

# NOVABASE

**Privileged Information**

**NEXT-GEN**  
**IT SERVICES**  
**COMPANY**

**NOVABASE**

**6M21**

# **Consolidated Results**

July 29, 2021

**NOVABASE**

# Disclaimer

- This presentation includes sector and forward-looking statements involving risks and uncertainties that could cause actual data to differ materially from those expressed or implied by such statements. The risks and uncertainties, which have increased as a result of the Covid-19 pandemic, relate to factors that are beyond Novabase' ability to control or estimate precisely, and include but are not limited to, general economic conditions, actions taken by governmental authorities to address Covid-19 effects and their impacts over the economy, credit markets, among others.
- Statements in this release relate only to this presentation date. Except when required by law or specific regulation, Novabase assumes no obligation to update the information or to notify in the event that any matter stated herein changes or becomes inaccurate. Thus, neither Novabase, nor any of its subsidiaries, its administrators, members of the other corporate bodies or employees, make any declaration or commitment on the accuracy or completeness of the information and do not assume, therefore, any type of obligation or responsibility.
- Financial reporting terms used in this Report are mostly in accordance with International Financial Reporting Standards (IFRS) but will include certain non-IFRS financial measures of our performance (APMs). APMs used by Novabase are intended to provide additional information, more comprehensive and relevant to users, and are applied consistently in all periods reflected in this release. Reconciliation of each of these APMs to its most directly comparable IFRS financial measure can be found in the end of this Report. All amounts in this presentation are expressed in million Euros, except otherwise stated.
- This presentation is provided for informational purposes only and does not constitute a document for the offer of securities, and its distribution or use by any person or entity is forbidden without prior authorization from Novabase.

# 6M21 Outlook



**Chairman and CEO**

---

## Message from Luís Paulo Salvado

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

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

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

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

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

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

**NOVABASE**

# 6M21 in Review

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

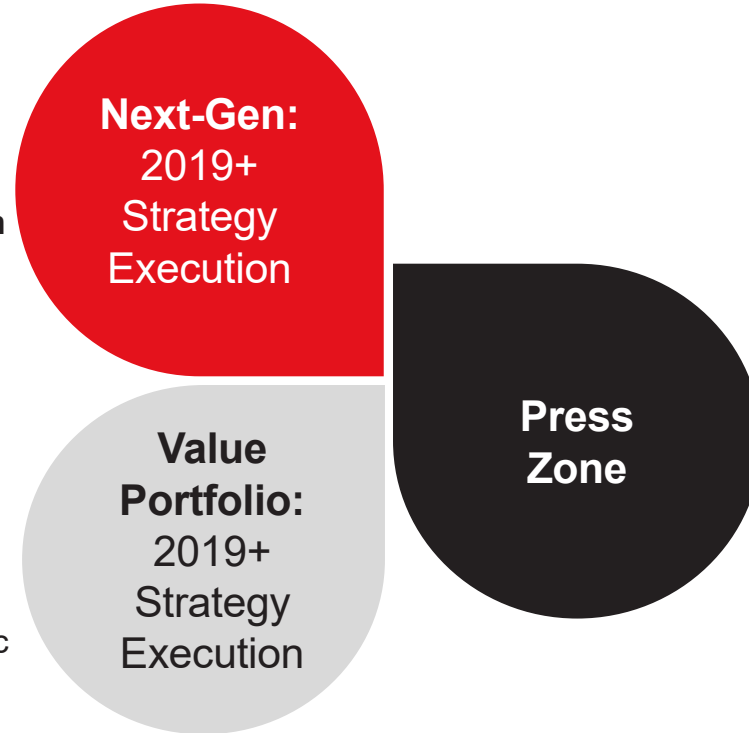
... and is on a strong operational course. Current portfolio is performing well, benefitting from a focus on resilient sectors and larger-sized customers.

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

## Value Portfolio's improved its performance for the 2<sup>nd</sup> consecutive quarter...

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

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



## Novabase in the News <sup>(1)</sup>

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

(1) Until this presentation date.

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

# Covid-19



**In compliance with  
ESMA guidelines**

---

## Update on impacts

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

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

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

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

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

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

# Financial Highlights

## 6M21 performance: Strong first-half 2021

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



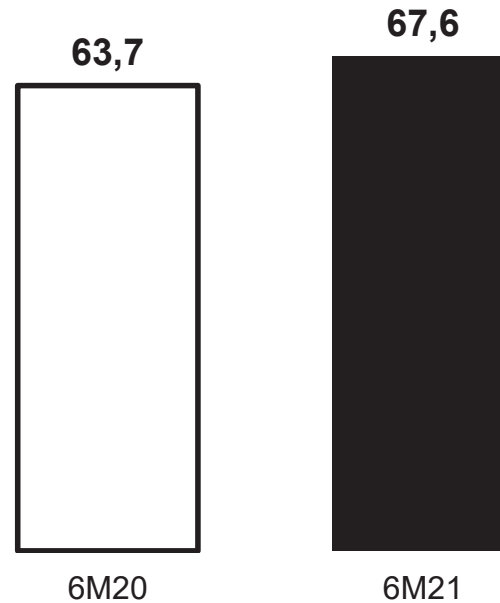
# Key Figures



## Turnover

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

### Turnover



6M20

6M21

NOVABASE

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

### Breakdown by Geography (%) <sup>(1)</sup>

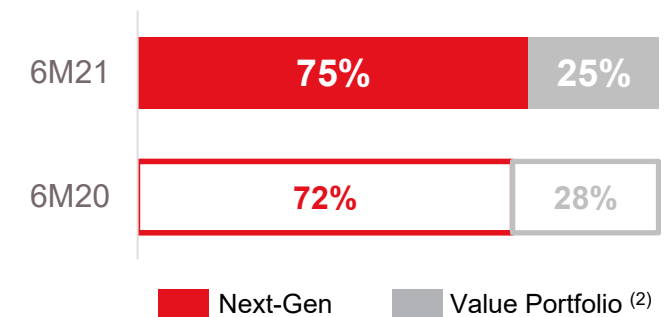


42.1% Vs. 43.7%



57.9% Vs. 56.3%

### Breakdown by Segment (%)



Next-Gen

Value Portfolio <sup>(2)</sup>

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

(2) Value Portfolio includes holding / shared services.

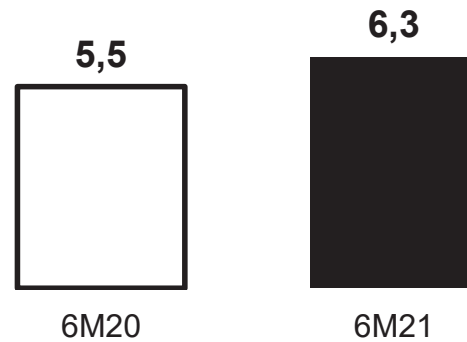
# Key Figures



EBITDA

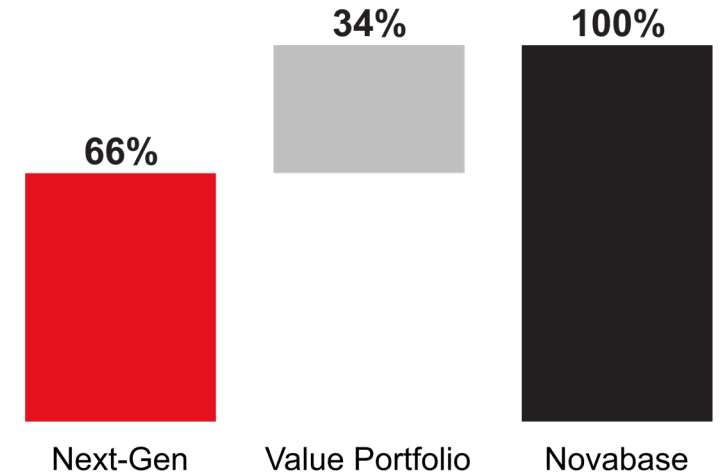
EBITDA increased 15% YoY, leveraged by Next-Gen

EBITDA



EBITDA Margin

Breakdown by Segment (%)



NOVABASE

# Key Figures

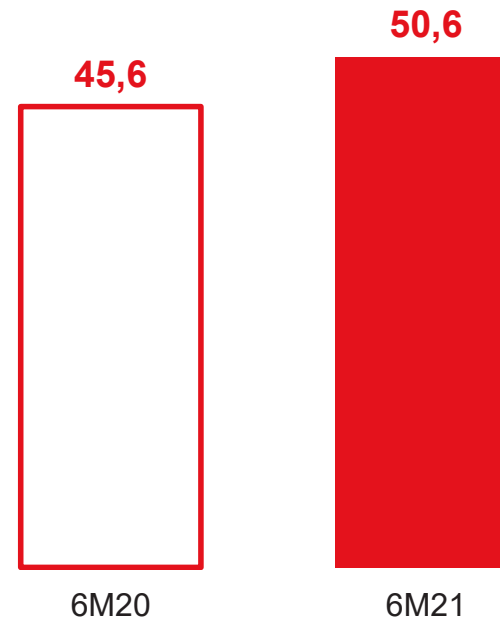


Next-Gen Segment

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

Fully organic growth and mainly driven by international operations.

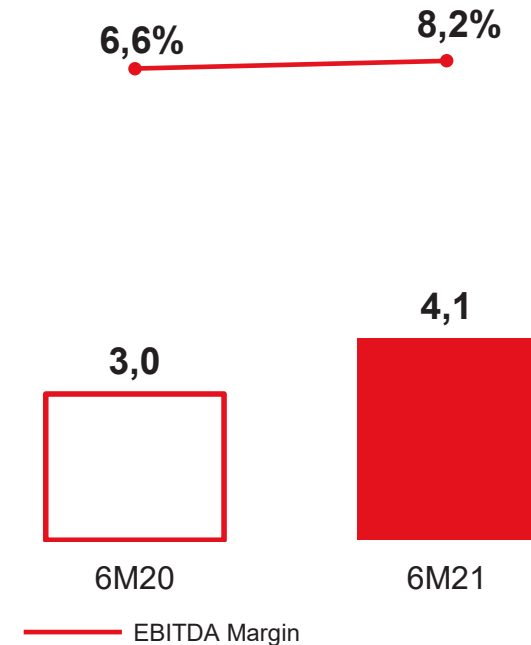
Turnover



**EBITDA margin increased 160 bps**

Working on strategic initiatives for 2023 goals.

EBITDA



**NOVABASE**

# Key Figures

## Half-year record high in international Revenues

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

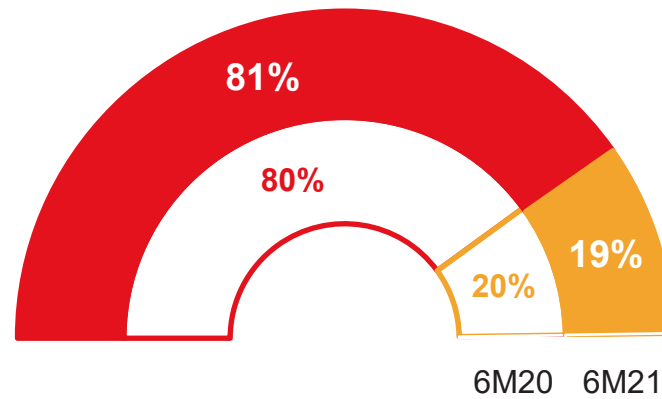
Next-Gen international Turnover grew 13% YoY standing for 64% of the total Next-Gen Turnover in 6M21.

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



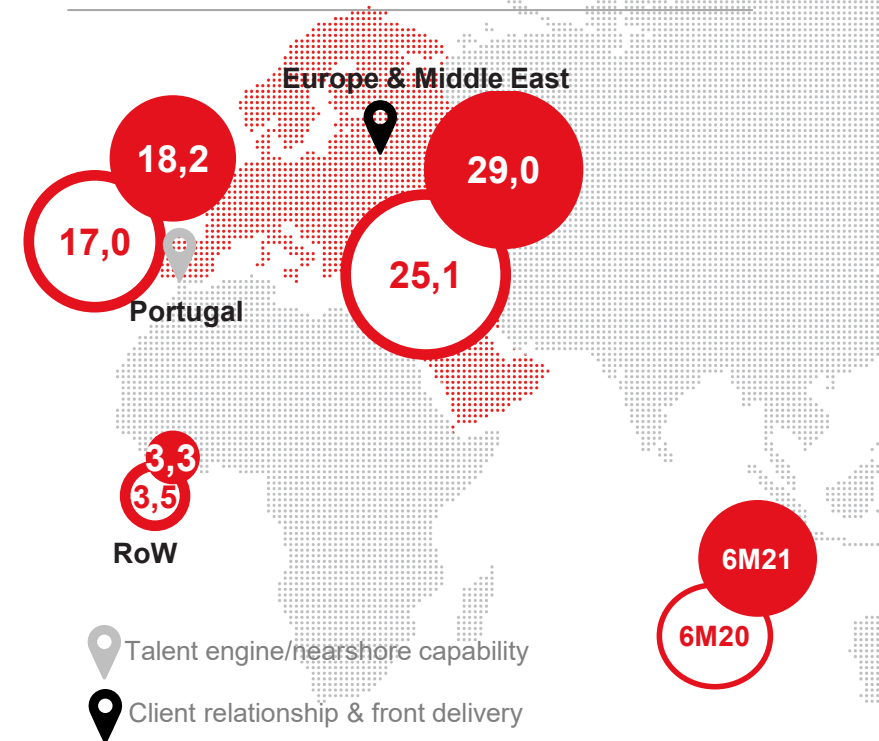
Next-Gen Segment

% of Revenue by Industry



Telco Financial Services

Revenue by Geography



NOVABASE

# Key Figures



**Next-Gen Segment**

## Top Tier clients Revenues grew by 11% YoY

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

Top Tier Clients <sup>(1)</sup>



% of Revenues from Top Tier clients <sup>(1)</sup>



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

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

# Key Figures

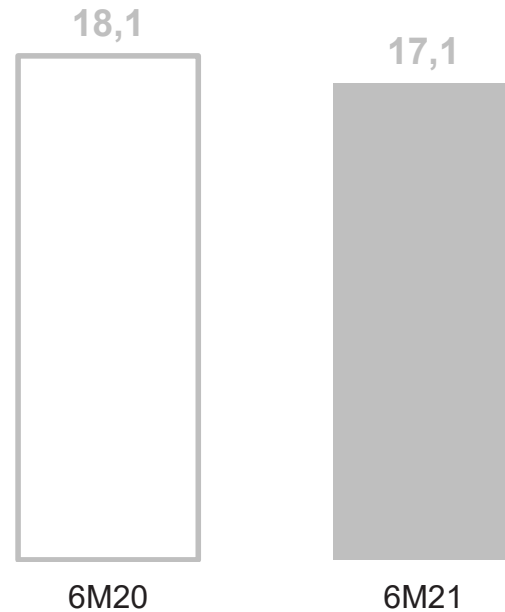


## Value Portfolio Segment

### Value Portfolio's Topline increased for the 2<sup>nd</sup> consecutive quarter...

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

Turnover



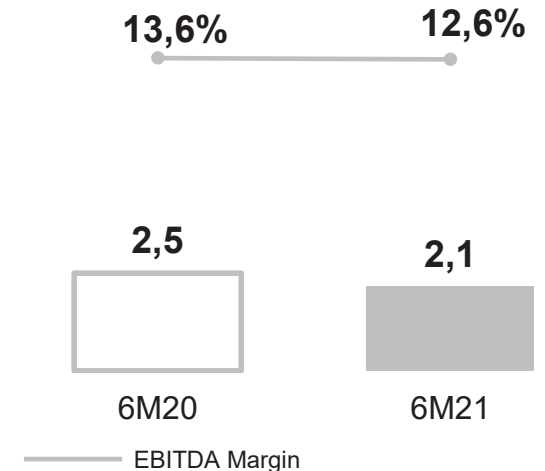
40% of Turnover generated abroad, 92% of which in Europe & ME (90% in 6M20).

**NOVABASE**

### Sound EBITDA margin despite YoY decline

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

EBITDA



# Key Figures



## EBITDA to Net Profit

## Net Profit from continuing operations increased 75% YoY

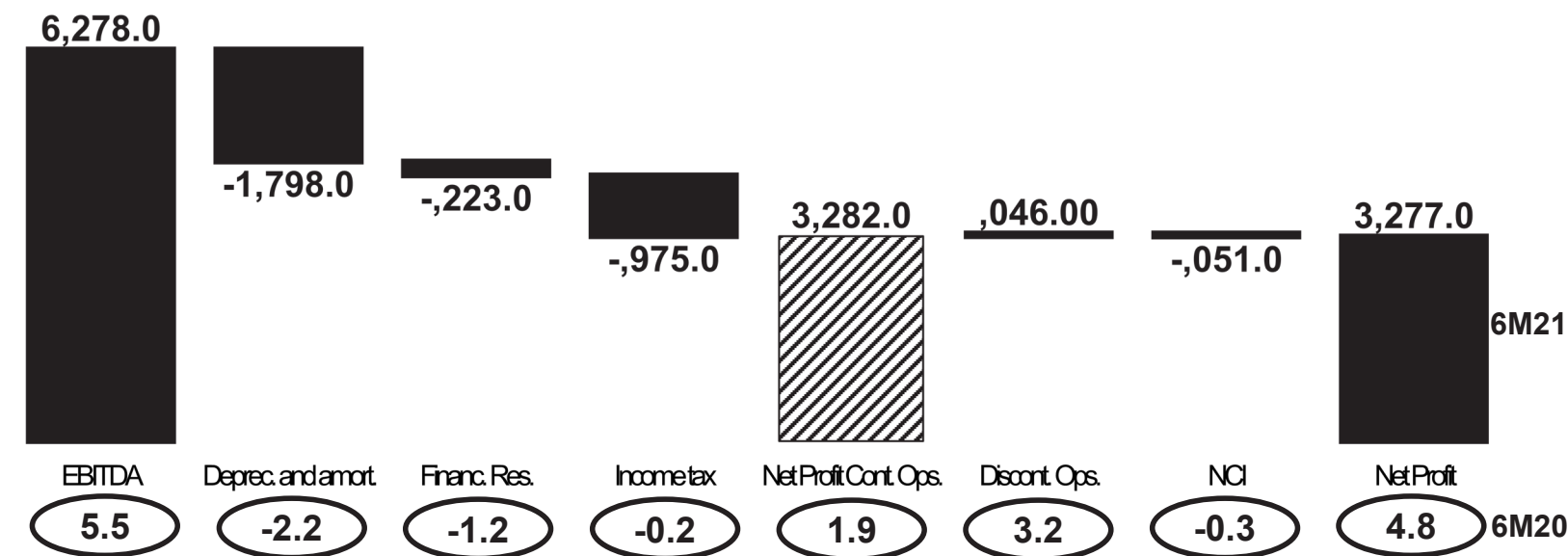
Financial results improved 1.0 M€ YoY, fundamentally due to the exchange differences recorded in foreign operations.

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

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

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

### EBITDA to Net Profit



NOVABASE

# Key Figures



Net Cash

## Solid Net Cash position of 51.9 M€

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

Net Cash



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

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

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

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

NOVABASE



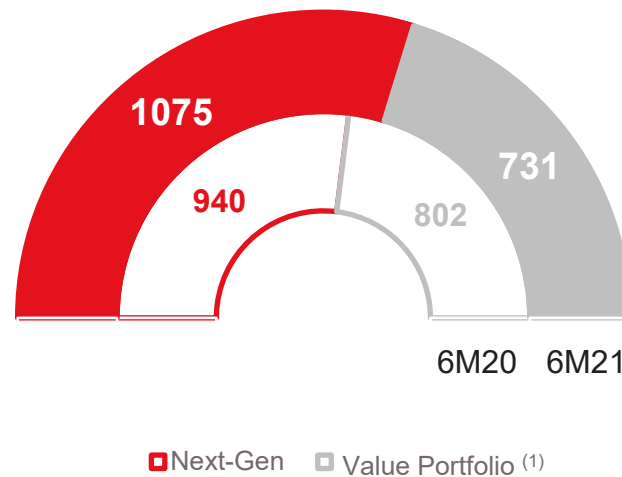
# Key Figures



## Talent

## Talent Pool of 1806 employees in 6M21

### Average Number of Employees



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

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

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

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

# Key Figures

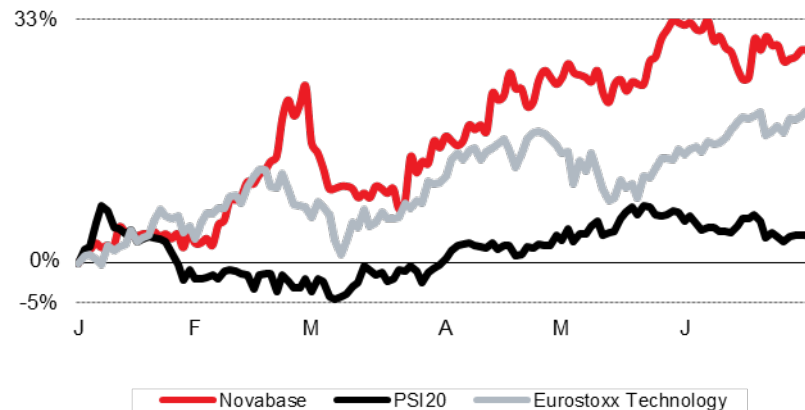


## Stock Market

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

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

Novabase and the Market



**NOVABASE**

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

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

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

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

**Free Float Velocity <sup>(2)</sup> represented 33% (39% in 6M20).**

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

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

# APMs



**In compliance with  
ESMA guidelines**

## Alternative Performance Measures

### Net Cash

**Net Cash** provides information on the level of cash and other bank deposits and marketable securities, after discounting the debts to financial institutions, **assisting in the analysis of the company's liquidity and its ability to meet non-bank commitments.**

The caption "Cash and cash equivalents" is simultaneously the item of the consolidated statement of financial position more directly reconcilable and more relevant to this APM.

The detail and breakdown of Net Cash, as well as the reconciliation in 6M21 and prior period, is analysed in the table on the right.

This APM and all its components contain no estimates or judgments made by Management.

	<b>FY20</b>	<b>6M21</b>
<b>Cash and cash equivalents</b>	71,929	68,510
<b>Treasury shares held by the Company <sup>(1)</sup></b>	2,172	2,815
<b>Bank borrowings - Non-Current</b>	(16,200)	(13,500)
<b>Bank borrowings - Current</b>	(6,400)	(5,900)
<b>Net Cash (Euro thousands)</b>	<b>51,501</b>	<b>51,925</b>

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

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

# About NOVABASE



## NEXT-GEN IT SERVICES COMPANY

### Company Information

**Novabase SGPS, S.A.**  
**Public Company**  
Euronext code: PTNBA0AM0006  
Registered in TRO of Lisbon and  
Corporate Tax Payer no.  
502.280.182  
Share Capital: 54,638,425.56 €  
Head Office: Av. D. João II, 34,  
1998-031 Lisbon - PORTUGAL

### Investors Relations

**María Gil Marín**  
**Chief Investors Officer**  
Tel. +351 213 836 300  
Fax: +351 213 836 301  
investor.relations@novabase.com

Report available on website:  
**www.novabase.com**

### Next Events

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

**Trading Update 9M21**  
November 4 (after market closure)

**NOVABASE**

# NOVABASE