as it corresponds to the period in which the sending of credit for litigation is triggered, and since its experience of actual losses before this maturity is reduced, apart from the fact that there are no sales / contracts with significant financing components in accordance with the principles of IFRS 15. It should be noted that the Group, based on balances and specific past events and considering counterparties historical information, its risk profile and other observable data, assesses whether there are objective indicators of impairment, and records impairment losses accordingly. Furthermore, the Group assessed the impact of considering 360 days of default over 90 days and concluded that the 'Expected Credit Losses' would not change significantly.

The impairment losses are recorded in profit or loss under 'Net impairment losses on trade and other receivables'. When an amount receivable from customers and debtors is considered unrecoverable, it is written off using the same heading in the income statement. The Group expects no significant recovery from the amounts written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Subsequent recoveries, if any, are recorded in profit or loss under 'Net impairment losses on trade and other receivables'.

(2) Deposits and short-term investments
Regarding deposits and short-term investments, impairments are calculated by assigning i) a Probability of Default (PD) that derives from the rating of the issuer or counterparty, and ii) a Loss Given Default (LGD) that results from market parameters. Since the PD available on the market corresponds to the expected losses over a 12-month period, Novabase applied a PD adjusted to the maturity of the instrument on a 'pro rata' basis to the value of debt securities and bank balances. In 2023, the LGD used corresponded to 61% for Portugal and Angola (2022: 60% for Portugal and Angola).

For these assets the Group measures loss allowances at 12-month ECLs (or a shorter period if the expected life of the instrument is less than 12 months) provided that the credit risk has not increased significantly since its initial recognition.

The Group considers 'low credit risk' for deposits and short-term investments when its credit rating is equivalent to CCC or higher (weighted-average rating per various agencies, namely, Standard & Poor's and Moody's).

The impairment losses related to deposits and short-term investments are recorded in profit or loss, under 'Finance costs' heading. If the Group's exposure declines or if the annual reassessment of the PD and LGD used to calculate the impairment leads to a reduction of the ECLs, the carrying amount of these assets is increased, against 'Finance income' in the statement of profit or loss.

2.10. Trade and other receivables

Trade and other receivables are amounts due on the sale of goods or services rendered by the Group in the ordinary course of business. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses.

2.11. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less, or with contractual terms of immediate demobilization and which are subject to an insignificant risk of change in value.

For the purpose of presentation in the statement of cash flows, this heading also includes bank overdrafts. Bank overdrafts are shown within 'Borrowings' in current liabilities in the statement of financial position.

2.12. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or stock options of the Company and its subsidiaries are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or stock options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Where the Company or any group companies acquire treasury shares of Parent company, they are recorded at cost and the consideration paid is deducted from the equity attributable to owners of the parent, and presented according to the below paragraph, until the shares are cancelled, reissued or sold. When such shares are subsequently sold or reissued, any consideration received is included in equity attributable to owners of the parent.

The 'Treasury shares' heading presents treasury shares at their par value (nominal value) and the premium/discount between the acquisition cost and the par value is shown as an adjustment to other reserves or retained earnings.

2.13. Borrowings

For Novabase Group, borrowings comprise bank borrowings and lease liabilities (see also notes 2.20.).

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Interest costs on borrowings are included in the statement of profit or loss under 'Finance costs' heading.

2.14. Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity. The current income tax charge is calculated on the basis of profit before income tax, adjusted according to the tax laws enacted at the reporting date.

Deferred tax is recognised, using the liability method at the reporting date, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from the recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15. Employee benefits

Bonus
The Group estimates a liability and an expense for bonuses, based on the individual performance of the employees and the financial performance of the Company.

Liabilities with holiday, holiday allowance and Christmas allowance

In accordance with Portuguese legislation, employees are entitled to one month's holiday and one month's holiday pay each year, right earned in the previous year to its settlement. In addition, employees are entitled annually to a Christmas allowance, which is earned over the year and paid each December. These liabilities are therefore recorded during the period in which the right is earned, regardless its payment date.

Labour Compensation Fund (FCT) and Labour Compensation Guarantee Fund (FGCT)
According to Law No. 70/2013 and Order No. 294-A/2013, companies that hire a new employee are required to deduct a percentage of the respective salary for the Labour Compensation Fund (FCT) – 0.925% – and for the Labour Compensation Guarantee Fund (FGCT) – 0.075%, in order to ensure, in the future, the partial payment of the compensation in the event of dismissal. Considering the characteristics of each Fund, Novabase considers the following:

- the monthly deliveries to FGCT, made by Novabase, are recognised as an expense in the period to which they relate;
- the monthly deliveries to FCT, made by Novabase, are recognised as a financial asset, measured at fair value with changes recognised in the income statement.

On 1 May 2023, the provisions of Article 32(4) and (5) of Law no. 13/2023 of 3 April came into force, which suspended the obligation to make monthly deliveries to the Compensation Funds. On 15 December, Decree-Law no. 115/2023 was published, which defines how companies can use FCT funds, clarifying that these can only be mobilised to support employees' housing investments and costs, finance the qualification and certified training of employees and building daycare centres and cafeterias, for example. The Law comes into force as of 1 January 2024.

Stock options
The Group rewards the services rendered by the members of the Board of Directors of the Company and some employees of Novabase through the attribution of stock options plans, settled in equity and in cash, as a form of remuneration able to promote the alignment of the Board Members and employees' interests with the Company's interests and to stimulate and incentivize their creativity and productivity.

The fair value of the services received is recorded as a cost in the statement of profit or loss, against an increase in equity (equity settled portion) or liability (cash settled portion), over the period of acquisition of rights by the employee. The total amount to be recorded as a cost is determined based on the fair value of the options granted, which is estimated only using market conditions. Acquisition conditions that are not market conditions are considered to estimate the number of options that at the end of the acquisition period will have acquired rights. At each reporting date, Novabase reviews the estimate of the number of options it expects to become exercisable and recognises the impact of the revision of the original estimate in profit or loss.

2.16. Provisions

Provisions are recognised at the reporting date when: i) the Group has a present legal or constructive obligation as a result of past events; ii) it is probable that an outflow of resources will be required to settle the obligation and; iii) the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any of the items included in the same class of obligations may be small. Note 22 provides information on the type of provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the best estimate at that date. Whenever possible, the time effect is taken into account in the annual adjustment of provisions. The Group does not discount the provisions for which there is no predictability of the moment of reversal.

Onerous contracts
The Group recognises a provision for onerous contracts on the date on which it is established that the costs to be incurred to satisfy the obligation assumed exceed the future economic benefits. This analysis is made on an individual basis.

Legal claims in progress
Provisions for legal claims in progress are recorded for the amounts estimated to represent future outflows in accordance with the risk assessments made by Management, supported by its legal experts and advisers (internal and/or external) opinions, based on success rates.

For legal proceedings where the probability of having an unfavourable outcome is less than probable, the Group does not recognise provisions but disclosure is made in note 40, unless the possibility of an outflow of resources is remote, in which case it is not disclosed. For each legal proceeding a brief description of the process is given, as well as an estimate of its financial effect, and when practicable an indication of the uncertainties that relate to the moment of any outflow. If any repayment is possible, this information is also included in the 'Contingencies' note.

2.17. Trade and other payables

Trade and other payables balances are obligations to pay goods or services that have been acquired in the ordinary course of the business. They are initially recognised at fair value and subsequently at amortised cost according to the effective interest rate method.

2.18. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax (V.A.T.), rebates and discounts and after eliminating intra-group transactions.

The recognition of the Group's revenue is based on the five-step model established by IFRS 15:
- identification of the contract with the customer;
- identification of performance obligations;
- determination of the price of the transaction;
- allocation of transaction price to performance obligations; and
- recognition of revenue when or as the entity meets a performance obligation.

According to this model, the recognition of revenue depends on whether performance obligations are satisfied over time or whether, on the contrary, control over goods or services is transferred at a point in time, being measured by the consideration that the entity expects to be entitled to receive in return for the delivery of these goods or services.

Thus, at the beginning of each contract, the Group evaluates the promised goods or services and identifies, as a performance obligation, every promise of transfer to the customer of any distinct good or service (alone or together). These promises in customer contracts may be explicit or implicit, since such promises create a valid expectation on the customer that the entity will transfer a good or service to the customer, based on the entity's published policies, specific statements, or customary business practices.

ln determining and allocating the transaction price of each performance obligation, the Group uses the stand-alone prices of the promised products and services, at the date of conclusion of the contract with the customer.

Revenue recognition occurs at the time of the fulfilment of each performance obligation.

Novabase's revenues derive from: (a) services rendered, (b) interest income and (c) dividends. The recognition of revenue is detailed below, by type of revenue:

(a) Services rendered
Revenue from services rendered is recognised in the statement of profit or loss when all the following conditions have been satisfied: i) the amount of revenue can be reliably measured; ii) it is probable that future economic benefits associated with the transaction will flow to the Group; iii) the stage of completion of the performance obligation at the reporting date can be reliably measured; and (iv) the costs incurred for the transaction and the costs to complete the transaction can be reliably measured. For Novabase Group, the revenue from services rendered relates to 'time and materials' projects, 'turn key' projects and outsourcing or maintenance projects.

Revenue from 'time and materials' consulting projects is recognised at the date the services are rendered, given that is the time when the benefits of the performance obligation are transferred to the customer (the customer simultaneously receives and consumes the benefits of the goods and services provided). In cases where the customer does not receive or consume goods and services over time, Novabase does not recognise any revenue, recognising only when the performance obligation is satisfied.

Revenues from the services rendered in 'turn key' projects are recognised, in each year, according to the performance obligation to which they comply, depending on it percentage of completion. That is, for each performance obligation, the Group recognises revenue over time by measuring progress towards full compliance with such performance obligation. The assessment of the percentage of completion of each performance obligation is reviewed periodically considering the most recent information available from project managers and subject to further review by the respective controllers. The amount of the transaction whose receipt is conditional to the completion of the services rendered is recognised as a contract asset (included in accrued income) rather than a receivable.

Whenever the performance obligations at the reporting date have an estimated initial duration of 1 year or less, the Group does not disclose additional information about them, as permitted by IFRS 15.

Revenue from outsourcing or maintenance projects is recognised as a single performance obligation on a straight-line basis over the contract period.

(b) Interest income
Interest received is recognised on an accrual basis, considering the outstanding balance and the effective rate during the period up to maturity. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount (estimated future cash flows, discounted at the original effective rate of the instrument), and records the discount as a financial gain.

(c) Dividends
Dividends are recognised when the shareholders' rights to receive such amounts are appropriately established and communicated.

2.19. Grants

Government grants are recognised at fair value, when there is a high likelihood of the grant being received and the Group fulfils all the requirements to receive it.

Non-refundable grants to finance development projects are recorded as a liability at the reporting date, in 'Other non-current liabilities' heading, if the remaining maturity is greater than 12 months or in 'Deferred income and other current liabilities' if the maturity is less than 12 months, and are recognised in profit or loss of each period by the useful life of the financed assets.

Operating grants are aimed at covering the costs, incurred and recorded, with training initiatives and research projects for new technological or scientific knowledge, and are recognised in the statement of profit or loss as the related expenses are incurred, regardless of when the grant is received.

2.20. Leases

The Group's leases refer mainly to the lease agreement of the Company's headquarters and to lease agreements of other facilities where Novabase operates, with initial terms between 1 and 5 years, which may have options to extend or terminate the lease. Lease payments are updated annually to reflect inflation and/or market values.

Novabase applies the short-term lease recognition exemption to its short-term leases of facilities that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense under the straight-line method over the lease term. The Group has no low-value assets leases.

- *Right-of-use assets*

The Group recognises a right-of-use asset at the lease commencement date (i.e., the date the underlying asset is available for use). The right-of-use asset is initially measured at cost and subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

- *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of future lease payments. The lease payments include the exercise price of a purchase or renewal options reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In determining the present value of the lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Subsequently, the amount of lease liabilities is increased to reflect interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, the revised lease payments are discounted using an unchanged discount rate, and a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

If there is a lease modification that do not qualifies to be accounted for as a separate lease, Novabase remeasures the liability (and adjusts the corresponding right-of-use assets) by discounting the revised lease payments, using a revised discount rate at the effective date of the modification.

2.21. Derivative financial instruments

Novabase uses derivative financial instruments to hedge foreign exchange risks to which is exposed to. The financial instruments used to manage this risk are the forward foreign exchange contracts. Novabase does not take speculative positions. The treasury department is responsible for managing derivative financial instruments, in accordance with rules defined and approved by the Group's Board of Directors. Derivative financial instruments are measured initial and subsequently by its fair value. The method of recognising the resulting gain or loss depends on the nature and objective of the item being hedged.

(1) Trading derivatives
Novabase Group derivative financial instruments, although complying with the Group’s financial risk management policies, do not comply with all the requirements of IAS 39 to qualify for hedge accounting, therefore the respective changes in fair value are included in the consolidated statement of profit or loss, under financial results, in the period in which they occur.

2.22. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which dividends are approved by the Company's shareholders.

2.23. Earnings per share

Basic
Basic earnings per share is determined by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted
Diluted earnings per share are determined by adjusting the weighted average number of ordinary shares in issue to assume the conversion of all potential dilutive ordinary shares.

Theoretically, Novabase has only one type of potential dilutive ordinary shares: stock options. For the calculation of the 'Stock options adjustment', the number of shares that would be acquired at fair value (determined by the average over the period of the market price of Novabase shares) is determined, which is then compared with the number of shares that would be issued if all options were exercised, except for cases where the options have already been exercised (but their ownership has not been transferred to the plan participant) and the number of shares corresponding to those options has been determined, where this number prevails.

2.24. Discontinued operations

A discontinued operation is a component of the Group's business that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group, and:

- represents either a separate major line of business or a geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparatives of the statement of profit or loss and of the statement of other comprehensive income are re-presented as if the operation had been discontinued from the start of the comparative year.

In terms of the statement of profit or loss, results are recognised in 'Profit from discontinued operations' and, in terms of the statement of financial position, under the headings 'Assets from discontinued operations' and 'Liabilities from discontinued operations'.

For Novabase Group, discontinued operations correspond mainly to the Neotalent Business, discontinued at the end of 2023, as the result of the sale agreement of the IT Staffing business to Conclusion Group B.V. (see note 38). It also comprises a marginal value of results and liabilities related to the GTE Business, discontinued at the end of 2019, and to the company Collab, sold in the first quarter of 2020.

2.25. Comparatives

The consolidated financial statements for the year ended 31 December 2023 are comparable in all material aspects with 2022, and no changes in accounting policies have occurred when compared to those used in preparing financial statements of the prior year, presented for comparative purposes.

As a result of the sale of Novabase Neotalent, S.A. described in note 38, the statement of profit and loss for 2022 was restated.

3. Financial risk management policy

The Group's activities are exposed to several financial risks, namely, Foreign exchange risk, Interest rate risk (cash flows and fair value), Credit Risk, Liquidity risk and Capital management risk.

The Group's risk management policy focuses on the evolution of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

In 2023, uncertainty continued to mark the economic and geopolitical landscape. The hike in interest rates that has taken place since July 2022 in the Eurozone continued until September 2023, with prospects that they will begin to decline in 2024, due to the relief of inflationary pressures. However, the slowdown in the global economy and a second military conflict in 2023 have brought further instability. The war in Ukraine and the risk of escalating the conflict in the Middle East, which would put a lot of pressure on oil supplies, could jeopardise the falling inflation and the inflection of central banks' monetary policy.

Despite the uncertain context, Novabase believes that its current financial risk management policies remain adequate to Novabase's profile, continuing to monitor risks on an ongoing basis, seeking to anticipate and manage any impacts not currently contemplated.

a) Foreign exchange risk

The Group is exposed to foreign exchange risk, mainly arising from U.S. Dollar (USD) exposure, since some subsidiaries perform transactions in this currency, but also arising from British Pound (GBP) and Kwanza (AOA) exposures.

The finance department is responsible for monitoring the evolution of the exchange rate of the currencies mentioned above, in order to reduce the impact of their fluctuations in consolidated results. The Group uses derivative financial instruments to hedge certain risk exposures (see note 15). These financial instruments do not comply with hedge accounting requirements therefore being classified as trading derivatives, with changes in fair value recognised in profit or loss.

In 2023, the foreign exchange market was marked by a slowdown in the main international currencies. There was, however, greater volatility in the Euro's relationship with the U.S. Dollar. Until mid-July 2023, the European single currency appreciated against the American one, especially after the European Central Bank's monetary policy began to follow the inflation control initiated by the American Federal Reserve (FED). However, in the second half of the year, the Dollar recovered, driven by the above-expected economic performance in the United States. Apparently, the aggressive hike in interest rates over the last two years seems to have come to an end, with expected cuts in interest rates in 2024, however conditioned by the evolution of inflation, in a year in which recession is a very likely scenario in the main Western economies, which could lead to greater volatility in the currency market.

Despite this, Novabase does not expect to see its foreign exchange risk significantly worsened as a result of the abovementioned uncertainties. On the one hand, the Group already had a policy of maintaining a high level of hedge regarding the U.S. Dollar exposure, and on the other hand, the Group's exposure to British Pound and to currencies from emerging markets is currently quite low, as illustrated in the following table.

With reference to the rates disclosed in note 2.4. (2) Transactions and balances, from the reporting date until 31 March, no relevant changes were observed. The EUR/USD exchange rate showed a negative variation of 2.16%, thus continuing a valuation trend of the USD amid American above-expected economic performance, and the British Pound appreciated 1.63% against the Euro.

The Group's exposure to foreign currency exchange rate risk as at 31 December, based on the amounts of the Consolidated Statement of Financial Position of the Group's continued operations financial assets and liabilities, is as follows:

At 31 December 2022	Euro	Dollar	Kwanza	Pound	Other	Total
Assets						
Financial assets at fair value through profit or loss	13,951	10	-	-	-	13,961
Other non-current assets	1,681	-	-	-	-	1,681
Trade and other receivables	44,056	5,853	392	-	31	50,332
Accrued income	6,091	-	4	-	-	6,095
Derivative financial instruments	763	-	-	-	-	763
Cash and cash equivalents	38,217	1,049	1,112	23	216	40,617
	104,759	6,912	1,508	23	247	113,449
Liabilities						
Borrowings	13,196	-	-	-	55	13,251
Trade and other payables	42,263	247	408	196	39	43,153
Derivative financial instruments	260	-	-	-	-	260
	55,719	247	408	196	94	56,664

At 31 December 2023	Euro	Dollar	Kwanza (1)	Pound	Other	Total
Assets						
Financial assets at fair value through profit or loss	13,879	-	-	-	-	13,879
Other non-current assets	1,466	-	-	-	-	1,466
Trade and other receivables	33,721	4,363	-	377	16	38,477
Accrued income	3,514	-	-	-	-	3,514
Derivative financial instruments	246	-	-	-	-	246
Cash and cash equivalents	78,132	1,837	-	25	320	80,314
	130,958	6,200	-	402	336	137,896
Liabilities						
Borrowings	27,706	-	-	-	113	27,819
Trade and other payables	31,293	867	-	216	37	32,413
Derivative financial instruments	112	-	-	-	-	112
	59,111	867	-	216	150	60,344

(1) Exposure to Kwanza through the Angolan subsidiary NBASIT-Sist. de Inf. e Telecomunic., S.A., considered in discontinued operations in 2023 (see note 38).

The Group uses a sensitivity analysis technique that measures the estimated changes in profit or loss and shareholders' equity of either a 10% strengthening or weakening in Euro against all other currencies, from the rates applicable as at 31 December 2023, for each class of financial instrument with all other variables held constant. This analysis has illustrative purposes only, as in practice market rates rarely change alone.

Under this assumption, with a 10% strengthening or weakening of Euro against all exchange rates, profit before income tax (and inherent capital) would have increased or decreased, respectively, by €571k in 2023 (2022: €775k). There are no direct impacts on equity since the Group does not hold financial instruments with fair value changes recognised in equity nor is applying hedge accounting.

b) *Interest rate risk (cash flows and fair value)*

Interest rate risk reflects the possibility of changes in future interest charges in borrowings obtained as a result of changes in market interest rate levels.

Novabase Group's financial liabilities are indexed to short-term reference interest rates, revised in periods equal or shorter than one year plus duly negotiated risk spreads. Hence, changes in interest rates can impact the Group's earnings.

The Group's exposure to interest rates arises from financial assets and liabilities contracted with a fixed and/or floating rate. In the first case, the Group faces a risk of fair value variation in these assets or liabilities, since every change in market rates involves an opportunity cost. In the second case, such change has a direct impact on interest expense, consequently causing cash variations.

Exposure to interest rate risk is monitored continuously by the finance department. The purpose of managing interest rate risk is to reduce the volatility of interest expenses.

In 2023, key interest rates in the Eurozone continued to rise until September. After ten increases over 15 months, in a cycle of increases of 450 basis points that began in July 2022, the interest rate applicable to refinancing operations was set at 4.5%, and in accordance with the European Central Bank (ECB), has reached a level that, if maintained for a sufficiently long period, will allow inflation to return to the 2% target. Nevertheless, inflation continues to hit Europe, with geopolitical conflicts threatening to spike energy prices. Novabase has been carefully monitoring this risk, and even though is in a cash surplus position at the reporting date, these increases in key interest rates will translate into increased costs in accessing financing in future periods, if necessary.

At 31 December 2023, 6% of bank borrowings are at fixed rates (2022: 21%). All of the borrowings are denominated in Euro. Investments in financial institutions are short-term.

The Group uses a sensitivity analysis technique that measures the estimated changes in profit or loss and shareholders' equity of either an instantaneous increase or decrease of 0.5% (50 basis points) in market interest rates, from the rates applicable at 31 December 2023, for each class of financial instrument with all other variables held constant. This analysis has illustrative purposes only, as in practice market rates rarely change alone. The sensitivity analysis is based on the following assumptions:

(i) Changes in market interest rates affect the interest income or expense of variable interest financial instruments;
(ii) Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair value;
(iii) Changes in market interest rates affect the fair value of derivative financial instruments and other financial assets and liabilities;
(iv) Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows of net present values using appropriate market rates prevailing at the year end.

Under these assumptions, an increase or decrease of 0.5% in market interest rates, would impact respectively in an increase or decrease of profit before income tax of approximately €326k in 2023, and in an increase or decrease, respectively, of approximately €166k in 2022. There are no impacts on shareholders' equity without being those inherent to the impact on results.

c) Credit Risk

Credit risk is managed, simultaneously, on a business units' level, for the amounts of outstanding trade and other receivables, and on a Group basis, for financial instruments. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently well rated parties are accepted. Credit risk management of trade and other receivables is based in credit limits, considering the financial position of the customer and past experience. Note 13 provides information on the exposure to credit risk and ECLs for the Group's trade receivables, by intervals of maturity, as at 31 December 2023 and 31 December 2022.

In the current adverse context, with the wars in Ukraine and in Gaza, the risk of spreading across Middle East and the slowdown in the global economy, there is enormous uncertainty in the financial markets which may lead rating agencies to take adverse rating actions (downgrade or negative outlook) on banks and financial institutions, with the consequent increase of impairment losses in the future. The general financial deterioration of counterparties worldwide may also have an impact on creditworthiness of Novabase's trade and other receivables.

Despite this context, Novabase does not anticipate relevant impacts to this date, continuing to monitor the evolution of this risk. On the one hand, its exposure to credit risk through bank deposits is currently low, given that the Group already had a policy of accepting only banks and financial institutions with credibility in the sector, notwithstanding the equally rating upgrade of several Portuguese banks by rating agencies in 2023. On the other hand, the Group's main customers and counterparties are from the Telco industry and/or customers with a solid credit profile.

At 31 December 2023, the 30 customers with greater balances of the Group represented approximately 93.7% of the total balance (2022: 83.8%).

The distribution by geographical market of those customers is shown in the table below:

	31.12.23	**31.12.22**
Portugal	36%	31%
Europe	47%	51%
Middle East	14%	14%
Africa	3%	4%
	100%	100%

The distribution by business sector of those customers is shown in the table below:

	31.12.23	31.12.22
Telecommunications	87%	80%
Financial Services	10%	9%
Information Technology	1%	3%
Energy	-	3%
Public Administration	1%	1%
Other	1%	4%
	100%	100%

As expected, there is a greater concentration of customers in Telco and Financial Services, related to the exit of the IT Staffing activity and focus on the Next-Gen segment.

The ratings attributed by Moody's Investors Services to the financial institutions with whom the Group as higher balances of bank deposits (note 17) at 31 December 2023 and 31 December 2022, are analysed as follows. These balances are shown before impairment losses recognised according to IFRS 9.

	31.12.23	31.12.22
A1	27,309	2,070
A2	31,377	-
A3	19,105	28,360
Baa2	2,128	8,206
B3	-	838
	79,919	39,474

All bank deposits are highly liquid, readily convertible to known amounts of cash.

d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of financing through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors updated forecasts of the Group's liquidity reserve (which comprises undrawn committed credit facilities and cash and cash equivalents) on the basis of expected cash flows, taking into account the analysis of the remaining contractual maturity of the financial liabilities and the expected date of financial assets inflows. Additionally, the maturity concentration of derivative financial instruments, borrowings and liabilities of the Group are regularly monitored. Notes 15 and 21 present those Novabase's liabilities, respectively, by intervals of contractual residual maturity at 31 December 2023 and 31 December 2022.

Details on the borrowings balances and short-term credit lines negotiated by Novabase Group, by financial institution, are as follows:

	Euro	
	31.12.23	31.12.22
Banco BPI (BPI)	8,200	9,400
Bankinter	8,000	5,500
Banco Comercial Português (BCP)	6,362	-
Novo Banco	5,500	2,000
Caixa Geral de Depósitos (CGD)	5,000	5,000
ABanca	-	1,000
	33,062	22,900

As stated in the Consolidated Statement of Cash Flows, Novabase Group finances itself through cash flows generated by its operations. Additionally, and as shown in the analysis of the table above, the Group maintains a diversified profile in its financing and has access to credit facilities (plafonds) - amounts that are not totally used but that are at its disposal. These credits facilities can cover all the loans that are repayable within 12 months.

The available short and medium-term credit lines not used amount to approximately €17,000k as at 31 December 2023 (31.12.22: €13,500k), being sufficient to meet any immediate requirement. In addition to these facilities, the Group has €80,314k of 'Cash and cash equivalents' as at 31 December 2023, as stated in the Consolidated Statement of Financial Position, which combined with the credit facilities amounts to €97,314k of liquidity.

Considering the current macroeconomic and business environment and the commitments assumed at the reporting date, the Group assessed potential impacts on the level of additional liquidity needs and concluded that the current liquidity position remains adequate. Novabase expects to satisfy all its cash needs by using its liquidity reserves and, if necessary, using existing available credit lines and/or new financing. Novabase also believes that compliance with the current covenants associated with borrowings is ensured.

e) Capital management risk

The Group's objectives when managing capital, which is a broader concept than 'equity' in the consolidated statement of financial position, are:

(i) Safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
(ii) Maintain a solid capital structure to support the development of its business;
(iii) Maintain an optimal capital structure to reduce the cost of capital.

Management monitors the Return on Capital (ROC) ratio, which the Group defines as the 'Operating Profit' divided by 'Total Equity', to measure the Group's ability to generate cash flows related to the capital invested in its business.

	31.12.23	**31.12.22**
Operating Profit (*)	7,461	5,964
Total Equity	87,096	67,227
Return on Capital	8.6 %	8.9 %

(*) The 2022 Operating Profit was restated in order to show the sale of Neotalent.

The Group has the objective to maintain ROC above the cost of capital (measured by WACC - Weighted Average Cost of Capital), which allows the Group to add value. The Group's WACC is around 10.6% (2022: 10.8%). In 2023, the objective was not achieved.

Novabase announced the intention of its Board of Directors to propose to the 2024 Annual General Meeting the payment of a shareholder remuneration of up to €1.79 per share, in a press release dated 15 February (see note 42).

4. Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates by the Management, that affect assets, liabilities, and the disclosure of assets and contingent liabilities at the reporting date in the financial statements, as well as income and expenses during the reporting period, consequently actual results can differ from the estimated ones. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgements considered more relevant in the preparation of these financial statements are presented below.

a) Goodwill impairment analysis

The Group tests annually, in the second half of the year, whether goodwill is impaired, in accordance with the accounting policy stated in note 2.6.. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, to forecast the cash flows of each cash generating unit, and the choice of a discount rate and a perpetuity growth rate (see note 8).

b) Financial instruments measured at fair value

The fair value of financial instruments not quoted on an active market is determined based on valuation methods and financial theories. The use of valuation methodologies requires using assumptions, with some assumptions requiring the use of estimates (see note 39). Therefore, changes in those assumptions could result in a change in the fair value reported.

c) Income taxes and deferred taxes

The Group is subject to income taxes in the locations in which it operates. Significant judgement is required when determining the worldwide provision for income taxes and the use of deferred tax assets and liabilities. Deferred tax assets and liabilities were determined based on tax legislation currently in effect for the Group companies, or on legislation already published for future application. Changes in the tax legislation may influence the value of deferred taxes.

The Group recognises deferred tax assets related to tax incentives obtained under SIFIDE based on estimates. The final amount of these tax incentives is only known in future years based on the approval by the competent body (ANI) of the Group's applications to these incentives. The booked amount of tax credits not yet approved reach €2,693k (2022: €2,313k), being likely their approval.

The Group also recognises deferred taxes on tax losses based on estimates of future taxable profits, and such assets are only recognised if there is a high expectation of future recovery.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

d) Revenue recognition

Revenue recognition in respect of 'turn key' projects requires the use of judgements, starting with the application of the five-step model established in IFRS 15, namely, in the identification of performance obligations and in the allocation of the transaction price to defined performance obligations, based on their relative stand-alone selling prices. In addition, Management carries out analysis and estimates of the current and future developments of consulting projects in place, which may have a different development in the future from the present estimates performed by project managers.

Any changes in the estimates would be reflected under 'Accrued income' and 'Deferred income and other current liabilities' captions in the statement of financial position and under 'Services rendered' in the statement of profit or loss, however, historically there have been no material deviations in the estimates of costs to be incurred in ongoing projects from the year before, nor in the outcome of the transaction.

e) Impairment losses on financial assets

Impairment losses on trade and other receivables are based on risk default assumptions and expected loss rates. The Group uses judgements for these assumptions and selects the inputs to the impairment calculation, based on the Group's past history (such as the ageing of accounts receivable balances and historical write-off experience, customer credit worthiness and changes in customer payment terms), existing market conditions and forward-looking estimates at the end of each reporting period. If the customer's financial conditions deteriorate, actual impairment losses and write-offs might be higher than expected. With regard to loss allowances for bank balances, the Group also assesses whether credit risk has increased significantly since initial recognition.

f) Provisions for legal claims

The Group exercises judgment in measuring and recognising provisions and its exposure to contingent liabilities related to legal proceedings, based on the assessment of its specialists and legal advisers (internal and/or external). This judgment is necessary to determine the probability of the outcome for each lawsuit. Provisions are recognised when the Group expects that the proceedings in progress will result in cash outflows or disclose it in the notes when the probability of having an unfavourable outcome is less than probable. These estimates are subject to changes as new information becomes available. Due to the uncertainties inherent in the evaluation process, real losses may be different from those originally estimated.

The Group discloses in 'Contingencies' (note 40) all the legal proceedings in which it considers that there is a possibility of an outflow of resources, although it is not probable, reason why no liabilities are recognised. For such legal proceedings, the Management believes that there is sufficient substance for its defence in court, based on the opinions of its specialists and legal advisors (internal and/or external), and therefore considers that such actions will have a successful outcome.

g) Bonus

The Group recognises on a monthly basis an estimate for bonus and other variable remunerations, which considers the theoretical amounts agreed with employees, the monitoring of the expected objective's achievement rates and the general situation of the Company's business. The variable remuneration of the members of the Board of Directors is set by the Remuneration Committee, pursuant to the Remuneration Policy, which may be comprised of variable remuneration in cash (associated, among other factors, with the performance of Novabase) and variable remuneration based on stock options (namely participation in the Share Options Plan). Therefore, the cost estimate for the current exercise booked under 'Trade and other payables' heading, is prepared based on the Management's best estimate to the performance of the current year, where the actual final outcome is only known in the following exercise, after the Remuneration Committee's deliberation. More information about Novabase's remuneration policy and Directors' remuneration during the year can be found in chapter D. Remunerations of the Corporate Governance Report, which forms an integral part of this Annual Financial Report.

h) Leases

The Group applies judgement to determine the lease term for some lease agreements that include options to extend the lease or to terminate the lease, that is, it considers all relevant factors that create an economic incentive for it to exercise the options. The assessment of whether the Group is reasonably certain to exercise options to extend the lease or is reasonably certain not to exercise options to terminate the lease impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the options.

The Group also applies judgement to determine the incremental borrowing rate to apply to each portfolio of leases identified and to measure residual value guarantees, which forms part of lease payments. In this case, according to IFRS 16, the Management considers in the measurement of the lease liabilities the amount that it expects to pay under a residual value guarantee.

5. Segment information

Novabase's activity is aggregated into two operating segments:

- Next-Gen
- Value Portfolio

The Next-Gen segment comprises the assets held in Financial Services and Telecommunications. This segment aims to achieve an accelerated growth through focus on Next-Gen IT (Design & UX, Insights Through Data, Cloud native & scalable, Digital Architecture, API Exposure, AI / Analytics, Test Automation & Engineering, Continuous Delivery, Intelligent Operations) for the Telco and Financial Services industries and Europe and the Middle East geographies. This segment derives its revenues from time and materials consulting projects, turn-key consulting projects and outsourcing and maintenance projects, and may also include a small component of sales.

The Value Portfolio segment includes venture capital activities developed by Novabase Capital and Venture Capital Funds. The Value Portfolio aims at maximising operating profitability to generate the funds necessary to invest in Next-Gen growth. This segment's revenues derive from the valuation and sale of Venture Capital Fund's investees and advisory services in purchase and sale and M&A processes. This segment also included the IT Staffing activity (Neotalent), whose revenues derived mainly from time and materials projects, considered in discontinued operations in 2023 as referred to in the following paragraph.

In the last quarter of 2023, as a result of the sale agreement of the IT Staffing business entered into with Conclusion Group B.V., Neotalent Business was discontinued (see notes 6 and 38), representing a divestment of more than 26% of Novabase 's Turnover (based on the 2022 financial year). This situation led to the restatement of the figures disclosed in 2022, in order to present the continuing operations separately from discontinued operations, as shown in the following table.

Operating segments are reported consistently with the internal reporting that is provided to the Management, based on which it evaluates the performance of each segment and allocates the available resources.

The amounts reported in each operating segment result from the aggregation of the subsidiaries defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The companies considered in each operating segment are presented in note 6. For the purposes of segment reporting, Novabase S.G.P.S., S.A. (company including the Group's top management) is considered to be an integral part of the Value Portfolio segment.

At 31 December 2022	Value Portfolio (disclosed)	Neotalent	Value Portfolio (restated)
Total segment revenues	51,879	49,351	2,528
Sales and services rendered - inter-segment	8,772	6,345	2,427
Sales and services rendered - external customers	43,107	43,006	101
Operating Profit	4,498	4,428	70
Finance results	99	(68)	167
Share of loss of associates (note 32)	(69)	-	(69)
Income tax expense	(1,501)	(890)	(611)
Profit from continuing operations	3,027	3,470	(443)
Profit from discontinued operations (note 38)	2,139	(3,470)	5,609
Other information:			
Depreciation and amortisation	(358)	(335)	(23)
(Provisions) / Provisions reversal	230	77	153
Net impairment losses on trade and other receivables	(66)	(88)	22

Revenues from operating segments, as well as other measures of profit or loss and material items within the consolidated statement of profit or loss, can be analysed as follows:

	At 31 December 2022	Value Portfolio (restated)	Next-Gen	Novabase
(i)	Total segment revenues	2,528	123,518	126,046
	Sales and services rendered - inter-segment	2,427	3,220	5,647
	Sales and services rendered - external customers	101	120,298	120,399
	Operating Profit	70	5,894	5,964
	Finance results	167	(589)	(422)
	Share of loss of associates (note 32)	(69)	-	(69)
	Income tax expense	(611)	(1,116)	(1,727)
	Profit from continuing operations	(443)	4,189	3,746
	Profit from discontinued operations (note 38)	5,609	-	5,609
	Other information:			
	Depreciation and amortisation	(23)	(3,201)	(3,224)
	(Provisions) / Provisions reversal	153	114	267
	Net impairment losses on trade and other receivables	22	171	193

	At 31 December 2023	Value Portfolio	Next-Gen	Novabase
(i)	Total segment revenues	3,777	135,368	139,145
	Sales and services rendered - inter-segment	3,721	2,868	6,589
	Sales and services rendered - external customers	56	132,500	132,556
	Operating Profit	(1,720)	9,181	7,461
	Finance results	(564)	(651)	(1,215)
	Share of loss of associates (note 32)	-	-	-
	Income tax expense	569	(3,391)	(2,822)
	Profit from continuing operations	(1,715)	5,139	3,424
	Profit from discontinued operations (note 38)	44,031	-	44,031
	Other information:			
	Depreciation and amortisation	(9)	(3,459)	(3,468)
	(Provisions) / Provisions reversal	(353)	(474)	(827)
	Net impairment losses on trade and other receivables	1	(157)	(156)

(i) Net of intra-segment revenues (in 2022: €9,298k, of which €173k in Value Portfolio and €9,125k in Next-Gen, and in 2023: €10,631k, of which €169k in Value Portfolio and €10,462k in Next-Gen).

Novabase does not disclose information on assets and liabilities for each reportable segment since it does not provide such information to those responsible for operational decision making.

As part of the control of the strategic plan execution, Management monitors Turnover by geography, based on the location of the client where the project is delivered, being this geographical criterion also used for the disaggregation of revenue in investors presentations.

Sales and services rendered by geography in 2022 and 2023 are analysed as follows:

At 31 December 2022	Value Portfolio (restated)	Next-Gen	Novabase	Total %
Sales and services rendered - external customers	101	120,298	120,399	100.0%
Portugal	101	39,554	39,655	32.9%
Europe and Middle East	-	75,421	75,421	62.6%
Rest of the World	-	5,323	5,323	4.4%

At 31 December 2023	Value Portfolio	Next-Gen	Novabase	Total %
Sales and services rendered - external customers	56	132,500	132,556	100.0%
Portugal	56	41,450	41,506	31.3%
Europe and Middle East	-	86,820	86,820	65.5%
Rest of the World	-	4,230	4,230	3.2%

Novabase does not disclose geographical information of non-current assets since the cost of preparing this information, which is not used by the Management, would be excessive. For some information on non-current assets in Angola, see note 6 - A. Subsidiaries with material non-controlling interests.

6. Companies included in consolidation

The companies included in the consolidation using the full consolidation method as at 31 December 2023 were as follows:

	Holding Company and Subsidiaries	Principal place of business	Share capital 31.12.23	% Interest held 31.12.23	% Interest held 31.12.22
	Parent company:				
	Novabase S.G.P.S., S.A.	Portugal	€795,829	-	-
	Next-Gen:				
	Novabase E.A., S.A.	Portugal	€150,000	100.0%	100.0%
(i)	Celfocus, S.A.	Portugal	€101,000	90.1%	100.0%
	Novabase Solutions Middle East FZ-LLC	UAE	€699,670	100.0%	100.0%
(i)	Celfocus LTD	UK	£15,000	90.1%	100.0%
(i)	Celfocus B.V.	The Netherlands	€20,000	90.1%	100.0%
	Novabase Business Solutions, S.A.	Portugal	€3,365,000	100.0%	100.0%
(i)	Binómio, Lda.	Portugal	€2,626	90.1%	100.0%
(i)(ii)	Celfocus GmbH	Germany	€25,000	90.1%	-
(iii)	Equipa Frutuosa, S.A.	Portugal	€50,000	76.0%	-
(iii)	Rota Virtuosa, S.A.	Portugal	€50,000	76.0%	-
	Value Portfolio:				
(iv)	NBMSIT, Sist. de Inf. e Tecnol., S.A.	Mozambique		-	74.0%
(v)	Novabase Neotalent, S.A.	Portugal		-	95.0%
(v)	Novabase Neotalent España S.A.U	Spain		-	95.0%
(vi)	NBASIT-Sist. de Inf. e Telecomunic., S.A. (*)	Angola	AOA 47,500,000	49.4%	49.4%
	Novabase Capital S.C.R., S.A.	Portugal	€2,500,000	100.0%	100.0%
	FCR NB Capital Inovação e Internacionalização	Portugal	€9,260,000	51.8%	51.8%
	FCR Novabase Capital +Inovação	Portugal	€6,450,142	57.8%	57.8%
	Novabase Consulting S.G.P.S., S.A.	Portugal	€5,233,264	100.0%	100.0%
	NOVABASE IMS 2, S.A.	Portugal	€220,500	100.0%	100.0%
	TVLab, S.A.	Portugal	€52,517	70.0%	70.0%
	Nbase International Investments B.V.	The Netherlands	€1,220,800	100.0%	100.0%

(*) Novabase has control of this company, as described in note 2.2., therefore it is fully consolidated.

In 2023, the following changes occurred in the consolidation perimeter:

(i) Dilution of the stake held in the subsidiary's share capital by 9.939%, as a result of the Celfocus equity partnership carried out in 2023 with the objective of aligning shareholder value (note 19).
(ii) Incorporation of Celfocus GmbH, based in Dusseldorf, within the scope of the Next-Gen business development plan (see also note 11).
(iii) Acquisition of 76% of the shares representing the company's share capital, incorporated by employees of Novabase Group with operational leadership responsibilities, as part of the operationalisation of the Celfocus equity partnership (note 19). The consideration paid in cash was €38,000 and the fair value of the assets acquired (cash) was €50,000, with no goodwill arising from this acquisition.
(iv) Sale of the 74% stake held in NBMSIT, Sist. de Inf. e Tecnol., S.A., a Mozambican subsidiary whose activity had been discontinued since the end of 2019, following the sale agreement of the GTE Business to VINCI Energies Portugal, S.G.P.S., S.A. (note 38).
(v) Sale of the 95.003% stake held in Novabase Neotalent, S.A., which in turn held the entire share capital of Novabase Neotalent España S.A.U, to Conclusion Group B.V. (note 38).
(vi) Discontinuation of NBASIT-Sist. de Inf. e Telecomunic., S.A. operation, following the sale agreement of Novabase Neotalent, S.A. to Conclusion Group B.V., and the Group's consequent decision to divest the IT Staffing business in Portugal, Spain and Angola (note 38).

A. Subsidiaries with material non-controlling interests

In view of the changes in the consolidation perimeter mentioned above, Novabase considers that the main subsidiaries with material non-controlling interests are those set out below, which together represent 147% of the profit or loss attributable to 'Non-controlling interests' related to subsidiaries that have NCI as at 31 December 2023 (2022: 100%). The share capital of these subsidiaries consists solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Subsidiary	Main activity
Celfocus, S.A.	Development, training and commercialization of systems for the telecommunications industry
NBASIT-Sist. de Inf. e Telecomunic., S.A.	Production, commercialisation, import and export of goods and IT services and related activities, and information systems
FCR NB Capital Inovação e Internacionalização	Venture capital activity through the financing of investment projects aimed at innovation, modernisation and internationalization of small and medium-sized technology-based companies in early development or expanding phases
FCR Novabase Capital +Inovação	Venture capital activity through the financing of investment projects aimed at innovation, modernisation and internationalization of small and medium-sized technology-based companies in early development or expanding phases

Summarised financial information on subsidiaries with material Non-controlling interests (amounts before inter-company eliminations):

	Celfocus S.A.		NBASIT (Angola)		FCR NB Capital II		FCR NB Capital +Inovação	
	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Financial position:								
Non-Current Assets	21,829	12,220	-	-	12,995	13,185	814	764
Current Assets	55,480	53,479	1,375	1,574	4,690	4,805	5,048	5,085
Non-Current Liabilities	(15,050)	(5,919)	-	-	-	-	-	-
Current Liabilities	(54,414)	(55,658)	(3,190)	(3,445)	(317)	(313)	(2)	(2)
Net Assets	7,845	4,122	(1,815)	(1,871)	17,368	17,677	5,860	5,847
Net Assets attrib. to NCI	818	-	641	840	8,364	8,515	2,471	2,466
Results and comprehensive income:								
Sales and Services rendered	135,130	122,118	1,650	2,021	-	-	-	-
Profit for the year	7,411	3,919	(1,160)	506	(309)	23	13	182
Total compr. income for the year	7,411	3,919	(1,160)	506	(309)	23	13	182
Compr. income attrib. to NCI	213	-	265	196	(151)	11	6	77
Cash flows:								
Cash and cash eq. at 1 Jan.	2,589	4,333	1,163	787	4,795	4,994	366	228
Cash and cash eq. at 31 Dec.	10,003	2,589	1,130	1,163	4,656	4,795	353	366
Change in cash and cash eq.	7,414	(1,744)	(33)	376	(139)	(199)	(13)	138
Dividends paid to NCI	-	-	-	-	-	-	-	-

7. Property, plant and equipment

	31.12.23			31.12.22		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Buildings and other constructions	34,201	25,151	9,050	27,792	25,070	2,722
Basic equipment	8,527	7,349	1,178	8,603	7,196	1,407
Transport equipment	3,636	1,193	2,443	1,862	1,043	819
Furniture, fittings and equipment	1,448	1,338	110	1,823	1,600	223
Other tangible assets	12	12	-	12	12	-
	47,824	35,043	12,781	40,092	34,921	5,171

During 2022, movements in property, plant and equipment were as follows:

	Balance at 01.01.22	Acquisitions / charges	Impairment / write-offs	Transfers	Exchange differences	Change in consolidation perimeter	Balance at 31.12.22
Cost:							
Buildings and other constructions	27,380	365	-	47	-	-	27,792
Basic equipment	8,120	589	(109)	-	3	-	8,603
Transport equipment	1,767	659	(575)	-	11	-	1,862
Furniture, fittings and equipment	1,731	101	(8)	-	(1)	-	1,823
Other tangible assets	12	-	-	-	-	-	12
	39,010	1,714	(692)	47	13	-	40,092
Accumulated depreciation:							
Buildings and other constructions	22,894	2,176	-	-	-	-	25,070
Basic equipment	6,616	672	(95)	-	3	-	7,196
Transport equipment	1,102	464	(534)	-	11	-	1,043
Furniture, fittings and equipment	1,546	62	(8)	-	-	-	1,600
Other tangible assets	12	-	-	-	-	-	12
	32,170	3,374	(637)	-	14	-	34,921

During 2023, movements in property, plant and equipment were as follows:

	Balance at 01.01.23	Acquisitions / charges	Impairment / write-offs	Discontinued operations	Exchange differences	Change in consolidation perimeter	Balance at 31.12.23
Cost:							
Buildings and other constructions	27,792	8,827	(1,540)	-	-	(878)	34,201
Basic equipment	8,603	425	(467)	(12)	(9)	(13)	8,527
Transport equipment	1,862	2,228	(379)	(44)	(31)	-	3,636
Furniture, fittings and equipment	1,823	9	(113)	(3)	(1)	(267)	1,448
Other tangible assets	12	-	-	-	-	-	12
	40,092	11,489	(2,499)	(59)	(41)	(1,158)	47,824
Accumulated depreciation:							
Buildings and other constructions	25,070	2,305	(1,540)	-	-	(684)	25,151
Basic equipment	7,196	645	(462)	(12)	(9)	(9)	7,349
Transport equipment	1,043	599	(374)	(44)	(31)	-	1,193
Furniture, fittings and equipment	1,600	66	(91)	(3)	1	(235)	1,338
Other tangible assets	12	-	-	-	-	-	12
	34,921	3,615	(2,467)	(59)	(39)	(928)	35,043

Acquisitions of property, plant and equipment in 2023 primarily refer to right-of-use assets of 'Buildings and other constructions' and 'Transport equipment', which also justify the largest share of write-offs (see detail below), but also to 'Basic equipment' for the operations, mainly comprised of laptops.

In 2023, 'Change in Consolidation Perimeter' reflects the effect of the subsidiary Novabase Neotalent, S.A. disposal, and 'Discontinued Operations' column, the assets of the Angolan subsidiary (see note 38).

In 2023, no events or circumstances that indicated that the carrying amount of property, plant and equipment exceeded its recoverable amount were identified. Consequently, no impairment tests have been performed.

Depreciation recognised in profit or loss and included in 'Depreciation and amortisation' amounts to €3,449k (2022: €3,110k), and included in 'Profit from discontinued operations' amounts to €166k (2022: €264k).

Right-of-use assets included in 'Property, plant and equipment', by class of assets, are as follows:

	31.12.23			31.12.22		
	Buildings and other constr.	Transport equipment	Total	Buildings and other constr.	Transport equipment	Total
Cost	31,158	3,636	34,794	24,373	1,787	26,160
Accumulated depreciation	(22,211)	(1,193)	(23,404)	(21,939)	(968)	(22,907)
	8,947	2,443	11,390	2,434	819	3,253

Movements in right-of-use assets were as follows:

	31.12.23			31.12.22		
	Buildings and other constr.	Transport equipment	Total	Buildings and other constr.	Transport equipment	Total
Balance at 1 January	2,434	819	3,253	4,179	665	4,844
Change in consolidation perimeter	(167)	-	(167)	-	-	-
Acquisitions / increases	8,827	2,228	11,055	310	659	969
Write-offs	-	(5)	(5)	-	(41)	(41)
Depreciation charge (i)	(2,147)	(599)	(2,746)	(2,055)	(464)	(2,519)
Balance at 31 December	8,947	2,443	11,390	2,434	819	3,253

(i) Included in 'Depreciation and amortisation' (note 29) and in 'Profit from discontinued operations' (note 38).

Acquisitions of rights-of-use assets of 'Buildings and other constructions' essentially relate to the extension of the term of the lease agreement for the building where Novabase has its headquarters, in the amount of €6,765k, and the accounting of the new office in Porto Business Plaza, in the amount of €1,493k. There were also write-offs relating to the Porto office lease agreement expired, in the gross value and accumulated depreciation of the same amount, worth €1,345k.

Acquisitions and write-offs of right-of-use assets of 'Transport equipment' are part of the usual renewal of the Group's fleet.

Information on the movements that occurred during the year in lease liabilities related to these right-of-use assets, namely, interest expense and lease payments, can be found in note 21.

For short-term leases considered in the exemption from recognition provided for in IFRS 16, the Group recognised this year the amount of €162k (2022: €149k) under the heading 'External supplies and services'.

8. Intangible assets

	31.12.23			31.12.22		
	Cost	Accumulated amortisation	Net book value	Cost	Accumulated amortisation	Net book value
Internally generated intangible assets	3,463	2,662	801	2,961	2,777	184
Industrial property and other rights	382	382	-	388	369	19
Work in progress	348	-	348	231	-	231
Goodwill	8,115	-	8,115	11,501	-	11,501
	12,308	3,044	9,264	15,081	3,146	11,935

During 2022, movements in intangible assets were as follows:

	Balance at 01.01.22	Acquisitions / charges	Impairment / write-offs	Transfers	Change in consolidation perimeter	Balance at 31.12.22
Cost:						
Internally generated intangible assets	10,568	-	(7,863)	256	-	2,961
Industrial property and other rights	9,884	-	(9,496)	-	-	388
Work in progress	240	294	-	(303)	-	231
Goodwill	11,501	-	-	-	-	11,501
	32,193	294	(17,359)	(47)	-	15,081
Accumulated amortisation:						
Internally generated intangible assets	10,476	164	(7,863)	-	-	2,777
Industrial property and other rights	9,844	21	(9,496)	-	-	369
	20,320	185	(17,359)	-	-	3,146

During 2023, movements in intangible assets were as follows:

	Balance at 01.01.23	Acquisitions / charges	Impairment / write-offs	Transfers	Change in consolidation perimeter	Balance at 31.12.23
Cost:						
Internally generated intangible assets	2,961	-	(43)	801	(256)	3,463
Industrial property and other rights	388	-	(6)	-	-	382
Work in progress	231	918	-	(801)	-	348
Goodwill	11,501	-	-	-	(3,386)	8,115
	15,081	918	(49)	-	(3,642)	12,308
Accumulated amortisation:						
Internally generated intangible assets	2,777	62	(43)	-	(134)	2,662
Industrial property and other rights	369	19	(6)	-	-	382
	3,146	81	(49)	-	(134)	3,044

In 2022, the Group made the write-off of intangible assets for which no future economic benefits were expected. Despite having a significant gross amount, these written-off assets were already fully amortised.

In 2023, 'Change in Consolidation Perimeter' reflects the effect of the subsidiary Novabase Neotalent, S.A. disposal (see note 38).

Amortisation recognised in profit or loss and included in 'Depreciation and amortisation' amounts to €19k (2022: €114k), and included in 'Profit from discontinued operations' amounts to €62k (2022: €71k).

The captions 'Internally generated intangible assets' and 'Work in progress' include costs incurred in software development projects.

The amount with research and development recognised as a cost, related to the main research projects, reached approximately €2.5m (2022: €3.1m), and essentially refers to man-hours with employees allocated to projects recorded in 'Employee benefit expense'.

Movements in **gross goodwill** were as follows:

	31.12.23	31.12.22
Balance at 1 January	11,501	11,501
Discontinued operations Neotalent (Value Portfolio)	(3,386)	-
Balance at 31 December	8,115	11,501

Movements in **goodwill impairment** were as follows:

	31.12.23	31.12.22
Balance at 1 January	-	-
Discontinued operations Neotalent (Value Portfolio)	-	-
Balance at 31 December	-	-

At the end of 2023, the goodwill associated with Neotalent CGU was written-off as a result of the sale of Neotalent Business (see note 38).

Impairment tests for goodwill

Goodwill is allocated to the Group's Cash Generating Units (CGUs), identified according to how Novabase monitors its operations and makes its decisions on the continuation or disposal of its assets and operations, as follows:

	31.12.23	31.12.22
Next-Gen	8,115	8,115
Neotalent (Value Portfolio)	-	3,386
	8,115	11,501

The impairment tests for goodwill were performed based on the discounted cash flow method, using a 5-year business plan forecasted by Management, with the following key assumptions:

	Next-Gen	
	31.12.23	31.12.22
Discount rate (post-tax)	10.6%	10.8%
Perpetuity growth rate	2.0%	2.0%
Average annual growth rate of turnover	7.3%	8.0%

Management has determined each of the above key assumptions as follows:
- Discount rate (post-tax) - Based on the weighted average cost of capital (“WACC”) and considering a tax rate of 22.5%, reflects specific risks relating to the relevant industry in which it operates.
- Perpetuity growth rate - This is the weighted average growth rate used to extrapolate cash flows beyond the business plan, being consistent with forecasts included in industry reports.
- Average annual growth rate of turnover - Average annual growth rate over the five-year forecast period; based on past performance and management’s expectations of market development.

The application of the previously described method generates a recoverable amount (determined by value in use) of assets exceeding its carrying amount, therefore it is concluded that there is no need for an impairment charge to the goodwill allocated to the Cash Generating Unit. A possible increase or decrease of 1 percentage point in the WACC would not result in an Equity Value of the Next-Gen CGU, in any of the situations, lower than the carrying amount of assets.

9. Financial assets at fair value through profit or loss

		% Interest held directly		Amount	
		31.12.23	31.12.22	31.12.23	31.12.22
(i)	Feedzai, S.A.	1.4%	1.4%	11,778	11,539
(ii)	Globaleda, S.A.	25.1%	25.1%	522	539
(iii)	FCR IStart I	-	11.6%	-	396
(iv)	Aixtel Technologies, S.A.	5.7%	5.7%	498	492
(v)	Probely, S.A.	2.0%	2.0%	159	158
(vi)	Bright Innovation, Lda.	90.0%	90.0%	-	-
(vii)	Powergrid, Lda.	88.9%	88.9%	-	-
(viii)	Powerdata, Lda.	-	80.0%	-	-
(ix)	Radical Innovation, Lda.	80.0%	80.0%	2	2
(x)	Glarevision, S.A.	10.5%	5.7%	281	75
(xi)	Habit Analytics PT, Lda.	6.0%	6.0%	31	14
(xii)	Other			608	746
				13,879	13,961

(i) Company, held by FCR NB Capital Inovação e internacionalização, dedicated to the development of solutions for processing large volumes of data in real time, which applies advanced machine learning and artificial intelligence models to combat fraud in financial services and e-commerce.

(ii) Held by Novabase Business Solutions S.A., this is a technology-based company in the area of information systems and telecommunications engineering. Despite holding more than 20% of Globaleda's shares, Novabase does not have significant influence on this company, understood as the power to participate in the financial and operating policy decisions of the investee, namely it has no representation on the Board of Directors nor participation in the policy-making process nor transactions with the investee.

(iii) Venture Capital Fund dissolved in 2023. It was held by Novabase Capital S.C.R., S.A. and managed by Armilar Venture Partners SCR.

(iv) Company held by FCR NB Capital Inovação e internacionalização and FCR Novabase Capital +Inovação, which developed FIBERCLOUD, a network management platform for the global market.

(v) Company, held by FCR Novabase Capital +Inovação, focused on cybersecurity.

(vi) Company specialised in incubate projects in the area of Information and Communication Technologies (ICT) and provide integrated services in the administrative and financial areas, training and assistance for ICT SMEs applications, supported by a multi-channel platform. This company is held by FCR NB Capital Inovação e Internacionalização.

(vii) Company, held by FCR NB Capital Inovação e Internacionalização, dedicated to the development of an application platform for Smart Grids, with dissolution scheduled for the first months of 2024.

(viii) Company dissolved in 2023. It was held by FCR NB Capital Inovação e Internacionalização and Novabase Capital S.C.R., S.A..

(ix) Company, held by FCR NB Capital Inovação e Internacionalização and Novabase Capital S.C.R., S.A., specialized in the incubation of projects in the area of ICT and the provision of integrated services in the administrative and financial areas, training and assistance for applications, aimed at ICT SMEs of the Lisbon Region. The company is in the process of liquidation.

(x) Company, held by FCR Novabase Capital +Inovação, focused on developing solutions based on augmented reality for industrial maintenance.

(xi) Company, held by FCR Novabase Capital +Inovação and Novabase Capital S.C.R., S.A., focused on developing a real-time data platform that aggregates and analyses multiple sources of data, from Internet of Things (IoT) devices.

(xii) In 2023 and 2022, the amount is fully related to FCT - Labour Compensation Fund.

Novabase does not have control of the companies held by the funds FCR NB Capital Inovação e Internacionalização and FCR Novabase Capital +Inovação and by Novabase Capital S.C.R., S.A., understood as the power to manage the relevant activities of an entity, being exposed to the risks of variation of the return obtained and having the capacity to affect those returns through its power over the entity, therefore they were not considered subsidiaries or associates.

Movements in this heading were as follows:

	31.12.23	31.12.22
Balance at 1 January	13,961	13,615
Acquisitions / share capital increase	208	190
Disposals / share capital decrease	(436)	(63)
Net fair value adjustments	279	219
Change in consolidation perimeter (note 38)	(133)	-
Balance at 31 December	13,879	13,961

In 2023, reimbursements from the FCT - Labour Compensation Fund, included in disposals, amounted to €40k (in 2022: contributions to the FCT in the amount of €103k, included in acquisitions). Additional information on acquisitions and disposals of Level 3 instruments can be found in note 39.

The net fair value adjustments recognised in profit or loss of Level 1 instruments amounted to €35k while the net fair value adjustments of Level 3 instruments amounted to €244k (see note 39).

The net fair value adjustments recognised in profit or loss and included in the 'Finance income' and 'Finance costs' captions are €279k (2022: €238k), and included in 'Profit from discontinued operations' is null (2022: -€19k).

Note 39 provides information on the fair value hierarchy of these financial assets, valuation techniques, unobservable inputs and sensitivity analysis, and valuation processes.

10. Deferred tax assets

Deferred taxes are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred tax assets and liabilities relate to the same tax authority. At 31 December 2023, the deferred tax liability offset amounts to €869k (31.12.22: €926k), and refers to non-taxable adjustments arising from the application of the fair value to the Funds' participated companies.

The movement in deferred tax assets was as follows:

	31.12.23	31.12.22
Balance at 1 January	8,826	9,443
Profit or loss charge	(1,445)	(617)
Other comprehensive income charge	(314)	-
Change in consolidation perimeter (note 38)	(122)	-
Balance at 31 December	6,945	8,826

The amount recognised in profit or loss and included in 'Income tax expense' is -€701k (2022: -€797k), and included in 'Profit from discontinued operations' is -€744k (2022: €180k).

For Novabase Group, the movement in deferred tax assets during the year, after the offsetting of balances within the same tax jurisdiction, is as follows:

	Tax Credits	Provisions / Adjustments	Tax Losses / Other	Total
Balance at 1 January 2022	8,782	661	-	9,443
Profit or loss charge	374	(991)	-	(617)
Balance at 31 December 2022	9,156	(330)	-	8,826
Profit or loss charge	(2,768)	23	1,300	(1,445)
Other comprehensive income charge	-	-	(314)	(314)
Change in consolidation perimeter	(41)	(81)	-	(122)
Balance at 31 December 2023	6,347	(388)	986	6,945

Deferred tax assets related to tax credits result from projects of research and development submitted under the SIFIDE incentive scheme.

In 2023, the Profit or loss charge includes (i) use of €1,755k in 2023 CIT return (Form 22) (ii) recognition of €651k for 2023, which are under approval, (iii) derecognition of the DTA associated with SIFIDE that expires in 2024 and 2025, in the amount of €1,654k, driven by the change in the taxation group in 2023 (see note 33), (iv) upward revision of the 2022 estimate by €643k considering the Group's average success rate in relation to the ANI's approvals, (v) use of €532k as a result of corrections by the tax authority to 2019 Tax Return, and vi) correction to 2020 SIFIDE estimate in the amount of -€162k according to the ANI's approvals in 2023.

The expiry date of the deferred tax assets can be analysed as follows:

	Tax Credits	Provisions / Adjustments	Tax Losses / Other	Total
Between 1 and 2 years	-	-	-	-
Between 2 and 3 years	606	-	-	606
Between 3 and 4 years	285	-	-	285
Between 4 and 5 years	759	-	-	759
Between 5 and 6 years	1,043	-	-	1,043
Over 6 years	3,654	-	-	3,654
With no defined date	-	(388)	986	598
	6,347	(388)	986	6,945

11. Other non-current assets

		31.12.23	31.12.22
	Loans to related parties (note 37 iii))	3,527	5,943
(*)	Advances on account of financial investments	-	25
(**)	Receivables from financed projects (note 25)	917	-
	Provision for impairment of loans to related parties (note 37 iii))	(2,978)	(4,262)
		1,466	1,706

(*) Advance on account for the incorporation of a new subsidiary (Germany), which took place during the first months of 2023 (see note 6).
(**) Amount receivable from the subsidy under the PRR - Recovery and Resilience Plan with a maturity of more than 12 months. The portion with a maturity of less than 12 months is included in 'Trade and other receivables' (see note 13).

In 2022, Novabase Capital S.C.R., S.A., acquired the stake in Powerdata, Lda. to the associate Novabase Capital Fundo Capital Risco (prior to its liquidation), having also been entitled to supplementary payments, in the amount of €994k. As the book value of these supplementary payments was nil at the time of purchase, the Group recognised the right to supplementary payments and an impairment in the same amount. In 2023, Powerdata, Lda. was dissolved, consequently all supplementary payments and respective impairment in this participated company were written-off / used, in the amount of €1,242k.

In addition, as a result of the liquidation process of Radical Innovation, Lda., at 31 December 2023 the supplementary payments in this participated company and the respective impairment were classified as current (note 13).

The fair value of 'Other non-current assets' balance approximates its carrying amount.

Movements in the provision for impairment of loans to related parties are analysed as follows:

	31.12.23	31.12.22
Balance at 1 January	4,262	3,251
Impairment (note 31)	430	17
Impairment reversal (note 30)	-	-
Transfers	(472)	994
Charge-off / write-offs	(1,242)	-
Balance at 31 December	2,978	4,262

12. Financial instruments by category

At 31 December 2022	Financial assets at amortised cost	Assets/ liabilities at fair value through P&L	Other financial liabilities	Non-financial assets/ liabilities	Total
Assets					
Financial assets at fair value through profit or loss	-	13,961	-	-	13,961
Other non-current assets	1,681	-	-	25	1,706
Trade and other receivables	50,332	-	-	4,034	54,366
Accrued income	6,095	-	-	-	6,095
Derivative financial instruments	-	763	-	-	763
Other current assets	-	-	-	3,963	3,963
Cash and cash equivalents	40,617	-	-	-	40,617
	98,725	14,724	-	8,022	121,471
Liabilities					
Borrowings	-	-	13,251	-	13,251
Other non-current liabilities	-	-	-	363	363
Trade and other payables	-	-	43,153	-	43,153
Derivative financial instruments	-	260	-	-	260
Deferred income and other current liabilities	-	-	-	20,007	20,007
	-	260	56,404	20,370	77,034

At 31 December 2023	Financial assets at amortised cost	Assets/ liabilities at fair value through P&L	Other financial liabilities	Non-financial assets/ liabilities	Total
Assets					
Financial assets at fair value through profit or loss	-	13,879	-	-	13,879
Other non-current assets	1,466	-	-	-	1,466
Trade and other receivables	38,477	-	-	3,350	41,827
Accrued income	3,514	-	-	-	3,514
Derivative financial instruments	-	246	-	-	246
Other current assets	-	-	-	3,388	3,388
Cash and cash equivalents	80,314	-	-	-	80,314
	123,771	14,125	-	6,738	144,634
Liabilities					
Borrowings	-	-	27,819	-	27,819
Other non-current liabilities	-	-	-	2,749	2,749
Trade and other payables	-	-	32,413	-	32,413
Derivative financial instruments	-	112	-	-	112
Deferred income and other current liabilities	-	-	-	20,972	20,972
	-	112	60,232	23,721	84,065

13. Trade and other receivables

	31.12.23	31.12.22
Trade receivables	37,339	50,227
Impairment allowance for trade receivables	(780)	(794)
	36,559	49,433
Financial holdings disposal (note 38)	-	215
Capital subscribers of FCR Novabase Capital +Inovação	1,898	1,898
Value added tax	1,418	2,084
Receivables from financed projects (note 25)	1,965	1,412
Loans to related parties (note 37 iii), see also note 11)	994	-
Prepayments to suppliers	13	40
Employees	21	12
Other receivables	196	310
Impairment allowance for other receivables	(765)	(1,038)
Provision for impairment of loans to related parties (note 37 iii))	(472)	-
	5,268	4,933
	41,827	54,366

The decrease in 'Trade and other receivables' essentially reflects the effect of the exit from the consolidation perimeter of the subsidiaries sold in the Neotalent Business (€11m) - see note 38.

The fair value of 'Trade and other receivables' balance approximates its carrying amount.

The carrying amount of this heading plus the balance of 'Accrued income' (see note 14) represents the maximum exposure to credit risk.

The exposure to credit risk and ECLs for the Group's trade receivables as at 31 December 2022 and 2023 is analysed as follows:

At 31 December 2022	Weighted--average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	0.19%	40,845	61	No
1-180 days past due	4.04%	7,920	47	No
181-360 days past due	26.82%	918	229	No
More than 360 days past due	88.87%	544	457	Yes
		50,227	794	

At 31 December 2023	Weighted--average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	0.12%	25,645	30	No
1-180 days past due	0.28%	10,612	23	No
181-360 days past due	64.82%	807	517	No
More than 360 days past due	77.39%	275	210	Yes
		37,339	780	

Details on the Group's customer concentration / dependency as well as the distribution of the customers with higher balances by geographical market and business sector can be found in note 3 c).

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

	Trade receivables		Other receivables		Total	
	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Balance at 1 January	794	901	1,038	1,058	1,832	1,959
Impairment	610	295	-	-	610	295
Impairment reversal	(224)	(380)	(273)	(20)	(497)	(400)
Exchange differences	(92)	29	-	-	(92)	29
Write-offs	(23)	(51)	-	-	(23)	(51)
Change in consolidation perimeter	(166)	-	-	-	(166)	-
Discontinued operations	(119)	-	-	-	(119)	-
Balance at 31 December	780	794	765	1,038	1,545	1,832

Impairment and impairment reversal for trade and other receivables recognised in profit or loss and included in 'Net impairment losses on trade and other receivables' is -€156k (2022: €193k), and included in 'Profit from discontinued operations' is €43k (2022: -€88k).

14. Accrued income

	31.12.23	31.12.22
Ongoing projects	3,267	6,043
Other accrued income	247	52
	3,514	6,095

The balances with ongoing projects refer to differences between the progress of projects and contractual invoicing times. This framework is typical of this industry.

Evolution of this caption is fundamentally due to the effect of the sale of Neotalent, in the amount of €2.1m (note 38).

15. Derivative financial instruments

The fair value of derivative financial instruments can be analysed as follows:

	Assets		Liabilities	
	31.12.23	31.12.22	31.12.23	31.12.22
Forward foreign exchange contracts	246	763	112	260
	246	763	112	260

The Group is exposed to foreign exchange risk, primarily with respect to the U.S. Dollar, since some of its subsidiaries perform transactions in this currency. Novabase's exposure to foreign exchange risk also arises from its presence in several markets, namely in the UK and in Angola, although the exposure to these geographies is low.

The financial instruments used to mitigate this exposure are foreign exchange forwards, and they are contracted on the net exposure to currencies, according to the terms of receipts and payments agreed with third parties, in order to set the exchange rate associated with these operations. The nature of the hedged risk is the exchange variation recorded in foreign currency denominated transactions.

The fair value is classified as a non-current asset or liability if the remaining maturity is greater than 12 months and as current asset or liability if the remaining maturity is less than 12 months. In 2023, derivative financial instruments were classified as current assets and liabilities. Although contracted with the purpose of economic hedge in accordance with the Group's risk management policies, changes in the fair value of these derivatives were recognised in profit or loss (see note 2.21. (1)). Note 39 provides information on the fair value hierarchy of these financial assets and liabilities.

At 31 December 2023, the Group had forward foreign exchange contracts to sell U.S. Dollar with the notional amount of $19,248,760 (31.12.22: $23,399,430) and forward foreign exchange contracts to buy U.S. Dollar with the notional amount of $4,706,048 (31.12.22: $3,826,542). Also, the Group had forward foreign exchange contracts to sell British Pound with the notional amount of £829,059 (31.12.22: £0) and forward foreign exchange contracts to buy British Pound with the notional amount of £142,708 (31.12.22: £0).

16. Other current assets

The amounts recorded regarding prepayments of contracted services are as follows:

	31.12.23	31.12.22
Consulting	2,414	1,928
Software licences	172	1,103
Insurances	374	496
Software maintenance	197	76
Other specialised services	213	323
Rents	18	37
	3,388	3,963

In order to ensure the proper balancing of the services provided by third parties, expenses were deferred and will be recognised in profit or loss in the next period.

17. Cash and cash equivalents

With reference to the statement of cash flows, the detail and description of cash and cash equivalents is analysed as follows:

	31.12.23	31.12.22
Cash	11	34
Short-term bank deposits	80,309	40,586
Impairment allowance for short-term bank deposits	(6)	(3)
Cash and cash equivalents by Statement of Financial Position	80,314	40,617
Cash and cash equivalents included in Assets from discontinued operations	1,130	-
Less: Impairment allowance for short-term bank deposits	6	3
Cash and cash equivalents by Statement of Cash Flows	81,450	40,620

Evolution of 'Cash and cash equivalents' balance essentially reflects the proceeds from the sale of Neotalent, in the amount of €51.1m (note 38) and the borrowings obtained of €12m (note 21), partially cancelled by disbursements relating to the acquisition of treasury shares within the scope of the Public Offer (note 18) and shareholder remuneration (note 19), of €17.3m and €10.8m, respectively.

79% of the balance of cash and cash equivalents (net of impairment losses) refers to fully owned Novabase subsidiaries. Of the remainder, 3% is related to subsidiaries based outside Portugal.

At 31 December 2023 and 2022, no restrictions existed as to the use of the amounts recorded in 'Cash and cash equivalents'.

The ratings attributed to the financial institutions with whom the Group has higher balances of bank deposits are detailed in note 3 c).

The fair value of 'Cash and cash equivalents' balance approximates its carrying amount.

Movements in impairment allowance for short-term bank deposits are analysed as follows:

	31.12.23	31.12.22
Balance at 1 January	3	2
Impairment	6	3
Impairment reversal	(3)	(2)
Balance at 31 December	6	3

The impairment and impairment reversal for short-term bank deposits recognised in financial results is -€6k (2022: €2k), and included in 'Profit from discontinued operations' is €3k (2022: -€3k) .

18. Share Capital, share premium and treasury shares and stock options

The share capital as at 31 December 2023, fully subscribed and paid in the amount of €795,829.11 (31.12.22: €32,971,463.70), is represented by 26,527,637 shares with a nominal value of €0.03 each (31.12.22: 31,401,394 shares of €1.05).

At 31 December 2023, 74.62% of Novabase's share capital (19,793,894 shares) is held by shareholders with qualifying stakes. The list of shareholders with qualifying stakes can be found in the annexes to the management report, included in the Management Report, which is an integral part of the Annual Financial Report.

	No. Shares (thousands)	Share capital	Treasury shares	Share premium	Total
Balance at 1 January 2022	31,401	54,638	(1,217)	226	53,647
Share capital reduction	-	(21,667)	578	-	(21,089)
Treasury shares purchased	-	-	(1,511)	-	(1,511)
Balance at 31 December 2022	31,401	32,971	(2,150)	226	31,047
Share capital reduction	(4,873)	(32,175)	2,253	-	(29,922)
Treasury shares purchased	-	-	(126)	-	(126)
Treasury shares transferred	-	-	3	-	3
Balance at 31 December 2023	26,528	796	(20)	226	1,002

2023 was marked by a Public Offer ("Offer") for the acquisition of Novabase's own shares. Announced on 16 February, this Offer covered a maximum of 6,280,279 shares, that is 20% of the share capital, by a consideration of €4.85 per share. As a result, Novabase acquired 3,558,550 shares representing 11.33% of its share capital.

During this year, three share capital reductions were carried out:
(a) a reduction of the nominal value of all 31,401,394 shares representing the share capital of Novabase, from €1.05 per share to €0.03 per share (-€32,029k), in compliance with the resolutions taken by the Extraordinary General Meeting held on 13 March 2023, with the purpose of release excessive capital for the Offer;
(b) a reduction of share capital through the cancellation of the 3,558,550 own shares acquired in the context of the referred Offer (-€107k), according to the resolutions taken by the Extraordinary General Meeting held on 13 March 2023;
(c) a reduction of the share capital through the cancellation of 1,315,207 own shares (-€39k), in compliance with the resolutions taken by the General Meeting held on 24 May 2023, and following the meanwhile occurred acquisition of 212,194 own shares by Novabase S.G.P.S. to Novabase Consulting S.G.P.S., S.A..

As a result of the share capital reduction referred to in a), 'Treasury shares' caption was adjusted in the amount of €2,107k against reserves (see note 19), to reflect the number of shares held by the Company at the new nominal value after this operation.

According to the legislation in force, by deliberation of the General Meeting of Shareholders held on 24 May 2023, the purchase of treasury shares by Novabase S.G.P.S. is allowed up to a maximum of 10% of its share capital.

At 31 December 2022, Novabase held 2,047,413 treasury shares, representing 6.52% of its share capital. From this total 962,194 shares, representing 3.06% of the share capital, were held through Novabase Consulting S.G.P.S., S.A..

During 2023, up to the launch of the Offer, Novabase acquired 17,794 treasury shares on the stock market, at an average net price of €4.169, under the Company's own shares buy-back programme ("Buy-Back Programme"), and acquired 3,558,550 treasury shares at €4.85 per share in the context of the Public Offer. Additionally, Novabase extinguished 4,873,757 treasury shares in the share capital reduction operations referred to in b) and c). Also during 2023, Novabase transferred the ownership of 91,539 treasury shares in the settlement of options exercised within the scope of the Company's Stock Option Plan in force, after prior acquisition of these shares from Novabase Consulting S.G.P.S., S.A..

At 31 December 2023, Novabase held 658,461 treasury shares, representing 2.48% of its share capital, all of them held through Novabase Consulting S.G.P.S., S.A..

From the aforementioned 658,461 treasury shares, 421,863 shares are being retained by Novabase (2022: 139,483 shares), following the options on Novabase shares exercised (see next section).

The Buy-Back Programme, started on 29 September 2021 and meanwhile suspended on 16 February 2023 following the preliminary announcement of the public offer for acquisition of own shares, was concluded on 27 April, due to having been reached the estimated number of shares required to settle the options granted under the Company's Stock Option Plan, which was the objective of this Programme.

Share premiums resulted from gains obtained with share capital increases. According to the current legislation, the amounts included under this heading can be used only to increase share capital or to absorb losses carried forward (no need for prior use of other reserves), but it cannot be used for attribution of dividends or purchase of treasury shares.

Stock options

At 31 December 2023, a Stock Options Plan Regulation ("Regulation") is in effect, approved at the General Meeting of Shareholders held on 26 September 2019. This Regulation sets out the general terms and conditions under which options over ordinary shares of the Company may be attributed to the Board of Directors and Novabase employees.

The assigned options have as sole condition of acquisition, the employee's permanence on the dates defined in the terms of the plan, and automatically expire whenever the employee ceases to be at the service of any of the Group companies due to dismissal promoted by Novabase with the allegation of just cause, or in the event of termination of employment at the employee's initiative.

The options exercised are settled as follows: i) 50% through the attribution of Novabase shares ('net share settlement') held by the Company, and ii) the remaining 50% through the attribution of Novabase shares ('net share settlement') or, alternatively, in cash ('net cash settlement'), by choice of the participant. The same Regulation also establishes that the maturity date of the options corresponds to the 2nd anniversary counting from the grant's date (without prejudice of the participant choice to exercise on the 1st anniversary), and that the retention period (period during which the shares corresponding to the exercised options will be retained by Novabase) corresponds to three years counting from the exercise date, with ownership of the shares being transferred to the participant once such period has elapsed and conditioned to the positive performance of Novabase during the same period.

Movements in the number of share options outstanding are as follows:

	31.12.23		31.12.22	
	Average exercise price per share	**Options (thousands)**	**Average exercise price per share**	**Options (thousands)**
Balance at 1 January		1,050		600
Granted	1.385	600	1.801	600
Exercised	4.813	(1,050)	4.993	(150)
Balance at 31 December		600		1,050

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Exercise	Options (thousands)	
Expiry date	**price (*)**	**31.12.23**	**31.12.22**
2023	1.801	-	450
2024	1.801	-	600
2025	1.385	600	-
		600	1,050

In 2023, 600 thousand options were granted according to the terms and conditions of the Stock Options Plan Regulation, with a total estimated value of the plan of €1,895k.

The fair value of options granted during the period using the Monte Carlo model was €3.0820. The significant inputs into the model were the following:
(i) Spot: €4.3943
(ii) Exercise price (*): €1.385
(iii) Volatility: 26.305% - obtained using a sample mean of a series of historical volatilities based on 180 daily closing prices
(iv) Options' time-to-maturity: 2 years
(v) Risk-free interest rate: 3.47015% (2 years)

(*) Corresponds to the strike price under the terms of the September 2019 Regulation of €2.295 per share, adjusted by the shareholder remuneration distributed in the period discounting treasury shares.

According to the Regulation, the share options exercise price is adjusted by dividends' distribution, therefore the options may be evaluated based on the exercise price already set and assuming a dividend yield null.

Also in 2023, 1,050 thousand options were exercised, resulting in the payment of €1,799k and in the allotment of 373,919 ordinary Novabase shares. Also, the ownership of 91,539 shares that were being retained by Novabase was transferred to a former director, plus the payment of €78k relating to the adjustment of dividends paid during the shares’ retention period in accordance with the Regulation.

In 2023, the Group recognised in the statement of profit or loss, under 'Employee benefit expense' heading, a cost in the amount of €2,759k (see note 27), against stock options reserves in the amount of €1,306k (see note 19), a decrease in the liability of -€424k (see note 24) and a cash outflow of €1,877k as referred above.

19. Reserves and retained earnings

Movements in 'Reserves and retained earnings' are analysed as follows:

		31.12.23	31.12.22
	Balance at 1 January	16,436	3,235
	Profit for the previous year	8,917	8,706
(*)	Share capital reduction (note 18)	29,922	8,026
	Payment of dividends / shareholder remuneration	(10,827)	-
	Exchange differences on foreign operations	(465)	53
(**)	Purchase and sale of treasury shares (note 18)	(17,207)	(4,152)
	Share-based payments (note 18)	1,306	568
	Share-based payments - stock options exercise (note 18)	(3)	-
	Transactions with non-controlling interests	(630)	-
	Balance at 31 December	27,449	16,436

(*) Corresponds to the amount of the share capital reduction by reduction of the nominal value of all shares representing the share capital aimed at releasing excessive capital for the Offer (€32,029k), plus the related ‘Treasury shares’ caption adjustment to the new nominal value (-€2,107k).
(**) Corresponds to the premium (difference between the acquisition cost and the par value) of own shares acquired on the market until the suspension of Novabase’s own shares buy-back programme (€55k), and in the context of the Public Offer (€17,152k).

The General Meeting of shareholders held on 24 May 2023 approved the payment of a dividend per share of €0.10 in relation to the total number of shares issued (see note 35). It was also approved the payment to shareholders of €8,910k, by way of distribution of free reserves, corresponding to €0.32 per share. Thus, the global amount of the distribution to shareholders reached €11,694k, corresponding to €0.42 per share. The payment, occurred in June 2023, totalled €10,827k, with the difference between distribution and payment corresponding to the remuneration of treasury shares held by the Company, which remained in Novabase.

With the payment of the referred amounts, the intention expressed by Novabase’s Board of Directors under the terms of the Strategy Update 2019+, to pay a total of €1.50 per share to the shareholders between 2019 and 2023, was deemed as fulfilled.

According to the legislation in force, Portuguese based companies that integrate Novabase Group are required to transfer a minimum of 5% of annual net profit to legal reserves until this balance reaches at least 20% of the share capital. This reserve cannot be distributed to shareholders, though it may be used to absorb losses carried forward or to increase share capital. Also, according to Article 324, paragraph 1 b) of the Portuguese Companies Code, Novabase constitutes an unavailable reserve of an amount equal to the amount recorded in treasury shares (31.12.23: €0k and 31.12.22: €3,900k).

In 2023, the Group performed a transaction with non-controlling interests (NCI) with the following impact:

	(Decrease) / increase of NCI (note 20)	Impact on Equity attrib. to owners of the parent
At 31 December 2023		
Dilution of 9.399% in Celfocus, S.A.'s share capital	630	(630)
	630	(630)

As part of the business development plan of Celfocus, S.A., and with the aim of promoting the lasting mutual interest of Novabase Group and a group of employees with operational leadership responsibilities within the Group in the development and enhancement of Celfocus, an equity partnership operation was carried out during 2023, which culminated in the acquisition by them of an indirect minority stake in Celfocus.

The completion of this operation, whose general terms were announced to the market in a statement dated 27 April 2023, involved, in a first phase, the incorporation, between the above mentioned employees, of two new companies – Equipa Frutuosa, S.A. and Rota Virtuosa, S.A., in which Novabase Group acquired 76% of the share capital (see note 6), and in a second phase, the acquisition by the aforementioned companies of an aggregate shareholding of 41.414% of the share capital of Celfocus, S.A..

As a result of the operation described, the Group diluted its interest in the share capital of Celfocus, S.A. to 90.061%, and consequently in its wholly owned subsidiaries, specifically, Binómio, Lda., Celfocus LTD, Celfocus B.V. and Celfocus GmbH.

Given that this transaction with non-controlling interests is a transaction that result in changes in ownership interests while retaining control, it was accounted for as an equity transaction (i.e., a transaction with equity holders in their capacity as holders).

20. Non-controlling interests

		31.12.23	31.12.22
	Balance at 1 January	10,827	10,361
	Transactions with non-controlling interests (note 19)	630	-
(*)	Distribution of dividends to non-controlling interests	(194)	-
	Exchange differences on foreign operations	(463)	28
	Profit attributable to non-controlling interests	397	438
(**)	Change in consolidation perimeter	390	-
	Balance at 31 December	11,587	10,827

(*) In 2023, Novabase Neotalent, S.A. approved dividends to its shareholders. These dividends were paid in the year of their attribution.
(**) Change in the consolidation perimeter in 2023 relates to: a) exits from the perimeter of NBMSIT, Sist. de Inf. e Tecnol., S.A. and Novabase Neotalent, S.A., with an impact on NCI of €758k and -€392k, respectively, and b) entries into the perimeter of Equipa Frutuosa, S.A. and Rota Virtuosa, S.A., with an impact on NCI of €24k.

21. Borrowings

	31.12.23	31.12.22
Non-current		
Bank borrowings	8,587	5,200
Lease liabilities	9,796	1,114
	18,383	6,314
Current		
Bank borrowings	7,475	4,200
Lease liabilities	1,961	2,737
	9,436	6,937
Total borrowings	27,819	13,251

The exposure of the Group's current bank borrowings to the contractual repricing dates are as follows:

	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	Total
Bank borrowings	2,100	2,100	4,200	1,000	-	9,400
Lease liabilities	1,420	1,317	769	345	-	3,851
At 31 December 2022	3,520	3,417	4,969	1,345	-	13,251
Bank borrowings	5,237	2,238	2,276	6,311	-	16,062
Lease liabilities	847	1,114	2,539	6,975	282	11,757
At 31 December 2023	6,084	3,352	4,815	13,286	282	27,819

The weighted average of effective interest rates of bank borrowings at the reporting date is 4.975% (31.12.22: 4.088%). The Group uses its incremental borrowing rate when determining the present value of future lease payments, based on the features of the agreement (underlying asset, guarantees and lease term). The weighted average rate applied at the reporting date is 4.641% (31.12.22: 2.630%). This note presents lease liabilities already discounted of the future finance charges, which amounts to €1,436k as at 31 December 2023 (31.12.22: €430k).

During 2023, the Group negotiated two new loans, in the total amount of €12.0m. Loan repayments with banking institutions amounted to €5.3m (2022: €6.8m).

Movements in lease liabilities are as follows:

	31.12.23	31.12.22
Balance at 1 January	3,851	5,800
Change in consolidation perimeter (note 38)	(178)	-
Increases (i)	11,055	969
Termination of lease agreements	(5)	(41)
Interest expense (ii)	370	276
Lease payments (iii)	(3,336)	(3,153)
Balance at 31 December	11,757	3,851

(i) Includes new lease agreements, remeasurement of leases that depend on an index or rate and lease modifications that are not accounted for as a separate lease (lease term).
(ii) Included in 'Finance costs' (note 31) and in 'Profit from discontinued operations' (note 38).
(iii) Classified as 'Cash flows from financing activities' in the Consolidated Statement of Cash Flows.

Note 7 provides information on the right-of-use assets of the Group related to these lease liabilities.

The covenants of the Group's bank borrowings are as follows:

Covenants
▪ Net debt / EBITDA <= 3 ▪ Net debt / EBITDA <= 3.5 ▪ Solvability ratio >= 35%; Net debt / EBITDA <= 4 ▪ Non-reduction of share capital / non-reduction of share capital in significant amounts ▪ Year-on-year change in bank indebtedness <=20% ▪ Bond seniority determined pari passu ▪ Cross Default ▪ Good standing with tax and social security authorities ▪ Published accounts ▪ Information disclosure obligations regarding court disputes ▪ Active insurance policies

At 31 December 2023, the Group was complying with all contractual covenants, with the exception of the Bankinter's indebtedness covenant, for which consent was obtained in January 2024. Thus, under the terms of IAS 1, the medium and long-term debt with this financial institution, in the amount of €1m, was classified as current in these consolidated financial statements. It should also be noted that Novabase communicated the share capital reduction occurred in 2023 to the banks, having received their consent, without waiving any rights or guarantees.

(a) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	31.12.23	31.12.22
Cash and cash equivalents by Statement of Cash Flows	81,450	40,620
Borrowings - repayable within one year (including overdrafts)	(9,436)	(6,937)
Borrowings - repayable after one year	(18,383)	(6,314)
Net debt	53,631	27,369

	Cash and cash equivalents	Bank borrow. due within 1 year	Bank borrow. due after 1 year	Lease liabilities due within 1 year	Lease liabilities due after 1 year	Net debt
At 1 January 2022	68,433	(6,800)	(9,400)	(2,783)	(3,017)	46,433
Cash flows	(26,750)	6,800	-	2,877	-	(17,073)
Acquisitions - lease liabilities	-	-	-	-	(969)	(969)
Effect of exchange rate changes	(1,063)	-	-	-	-	(1,063)
Other non-cash movements	-	(4,200)	4,200	(2,831)	2,872	41
At 31 December 2022	40,620	(4,200)	(5,200)	(2,737)	(1,114)	27,369
Cash flows	41,218	5,338	(12,000)	2,966	-	37,522
Acquisitions - lease liabilities	-	-	-	-	(11,055)	(11,055)
Effect of exchange rate changes	(388)	-	-	-	-	(388)
Change in consolidation perimeter	-	-	-	-	178	178
Other non-cash movements	-	(8,613)	8,613	(2,190)	2,195	5
At 31 December 2023	81,450	(7,475)	(8,587)	(1,961)	(9,796)	53,631

22. Provisions

Movements in provisions for other risks and charges are analysed as follows:

		31.12.23	31.12.22
	Balance at 1 January	3,047	3,391
	Charge for the year	2,108	984
	Reversals / charge-off	(1,309)	(1,328)
(*)	Reclassifications	(407)	-
	Exchange differences	(17)	-
	Change in consolidation perimeter (note 38)	(153)	-
	Balance at 31 December	3,269	3,047

(*) Reclassified to liabilities from discontinued operations, this amount refers to liabilities associated with the ongoing process at the Ghana High Circuit Court (see note 40).

The balance of 'Provisions' is intended to cover different risks and charges, namely the situations listed below, the settlement of which may result in cash outflows and other probable liabilities, for which it is not possible to estimate reliably the time of occurrence of the expense:

- Liabilities with costs to be incurred with possible contractual penalties related to ongoing projects;
- Other risks related to events / disputes of various kinds, which include contingencies of civil, labour, contractual nature, among others, and involve customers, suppliers, business partners or employees.

The amount of provisions for other risks and charges, net of reversals, recognised in profit or loss and included in 'Other gains/(losses) - net' is €827k (2022: -€267k), and included in 'Profit from discontinued operations' is -€28k (2022: -€77k).

23. Other non-current liabilities

	31.12.23	31.12.22
Research and development grants	2,749	363
	2,749	363

'Other non-current liabilities' correspond to the amount of grants for research and development with a maturity of more than 12 months. The portion of grants for research and development with a maturity of less than 12 months is included in 'Deferred income and other current liabilities' (note 25).

At 31 December 2023,the amount corresponds to the allocation of the subsidy within the scope of PRR - Recovery and Resilience Plan for the BLOCKCHAIN.PT – “Decentralising Portugal with Blockchain” Agenda project, developed in a consortium under the leadership of VOID Software.

The fair value of 'Other non-current liabilities' balance approximates its carrying amount.

The due date of these liabilities is as follows:

	31.12.23	31.12.22
Between 1 and 2 years	-	85
Between 2 and 5 years	2,749	278
	2,749	363

24. Trade and other payables

	31.12.23	31.12.22
Trade payables	4,628	7,015
Remunerations, holiday pay and holiday allowances	8,989	10,993
Bonus	8,680	9,701
Acquisition of financial holdings	-	1,691
Ongoing projects	3,837	4,103
Value added tax	634	1,585
Social security contributions	1,935	2,636
Income tax withholding	1,304	1,707
Employees	68	90
Stock options plan (note 18)	753	1,177
Other accrued expenses	1,382	2,159
Other payables	203	296
	32,413	43,153

The decrease in 'Trade and other payables' essentially reflects the effect of the exit from the consolidation perimeter of the subsidiaries sold in the Neotalent Business (€8.8m) and the settlement of the amounts due for the acquisition of financial holdings, specifically, the contingent consideration associated with service hiring guarantees on the acquisition of Celfocus, S.A. (€1,476k) and the consideration for the acquisition of non-controlling interests of Novabase Digital, S.A. (€215k - see note 38).

The fair value of 'Trade and other payables' balance approximates its carrying amount.

The maturity of these liabilities is as follows:

	31.12.23	31.12.22
No later than 1 year	32,413	43,153
	32,413	43,153

25. Deferred income and other current liabilities

	31.12.23	31.12.22
Consulting projects	20,972	19,815
Research and development grants	-	192
	20,972	20,007

The balances with consulting projects refer to differences between the progress of projects and contractual invoicing times. This framework is typical of this industry.

The table below shows the financial incentives for research and development outstanding as at 31 December 2023, by type of incentive programme. The balances to be received are presented in notes 11 and 13.

	Contracted amount	Acum. amount received
Grants:		
- FAI - Innovation Support Fund	1,706	941
- RRP - Recovery and Resilience Plan	2,749	632
	4,455	1,573

Incentives received during the year, whether from projects outstanding at the reporting date or from projects closed in the meantime, totalled €1,040k (2022: €0k).

26. External supplies and services

	31.12.23	31.12.22
Subcontracts	37,658	37,264
Commissions and consultancy fees	1,464	1,439
Transportation, travel and accommodation expenses	3,718	2,943
Specialised services and rents	1,064	649
Advertising and promotion	386	401
Water, electricity and fuel	541	543
Communications	251	239
Insurance	377	342
Utensils, office supplies and technical documentation	785	748
Other supplies and services	516	573
	46,760	45,141

Subcontracts mostly refer to amounts incurred for services rendered by external entities used by the Group to support projects for clients.

27. Employee benefit expense

	31.12.23	31.12.22
Key management personnel compensation (note 37 i))	1,907	644
Wages and salaries of the employees	55,782	51,950
Employees social security contributions	9,504	8,797
Stock options granted (notes 18 and 37 i))	2,759	1,542
Other employee expenses	3,993	3,735
	73,945	66,668

Other employee expenses include labour accident insurance, social responsibility costs, training costs and indemnities.

The increase in 'Employee benefit expense' in 2023 shows wage inflation and Novabase's policies aiming at presenting a stronger value proposition amidst the current competition for tech talent.

Regarding key management personnel compensation, it is also important to note that an estimate of €500k was considered this year for variable remuneration of the Management Bodies of Novabase S.G.P.S., relating to 2023 performance, considering Novabase Group extraordinary results achieved with the sale of Neotalent Business.

The **average number of employees** is analysed as follows:

		31.12.23	31.12.22
(*)	Value Portfolio	18	17
	Next-Gen	1,299	1,284
		1,317	1,301

(*) The numbers presented do not consider employees assigned to the IT Staffing business (Neotalent) in both periods. Neotalent had an average of 832 employees in 2023 (811 in 2022).

At 31 December 2023, the number of employees was 1334 (31.12.22: 1316), 32% of whom are women (31.12.22: 31%).

28. Other gains/(losses) - net

	31.12.23	31.12.22
Provisions and provisions reversal for other risks and charges (note 22)	(827)	267
Other operating income and expense	61	138
	(766)	405

29. Depreciation and amortisation

	31.12.23	31.12.22
Property, plant and equipment (note 7):		
Buildings and other constructions	2,148	2,010
Basic equipment	644	671
Transport equipment	599	378
Furniture, fittings and equipment	58	51
Other tangible assets	-	-
	3,449	3,110
Intangible assets (note 8):		
Internally generated intangible assets	-	93
Industrial property and other rights	19	21
	19	114
	3,468	3,224

30. Finance income

		31.12.23	31.12.22
	Interest received	502	27
	Foreign exchange gains	889	1,635
	Fair value adjustment to financial assets (note 9)	298	365
	Dividends of financial assets	-	3
(*)	Gain on disposal of financial assets	11	88
	Reversal of impairment losses on short-term bank deposits (note 17)	-	2
		1,700	2,120

(*) In 2023 it refers to the result on dissolution of Powerdata, Lda. and in 2022 to the sale of shares held in Probely, S.A. (see notes 9 and 39).

31. Finance costs

		31.12.23	31.12.22
	Interest expenses		
	- Borrowings	(783)	(204)
	- Lease liabilities (note 21)	(365)	(231)
	- Other interest	(7)	(5)
	Bank guarantees charges	(49)	(13)
	Bank services and commissions	(139)	(114)
	Foreign exchange losses	(1,017)	(1,814)
	Fair value adjustment to financial assets (note 9)	(19)	(127)
	Provisions for loans to related parties (note 11)	(430)	(17)
(*)	Loss on disposal/liquidation of financial assets	(100)	-
	Fair value adjustment for contingent consideration	-	(17)
	Impairment losses on short-term bank deposits (note 17)	(6)	-
		(2,915)	(2,542)

(*) In 2023 it refers to the result on dissolution of FCR Istart I (see notes 9 and 39).

Change in 'Finance costs' heading is essentially due to the increase in interest expenses incurred on borrowings and leases, as a result of the increase in market interest rates but also in the level of the Group's indebtedness (new loans obtained in 2023 and extension of the term of headquarters lease agreement).

Foreign exchange losses decreased year-on-year, however, considering a combined reading with the foreign exchange gains presented in 'Finance income' (note 30), one can conclude that the results with foreign exchange differences of the Group remained stable.

32. Share of loss of associates

		31.12.23	31.12.22
(*)	Novabase Capital Fundo Capital Risco	-	(69)
		-	(69)

(*) Venture Capital Fund dissolved in 2022.

33. Income tax expense

Novabase and its subsidiaries with head offices in Portugal are subject to Corporate Income Tax at the nominal rate of 21%, which can be increased by a Municipal Surcharge up to a maximum rate of 1.5% of taxable income, resulting in a total tax rate of 22.5%. Additionally, taxable income exceeding €1,500k and up to €7,500k is subject to a State Surcharge at the rate of 3%, from €7,500k and up to €35,000k is subject to a State Surcharge at the rate of 5%, and the part of taxable income exceeding €35,000k is subject to a State Surcharge at the rate of 9%.

Since 1 January 2009, Novabase is being taxed under the Special Taxation Regime for Groups of Companies (Group taxation relief). For taxation purposes, this group includes companies held in 75% or more by Novabase S.G.P.S. which comply with the further requirements under article 69 and following of the Corporate Income Tax Code.

In 2023, the composition of Novabase Taxation Group changed as a result of changes in the consolidation perimeter, with the exit of Neotalent and temporary exclusion of Celfocus and Binómio (see note 6).

The remaining subsidiaries, not contemplated by this mechanism, are taxed individually, based on their taxable profits and the tax rates applicable.

The net income generated by foreign subsidiaries is taxed at local tax rates applicable based on their taxable profits, namely, those generated in Angola, in The Netherlands, in the United Kingdom and in Germany are taxed at 25%, 19%, 19% and 15%, respectively. From 2024 onward, Dubai will introduce a 9% rate for EBT greater than AED 375,000 (around €94k).

According to the current tax legislation, in general terms tax returns can be reviewed by the tax authorities during a subsequent period. In Portugal, this period is 4 years or, if any deduction is made or tax benefit granted, the exercise term of that right. Therefore, all annual tax returns for the year 2020 through 2023 are still open to such review.

Legislative changes that became effective on 1 January 2023

With the 2023 State Budget Law (Law no. 24-D/2022), the carry forward of tax losses is no longer subject to time limitation, and the deduction of tax losses was reduced to 65% (formerly, 70%) of the taxable profit.

In addition, changes were introduced to the Autonomous Tax rates on costs incurred with some vehicles: i) costs incurred with vehicles exclusively powered by electric energy are subject to autonomous taxation at the rate of 10%, if the acquisition cost exceeds €62,500 (formerly, these were not subject to autonomous taxation); and ii) costs incurred with hybrid plug-in and CNG moved vehicles are subject to the same autonomous tax rates: 2.5%, 7.5% and 15% (formerly, hybrid plug-in was subject to 5%, 10% and 17.5% and CNG was subject to 7.5%, 15% and 27.5%).

These changes didn't have a significant impact on the Group's Income Tax.

Legislative changes introduced by the 2024 State Budget

Regarding the 2024 State Budget Law (Law no. 82/2023), Management considered that there are no changes with a significant impact on the Group's Income Tax.

Worthy of note is that startups shall be subject to CIT at 12.5% on the first €50,000 of taxable income. Expenses related to lightweight passenger vehicles, certain lightweight commercial vehicles or motorcycles will be subject to autonomous taxation at the rates of 8.5%, 25.5% and 32.5% (currently, 10%, 27.5% and 35% respectively). The acquisition cost of goodwill acquired in a business combination will be allowed as a tax-deductible cost, in equal amounts, during the first 15 tax years (currently, 20) after its initial recognition, applicable to intangibles whose initial recognition occurs from 1 January 2024 onward.

'Income tax expense' is analysed as follows:

	31.12.23	31.12.22
Current tax	2,121	930
Deferred tax on temporary differences (note 10)	701	797
	2,822	1,727

The Group's income tax expense for the year differs from the theoretical amount that would arise using the weighted average rate applicable to profits of the country of the Parent-Company due to the following:

	31.12.23	31.12.22
Earnings before taxes	6,246	5,473
Income tax expense at nominal rate (21% in 2023 and 2022)	1,312	1,149
Provisions and amortisations not considered for tax purposes	113	-
Dividends	-	(1)
Autonomous taxation	315	291
Results in companies where no deferred tax is recognised	35	(92)
Differential tax rate on companies located abroad	(2)	(14)
Research & Development tax benefit	(1,132)	(534)
Municipal Surcharge and State Surcharge	473	176
Derecognition/reversal of SIFIDE R&D benefit	1,654	-
Impairment of Special Payment on Account, tax losses and withholding taxes	234	247
Expenses not deductible for tax purposes and sundry items	(180)	505
Income tax expense	2,822	1,727
Effective tax rate	45.2%	31.6%

The change in effective tax rate is mainly due to the downward revision of the estimated recoverability of SIFIDE that expires in 2024 and 2025 following the changes in the Taxation Group in 2023 referred above.

34. Earnings per share

Earnings per share are analysed as follows:

	31.12.23	31.12.22
Weighted average number of ordinary shares	26,690,538	30,380,686
Stock options adjustment	894,782	851,439
Adjusted weighted average number of ordinary shares	27,585,320	31,232,125
Profit attributable to owners of the parent	47,058	8,917
Basic earnings per share (Euros per share)	€1.76	€0.29
Diluted earnings per share (Euros per share)	€1.71	€0.29
Profit from continuing operations attributable to owners of the parent	3,027	3,308
Basic earnings per share (Euros per share)	€0.11	€0.11
Diluted earnings per share (Euros per share)	€0.11	€0.11
Profit from discontinued operations attributable to owners of the parent	44,031	5,609
Basic earnings per share (Euros per share)	€1.65	€0.18
Diluted earnings per share (Euros per share)	€1.60	€0.18

35. Dividends per share

In 2022, no dividends were distributed to shareholders. In 2023, the amount of €2,784k was distributed to shareholders as dividends, corresponding to €0.10 per share in relation to the total number of ordinary shares issued. This amount differs from that shown in the Consolidated Statement of Cash Flows due to the distribution of free reserves also occurred in this period and the remuneration of treasury shares held by the Company (see note 19).

Regarding the 2023 financial year, the Board of Directors will propose to the 2024 annual General Meeting the payment of up to €1.79 per share to shareholders, of which €1.41 per share, that is an amount corresponding to €37,403,968.17, through the application of the net profit of Novabase S.G.P.S. (the proposal for the allocation of results can be found in the Management Report, which is an integral part of the Annual Financial Report). These financial statements do not reflect the dividend payable.

36. Commitments

The financial commitments not included in the Consolidated Statement of Financial Position related with bank guarantees provided to third parties for ongoing projects and leases of the Group, or resulting from the sale of businesses, are analysed as follows:

		Bank	31.12.23	31.12.22
(*)	Novabase S.G.P.S., S.A.	BPI	2,600	-
	Novabase S.G.P.S., S.A.	Bankinter	1,935	1,935
	Novabase Business Solutions, S.A.	BCP	48	600
	Novabase Business Solutions, S.A.	Santander	220	220
	Novabase Business Solutions, S.A.	Novo Banco	20	20
	Novabase Business Solutions, S.A.	BPI	237	216
	Novabase Business Solutions, S.A.	Bankinter	7	7
	Novabase Neotalent, S.A.	BPI	-	15
	Celfocus, S.A.	Santander	50	50
	Celfocus, S.A.	Novo Banco	410	410
	Novabase Neotalent España S.A.U	Abanca	-	74
			5,527	3,547

(*) Bank guarantee provided within the scope of Novabase Neotalent, S.A. sale, cancelled at the beginning of March 2024.

Following the sale of Novabase Neotalent, S.A. in December 2023, Novabase undertook, jointly and severally with the remaining Sellers, the following commitments:

- A Liability Cap for guarantees relating to ownership title, capitalization and corporate structure in the amount corresponding to 100% of the purchase price effectively received by the Sellers, during 2 years, that is, until 18 December 2025;
- A Liability Cap corresponding to 20% of the purchase price effectively received by the Sellers for a period of 18 months (duration of guarantees), which means, between 18 December 2023 and 18 June 2025, with the exception of guarantees under GDPR whose term is 5 years, that is, until 18 December 2028;
- A Liability Cap for tax and Social Security guarantees in the amount corresponding to 100% of the purchase price effectively received by the Sellers, for a period of 4 and 5 years, respectively;
- Constitution of a basket deductible for further corrections in the amount of €201k, *de minimis* of €22.5k;
- Non-competition obligation for 2 years in Neotalent's core business areas, which means, until 18 December 2025.

Following the sale of COLLAB – Sol. I. Com. e Colab., S.A. in March 2020, Novabase undertook, jointly and severally with the remaining Sellers, the following commitments:

- A Liability Cap for all guarantees (except those relating to ownership title, capitalization and corporate structure) provided by Sellers of €3m between 2 years and 30 business days and 5 years and 30 business days (expiry of tax and Social Security guarantees), that is, between 24 April 2022 and 5 May 2025;
- Constitution of a basket deductible of €100k, no *de minimis*.

Following the sale of GTE Business at the end of 2019, Novabase undertook the following commitments:

- A Liability Cap of €1.935m by irrevocable bank guarantee between 18 months and 5 years (expiry of tax and Social Security guarantees), that is, between 10 July 2021 and 9 January 2025;
- Constitution of a basket deductible for further corrections in the amount of €306k, *de minimis* of €30.6k, until the end of the period, which means, 9 January 2025.

In 2023, the Group had the following grouped credit lines contracted:

Group of companies	Plafond
Novabase S.G.P.S.; Celfocus, S.A.	€5.0m
Novabase S.G.P.S.; Celfocus, S.A.; NB Business Solutions, S.A.	€7.0m

37. Related parties

For reporting purposes, related parties include all subsidiaries (detailed in note 6), other participated companies classified as financial assets at fair value through profit or loss (detailed in note 9), shareholders and key elements in the management of the Group.

i) Key management personnel compensation

Remuneration assigned to the Board of Directors and other key management personnel, during the years ended 31 December 2023 and 2022, are as follows:

	31.12.23	31.12.22
Short-term employee benefits	1,808	882
Other long-term benefits	305	85
Stock options granted	2,759	1,542
	4,872	2,509

The key management personnel compensation recognised in profit or loss and included in 'Employee benefit expense' is €4,666k (2022: €2,186k), and included in 'Profit from discontinued operations' is €206k (2022: €323k).

'Other long-term benefits' caption corresponds to the portion of the variable remuneration recognised in the year on the accrual basis (the final amount is only known in the following exercise after the Remuneration Committee's deliberation - see note 4 g)), with payment to be deferred for more than 1 year after the reporting date.

The total variable remuneration assigned to the Board of Directors of Novabase S.G.P.S. and other key management elements of the Group, regardless the year of allocation, which payment is deferred as at 31 December 2023, amounts to €280k (31.12.22: €1,095k).

At 31 December 2023, there are current payable balances outstanding with key management personnel in the amount of €9k (31.12.22: €10k). There are no receivable balances at this date (31.12.22: €4k).

The remuneration policy of the Board of Directors and Supervisory Board of Novabase S.G.P.S., the parent company of Novabase Group, is detailed in Chapter D. Remunerations of the Corporate Governance Report, which is an integral part of this Annual Financial Report, which is summarised below.

By unanimous decisions of the Remuneration Committee, fixed remuneration components were set for members of the Novabase Board of Directors in 2023, along with annual variable remuneration. This remuneration is distributed among the members of the Board of Directors in accordance with the breakdown stipulated by the Remuneration Committee, whereby directors receive a fixed remuneration in cash, and potentially variable remuneration as well, which may be comprised of variable remuneration in cash and variable remuneration based on stock options. This remuneration is broken down among the directors in view of their responsibilities at Novabase, and as stipulated by the Remuneration Committee under the Remuneration Policy.

The remuneration of non-executive and non-independent directors may include a variable component, per the Remuneration Policy, if the duties and responsibilities so justify. In fact, the performance of remunerated duties by these members of the Board of Directors allows Novabase to leverage their extensive know-how acquired, namely by the company founders and accumulated over a period of almost 35 years, especially since these directors continue to have major responsibilities in the Group.

The variable component in cash of directors' remuneration must be determined annually by the Remuneration Committee, based on the criteria described in the Remuneration Policy and in point 70 of the Corporate Governance Report. Given the specific context of the Company, namely due to the implementation of the ongoing strategic plan (Strategic Update 2019+), the Remuneration Committee decided in 2023 that all variable remuneration would be attributed via plans based on Novabase shares, namely participation in the Company's Stock Option Plan approved at the General Meeting of 26 September 2019. Indeed, 600,000 options on Novabase shares were granted during the 2023 financial year, under the Stock Option Plan, to the managing directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira and to the directors with special duties Francisco Paulo Figueiredo Morais Antunes and María del Carmen Gil Marín, as shown in the table below.

The total variable remuneration in cash referring to the performance of Novabase directors throughout the year 2022 was €0 (zero Euros), which compares with €0 (zero Euros) relating to the 2021 performance. Thus, the variable remuneration in cash paid in 2023 corresponds to only 1/6 of the variable remuneration in cash allocated for 2020 in 2021 and 1/6 of the amount allocated for 2019 in 2020.

It should also be noted that the Remuneration Committee decided in 2023 to channel 20% of amounts attributed as fixed remuneration for 2023 to each of the directors with executive functions and to the directors with special responsibilities to reinforce capitalization insurance contributions currently in effect at the Company in substitution of paying that part of fixed remuneration.

The remuneration paid by Novabase S.G.P.S. in 2023 to the acting directors of the Company at 31 December 2023 are as follows:

Directors [1]	Fixed annual remuner. (€) [2]	Annual variable remuner. in cash paid in 2023 (€) [3, 4]	Total partial (fixed + variable in cash paid in 2023) (€)	Variable in cash paid in 2023 / Total partial (%)	Deferred annual variable remuner. (€) [5]	Variable remuner. No. Options
Luís Paulo Cardoso Salvado	340,200	151,548	491,748	30.82	53,027	250,000
Álvaro José da Silva Ferreira	283,500	94,970	378,470	25.09	33,230	200,000
Executives Total	623,700	246,518	870,218	28.33	86,257	450,000
(% total)	52.01	53.74	52.49		53.74	
María del Carmen Gil Marín	189,000	75,774	264,774	28.62	26,513	75,000
Francisco Paulo Figueiredo Morais Antunes	189,000	75,774	264,774	28.62	26,513	75,000
José Afonso Oom Ferreira de Sousa	44,100	30,309	74,409	40.73	10,605	-
Pedro Miguel Quinteiro Marques de Carvalho	44,100	30,309	74,409	40.73	10,605	-
Madalena Paz Ferreira Perestrelo de Oliveira	44,100	-	44,100	-	-	-
Benito Vázquez Blanco	44,100	-	44,100	-	-	-
Rita Wrem Viana Branquinho Lobo C. Rosado	21,000	-	21,000	-	-	-
Non-Executives Total	575,400	212,166	787,566	26.94	74,237	150,000
(% total)	47.99	46.26	47.51		46.26	
TOTAL	1,199,100	458,684	1,657,784	27.67	160,493	600,000

[1] Director Rita Wrem Viana Branquinho Lobo Carvalho Rosado, elected in the annual General Meeting of 25 May 2021, received amounts in 2023 through other Group companies in reference to her duties as Head of Legal at the Novabase Group. These amounts are not shown in this table, and are presented below.

[2] The amount shown includes amounts attributed as fixed remuneration in the Remuneration Committee meeting of 1 June 2023, which were channelled to retirement supplements by reinforcing capitalization insurance contributions currently in effect at the Company, substituting payment of that part of fixed remuneration - namely, Luís Paulo Cardoso Salvado (€68,040), Álvaro José da Silva Ferreira (€56,700), María del Carmen Gil Marín (€37,800) and Francisco Paulo Figueiredo Morais Antunes (€37,800).

[3] The amount shown represents the total amount paid to each director in 2023 (excluding the variable component based on stock options, as applicable): 1/6 of the amount allocated for 2020 in 2021 and 1/6 of the amount allocated for 2019 in 2020.

[4] Amount used to reinforce capitalization insurance contributions currently in effect at the Company.

[5] Amounts allocated for 2020 in 2021, according to the criteria disclosed in the Corporate Governance Report of the respective year.

During the 2023 financial year, directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira exercised their stock options (respectively, 500,000 options and 400,000 options, granted in 2021 and 2022) under the following terms:

- For 50% of the options subject to exercising (250,000/Luís Paulo Cardoso Salvado, 200,000/Álvaro José da Silva Ferreira), via net share settlement, resulting in the allotment of 178,056 and 142,445 ordinary Novabase shares to Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira respectively, using the calculation formula in the Plan's regulation, that is, a total of 320,501 ordinary Novabase shares;
- For the remaining 50%, via net cash settlement, resulting in a payment to Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, respectively, of €856,936.97 and €685,548.62, using the calculation formula in the Plan's regulation, that is, a total of €1,542,485.59.

Also during 2023, the directors María del Carmen Gil Marín and Francisco Paulo Figueiredo Morais Antunes exercised their stock options (75,000 each one, granted in 2022) under the following terms:

- For 50% of the options subject to exercising (corresponding to 37,500 options by director), via net share settlement, resulting in the allotment of 26,709 ordinary Novabase shares to each director, using the calculation formula in the Plan's regulation, that is, a total of 53,418 ordinary Novabase shares; and
- For the remaining 50%, via net cash settlement, resulting in a payment of €128,535.25 to each director, using the calculation formula in the Plan's regulation, that is, a total of €257,070.50.

The exercise of options in 2023 resulted in a total of 373,919 ordinary shares allotted and a total amount paid of €1,799,556.09.

The table below shows remuneration paid by Novabase S.G.P.S. in 2023 to directors of the Company who ceased office in previous years:

Directors	Fixed annual remuner. (€)	Annual variable remuner. in cash paid in 2023 (€)	Total partial (fixed + variable in cash paid in 2023) (€)	Variable in cash paid in 2023 / Total partial (%)	Deferred annual variable remuner. (€)
Paulo Jorge de Barros Pires Trigo [6]	-	42,423	42,423	100.00	33,528
João Nuno da Silva Bento [6]	-	151,548	151,548	100.00	53,027
TOTAL	-	193,971	193,971	100.00	86,555

[6] Ceased office at the General Meeting of Shareholders of 25 May 2021. The amounts indicated refer to the years in which he held the position of director in this Company, as disclosed in the Corporate Governance Reports of previous years.

In 2023, 91,539 ordinary shares were transferred to former director Paulo Jorge de Barros Pires Trigo, attributed in 2020 following the exercise of the options held by him, which were being retained by Novabase, in accordance with the Regulation. Along with the transfer of ownership of the retained shares, an amount equivalent to the dividends paid to shareholders during the period of retention of the shares was also paid, that is, €77,808.15, as provided for in the Regulation.

In 2023, an additional amount of €17,752.72 was paid to the 2023 acting members of the Board of Directors in meal allowances. There are no relevant amounts of non-monetary benefits considered as remuneration and not covered by the previous situations.

There are no formal mechanisms regulating the possibility of requesting reimbursement for the variable remuneration received by Novabase directors. Even so, per the general guiding principles of Novabase's remuneration policy, when the Company's performance is a determining criterion for variable remuneration, any downgrading in performance may justify limits upon this remuneration, in view of the specific circumstances.

The members of Novabase's Board of Directors are paid exclusively by this entity, and do not receive additional remuneration of any kind from other companies that are controlled by or part of the Novabase Group, nor from any company subject to shared control with Novabase, except for the remuneration referred to in the following table.

Directors	Fixed annual remuner. (€)	Annual variable remuner. in cash paid in 2023 (€)	Total partial (fixed + variable in cash paid in 2023) (€)	Variable in cash paid in 2023 / Total partial (%)	Deferred annual variable remuner. (€)
Rita Wrem Viana Branquinho Lobo C. Rosado [7]	79,796	30,524	110,321	27.67	-

[7] Amount paid by Celfocus, S.A., a company owned (indirectly) in 90.1% by Novabase S.G.P.S., S.A., referring to the remuneration earned for holding the position of Head of Legal of Novabase Group under a service provision agreement.

In 2023, no additional remuneration was awarded in the form of profit sharing and/or payment of bonuses. No compensations were paid, nor are any compensations owed, to former executive directors as a result of their duties no longer being performed in 2023.

ii) Balances and transactions with related parties

Group companies have commercial relations with each other that qualify as related parties transactions. In consolidation, all of these transactions are eliminated, since the consolidated financial statements disclose information regarding the holding company and its subsidiaries as if they were a single entity.

Balances and transactions with related parties are as follows:

	Trade and other receivables		Trade and other payables	
	31.12.23	31.12.22	31.12.23	31.12.22
Associates	-	-	-	-
Other participated companies	-	1	-	-
	-	1	-	-
Impairment allowances for trade and other receivables	-	-		
	-	1		

	Services rendered		Supplementary income		Interest received		Purchases	
	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22	31.12.23	31.12.22
Associates	-	45	-	-	-	-	-	-
Other partic. companies	56	57	-	5	7	5	1	-
	56	102	-	5	7	5	1	-

Accounts receivable and payable with related parties are cash settled and are not covered by any guarantees.

iii) Other balances with related parties

	Non-current (note 11)		Current (note 13)	
	31.12.23	31.12.22	31.12.23	31.12.22
Associates	-	-	-	-
Other participated companies				
Loan to Powergrid, Lda.	2,050	2,050	-	-
Loan to Bright Innovation, Lda.	1,477	1,477	-	-
Loan to Radical Innovation, Lda.	-	994	994	-
Loan to Power Data, Lda.	-	1,242	-	-
Loan to Glarevision, S.A. (note 39, B)	-	180	-	-
	3,527	5,943	994	-
Impairment allowance for loans to related parties	(2,978)	(4,262)	(472)	-
	549	1,681	522	-

These loans take the legal form of quasi-equity supplementary payments.

In addition to balances and transactions described in the tables above, no other balances or transactions exist with the Group’s related

38. Discontinued operations

NEOTALENT BUSINESS

In October 2023, Novabase entered into a sale and purchase agreement with Conclusion Group B.V. of its IT Staffing business through the disposal of all 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 (see note 6).

The agreed initial price was €49.4m, subject to certain adjustments provided for in the Agreement, to which a potential earn-out of up to €0.95m may be accreted, depending on full compliance with the Transitional Services Agreement (“TSA”) entered into in the context of this transaction, the maximum duration of which being 18 months.

Following this agreement, the Group discontinued its IT Staffing business for Portugal, Spain and Angola, which was developed in the subsidiaries within the scope of the agreement but also in the Angolan subsidiary NBASIT-Sist. de Inf. e Telecomunic., S.A., for which the Group expects to cease operations in the short term through the sale of the company.

The sale was substantially completed by the end of November, after verification that the conditions precedent to the contract had been met namely the approval of the Competition Authority, and culminated with the press release to the market on 18 December 2023. The price paid on this date by the buyer was €51.1m, comprising certain adjustments to the initial price. The final price is still subject to positive or negative adjustments, resulting from the determination of the price clauses under the terms of the Agreement.

Thus, Novabase recorded, with reference to 30 November 2023, a capital gain on the sale of the IT Staffing Business to Conclusion in the amount of €39,760k. The gain on the sale includes the following effects: i) write-off of goodwill allocated to Neotalent in the amount of €3,386k; ii) transaction costs of €1,383k; and iii) a provision for Reps & Warranties of €344k. The gain does not consider any amount for the potential earn-out, as disclosed in note 40.

Given that the subsidiary NBASIT-Sist. de Inf. e Telecomunic., S.A. was not sold nor was substantially liquidated on 31 December 2023, having operated in the year at levels similar to 2022 (see note 6), the negative exchange differences reserve associated with the operation of IT Staffing in Angola, in the amount of €5.6m at the date of Neotalent's sale, was not considered in determining the capital gain. In light of IFRS standards, this exchange differences reserve will be recognised in profit or loss, with a negative impact, upon sale or upon complete or substantially complete liquidation of this subsidiary. The respective assets and liabilities, in the net book value of €1,127k, were classified as 'Assets from discontinued operations' and 'Liabilities from discontinued operations', presented separately, as current, in the consolidated financial statements at 31 December 2023.

The effect of Neotalent's disposal on the financial position of the Group can be found in section A. of this note.

GTE BUSINESS

In March 2023, the Group sold its 74.0% stake in the Mozambican subsidiary NBMSIT, Sist. De Inf. E Tecnol., S.A. (see note 6) to Lucas Fazine Chacine, director and shareholder of this company with 18% of the share capital, by a consideration of €5k, paid at the signing date of the Agreement, not subject to further price adjustments. In the context of this transaction, the subsidiaries Novabase Business Solutions, S.A. and NOVABASE IMS 2, S.A. also carried out the definitive transfer of credits held on NBMSIT for services rendered under the Group's previous policy of incentives for entering and developing the Mozambican market, by an amount of €10k, not subject to any adjustment or reversal due to the effective collection of assigned credits.

As such, the assets and liabilities of the Mozambican operation that were presented under discontinued operations were considered in determining the loss recorded in this transaction, which amounted to €190k. The consideration received in cash was €5k, and the cash disposed of in the sale of the subsidiary was €3k.

In 2023, the following developments also occurred in the Group's discontinued operations:

- COLLAB: Novabase was informed by the buyer Netadmin System i Sverige AB of the determination of the Third (and final) Additional Purchase Price on the sale of Collab, in the amount of €248k, resulting in an adjustment to the gain on the sale of €194k. Additionally, provisions for R&W in the amount of €60k were reversed considering the elapsed warranty period.
- GTE BUSINESS: The balances of €215k were received and paid (see notes 13 and 24), corresponding to an amount retained by VINCI Energies Portugal, S.A. and indexed to the acquisition by Novabase of 9.9% of Novabase Digital, S.A. from minority shareholders (condition precedent to the GTE business sale), in accordance with the terms set out in the agreement. Additionally, R&W provisions increased by €104k in the year, considering the €407k reclassification between provisions and liabilities from discontinued operations (note 22).

The financial information on discontinued operations by subsidiary / business sold can be presented as follows:

	31.12.22				
	NEOTALENT	COLLAB	GTE	IMS	Novabase
Results from discontinued operations:					
Revenue	43,124	-	-	28	43,152
Expenses	(38,764)	478	624	16	(37,646)
Results from operating activities	4,360	478	624	44	5,506
Income tax	(890)	-	(4)	-	(894)
Results from operating activities, net of tax	3,470	478	620	44	4,612
Gain/(loss) on sale of Business	-	997	-	-	997
Income tax on gain on sale of Business	-	-	-	-	-
	3,470	1,475	620	44	5,609
Assets and liabilities from discontinued operations:					
Assets from discontinued operations	-	-	268	-	268
Liabilities from discontinued operations	-	(120)	(1,848)	-	(1,968)
	-	(120)	(1,580)	-	(1,700)
Cash flows from (used in) discontinued operations:					
Net cash from (used in) operating activities	657	(219)	(999)	19	(542)
Net cash from (used in) investing activities	(57)	1,061	-	-	1,004
Net cash used in financing activities	(163)	-	(9)	-	(172)
	437	842	(1,008)	19	290

	31.12.23				
	NEOTALENT	COLLAB	GTE	IMS	Novabase
Results from discontinued operations:					
Revenue	43,184	-	-	-	43,184
Expenses	(37,957)	60	259	-	(37,638)
Results from operating activities	5,227	60	259	-	5,546
Income tax	(1,279)	-	-	-	(1,279)
Results from operating activities, net of tax	3,948	60	259	-	4,267
Gain/(loss) on sale of Business	39,760	194	(190)	-	39,764
Income tax on gain on sale of Business	-	-	-	-	-
	43,708	254	69	-	44,031
Assets and liabilities from discontinued operations:					
Assets from discontinued operations (1)	1,373	-	-	-	1,373
Liabilities from discontinued operations	(590)	(60)	(1,132)	-	(1,782)
	783	(60)	(1,132)	-	(409)
Cash flows from (used in) discontinued operations:					
Net cash from (used in) operating activities	300	-	(28)	9	281
Net cash from investing activities (2)	48,323	212	2	-	48,537
Net cash used in financing activities	(377)	-	(9)	-	(386)
	48,246	212	(35)	9	48,432

(1) Include €1,130k of Cash and cash equivalents.

(2) Neotalent: includes the consideration of €51,108k, net of cash disposed of in the amount of €2,978k; GTE (NBMSIT): corresponds to the consideration of €5k, deducted from the cash sold of €3k.

A. Effect of Neotalent's disposal on the financial position of the Group

		30.11.23
	Property, plant and equipment (note 7)	(230)
(*)	Intangible assets (note 8)	(3,508)
	Financial assets at fair value through profit or loss (note 9)	(133)
	Deferred tax assets (note 10)	(122)
	Trade and other receivables	(11,036)
	Accrued income	(2,120)
	Other current assets	(406)
	Cash and cash equivalents	(2,978)
	Borrowings (note 21)	178
	Provisions (note 22)	153
	Trade and other payables	8,799
	Income tax payable	251
	Deferred income and other current liabilities	1,139
	Net assets	(10,013)
	Net assets attributable to NCI	(392)

(*) Includes the goodwill allocated to Neotalent GCU, in the amount of €3,386k - see note 8.

39. Fair value measurement of financial instruments

The Group's financial assets and liabilities measured at fair value are the following:

- Derivative financial instruments (assets and liabilities) – Refer to the forward foreign exchange contracts ('FX Forwards') used to manage the Group's exposure to foreign exchange risk (see note 15). Although contracted to hedge foreign exchange risks according to the Group’s financial risk management policies, changes in fair value of these derivatives are included in the consolidated statement of profit or loss (see note 2.21).
- Financial assets at fair value through profit or loss – This category includes certain interests of the Group in companies mainly held through its Venture Capital Funds, NB Capital Inovação e Internacionalização and Novabase Capital +Inovação, and the participation units held in FCT - Labour Compensation Fund (see note 9).

The Group classifies its financial instruments into the three Levels of fair value hierarchy prescribed under the accounting standards:

- Level 1: The fair value of financial instruments is based on quoted prices in active and liquid markets at the reporting date.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Main inputs used on these valuation models are based on observable market data.
- Level 3: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, and the main inputs are not based on observable market data.

At 31 December 2023 and 2022, the Group's financial assets and financial liabilities measured and recognised at fair value on a recurring basis are as follows:

	31.12.23			31.12.22		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value						
Financial assets at fair value through profit or loss	608	-	13,271	746	-	13,215
Derivative financial instruments	-	246	-	-	763	-
	608	246	13,271	746	763	13,215
Financial liabilities at fair value						
Derivative financial instruments	-	112	-	-	260	-
	-	112	-	-	260	-

The Group also has a number of financial instruments which are not measured at fair value in the statement of financial position. At 31 December 2023, the fair values of these instruments are not materially different to their carrying amounts, since the interest receivable / payable is either close to current market rates or the instruments are short-term in nature.

A. Valuation techniques

Specific valuation techniques used to determine fair values of financial instruments include:

- For FCT participation units – fair value is based on the observable quote of the Participation Units (PU's) at the reporting date (Level 1 in the fair value hierarchy).
- For derivative financial instruments (namely the FX Forwards) – fair value is calculated by using the Market-to-Market (MtM) quotes provided by the dealers with whom those transactions were entered with. Those valuations represent the dealers current estimate of the value of the transaction or instrument as at the specified date (Level 2 in the fair value hierarchy).
- For other financial instruments (where the participated companies of the funds FCR NB Capital Inovação e Internacionalização and FCR Novabase Capital +Inovação', and of Novabase Capital S.C.R., S.A., are included) – fair value is determined using valuation models and financial theories in which the significant inputs are unobservable (Level 3 in the fair value hierarchy). The discounted cash flow method is used, considering a 5-year business plan forecasted by Management.

B. Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the movements in Level 3 instruments during 2023 and 2022:

	31.12.23	**31.12.22**
Balance at 1 January	13,215	12,925
Acquisitions	208	87
Disposals	(396)	(63)
Profit or loss charge	244	266
Balance at 31 December	13,271	13,215

Acquisitions in 2023 refer to the investment in Glarevision, S.A., following the conversion of quasi-equity supplementary payments plus interest into equity (see note 37, iii)), while disposals concern to the dissolution of FCR Istart I, which generated a loss of €100k (see note 31) and a cash inflow of €296k.

Net fair value adjustments of Level 3 instruments recorded in the year essentially reflect the appreciation of investments in Feedzai, S.A. (€239k), Habit Analytics PT, Lda. (€17k) and Aixtel, S.A. (€6k), partially cancelled due to the devaluation of the investment in Globaleda, S.A. (-€17k). Positive fair value adjustments were recognised in profit or loss and included in 'Finance income' (see note 30), while negative fair value adjustments were recognised in profit or loss and included in 'Finance costs' (see note 31).

There were no transfers between the Levels 3 and 2 for the purposes of fair value measurement in the 2023. There were also no changes made to any of the valuation techniques applied as of 31 December 2022.

The quantitative information about the significant unobservable inputs used in Level 3 fair value measurement of Feedzai, S.A., the main asset in this category representing approximately 89% of these instruments at 31 December 2023, as well as the relationship of some of those unobservable inputs to fair value is set out below.

	Feedzai	
	31.12.23	**31.12.22**
Discount rate (post-tax)	16.1%	13.7%
Perpetuity growth rate	0.5%	0.5%
Average annual growth rate of turnover	41.3%	32.6%

According to sensitivity analyses performed, a possible increase or decrease of 1 percentage point in WACC would result in a Feedzai's fair value change of approximately -€871k and +€1,001k, respectively. As for a possible increase or decrease of 0.5 percentage point in the perpetuity growth rate implicit in the calculation of the Terminal Value of the valuation, with all other variables held constant, would result in a fair value change of approximately +€281k and -€263k, respectively.

The Group has a team responsible for the Level 3 fair value measurements of the companies held mainly by the funds NB Capital Inovação e Internacionalização and Novabase Capital +Inovação, which reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every six months, in line with the Group's half-yearly reporting periods to the market.

The main Level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: These are determined by calculating the weighted average cost of capital ("WACC") for each participated company in each Fund. To calculate the cost of capital, the return on the risk-free asset corresponds to the average yield of the 10-year Portuguese Bonds for the 5 years previous to valuation (risk-free), plus the risk premium for Portugal (Market Risk Premium) at the time of valuation, where the risk factor referring to the participated company (beta) is obtained through the average of comparable companies listed in the stock markets. Finally, a conservative risk premium (alpha) is added to the cost of capital. The alpha component reflects factors that are not captured by beta, that is, it adjusts the cost of capital to company-specific risks, unsystematic or idiosyncratic risks. To calculate the cost of the financial debt of each participated company, the risk-free cost of capital is used, to which a spread is added depending on the risk rating of the participated company to be evaluated, all adjusted by the corporate tax rate to be paid.
- Growth rates of turnover: The evolution of this indicator is made individually for each participated company after an in-depth analysis of the evolution of each company's business as well as its growth prospects. The growth prospects of the market as a whole in which the participated company operates are also taken into account, considering not only the growth of the market itself but also the evolution of the company's product and its fit in the market and prospects for expansion into new markets.
- Perpetuity growth rates: In all participated companies, the perpetuity growth rate is +0.5%.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates): Adjustments for risks specific to the counterparties are mostly reflected in the discount rates calculated for each participated company. Novabase's valuation team analyses the several risks of each company individually, reflecting the necessary adjustments to the WACC, whenever justified.

Changes in Level 2 and 3 fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO and the valuation team. As part of this discussion, it is considered whether the inputs of the models initially used in its measurement became, for instance, observable and whether they have adherence to the financial instrument under analysis. If the inputs are observable and representative, Novabase changes the category from Level 3 to Level 2.

40. Contingencies

At 31 December 2023, the Group was part in the following legal process:

- The Company has been served a notice from the Ghana High Circuit Court - Commercial Division, of a lawsuit filed by Rhema Systems Associates Ltd, Novabase's partner in Ghana, for the payment of amounts that it considers to be due for profit sharing in the scope of some business contracts signed with customers. The global amount claimed is $1,568,801.76. According to Rhema's allegations, the distribution of profit was not made according to the terms agreed upon in the partnership contract, existing to date divergence as to the executed terms. The case is being dealt with by the Ghana High Circuit Court - Commercial Division. The judicial process has been suspended because the parties opted to initiate a mediation procedure, involving an external mediator from the University of Ghana Law School, with a view to negotiating an agreement between the parties, however no consensus could be reached, whereby the case is now back to the judicial courts, pending court hearings and Novabase to present is counter arguments and defence. There are provisions (included in note 38) for probable liabilities associated with the process, and additional costs to those already included in these accounts are not expected.

Additionally, in the course of its activity, Novabase is exposed to risks of a civil, labour, contractual nature, among others, whose probability of outcome is evaluated using legal advisors, whenever applicable. At 31 December 2023, the contingencies graded as possible amounted to about €6.2m (31.12.22: €7.1m). Probable contingencies are recorded under the heading 'Provisions' (note 22) or under the heading 'Liabilities from discontinued operations' (note 38).

In the sale of Novabase Neotalent, S.A. (note 38) it was agreed that Novabase may receive an earn-out of up to €0.95m, depending on full compliance with the Transitional Services Agreement signed on the same date, which was considered a contingent asset as it is not possible to estimate its amount at this date.

41. Additional information required by law

In accordance with article 508-F of the Portuguese Commercial Companies Code, we hereby inform of the following:

(i) In addition to all operations described in the notes above, as well as in the Management's Report, there are no other operations considered relevant which are not already contained either in the consolidated statement of financial position or its notes;

(ii) The total remuneration of the Statutory Auditor in 2023 was €140,428, from which €132,500 correspond to statutory auditing services, €5,000 relate to reliability assurance services that concern the issuance of limited and reasonable assurance reports within the scope of applying for incentives under the PRR - Recovery and Resilience Plan and €2,928 relate to services other than statutory auditing services relating to the registration of Novabase employees in a training session given by KPMG to various clients on ESG and the provision of services for agreed-upon procedures relating to the assessment of the entity's financing capacity in the context of applying for PRR (2022: €123,300 regarding to the legal accounts audit services and €4,000 relating to spin-off-merger and liquidation opinions required by law under the terms of the legal provisions of the Commercial Companies Code);

(iii) Note 37 of the Notes to the Consolidated Financial Statements includes all the related parties' disclosures, in accordance with the International Financial Reporting Standards.

42. Events after the reporting period

The following relevant events took place in 2024, up to the date of issue of this report:

- **Qualified holding**

On 12 February 2024, Novabase disclosed to the market that it has received, from Isatis Investment Classic Blue Fund, the communication of qualified holding, pursuant to which it was informed that the referred Fund holds 5% of Novabase's share capital.

- **Remuneration to shareholders of up to €1.79 per share**

On 15 February 2024, Novabase announced the intention of its Board of Directors to propose to the 2024 annual General Meeting the payment of a shareholder remuneration of up to €1.79 per share, subject only to possible adjustments due to the final configuration of balance sheet items. This corresponds to the distribution of up to €46.3m to shareholders, an amount equivalent to around 98.4% of the consolidated net profit for 2023.

The same press release informs that the Board of Directors is evaluating the possibility of this remuneration being paid, in whole or in part, in kind, in new Novabase shares to be issued for this purpose, of the same category as the existing ones, upon option of the shareholder who expresses this intention to the Company, in accordance with the information to be provided until the Call.

43. Note added for translation

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

II. REPORTS ISSUED BY THE SUPERVISORY BOARD AND BY THE CMVM REGISTERED AUDITOR

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REPORT AND OPINION OF THE AUDIT BOARD ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NOVABASE – SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023

To the Shareholders,

INTRODUCTION

In compliance with the Law and for the purposes of paragraph g) of article 420 of the Portuguese Companies Code and the Company's bylaws, the Audit Board hereby presents for appreciation its Report on the supervising activity that was carried out and issues its Opinion on the Management Report and Consolidated Financial Statements of Novabase – Sociedade Gestora de Participações Sociais, S.A. for the financial year ended on 31 December 2023.

ACTIVITIES CARRIED OUT

Supervision of the Company

During the financial year, the Audit Board regularly followed up the evolution of the company's business and the business of its subsidiaries, ensuring compliance with the law and the relevant bylaws, and monitored the Company's management, the efficiency of the risk management and internal control systems and the preparation and disclosure of financial information, as well as the regularity of the accounting records, the accuracy of the consolidated financial statements and the accounting policies and metrical valuation criteria adopted by the company, in order to verify that they lead to an adequate expression of its consolidated assets, results and cash flows.

During the year, the Audit Board met six times and the respective meetings were formally recorded in minutes. At these meetings there was an attendance of 100% by the Chairman and Fátima Farinha and 83% by João Duque.

Additionally, the Audit Board participated in the Board of Directors meeting that approved the Management Report and the Consolidated Financial Statements for the financial year 2023.

Within its duties, the Audit Board maintained the necessary contacts with the representatives of the Chartered Accountants Company and External Auditor, in order to monitor the planning and audit work that was carried out and to take note of the respective findings. The meetings held with the representatives of the Chartered Accountants Company and External Auditor enabled the Audit Board to reach a positive opinion on the integrity, rigor, skill, quality of work and objectivity with which they carried out their work, as well as the reliability of the financial information.

Relevant matters concerning auditing were also analysed with the representatives of the Chartered Accountants Company and External Auditor; the Audit Board refers to their report on the consolidated financial statements for the description of the essential elements subject to analysis.

During the meetings of the Audit Board, the main risks affecting Novabase - Sociedade Gestora de Participações Sociais, S.A. and the companies included in the consolidation perimeter were analysed and discussed with Management and the Statutory Auditor, based on presentations prepared by these corporate bodies. The Audit Board considers that it has obtained the explanations and clarifications considered relevant.

Communication of irregularities

The Audit Board declares that during the financial year 2023 it has not received, through the means defined for this purpose, any communication of irregularities.

Related Party Transactions

During the 2023 financial year, no related party transactions, in accordance with the regulation in force, were submitted to assessment by the Audit Board.

Independence of the External Auditor

The Audit Board received the statement by the Statutory Auditor confirming its independence in relation to the Company and communicating all relationships that may be perceived as a threat to its independence, as well as the safeguards that were implemented.

RESPONSIBILITY STATEMENT

Pursuant to paragraph 1/c) of article 29-G of the Portuguese Securities Code, applicable by virtue of paragraph 1/a) of article 8 of the CMVM Regulation no. 1/2023 of 26 April (Information Duties), we hereby declare that, to the best of our knowledge and belief, the aforementioned financial statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, giving a true and appropriate view of the assets and liabilities, financial position and results of Novabase - Sociedade Gestora de Participações Sociais, S.A. and the companies included in the consolidation perimeter, and the management report faithfully describes the evolution of the business, performance and position of Novabase - Sociedade Gestora de Participações Sociais, S.A. and the companies included in the consolidation perimeter, containing an adequate description of the main risks and uncertainties which they face.

OPINION

The Audit Board analysed the Management Report and the Consolidated Financial Statements for the 2023 financial year, which comprise the Consolidated Statement of Financial Position as at 31 December 2023, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows, as well as the accompanying notes, which were prepared in accordance with the International Financial Reporting Standards, as adopted in the European Union.

Within its duties the Audit Board has analysed the Legal Certification of Accounts and the Audit Report on the Consolidated Financial Information for the 2023 financial year, prepared by the Statutory Auditor, document which does not present any reservation and with which the Audit Board agrees.

The Audit Board further analysed the Corporate Governance Report for the 2023 financial year, which is attached to the Management Report prepared by the Board of Directors in compliance with the CMVM Regulation no. 4/2013 (Corporate Governance of Listed Companies), and the Audit Board certifies that it includes all the elements referred to in article 29-H of the Portuguese Securities Code.

In this context, it is the Audit Board's opinion that:

- There are no objections to the approval of the Management Report for the 2023 financial year;
- There are no objections to the approval of the Consolidated Financial Statements for the 2023 financial year.

Lisbon, 29 April 2024

The Audit Board

Álvaro José Barrigas do Nascimento - Chairman

Fátima do Rosário Piteira Patinha Farinha – Member

João Luís Correia Duque - Member

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KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A.
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STATUTORY AUDITORS' REPORT and AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Novabase, Sociedade Gestora de Participações Sociais, S.A.** (the Group), which comprise the consolidated statement of financial position as at December 31, 2023 (showing a total of 176,667 thousand euros and total equity of 87,096 thousand euros and a profit for the year attributable to owners of the parent of 47,058 thousand euros), the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of **Novabase, Sociedade Gestora de Participações Sociais, S.A.** as at December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section below. We are independent of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition (Euro 132,556 thousand)

See Note 5 to the consolidated financial statements

The Risk	**Our response to the identified risk**
The revenue recognition policy for advisory projects on a turn key basis, which represent a significant part of the Group's business, requires judgment as disclosed in Note 4 (d) of the notes to the consolidated financial statements. The recognition of such projects overtime in accordance with the applicable accounting policy, as described in Note 2.18 (a), involves qualitative factors such as estimated billing, costs to be incurred, including contingency values for contractual risks, which justify that the revenue recognition has been considered a key audit matter.	Our audit procedures included, amongst others, those that we describe below: • We have analyzed the revenue recognition policy adopted by the Group with reference to the applicable accounting standards; • We have evaluated the design and implementation and operational effectiveness of relevant controls, including application controls and general IT controls, related to the revenue recognition process; • We have critically analyzed the estimates and key assumptions made by the management, namely regarding estimated billing, costs to be incurred and contingencies; • We have performed substantive analytical procedures and tests of detail to the accounting records in order to identify and test the risk of fraud and potential management override of controls; and, • We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

KPMG

Recoverability of deferred tax assets (Euro 6,945 thousand)	
See Note 10 to the consolidated financial statements which describes the amount of deferred tax assets related to tax benefits arising from Research and Development projects presented under the SIFIDE incentive scheme.	
The Risk	**Our response to the identified risk**
Deferred tax assets recorded by management are based on its best estimate of the timing and future amounts required for their recovery, using assumptions that require judgment, as mentioned in Notes 2.14 and 4 (c). The materiality of the amounts recognized in the financial statements and the degree inherent to the judgment justify that the recoverability of deferred tax assets has been considered as a key audit matter.	Our audit procedures included, amongst others, those that we describe below: • We have evaluated the design and implementation and operational effectiveness of key controls implemented by the Group in connection with this matter and have analyzed the budgeting procedures on which the projections are based, by comparing the current performance with estimates made in prior periods; • We have analyzed the methodology used by management to assess the recoverability of deferred tax assets, namely projections of taxable income; • We have analyzed the assumptions underlying the financial projections, including inflation rate, turnover growth rate and perpetuity growth rate; • We have performed sensitivity analyses on management assumptions; • We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

Disposal of the IT Staffing business (capital gain of Euro 39,760 thousand)	
See Notes 6, 38 and 40 to the consolidated financial statements	
The Risk	**Our response to the identified risk**
During the year ended December 31, 2023, the Group sold the IT Staffing business through the sale of all the shares held in Novabase Neotalent, S.A. This transaction resulted in a capital gain of Euro 39,760 thousand. The Group considered the operation as a discontinued operation and the comparative information has been restated accordingly. This transaction is a key audit matter given the materiality of the impacts on the consolidated financial statements and management's judgment in estimating the final price of the transaction.	Our audit procedures included, amongst others, those that we describe below: • We have obtained and analysed the supporting documentation of the transaction, namely the Share Sale and Purchase Agreement and the Transitional Service Agreement; • We have obtained and analysed the communications between the Group and the buyer regarding the price adjustment, as established in the Share Sale and Purchase Agreement; • We have assessed the bases and assumptions considered by the Board of Directors in determining the transaction price, with regard to the estimate of future adjustments to the price. We have validated the calculations underlying this estimate and inquired the Group's legal advisors about the interpretation of the requirements set out in the Share Sales and Purchase Agreement; • We have analysed the appropriate identification of the assets and liabilities sold; • We have assessed any liabilities that should be recorded or disclosed as a result of representations and warranties granted to the buyer; • We tested the mathematically accuracy of the capital gain from the transaction; • We have assessed compliance with the criteria for classifying these operations as discontinued; • We have assessed the potential impact of currency translation reserves recorded in the financial statements and respective disclosure; and, • We have assessed the adequacy of the respective disclosures in the financial statements including the contingent consideration relating to the earn-out, in accordance with the applicable accounting standards.

Responsibilities of management and the supervisory body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's consolidated financial position, financial performance and the consolidated cash flows, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the preparation of the consolidated management report, the corporate governance report, the consolidated non-financial information and the remunerations' report, in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error;
- adoption of accounting policies and criteria that are appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the consolidated management report is consistent with the consolidated financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the consolidated non-financial information and the remunerations report were presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

Pursuant to article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the consolidated management report was prepared in accordance with the applicable legal and regulatory requirements, the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatements. As defined in the article 451, nr. 7 of the Portuguese Companies' Code, this opinion is not applicable to the non-financial statement that is included in the consolidated management report.

On the corporate governance report

Pursuant to article 451, nr. 4, of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Group to provide under article 29-H of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of nr. 1 of that article.

On the consolidated non-financial information

Pursuant to article 451, nr. 6, of the Portuguese Companies' Code, we inform that the Group has included in its consolidated management report the non-financial statement defined in article 508-G of the Portuguese Companies' Code.

On the remunerations' report

Pursuant to article 26-G, nr. 6, of the Securities Code, we inform that the Group has included in the corporate governance report in a separate chapter the remunerations' report with the information defined in paragraph nr. 2 of that article.

On the European Single Electronic Format (ESEF)

The consolidated financial statements of Novabase, Sociedade Gestora de Participações Sociais, S.A. for the year ended December 31, 2023 have to comply with the applicable requirements established by the European Commission Delegated Regulation 2019/815 of December 17, 2018 (ESEF Regulation).

Management is responsible for the preparation and presentation of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual report, have been prepared in accordance with the requirements of the ESEF Regulation.

Our procedures considered the OROC (Portuguese Institute of Statutory Auditors) technical application guide on ESEF reporting and included, amongst others:

- obtaining an understanding of the financial reporting process, including the presentation of the annual report in a valid XHTML format; and
- identifying and assessing the risks of material misstatement related to the tagging of information in the financial statements, in XBRL format using iXBRL technology. This assessment was based on an understanding of the information tagging process implemented by the Entity.

In our opinion, the consolidated financial statements, included in the annual report, are presented, in all material respects, in accordance with the requirements established by the ESEF Regulation.

On the additional matters provided in article 10 of the Regulation (EU) 537/2014

Pursuant to article 10 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of the Group in the shareholders general assembly held on April 29, 2015 for a first mandate from 2015 to 2017. We were appointed as auditors of the Group in the shareholders general assembly held on May 10, 2018 for a second mandate from 2018 to 2020. We were appointed as auditors of the Group in the shareholders general assembly held on May 25, 2021 for a third mandate from 2021 to 2023.
- Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISA we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Group on April 29, 2024.
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and we have remained independent of the Group in conducting the audit.

April 29, 2024

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(nr. 189 and registered at CMVM with the nr. 20161489)
represented by
Susana de Macedo Melim de Abreu Lopes
(ROC nr. 1232 and registered at CMVM with the nr. 20160843)

III. SECURITIES ISSUED BY THE COMPANY AND OTHER GROUP COMPANIES, HELD BY CORPORATE BODIES

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SECURITIES ISSUED BY THE COMPANY AND COMPANIES IN A CONTROL OR GROUP RELATIONSHIP WITH NOVABASE S.G.P.S., HELD BY MEMBERS OF THE CORPORATE BODIES OF NOVABASE S.G.P.S.

	Share capital	Total number of shares / quotas	No. shares / quotas held by corporate bodies at 31.12.22	Transactions	No. shares / quotas held by corporate bodies at 31.12.23	% held by corporate bodies at 31.12.23
Novabase S.G.P.S., S.A.	**€795,829**	**26,527,637**	**13,665,289**	**0**	**13,665,289**	**51.5%**
HNB - S.G.P.S., S.A. [a]			11,438,851	0	11,438,851	43.1%
Pedro Miguel Quinteiro Marques de Carvalho			2,097,613	0	2,097,613	7.9%
Manuel Saldanha Tavares Festas			74,986	0	74,986	0.3%
Francisco Paulo Figueiredo Morais Antunes			30,335	0	30,335	0.1%
María del Carmen Gil Marín			23,001	0	23,001	0.1%
João Luís Correia Duque			500	0	500	0.0%
Luís Paulo Cardoso Salvado			1	0	1	0.0%
Álvaro José da Silva Ferreira			1	0	1	0.0%
José Afonso Oom Ferreira de Sousa			1	0	1	0.0%
Benito Vázquez Blanco			0	0	0	0.0%
Rita Wrem Viana Branquinho Lobo Carvalho Rosado			0	0	0	0.0%
Madalena Paz Ferreira Perestrelo de Oliveira			0	0	0	0.0%
Álvaro José Barrigas do Nascimento			0	0	0	0.0%
Fátima do Rosário Piteira Patinha Farinha			0	0	0	0.0%
KPMG & Associados – S.R.O.C., represented by Susana de Macedo Melim de Abreu Lopes			0	0	0	0.0%
Maria Cristina Santos Ferreira			0	0	0	0.0%
NBASIT - Sist. Inf e Telecomunicações, S.A.	**AOA 47,500,000**	**100,000**	**800**	**0**	**800**	**0.8%**
Álvaro José da Silva Ferreira			400	0	400	0.4%
Luís Paulo Cardoso Salvado			200	0	200	0.2%
Francisco Paulo Figueiredo Morais Antunes			200	0	200	0.2%

[a] José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira are the controlling shareholders and directors of HNB - S.G.P.S., S.A., having entered into a shareholder’s agreement concerning the total share capital of this company.

Novabase reports in the above table the securities held directly by members of the Board of Directors and supervisory bodies of the Company or those closely related to them.

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STATEMENT OF COMPLIANCE

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

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Statement of the Board of Directors

(Free translation from the original version in Portuguese)

SIGNED ON THE ORIGINAL

Pursuant to the terms of section c) of paragraph 1 of article 29-G of the Portuguese Securities Code, the members of the Board of Directors and those responsible within Novabase, Sociedade Gestora de Participações Sociais, S.A., below identified, state, in the quality and scope of their duties as referred to therein, that, to the best of their knowledge and based on the information to which they had access, namely within the Board of Directors:

(i) the information contained in the management report, annual accounts, Auditors' Report and all other accounting documentation required by law or regulation, for the year ended 31 December 2023, was prepared in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, financial position and results of Novabase S.G.P.S., S.A. and the companies included in the consolidation perimeter; and

(ii) the management report faithfully states the evolution of the businesses, performance and position of Novabase S.G.P.S., S.A. and the companies included in the consolidation perimeter, containing (namely) an accurate description of the main risks and uncertainties which they face.

Lisbon, 29 April 2024

Luís Paulo Cardoso Salvado
Chairman and Director with delegated powers (CEO)

Álvaro José da Silva Ferreira
Director with delegated powers

Francisco Paulo Figueiredo Morais Antunes
Director with special responsibilities

María del Carmen Gil Marín
Director with special responsibilities

Rita Wrem Viana Branquinho Lobo Carvalho Rosado
Non-Executive member of the Board

José Afonso Oom Ferreira de Sousa
Non-Executive member of the Board

Madalena Paz Ferreira Perestrelo de Oliveira
Non-Executive member of the Board

Pedro Miguel Quinteiro Marques de Carvalho
Non-Executive member of the Board

Benito Vázquez Blanco
Non-Executive member of the Board

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Statement by the members of the Audit Board under paragraph 1/c) of article 29-G of the Portuguese Securities Code

Álvaro José Barrigas do Nascimento, chairman of the Audit Board of Novabase S.G.P.S., S.A. declares that, to the best of his knowledge, the information contained in the management report, the annual accounts, the chartered accountant legal certification and all other financial statement documentation regarding the year ended 31 December 2023 was drafted in accordance with the applicable accounting standards, give a true and appropriate view of the assets and liabilities, the financial position and the results of the issuer and, when applicable, of the companies included in the consolidation perimeter, and the management reports faithfully state the evolution of the businesses, performance and position of the issuer and, when applicable, of the companies included in the consolidation perimeter, containing a description of the main risks and uncertainties which they face.

Lisbon, 29 April 2024

Fátima do Rosário Piteira Patinha Farinha, member of the Audit Board of Novabase S.G.P.S., S.A. declares that, to the best of her knowledge, the information contained in the management report, the annual accounts, the chartered accountant legal certification and all other financial statement documentation regarding the year ended 31 December 2023 was drafted in accordance with the applicable accounting standards, give a true and appropriate view of the assets and liabilities, the financial position and the results of the issuer and, when applicable, of the companies included in the consolidation perimeter, and the management reports faithfully state the evolution of the businesses, performance and position of the issuer and, when applicable, of the companies included in the consolidation perimeter, containing a description of the main risks and uncertainties which they face.

Lisbon, 29 April 2024

João Luís Correia Duque, member of the Audit Board of Novabase S.G.P.S.,S.A. declares that, to the best of his knowledge, the information contained in the management report, the annual accounts, the chartered accountant legal certification and all other financial statement documentation regarding the year ended 31 December 2023 was drafted in accordance with the applicable accounting standards, give a true and appropriate view of the assets and liabilities, the financial position and the results of the issuer and, when applicable, of the companies included in the consolidation perimeter, and the management reports faithfully state the evolution of the businesses, performance and position of the issuer and, when applicable, of the companies included in the consolidation perimeter, containing a description of the main risks and uncertainties which they face.

Lisbon, 29 April 2024

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