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Relevant information

Trading Update 3M21

Lisboa, 20 May 2021

Novabase – Sociedade Gestora de Participações Sociais, S.A., under the terms and for the purposes of article 17 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council and article 248-A of the Portuguese Securities Code, discloses today to the market the results regarding the first three months 2021, whose essential features are included in the presentation attached.

In addition, it is further informed that a webcast on these results will be held today, at 5 pm Lisbon time (GMT+1). More information about registration can be found at www.novabase.pt.

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Novabase – Sociedade Gestora de Participações Sociais, SA

Public Company

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Share Capital: € 54,638,425.56

Lisbon Commercial Registry Office registration and legal person number 502.280.182

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Privileged Information

NEXT-GEN
IT SERVICES
COMPANY

NOVABASE

3M21

**TRADING
UPDATE**

May 20, 2021

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3M21 Outlook



CEO

Message from João Nuno Bento

“Novabase’s performance in 3M21 maintained the good trajectory observed in the last quarter of 2020. Growth QoQ is back to both segments, and as our target markets are showing signs of recovery, I believe the worst is now behind us.

Next-Gen Turnover climbed 11% YoY with a strong push from the Europe and Middle-East clients. The pandemic effect on the segment continues to be minor.

Value Portfolio Turnover recorded a 9% decrease YoY but gained 4% when compared with the last quarter of 2020. I believe this is a promising sign for 2021 as demand for IT services is rebounding in Portugal and Spain.

The main area of uncertainty for the next quarters is the new labour market dynamics. We have yet to understand how the recovery and post-pandemic will affect employees’ turnover and productivity. For now, we are expecting an increase in Talent attrition rate correcting the extremely low rates observed in 2020.

I believe Novabase is in a good position to benefit from improved market conditions, as indicated by this Trading Update good set of results.

As you may know, this is my last press release as CEO, position that will be voted for at the next GMS.

I would like to take this opportunity to thank all the Shareholders for the continuous support during these 3 years of service. They were the best 3 years of my professional career!

I wish all the best for Novabase and for the next Management Team!”

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3M21 in Review

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

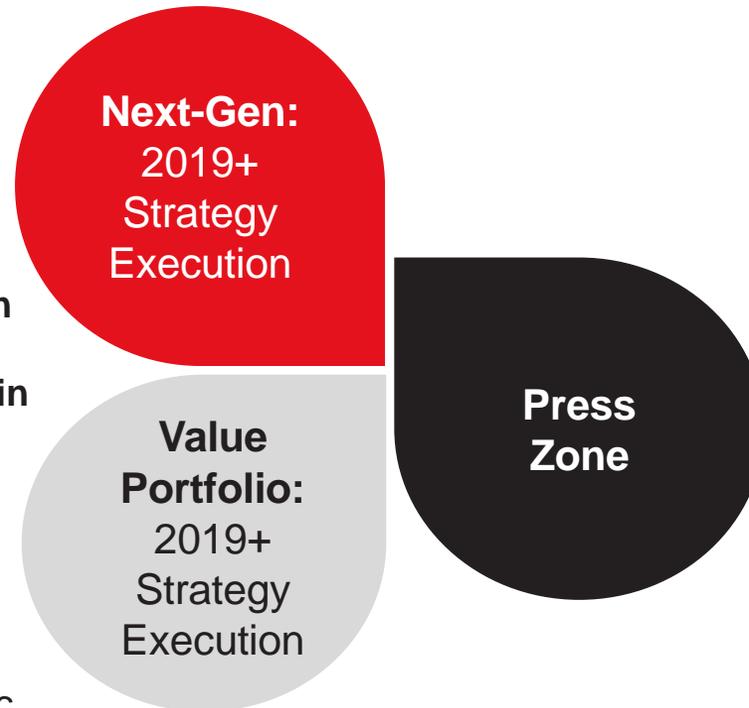
... and is on a strong operational course. Current portfolio is performing well, benefitting from a focus on resilient sectors and larger-sized customers.

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

Value Portfolio's performance QoQ improvement...

... 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 ⁽¹⁾

- **New brand architecture** || Comprises the brand pillars of Novabase universe (www.novabase.com).
- **Celfocus' eyes set on talent** || On March alone, Celfocus engaged in multiple initiatives, namely SINFO tech conference, SET - Business and Technology Week and the Electrotechnical and Computer Engineering Days.
- **Neotalent's New Digital Talent Ecosystem ⁽²⁾** || A recruitment platform using artificial intelligence and blockchain puts Neotalent in the pole position to transform the talent market.
- **Trust – before and after Covid ⁽³⁾** || 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 the PWIT Awards. Portuguese Women in Tech is a community created to spotlight women in the nation's technology ecosystem.

(1) Until this presentation date.

(2) January edition (no.121) of Human Resources Magazine.

(3) 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 quarter**, and a new general confinement was imposed. In Europe, our major target market, lockdowns were intermittent.

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** in this period, 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 in 3M21. 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 in 2H20, recorded improvements over the prior-quarter period.

Other impacts include delays in the M&A initiatives and in winning new clients of size, above all in Europe, due to travel restrictions, which should be maintained.

Novabase's prospects for 2021 depend heavily on the evolution of the pandemic and the success of the ongoing large-scale vaccination.

The 3M21 figures, the robust liquidity position, and our well-defined objectives are reassuring. Additionally, the liftings of some restrictive measures in Portugal and throughout Europe, and advances in global vaccination are encouraging news that reinforce Novabase's confidence in its strategic roadmap. Nevertheless, Covid-19 pandemic is still spreading globally, and the international landscape is complicated with high uncertainties and instabilities.

Financial Highlights

3M21 performance: Strong start to the year

- **Turnover increased 5% YoY**, with Next-Gen representing $\frac{3}{4}$ of Total
- **Europe & ME** accounts for **89% of Next-Gen International Turnover**
- **85% of Next-Gen Revenues captured from Top Tier clients**
- **Solid Net Cash** position of **53.8 M€**
- **Talent Pool** of **1767 employees**
- **NBA price increased 17%** since the beginning of the year, and 41% over the last twelve months
- **No relevant impacts booked in 3M21 due to Covid-19 pandemic**

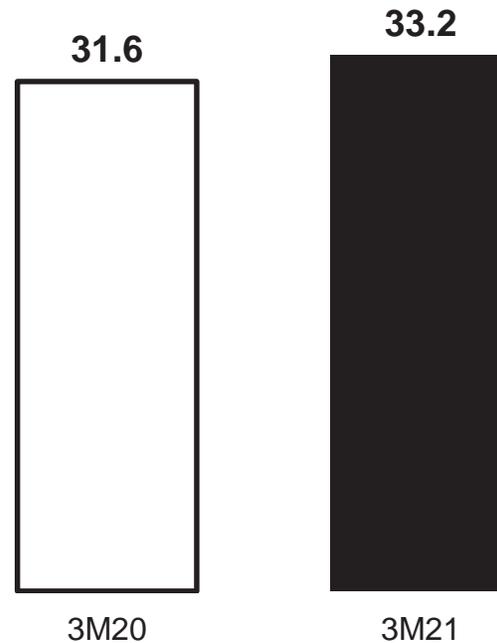
Key Figures



Turnover

Turnover grew by 5% YoY, with Next-Gen representing $\frac{3}{4}$ of Total...

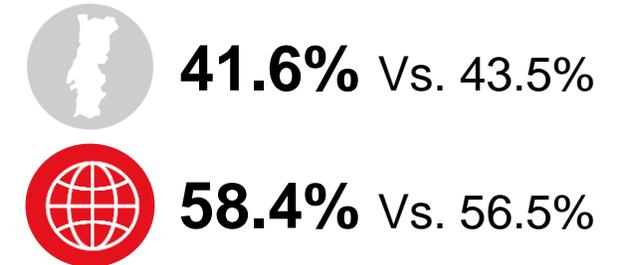
Turnover



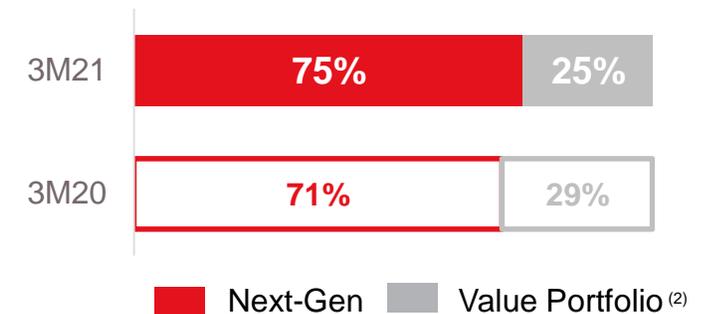
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... despite nationwide lockdowns in Portugal and all over Europe for most part of this quarter, against the initial pandemic shutdowns in the previous year, which affected only the end of Q1.

Breakdown by Geography (%) ⁽¹⁾



Breakdown by Segment (%)



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

(2) Value Portfolio includes holding / shared services.

Key Figures

Double-digit growth in Next-Gen's Turnover, of +11% YoY

Led by 15% growth YoY in international operations.

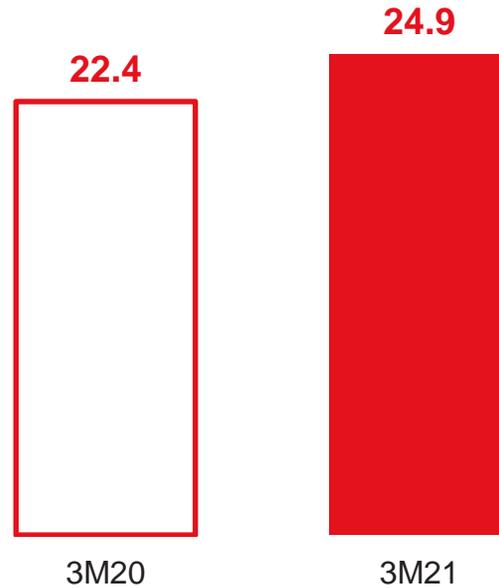
Next-Gen's Turnover generated outside Portugal reached 65%, exceeding pre-pandemic level.

Operations in Europe and the Middle East – which accounts for 89% of this segment's international business – increased by 20% YoY. Exposure to Africa declined by 21% YoY.



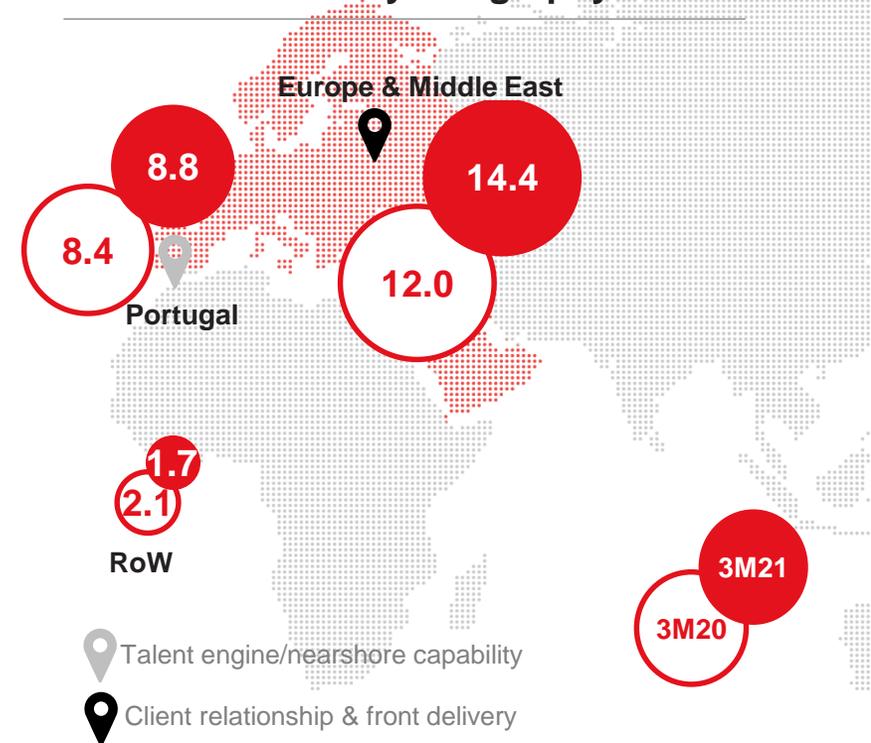
Next-Gen Segment

Turnover



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Revenue by Geography



Key Figures

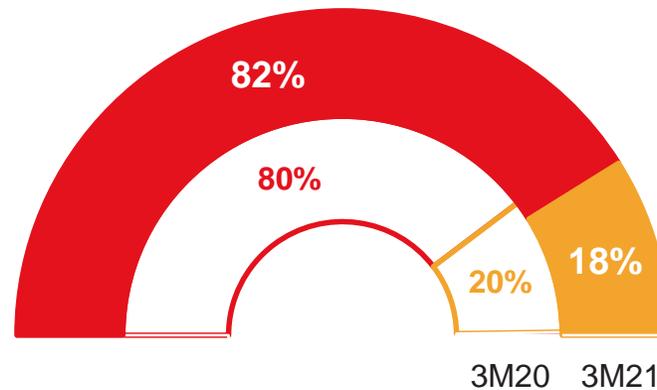


Next-Gen Segment

Next-Gen focused on Telco in 3M21

... and working on its Multi Industry approach, delayed due to the pandemic.

% of Revenues by Industry



■ Telco ■ Financial Services

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Top Tier clients Revenues grew by 11% YoY

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

% of Revenues from Top Tier clients ⁽¹⁾



Total number of clients was 109 for both periods.

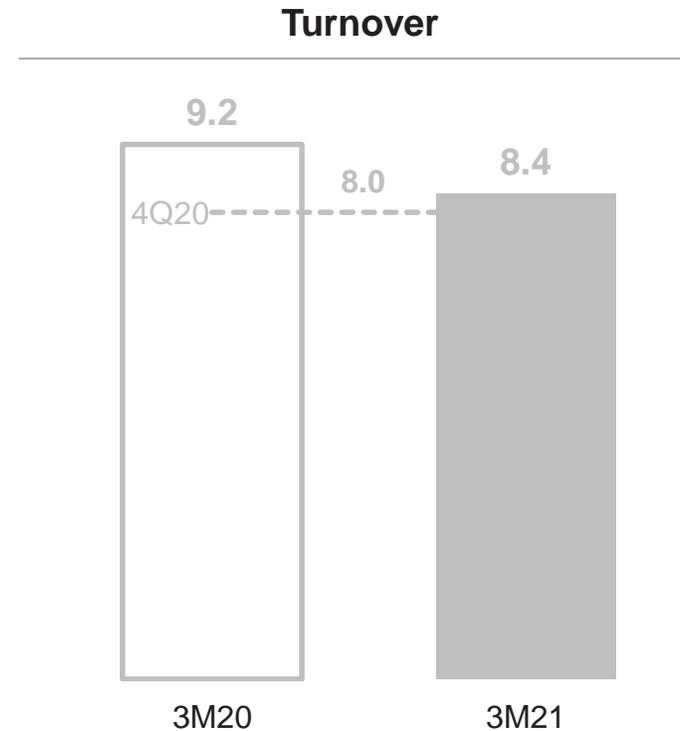
(1) Top Tier clients (>1 M€) considers the Trailing 12 months. 11

Key Figures



Value Portfolio Segment

Value Portfolio's Q1 Turnover increased 4% Vs. Q4 2020



Positive signs of **recovery**, after the **slowdown** observed from **March 2020 onwards** due to the pandemic, on **IT Staffing business outside Portugal**, but still below when compared with 3M20 record high (-9%).

40% of **Value Portfolio** Turnover is generated **outside Portugal**.

Europe & ME accounts for **93%** of international operations.

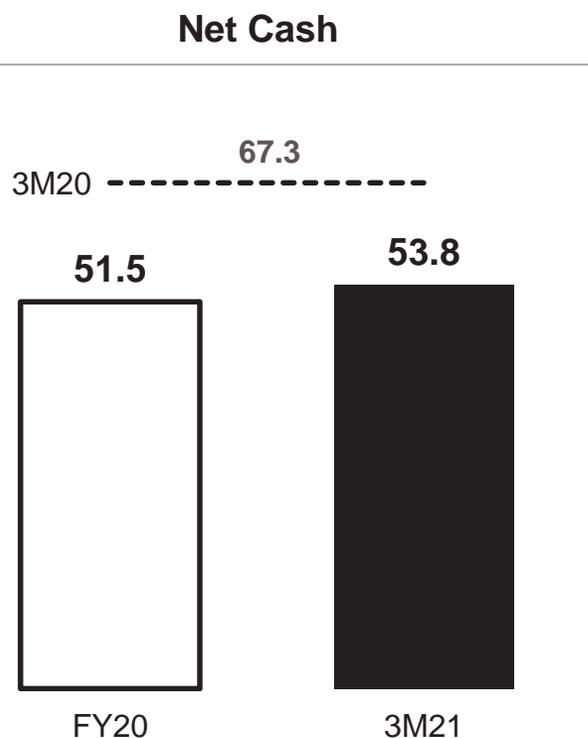
Key Figures



Net Cash

Cash generation of 2.3 M€ in 3M21

Solid Net Cash position of 53.8 M€ to support investments in 2019+ Strategy and face the Covid-19 pandemic context.



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

Cash generation during the first quarter 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. 12.5 M€ in 3M20 and 4.3 M€ in FY20).

Net Cash decreased YoY impacted by the M&A cash flows, totalling -16.8 M€ (mainly from the acquisition of Celfocus and the GTE disposal price adjustment).

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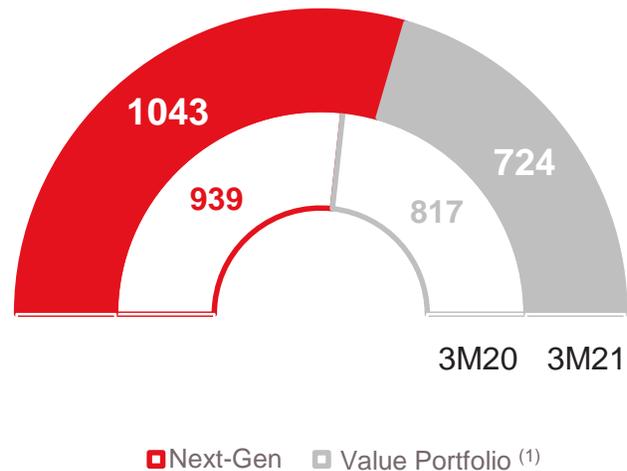
Key Figures



Talent

Talent Pool of 1767 employees in 3M21

Average number of Employees



- (1) Including holding / shared services representing 79 employees in 3M21 (85 in 3M20).
- (2) Is determined by the formula: number of leaves at the employee's initiative ÷ average number of employees.

In total terms, Talent pool remained stable, +1% YoY (1756 in 3M20). However, observing the breakdown by segment, **the mix shows a 11% growth in Next-Gen**, which already represents 59% of Total, in line with the strategic objectives.

Next-Gen Turnover per employee in line with the 3M20 figure, following the successful execution of management overhaul and synergies achieved.

Annualised attrition rate⁽²⁾ of Next-Gen is 18.4% in 3M21 (14.5% in 3M20), which we believe to be a correction towards the unusually low figures recorded in 2020, also reflecting the new labour dynamics.

Key Figures

NBA price increased 17% in 3M21, and 41% 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 2nd consecutive year.**

Novabase outperformed the reference indexes, PSI20 and EuroStoxx Technology, which increased 1% and 12%, 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, to be held on May 25. **The commitment to distribute 1.5 €/share in 2019-2023 ⁽¹⁾ was reaffirmed.**

The average price target disclosed by Novabase's analysts is **5.25 €**, with unanimous recommendation to buy. **The average upside is 39%.**

Market Capitalization at the end of 3M21 is **118.4 M€**, implying a **ttm Price to Sales of 0.94x.**

Free Float Velocity ⁽²⁾ represented 35% (33% in 3M20).

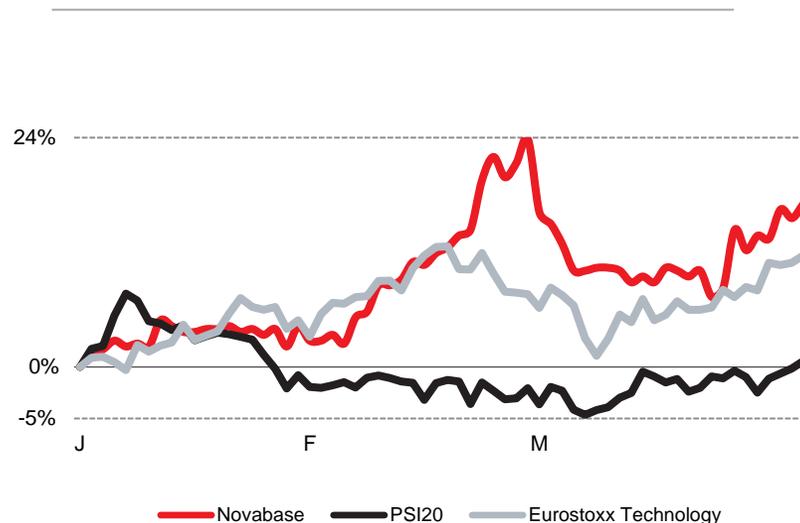
(1) According to Strategic Update 2019+, from which 0.65 €/share were already paid.

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



Stock Market

Novabase and the Market



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APMs

Alternative Performance Measures



**In compliance with
ESMA guidelines**

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 3M21 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.

	FY20	3M21
Cash and cash equivalents	71,929	72,681
Treasury shares held by the Company ⁽¹⁾	2,172	2,551
Bank borrowings - Non-Current	(16,200)	(15,300)
Bank borrowings - Current	(6,400)	(6,150)
Net Cash (Euro thousands)	51,501	53,782

	FY20	3M21
Treasury shares held by the Company	676,611	676,611
Closing price @ last tradable day (€)	3.210	3.770
Treasury shares held by the Company (Euro thousands)	2,172	2,551

(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
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Report available on website:
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Next Events

General Meeting of Shareholders
May 25, 2021
(3 pm GMT+1)

**Roadshow BofA / AERI Made in
Iberia 2021: June 22-23**

1H 2021 Results Release
July 29, 2021 (tbc)
(after market closure)

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