ANNUAL REPORT 2021

PDF/printed version of the financial statements.
In the event of conflict between this version and the ESEF version, the later version prevails.

NOVABASE

2021

MANAGEMENT REPORT

NOVABASE

Page

CHAIRMAN AND CEO'S MESSAGE

Dear Shareholders,

Our 2021 results confirm that our strategy is suited to the challenges we face, revealing a good performance in our main indicators.

Our turnover was up 11%, with our international business approaching 60% of the total. Our EBITDA and our Net Profit increased 7% and 16%, respectively, with this last indicator more than doubling in terms of continuing operations. The Net Cash position totalled around €56 million.

Next-Gen business increased 15%, thanks to the strong expansion of our international operations by 20%. We won new flagship clients and enhanced our talent pool with 16% more specialists, despite the pandemic. In the Value Portfolio business, we got back to growth and improved profitability, recovering from the impacts of Covid-19 in 2020.

The second year of the pandemic continued to bring us challenges, given the constant ups and downs. The maturity of our remote working methodologies and the flexibility of the hybrid model we adopted allowed us to successfully overcome these adversities.

A new management term of office also began in 2021. The elected team – more diverse in expertise, experience and gender – has been committed to the sustained creation of value for NOVABASE and all its stakeholders, including society at large. We made relevant progress in environmental, social and governance (ESG) indicators, as described in the various sections of this document.

During 2021 the share price soared 60%, accrediting the work of our entire team, to whom I thank for their tremendous dedication in such demanding times.

Given the company's solid balance sheet, we will propose to the 2022 General Meeting of Shareholders a remuneration of €0.43 per share.

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

Unfortunately, at the beginning of the year, we were confronted by an unexpected military conflict in Europe and all its negative and tragic consequences, from a social, economic and, above all, human perspective. As of the date of issue of this Report, there is great uncertainty about how this whole situation will evolve.

Despite all of this, we will continue to execute our strategy, believing in our team's abilities to triumph over the difficulties that lie ahead.

Luís Salvado

HIGHLIGHTS 2021
ACTIVITY

STRATEGY EXECUTION 2019+
NEXT-GEN WITH GREAT MOMENTUM

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

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

VALUE PORTFOLIO BACK TO GROWTH

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

As global economy continues to open, Value Portfolio is well positioned for sustained growth and to generate value to fund Next-Gen strategy.

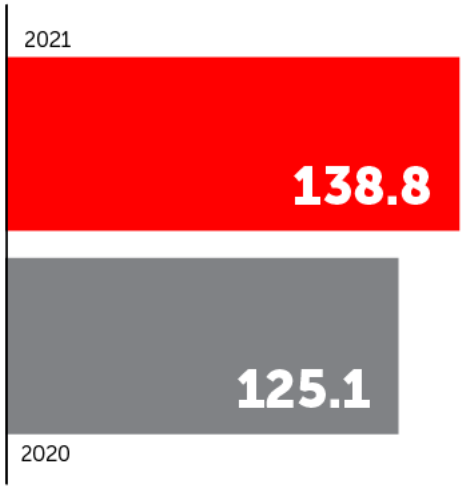
PRESS ZONE
NOVABASE ON THE NEWS

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

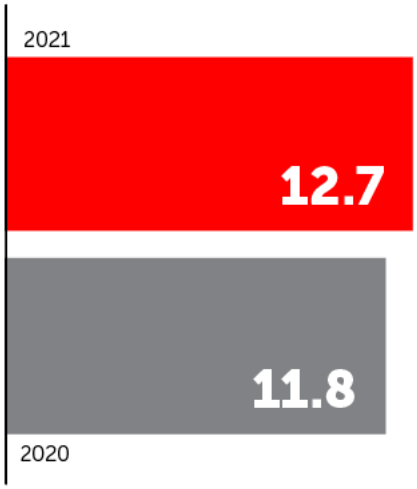
HIGHLIGHTS 2021
FINANCIAL HIGHLIGHTS

AMOUNTS IN M€, EXCEPT OTHERWISE STATED

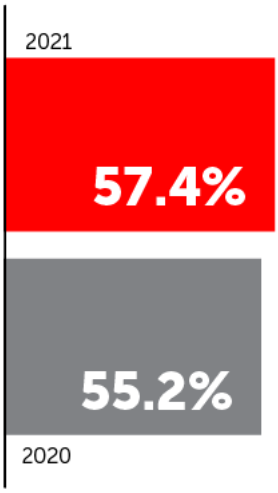
TURNOVER



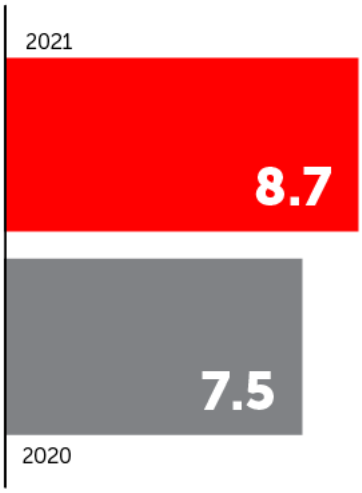
EBITDA



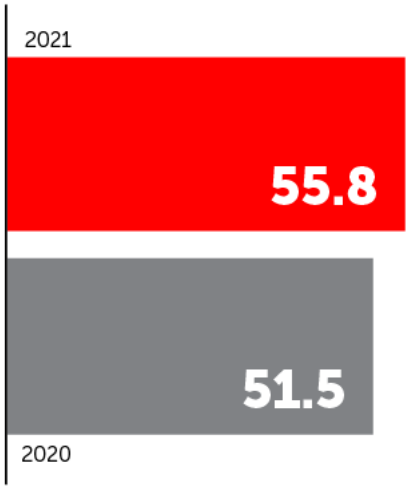
INTERNATIONAL BUSINESS (%)



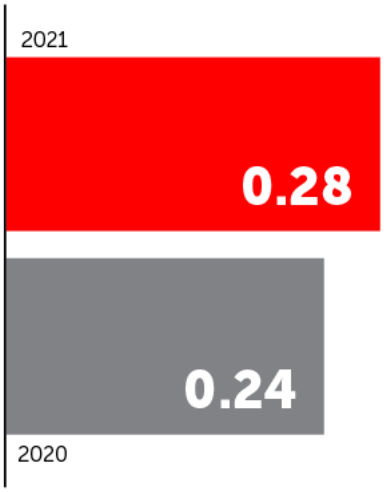
NET PROFIT



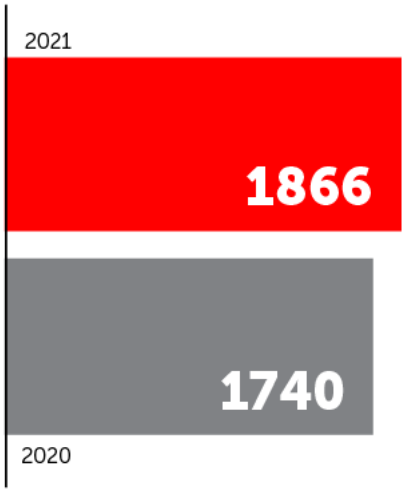
NET CASH



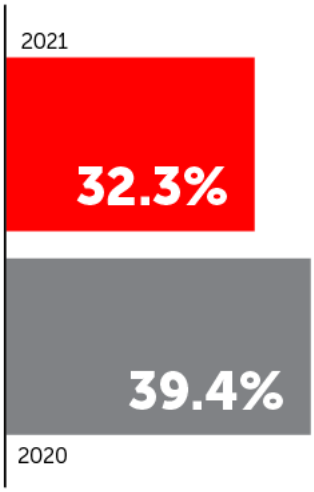
EPS (€/SHARE)



TALENT POOL (AVERAGE #)



FREE FLOAT VELOCITY (%)



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. 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 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.

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

UPDATE ON COVID-19 IMPACTS

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

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

There was no material impact on the direct operating conditions during 2021. The Nearshore Agile Delivery Model enabled sound growth and allowed customer operations to continue seamlessly and smoothly.

The successful experience of working remotely imposed by the pandemic was key for the deployment of a new hybrid working model: NOVABASE's employees may work remotely 60% of their time. The new policy brings the flexibility that NOVABASE considers a strategic imperative for attracting and retaining talent.

In terms of financials, there were also no relevant Covid-19 impacts. Next-Gen thrived in its organic growth and Value Portfolio recorded a recovery, after experiencing some Covid-effects, especially in the second half of 2020.

Other effects of the pandemic include higher complexity in talent retention, delays in the M&A initiatives and challenges in winning new clients, however, the commercial victories achieved during the year are encouraging.

The Board of Directors considers that the liquidity situation and the capital levels are sufficient to continue the Group's activity.

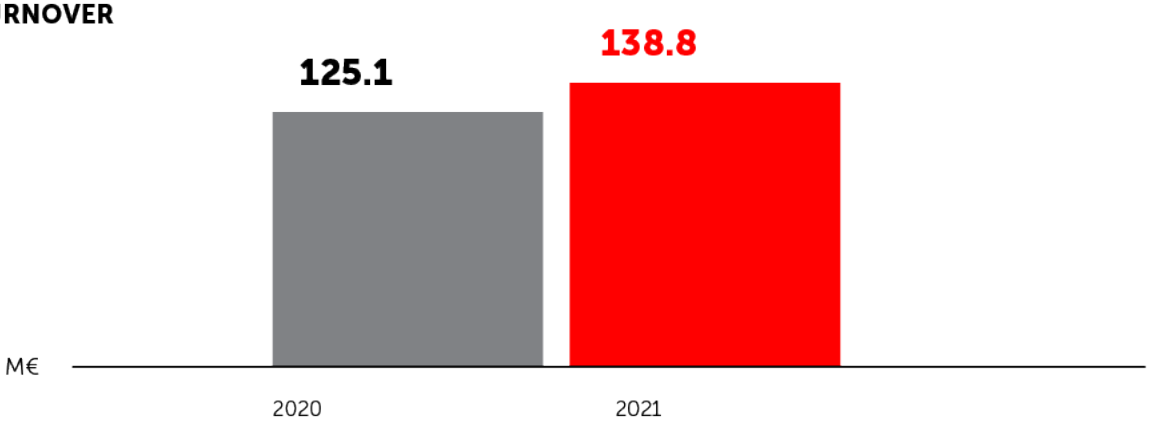
NOVABASE will continue monitoring the pandemic's evolution and giving priority to the implementation of all measures considered adequate to minimise the negative effects on the Group's operations, in line with the recommendations of the authorities and on all stakeholders' best interest.

KEY FIGURES

TURNOVER

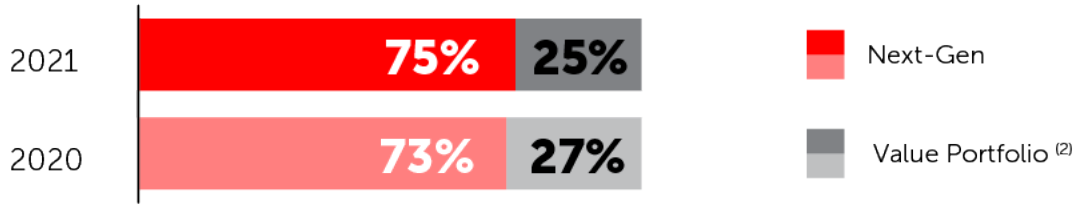
Turnover grew by 11% YoY, leveraged by Next-Gen

TURNOVER



BREAKDOWN BY GEOGRAPHY (%) [1]

BREAKDOWN BY SEGMENT (%)

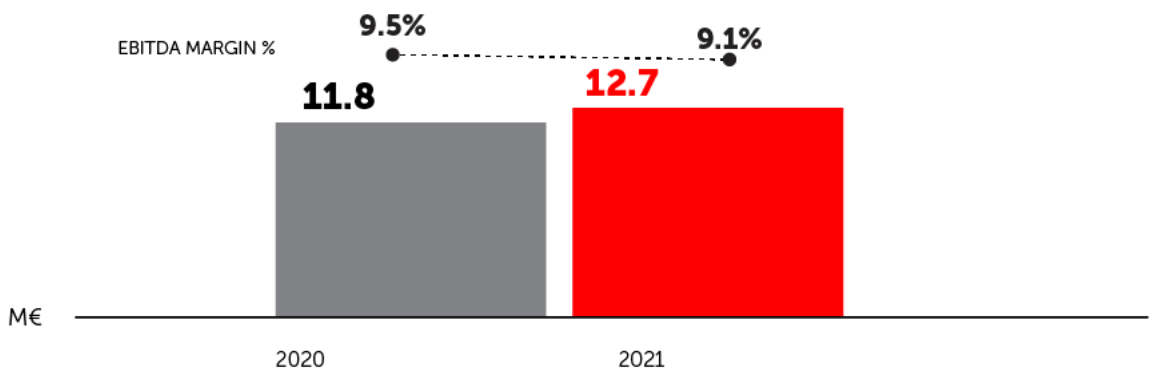


[1] Computed based on the location of the client where the project is delivered.
[2] Includes holding / shared services.

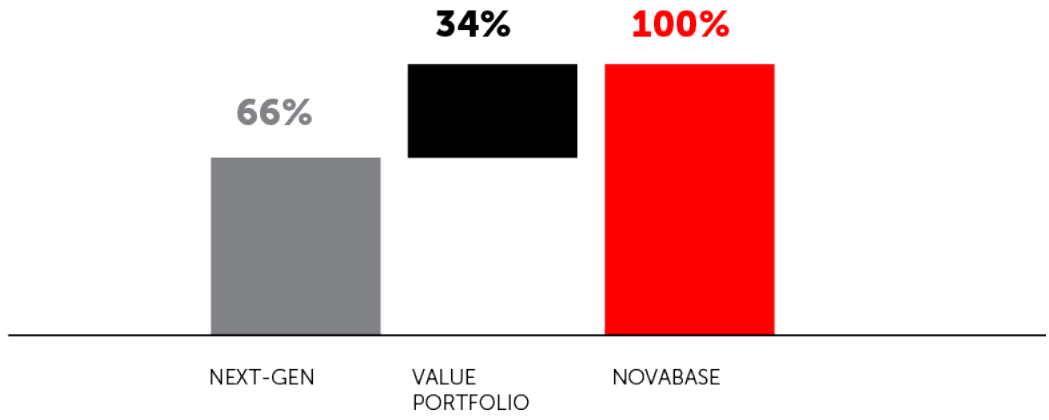
EBITDA

EBITDA increased 7% YoY, with Next-Gen representing ⅔

EBITDA



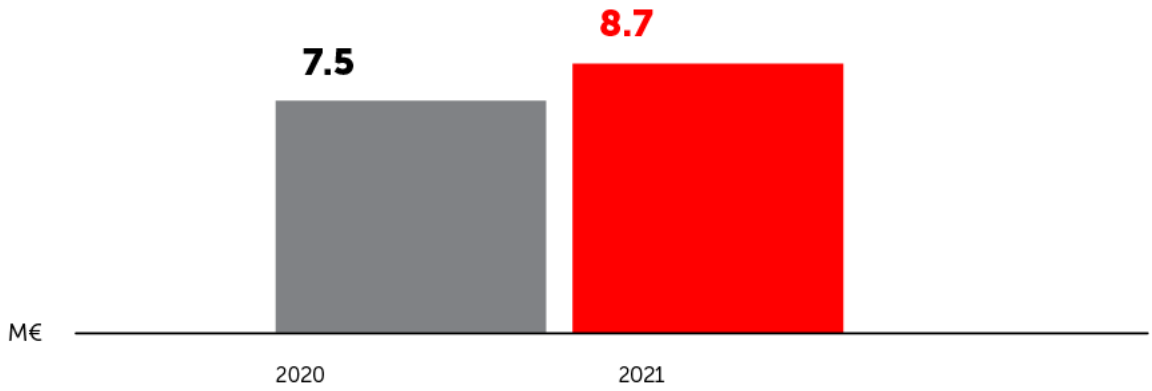
BREAKDOWN BY SEGMENT (%)



NET PROFIT

Net Profit increased 16% YoY, to 8.7 M€

NET PROFIT

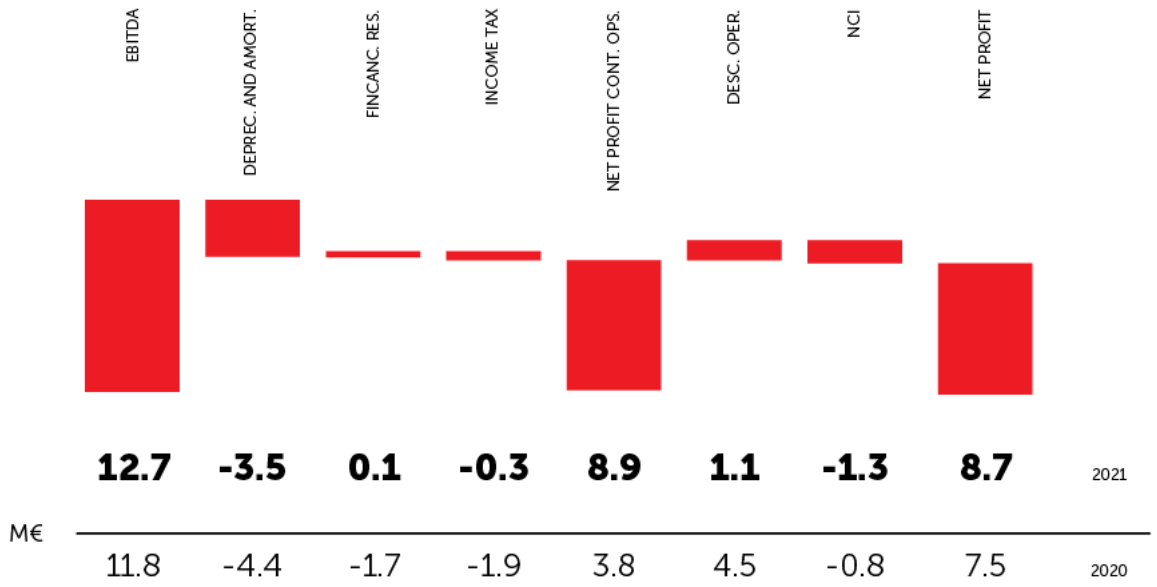


Total Earnings per Share reached 0.28 Euros (0.24 Euros in 2020).

EBITDA TO NET PROFIT

Net Profit from continuing operations shot up approximately 2.3x

EBITDA TO NET PROFIT

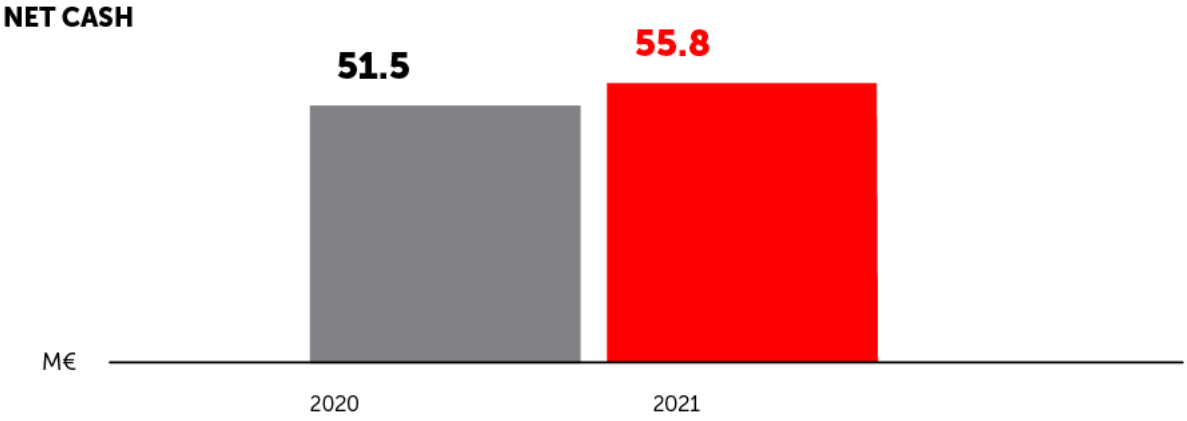


Financial results improved 1.8 M€ YoY, due to the exchange differences recorded in foreign operations and re-evaluations of the Venture Capital Funds investments.

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

Discontinued operations, of 1.1 M€ in 2021, comprise R&W provisions reversals and the capital gain adjustment on the sale of Collab (first-year earn-out). In 2020, this heading presented capital gains on the GTE Business and Collab disposals.

NET CASH
Solid Net Cash position of 55.8 M€



NOVABASE presented a comfortable liquidity situation, which will allow it to support the 2019+ Strategy investments and shareholders' remuneration commitments.

There was a cash generation of 4.3 M€ in 2021 primarily driven by solid net cash provided by operating activities, which also comprises the following movements:

• M&A settlement of 4.5 M€, related to the consideration associated to the service hiring guarantees on the acquisition of Celfocus equity stake in 2020, as set out in the agreement;

• Payments to Non-controlling interests of 1.3 M€, including dividends and amounts released following the share capital reduction of Novabase Capital I&I Venture Capital Fund.

From the 55.8 M€ of Net Cash, 3.1 M€ refers to Non-controlling interests (versus 4.3 M€ in 2020).

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 THOUSANDS OF EUROS	2020	2021
Cash and cash equivalents	71,929	68,431
Treasury shares held by the Company [1]	2,172	3,581
Bank borrowings - Non-Current	(16,200)	(9,400)
Bank borrowings - Current	(6,400)	(6,800)
Net Cash	51,501	51,812
Number of treasury shares held by the Company	676,611	699,480
Closing price @ last tradable day (€)	3.210	5.120
Treasury shares held by the Company	2,172	3,581

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

CAPITAL EXPENDITURE
Capex [1] of 0.9 M€

Consolidated recurring investment amounted to 0.8 M€ in 2021 (0.9 M€ in 2020). This amount, which corresponds to a cash outflow from the balance sheet, refers to acquisitions of property, plant and equipment, essentially IT equipment for operations and furniture.

In 2021, there was also a non-recurring investment of 0.1 M€, which corresponds to a cash outflow from the balance sheet, related to extraordinary or unusual acquisitions of work in progress and computer software.

The non-recurring investment includes additions of right-of-use assets of buildings and vehicles recognised under lease contracts that are non-cash items in the amount of 1.1 M€.

Additionally, and still in the non-recurring investment, there are the disinvestment parts, which correspond to non-cash write-offs related to right-of-use assets of buildings and vehicles in the amount of 2.5 M€ and other tangible assets in the amount of 0.1 M€ negative.

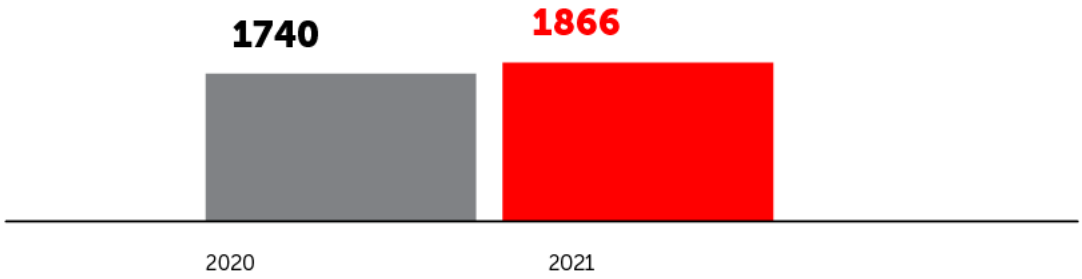
AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	NON-RECURRING	RECURRING	TOTAL
Work in progress	46	-	46
WORK IN PROGRESS	46	-	46
R&D	20	-	20
Industrial Property and Other Rights	2	-	2
INTANGIBLE ASSETS	22	-	22
Transport Equipment / Leasing / OR	-97	-	-97
Other Tangible Assets	-1,391	790	-601
PROPERTY, PLANT AND EQUIPMENT	-1,488	790	-698
TOTAL	-1,420	790	-630

[1] 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 Annual Financial Report.

TALENT

Talent pool grew 7% YoY

AVERAGE NUMBER OF EMPLOYEES



Despite the shortage of technology talent accelerated by the pandemic, NOVABASE was able to continue hiring and growing its pool of specialists.

In 2021, 157 new university graduates were recruited through Novabase Academy programme (75 in 2020).

SEGMENT INFORMATION

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

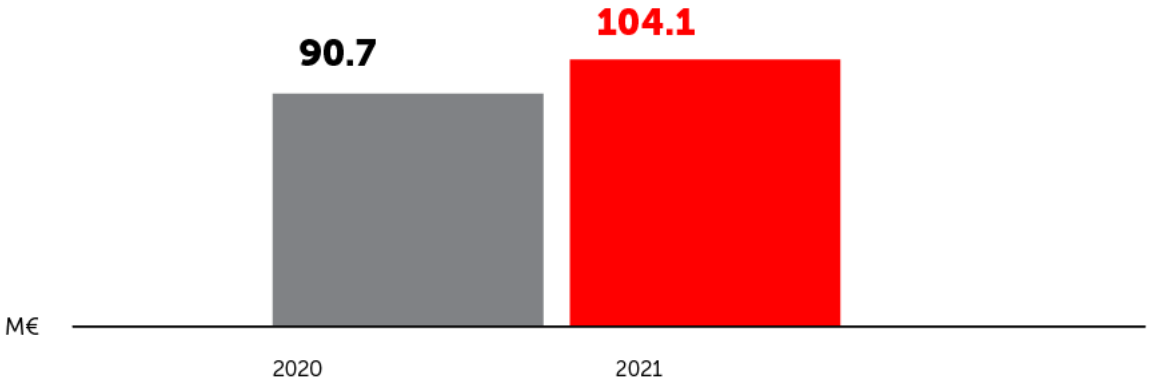
NEXT-GEN: NOVABASE's core segment, which operates under the Celfocus commercial brand according to the new brand architecture. It develops an IT activity with technological offers that tend to be more advanced and targeted mainly to the Financial Services and Telecommunications industries and to the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

VALUE PORTFOLIO: Segment aggregating the activities of IT Staffing, under the Neotalent commercial brand, and venture capital through Novabase Capital, S.C.R., S.A.. Its objective is to generate funds to support Next-Gen strategy. For reporting purposes, the Group's holding and shared services also belong to Value Portfolio.

- **NEXT-GEN**

Next-Gen's Topline grew at double-digit, +15% YoY

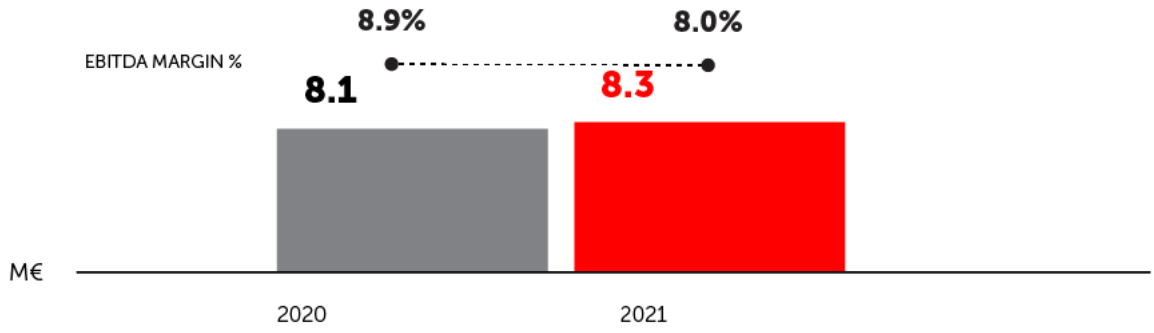
TURNOVER



Growth was fully organic and driven by international operations.

Next-Gen's EBITDA rose 3% YoY

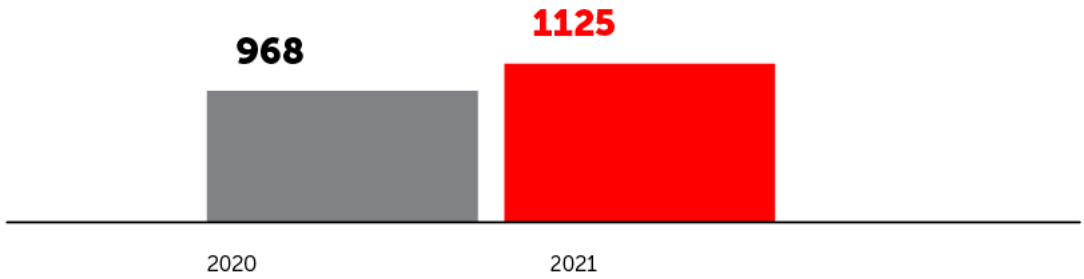
EBITDA



2021 EBITDA incorporates the impacts of strategic and talent management initiatives.

Next-Gen's Talent Pool increased 16% YoY

AVERAGE NUMBER OF EMPLOYEES



Next-Gen already represents 60% of the NOVABASE'S average number of employees, in line with the strategic objectives. Turnover per employee kept in line with the value recorded in 2020.

Attrition rate[1] of Next-Gen was 21.7% in 2021 (11.7% in 2020), reflecting both a correction to the abnormally low values recorded in 2020 and the new labour dynamics driven by fierce competition for scarce talent.

Multi Industry approach delayed due to the pandemic

% OF REVENUES BY INDUSTRY

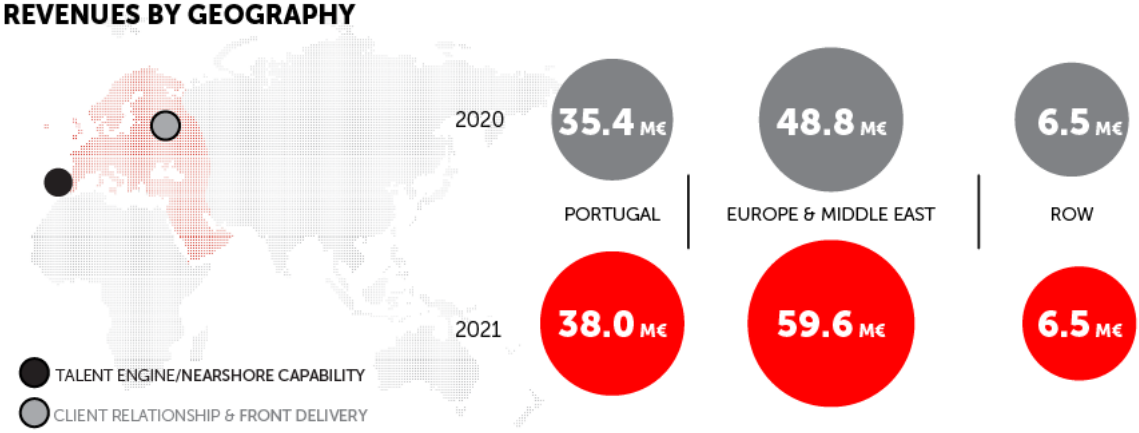
2021 highlights the Next-Gen still focused on Telco.

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

International Turnover increased 20% YoY

64% of Next-Gen's Turnover was generated outside Portugal.

REVENUES BY GEOGRAPHY



Target markets of Europe & Middle East increased 22% YoY and represented 90% of the segment's international business. Exposure to Africa declined by 9% YoY.

Top Tier clients Revenues grew by 19% YoY

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

% REVENUES FROM TOP TIER CLIENTS [1]

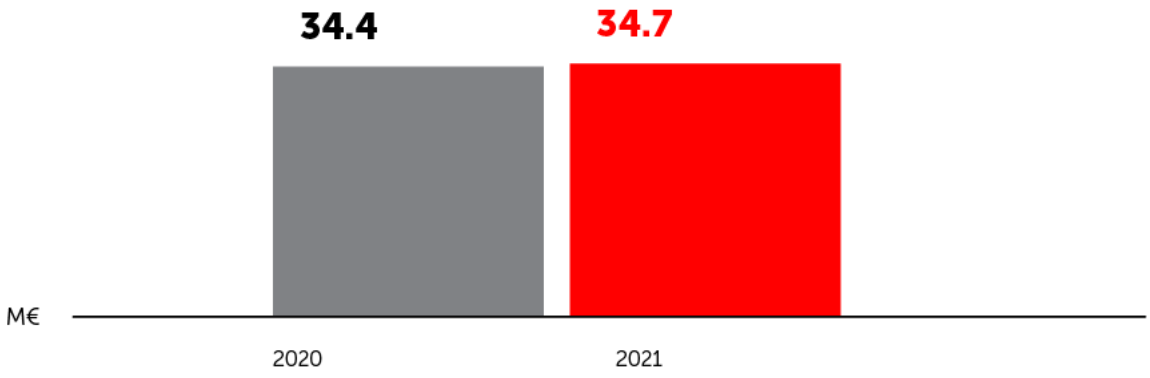
Total number of clients in 2021 increased to 112 (102 in 2020).

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

- **VALUE PORTFOLIO**

Value Portfolio's Turnover 1% above 2020

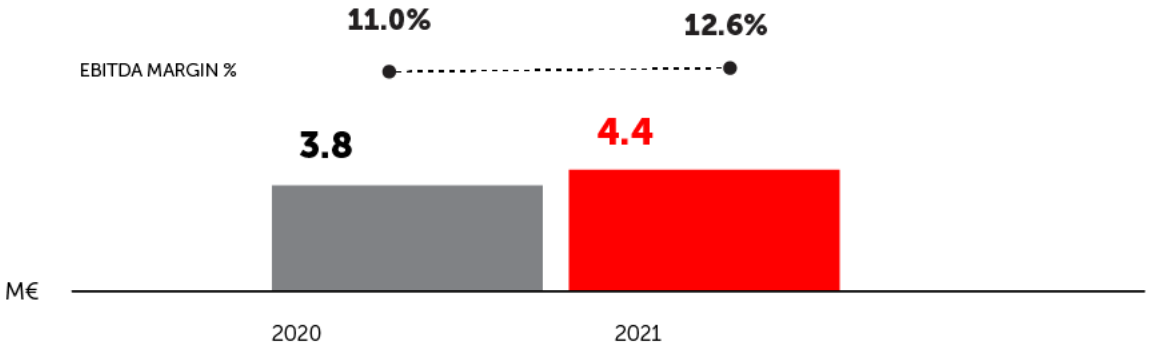
TURNOVER



YoY rise confirms the recovery from the pandemic impacts in the second half of 2020 (mainly in the Spanish market).

Value Portfolio's EBITDA margin increased 160 bps

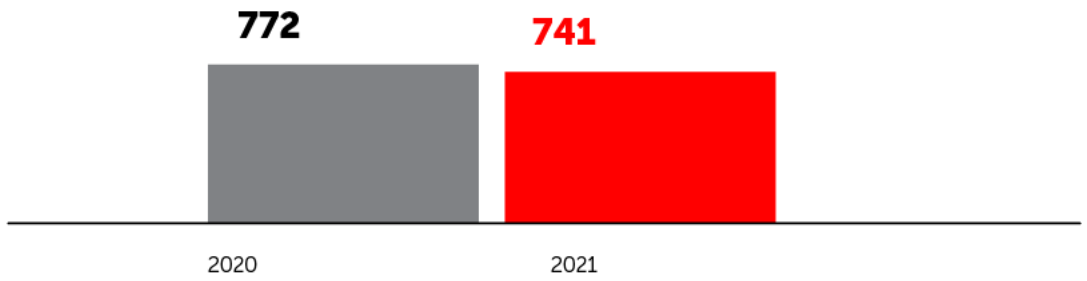
EBITDA



Performance in 2021 reflects the resilience of the IT Staffing business.

Value Portfolio's Talent pool of 741 employees

AVERAGE NUMBER OF EMPLOYEES



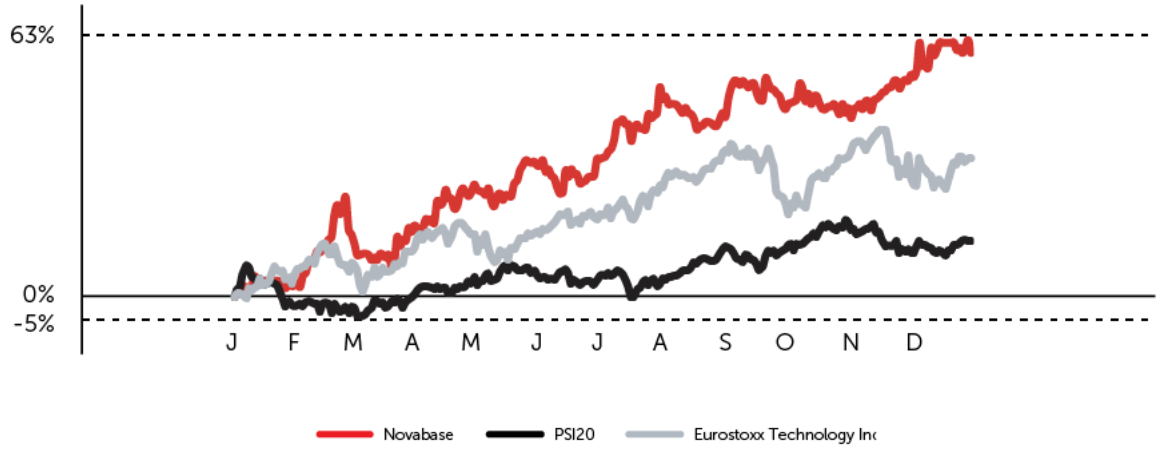
Holding and shared services represented 76 employees in 2021 (versus 82 in 2020).

STOCK PERFORMANCE

NOVABASE share price soared by 60% in 2021

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

NOVABASE AND THE MARKET



The Board of Directors will propose a remuneration of 0.43 €/share

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

The Board of Directors will propose to the next General Meeting of Shareholders a remuneration of 0.43 €/share, just over half of the amount yet to be paid until 2023 according to the Strategic Update 2019+ commitment.

NOVABASE acquired around 23 thousand shares in 2021, under the Company's own shares buy-back programme. At 31 December 2021, NOVABASE held 699,480 own shares (2.23% of its share capital).

The average NOVABASE share price weighted by quantity in 2021 was 4.123 Euros per share. 3.6 million shares were traded in all 258 stock exchange sessions in 2021, corresponding to a trading value of 14.6 M€.

Market Capitalisation at the end of 2021 was 160.8 M€, with a ttm Price to Sales of 1.25x. Free Float Velocity [1] represented 32% (39% in 2020).

At the date of issue of this Report, the average price target disclosed by analysts is 6.35 €, with unanimous recommendation to buy. The average upside is 24%.

[1] Considering a free float of 35% in 2021 and 40% in 2020, calculated according to Euronext criteria.

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.

At the end of 2021, uncertainty regarding the pandemic decreased, with the latest data pointing to a control of the infection control in Europe and several countries continuing to lighten restrictions.

However, it brought other uncertainties to the financial markets. On the one hand, inflation in the Eurozone speeded up significantly in the last months of the year, mainly due to the spike of energy prices and supply chain problems, increasing the uncertainty regarding a possible interest rate hike by the European Central Bank (ECB). On the other hand, there are more geopolitical risks on the horizon, with the resulting uncertainties.

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 Annual Financial Report, and for which reading is advised.

Foreign exchange risk

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

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 loans 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 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 amount, 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 and well-rated counterparties are accepted. Credit risk management of trade and other receivables is based in credit limit ranges, taking into account the financial position of the customer and past experience.

Liquidity risk

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

Management monitors rolling forecasts of NOVABASE's liquidity reserve (which comprises undrawn committed borrowing 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. To safeguard the Group's ability to continue as a going concern and hence to provide returns for shareholders and benefits for other stakeholders;

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

3. To maintain an optimal capital structure to reduce the cost of capital.

Management monitors the Return on Capital [1] ratio, which measures NOVABASE's ability to generate cashflows 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 materialised 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, etc.), with possible financial, operational and reputational losses. With the Covid-19 pandemic, and consequent increase of homeworking in society at large, exposure to this risk increased considerably.

According to the World Economic Forum (WEF) report released in January 2022, cybercrime worldwide has increased by 31% in 2021. In Portugal, the weekly average of cyber attacks against organisations increased by 81% compared to 2020.

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 Work From Home practices and cybercrime awareness.

Talent Retention risk

NOVABASE's ability to successfully implement the strategy outlined depends on its ability to attract and retain top talent for each position.

The impact of the pandemic combined with the acceleration of digital transformation has brought, and will continue to bring, a profound transformation to the labour market and talent management. The general increase trend in IT wages due to the high demand and shortage of talent in technology, translates into a potential increase in labour costs and consequent increased challenges in employee retention.

NOVABASE's human resources policies are aligned to achieve the strategic objectives, having been adapted and reinforced in view of the new reality. It should be noted, in 2021, the fully digital recruitment of 700 new talents. Also to highlight the launch of the Internal Mobility Programme "Move My Talent" and the deployment of a new hybrid working model, which comprises 60% of remote work, policies aimed at lowering the attrition rate and attracting quality talent.

This area was distinguished in 2021, for the 3rd consecutive year, with the "Innovation in People Management" award, attributed by Human Resources Portugal magazine.

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 the pandemic, proving to be adequate in the post-pandemic period.

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 exposure to this risk increased significantly on account of the Covid-19 pandemic, due to its unprecedented social and economic impacts worldwide and the still high level of uncertainty regarding its evolution. Additionally, geopolitical turbulence has increased, creating an enormous unpredictability.

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 on society / 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 organisation 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 maximise 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, we highlight 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 bets and challenges for 2022 are the growth of both international business and talent pool

NOVABASE's results in 2021 reveal a sound strategy execution under particularly adverse conditions of the Covid-19 pandemic. The main activity indicators posted a good performance, with the double-digit growth in Turnover and the more than doubling of Net Profit from continuing operations to be highlighted.

In the Next-Gen, the international business registered a strong expansion, new flagship clients were won and 16% of new talents were added. Value Portfolio got back to growth and improved profitability, recovering from the impacts of Covid-19 in 2020.

In what is interpreted as a recognition of the creation of value for shareholders, NOVABASE's shares price soared 60% on the stock market in 2021.

The operating results and commercial victories achieved in 2021 bear testament to the resilience of NOVABASE's business model and financial strength.

The main bets for 2022 remain the same: the growth of international business and the talent base. Winning new clients of size, especially in Europe, together with attracting and retaining talent in an increasingly more competitive market are, likewise, the two biggest challenges that NOVABASE faces. Additionally, NOVABASE will keep looking for assets to buy, in order to accelerate its strategy, with a value creation mindset.

Regardless of the uncertain context, NOVABASE believes it is well positioned to seize the opportunities that the current environment provides.

• SUBSEQUENT EVENTS

The following relevant facts occurred in 2021 up to the date of issue of this report:

Shareholder remuneration proposal

On 17 February 2022, NOVABASE informed the intention of the Board of Directors to propose, at the 2022 Annual General Meeting of Shareholders, the distribution of EUR 13.5 Million to shareholders. This payment, equal to 155% of the consolidated net profit, represents a remuneration of 43 Euro cents per share.

NOVABASE leaves the PSI20, which is renamed PSI

Euronext announced, in news of 9 March 2022, that NOVABASE will leave the Lisbon stock exchange main index, the PSI20 (where it traded since 23 March 2020), after the markets close on 18 March. This exit takes place within the framework of the new rules of the index, in which the requirement of the lower limit of the free float of market capitalisation of the constituent companies becomes EUR 100 Million. From that date onwards, the name of the index no longer contains the reference 20 and becomes simply PSI.

Situation in Ukraine

On 24 February 2022, the Russian military invasion of Ukraine began, an event that significantly changed expectations for growth and inflation in the Eurozone for the worse. Since then, capital markets have plunged into an environment of great uncertainty, the price of oil has climbed above 100 dollars, the price of other raw materials has also soared, and the stock markets had significant drops. The uncertainty of the war also brings the risk of recession, with the fear that high inflation will be combined with a stagnation of economic growth. The European Commission admits, in particular, that the war and possible retaliation by Russia against the sanctions imposed by the EU will have *"a negative impact on growth, with repercussions on financial markets, new pressures on energy prices, more persistent bottlenecks in the supply chain and confidence effects*".

NOVABASE considers the situation in Ukraine as a non-adjustable subsequent event. Despite not having economic relations with Russia, NOVABASE is not immune to the economic context in which it operates, so the military invasion of Ukraine by Russia could have an impact on future economic performance. Given the exceptional uncertainty at this stage, it is not possible to quantify the magnitude of the impacts, namely on NOVABASE's activity and profitability during the 2022 financial year.

Transactions by person closely associated to director

NOVABASE received communications from the company IBI - Information Business Integration, AG, collective person closely associated to the director José Sancho García, related to the acquisition by IBI of 60,000 ordinary shares of NOVABASE, representing 0.191% of its share capital and voting rights. The statements further clarify that these acquisitions by IBI are not linked to the exercise of a stock options programme.

CORPORATE BODIES

BOARD OF DIRECTORS

Chairman
Luís Paulo Cardoso Salvado
(Executive)

Members

Álvaro José da Silva Ferreira
(Executive)

María del Carmen Gil Marín
(Non-executive)

José Afonso Oom Ferreira de Sousa
(Non-executive)

Pedro Miguel Quinteiro Marques de Carvalho
(Non-executive)

José Sancho García
(Non-executive)

Madalena Paz Ferreira Perestrelo de Oliveira
(Non-executive)

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

OFFICERS OF THE GENERAL MEETING

Chairman
António Manuel da Rocha e Menezes Cordeiro

Secretary
Catarina Maria Marante Granadeiro

DELEGATED DIRECTORS

Luís Paulo Cardoso Salvado

Álvaro José da Silva Ferreira

DIRECTOR WITH SPECIAL RESPONSIBILITIES

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 (surrogate member who is replacing the effective member João Luís Correia Duque, under the terms of article 415.º of the Portuguese Commercial Companies Code)

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
Carolina Duarte Simões Pereira Barrueca (Surrogate)

PROPOSAL FOR THE ALLOCATION OF PROFITS

Whereas:

1. The Company, in the financial year 2021, recorded in the individual accounts a positive net result of € 1,025,507.61 (one million, twenty-five thousand, five hundred and seven euros and sixty-one cents);

2. Notwithstanding, the Company's individual accounts as at 31 December 2021 show negative retained earnings of € 5,843,725.47 (five million, eight hundred and forty-three thousand, seven hundred and twenty-five euros and forty-seven cents).

In accordance with legal and statutory provisions, the Board of Directors proposes that the positive net profit for the year of € 1,025,507.61 (one million, twenty-five thousand, five hundred and seven euros and sixty-one cents) be transferred to retained earnings, to cover part of the existing retained losses.

Lisbon, 27 April 2022

The Board of Directors

ANNEXES TO THE MANAGEMENT REPORT

LIST OF SHAREHOLDERS WITH QUALIFYING STAKES AS AT 31 DECEMBER 2021

(Under the terms of section b) of paragraph 1 of article 8 of the Portuguese Securities Market Commission - CMVM – Regulation no. 5/2008, 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 2021 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]	10,810,823	34.43%
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613	6.68%
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%
Holding under the Shareholders Agreement concerning NOVABASE [2]	12,908,439	41.11%
Partbleu, Sociedade Gestora de Participações Sociais, S.A. [3]	3,180,444	10.13%
IBI - Information Business Integration, A.G. [4]	4,549,188	14.49%
Lazard Frères Gestion SAS	1,570,870	5.00%
TOTAL	**22,208,941**	**70.73%**

[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 executed a shareholder's agreement concerning the entirety of the share capital of this company.

[2] The total holding is attributed to José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and Pedro Miguel Quinteiro Marques de Carvalho, under the terms of the Shareholders Agreement concerning NOVABASE described in item 6 of the Corporate Governance Report, attached to this Management Report.

[3] When NOVABASE was notified of this holding, it was informed that this company was indirectly held in 72% by Mr. Miguel Pais do Amaral, and therefore the corresponding voting rights were attributed to him.

[4] When NOVABASE was notified 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 2021, 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 2021

(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 Boards corresponds to the last position notified to the Company with reference to 31 December 2021 or a previous date. The responsibilities of each of these Corporate Bodies are described in the CORPORATE BOARDS section of this Report.

HOLDERS	NO. SHARES	% SHARE CAPITAL AND VOTING RIGHTS
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613	6.68%
Manuel Saldanha Tavares Festas	74,986	0.24%
María del Carmen Gil Marín	23,001	0.07%
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%
José Sancho García [2]	0	0.00%
Madalena Paz Ferreira Perestrelo de Oliveira	0	0.00%
Rita Wrem Viana Branquinho Lobo Carvalho Rosado	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 [3]	0	0.00%
Maria Cristina Santos Ferreira	0	0.00%
TOTAL	2,196,103	6.99%

[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. HNB – S.G.P.S., S.A. held 10,810,823 shares representing 34.43% of NOVABASE's share capital and respective voting rights at 31 December 2021.

[2] José Sancho García is the controlling shareholder of IBI - Information Business Integration, A.G., company that held 4,549,188 shares representing 14.49% of NOVABASE's share capital and respective voting rights at 31 December 2021.

[3] Until 22 December 2021, it was represented by partner Paulo Alexandre Martins Quintas Paixão.

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 sections a) to d) of paragraph 2 of article 447 of the Portuguese 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 2021, the following transactions on NOVABASE shares were carried out by the persons falling under the scope of article 447 of the Portuguese Companies Code:

DIRECTOR / CLOSELY ASSOCIATED PERSON	TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
HNB – S.G.P.S., S.A.	Acquisition	13/01/2021	Outside regulated market	650,924	3.300
HNB – S.G.P.S., S.A.	Acquisition	28/05/2021	Outside regulated market	1,025,070	3.715
IBI - Information Business Integration, A.G	Acquisition	24/06/2021	Outside regulated market	341,690	3.715
Rent Profit, S.L. [1]	Disposal	30/07/2021	Euronext Lisbon	10	4.530
José Sancho García / Pilar Thomas Ríos [2]	Disposal	30/07/2021	Euronext Lisbon	3,704	4.561
IBI - Information Business Integration, A.G	Acquisition	30/07/2021	Euronext Lisbon	3,714	4.509
IBI - Information Business Integration, A.G	Acquisition	08/11/2021	Euronext Lisbon	40,208	4.650
IBI - Information Business Integration, A.G	Acquisition	09/11/2021	Euronext Lisbon	59,792	4.750
IBI - Information Business Integration, A.G	Acquisition	15/11/2021	Euronext Lisbon	1,634	4.744
IBI - Information Business Integration, A.G	Acquisition	17/11/2021	Euronext Lisbon	12,905	4.746

[1] Company managed and administered by the spouse of the director José Sancho García.

[2] These shares were deposited in a securities account jointly held by the aforementioned director and his spouse Pilar Thomas Ríos.

OWN SHARES TRANSACTIONS

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

At 31 December 2020, NOVABASE held 676,611 own shares, representing 2.15% of its share capital.

Following the resolution of the Board of Directors of 22 July 2021, regarding to the attribution of options over NOVABASE shares under the stock options plan of the Company, NOVABASE started trading, on 29 September 2021, in the context of the buy-back programme of own shares ("Buy-back Programme"), pursuant to the terms and limitations set forth in the Annual General Meeting of Shareholders of NOVABASE held on the 25 May 2021.

The maximum number of shares to be acquired under the scope of this buy-back program is 270,000 shares, corresponding to the estimated number of shares necessary to settle the options granted.

During 2021, NOVABASE acquired 22,869 own shares on the market, under this buy-back programme, at the average net price of 4.85 Euros.

At 31 December 2021, NOVABASE held 699,480 own shares, representing 2.23% of its share capital and voting rights to which the own shares held would correspond.

Without prejudice, 91,539 shares of the aforementioned 699,480 own shares were attributed during 2020 to Paulo Jorge de Barros Trigo, at the time executive director, following the exercise of NOVABASE ordinary stock options that he held. The shares corresponding to the options exercised will be retained by NOVABASE for a three-year period from the respective exercise, and their ownership will only be transferred once such period has elapsed and conditioned to the positive performance of the Company during the same period.

During 2021, NOVABASE shares always had a nominal value of 1.74 Euros.

Own shares transactions are detailed below:

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	30/09/2021	Euronext Lisbon	95	4.710
Acquisition	5/10/2021	Euronext Lisbon	511	4.730
Acquisition	7/10/2021	Euronext Lisbon	64	4.750
Acquisition	7/10/2021	Euronext Lisbon	121	4.750
Acquisition	7/10/2021	Euronext Lisbon	122	4.750
Acquisition	7/10/2021	Euronext Lisbon	121	4.750
Acquisition	7/10/2021	Euronext Lisbon	121	4.750
Acquisition	7/10/2021	Euronext Lisbon	48	4.750
Acquisition	7/10/2021	Euronext Lisbon	114	4.680
Acquisition	7/10/2021	Euronext Lisbon	119	4.680
Acquisition	8/10/2021	Euronext Lisbon	1,771	4.800
Acquisition	11/10/2021	Euronext Lisbon	250	4.810
Acquisition	11/10/2021	Euronext Lisbon	250	4.810
Acquisition	13/10/2021	Euronext Lisbon	560	4.700
Acquisition	13/10/2021	Euronext Lisbon	256	4.700
Acquisition	15/10/2021	Euronext Lisbon	1,200	4.680
Acquisition	15/10/2021	Euronext Lisbon	83	4.660
Acquisition	15/10/2021	Euronext Lisbon	83	4.670
Acquisition	18/10/2021	Euronext Lisbon	210	4.700
Acquisition	18/10/2021	Euronext Lisbon	45	4.700
Acquisition	20/10/2021	Euronext Lisbon	150	4.680
Acquisition	20/10/2021	Euronext Lisbon	129	4.680
Acquisition	22/10/2021	Euronext Lisbon	195	4.700
Acquisition	22/10/2021	Euronext Lisbon	245	4.700
Acquisition	25/10/2021	Euronext Lisbon	911	4.680

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	25/10/2021	Euronext Lisbon	1,000	4.690
Acquisition	26/10/2021	Euronext Lisbon	22	4.640
Acquisition	26/10/2021	Euronext Lisbon	20	4.640
Acquisition	8/11/2021	Euronext Lisbon	16	4.610
Acquisition	8/11/2021	Euronext Lisbon	5	4.610
Acquisition	8/11/2021	Euronext Lisbon	1	4.610
Acquisition	9/11/2021	Euronext Lisbon	250	4.660
Acquisition	9/11/2021	Euronext Lisbon	210	4.650
Acquisition	9/11/2021	Euronext Lisbon	15	4.680
Acquisition	9/11/2021	Euronext Lisbon	10	4.680
Acquisition	17/11/2021	Euronext Lisbon	300	4.750
Acquisition	17/11/2021	Euronext Lisbon	300	4.750
Acquisition	17/11/2021	Euronext Lisbon	400	4.750
Acquisition	17/11/2021	Euronext Lisbon	125	4.750
Acquisition	17/11/2021	Euronext Lisbon	48	4.750
Acquisition	17/11/2021	Euronext Lisbon	827	4.750
Acquisition	18/11/2021	Euronext Lisbon	1,500	4.790
Acquisition	19/11/2021	Euronext Lisbon	50	4.770
Acquisition	19/11/2021	Euronext Lisbon	200	4.770
Acquisition	23/11/2021	Euronext Lisbon	45	4.800
Acquisition	23/11/2021	Euronext Lisbon	75	4.800
Acquisition	24/11/2021	Euronext Lisbon	77	4.860
Acquisition	26/11/2021	Euronext Lisbon	76	4.810
Acquisition	29/11/2021	Euronext Lisbon	179	4.810
Acquisition	3/12/2021	Euronext Lisbon	100	4.960
Acquisition	3/12/2021	Euronext Lisbon	100	4.940
Acquisition	3/12/2021	Euronext Lisbon	1,250	4.940

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	3/12/2021	Euronext Lisbon	1,950	4.940
Acquisition	3/12/2021	Euronext Lisbon	900	4.930
Acquisition	6/12/2021	Euronext Lisbon	22	4.890
Acquisition	6/12/2021	Euronext Lisbon	35	4.890
Acquisition	6/12/2021	Euronext Lisbon	100	4.890
Acquisition	6/12/2021	Euronext Lisbon	40	4.890
Acquisition	8/12/2021	Euronext Lisbon	45	5.060
Acquisition	8/12/2021	Euronext Lisbon	124	5.060
Acquisition	8/12/2021	Euronext Lisbon	83	5.060
Acquisition	9/12/2021	Euronext Lisbon	10	5.080
Acquisition	9/12/2021	Euronext Lisbon	2	5.020
Acquisition	10/12/2021	Euronext Lisbon	250	5.100
Acquisition	10/12/2021	Euronext Lisbon	34	5.020
Acquisition	13/12/2021	Euronext Lisbon	10	5.020
Acquisition	16/12/2021	Euronext Lisbon	500	5.080
Acquisition	16/12/2021	Euronext Lisbon	2,000	5.080
Acquisition	20/12/2021	Euronext Lisbon	241	5.120
Acquisition	20/12/2021	Euronext Lisbon	524	5.120
Acquisition	27/12/2021	Euronext Lisbon	24	5.120
Acquisition	29/12/2021	Euronext Lisbon	1,000	5.120

NON-FINANCIAL STATEMENTS

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, 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 ending 31 December 2021.

Information on the NOVABASE Group's business and corporate structure is available in the 2021 Annual Report and Accounts (Notes to the Consolidated Financial Statements for the year ending 31 December 2021), as well as in the 2021 Corporate Governance Report (Part I, Section B., Point 21).

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 2021 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 2021 Corporate Governance Report.

D. POLICIES IMPLEMENTED

i. Environment

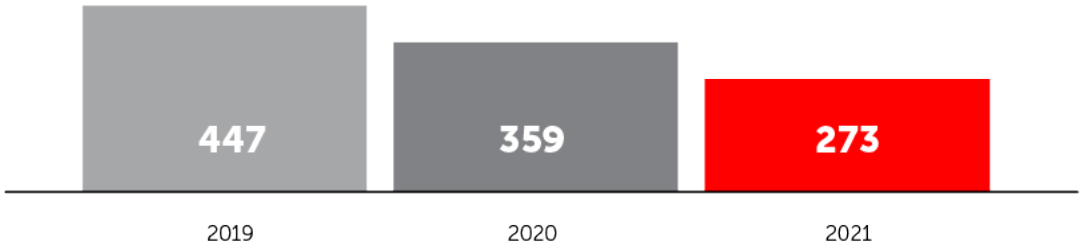
NOVABASE has implemented an Environmental Management System (ISO 14001) as part of its Integrated Management System (Quality, Environment, Occupational Health and Safety). The Integrated Management System is governed by a policy which has been incorporated into NOVABASE's vision and values and aligned with the needs of stakeholders. Internal and external audits are done annually, the latter by certifying entities. As in 2020, no non-conformities were found in 2021.

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.

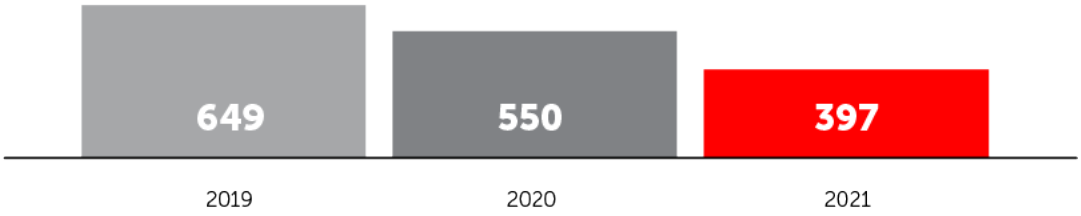
In view of the remote work and/or working from home imposed by rules to fight the Covid-19 pandemic, the following indicators were of note in 2021:

ELECTRICITY CONSUMPTION MW/H



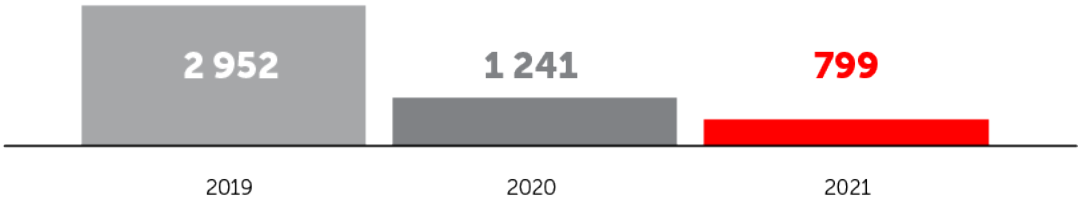
Measures implemented: Centralized Management System to control operating times, replacement of all fluorescent lighting with LED lighting.

THERMAL ENERGY CONSUMPTION IN MW



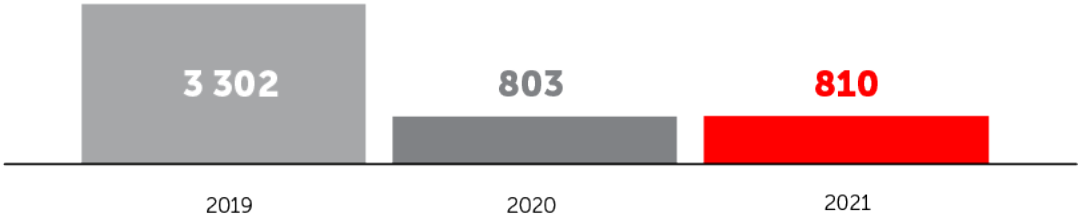
Measures implemented: Centralized Management System to control operating times of the climate control system.

WATER CONSUMPTION M3



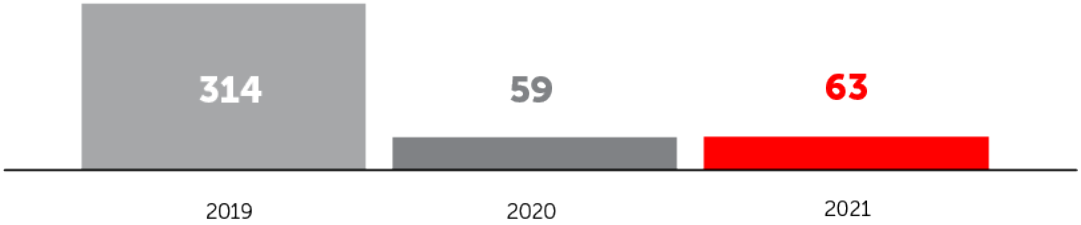
Measures implemented: decreased water flow and installation of regulating valves in faucets.

TOTAL PAPER CONSUMPTION IN KG



Measures implemented: Awareness on decreasing the use of paper.

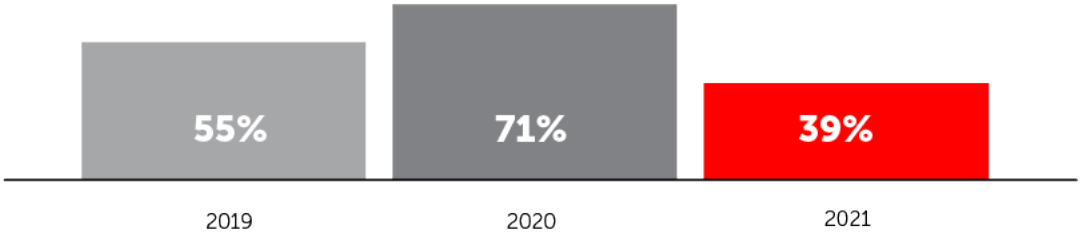
PLASTIC PRODUCTION IN KG



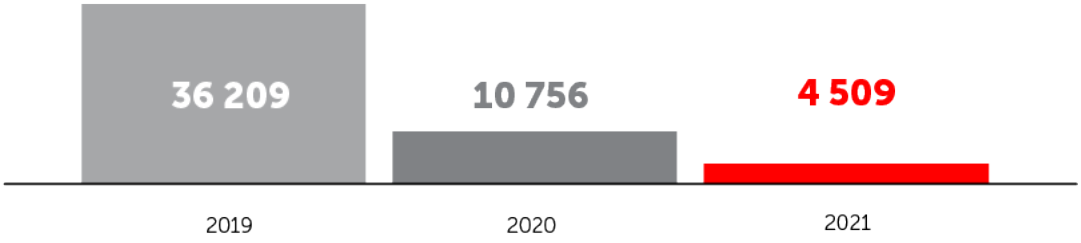
Measures implemented: Replacement of disposable plastic with reusable materials (glass).

The recycling rate went down significantly, while the volume of waste was also reduced.

RECYCLING RATE

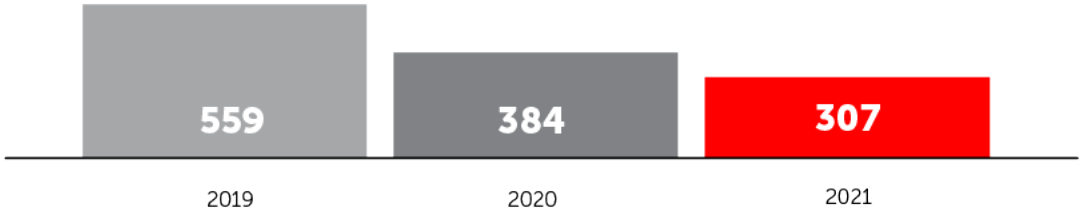


AMOUNT OF WASTE IN KG



With regard to emissions:

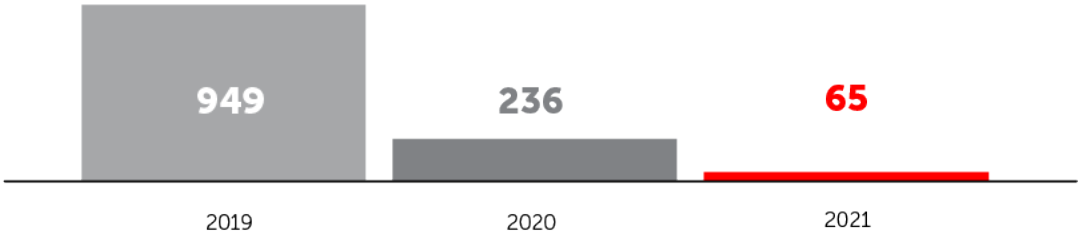
EMISSIONS T/CO2 FLEET



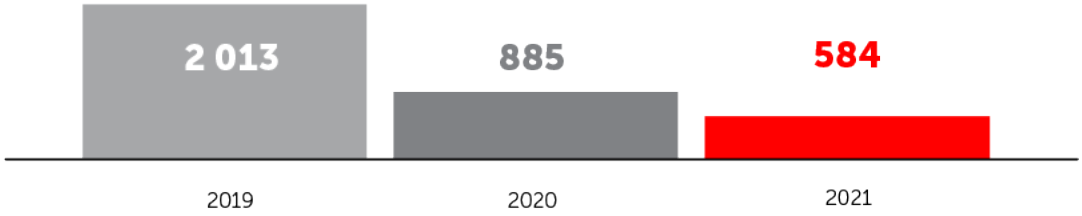
NOVABASE's fleet has environmentally-friendly vehicles, as shown in the following table:

VEHICLE TYPE	2019	2020	2021
Hybrid	0	0	0
Hybrid Plug In	19	21	43
Electric	4	3	8

EMISSIONS T/CO2 AIR TRAVEL



EMISSIONS T/CO2 FUEL, AIR TRAVEL AND BUILDINGS



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

In 2020/2021, NOVABASE was part of the "A Tree for the Forest" reforestation campaign (Quercus/CTT). The amounts received for the recovery of toners and ink cartridges sent for recycling were used for the acquisition of kits with native trees and/or shrubs, which will be planted in spring in protected zones or areas affected by fire.

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: Online fitness classes, webinars on the topic of mental health, preventive eye care, campaign to quit smoking, osteopathy appointments, psychology appointments to help those in need (with guaranteed anonymity).

NOVABASE implemented the "Second Life" program for equipment at the end of its professional life, allowing NOVABASE Group employees to use this equipment at home. 70 pieces of equipment were sold in 2021.

In 2021, NOVABASE developed and participated in several welfare initiatives, including the following:

• Almada-Seixal Health Centre Group, the Seixal Municipality "Via Verde Saúde" (VVS) service for users without a family physician:

- 7 laptops;
- 6 monitors.

• 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.

- Volunteer program: allowing everyone to take one work day to volunteer at an institution of their choice.

  The results of the initiatives carried out in 2021 were:

- Volunteer Day – 91 hours of volunteering by 16 employees.

- Donation of technology equipment:

  - Student Keep – 7 computers + 7 monitors

  - 12 Workstations – monitors + computers

- Collection and donation of non-food items:

  - Portuguese Refugee Council

- Senhora da Conceição Parish Church
- Angels Animal Shelter
- Society of Saint Vincent de Paul (SSVP) volunteer organization – Senhora da Hora.

• Neotalent

- Donation to Banco do Bebé - Neotalent supported this association by donating articles of clothing and toiletries needed for the layettes of newborns, who are often born without essential fundamental items for their first months of life. Banco do Bebé, headquartered at the Alfredo da Costa maternity ward, also needed technology equipment (such as cell phones to install apps which could be used via wireless), allowing contact between mothers and their families.

  In total, the following were donated:

  - 50 articles of clothing
  - 50 toiletry articles
  - 8 packages of infant formula
  - 6 baby bottle sterilizers
  - 1 breast pump
  - 1 wireless landline phone
  - 6 cell phones

- Donation to Just a Change - through the Association of Professional Spanish Women in Lisbon (AMPEL), presided over by a Neotalent employee, Neotalent sponsored a drawing in the benefit raffle. This initiative raised funds for a non-profit organization as part of AMPEL's Solidarity Christmas Dinner. Neotalent donated a pack of "Odisseias" experiences which, together with other raffle items, helped to raise €1,600 (one thousand, six hundred euros) for the Just a Change association, which is dedicated to rehabilitating the homes of needy people and families in Portugal, thanks to the mobilization of volunteers from various countries.

iii. Employees and Gender Equality and Non-Discrimination

Council of Ministers Resolution no. 19/2012 of 08 March 2012 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".

In this context, on 15 September 2021, NOVABASE presented a new version of its Gender Equality and Diversity Plan with measures and practices for the years 2021/2022, including the following:

- Continued use and promotion of inclusive language both inside and outside the company;
- Give-away of book "O Longo Caminho para a Igualdade ("The Long Way To Equality") to new employees in onboarding kit;
- Communication and awareness activities;
- Consolidation of partnership with Valor T (employment agency for disabled persons);
- Sharing and dissemination of mentoring programs, namely the PWN program.

The key indicator is the proportion of men and women vis-à-vis all employees, which should tend to be balanced. In 2021, this indicator had a proportion of 69% men and 31% women, slightly different from 2020 when the proportion was 68% men and 32% women.

At NOVABASE, we believe in equal opportunities and mutual respect regardless of ethnicity, gender, religion, beliefs, social background or sexual orientation. These differences tend to enhance the quality of decision-making processes through multiple perspectives, greater intellectual and cultural richness and a better representation of reality and of those involved.

For this reason, we also 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 01 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 review it whenever deemed appropriate.

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 among 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 in 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

NOVABASE has adopted a whistleblowing system for reporting irregularities (known as "SPI") that may occur within the Group. Any report of irregularities made through the SPI is directed to a member of the Audit Board specifically designated for this purpose. Additional information on reporting irregularities through NOVABASE's SPI can be found in Part I, Letter B., Section II. "WHISTLEBLOWING" of the 2021 Corporate Governance Report.

Also in 2021, Law no. 93/2021 of 20 December was published establishing the general scheme for protecting whistleblowers, transposing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 into the Portuguese legal system. Given that this law will enter into force 180 days after the publication of the legal instrument, NOVABASE is currently weighing up amendments made regarding the protection of whistleblowers, in order to adapt its current SPI to comply with the new legal requirements.

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.

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 December 2021 and published it at its website.

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 Portuguese Corporate Governance Institute 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 to a member of the Audit Board specifically designated for this purpose. Additional information on reporting irregularities through NOVABASE's SPI can be found in Part I, Letter B., Section II. "WHISTLEBLOWING" of the 2021 Corporate Governance Report;

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

EUROPEAN TAXONOMY

BACKGROUND

By means of Regulation (EU) 2020/852, the European Commission created the concept of EU Taxonomy in environmentally sustainable activities, an economic activity classification system aimed at identifying those which contribute towards European environmental objectives, thereby creating a framework facilitating sustainable investment.

Commission Delegated Regulation (EU) 2021/2139 was published in 2021, establishing the first list of activities qualifying for inclusion in EU Taxonomy, together with criteria for assessing their contribution towards two of the environmental objectives: mitigating and adapting to climate change.

As such, for 2021, there is mandatory reporting on the means and the extent to which activities accommodate EU Taxonomy in terms of turnover, capital expenditure (CapEx) and operating expenses (OpEx), whose disclosure is limited to the activities referred to in the Delegated Regulation (eligible activities).

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:

- 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);

- 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

Turnover corresponds to total sales originating from Taxonomy-aligned economic activities. Therefore, the eligible numerator corresponds to the portion of turnover originating from the eligible activities of "8.1 Data processing, hosting and related activities" and "8.2 Data-driven solutions for GHG emissions reductions". For 2021, the numerator's value is zero, since no amounts were recorded in relation to the above-mentioned eligible activities. The denominator corresponds to the Group's total turnover in 2021.

OPERATING EXPENSES

Eligible operating expenses correspond to the portion related to assets and taxonomy-related economic activities, including all non-capitalized direct costs originating from research and development (R&D) activities, acquisition costs for the production of taxonomy-aligned economic activities and with individual measures enabling the transformation of these activities into low-carbon activities or activities which reduce greenhouse gas emissions.

The numerator used for the calculation shown in the table corresponds to average electricity costs for charging electric vehicles at the Group's facilities in 2021. The denominator corresponds to non-capitalized direct costs involving research and development, building renovation measures, short-term leasing, maintenance and repair, and any other direct expenses for the day-to-day maintenance of tangible fixed assets, by the company or by subcontractors, as needed to ensure the ongoing effective functioning of these assets.

CAPITAL EXPENDITURE (CAPEX)

Eligible capital expenses are assets and Taxonomy-related economic activities which are part of a five-year plan to expand (or to better align) economic activities related to taxonomy or to individual measures enabling their transformation into activities which help to mitigate or adapt to climate change.

The value used to calculate the numerator corresponds to the amount invested by the Group in 2021 in electric and hybrid vehicles. The denominator used was the Group's total gross investment in 2021, as presented in Note 7, "Tangible Fixed Assets" and Note 8, "Intangible Assets" of the consolidated financial statements.

PROPORTION OF ELEGIBLE ACTIVITIES		TOTAL THOUSAND €	ELEGIBLE FOR TAXONOMY %	ELEGIBLE FOR TAXONOMY THOUSAND €	NOT ELEGIBLE FOR TAXONOMY %	NOT ELEGIBLE FOR TAXONOMY THOUSAND €
	Turnover	138,788	0.0%	-	100.0%	138,788
	Operating expenses	3,120	0.2%	6	99.8%	3,115
	Capital expenditure	1,991	19.2%	382	80.8%	1,609

FINANCIAL STATEMENTS

TURNOVER

↑ 138.8 M€

(2020: 125.1 M€)
(Δ +11%)

EBITDA

↑ 12.7 M€

(2020: 11.8 M€)
(Δ +7%)

NET PROFIT

↑ 8.7 M€

(2020: 7.5 M€)
(Δ +16%)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	31.12.21	31.12.20
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	6,840	9,095
Intangible assets	11,873	12,063
Investments in associates	160	223
Financial assets at fair value through profit or loss	13,615	12,601
Deferred tax assets	9,443	7,947
Other non-current assets	1,997	2,025
TOTAL NON-CURRENT ASSETS	43,928	43,954
CURRENT ASSETS		
Inventories	7	10
Trade and other receivables	42,634	42,660
Accrued income	4,691	3,556
Income tax receivable	1,236	2,988
Derivative financial instruments	16	64
Other current assets	4,105	4,290
Cash and cash equivalents	68,431	71,929
TOTAL CURRENT ASSETS	121,120	125,497
Assets from discontinued operations	396	342
TOTAL ASSETS	165,444	169,793
EQUITY		
Share capital	54,638	54,638
Treasury shares	(1,217)	(1,177)
Share premium	226	226
Reserves and retained earnings	3,235	(4,124)
Profit for the year	8,706	7,486
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	65,588	57,049
Non-controlling interests	10,361	10,047
TOTAL EQUITY	75,949	67,096
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	12,417	21,493
Provisions	3,391	5,233
Other non-current liabilities	2,120	3,705
TOTAL NON-CURRENT LIABILITIES	17,928	30,431
CURRENT LIABILITIES		
Borrowings	9,583	9,432
Trade and other payables	37,775	40,313
Income tax payable	96	53
Derivative financial instruments	71	9
Deferred income and other current liabilities	19,711	16,148
TOTAL CURRENT LIABILITIES	67,236	65,955
Liabilities from discontinued operations	4,331	6,311
TOTAL LIABILITIES	89,495	102,697
TOTAL EQUITY AND LIABILITIES	165,444	169,793

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	12 M *	
	31.12.21	31.12.20
CONTINUING OPERATIONS		
Services rendered	138,788	125,080
External supplies and services	(41,518)	(37,379)
Employee benefit expense	(85,913)	(80,176)
Net impairment losses on trade and other receivables	(272)	(72)
Other gains/(losses) - net	1,582	4,378
Depreciation and amortisation	(3,521)	(4,356)
OPERATING PROFIT	9,146	7,475
Finance income	1,945	1,240
Finance costs	(1,816)	(2,928)
Share of loss of associates	(66)	(58)
PROFIT BEFORE INCOME TAX	9,209	5,729
Income tax expense	(293)	(1,912)
Profit from continuing operations	8,916	3,817
DISCONTINUED OPERATIONS		
Profit from discontinued operations	1,060	4,509
PROFIT FOR THE YEAR	9,976	8,326
PROFIT ATTRIBUTABLE TO:		
Owners of the parent	8,706	7,486
Non-controlling interests	1,270	840
	9,976	8,326
EARNINGS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT (EUROS PER SHARE)		
BASIC EARNINGS PER SHARE		
From continuing operations	0.25 Euros	0.10 Euros
From discontinued operations	0.03 Euros	0.15 Euros
FROM PROFIT FOR THE YEAR	0.28 Euros	0.24 Euros
DILUTED EARNINGS PER SHARE		
From continuing operations	0.25 Euros	0.10 Euros
From discontinued operations	0.03 Euros	0.15 Euros
FROM PROFIT FOR THE YEAR	0.28 Euros	0.24 Euros

12 M * - period of 12 months ended

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	12 M *	
	31.12.21	31.12.20
PROFIT FOR THE YEAR	9,976	8,326
Other comprehensive income for the year		
Items that may be reclassified to profit or loss		
Exchange differences on foreign operations, net of tax	162	22
OTHER COMPREHENSIVE INCOME FOR THE YEAR	162	22
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	10,138	8,348
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	8,456	6,948
Non-controlling interests	1,682	1,400
	10,138	8,348

12 M * - period of 12 months 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 DECEMBER 31, 2021

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 December 31, 2021.

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.

It should also be noted that on the date of the General Meeting of shareholders of May 25, 2021, after Mr. João Duque's communication to that effect, Novabase's Audit Board resolved to approve the declaration of this member as being temporarily prevented from starting his functions as such, under the terms and for the purposes of paragraph 3 of article 415 of the Portuguese Companies Code. Indeed, due to the position of member of the General and Supervisory Board that Mr. João Duque holds in the bank Caixa Central de Crédito Agrícola Mútuo, C.R.L., the beginning of his functions as member of the Audit Board of Novabase is subject to prior assessment and authorization by Bank of Portugal, which is currently being submitted to the regulator. In this context, Novabase's Audit Board has decided to substitute this member, until the issuance of the referred Bank of Portugal decision, by Manuel Saldanha Tavares Festas, alternate member of the Audit Board elected at the same General Meeting, under the terms and for the purposes of article 415 of the Commercial Companies Code. The referred replacement was in force during the financial year of 2021 and is currently in force.

During the year, the Audit Board met five 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

of 66,6% by Manuel Festas; the number of meetings indicated corresponds to those that took place after the appointment of the Audit Board at the General Meeting of May 25, 2021. To this date, the previous Audit Board held 2 meetings in the year 2021. The Chairman and Fátima Farinha were part of the previous Audit Board, having also attended all meetings held in 2021 until the appointment of the new Audit Board.

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 2021.

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 2021 it has not received, through the means defined for this purpose, any communication of irregularities.

Related Party Transactions

During the 2021 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.º - G of the Portuguese Securities Code, applicable by virtue of paragraph 1/a) of article 8 of the CMVM Regulation no. 5/2008 (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 2021 financial year, which comprise the Consolidated Statement of Financial Position as at December 31, 2021, 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 2021 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 2021 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 2021 financial year;
- There are no objections to the approval of the Consolidated Financial Statements for the 2021 financial year.

Lisbon, April 27, 2022

The Audit Board

Álvaro José Barrigas do Nascimento – Chairman

Fátima do Rosário Piteira Patinha Farinha – Member

Manuel Saldanha Fortes Tavares Festas – Alternate Member[1]

[1] Alternate member that is substituting in the office the effective member João Luís Correia Duque, under the terms of article 415 of the Portuguese Companies Code.

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício FPM41 - Avenida Fontes Pereira de Melo, 41 – 15º
1069-006 Lisboa - Portugal
+351 210 110 000 | www.kpmg.pt

STATUTORY 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, S.G.P.S, S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 (showing a total of 165,444 thousand euros and total equity of 75,949 thousand euros, including non-controlling interests of 10,361 thousand euros and a profit for the year of 8,706 thousand euros), and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the 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, S.G.P.S, S.A.** as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 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 financial statements of the current period. 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.

KPMG

Revenue recognition (Euro 178,788 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 turnkey 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 overtime projects in accordance with the applicable accounting policy, as described in Note 2.19 (a), involves a number of qualitative factors such as estimated billing, costs to be incurred, including contingency values for contractual risks, which justify that the recognition of revenue has been considered as a key audit matter.	Our audit procedures included, amongst others, those that we describe below: ▪ We have analysed 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 analysed the estimates and assumptions made by the management, namely regarding estimated billing, costs to be incurred and contingencies; ▪ We have carried out substantive analytical procedures and detailed tests to the accounting records in order to identify and test the risk of fraud and potential derogation to implemented controls; and,; ▪ We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

KPMG

Recoverability of goodwill (Euro 11,501 thousand)

See Note 8 to the consolidated financial statements which describes the net book value of the goodwill of the Next-Gen and NeoTalent business areas.

The Risk

The determination of the recoverable value of these assets is subjective due to the uncertainty inherent to the financial projections and to the discount of future cash flows, since many key assumptions are based on management expectations, not observable in the market.

The Group performs, on an annual basis, impairment tests on goodwill based on the discounted cash flow method, considering a 5-year business plan estimated by management, as mentioned in Notes 2.7 (1), 4 (a) and 8.

The complexity and inherent degree of judgment justify that the recoverability of goodwill has been considered a key audit matter.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We have evaluated the design and implementation and operational effectiveness of the key controls implemented by the Group in connection with this matter and have reviewed the budgeting procedures on which the projections are based, by comparing the current performance against estimates made in prior periods, and the integrity of the discounted cash flow model;
- We have assessed the internal and external assumptions used and the reasonableness of such as current business trends, market performance, inflation, projected economic growth and discount rates;
- We have performed sensitivity analyses on the robustness of the assumptions and forecasts used;
- We have involved out experts in benchmarking the average cost of capital ratio; and,
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

Recoverability of deferred tax assets (Euro 9,443 thousand)

See Note 11 to the consolidated financial statements which describes the amount of deferred tax assets, of which 8,782 thousand euros related to tax benefits arising from Research and Development projects presented under the SIFIDE incentive scheme.

The Risk

Deferred tax assets recorded by management are based on its best estimate on the timing and future amounts required for their recovery, using assumptions that require judgment, as mentioned in Notes 2.15 and 4 (c).

The associated level of uncertainty and the degree inherent to the judgement justify that the recoverability of deferred tax assets has been considered as a key audit matter.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We have evaluated the design and implementation and operational effectiveness of the key controls implemented by the Group in connection with this matter and have analysed the budgeting procedures on which the projections are based, by comparing the current performance with estimates made in prior periods;
- We have analysed the assumptions and methodology used by management to assess the recoverability of deferred tax assets, namely projections of taxable income; and,
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

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 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 misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles 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 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 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; and,
- communicate with those charged with governance regarding, including the supervisory body, 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 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 non-financial information

Pursuant to article 451, nr. 6, of the Portuguese Companies' Code, we inform that the Group has included in its 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 prepared a remunerations report where includes the information defined in nr. 2 of that article.

On the European single electronic format (ESEF)

The consolidated financial statements of Novabase, S.G.P.S, S.A. for the year ended 31 December 2021 have to comply with the applicable requirements established by the European Commission Delegated Regulation 2019/815 of 17 December 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.
- 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) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 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 29 April 2015 for a first mandate from 2015 to 2017. We were appointed as auditors of the Group in the shareholders general assembly held on 10 May 2018 for a second mandate from 2028 to 2020. We were reappointed as auditors of the Group in the shareholders general assembly held on 25 May 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 ISAs we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the 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 27 April 2022.
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Group in conducting the audit.

27 April 2022

SIGNED ON THE ORIGINAL

KPMG & Associados -
Sociedade de Revisores Oficiais de Contas, S.A.
(no. 189 and registered at CMVM with the nr. 20161489)
represented by
Susana de Macedo Melim de Abreu Lopes
(ROC no. 1232 and registered at CMVM with the nr. 20160843)

2021

CORPORATE GOVERNANCE REPORT

NOVABASE

CORPORATE GOVERNANCE REPORT

Contents

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 2021 (€)	54,638,425.56
Total shares	31,401,394
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.

Shareholdings

Holding subject to NOVABASE Shareholders' Agreement	Number of shares	% share capital and voting rights
HNB – S.G.P.S., S.A. [1]	10,810,823	34.43%
Pedro Miguel Quinteiro Marques Carvalho	2,097,613	6.68%
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%
TOTAL[2]	12,908,439	41.11%

[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.

[2] Total holding attributable to shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, and Pedro Miguel Quinteiro Marques de Carvalho, pursuant to the NOVABASE shareholders' agreement described in point 6 of this report.

	Number of shares	% share capital and voting rights
Partbleu, Sociedade Gestora de Participações Sociais, S.A. [1]	3,180,444	10.13%

[1] At the time of receiving notice of the qualified holding, NOVABASE was informed that 72% of this company was indirectly held by Miguel Pais do Amaral, who was attributed the corresponding voting rights.

	Number of shares	% share capital and voting rights
IBI - Information Business Integration, A.G. [1]	4,549,188	14.49%

[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.

	Number of shares	% share capital and voting rights
Lazard Frères Gestion SAS	1,570,870	5.00%

The above holdings correspond to the last positions notified to the company in reference to 31 December 2021 or before.

Even so, over the course of 2022, NOVABASE received the following notifications with regard to IBI – Information Business Integration, A.G., as duly disclosed to the market:

- 09/03/2022 – acquisition of 10,000 shares
- 10/03/2022 – acquisition of 3,887 shares
- 11/03/2022 – acquisition of 6,000 shares
- 14/03/2022 – acquisition of 3,487 shares
- 15/03/2022 – acquisition of 3,710 shares
- 16/03/2022 – acquisition of 2,916 shares
- 18/03/2022 – acquisition of 650 shares
- 21/03/2022 – acquisition of 9,350 shares
- 28/03/2022 – acquisition of 1,005 shares
- 31/03/2022 – acquisition of 8,995 shares
- 01/04/2022 – acquisition of 10,000 shares

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 2021, NOVABASE had 699,480 treasury shares representing 2.23% of share capital and corresponding voting rights for the treasury shares held.

Notwithstanding the 699,480 treasury shares in question, 91,539 shares were attributed to director Paulo Jorge de Barros Pires Trigo in 2020, following the exercising of NOVABASE stock options held by this director 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 this director 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 public company, 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 30 April 2021, NOVABASE announced 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, Pedro Miguel Quinteiro Marques de Carvalho and João Nuno da Silva Bento with regard to a new shareholders' agreement and qualified holding.

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

"1. New NOVABASE Shareholders' Agreement

Pursuant to and for the purposes of article 1, sub-paragraph c) and article 2 of CMVM Regulation no. 5/2008, and in compliance with articles 17 and 19 of the Securities Code and applicable Community provisions, it is now announced, on today's date, with a view to ensuring shareholder stability until the end of the next 2021- 2023 term of office of NOVABASE's corporate boards, that a new NOVABASE shareholders' agreement ("Shareholders' Agreement") has been signed.

The new Shareholders' Agreement was signed between shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Pedro Miguel Quinteiro Marques de Carvalho and Álvaro José da Silva Ferreira (hereinafter called the "Shareholders") for 10,488,072 NOVABASE shares (hereinafter called the "Restricted Shares") directly or indirectly held between them, corresponding to 33.40% of NOVABASE's share capital, and with João Nuno da Silva Bento having withdrawn from the Shareholders' Agreement.

Shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira are the controlling shareholders of the company HNB – S.G.P.S., S.A., (hereinafter called "HNB"), pursuant to the HNB shareholders' agreement signed between them.

The company HNB is an indirect vehicle for the ownership of NOVABASE shares ("Vehicle"), pursuant to the Shareholders' Agreement.

The new Shareholders' Agreement entered into force on 30 April 2021, shall be valid until 31 May 2024 and replaces, in relation to the signatories to the new agreement, the previous shareholders' agreement in force through that date (as duly announced to the market on 16 October 2017), whose essential terms and conditions have been reproduced.

2. Qualified holding – changes to composition

Following the non-renewal of the shareholders' agreement by João Nuno da Silva Bento, the qualified holding of the signatories to the shareholders' agreement was no longer attributed; in addition, HNB – S.G.P.S., S.A., announced that, on 29 April 2021, it had entered into an agreement for the acquisition of the 1,025,070 shares representing 3.26% of the capital and voting rights of NOVABASE held by João Nuno da Silva Bento through the company Mediaries - Serviços de Consultoria e Gestão Lda controlled by him, for the unit price of €3.715 per share. This acquisition is conditional upon (i) the holding of the NOVABASE General Meeting of Shareholders called for 25 May 2021; and (ii) fulfilment by João Nuno Bento in this meeting of his commitment to vote assumed under the previous shareholders' agreement.

In the wake of these changes, shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Pedro Miguel Quinteiro Marques de Carvalho and Álvaro José da Silva Ferreira continue to have a qualified holding, which currently totals 12,908,439 shares representing 41.11% of NOVABASE's share capital and voting rights, as follows:

Restricted Shares

Shareholders		Number of Restricted Shares	% of Shareholders' Agreement	% Voting Rights (Total)
Held through HNB				
	José Afonso Oom Ferreira de Sousa	2,884,712	27.50%	9.19%
	Luís Paulo Cardoso Salvado	2,798,639	26.68%	8.91%
	Álvaro José da Silva Ferreira	2,707,105	25.81%	8.62%
	HNB Total	**8,390,456**	**80.00%**	**26.72%**
José Afonso Oom Ferreira de Sousa		**1**	**-**	**-**
Luís Paulo Cardoso Salvado		**1**	**-**	**-**
Álvaro José da Silva Ferreira		**1**	**-**	**-**
Pedro Miguel Quinteiro Marques de Carvalho		**2,097,613**	**20.00%**	**6.68%**
TOTAL		**10,488,072**	**100%**	**33.40%**

Non-Restricted Shares

Shareholders		Number of Shares not Restricted		% Voting Rights (Total)
Held through HNB				
	José Afonso Oom Ferreira de Sousa	1,232,854		3.93%
	Luís Paulo Cardoso Salvado	815,615		2.60%
	Álvaro José da Silva Ferreira	371,898		1.18%
	HNB Total	**2,420,367**		**7.71%**
José Afonso Oom Ferreira de Sousa		**0**		**-**
Luís Paulo Cardoso Salvado		**0**		**-**
Álvaro José da Silva Ferreira		**0**		**-**
Pedro Miguel Quinteiro Marques Carvalho		**0**		**-**
TOTAL		**2,420,367**		**7.71%**

Total (Restricted Shares + Non-Restricted Shares)

Shareholders		Total Number of Shares (Restricted + Non-Restricted)		% Voting Rights (Total)
Held through HNB[1]				
	José Afonso Oom Ferreira de Sousa[1]	4,117,566		13.11%
	Luís Paulo Cardoso Salvado[1]	3,614,254		11.51%
	Álvaro José da Silva Ferreira[1]	3,079,003		9.81%
	HNB Total	**10,810,823**		**34.43%**
José Afonso Oom Ferreira de Sousa		**1**		-
Luís Paulo Cardoso Salvado		**1**		-
Álvaro José da Silva Ferreira		**1**		-
Pedro Miguel Quinteiro Marques Carvalho		**2,097,613**		**6.68%**
Total[2]		**12,908,439**		**41.11%**

[1] José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira have ownership, directly or indirectly through controlled companies, of all of the shares of HNB – S.G.P.S., S.A., having signed a shareholders' agreement for all of this company's share capital. Includes the shares of shareholder João Nuno da Silva Bento, under the purchase and sale agreement entered into with HNB – S.G.P.S., S.A., on 29 April 2021

[2] Total holding attributable to shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and Pedro Miguel Quinteiro Marques de Carvalho, pursuant to the NOVABASE Shareholders' Agreement.

In view of the number of treasury shares currently held in the portfolio by NOVABASE, the total holding in question would correspond to 41.994% of NOVABASE's voting rights.

3. Terms and conditions of the Shareholders' Agreement

The following content of the NOVABASE Shareholders' Agreement is noteworthy:

A) The need for agreement by a majority equal to or greater than two thirds of votes corresponding to Restricted Shares to establish terms by which these shares may be bought and sold, with shareholders agreeing not to initiate sales or purchases of any kind outside of this agreement;

B) Need for unanimity of all Shareholders to acquire NOVABASE shares or sign agreements giving these Shareholders or a Vehicle qualified holdings exceeding one-third or 50% of NOVABASE's voting rights, pursuant to article 20 of the Securities Code, according to whether the Shareholders' immediately prior shareholdings are less or more than one-third of these voting rights;

C) Notwithstanding the above, each Shareholder is authorized to acquire NOVABASE shares not considered Restricted Shares up to a maximum of 1.50% of all voting rights, per Shareholder, provided that such acquisitions do not give the Shareholders or a Vehicle more than 50% of the

voting rights corresponding to NOVABASE's share capital. NOVABASE shares acquired in this manner will not be considered Restricted Shares, unless agreed so by unanimous decision;

D) The Shareholders undertake to ensure that their descendants in the first degree (who have not yet reached legal age) will not acquire any NOVABASE shares in return for payment;

E) If, due to a breach of the Shareholders' Agreement, a qualified shareholding exceeding one third or 50% of NOVABASE's voting rights is allocated to the Shareholders or a Vehicle, pursuant to article 20 of the Securities Code, the procedure to suspend the tender offer obligation, as provided for in article 190 of the Securities Code, must be immediately initiated. Any shareholder responsible for allocating such voting rights, and who fails to execute the proper procedures to suspend and terminate the obligation for a tender offer, will be obliged to launch the tender offer individually;

F) In all of the following matters, the shareholders must exercise, directly or through a Vehicle, if applicable, their voting rights at NOVABASE's General Meetings of Shareholders by a strict majority equal to or greater than two-thirds of votes corresponding to Restricted Shares: dividend policy to be adopted, management compensation and bonus policy for corporate board members, increases and decreases in share capital, elimination of the right of preference in increases in capital, composition of corporate boards, NOVABASE mergers and spin-offs, and changes to the articles of association, acquisitions or disposals representing investments or disinvestments exceeding €2.5 million and definition of the strategic plan (including relevant changes to the strategic plan currently in force, as announced to the market);

G) Obligation to draw up, together with all Shareholders before the elections at the General Meeting of Shareholders, proposals to appoint members to NOVABASE's corporate boards;

H) Obligation of shareholders to vote, or to make a Vehicle vote, at General Meetings of Shareholders exclusively in favour of decisions previously passed by a two-thirds or greater majority of shareholders having voting rights corresponding to Restricted Shares;

I) Any shareholder who is dismissed without just cause from his/her management duties at NOVABASE, or at a company directly or indirectly held by NOVABASE, as applicable, while the Shareholders' Agreement is in force may opt to terminate his/her participation in the agreement. In the remaining cases, and except in specific situations of death, interdiction, incapacity or disability governed by the Agreement, shareholders may only terminate their participation in the Shareholders' Agreement with approval by a majority at least equal to or greater than two-thirds of votes corresponding to Restricted Shares;

J) Any party in breach of its obligations arising from the Shareholders' Agreement shall be subject to the respective provisions concerning penalties for the non-performance of this agreement.

Under the terms of new Shareholders' Agreement, the rights and obligations described above must be exercised and fulfilled directly by the shareholders or, when applicable, through the actions of a Vehicle."

"

[end of transcription of announcement]

The NOVABASE Shareholders' Agreement is valid until 31 May 2024.

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

Holding subject to NOVABASE Shareholders' Agreement	Number of shares	% share capital and voting rights
HNB – S.G.P.S., S.A. [1]	10,810,823	34.43%
Pedro Miguel Quinteiro Marques Carvalho	2,097,613	6.68%
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%
TOTAL[2]	12,908,439	41.11%

[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.

[2] Total holding attributable to shareholders Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho, pursuant to the NOVABASE shareholders' agreement described in point 6 of this report.

	Number of shares	% share capital and voting rights
Partbleu, Sociedade Gestora de Participações Sociais, S.A. [1]	3,180,444	10.13%

[1] At the time of receiving notice of the qualified holding, NOVABASE was informed that 72% of this company was indirectly held by Miguel Pais do Amaral, who was attributed the corresponding voting rights.

	Number of shares	% share capital and voting rights
IBI – Information Business Integration, A.G.[1]	4,549,188	14.49%

[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.

	Number of shares	% share capital and voting rights
Lazard Frères Gestion SAS	1,570,870	5.00%

The above holdings correspond to the last positions notified to the company in reference to 31 December 2021 or before.

Even so, over the course of 2022, NOVABASE received the following notifications with regard to IBI – Information Business Integration, A.G., as duly disclosed to the market:

- 09/03/2022 – acquisition of 10,000 shares
- 10/03/2022 – acquisition of 3,887 shares
- 11/03/2022 – acquisition of 6,000 shares
- 14/03/2022 – acquisition of 3,487 shares
- 15/03/2022 – acquisition of 3,710 shares
- 16/03/2022 – acquisition of 2,916 shares
- 18/03/2022 – acquisition of 650 shares
- 21/03/2022 – acquisition of 9,350 shares
- 28/03/2022 – acquisition of 1,005 shares
- 31/03/2022 – acquisition of 8,995 shares
- 01/04/2022 – acquisition of 10,000 shares

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 s articles 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	6.68
Manuel Saldanha Tavares Festas alternate of the Audit Board)	74,986	0.24

María del Carmen Gil Marín (executive member of the Board of Directors)	23,001	0.07
João Luis 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
José Sancho García[3]	0	0.00
Madalena Paz Ferreira Perestrelo de Oliveira	0	0.00
Rita Wrem Viana Branquinho Lobo Carvalho Rosado	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 [4] (acting statutory auditor and representative)	0	0.00
Maria Cristina Santos Ferreira (alternate 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 2021 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 2021, HNB – S.G.P.S., S.A., held 10,810,823 shares representing 34.43% of NOVABASE's share capital and respective voting rights.

[3] José Sancho García is the controlling shareholder of IBI - Information Business Integration, A.G., a company which held, on 31 December 2021, 4,549,188 shares representing 14.49% of NOVABASE's share capital and corresponding voting rights.

[4] It was represented by partner Paulo Alexandre Martins Quintas Paixão until 22 December 2021.

In addition, the following transactions of NOVABASE shares were made in 2021 by the persons referred to in article 447 of the Commercial Companies Code ("CSC"):

Entity	Transaction	Date	Place	Number of Shares	Unit Price (€)
HNB - S.G.P.S., S.A.	Purchase	13/01/2021	Outside of a trading platform	650,924	3.300
HNB - S.G.P.S., S.A.	Purchase	28/05/2021	Outside of a trading platform	1,025,070	3.715
IBI – Information Business Integration, A.G. [1]	Purchase	24/06/2021	Outside of a trading platform	341,690	3.715
Rent Profit, S.L.[1]	Sale	30/07/2021	Euronext Lisbon	10	4.530
José Sancho García / Pilar Thomas Rios [2]	Sale	30/07/2021	Euronext Lisbon	3,704	4.561

IBI – Information Business Integration, A.G[1]	Purchase	30/07/2021	Euronext Lisbon	3,714	4.509
IBI – Information Business Integration, A.G[1]	Purchase	08/11/2021	Euronext Lisbon	40,208	4.650
IBI – Information Business Integration, A.G[1]	Purchase	09/11/2021	Euronext Lisbon	59,792	4.749
IBI – Information Business Integration, A.G[1]	Purchase	15/11/2021	Euronext Lisbon	1,634	4.744
IBI – Information Business Integration, A.G[1]	Purchase	17/11/2021	Euronext Lisbon	12,905	4.746

[1] Company managed and administered by the spouse of director José Sancho García.

[2] The shares in question were deposited in a securities account held jointly by the director in question and his spouse Pilar Thomas Ríos.

There were no encumbrances or other acquisitions or disposals of shares representing the share capital of the company or companies in a group or control relationship with it, nor any promissory agreements, options contracts, repurchase agreements or others with similar effects on these shares, beyond those referred to in this document.

Beyond the transactions listed above, 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 2021, to the best 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.

II. Management and Supervision

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

a) Composition

Board of Directors on 31 December 2021

Luís Paulo Cardoso Salvado

Álvaro José da Silva Ferreira
María del Carmen Gil Marín
José Afonso Oom Ferreira de Sousa
Pedro Miguel Quinteiro Marques Carvalho
José Sancho García
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 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. 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 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.

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 state 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 governing 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, willingness 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 governing and supervisory boards, how this policy was applied and its results in the 2021 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 2021 financial year:

- With regard to full members on NOVABASE's corporate boards performing duties in 2021, NOVABASE's corporate boards had a total of 10 men and 4 women;

- Throughout 2021, NOVABASE's corporate board members ranged from 32 to 68 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 37.5% female members, thereby exceeding 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 2021, the Board of Directors had eight 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	31 December 2023

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
José Sancho García	25 May 2021	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.

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
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
José Sancho García	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 (eight), the six 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 75% 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	• Chairperson of the Board of Directors and Managing Director of Novabase S.G.P.S., S.A. Formerly:

	• Graduate in Electrotechnical and Computer Engineering at Instituto Superior Técnico (IST - Higher Technical Institute)	• 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 Program - Harvard Business School • Private Equity and Venture Capital Program - 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
María del Carmen Gil Marín	• MBA – INSEAD • Academic cycle of PhD in the Environment and Alternative Energies – UNED • Higher Degree in Electronic Engineering - Universidade 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 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	• MBA from Universidade Nova de Lisboa • Master's in Electrotechnical Engineering from IST	• Non-executive Director of Novabase S.G.P.S., S.A. Formerly: • Director without delegated areas

	• Graduate in Electrotechnical Engineering from IST • Graduate in Philosophy from Universidade Católica de Lisboa	• 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
José Sancho García	• Telecommunications Engineer- 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 • Graduate in Law from the University of Lisbon School of Law • Attendance at the 17th Postgraduate Course in Securities Law, organized by the Securities Institute (Instituto dos Valores Mobiliários)	• Non-executive Director of Novabase S.G.P.S., S.A. • Guest 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	• Graduate in Law from Universidade Católica de Lisboa • Executive training: Advanced Program for Non-executive Directors (IPCG)	• Non-executive Director of Novabase S.G.P.S., S.A. • Chairperson of the General Meeting of Shareholders of various NOVABASE Group companies • Legal management of 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.

Directors Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques Carvalho are simultaneously shareholders and parties to the shareholders' agreement referred to in point 6 of this report. As of 31 December 2021, the parties to this shareholders' agreement have been attributed a qualified holding of 12,908,439 shares representing 41.11% of NOVABASE's share capital and voting rights.

In addition, director José Sancho García is simultaneously the controlling shareholder of Sociedade IBI - Information Business Integration, A.G. which, in accordance with communications made to NOVABASE prior to 31 December 2021, held 4,549,188 shares representing 14.49% of NOVABASE's share capital and voting rights.

There are 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 2021:

- 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+ Strategic 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. Includes businesses with consolidated IT offers for the IT Staffing and Venture Capital sector.

Novabase S.G.P.S.[1] / Novabase Serviços [2]

Novabase S.G.P.S. and Novabase Services control the central functional areas: *Human Resources*, *Finance & Administration*, *IT*, *Marketing*, *Legal* and *Logistics*. Novabase S.G.P.S. directly controls the *Investor Relations* function through the Investor Relations Office.

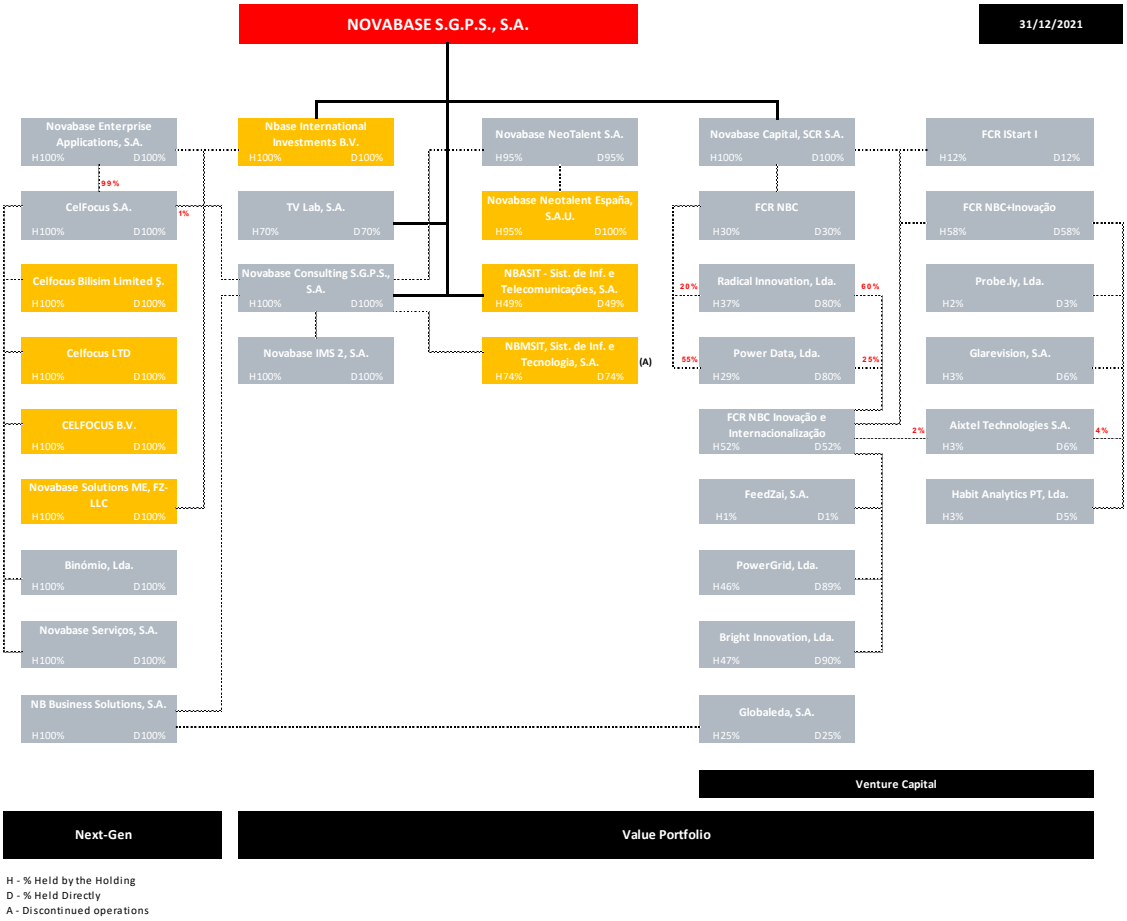
Information on the Investor Relations Office can be found in point 56 of this report.

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.

[1] Novabase – Sociedade Gestora de Participações Sociais, S.A.
[2] Novabase Serviços – Serviços de Gestão e Consultoria, S.A.



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 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 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. 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 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 3 to 9 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) Deliberate 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 €1 (one) million 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 €1 (one) million; and (ii) together, €5 (five) million 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 €20 (twenty) million 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 €5 (five) million or less per transaction, or cumulatively €20 (twenty) million 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 €20 (twenty) million 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 €1 (one) million, or cumulatively up to €5 (five) million 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 €1 (one) million;
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 €20 (twenty) million 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 €1 (one) million 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 €20 (twenty) million;
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 €1 (one) million;
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 €5,000,000.00 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.

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, undelegated non-executive directors may raise specific issues regarding delegated matters directly with executive directors.

In the same manner, the director who has 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 2021 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 teleconferencing, when duly recorded in the minutes. In this case, members of management attending remotely via teleconferencing 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 III.1. of the Portuguese Corporate Governance Institute (IPCG) Corporate Governance Code (2018, revised in 2020), 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 8 directors) and the number of non-executive directors (6), 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 2021, all the information requested by the various corporate boards was supplied by NOVABASE's managing directors in a timely and suitable fashion. Similarly in 2021, the director 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: 6[1]	
Member	Attendance (%)
Luís Paulo Cardoso Salvado	100
Álvaro José da Silva Ferreira	100
María del Carmen Gil Marín	100
José Afonso Oom Ferreira de Sousa	100
Pedro Miguel Quinteiro Marques Carvalho	100
José Sancho García	100
Madalena Paz Ferreira Perestrelo de Oliveira	100
Rita Wrem Viana Branquinho Lobo Carvalho Rosado	100

1 - The number of meetings shown corresponds to those occurring after the appointment of the new management at the General Meeting of Shareholders dated 25 May 2021. Through this date, the previous management held four meetings in 2021. The above directors Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, María del Carmen Gil Marín, José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho also belonged to the previous management, and participated in all of the meetings held in 2021 until the election of the new Board of Directors.

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 2020), 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 2021, the non-executive members of the Board of Directors were María del Carmen Gil Marín, José Afonso Oom Ferreira de Sousa, Pedro Miguel Quinteiro de Marques Carvalho, José Sancho García, Madalena Paz Ferreira Perestrelo de Oliveira and Rita Wrem Viana Branquinho Lobo Carvalho Rosado.

Furthermore, in accordance with recommendation V.1.1. of the IPCG Corporate Governance Code (2018, revised in 2020), 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 2021 financial year was approved by NOVABASE's Board of Directors on 10 February 2022.

In addition, the Remuneration Committee is responsible for assessing the performance of the managing directors and the director 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 net profits

generated, 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. • Novabase Serviços S.A. • Novabase Consulting, S.G.P.S., S.A. • Novabase Business Solutions, S.A. • Novabase Enterprise Applications, S.A.	• Manager of Pluraldistance, Lda. • Director of HNB - S.G.P.S., S.A. • Managing partner of Turtlewalk, Unipessoal, Lda.
Álvaro José da Silva Ferreira (Full time)	• Director of the following companies: • Celfocus, S.A. • Chairperson of the Board of Directors of Novabase Neotalent, S.A. • Novabase Serviços S.A. • Novabase Consulting, S.G.P.S., S.A. • Novabase Business Solutions, S.A. • Novabase Enterprise Applications, S.A. • TVLAB, S.A. • Novabase Capital, S.C.R., S.A. • NBMSIT, S.A. - Chairperson • NBASIT, S.A. - Chairperson • Novabase IMS2, S.A. - Chairperson • Novabase Neotalent España, S.A. • Novabase Middle East	• Director of HNB - S.G.P.S., S.A. • Managing partner of Pragmatic Proton, Unipessoal, Lda.

	• Binómio, Lda. - Manager	

María del Carmen Gil Marín
(Full time)
	• 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:
	  • Celfocus, S.A.
	  • Chairperson of the Board of Directors of Novabase Capital, S.C.R., S.A.
	  • Novabase IMS2, S.A.
	  • Novabase Serviços S.A.
	  • Novabase Enterprise Applications, S.A.
	  • TVLAB, S.A.
		• 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

José Afonso Oom Ferreira de Sousa
(Part time)
	• Chairperson of the General Meeting of Shareholders of the following companies:
	  • Novabase IMS2, S.A.
	  • TV Lab, S.A.
	  • Novabase Neotalent, S.A.
		• 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.
		• Director of Aprove - Investimentos e Projetos Imobiliários, S.A.
		• Managing partner of S2i - Sociedade de Investimento Imobiliário, Lda.

Pedro Miguel Quinteiro Marques Carvalho
(Part time)
	• Chairperson of the General Meeting of Shareholders of the following companies:
	  • Novabase Serviços S.A.
	  • Novabase Consulting S.G.P.S., S.A.
	  • Novabase Business Solutions, S.A.
	  • Novabase Capital S.A.
		• No activities at other companies outside the Group.

José Sancho García (Part time)	• No activities at other NOVABASE Group companies	• Chairperson of BKOOL • CEO of Investing PROFit Wisely SL

Madalena Paz Ferreira Perestrelo de Oliveira (Part time)	• No activities at other NOVABASE Group companies	• Guest 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 • Head of Legal at the NOVABASE Group	• No activities at other companies outside the 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 director 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 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 2021, 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+ Strategic 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+ Strategic 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+ Strategic Update.

2021, the second year of the pandemic, proved to be a year of challenges and constant ups and downs. The year began under a surge of infections and lockdowns around the whole world, then improved starting in the second quarter, only to deteriorate at the end of the year with the appearance of a new variant.

At NOVABASE, all necessary measures were taken to safeguard the community, with no direct material impacts on operating conditions in 2021. The effects of greater complexity were seen in retaining talent, delays to M&A initiatives and attracting new customers.

Nonetheless, there were no significant impacts in financial terms.

The Next-Gen segment had strong performance, up 20% in international business, benefiting from a focus on resilient sectors and larger-sized customers. Despite delays in M&A initiatives, the segment continues to have good progress in its organic growth strategy.

The Value Portfolio segment, despite the negative impacts of COVID-19, especially in the second half of 2020 (in Spain in particular), saw improvements in its turnover as the quarters went by, wrapping up 2021 slightly above 2020. This segment is well-positioned for continuous growth and value generation to finance the Next-Gen strategy.

With regard to 2021 stock performance, NOVABASE was listed on the PSI20 and appreciated 60%, compared to overall appreciation of 14% for the PSI20 and 34% for EuroStoxx Technology, which are benchmark indices for NOVABASE. The Market Cap at the end of the year was €160.8 million. The average price of analysts covering the security was €5.75/share.

In 2021, given the success of the work-from-home model, NOVABASE implemented a hybrid model in this regard: NOVABASE employees can choose to work remotely for 60% of their time.

For the third year running, NOVABASE was again recognized by the magazine Human Resources Portugal as the most innovative company in managing people. In the Gala 2021 World Agility Forum, Celfocus received the Agility in Service Design & Delivery award.

In May 2021, at its Annual General Meeting of Shareholders, new corporate boards were elected for the three-year period of 2021-2023, as duly announced to the market. The Board of Directors elected at this time also decided to delegate the day-to-day running of the company to two managing directors, and to grant special responsibilities to another director.

Despite the tremendous challenges that will certainly arise, NOVABASE's Board of Directors remains confident in the strategy implemented and in the excellence of the teams that will guide it.

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 3 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 2021:

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
Manuel Saldanha Tavares Festas (alternate member replacing full member João Luís Correia Duque, pursuant to article 415 of the Commercial Companies Code)[1]	25 May 2021	31 December 2023

[1] - Note that Dr. João Luís Correia Duque was appointed as a full member of NOVABASE's Audit Board at the General Meeting of Shareholders held on 25 May 2021, while Dr. Manuel Saldanha Tavares Festas was appointed as a alternate member. However, on the same date, and after notification from Dr. João Duque to this end, NOVABASE's Audit Board decided to approve the statement from this member as being temporarily impeded from commencing his duties as such, pursuant to and for the purposes of article 415, paragraph 3 of the Commercial Companies Code. As such, by virtue of the position of member of the General and Supervisory Board held by Dr. João Duque at the bank Caixa Central de Crédito Agrícola Mútuo, C.R.L., the commencement of his duties as a member of NOVABASE's Audit Board is subject to prior assessment and authorization by Banco de Portugal, currently in the submission process to the regulator. In this context, NOVABASE's Audit Board decided to substitute this member in his position, until such time that a decision is issued by Banco de Portugal, by Dr. Manuel Saldanha Tavares Festas, alternate member of the Audit Board elected in the same General Meeting of Shareholders, pursuant to and for the purposes of article 415 of the Commercial Companies Code. This replacement was effective during the year 2021, and currently remains in effect.

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 s 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
Manuel Saldanha Tavares Festas (alternate member replacing full member João Luís Correia Duque, pursuant to article 415 of the Commercial Companies Code)[2]	Yes

[1] Pursuant to article 414, paragraph 5 of the Commercial Companies Code.

[2] Nonetheless, note that the full member currently being replaced, Dr. João Luís Correia Duque, is also considered independent.

In 2021, 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	• 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	• Associate Professor in Economics and Finance - Católica Porto Business School - Universidade Católica Portuguesa • Independent NORS director • 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) • Chairperson of the Advisory Committee of ERSAR • 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

		• 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).
Manuel Saldanha Fortes Tavares Festas (alternate member replacing full member João Luís Correia Duque, pursuant to article 415 of the Commercial Companies Code)	• Graduate in Management from Universidade Católica Portuguesa • Postgraduate Diploma in Financial Assets and Markets from ISCTE/CEMAF • Enrolled in the Order of Certified Accountants (Ordem dos Contabilistas Certificados	• SME editorial sector and catering consultant (2015-present) • Director of Orey Financial (São Paulo/Brazil) (2012-2014) • SME consultant in various sectors (2010-2011) • Financial director of Escom - Investments BV and Escom - Investimentos e Participações (Luanda/Angola) 2010 • Executive Director of Novabase S.G.P.S., S.A. (2006- 2009) • Executive Director of Novabase Capital S.C.R., S.A. and of Novabase Serviços S.A. (2000- 2009) • Financial Manager of AITEC Tecnologias de Informação S.G.P.S., S.A. and manager of various affiliates (1995-2000)

[redacted]	[redacted]	• Manager and Director of MIDAS Corretora Valores Mobiliários SA (1990-1995); • Financial and Investment Manager of SGF - Soc. Gestora de Fundos de Pensões SA (1988-1990)

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 with 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 regulation.

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 2018).

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 some 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 2021 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: 3[1]	
Full Member	**Attendance (%)**
Álvaro José Barrigas do Nascimento	100
Fátima do Rosário Piteira Patinha Farinha	100
Manuel Saldanha Fortes Tavares Festas (alternate member replacing full member João Luís Correia Duque, pursuant to article 415 of the Commercial Companies Code)	66.6

[1] The number of meetings shown corresponds to those occurring after the appointment of the new Audit Board at the General Meeting of Shareholders dated 25 May 2021. Through this date, the previous Audit Board held two meetings in 2021. The above-mentioned members Álvaro José Barrigas do Nascimento and Fátima do Rosário Piteira Patinha Farinha also belonged to the previous Audit Board, and also participated in every meeting held in 2021 until the election of the new Audit Board.

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)	• No activities at other NOVABASE Group companies.	• Professor of Finance at Universidade Católica Portuguesa • Independent NORS director

		• Chairperson of the Audit and Finance Committee of Sonae MC • Member of the Audit Board of Unicer • Manager of the Business Administrator Forum (FAE) • Chairperson of the Advisory Committee of ERSAR
Fátima do Rosário Piteira Patinha Farinha (part time)	• Member of the Audit Board of Novabase Capital S.C.R., S.A.	• Financial Director of Grupo Entreposto automobile retail • Partner at MC Godinho & Associado SROC
Manuel Saldanha Tavares Festas (alternate member replacing full member João Luís Correia Duque, pursuant to article 415 of the Commercial Companies Code)		• Director of Imorestar Imobiliária SA • Director of Aprove Investimentos e Projectos Imobiliários S.A. Chairperson of the Audit Board of Fundação Maria Dias Ferreira.

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 2021, 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 alternate 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 6 consecutive years. As stated in point 43, the partner currently representing the statutory auditor 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 NOVABASE's external auditor, and provided no other professional services to the company in 2021.

V. EXTERNAL AUDITOR

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

On 31 December 2021, 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 6 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 09 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.

In 2021, the external auditor did not provide other professional services to the company.

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 (€)	14,500 / 13
Compliance assurance services (€)	

Tax consulting services (€)	
Services other than statutory auditing (€)	
By entities belonging to the Group	
Statutory auditing services (€)	95,850 / 86
Compliance assurance services[1] (€)	1,500 / 1
Tax consulting services (€)	
Services other than statutory auditing (€)	

[1] The amount is for merger/spin-off opinions required by law pursuant to the legal provisions of the Commercial Companies Code.

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 a system for reporting irregularities (known as "SPI") that may occur within its Group. Any report of irregularities made through SPI is directed to the Audit Board, which will appoint a person in charge of SPI to manage the reports received. The person in charge of SPI must act independently and autonomously (notwithstanding responsibility to the Audit Board for proper compliance with his/her duties) and will be subject to confidentiality requirements.

According to the implemented system, employees and other NOVABASE stakeholders have access to a direct and confidential channel for reporting to the Audit Board any practice that appears to be improper or irregular in any way, whatever it may be, having occurred within the NOVABASE Group, regardless of any blame that may be attributed, and which may impact the financial statements or the information sent to the CMVM, or that may cause serious damage to NOVABASE or its stakeholders (employees/, customers, partners and shareholders).

Reporting of irregular practices occurring within the NOVABASE Group by NOVABASE employees when they have such knowledge is a duty, regardless of the source of the practice or the person who has performed it.

The apparent irregularity must be reported in a secure and confidential manner to the person in charge of SPI, an independent member of the Audit Board, Álvaro Nascimento, in two different manners:

- to the private e-mail address: NB.whistle@gmail.com; and
- by post in a letter addressed to Álvaro Nascimento, marked "Confidential", to the address: Av. D. João II, nº 34, Parque das Nações, 1998-031 Lisbon.

Such reports will be processed by the person in charge of SPI according to the following procedure:

i) receipt and preliminary analysis of the report of the irregular practice;

ii) judgement of the consistency of the report received (with destruction of all inconsistent reports, the Audit Board being responsible for this destruction, subsequent to a proposal from the person in charge of SPI);

iii) investigation/report/archiving; and

iv) final forwarding.

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: (i) date on which the report was received; (ii) essence of the facts reported, eliminating all information that permits identification of any physical persons; and (iii) date on which the investigation was concluded.

Once the investigation has been concluded, reports with an underlying probability of an irregular practice are forwarded by the Audit Board to the Board of Directors so that it can take appropriate measures.

Whenever the report of irregular practices results in evidence of the practice of a crime or serious disciplinary infraction, the Audit Board must recommend that the company forward the matter to (i) NOVABASE internal bodies for due process and (ii) to external investigation bodies, namely the police or the public prosecutor, in order to ascertain potential responsibilities.

General rules of conflict of interest apply to the decisions to be approved by the Audit Board or by the Board of Directors, namely those referred to in points 21 and 33 of this report, regarding reports made within the scope of SPI.

Whatever the circumstance, the confidentiality of the report will be guaranteed if so requested by its author, and the personal data of the physical persons involved will be protected, while any action taken against the person who has made the report will be considered a serious offence.

This policy is detailed at the NOVABASE website (www.novabase.com) in the Investors section.

In this way, NOVABASE complies with the provisions of the Commercial Companies Code. Its system has been approved by the Portuguese Data Protection Authority (CNPD) through authorization no. 4494/2009.

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 financial manager Francisco Paulo Figueiredo Morais Antunes over the course of 2021.

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.

At the end of 2021, the uncertainty revolving around the pandemic began to wane, with the latest data suggesting control of its spread in Europe, and with various countries loosening restrictions.

However, this brought other uncertainties to the financial markets. On the one hand, inflation in the euro area accelerated significantly in the last months of the year, primarily due to the soaring prices of energy and problems in the supply chain, with mounting uncertainty with regard to potential interest rate hikes by the European Central Bank (ECB). On the other hand, there are more geopolitical risks on the horizon, with all of the ensuing uncertainties.

a) Foreign exchange risk

NOVABASE is exposed to the risk of exchange rate fluctuation, particularly the United States dollar, since some of its subsidiaries perform transactions in such currencies, together with the Angolan kwanza and British pound.

The financial department is responsible for monitoring exchange rate developments in these currencies to mitigate their impact on the consolidated results. Whenever exchange rate expectations so justify, the Group attempts to enter into hedging transactions against adverse changes by means of derivative financial instruments.

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 and 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 cash flows 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, etc.), with potential financial, operational and reputation losses. The COVID-19 pandemic and resulting overall increase in remote work at the company have considerably increased exposure to this risk.

According to a World Economic Forum (WEF) report published in January 2022, worldwide cybercrime increased 31% in 2021. In Portugal, the weekly average of cyber-attacks on organizations was up 81% compared to 2020.

NOVABASE has been reinforcing measures to mitigate this risk, monitored directly by the Chief Information Security Officer, namely by focusing on 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 implement its strategy depends on attracting and retaining the best qualified, most competent employees for each job position.

The impact of the pandemic, combined with the accelerating digital transformation, has brought and will continue to bring a profound transformation to the job market and talent management. The general upward trend in IT salaries due to high demand and scarce technology talent has resulted in a potential rise in labour costs, making it even more difficult to retain talent.

NOVABASE's human resource policies are aligned to achieve strategic goals, and have been adapted and enhanced vis-à-vis this new reality. Note that, in 2021, 700 new employees were hired via totally digital means. Also of note was the launch of the "Move My Talent" internal mobility program and implementation of a new hybrid labour model, which includes 60% remote work, policies aimed at lowering the attrition rate and attracting high-quality talent.

In 2021, for the third year running, this area was distinguished with the "Innovation in Managing People" award by the magazine Human Resources Portugal.

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 programs in technologies and project management methodologies.

The Nearshore Agile delivery model refined by NOVABASE in recent years has proven to be resilient during the pandemic and well-suited to 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 COVID-19 pandemic, due to the unprecedented worldwide economic and social impacts it has had, coupled with its uncertain future impacts, has resulted in higher exposure to this risk. In addition, geopolitical turmoil is on the rise, resulting in tremendous unpredictability.

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+ Strategic 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 2021 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 entities at any given time.

As regards the quality of the financial information that is publicly disclosed by the Investor Relations Department, 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, reserved information, information on the composition and powers of the company's Corporate Boards, the names and e-mail addresses of the analysts covering the security, together with the 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, CMVM Regulation no. 4/2013 on Corporate Governance and the Corporate Governance Code of the Portuguese Corporate Governance Institute, which entered into force on 01 January 2018, and the procedure for reporting irregularities, 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 with content corresponding to extracts from the minutes 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 5 days following the General Meeting of Shareholders.

On its website, NOVABASE keeps a collection of information on meetings held over the past three 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, public company status, 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 5 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 and annual and half-yearly reports and accounts.

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 2021, NOVABASE had no pending information requests. Its average response time was 24 hours. 287 information requests were received in 2021.

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/

Financial 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

I. 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.

II. 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 decided 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 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 2021 General Meeting of Shareholders dated 25 May 2021, 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
Pedro Rebelo de Sousa	• Graduate in Law from Universidade Clássica de Lisboa • Specialization (post-graduation) in Commercial and Corporate Law from Universidade Pontifica 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	Member of the board of directors at several companies, including: • IAPMEI – I.P. • Empordef, S.G.P.S., S.A.

	• Postgraduate in markets and financial risk from Universidade Nova	• OGMA – S.A. • White Airways, S.A. among others

III. 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, a 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 2021, 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 performance 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 2 June 2021, set remuneration for the corporate boards for 2021, together with the variable remuneration of directors according to their performance in 2020. The content of the Remuneration Committee's decision in this regard is available in the 2021 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 2021, 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 batch, 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 batch 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 2021 corresponds to 50% of the total amount allocated for 2020 in 2021 and, for directors serving in these years for whom variable remuneration in cash was chosen under the terms duly disclosed, , 1/6 of the amount allocated for 2019 in 2020, 1/6 of the amount allocated for 2018 in 2019 and 1/6 of the amount allocated for 2017 in 2018, as applicable. The remaining 50% of the amount allocated for 2020 in 2021 is subject to deferred payments in the following 3 years (2022, 2023 and 2024) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

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 batch, 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 exactly one year later (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 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) above will be 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.

In 2021, given the current socio-economic scenario, the Remuneration Committee believed that the attribution of variable remuneration exclusively to directors with executive functions at the company, 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. The Remuneration Committee unanimously decided on 2 June to make managing directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, and the director with special responsibilities, María del Carmen Gil Marín, participants in the Plan for Options to Allot NOVABASE Shares, and to attribute, respectively, 250,000 (two hundred and fifty thousand), 200,000 (two hundred thousand) and 75,000 seventy-five thousand) stock options to them. These options were attributed at an adjusted strike price of €1.801 per share.

Pursuant to the plan's regulations, the options attributed under the contractual agreement signed with these participants on 1 June 2021 comprised a single batch, 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 exactly one year later (i.e. 1 June 2022).

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 batch, 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 batch 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, 400,000 (four hundred thousand) NOVABASE stock options have been attributed under the plan to executive director Paulo Jorge de Barros Pires Trigo, which were exercised by him in 2020. 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 managing director with special responsibilities, María del Carmen Gil Marín, as further 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 2021, an additional amount of €13,384.33 was paid to the 2021 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.

IV. 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 2021, 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 2020) in this regard.

By unanimous decisions of the Remuneration Committee, fixed remuneration components were set for members of the NOVABASE Board of Directors in 2021, 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 30 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.

Nonetheless, as stated in the Remuneration Committee report attached to this report, decisions involving the variable remuneration of directors made as of the present date, and especially those made by the Remuneration Committee in 2021, refer to the performance of directors throughout the year 2020; as such, they were determined considering the remuneration policy previously in force at the company, and in particular the decision previously made by the General Meeting of Shareholders of April 2009 establishing general guidelines for the remuneration conditions of directors, as reiterated in various General Meetings held in recent years.

Nonetheless, in view of these principles, the determination of the variable component was aimed at aligning part of this component with the organization's performance in the year in question, measured by the net profits generated, and correlates with the responsibility and performance of each director in particular. A proper balance is also ensured between the fixed and variable portions of these remunerations. The variable remuneration in cash paid in 2021 corresponds to only 50% of the variable remuneration in cash due for 2020 and, in the case of directors serving in these years for whom variable remuneration in cash was chosen under the terms duly disclosed, 1/6 of the amount allocated for 2019 in 2020, 1/6 of the amount allocated for 2018 in 2019 and 1/6 of the amount allocated for 2017 in 2018, as applicable. The payment of the remaining 50% of the amount allocated for 2021 remains subject to deferred payments in the following 3 years (2022, 2023 and 2024) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

Directors[1]	Remuneration /fixed annual[2] (€)	Annual variable remuneration in cash paid in 2021 (€)[3,,4]	Partial Total (Fixed + Variable in cash paid in 2021) (€)	Variable in cash paid in 2021 /Partial Total (%)	Variable Remuneration /annual deferred (€)[5]	Variable Remuneration #options @1.801
Luís Paulo Cardoso Salvado	**311,880.00**	324,968.67	636,848.67	51.03	389,673.16	250,000
Álvaro José da Silva Ferreira	**242,208.00**	182,455.17	424,663.17	42.96	244,195.17	200,000
Executives Total	**554,088**	**507,423.84**	**1,061,511.84**	**47.80**	**633,868.33**	**450,000**
(% total)	**63.96**	**64.81**	**64.36**		**64.38**	
María del Carmen Gil Marín	165,768.00	145,576.00	311,344.00	46.76	194,836.66	75,000
José Afonso Oom Ferreira de Sousa	42,000.00	64,992.67	106,992.67	60.74	77,993.50	
Pedro Miguel Quinteiro Marques Carvalho	42,000.00	64,992.67	106,992.67	60.74	77,993.50	
Madalena Paz Ferreira Perestrelo de Oliveira	25,200.00	0.00	25,200.00	0.00	0.00	
José Sancho García	25,200.00	0.00	25,200.00	0.00	0.00	
Rita Wrem Viana Branquinho Lobo Carvalho Rosado	11,999.95	0.00	11,999.95	0.00	0.00	
Non-executives total	**312,167.95**	**275,561.34**	**587,729.29**	**46.89**	**350,703.66**	**75,000**
(% total)	**36.04**	**35.19**	**35.64**		**35.62**	
TOTAL	**866,255.95**	**782,985.18**	**1,649,241.13**	**47.48**	**984,571.99**	**525,000**

In addition, as regards the Stock Option Plan, since its approval, 400,000 (four hundred thousand) NOVABASE stock options have been attributed under the plan in 2019 to executive director Paulo Jorge de Barros Pires Trigo, by decision of the Remuneration Committee, which were exercised by him during the 2020 financial year under the following terms:

(i) For 50% of the options subject to exercising (200,000 options), via 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.

[1] Directors Madalena Perestrelo de Oliveira, José Sancho García and Rita Wrem Viana Branquinho Lobo Carvalho Rosado were elected in the General Meeting of Shareholders of 25 May 2021; the remuneration shown here for these directors refers only to the post-election period. Note also that director Rita Wrem Viana Branquinho Lobo Carvalho Rosado received amounts in 2021 through other Group companies in reference to the function of Head of Legal at the NOVABASE Group, which she continued to hold after her election. 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 2 June 2021, 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 (€38,880), Álvaro José da Silva Ferreira (€32,400) and María del Carmen Gil Marín (€21,600).

[3] The amount shown is the total amount paid to each director in 2021 (excluding the variable component based on stock options, as applicable): 50% of the total amount allocated for 2020 in 2021 and, in the case of directors serving in these years for whom variable remuneration in cash was chosen under the terms duly disclosed, 1/6 of the amount allocated for 2019 in 2020, 1/6 of the amount allocated for 2018 in 2019 and 1/6 of the amount allocated for 2017 in 2018. The remaining 50% of the amount allocated for 20120 in 2021 will be paid in the following 3 years (2022, 2023 and 2024) in equal parts, corresponding to 1/6 of each year's total, conditional upon positive company performance during this time period.

[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, there are also deferrals for amounts allocated for 2019 in 2020 and allocated for 2018 in 2019 in accordance with the criteria shown in the Corporate Governance Reports for the years in question.

During the year 2021, managing directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira and the director with special responsibilities, María del Carmen Gil Marín, were also attributed, respectively, 250,000 (two hundred and fifty thousand), 200,000 (two hundred 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 € 1.801 per share.

Pursuant to the plan's regulations, the options attributed under the contractual agreement signed with this participant on 1 June 2021 comprised a single batch, 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 exactly one year later (i.e. 1 June 2022).

In 2021, an additional amount of €13,384.33 was paid to the 2021 acting members of the Board of Directors in meal allowances.

Relatively speaking, the variable remuneration paid in 2021 to NOVABASE's directors represented approximately 47.48% of the total remuneration received by them for the year 2021, 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 2021 to directors of the company whose positions ended at the General Meeting of Shareholders of 25 May 2021:

Directors	Remuneration /fixed annual (€)	Annual variable remuneration in cash paid in 2021(€)[1]	Partial Total (Fixed + Variable in cash paid in 2021) (€)	Variable in cash paid in 2021 /Partial Total (%)	Variable Remuneration /annual deferred (€)[2]
Francisco Paulo Figueiredo Morais Antunes[3]	50,750.00	162,484.33	213,234.33	76.20	194,836.66
Paulo Jorge de Barros Pires Trigo	65,000.00	109,479.94	174,479.94	62.75	118,374.87
João Nuno da Silva Bento	118,295.83	291,152.00	409,447.83	71.11	389,673.16
Marta Isabel dos Reis Graça Rodrigues do Nascimento	16,916.67	0	16,916.67	0	0
TOTAL	250,962.50	563,116.27	814,078.77	69.17	702,884.69

[1] The amount shown is the total amount paid to each director in 2021: 50% of the total amount allocated for 2020 in 2021, 1/6 of the amount allocated for 2019 in 2020, 1/6 of the amount allocated for 2018 in 2019 and 1/6 of the amount allocated for 2017 in 2018. The remaining 50% of the amount allocated for 2020 in 2021 will be paid in the following 3 years (2022, 2023 and 2024) in equal parts, corresponding to 1/6 of each year's total, conditional upon positive company performance during this time period.
[2] 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, there are also deferrals for amounts allocated for 2019 in 2020 and allocated for 2018 in 2019 in accordance with the criteria shown in the Corporate Governance Reports for the years in question.
[3] 75,000 options were also attributed to former director Francisco Paulo Figueiredo Morais Antunes, for the duties performed and associated responsibilities after the end of the performance of his duties at the General Meeting of Shareholders of 25 May 2021, as director of various NOVABASE Group companies and the person in charge of various key areas in the Group's business, including the financial area.

Note also that the Remuneration Committee made the following decisions in 2021:

(i) Channel 20% (twenty per cent) of amounts attributed as fixed remuneration for 2021 to each of the directors with executive functions and to the director with special responsibilities – namely, respectively, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira 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;

(ii) Channel amounts attributed as variable remuneration in cash for the performance of NOVABASE Directors in the year 2020 (as well as those previously deferred) to reinforce capitalization insurance contributions currently in effect at the company in substitution of paying that part of variable remuneration.

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 referred to in the following paragraph.

Name	Remuneration /fixed annual (€)	Annual variable remuneration in cash paid in 2021 (€)	Partial Total (Fixed + Variable in cash paid in 2021) (€)	Variable in cash paid in 2021 /Partial Total (%)	Variable Remuneration /annual deferred (€)
Paulo Jorge de Barros Pires Trigo[1]	0	82,559.13	82,559.13	100	76,256.56
María del Carmen Gil Marín[2]	0	67,755.88	67,755.88	100	0
Rita Wrem Viana Branquinho Lobo Carvalho Rosado[3]	104,421.28	0	104,421.28	0	0

[1] Amount to be paid by Celfocus, S.A., a company fully owned (indirectly) by Novabase S.G.P.S., S.A. Amount to be received by Paulo Jorge de Barros Pires Trigo for holding the position of director at the company between 2019 and 2020.
[2] Amount paid by Novabase Capital, a company fully owned by Novabase S.G.P.S., S.A. Amount received by María del Carmen Gil Marín after holding the position of director at Novabase Capital, corresponding to the last 1/6 of variable remuneration attributed in 2018 and paid in 2021.
[3] Amount paid by Novabase Serviços, S.A. a company fully owned (directly) by Novabase S.G.P.S., S.A. Amount received by director Rita Wrem Viana Branquinho Lobo Carvalho Rosado for holding 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 2021, 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 2021, beyond those legally due.

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 2021:

Chairperson of the Audit Board – Álvaro José Barrigas do Nascimento – €10,000 (ten thousand euros);

Audit Board Member – Fátima do Rosário Piteira Patinha Farinha – €7,500 (seven thousand, five hundred euros);

Audit Board Member – João Luís Correia Duque[1] – €7,500 (seven thousand, five hundred euros).

[1] Member João Luís Correia Duque was declared temporarily impeded from initiating his duties as such, following the communication sent by this member of the Audit Board, having been replaced by substitute member Manuel Saldanha Tavares Festa until the end of this impediment. As such, per the terms decided by the Remuneration Committee, the remuneration determined for this member should be received by the alternate member, in a manner proportional to the time period in which he performed these duties, with this remuneration transferred to member João Luís Duque Correia after the end of his current impediment, also in proportion to the time period in which he performed these duties for the NOVABASE Audit Board.

These amounts were subject to a total adjustment of €2,000 (two thousand euros) compared to the previous period, for the purposes of alignment with market practices, per the terms decided by the Remuneration Committee.
As such, the total amount of remuneration attributed to members of the Audit Board was €25,000 (twenty-five thousand euros).

Notwithstanding the remuneration attributed in 2021, a total of €23,000 (twenty-three thousand euros) was paid to members of the Audit Board (base values, without VAT or income tax):

Chairperson of the Audit Board – Álvaro José Barrigas do Nascimento – €9,000 (nine thousand euros);

Audit Board Member – Fátima do Rosário Piteira Patinha Farinha – €7,000 (seven thousand euros);

Audit Board Member – Miguel Tiago Perestrelo Ribeiro Ferreira – €7,000 (seven thousand euros)[1]

[1] corresponding to the term of office until the General Meeting of Shareholders of 25 May 2021, when the position was no longer held.

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 €3,000 (three thousand euros) for each meeting presided over. Two payments for attendance were made in 2022 for the years 2020 and 2021.

V. 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 executive 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.

VI. 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 2021, the Board of Directors unanimously decided to make a NOVABASE employee a participant in the Plan for Options to Allot NOVABASE Shares, attributing 75,000 (seventy-five thousand) stock options to him. These options were attributed at an adjusted strike price of € 1.801 per share.

Pursuant to the plan's regulations, the options attributed under the contractual agreement signed with this participant on 1 June 2021 comprised a single batch, 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 exactly one year later (i.e. 1 June 2022).

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.

E. TRANSACTIONS WITH RELATED PARTIES

I. 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 2021, 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 an 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 2021, 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. In fact, the transactions with related parties performed in 2021 were done on an arm's-length basis between NOVABASE and the respective affiliates under a control relationship with the company, and no party related to NOVABASE had interests in the affiliates in question, with such transactions being subject to the exemption provided for in article 29-U, sub-paragraph a) of the Securities Code and article 3, paragraph 2 of the Internal Regulations on Transactions with Related Parties.

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 principal, 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.

II. 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 2021 Consolidated Accounts, an integral part to the Annual Report and Accounts, in Note 38 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 in 2020 – 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 provision of CMVM Regulation no. 4/2013, NOVABASE has adopted the Corporate Governance Code of the Portuguese Corporate Governance Institute (2018, as revised in 2020), which is available for consultation at https://cgov.pt/.

2. *Analysis of compliance with corporate governance code adopted under the terms of article 29-H, paragraph 1, sub-paragraph n), 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
	Chapter I. GENERAL		
	General principle: *Corporate Governance should promote and enhance the performance of companies and the capital market, and should establish the trust of investors, employees and the general public in the quality of the managing and supervisory boards and the sustained development of companies.*		
	I.1. Company's relation with investors and information		
	Principle: Companies and, in particular, their managers should treat shareholders and other investors equally, namely by assuring mechanisms and procedures for the suitable processing and disclosure of information.		
1	I.1.1. The company should establish mechanisms which, in a suitable and rigorous manner, ensure the timely disclosure of information to corporate boards, shareholders, investors, other stakeholders, financial analysts and the market in general.	Yes	Points 55 to 65
	I.2. Diverse composition and functioning of the company's governing bodies		
	Principle: **I.2.A** Companies should ensure diversity in the composition of their governing boards and the use of criteria of individual merit within the respective designation procedures, which are of the exclusive power of the shareholders. **I.2.B** Companies should be equipped with clear, transparent decision-making structures, ensuring the utmost operating efficiency of their boards and committees. **I.2.C** Companies should 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.		

2	I.2.1. Companies should establish criteria and requirements for the profile of new members of their governing bodies which are suited to the function to be performed. Besides individual attributes (such as expertise, independence, integrity, willingness and experience), these profiles should take into consideration general diversity requirements, paying particular attention to gender diversity that could potentially enhance the governing body's performance and balance its composition.	Yes	Points 16 and 19
3	I.2.2. The governing and supervisory boards and their internal committees should have internal 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.	Yes	Points 21, 22, 27, 33 b) and 34
4	I.2.3 The composition and number of annual meetings of the managing and supervisory boards and their internal committees should be disclosed in full at the company's website.	Yes	Points 62
5	I.2.4. A policy should exist for reporting irregularities (whistleblowing) ensuring the appropriate means for their communication and handling, safeguarding the confidentiality of information conveyed and the identity of the whistleblower whenever so requested.	Yes	Point 49
	I.3. Relationship between company boards		
	Principle: Corporate board members, above all directors, should lay the groundwork so that – to the extent of each board's responsibilities – judicious and efficient measures are taken and the company's boards act in a harmonious, coordinated manner with information suited to the performance of their respective duties.		
6	I.3.1. The articles of association or equivalent instruments used by the company should have mechanisms to ensure that, within the limits of applicable legislation, members of the managing and supervisory boards have permanent access to all company information and employees 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)

7	I.3.2. Each of the company's bodies and committees should ensure a timely, suitable flow of information, from meeting notices and meeting minutes, as 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)
	I.4. Conflicts of interest		
	Principle: Conflicts of interest, whether actual or potential, should be prevented between the members of boards and commissions and the company. Members in conflict must not interfere in the decision-making process.		
8	I.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.
9	I.4.2. Procedures should be in place 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, commission or its respective members.	Yes	Points 21 and 33 b)
	I.5. Transactions with related parties		
	Principle: Due to their potential risks, 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.		

10	I.5.1. The managing board should disclose, in its governance report or by another publicly available means, the internal procedure for verifying transactions with related parties.	Yes	Points 89 and 91
11	I.5.2 The managing board should notify the supervisory board of the results of the internal procedure for verifying transactions with related parties, including the transactions subject to analysis, at least on a half-yearly basis.	Yes	Point 91 In 2021, 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. In fact, the transactions with related parties performed in 2021 were done on an arm's-length basis between NOVABASE and the respective affiliates under a control relationship with the company, and no party related to NOVABASE had interests in the affiliates in question, with such transactions being subject to the exemption provided for in article 29-U, sub-paragraph a) of the Securities Code and article 3, paragraph 2 of the Internal Regulations on Transactions with Related Parties.
	Chapter II. SHAREHOLDERS AND GENERAL MEETING OF SHAREHOLDERS		
	Principles: **II.A** The proper engagement of shareholders is a positive factor in corporate governance, as an instrument for the company's efficient functioning and achievement of its corporate purpose. **II.B** The company should encourage shareholders to participate in the General Meeting of Shareholders as a venue for them to communicate with company boards and committees and reflect on the company. **II.C** The company should implement suitable means for shareholders to participate and vote remotely in the meeting.		
12	II.1. The company should not require an excessively high number of shares for entitlement to voting rights, and should specify its choice in its corporate governance report when not following the principle of one share corresponding to one vote.	Yes	Point 12
13	**II.2.** 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

14	**II.3.** The company should implement suitable means for shareholders to participate in the General Meeting of Shareholders remotely, under terms proportional to its size.	Yes	Point 12 Note that NOVABASE's 2020 and 2021 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.
15	**II.4.** The company should also implement suitable means for exercising voting rights remotely, including via correspondence and via electronic means.	Yes	Point 12 Note also that NOVABASE's 2020 and 2021 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 this same General Meetings of Shareholders, duly published and available at NOVABASE's website.
16	**II.5.** 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 (5-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.
17	**II.6.** 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 III. NON-EXECUTIVE MANAGEMENT AND OVERSIGHT		
	Principles: **III.A** *Corporate board members with non-executive management and supervisory functions should carry out effective, judicious oversight which challenges executive management to fully achieve the company's corporate purpose, supplemented by committees in central corporate governance areas.* **III.B** *The composition of the supervisory board and collection of non-executive directors should afford the company with balanced, proper diversity in terms of expertise, knowledge and professional backgrounds.* **III.C** *The supervisory board should constantly oversee the company's management, from a preventive standpoint as well, monitoring the company's activities and, in particular, decisions of central importance to the company.*		
18	III.1. 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.	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 this report, together with the comments to recommendation III.3 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.

19	III.2. The number of non-executive members of the managing board, together with the number of members of the supervisory board and number of members of the 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 18, 21, 31 and 32
20	III.3. In any case, the number of non-executive directors should exceed the number of executive directors.	Yes	NOVABASE has two executive directors and six non-executive directors.
21	III.4 Companies should include a number not less than one third, but always multiple, of non-executive directors meeting independence requirements. 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; ii. Having been an employee at the company or at a company in a control or group relationship within the last three years; iii. Having, in the past three years, provided services or established a significant commercial relationship with the company or 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.
22	III.5. The provisions of paragraph (i) of recommendation III.4 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.

23	III.6. In accordance with the powers entrusted to it by law, the supervisory board evaluates and gives its opinion on the strategic guidelines and risk policy, prior to their 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.
24	III.7. Companies should have specialized committees for corporate governance, appointments 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.	Yes	Point 27
	Chapter IV. EXECUTIVE MANAGEMENT		
	Principles: **IV.A** *As a means of boosting the managing board's efficiency and the quality of its performance, together with the adequate flow of information to this board, the day-to-day running of the company should be done by executive directors with suitable qualifications, expertise and experience. The executive management is in charge of managing the company, pursuing the company's goals and contributing towards its sustainable development.* **IV.B** *The company's size, the complexity of its business and its geographic dispersion – in addition to costs and the desired operating agility of the executive management – should be considered in determining the number of executive directors.*		
25	IV.1 The governing board should approve, 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.
26	IV.2. The board of directors shall ensure that the company acts in accordance with its objectives, and shall 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
27	IV.3. In the annual report, the managing board clarifies the terms by which the strategy and main policies seek to ensure the company's long-term success, together with the main contributions resulting therefrom for the community in general.	Yes	Point 29 and 2021 Non-Financial Statement
	Chapter V. PERFORMANCE EVALUATION, REMUNERATION AND APPOINTMENTS		
	V.1 Annual Performance Evaluation		
	Principle: The company should evaluate the performance of the executive board and its individual members, together with the overall performance of the managing board and its specialized committees.		
28	V.1.1. The managing board should evaluate its performance each year, together with the performance of its committees and executive directors, bearing in mind fulfilment of the company's strategic plan and budget, risk management, internal operation and each	Yes	Points 24 and 25

	member's contribution in this regard, together with relationships between the company's boards and committees.		
	V.2 Remuneration		
	Principle: V.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 promotes merit and transparency. V.2.B. Directors should receive remuneration: i) which adequately reciprocates the responsibilities assumed, availability and expertise made available to the company; ii) which ensures that actions are aligned with long-term shareholder interests, promoting the company's sustainability; and iii) which rewards performance.		
29	V.2.1. The company should establish 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
30	V.2.2. The remuneration committee, or the general meeting of shareholders by proposal of this committee, should be responsible for determining remuneration.	Yes	Points 66 and 67
31	V.2.3. For each term of office, the remuneration committee, or the general meeting of shareholders by proposal of this committee, should also approve a ceiling on all compensation payable to a member of any company board or committee at the time of his/her dismissal/termination, disclosing this situation and its amounts in the corporate governance report or in the remuneration report.	Yes	Points 83 and 84 In view of the mandatory legal ceiling on compensation for undue dismissal, there is absolutely no practical advantage in establishing contractual restraints to the amount payable to a director in the event of consensual termination of duties. Furthermore, there are no agreements at NOVABASE for the payment of compensation to members of the Board of Directors in the event of resignation, nor has compensation of any kind been paid to any member of the Board of Directors or company committee due to dismissal/termination, beyond that provided for by law.

32	V.2.4. With a view to providing information and clarifications to shareholders, the chairperson of the remuneration committee, or another member of this committee in the event of his/her impediment, 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 commissions, or when such attendance has been requested by shareholders.	Yes	Point 67 The Chairperson of NOVABASE's Remuneration Committee was present at the 2021 General Meeting of Shareholders, via telematic means, to provide information and clarifications to shareholders.
33	V.2.5. Within the company's budgetary limits, the remuneration committee should be able to 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.
34	V.2.6 The remuneration committee must ensure that the services are provided independently, and that the service providers in question will not be hired to provide other services to the company, or to other companies in a group or control relationship with it, without the committee's express authorization.	Yes	Point 67
35	V.2.7 With a view to aligning interests between the company and executive directors, part of their remuneration should be variable, reflecting the company's sustained performance and discouraging the assumption of excessive risks.	Yes	Points 70 and 71
36	V.2.8. A significant part of the variable remuneration component should be partially deferred for a period not less than three years, so as to clearly associate it with sustainable performance, pursuant to the company's internal regulations.	Yes	Points 70, 72 and 74
37	V.2.9. 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.	No	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 batch 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 the 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.
38	V.2.10. The remuneration of non-executive directors should 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.
	V.3. Appointments		
	Principle: Regardless of the means of designation, the profile, knowledge and background of the members of corporate and managing boards should be suited to the duties to be performed.		
39	V.3.1. The company should, pursuant to terms deemed adequate and by demonstrable means, ensure that proposals for the election of company board members include a justification of the suitability of the profile, knowledge and background vis-à-vis the duties to be performed by each applicant.	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.
40	V.3.2. 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 (eight) and the company's size and shareholder structure, 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.
41	V.3.3. This committee includes a majority of non-executive independent members.	n/a	Since the company has no appointment committee, this recommendation does not apply to NOVABASE.
42	V.3.4. The appointment committee should provide its terms of reference and should have, to the extent of its powers, transparent selection processes with effective means of identifying potential applicants, choosing to propose those of most merit, best suited to the position's requirements and affording the organization with sufficient diversity, including gender diversity.	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 VI. INTERNAL CONTROL		
	Principle: Based on its medium and long-term strategy, the company should have a system for risk management and control and internal auditing to foresee and minimize the risks inherent to its business.		
43	VI.1. The managing board should discuss and approve the company's strategic plan and risk policy, including the setting of limits with regard to risk exposure.	Yes	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+ Strategic 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.
44	VI.2. The supervisory board should organize 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.	Yes	Points 33 and 51
45	VI.3. The internal control system, including the functions of risk management, compliance and internal auditing, should be 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
46	VI.4. The supervisory board should give 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
47	VI.5. The supervisory board should receive 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

48	VI.6. Based on its risk policy, the company should have 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
49	VI.7. The company should establish 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
	Chapter VII. FINANCIAL INFORMATION		
	VII.1 Financial information		
	VII.A. The supervisory board should, in an independent and diligent manner, ensure that the managing board fulfils its responsibilities in choosing appropriate accounting criteria and policies, and in establishing adequate financial reporting systems for risk management, internal control and internal auditing. **VII.B.** The supervisory board should properly coordinate internal auditing work with the legal review of the accounts.		
50	VII.1.1. The supervisory board's internal regulations should 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)
	VII.2 Legal account review and oversight		
	Principle: 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.		
51	VII.2.1. The supervisory board should determine, through internal regulations and in accordance with the applicable legal scheme, oversight procedures aimed at ensuring the independence of the statutory auditor.	Yes	Point 33 b)

52	VII.2.2. The supervisory board should be 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)
53	VII.2.3. The supervisory board should annually evaluate 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.

Annex I – Board of Directors' report on remuneration
Annex II - Remuneration Committee Report

2021

BOARD OF DIRECTORS' REPORT ON REMUNERATION

NOVABASE

NOVABASE Board of Directors report on remuneration

The Board of Directors of Novabase, SGPS, S.A. ("**NOVABASE**" or the "**Company**") hereby approves and endorses this report on remuneration regarding the members of the NOVABASE Board of Directors and Supervisory Board, as well as the Statutory Auditor, under the terms and for the purposes of Article 26-G of the Portuguese Securities Code, bearing in mind the provisions of the Remuneration Policy for the members of the NOVABASE administration and supervisory bodies approved at the General Meeting of Shareholders of 25 May 2021 ("**Remuneration Policy**"). This report was prepared with the support of the Company's Remuneration Committee.

The Board of Directors believes that the remuneration policy for the members of the NOVABASE administration and supervisory bodies should be clear and comprehensive and contribute to NOVABASE's business strategy, long-term interests and sustainability.

I. Total remuneration broken down into the different components, including the proportions relative to fixed remuneration and variable remuneration

The toral remuneration earned by the members of the NOVABASE Board of Directors and Supervisory Board in the 2021 financial year, broken down according to the different components applicable in the case of the members of the Board of Directors, may be consulted, respectively, in points 77 and 81 of the Corporate Governance Report for that year, which is attached to this report.

As referred to in the aforementioned report, directors Madalena Perestrelo de Oliveira, José Sancho García and Rita Wrem Viana Branquinho Lobo Carvalho Rosado were elected at the General Meeting of 25 May 2021 and the remuneration presented for these directors refers only to the post-election period.

Total remuneration paid in 2021 to the members of the Board of Directors elected at the 2021 General Meeting of Shareholders (fixed component + variable components)	**€1,649,241.13**
Total remuneration paid in 2021 to the members of the Board of Directors who stepped down at the 2021 General Meeting of Shareholders (fixed component + variable components)	**€814,078.77**
Total remuneration paid to the members of the Supervisory Board in 2021 (base values, before VAT or income tax)	**€23,000.00**
Total remuneration for 2021	**€2,486,319.90**

Director Rita Wrem Viana Branquinho Lobo Carvalho Rosado earned income in 2021 from other group companies in return for her duties as Head of Legal at the NOVABASE Group, which she continued to undertake following her election. These amounts are

listed in Point 78 of the Corporate Governance Report and are not included in the table above.

In relative terms, the variable remuneration paid in 2021 to the NOVABASE directors appointed at the 2021 General Meeting of Shareholders represented approximately 47.5% of the total annual remuneration earned by the directors for 2021, thus showing a reasonable balance between fixed and variable remuneration amounts.

In 2021, the members of the Board of Directors in office during 2021 were paid an additional €13,384.33 as meal allowances.

With regard to non-monetary benefits, as stated in the Remuneration Policy, complementary non-cash benefits may be allocated to the members of the NOVABASE board of directors under the terms and conditions to be decided on by the Remuneration Committee; these may include insurance (health, life, D&O and professional accidents, including while travelling), the provision of a vehicle and a mobile phone, as well as other non-cash benefits the Remuneration Committee may decide to allocate.

In 2021, the Remuneration Committee decided to allocate the following to the members of the Board of Directors in office during 2021:

(i) the provision of a vehicle by the Company, having authorized the possibility of this vehicle being used not only for professional purposes but also for personal purposes if the director so chooses, within the corresponding legal and tax framework;

(ii) additional health insurance as a complement to the health insurance they already benefit from and which includes, generally speaking, regular check-ups and international treatments with broad coverage.

The total value of these benefits throughout 2021 reached €43,304.71. Therefore, the weight of these benefits on their remuneration is of little relevance, representing less than 10% of total remuneration.

II. Framework of the remuneration in the context of the Remuneration Policy

The remuneration structure for the directors is made up of a fixed component and, when applicable, a variable component and these are evenly balanced, as detailed above.

The amounts of the fixed remuneration for NOVABASE directors were decided on by the Remuneration Committee at a meeting on 2 June 2021 and are paid once a month for 12 months. When making its decision, the Remuneration Committee took into account, on the one hand, the know-how and experience, the nature of the duties and the responsibilities undertaken by each director and, when applicable, the management duties performed and, on the other hand, market practices for similar responsibilities.

With regard to the variable component of cash remuneration, in order to determine the variable remuneration allocated to the directors for their performance in 2020, the Remuneration Committee considered that the remuneration policy previously in force at the company (which was in force during 2021), particularly the decision previously made

by the General Meeting of Shareholders of April 2009, which set the general guidelines for the remuneration conditions for all directors and was reiterated at several of the General Meetings held in recent years.

The determination of variable cash remuneration was associated with the performance of the NOVABASE directors and their duties, as well as the performance of the Company.

In particular, the performance of NOVABASE in 2020 was considered remarkably positive in the most relevant aspects for the success and sustainability of the company – especially bearing in mind the demanding and uncertain context created by the COVID-19 pandemic – the Remuneration Committee paid special attention to the following data in the determination of the variable remuneration.

- ***Strategy***
  - Acquisition of all the shares in Celfocus, making it possible to unify and accelerate the transformation of the Next-Gen business segment, as well as the synergies arising therefrom;
  - Sale of the Collab business with earn-out;

- ***Financial indicators***
  - 10& (organic) growth in turnover and 11% in the Next-Gen segment;
  - EBITDA margin of 9.5%;
  - Net income of €7.5m or €0.24/share;
  - Net cash of €51.5m;

- ***Shareholder value***
  - Total shareholder return of +24% (vs -6% in the PSI20 and +14% in the EuroStoxxTech);
  - Increase in visibility and liquidity of NBA shares;

- ***Governance and sustainability***
  - Good operation of the company's governing bodies, particularly the Board of Directors and the Executive Committee, for their flexibility and assertiveness in the pursuit of the interests of the company;
  - Very effective management of the COVID-19 crisis, always putting health and safety in first place, as can be seen from the results of the internal questionnaires answered (98% trust the NOVABASE leadership to make the right designs, with 83% have a high or extremely high degree of trust);
  - Updating of policies and regulations for improving transparency, supervision mechanisms, corporate governance and the sustained creation of value;
  - Implementation of diversity and gender equality initiatives.
  - Improvement of 52% in the relevant environmental indicators (annual average), such as consumption, rate of recycling, waste production and CO2 emissions; the pandemic had a positive impact on this reduction;
  - Improvement in the client and geographic area risk profile.

The variable remuneration of directors José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho is justified by their availability and enormous commitment in critical company issues. Deserving of a special mention is their involvement in and contribution to the preparation of the new term of office, which is particularly demanding given the significant change in context (Strategic Update 2019+ of the company and pandemic situation).

In 2021, the Remuneration Committee also decided to pay only half of the amount allocated to each director in office in 2020, as variable remuneration, deferring the remaining 50% for payment in the three following years (2022, 2023 and 2024).

With regard to the variable remuneration allocated in 2021 to managing directors Luis Paulo Cardoso Salvado and Álvaro José da Silva Ferreira and to the director with special duties, María del Carmen Gil Marín, through the allocation of share options under the scope of the NOVABASE Share Options Plan approved at the NOVABASE General Meeting of Shareholders of 26 September 2019 ("**Share Options Plan**"), this took into account the responsibility inherent to these duties, engaged in full time, which include day-to-day running of the Company (in the case of the managing directors) and responsibility for different areas relevant to the business of the NOVABASE Group (in the case of director María del Carmen Gil Marín).

Considering that the number of NOVABASE shares to be allocated under the Share Options Plan, or the corresponding cash amount in the event of choosing a cash settlement, is dependent on NOVABASE share prices on the relevant dates of exercise of the options by the participants in the plan, it should be noted that this remuneration component is conditional on the continued positive performance of the Company.

It should also be noted that the shares representing the share capital of NOVABASE corresponding to 50% of the options exercised by the participant will be retained by NOVABASE for a period of three years from the date of exercise, their ownership only being transferred to the participant after this time has passed and conditional on the continued positive performance of NOVABASE throughout this time.

The main terms and conditions of the Share Options Plan are described in points 70 and 74 of the Corporate Governance Report.

Regarding the Supervisory Board, the remuneration of its members follows a strict model insofar as it consists of annual fixed remuneration; no form of variable remuneration is provided for under the law.

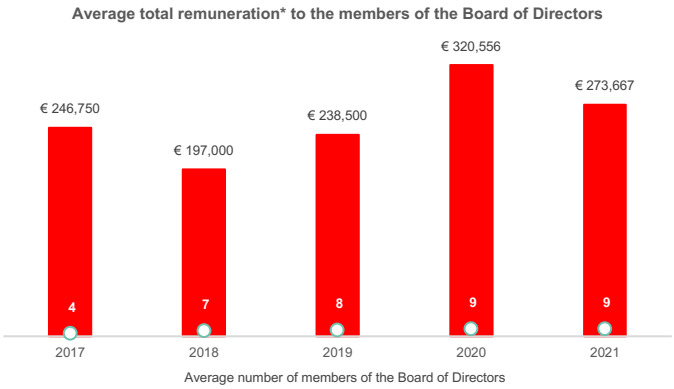
The Statutory Auditor is paid according to normal market practices and conditions for the type of services in question, in accordance with the service agreement signed with the auditor following a proposal to this end from the Company's Supervisory Board.

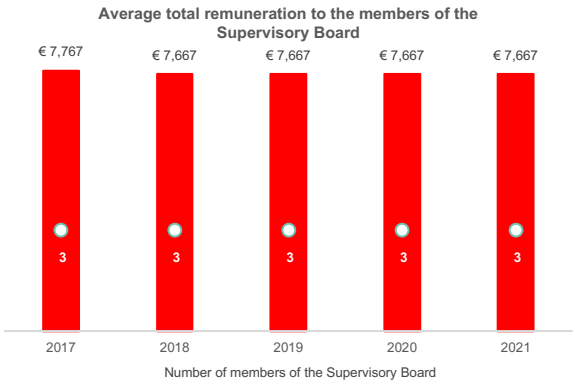
Under these terms, the total remuneration is deemed to comply with the NOVABASE Remuneration Policy, contributing to the long-term performance of the company, bearing in mind the aforementioned determination criteria and the mechanisms for remuneration deferral.

III. Annual variations in remuneration, the performance of the Company and the average salary of employees

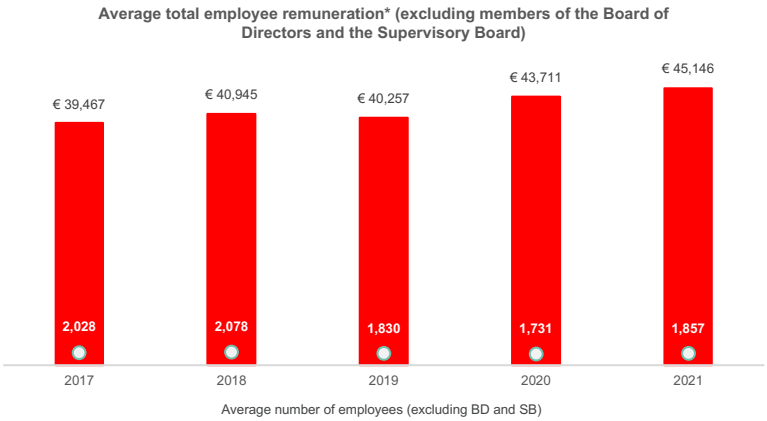
The changes in payments to the governing bodies compared to the remaining employees is shown in the graphs below. The variations presented reflect the Remuneration Policy, prepared according to the provisions of the applicable law, in particular Article 26-C of the Portuguese Securities Code, and the characteristics of NOVABASE, the sectors it operates in and, especially, the current context at NOVABASE, which is undergoing a process of redefinition and strategic internal updating in order to reposition the Company in certain sectors, with the ultimate goal of creating more value for the NOVABASE shareholders in the medium and long term.

Both the variations in payments to the members of the Board of Directors and to employees show an increasing trend over the period being analysed, which in turn shows a positive correlation with the changes in the Turnover and Net Income of the Company (with the exception of the changes in annual turnover in 2019 due to the sale of the government, transport and energy (GTE) business, as the market was informed of in November 2019). The average value for the members of the Supervisory Board has been stable since 2017.

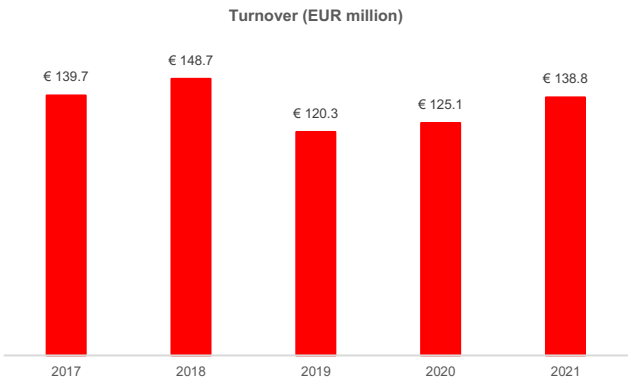


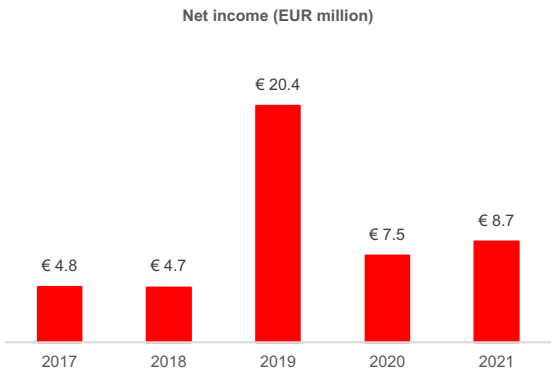


**Total remuneration refers to the fixed and variable remuneration processed each year.*



**Total remuneration refers to fixed and variable remuneration. To calculate average employee remuneration, the payroll costs for each year were taken into account, less the costs referent to the governing bodies (Board of Directors and Supervisory Board).*





IV. Remuneration arising from companies belonging to the same group, as defined in Article 2(1)(g) of Decree Law 158/2009 of 13 July

In general, the directors of NOVABASE and the members of the Supervisory Board are paid only by this entity, not earning any other remuneration from any other company in a control or group relationship with NOVABASE or any company subject to common control with NOVABASE, with the exception of the remuneration paid by Novabase Serviços, S.A., a company indirectly held by NOVABASE, to director Rita Wrem Viana Branquinho Lobo Carvalho Rosado, corresponding to her work as Head of Legal at the NOVABASE Group during 2021, before and after she was appointed director, which she engages in under a service agreement. This remuneration is broken down in Point 78 of the Corporate Governance Report.

V. Number of shares and share options granted or offered and the main conditions for exercising the rights, including the prices and the date such rights were exercised and any changes in these conditions

Under the terms and conditions of the NOVABASE Remuneration Policy, the variable remuneration of NOVABASE directors may be made up of the following components: (i) variable cash remuneration associated, among other factors referred to below, with the performance of NOVABASE, with this remuneration being determined annually; and (ii) participation in the Share Options Plan.

The main terms and conditions of the Options Plan are described in points 70 and 74 of the Corporate Governance Report.

On 2 June 2021, the Remuneration Committee unanimously voted to name managing directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira and director with special duties, María del Carmen Gil Marín, as participants in the Options Plan, having decided to allocate to these directors, respectively, 250,000 (two hundred and fifty thousand), 200,000 (two hundred thousand) and 75,000 (seventy-five thousand) Company share options. These options were assigned an adjusted strike price of €1.801 per share.

Under the terms of the regulations for this plan, the options allocation under the scope of the membership contract signed with these participants on 1 June 2021 was part of a single batch and may be exercised once only on the date of the second anniversary of the date of allocation (1 June 2023) (maturity date), without prejudice to the option to exercise on the first anniversary (1 June 2022).

VI. Possibility of requesting a refund of a type of variable remuneration

The Remuneration Policy does not provide for mechanisms to regulate the possibility of requesting a refund of the variable remuneration earned by the directors of NOVABASE. Nevertheless, as provided for in this policy, insofar as the performance of NOVABASE is one of the criteria for determining the variable remuneration of the members of the administrative body, any deterioration in this may justify, according to the actual circumstances, limitation of such remuneration under the terms and conditions to be decided by the Remuneration Committee.

VII. Information on any departure from the procedure for the application of the Remuneration Policy and on any derogation applied, including an explanation of the nature of the exceptional circumstances and an indication of the specific elements that were subject to derogation

During 2021 and since the Remuneration Policy came into force, there has been no departure from the application procedure for the Remuneration Policy nor any derogation from this policy.

27 April 2022

The Board of Directors of NOVABASE,

2021

REPORT OF THE RENUMERATIONS COMMITTEE

NOVABASE

Report of the Remunerations Committee regarding the 2021 Financial Year

The Remunerations Committee of Novabase SGPS (RC) met twice in the 2021 financial year, through telematic means on April 23, 2021 and at the company's office on June 2, 2021.

This Remunerations Committee (RC) is composed by Francisco Luís Murteira Nabo (Chairman) and the members Pedro Rebelo de Sousa and João Quadros Saldanha. All members were present at the meetings referred to above.

The RC's work was framed in this financial year by the remuneration policies applicable to the corporate bodies that were approved by the shareholders at the General Meeting.

This report summarizes the decisions of the remunerations committee taken during the 2021 financial year.

The RC further states that, during the 2021 financial year and since the entry into force of the Remuneration Policy (as set out below), there has been no deviation from the implementation procedure of the Remuneration Policy or any derogations regarding said policy.

Prior Note:
As usual, the remunerations committee clarifies that the decisions regarding variable remunerations mentioned in this report relate to decisions taken by the RC in 2021 and, therefore, such decisions were taken with reference to the directors' performance in 2020.

After this clarification, below is a summary of the decisions taken by the RC.

AT THE MEETING OF APRIL 23, 2021:

About the remuneration policy of the members of the management and supervisory board of the Company, under the Portuguese Securities Code, as amended by Law no. 50/2020 of August 25, to be proposed to the General Meeting of Shareholders.

It was resolved to unanimously approve the remuneration policy of the members of the management and supervisory board of NOVABASE SGPS elaborated by the members of the RC and propose said remuneration policy to the Annual General Meeting of Shareholders of Novabase SGPS that took place on May 25, 2021. It was further unanimously resolved, and considering that said General Meeting should also resolve about the election of the corporate bodies of Novabase SGPS for the three-year period 2021-2023, including the Remuneration Committee, that the proposal approved should be subject to the suspensive condition of the members of the RC being elected to perform such positions for the mandate correspondent to the three-year period 2021-2023 in such General Meeting.

AT THE MEETING OF 2 JUNE, 2021:

At this meeting, before entering the agenda, the Chairman of the Remuneration Committee mentioned, as an introductory note, that at the General Meeting of Novabase SGPS of May 25, 2021 was approved a Remuneration Policy of the Members of the Management and Supervisory Board of Novabase SGPS ("**Remuneration Policy**") under the terms of article 26.º-A et seq. of the Portuguese Securities Code, as amended

by Law no. 50/2020, of 25 August, as proposed by this Remuneration Committee, under the terms of the resolution proposal dated as of April 29, 2021.

The Remuneration Policy, which is available at the Company's website, entered into force on the date of its approval by the General Meeting of Novabase SGPS, whereby the Remuneration Committee shall determine, since the respective entry into force, the remunerations of the members of the corporate bodies of Novabase in accordance with said policy, as well as supervise and oversee the enforcement and compliance of the same.

In this sense, the resolutions taken concerning the remuneration to be earned in the 2021 financial year by the members of the management and supervisory board of Novabase SGPS comply with the provisions of the approved Remuneration Policy.

About the remuneration of the members of the General Meeting Board of Novabase SGPS for the 2021 financial year.

At the General Meeting of Novabase SGPS held on May 25, 2021 were elected, respectively, to the positions of President and Secretary of the General Assembly Board, António Manuel da Rocha e Menezes Cordeiro and Catarina Maria Marante Granadeiro.

It was resolved to assign to the members of the Board a remuneration in attendance vouchers for each General Assembly meeting. For the President the amount defined is EUR 3,000 (three thousand euros) and for the Secretary of EUR 2,000 (two thousand euros). These amounts were not updated in relation to the previous year. These deliberations were taken unanimously.

About the fixed remuneration of the Directors of Novabase SGPS for the 2021 financial year.

At the General Assembly of Novabase SGPS held on May 25, 2021 were elected for the company's management positions: (i) Luís Paulo Cardoso Salvado as Chairman, (ii) Álvaro José da Silva Ferreira, (iii) María del Carmen Gil Marín, (iv) Rita Wrem Viana Branquinho Lobo Carvalho Rosado, (v) José Afonso Oom Ferreira de Sousa, (vi) HNB – S.G.P.S., S.A., which nominated to perform the position under its own name, under the terms of article 390 no. 4 of the Commercial Companies Code, Madalena Paz Ferreira Perestrelo de Oliveira, (vii) Pedro Miguel Quinteiro Marques de Carvalho, and (viii) José Sancho Garcia, all as members.

Subsequently, at the Board of Directors meeting held on the same day – May 25, 2021 – it was decided to delegate the every-day management of Novabase SGPS on the delegated-directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira. At the same meeting, it was also decided to grant special responsibilities (*encargos especiais*) to the director María Del Carmen Gil Marín, under the terms of number 1 of article 407 of the Commercial Companies Code, and it was decided that this director would be in charge of the business area related to Novabase Capital and for the areas of relationships with investors, marketing and communication and information technology (IT).

Thus, in view of the above, it was unanimously decided to set the following annual gross amounts for each member of the Board of Directors, to be paid in 12 monthly instalments, that consider, on the one hand, their know-how and experience, the nature of their functions and responsibilities and, when applicable, the management functions performed and, on the other hand, market practices for similar responsibilities, as well as the context described above:

- Luís Paulo Cardoso Salvado (Chairman of the Board of Directors/ CEO / delegated-director) – EUR 324,000 (three hundred and twenty four thousand euros);
- Álvaro José da Silva Ferreira (delegated-director) – EUR 270,000 (two hundred and seventy thousand euros);
- María del Carmen Gil Marín (director with special responsibilities) – EUR 180,000 (one hundred and eighty thousand euros);
- Rita Wrem Viana Branquinho Lobo Carvalho Rosado (non-executive director) – EUR 20,000 (twenty thousand euros);
- José Afonso Oom Ferreira de Sousa (non-executive director) – EUR 42,000 (forty two thousand euros);
- Madalena Paz Ferreira Perestrelo de Oliveira (non-executive director) – EUR 42,000 (forty two thousand euros);
- Pedro Miguel Quinteiro Marques de Carvalho (non-executive director) – EUR 42,000 (forty two thousand euros);
- José Sancho Garcia (non-executive director) – EUR 42,000 (forty two thousand euros).

Additionally, it was referred that, as stated at the Annual General Meeting of Novabase referred above, the director Rita Wrem Viana Branquinho Lobo Carvalho Rosado will keep on performing the legal tasks in a participated entity of the group, maintaining the terms and conditions.

The total annual fixed remuneration of the Directors of Novabase SGPS is now defined at EUR 962,000, compared to EUR 1,340,340 in 2020.

<u>Variable remuneration of the Directors of Novabase SGPS, related to performance in the 2020 financial year.</u>

It was referred by the President of the RC that all decisions regarding the variable remuneration of the directors contained in this point are related to the performance of the same throughout the 2020 financial year, so in its determination it was considered the remuneration policy previously in force at the Company, specially the decision previously taken by the General Meeting of April 2009 that set the general lines of the remuneration conditions of the directors and that was reiterated in the several General Meetings held in the last years.

The 2020 performance was especially positive in the most relevant aspects for the success and sustainability of the company – especially given the demanding and uncertain context generated by the Covid-19 pandemic – of which we highlight:

- Strategy
  - Acquisition of the total shareholding at Celfocus enabling unification and accelerating the transformation of the business segment Next-Gen, in addition to the resulting synergies;
  - Disposal of Collab business with capital gains;

- Financial Indicators
  - Growth (organic) of turnover by 10%, being 11% in the Next-Gen segment;
  - EBITDA of 9,5%
  - Net profit of 7,5M or 0,24€/share;
  - Net cash of 51,5M€;

- Shareholder Value

- Total Shareholder Return of +24% (Vs. -6$ of PSI20 and +14% of EuroStoxxTech);
- Increase in the visibility and liquidity of the security NBA;

- Governance and Sustainability
  - Good functioning of the corporate bodies of the company, in particular of the Board of Directors and the Executive Committee, for its agility and assertiveness in pursuing the company's interests;
  - Management of the Covid-19 crisis in an efficient manner, always putting safety and health first, as confirm the results of the internal inquiries performed (98% trust the leadership of Novabase to make the right decisions, whereby 83% are very or extremely trusting);
  - Update of policies and regulations to improve transparency, monitoring mechanisms, corporate governance and sustained value creation;
  - Implementation of diversity and gender equality initiatives.
  - Improvement of 52% in the relevant environmental indicators (annual average), as consumptions, recycling rate, waste production and emissions of CO2; The pandemic had a positive impact in this reduction;
  - Improvement on the risk profile of clients and geographies.

Therefore, the RC unanimously decided to attribute to each of the following directors in office in 2020, and without prejudice of the provisions of points four and five below, the following amounts:

- Luís Paulo Cardoso Salvado (Chairman of the Board of Directors on a full-time basis / full-time Chairman) – EUR 318,160 (three hundred and eighteen thousand, one hundred and sixty euros);
- João Nuno da Silva Bento (Chairman of the Executive Committee / CEO) – EUR 318,160 (three hundred and eighteen thousand, one hundred and sixty euros);
- Álvaro José da Silva Ferreira (executive director) – EUR 199,380 (one hundred and ninety nine thousand and three hundred and eighty euros);
- María del Carmen Gil Marín (executive director) – EUR 159,080 (one hundred and fifty nine thousand and eighty euros);
- Francisco Figueiredo Morais Antunes (executive director) – EUR 159,080 (one hundred and fifty nine thousand and eighty euros);
- Paulo Jorge de Barros Pires Trigo (executive director) – EUR 201,170 (two hundred and one thousand and one hundred and seventy euros);
- José Afonso Oom Ferreira de Sousa – EUR 63,630 (sixty three thousand and six hundred and thirty euros);
- Pedro Miguel Quinteiro Marques de Carvalho – EUR 63,630 (sixty three thousand and six hundred and thirty euros).

The total variable remuneration of the Directors of Novabase SGPS regarding their performance in the 2020 financial year corresponds, therefore, to EUR 1,482,290 (one million four hundred and eighty two thousand and two hundred and ninety euros), which compares to EUR 2,596,679 regarding the performance in the 2019 financial year.

The variable remuneration of the directors José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho is justified by their availability and great commitment in critical matters for the company. In particular, the involvement and contributions in the preparation of the new mandate shall be highlighted, which is

particularly demanding given the significant change in the context (Strategic Update 2019+ of the company and pandemic situation).

On deferring of the payment of part of the amounts attributed as variable remuneration

It was also unanimously resolved to pay in 2021 only half of the amount granted to each director in office in 2020, as variable remuneration, and delay the remaining 50% for payment during the next three years (2022, 2023 and 2024). Therefore, in each of these years, 1/3 of this second half of the amount now granted will be paid, subject to the positive performance of the company during such periods, in line with what was resolved and implemented from 2011 to 2020.

On pension supplements for directors receiving variable remuneration

In light of the current and foreseeable economic environment for the national economy in the medium and long term, under which great difficulties will remain due to the weight of external private or public debt, to which will be added, in the short term, a very significant demographic pressure, which will emphasize the viability and sustainability risks affecting pensions systems (national and european), it will be a prudent practice, and in that sense it is unanimously resolved:

(i) To channel 20% (twenty per cent) of the funds allocated as fixed remuneration in point two above to each of the executive directors – namely, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira e María del Carmen Gil Marín – to reinforce capitalization insurance contributions currently in force in the Company in lieu of payment of that part of the fixed remuneration, under the terms foreseen in Clause 5 of the Remuneration Policy;

(ii) To channel the funds allocated in point three above as variable remuneration (as the ones previously deferred) to reinforce capitalization insurance contributions currently in force in the company in lieu of payment of such variable remuneration.

On the allocation of stock options of the company, under the terms of the Stock Options Plan Regulation approved at the General Meeting of the Company held on September 26, 2019

As provided for in the Remuneration Policy, the variable remuneration of the members of the management body of Novabase SGPS may consist, namely, of plans based on securities of Novabase SGPS, notably the participation in the Stock Options Plan of the Company approved in the 2019 General Meeting ("**Plan**") as well as the regulation of the referred plan ("**Regulation**") currently in force.

All capitalized terms that are not defined hereafter shall have the same meaning that is attributed to them in the Regulation.

Given the current social-economic context, the Remuneration Commission considers that the attribution of a variable remuneration, to the two delegated-directors and to the director with special responsibilities, through participation in the Plan, seems to be an adequate way to remunerate these members for the functions exercised and inherent responsibilities, reinforcing at the same time the alignment of the interests of management with the interests of the Company, in the medium and long term, as well as its sustainability, given the characteristics of the Plan.

Under these terms, and considering the functions to be performed by Luís Paulo Cardoso Salvado, Chairman of the Board of Directors, CEO and delegated-director, and by Álvaro José da Silva Ferreira, delegated-director, both will be in charge of the day-to-day management of the Company, with the inherent responsibility to such positions to be performed on a full-time basis, as well as the duties and responsibilities attributed to the director María del Carmen Gil Marín, who is responsible for several areas relevant to the business of Novabase group, it was unanimously decided to attribute to the referred directors the following Stock Options of the Company under the Regulation:

- Luís Paulo Cardoso Salvado- 250 000 Stock Options;
- Álvaro José da Silva Ferreira - 200 000 Stock Options;
- María del Carmen Gil Marín -75 000 Stock Options.

The adherence of these directors to the Plan shall be effected through the execution of a contract between them and the Company, under the terms of Clause 5.1 of the Regulation, and their participation in the Plan shall be governed by the provisions of said Regulation.

The "Date of Granting" to be considered for the Options now granted (525,000) is June 1, 2021.

Any additional granting of Options to the same directors will be deferred to a future date, depending on their performance in the execution of the company's Strategic Update 2019+, as well as to other directors, as applicable and under the terms set forth in the Stock Options Regulation.

<u>About the attribution of fringe benefits to the members of the Board of Directors</u>

In addition to the fringe benefits granted to the members of the Board of Directors under the terms of the remuneration practices in force in Novabase group and applicable to its employees (including, health insurance and food allowance), it was resolved by the Remuneration Committee to grant the members of the Board of Directors, as a fringe benefit, the provision of a vehicle by the Company, authorizing the possibility of using such vehicle not only for professional purposes but also for personal purposes, should the director so determine, within the corresponding legal and tax framework.

It was further resolved to attribute to the members of the Board of Directors an additional health insurance as a complement to the health insurance they already benefit from and which includes, in general terms, regular check-ups and international treatments with broad coverage. It was also resolved to authorize the Board of Directors, within the framework and limits now exposed, to proceed with the analysis, selection and contracting of this health insurance with an insurance company, national or international, with proven reputation in the industry.

<u>On the remuneration of the members of Novabase SGPS Supervisory Board for the 2021 financial year</u>

At the General Meeting of Novabase SGPS held on May 25, 2021 were elected to be part of the Supervisory Board: Álvaro José Barrigas do Nascimento as President and Fátima do Rosário Piteira Patinha Farinha and João Luís Correia Duque as members.

Entering item sixth on the agenda, it was stated that, in accordance with article 422.º - A of the Commercial Companies Code and the Remuneration Policy, the remuneration of the members of the supervisory board shall consist of a fixed amount and in line with

market practice. Under these terms, the following fixed remunerations are attributed for the 2021 financial year:

- Álvaro José Barrigas do Nascimento (Chairman) - EUR 10,000 (ten thousand euros);
- Fátima do Rosário Piteira Patinha Farinha - EUR 7,500 (seventy five hundred euros);
- João Luís Correia Duque- 7,500 EUR (seventy five hundred euros).

These amounts were updated by a total of EUR 2 000 (two thousand euros) in relation to the previous year, in order to align them with market practices.

It was also mentioned that, as communicated to this RC by the Chairman of Novabase's Supervisory Board, member João Luís Correia Duque was declared temporarily prevented from starting his functions as such, following the communication sent by this member to the Supervisory Board, having been replaced in the position by the alternate member Manuel Saldanha Tavares Festas until the end of the respective impediment. In this sense, the remuneration decided for this member will be received by the alternate member, in a proportional way to the period of time he is in office, and the referred remuneration shall be received by the member João Luís Duque Correia after the termination of his current impediment, also in a proportional way to the period of time he will effectively be in office at Novabase's Supervisory Board.

On the remuneration of the Chartered Accountant for the 2021 financial year

Under the terms of the Remuneration Policy, it was unanimously resolved that the Chartered Accountant be remunerated in accordance with normal market remuneration practices and conditions for the type of services in question, in accordance with the service agreement entered into with the Chartered Accountant following a proposal to that effect from the Company's Supervisory Board.

On the enforceability or unenforceability of payments relating to the dismissal or termination of appointment of directors

In this regard, since the matter in question is already duly provided for and regulated by law, it was unanimously resolved not to attribute to the Company's directors any right to receive damages or compensation beyond what is legally provided for, nor to establish any general prohibition for the Company to establish such compensations in the future, if and when it sees fit.

Lisbon, March 28, 2022

The Remunerations Committee

_____

Francisco Luís Murteira Nabo (Chairman)

_____

Pedro Rebelo de Sousa (Member)

João Quadros Saldanha (Member)

2021

ACCOUNTS 2021

PDF/printed version of the financial statements.
In the event of conflict between this version and the ESEF version, the later version prevails.

NOVABASE

2021 CONSOLIDATED FINANCIAL STATEMENTS

NOVABASE S.G.P.S., S.A.

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I. CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2021

NOVABASE S.G.P.S., S.A.

Consolidated Statement of Financial Position as at 31 December 2021

(Amounts expressed in thousands of Euros)

	Note	31.12.21	31.12.20
Assets			
Non-Current Assets			
Property, plant and equipment	7	6,840	9,095
Intangible assets	8	11,873	12,063
Investments in associates	9	160	223
Financial assets at fair value through profit or loss	10	13,615	12,601
Deferred tax assets	11	9,443	7,947
Other non-current assets	12	1,997	2,025
Total Non-Current Assets		**43,928**	**43,954**
Current Assets			
Inventories		7	10
Trade and other receivables	14	42,634	42,660
Accrued income	15	4,691	3,556
Income tax receivable		1,236	2,988
Derivative financial instruments	16	16	64
Other current assets	17	4,105	4,290
Cash and cash equivalents	18	68,431	71,929
Total Current Assets		**121,120**	**125,497**
Assets from discontinued operations	39	396	342
Total Assets		**165,444**	**169,793**
Equity and Liabilities			
Equity			
Share capital	19	54,638	54,638
Treasury shares	19	(1,217)	(1,177)
Share premium	19	226	226
Reserves and retained earnings	20	3,235	(4,124)
Profit for the year		8,706	7,486
Total Equity attributable to owners of the parent		65,588	57,049
Non-controlling interests	21	10,361	10,047
Total Equity		**75,949**	**67,096**
Liabilities			
Non-Current Liabilities			
Borrowings	22	12,417	21,493
Provisions	23	3,391	5,233
Other non-current liabilities	24	2,120	3,705
Total Non-Current Liabilities		**17,928**	**30,431**
Current Liabilities			
Borrowings	22	9,583	9,432
Trade and other payables	25	37,775	40,313
Income tax payable		96	53
Derivative financial instruments	16	71	9
Deferred income and other current liabilities	26	19,711	16,148
Total Current Liabilities		**67,236**	**65,955**
Liabilities from discontinued operations	39	4,331	6,311
Total Liabilities		**89,495**	**102,697**
Total Equity and Liabilities		**165,444**	**169,793**

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 2021

(Amounts expressed in thousands of Euros)

	Note	12 M *	
		31.12.21	31.12.20
Continuing operations			
Services rendered	5	138,788	125,080
External supplies and services	27	(41,518)	(37,379)
Employee benefit expense	28	(85,913)	(80,176)
Net impairment losses on trade and other receivables	14	(272)	(72)
Other gains/(losses) - net	29	1,582	4,378
Depreciation and amortisation	30	(3,521)	(4,356)
Operating Profit		**9,146**	**7,475**
Finance income	31	1,945	1,240
Finance costs	32	(1,816)	(2,928)
Share of loss of associates	33	(66)	(58)
Earnings Before Taxes (EBT)		**9,209**	**5,729**
Income tax expense	34	(293)	(1,912)
Profit from continuing operations		8,916	3,817
Discontinued operations			
Profit from discontinued operations	39	1,060	4,509
Profit for the Year		**9,976**	**8,326**
Profit attributable to:			
Owners of the parent		8,706	7,486
Non-controlling interests	21	1,270	840
		9,976	8,326
Earnings per share from continuing and discontinued operations attributable to owners of the parent (Euros per share)			
Basic earnings per share			
From continuing operations	35	0.25 Euros	0.10 Euros
From discontinued operations	35	0.03 Euros	0.15 Euros
From profit for the year	35	**0.28 Euros**	**0.24 Euros**
Diluted earnings per share			
From continuing operations	35	0.25 Euros	0.10 Euros
From discontinued operations	35	0.03 Euros	0.15 Euros
From profit for the year	35	**0.28 Euros**	**0.24 Euros**

12 M * - period of 12 months 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.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2021

(Amounts expressed in thousands of Euros)

	Note	12 M *	
		31.12.21	31.12.20
Profit for the Year		9,976	8,326
Other comprehensive income for the year			
Items that may be reclassified to profit or loss			
Exchange differences on foreign operations, net of tax		162	22
Other comprehensive income for the year		162	22
Total comprehensive income for the year		**10,138**	**8,348**
Total comprehensive income attributable to:			
Owners of the parent		8,456	6,948
Non-controlling interests		1,682	1,400
		10,138	8,348

12 M * - period of 12 months 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.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2021

(Amounts expressed in thousands of Euros)

	Note	Attributable to owners of the parent							Non-controlling interests	Total Equity
		Share capital	Treasury shares	Share premium	Legal reserves	Stock options reserves	Exch. dif. on foreign operations	Other res. & retained earnings		
Balance at 1 January 2020		**54,638**	**(655)**	**226**	**3,140**	**7**	**(4,521)**	**16,456**	**18,329**	**87,620**
Profit for the year		-	-	-	-	-	-	7,486	840	8,326
Other comprehensive income for the year	20, 21	-	-	-	-	-	(538)	-	560	22
Total comprehensive income for the year		-	-	-	-	-	(538)	7,486	1,400	8,348
Transactions with owners										
Dividends	20, 21	-	-	-	-	-	-	-	-	-
Treasury shares movements	19, 20	-	(522)	-	-	-	-	(368)	-	(890)
Share-based payments	19	-	-	-	-	34	-	-	-	34
Change in consolidation perimeter	21, 39	-	-	-	-	-	-	-	(672)	(672)
Transactions with owners		-	(522)	-	-	34	-	(368)	(672)	(1,528)
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Transactions with non-controlling interests	20, 21	-	-	-	-	-	145	(18,479)	(9,010)	(27,344)
Balance at 31 December 2020		**54,638**	**(1,177)**	**226**	**3,140**	**41**	**(4,914)**	**5,095**	**10,047**	**67,096**
Balance at 1 January 2021		**54,638**	**(1,177)**	**226**	**3,140**	**41**	**(4,914)**	**5,095**	**10,047**	**67,096**
Profit for the year		-	-	-	-	-	-	8,706	1,270	9,976
Other comprehensive income for the year	20, 21	-	-	-	-	-	(250)	-	412	162
Total comprehensive income for the year		-	-	-	-	-	(250)	8,706	1,682	10,138
Transactions with owners										
Dividends	20, 21	-	-	-	-	-	-	-	(309)	(309)
Treasury shares movements	19, 20	-	(40)	-	-	-	-	(71)	-	(111)
Share-based payments	19	-	-	-	-	175	-	-	-	175
Change in consolidation perimeter	21, 39	-	-	-	-	-	-	-	-	-
Transactions with owners		-	(40)	-	-	175	-	(71)	(309)	(245)
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Transactions with non-controlling interests	20, 21	-	-	-	-	-	-	19	(1,059)	(1,040)
Balance at 31 December 2021		**54,638**	**(1,217)**	**226**	**3,140**	**216**	**(5,164)**	**13,749**	**10,361**	**75,949**

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 2021

(Amounts expressed in thousands of Euros)

	Note	12 M * 31.12.21	12 M * 31.12.20
Cash flows from operating activities			
Cash receipts from customers		133,846	126,845
Cash paid to suppliers and employees		(126,651)	(116,340)
Cash generated from operations		7,195	10,505
Income taxes received / (paid)		714	(2,628)
Other operating proceeds / (payments)		583	(1,933)
		1,297	(4,561)
Net cash from operating activities		**8,492**	**5,944**
Cash flows from investing activities			
Proceeds:			
Sale of subsidiaries	39	215	42,823
Sale of associates and other participated companies		96	9
Disposal of debt securities		-	2,467
Sale of property, plant and equipment		13	212
Interest received		3	92
Dividends received	31	90	43
		417	45,646
Payments:			
Acquisition of subsidiaries	39	(215)	(3,456)
Acquisition of property, plant and equipment		(791)	(663)
Acquisition of intangible assets		(67)	(253)
		(1,073)	(4,372)
Net cash from / (used in) investing activities		**(656)**	**41,274**
Cash flows from financing activities			
Proceeds:			
Proceeds from borrowings	22	-	10,000
		-	10,000
Payments:			
Repayment of borrowings	22	(6,400)	(6,194)
Dividends paid and share capital reductions	21	(222)	-
Transactions with non-controlling interests	20	(1,040)	(20,000)
Payment of lease liabilities	22	(2,756)	(3,785)
Interest paid		(800)	(1,115)
Purchase of treasury shares	19, 20	(111)	(890)
		(11,329)	(31,984)
Net cash used in financing activities		**(11,329)**	**(21,984)**
Cash and cash equivalents at 1 January	18	**71,948**	**48,782**
Net increase (decrease) of cash and cash equivalents		**(3,493)**	**25,234**
Effects of change in consolidation perimeter		**-**	**(1,857)**
Effect of exchange rate changes on cash and cash equivalents		**(22)**	**(211)**
Cash and cash equivalents at 31 December	18	**68,433**	**71,948**

12 M * - period of 12 months 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 2021

1. General information

Novabase, Sociedade Gestora de Participações Sociais, S.A. (hereinafter referred to as Novabase, Novabase Group or Group), with head office in 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 new 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, where the Neotalent commercial brand operates, develops activities of IT consulting and services of IT Staffing. It also develops a venture capital activity through Novabase Capital, S.C.R., S.A..

Following a 2020 marked by the success on the execution of some M&A operations relevant to the Group's strategy, namely the acquisition of the remaining stake in Celfocus (the core asset of Novabase's 2019+ Strategy of becoming a "Next-Gen IT Services Company"), the adjustment to the consideration on the sale of GTE Business and the disposal of the subsidiary Collab, 2021 was characterised by intense operational activity and strong performance of the businesses, and no changes occurred in the composition of the Group or the reportable segments nor were recorded operations or items considered unusual:

- Next-Gen delivered a strong performance in 2021, growing at double-digits, +15% compared to the same period of last year, a fully organic growth and mainly driven by international operations (+20%). In the target geographies – Europe and Middle East – Next-Gen grew 22%, rising the non-domestic business to almost 2/3 of its Turnover. Next-Gen's profitability also improved, with Operating Profit excluding Depreciation and amortisation (EBITDA) increasing 3% year-on-year;
- Value Portfolio was back to growth and improved profitability in 2021, recovering from the covid-effects experienced especially during the second half of 2020, in the Spanish market of IT Staffing. Turnover in this segment was 1% higher than in 2020 and the EBITDA margin rose 160 basis points year-on-year to 12.6%, confirming the resilient performance of the IT Staffing business.

2021 continued to be marked by the Covid-19 pandemic, the disease caused by the novel coronavirus, declared as a pandemic by the World Health Organization on 11 March 2020 (see note 2.2.).

The 2021 General Meeting of Shareholders held on 25 May appointed new corporate bodies for the 2021/2023 triennium. To be noted that the new team is now comprised of Luís Paulo Salvado and Álvaro Ferreira as directors with delegated powers, and María Gil Marín as director with special responsibilities.

Novabase is listed on the Euronext Lisbon.

The share capital is represented by 31,401,394 shares (2020: 31,401,394 shares), and all shares have a nominal value of 1.74 Euros each (2020: 1.74 Euros).

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 authorised for issue by the Board of Directors on 27 April 2022.

These consolidated financial statements will be subject to approval at the Shareholders' General Meeting scheduled for 24 May 2022.

2. Significant accounting policies

The most significant 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 2021.

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 (EUR thousand), rounded to the nearest thousand, except otherwise stated.

New standards, amendments to existing standards and interpretations that became effective in 2021

• **Amendment to IFRS 16**, 'Leases - Covid-19-Related rent concessions' (effective for annual periods beginning on or after 1 June 2020, early adoption having been permitted). This amendment to IFRS 16, arising in the context of the global pandemic caused by the new coronavirus, introduces a practical expedient for lessees, which exempts them from assessing whether rent concessions awarded by lessors in the scope of Covid-19, and exclusively these concessions, qualify as leases modifications. Lessees who choose the application of this exemption, account for the change in rent payments, as rental variable rent in the period(s) in which the event or condition leading to the payment reduction occurs. The practical expedient is only applicable when all of the following conditions are met: i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; ii) any reduction in lease payments affects only payments due on or before 30 June 2021; and iii) there is no substantive change to other terms and conditions of the lease.

• **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**, 'Interest rate benchmark reform - phase 2'. The amendments to the standards introduced by the IASB in this second phase, address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one, and provide for the application of exemptions such as: i) changes to designations and hedge documentation ii) amounts accumulated in the cash flow hedge reserve; iii) assessment the retrospective effectiveness of a hedge relationship under IAS 39; iv) changes in the hedge relationships for groups of items; v) presumption that an alternative benchmark rate designated as a non-contractually specified risk component, is separately identifiable and qualifies as a hedged risk; and vi) updating the effective interest rate, without recognising gain or loss, for financial instruments measured at amortised cost with changes in contractual cash flows as a result of the benchmark interest rates reform, a situation that also applies to lease liabilities which are indexed to a reference interest rate.

• **Amendment to IFRS 16**, 'Leases - Covid-19-Related Rent Concessions after 30 June 2021' (effective for annual periods beginning on or after 1 April 2021, early adoption is permitted, contingent on the adoption of the first amendment to IFRS 16). This amendment extends the application date of the amendment to IFRS 16 – 'Leases - Covid-19-Related rent concessions' from 30 June 2021 to 30 June 2022. The conditions for applying the practical expedient are maintained, whereby: i) if the lessee is already applying the 2020 practical expedient, it must continue to apply it to all leases with similar characteristics, and under comparable conditions; and (ii) where the lessee has not applied the practical expedient to the 2020 eligible rent Concessions, it cannot apply the extension to the 2020 amendment. The amendment is applied retrospectively with the impacts reflected as an adjustment to the opening balance of retained earnings of the annual reporting period in which the lessee first applies this amendment.

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.

New standards, interpretations and amendments to existing standards that have been published at the reporting date and are mandatory for annual periods beginning on or after 1 January 2022, but that the Group has not early adopted

• **Amendment to IAS 16**, 'Property, plant and equipment - Proceeds before intended use' (effective for annual periods beginning on or after 1 January 2022). This amendment is part of the "narrow scope amendments" published by the IASB in May 2020, and prohibits the deduction of amounts received as consideration for items sold that resulted from the production in test phase to the property, plant and equipment, to the book value of those same assets. The consideration received for the sale of the "outputs" obtained during the testing phase must be recognised in profit or loss for the year, in accordance with the applicable regulations, as well as directly related expenses.

• **Amendment to IFRS 3**, 'Business combinations - Reference to the Conceptual Framework' (effective for annual periods beginning on or after 1 January 2022). This change is also part of the changes of the narrow scope amendments published by the IASB in May 2020, and updates the references to the Conceptual Framework in the text of IFRS 3, regarding the identification of an asset or a liability within a business combination, without introducing changes to the accounting requirements for recording business combinations. This amendment also clarifies that in applying the purchase method, liabilities and contingent liabilities must be analysed in the light of IAS 37 and/or IFRIC 21 and not according to the definition of liability in the Conceptual Framework, and that the contingent assets of the acquiree cannot be recognised in a business combination.

• **Amendment to IAS 37**, 'Onerous contracts - cost of fulfilling a contract (effective for annual periods beginning on or after 1 January 2022). This change is part of the narrow scope amendments published by the IASB in May 2020, and specifies what are the costs that the entity should consider when assessing whether a contract is onerous or not. Only expenses directly related to the performance of the contract are accepted, and these may include: i) the incremental costs of fulfilling that contract such as the cost of labour required and materials; and ii) the allocation of other expenses that are directly related to the fulfilment of the contract, such as the allocation of the depreciation expenses of a given tangible fixed asset used to carry out the contract. This change should be applied to contracts that, at the beginning of the first annual reporting period to which the change is applied, still include contractual obligations to be satisfied, without there being any need to restate the comparison. Any impact should be recognised against retained earnings (or another component of equity, as appropriate), on the same date.

• **Annual improvement cycle 2018 - 2020** (effective for annual periods beginning on or after 1 January 2022). This improvement cycle affects the following standards (themes): IFRS 1 - 'First adoption of IFRS' (subsidiary as a first-time adopter of IFRS), IFRS 9 - 'Financial instruments' (derecognition of financial liabilities - costs incurred to be included in the "10 percent" variation test), IFRS 16 - 'Leases' (lease incentives) and IAS 41 - 'Agriculture' (taxation and fair value measurement).

• **Amendment to IAS 1**, 'Presentation of financial statements - Disclosure of accounting policies' (effective for annual periods beginning on or after 1 January 2023). 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**, 'Accounting policies, changes in accounting estimates and errors - Disclosure of accounting estimates' (effective for annual periods beginning on or after 1 January 2023). 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 1**, 'Presentation of financial statements - Classification of liabilities as current or non-current' (effective for annual periods beginning on or after 1 January 2023). The amendment to this standard is still subject to endorsement by the European Union and introduces a clarification on the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period. The classification of liabilities is unaffected by the expectations of the entity or events after the reporting date, such as a breach of "covenant". An additional clarification is made regarding the meaning of the 'settlement' of a liability, which is now defined as the extinguishment of a liability through the transfer: a) of cash or other economic resources, or b) an entity's own equity instruments.

• **Amendment to IAS 12**, 'Income taxes - Deferred taxes related to assets and liabilities arising from a single transaction' (effective for annual periods beginning on or after 1 January 2023). The amendment to this standard is still subject to endorsement by the European Union and 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. The cumulative effect of the initial application of this amendment is recognised as an adjustment to the opening balance of profit or loss for the earliest comparative period presented.

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 (see also note 2.2.), 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 10 and 16).

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. *Quantitative and qualitative information on the impacts of Covid-19*

An update of the main quantitative and qualitative impacts related to Covid-19 on the Novabase Group in 2021 are presented below.

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

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

There was no material impact on the direct operating conditions during 2021. The Nearshore Agile Delivery Model enabled sound growth and allowed customer operations to continue seamlessly and smoothly.

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

In terms of financials, there were also no relevant Covid impacts. The main activity indicators posted a good performance, with the double-digit growth in Turnover and the more than doubling of Net Profit from continuing operations to be highlighted. Next-Gen thrived in its organic growth, growing 15% thanks to the strong expansion of international business by 20%. New flagship clients were won and 16% of new talents were added to the team of specialists. Value Portfolio got back to growth and improved profitability, recovering from the impacts of Covid-19 in 2020, especially in the second half of the year.

Other effects of the pandemic include higher complexity in talent retention, delays in the M&A initiatives and challenges in winning new clients, however, the commercial victories achieved during the year are encouraging.

Despite the uncertain context regarding the evolution of the pandemic, these results and the robust liquidity position reinforce Novabase's confidence in its roadmap.

The Board of Directors considers that the liquidity situation and the capital levels will be sufficient to continue the Group's activity, therefore the going concern principle has been applied to the preparation of these financial statements. In this context, the Board of Directors decided that will propose to the next General Meeting of Shareholders a remuneration of 0.43 €/share (note 43).

Novabase will continue monitoring the pandemic's evolution and giving priority to the implementation of all measures considered adequate to minimise the negative effects on the Group's operations, in line with the recommendations of the authorities and on all stakeholders' best interest.

Finally, it should be noted that despite the context of the Covid-19 pandemic, there were no material changes that significantly affect the risk assessment to which Novabase is exposed to. Likewise, the main sources of uncertainty associated with the most relevant estimates and judgments, used in the preparation of these financial statements, did not undergo significant changes as a result of the incorporation of the new pandemic context, namely regarding the impairment of goodwill, the fair value of financial instruments, impairment of financial assets, recoverability of deferred taxes and provisions.

2.3. Basis of consolidation

The consolidated financial statements, with reference to 31 December 2021, include assets, liabilities and results of the Group companies, understood as Novabase and its subsidiaries and associates, 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 de-consolidated 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 re-measured 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.

(3) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted by the equity method and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates post-acquisition profit or losses is recognised in the statement of profit and loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of associates are changed when necessary to ensure consistency with the policies adopted by the Group.

2.4. 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.

2.5. 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'). The consolidated financial statements are presented in thousands of Euros (EUR thousand). 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, in Mozambique, in Turkey 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.

Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognised in results for the period in the consolidated statement of profit and loss. Translation 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 on**		**Average rate**	
(x foreign exchange units per 1 Euro)	**31.12.21**	**31.12.20**	**2021**	**2020**
• Angolan Kwanza (AOA)	638.8172	820.7955	742.9051	636.3932
• Mozambican Metical (MZN)	73.0074	92.8056	72.6746	73.9044
• Turkish Lira (TRY)	15.2335	9.1131	11.0266	9.5343
• US Dollar (USD)	1.1326	1.2271	1.1877	1.1397
• British Pound (GBP)	0.8403	0.8990	0.8623	0.8860

Except for AOA and MZN, all exchange rates used are the official EUR exchange rate at 31.12.21 as published on 'Banco de Portugal' website. Regarding the AOA and the MZN exchange rates, 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, as follows:

(i) monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period;
(ii) assets and liabilities linked by agreement to changes in prices are adjusted in accordance with the agreement in order to ascertain the amount outstanding at the end of the reporting period;
(iii) all other assets and liabilities are non-monetary and are restated (with the exception of some non-monetary items that are carried at amounts current at the end of the reporting period, such as net realisable value and market value);
(iv) all items of the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

The gain or loss on the net monetary position is included in profit or loss and separately disclosed.

When an economy ceases to be hyperinflationary and an entity interrupts the preparation and presentation of financial statements prepared in accordance with IAS 29 - 'Financial reporting in hyperinflationary economies', it must address the amounts expressed in the current unit of measurement at the end of the previous reporting period as the basis for the carrying amounts in its subsequent financial statements.

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'. As a result of this assessment, 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.

In 2021, Novabase reassessed the economies where it operates in accordance with this standard, with special attention to the Angolan economy, which registered an annual inflation rate of 27% and an accumulated inflation for the last three years of approximately 86%, concluding that none of those economies met the necessary conditions to be considered as a hyperinflationary economy.

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 (that is, 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 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

In 2020, the Group performed an assessment of the perspective of receiving loans and balances granted to its foreign subsidiaries, having re-designated part of the balances receivable from the Angolan subsidiary (those whose settlement is not expected in the "foreseeable future") as part of the net investment, due to the economic uncertainties resulting from the pandemic, and also considering the current political and economic context of this geography and the fact that the subsidiary sold all investments in Treasury Bonds that it held in its portfolio as at 31 December 2019 to settle certain balances.

2.6. *Property, plant and equipment*

For Novabase Group, property, plant and equipment comprise own assets and right-of-use assets (see also note 2.21.).

Property, plant and equipment are essentially composed of buildings and other constructions, basic and transport equipment. Property, plant and equipment are stated at acquisition cost, net of accumulated depreciation. The acquisition cost is considered to be the costs directly attributable to the acquisition of the assets (sum of the respective purchase price with the expenses incurred directly or indirectly to put it in its state of use).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit and loss during the financial period in which they are incurred.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are included in profit or loss.

2.7. *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/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill on acquisitions of associates is included in 'Investments in associates'.

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 the way the entity monitors its operations and makes its decisions on the continuation or disposal of its assets and operations: Next-Gen and Neotalent. There is no unallocated goodwill to those cash generating units. 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 and loss as and when incurred. Development expenses are accounted as intangible fixed 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.

2.8. *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 40.

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.

(i) Financial assets measured at amortised cost
Are those financial assets that are included in a business model whose purpose is to hold financial assets in order to collect the contractual cashflows, and these contractual cashflows represent solely payments of principal and interest.

(ii) Financial assets at fair value through other comprehensive income
Are those financial assets that are part of a business model whose objective is achieved through the collection of contractual cashflows and the sale of financial assets, these contractual cashflows being solely payments of principal and interest.

(iii) Financial assets at fair value through profit or loss
This category includes derivative financial instruments and equity instruments that the Group has not classified in category (ii). This category also includes all financial instruments whose contractual cashflows are not exclusively capital and interest.

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.

2.9. 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 it is at this level that management monitors its return on investment.

2.10. 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) Debt securities and bank balances.

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. If, 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 within a period of 12 months.

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 and 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 and 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 and loss under the heading 'Net impairment losses on trade and other receivables'; and
• Impairment related to debt securities and bank balances, 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) Debt securities and bank balances
Regarding debt securities and bank balances, 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 in the 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 2021, the LGD used corresponded to 60% for Portugal (2020: 60% for Portugal and 60% for 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 a debt security or a short term bank deposit to have a low credit risk when its credit risk 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 investment in debt securities and bank balances 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 and loss.

2.11. Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed 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.

2.12. 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.

2.13. 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.

2.14. Borrowings

For Novabase Group, borrowings comprise bank borrowings and lease liabilities (see also notes 2.21.).

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 and loss under 'Finance costs' heading.

2.15. Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit and 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 and associates, 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.

2.16. Employee benefits

Personnel expenses are recognised when the service is rendered by employees regardless of their date of payment. Some specificities are disclosed below:

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 have, annually, the right to receive two months of salary, for a holiday period and a holiday allowance, right earned in the previous year to its settlement. The employees also have, annually, the right to a Christmas allowance, which is earned over the year and paid each December. These obligations are recorded in the respective 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.

Stock options
At the General Meeting of Shareholders held on 26 September 2019, it was approved the implementation of a medium or long-term plan to grant a variable remuneration to the members of the Board of Directors of the Company and to employees of Novabase, based on the performance of the Novabase's shares. According to this resolution, Novabase may approve the attribution of stock options plans, equity settled and cash settled, 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 and 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.

2.17. 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. Provisions for restructuring include all liabilities to be paid, namely employee termination payments. These provisions do not include any estimated future operating losses or estimated profits from the disposal of assets.

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 23 gives information about 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 41, 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.

2.18. 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 accordingly with the effective interest rate method.

2.19. 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 ("over time") or whether, on the contrary, control over goods or services is transferred at a given time ("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 and 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 the 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.

2.20. 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 and loss as the related expenses are incurred, regardless of when the grant is received.

2.21. Leases

A contract is, or contains, a lease if the contract conveys a right to use an identified asset for a period of time in exchange for consideration. Under IFRS 16, the Group recognises 'right-of-use assets' and 'lease liabilities' for most leases - meaning, those leases are recorded in the statement of financial position - except for 'Short-term leases and leases of low-value assets', where Novabase applies the exemption provided for in the standard.

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 renewal options. Lease payments are updated annually to reflect inflation and/or market values.

- *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, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is 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 lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also 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 the accretion of 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.

- *Short-term leases and leases of low-value assets*

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.

2.22. *Derivative financial instruments*

Novabase uses derivative financial instruments to hedge foreign exchange risks to which is exposed. 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, under the guidance of the Executive Committee. 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) Hedging derivatives
Pursuant to IFRS 9, Novabase Group is applying the hedge accounting requirements in IAS 39. Thus, the possibility of qualifying a derivative financial instrument as a hedging instrument meets the criteria of IAS 39, namely, in what respect to the documentation required and effectiveness assessment, which is performed at the inception of the hedge and on an ongoing basis.

For hedging relationships designated as a net investment in a foreign operation hedge and that are determined to be an effective hedge, the gain or loss in the fair value of the hedging instrument is recognised in other comprehensive income. The ineffective portion is recognised immediately as a financial result of the period.

The cumulative foreign exchange gains and losses relating to a net investment and its respective hedging operation, both registered in other comprehensive income, are included in the consolidated statement of profit and loss when the foreign operation is disposed of, liquidated or discontinued, as an integral part of the gain or loss on sale.

Where the hedging relationship fails to comply with the qualifying criteria to be designated as hedge accounting, the fair value changes of the hedging instrument are recognised in profit or loss.

(2) Trading derivatives
Regarding derivative financial instruments that, 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, the respective changes in fair value are included in the consolidated statement of profit and loss, under financial results, in the period in which they occur.

2.23. *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.

2.24. *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 and 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 and 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'.

2.25. *Comparatives*

The consolidated financial statements for the year ended 31 December 2021, are comparable in all material aspects with 2020, and no changes in accounting policies have occurred when compared to those used for preparation of the financial statements of the previous year, presented for comparative effects.

3. Financial risk management policy

The Group's activities expose it 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.

At the end of 2021, the uncertainty regarding the pandemic decreased, with the latest data indicating that the infection was under control in Europe and several countries were easing restrictions. However, it brought other uncertainties to the financial markets, with inflation in the Eurozone accelerating significantly in the last months of the year, mainly due to the soaring energy prices and problems in the supply chains, and more geopolitical risks on the horizon, with the resulting uncertainties.

Despite the uncertain context, Novabase believes that its current financial risk management policies remain adequate to Novabase's profile, and their reformulation was not necessary. However, due to the context of great uncertainty, Novabase continues 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 Kwanza (AOA) and British Pound (GBP) 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 16). 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 2020, volatility in foreign exchange markets increased as result of the Covid-19 pandemic context, with currencies in emerging markets suffering a significant depreciation. At the end of 2021, uncertainty decreased regarding the pandemic, however, the gradual economic recovery from the Covid-19 crisis is again threatened with the increase in geopolitical tensions in Europe, bringing other uncertainties to the financial markets, namely the soaring inflation rates in the Eurozone and in the United Kingdom, which could lead to a greater volatility in the foreign exchange markets according to the purchasing power parity theory.

Historically, the British economy registers higher inflation rates than the Eurozone, also because their labour market is substantially different. The high pressure in wages due to the shortage of workers in the UK is noticeable, which may be linked to the Brexit phenomenon.

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 currencies from emerging markets and to British Pound is currently quite low, as illustrated in the following table.

Referring to the rates disclosed in note 2.5. (2) Transactions and balances, the most significant change observed after the reporting date was in the EUR/AOA exchange rate. From the reporting date until 31 March, the Kwanza appreciated 27.57% against the Euro, taking this currency to levels similar to October 2019. The EUR/USD exchange rate, on the other hand, had its second lowest value since April 2020, in what appears to be a reflection of the difference in the pace of changes in monetary policy, with the U.S. Federal Reserve having a less accommodative behaviour than the European Central Bank, in the face of inflation, in the withdrawal of monetary stimulus and in the plans to raise interest rates, which has favoured the appreciation of the U.S. Dollar, which has appreciated by 2.03% against the Euro, since the reporting date and until 31 March. Finally, it should be noted that the EUR/GBP exchange rate showed an almost null variation, with the British Pound appreciating against the Euro by only 0.67%, from the reporting date to 31 March, which confirms the trend towards appreciation of this currency against the Euro despite the low pace of this evolution.

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 2020	Euro	Dollar	Kwanza	Pound	Other	Total
Assets						
Financial assets at fair value through profit or loss	12,601	-	-	-	-	12,601
Other non-current assets	2,016	9	-	-	-	2,025
Trade and other receivables	34,995	1,510	124	(43)	24	36,610
Accrued income	3,555	-	1	-	-	3,556
Derivative financial instruments	64	-	-	-	-	64
Cash and cash equivalents	70,843	214	503	92	277	71,929
	124,074	1,733	628	49	301	126,785
Liabilities						
Borrowings	30,925	-	-	-	-	30,925
Other non-current liabilities	3,705	-	-	-	-	3,705
Trade and other payables	39,802	141	142	186	42	40,313
Derivative financial instruments	9	-	-	-	-	9
Deferred income and other current liabilities	16,148	-	-	-	-	16,148
	90,589	141	142	186	42	91,100

At 31 December 2021	Euro	Dollar	Kwanza	Pound	Other	Total
Assets						
Financial assets at fair value through profit or loss	13,615	-	-	-	-	13,615
Other non-current assets	1,988	9	-	-	-	1,997
Trade and other receivables	34,858	3,311	355	(50)	41	38,515
Accrued income	4,691	-	-	-	-	4,691
Derivative financial instruments	16	-	-	-	-	16
Cash and cash equivalents	67,316	105	744	65	201	68,431
	122,484	3,425	1,099	15	242	127,265
Liabilities						
Borrowings	21,896	-	-	-	104	22,000
Other non-current liabilities	2,120	-	-	-	-	2,120
Trade and other payables	37,140	157	235	188	55	37,775
Derivative financial instruments	71	-	-	-	-	71
Deferred income and other current liabilities	19,711	-	-	-	-	19,711
	80,938	157	235	188	159	81,677

The Group uses a sensitivity analysis technique that measures the estimated changes in profit or loss and shareholders' equity of either an instantaneous 10% strengthening or weakening in Euro against all other currencies, from the rates applicable as at 31 December 2021, 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 EUR 404 thousand in 2021 (2020: EUR 220 thousand). 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 loans 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 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 value, 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 the last months of 2021, the Eurozone inflation accelerated significantly - especially due to the soaring energy prices (gas, oil and electricity) and supply chain problems - reaching a new record of 5.1% in January 2022, according to Eurostat's flash estimate released in February 2022, and with an upward trend. Additionally, the geopolitical turbulence rose significantly. These factors increase the uncertainty regarding a possible increase in key interest rates by European Central Bank (ECB) still in 2022, which in future periods could translate into increased costs in financing. However, no relevant impacts are expected since Novabase's exposure to interest rate risk is currently quite low, because of its cash surplus position.

As at 31 December 2021, approximately 19% of bank borrowings are contracted at fixed rates (2020: 18%). However, as a result of the negative indexes during the year, this amount rises to 100%, bearing in mind that the remaining borrowings are negotiated at variable rates but with minimum index level conditions. All of the borrowings were denominated in Euros.

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 2021, 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 EUR 276 thousand in 2021, and in an increase or decrease, respectively, of approximately EUR 267 thousand in 2020. 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 14 provides information on the exposure to credit risk and ECLs for the Group's trade receivables, by intervals of maturity, as at 31 December 2021 and 31 December 2020.

In the challenging context as the one that results from the Covid-19 pandemic and the geopolitical tensions in Europe, there is greater 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 impairments in the future. The general deterioration of the financial situation of counterparties worldwide may also have an impact on the credit quality 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. On the other hand, the Group's main customers and counterparties are from the Telco industry, which emerges as one of the least affected by the pandemic, and/or customers with a solid credit profile.

At 31 December 2021, the 60 customers with greater balances of the Group represented approximately 92.6% of the total balance (2020: 92.5%).

The distribution by geographical market of those customers is shown in the table below:

	31.12.21	31.12.20
Portugal	28%	40%
Europe	57%	45%
Middle East	10%	4%
Africa	5%	10%
Rest of the world	-	1%
	100%	100%

The distribution by business sector of those customers is shown in the table below:

	31.12.21	31.12.20
Telecommunications	73%	69%
Financial Services	16%	15%
Energy	2%	2%
Public Administration	2%	3%
Information Technology	1%	3%
Other	6%	8%
	100%	100%

The ratings attributed by Moody's Investors Services to the financial institutions with whom the Group as higher balances of bank deposits (note 18) at 31 December 2021 and 31 December 2020, are analysed as follows. These balances are shown before impairment losses recognised according to IFRS 9.

	31.12.21	31.12.20
A1	5,764	7,909
A3	41,777	8,056
Baa1	-	32,815
Baa2	18,145	-
Baa3	-	14,199
B2	1,237	5,363
	66,923	68,342

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 rolling forecasts of the Group's liquidity reserve (which comprises undrawn committed borrowing 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 16 and 22 present those Novabase's liabilities, respectively, by intervals of contractual residual maturity at 31 December 2021 and 31 December 2020.

Details on the borrowings balances and short-term credit lines negotiated by Novabase Group, by financial institution, are as follows:

	Euro	
	31.12.21	**31.12.20**
Banco BPI (BPI)	10,600	12,800
Bankinter	7,500	9,500
Caixa Geral de Depósitos (CGD)	5,000	5,000
Novo Banco	3,000	4,000
Banco Comercial Português (BCP)	2,600	3,800
ABanca (*)	1,000	1,000
	29,700	36,100

(*) Since 30 November 2021, Novo Banco Spain was bought and integrated into ABanca.

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 portfolio of loans and has access to credit amounts that are not fully used but that are at its disposal. These credits can cover all loans that are repayable in 12 months.

The available short and medium-term credit lines not used amount to approximately EUR 13,500 thousand as at 31 December 2021 (31.12.20: EUR 13,500 thousand), being sufficient to meet any immediate requirement. In addition to these credits, the Group has EUR 68,431 thousand of 'Cash and cash equivalents' as at 31.12.21, as stated in the Consolidated Statement of Financial Position, which combined with the credit facilities amounts to EUR 81,931 thousand of liquidity.

In the current geopolitical situation and the Covid-19 pandemic, the Group evaluated possible impacts at the level of additional liquidity needs, concluding that the current liquidity situation remains adequate. Novabase expects to satisfy all its treasury needs by using its liquidity reserves and, if necessary, using existing available credit lines. 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) To safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
(ii) To maintain a solid capital structure to support the development of its business;
(iii) To 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 ability to generate cash flows related to the capital invested in its business.

	31.12.21	**31.12.20**
Operating Profit	9,146	7,475
Total Equity	75,949	67,096
Return on Capital	12.0 %	11.1 %

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 7.6% (2020: 8.9%). In 2021, the objective was achieved.

It should also be noted that, considering that in the last couple of years no amounts were released to shareholders in order to maintain the capital structure and support the development of the business during the Covid-19 pandemic, and also taking into account the strength of the balance sheet and the shareholder remuneration commitments assumed in the 2019-2023 Strategic Plan, the Board of Directors decided to propose to the 2022 General Meeting of Shareholders a shareholder remuneration of 43 cents per share (see note 43).

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, on the second half of the year, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.7.. 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 perpetual grow 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 40). 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 numerous jurisdictions. Significant judgement is required in 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's 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 of the Group's applications to these incentives. The booked amount of tax credits not yet approved reach EUR 2,437 thousand (2020: EUR 862 thousand), their approval is probable.

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.

Eventual 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 and loss, however, historically there have been no material deviations in the estimates of costs to be incurred in ongoing projects from the year before (which represent approximately 3% in 2021 and 3% in 2020) nor in the outcome of the transaction.

e) Impairment losses on financial assets

Loss allowances for 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 debt securities and bank balances, the Group also assesses whether credit risk has increased significantly since initial recognition.

f) Legal claims provisions

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 - unless the possibility of an outflow of resources is remote, where disclosure is not required. 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 41) 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 elements of the Board of Directors is set by the Remuneration Committee based on the evaluation of the previous year performance. 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 contracts that include renewal options, that is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The assessment of whether the Group is reasonably certain to exercise such options 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 option to renew.

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 comprises the IT Staffing and venture capital activities, developed by Neotalent and Novabase Capital, respectively. The main goal of Value Portfolio is to maximise its operating profitability in order to generate the necessary funds to support the focus on the Next-Gen growth. This segment derives its revenues mainly from time and materials projects. Regarding the venture capital activity, this segment revenues also derives from the valuation and sale of Venture Capital Fund's investees and advisory services in purchase and sale and M&A processes.

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. and Novabase Serviços, S.A. (companies including the Group's top management and shared services, respectively) were considered to be an integral part of the Value Portfolio segment.

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 2020	Value Portfolio	Next-Gen	Novabase
Total segment revenues[1]	44,256	91,613	135,869
Sales and services rendered - inter-segment	9,888	901	10,789
Sales and services rendered - external customers	34,368	90,712	125,080
Operating Profit	1,081	6,394	7,475
Finance results	(762)	(926)	(1,688)
Share of loss of associates (note 33)	(58)	-	(58)
Income tax expense	(115)	(1,797)	(1,912)
Profit from continuing operations	146	3,671	3,817
Profit from discontinued operations (note 39)	4,509	-	4,509
Other information:			
Depreciation and amortisation	(2,687)	(1,669)	(4,356)
(Provisions) / Provisions reversal	755	2,462	3,217
Net impairment losses on trade and other receivables	(24)	(48)	(72)

At 31 December 2021	Value Portfolio	Next-Gen	Novabase
Total segment revenues[1]	43,909	104,365	148,274
Sales and services rendered - inter-segment	9,232	254	9,486
Sales and services rendered - external customers	34,677	104,111	138,788
Operating Profit	2,180	6,966	9,146
Finance results	290	(161)	129
Share of loss of associates (note 33)	(66)	-	(66)
Income tax expense	1,096	(1,389)	(293)
Profit from continuing operations	3,500	5,416	8,916
Profit from discontinued operations (note 39)	1,060	-	1,060
Other information:			
Depreciation and amortisation	(2,190)	(1,331)	(3,521)
(Provisions) / Provisions reversal	892	950	1,842
Net impairment losses on trade and other receivables	(19)	(253)	(272)

[1]Net of intra-segment revenues (in 2020: EUR 18,589 thousand, of which EUR 7,270 thousand in Value Portfolio and EUR 11,319 thousand in Next-Gen, and in 2021: EUR 13,210 thousand, of which EUR 4,993 thousand in Value Portfolio and EUR 8,217 thousand 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 2020 and 2021 are analysed as follows:

At 31 December 2020	Value Portfolio	Next-Gen	Novabase	Total %
Sales and services rendered - external customers	34,368	90,712	125,080	100.0%
Portugal	20,686	35,376	56,062	44.8%
Europe and Middle East	12,315	48,840	61,155	48.9%
Rest of the World	1,367	6,496	7,863	6.3%

At 31 December 2021	Value Portfolio	Next-Gen	Novabase	Total %
Sales and services rendered - external customers	34,677	104,111	138,788	100.0%
Portugal	21,114	37,960	59,074	42.6%
Europe and Middle East	12,224	59,641	71,865	51.8%
Rest of the World	1,339	6,510	7,849	5.7%

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 consolidated by the full method, as at 31 December 2021, were the following:

Holding Company and Subsidiaries	Principal place of business	Share capital 31.12.21	% Interest held 31.12.21	% Interest held 31.12.20
Parent company:				
Novabase S.G.P.S., S.A.	Portugal	54,638,426 €	-	-
Next-Gen:				
Novabase E.A., S.A.	Portugal	150,000 €	100.0%	100.0%
(ii) Celfocus, S.A.	Portugal	101,000 €	100.0%	100.0%
Novabase Solutions Middle East FZ-LLC	EAU	699,670 €	100.0%	100.0%
Celfocus B. T. T. H. T. Limited Ş. *	Turkey	100,000 TRY	100.0%	100.0%
Celfocus LTD	UK	15,000 GBP	100.0%	100.0%
Celfocus B.V.	The Netherlands	20,000 €	100.0%	100.0%
(i) Novabase Business Solutions, S.A.	Portugal	3,365,000 €	100.0%	100.0%
(iv) Binómio, Lda.	Portugal	2,626 €	100.0%	100.0%
Value Portfolio:				
NBMSIT, Sist. de Inf. e Tecnol., S.A. **	Mozambique	8,235,000 MZN	74.0%	74.0%
Novabase Neotalent, S.A.	Portugal	52,630 €	95.0%	95.0%
Novabase Neotalent España S.A.U	Spain	1,000,000 €	95.0%	95.0%
NBASIT-Sist. de Inf. e Telecomunic., S.A. ***	Angola	47,500,000 AOA	49.4%	49.4%
Novabase Capital S.C.R., S.A.	Portugal	2,500,000 €	100.0%	100.0%
(iii) FCR NB Capital Inovação e Internacionalização	Portugal	9,260,000 €	51.8%	51.6%
FCR Novabase Capital +Inovação	Portugal	6,450,142 €	57.8%	57.8%
Novabase Consulting S.G.P.S., S.A.	Portugal	11,629,475 €	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 Shared Services:				
(v) Novabase Serviços, S.A.	Portugal	50,000 €	100.0%	100.0%

(*) Subsidiary in liquidation process.

(**) Novabase discontinued the activity in this subsidiary since late 2019, following the sale agreement of its GTE Business to VINCI Energies Portugal, S.G.P.S., S.A. (note 39).

(***) Novabase has control of this company, as described in note 2.3., therefore it is fully consolidated.

In 2021, the following changes occurred in the consolidation perimeter:

(i) As part of the corporate reorganisation of the Next-Gen business, a spin-off and merger operation was carried out, with part of the Novabase Business Solutions, S.A. assets and liabilities being detached and merged into the subsidiary Celfocus, S.A., with reference to 1 January 2021.

(ii) On 20 January 2021, this subsidiary changed its social designation from Celfocus - Soluções Informáticas para Telecomunicações, S.A. to Celfocus, S.A..

(iii) On 8 February 2021, the Group increased its participation in the subsidiary FCR NB Capital Inovação e Internacionalização by 0.2%, following a return of the share capital of the Fund to its Participants (see notes 20 and 21).

(iv) On 17 September 2021, the subsidiary Novabase Consulting S.G.P.S., S.A. sold its 100% financial holding in Binómio, Lda. to Celfocus S.A., within the scope of the corporate reorganisation of the Next-Gen business.

(v) On 31 December 2021, Novabase S.G.P.S., S.A. sold its 100% financial holding in Novabase Serviços, S.A. to Celfocus S.A., within the scope of the corporate reorganisation of the Next-Gen business.

The company included in the consolidation using the equity method, as at 31 December 2021, under the Value Portfolio segment, was the following:

Associates (see notes 9 and 33)	Principal place of business	Share capital 31.12.21	% Interest held 31.12.21	% Interest held 31.12.20	Equity 31.12.21	Net Profit 31.12.21
Novabase Capital Fundo Capital Risco *	Portugal	7,142,857 €	30.0%	30.0%	573	(207)

(*) On 22 June 2021, Novabase Capital, as the managing entity of Novabase Capital Fundo Capital Risco, started the process of liquidating this fund, which is expected to be concluded during the first half of 2022.

A. Subsidiaries with material non-controlling interests

Novabase considers that the main subsidiaries with material non-controlling interests are those set out below, which together represent 99% of the profit or loss attributable to 'Non-controlling interests' related to subsidiaries that have NCI as at 31 December 2021 (2020: 99%). 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	Principal activity
Novabase Neotalent, S.A.	Consulting, training and development of information technologies, operating in the business areas of resource assignment and application outsourcing
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):

	Novabase Neotalent, S.A.		NBASIT (Angola)		FCR NB Capital II		FCR NB Capital +Inovação	
	31.12.21	31.12.20	31.12.21	31.12.20	31.12.21	31.12.20	31.12.21	31.12.20
Financial position:								
Total Non-Current Assets	3,453	3,469	-	1	12,964	12,259	728	577
Total Current Assets	8,885	12,892	1,155	737	5,004	7,260	4,941	4,912
Total Non-Current Liabilities	(1,453)	(1,395)	-	(2)	-	-	-	-
Total Current Liabilities	(7,891)	(7,479)	(3,293)	(2,798)	(314)	(313)	(4)	(20)
Net Assets	2,994	7,487	(2,138)	(2,062)	17,654	19,206	5,665	5,469
Net Assets attrib. to NCI	200	424	617	(610)	8,504	9,292	2,389	2,306
Results and comprehensive income:								
Sales and Services rendered	28,392	27,010	999	1,077	-	-	-	-
Profit for the year	1,694	2,739	416	(211)	547	335	196	(423)
Total compr. income for the year	1,694	2,739	416	(211)	547	335	196	(423)
Compr. income attrib. to NCI	85	137	814	326	270	168	83	(198)
Cash flows:								
Cash, cash eq. at 1 January	6,653	2,978	550	346	7,251	7,435	205	344
Cash, cash eq. at 31 December	1,968	6,653	787	550	4,994	7,251	228	205
Change in cash, cash equiv.	(4,685)	3,675	237	204	(2,257)	(184)	23	(139)
Dividends paid to NCI (note 21)	222	-	-	-	-	-	-	-

B. Associates that are material to the Group

Novabase considers that its 30% ownership interest in Novabase Capital Fundo Capital Risco is not a material interest to the Group (see note 9). However, in order to provide useful information to the users of the financial statements, some financial information on this associate is disclosed below, in addition to that presented in the table of the companies included in the consolidation by the equity method.

Novabase Capital Fundo Capital Risco presents, in its financial statements as at 31 December 2021, a Total Assets in the amount of EUR 635 thousand (all Current) and a Total Liabilities of EUR 62 thousand (all Current), for a Total Net Assets of EUR 573 thousand. Given the venture capital activity developed by this associate, Turnover is nil, while Net Profit for the year equalled Earnings Before Taxes, in the amount of EUR -207 thousand. In 2021, change in Cash and cash equivalents amounted to EUR -198 thousand, for a balance at the end of the period of EUR 570 thousand. This associate did not attribute nor pay dividends in any of the periods of this report.

7. Property, plant and equipment

	31.12.21			31.12.20		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Buildings and other constructions	27,380	22,894	4,486	28,660	21,699	6,961
Basic equipment	8,120	6,616	1,504	7,442	6,111	1,331
Transport equipment	1,767	1,102	665	1,864	1,297	567
Furniture, fittings and equipment	1,731	1,546	185	1,731	1,496	235
Other tangible assets	12	12	-	12	11	1
	39,010	32,170	6,840	39,709	30,614	9,095

During 2020, movements in property, plant and equipment were as follows:

	Balance at 01.01.20	Acquisitions / increases	Write-offs	Transfers	Change in consolidation perimeter	Exchange differences	Balance at 31.12.20
Cost:							
Buildings and other constructions	31,090	1,337	(3,881)	114	-	-	28,660
Basic equipment	7,661	576	(744)	-	(44)	(7)	7,442
Transport equipment	2,728	308	(1,138)	-	-	(34)	1,864
Furniture, fittings and equipment	1,771	39	(99)	28	(5)	(3)	1,731
Other tangible assets	11	1	-	-	-	-	12
	43,261	2,261	(5,862)	142	(49)	(44)	39,709
Accumulated depreciation:							
Buildings and other constructions	22,064	2,752	(3,117)	-	-	-	21,699
Basic equipment	6,083	634	(556)	-	(44)	(6)	6,111
Transport equipment	1,624	553	(846)	-	-	(34)	1,297
Furniture, fittings and equipment	1,514	65	(79)	-	(2)	(2)	1,496
Other tangible assets	11	-	-	-	-	-	11
	31,296	4,004	(4,598)	-	(46)	(42)	30,614

During 2021, movements in property, plant and equipment were as follows:

	Balance at 01.01.21	Acquisitions / increases	Write-offs	Transfers	Change in consolidation perimeter	Exchange differences	Balance at 31.12.21
Cost:							
Buildings and other constructions	28,660	557	(1,837)	-	-	-	27,380
Basic equipment	7,442	787	(112)	-	-	3	8,120
Transport equipment	1,864	576	(686)	-	-	13	1,767
Furniture, fittings and equipment	1,731	4	(7)	-	-	3	1,731
Other tangible assets	12	-	-	-	-	-	12
	39,709	1,924	(2,642)	-	-	19	39,010
Accumulated depreciation:							
Buildings and other constructions	21,699	2,165	(970)	-	-	-	22,894
Basic equipment	6,111	600	(98)	-	-	3	6,616
Transport equipment	1,297	443	(651)	-	-	13	1,102
Furniture, fittings and equipment	1,496	55	(7)	-	-	2	1,546
Other tangible assets	11	1	-	-	-	-	12
	30,614	3,264	(1,726)	-	-	18	32,170

Acquisitions of property, plant and equipment in 2021 primarily refer to 'Basic equipment' for the operations, mainly comprised of laptops, and right-of-use assets of 'Buildings and other constructions' and 'Transport equipment' (see detail below).

In 2020, change in consolidation perimeter refers to the effect of the subsidiary Collab disposal (see note 39).

In 2021, 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 is included in 'Depreciation and amortisation' heading in the statement of profit and loss (note 30).

Right-of-use assets included in 'Property, plant and equipment', by class of assets, are as follows:

	31.12.21			31.12.20		
	Buildings and other constr.	Transport equipment	Total	Buildings and other constr.	Transport equipment	Total
Cost	24,063	1,703	25,766	25,343	1,814	27,157
Accumulated depreciation	(19,884)	(1,038)	(20,922)	(18,778)	(1,247)	(20,025)
	4,179	665	4,844	6,565	567	7,132

Movements in right-of-use assets were as follows:

	31.12.21			31.12.20		
	Buildings and other constr.	Transport equipment	Total	Buildings and other constr.	Transport equipment	Total
Balance at 1 January	6,565	567	7,132	8,681	1,104	9,785
Acquisitions / increases	557	576	1,133	1,290	308	1,598
Write-offs	(867)	(35)	(902)	(764)	(292)	(1,056)
Depreciation charge [(i)]	(2,076)	(443)	(2,519)	(2,642)	(553)	(3,195)
Balance at 31 December	4,179	665	4,844	6,565	567	7,132

[(i)] Included in 'Depreciation and amortisation'.

Acquisitions of rights-of-use assets of 'Buildings and other constructions' comprise (i) the accounting of a new lease contract with an estimated lease term of 24 months in the amount of EUR 104 thousand, (ii) the extension of the lease term of two existing contracts in the amount of EUR 437 thousand, and (iii) the remeasurement of existing contracts dependent on an index or rate in the amount of EUR 16 thousand. The write-offs of rights-of-use assets of 'Buildings and other constructions' refer to the repeal without penalties of an office and parking lease agreement.

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 22.

For short-term leases considered in the exemption from recognition provided for in IFRS 16, the Group recognised this year the amount of EUR 170 thousand (2020: EUR 178 thousand) under the heading 'External supplies and services'.

8. Intangible assets

	31.12.21			31.12.20		
	Cost	Accumulated amortisation	Net book value	Cost	Accumulated amortisation	Net book value
Internally generated intangible assets	10,568	10,476	92	10,549	10,325	224
Industrial property and other rights	9,884	9,844	40	9,882	9,738	144
Work in progress	240	-	240	194	-	194
Goodwill	11,501	-	11,501	11,501	-	11,501
	32,193	20,320	11,873	32,126	20,063	12,063

During 2020, movements in intangible assets were as follows:

	Balance at 01.01.20	Acquisitions / increases	Impairm. ch. / Write-offs	Transfers	Change in consolidation perimeter	Balance at 31.12.20
Cost:						
Internally generated intangible assets	13,622	-	-	-	(3,073)	10,549
Industrial property and other rights	11,439	-	(1,563)	6	-	9,882
Work in progress	272	253	-	(148)	(183)	194
Goodwill	11,501	-	-	-	-	11,501
	36,834	253	(1,563)	(142)	(3,256)	32,126
Accumulated amortisation:						
Internally generated intangible assets	12,790	179	-	-	(2,644)	10,325
Industrial property and other rights	11,077	224	(1,563)	-	-	9,738
	23,867	403	(1,563)	-	(2,644)	20,063

During 2021, movements in intangible assets were as follows:

	Balance at 01.01.21	Acquisitions / increases	Impairm. ch. / Write-offs	Transfers	Change in consolidation perimeter	Balance at 31.12.21
Cost:						
Internally generated intangible assets	10,549	19	-	-	-	10,568
Industrial property and other rights	9,882	2	-	-	-	9,884
Work in progress	194	46	-	-	-	240
Goodwill	11,501	-	-	-	-	11,501
	32,126	67	-	-	-	32,193
Accumulated amortisation:						
Internally generated intangible assets	10,325	151	-	-	-	10,476
Industrial property and other rights	9,738	106	-	-	-	9,844
	20,063	257	-	-	-	20,320

In 2020, change in consolidation perimeter refers to the effect of the subsidiary Collab disposal (see note 39).

The amount of amortisation recognised in profit and loss and included in 'Depreciation and amortisation' is EUR 257 thousand (2020: EUR 352 thousand), and included in 'Profit from discontinued operations' is EUR zero thousand (2020: EUR 51 thousand).

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 EUR 3.0 Million (2020: EUR 3.0 Million), and essentially refers to man-hours with employees allocated to projects recorded in 'Employee benefit expense'.

Movements in **gross goodwill** were as follows:

	31.12.21	31.12.20
Balance at 1 January	11,501	11,501
Balance at 31 December	11,501	11,501

Movements in **goodwill impairment** were as follows:

	31.12.21	31.12.20
Balance at 1 January	-	-
Balance at 31 December	-	-

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:

	31.12.21	31.12.20
Next-Gen	8,115	8,115
Neotalent (Value Portfolio)	3,386	3,386
	11,501	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:

	31.12.21		31.12.20	
	Next-Gen	Neotalent	Next-Gen	Neotalent
Discount rate (post-tax)	7.6%	7.6%	8.9%	8.9%
Perpetual growth rate	2.0%	2.0%	2.0%	2.0%
Annual average growth rate of turnover	9.1%	11.5%	14.7%	7.5%

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 Units. A possible increase or decrease of 1 percentage point in the WACC would not result in an Equity Value of the Next-Gen CGU and Neotalent CGU, in any of the situations, lower than the carrying amount of assets.

9. Investments in associates

	% Interest held directly		Amount	
	31.12.21	31.12.20	31.12.21	31.12.20
Novabase Capital Fundo Capital Risco (notes 6 and 33)	30.0%	30.0%	160	223
			160	223

10. Financial assets at fair value through profit or loss

		% Interest held directly		Amount	
		31.12.21	31.12.20	31.12.21	31.12.20
(i)	Feedzai, S.A.	1.4%	1.7%	11,323	10,564
(ii)	Globaleda, S.A.	25.1%	25.1%	624	598
(iii)	FCR IStart I	11.6%	11.6%	382	391
(iv)	CB Talents Global, S.A.	-	13.3%	-	-
(v)	Aixtel Technologies, S.A.	5.7%	5.7%	419	408
(vi)	Probely, Lda.	3.3%	3.3%	159	63
(vii)	Bright Innovation, Lda.	90.0%	90.0%	-	-
(viii)	Powergrid, Lda.	88.9%	88.9%	-	-
(ix)	Powerdata, Lda.	80.0%	80.0%	-	-
(x)	Radical Innovation, Lda.	80.0%	80.0%	-	-
(xi)	Glarevision, S.A.	5.7%	5.7%	15	-
(xii)	Habit Analytics PT, Lda.	4.6%	4.6%	3	-
xiii)	Other			690	577
				13,615	12,601

(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 company is a technology-based company in the area of information systems and telecommunications engineering.

(iii) Venture Capital Fund established in 2011 and held by Novabase Capital S.C.R., S.A., focused on creating proofs-of-concept and prototypes and developing intellectual property and business models. This Fund is managed by Armilar Venture Partners SCR.

(iv) Company held by FCR Novabase Capital +Inovação, specialised in the international recruitment of IT professionals. It was sold at 27 September 2021.

(v) 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.

(vi) Company held by FCR Novabase Capital +Inovação, focused on cybersecurity.

(vii) 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.

(viii) Company, held by FCR NB Capital Inovação e Internacionalização, focused on developing an application platform for Smart Grids.

(ix) Company, held by Novabase Capital Fundo Capital Risco and FCR NB Capital Inovação e Internacionalização, dedicated to business intelligence solutions for utilities (electricity, gas and water) in liberalised markets or in the process of liberalisation.

(x) Company, held by Novabase Capital Fundo Capital Risco and FCR NB Capital Inovação e Internacionalização, specialised 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.

(xi) Company, held by FCR Novabase Capital +Inovação, focused on developing solutions based on augmented reality for industrial maintenance.

(xii) Company, held by FCR Novabase Capital +Inovação, focused on developing a real-time data platform that aggregates and analyses multiple sources of data, from Internet of Things ('IoT') devices.

(xiii) In 2021 and 2020, the amount is fully related to FCT - Labour Compensation Fund.

Novabase does not have control of the companies held by FCR NB Capital Inovação e Internacionalização and FCR Novabase Capital +Inovação, 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:

	31.12.21	31.12.20
Balance at 1 January	12,601	12,175
Acquisitions / share capital increase	55	90
Net fair value adjustments (see notes 31 and 32)	959	356
Change in consolidation perimeter (note 39)	-	(20)
Balance at 31 December	13,615	12,601

Acquisitions in 2021 and 2020 are related to the contributions made to FCT - Labour Compensation Fund.

In 2021 also occurred the sale of shares held by FCR Novabase Capital +Inovação in the company CB Talents Global, S.A., in the amount of EUR 50 thousand. This company had a nil fair value in the accounts, therefore the capital gain on the sale equalled its sale price (see note 31), which was fully received in the year.

The net fair value adjustments recognised in profit and loss of Level 1 instruments amounted to EUR 58 thousand while the net fair value adjustments of Level 3 instruments amounted to EUR 901 thousand (see note 40).

Finally, worthy of mention is that, following a new round of investment by Feedzai, S.A. in March 2021, FCR NB Capital Inovação e Internacionalização diluted its stake in the aforementioned company to 1.4% (previously: 1.7%).

Note 40 provides information on the fair value hierarchy of these financial assets, valuation techniques, unobservable inputs and sensitivity analysis, and valuation processes.

11. 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.

The movement in deferred tax assets was as follows:

	31.12.21	31.12.20
Balance at 1 January	7,947	9,585
Profit or loss charge (note 34)	1,474	(458)
Other comprehensive income charge	22	-
Change in consolidation perimeter (note 39)	-	(1,180)
Balance at 31 December	9,443	7,947

The amount recognised in profit or loss and included in 'Income tax expense' is EUR 1,474 thousand (2020: EUR -451 thousand), and included in 'Profit from discontinued operations' is null in 2021 (2020: EUR -7 thousand).

The movement in deferred tax assets during the year, without considering the offsetting of balances within the same tax jurisdiction, is as follows:

	Tax Incentives	Provisions / Adjustments	Tax Losses / Other	Total
Balance at 1 January 2020	8,068	1,521	(4)	9,585
Profit or loss charge	44	(506)	4	(458)
Change in consolidation perimeter	(1,059)	(121)	-	(1,180)
Balance at 31 December 2020	7,053	894	-	7,947
Profit or loss charge	1,729	(233)	(22)	1,474
Other comprehensive income charge	-	-	22	22
Balance at 31 December 2021	8,782	661	-	9,443

Deferred tax assets related to tax incentives result from projects of research and development submitted under the incentive program SIFIDE.

The expiry date of the deferred tax assets can be analysed as follows:

	Tax Incentives	Provisions / Adjustments	Tax Losses / Other	Total
Between 2 and 3 years	1,246	-	-	1,246
Between 3 and 4 years	791	-	-	791
Between 4 and 5 years	1,189	-	-	1,189
Between 5 and 6 years	1,246	-	-	1,246
Over 6 years	4,310	-	-	4,310
With no defined date	-	661	-	661
	8,782	661	-	9,443

12. Other non-current assets

	31.12.21	31.12.20
Loans to related parties (note 38 iii)	5,033	5,033
Financial holdings disposal (note 39)	215	215
Provision for impairment of loans to related parties (note 38 iii)	(3,251)	(3,223)
	1,997	2,025

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:

	31.12.21	31.12.20
Balance at 1 January	3,223	3,125
Impairment (note 32)	57	98
Impairment reversal (note 31)	(29)	-
Balance at 31 December	3,251	3,223

13. Financial instruments by category

At 31 December 2020	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	-	12,601	-	-	12,601
Other non-current assets	2,025	-	-	-	2,025
Trade and other receivables	36,610	-	-	6,050	42,660
Accrued income	3,556	-	-	-	3,556
Derivative financial instruments	-	64	-	-	64
Other current assets	-	-	-	4,290	4,290
Cash and cash equivalents	71,929	-	-	-	71,929
	114,120	12,665	-	10,340	137,125
Liabilities					
Borrowings	-	-	30,925	-	30,925
Other non-current liabilities	-	-	3,705	-	3,705
Trade and other payables	-	-	40,313	-	40,313
Derivative financial instruments	-	9	-	-	9
Deferred income and other current liabilities	-	-	16,148	-	16,148
	-	9	91,091	-	91,100

At 31 December 2021	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	-	13,615	-	-	13,615
Other non-current assets	1,997	-	-	-	1,997
Trade and other receivables	38,515	-	-	4,119	42,634
Accrued income	4,691	-	-	-	4,691
Derivative financial instruments	-	16	-	-	16
Other current assets	-	-	-	4,105	4,105
Cash and cash equivalents	68,431	-	-	-	68,431
	113,634	13,631	-	8,224	135,489
Liabilities					
Borrowings	-	-	22,000	-	22,000
Other non-current liabilities	-	-	2,120	-	2,120
Trade and other payables	-	-	37,775	-	37,775
Derivative financial instruments	-	71	-	-	71
Deferred income and other current liabilities	-	-	19,711	-	19,711
	-	71	81,606	-	81,677

For more information about the categories of financial assets and liabilities, see policy in note 2.8..

14. Trade and other receivables

	31.12.21	31.12.20
Trade receivables	38,666	36,200
Impairment allowance for trade receivables	(901)	(876)
	37,765	35,324
Financial holdings disposal (note 39)	-	215
Capital subscribers of FCR Novabase Capital +Inovação	1,898	1,898
Value added tax	2,144	3,990
Receivables from financed projects (note 26)	1,402	1,491
Prepayments to suppliers	71	156
Employees	6	6
Other receivables	406	684
Impairment allowance for other receivables	(1,058)	(1,104)
	4,869	7,336
	42,634	42,660

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 15) represents the maximum exposure to credit risk.

The exposure to credit risk and ECLs for the Group's trade receivables as at 31 December 2020 and 31 December 2021 is analysed as follows.

At 31 December 2020	Weighted--average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	1.04%	25,725	49	No
1-180 days past due	4.08%	8,473	19	No
181-360 days past due	27.33%	433	18	No
More than 360 days past due	89.83%	1,569	790	Yes
		36,200	876	

At 31 December 2021	Weighted--average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	0.39%	22,780	92	No
1-180 days past due	3.12%	13,908	117	No
181-360 days past due	17.94%	813	78	No
More than 360 days past due	78.40%	1,165	614	Yes
		38,666	901	

The review of the expected credit loss matrices in 2021 resulted in a decrease in the % ECL's, especially in the range of balances overdue by more than 181 days, reflecting Novabase's focus on large customers, in resilient sectors in the current context such as Telco, and in less volatile geographies.

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	
	31.12.21	31.12.20	31.12.21	31.12.20	31.12.21	31.12.20
Balance at 1 January	876	1,154	1,104	1,061	1,980	2,215
Impairment	437	146	-	51	437	197
Impairment reversal	(119)	(125)	(46)	(8)	(165)	(133)
Exchange differences	39	(64)	-	-	39	(64)
Write-offs	(332)	(206)	-	-	(332)	(206)
Change in consolidation perimeter	-	(29)	-	-	-	(29)
Balance at 31 December	901	876	1,058	1,104	1,959	1,980

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 EUR -272 thousand (31.12.20: EUR -72 thousand), and included in 'Profit from discontinued operations' is EUR zero thousand (31.12.20: EUR 8 thousand).

15. Accrued income

	31.12.21	31.12.20
- Ongoing projects	4,621	3,537
- Other accrued income	70	19
	4,691	3,556

The balances with ongoing projects refer to differences in the progress of projects and contractual invoicing times. This framework is typical of this industry.

16. Derivative financial instruments

The fair value of derivative financial instruments can be analysed as follows:

	Assets		Liabilities	
	31.12.21	31.12.20	31.12.21	31.12.20
- Forward foreign exchange contracts	16	64	71	9
	16	64	71	9

The Group is exposed to foreign exchange risk, primarily with respect to the U.S. Dollar, since some of its subsidiaries carry out transactions in this currency. Novabase's exposure to foreign exchange risk also arises from its presence in several markets, namely in Angola, although the exposure to this geography decreased significantly in the past two years.

The forward foreign exchange contracts are the financial instruments used to manage this risk, 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 2021, 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 and loss (see note 2.22. (2)). Note 40 provides information on the fair value hierarchy of these financial assets and liabilities.

At 31 December 2021, the Group had forward foreign exchange contracts to sell currency with the notional amount of USD 12,535,514 and forward foreign exchange contracts to buy currency with the notional amount of USD 680,504.

17. Other current assets

The amounts recorded regarding prepayments of contracted services are as follows:

	31.12.21	31.12.20
- Consulting	3,235	2,531
- Insurances	380	318
- Software maintenance	145	1,136
- Other specialised services	253	204
- Rents	92	86
- Software licensing	-	15
	4,105	4,290

In order to ensure the proper balancing of the services provided by third parties, expenses were deferred and will be recognised in profit and loss in the next period.

18. 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:

	31.12.21	31.12.20
- Cash	19	28
- Short-term bank deposits	68,414	71,920
Cash and cash equivalents at 31 December	68,433	71,948
- Impairment allowance for short-term bank deposits	(2)	(19)
Cash and cash equivalents	68,431	71,929

'Cash and cash equivalents' evolution in 2021 includes the payment to non-controlling interests of dividends and amounts released following a share capital reduction, in the total of EUR 1,262 thousand (see notes 20 and 21).

87% of the balance of cash and cash equivalents (net of impairment losses) refers to fully-owned Novabase subsidiaries. Of the remainder, 21% is related to subsidiaries based outside Portugal.

At 31 December 2021 and 31 December 2020, no restrictions existed as to the use of the amounts recorded in 'Cash and cash equivalents' heading, considering the following about Angola. Since 2019, restrictions on transfers outside the country lowered, with Novabase significantly decreasing its exposure to this geography. As such, 'Short-term bank deposits' includes only EUR 787 thousand from the subsidiary based in Angola.

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:

	31.12.21	31.12.20
Balance at 1 January	19	27
Impairment (note 32)	-	5
Impairment reversal (note 31)	(17)	(13)
Balance at 31 December	2	19

19. Share Capital, share premium and treasury shares and stock options

The share capital as at 31 December 2021, fully subscribed and paid in the amount of 54,638,425.56 Euros, is represented by 31,401,394 shares with a nominal value of 1.74 Euros each.

At 31 December 2021, 70.73% of Novabase's share capital (22,208,941 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 2020	31,401	54,638	(655)	226	54,209
Treasury shares purchased	-	-	(522)	-	(522)
Balance at 31 December 2020	31,401	54,638	(1,177)	226	53,687
Treasury shares purchased	-	-	(40)	-	(40)
Balance at 31 December 2021	31,401	54,638	(1,217)	226	53,647

'Treasury shares' reflects the number of shares held by the Group at its nominal value.

According to the legislation in force, by deliberation of the General Meeting of Shareholders held on 25 May 2021, 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 2020, Novabase S.G.P.S. held 676,611 treasury shares, representing 2.15% of its share capital.

Following the resolution of the Board of Directors of 22 July 2021, regarding to the attribution of options over Novabase shares under the stock options plan of the Company (see next section), Novabase started trading, on 29 September 2021, in the context of the buy-back programme of own shares ("Buy-back Programme"), pursuant to the terms and limitations set forth in the Annual General Meeting of Shareholders of Novabase held on the 25 May 2021. The maximum number of shares to be acquired under the scope of this Buy-back Programme is 270,000 shares, corresponding to the estimated number of shares necessary to settle the options granted.

During 2021, Novabase acquired 22,869 own shares on the market, under this buy-back programme, at the average net price of 4.85 Euros (total amount of EUR 111 thousand - see also note 20).

At 31 December 2021, Novabase S.G.P.S. held 699,480 treasury shares, representing 2.23% of its share capital.

It should be noted that, 91,539 shares of the aforementioned 699,480 own shares were attributed during 2020 to Paulo Jorge de Barros Trigo, at the time executive director, following the exercise of Novabase ordinary stock options that he held. The shares corresponding to the options exercised will be retained by Novabase for a period of three years from the respective exercise, and their ownership will only be transferred once such period has elapsed and conditioned to the positive performance of the company during this period.

Issuance 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 2021, 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.

According to the terms of the Regulation, 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.

In 2021, 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 EUR 1,512 thousand.

The fair value of options granted during the period using the Monte Carlo model was EUR 2.4585. The significant inputs into the model were the following:

(i) Spot: 4.27€
(ii) Exercise price: 1.801€
(iii) Volatility: 27.547% - 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: -0.471537% (2 years)

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.

In 2021 the Group recognised in the statement of profit and loss, under 'Employee benefit expense' heading, a cost in the amount of EUR 618 thousand (see note 28), against Stock options reserves in the amount of EUR 175 thousand (see note 20) and a liability in the amount of EUR 443 thousand (see note 25).

20. Reserves and retained earnings

Movements in 'Reserves and retained earnings' are analysed as follows:

	31.12.21	31.12.20
Balance at 1 January	(4,124)	(5,318)
Profit for the previous year	7,486	20,400
Exchange differences on foreign operations	(250)	(538)
Purchase and sale of treasury shares (note 19)	(71)	(368)
Share-based payments (note 19)	175	34
Transactions with non-controlling interests	19	(18,334)
Balance at 31 December	3,235	(4,124)

In 2021 and 2020 no amounts were distributed to shareholders due to the high level of uncertainty resulting from the Covid-19 pandemic, and as preventive measure aimed both at ensuring Novabase's financial resilience and competitiveness.

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 (31.12.21: EUR 2,028 thousand).

In 2020 and 2021, the Group performed transactions with non-controlling interests (NCI) with the following impact:

		Total purchase consideration / assets decrease	(Decrease) / increase of NCI (note 21)	Impact on Equity attrib. to owners of the parent
	At 31 December 2020			
(i)	Acquisition of 45.003% in Celfocus, S.A.	27,450	(9,162)	(18,288)
(ii)	Increase of 4.70% interest in FCR Novabase Capital +Inovação	571	(525)	(46)
(iii)	NBASIT-Sist. de Inf. e Telec., S.A.	-	677	-
		28,021	(9,010)	(18,334)
	At 31 December 2021			
(iv)	Increase of interest in FCR NB Capital Inovação e Internacionalização	1,040	(1,059)	19
		1,040	(1,059)	19

(i) Acquisition of 45% in Celfocus, S.A. to Vodafone Portugal, S.A. and, consequently, of the remaining financial holding in Celfocus B. T. T. H. T. Limited Ş., Celfocus LTD and Celfocus B.V.. From the total consideration on the acquisition, 20 Million Euros were paid in 2020, corresponding to the initial consideration (see also notes 24 and 25).

(ii) Following the capital decrease of FCR Novabase Capital + Inovação by the NCI Fundo Capital e Quase Capital (FC&QC), the Group increased its interest in the referred Fund by 4.70%.

(iii) Angolan subsidiary losses absorption according to the profit-sharing agreement in force.

(iv) Following a FCR NB Capital Inovação e Internacionalização share capital return to its Participants (distribution of excess cash), the Group increased its interest in the referred Fund by 0.2% (see notes 6 and 21). The correspondent payment to NCI is included in the 'Transactions with non-controlling interest' heading, in Cash flows from financing activities of the Consolidated Statement of Cash Flows.

21. Non-controlling interests

		31.12.21	31.12.20
	Balance at 1 January	10,047	18,329
	Transactions with non-controlling interests (notes 6 and 20)	(1,059)	(9,010)
(*)	Distribution of dividends to non-controlling interests	(309)	-
	Exchange differences on foreign operations	412	560
	Profit attributable to non-controlling interests	1,270	840
	Change in consolidation perimeter	-	(672)
	Balance at 31 December	10,361	10,047

(*) In 2021, Novabase Neotalent, S.A. paid dividends to its shareholders. Of the total amount, EUR 222 thousand were paid in the year of their attribution (see note 6 - A. Subsidiaries with material non-controlling interests), with the remaining amount due on 31.12.21 (see note 25).

22. Borrowings

	31.12.21	31.12.20
Non-current		
Bank borrowings	9,400	16,200
Lease liabilities	3,017	5,293
	12,417	21,493
Current		
Bank borrowings	6,800	6,400
Lease liabilities	2,783	3,032
	9,583	9,432
Total borrowings	22,000	30,925

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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Bank borrowings	3,200	3,200	6,800	9,400	-	22,600
Lease liabilities	1,452	1,580	2,511	2,782	-	8,325
At 31 December 2020	4,652	4,780	9,311	12,182	-	30,925
Bank borrowings	2,700	4,100	4,200	5,200	-	16,200
Lease liabilities	1,381	1,402	2,331	686	-	5,800
At 31 December 2021	4,081	5,502	6,531	5,886	-	22,000

The weighted average effective interest rate of bank borrowings at the reporting date is 1.457% (31.12.20: 1.485%). 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 2.466% (31.12.20: 2.484%). This note presents lease liabilities already discounted of the future finance charges, which amounts to EUR 446 thousand as at 31 December 2021 (31.12.20: EUR 606 thousand).

During the 2021, loan repayments with banking institutions amounted to EUR 6.4 Million (31.12.20: EUR 6.2 Million). No new loans were contracted in the period, nor were renegotiated the conditions or covenants in relation to the loans existing on 31 December 2020.

Movements in lease liabilities are as follows:

	31.12.21	31.12.20
Balance at 1 January	8,325	11,568
Increases [(i)]	1,133	1,598
Termination of lease contracts	(902)	(1,056)
Interest expense [(ii)]	327	491
Lease payments [(iii)]	(3,083)	(4,276)
Balance at 31 December	5,800	8,325

[(i)] Includes new lease contracts, 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' (see note 32).
[(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
▪ 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 2021, the Group was complying with all contractual covenants. It should be noted that, in 2020, the solvability ratio greater than 40% from one of the BPI borrowings was not complied, and this institution granted a waiver regarding its applicability in 2020. The borrowing was settled at maturity in October 2021.

(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.

	31.12.21	31.12.20
Cash and cash equivalents (amount before impairment losses)	68,433	71,948
Borrowings - repayable within one year (including overdrafts)	(9,583)	(9,432)
Borrowings - repayable after one year	(12,417)	(21,493)
Net debt	46,433	41,023

	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 2020	48,782	(5,194)	(13,600)	(3,887)	(7,681)	18,420
Cash flows	25,234	6,194	(10,000)	3,785	-	25,213
Acquisitions - lease liabilities	-	-	-	-	(1,598)	(1,598)
Effect of exchange rate changes	(211)	-	-	-	-	(211)
Change in consolidation perimeter	(1,857)	-	-	-	-	(1,857)
Other non-cash movements	-	(7,400)	7,400	(2,930)	3,986	1,056
At 31 December 2020	71,948	(6,400)	(16,200)	(3,032)	(5,293)	41,023
Cash flows	(3,493)	6,400	-	2,756	-	5,663
Acquisitions - lease liabilities	-	-	-	-	(1,133)	(1,133)
Effect of exchange rate changes	(22)	-	-	-	-	(22)
Other non-cash movements	-	(6,800)	6,800	(2,507)	3,409	902
At 31 December 2021	68,433	(6,800)	(9,400)	(2,783)	(3,017)	46,433

23. Provisions

Movements in provisions for other risks and charges are analysed as follows:

	31.12.21	31.12.20
Balance at 1 January	5,233	8,623
Charge for the year (note 29)	318	475
Reversals / charge-off (note 29)	(2,160)	(3,692)
Change in consolidation perimeter (note 39)	-	(173)
Balance at 31 December	3,391	5,233

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, among others, contingencies of tax and labour natures, and involve customers, suppliers, business partners, employees or others.

24. Other non-current liabilities

	31.12.21	31.12.20
Acquisition of financial holdings	1,698	3,165
Research and development grants	422	540
	2,120	3,705

In 2021, the evolution of the caption 'Acquisition of financial holdings' reflects the update of the contingent consideration associated with the acquisition of Celfocus S.A. in the amount of EUR +33 thousand (see note 32), and the disclosure as current of a portion of this consideration, EUR -1,500 thousand (see note 25), taking into account the contractual maturity. As at 31 December 2021, this caption comprises the balances with a maturity of more than 12 months related to (i) the contingent consideration associated with guarantees of contracting services for the acquisition of Celfocus S.A., in the amount of EUR 1,483 thousand, and (ii) the consideration for the acquisition of the non-controlling interests of Novabase Digital, S.A. - which preceded the sale of 100% of the GTE Business in 2019 - in the amount of EUR 215 thousand (see note 39).

'Other non-current liabilities' also includes 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 26).

The fair value of 'Other non-current liabilities' balance approximates its carrying amount.

The due date of these liabilities is as follows:

	31.12.21	31.12.20
Between 1 and 2 years	1,829	1,943
Between 2 and 5 years	291	1,762
	2,120	3,705

25. Trade and other payables

	31.12.21	31.12.20
Trade payables	4,508	5,621
Remunerations, holiday and holiday allowance	9,705	7,842
Bonus	11,617	11,546
Acquisition of financial holdings	1,500	4,715
Ongoing projects	2,480	2,463
Value added tax	1,305	2,542
Social security contributions	2,371	2,090
Income tax withholding	1,551	1,389
Employees	66	82
Stock options plan (note 19)	443	-
Amount to be paid to non-controlling interests (note 21)	88	1
Prepayments from trade receivables	2	2
Other accrued expenses	1,911	1,869
Other payables	228	151
	37,775	40,313

In 2021, the decrease in 'Trade and other payables' is mainly due to the settlement of EUR 4,500 thousand regarding contingent consideration associated to service hiring guarantees on the acquisition of Celfocus S.A. and the payment of EUR 215 thousand on the acquisition of the non-controlling interests of Novabase Digital, S.A. which preceded the GTE Business disposal. Additionally, the evolution of 'Acquisition of financial holdings' heading reflects the recording as current – that is, with a maturity of up to 12 months at the reporting date – of EUR 1,500 thousand classified as non-current in the previous year (see note 24), related to Celfocus, S.A. acquisition.

The fair value of 'Trade and other payables' balance approximates its carrying amount.

The maturity of these liabilities is as follows:

	31.12.21	31.12.20
No later than 1 year	37,775	40,313
	37,775	40,313

26. Deferred income and other current liabilities

	31.12.21	31.12.20
Consulting projects	19,442	15,884
Research and development grants	269	242
Training grants	-	22
	19,711	16,148

The balances with ongoing projects refer to differences in 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 open on 31 December 2021, by type of incentive program. The balances to be received are presented in note 14.

	Contracted amount	Acum. received amount
Grants:		
- FAI - Innovation Support Fund	1,706	718
- P2020 - Portugal 2020	995	581
	2,701	1,299

27. External supplies and services

	31.12.21	31.12.20
Subcontracts	32,370	29,237
Commissions and consultancy fees	2,016	1,960
Transportation, travel and accommodation expenses	1,224	1,495
Specialised services and rents	3,163	2,026
Advertising and promotion	390	270
Water, electricity and fuel	410	395
Communications	264	318
Insurance	372	385
Utensils, office supplies and technical documentation	756	593
Other supplies and services	553	700
	41,518	37,379

Subcontracts mostly refer to amounts incurred for services rendered by external entities used by the Group to support projects for clients.

'External supplies and services' evolution in 2021 is in line with the Turnover growth.

28. Employee benefit expense

	31.12.21	31.12.20
Key management personnel compensation (note 38 i)	1,539	4,835
Wages and salaries of the employees	67,819	58,821
Employees social security contributions	12,366	11,284
Stock options granted (notes 19 and 38 i)	618	322
Other employee expenses	3,571	4,914
	85,913	80,176

Other employee expenses include labour accident insurance, social responsibility costs, training costs and indemnities.

In 2021, the increase in 'Employee benefit expense' comprises two effects: on the one hand, a decrease in key management compensation, mainly related to variable remuneration, due to the reversal of bonuses from the previous period, and on the other hand, a significant increase in IT specialists team expenses, driven by the 7% enhanced talent pool year-on-year and by talent management initiatives focused on their retention.

The **average number of employees** is analysed as follows:

		31.12.21	31.12.20
(*)	Value Portfolio	741	772
	Next-Gen	1,125	968
		1,866	1,740

(*) Includes holding / shared services representing 76 employees in 2021 (82 in 2020).

At 31 December 2021, the number of employees was 2011 (2020: 1775), 31% of whom are women (2020: 32%).

29. Other gains/(losses) - net

		31.12.21	31.12.20
	Impairment and impairment reversal of inventories	(3)	(19)
	Provisions for other risks and charges (note 23)	1,842	3,217
(*)	Other operating income and expense	(257)	1,180
		1,582	4,378

(*) In 2020, this caption includes higher supplementary income, mainly related to backoffice services, which continued to be provided for part of the year in the divested subsidiaries Novabase Digital, S.A. and Collab, and to a non-regular receipt related to the outcome of an old judicial process in the amount of EUR 409 thousand.

30. Depreciation and amortisation

	31.12.21	31.12.20
Property, plant and equipment (note 7):		
Buildings and other constructions	2,165	2,752
Basic equipment	600	634
Transport equipment	443	553
Furniture, fittings and equipment	55	65
Other tangible assets	1	-
	3,264	4,004
Intangible assets (note 8):		
Internally generated intangible assets	151	128
Industrial property and other rights	106	224
	257	352
	3,521	4,356

31. Finance income

		31.12.21	31.12.20
	Interest received	11	108
	Foreign exchange gains	780	141
	Fair value of financial assets adjustment (note 10)	968	797
(*)	Dividends of financial assets	90	43
	Provisions for loans to related parties (note 12)	29	-
(**)	Gain on disposal of financial assets	50	-
	Reversal of impairment losses on bank balances (note 18)	17	13
	Reversal of impairment losses on debt securities	-	138
		1,945	1,240

(*) Dividends received on the investment in Globaleda, S.A..
(**) Investment in CB Talents Global, S.A. (see also note 10).

32. Finance costs

	31.12.21	31.12.20
Interest expenses		
- Borrowings	(306)	(416)
- Lease liabilities (note 22)	(327)	(491)
- Other interest	(2)	(10)
Bank guarantees charges	(23)	(28)
Bank services and commissions	(97)	(118)
Foreign exchange losses	(962)	(1,305)
Fair value of financial assets adjustment (note 10)	(9)	(441)
Provisions for loans to related parties (note 12)	(57)	(98)
Fair value adjustment for contingent consideration (note 24)	(33)	-
Impairment losses on bank balances (note 18)	-	(5)
Other financial losses	-	(16)
	(1,816)	(2,928)

33. Share of loss of associates

	31.12.21	31.12.20
Novabase Capital Fundo Capital Risco (notes 6 and 9)	(66)	(58)
	(66)	(58)

34. 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 EUR 1,500 thousand and up to EUR 7,500 thousand is subject to a State Surcharge at the rate of 3%, from EUR 7,500 thousand and up to EUR 35,000 thousand is subject to a State Surcharge at the rate of 5%, and the part of taxable income exceeding EUR 35,000 thousand is subject to a State Surcharge at the rate of 9%.

Since 1 January 2009, Novabase is being taxed in Corporate Income Tax 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.

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 Spain, in Angola, in Mozambique, in The Netherlands, in the United Kingdom and in Turkey are taxed at 25%, 25%, 32%, 15%, 19% and 25%, respectively.

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 2018 through 2021 are still open to such review.

Legislative changes that became effective on 1 January 2021

Regarding the 2021 State Budget Law (Law No. 75-B/2020), the fiscal changes were surgical. Worthy of note is that the plug-in hybrid passenger vehicles, whose plug-in battery can be charged through connection to the power grid and that have a minimum autonomy, in electric mode, of 50 km and official emissions below 50 gCO2 / Km, are the only ones who benefit from the reduced autonomous tax rates (5%, 10% and 17.5%).

This change didn't have a significant impact on the income tax expense of Novabase's Group.

This heading is analysed as follows:

	31.12.21	31.12.20
Current tax	1,767	1,461
Deferred tax on temporary differences (note 11)	(1,474)	451
	293	1,912

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:

	31.12.21	31.12.20
Earnings before taxes	9,209	5,729
Income tax expense at nominal rate (21% in 2021 and 2020)	1,934	1,203
Provisions reversal	(146)	(106)
Dividends	(19)	(9)
Autonomous taxation	319	370
Results in companies where no deferred tax is recognised	(112)	176
Expenses not deductible for tax purposes	211	209
Differential tax rate on companies located abroad	40	(2)
Research & Development tax benefit	(2,446)	(310)
Municipal Surcharge and State Surcharge	252	241
Impairment of Special Payment on Account, tax losses and withholding taxes	95	128
Other	165	12
Income tax expense	293	1,912
Effective tax rate	3.2%	33.4%

The variation in the effective rate is mainly due to the recording in 2021 of a higher volume of tax benefits associated with Research and Development projects under the SIFIDE incentive scheme.

35. 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 (note 19).

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, situations in which this number prevails.

Earnings per share are analysed as follows:

	31.12.21	31.12.20
Weighted average number of ordinary shares in issue	30,721,008	30,815,777
Stock options adjustment	429,466	91,539
Adjusted weighted average number of ordinary shares in issue	31,150,474	30,907,316
Profit attributable to owners of the parent	8,706	7,486
Basic earnings per share (Euros per share)	0.28 Euros	0.24 Euros
Diluted earnings per share (Euros per share)	0.28 Euros	0.24 Euros
Profit from continuing operations attributable to owners of the parent	7,646	2,977
Basic earnings per share (Euros per share)	0.25 Euros	0.10 Euros
Diluted earnings per share (Euros per share)	0.25 Euros	0.10 Euros
Profit from discontinued operations attributable to owners of the parent	1,060	4,509
Basic earnings per share (Euros per share)	0.03 Euros	0.15 Euros
Diluted earnings per share (Euros per share)	0.03 Euros	0.15 Euros

36. Dividends per share

In 2021 and 2020 no amounts were distributed to shareholders (see also note 20).

37. 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	31.12.21	31.12.20
(*)	Novabase S.G.P.S., S.A.	Santander	2,500	2,500
	Novabase S.G.P.S., S.A.	Bankinter	1,935	3,870
	Novabase Business Solutions, S.A.	BCP	2,114	2,253
	Novabase Business Solutions, S.A.	Santander	233	299
	Novabase Business Solutions, S.A.	Novo Banco	20	48
	Novabase Business Solutions, S.A.	BPI	216	33
	Novabase Business Solutions, S.A.	Bankinter	42	75
	Novabase Neotalent, S.A.	BPI	8	-
	Novabase Serviços, S.A.	BPI	-	135
	Novabase Serviços, S.A.	Novo Banco	410	410
	Celfocus, S.A.	Santander	50	50
	Novabase Neotalent España S.A.U	Abanca (**)	90	132
	NBMSIT, Sist. de Inf. e Tecnol., S.A.	BIM	-	136
			7,618	9,941

(*) Bank guarantee entered into within the scope of the commitments undertook following the sale of IMS Business at the end of 2016, which have expired on 5 January 2022, with the subsequent guarantee being cancelled.

(**) Since 30 November 2021, Novo Banco Spain was bought and integrated into ABanca.

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 guarantees relating to ownership title, capitalization and corporate structure in the amount corresponding to 100% of the initial price received (EUR 4.5 Million received in March with the conclusion of the transaction + EUR 1.022 Million received in November from the Holdback), during 3 years after completion of the Transaction, that is, until 19 March 2023;
- A Liability Cap for all other guarantees provided by Sellers of EUR 3 Million 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;
- The maximum aggregate Liability CAP under the terms referred to above corresponds to 100% of the initial price received (EUR 4.5 Million received in March with the conclusion of the transaction + EUR 1.022 Million received in November from the Holdback);
- Constitution of a basket deductible of EUR 100 thousand, no *de minimis* ;
- Non-competition obligation for 3 years between COLLAB and Novabase in its core business areas, which means, until 19 March 2023.

Following the sale of GTE Business at the end of 2019, Novabase undertook the following commitments:

- A Liability Cap of EUR 3.87 Million by irrevocable bank guarantee of equal amount for a period of 18 months (duration of guarantees), which means, between 9 January 2020 and 9 July 2021, reduced to EUR 1.935 Million 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 EUR 306 thousand, minimis of EUR 30.6 thousand, until the end of the period, which means, 9 January 2025;
- Non-competition obligation for 3 years between VINCI Energies Portugal, S.G.P.S., S.A. and Novabase in its core business areas, which means, until 9 January 2023.

In 2021, the Group had the following grouped credit lines contracted:

Group of companies	Plafond
Novabase S.G.P.S.; NB Business Solutions, S.A.	EUR 5.0 Million
Novabase S.G.P.S.; Novabase Serviços, S.A.; Novabase Neotalent, S.A.; NB Business Solutions, S.A.	EUR 7.0 Million

38. Related parties

For reporting purposes, related parties include subsidiaries and associates (detailed in note 6), other participated companies classified as financial assets at fair value through profit or loss (detailed in note 10), 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 2021 and 2020, are as follows:

	31.12.21	31.12.20
Short-term employee benefits	1,112	3,389
Other long-term benefits	427	1,446
Stock options granted (note 19)	618	322
	2,157	5,157

'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, amounts to EUR 1,997 thousand (31.12.20: EUR 2,104 thousand).

At 31 December 2021 there are current payable balances outstanding with key management personnel in the amount of EUR 4 thousand, and current receivable balances outstanding with key management personnel in the same amount, EUR 4 thousand (31.12.20: EUR 10 thousand payable balances).

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 2021, 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 being able to receive a variable remuneration that may be variable remuneration in cash and a variable remuneration based on stock options. This remuneration is distributed among the directors in view of their responsibilities at Novabase and as indicated by the Remuneration Committee.

The remuneration of non-executive and non-independent 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, namely by the company founders and accumulated over 30 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. Without prejudice, the resolutions regarding the directors' variable remuneration taken to date and in particular taken by the Remuneration Committee in 2021 concern the directors' performance during 2020, and therefore the remuneration policy previously in force in the Company was considered in their determination. In view of these principles, the purpose of setting the variable component was to align the part of the variable component of Board members remuneration with the organisation's performance in the year in question, measured by the net profits generated, and being correlated with the responsibility and performance of each director in particular. A proper balance is also ensured between the fixed and variable portions of those remunerations.

Additionally, during 2021, 525,000 stock options of Novabase have been granted, under the Stock Options Plan, to the delegated directors Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira and to the director with special responsibilities María del Carmen Gil Marín, as shown in the table below. Note that 75,000 options were also granted, for a total of 600,000 options granted in 2021 (see note 19), to former director Francisco Paulo Figueiredo Morais Antunes, taking into account the duties performed and responsibilities inherent after the cessation of duties at the General Meeting of 25 May 2021, as director of several companies of the Novabase Group and person responsible for several areas relevant to the Group's business, including the financial area.

It should also be noted that the Remuneration Committee decided during 2021:

- To channel 20% of the amounts allocated as fixed remuneration for the year 2021 to each of the directors with executive functions and to the director with special responsibilities to reinforce the capitalization insurance contributions currently in force in the Company, replacing the payment of that part of fixed remuneration;
- To channel the amounts allocated as variable remuneration in cash related to the performance of Novabase's directors in 2020 (as well as those previously deferred) to reinforce the capitalization insurance contributions currently in force in the Company, replacing the payment of that variable remuneration.

The remuneration paid by Novabase S.G.P.S. in 2021 to the directors of the Company in office on 31 December 2021 are as follows:

Director [1]	Fixed annual remuner. (€) [2]	Annual variable remuner. in cash paid in 2021 (€) [3, 4]	Total partial (fixed + variable in cash paid in 2021) (€)	Variable in cash paid in 2021 / Total partial (%)	Deferred annual variable remuner. (€) [5]	Variable remuner. No. options @ 1.801
Luís Paulo Cardoso Salvado	311,880	324,969	636,849	51.03	389,673	250,000
Álvaro José da Silva Ferreira	242,208	182,455	424,663	42.96	244,195	200,000
Executives Total	554,088	507,424	1,061,512	47.80	633,868	450,000
(% total)	63.96	64.81	64.36		64.38	
María del Carmen Gil Marín	165,768	145,576	311,344	46.76	194,837	75,000
José Afonso Oom Ferreira de Sousa	42,000	64,993	106,993	60.74	77,934	-
Pedro Miguel Quinteiro de Marques Carvalho	42,000	64,993	106,993	60.74	77,934	-
Madalena Paz Ferreira Perestrelo de Oliveira	25,200	-	25,200	-	-	-
José Sancho García	25,200	-	25,200	-	-	-
Rita Wrem Viana Branquinho Lobo C. Rosado	12,000	-	12,000	-	-	-
Non-Executives Total	312,168	275,561	587,729	46.89	350,704	75,000
(% total)	36.04	35.19	35.64	-	35.62	-
TOTAL	866,256	782,985	1,649,241	47.48	984,572	525,000

[1] The directors Madalena Paz Ferreira Perestrelo de Oliveira, José Sancho García and Rita Wrem Viana Branquinho Lobo Carvalho Rosado were elected at the General Meeting of 25 May 2021, and the remunerations presented here, relating to these directors, only refer to the period after-election. It should also be noted that the director Rita Wrem Viana Branquinho Lobo Carvalho Rosado, earned amounts in 2021 through other companies of the Group regarding her role of Head of Legal of the Novabase Group, which she continued to exercise after the election. These values are not considered in this table and are presented below.

[2] The amount shown includes the amounts allocated as a fixed remuneration at the Remuneration Committee of 2 June 2021, which were channelled to retirement complements through the reinforcement of capitalization insurance contributions currently in force in the Company, replacing the payment of that part of the fixed remuneration - namely, Luís Paulo Cardoso Salvado (38,880 Euros), Álvaro José da Silva Ferreira (32,400 Euros) and María del Carmen Gil Marín (21,600 Euros).

[3] The amount shown represents the total amount paid to each director in 2021 (excluding the variable component based on stock options, as applicable): 50% of the total amount allocated for 2020 in 2021, plus, in the case of directors who were in office in such years and to whom it was decided to allocate variable remuneration in cash under the terms opportunely disclosed, 1/6 of the amount allocated for 2019 in 2020, 1/6 of the amount allocated for 2018 in 2019 and 1/6 of the amount allocated for 2017 in 2018. The remaining 50% of the amount allocated for 2020 in 2021 will be paid in the following 3 years (2022, 2023 and 2024) in equal parts (corresponding to 1/6 of each year's total), conditional upon company's positive performance during this time period.

[4] Amount used to reinforce capitalization insurance contributions currently in effect at the company.

[5] Amounts allocated for 2020 in 2021 but deferred for the following 3 years. Regarding the directors who were in office in such years and to whom it was decided to allocate variable remuneration in cash under the terms opportunely disclosed, there are also deferred amounts referring to amounts allocated for 2019 in 2020 and allocated for 2018 in 2019 according to the criteria disclosed in the Corporate Governance Reports of the respective years.

The table below shows the remuneration paid by Novabase S.G.P.S. in 2021, to the Company's directors who ceased their duties at the General Meeting of 25 May 2021:

Director	Fixed annual remuner. (€)	Annual variable remuner. in cash paid in 2021 (€) [6]	Total partial (fixed + variable in cash paid in 2021) (€)	Variable in cash paid in 2021 / Total partial (%)	Deferred annual variable remuner. (€) [7]
Francisco Paulo Figueiredo Morais Antunes	50,750	162,484	213,234	76.20	194,837
Paulo Jorge de Barros Pires Trigo	65,000	109,480	174,480	62.75	118,375
João Nuno da Silva Bento	118,296	291,152	409,448	71.11	389,673
Marta Isabel dos Reis G. R. do Nascimento	16,917	-	16,917	-	-
TOTAL	250,963	563,116	814,079	69.17	702,885

[6] The amount shown represents the total amount paid to each director in 2021: 50% of the total amount allocated for 2020 in 2021, 1/6 of the amount allocated for 2019 in 2020, 1/6 of the amount allocated for 2018 in 2019 and 1/6 of the amount allocated for 2017 in 2018. The remaining 50% of the amount allocated for 2020 in 2021 will be paid in the following 3 years (2022, 2023 and 2024) in equal parts (corresponding to 1/6 of each year's total), conditional upon company's positive performance during this time period.

[7] Amounts allocated for 2020 in 2021 but deferred for the following 3 years. Regarding the directors who were in office in such years and to whom it was decided to allocate variable remuneration in cash under the terms opportunely disclosed, there are also deferred amounts referring to amounts allocated for 2019 in 2020 and allocated for 2018 in 2019 according to the criteria disclosed in the Corporate Governance Reports of the respective years.

In 2021, an additional amount of 13,384.43 Euros was paid to the 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 the refund of the variable remuneration earned by the directors of Novabase. However, according to the general principles that guide Novabase's remuneration policy, when the Company's performance is a criterion for determining a variable remuneration, its deterioration may justify, in view of the concrete circumstances, the limitation of such remuneration.

The members of Novabase's Board of Directors are paid only by this entity, not receiving any other remuneration by any other company in a domain or group relationship with Novabase, or by a company subject to common domain with Novabase, except for the remunerations indicated in the following paragraph.

In 2021, the director María del Carmen Gil Marín and the outgoing director Paulo Jorge de Barros Pires Trigo received and will receive the amounts shown in the table below, respectively by Novabase Capital S.C.R., S.A. and Celfocus, S.A., companies directly or indirectly held at 100% by Novabase S.G.P.S., S.A.. These amounts refer to remuneration earned before their election as members of the Board of Directors. Also, in relation to the director Rita Wrem Viana Branquinho Lobo Carvalho Rosado, the amounts below were settled by Novabase Serviços, S.A., a company 100% held by Novabase S.G.P.S., S.A., and refer to the exercise of the functions of Head of Legal of the Novabase Group.

Director	Fixed annual remuner. (€) [8]	Annual variable remuner. in cash paid in 2021 (€) [9]	Total partial (fixed + variable in cash paid in 2021) (€)	Variable in cash paid in 2021 / Total partial (%)	Deferred annual variable remuner. (€) [10]
María del Carmen Gil Marín	-	67,756	67,756	100.00	-
Paulo Jorge de Barros Pires Trigo	-	82,559	82,559	100.00	76,257
Rita Wrem Viana Branquinho Lobo C. Rosado	104,421	-	104,421	-	-

[8] The amount paid to the director Rita Wrem Viana Branquinho Lobo Carvalho Rosado relates to the performance of the functions of Legal Director of the Novabase Group, which she performs under a service rendered contract.

[9] The amount shown represents the last 1/6 of the amount allocated for 2017 in 2018 in the case of the director María del Carmen Gil Marín, and to 1/6 of the total amount allocated for 2019 in 2020, 1/6 of the amount allocated for 2018 in 2019 and 1/6 of the amount allocated for 2017 in 2018 in the case of outgoing director Paulo Jorge de Barros Pires Trigo.

[10] The deferred annual variable remuneration to the outgoing director Paulo Jorge de Barros Pires Trigo corresponds to 2/6 of the amount allocated for 2019 in 2020 and 1/6 of the amount allocated for 2018 in 2019.

In 2021, 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 2021, in addition to those legally due.

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	
	31.12.21	31.12.20	31.12.21	31.12.20
Associates	47	47	-	-
Other participated companies	1	40	-	-
	48	87	-	-
Impairment allowances for trade and other receivables	-	-		
	48	87		

	Services rendered		Supplementary income		Interest received	
	31.12.21	31.12.20	31.12.21	31.12.20	31.12.21	31.12.20
Associates	182	182	-	-	-	-
Other participated companies	140	144	5	4	5	5
	322	326	5	4	5	5

Accounts receivable and payable with related parties will be cash settled and are not covered by any guarantees.

iii) Other balances with related parties

	Non-current (note 12)	
	31.12.21	31.12.20
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.	248	248
Loan to Glarevision, S.A.	180	180
Loan to Probe.ly, Lda.	75	75
Loan to Habit Analytics, Inc.	9	9
	5,033	5,033
Impairment allowance for loans to related parties	(3,251)	(3,223)
	1,782	1,810

These loans take the legal form of quasi-equity supplementary payments.

Besides balances and transactions described in the tables above, no other balances or transactions exist with the Group's related parties.

39. Discontinued operations

The financial information on discontinued operations by subsidiary / business sold can be presented as follows:

	31.12.20			
	COLLAB	GTE	IMS	Novabase
Results of discontinued operations:				
Results from operating activities, net of tax	20	1,215	-	1,235
Gain on sale of Business	335	2,939	-	3,274
Income tax on gain on sale of Business	-	-	-	-
	355	4,154	-	4,509
Assets and liabilities from discontinued operations:	-	-	-	-
Assets from discontinued operations	-	342	-	342
Liabilities from discontinued operations	(1,128)	(5,151)	(32)	(6,311)
	(1,128)	(4,809)	(32)	(5,969)
Cash flows from (used in) discontinued operations:				
Net cash used in operating activities	(467)	(2,206)	-	(2,673)
Net cash used in investing activities	4,001	35,366	-	39,367
Net cash used in financing activities	(1)	(45)	(16)	(62)
	3,533	33,115	(16)	36,632

	31.12.21			
	COLLAB	GTE	IMS	Novabase
Results of discontinued operations:				
Results from operating activities, net of tax	260	742	9	1,011
Gain on sale of Business	49	-	-	49
Income tax on gain on sale of Business	-	-	-	-
	309	742	9	1,060
Assets and liabilities from discontinued operations:	-	-	-	-
Assets from discontinued operations	-	396	-	396
Liabilities from discontinued operations	(817)	(3,497)	(17)	(4,331)
	(817)	(3,101)	(17)	(3,935)
Cash flows from (used in) discontinued operations:				
Net cash used in operating activities	(5)	(882)	9	(878)
Net cash used in investing activities	-	-	-	-
Net cash used in financing activities	-	(16)	(15)	(31)
	(5)	(898)	(6)	(909)

COLLAB

In March 2020, the Group sold its 72.45% stake in COLLAB, S.A. to the Swedish Netadmin System i Sverige AB, held by the subsidiary Novabase Business Solutions, S.A. (also 17.75% held by the associate of the Group Novabase Capital Fundo Capital Risco) for an initial purchase price of EUR 6,000 thousand, to which a potential annual earn-out could be added, up to a maximum of three annual periods, depending on COLLAB, S.A.'s performance. The subsidiary was reported in the financial statements for that year as a discontinued operation. Novabase recognised profits and losses for the first two months up to the time of disposal of EUR 20 thousand and recorded a gain on the sale of EUR 335 thousand. Of the initial purchase price agreed, EUR 1,500 thousand was temporarily retained by the buyer as a 'Holdback Amount', and in November 2020 EUR 1,022 thousand of this amount was paid.

The details of the sale of COLLAB, S.A. are as follows:

	31.12.20
Consideration received or receivable:	
Cash received	4,001
Fair value of contingent consideration	-
Total disposal consideration	4,001
Carrying amount of net assets sold	(2,197)
Provision for Reps & Warranties	(1,580)
Gain on sale of the equity stake held by Novabase Capital Fundo Capital Risco	111
Gain on sale before income tax	335
Income tax expense on gain	-
Gain on sale after income tax	335

In June 2021, Novabase was informed by the purchaser of the First Additional Purchase Price (first year earn-out) calculation, totalling EUR 63 thousand, an amount fully received in the year. Since no amount had been considered for contingent consideration in this business at the time of the sale, according to the Management best estimate at that time, the Group recognised, in 2021, an adjustment to the gain in the amount of EUR 49 thousand. During 2021, R&W provisions in the amount of EUR 51 thousand were also used (2020: EUR 452 thousand), and provisions of EUR 260 thousand were reversed, considering the time-effect on the elapsed warranty period.

The voluntary arbitration process between the parties, started in 2020, regarding the 'Holdback Amount' paid by the buyer, is still ongoing. On 20 December 2021, the Statement of Claim was presented by the arbitration applicants (Novabase Capital Fundo Capital Risco and Novabase Business Solutions, S.A.), and the deadline for a response from Netadmin System i Sverige AB is running.

GTE BUSINESS

In 2020, the Group recognised an adjustment to the gain of EUR 2,939 thousand, on the sale of 100% of Novabase Digital S.A. to VINCI Energies Portugal, S.G.P.S., S.A. occurred in December 2019, following the verification of the earn-out and the final determination of the usual price clauses in this type of business, as established in the contract, increasing the consideration obtained with the sale of the GTE Business to EUR 39,252 thousand. It is recalled that as a result of this sale, the Group abandoned its GTE Business, developed in the sold subsidiary but also in the Mozambican subsidiary NBMSIT, Sist. of Info and Tecnol., S.A., in relation to which the Group initiated the procedures for the cessation of activity.

During 2021, provisions for Reps & Warranties created upon the sale of the GTE Business were used, in the amount of EUR 885 thousand (2020: EUR 2,194 thousand) and were reversed, in the net amount of EUR 776 thousand (2020: EUR 1,215 thousand), considering the guarantee period already elapsed. As at 31 December 2021, the balance of provisions for responsibilities still outstanding, recognised in 'Liabilities from discontinued operations', amounts to EUR 3,213 thousand.

The closure of the Mozambican subsidiary depends on the completion of the contracts in force at the date of sale, given that NBMSIT, Sist. of Info and Tecnol., S.A. shall ensure the relationship between the end customer and the buyer of the GTE Business, as established at the time of disposal. As at 31 December 2021, this subsidiary has assets in the amount of EUR 396 thousand (2020: EUR 342 thousand) and liabilities of EUR 284 thousand (2020: EUR 277 thousand).

Final note to mention that during 2021, EUR 215 thousand were received and settled (see notes 14 and 25), corresponding to 50% of the amount retained by VINCI Energies Portugal, S.A. and indexed to the acquisition of 9.9% of Novabase Digital, S.A. to minority shareholders by Novabase (condition precedent to the deal), according to the terms provided for in the contract. As at 31 December 2021, there are still outstanding balances receivable and payable of EUR 215 thousand, recorded in 'Other non-current assets' (note 12) and 'Other non-current liabilities' (note 24), based on the contractual maturity of the liability.

IMS BUSINESS

During 2021, provisions of EUR 15 thousand were used (2020: EUR 16 thousand) and a recovery of debts considered uncollectible was recognised, in the amount of EUR 9 thousand. Liabilities with the IMS Business occurred within the limits of the provision created, with 31 December 2021 showing a residual balance of EUR 17 thousand in 'Liabilities from discontinued operations'. Also worthy of note, is that the period of guarantees / liabilities regarding the sale of the IMS Business, discontinued at the end of 2016, ended at 5 January 2022.

40. 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 16). 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 2.22).
- 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 10).

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 2021 and 31 December 2020, the Group's financial assets and financial liabilities measured and recognised at fair value on a recurring basis are as follows:

	31.12.21			31.12.20		
	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	690	-	12,925	577	-	12,024
Derivative financial instruments	-	16	-	-	64	-
	690	16	12,925	577	64	12,024
Financial liabilities at fair value						
Derivative financial instruments	-	71	-	-	9	-
	-	71	-	-	9	-

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 2021, 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 FCR NB Capital Inovação e Internacionalização and FCR Novabase Capital +Inovação' participated companies 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 changes in Level 3 instruments for the years ended 31 December 2021 and 31 December 2020:

	31.12.21	31.12.20
Balance at 1 January	12,024	11,681
Profit or loss charge	901	343
Balance at 31 December	12,925	12,024

Net fair value adjustments of Level 3 instruments recorded in the year refer essentially to an appreciation of the investment in Feedzai, S.A. (EUR 759 thousand) and at Probely, Lda. (EUR 96 thousand). Positive fair value adjustments were recognised in profit or loss and included in 'Finance income' (see note 31), while negative fair value adjustments were recognised in profit or loss and included in 'Finance costs' (see note 32).

There were no transfers between the Levels 3 and 2 for the purposes of fair value measurement in the 2021. There were also no changes made to any of the valuation techniques applied as of 31 December 2020.

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 88% of these instruments at 31 December 2021, as well as the relationship of some of those unobservable inputs to fair value is set out below.

	Feedzai	
	31.12.21	**31.12.20**
Discount rate (post-tax)	12.9%	16.0%
Perpetual growth rate	0.5%	0.5%
Annual average growth rate of turnover	46.9%	50.9%

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 EUR -1,088 thousand and EUR +1,292 thousand, respectively. As for a possible increase or decrease of 0.5 percentage point in the perpetual 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 EUR +414 thousand and EUR -382 thousand, respectively. These sensitivity analyses have illustrative purposes only.

The Group has a team responsible for the Level 3 fair value measurements of the companies held by NB Capital Inovação e Internacionalização and Novabase Capital +Inovação, which reports directly to the finance manager. Discussions of valuation processes and results are held between the finance manager 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 12 months 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. 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.
- Perpetual growth rates: In all participated companies, the perpetual 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 finance manager 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.

41. Contingencies

At 31 December 2021, 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 USD 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 stage of the judicial process is suspended because the parties have chosen to initiate a mediation procedure, involving an external mediator from the University of Ghana Law School. Arguments were presented by all parties, and a new date for a mediation meeting is to be scheduled. There are provisions (included in note 23) 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 2021, the contingencies graded as possible amounted to about EUR 7.6 Million. Probable contingencies are recorded under the heading 'Provisions' (note 23) or under the heading 'Liabilities from discontinued operations' (note 39).

42. 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 2021 was 110,350 Euros (2020: 110,350 Euros), which corresponds in full to the legal accounts audit services, to which 1,500 Euros were added, relating to spin-off-merger opinions required by law under the terms of the legal provisions of the Commercial Companies Code;
(iii) Note 38 of the Notes to the Consolidated Financial Statements includes all the related parties' disclosures, in accordance with the International Financial Reporting Standards.

43. Events after the reporting period

In 2022 and up to the date of issue of this report, the following material events occurred:

- **Shareholder remuneration proposal**

  On 17 February 2022, Novabase informed the intention of the Board of Directors to propose, at the 2022 Annual General Meeting of Shareholders, the distribution of EUR 13.5 Million to shareholders. This payment, equal to 155% of the consolidated net profit, represents a remuneration of 43 Euro cents per share.

- **Novabase leaves the PSI20, which is renamed PSI**

  Euronext announced, in news of 9 March 2022, that NOVABASE will leave the Lisbon stock exchange main index, the PSI20 (where it traded since 23 March 2020), after the markets close on 18 March. This exit takes place within the framework of the new rules of the index, in which the requirement of the lower limit of the free float of market capitalization of the constituent companies becomes 100 Million Euros. From that date onwards, the name of the index no longer contains the reference 20 and becomes simply PSI.

- **Situation in Ukraine**

  On 24 February 2022, the Russian military invasion of Ukraine began, an event that significantly changed expectations for growth and inflation in the Eurozone for the worse. Since then, capital markets have plunged into an environment of great uncertainty, the price of oil has climbed above 100 dollars, the price of other raw materials has also soared and, on the stock markets, the share had significant drops. The uncertainty of the war also brings the risk of recession, with the fear that high inflation will be combined with a stagnation of economic growth. The European Commission admits, in particular, that the war and possible retaliation by Russia against the sanctions imposed by the EU will have "*a negative impact on growth, with repercussions on financial markets, new pressures on energy prices, more persistent bottlenecks in the supply chain and confidence effects*".

  Novabase considers the situation in Ukraine as a non-adjustable subsequent event. Despite not having economic relations with Russia, Novabase is not immune to the economic context in which it operates, so the military invasion of Ukraine by Russia could have an impact on future economic performance. Given the exceptional uncertainty at this stage, it is not possible to quantify the magnitude of the impacts, namely on Novabase's activity and profitability during the 2022 financial year.

- **Transactions by person closely associated to director**

  Novabase received communications from the company IBI - Information Business Integration, AG, collective person closely associated to the director José Sancho García, related to the acquisition by IBI of 60,000 ordinary shares of Novabase, representing 0.191% of its share capital and voting rights. The statements further clarify that these acquisitions by IBI are not linked to the exercise of a stock options programme.

44. 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 DECEMBER 31, 2021

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 December 31, 2021.

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.

It should also be noted that on the date of the General Meeting of shareholders of May 25, 2021, after Mr. João Duque's communication to that effect, Novabase's Audit Board resolved to approve the declaration of this member as being temporarily prevented from starting his functions as such, under the terms and for the purposes of paragraph 3 of article 415 of the Portuguese Companies Code. Indeed, due to the position of member of the General and Supervisory Board that Mr. João Duque holds in the bank Caixa Central de Crédito Agrícola Mútuo, C.R.L., the beginning of his functions as member of the Audit Board of Novabase is subject to prior assessment and authorization by Bank of Portugal, which is currently being submitted to the regulator. In this context, Novabase's Audit Board has decided to substitute this member, until the issuance of the referred Bank of Portugal decision, by Manuel Saldanha Tavares Festas, alternate member of the Audit Board elected at the same General Meeting, under the terms and for the purposes of article 415 of the Commercial Companies Code. The referred replacement was in force during the financial year of 2021 and is currently in force.

During the year, the Audit Board met five 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

of 66,6% by Manuel Festas; the number of meetings indicated corresponds to those that took place after the appointment of the Audit Board at the General Meeting of May 25, 2021. To this date, the previous Audit Board held 2 meetings in the year 2021. The Chairman and Fátima Farinha were part of the previous Audit Board, having also attended all meetings held in 2021 until the appointment of the new Audit Board.

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 2021.

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 2021 it has not received, through the means defined for this purpose, any communication of irregularities.

Related Party Transactions

During the 2021 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.º - G of the Portuguese Securities Code, applicable by virtue of paragraph 1/a) of article 8 of the CMVM Regulation no. 5/2008 (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 2021 financial year, which comprise the Consolidated Statement of Financial Position as at December 31, 2021, 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 2021 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 2021 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 2021 financial year;
- There are no objections to the approval of the Consolidated Financial Statements for the 2021 financial year.

Lisbon, April 27, 2022

The Audit Board

Álvaro José Barrigas do Nascimento – Chairman

Fátima do Rosário Piteira Patinha Farinha – Member

Manuel Saldanha Fortes Tavares Festas – Alternate Member[1]

[1] Alternate member that is substituting in the office the effective member João Luís Correia Duque, under the terms of article 415 of the Portuguese Companies Code.

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício FPM41 - Avenida Fontes Pereira de Melo, 41 – 15º
1069-006 Lisboa - Portugal
+351 210 110 000 | www.kpmg.pt

STATUTORY 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, S.G.P.S, S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 (showing a total of 165,444 thousand euros and total equity of 75,949 thousand euros, including non-controlling interests of 10,361 thousand euros and a profit for the year of 8,706 thousand euros), and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the 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, S.G.P.S, S.A.** as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 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 financial statements of the current period. 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.

KPMG

Revenue recognition (Euro 178,788 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 turnkey 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 overtime projects in accordance with the applicable accounting policy, as described in Note 2.19 (a), involves a number of qualitative factors such as estimated billing, costs to be incurred, including contingency values for contractual risks, which justify that the recognition of revenue has been considered as a key audit matter.	Our audit procedures included, amongst others, those that we describe below: ▪ We have analysed 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 analysed the estimates and assumptions made by the management, namely regarding estimated billing, costs to be incurred and contingencies; ▪ We have carried out substantive analytical procedures and detailed tests to the accounting records in order to identify and test the risk of fraud and potential derogation to implemented controls; and,; ▪ We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

KPMG

Recoverability of goodwill (Euro 11,501 thousand)

See Note 8 to the consolidated financial statements which describes the net book value of the goodwill of the Next-Gen and NeoTalent business areas.

The Risk

The determination of the recoverable value of these assets is subjective due to the uncertainty inherent to the financial projections and to the discount of future cash flows, since many key assumptions are based on management expectations, not observable in the market.

The Group performs, on an annual basis, impairment tests on goodwill based on the discounted cash flow method, considering a 5-year business plan estimated by management, as mentioned in Notes 2.7 (1), 4 (a) and 8.

The complexity and inherent degree of judgment justify that the recoverability of goodwill has been considered a key audit matter.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We have evaluated the design and implementation and operational effectiveness of the key controls implemented by the Group in connection with this matter and have reviewed the budgeting procedures on which the projections are based, by comparing the current performance against estimates made in prior periods, and the integrity of the discounted cash flow model;
- We have assessed the internal and external assumptions used and the reasonableness of such as current business trends, market performance, inflation, projected economic growth and discount rates;
- We have performed sensitivity analyses on the robustness of the assumptions and forecasts used;
- We have involved out experts in benchmarking the average cost of capital ratio; and,
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

Recoverability of deferred tax assets (Euro 9,443 thousand)

See Note 11 to the consolidated financial statements which describes the amount of deferred tax assets, of which 8,782 thousand euros related to tax benefits arising from Research and Development projects presented under the SIFIDE incentive scheme.

The Risk

Deferred tax assets recorded by management are based on its best estimate on the timing and future amounts required for their recovery, using assumptions that require judgment, as mentioned in Notes 2.15 and 4 (c).

The associated level of uncertainty and the degree inherent to the judgement justify that the recoverability of deferred tax assets has been considered as a key audit matter.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We have evaluated the design and implementation and operational effectiveness of the key controls implemented by the Group in connection with this matter and have analysed the budgeting procedures on which the projections are based, by comparing the current performance with estimates made in prior periods;
- We have analysed the assumptions and methodology used by management to assess the recoverability of deferred tax assets, namely projections of taxable income; and,
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

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 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 misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles 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 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism 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 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; and,
- communicate with those charged with governance regarding, including the supervisory body, 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 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 non-financial information

Pursuant to article 451, nr. 6, of the Portuguese Companies' Code, we inform that the Group has included in its 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 prepared a remunerations report where includes the information defined in nr. 2 of that article.

On the European single electronic format (ESEF)

The consolidated financial statements of Novabase, S.G.P.S, S.A. for the year ended 31 December 2021 have to comply with the applicable requirements established by the European Commission Delegated Regulation 2019/815 of 17 December 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.
- 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) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 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 29 April 2015 for a first mandate from 2015 to 2017. We were appointed as auditors of the Group in the shareholders general assembly held on 10 May 2018 for a second mandate from 2028 to 2020. We were reappointed as auditors of the Group in the shareholders general assembly held on 25 May 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 ISAs we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the 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 27 April 2022.
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Group in conducting the audit.

27 April 2022

SIGNED ON THE ORIGINAL

KPMG & Associados -
Sociedade de Revisores Oficiais de Contas, S.A.
(no. 189 and registered at CMVM with the nr. 20161489)
represented by
Susana de Macedo Melim de Abreu Lopes
(ROC no. 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 31.12.20	Transactions	No. shares / quotas held by corporate bodies at 31.12.21	% held by corporate bodies at 31.12.21
Novabase S.G.P.S., S.A.	**54,638,426 €**	**31,401,394**	**12,727,528**	**2,135,937**	**17,556,114**	**55.9%**
HNB - S.G.P.S., S.A. [(a)]			9,134,829	1,675,994	10,810,823	34.4%
IBI - Information Business Integration, A.G. [(b)]			N/A	459,943	4,549,188	14.5%
Pedro Miguel Quinteiro Marques de Carvalho			2,097,613	0	2,097,613	6.7%
Manuel Saldanha Tavares Festas			74,986	0	74,986	0.2%
María del Carmen Gil Marín			23,001	0	23,001	0.1%
João Luís Correia Duque [(c)]			N/A	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%
José Sancho García [(c)]			N/A	0	0	0.0%
Rita Wrem Viana Branquinho Lobo Carvalho Rosado [(c)]			N/A	0	0	0.0%
Madalena Paz Ferreira Perestrelo de Oliveira [(c)]			N/A	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 [(d)]			0	0	0	0.0%
Maria Cristina Santos Ferreira			0	0	0	0.0%
João Nuno da Silva Bento [(e)]			1,366,761	0	N/A	-
Francisco Paulo Figueiredo Morais Antunes [(e)]			30,335	0	N/A	-
Paulo Jorge de Barros Pires Trigo [(e)]			0	0	N/A	-
Marta Isabel dos Reis da Graça Rodrigues do Nascimento [(e)]			0	0	N/A	-
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira [(e)]			0	0	N/A	-
NBASIT - Sist. Inf e Telecomunicações, S.A.	**47,500,000 AOA**	**100,000**	**800**	**0**	**600**	**0.6%**
Álvaro José da Silva Ferreira			400	0	400	0.4%
Luís Paulo Cardoso Salvado			200	0	200	0.2%
Francisco Paulo Figueiredo Morais Antunes [(e)]			200	0	N/A	-

[(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 executed a shareholder's agreement concerning the entirety of the share capital of this company.

[(b)] José Sancho García is the controlling shareholder of IBI - Information Business Integration, A.G., therefore this holding and corresponding voting rights is attributable to him.

[(c)] Designated as member of the Company's corporate bodies as of 25 May 2021.

[(d)] Until 22 December 2021, it was represented by the partner Paulo Alexandre Martins Quintas Paixão.

[(e)] No longer belongs to the Company's corporate bodies as of 25 May 2021.

Novabase reports in the above table the securities held directly by members of the board of directors and supervisory bodies of the Company or by the persons closely associated 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 and persons responsible within Novabase

(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 persons responsible within Novabase, Sociedade Gestora de Participações Sociais, S.A., below identified declare, 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, regarding the year ended 31 December 2021, 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, 27 April 2022

Luís Paulo Cardoso Salvado
Chairman and Director with delegated powers (CEO)

Álvaro José da Silva Ferreira
Director with delegated powers

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

José Sancho García
Non-Executive member of the Board

Francisco Paulo Figueiredo Morais Antunes
Finance Manager and Director of several companies of Novabase Group

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Statement by the members of the Audit Board under paragraph 1, c) of article 29º-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 2021 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, April 27, 2022

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 2021 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, April 27, 2022

Manuel Saldanha Fortes Tavares Festas, alternate member of the Audit Board of Novabase S.G.P.S. S.A. who is replacing the effective member João Luís Correia Duque, under the terms of article 415 of the Portuguese Companies Code 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 2021 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, April 27, 2022

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