NOVABASE

ANNUAL GENERAL MEETING OF SHAREHOLDERS
25 May 2021

NOVABASE - Sociedade Gestora de Participações Sociais, S.A.

Public Company

Registered Office: Av. D. João II, no. 34, Parque das Nações, Lisbon
Share Capital: 54,638,425.56 Euros
Lisbon Commercial Registry inscription and corporation number 502.280.182

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 1 ON THE AGENDA:

To resolve on the Management Report (which includes the Corporate Governance Report as attachment) and Accounts for the 2020 financial year.

Under the terms and for the purposes of article 376, no. 1, paragraph a) and article 508-A, nos. 1 and 2 of the Commercial Companies Code and the applicable articles of association provisions, it is hereby proposed that the Meeting approve the Management Report and Accounts for the 2020 financial year.

Lisbon, 29 April 2021

THE BOARD OF DIRECTORS

Luis Paulo Salvado

João Nuno Bento

NOVABASE

ANNUAL REPORT
2020

LISBON

NOVABASE

MANAGEMENT REPORT

LISBON

CHAIRMAN'S MESSAGE

Dear Shareholders,

The progress we achieved in 2020 was clearly positive, even though the year was marked by Covid-19. This was only made possible by the commitment of the entire NOVABASE team, to whom I give my thanks.

We successfully wrapped up three strategic M&As, particularly our acquisition of a 100% stake in Celfocus – which allowed us to accelerate our transformation of the Next-Gen business – and had sound financial performance.

These results bear out the Board of Directors' strategic focus and prove the valorisation potential of our assets.

We created the Pandemic Task Force, efficiently addressing the numerous challenges which arose, and always putting the safety and health of people first.

We updated policies and regulations to improve transparency, oversight procedures, corporate governance and the creation of sustained value.

We celebrated 20 years on the stock market, and were congratulated by Euronext Lisbon for our best practices, resilience and ability to reinvent ourselves over this time. We re-entered the PSI20 and our stock went up 24%, well above this index and the Eurostoxx Technology index.

The transformation we have started is now underway, while the path we have taken gives us confidence. Nevertheless, we still face tremendous challenges ahead. Winning new clients of size, above all in the European area, together with attracting and retaining talent in an increasingly more competitive market are just some examples.

The greatest challenge, however, will be achieving our immense potential. This will require changes – some profound – from adopting new organizational models to overhauling mindsets and even our own ecosystem.

This will take courage, a willingness to take risks and great determination. These ingredients are part of our history and, I believe, will also be part of NOVABASE's future!

Luís Salvado

CEO'S MESSAGE

Dear Shareholders,

I am truly proud of the work done by the entire community of the NOVABASE Group in 2020!

Our 2020 results largely surpassed expectations in a very difficult year. NOVABASE showed maturity and resilience, coming together as one to face the Covid-19 pandemic.

I am also truly satisfied, at the end of this term of office, for delivering a NOVABASE which is focused on executing its strategy, is more sustainable and knows exactly where it is headed.

I would like to have done even more from the standpoint of transformation, but the pandemic did not facilitate these efforts.

Allow me to highlight several goals achieved in 2020:

Integration of Next-Gen business – After acquiring the stake in Celfocus held by our partner and customer Vodafone, we integrated the vertical areas of Telecommunications and Financial Services to create the hub for the Next-Gen segment;

Robust growth in Turnover – NOVABASE grew 9.9%, with the NextGen segment up 11%, thereby reaffirming our Next-Gen volume goal for 2023;

Improved Profitability – EBITDA as a percentage was 9.5%, validating our focus on segments with higher profitability and investments in strategic initiatives;

Creation of Value for shareholders – NOVABASE share price in 2020 increased 24%, comparing positively against reference indices (PSI20: -6% and STOXX: 14%);

Management of Covid-19 crisis – We reacted swiftly and earned the trust of our community, as clearly demonstrated in surveys (98% are confident in NOVABASE's leadership in making the right decisions; 83% are very or extremely trusting).

Since this is the last year of the 2018-2020 term of office, I would also like to share some remarks about this period.

Today's NOVABASE is a company transformed compared to what it was in May 2018, when the current Board of Directors' term of office began. Its strategy is clear, shared and known by all stakeholders. It completely controls its strategic assets, and has clear goals set for each one.

Its driver of growth is focused on an expanding market segment, while it grows organically above the market.

Today's NOVABASE is a sustainable company. It is a leader in developing talent, with a sound financial standing and improved risk profile. It cultivates a culture of equality and diversity.

This term of office has been a time of transformation. The groundwork has been laid for NOVABASE to assert itself in the Next-Gen segment. There is still much more to do, but with courage, dedication and talent, NOVABASE will continue to thrive.

Thank you for your continued support.

Cheers,
João Nuno Bento

HIGHLIGHTS 2020
ACTIVITY

2019+ STRATEGY EXECUTION
NEXT-GEN: RELEVANT ACQUISITION COMPLETED

Next-Gen was strengthened with the acquisition of Vodafone Portugal's equity stake in Celfocus, for an initial price of 20 M€ subject to adjustments.

Full ownership of Celfocus is key to NOVABASE's strategy of becoming an "Next-Gen IT Services Company", enabling the Group to allocate resources and explore synergies in a more efficient way.

VALUE PORTFOLIO: GENERATING VALUE TO FUND NEXT-GEN

NOVABASE continued successfully delivering on its strategy, with the sales of Collab and GTE Business [1], which combined represented a divestment of over 60% of the Value Portfolio segment revenues [2]:

- Sale of NOVABASE's equity stake in Collab to the swedish Netadmin System I Sverige AB, for a 2019 Price to Sales multiple of 0.92x, subject to adjustments;
- Adjustment to consideration on the sale of GTE Business, raising the 2019 Price to Sales multiple of this transaction to 1.12x.

[1] Accounted in 2019.
[2] Baseline 2018 (previous to Strategic Update 2019+).

COVID-19
STRONG PERFORMANCE DESPITE THE PANDEMIC

2020 was marked by the outbreak of the Covid-19 pandemic crisis, the disease caused by the novel coronavirus. An agile decision-making process allowed NOVABASE to rapidly adapt processes and action plans in response to the pandemic, ending 2020 with a double-digit growth in Turnover, solid operating results and a positive evolution in relevant KPIs of the 2019+ Strategy. NOVABASE also believes that its strategy will not be affected, in fact, the pandemic may even pave the way towards an acceleration of the digital economy, where the Company will have a relevant role.

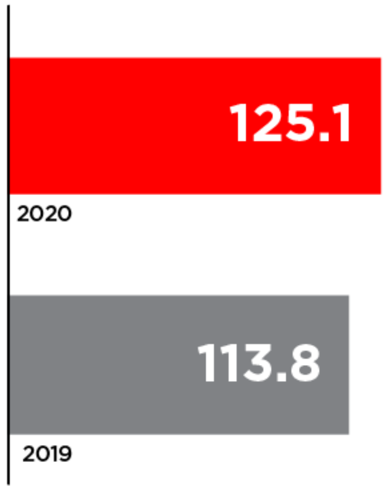
PRESS ZONE
NOVABASE ON THE NEWS

- 3/11 || NOVABASE re-entered PSI20 as of March, 23.
- 4/23 || NOVABASE President Luís Salvado met with the President of Portugal, to discuss the impact of the pandemic and prospects on IT sector.
- 7/6 || Euronext Lisbon CEO congratulated NOVABASE for its 20 years of stock market, marked by the adherence to good practices, resilience and ability to reinvent itself.
- 7/9 || NOVABASE was awarded as the most innovative company in people management by the Human Resources Portugal Magazine, for the 2nd year in a row.
- 10/28 || NOVABASE Shareholders Agreement Subscribers reported the intention to propose Luís Salvado as Chairman and CEO for the next mandate (2021 to 2023).

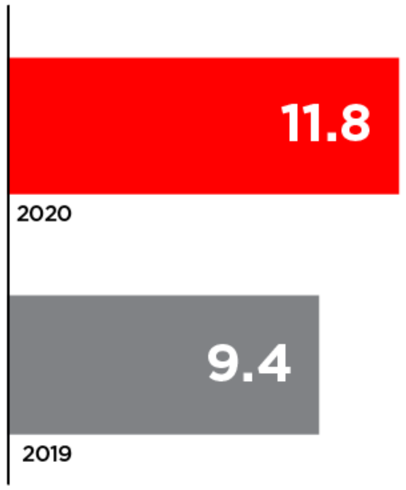
HIGHLIGHTS 2020
FINANCIAL HIGHLIGHTS

AMOUNTS IN M€, EXCEPT OTHERWISE STATED
2019 RESTATED (DO NOT INCLUDE COLLAB)

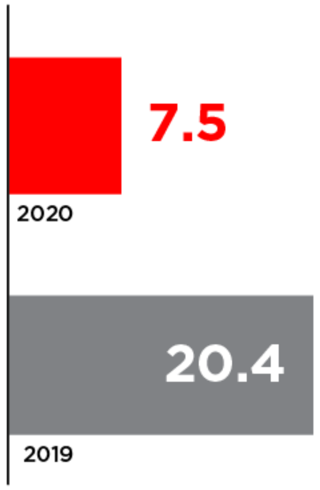
TURNOVER



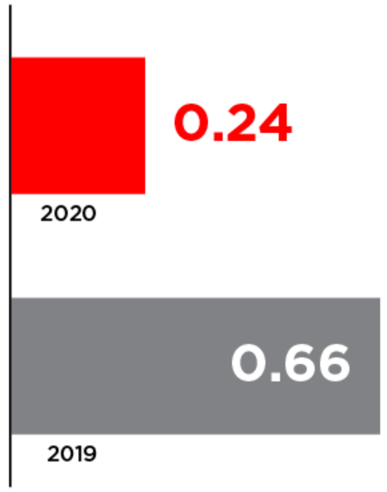
EBITDA



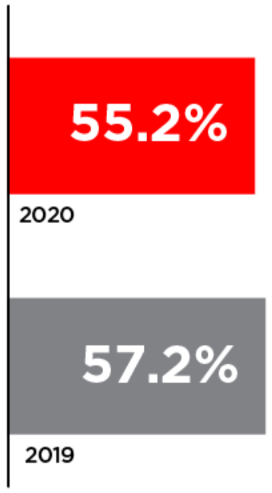
NET PROFIT



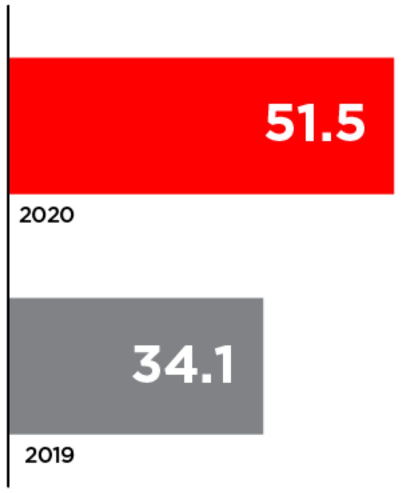
EPS (€/SHARE)



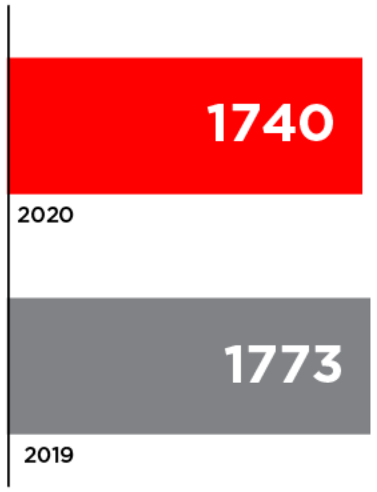
INTERNATIONAL BUSINESS (%)



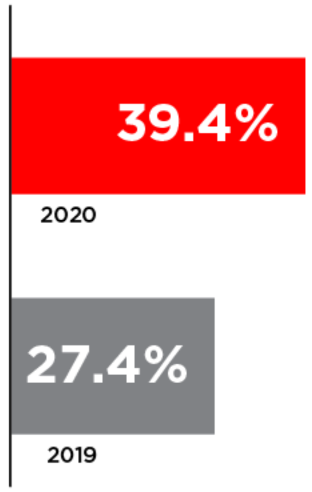
NET CASH



EMPLOYEES (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 10 May 2018 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for the three-year period of 2018-2020), the elected Board of Directors delegated NOVABASE's daily management to an Executive Committee supervised by the non-executive directors.

In 2019, the election of Paulo Jorge de Barros Pires Trigo as a new member of NOVABASE's Board of Directors, together with his inclusion on NOVABASE's Executive Committee, was approved in the General Meeting of Shareholders dated 26 September 2019. This election was proposed under NOVABASE's updated strategy for 2019 and beyond (2019+ Strategic Update) and as part of the Company's reorganization into two new operating segments (further explained in point 21 of the Corporate Governance Report, which forms an integral part of this Consolidated Report and Accounts), given the urgent need to match the structure of NOVABASE's managing board to the 2019+ Strategic Update to reflect its focus on the Next-Gen segment.

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 surrogate, 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

2019+ STRATEGY

In the wake of in-depth strategic reflection beginning in 2018 on the company's future, in 2019 NOVABASE communicated an updated strategy for 2019 and beyond (2019+ Strategic Update), whose key features are recalled:

- NOVABASE intends to become a "Next-Gen IT Services Company";
- Its strategic positioning will be propelled by great Talent and Technology;
- Bulk of Transformation should occur until 2021;
- Next-Gen as the core segment, being the primary goal to accelerate its growth (organically and through M&A), by focusing on high-value customers and markets, in order to double Turnover (versus 2018) with double-digit operating margins by 2023;
- Value Portfolio segment profitable to fund Next-Gen's Transformation and growth;
- Increase visibility with investors;
- Return of any excess funds to shareholders (expected shareholder remuneration of 1.5 Euros per share for the 2019-2023 horizon [1]).

With this strategic direction, NOVABASE intends to increase its investment in the disruptive technologies of the digital economy, to develop and better leverage the potential of staff and recent graduates coming out of Portuguese universities, and to deploy its solutions to more and larger clients in Europe and the Middle East.

NOVABASE entered 2020 in this context, prepared to face the challenges already known: the growing competition to attract talent and attracting a new client base, particularly outside of Portugal.

There was no way to predict what would also occur: the outbreak of the Covid-19 pandemic, the disease caused by the novel coronavirus, which raised the challenge. However, as history has already shown, NOVABASE has experienced teams in dealing with situations of enormous adversity and resilience is one of its main strong points.

Thus, despite the increased challenges, NOVABASE was able to execute key milestones towards its strategic objectives in 2020, continued to grow in a profitable way and strengthened its balance sheet, as will be analysed ahead.

The 2020 results allow NOVABASE to reaffirm its long-term vision of delivering sustainable value to all stakeholders.

[1] Including values payed since 01.01.2019.

RELEVANT INFORMATION

In 2020, NOVABASE executed three relevant strategic M&A moves:

- **Acquisition of Vodafone Portugal's equity stake in Celfocus**

On April 24, 2020, NOVABASE has entered into a sale and purchase agreement with Vodafone Portugal, S.A. ("Vodafone") to buy the shares representing Vodafone's equity stake in Celfocus, S.A. (45.001%).

The agreed purchase price for Vodafone's entire shareholding was 20 M€, fully paid on April 30, 2020.

There may be an additional price adjustment of 7.5 M€, to be paid for in services, which could raise the final purchase price to a maximum of 27.5 M€, as a result of possible annual adjustments until 2023 related to service hiring guarantees of 10 M€ per year for three years given by Vodafone.

Due to the importance of this transaction for the execution of the strategy and given NOVABASE's financial robustness, the Board of Directors approved the acquisition, despite the current context of uncertainty. This transaction did not require any significant guidance reframing regarding the Strategic Update 2019+.

To be noted that in 2019 Celfocus employed over 650 employees and had a 65 M€ Turnover, EBITDA of 6.3 M€ and cash holdings of 16.1 M€. Prior to this transaction, NOVABASE held a 54.997% stake in Celfocus, S.A..

- **Sale of NOVABASE's equity stake in Collab to the swedish Netadmin System i Sverige AB**

On March 19, 2020, NOVABASE and Netadmin System i Sverige AB entered into a sale and purchase agreement for all shares representing COLLAB – Soluções Informáticas de Comunicação e Colaboração, S.A. share capital, subsidiary held in 72.45% by NOVABASE Business Solutions, S.A. and in 17.75% by Fundo Capital Risco NB Capital. The completion of the sale and purchase also occurred on this date, with the delivery of the shares against payment of part of the price.

The agreed initial purchase price was 6 M€, to which a potential annual earn-out may be accreted, up to a maximum of three annual periods, depending on COLLAB's performance, as set out in the agreement.

Of the agreed initial purchase price, 1.5 M€ was temporarily held by the purchaser, as foreseen in the sale and purchase agreement. On November, the purchaser paid 1 M€ referring to the 'Holdback Amount'. The agreed purchase price is still subject to positive or negative price adjustment clauses agreed between the parties. Additionally, a discussion on the Holdback Amount paid in November is underway.

As a result of this transaction, NOVABASE recorded in 2020 a capital gain amounting to 0.3 M€, which falls within the range of 0.1 M€ to 0.8 M€ of estimated capital gain disclosed, but still subject to adjustments.

To be noted that this subsidiary represented a 6.5 M€ Turnover in 2019 and employed around 60 employees.

- **Adjustment to consideration on the sale of GTE Business**

On May 11, 2020, NOVABASE and VINCI Energies Portugal, S.A. ("purchaser") confirmed a net adjustment to the price initially paid by the purchaser for the sale of the Application and Data Analytics business for the Government, Transport and Energy sectors ("GTE Business") and the verification of the earn-out, which was dependent upon the final performance of the GTE Business in the financial year of 2019.

It is recalled that NOVABASE entered into a sale and purchase agreement with VINCI Energies Portugal, S.A. for its GTE Business as at November 4, 2019, and that the sale was substantially completed at the end of 2019, after verification of the relevant conditions precedent under the Agreement, with the agreed purchase price paid on January 9, 2020.

As a result of these events, the consideration obtained by NOVABASE increased to 39.3 M€, corresponding to the sum of the price initially agreed of 33 M€, the earn-out of 3 M€ and the net adjustment of the remainder.

Considering the final consideration obtained, the capital gain on the sale of the GTE Business reached 14.9 M€, so a 2.9 M€ adjustment to the capital gain was recorded in 2020 (NOVABASE had already recognised a capital gain of 12.0 M€ in 2019). The 2020 accounts also reflect the cash inflow of the total consideration on the sale, of 35.4 M€.

2020 was strongly marked by the outbreak of the Sars-Cov-2 pandemic. The world economy contracted at a substantial rate, following the implementation of restrictive measures on economic activity and mandatory worldwide lockdowns. The Companies were forced to adapt overnight to new ways of doing business and to address the new challenges and risks of the pandemic. Managing uncertainty took on a whole new meaning.

- **Covid-19 impacts**

Since its inception, NOVABASE has been monitoring carefully and permanently all developments related to the pandemic, having created a Contingency Coordinating Group for the management of this crisis, led by the CFO in alignment with the Management of each business. A contingency plan based on concrete and concerted actions was implemented, covering the entire organisation, from the operational areas to the central structures, with the main priorities being to ensure safety, health and well-being for all individuals in the NOVABASE community and to preserve the company's financial strength.

Agile and efficient decision-making processes allowed NOVABASE to rapidly adapt processes and action plans in response to the pandemic, with the aim of mitigating its effects, namely:

- All bureaucratic processes were adapted in order to eliminate or minimise travel, and infrastructures were reinforced, which provided conditions for nearly 100% of employees to work remotely, ensuring both safety, health and well-being for the NOVABASE community and clients business operations continuity. Our Nearshore Agile Delivery Model proved fit for the new "work from home" context and our flexible mindset contributed to keep people engaged;

- Still, and so that employees could continue to use NOVABASE's facilities safely whenever necessary to perform their jobs, safety and hygiene measures in the workplace were reinforced, namely the layouts' reorganisation in order to maintain social distancing, the implementation of Covid-specific signage, namely to circulation, the measurement of employees' temperature upon arrival, the distribution of hand sanitiser at its facilities, the provision of personal protective equipment to employees and regular preventive disinfections to the facilities, which were awarded with the COVID OUT seal by ISQ;

- Internal medicine appointments were extended to digital channels, new conditions with the insurance company, within the scope of health insurances at employee's choice, were negotiated, with enhanced coverage for Covid-19, and new benefits were designed to support employees in purchasing office and wellness equipment to create a comfortable home office. In addition, and considering the risks associated with remote work which may impact employee's mental health, several webinars delivered by experts on emotional health and performance were held, also counselling sessions with psychologists and physical and mental well-being activities online were made available;

- With regards to NOVABASE's financial sustainability, and as a preventive measure aimed at ensuring its financial resilience and competitiveness, the Board of Directors reversed its initial intention of proposing to the 2020 General Meeting of Shareholders a distribution to the shareholders of 0.85 Euros per share, postponing such distribution to a more suitable moment.

In terms of 2020 impacts associated with Covid-19, NOVABASE highlights:

- Financial – no relevant negative Covid-19 effects were recorded except for a minor EBITDA effect on the IT Staffing Business abroad (coincident with localised stringent lockdowns), but overall mitigation in this Business was possible. NOVABASE recognised incremental costs associated with Covid-19, namely related to personal protection equipment and additional security and hygiene measures amounting to approximately 115 thousand Euros. On the other hand, savings in Travel were made.

- Strategy – NOVABASE was able to successfully execute key milestones in its Transformation, as previously mentioned.

- Human Resources – since the beginning of the pandemic and up to date, the number of confirmed cases within NOVABASE employees is low, and the last monthly survey ("Pulse Check") showed that 83% of respondents are "Very Confident" or "Extremely Confident" on their leadership to make the right decisions on the pandemic, indicators that reveal confidence that the protection measures adopted were effective. Covid-19 may also have played a role in decreasing the attrition rate YoY.

- Accounting - NOVABASE reassessed the risks to which is exposed to and the key sources of estimated uncertainty, not having identified material changes triggered by the Covid-19 pandemic (more information on this matter can be found in the "Quantitative and qualitative information on the impacts of Covid-19" note included in the Accounts, an integral part of this Consolidated Report and Accounts).

Looking into the future, NOVABASE does not have reasons to believe that its strategy will be affected, in fact, the pandemic may even pave the way towards an acceleration of the digital economy, where NOVABASE will play a relevant role. Telecom emerges as one of the least affected sectors, and the Digital, Cognitive and Automation technologies are in high demand. Additionally, NOVABASE benefits from a very high-quality base of customers, a robust liquidity position and adequate capital levels, reasons that enables to face the future with confidence.

Nonetheless, a high degree of uncertainty remains in the pandemic context, with news concerning new and more contagious strains of the virus circulating and longer and/or stricter lockdowns expected – even with a global vaccine rollout in place.

Driven by this uncertain context, the Board of Directors decided not to propose any shareholder remuneration on the 2021 General Meeting of Shareholders, however reaffirming the commitment to distribute 1.5 Euros per share in the 2019-2023 strategic cycle - which means a remuneration of 0.85 Euros per share to be paid ahead.

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

As far as it is possible to anticipate, the M&A initiatives foreseen in the Strategic Plan are likely to be delayed due to the present market volatility and attracting new customers should remain challenging under the current travel restrictions,

which may influence growth prospects in 2021. However, the impact on the results of NOVABASE's operations cannot be determined, given the unpredictability regarding the duration, magnitude and consequences arising from the ongoing global pandemic.

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

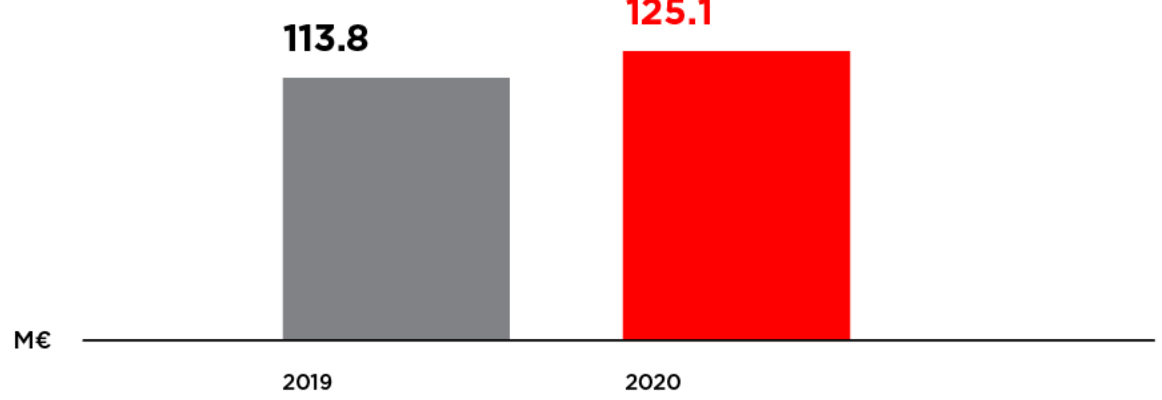
Following the sale of Collab, the comparatives of profit and loss and comprehensive income were restated in order to present continuing operations separately from discontinued operations (it is recalled that in 2019 the GTE Business had already been discontinued).

There were no relevant impacts due to the Covid-19 pandemic in 2020.

TURNOVER

Turnover increased 10% YoY, with Next-Gen representing 73%

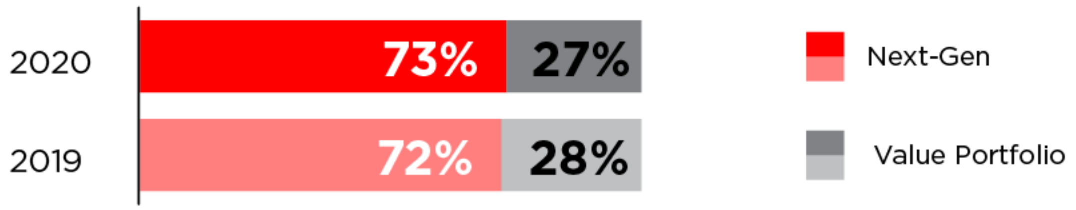
TURNOVER



BREAKDOWN BY GEOGRAPHY (%) [1]

PT **44.8%** Vs. 42.8% **WW** **55.2%** Vs. 57.2%

BREAKDOWN BY SEGMENT (%)

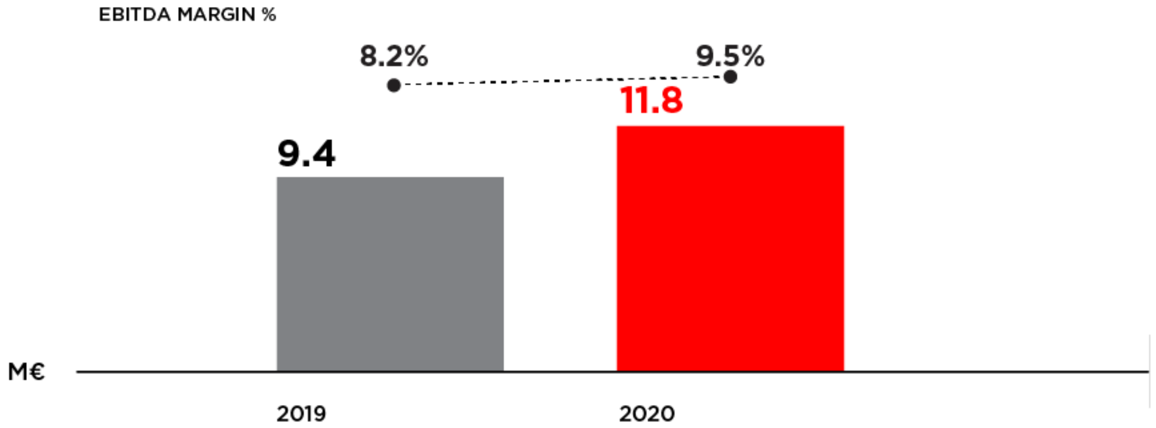


[1] Turnover by geography is computed based on the location of the client where the project is delivered.

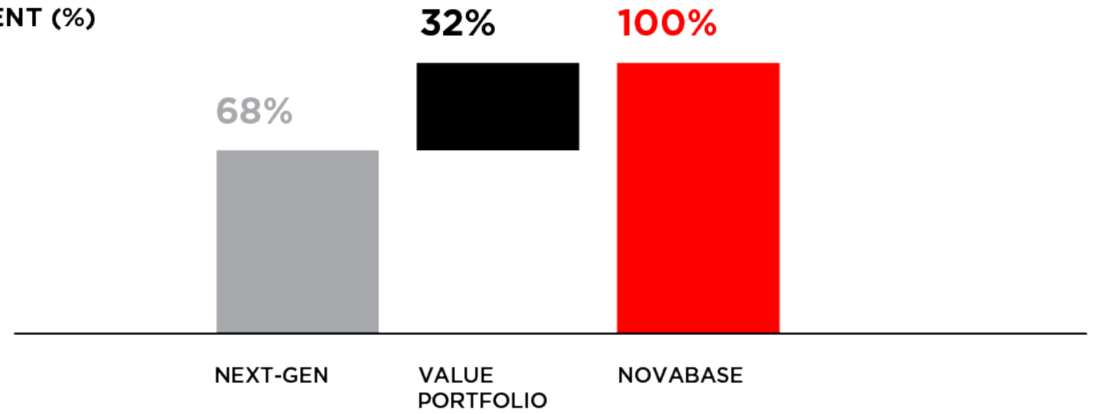
EBITDA

EBITDA of 11.8 M€, leveraged by Next-Gen

EBITDA



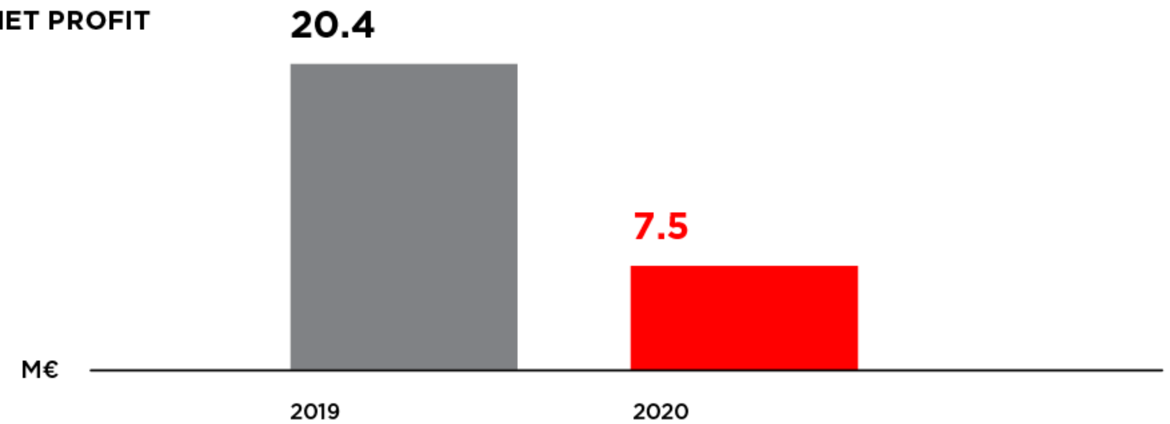
BREAKDOWN BY SEGMENT (%)



NET PROFIT

Net Profit of 7.5 M€

NET PROFIT

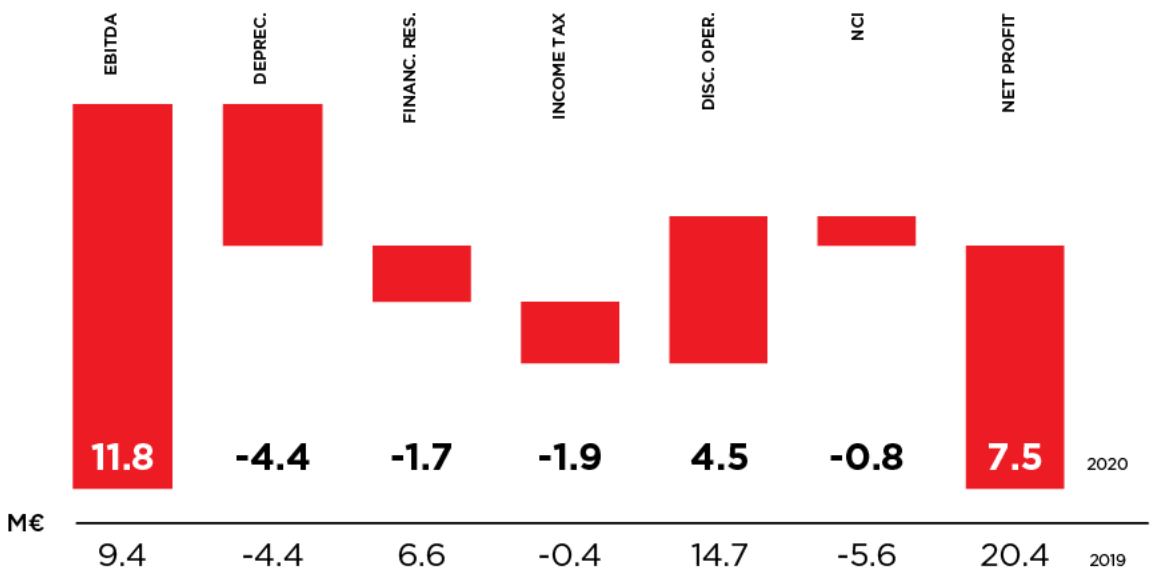


Net Profit includes discontinued operations in the amount of 4.5 M€ in 2020, which compares to 14.7 M€ in 2019.

EBITDA TO NET PROFIT

Total Earnings Per Share reached 0.24 Euros (0.66 Euros in 2019)

EBITDA TO NET PROFIT



Financial results decreased 8.4 M€ YoY, owing to the 8.1 M€ re-evaluation of the FeedZai investment recorded in 2019.

Non-taxable gains from the venture capital activity in 2019 and a YoY decrease in the SIFIDE research and development tax incentives explain the Income Tax charge increase, of +1.5 M€ YoY.

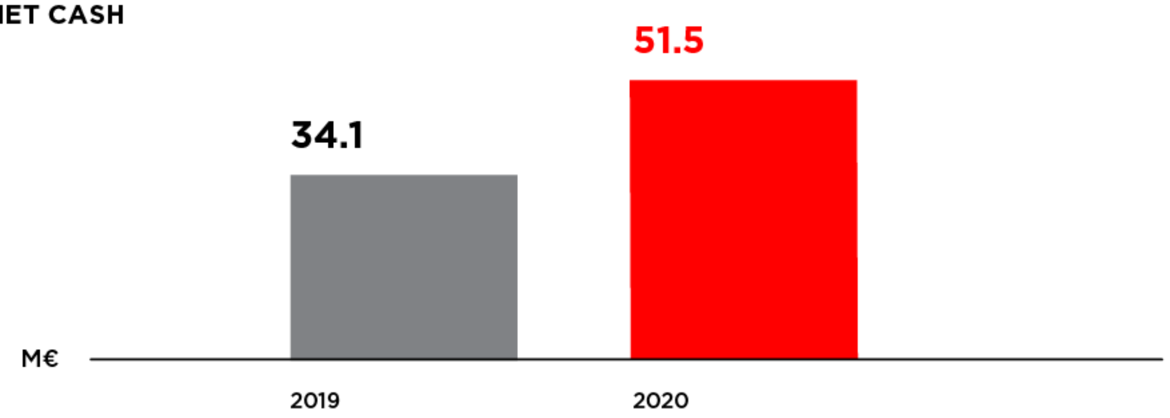
Discontinued operations – meaning GTE Business and COLLAB – reached 4.5 M€ in 2020, which comprises 3.3 M€ of capital gains on the sale of businesses / subsidiaries and 1.2 M€ of R&W provisions reversal. In 2019, this heading already included 12.0 M€ of gain on the GTE Business disposal.

Evolution of Non Controlling Interests (NCI), of +4.8 M€ YoY, is essentially explained by the NCI-share on the re-evaluation of FeedZai in 2019 and the full ownership of Celfocus since April 2020.

NET CASH

Solid Net Cash position of 51.5 M€

NET CASH



Comfortable liquidity situation to pursue the 2019+ Strategy objectives and face the Covid-19 pandemic context.

Cash generation in 2020, of 17.4 M€, comprises the following M&A cash flows:

- Cash inflow of 35.4 M€ from GTE Business disposal (including the price adjustment);
- Proceeds from the sale of COLLAB, net of cash disposed of, in the amount of 2.1 M€ (including the holdback amount);
- Cash outflow of 20.0 M€ from the acquisition of Vodafone's equity stake in Celfocus.

From the 51.5 M€ of Net Cash, 4.3 M€ refers to Non Controlling Interests (versus 13.5 M€ in 2019).

With reference to the Notes to the Consolidated Financial Statements, the detail and breakdown of Net Cash is analysed as follows:

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	2019	2020
Cash and cash equivalents	48,755	71,929
Debt securities - Non-Current	403	-
Debt securities - Current	2,793	-
Treasury shares held by the Company [1]	972	2,172
Bank borrowings - Non-Current	(13,600)	(16,200)
Bank borrowings - Current	(5,194)	(6,400)
Net Cash	**34,129**	**51,501**
Treasury shares held by the Company	376,611	676,611
Closing price @ last tradable day (€)	2.580	3.210
Treasury shares held by the Company	**972**	**2,172**

[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.

CAPITAL EXPENDITURE

Capex of 0.9 M€ in 2020

Consolidated recurring investment (cash item) of 0.9 M€ in 2020 (1.9 M€ in 2019), is divided into:

- Work in progress, in the amount of 0.3 M€, related to projects development; and
- Property, plant and equipment, in the amount of 0.6 M€, corresponding to furnishing and other equipment.

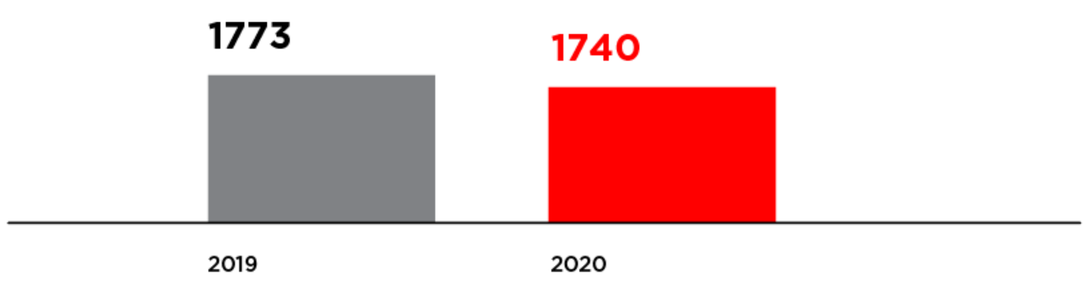
Non-recurring investment (non-cash item) was negative, totalling 9.2 M€, which comprises extraordinary or one-off movements, write-offs and perimeter variation.

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	NON-RECURRING	RECURRING	TOTAL
Work in progress	0.0	0.3	0.3
Transfer to Intangible Assets	-0.3	0.0	-0.3
WORK IN PROGRESS	-0.3	0.3	0.0
R&D	-3.1	0.0	-3.1
Industrial Property and Other Rights	-1.6	0.0	-1.6
INTANGIBLE ASSETS	-4.7	0.0	-4.7
Transport Equipment / Leasing / OR	-0.9	0.0	-0.9
Other Tangible Assets	-3.3	0.6	-2.7
PROPERTY, PLANT AND EQUIPMENT	-4.2	0.6	-3.6
TOTAL	-9.2	0.9	-8.3

TALENT

Talent pool of 1740 employees

AVERAGE NUMBER OF EMPLOYEES [1]



Talent pool decreased 2% YoY, in line with the expected synergies and management overhaul.

[1] Excluding GTE Business and COLLAB.

In 2020, 75 new university graduates were recruited through NOVABASE Academy programme (105 in 2019), confirming that, despite the Covid-19 pandemic, NOVABASE was able to continue hiring and maintain the training, adapting its processes to the current situation.

SEGMENT INFORMATION

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

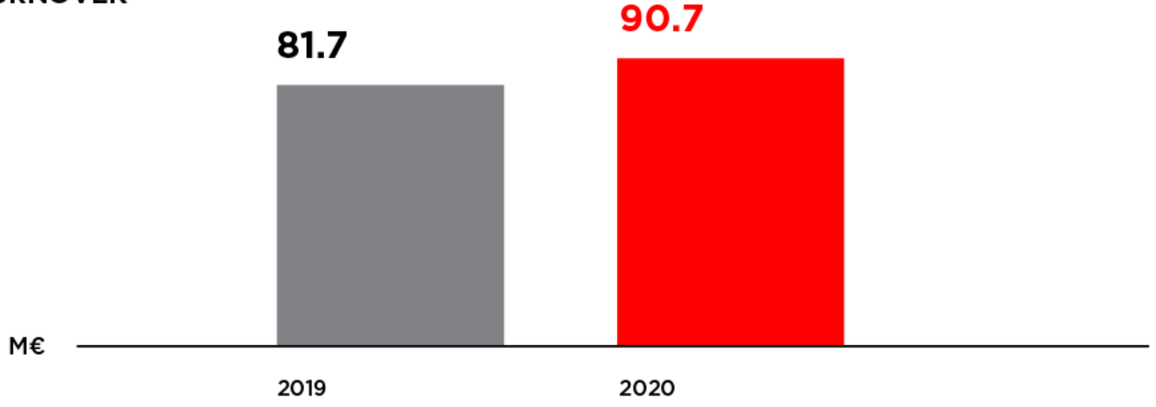
Next-Gen – NOVABASE's core segment, comprises the assets held in Financial Services and Telecommunications.

Value Portfolio – Segment aggregating the IT Staffing and venture capital activities, developed by Neotalent and NOVABASE Capital, respectively, whose objective is to generate funds to support Next-Gen. For reporting purposes, the Group's Holding and Shared Services also belong to Value Portfolio.

- **NEXT-GEN**

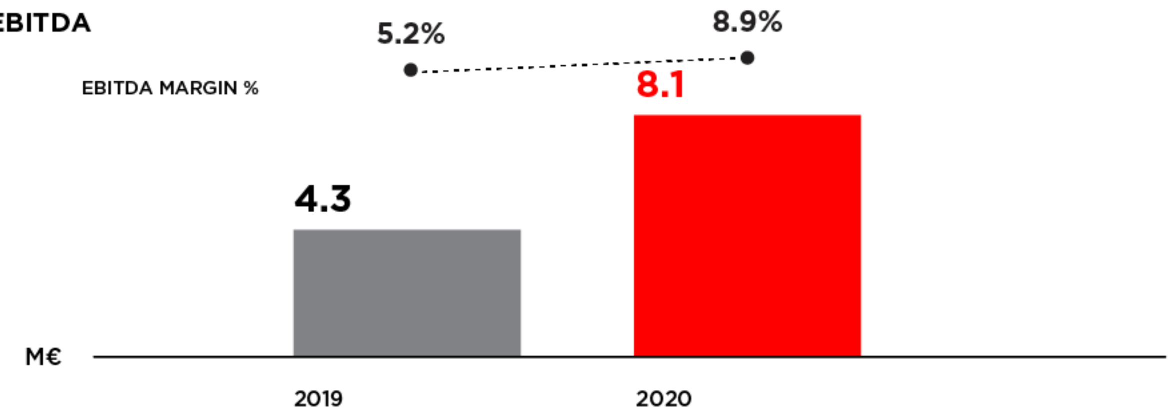
Next-Gen grew by double-digit in Turnover, +11% YoY...

TURNOVER



... almost doubling EBITDA

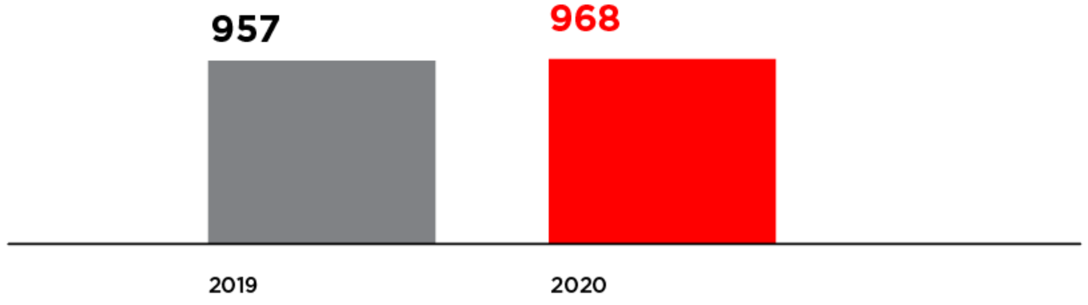
EBITDA



Next-Gen is working on strategic initiatives for 2023 goals.

Turnover per employee increased 10% YoY

AVERAGE NUMBER OF EMPLOYEES



Attrition rate [1] lowered to 11.7% in 2020 (21.0% in 2019). This indicator probably incorporates some Covid-19 effects.

Next-Gen still focused on Telco in 2020...

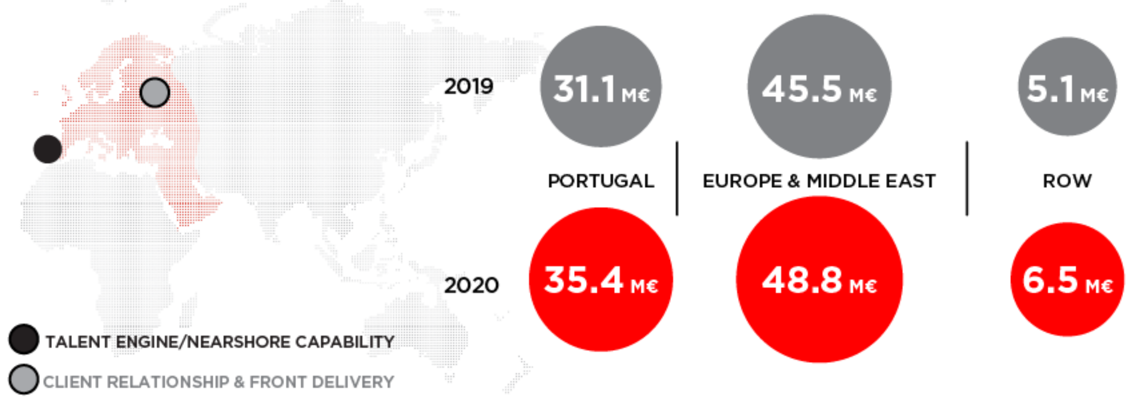
% OF REVENUES BY INDUSTRY

... but working on Multi Industry approach, targeting clients with ambition to transform.

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

International Turnover increased 9% YoY

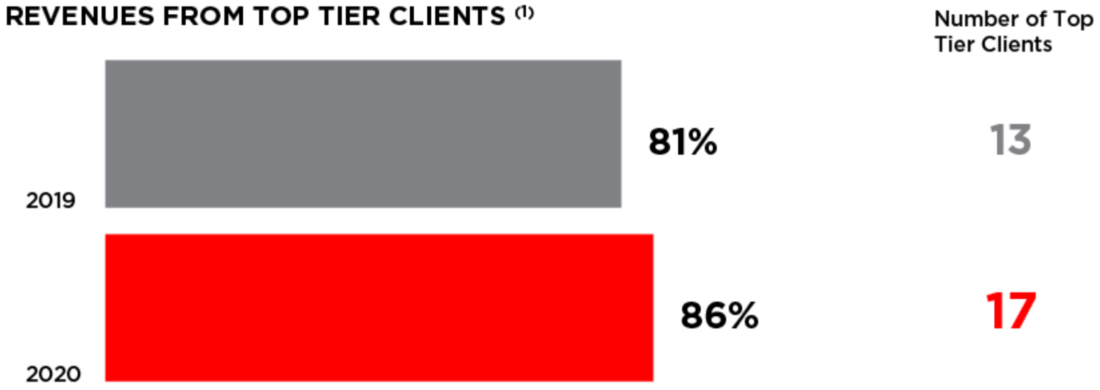
REVENUES BY GEOGRAPHY



61% of Next-Gen's Turnover was generated outside Portugal. Operations in Europe and the Middle East increased 7% YoY, accounting for 88% of the international business.

Top Tier Clients increased YoY

% REVENUES FROM TOP TIER CLIENTS [1]



Next-Gen building and consolidating long-term relationships, allowed Top Tier Clients to grow both in number and in Revenues, +11.1 M € YoY (+ 17%).

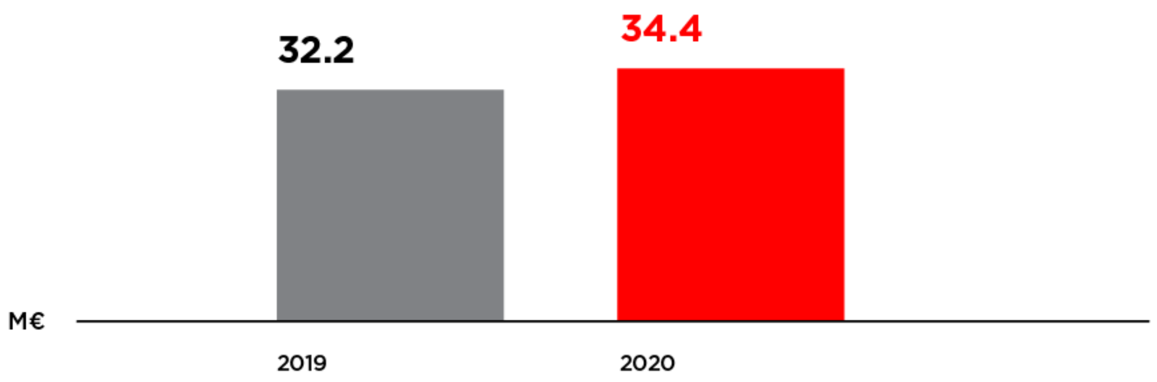
Total number of clients in 2020 was 102, same number as previous year.

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

- **VALUE PORTFOLIO**

Value Portfolio Turnover grew 7% YoY, mainly driven by domestic operations

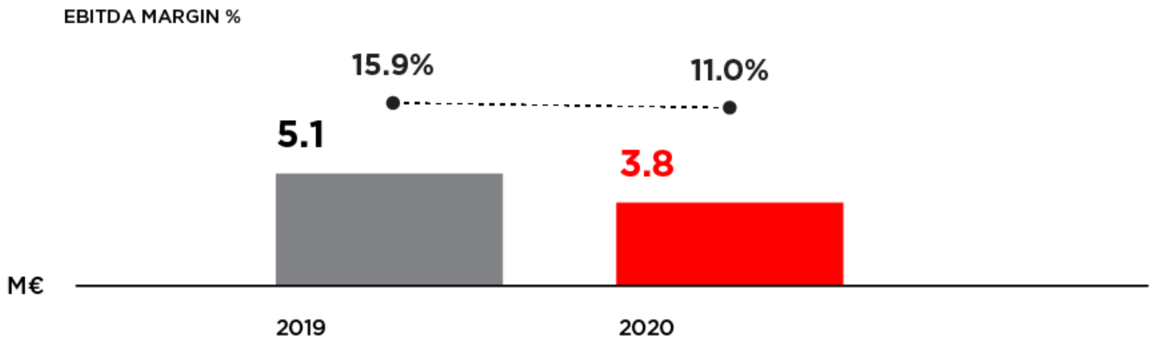
TURNOVER



40% of the Value Portfolio Turnover was generated outside Portugal.

Sound EBITDA margin despite YoY decline

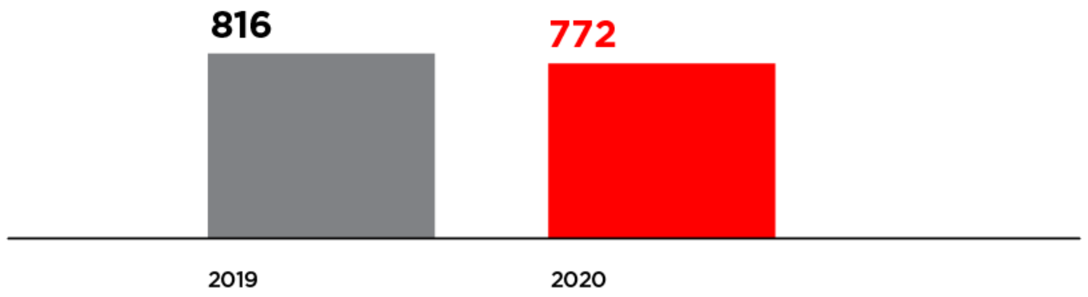
EBITDA



Incorporates central structure impacts and some "Covid-effects" on IT Staffing business outside Portugal (due to localised stringent lockdowns).

Talent pool of 772 employees

AVERAGE NUMBER OF EMPLOYEES [1]



Holding and shared services represented 82 employees in 2020 (versus 89 in 2019).

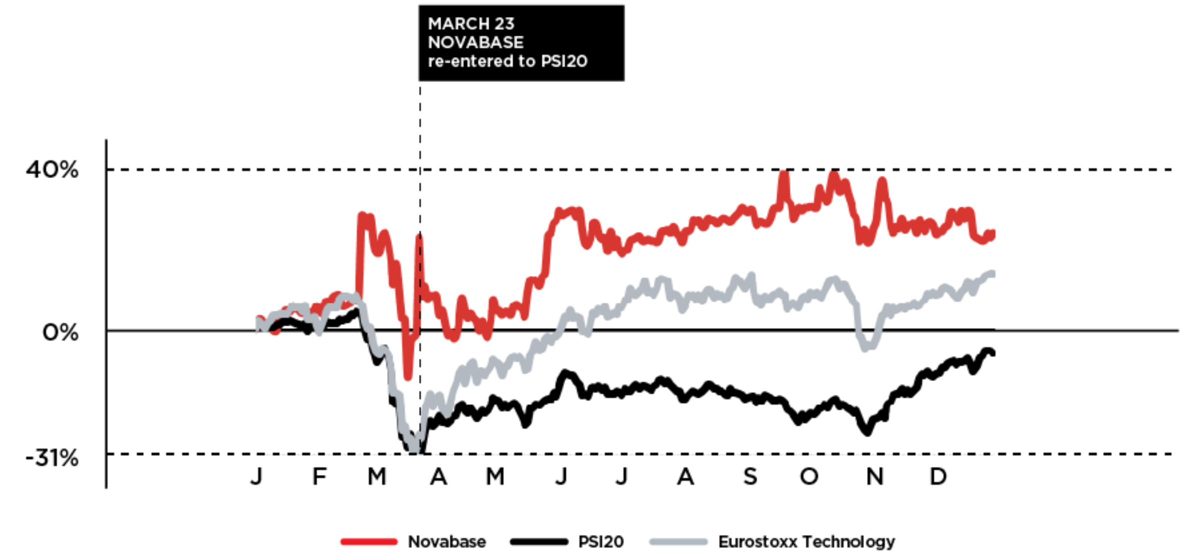
[1] Excluding GTE Business and COLLAB..

STOCK PERFORMANCE

NOVABASE share price increased 24% in 2020

In 2020, the stock markets witnessed strong falls from March onwards with the outbreak of the pandemic, followed by some appreciation of main indexes in the second half. NOVABASE share outperformed the reference indexes: PSI20 Index decreased 6% and EuroStoxx Technology Index increased 14%.

NOVABASE AND THE MARKET



In 2020, NOVABASE acquired 300 thousand shares under the buy-back programme of own shares of the Company. As at December 31, NOVABASE holds 676,611 own shares, representing 2.15% of its share capital.

At the end of 2020, Market Capitalisation is 100.8 M€ (81.0 M€ in 2019), implying a ttm Price to Sales of 0.92x.

Free Float Velocity [1] represented 39% (27% in 2019), considering 40% of free float for both periods.

At the date of issue of this Report, the average price disclosed by analysts is 5.17 Euros, with unanimous recommendation to buy. The average upside is 61%.

[1] 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 unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

During 2020, considering the Covid-19's pandemic situation and its impact on the markets, NOVABASE reassessed the inherent risks, however tried to avoid excessively procyclical assumptions given very limited availability of reasonable and supportable forward-looking information on the impact of Covid-19 pandemic. In its reassessment, NOVABASE concluded that the current financial risk management policies already incorporate sufficiently conservative scenarios and therefore are adequate to NOVABASE's profile, not being necessary reformulate them. However, due to the context of great uncertainty of its global impacts, NOVABASE continues permanently monitoring the risks, seeking to anticipate and manage possible impacts not currently contemplated.

More information on each of the financial risks that NOVABASE is exposed to, listed below, including control mechanisms, assessment of "Covid" and "Brexit" expected impacts and sensitivity analysis, can be found in the "Financial Risk Management Policy" note included in the Accounts, an integral part of this Consolidated Report and Accounts, and for which reading is advised.

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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:
(i) To safeguard the Group's ability to continue as a going concern and hence 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 (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:

(a) 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 generalisation of homeworking in society, exposure to this risk increased considerably.

From the point of view of information security, NOVABASE has been reinforcing risk mitigation measures, accompanied directly by the Chief Information Security Officer, a responsibility within Executive Committee assigned during 2019, namely by strengthening technological security controls and, furthermore, focusing on training on good homeworking practices and cybercrime awareness.

(b) 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 increased demand for high-quality talent, especially in the Portuguese market where NOVABASE recruits the majority of its employees, may be reflected in a potential rise in labour costs and the consequent difficulty in retaining talent. Additionally, the novel coronavirus crisis changed the rules of recruiting and hiring, as well as forced a new world of work, demanding new solutions and raising new questions: the remote recruitment, onboarding and training talent virtually, the resizing of relationships between employee and employer by opening up possibilities such as remote work, and the ability to attract talent in times of uncertainty and crisis.

NOVABASE's human resources policies are aligned with these objectives, having been adjusted to the new reality. This area was awarded in 2020, for the 2nd consecutive year, with the "Innovation in People Management" prize, attributed by Human Resources Portugal magazine.

(c) 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 proven to be resilient in this time of social distancing, which could encourage more conservative customers to embrace it even faster.

(d) 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 contextual risks". The exposure to this risk increased significantly on account of the novel coronavirus pandemic, due to its unprecedented social and economic impacts worldwide and the high level of uncertainty on the real dimension of the future impacts.

NOVABASE seeks to manage and mitigate this risk 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.

OUTLOOK

In a year characterised by the outbreak of the Covid-19 epidemic, which became a pandemic on March 11, 2020, and the ensuing unprecedented economic and social crisis that followed, NOVABASE recorded a robust performance, presenting solid operating results and a positive evolution in relevant KPIs of the 2019+ Strategy, strengthened its balance sheet and successfully concluded strategic M&A operations for its Transformation.

The achievements in terms of operating results and strategy that we report here bear testament once again to the resilience of NOVABASE's business model and financial strength.

These results validate NOVABASE's strategic direction communicated in July 2019, while demonstrating the growth potential of the Next-Gen segment, being in line with forecasts on the acceleration of digital transformation in the World, during and post-pandemic, and with the foreseeable higher demand for Digital and Cognitive Technologies.

NOVABASE's Nearshore Agile delivery model continues to show its effectiveness, having proved fit in this time of social distancing and work from home context, which indicates that more and more conservative clients will embrace it even faster, and that even in the post-pandemic the paradigm will remain.

NOVABASE's bet on larger-sized customers continues to prove to be the right choice in a scenario of rebounding investment, where these organisations will be the first to resume investment when the economic recovery takes place. The Telecommunications sector, where NOVABASE's biggest customers operate, has proven to be resilient in the current setting, and is expected to be one of the first to step up its investments after the crisis.

It is in this climate of confidence, supported by the 2020 solid performance, and with well-defined strategic priorities and an unwavering focus on creating value for all stakeholders, that NOVABASE enters in 2021.

Nonetheless, the pandemic crisis continues and will continue to affect the macroeconomic environment, predictably with greater intensity in the first half of the year, and the global impacts of Covid-19 are still unclear.

As far as it is possible to anticipate at this date, NOVABASE expects some delays in the M&A initiatives foreseen in the Strategic Plan and previses still very challenging conditions on the commercial access to new clients, due to the current restrictive measures to travel and mandatory lockdowns.

Aware of its leadership role as a digital enabler in the development of a more productive, socially just and more environmentally conscious society, NOVABASE is committed and excited with the opportunities for Transformation.

SUBSEQUENT EVENTS

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

Changes in qualifying holdings

With reference to the information on shareholders with qualifying stakes, detailed in the ANNEXES TO THE MANAGEMENT REPORT section of this Report, NOVABASE received communications of the following changes:

- As from January 13, the shareholder Maria Manuela de Oliveira ceased to hold any stake in NOVABASE's share capital or voting rights, following the disposal of 650,924 shares;
- On the same date, HNB - S.G.P.S., S.A. increased its position in NOVABASE's share capital to 31.16%, following the acquisition of 650,924 shares, representing 2.07% of the share capital and corresponding voting rights;
- As from March 4, Santander Ações Portugal Fund ceased to hold any stake in NOVABASE's share capital or voting rights, after the sale on the market of 694,649 shares;
- On the same date, Santander Small Caps España, FI Fund started to hold 694,649 shares (previously zero), representing 2.2122% of NOVABASE's share capital and corresponding voting rights;
- As from March 5, Walter Rey started to hold in his own name 748,000 shares representing 2.382% of NOVABASE's share capital and corresponding voting rights, after acquisition on the Euronext Lisbon market of 748,000 shares.

1-year postponement option of the ESEF requirement

On January 29, 2021, CMVM published the annual newsletter for issuers, under which informed that the issuers requirement to prepare their 2020 Annual Financial Reports (AFR) in ESEF format (European Single Electronic Format), as provided for in the Delegated Regulation (EU) 2018/815, was delayed to January 1, 2021. The newsletter also clarifies that issuers intending to disclose their 2020 AFR in ESEF format may do so on a voluntary basis. NOVABASE chose not to present the 2020 Report and Accounts in ESEF format.

CORPORATE BOARDS

BOARD OF DIRECTORS

Chairman
Luís Paulo Cardoso Salvado

Members
João Nuno da Silva Bento
(Executive and CEO; Chief People Officer; Chief Marketing Officer)

Álvaro José da Silva Ferreira
(Executive and Value Portfolio COO)

Francisco Paulo Figueiredo Morais Antunes
(Executive and CFO; Chief Risk Officer; Chief Legal Officer)

María del Carmen Gil Marín
(Executive and Value Portfolio COO; Chief Investors Officer; Chief Information Security Officer)

Paulo Jorge de Barros Pires Trigo
(Executive and Next-Gen COO)

José Afonso Oom Ferreira de Sousa
(Non-executive)

Pedro Miguel Quinteiro Marques de Carvalho
(Non-executive)

Marta Isabel dos Reis da Graça Rodrigues do Nascimento
(Non-executive)

OFFICERS OF THE GENERAL MEETING

Chairman
António Manuel da Rocha e Menezes Cordeiro

Secretary
Madalena Paz Ferreira Perestrelo de Oliveira

EXECUTIVE COMMITTEE

Chairman
João Nuno da Silva Bento

Members
Álvaro José da Silva Ferreira
Francisco Paulo Figueiredo Morais Antunes
María del Carmen Gil Marín
Paulo Jorge de Barros Pires Trigo

AUDIT BOARD

Chairman
Álvaro José Barrigas do Nascimento

Members
Fátima do Rosário Piteira Patinha Farinha
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira

Surrogate
Manuel Saldanha Tavares Festas

STATUTORY AUDITOR

Effective Statutory Auditor
KPMG & Associados - S.R.O.C., S.A. represented by Paulo Alexandre Martins Quintas Paixão

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

Diogo Leónidas Ferreira da Rocha
Carolina Duarte Simões Pereira Barrueca (Surrogate)

PROPOSAL FOR THE ALLOCATION OF PROFITS

Whereas, despite that the Company presented in 2020 financial year a consolidated net profit of € 7,486,060.77 (seven million, four hundred and eighty six thousand, sixty euros and seventy seven cents), it recorded in the individual accounts a negative net profit of € 3,375,247.79 (three million, three hundred and seventy five thousand, two hundred and forty seven euros and seventy nine cents).

Pursuant to the legal and statutory provisions, the Board of Directors proposes that the negative net profit for the year recorded in the individual accounts to be transferred to retained earnings.

Lisbon, 29 April 2021

Board of Directors

ANNEXES TO THE MANAGEMENT REPORT

LIST OF SHAREHOLDERS WITH QUALIFYING STAKES AS AT 31 DECEMBER 2020

(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 2020 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)	9,134,829	29.09%
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613	6.68%
João Nuno da Silva Bento	1,366,761	4.35%
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)	**12,599,206**	**40.12%**
Partbleu, Sociedade Gestora de Participações Sociais, S.A. (3)	**3,180,444**	**10.13%**
IBIM2 Limited	**3,144,217**	**10.01%**
Lazard Frères Gestion SAS	**1,570,870**	**5.00%**
Fundo de Investimento Mobiliário Aberto Santander Ações Portugal	1,476,905	4.70%
Fundo de Investimento Mobiliário Aberto Poupança Ações Santander PPA	34,537	0.11%
Santander Asset Management - Soc. Gestora de Fundos de Investimento Mobiliário, S.A. (4)	**1,511,442**	**4.81%**
Maria Manuela de Oliveira Marques	**1,043,924**	**3.32%**
TOTAL	**23,050,103**	**73.40%**

(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, João Nuno da Silva Bento 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 the funds identified were managed by Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A..

Without prejudice, and already during 2021, NOVABASE received the following communications regarding some of the qualifying holdings mentioned above, as opportunely disclosed to the market:

• The aforementioned shareholder Maria Manuela de Oliveira Marques informed NOVABASE that, on 13 January 2021, sold 650,924 shares representing 2.07% of NOVABASE's share capital. Following that transaction no longer holds any stake in the share capital of NOVABASE or voting rights.

• On the same date, HNB - S.G.P.S., S.A. informed NOVABASE that it had increased its position in the share capital of the company to 31.16% of the respective share capital and corresponding voting rights, following the acquisition of 650,924 shares.

• On 4 March 2021, NOVABASE received from Santander Asset Management - Sociedade Gestora de Fundo de Investimento Mobiliário, S.A. a communication of reduction of qualified holding, pursuant to which it informed that the Santander Ações Portugal Fund now holds, as from 2 March 2021, 0 (zero) shares (previously held 694,649 shares), corresponding to 0% of the share capital, relative to 0% of the voting rights. Having also informed that, in total, the securities investment funds managed by Santander Asset Management S.G.F.I.M., S.A., hold as from 2 March 2021 7,688 shares (previously held 702,337 shares), corresponding to 0.0245 % of share capital, relative to 0.0245% of voting rights, thus reducing their participation to less than 2% of qualified holding.

• On the same date, NOVABASE received from Santander Asset Management, S.A., S.G.I.I.C., a communication on the increase of qualified holding, pursuant to which it informed that the Santander Small Caps España FI Fund holds, as from 2 March 2021, 694,649 shares, corresponding to 2.2122% of the share capital, relative to 2.2122% of the voting rights of NOVABASE. Having also informed that as from such date, Santander Asset Management, S.A., S.G.I.I.C. will held 694,649 shares corresponding to 2.2122% of the share capital, relating to 2.2122% of the voting rights of NOVABASE.

• Additionally, on 12 March 2021, NOVABASE received from Walter Rey a communication of qualified holding, pursuant to which is informed that Walter Rey holds in his own name, as from 5 March 2021, 748,000 shares representing 2.382% of NOVABASE's share capital, relative to 2.382% of the voting rights, following the acquisition on the Euronext Lisbon market of 748,000 shares.

INFORMATION CONCERNING STAKES HELD IN THE COMPANY BY MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BODIES AS AT 31 DECEMBER 2020

(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 2020 or a previous date. The functions 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%
João Nuno da Silva Bento [1]	1,366,761	4.35%
Manuel Saldanha Tavares Festas	74,986	0.24%
Francisco Paulo Figueiredo Morais Antunes	30,335	0.10%
María del Carmen Gil Marín	23,001	0.07%
Luís Paulo Cardoso Salvado [2]	1	0.00%
Álvaro José da Silva Ferreira [2]	1	0.00%
José Afonso Oom Ferreira de Sousa [2]	1	0.00%
Paulo Jorge de Barros Pires Trigo [3]	0	0.00%
Marta Isabel dos Reis da Graça Rodrigues do Nascimento	0	0.00%
Álvaro José Barrigas do Nascimento	0	0.00%
Fátima do Rosário Piteira Patinha Farinha	0	0.00%
Miguel Tiago Perestrelo Ribeiro Ferreira	0	0.00%
KPMG & Associados - S.R.O.C., represented by Paulo Alexandre Martins Quintas Paixão	0	0.00%
Maria Cristina Santos Ferreira	0	0.00%
TOTAL	3,592,699	11.44%

(1) João Nuno da Silva Bento is a controlling shareholder of Mediaries - Serviços de Consultoria e Gestão Lda., being his partner - Paulina Cecília Carriço Leite da Cunha Bento - also a controlling associate and manager of the said company. The aforementioned company Mediaries held, on 31 December 2020, 1,366,760 shares representing 4.35% of NOVABASE's share capital and respective voting rights.

(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., where they hold

management positions. HNB – S.G.P.S., S.A. held 9,134,829 shares representing 29.09% of NOVABASE's share capital and respective voting rights.

(3) During 2020, the director Paulo Jorge de Barros Pires Trigo exercised the NOVABASE ordinary stock options that he held, resulting such exercise, namely, in the attribution to this director of 91,539 shares representing 0.29% of NOVABASE's share capital. Without prejudice, the shares corresponding to the options exercised referred to above will be retained by NOVABASE for a period of three years from the respective exercise, and their ownership will only be transferred to the aforementioned director once such period has elapsed and conditioned to the positive performance of the company during the same period.

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

No other transactions of the type described above were likewise carried out by any person falling under the scope of paragraphs 2 a) to d) of article 447 of the Portuguese 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 article 248-B of the Portuguese Securities Code)

During 2020, 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.	Disposal	10/28/2020	Outside regulated market	1,366,760	3.230
João Nuno da Silva Bento (1)	Acquisition	10/28/2020	Outside regulated market	1,366,760	3.230
Paulo Jorge de Barros Trigo (2)	Exercise of options over shares	10/26/2020	Outside regulated market	91,539	3.321

(1) Through the company Mediaries - Serviços de Consultoria e Gestão Lda..

(2) As a result of the exercise of the Company ordinary stock options that he held, under the Stock Option Plan Regulation ("SOP"), disclosed to the market in due course, in accordance with the following modalities: (i) In relation to 50% of the options subject to exercise (200,000 options) through net share settlement (attribution of shares of the company), resulting in the attribution of 91,539 ordinary shares of the Company to the mentioned director, through application of the calculation formula set forth in the SOP; and (ii) In relation to the remaining 50% (corresponding to 200,000 options) through net cash settlement (payment in cash), resulting in the payment to such director of the amount of 304,001.71 EUR, through application of the calculation formula set forth in the SOP.

The shares corresponding to the options exercised referred to above in (i) will be retained by the Company for a period of three years from the respective exercise, and their ownership will only be transferred to the aforementioned director once such period has elapsed and conditioned to the positive performance of the company during the same period, under the terms provided for in the SOP.

OWN SHARES TRANSACTIONS

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

At 31 December 2019, NOVABASE held 376,611 own shares, representing 1.20% of its share capital.

On 14 January 2020, NOVABASE started trading in the context of the own shares buy-back program ("Buy-back Program"), pursuant to the terms and limitations set forth in the Extraordinary General Meeting of Shareholders of NOVABASE, that took place on the 26th of September 2019. During 2020, under this buy-back programme, the company acquired on the market 300,000 own shares at the average price of 2.97 Euros.

At 31 December 2020, NOVABASE held 676,611 own shares, representing 2.15% of the share capital and voting rights to which the own shares held would correspond.

It is also important to clarify that, on 22 October 2020, NOVABASE concluded the buy-back program, by reaching the maximum number of shares to be acquired, according to the terms and conditions of the same announced to the market on 14 January 2020 – i.e. 300,000 ordinary shares, corresponding to the estimated number of shares required to settle the options currently granted under the SOP in effect.

During 2020, 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	01/14/2020	Euronext Lisbon	460	2.650
Acquisition	01/14/2020	Euronext Lisbon	340	2.680
Acquisition	01/14/2020	Euronext Lisbon	297	2.660
Acquisition	01/14/2020	Euronext Lisbon	20	2.660
Acquisition	01/14/2020	Euronext Lisbon	783	2.660
Acquisition	01/14/2020	Euronext Lisbon	521	2.650
Acquisition	01/14/2020	Euronext Lisbon	279	2.650
Acquisition	01/14/2020	Euronext Lisbon	521	2.650
Acquisition	01/14/2020	Euronext Lisbon	279	2.650
Acquisition	01/14/2020	Euronext Lisbon	200	2.650
Acquisition	01/14/2020	Euronext Lisbon	500	2.650
Acquisition	01/14/2020	Euronext Lisbon	500	2.630
Acquisition	01/15/2020	Euronext Lisbon	1,097	2.650
Acquisition	01/15/2020	Euronext Lisbon	1,000	2.650
Acquisition	01/20/2020	Euronext Lisbon	286	2.700
Acquisition	01/21/2020	Euronext Lisbon	500	2.710
Acquisition	01/22/2020	Euronext Lisbon	200	2.730
Acquisition	01/22/2020	Euronext Lisbon	200	2.700
Acquisition	01/23/2020	Euronext Lisbon	2,000	2.700
Acquisition	01/23/2020	Euronext Lisbon	1,000	2.680
Acquisition	01/23/2020	Euronext Lisbon	261	2.670
Acquisition	01/24/2020	Euronext Lisbon	800	2.700
Acquisition	01/24/2020	Euronext Lisbon	163	2.700
Acquisition	01/24/2020	Euronext Lisbon	2,135	2.700
Acquisition	01/24/2020	Euronext Lisbon	550	2.700
Acquisition	01/27/2020	Euronext Lisbon	400	2.670
Acquisition	01/27/2020	Euronext Lisbon	500	2.680
Acquisition	01/27/2020	Euronext Lisbon	438	2.670
Acquisition	01/27/2020	Euronext Lisbon	1,062	2.670
Acquisition	01/28/2020	Euronext Lisbon	2	2.690
Acquisition	01/29/2020	Euronext Lisbon	150	2.700
Acquisition	02/03/2020	Euronext Lisbon	300	2.710
Acquisition	02/03/2020	Euronext Lisbon	700	2.700
Acquisition	02/05/2020	Euronext Lisbon	800	2.760
Acquisition	02/05/2020	Euronext Lisbon	179	2.750
Acquisition	02/06/2020	Euronext Lisbon	1,500	2.770
Acquisition	02/06/2020	Euronext Lisbon	500	2.760
Acquisition	02/12/2020	Euronext Lisbon	1,000	2.810
Acquisition	02/14/2020	Euronext Lisbon	665	2.740
Acquisition	02/17/2020	Euronext Lisbon	150	2.760
Acquisition	02/17/2020	Euronext Lisbon	650	2.770
Acquisition	02/24/2020	Euronext Lisbon	5,000	3.330
Acquisition	02/24/2020	Euronext Lisbon	187	3.300
Acquisition	02/24/2020	Euronext Lisbon	925	3.310

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	02/24/2020	Euronext Lisbon	537	3.300
Acquisition	02/24/2020	Euronext Lisbon	2,990	3.300
Acquisition	02/24/2020	Euronext Lisbon	361	3.300
Acquisition	02/25/2020	Euronext Lisbon	300	3.240
Acquisition	02/25/2020	Euronext Lisbon	1,000	3.240
Acquisition	02/25/2020	Euronext Lisbon	300	3.250
Acquisition	02/25/2020	Euronext Lisbon	2,000	3.260
Acquisition	02/26/2020	Euronext Lisbon	87	3.260
Acquisition	02/26/2020	Euronext Lisbon	135	3.260
Acquisition	02/26/2020	Euronext Lisbon	33	3.260
Acquisition	02/26/2020	Euronext Lisbon	345	3.260
Acquisition	02/27/2020	Euronext Lisbon	2,500	3.240
Acquisition	02/27/2020	Euronext Lisbon	999	3.210
Acquisition	02/27/2020	Euronext Lisbon	1,501	3.210
Acquisition	02/27/2020	Euronext Lisbon	2,500	3.160
Acquisition	02/27/2020	Euronext Lisbon	11	3.160
Acquisition	02/27/2020	Euronext Lisbon	716	3.160
Acquisition	02/27/2020	Euronext Lisbon	537	3.160
Acquisition	02/27/2020	Euronext Lisbon	431	3.160
Acquisition	02/27/2020	Euronext Lisbon	431	3.160
Acquisition	02/27/2020	Euronext Lisbon	374	3.160
Acquisition	02/28/2020	Euronext Lisbon	989	3.050
Acquisition	02/28/2020	Euronext Lisbon	3,500	3.050
Acquisition	02/28/2020	Euronext Lisbon	765	3.050
Acquisition	02/28/2020	Euronext Lisbon	246	3.050
Acquisition	02/28/2020	Euronext Lisbon	3,500	3.020
Acquisition	03/02/2020	Euronext Lisbon	393	3.100
Acquisition	03/02/2020	Euronext Lisbon	607	3.100
Acquisition	03/03/2020	Euronext Lisbon	630	3.130
Acquisition	03/03/2020	Euronext Lisbon	57	3.140
Acquisition	03/03/2020	Euronext Lisbon	1,000	3.140
Acquisition	03/03/2020	Euronext Lisbon	943	3.140
Acquisition	03/03/2020	Euronext Lisbon	370	3.130
Acquisition	03/03/2020	Euronext Lisbon	89	3.120
Acquisition	03/04/2020	Euronext Lisbon	796	3.170
Acquisition	03/04/2020	Euronext Lisbon	32	3.170
Acquisition	03/04/2020	Euronext Lisbon	572	3.170
Acquisition	03/04/2020	Euronext Lisbon	2,600	3.160
Acquisition	03/05/2020	Euronext Lisbon	300	3.150
Acquisition	03/05/2020	Euronext Lisbon	1,700	3.150
Acquisition	03/05/2020	Euronext Lisbon	1,000	3.140
Acquisition	03/05/2020	Euronext Lisbon	1,000	3.100
Acquisition	03/05/2020	Euronext Lisbon	1,000	3.120
Acquisition	03/06/2020	Euronext Lisbon	2,000	3.050

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	03/06/2020	Euronext Lisbon	2,000	3.000
Acquisition	03/06/2020	Euronext Lisbon	2,000	3.000
Acquisition	03/09/2020	Euronext Lisbon	150	2.850
Acquisition	03/09/2020	Euronext Lisbon	850	2.850
Acquisition	03/09/2020	Euronext Lisbon	177	2.850
Acquisition	03/09/2020	Euronext Lisbon	250	2.800
Acquisition	03/09/2020	Euronext Lisbon	1,000	2.810
Acquisition	03/09/2020	Euronext Lisbon	1,000	2.820
Acquisition	03/09/2020	Euronext Lisbon	823	2.850
Acquisition	03/09/2020	Euronext Lisbon	750	2.800
Acquisition	03/10/2020	Euronext Lisbon	721	2.960
Acquisition	03/10/2020	Euronext Lisbon	93	2.960
Acquisition	03/10/2020	Euronext Lisbon	23	2.960
Acquisition	03/10/2020	Euronext Lisbon	96	2.960
Acquisition	03/10/2020	Euronext Lisbon	67	2.960
Acquisition	03/10/2020	Euronext Lisbon	561	2.960
Acquisition	03/10/2020	Euronext Lisbon	121	2.960
Acquisition	03/10/2020	Euronext Lisbon	1,000	2.960
Acquisition	03/10/2020	Euronext Lisbon	318	2.960
Acquisition	03/11/2020	Euronext Lisbon	250	2.950
Acquisition	03/11/2020	Euronext Lisbon	1,250	2.910
Acquisition	03/11/2020	Euronext Lisbon	196	2.900
Acquisition	03/11/2020	Euronext Lisbon	304	2.900
Acquisition	03/11/2020	Euronext Lisbon	1,000	2.870
Acquisition	03/11/2020	Euronext Lisbon	92	2.860
Acquisition	03/11/2020	Euronext Lisbon	408	2.860
Acquisition	03/11/2020	Euronext Lisbon	259	2.850
Acquisition	03/11/2020	Euronext Lisbon	241	2.850
Acquisition	03/12/2020	Euronext Lisbon	250	2.740
Acquisition	03/12/2020	Euronext Lisbon	500	2.720
Acquisition	03/12/2020	Euronext Lisbon	250	2.700
Acquisition	03/12/2020	Euronext Lisbon	1,000	2.680
Acquisition	03/12/2020	Euronext Lisbon	495	2.650
Acquisition	03/12/2020	Euronext Lisbon	2,000	2.690
Acquisition	03/12/2020	Euronext Lisbon	453	2.680
Acquisition	03/12/2020	Euronext Lisbon	52	2.680
Acquisition	03/12/2020	Euronext Lisbon	500	2.650
Acquisition	03/12/2020	Euronext Lisbon	500	2.640
Acquisition	03/13/2020	Euronext Lisbon	477	2.650
Acquisition	03/13/2020	Euronext Lisbon	16	2.650
Acquisition	03/13/2020	Euronext Lisbon	137	2.650
Acquisition	03/13/2020	Euronext Lisbon	870	2.650
Acquisition	03/13/2020	Euronext Lisbon	1,500	2.650
Acquisition	03/13/2020	Euronext Lisbon	167	2.640

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	03/13/2020	Euronext Lisbon	833	2.640
Acquisition	03/16/2020	Euronext Lisbon	800	2.340
Acquisition	03/16/2020	Euronext Lisbon	197	2.340
Acquisition	03/16/2020	Euronext Lisbon	615	2.340
Acquisition	03/16/2020	Euronext Lisbon	388	2.340
Acquisition	03/16/2020	Euronext Lisbon	1,057	2.300
Acquisition	03/16/2020	Euronext Lisbon	943	2.300
Acquisition	03/16/2020	Euronext Lisbon	8	2.250
Acquisition	03/16/2020	Euronext Lisbon	992	2.200
Acquisition	03/17/2020	Euronext Lisbon	2,986	2.310
Acquisition	03/18/2020	Euronext Lisbon	651	2.550
Acquisition	03/20/2020	Euronext Lisbon	2,000	2.790
Acquisition	03/20/2020	Euronext Lisbon	1,000	2.740
Acquisition	03/20/2020	Euronext Lisbon	2,000	2.690
Acquisition	03/23/2020	Euronext Lisbon	199	2.850
Acquisition	03/23/2020	Euronext Lisbon	301	2.850
Acquisition	03/23/2020	Euronext Lisbon	400	2.820
Acquisition	03/23/2020	Euronext Lisbon	200	2.820
Acquisition	03/23/2020	Euronext Lisbon	502	2.800
Acquisition	03/23/2020	Euronext Lisbon	398	2.800
Acquisition	03/23/2020	Euronext Lisbon	150	2.750
Acquisition	03/23/2020	Euronext Lisbon	90	2.750
Acquisition	03/23/2020	Euronext Lisbon	637	2.750
Acquisition	03/23/2020	Euronext Lisbon	2,123	2.750
Acquisition	03/23/2020	Euronext Lisbon	308	2.720
Acquisition	03/23/2020	Euronext Lisbon	1,692	2.720
Acquisition	03/23/2020	Euronext Lisbon	2,000	2.700
Acquisition	03/24/2020	Euronext Lisbon	232	2.800
Acquisition	03/24/2020	Euronext Lisbon	368	2.800
Acquisition	03/25/2020	Euronext Lisbon	800	2.830
Acquisition	03/25/2020	Euronext Lisbon	2,000	2.790
Acquisition	03/25/2020	Euronext Lisbon	569	2.810
Acquisition	03/25/2020	Euronext Lisbon	297	2.800
Acquisition	03/25/2020	Euronext Lisbon	164	2.800
Acquisition	03/25/2020	Euronext Lisbon	1,660	2.800
Acquisition	03/25/2020	Euronext Lisbon	310	2.800
Acquisition	03/26/2020	Euronext Lisbon	1,048	2.810
Acquisition	03/26/2020	Euronext Lisbon	620	2.800
Acquisition	03/27/2020	Euronext Lisbon	991	2.810
Acquisition	03/27/2020	Euronext Lisbon	715	2.810
Acquisition	03/27/2020	Euronext Lisbon	94	2.790
Acquisition	03/30/2020	Euronext Lisbon	800	2.800
Acquisition	03/31/2020	Euronext Lisbon	1,127	2.670
Acquisition	03/31/2020	Euronext Lisbon	1,873	2.660

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	03/31/2020	Euronext Lisbon	140	2.670
Acquisition	03/31/2020	Euronext Lisbon	4,566	2.670
Acquisition	04/01/2020	Euronext Lisbon	481	2.650
Acquisition	04/01/2020	Euronext Lisbon	372	2.640
Acquisition	04/01/2020	Euronext Lisbon	347	2.640
Acquisition	04/02/2020	Euronext Lisbon	294	2.680
Acquisition	04/02/2020	Euronext Lisbon	1,306	2.670
Acquisition	04/02/2020	Euronext Lisbon	1,500	2.600
Acquisition	04/02/2020	Euronext Lisbon	1,400	2.620
Acquisition	04/03/2020	Euronext Lisbon	167	2.550
Acquisition	04/03/2020	Euronext Lisbon	764	2.550
Acquisition	04/03/2020	Euronext Lisbon	369	2.540
Acquisition	04/03/2020	Euronext Lisbon	1,000	2.580
Acquisition	04/03/2020	Euronext Lisbon	1,000	2.570
Acquisition	04/03/2020	Euronext Lisbon	913	2.540
Acquisition	04/06/2020	Euronext Lisbon	1,807	2.580
Acquisition	04/06/2020	Euronext Lisbon	1,000	2.560
Acquisition	04/07/2020	Euronext Lisbon	483	2.590
Acquisition	04/07/2020	Euronext Lisbon	30	2.590
Acquisition	04/07/2020	Euronext Lisbon	1,298	2.580
Acquisition	04/07/2020	Euronext Lisbon	116	2.570
Acquisition	04/07/2020	Euronext Lisbon	510	2.570
Acquisition	04/07/2020	Euronext Lisbon	52	2.560
Acquisition	04/07/2020	Euronext Lisbon	487	2.560
Acquisition	04/07/2020	Euronext Lisbon	1,000	2.560
Acquisition	04/07/2020	Euronext Lisbon	374	2.560
Acquisition	04/07/2020	Euronext Lisbon	150	2.560
Acquisition	04/07/2020	Euronext Lisbon	400	2.530
Acquisition	04/09/2020	Euronext Lisbon	500	2.560
Acquisition	04/14/2020	Euronext Lisbon	1,400	2.660
Acquisition	04/15/2020	Euronext Lisbon	442	2.710
Acquisition	04/15/2020	Euronext Lisbon	771	2.690
Acquisition	04/15/2020	Euronext Lisbon	147	2.710
Acquisition	04/15/2020	Euronext Lisbon	130	2.710
Acquisition	04/16/2020	Euronext Lisbon	184	2.710
Acquisition	04/16/2020	Euronext Lisbon	76	2.710
Acquisition	04/16/2020	Euronext Lisbon	1,000	2.690
Acquisition	04/16/2020	Euronext Lisbon	2,040	2.650
Acquisition	04/17/2020	Euronext Lisbon	600	2.680
Acquisition	04/20/2020	Euronext Lisbon	9	2.680
Acquisition	04/20/2020	Euronext Lisbon	373	2.670
Acquisition	04/20/2020	Euronext Lisbon	127	2.650
Acquisition	04/20/2020	Euronext Lisbon	191	2.650
Acquisition	04/20/2020	Euronext Lisbon	300	2.650

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	04/20/2020	Euronext Lisbon	500	2.650
Acquisition	04/21/2020	Euronext Lisbon	1,300	2.640
Acquisition	04/22/2020	Euronext Lisbon	500	2.630
Acquisition	04/22/2020	Euronext Lisbon	1,000	2.640
Acquisition	04/22/2020	Euronext Lisbon	500	2.640
Acquisition	04/22/2020	Euronext Lisbon	1,000	2.650
Acquisition	04/22/2020	Euronext Lisbon	3,000	2.600
Acquisition	04/22/2020	Euronext Lisbon	2,000	2.590
Acquisition	04/23/2020	Euronext Lisbon	500	2.600
Acquisition	04/23/2020	Euronext Lisbon	120	2.580
Acquisition	04/23/2020	Euronext Lisbon	380	2.580
Acquisition	04/23/2020	Euronext Lisbon	220	2.570
Acquisition	04/24/2020	Euronext Lisbon	500	2.580
Acquisition	04/24/2020	Euronext Lisbon	1,000	2.560
Acquisition	04/24/2020	Euronext Lisbon	272	2.580
Acquisition	04/24/2020	Euronext Lisbon	228	2.580
Acquisition	04/24/2020	Euronext Lisbon	533	2.570
Acquisition	04/24/2020	Euronext Lisbon	967	2.570
Acquisition	04/24/2020	Euronext Lisbon	664	2.560
Acquisition	04/24/2020	Euronext Lisbon	69	2.560
Acquisition	04/27/2020	Euronext Lisbon	1,000	2.580
Acquisition	04/27/2020	Euronext Lisbon	300	2.560
Acquisition	04/27/2020	Euronext Lisbon	500	2.530
Acquisition	04/27/2020	Euronext Lisbon	300	2.530
Acquisition	04/28/2020	Euronext Lisbon	172	2.590
Acquisition	04/28/2020	Euronext Lisbon	615	2.580
Acquisition	04/28/2020	Euronext Lisbon	945	2.620
Acquisition	05/04/2020	Euronext Lisbon	500	2.690
Acquisition	05/04/2020	Euronext Lisbon	1,292	2.670
Acquisition	05/04/2020	Euronext Lisbon	164	2.660
Acquisition	05/05/2020	Euronext Lisbon	500	2.700
Acquisition	05/05/2020	Euronext Lisbon	66	2.690
Acquisition	05/06/2020	Euronext Lisbon	50	2.670
Acquisition	05/06/2020	Euronext Lisbon	351	2.660
Acquisition	05/06/2020	Euronext Lisbon	526	2.690
Acquisition	05/06/2020	Euronext Lisbon	805	2.690
Acquisition	05/06/2020	Euronext Lisbon	744	2.690
Acquisition	05/08/2020	Euronext Lisbon	1,081	2.720
Acquisition	05/11/2020	Euronext Lisbon	95	2.700
Acquisition	05/12/2020	Euronext Lisbon	69	2.720
Acquisition	05/14/2020	Euronext Lisbon	31	2.650
Acquisition	05/14/2020	Euronext Lisbon	129	2.650
Acquisition	05/14/2020	Euronext Lisbon	739	2.660
Acquisition	05/14/2020	Euronext Lisbon	261	2.660

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	05/14/2020	Euronext Lisbon	739	2.660
Acquisition	05/15/2020	Euronext Lisbon	116	2.820
Acquisition	05/15/2020	Euronext Lisbon	884	2.820
Acquisition	05/18/2020	Euronext Lisbon	298	2.860
Acquisition	05/18/2020	Euronext Lisbon	524	2.850
Acquisition	05/19/2020	Euronext Lisbon	500	2.900
Acquisition	05/19/2020	Euronext Lisbon	500	2.900
Acquisition	05/20/2020	Euronext Lisbon	70	2.860
Acquisition	05/20/2020	Euronext Lisbon	163	2.860
Acquisition	05/20/2020	Euronext Lisbon	378	2.850
Acquisition	05/21/2020	Euronext Lisbon	344	2.840
Acquisition	05/21/2020	Euronext Lisbon	690	2.840
Acquisition	05/21/2020	Euronext Lisbon	104	2.840
Acquisition	05/21/2020	Euronext Lisbon	3	2.840
Acquisition	05/21/2020	Euronext Lisbon	20	2.840
Acquisition	05/21/2020	Euronext Lisbon	130	2.840
Acquisition	05/21/2020	Euronext Lisbon	709	2.840
Acquisition	05/25/2020	Euronext Lisbon	74	2.930
Acquisition	05/25/2020	Euronext Lisbon	926	2.930
Acquisition	05/27/2020	Euronext Lisbon	181	3.160
Acquisition	05/27/2020	Euronext Lisbon	1,779	3.150
Acquisition	05/29/2020	Euronext Lisbon	443	3.240
Acquisition	01/06/2020	Euronext Lisbon	1,100	3.310
Acquisition	01/06/2020	Euronext Lisbon	508	3.310
Acquisition	01/06/2020	Euronext Lisbon	592	3.310
Acquisition	03/06/2020	Euronext Lisbon	82	3.290
Acquisition	03/06/2020	Euronext Lisbon	1,718	3.290
Acquisition	05/06/2020	Euronext Lisbon	919	3.350
Acquisition	05/06/2020	Euronext Lisbon	1,909	3.350
Acquisition	08/06/2020	Euronext Lisbon	2,403	3.320
Acquisition	08/06/2020	Euronext Lisbon	298	3.310
Acquisition	08/06/2020	Euronext Lisbon	952	3.320
Acquisition	09/06/2020	Euronext Lisbon	750	3.320
Acquisition	09/06/2020	Euronext Lisbon	250	3.300
Acquisition	09/06/2020	Euronext Lisbon	400	3.300
Acquisition	11/06/2020	Euronext Lisbon	380	3.240
Acquisition	11/06/2020	Euronext Lisbon	520	3.240
Acquisition	11/06/2020	Euronext Lisbon	120	3.230
Acquisition	11/06/2020	Euronext Lisbon	1,580	3.230
Acquisition	11/06/2020	Euronext Lisbon	624	3.230
Acquisition	11/06/2020	Euronext Lisbon	400	3.230
Acquisition	11/06/2020	Euronext Lisbon	1,480	3.230
Acquisition	12/06/2020	Euronext Lisbon	2,141	3.190
Acquisition	12/06/2020	Euronext Lisbon	1,900	3.200

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	12/06/2020	Euronext Lisbon	642	3.200
Acquisition	12/06/2020	Euronext Lisbon	1,342	3.200
Acquisition	12/06/2020	Euronext Lisbon	1,016	3.190
Acquisition	12/06/2020	Euronext Lisbon	559	3.180
Acquisition	12/06/2020	Euronext Lisbon	479	3.190
Acquisition	12/06/2020	Euronext Lisbon	1,921	3.150
Acquisition	15/06/2020	Euronext Lisbon	500	3.130
Acquisition	15/06/2020	Euronext Lisbon	429	3.130
Acquisition	16/06/2020	Euronext Lisbon	305	3.160
Acquisition	16/06/2020	Euronext Lisbon	695	3.190
Acquisition	16/06/2020	Euronext Lisbon	700	3.180
Acquisition	18/06/2020	Euronext Lisbon	1,000	3.270
Acquisition	18/06/2020	Euronext Lisbon	424	3.250
Acquisition	19/06/2020	Euronext Lisbon	600	3.200
Acquisition	23/06/2020	Euronext Lisbon	250	3.200
Acquisition	23/06/2020	Euronext Lisbon	115	3.180
Acquisition	25/06/2020	Euronext Lisbon	250	3.100
Acquisition	25/06/2020	Euronext Lisbon	250	3.110
Acquisition	26/06/2020	Euronext Lisbon	44	3.150
Acquisition	26/06/2020	Euronext Lisbon	82	3.160
Acquisition	26/06/2020	Euronext Lisbon	674	3.150
Acquisition	01/07/2020	Euronext Lisbon	238	3.090
Acquisition	01/07/2020	Euronext Lisbon	263	3.070
Acquisition	01/07/2020	Euronext Lisbon	771	3.070
Acquisition	02/07/2020	Euronext Lisbon	652	3.100
Acquisition	07/07/2020	Euronext Lisbon	700	3.140
Acquisition	08/07/2020	Euronext Lisbon	316	3.120
Acquisition	08/07/2020	Euronext Lisbon	804	3.120
Acquisition	08/07/2020	Euronext Lisbon	1,500	3.150
Acquisition	08/07/2020	Euronext Lisbon	1,668	3.130
Acquisition	14/07/2020	Euronext Lisbon	532	3.140
Acquisition	16/07/2020	Euronext Lisbon	400	3.160
Acquisition	20/07/2020	Euronext Lisbon	250	3.150
Acquisition	20/07/2020	Euronext Lisbon	500	3.160
Acquisition	22/07/2020	Euronext Lisbon	972	3.220
Acquisition	22/07/2020	Euronext Lisbon	209	3.210
Acquisition	22/07/2020	Euronext Lisbon	870	3.210
Acquisition	23/07/2020	Euronext Lisbon	360	3.230
Acquisition	27/07/2020	Euronext Lisbon	10	3.200
Acquisition	27/07/2020	Euronext Lisbon	290	3.200
Acquisition	27/07/2020	Euronext Lisbon	500	3.210
Acquisition	27/07/2020	Euronext Lisbon	1,000	3.200
Acquisition	29/07/2020	Euronext Lisbon	600	3.190
Acquisition	30/07/2020	Euronext Lisbon	211	3.190

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	07/30/2020	Euronext Lisbon	539	3.190
Acquisition	07/30/2020	Euronext Lisbon	583	3.190
Acquisition	07/30/2020	Euronext Lisbon	417	3.170
Acquisition	07/30/2020	Euronext Lisbon	500	3.170
Acquisition	07/30/2020	Euronext Lisbon	620	3.160
Acquisition	07/30/2020	Euronext Lisbon	66	3.160
Acquisition	07/30/2020	Euronext Lisbon	564	3.160
Acquisition	07/31/2020	Euronext Lisbon	468	3.260
Acquisition	07/31/2020	Euronext Lisbon	652	3.240
Acquisition	07/31/2020	Euronext Lisbon	1,000	3.230
Acquisition	07/31/2020	Euronext Lisbon	674	3.220
Acquisition	08/03/2020	Euronext Lisbon	123	3.220
Acquisition	08/03/2020	Euronext Lisbon	1,000	3.230
Acquisition	08/03/2020	Euronext Lisbon	837	3.220
Acquisition	08/06/2020	Euronext Lisbon	500	3.270
Acquisition	08/07/2020	Euronext Lisbon	400	3.260
Acquisition	08/10/2020	Euronext Lisbon	460	3.250
Acquisition	08/10/2020	Euronext Lisbon	1,351	3.250
Acquisition	08/24/2020	Euronext Lisbon	68	3.270
Acquisition	08/27/2020	Euronext Lisbon	480	3.350
Acquisition	08/27/2020	Euronext Lisbon	320	3.350
Acquisition	08/27/2020	Euronext Lisbon	400	3.340
Acquisition	08/27/2020	Euronext Lisbon	650	3.350
Acquisition	08/27/2020	Euronext Lisbon	500	3.340
Acquisition	08/28/2020	Euronext Lisbon	60	3.360
Acquisition	08/31/2020	Euronext Lisbon	1,000	3.350
Acquisition	09/01/2020	Euronext Lisbon	223	3.340
Acquisition	09/01/2020	Euronext Lisbon	114	3.340
Acquisition	09/02/2020	Euronext Lisbon	400	3.350
Acquisition	09/03/2020	Euronext Lisbon	600	3.340
Acquisition	09/03/2020	Euronext Lisbon	600	3.340
Acquisition	09/04/2020	Euronext Lisbon	1,300	3.270
Acquisition	09/04/2020	Euronext Lisbon	792	3.270
Acquisition	09/04/2020	Euronext Lisbon	3,000	3.280
Acquisition	09/04/2020	Euronext Lisbon	2,500	3.270
Acquisition	09/04/2020	Euronext Lisbon	1,400	3.270
Acquisition	09/07/2020	Euronext Lisbon	614	3.290
Acquisition	09/07/2020	Euronext Lisbon	686	3.290
Acquisition	09/10/2020	Euronext Lisbon	102	3.290
Acquisition	09/10/2020	Euronext Lisbon	572	3.270
Acquisition	09/10/2020	Euronext Lisbon	660	3.270
Acquisition	09/10/2020	Euronext Lisbon	166	3.270
Acquisition	09/15/2020	Euronext Lisbon	188	3.350
Acquisition	09/16/2020	Euronext Lisbon	853	3.380

TRANSACTION	DATE	LOCATION	NO. SHARES	PRICE PER SHARE (€)
Acquisition	09/21/2020	Euronext Lisbon	20	3.600
Acquisition	09/21/2020	Euronext Lisbon	1,000	3.460
Acquisition	09/21/2020	Euronext Lisbon	500	3.450
Acquisition	09/22/2020	Euronext Lisbon	553	3.410
Acquisition	09/22/2020	Euronext Lisbon	947	3.410
Acquisition	09/23/2020	Euronext Lisbon	183	3.450
Acquisition	09/23/2020	Euronext Lisbon	350	3.440
Acquisition	09/23/2020	Euronext Lisbon	1,300	3.440
Acquisition	09/23/2020	Euronext Lisbon	488	3.420
Acquisition	09/23/2020	Euronext Lisbon	218	3.410
Acquisition	09/23/2020	Euronext Lisbon	312	3.420
Acquisition	09/23/2020	Euronext Lisbon	282	3.400
Acquisition	09/23/2020	Euronext Lisbon	1,100	3.350
Acquisition	09/24/2020	Euronext Lisbon	564	3.300
Acquisition	09/28/2020	Euronext Lisbon	400	3.400
Acquisition	09/30/2020	Euronext Lisbon	280	3.370
Acquisition	10/09/2020	Euronext Lisbon	293	3.410
Acquisition	10/14/2020	Euronext Lisbon	800	3.560
Acquisition	10/15/2020	Euronext Lisbon	135	3.550
Acquisition	10/15/2020	Euronext Lisbon	290	3.550
Acquisition	10/15/2020	Euronext Lisbon	21	3.540
Acquisition	10/15/2020	Euronext Lisbon	254	3.540
Acquisition	10/15/2020	Euronext Lisbon	200	3.510
Acquisition	10/15/2020	Euronext Lisbon	190	3.510
Acquisition	10/15/2020	Euronext Lisbon	1,300	3.520
Acquisition	10/15/2020	Euronext Lisbon	433	3.510
Acquisition	10/15/2020	Euronext Lisbon	899	3.510
Acquisition	10/15/2020	Euronext Lisbon	1,235	3.510
Acquisition	10/15/2020	Euronext Lisbon	1,043	3.510
Acquisition	10/15/2020	Euronext Lisbon	252	3.480
Acquisition	10/15/2020	Euronext Lisbon	600	3.510
Acquisition	10/15/2020	Euronext Lisbon	677	3.480
Acquisition	10/16/2020	Euronext Lisbon	250	3.460
Acquisition	10/16/2020	Euronext Lisbon	1,066	3.490
Acquisition	10/20/2020	Euronext Lisbon	380	3.470
Acquisition	10/20/2020	Euronext Lisbon	620	3.470
Acquisition	10/21/2020	Euronext Lisbon	750	3.350
Acquisition	10/21/2020	Euronext Lisbon	500	3.420
Acquisition	10/21/2020	Euronext Lisbon	250	3.410
Acquisition	10/21/2020	Euronext Lisbon	250	3.410
Acquisition	10/22/2020	Euronext Lisbon	700	3.340
Acquisition	10/22/2020	Euronext Lisbon	533	3.340
Acquisition	10/22/2020	Euronext Lisbon	500	3.340

NON-FINANCIAL STATEMENTS

PART I – INFORMATION REGARDING ADOPTED POLICIES

A. INTRODUCTION | NOVABASE GROUP

Under Article 508-G of the Commercial Companies Code, in accordance with the wording introduced via Decree-Law no. 89/2017 of 28 July, which transposed to Portuguese rule of law Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, NOVABASE has outlined in the present document sufficient information for comprehending the evolution, performance, position and impact of the group's activities, at the very least in reference to environmental and social issues, its employees, gender equality, non-discrimination, respect for human rights, preventing corruption and attempted bribery in relation to NOVABASE Group during the financial year ended 31 December 2020.

Information pertaining to NOVABASE Group activity and corporate organization may be consulted in the Annual Report and Accounts 2020 (Notes to the Consolidated Financial Statements for the year ended 31 December 2020), along with the Corporate Governance Report for the financial year 2020 (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)" of the Corporate Governance Report for the 2020 financial year.

C. MAIN RISK FACTORS

NOVABASE Group is subject to regular market risks and the specific underlying risks of the activities it undertakes. NOVABASE believes that its risk management policy is absolutely essential to running and developing a business that has historically been known for its greater appetite for risk, an intrinsic necessity in such a dynamic and disruptive sector.

NOVABASE also implements procedures and internal control systems used to prevent and manage risk related to its organization and activities.

Additional information regarding internal control and risk management at NOVABASE is available in Part I, Letter C., Section III. "Internal Control and Risk Management" in the Corporate Governance Report for the 2020 financial year.

D. IMPLEMENTED POLICIES

i. Environmental

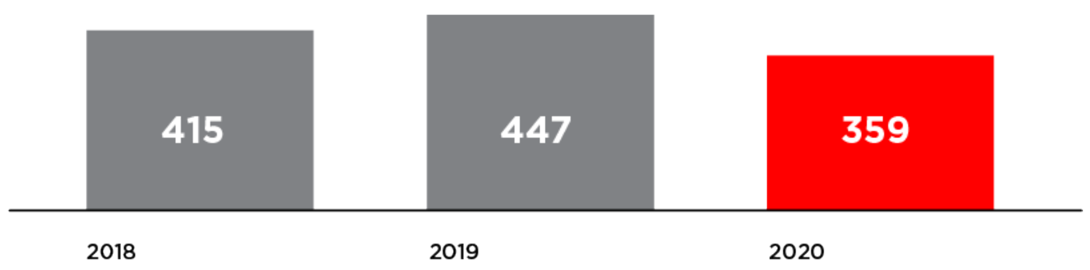
NOVABASE has implemented an Environmental Management System (ISO 14001) that is part of its Integrated Management System (Quality, Environment, Occupational Health and Safety). The IMS is governed by a policy that is aligned with the vision and values of NOVABASE, as well as being in tune with its stakeholders' needs. Internal and external audits are conducted annually -- the external conducted by certifier entities. Similar to 2019, no non-conformities were identified in 2020.

NOVABASE has established a policy through which environmental and safety requirements pertaining to the acquisition/supply of goods and services are identified.

NOVABASE monitors a group of indicators: consumption of electricity, thermal energy, water, diesel and gasoline; recycling of plastic, cardboard, paper, glass; and greenhouse gas emissions.

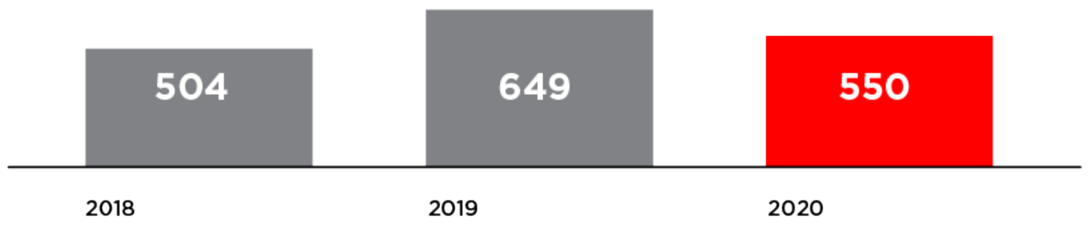
Against the backdrop of the pandemic, we highlight the following indicators for 2020:

ELECTRICITY CONSUMPTION MW/H



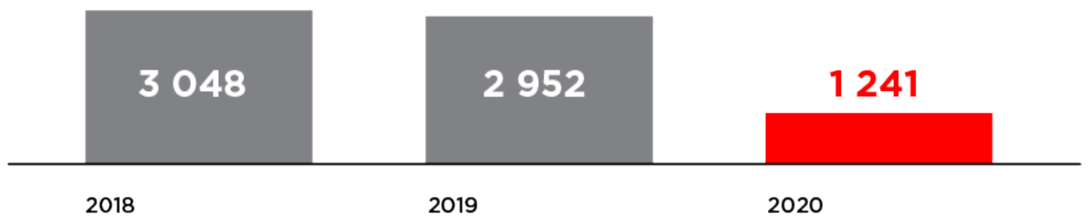
Implemented measures: existence of a Centralized Management System that controls operating periods, and replacement of all fluorescent lighting with LED lighting.

THERMAL ENERGY CONSUMPTION IN MW



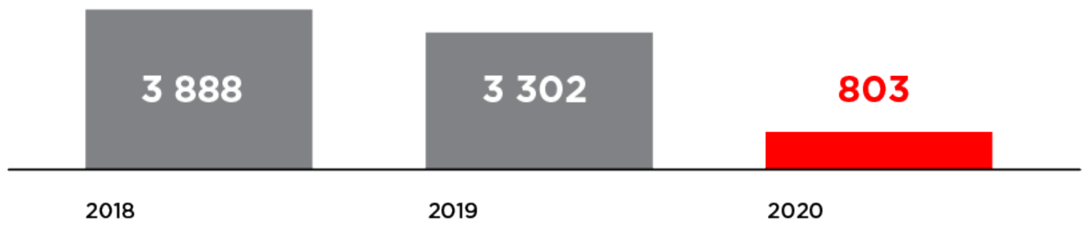
Implemented measures: existence of a Centralized Management System that controls the operating periods of the climate control system.

WATER CONSUMPTION M^3



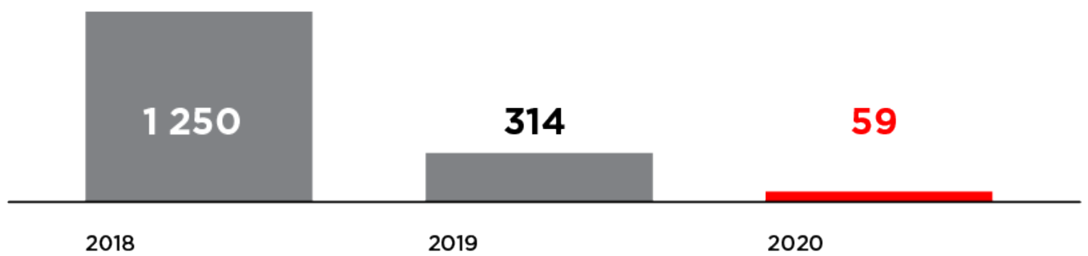
Implemented measures: reduction of available water flow and installation of flow reducers in faucets.

TOTAL PAPER CONSUMPTION IN KG



Implemented measures: create awareness regarding paper use.

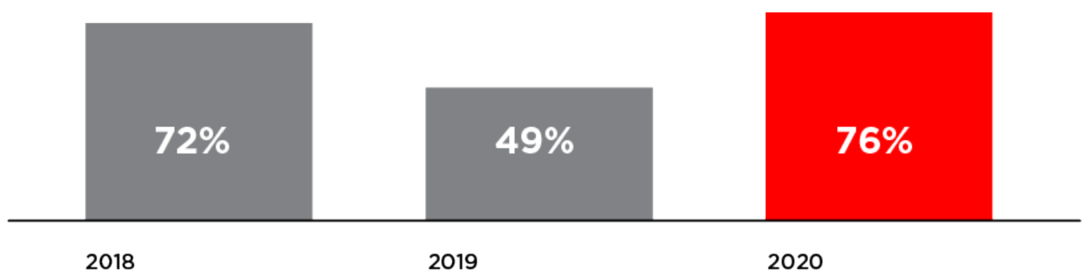
PLASTIC PRODUCTION IN KG



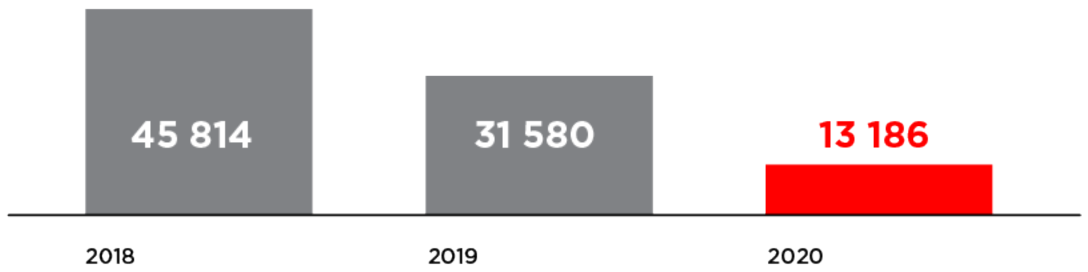
Implemented measures: replacement of single-use plastic with reusable materials (glass).

The recycling rate improved significantly and the amount of waste also fell.

RECYCLING RATE

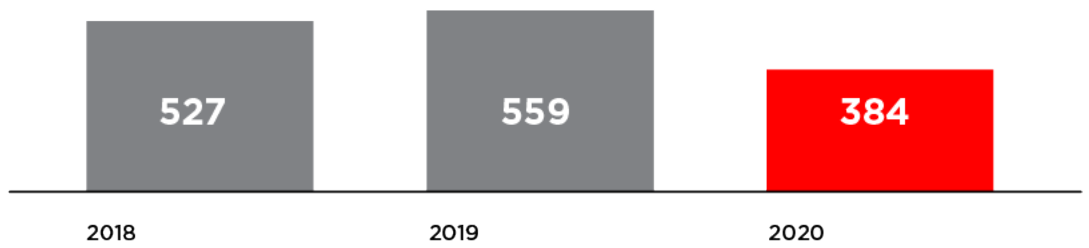


AMOUNT OF WASTE IN KG



Emissions:

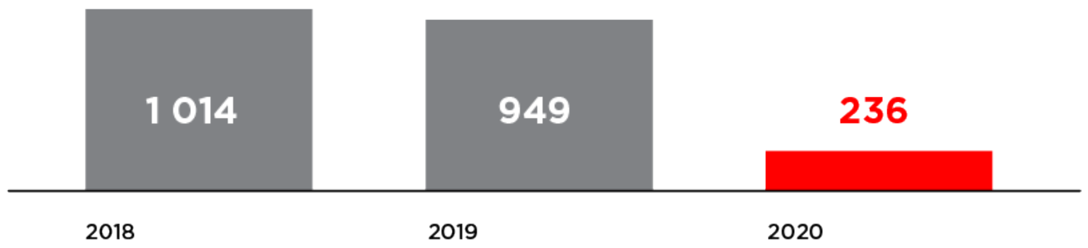
EMISSIONS T/CO2 FLEET



NOVABASE has integrated vehicles into its fleet that pollute less, as indicated in the table below:

TYPE OF VEHICLE	2018	2019	2020
Hybrid	1	0	0
Hybrid Plug-In	9	19	21
Electric	2	4	3

EMISSIONS T/CO2 AIR TRAVEL



EMISSIONS T/CO2 FUEL, AIR TRAVEL AND BUILDINGS

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

In 2020, NOVABASE joined the reforestation campaign known as Uma Árvore pela Floresta (A Tree for the Forest) organized by Quercus/CTT. The funds gathered through the recycling of toners and print cartridges were used to acquire tree and/or native brush kits for planting in springtime in protected areas or those areas affected by fire.

ii. Social and Fiscal

NOVABASE has implemented a series of measures aimed at establishing a balance between its employees' professional, family and personal life. Among these measures we highlight the following: osteopathy consultations; acupuncture and Tui Na; blood pressure and blood sugar monitoring; massage therapy; quick massage; Health Week and healthy breakfast. However, due to the pandemic, these measures were suspended and more emphasis was put on mental health consultations in view of helping everyone who needs such services, always ensuring the privacy of each individual. Reflective of NOVABASE's concern for its employees' mental health, it created the webinar "What are you feeling?".

Also in relation to the pandemic, in 2020, 101 refurbished computers were sold to help remote schooling activities for the children of NOVABASE Group employees.

NOVABASE also took part in social solidarity initiatives in which we highlight the following:

• Celfocus
"Student Keep" initiative – below, the bulletin that was released at the time:

"Celfocus is a proud sponsor of Student Keep"

Celfocus looked for ways to minimize the impact of COVID-19 by creating Out of the Pandemic a community built from scratch by a group of people eager to help those in need. After weeks of interactions and field research, the community voted to support remote teaching challenges and partner with a trusted project that has built a working and multidisciplinary structure.

Student Keep is a project under the #tech4COVID19 movement that works to fight inequality in access to education by identifying keepers that will donate materials (computers, tablets, internet, mouse, keyboard) to students without access to them and by gathering volunteers, who will perform the necessary technical interventions in such equipment.

How Celfocus helped?

• Rolling up our sleeves
Several colleagues have signed up to support the project in technical interventions (computer formatting, installations etc.). This help will speed up access to equipment for those in need.

• Giving unused equipment another life
Simultaneously, colleagues have used the project's website to register their unused equipment to be distributed to those in need.

Celfocus will also be supporting Student Keep by funding the purchase of additional equipment for as many students as possible. Learn more about this project and be a supporter – https://www.studentkeep.org/"

• NeoTalent
Contribution to the food bank.

Delivery of laptops to families in need during the first pandemic lockdown period. https://www.linkedin.com/feed/update/urn:li:activity:6688804937125703680

iii. Employees and Gender Equality and Non-Discrimination

Cabinet Resolution no. 19/2012 of 8 March 2012 determined that it would be mandatory to adopt an equality plan for all state corporate sector entities, in view of achieving equal treatment and equal opportunity between men and women, eliminating discrimination and facilitating reconciliation of personal, family and professional life.

This obligation was extended to all companies listed on stock exchanges via Law no. 62/2017 of 1 August, which approves the framework for balanced representation of men and women in executive and supervisory bodies of the public corporate sector and companies listed on stock exchanges, Article 7 stipulating the obligation to draft annual equality plans "that move towards effective equality of treatment and opportunities between men and women, promoting the elimination of discrimination on the basis of gender and fostering a reconciliation between personal, family and professional life".

As such, on 25 November 2020 NOVABASE delivered a new version of its plan for gender equality and diversity, in which it defined its measures and practices to be developed for 2020/2021, among which we highlight those that have already been implemented:

• Joined Fórum iGen (Forum of Organizations for Equality);

• The book O Longo Caminho Para a Igualdade - Mulheres e Homens No Século XXI (The Long Path to Equality – Women and Men in the 21st Century) was given to all of our employees;

• Revision of the code of conduct using inclusive language.

The key indicator is the proportion of men and women among the total number of employees, which should trend toward equality. In 2020 this indicator stood at 68% men and 32% women, slightly different from the 2019 result in which the proportion was 69% men and 31% women, which is in line with the information technologies industry trend in Portugal and abroad, and reflects the predilection for university courses in these areas for each gender.

At NOVABASE we believe in equal opportunity and mutual respect, regardless of ethnicity, gender, religion, ideology, social background or sexual orientation. These differences tend to improve the quality of the decision-making processes through a multiplicity of perspectives, greater intellectual and cultural richness and greater representation of realty and the stakeholders.

This is why we also believe that the diversity of our governing bodies contributes to better performance and greater competitiveness on the part of NOVABASE. Thus, we are committed to promoting the following policy:

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

• With regard to age, there must be a balance between experience and maturity on the one hand, and youth and energy on the other hand, the latter being so essential to the fast-paced innovation of our highly dynamic sector (information technologies);

• Regarding 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 implements own principles specifically related to (i) respect for human rights (ii) collective bargaining and (iii) ensuring the absence of child labour or forced/obligatory labour. It has a Code of Conduct that lays out these principles, which was revised and approved by the Board of Directors over the course of 2020. The Code establishes the principles and rules that govern relations between NOVABASE and its stakeholders in their broadest form. They represent a commitment to NOVABASE clients and partners, but also a commitment by employees and to employees with respect to the manner in which they relate to the company and to each other. It covers topics that include integrity, transparency, respect, safety and health, information use, intellectual property, use of resources, social and environmental responsibility, not to mention management of conflicts of interest, corruption and bribery, in addition to including several aspects such as legal compliance, good environmental and labour practices and human rights, and application of these principles when hiring third parties. The Code of Conduct is available in the institutional area of the website and via intranet. Our ethical concerns extend to our suppliers and partners. The principles and rules described in the NOVABASE Code of Conduct must be strictly adhered to by each partner or supplier who works with NOVABASE and must be incorporated into their daily processes. NOVABASE includes in its contracts with suppliers a commitment to adhering to the NOVABASE Code of Conduct.

v. Fight against Corruption and Bribery Attempts

NOVABASE has adopted a system for reporting irregularities (known as "SPI") that occur within its Group. The reporting of irregularities through SPI is forwarded to one of the members of the Audit Board specially appointed for this purpose. Additional information regarding the reporting of irregularities via the NOVABASE SPI may be consulted in Part I, Letter B., Section II. "REPORTING OF IRREGULARITIES" of the Corporate Governance Report for the 2020 financial year.

PART II – INFORMATION REGARDING STANDARDS / DIRECTIVES

Given the size of the NOVABASE Group, the nature of its activities, its business model and the industries in which the Group operates, no formal policies were approved regarding all the aspects listed in number 2 of Article 508-G of the Commercial Companies Code.

Nevertheless, NOVABASE Group is governed in the various areas of its activity by applicable legislation and regulations, and relevant recommendations from the Portuguese Securities Market Commission and other national and international entities.

NOVABASE Group has also internally adopted certain reference documents, diligence systems and processes regarding practices to adopt in certain areas, taking into consideration the Group and its needs, along with its employees, professionals and other stakeholders, with the underlying aim of ensuring sustainable growth. NOVABASE Group companies are also subject to various types of internal and external audits.

As such, below we list the main aspects, documents, practices and processes implemented by NOVABASE Group and that it believes have a non-financial impact on the Group, namely in terms of the environment, society, labour, gender equality and non-discrimination, human rights, and combating corruption:

• NOVABASE activity and the conduct of its employees and professionals is governed by legislation applicable in relevant jurisdictions and by the NOVABASE Code of Conduct (published on the corporate website), an internally approved document that has been implemented by the Group since 2011 with the aim of offering guidelines for NOVABASE professionals in accordance with the Group's values, not only in terms of its relationships with clients, but also in terms of its internal relations;

• The company's activity is managed in accordance with the Integrated Management System (Quality, Environment, Occupational Health and Safety);

• NOVABASE companies are audited by its financial auditors and its certifications pertaining to Quality (ISO 9001), Environmental Management (ISO 14001) and Occupational Health and Safety (ISO 45001) are renewed annually following internal and external audits, the latter conducted by certifying authorities;

• The company regularly monitors customer satisfaction and the satisfaction of its employees and professionals with respect to internal services and other matters of interest to its management;

• In accordance with the recommendations of the Instituto Português de Corporate Governance (Portuguese Corporate Governance Institute) regarding the governance of publicly listed companies and in view of fostering a culture of responsibility and compliance, NOVABASE has adopted a system for reporting irregularities (known as "SPI") that may occur within the Group. Reporting of irregularities via SPI is forwarded to one of the members of the Audit Board specially appointed for that purpose. Additional information regarding the reporting of irregularities via the NOVABASE SPI may be consulted in Part I, Letter B., Section II. "REPORTING OF IRREGULARITIES" of the Corporate Governance Report for the 2020 financial year;

• The company also implements "Internal Regulations on Business Dealings with Owners of Qualified Holdings in NOVABASE S.G.P.S., S.A.".

FINANCIAL STATEMENTS

TURNOVER

↑ 125.1 M€

(2019: 113.8 M€)
(Δ +10%)

EBITDA

↑ 11.8 M€

(2019: 9.4 M€)
(Δ +26%)

NET PROFIT

↓ 7.5 M€

(2019: 20.4 M€)
(Δ -63%)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	31.12.20	31.12.19
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	9,095	11,965
Intangible assets	12,063	12,967
Investments in associates	223	169
Financial assets at fair value through profit or loss	12,601	12175
Debt securities	-	403
Deferred tax assets	7,947	9,585
Other non-current assets	2,025	1,908
TOTAL NON-CURRENT ASSETS	**43,954**	**49,172**
CURRENT ASSETS		
Inventories	10	34
Trade and other receivables	42,660	78,428
Accrued income	3,556	3,843
Income tax receivable	2,988	2,168
Derivative financial instruments	64	24
Other current assets	4,290	6,211
Debt securities	-	2,793
Cash and cash equivalents	71,929	48,755
TOTAL CURRENT ASSETS	**125,497**	**142,256**
Assets from discontinued operations	342	460
TOTAL ASSETS	**169,793**	**191,888**
EQUITY		
Share capital	54,638	54,638
Treasury shares	(1,177)	(655)
Share premium	226	226
Reserves and retained earnings	(4,124)	(5,318)
Profit for the year	7,486	20,400
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**57,049**	**69,291**
Non-controlling interests	10,047	18,329
TOTAL EQUITY	**67,096**	**87,620**
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	21,493	21,281
Provisions	5,233	8,623
Other non-current liabilities	3,705	770
TOTAL NON-CURRENT LIABILITIES	**30,431**	**30,674**
CURRENT LIABILITIES		
Borrowings	9,432	9,081
Trade and other payables	40,313	39,635
Income tax payable	53	1,312
Derivative financial instruments	9	17
Deferred income and other current liabilities	16,148	14,854
TOTAL CURRENT LIABILITIES	**65,955**	**64,899**
Liabilities from discontinued operations	6,311	8,695
TOTAL LIABILITIES	**102,697**	**104,268**
TOTAL EQUITY AND LIABILITIES	**169,793**	**191,888**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	12 M *	
	31.12.20	31.12.19 (1)
CONTINUING OPERATIONS		
Sales	-	374
Services rendered	125,080	113,455
Cost of sales	-	(253)
External supplies and services	(37,379)	(30,105)
Employee benefit expense	(80,176)	(73,473)
Net impairment losses on trade and other receivables	(72)	235
Other gains/(losses) - net	4,378	(880)
Depreciation and amortisation	(4,356)	(4,360)
OPERATING PROFIT	7,475	4,993
Finance income	1,240	11,390
Finance costs	(2,928)	(4,690)
Share of loss of associates	(58)	(83)
PROFIT BEFORE INCOME TAX	5,729	11,610
Income tax expense	(1,912)	(383)
Profit from continuing operations	3,817	11,227
DISCONTINUED OPERATIONS		
Profit from discontinued operations	4,509	14,749
PROFIT FOR THE YEAR	8,326	25,976
PROFIT ATTRIBUTABLE TO:		
Owners of the parent	7,486	20,400
Non-controlling interests	840	5,576
	8,326	25,976
EARNINGS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT (EUROS PER SHARE)		
BASIC EARNINGS PER SHARE		
From continuing operations	0,10 Euros	0,18 Euros
From discontinued operations	0,15 Euros	0,48 Euros
FROM PROFIT FOR THE YEAR	0,24 Euros	0,66 Euros
DILUTED EARNINGS PER SHARE		
From continuing operations	0,10 Euros	0,18 Euros
From discontinued operations	0,15 Euros	0,47 Euros
FROM PROFIT FOR THE YEAR	0,24 Euros	0,66 Euros

12 M * - period of 12 months ended

(1) Restated in accordance with the explanation in notes 2.24, 2.25 and 41 of the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS EXPRESSED IN THOUSANDS OF EUROS	12 M *	
	31.12.20	31.12.19 (1)
PROFIT FOR THE YEAR	8,326	25,976
Other comprehensive income for the year		
Items that may be reclassified to profit or loss		
Exchange differences on foreign operations, net of tax	22	615
OTHER COMPREHENSIVE INCOME	22	615
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,348	26,591
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	6,948	20,693
Non-controlling interests	1,400	5,898
	8,348	26,591

12 M * - period of 12 months ended

(1) Restated in accordance with the explanation in notes 2.24, 2.25 and 41 of the Notes to the Consolidated Financial Statements.

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, 2020

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, 2020.

ACTIVITIES CARRIED OUT

Supervision of the Company

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

During the year, the Audit Board met four times and the respective meetings were formally recorded in minutes. At these meetings there was an attendance of 100% by the Chairman and one of the members, and of 50% by the second member. In addition, the Audit Board took part in the meeting of the Board of Directors that approved the Management Report and the Consolidated Financial Statements for the 2020 financial year.

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.

Related Party Transactions

During the 2020 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 245 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 2020 financial year, which comprise the Consolidated Statement of Financial Position as at December 31, 2020, 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 2020 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 2020 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 245-A 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 2020 financial year;
- There are no objections to the approval of the Consolidated Financial Statements for the 2020 financial year.

Lisbon, April 29, 2021

The Audit Board

Álvaro Nascimento – Chairman

Fátima Farinha – Member

Miguel Ribeiro Ferreira – Member

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STATUTORY AUDITORS' REPORT AND AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Novabase, S.G.P.S., S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 (showing a total of Euro 169,793 thousand and equity of Euro 67,096 thousand, including non-controlling interests of Euro 10,047 thousand and a net profit of Euro 7,486 thousand), 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 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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 financial statements" section below. We are independent of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

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

Key audit matters

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

Revenue recognition (Euro 125,080 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 (b), 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, among others, the following: ▪ 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 have reviewed the adequacy of the related disclosures in the financial statements, in accordance with the applicable accounting standards.

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	Our response to the identified 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 evolution of the economic environment, as well as the control and monitoring of the spread of COVID-19 and its effects created greater uncertainty on the financial projections that support the assessment of impairment. The complexity and inherent degree of judgment justify that the recoverability of goodwill has been considered a key audit matter.	Our audit procedures included, among others, the following: ▪ 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 have reviewed the adequacy of the related disclosures in the financial statements, in accordance with the applicable accounting standards.

Recoverability of deferred tax assets (Euro 7,947 thousand)

See Note 11 to the consolidated financial statements which describes the amount of deferred tax assets, of which 7,053 thousand euros related to tax benefits arising from Research and Development projects presented under the SIFIDE incentive scheme.

The Risk	Our response to the identified risk
Deferred tax assets recorded by management are based on its best estimate 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 evolution of the economic environment, as well as the control and monitoring of the spread of COVID-19 and its effects created greater uncertainty on the financial projections that support the recoverability of deferred tax assets. 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 audit procedures included, among others, the following: ▪ 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 have reviewed the adequacy of the related disclosures in the financial statements, in accordance with the applicable accounting standards.

Responsibilities of Management and the Supervisory Board 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 financial position, financial performance and the cash flows, in accordance with the International Financial Reporting Standards, as adopted by the European Union;
- the preparation of the management report and the corporate governance report, in accordance with applicable laws;
- 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.

Auditor´s Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;

- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the 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, as well as the verification that the non-financial information was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to Article 451(3)(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 and 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 referred in Article 451(7) of the Portuguese Companies' Code this opinion is not applicable to the non-financial statement included in the management report.

On the Corporate Governance Report

Pursuant to Article 451(4) of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Group in accordance with Article 245-A of the Portuguese 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 m) of that article.

On the consolidated non-financial information

Pursuant to Article 451(6) of the Portuguese Companies' Code, we inform that the Group included in its management report the non-financial information foreseen in Article 508-G of the Portuguese Companies' Code.

On the additional matters provided for in Article 10 of the Regulation (EU) no. 537/2014

Pursuant to Article 10 of the Regulation (EU) no. 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 Novabase, S.G.P.S., S.A. in the General Shareholders' Meeting held on 29 April 2015 for a first mandate from 2015 to 2017. We were appointed in the General Shareholders' Meeting held on 10 May 2018 for a second mandate from 2018 to 2020;

- 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 scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud;
- We confirm that the audit opinion we have issued is consistent with the additional report we prepared and submitted to the Group's supervisory body on 29 April 2021.
- We declare that we have not provided any prohibited services as described in Article 77(8) of the Ordem dos Revisores Oficiais de Contas' statutes, and that we have remained independent from the Group during the course of the audit.

29 April 2021

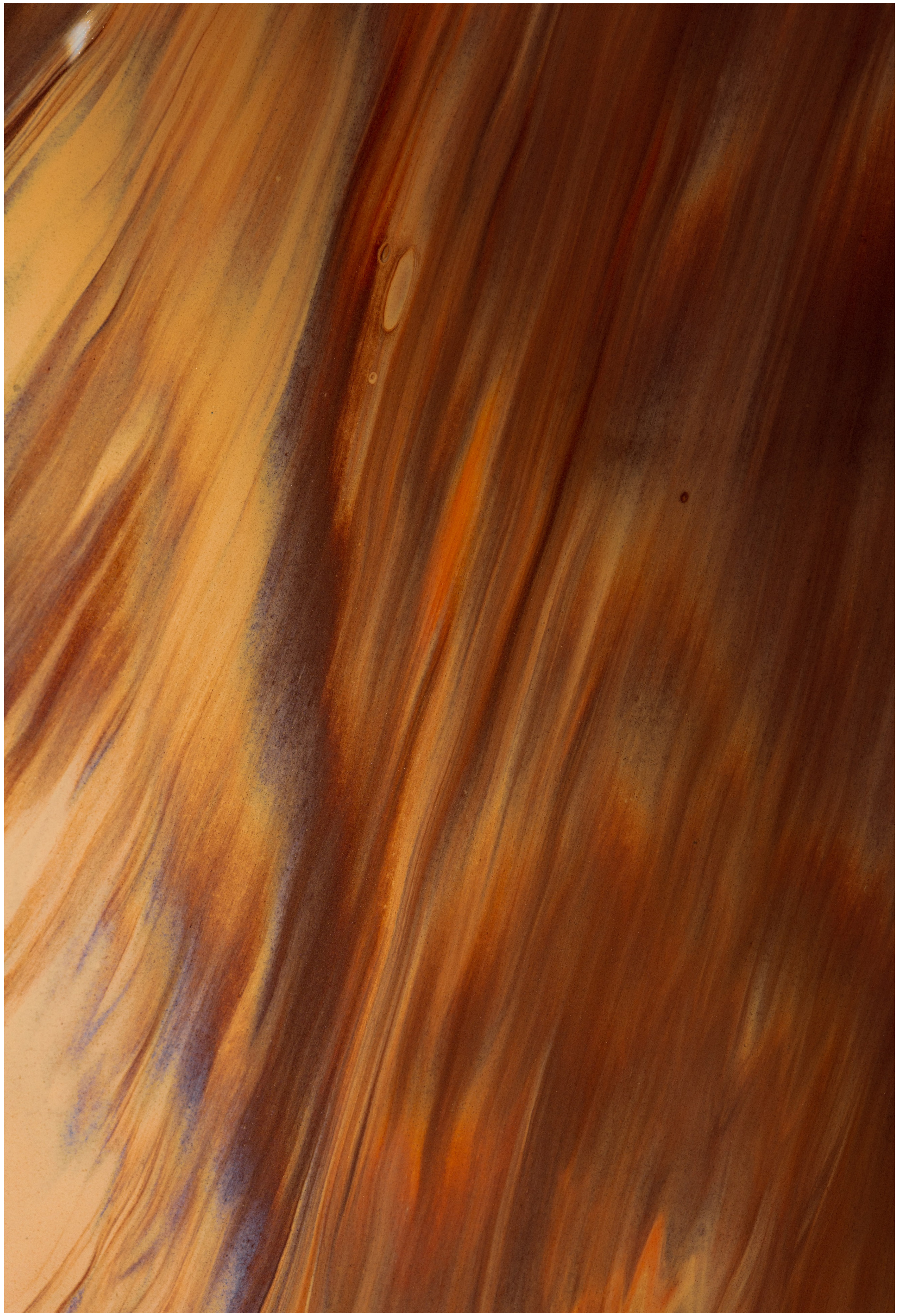
SIGNED ON THE ORIGINAL

KPMG & Associados -
Sociedade de Revisores Oficiais de Contas, S.A. (no. 189)
represented by
Paulo Alexandre Martins Quintas Paixão (ROC no. 1427)

NOVABASE

CORPORATE GOVERNANCE REPORT

LISBON



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 245-A, paragraph 1, sub-paragraph a).*

General Information on Capital Structure

General Information on Capital Structure	
Share capital on 31 December 2020 (€)	54,638,425.66
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 - SGPS, S.A. [1]	9,134,829	29.09%
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613	6.68%
Luís Paulo Cardoso Salvado [1]	1	0.00%
João Nuno da Silva Bento [1]	1,366,761	4.35%
Álvaro José da Silva Ferreira [1]	1	0.00%
José Afonso Oom Ferreira de Sousa [1]	1	0.00%
TOTAL [2]	**12,599,206**	**40.12%**

[1] José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira are the controlling shareholders and directors of HNB – SGPS, 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, João Nuno da Silva Bento 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 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
IBIM2 Limited	3,144,217	10.01%

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

Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, SA	Number of shares	% share capital and voting rights
Fundo de Investimento Mobiliário Aberto Santander Ações Portugal	1,476,905	4.70%
Fundo de Investimento Mobiliário Aberto Poupança Ações Santander PPA	34,537	0.11%
TOTAL[1]	1,511,442	4.81%

[1] At the time of receiving notice of the qualified holding, NOVABASE was informed that the above funds are managed by Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.

	Number of shares	% share capital and voting rights
Maria Manuela de Oliveira Marques	1,043,924	3.32%

The above holdings correspond to the last positions notified to the company in reference to 31 December 2020 or before.
Even so, over the course of 2021, NOVABASE received the following notifications with regard to some of the above qualified holdings, as duly disclosed to the market:

- The above-mentioned shareholder Maria Manuela de Oliveira Marques notified NOVABASE that on 13 January 2021 she sold 650,924 shares representing 2.07% of NOVABASE's share capital, and that after this transaction she no longer held any of NOVABASE's share capital or voting rights.

- On the same date, HNB – SGPS, S.A. notified NOVABASE that it had increased its position in the company's share capital and corresponding voting rights to 31.2% after acquiring 650,924 shares.

- In addition, on 4 March 2021, NOVABASE received a notification from Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. of its reductions in qualified holdings, by which it stated that, as of 2 March 2021, the Santander Acções Portugal fund will own zero shares (previously the owner of 694,649 shares), corresponding to 0% share capital and 0% voting rights. It further stated that, in total as of 2 March 2021, the securities investment funds managed by Santander Asset Management S.G.F.I.M., SA now hold 7,688 shares (previously the owner of 702,337 shares) corresponding to 0.0245% of share capital and 0.0245% of voting rights, thereby reducing its holding to a qualified holding of less than 2%.

- On the same date, NOVABASE received a notification from Santander Asset Management, S.A., S.G.I.I.C of its increase in qualified holdings, by which it stated that, as of 2 March 2021, the Santander Small Caps España FI fund will own 694,649 shares corresponding to 2.2122% of NOVABASE's share capital and 2.2122% of NOVABASE's voting rights. It further stated that, as of this date, Santander Asset Management, S.A., S.G.I.I.C now holds 694,649 shares corresponding to 2.2122% of NOVABASE's share capital and 2.2122% of NOVABASE's voting rights.

- On 12 March, NOVABASE received a notification from shareholder Walter Rey that, as of 5 March 2021, he now holds in his name 748,000 shares representing 2.382% of NOVABASE's share capital and corresponding voting rights.

2. *Restrictions on the transferability of shares, such as consent of sale clauses or restrictions on ownership of shares (article 245-A, 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 245-A, paragraph 1, sub-paragraph a).*

On 31 December 2020, NOVABASE had 676,611 treasury shares representing 2.15% of share capital and corresponding voting rights for the treasury shares held.

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 requirements (article 245-A, paragraph 1, sub-paragraph j).

Notwithstanding the 676,611 treasury shares in question, 91,539 shares were attributed to director Paulo Jorge de Barros 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.

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 245-A, paragraph 1, sub-paragraph g).*

On 16 October 2017, NOVABASE announced to the market that it was notified by its shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, João Nuno da Silva Bento, Rogério dos Santos Carapuça, Álvaro José da Silva Ferreira and Pedro Miguel Quinteiro Marques de Carvalho 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 2018-2020 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, João Nuno da Silva Bento and Álvaro José da Silva Ferreira (hereinafter called the "Shareholders") for 10,488,068 NOVABASE shares (hereinafter called the "Restricted Shares") directly or indirectly held between them, corresponding to 33.40% of NOVABASE's share capital, and with Rogério dos Santos Carapuça having withdrawn from the Shareholders' Agreement, with no further holdings in NOVABASE.

Shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are the controlling shareholders of the company HNB – SGPS, 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.

This new Shareholders' Agreement entered immediately into force, shall be valid until 30 April 2021, and replaces the shareholders' agreement previously in force (as duly announced to the market on 13 May 2015), whose essential terms and conditions have been reproduced.

2. Qualified holding – changes to composition

NOVABASE was also informed of changes to the composition of the qualified holding held by shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento, due to the following:

1. Signing of the new Shareholders' Agreement referred to above, and termination of the shareholders' agreement previously in force;

2. Transmission, on 13 October 2017, by shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento, of shares representing HNB's share capital directly held by them, to the following vehicles:

    a) The company Xistroban, S.A., which is controlled by shareholder José Afonso Oom Ferreira de Sousa, and assumed direct ownership of all shares representing the share capital of HNB previously held directly by José Afonso Oom Ferreira de Sousa;

    b) The company Turtlewalk Unipessoal Lda, which is controlled by shareholder Luís Paulo Cardoso Salvado, and assumed direct ownership of all shares representing the share capital of HNB previously held directly by Luís Paulo Cardoso Salvado;

    c) The company Pragmatic Proton - Unipessoal Lda, which is controlled by shareholder Álvaro José da Silva Ferreira, and assumed direct ownership of all shares representing the share capital of HNB previously held directly by Álvaro José da Silva Ferreira;

    d) The company Mediaries - Serviços de Consultoria e Gestão Lda, which is controlled by shareholder João Nuno da Silva Bento, and assumed direct ownership of all shares representing the share capital of HNB previously held directly by João Nuno da Silva Bento.

In the wake of these changes, shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Pedro Miguel Quinteiro Marques de Carvalho, Álvaro José da Silva Ferreira and João Nuno da Silva Bento continue to have a qualified holding, which currently totals 12,550,467 shares representing 39.97% of NOVABASE's share capital and voting rights, as follows:

<u>Restricted Shares</u>

Shareholders	Number of Restricted Shares	% of Shareholders' Agreement	% Voting Rights
Held through HNB			

	José Afonso Oom Ferreira de Sousa	2,180,558	20.79%	6.94%
	Luís Paulo Cardoso Salvado	2,180,558	20.79%	6.94%
	Álvaro José da Silva Ferreira	2,180,558	20.79%	6.94%
	João Nuno da Silva Bento	1,848,781	17.63%	5.89%
	HNB Total	8,390,455	80.00%	26.72%
José Afonso Oom Ferreira de Sousa		1	-	-
Luís Paulo Cardoso Salvado		1	-	-
Álvaro José da Silva Ferreira		1	-	-
João Nuno da Silva Bento		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 Non-Restricted Shares		% Voting Rights Totals
Held through HNB				
	José Afonso Oom Ferreira de Sousa	1,023,591		3.26%
	Luís Paulo Cardoso Salvado	631,932		2.01%
	Álvaro José da Silva Ferreira	215,417		0.69%
	João Nuno da Silva Bento	0		0.00%

	Total HNB	1.870.940		5.96%
José Afonso Oom Ferreira de Sousa		0		-
Luís Paulo Cardoso Salvado		0		-
Álvaro José da Silva Ferreira		0		-
João Nuno da Silva Bento		0		-
Pedro Miguel Quinteiro Marques de Carvalho		191,455		0.61%
Total		2,062,395		6.57%

Total (Restricted Shares + Non-Restricted Shares)

Shareholders		Total Number of Shares (Restricted + Non-Restricted)		% Voting Rights Totals
Held through HNB				
	José Afonso Oom Ferreira de Sousa	3,204,149		10.20%
	Luís Paulo Cardoso Salvado	2,812,490		8.96%
	Álvaro José da Silva Ferreira	2,395,975		7.63%
	João Nuno da Silva Bento	1,848,781		5.89%
	Total HNB	10,261,395		32.68%
José Afonso Oom Ferreira de Sousa		1		-
Luís Paulo Cardoso Salvado		1		-
Álvaro José da Silva Ferreira		1		-

João Nuno da Silva Bento	1		-
Pedro Miguel Quinteiro Marques de Carvalho	2,289,068		7.29%
Total	12,550,467		39.97%

In view of the number of treasury shares currently held in the portfolio by NOVABASE, the total holding in question would correspond to 40.45% of NOVABASE's voting rights.

3. Terms and conditions of the Shareholders' Agreement

The following content of NOVABASE's 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 1.90% 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;

G) Commitment, subject to market conditions and applicable law, to propose a dividend policy for the 2017-2020 financial years with an annual dividend payment of at least 30% of the consolidated net profit for the year;

H) 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;

I) 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;

J) 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;

K) 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 30 April 2021.

In addition, on 12 November 2018, NOVABASE announced to the market that it had received, from its shareholder HNB - SGPS, S.A. ("HNB"), a notice of changes to the composition of its qualified holding, whose relevant content is reproduced below:

"**Re**: Notice of changes to the composition of a qualified holding in NOVABASE - Sociedade Gestora de Participações Sociais, S.A.

To whom it may concern,

Pursuant to and for the purposes of article 16 of the Securities Code and article 2 of CMVM Regulation no. 5/2008, the company HNB, SGPS, S.A., with its registered office at Rua Sarmento de Beires, n.º 45, 13B, 1900-411 Lisbon, parish of Areeiro, municipality of Lisbon, with share capital of €50,000.00, sole legal entity/Lisbon Commercial Registry number 510697127, whose share capital is fully paid up in the amount of €5,000.00 ("**HNB**"), already having a qualified holding of 39.36% of the share capital of NOVABASE, Sociedade Gestora de Participações Sociais, S.A. ("**NOVABASE**") corresponding to the ownership, directly or through its controlling shareholders and other signatories to the shareholders' agreement currently in force at NOVABASE, of 12,359,012 shares of this company, hereby announces that, due to the acquisition of 240,194 shares representing NOVABASE's share capital and voting rights, on 5 November 2018, it now holds 10,501,589 shares representing 33.44% of the company's share capital.

Note that this qualified holding is attributable to HNB due to its direct ownership of shares, in addition to the voting rights held by the respective directors who are also its controlling shareholders, and the voting rights attributable to them under the NOVABASE shareholders' agreement to which they are signatories, pursuant to and for the purposes of article 20, paragraph 1 of the Securities Code and, specifically, sub- paragraphs d), h) and j) of this provision.

Furthermore, on 5 November 2018, the NOVABASE shareholders who are signatories to the Shareholders' Agreement in force at NOVABASE (including HNB and its directors and controlling shareholders) now hold a total of 12,599,206 NOVABASE shares, representing 40.12% of NOVABASE's share capital and corresponding voting rights, as follows:

Shareholders	Number of shares		% Voting Rights
Held through HNB[1]	10,501,589		33.44%
José Afonso Oom Ferreira de Sousa[1]	1		-
Luís Paulo Cardoso Salvado[1]	1		-
Álvaro José da Silva Ferreira[1]	1		-
João Nuno da Silva Bento[1]	1		-
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613		6.68%
Total [2]	12,599,206		40.12%

[1] José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are the controlling shareholders and directors of HNB – SGPS, 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, João Nuno da Silva Bento and Pedro Miguel Quinteiro Marques de Carvalho, pursuant to the NOVABASE Shareholders' Agreement.

[end of transcription of announcement]

In this regard, NOVABASE also announced to the market that, pursuant to this notice of changes to the composition of the qualified holding of HNB, on 5 November 2018, the NOVABASE shareholders who were signatories to the Shareholders' Agreement in force at this company (including HNB and its directors and controlling shareholders) now held a total of 12,599,206 NOVABASE shares, representing 40.12% of NOVABASE's share capital and corresponding voting rights, as follows:

Shareholders	Number of shares		% Voting Rights
Held through HNB[1]	10,501,589		33.44%
José Afonso Oom Ferreira de Sousa[1]	1		0.00%
Luís Paulo Cardoso Salvado[1]	1		0.00%
Álvaro José da Silva Ferreira[1]	1		0.00%
João Nuno da Silva Bento[1]	1		0.00%
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613		6.68%
Total [2]	12,599,206		40.12%

[1] José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are the controlling shareholders and directors of HNB – SGPS, 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, João Nuno da Silva Bento and Pedro Miguel Quinteiro Marques de Carvalho, pursuant to the NOVABASE Shareholders' Agreement.

Finally and more recently, on 28 October 2020, NOVABASE announced to the market that it had received from HNB and from João Nuno da Silva Bento a notice of changes to the composition of a qualified holding, and of a qualified holding, whose relevant content is reproduced below:

"To whom it may concern,

Pursuant to and for the purposes of article 16 of the Securities Code and article 2 of CMVM Regulation no. 5/2008, the company HNB, SGPS, S.A., with its registered office at Rua Sarmento de Beires, n.º 45, 13B, 1900-411 Lisbon, parish of Alto do Pina, municipality of Lisbon, with share capital of €50,000.00, sole legal entity/Lisbon Commercial Registry number 510697127 ("HNB"), already having a qualified holding of 40.12% of the share capital of NOVABASE, Sociedade Gestora de Participações Sociais, S.A. ("NOVABASE") corresponding to the ownership, directly or through its controlling shareholders and other signatories to the shareholders' agreement currently in force at NOVABASE, of 12,599,206 shares of this company, and its controlling shareholder through the present date João Nuno da Silva Bento, consequently to whom this qualified holding was already attributable as well, now wish to announce the following:

In view of HNB's acquisition of the 9,008 shares representing the share capital of that company held by João Nuno da Silva Bento, directly or indirectly through controlled companies, involving payment in kind via transmission of 1,366,760 NOVABASE shares held by HNB on 28 October 2020, HNB now has direct ownership of 9,134,829 shares representing 29.09% of the company's share capital, with João Nuno da Silva Bento in turn now owning, directly or indirectly through controlled companies, 1,366,761 shares representing 4.35% of NOVABASE's share capital.

Furthermore, on 28 October 2020, the NOVABASE shareholders who are signatories to the Shareholders' Agreement in force at NOVABASE (including HNB and its controlling shareholders) now hold a total of 12,599,206 NOVABASE shares, representing 40.12% of NOVABASE's share capital and corresponding voting rights, as follows:

Shareholders	Number of shares		% Voting Rights
Held through HNB[1]	9,134,829		29.09%
José Afonso Oom Ferreira de Sousa[1]	1		0.00%
Luís Paulo Cardoso Salvado[1]	1		0.00%
Álvaro José da Silva Ferreira[1]	1		0.00%
João Nuno da Silva Bento[2]	1,366,761		4.35%
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613		6.68%
Total [3]	12,599,206		40.12%

[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 – SGPS, S.A., having signed a shareholders' agreement for all of this company's share capital.

[2] The holding of João Nuno da Silva Bento is held directly or indirectly through controlled companies.

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

[end of transcription of announcement]

In this regard, NOVABASE also announced to the market that, pursuant to this notice, on 28 October 2020 the NOVABASE shareholders who were signatories to the Shareholders' Agreement in force at this company (including HNB and its controlling shareholders, which no longer included João Nuno da Silva Bento) continue to hold a total of 12,599,206 NOVABASE shares, representing 40.12% of NOVABASE's share capital and corresponding voting rights, as follows:

Shareholders	Number of shares		% Voting Rights
Held through HNB[1]	9,134,829		29.09%
José Afonso Oom Ferreira de Sousa[1]	1		0.00%
Luís Paulo Cardoso Salvado[1]	1		0.00%
Álvaro José da Silva Ferreira[1]	1		0.00%
João Nuno da Silva Bento[2]	1,366,761		4.35%
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613		6.68%
Total [3]	12,599,206		40.12%

[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 – SGPS, S.A., having signed a shareholders' agreement for all of this company's share capital.

[2] The holding of João Nuno da Silva Bento is held directly or indirectly through controlled companies.

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

II. Shareholdings and Bonds

7. Identification of legal or natural persons who directly or indirectly own qualified holdings (article 245-A, 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 - SGPS, S.A. [1]	9,134,829	29.09%
Pedro Miguel Quinteiro Marques de Carvalho	2,097,613	6.68%
Luís Paulo Cardoso Salvado [1]	1	0.00%
João Nuno da Silva Bento [1]	1,366,761	4.35%
Álvaro José da Silva Ferreira [1]	1	0.00%
José Afonso Oom Ferreira de Sousa [1]	1	0.00%
TOTAL [2]	12,599,206	40.12%

[1] Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and José Afonso Oom Ferreira de Sousa are the controlling shareholders and directors of HNB – SGPS, 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, João Nuno da Silva Bento, 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
IBIM2 Limited	3,144,217	10.01%

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

Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, SA	Number of shares	% share capital and voting rights
Fundo de Investimento Mobiliário Aberto Santander Ações Portugal	1,476,905	4.70%
Fundo de Investimento Mobiliário Aberto Poupança Ações Santander PPA	34,537	0.11%
TOTAL[1]	1,511,442	4.81%

[1] At the time of receiving notice of the qualified holding, NOVABASE was informed that the above funds are managed by Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.

	Number of shares	% share capital and voting rights
Maria Manuela de Oliveira Marques	1,043,924	3.32%

The above holdings correspond to the last positions notified to the company in reference to 31 December 2020 or before.

Even so, over the course of 2021, NOVABASE received the following notifications with regard to some of the above qualified holdings, as duly disclosed to the market:

- The e above-mentioned shareholder Maria Manuela de Oliveira Marques notified NOVABASE that on 13 January 2021 she sold 650,924 shares representing 2.07% of NOVABASE's share capital, and that after this transaction she no longer held any of NOVABASE's share capital or voting rights.

- On the same date, HNB – SGPS, S.A. notified NOVABASE that it had increased its position in the company's share capital and corresponding voting rights to 31.2% after acquiring 650,924 shares.

- In addition, on 4 March 2021, NOVABASE received a notification from Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. of its reductions in qualified holdings, by which it stated that, as of 2 March 2021, the Santander Acções Portugal fund will own zero shares (previously the owner of 694,649 shares), corresponding to 0% share capital and 0% voting rights. It further stated that, in total as of 2 March 2021, the securities investment funds managed by Santander Asset Management S.G.F.I.M., SA now hold 7,688 shares (previously the owner of 702,337 shares) corresponding to 0.0245% of share capital and 0.0245% of voting rights, thereby reducing its holding to a qualified holding of less than 2%.

- On the same date, NOVABASE received a notification from Santander Asset Management, S.A., S.G.I.I.C of its increase in qualified holdings, by which it stated that, as of 2 March 2021, the Santander Small Caps España FI fund will own 694,649 shares corresponding to 2.2122% of NOVABASE's share capital and 2.2122% of NOVABASE's voting rights. It further stated that, as of this date, Santander Asset Management, S.A., S.G.I.I.C now holds 694,649 shares corresponding to 2.2122% of NOVABASE's share capital and 2.2122% of NOVABASE's voting rights.

- On 12 March, NOVABASE received a notification from shareholder Walter Rey that, as of 5 March 2021, he now holds in his name 748,000 shares representing 2.382% of NOVABASE's share capital and corresponding voting rights.

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

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

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

Owner	#	%
	Shares [1]	Capital and Voting Rights
Pedro Miguel Quinteiro Marques de Carvalho (non-executive member of the Board of Directors)	2,097,613	6.68
João Nuno da Silva Bento (Chairperson of the Executive Committee – CEO) [2]	1,366,761	4.35
Manuel Saldanha Tavares Festas (substitute member of the Audit Board)	74,986	0.24
Francisco Paulo de Figueiredo Morais Antunes (executive member of the Board of Directors – CFO)	30,335	0.10
María del Carmen Gil Marín (executive member of the Board of Directors)	23,001	0.07
Luís Paulo Cardoso Salvado [3] (Chairperson of the Board of Directors)	1	0.00
Álvaro José da Silva Ferreira [3] (executive member of the Board of Directors)	1	0.00
José Afonso Oom Ferreira de Sousa [3] (non-executive member of the Board of Directors)	1	0.00
Paulo Jorge de Barros Pires Trigo (executive member of the Board of Directors) [4]	0	0.00

Marta Isabel dos Reis Graça Rodrigues do Nascimento (non-executive member of the Board of Directors)	0	0.00
Álvaro José Barrigas do Nascimento (Chairperson of the Audit Board)	0	0.00
Fátima do Rosário Piteira Patinha Farinha (full member of the Audit Board)	0	0.00
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira (full member of the Audit Board)	0	0.00
KPMG & Associados - SROC, S.A. represented by Paulo Alexandre Martins Quintas Paixão (acting statutory auditor and representative)	0	0.00
Maria Cristina Santos Ferreira (substitute statutory auditor)	0	0.00

[1] The shareholding of each of these corporate board members corresponds to the last position notified to the company in reference to 31 December 2020 or before.

[2] João Nuno da Silva Bento is a controlling partner of Mediaries – Serviços de Consultoria e Gestão Lda., while his spouse Paulina Cecília Carriço Leite da Cunha Bentois also a controlling partner and manager of this company. On 30 December 2020, the company Mediaries held 1,366,760 shares representing 4.35% of NOVABASE's share capital and respective voting rights.

[3] Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and José Afonso Oom Ferreira de Sousa are shareholders of HNB – SGPS, S.A., where they hold management positions. On 30 December 2020, HNB – SGPS, S.A. held 9,134,829 shares representing 29.09% of NOVABASE's share capital and respective voting rights.

[4] In 2020, director Paulo Jorge de Barros Pires Trigo exercised options on NOVABASE shares in his ownership, per the terms and conditions detailed in point 72 of this report, resulting in the allocation to this director of 91,539 shares representing 0.29% of NOVABASE's share capital. Even so, 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.

In addition, the following transactions of NOVABASE shares were made in 2020 by the persons referred to in article 447 of the Commercial Companies Code ("CSC"):

Entity	Transaction	Date	Place	Number of Shares	Unit Price (€)
HNB	Sale	28/10/2020	Outside of a trading platform	1,366,760	3.230
João Nuno da Silva Bento	Purchase	28/10/2020	Outside of a trading platform	1,366,760	3.230

Paulo Jorge de Barros Trigo Pereira [1]	Exercising of share options	26/10/2020	Outside of a trading platform	91,539	3.321

[1] As a result of exercising options on ordinary NOVABASE shares in his ownership under the Regulations of the Plan for Options to Allot NOVABASE Shares ("RPO"), per the terms detailed in point 72 of this report, by the following means: (i) via the attribution of NOVABASE shares (net share settlement) for 50% of the options subject to exercising (200,000 options), resulting in the allocation of 91,539 ordinary company shares to this director, per the calculation formula in the POR; and (ii) via net cash settlement for the remaining 50% (corresponding to 200,000 options), resulting in the payment of €304.001.71 to this director per the calculation formula in the RPO.

The 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 POR.

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 245-A, 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 2020, 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 10 May 2018 for the three-year period of 2018-2020, are Chairperson António Manuel da Rocha e Menezes Cordeiro and Secretary Madalena Paz Ferreira Perestrelo de Oliveira.

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 rights (article 245-A, 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)

c) Composition

Board of Directors on 31 December 2020

Luís Paulo Cardoso Salvado

João Nuno da Silva Bento
Álvaro José da Silva Ferreira
Francisco Paulo Figueiredo Morais Antunes
María del Carmen Gil Marín
Paulo Jorge de Barros Pires Trigo
José Afonso Oom Ferreira de Sousa
Pedro Miguel Quinteiro Marques Carvalho
Marta Isabel dos Reis Graça Rodrigues do Nascimento

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 10 May 2018 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for the three-year period of 2018-2020), the elected Board of Directors delegated NOVABASE's daily management to an Executive Committee supervised by the non-executive directors.

In 2019, the election of Paulo Jorge de Barros Pires Trigo as a new member of NOVABASE's Board of Directors (together with his inclusion on NOVABASE's Executive Committee) was approved in the General Meeting of Shareholders of 26 September 2019. This election was proposed under NOVABASE's updated strategy for 2019 and beyond (2019+ Strategic Update) and as part of the company's reorganization into two new operating segments (further explained in point 21.), given the urgent need to match the structure of NOVABASE's managing board to the 2019+ Strategic Update to reflect its focus on the Next-Gen segment.

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 245-A, 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 245-A, paragraph 1, sub-paragraph r) 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 2020 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 2020 financial year:

- With regard to full members on NOVABASE's corporate boards performing duties in 2020, NOVABASE's corporate boards had a total of 14 men and 4 women;

- Throughout 2020, 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, 22% of the members of the Board of Directors for the three-year period of 2018-2020 are of female gender, thereby exceeding the minimum referred to in Law no. 62/2017 of 1 August (of 20%, applicable to NOVABASE until the next elective General Meeting of Shareholders to be held in 2021), also including one female member on the Executive Committee.

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 2020, the Board of Directors had nine full members, as shown in the following table:

Director	Inauguration date	End of term of office
Luís Paulo Cardoso Salvado	18-03-1998	31-12-2020
João Nuno da Silva Bento	10-05-2018	31-12-2020
Álvaro José da Silva Ferreira	10-05-2018	31-12-2020
Francisco Paulo Figueiredo Morais Antunes	28-04-2009	31-12-2020
María del Carmen Gil Marín	10-05-2018	31-12-2020
Paulo Jorge de Barros Pires Trigo	26-09-2019	31-12-2020
José Afonso Oom Ferreira de Sousa	24-01-1991	31-12-2020
Pedro Miguel Quinteiro Marques Carvalho	24-01-1991	31-12-2020
Marta Isabel dos Reis Graça Rodrigues do Nascimento	10-05-2018	31-12-2020

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 10 May 2018 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for the 2018-2020 term of office), the elected Board of Directors delegated, on this same date, NOVABASE's daily management to an Executive Committee 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	Non-executive (Chairperson)	No

João Nuno da Silva Bento	Executive	No
Álvaro José da Silva Ferreira	Executive	No
Francisco Paulo Figueiredo Morais Antunes	Executive	No
María del Carmen Gil Marín	Executive	No
Paulo Jorge de Barros Pires Trigo	Executive	No
José Afonso Oom Ferreira de Sousa	Non-executive	No
Pedro Miguel Quinteiro Marques de Carvalho	Non-executive	No
Marta Isabel dos Reis Graça Rodrigues do Nascimento	Non-executive	No

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

In view of the number of directors (nine), the four 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 45% of all directors, which is appropriate for the company's size (compared to other larger listed companies in the Portuguese market) and the respective free float, as resulting from this report. Furthermore, NOVABASE's non-executive members have professional qualifications, educations and backgrounds which differ between themselves, but which are relevant at various levels for NOVABASE's main business areas, thereby representing diverse areas of knowledge among non-executive members to support the executive members' monitoring, supervision and understanding of the business.

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

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

Director	Professional Qualifications	Other background information [1]
Luís Paulo Cardoso Salvado	• MBA in Information Management from Universidade Católica Portuguesa • Graduate in Electrotechnical and Computer Engineering at Instituto Superior Técnico (IST - Higher Technical Institute)	• Chairperson of the Board of Directors Formerly: • CEO • Member of the Board of Directors Performance Assessment Committee and the Corporate Governance Assessment Committee • CFO, CHRO and CLO of the NOVABASE Group • CEO of NOVABASE Consulting • Director of various NOVABASE Group companies
João Nuno da Silva Bento	• Advanced Management Program – Universidade Católica Portuguesa – Northwestern University – Kellog School of Management • MBA – Universidade Católica Portuguesa • Graduate in Electrotechnical Engineering (Systems and Computers) at Instituto Superior Técnico	• Chairperson of the Executive Committee (CEO)
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	• COO Value Portfolio • NOVABASE Capital, S.A. • Director of various NOVABASE Group companies
Francisco Paulo Figueiredo Morais Antunes	• Master's in Finance from ISCTE • Graduate in Management from ISCTE	• Corporate functions: CFO / CRO / Information Systems / Legal • Director of various NOVABASE Group companies Formerly: • Financial Director of NOVABASE Group
María del Carmen Gil Marín	• MBA – INSEAD • Academic cycle of PhD in the Environment and	• Administradora Executiva NOVABASE SGPS, S.A. • Executive Director NOVABASE SGPS, S.A.

	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 at NOVABASE Capital, S.C.R. and various Group companies • Chairperson of the General Meeting of Shareholders of various NOVABASE Group companies • Member of Advisory Committee of FCR Istart I • Member of the management of the Investor Relations Forum • Member of the General Board of Associação de Emitentes de Mercado (A.E.M.) • Independent non-executive director of the postal service (CTT) and member of the Auditing Committee Formerly: • Head of Investor Relations NOVABASE SGPS, S.A. • 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
Paulo Jorge de Barros Pires Trigo	• Graduate in Electrotechnical and Computer Engineering from IST	• Director of various NOVABASE Group companies Formerly: • COO
José Afonso Oom Ferreira de Sousa	• MBA from Universidade Nova de Lisboa • Master's in Electrotechnical Engineering from IST • Graduate in Electrotechnical Engineering from IST • Graduate in Philosophy from Universidade Católica de Lisboa	• Director without delegated areas Formerly: • 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 de Carvalho	• Graduate in Applied Mathematics from Universidade de Lisboa	• Director without delegated areas Formerly: • Member of the Board of Directors Performance Assessment Committee • Director responsible for the administrative and logistics área • CIO of NOVABASE Group

		• Director of various NOVABASE Group companies
Marta Isabel dos Reis Graça Rodrigues do Nascimento	• Post-graduate in Securities Law from the Securities Institute of the School of Law of Universidade Clássica de Lisboa • Graduate in Law from the School of Law of Universidade Católica de Lisboa	• Director without delegated areas

[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 2% of voting rights may be attributed.

Directors Luís Paulo Cardoso Salvado, João Nuno da Silva Bento, 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 2020, the parties to this shareholders' agreement have been attributed a qualified holding of 12,599,206 shares representing 40.12% 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 2020:

- 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.

<u>NEXT-GEN, an IT service company focused on:</u>

- Design & UX

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

The main purpose of the Value Portfolio segment is to generate funds to finance growth in the Next-Gen segment, through proactive management and by analysing potential strategic partnerships. It includes businesses with consolidated IT solutions for the sectors of Government, Health, Transports and Energy (the sale of this business was announced to the market on 4 November 2019 and completed on 9 January 2020), IT Staffing and Venture Capital.
On 19 March 2020, NOVABASE announced to the market the sale of COLLAB – Soluções Informáticas de Comunicação e Colaboração, S.A., in which NOVABASE Business Solutions – Soluções de Consultoria, Desenvolvimento, Integração, Outsourcing, Manutenção e Operação de Sistemas de Informação, S.A. holds a 72.45% stake and the NOVABASE Capital venture capital fund holds a 17.75% stake.
Later, on 24 April 2020, NOVABASE announced to the market the signing, by its subsidiary NOVABASE Enterprise Applications – Sistemas de Informação de Gestão Empresarial, S.A. ("NOVABASE Enterprise Applications"), holder of a 54.997% stake in CELFOCUS – Soluções Informáticas para Telecomunicações, S.A. ("CELFOCUS"), as the buyer, and Vodafone Portugal – Comunicações Pessoais, S.A. ("Vodafone Portugal"), holder of a 45.001% stake in CELFOCUS, as the seller, of an agreement for the purchase and sale of these CELFOCUS shares held by the seller.

NOVABASE SGPS[1] / NOVABASE Serviços[2]

NOVABASE SGPS and NOVABASE Services control the central functional areas: Human Resources, Finance & Administration, IT, Marketing, Legal and Logistics. NOVABASE SGPS 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.

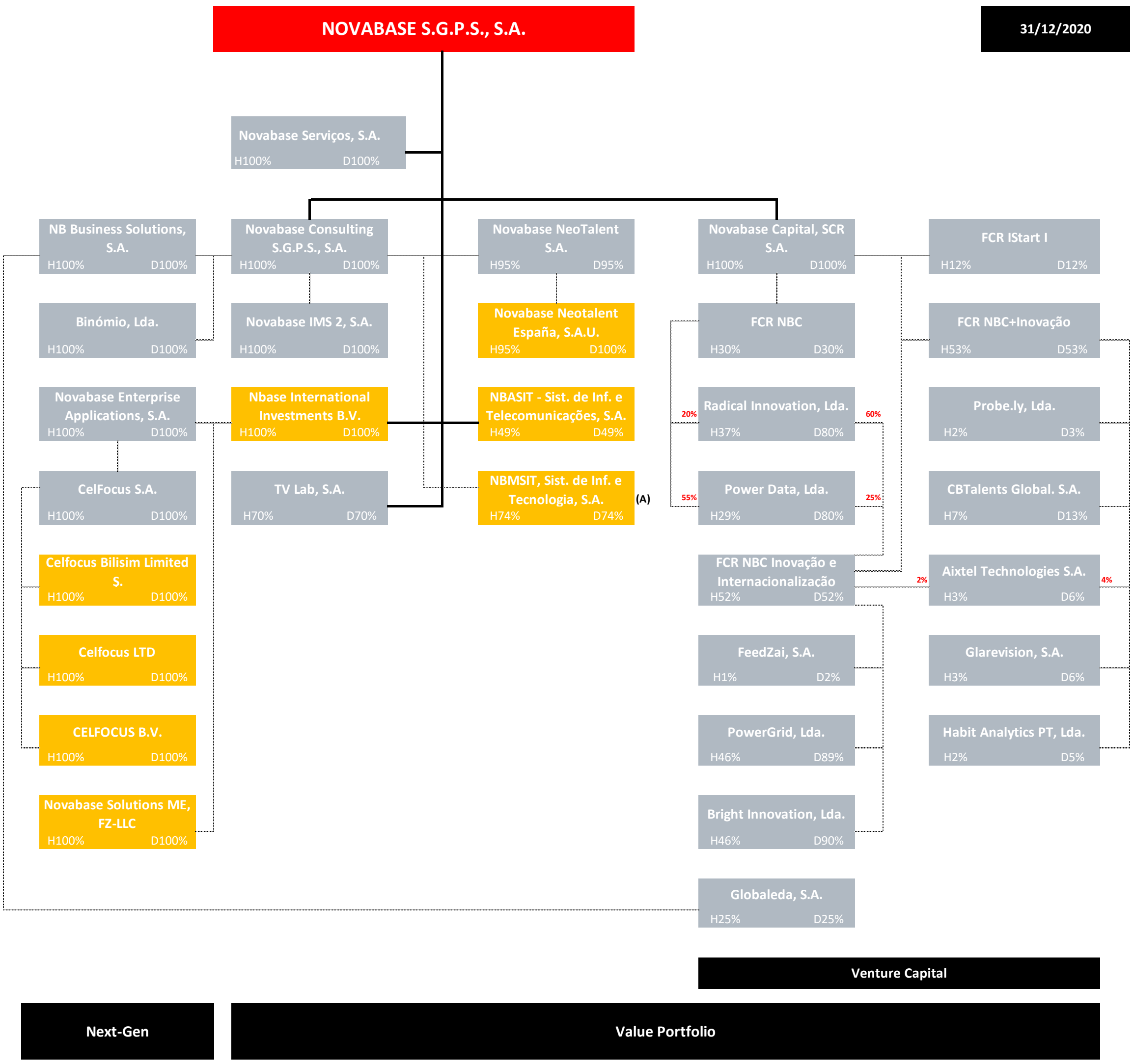
Organizational Chart

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.



H - % Held by the Holding
D - % Held Directly
A - Discontinued operations

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 10 May 2018 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for three-year period of 2018-2020), the elected Board of Directors delegated, on this same date, NOVABASE's daily management to an Executive Committee 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.

<u>Executive Committee</u>

The Executive Committee is 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. The Executive Committee defines the company's current organizational structure, appoints employees to perform management duties in the corporate boards of this structure and manages all of the company's operating areas.

In accordance with the delegation of powers approved by the Board of Directors on 10 May 2018, the performance of all actions required for the day-to-day running of the company has been delegated to NOVABASE's Executive Committee for the 2018-2020 term of office, including all powers needed or expedient for pursuing the company's corporate purpose and conducting its business, within the confines of the law, 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 Executive Committee, 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 Executive Committee must furnish information on any proceedings involving the company whose amount is equal to or exceeds €1 (one) million; and

s) Appoint representatives to perform specific acts or categories of acts, defining the scope of their respective powers.

Under the terms of the Executive Committee's regulations, its Chairperson is responsible for assigning positions and responsibilities to all of its members, and for establishing and monitoring goals.

As announced to the market and in accordance with NOVABASE's updated strategy for 2019 and beyond (2019+ Strategic Update), in its meeting dated 25 July 2019, the Board of Directors approved the assignment of powers and responsibilities to members of the Executive Committee for the remainder of the 2018-2020 term of office. Along these lines, powers and responsibilities were delegated within the scope of the following areas:

João Nuno da Silva Bento	Chief Executive Officer Chief People Officer Chief Marketing Officer
Álvaro José da Silva Ferreira	Chief Operating Officer Value Portfolio
Francisco Paulo Figueiredo Morais Antunes	Chief Financial Officer, Chief Risk Officer Chief Legal Officer
María del Carmen Gil Marín	Chief Operating Officer Value Portfolio Chief Investors Officer Chief Information Security Officer
Paulo Jorge de Barros Pires Trigo	Chief Operating Officer Next-Gen [1]

[1] As of his election on 26/09/2019. Until then, these duties were performed by director João Nuno Bento

The Executive Committee may sub-delegate the exercising of delegated powers to one or more of its members. The committee or any two of its members may also appoint representatives with the powers deemed appropriate, with the signature of just one of its members in the case of legal proxy.

The members of the Board of Directors not belonging to the Executive Committee (called "non-executive directors") are in charge of overseeing the activities of the Executive Committee, and for any damages caused by the acts or omissions of this 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 view of the above, no powers were delegated in 2020 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.

Furthermore, on 28 October 2020 and as duly disclosed to the market, NOVABASE was notified by its signatories to the Shareholders' Agreement, as identified above, of their intent to propose to NOVABASE's elective General Meeting of Shareholders, to be held in the first half of 2021, the election of Luís Paulo Cardoso Salvado to the positions of Chairperson of NOVABASE's Board of Directors and Chairperson of NOVABASE's Executive Committee for the new 2021-2023 term of office.

- 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 9 directors) and the number of non-executive directors (4), 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.

Executive Committee

The Executive Committee sets the dates or frequency of its ordinary meetings, and holds extraordinary meetings whenever called by its Chairperson or by two of its members, with a minimum of 12 meetings per year.
This committee cannot function without a majority of its active members present; under urgent circumstances, the Chairperson may waive this majority, with approval of this decision at the Executive Committee's next meeting.

Notwithstanding the above, postal and proxy voting is permitted, although no member of the Executive Committee may represent more than another member of the committee.
Along these lines, one or more members of the Executive Committee may attend remotely via videoconferencing or conference call, so long as the meeting minutes specify this whenever it occurs.
It should also be noted that the Chairperson of the Board of Directors is called to Executive Committee meetings under the same terms as its members and is always entitled to attend Executive Committee meetings without voting rights.

The Executive Committee makes decisions by a majority vote; its Chairperson has a casting vote.
Rules involving conflicts of interest apply to the Executive Committee. In fact, Executive Committee members are required to notify the Chairperson of the Executive Committee of any potential conflicts of interest with NOVABASE, whether directly or through third parties, involving issues under discussion and voting. In such cases, the members in question may not exercise their voting rights in decisions on issues with potential conflicts of interest and must provide all information and clarifications requested in this regard by the Executive Committee and/or its members.

Decisions made at Executive Committee meetings, and voting ballots, are recorded in meeting minutes.

In 2020, all the information requested by the various corporate boards was supplied by the executive members of NOVABASE's Board of Directors in a timely and suitable fashion.
The minutes of the Executive Committee's meetings, meeting notices, support documentation and access to meeting archives are available to all members of the Board of Directors and Audit Board, within a time period stipulated by the Board of Directors.
The Executive Committee 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.

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: 12	
Member	Attendance (%)
Luís Paulo Cardoso Salvado	100
João Nuno da Silva Bento	100
Álvaro José da Silva Ferreira	100
Francisco Paulo Figueiredo Morais Antunes	100
María del Carmen Gil Marín	100
Paulo Jorge de Barros Pires Trigo	91,7
José Afonso Oom Ferreira de Sousa	91,7
Pedro Miguel Quinteiro Marques de Carvalho	100
Marta Isabel dos Reis Graça Rodrigues do Nascimento	100

Executive Committee	
Number of meetings: 43	
Member	Attendance (%)

João Nuno da Silva Bento	100
Álvaro José da Silva Ferreira	100
Francisco Paulo Figueiredo Morais Antunes	100
María del Carmen Gil Marín	100
Paulo Jorge de Barros Pires Trigo	100

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

The activities of the Executive Committee 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 Executive Committee 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 a meeting dated 10 May 2018, the Board of Directors approved new internal regulations for this board to embrace the recommendations of the IPCG Corporate Governance Code (2018, revised in 2020).

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 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 2019, the non-executive members of the Board of Directors were Luís Paulo Cardoso Salvado, José Afonso Oom Ferreira de Sousa, Pedro Miguel Quinteiro de Marques Carvalho and Marta Isabel dos Reis Graça Rodrigues do Nascimento.
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 Executive Committee in the 2020 financial year was approved by NOVABASE's Board of Directors on 11 February 2020.

In addition, the Remuneration Committee is responsible for assessing the performance of the Executive Committee and its members for the purposes of applying the evaluation criteria described in point 25 below.

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 executive 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: • NOVABASE Consulting SGPS, S.A. • NOVABASE Serviços, S.A. • NOVABASE Business Solutions, S.A.	• Manager of Pluraldistance, Lda. • Director of HNB – SGPS, S.A. • Managing partner of Turtlewalk, Unipessoal, Lda.
João Nuno da Silva Bento (Full time)	• Director of the following companies: • NOVABASE Consulting SGPS, S.A. • NOVABASE Serviços, S.A. • NOVABASE Enterprise Applications, S.A. • NOVABASE Business Solutions,SA • NOVABASE Digital, S.A. • TVLAB, S.A. • NOVABASE Capital, S.A.	• Director of HNB – SGPS, S.A. (Until 28 October 2020)

	• Binómio, Lda. • NB Middle East, FZ-LLC	
Álvaro José da Silva Ferreira (Full time)	• Director of the following companies: • NOVABASE Consulting SGPS, S.A. • NOVABASE Serviços, S.A. • NOVABASE Enterprise Applications, S.A. • NOVABASE Business Solutions,SA • NOVABASE IMS2, S.A. • TVLAB, S.A. • NBASIT, S.A. • NOVABASE Capital, S.A. • NBMSIT, S.A. • NOVABASE Neotalent, S.A. • NOVABASE Neotalent España, S.A.	• Director of HNB – SGPS, S.A. • Managing partner of Pragmatic Proton, Unipessoal, Lda.
Francisco Paulo Figueiredo Morais Antunes (Full time)	• Director of the following companies: • NOVABASE Consulting SGPS, S.A. • NOVABASE Serviços, S.A. • NOVABASE Enterprise Applications, S.A. • NOVABASE Business Solutions,SA • NOVABASE IMS2, S.A. • TVLAB, S.A. • NBASIT, S.A. • NOVABASE Capital, S.A. • NBMSIT, S.A. • NOVABASE Neotalent, S.A. • NOVABASE Neotalent España, S.A. • Binómio, Lda. • Celfocus, S.A. • NBASE, SGPS S.A.	• Managing partner of Cosmostock, Lda.

	• NB Middle East, FZ-LLC • Nbase International Investments, B.V.	
María del Carmen Gil Marín (Full time)	• Chairperson of the General Meeting of Shareholders of the following NOVABASE Group companies: • Celfocus, S.A. • NOVABASE Enterprise Aplications, S.A. • GLOBALEDA – Telecomunicações e Sistemas de Informação, S.A. • Director or manager of the following NOVABASE Group companies: • NOVABASE IMS2, S.A. • NOVABASE Capital, S.A. • NOVABASE Serviços, S.A. • Member of Advisory Committee – FCR IsartI	• Member of Advisory Committee of FCR Istart I • Member of Governing Board of Investor Relations Forum • Independent non-executive director of the postal service (CTT) and member of the Auditing Committee
Paulo Jorge de Barros Pires Trigo (Full time)	• Director of the following companies • NOVABASE Business Solutions, S.A. • Celfocus, S.A. • NB Middle East, FZ-LLC • Binómio, Lda. • Celfocus LTD • Celfocus B.V.	• No activities at other companies outside the Group.
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 – SGPS, 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 de Carvalho (Part time)	• Chairperson of the General Meeting of Shareholders of the following companies: • NOVABASE Serviços, S.A. • NOVABASE Consulting SGPS, S.A. • NOVABASE Business Solutions, S.A. • NOVABASE Capital, S.A.	• No activities at other companies outside the Group.

Marta Isabel dos Reis Graça Rodrigues do Nascimento (Part time)	• No activities at other NOVABASE Group companies.	• Attorney and partner at Garrigues S.L.P.

- 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.

As explained in point 21 above, the Board of Directors created an Executive Committee to which it delegated the everyday running of the company. More information on the Executive Committee can be found in point 21 of this report. Beyond the Executive Committee, 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.

In particular, 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 Executive Committee 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 Executive Committee 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 Executive Committee and its members 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.

The regulations of the Executive Committee are available at NOVABASE's website.

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

The Executive Committee had the following composition on 31 December 2020:

João Nuno da Silva Bento
Álvaro José da Silva Ferreira
Francisco Paulo Figueiredo Morais Antunes
María del Carmen Gil Marín
Paulo Jorge de Barros Pires Trigo

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

The scope of the Executive Committee's powers is described in point 21 above.

As stated in point 27, beyond the Executive Committee, no other committees have currently been created within the company's Board of Directors.

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.

2020 was marked, in every aspect, by Covid-19.

NOVABASE remained confident, albeit cautious. Confident in its financial soundness, talent and strategy. Cautious about the uncertainty of the duration and means of recovery.

The results achieved in 2020 were clearly positive. Three strategic M&As were successfully completed, we began transforming operations in the Next-Gen segment, and we achieved solid financial performance surpassing our expectations. These results bear out the Board of Directors' strategic focus and the potential to enhance our assets.

On the Covid-19 front, a Pandemic Task Force was created to efficiently address the numerous challenges which arose. The health and well-being of the people who work at NOVABASE and their families were always top priorities, focusing on remote work and creating a safe environment for those needing to be physically at the company's facilities.

Under the 2019+ Strategic Upgrade, announced to the market on 25 July 2019, NOVABASE has consistently and regularly updated its policies and procedures to tailor them to the transformations underway, both internally and externally. Internal policies and regulations have been approved and revised to promote and encourage transparency, the quality of oversight mechanisms, best practices in corporate governance and the company's sustained performance, as detailed in our Corporate Governance Report. The Board of Directors, in addition to discussing, reflecting and deciding on strategic issues relevant to the company, also monitors the day-to-day running of the company in a continuous and permanent manner, together with analysing the principal business risks and responding proactively whenever needed.

In the area of M&A, and despite the adverse environment, the sales of Collab and of the Government, Transport and Energy business (recorded in 2019) were successfully completed, representing a combined disinvestment of more than 60% of turnover in the Value Portfolio segment. Along these lines, Vodafone Portugal's holding in Celfocus was successfully acquired, essential in capturing internal synergies and leveraging faster growth in the Next-Gen segment.

In 2020, we celebrated 20 years on the stock market, while NOVABASE was congratulated by Euronext Lisbon for its embracing of best practices, resilience, and ability to reinvent itself over this journey. On 23 March, NOVABASE's stock returned to the PSI20 and appreciated 24% over the year, at a time when the PSI20 and Eurostoxx Technology benchmark indices were down 6% and up 14%, respectively.

For the second year running, we were again distinguished as the most innovative company in managing people by the magazine Human Resources Portugal.

NOVABASE's transformation, announced to the market in July 2019, is now underway, as evidenced by our results. This Board of Directors is confident that the company is stronger and better prepared to face the future, continuing to create value in a sustained manner.

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 Auditing Board, elected by the General Meeting 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. Overall, the Audit Board's members must have prior experience and training in NOVABASE's business sector.

On 31 December 2020, the Audit Board had the following three full members:

Full Member	Inauguration date	End of term of office
Álvaro José Barrigas do Nascimento	10-05-2018	31-12-2020
Fátima do Rosário Piteira Patinha Farinha	29-04-2015	31-12-2020
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira	10-05-2018	31-12-2020

The Audit Board's substitute member is Manuel Tavares Festas.

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 article 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 Paulo	Yes
Fátima do Rosário Piteira Patinha Farinha	Yes
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira	Yes

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

In 2020, 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 • Degree 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 • 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) • Dependent 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 SCR, S.A. (2000-2002); • Financial Director of NOVABASE Sistemas de Informação e Bases de Dados S.A. (1991-2000)
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira	• Advanced Management Program' – Harvard Business School	• Various positions, EDP Energias de Portugal Group, 2003 to the present

	• Top Management Development Programme' –Alta Direcção do Grupo EDP no INSEAD • Pós-Graduação Avançada em Finanças Empresarias pela Universidade Católica Portuguesa (UCP) • Eureko International Management Development Programme' estabelecida com a Eureko BV, o INSEAD e a 'University of Edinburgh' • Licenciatura em Gestão e Administração de Empresas pelo Instituto Superior de Gestão	• Financial Director – NOVABASE SGPS, S.A. (2001 – 2003) • Director, Financial Area, Banco Millennium BCP (1993-2001) • Auditing, PricewaterhouseCoopers (1991-1993) • Broker, Pedro Caldeira – Sociedade de Corretagem (1989-1990)

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 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.

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, 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 245-A 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 2020 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: 4	
Full Member	Attendance (%)
Álvaro José Barrigas do Nascimento	100
Fátima do Rosário Piteira Patinha Farinha	100
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira	50

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 – Sociedade de Capital de Risco, S.A.	• Financial Director of Grupo Entreposto automobile retail • Partner at MC Godinho & Associado SROC
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira (part time)	• No activities at other NOVABASE Group companies.	• Member of Audit Board of Fundação EDP • Chairperson of the Audit Board of Caritas Diocesana de Lisboa

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 2020, NOVABASE's acting statutory auditor was KPMG & Associados – SROC, S.A., represented by its partner Paulo Alexandre Martins Quintas Paixão, and with Maria Cristina Santos Ferreira as substitute statutory auditor.

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

The statutory auditor has performed auditing duties for NOVABASE (company and group) for more than 5 consecutive years. As stated in point 43, the partner currently representing the statutory auditor has performed duties for NOVABASE since June 2015.

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 2020.

V. EXTERNAL AUDITOR

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

On 31 December 2020, NOVABASE's acting external auditor was KPMG & Associados – SROC, S.A., registered with the Portuguese Securities Market Commission ("CMVM") as auditor no. 20161489, represented by its partner Paulo Alexandre Martins Quintas Paixão.

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 5 consecutive years. The partner currently representing the external auditor and statutory auditor has performed duties for NOVABASE since June 2015.

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

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

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

In view of this policy, and since KPMG has been hired to perform the duties of statutory auditor and (external) auditor as of 2015, 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 2020, 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 (€)	17,250 / 16
Compliance assurance services (€)	
Tax consulting services (€)	
Services other than statutory auditing (€)	
By entities belonging to the group	
Statutory auditing services (€)	93,100 / 84
Compliance assurance services (€)	
Tax consulting services (€)	
Services other than statutory auditing (€)	

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

48. Rules applicable to amendment of the company's articles of association (article 245-A, 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.pt) 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. Director Francisco Paulo Figueiredo Morais Antunes holds the position of CRO.

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.

The NOVABASE Group is exposed to a collection of financial risks resulting from its business, namely foreign exchange risk, cash flow and fair value risk, credit risk, liquidity risk and capital risk.

The unpredictability of financial markets is continuously analysed according to the Group's risk management policy to minimize potential adverse effects on its financial performance.

In 2020, taking the Covid-19 pandemic and its impact on markets into account, NOVABASE reassessed its associated risks, while also seeking to avoid the use of excessively pro-cyclical assumptions in view of the limited amount of reasonable and sustainable forward-looking information the pandemic's impacts.

In its reassessment, NOVABASE concluded that its current policies for managing financial risk already include sufficiently conservative scenarios and, as such, are still suited to the company's profile, with no need for modification. However, due to the high degree of uncertainty regarding its global impacts, NOVABASE continues to constantly monitor these risks in an attempt to foresee and manage any additional impacts not currently envisaged.

a) Foreign exchange risk

The Group is exposed to the risk of exchange fluctuation, mainly for the US dollar, Angolan kwanza and Mozambican metical, since some of its subsidiaries perform transactions in these currencies.

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 the Group'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 the Group'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, also considering restrictions on transferring capital from Angola and Mozambique. In addition, the maturity concentration of the Group's loans is regularly controlled.

e) Capital risk

The Group'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.

With these risks in mind, the teams tied to NOVABASE's primary markets analyse the industry in order to detect current trends and promote the development of internal skills to address these trends. In turn, the teams from NOVABASE's various areas control typical risks in the IT sector within their sphere, such as technology obsolescence, the risk that solutions may not

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.

Risk mitigation measures have been reinforced from an information security standpoint, directly monitored by the Chief Information Security Officer, appointed in 2019 as a new area of responsibility under the Executive Committee.

The Covid-19 pandemic and resulting overall increase in remote work at the company have considerably increased exposure to this risk.

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. In view of the higher market demand for high-quality talent – especially in the Portuguese market, where NOVABASE recruits nearly all of its employees – there is the potential for labour costs to rise, making retention more difficult. In addition, the crisis of the novel coronavirus changed the scenario for hiring talent, while also forcing a new working world demanding new solutions and creating new problems: remote recruitment, onboarding and training of talent, reshaping employer/employee relationships by opening up possibilities such as remote work, and the ability to attract talent in times of uncertainty and crisis.

NOVABASE's human resource policies have been aligned to achieve these goals. In 2019 and 2020, this part of the company received the "Innovation in People Management" award from the magazine Human Resources Portugal. In addition, NOVABASE focuses on training as a key aspect in tailoring talent to its new next-generation IT strategy.

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 "Near-Shore Agile" delivery model which NOVABASE has refined in recent years has proven to be resilient in this time of social distancing, which should encourage more conservative customers to embrace it even faster.

i) Strategic and context risks

The Group also faces so-called "strategic and context risks". The novel coronavirus pandemic, due to the unprecedented worldwide economic and social impacts it has had, coupled with the great uncertainty regarding the actual scope of its future impacts, has resulted in higher exposure to this risk.
NOVABASE aims to manage and mitigate this risk through recurrent discussions on various management chains for risks impacting the company/business unit. These discussions may include investment/disinvestment areas, strategic focuses and pending risks at any given time. Risk appetite is also discussed in terms of the organization and its developments.

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

The company has a working model – 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, and potential internal control problems to be analysed, and detecting potential risks in real time.

NOVABASE also has an Internal Auditing team 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.

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 2020, 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 245-A, paragraph 1, sub-paragraph m).

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 and Amália Parente.

The office provides information through NOVABASE's website (www.NOVABASE.pt). Since 2002, NOVABASE has had a dedicated investor relations area on its company website at www.NOVABASE.pt. 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 1 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 2020, NOVABASE had no pending information requests. Its average response time was 24 hours. 332 information requests were received in 2020.

V. WEBSITE

59. Address(es).

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

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:

http://www.NOVABASE.pt/pt/dp/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

http://www.NOVABASE.pt/pt/dp/estatutos

Regulations

http://www.NOVABASE.pt/pt/dp/orgaos-sociais

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

http://www.NOVABASE.pt/pt/dp/orgaos-sociais

Identification of the investor relations representative

http://www.NOVABASE.pt/pt/dp/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

http://www.NOVABASE.pt/pt/dp/relatorios-contas

Finance agenda

http://www.NOVABASE.pt/pt/dp/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:

http://www.NOVABASE.pt/pt/dp/assembleias-gerais-843306

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:

http://www.NOVABASE.pt/pt/dp/assembleias-gerais-843306

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 article 248-B of the Securities Code; 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 2018-2020 were decided in the General Meeting of Shareholders of 10 May 2018. 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 2020 General Meeting of Shareholders dated 12 May 2020, 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, SGPS, 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 • Post-graduate in markets and financial risk from Universidade Nova	Member of the board of directors at several companies, including: • IAPMEI – I.P. • Empordef, SGPS, SA • OGMA - SA • White Airways, S.A. among others.

III. REMUNERATION STRUCTURE

First and foremost, it should be noted that, during the 2020 financial year and as described above, Law no. 50/2020 of 25 August entered into force, which transposed into the Portuguese legal system Directive (EU) 2017/828 concerning shareholder rights in listed companies as regards shareholders' long-term engagement. Among other things, this law introduced key changes in the area of remuneration, namely:

(i) it revoked Law no. 28/2009 of 19 June; and
(ii) it introduced new rules to the Securities Code with regard to (a) the General Meeting of Shareholders' approval of the remuneration policy for members of the managing and supervisory boards of issuers of listed shares to be traded in regulated markets, and (b) the disclosure of a report on remuneration.

With regard to the obligation in (a) above, the remuneration policy, pursuant to articles 26-A and following of the Securities Code amended by the above law, must be submitted for the approval of NOVABASE's General Meeting of Shareholders before 31 December 2021. The respective submission of this policy is scheduled for NOVABASE's 2021 General Meeting of Shareholders.

With regard to the obligation to issue a remuneration report, since such a report will be issued per the remuneration policy to be approved, in line with the CMVM's interpretation, NOVABASE will formally disclose and submit this report for shareholder assessment, for the very first time, at the General Meeting of Shareholders following the year in which the remuneration policy will be approved, i.e. beginning in the 2022 financial year.

Nonetheless, with a view to expediting and disclosing information to the market on this matter under terms comparable to these new rules, the following chapters aim to reflect, to the extent possible and as applicable, the content required for the remuneration report by article 245-C of the Securities Code.

69. Description of Managing and Supervisory Board Remuneration Policy

The Remuneration Committee's report on the 2020 remuneration policy is presented as an annex to this report.

NOVABASE 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.

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.

In the elective General Meeting of Shareholders dated 10 May 2018, the Remuneration Committee submitted general guidelines for corporate board remuneration for the consideration of NOVABASE's shareholders, who approved them, including the general guiding principles of the remuneration policy for corporate board members for the three-year period of 2018-2020, similar to what was done in previous years.

Such general principles and guidelines for the remuneration policy, as have been approved by NOVABASE shareholders in consecutive meetings, constitute the remuneration policy currently in force at NOVABASE in broad terms, and include the following specific guidelines:

a) The remuneration structure for members of the managing board with executive and non-executive functions should be suited to the nature of the management responsibilities assumed, subject to the following principles:

   (i) An alignment should exist between the interests of managing board members and the interests of NOVABASE, which can be accomplished through variable remuneration components, including plans based on company securities;
   (ii) Individual performance should be a determining criterion of the variable remuneration component, if applicable, notwithstanding other criteria which may be relevant under the remuneration policy, such as the performance of NOVABASE itself;
   (iii) 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;
   (iv) When NOVABASE'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.

Members of the supervisory and other company boards should be remunerated in line with market practice, except when justified otherwise by the circumstances. Furthermore, based on these principles and NOVABASE's remuneration policy, the Remuneration Committee, in its meeting dated 22 May 2020, set remuneration for the corporate boards for 2020, together with the variable remuneration of directors according to their performance in 2019. The content of the Remuneration Committee's decision in this regard is available in the 2020 Remuneration Committee Report, attached to this report.

These practices have been employed by the Remuneration Committee over recent years, on an annual basis.

Within the scope of the remuneration policy, as described above, NOVABASE believes it is unnecessary to impose limits on variable remuneration, since the setting of remuneration is left to the discretion of the Remuneration Committee, which is comprised exclusively of members who are independent from the Board of Directors.

The general criteria for awarding and measuring directors' variable remuneration, together with its means of deferral, are addressed in points 70 and 72 of this report.

Furthermore, during the 2020 financial year, there were no deviations from procedures involving the general guiding principles of the remuneration policy for NOVABASE's managing boards, as approved by shareholders in consecutive meetings.

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.

In view of the approval of the Plan for Options to Allot NOVABASE Shares at the company's General Meeting of Shareholders dated 26 September 2019, pursuant to the terms described below, the variable remuneration of NOVABASE directors may be comprised of the following components:

(i) Variable remuneration in cash tied to NOVABASE's performance;

(ii) Participation in the Plan for Options to Allot NOVABASE Shares.

The variable portion in cash of management members' remuneration is determined by the Remuneration Committee with a view to aligning this component with the organization's performance in each year in question, measured by the net profits generated, correlated 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.

Since, 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, the company's long-term interests are served, and excessive risk assumption is discouraged.

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.

The variable portion in cash of management members' remuneration is determined by the Remuneration Committee with a view to aligning this component with the organization's performance in each year in question, measured by the net profits generated, correlated with the responsibility and performance of each director in particular. 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 2020 corresponds to 50% of the amount allocated for 2019 in 2020 and, in the case of directors serving in these years for whom variable remuneration was chosen under the terms duly disclosed, 1/6 of the amount allocated for 2018 in 2019, 1/6 of the amount allocated for 2017 in 2018 and 1/6 of the amount allocated for 2016 in 2017, as applicable. The remaining 50% of the amount allocated for 2019 in 2020 is subject to deferred payments in the following 3 years (2021, 2022 and 2023) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

On 1 October 2019, the Remuneration Committee unanimously decided to make executive director Paulo Jorge de Barros Pires Trigo a participant in the Plan for Options to Allot NOVABASE Shares, attributing 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.

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 31 December 2020, there was no remuneration through the direct allocation of shares.

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, as described in detail in 72.

The regulations of the Plan for Options to Allot NOVABASE Shares are available at the company's website:

https://www.NOVABASE.pt/manager/contentfiles/page/c641358b-96e0-4fb8-ab91-de9ee754bc4c/z43ddf4s.cbt_a0a21a2e_editorFile.pdf

75. The main factors and reasons for any annual bonus scheme and any other non-financial benefits.

There is no annual bonus scheme or any other non-financial benefits.

In 2020, an additional amount of €13,728.00 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.

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.

A supplementary pension scheme was approved, in the General Meeting of Shareholders dated 29 April 2015, for all directors entitled to variable remuneration. Its main characteristics are as follows:

a) Awarding to directors who, by decision of the Remuneration Committee, may receive remuneration components which are not fixed, paid by the company or by a company in a group or control relationship with it;

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 the company'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 2019, pursuant to Law no. 28/2009 and 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 2020, 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, whereby directors receive (i) fixed remuneration in cash, and (ii) variable remuneration in cash and a variable component 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.

The remuneration of non-executive, 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 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 is determined with a view to aligning 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 2020 corresponds to only 50% of the variable remuneration in cash due for 2019 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 2018 in 2019, 1/6 of the amount allocated for 2017 in 2018 and 1/6 of the amount allocated for 2016 in 2017, as applicable. The payment of the remaining 50% of the amount allocated for 2020 remains subject to deferred payments in the following 3 years (2021, 2022 and 2023) 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 (€)	Annual variable remuneration in cash paid in 2020 (€) [2,3]	Partial Total (Fixed + Variable in cash paid in 2020) (€)	Variable in cash paid in 2020 /Partial Total (%)	Variable Remuneration /annual deferred (€) [4]
João Nuno da Silva Bento	293,700.00	329,144.33	622,814.33	52.84	362,665.16
Álvaro José da Silva Ferreira	200.520.00	206,245.17	406,765.17	50.70	227,270.34
Francisco Paulo Figueiredo Morais Antunes	126.000.00	215,385.66	341,385.66	63.09	198,240.99
María del Carmen Gil Marín	144.420.00	164,557.33	308,977.33	53.26	181,332.66
Paulo Jorge de Barros Pires Trigo	156.000.00	26,685.00	182,684,81	14.61	26,685.00
Executives Total	920,640.00	941,987.30	1,862,627.30	50.57	996,193.96
(% total)	68.69	60.97	64.55	0	0
Luís Paulo Cardoso Salvado	293,700.00	430,771.00	724,471.00	59.46	396,481.83
José Afonso Oom Ferreira de Sousa	42,000.00	86,154.00	128,154.00	67.23	79,296.17
Pedro Miguel Quinteiro de Marques Carvalho	42,000.00	86,154.00	128,154.00	67.23	79,296.17
Marta Isabel dos Reis Graça Rodrigues do Nascimento	42,000.00	0	42,000.00	0	0
Non-executives total	419,700.00	603,079.00	1,022,779.00	58.96	555.074,17
(% total)	31.31	39.03	35.45	0	0
TOTAL	1,340,340.00	1,545,066..30	2,885,406.30	53.55	1,551,268.13

[1] Directors María del Carmen Gil Marín and Paulo Jorge de Barros Pires Trigo, elected in the General Meeting of Shareholders dated 10 May 2018 and in the Extraordinary General Meeting of Shareholders dated 26 September 2019, respectively, received payments in 2020 through other NOVABASE Group companies in relation to time periods preceding the date of their election as members of NOVABASE's Board of Directors. These amounts are not shown in this table, and are addressed in point 78 of this report.
[2] The amount shown is the total amount paid to each director in 2020 (excluding the variable component based on stock options, as applicable): 50% of the total amount allocated for 2019 in 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 2018 in 2019, 1/6 of the amount allocated for 2017 in 2018 and 1/6 of the amount allocated for 2016 in 2017. The remaining 50% of the amount allocated for 2019 in 2020 will be paid in the following 3 years (2021, 2022 and 2023) in equal parts, corresponding to 1/6 of each year's total, conditional upon positive company performance during this time period.
[3] Amount used to reinforce capitalization insurance contributions currently in effect at the company.
[4] Amounts allocated in 2020 for 2019, 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 2018 in 2019 and allocated for 2017 in 2018 in accordance with the criteria shown in the Corporate Governance Reports for the years in question.

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.

In 2020, an additional amount of €13,728 was paid to the members of the Board of Directors in meal allowances.

Relatively speaking, the variable remuneration paid in 2020 to NOVABASE's directors represented approximately 53.6% of the fixed annual remuneration received by them for the year 2020, 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.

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.

In 2020, director Paulo Jorge de Barros Pires Trigo received and will receive the amounts shown in the following table through Celfocus, S.A., a company fully owned by NOVABASE S.G.P.S., S.A. Also in relation to director María del Carmen Gil Marín, the amounts below have been settled at NOVABASE Capital – Sociedade de Capital de Risco, S.A., a company fully owned by NOVABASE S.G.P.S., S.A. These amounts refer to time periods proceeding the date of their election as members of the Board of Directors.

Directors	Remuneration /fixed annual (€)	Annual variable remuneration in cash paid in 2020 (€) [5] [6]	Partial Total (Fixed + Variable in cash paid in 2020) (€)	Variable in cash paid in 2020 /Partial Total (%)	Deferred anual variable remuneration (€) [7]
María del Carmen Gil Marín	0.00	92,257.21	92,257.21	100.00	67,755.88
Paulo Jorge de Barros Pires Trigo	0.00	187,780.44	187,780.44	100.00	158,815.69

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 2020, 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 2020.

81. Annual amount of remuneration received, collectively and individually, by members of the company's supervisory boards, for the purposes of Law no. 28/2009 of 19 June.

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 2020:

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);

[5] The annual variable remuneration paid in cash in 2020 to director María del Carmen Gil Marín corresponds to 1/6 of the amount allocated for 2017 in 2018 and 1/6 of the amount allocated for 2016 in 2017. In the case of director Paulo Jorge de Barros Pires Trigo, it corresponds to 50% of the amount allocated for 2019 in 2020, and 1/6 of the amount allocated for 2018 in 2019, 1/6 of the amount allocated for 2017 in 2018 and 1/6 of the amount allocated for 2016 in 2017.
[6] Amount used to reinforce capitalization insurance contributions currently in effect at the company.
[7] The annual deferred variable remuneration corresponds, in the case of director María del Carmen Gil Marín, to 1/6 of the amount allocated for 2017 in 2018, and in the case of director Paulo Jorge de Barros Pires Trigo, to 50% of the total amount allocated for 2019 in 2020, 2/6 of the amount allocated for 2018 in 2019 and 1/6 of the amount allocated for 2017 in 2018.

Audit Board Member – Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira – €7,000 (seven thousand euros)

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. One such payment was made in 2020.

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 and administrators under Article 248-B (3) of the Securities Code that provide for compensation in the event of resignation, termination without just cause or termination of the employment relationship following a change in the company's control. (article 245-A, paragraph 1, sub-paragraph l).

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.

On 31 December 2020, no options had been attributed to the company's workers or employees; only the decision was made to attribute options to one of the executive members of NOVABASE's Board of Directors.

88. Control mechanisms provided for in a possible employee investment scheme in which voting rights are not directly exercised by them (article 245-A, 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).

With regard to 2020, in addition to the rules laid out in the Commercial Companies Code for the signing of agreements between the company and members of the Board of Directors, NOVABASE had Internal Regulations on Transactions with Qualified Shareholders in effect, described in more detail in point 91 of this report.

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.

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 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.

90. Transactions subject to control during the reporting year.

Transactions subject to control under the terms described above are shown in point 10 of this report, with their locations shown in point 92.

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 4 July 2016, NOVABASE approved Internal Regulations on Transactions with Qualified Shareholders, under which business dealings by the company with qualified shareholders of significant relevance are subject to the scheme provided for therein. These internal regulations were updated and approved on 4 July 2016.

Under the Internal Regulations, transactions with qualified shareholders are defined as those performed by the company, by entities in a control or group relationship with it, or by entities within its consolidation perimeter with holders of qualified shareholdings, or with entities in any way related to them pursuant to article 20 of the Securities Code.

Significant business deals also include: (i) those whose cumulative total is equivalent to or exceeds €100,000 (one hundred thousand euros) in a given financial year, half year or quarter, even when the value of each business deal does not exceed this amount when considered individually; or (ii) those not done under normal market conditions.

In any case, 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, SGPS, S.A.'s consolidation perimeter have been excluded from the scope of these Internal Regulations, although such remuneration must always be attributed under normal market conditions and in accordance with the corporate governance model in force.

In significant cases as described above, NOVABASE's management, managing directors and the bodies, committees and individuals in the NOVABASE Group with authorization to approve the transaction in question, as applicable, must notify the company's supervisory board as soon as possible, and never less than 5 days from the transaction's occurrence, of their intention to approve the business deal.

Such notification to NOVABASE's supervisory board must include the following: (a) identification of the body, committee or individual in the NOVABASE Group making the notification, together with the NOVABASE Group entity under which said body, committee or individual operates or is found; (b) parties to the transaction; (c) scheduled transaction date; (d) economic and financial terms of the transaction, and its total amount, which must always be specified, even if only an estimate; (e) reason for transaction between the NOVABASE Group and the entity in question; (f) reason for transaction specifically with customer or supplier in question; (g) 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 under normal market conditions for comparable transactions, whether it is part of the company's day-to-day business and whether the principle of equitable treatment of NOVABASE Group customers and suppliers will be respected, together with circumstances justifying the transaction 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.

These Internal Regulations remained in effect over the course of 2020. Nonetheless, as stated in point 89 above, 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 article 249-A of the Securities Code, introduced by Law no. 50/2020 of 25 August, which was approved by the Board of Directors with a prior favourable opinion of the Audit Board.

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 2020 Consolidated Accounts, an integral part to the Annual Report and Accounts, in Note 40 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 245-A, paragraph 1, sub-paragraph p).

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 245-A, paragraph 1, sub-paragraph o), 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.

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,	Yes	Points 16 and 19

	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.		
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. Cada órgão e comissão da sociedade deve assegurar, atempada e adequadamente, o fluxo de informação, desde logo das respetivas convocatórias e atas, necessário ao exercício das competências legais e estatutárias de cada um dos restantes órgãos e comissões.	Yes	Points 21, 24 e 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.	Yes	Points 21 and 33 b)
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.	No	Points 89 and 91 With regard to the 2020 financial year, NOVABASE had Internal Regulations on Transactions with Qualified Shareholders in effect, whose terms specifically define the internal procedure for verifying transactions with qualified shareholders. In 2020, NOVABASE had no formally approved procedure for verifying transactions with related parties, instead having observed the internal regulations referred to above, with the remaining transactions with related parties controlled and disclosed pursuant to internationally accepted and applicable financial reporting and accounting norms and standards. 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 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. As such, NOVABASE believes that the company has now embraced this recommendation, despite being over the course of 2021. Furthermore, as regards 2020 (i.e. prior to approving the internal procedure for verifying and approving transactions with related parties), NOVABASE believes that the control mechanisms which were in place in this regard were sufficient to ensure that transactions with related parties were subject to the principles of transparency and proper oversight, since: (i) any transactions whose total cumulative amount was equivalent to or greater than €100,000 (one hundred thousand euros) in a given financial year, half year or quarter, or which were not done under normal market conditions, were subject to the prior opinion of the Audit Board, thereby encompassing a major part of the transactions with related parties that could occur, (ii) in recent years, there have been no business dealings with related parties subject to an unfavourable opinion of the Audit Board, and (iii) NOVABASE also complied (and complies) with the rules of the Commercial Companies Code for contractual agreements between the company and its directors, together with the rules for controlling and disclosing transactions with related parties, pursuant to internationally accepted and applicable financial reporting and accounting norms and standards.
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.	n/a	As stated above, in 2020, NOVABASE had no formally approved procedure for verifying transactions with related parties, instead having observed the Internal Regulations on Transactions with Qualified Shareholders referred to above, with the remaining transactions with related parties controlled and disclosed pursuant to internationally accepted and applicable financial reporting and accounting norms and standards. Nonetheless, as stated above, 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. 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. As such, NOVABASE believes that the company has now embraced this recommendation, despite being over the course of 2021.
	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 General Meeting of Shareholders was 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 Meeting 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 that NOVABASE's 2020 General Meeting of Shareholders was 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 Meeting 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.	No	Points 24 and 27 NOVABASE has five executive directors and for non-executive directors. Nevertheless, in view of the company's oversight model, together with mechanisms for ensuring actual monitoring and supervision of the Executive Committee by non-executive directors (see point 24 of this report), NOVABASE does not believe that the number of non-executive members must exceed the number of executive members on the Board of Directors. In fact, 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 director are notified to the Remuneration Committee. The activities of the Executive Committee 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. Ensuring the actual monitoring and oversight of the activities of the Executive Committee by executive members is, in fact, a concern of NOVABASE and a practice followed by the company. Moreover, the Board of Directors' internal regulations have been revised to reinforce the information rights of directors and prerogatives to this end, as explained in points 21 and 24 of this report. This monitoring of the executive directors 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 executive directors, namely for the purposes of applying the evaluation criteria described in point 25. In this way, NOVABASE believes that the Board of Directors' non-executive members have been entrusted with the function of overseeing and challenging the executive management.
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.	No	Point 27 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. In this context, beyond the Executive Committee, no other committees have currently been created within the company's Board of Directors. In particular, 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 director are notified to the Remuneration Committee. The activities of the Executive Committee 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 Executive Committee 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 Executive Committee and its members for the purposes of applying the evaluation

			criteria described in point 25 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 during its meetings, in terms of its suitability and performance, to help optimize its performance in closer alignment with the interests of all stakeholders. In addition, in view of the company's size, NOVABASE believes it is unnecessary to have an internal committee specializing in remuneration, since it already has a Remuneration Committee with adequate communication channels with other company boards, and whose members are all independent, with experience and backgrounds suited to performing these types of duties. Finally, given the company's size and the breakdown of its corporate boards, NOVABASE believes it is unnecessary to have an internal committee specializing in appointments, since the Board of Directors is responsible for determining the composition of the Executive Committee and its 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. As such, it is NOVABASE's conviction that, notwithstanding the lack of formal committees to assess the aspects referred to in this recommendation, these duties are performed under NOVABASE's governance system by the Board of Directors itself, the General Meeting of Shareholders, the Remuneration Committee, the Statutory Auditor and the company's external auditors, in view of the functions carried out at the company by these bodies.
	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.	Yes	Points 21 and 26 On 10 May 2018, the Board of Directors approved the delegation of powers to the Executive Committee, together with this committee's regulations on this same date. The purpose of this documentation is to regulate and delineate this board's functioning and its respective powers. NOVABASE's active executive directors currently perform no other executive duties at entities outside the group. 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 executive directors João Nuno da Silva Bento, Álvaro José da Silva Ferreira and Francisco Paulo Figueiredo Morais Antunes, despite involving administrative functions, are not considered executive duties impacting their full availability to carry out their 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
	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 2020 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	Yes	Point 67

	to freely decide on the company's hiring of consulting services, as needed or convenient for carrying out its duties.		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 Following the entry into force of the Portuguese Corporate Governance Institute (IPCG) Corporate Governance Code, NOVABASE held an elective General Meeting of Shareholders on 10 May 2018, which approved the election of corporate board members for the three-year period of 2018-2020. Also in 2019, the appointment of a new member to the Board of Directors was approved at the General Meeting of Shareholders held on 26 September 2019. With regard to the 2018 General Meeting of Shareholders, although proposals for the election of corporate board members were not accompanied by the justification referred to in this recommendation, these proposals nonetheless included the applicants' CVs, which are available at all times at NOVABASE's website. Furthermore, when the proposals for the election of corporate board members were submitted (13 April 2018), these recommendations from the IPCG Corporate Governance Code had only recently entered into force. The proposal to elect a new NOVABASE executive director, approved in the General Meeting of Shareholders held on 26 September 2019, was accompanied by an explanation of the background of the candidate's proposal. In addition, the company made an advance announcement to the market on his future job duties and segment of focus under NOVABASE's updated strategy

			(2019+ Strategic Update). These factors, combined with the candidate's CV accompanying the election proposal, were aimed at justifying, to the extent possible in the context of adapting to these recommendations, the proposal pursuant to this recommendation.
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 (new) 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 and its 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.

Remuneration Committee Report

NOVABASE

REPORT OF THE REMUNERATIONS COMMITTEE

LISBON

<u>Report of the Remunerations Committee regarding the 2020 Financial Year</u>

The Remunerations Committee of Novabase SGPS (RC) met once in the 2020 financial year, at the company's office, on May 22, 2020.

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 meeting referred to above.

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

This report summarizes the decisions of the remunerations committee taken during the 2020 financial year.

Prior Note:
<u>As usual, the remunerations committee clarifies that the decisions regarding variable remunerations mentioned in this report relate to decisions taken by the RC in 2020 and, therefore, such decisions were taken with reference to the directors' performance in 2019.</u>

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

AT THE MEETING OF MAY 22,2020:

<u>About the remuneration for the 2020 financial year of the members of the board of the General Meeting of Shareholders of Novabase SGPS</u>

It was resolved to attribute to the members of the board of the General Meeting a remuneration corresponding to attendance fees per each General Meeting of Shareholders made. For the Chairman, António Menezes Cordeiro, the amount determined was of EUR 3,000 (three thousand) euros and for the Secretary, Madalena Paz de Oliveira, EUR 2,000 (two hundred) euros for each General Meeting of Shareholders. These values were not updated in comparison with the previous year. This resolution was unanimously taken.

<u>About the fixed remuneration of the Directors of Novabase SGPS for the 2020 financial year.</u>

RC unanimously decided to maintain the fixed remuneration of Novabase SGPS directors for the 2020 financial year, despite:

- of the exceptional performance of the company in 2019;
- the increasing competition for talent, including in the most senior and management ranks, given the favorable environment of the technology sector.

This committee considers that the most effective way of addressing the above issues - rewarding and building team loyalty - should be much more through variable remuneration - due to its deferral in time - than through a permanent increase in the company's cost structure, particularly given the current context we are experiencing.

In relation to the Chairman of the Board of Directors and since his function was maintained on a full time basis, with the attributions already defined in previous reports, it was determined a remuneration equal to the remuneration of the CEO.

Thus, it was unanimously resolved to determine the following annual gross amounts for each director, to be paid in 12 monthly installments, in light of the features of each director's functions:

- Luis Paulo Cardoso Salvado (Chairman of the Board of Directors on a full-time basis / full-time Chairman) – EUR 293,700 (two hundred and ninety-three thousand and seven hundred euros);
- João Nuno da Silva Bento (Chairman of the Executive Committee / CEO) – 293,700 (two hundred and ninety-three thousand and seven hundred euros);
- Álvaro José da Silva Ferreira (executive director) – EUR 200,520 (two hundred thousand and five hundred and twenty euros);
- María del Carmen Gil Marín (executive director) – EUR 144,420 (one hundred and forty four thousand, four hundred and twenty euros);
- Francisco Figueiredo Morais Antunes (executive director) – EUR 126,000 (one hundred and twenty six thousand euros);
- Paulo Jorge de Barros Pires Trigo (executive director) – EUR 156,000 (one hundred and fifty six thousand euros);
- José Afonso Oom Ferreira de Sousa – EUR 42,000 (forty two thousand euros);
- Pedro Miguel Quinteiro Marques de Carvalho – EUR 42,000 (forty two thousand euros);
- Marta Isabel dos Reis Graça Rodrigues do Nascimento – EUR 42,000 (forty two thousand euros).

<u>Variable remuneration of the Directors of Novabase SGPS, related to performance in the 2019 financial year.</u>

The General Meeting of April 2009 established the general conditions for the remuneration of the directors. This decision was reiterated in the several General Meetings held in the last years.

Regarding the key indicators for shareholder value creation, Novabase registered in 2019 a particularly positive and remarkable performance: it achieved the best net results ever - in its 30 years of existence - and obtained a shareholder return of 60%, the best among all the listed companies in Euronext Lisbon. Even more significantly, and from a qualitative point of view, the Board of Directors designed and started the implementation of a new strategic guidance, successfully achieving several important milestones, which allowed not only the excellent results mentioned above, but others, whose effects have been materializing in 2020.

In this light, and given the net profits in the 2019 financial year of 20,4 Million Euros, compared to 4.7 Million Euros in the preceding financial year, the RC unanimously decided to grant to each of the following directors in office in 2019, and without prejudice to the next section below, the following amounts:

- Luis Paulo Cardoso Salvado (Chairman of the Board of Directors on a full-time basis / full-time Chairman) – EUR 591,127 (five hundred and ninety one thousand, one hundred and twenty seven euros);
- João Nuno da Silva Bento (Chairman of the Executive Committee / CEO) - EUR 591,127 (five hundred and ninety one thousand, one hundred and twenty seven euros);
- Álvaro José da Silva Ferreira (executive director) – EUR 370,440 (three hundred and seventy thousand, four hundred and forty euros);

- María del Carmen Gil Marín (executive director) – EUR 295,564 (two hundred and ninety five thousand, five hundred and sixty-four euros);
- Paulo Jorge de Barros Pires Trigo – EUR 53,370 (fifty three thousand, three hundred and seventy euros);
- Francisco Figueiredo Morais Antunes (executive director) – EUR 295,564 (two hundred and ninety five thousand, five hundred and sixty four euros);
- José Afonso Oom Ferreira de Sousa – EUR 118,225 (one hundred and eighteen thousand, two hundred and twenty five euros);
- Pedro Miguel Quinteiro Marques de Carvalho – EUR 118,225 (one hundred and eighteen thousand, two hundred and twenty five euros);

The total variable remuneration of the Directors of Novabase SGPS for their performance in the 2019 financial year corresponds, therefore, to EUR 2,433,641 (two million four hundred and thirty three thousand, six hundred and forty one euros), which is equivalent to twice the sum of the fixed annual amounts of these directors, amount defined by RC as the upper limit to be paid, given that by the mechanism used in previous years, the amount to be attributed would be higher, both globally and per director.

The variable remuneration of the directors José Afonso Oom Ferreira de Sousa and Pedro Miquel Quinteiro de Marques Carvalho is justified by the multiple missions they have performed at the service of the company, far beyond what is usual or expected in non-executive functions. In particular, it should be noted their great involvement and fundamental contribution in the discussion and design of the new strategic guidance, which has produced, to date, very positive results for the company.

As resolved in a meeting of this committee held on October 1, 2019, the executive director Paulo Jorge de Barros Pires Trigo, with the responsibility for the Next- Gen business segment, was granted 400,000 (four hundred thousand) options over Novabase SGPS shares, under the Regulation of the Stock Option Plan Regulation approved in the General Meeting held on September 26, 2019. Any new attribution of Options over the Shares of the company is postponed to a future date, under the terms and in accordance with the referred Regulation.

<u>On differing of the payment of part of the amounts attributed as variable remuneration</u>

It was also unanimously decided to pay in 2020 only half of the amount granted to each director in office in 2019, as variable remuneration, and delay the remaining 50% for payment during the next three years (2021, 2022 and 2023). 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 2019.

Given the current context caused by the COVID19 pandemic, the relevance of an additional deferral on the payment of the variable remuneration was assessed. After discussion and careful analysis, it was unanimously decided that the deferral considered above is already adequate in view of the situation. This decision was based on the analysis of several dimensions, being the most relevant: the high financial and liquidity capacity of the company and the clearly positive performance of the company in the first three months of the year - as disclosed to the market on May 14, 2020.

Given the very special situation in which we live, the RC will permanently monitor the company's performance, in order to be able to promptly meet and deliberate on possible adjustments in all matters within its remit, should the context so justify and with the objective of maintaining or reinforcing the company's sustainability.

<u>On pension supplements for directors receiving variable remuneration</u>

In light of the current and foreseeable economic environment for the national economy in the medium and long term, which shows that great difficulties will remain due to the weight of external private and public debt, in addition to, in the short term, a very significant demographic pressure, which will accentuate the viability and sustainability risks affecting pensions systems (national and European), it is a prudent practice to channel the funds attributed under the abovementioned resolution on the variable remuneration of the directors of Novabase SGPS (as well as those previously deferred) to the strengthening of the contributions to the capitalization insurance currently in force in the company, in substitution of the payment of the variable remuneration. This resolution was unanimously approved.

On the remuneration of the members of Novabase SGPS' Audit Board for the 2020 financial year

In line with article 422.º-A of the Companies Code, the remuneration of the members of the supervisory bodies should correspond to a fixed amount.

Therefore, the following annual fixed remunerations were granted for the 2020 financial year:

- Álvaro José Barrigas do Nascimento (Chairman) – EUR 9,000 (nine thousand euros);
- Fátima do Rosário Piteira Patinha Farinha – EUR 7, 000 (seven thousand euros);
- Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira – EUR 7,000 (seven thousand euros).

These values have not been updated compared to the previous financial year.

On the remuneration of the Statutory Auditor for the 2020 financial year

The RC unanimously resolved that the Statutory Auditor was 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 Statutory Auditor following the proposal made for such purpose by the Company's Audit Board.

On the enforceability or unenforceability of payments related to dismissal or termination of the office of directors

In this context, as this matter is already duly foreseen and regulated by law, it was unanimously resolved not to grant to the Company's directors any right to receive compensation or indemnity beyond what is provided for by law, nor to set out any generic prohibition to the Company establishing such compensations in the future, if and when it deems convenient.

Lisbon, April 6, 2021

The Remunerations Committee

Francisco Luís Murteira Nabo (Chairman)

Pedro Rebelo de Sousa (Member)

João Quadros Saldanha (Member)

NOVABASE

ACCOUNTS 2020

LISBON

Consolidated Financial Statements
for the year ended 31 December 2020

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

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I. CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2020

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

Consolidated Statement of Financial Position as at 31 December 2020

(Amounts expressed in thousands of Euros)

	Note	31.12.20	31.12.19
Assets			
Non-Current Assets			
Property, plant and equipment	7	9,095	11,965
Intangible assets	8	12,063	12,967
Investments in associates	9	223	169
Financial assets at fair value through profit or loss	10	12,601	12,175
Debt securities	19	-	403
Deferred tax assets	11	7,947	9,585
Other non-current assets	12	2,025	1,908
Total Non-Current Assets		**43,954**	**49,172**
Current Assets			
Inventories	13	10	34
Trade and other receivables	15	42,660	78,428
Accrued income	16	3,556	3,843
Income tax receivable		2,988	2,168
Derivative financial instruments	17	64	24
Other current assets	18	4,290	6,211
Debt securities	19	-	2,793
Cash and cash equivalents	20	71,929	48,755
Total Current Assets		**125,497**	**142,256**
Assets from discontinued operations	41	342	460
Total Assets		**169,793**	**191,888**
Equity			
Share capital	21	54,638	54,638
Treasury shares	21	(1,177)	(655)
Share premium	21	226	226
Reserves and retained earnings	22	(4,124)	(5,318)
Profit for the year		7,486	20,400
Total Equity attributable to owners of the parent		57,049	69,291
Non-controlling interests	23	10,047	18,329
Total Equity		**67,096**	**87,620**
Liabilities			
Non-Current Liabilities			
Borrowings	24	21,493	21,281
Provisions	25	5,233	8,623
Other non-current liabilities	26	3,705	770
Total Non-Current Liabilities		**30,431**	**30,674**
Current Liabilities			
Borrowings	24	9,432	9,081
Trade and other payables	27	40,313	39,635
Income tax payable		53	1,312
Derivative financial instruments	17	9	17
Deferred income and other current liabilities	28	16,148	14,854
Total Current Liabilities		**65,955**	**64,899**
Liabilities from discontinued operations	41	6,311	8,695
Total Liabilities		**102,697**	**104,268**
Total Equity and Liabilities		**169,793**	**191,888**

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 and Loss
for the year ended 31 December 2020

(Amounts expressed in thousands of Euros)

	Note	12 M * 31.12.20	12 M * 31.12.19 (*)
Continuing operations			
Sales	5	-	374
Services rendered	5	125,080	113,455
Cost of sales		-	(253)
External supplies and services	29	(37,379)	(30,105)
Employee benefit expense	30	(80,176)	(73,473)
Net impairment losses on trade and other receivables	15	(72)	235
Other gains/(losses) - net	31	4,378	(880)
Depreciation and amortisation	32	(4,356)	(4,360)
Operating Profit		**7,475**	**4,993**
Finance income	33	1,240	11,390
Finance costs	34	(2,928)	(4,690)
Share of loss of associates	35	(58)	(83)
Earnings Before Taxes (EBT)		**5,729**	**11,610**
Income tax expense	36	(1,912)	(383)
Profit from continuing operations		3,817	11,227
Discontinued operations			
Profit from discontinued operations	41	4,509	14,749
Profit for the Year		**8,326**	**25,976**
Profit attributable to:			
Owners of the parent		7,486	20,400
Non-controlling interests		840	5,576
		8,326	25,976
Earnings per share from continuing and discontinued operations attributable to owners of the parent (Euros per share)			
Basic earnings per share			
From continuing operations	37	**0.10 Euros**	**0.18 Euros**
From discontinued operations	37	**0.15 Euros**	**0.48 Euros**
From profit for the year	37	**0.24 Euros**	**0.66 Euros**
Diluted earnings per share			
From continuing operations	37	**0.10 Euros**	**0.18 Euros**
From discontinued operations	37	**0.15 Euros**	**0.47 Euros**
From profit for the year	37	**0.24 Euros**	**0.66 Euros**

(*) Restated in accordance with the explanation in notes 2.24, 2.25 and 41.

12 M * - period of 12 months ended

THE CERTIFIED ACOUNTANT

THE BOARD OF DIRECTORS

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

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2020

(Amounts expressed in thousands of Euros)

	Note	12 M * 31.12.20	12 M * 31.12.19 (*)
Profit for the Year		8,326	25,976
Other comprehensive income for the year			
Items that may be reclassified to profit or loss			
Exchange differences on foreign operations, net of tax		22	615
Other comprehensive income for the year		22	615
Total comprehensive income for the year		**8,348**	**26,591**
Total comprehensive income attributable to:			
Owners of the parent		6,948	20,693
Non-controlling interests		1,400	5,898
		8,348	26,591

(*) Restated in accordance with the explanation in notes 2.24, 2.25 and 41.

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 2020

(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	Exchange dif. on foreign operations	Reserves and retained earnings		
Balance at 1 January 2019		**15,701**	**(188)**	**43,560**	**3,140**	**-**	**(7,830)**	**12,443**	**13,754**	**80,580**
Adjustment on initial application of IFRS 16 (net of tax)		-	-	-	-	-	-	(1,084)	(47)	(1,131)
Restated balance at 1 January 2019		**15,701**	**(188)**	**43,560**	**3,140**	**-**	**(7,830)**	**11,359**	**13,707**	**79,449**
Profit for the year		-	-	-	-	-	-	20,400	5,576	25,976
Other comprehensive income for the year	22, 23	-	-	-	-	-	293	-	322	615
Total comprehensive income for the year		-	-	-	-	-	293	20,400	5,898	26,591
Transfer of exchanges differences on foreign operations to profit and loss due to the sale of GTE Business		-	-	-	-	-	3,016	-	-	3,016
Transactions with owners										
Share capital reduction	21, 22	(4,397)	-	-	-	-	-	53	-	(4,344)
Share capital increase	21, 22	43,334	(467)	(43,334)	-	-	-	467	-	-
Dividends	22, 23	-	-	-	-	-	-	(15,823)	(548)	(16,371)
Share-based payments		-	-	-	-	7	-	-	-	7
Change in consolidation perimeter	23, 41	-	-	-	-	-	-	-	(728)	(728)
Transactions with owners		38,937	(467)	(43,334)	-	7	-	(15,303)	(1,276)	(21,436)
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Transactions with non-controlling interests		-	-	-	-	-	-	-	-	-
Balance at 31 December 2019		**54,638**	**(655)**	**226**	**3,140**	**7**	**(4,521)**	**16,456**	**18,329**	**87,620**
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	22, 23	-	-	-	-	-	(538)	-	560	22
Total comprehensive income for the year		-	-	-	-	-	(538)	7,486	1,400	8,348
Transactions with owners										
Treasury shares movements	21, 22	-	(522)	-	-	-	-	(368)	-	(890)
Share-based payments	21	-	-	-	-	34	-	-	-	34
Change in consolidation perimeter	23, 41	-	-	-	-	-	-	-	(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	22, 23	-	-	-	-	-	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**

THE CERTIFIED ACOUNTANT

THE BOARD OF DIRECTORS

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

Consolidated Statement of Cash Flows
for the year ended 31 December 2020

(Amounts expressed in thousands of Euros)

	Note	12 M * 31.12.20	12 M * 31.12.19
Cash flows from operating activities			
Cash receipts from customers		126,845	144,176
Cash paid to suppliers and employees		(116,340)	(135,102)
Cash generated from operations		10,505	9,074
Income taxes received / (paid)		(2,628)	1,125
Other operating payments		(1,933)	(619)
		(4,561)	506
Net cash from operating activities		**5,944**	**9,580**
Cash flows from investing activities			
Proceeds:			
Sale of subsidiaries	41	42,823	-
Sale of associates and other participated companies		9	9
Disposal of debt securities	19	2,467	4,498
Sale of property, plant and equipment		212	8
Interest received		92	675
Dividends received	33	43	-
		45,646	5,190
Payments:			
Acquisition of subsidiaries	41	(3,456)	-
Acquisition of associates and other participated companies	10	-	(440)
Loans granted to associates and participated companies		-	(264)
Acquisition of property, plant and equipment		(663)	(1,204)
Acquisition of intangible assets		(253)	(918)
		(4,372)	(2,826)
Net cash from investing activities		**41,274**	**2,364**
Cash flows from financing activities			
Proceeds:			
Proceeds from borrowings	24 (a)	10,000	16,000
Transactions with non-controlling interests		-	12
		10,000	16,012
Payments:			
Repayment of borrowings	24 (a)	(6,194)	(8,459)
Dividends paid and share capital reductions	22, 23	-	(20,714)
Transactions with non-controlling interests	22	(20,000)	-
Payment of lease liabilities	24 (a)	(3,785)	(3,406)
Interest paid		(1,115)	(1,124)
Purchase of treasury shares	21, 22	(890)	-
		(31,984)	(33,703)
Net cash used in financing activities		**(21,984)**	**(17,691)**
Cash and cash equivalents at 1 January	20	**48,782**	**63,643**
Net increase (decrease) of cash and cash equivalents		**25,234**	**(5,747)**
Effects of change in consolidation perimeter	41	**(1,857)**	**(6,935)**
Effect of exchange rate changes on cash and cash equivalents		**(211)**	**(2,179)**
Cash and cash equivalents at 31 December	20	**71,948**	**48,782**

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 2020

1. General information

Novabase, Sociedade Gestora de Participações Sociais, S.A. - Public Company (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, 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 of Novabase 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;

(ii) Value Portfolio (VP) - This area of Novabase 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..

2020 was marked by the success on the execution of some M&A operations relevant to Novabase's 2019+ Strategy, of becoming a “Next-Gen IT Services Company” (see notes 22 and 41):

- Acquisition of Vodafone Portugal, S.A.'s equity stake in Celfocus - Full ownership of Celfocus is a key element to the Strategy, enabling the Group to allocate resources and explore synergies in a more efficient way;
- Sale of Novabase’s equity stake in Collab to the Swedish Netadmin System I Sverige AB - This non-strategic asset divestment, on the Value Portfolio segment, generated some additional funds and freed up management time to focus on other initiatives;
- Adjustment to the consideration on the sale of GTE Business to VINCI Energies Portugal, S.A. - The consideration obtained with this sale, concluded at the end of 2019, after price adjustments and the verification of the earn-out under the terms defined in the contract, increased to EUR 39.3 Million, generating an additional financial inflow to finance the Strategy and an adjustment to the capital gain of EUR 2.9 Million.

2020 was also marked by the outbreak of 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.).

Novabase is listed on the Euronext Lisbon.

The share capital is represented by 31,401,394 shares (2019: 31,401,394 shares), and all shares have a nominal value of 1.74 Euros each (2019: 1.74 Euros).

These consolidated financial statements were approved and authorised for issuance by the Board of Directors on 29 April 2021. In Board of Directors' opinion, these financial statements fairly present the Group operations, as well as its financial position, financial performance and cash flows.

These consolidated financial statements will be subject to approval at the Shareholders' General Meeting scheduled for 25 May 2021.

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 2020.

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).

New standards, interpretations and amendments to existing standards, which became effective in 2020

• **Amendment to IAS 1 and IAS 8**, ‘Definition of material’. These changes introduce a modification to the material concept, being part of the wider design of the IASB 'Disclosure Initiative'. The amendment introduced clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole. The amendment also clarifies the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

• **'Amendments to the Conceptual Framework for Financial Reporting (IFRS)'**. As a result of the publication of the new Conceptual Framework, IASB introduced changes to various standards and interpretations: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of asset / liability and expense / income, as well as some of the qualitative characteristics of useful financial information.

• **Amendment to IFRS 3**, ‘Definition of a business’. This amendment constitutes a review of the definition of business for the purpose of accounting for the concentration of business activities. This amendment requires that an acquisition includes an input and a substantial process that together generate outputs. These are defined as goods and services that are provided to customers, which generate income from financial investments and other income, excluding returns in the form of cost reductions and other economic benefits to shareholders. 'Concentration tests' are now allowed, which evaluate if a significant part of the fair value of the transaction corresponds to a single asset. When positive, the acquired assets do not constitute a business and the entity is exempt from carrying out any additional valuation to determine whether it is a business combination.

• **Amendments to IFRS 9, IAS 39 and IFRS 7**, ‘Reform of benchmark interest rates - phase 1’. The changes correspond to the first phase of the “Reform of benchmark interest rates” project (examples: Euribor and Libor) that emerged in the wake of the financial crisis. These changes provide for certain temporary and restricted exemptions related to hedge accounting under IAS 39/IFRS 9 - Financial instruments, the practical effect of which is not to discontinue hedge accounting, in cases where the only change refers to the change reference interest rate. However, any ineffectiveness of the hedging relationship in force must continue to be recorded in the statement of profit and loss.

• **Amendment to IFRS 16**, 'Covid-19-Related Rent Concessions'. In view of the global pandemic caused by the new coronavirus (Covid-19), lessors have attributed benefits to lessees, related to leases rents, which can take different formats, such as the reduction, forgiveness or deferral of lease payments. This amendment to IFRS 16 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.

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 2021, but that the Group has not early adopted

• **Amendment to IAS 1**, ‘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 16**, ‘Proceeds before intended use’ (effective for annual periods beginning on or after 1 January 2022). The amendment to this standard is still subject to endorsement by the European Union. This amendment is part of the "narrow scope amendments" published by the IASB in May 2020. With this amendment, IAS 16 - 'Property, Plant and Equipment' now 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.

• **Amendment to IAS 37**, ‘Onerous contracts - cost of fulfilling a contract (effective for annual periods beginning on or after 1 January 2022). The amendment to this standard is still subject to endorsement by the European Union. 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 labor required and materials; and ii) the allocation of other expenses that are directly related to the fulfillment 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.

• **Amendment to IFRS 3**, ‘Reference to the Conceptual Framework’ (effective for annual periods beginning on or after 1 January 2022). The amendment to this standard is still subject to endorsement by the European Union. 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, with no changes to the accounting requirements for business combinations. The amendment also introduces references to liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus liabilities and contingent liabilities assumed in a business combination.

• **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**, ‘Interest rate benchmark reform - phase 2’ (effective for annual periods beginning on or after 1 January 2021). The amendments are still subject to endorsement by the European Union, and address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one, allowing 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 IBOR reform, including leases that are indexed to an IBOR.

• **Annual improvement cycle 2018 - 2020** (effective for annual periods beginning on or after 1 January 2022). This improvement cycle is still subject to endorsement by the European Union and 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).

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 17).

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

The beginning of 2020 was marked by an event on a global scale whose dimension and consequences are unparalleled in recent decades. Indeed, the pandemic crisis (Covid-19), which originated in China, forced extreme measures to be taken by a significant number of countries, which included, among others, the imposition of limitations on the free movement of individuals and the suspension of economic activity on an unprecedented scale. As a result, the world economy contracted at a substantial rate. Companies were forced to adapt overnight to new ways of doing business and to address the new challenges and risks of the pandemic. Managing uncertainty took on a whole new meaning.

Novabase considers that the Covid-19 crisis represents a significant event that, under accounting regulations, requires the presentation of separate breakdowns on its impacts. The main quantitative and qualitative impacts related to Covid-19 and the actions performed by the Group to mitigate its impacts are presented below.

Since its inception, Novabase has been monitoring carefully and permanently all developments related to the pandemic, having created a Contingency Coordinating Group for the management of this crisis, led by the CFO in alignment with the Management of each business. A contingency plan based on concrete and concerted actions was implemented, covering the entire organisation, from the operational areas to the central structures, with the main priorities being to ensure safety, health and well-being for all individuals in the Novabase community and to preserve the company's financial strength.

Agile and efficient decision making processes allowed Novabase to rapidly adapt processes and action plans in response to the pandemic, namely:

- All bureaucratic processes were adapted in order to eliminate or minimise travel, and infrastructures were reinforced, which provided conditions for nearly 100% of employees to work remotely, ensuring both safety, health and well-being for the Novabase community and clients business operations continuity. Our Nearshore Agile Delivery Model proved fit for the new “work from home” context and our flexible mindset contributed to keep people engaged;
- Still, and so that employees could continue to use Novabase’s facilities safely whenever necessary to perform their jobs, safety and hygiene measures in the workplace were reinforced, namely the layouts’ reorganisation in order to maintain social distancing, the implementation of Covid specific signage, namely to circulation, the measurement of employees' temperature upon arrival, the distribution of hand sanitiser at its facilities, the provision of personal protective equipment to employees and regular preventive disinfections to the facilities, which were awarded with the COVID OUT seal by ISQ;
- Internal medicine appointments were extended to digital channels, new conditions with the insurance company, within the scope of health insurances at employee’s choice, were negotiated, with enhanced coverage for Covid-19, and new benefits were designed to support employees in purchasing office and wellness equipment to create a comfortable home office. In addition, and considering the risks associated with remote work which may impact employee’s mental health, several webinars delivered by experts on emotional health and performance were held, also counselling sessions with psychologists and physical and mental well-being activities online were made available;
- Regarding Novabase's financial sustainability, and as a preventive measure aimed at ensuring its financial resilience and competitiveness, the Board of Directors reversed its initial intention of proposing to the 2020 General Meeting of Shareholders a distribution to the shareholders of 0.85 Euros per share, postponing such distribution to a more suitable moment.

In terms of 2020 impacts, no relevant negative Covid-19 effects were recorded on financial indicators except for a minor EBITDA effect on the IT Staffing Business, in Value Portfolio segment, abroad (coincident with localised stringent lockdowns), but overall mitigation in this Business was possible. On the contrary, Novabase Group had a robust performance in the year, presenting a double-digit growth in Turnover, solid operating results and a positive evolution in relevant KPIs of the 2019+ Strategy, such as the 7% growth of operations in Europe and the Middle East and the 17% increase of the revenue captured from top tier clients in Next-Gen, Novabase's core segment. Net cash position increased to EUR 51.5 Million at the end of December. All of the above was reflected in the perception of the financial markets, with the increase of Novabase's share rotation and a 24% appreciation of the share price during the year, which raised Novabase's market capitalization to EUR 100.8 Million as at 31 December 2020.

On the strategy side, Novabase was able to successfully execute three key milestones in its transformation: the acquisition of Vodafone Portugal, S.A.'s equity stake in Celfocus, the sale of its interest in Collab to the swedish Netadmin System i Sverige AB and the completion of the sale to VINCI Energies Portugal, S.A. of the GTE Business, with a positive adjustment to consideration on the sale of the Business, raising the 2019 Price to Sales multiple of this transaction to 1.12x.

In terms of human resources, since the beginning of the pandemic and until the present date, the number of confirmed cases of Covid-19 within our employees is low (approximately 5%). On the other hand, the last monthly survey ("Novabase Pulse Check") showed that 83% of the respondents are "Very Confident" or "Extremely Confident" on their leadership to make the right decisions on the pandemic. These indicators reveal confidence that the protection measures adopted have been effective. Even during the global crisis, Novabase was able to hire and maintain promotions, and perform training sessions, adapting its processes to the current situation. Despite the 2020 challenges, the endeavor and adaptability of Novabase’s teams, working together while apart, allowed the Company to continue fulfilling its goals, always making health and well-being as the number one priority.

From an accounting point of view, and in the context of the pandemic, the Company also performed the following assessments:

• Reassessed the prospect of receiving loans and balances granted to its foreign subsidiaries, having re-designated part of the receivables from the Angolan subsidiary NBASIT-Sist. de Inf. and Telecomunic., S.A. as part of the net investment in a foreign operation;

• Reviewed the expected credit losses ("ECL") to be applied to amounts receivable and bank deposits as at 31 December, having concluded that they remain adequate, with no need to reformulate the risk parameters;

• Analysed whether there were additional indicators of impairment arising from the impacts of Covid-19 on the results of the various businesses of the Group, according to the current forecasts, which could indicate the existence of impairment of goodwill and other non-current assets, namely tangible and intangible assets, with no additional impairments to be recognised;

• Evaluated the impact of the Covid-19 pandemic on future taxable results and concluded that the recoverability of deferred taxes is not at stake;

• Reviewed the existence of onerous contracts due to the current situation. No contracts were identified that should be considered as onerous contracts;

• Monitored the evolution of compliance with the financing covenants, not having identified situations of default;

• Recognised incremental costs associated with Covid-19 of approximately EUR 115 thousand, namely related to personal protective equipment and additional security and hygiene measures. On the other hand, savings in Travel were made.

Looking into the future, Novabase does not have reasons to believe that its strategy will be negatively affected, in fact the pandemic may even pave the way towards an acceleration of the digital economy, where Novabase will play a relevant role. Telecom emerges as one of the least affected sectors, and the Digital, Cognitive and Automation technologies are in high demand. Additionally, Novabase benefits from a very high quality base of customers, a robust liquidity position and adequate capital levels, reasons that enables the Company to face the future with confidence.

Nonetheless, a high degree of uncertainty remains in the pandemic context, with news concerning new and more contagious strains of the virus circulating and longer and/or stricter lockdowns expected - even with a global vaccine rollout in place. Driven by this uncertain context, the Board of Directors decided not to propose any shareholder remuneration on the 2021 General Meeting of Shareholders, however reaffirming the commitment to distribute 1.5 Euros per share in the 2019-2023 strategic cycle - which means a remuneration of 0.85 Euros per share to be paid ahead.

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.

As far as it is possible to anticipate, the M&A initiatives foreseen in the Strategic Plan are likely to be delayed due to the present market volatility and attracting new customers should remain challenging under the current travel restrictions, which may influence growth prospects in 2021 (yet the goals of the 2019-2023 Strategic Plan maintain). However, the impact on the results of Novabase's operations cannot be determined, given the unpredictability regarding the duration, magnitude and consequences arising from the ongoing global pandemic.

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 (see note 3). 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. Consolidation

The consolidated financial statements, with reference to 31 December 2020, 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 share 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)	**31.12.20**	**31.12.19**	**2020**	**2019**
• Angolan Kwanza (AOA)	820.7955	558.1500	636.3932	450.9606
• Mozambican Metical (MZN)	92.8056	69.7182	73.9044	70.1985
• Turkish Lira (TRY)	9.1131	6.6843	9.5343	6.1324
• US Dollar (USD)	1.2271	1.1234	1.1397	1.1193
• British Pound (GBP)	0.8990	0.8508	0.8860	0.8710

With the exception of AOA and MZN, all exchange rates used are the official EUR exchange rate at 31.12.20 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.

When an entity has foreign operations whose functional currency is the currency of a hyperinflationary economy, its financial statements are restated before being translated and included in the consolidated financial statements as described above. The assets, liabilities, equity, income and expenses are first restated in accordance with IAS 29, using a general price index that reflects changes in general purchasing power, 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 2020, 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 25% and an accumulated inflation for the last three years of approximately 73%, 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.

During the first half of 2019, the Group applied the net investment to loans granted to its subsidiaries with a functional currency other than the Euro. Considering both the receipts verified in those first six months, in particular from the Angolan subsidiary NBASIT-Sist. de Inf. e Telecomunic., S.A., and the Management's expectations at that time, the Group reassessed the prospect of receiving loans granted to its foreign subsidiaries, having ceased the application of the net investment as of July 2019.

In 2020, the Group performed a new 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 14.

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 accounts receivable, 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.

The Group 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. Its 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 debt securities (in 2019), 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 e Novabase 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, canceled or expired.

In 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. 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 2020, the LGD used corresponded to 60% for Portugal and 60% for Angola (2019: 60% for Portugal, 59% 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 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.

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 recognises a liability and an expense for bonuses, based on a formula that considers the profit attributable to the Company's employees after adjustments.

Obligations for 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's interests with the Company's interests.

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 25 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 counselors (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 42, 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.

In 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 fulfillment of each performance obligation.

Novabase's revenues derive from: (a) sales of goods, (b) services rendered, (c) interest income and (d) dividend income. The recognition of revenue is detailed below, by type of revenue:

(a) Sales of goods
Revenue from the sale of goods is recognised in the statement of profit and loss when all the following conditions have been satisfied: (i) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; ii) the entity retains neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be reliably measured; iv) it is probable that the economic benefits associated with the transaction will flow to the entity; and v) the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Software products are usually sold without a right of return. However, if there is any chance of return, the Group estimates an amount for such return at the time of sale.

(b) 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.

(c) 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.

(d) Dividend income
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 until the DRM - Dynamic Risk Management project (macro hedging), which is still in progress, is closer to its final version. The IASB plans to review the feedback from its consultation on the core elements of the DRM accounting model during the first half of 2021.

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 2020, are comparable in all material aspects with 2019, 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.

As a result of the sale of Collab, S.A. described in note 41, the statement of profit and loss and the statement of other comprehensive income for 2019 were restated.

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 unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

During 2020, considering the Covid-19's pandemic situation and its impact on the markets, Novabase reassessed the inherent risks, however tried to avoid excessively procyclical assumptions given the very limited availability of reasonable and supportable forward-looking information on the impact of Covid-19 pandemic. In its reassessment, Novabase concluded that its current financial risk management policies remain adequate to Novabase's profile, not being necessary to reformulate them. However, due to the context of great uncertainty of its global impacts, Novabase continues permanently monitoring the risks, seeking to anticipate and manage possible 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 17). 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 reflecting the Covid-19's current pandemic context, which caused a contraction of the world economy and brought increased uncertainty to the financial markets, with currencies in emerging markets suffering a significant depreciation.

Despite this, Novabase does not expect to have significant impacts as a result of the pandemic. On the one hand, the Group already had a policy of maintaining a high level of hedge regarding the U.S. Dollar exposure, mainly arising from trade receivables (as at 31 December 2020, this ratio represents 85% of the outstanding balances of accounts receivable and payable in USD). On the other hand, the Group's exposure to currencies from emerging markets, namely to the Kwanza, is currently lower and considering the following as regards the evolution of the Kwanza after the reporting date. Finally, with regard to the British Pound, and although the climate of some uncertainty regarding the evolution of the British economy post-Brexit and pursuant to the terms of the Trade and Cooperation Agreement reached (see details below), Novabase has a reduced exposure to this currency, 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 8.96% against the Euro. This appreciation, although slight when compared to the devaluation that occurred in 2020, seems to show some stabilisation of this currency's exchange rate.

It should also be noted that, with the year's end, it also ended the transition period for the British exit from the european economic area (effective from 1 February 2020). On 24 December 2020, the European Union (EU) and the United Kingdom (UK) reached an agreement on the terms of their relations as of 1 January 2021. This agreement defines the UK-EU relationship post-Brexit, avoiding the disruption of a no-deal scenario until the end of the transition period, but does not remove some uncertainty: many areas still have revaluation and renegotiation clauses, which means that the definition of the UK's relationship with the EU is far from over and there will still be intense negotiations in different areas.

Among the main aspects of this agreement, known as the Trade and Cooperation Agreement, highlights include that there will be no tariffs or quota on trade in all goods between the EU and the UK that respect the proper rules of origin. On the other hand, there will be no extensive border controls between EU member state Ireland and the Northern Ireland, part of the United Kingdom. Despite the UK's exit of the EU's single market, energy cooperation will continue. In the area of transport, a relief for logistics companies is that passenger and cargo planes and long-haul trucks can continue to operate as before. Another key element of the deal is the division of fishing quotas between the United Kingdom and the European Union. However, the deal does not envisage cooperation on the same level as before Brexit in many areas. Business and financial services are only included to a certain extent, which implies that the UK will lose some access to the European market. The same is true for cooperation on foreign policy, security and defence issues: the United Kingdom remains on important exchange of information programmes, but not all.

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 2019	**Euro**	**Dollar**	**Kwanza**	**Pound**	**Other**	**Total**
Assets						
Financial assets at fair value through profit or loss	12,175	-	-	-	-	12,175
Debt securities	-	-	3,196	-	-	3,196
Other non-current assets	1,899	9	-	-	-	1,908
Trade and other receivables	71,667	2,041	206	1	32	73,947
Accrued income	3,823	-	20	-	-	3,843
Derivative financial instruments	24	-	-	-	-	24
Cash and cash equivalents	47,873	289	302	40	251	48,755
	137,461	2,339	3,724	41	283	143,848
Liabilities						
Borrowings	30,362	-	-	-	-	30,362
Other non-current liabilities	770	-	-	-	-	770
Trade and other payables	38,927	43	404	169	92	39,635
Derivative financial instruments	17	-	-	-	-	17
Deferred income and other current liabilities	14,853	-	1	-	-	14,854
	84,929	43	405	169	92	85,638

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

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 2020, 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 220 thousand in 2020 (2019: EUR 568 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.

As a consequence of the Covid-19 pandemic, there is greater uncertainty in the financial markets that could translate into increased costs at refinancing, in future periods. However, no relevant impacts are expected since Novabase's exposure to interest rate risk is currently quite low, not only because is in a cash surplus position, but also due to the expected maintenance of ultra-low indexes, even in a post-pandemic economic recovery scenario, according to Bloomberg's outlook released in January 2021.

As at 31 December 2020, approximately 18% of bank borrowings are contracted at fixed rates (2019: 29%). 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 2020, 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 267 thousand in 2020, and in an increase or decrease, respectively, of approximately EUR 15 thousand in 2019. 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 15 provides information on the exposure to credit risk and ECLs for the Group's trade receivables, by intervals of maturity, as at 31 December 2020 and 31 December 2019.

In a challenging context as the one that results from the Covid-19 pandemic, there is greater uncertainty in the financial markets, which may be 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.

In its assessment of the probability of default and the application of the simplified approach to expected credit losses, Novabase concluded that the increase in credit risk was not significantly affected by the Covid-19 pandemic, however, the Group continues to monitor the evolution of this risk, not anticipating relevant impacts up to this date. On the one hand, its exposure to credit risk through bank deposits is currently low, considering the sale of Government of Angola Treasury Bonds in 2020 and 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 2020, the 60 customers with greater balances of the Group represented approximately 93% of the total balance (2019: 84%).

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

	31.12.20	**31.12.19**
Portugal	40%	52%
Europe	45%	33%
Africa	10%	11%
Middle East	4%	4%
Rest of the world	1%	-
	100%	100%

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

	31.12.20	31.12.19
Telecommunications	69%	48%
Financial Services	15%	24%
Energy	2%	9%
Public Administration	3%	7%
Information Technology	3%	7%
Other	8%	5%
	100%	100%

The ratings attributed by Moody's Investors Services to the financial institutions and to the Government of Angola, with whom the Group as higher balances at each reporting date of bank deposits (note 20) and Treasury Bonds (note 19), respectively, are analysed as follows. These balances are shown before impairment losses recognised according to IFRS 9.

	31.12.20	31.12.19
A1	7,909	-
A2	-	3,136
A3	8,056	10,134
Baa1	32,815	18,012
Baa3	14,199	8,248
B2	5,363	7,666
B3	-	3,333
	68,342	50,529

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 17 and 24 present those Novabase's liabilities, respectively, by intervals of contractual residual maturity at 31 December 2020 and 31 December 2019.

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

	31.12.20		31.12.19	
	Euro	Kwanza	Euro	Kwanza
Banco BPI (BPI)	12,800	-	15,000	-
Novo Banco	4,000	-	12,000	-
Banco Comercial Português (BCP)	3,800	-	5,000	-
Caixa Geral de Depósitos (CGD)	5,000	-	5,000	-
Banco Santander Totta (Santander)	-	-	400	-
Bankinter	9,500	-	894	-
Novo Banco ES	1,000	-	1,000	-
Banco de Fomento de Angola (BFA)	-	-	-	200,000
	36,100	-	39,294	200,000

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-term credit lines not used amount to approximately EUR 13,500 thousand as at 31 December 2020 (31.12.19: EUR 20,858 thousand), being sufficient to meet any immediate requirement. In addition to these credits, the Group has EUR 71,929 thousand of 'Cash and cash equivalents' as at 31 December 2020, as stated in the Consolidated Statement of Financial Position, which combined with the credit facilities amounts to EUR 85,429 thousand of liquidity.

In the current situation of 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.

	31.12.20	**31.12.19**
Operating Profit (*)	7,475	4,993
Total Equity	67,096	87,620
Return on Capital	11.1 %	5.7 %

(*) The 2019 Operating Profit was restated in order to show the sale of Collab.

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 in 2020 is around 8.9% (2019: 8.9%). In 2020, the objective was achieved.

Despite the Covid-19 pandemic situation, the Strategic Plan for 2019-2023 has been reaffirmed, with no significant business impacts expected in this time horizon according to current forecasts. However, in view of the principles of prudence and due to the high uncertainty that still exists in the economic environment due to the pandemic, the Board of Directors decided not to propose any shareholder remuneration to the 2021 General Meeting of Shareholders, maintaining the capital structure in order to support the development of its business during the pandemic and until greater visibility is achieved.

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 future 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. 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 862 thousand (2019: EUR 1,553 thousand).

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 2020 and 3% in 2019) 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 42) 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 have been recognised. The Management believes, based on the opinions of its specialists and legal advisors (internal and/or external), that there is sufficient substance for its defence in court 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 the Shareholders' remuneration can be found in the point regarding Remuneration, included in the Corporate Governance Report, which is an integral part of the Consolidated Annual Report, and in note 40.

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

Since 2019, following the reorganisation of the operations within the scope of Strategic Update 2019+, Novabase has identified two new operating segments, based on the main guidelines of the 2019-2023 strategic cycle: becoming a “Next-Gen IT Services Company”. Thus, as at 31 December 2020, the Group is organised as follows:

- 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. This segment also included the Government, Transportation and Energy sectors (GTE), and the company Collab, both considered to be discontinued operations in 2020 as referred to in the following paragraph. 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.

In early 2020, Novabase sold its stake in Collab to the Swedish Netadmin System I Sverige AB, and therefore it classified this subsidiary as a discontinued operation in 2020, along with the GTE Business, which had already been discontinued at the end of 2019 as a result of the sale agreement entered into with VINCI Energies Portugal, S.G.P.S., S.A. (see notes 6 and 41). The sales of Collab and GTE Business fall within the scope of the implementation of the 2019+ Strategy, and combined represented a divestment of more than 60% of the Turnover of the Value Portfolio segment (based on the 2018 financial year). This situation led to the restatement of the figures disclosed in 2019, in order to present the continuing operations separately from the discontinued operations, as shown in the following table.

Operating segments are reported consistently with the internal reporting that is provided to the Management, based on which it evaluates the performance of each segment and allocates the available resources.

The companies considered in each operating segment are presented in note 6. For the purposes of preparing this information, Novabase S.G.P.S., S.A. and Novabase Serviços, S.A. (companies including the Group's top management and the Group's shared services, respectively) were considered to be an integral part of the “Value Portfolio” segment.

At 31 December 2019	Value Portfolio (disclosed)	Collab	Value Portfolio (restated)
Total segment sales and services rendered	61,161	6,478	54,683
Inter-segment sales and services rendered	22,578	52	22,526
Sales and services rendered	38,583	6,426	32,157
Operating Profit / (Loss)	2,065	(349)	2,414
Finance results	6,823	(35)	6,858
Share of loss of associates	(83)	-	(83)
Income tax expense	(823)	30	(853)
Profit from continuing operations	7,982	(354)	8,336
Profit from discontinued operations	15,103	354	14,749
Other information:			
Depreciation and amortisation	(3,041)	(355)	(2,686)
(Provisions) / Provisions reversal	804	(13)	817
Net impairment losses on trade and other receivables	156	18	138

Revenues from operating segments, as well as other measures of profit or loss and material items within the consolidated statement of profit and loss, can be analysed as follows:

At 31 December 2019	Value Portfolio (restated)	Next-Gen	Novabase (restated)
Total segment sales and services rendered	54,683	105,099	159,782
Inter-segment sales and services rendered	22,526	23,427	45,953
Sales and services rendered	32,157	81,672	113,829
Operating Profit / (Loss)	2,414	2,579	4,993
Finance results	6,858	(158)	6,700
Share of loss of associates (note 35)	(83)	-	(83)
Income tax expense	(853)	470	(383)
Profit from continuing operations	8,336	2,891	11,227
Profit from discontinued operations (note 41)	14,749	-	14,749
Other information:			
Depreciation and amortisation	(2,686)	(1,674)	(4,360)
(Provisions) / Provisions reversal	817	(1,761)	(944)
Net impairment losses on trade and other receivables	138	97	235

At 31 December 2020	Value Portfolio	Next-Gen	Novabase
Total segment sales and services rendered	51,526	102,932	154,458
Inter-segment sales and services rendered	17,158	12,220	29,378
Sales and services rendered	34,368	90,712	125,080
Operating Profit / (Loss)	1,081	6,394	7,475
Finance results	(762)	(926)	(1,688)
Share of loss of associates (note 35)	(58)	-	(58)
Income tax expense	(115)	(1,797)	(1,912)
Profit from continuing operations	146	3,671	3,817
Profit from discontinued operations (note 41)	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)

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. This indicator is measured based on the location of the client where the project is delivered.

Sales and services rendered, by geography, in 2019, are analysed as follows:

	Portugal	Europe & the Middle East	Others	Novabase
Sales and services rendered	48,729	58,823	6,277	113,829

Sales and services rendered, by geography, in 2020, are analysed as follows:

	Portugal	Europe & the Middle East	Others	Novabase
Sales and services rendered	56,062	61,155	7,863	125,080

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 2020, were the following:

	Holding Company and Subsidiaries	Principal place of business	Share capital 31.12.20	% Interest held 31.12.20	% Interest held 31.12.19
	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%
(a1)	CelFocus, S.A.	Portugal	100,000 €	100.0%	55.0%
	Novabase Solutions Middle East FZ-LLC	Dubai	699,670 €	100.0%	100.0%
(a1)	Celfocus B. T. T. H. T. Limited Ş.	Turkey	100,000 TRY	100.0%	55.0%
(a1)	Celfocus LTD	UK	15,000 GBP	100.0%	55.0%
(a1)	Celfocus B.V.	The Netherlands	20,000 €	100.0%	55.0%
	Novabase Business Solutions, S.A.	Portugal	3,366,000 €	100.0%	100.0%
	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%
(b1)	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%
	FCR NB Capital Inovação e Internacionalização	-	11,360,000 €	51.6%	51.6%
(d1)	FCR Novabase Capital +Inovação	-	6,450,142 €	57.8%	53.1%
(c1)	COLLAB – Sol. I. Com. e Colab., S.A.	Portugal		-	77.8%
(d2)	Novabase Consulting S.G.P.S., S.A.	Portugal	11,629,475 €	100.0%	100.0%
(d2)	NBASE S.G.P.S., S.A.	Portugal		-	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:				
	Novabase Serviços, S.A.	Portugal	50,000 €	100.0%	100.0%

(*) 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 41).

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

In 2020, the following changes occurred in the consolidation perimeter:

a) Acquisitions of financial holdings to non-controlling interests (see note 22)

(a1) Acquisition of the remaining financial holding of 45.003% in CelFocus, S.A. and, consequently, of the remaining financial holding in Celfocus B. T. T. H. T. Limited Ş., in Celfocus LTD and in Celfocus B.V..

b) Changes in social designations

(b1) In 2019, this company had the designation of Novabase Sistemas de Informacion, S.A..

c) Exits from the consolidation perimeter

(c1) Following the sale and purchase agreement entered into with Netadmin System i Sverige AB on 19 March 2020 (see note 41), the Group sold all shares representing COLLAB - Sol. I. Com. e Colab., S.A. share capital, held in 72.45% by Novabase Business Solutions, S.A. and in 17.75% by Fundo Capital Risco NB Capital.

d) Other changes in the consolidation perimeter

(d1) Following the capital decrease of FCR Novabase Capital +Inovação by the Fundo Capital e Quase Capital (FC&QC), the Group increased its interest to 57.8% (see notes 15 and 22).

(d2) On 1 January 2020, a merger took place, with Novabase Consulting S.G.P.S. incorporating the assets and liabilities of the company NBASE S.G.P.S., S.A..

The company included in the consolidation using the equity method, as at 31 December 2020, under the Value Portfolio segment, was the following:

Associates (see notes 9 and 35)	Principal place of business	Share capital 31.12.20	% Interest held 31.12.20	% Interest held 31.12.19	Equity 31.12.20	Net Profit 31.12.20
Fundo Capital Risco NB Capital	Portugal	7,142,857 €	30.0%	30.0%	780	178

A. Subsidiaries with material non-controlling interests

Due to the changes in the consolidation perimeter mentioned above, Novabase reassessed the main subsidiaries with material non-controlling interests ("NCI") in 2020, considering that they are the ones presented below. These subsidiaries represent, together, 99% (2019: 94%) of the profit or loss attributable to 'Non-controlling interests' related to subsidiaries that have NCI as at 31 December 2020. They have share capital consisting 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. The comparatives of subsidiaries with material non-controlling interests resulting from the reassessment are also presented.

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	
	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19
Financial position:								
Total Non-Current Assets	3,469	2,469	1	405	12,259	11,742	577	850
Total Current Assets	12,892	10,098	737	3,544	7,260	7,444	4,912	5,616
Total Non-Current Liabilities	(1,395)	(723)	(2)	(3)	-	-	-	-
Total Current Liabilities	(7,479)	(7,098)	(2,798)	(6,875)	(313)	(315)	(20)	(3)
Net Assets	7,487	4,746	(2,062)	(2,929)	19,206	18,871	5,469	6,463
Net Assets attrib. to NCI	424	288	(610)	(2,159)	9,292	9,124	2,306	3,030
Results and comprehensive income:								
Sales and Services rendered	27,010	27,019	1,077	853	-	-	-	-
Profit for the year	2,739	1,897	(211)	(1,667)	335	7,756	(423)	(261)
Total compr. income for the year	2,739	1,897	(211)	(1,667)	335	7,756	(423)	(261)
Compr. income attrib. to NCI	137	94	326	(370)	168	3,750	(198)	(122)
Cash flows:								
Cash, cash eq. at 1 January	2,978	2,313	346	5,584	7,435	7,710	344	1,052
Cash, cash eq. at 31 December	6,653	2,978	550	346	7,251	7,435	205	344
Change in cash, cash equiv.	3,675	665	204	(5,238)	(184)	(275)	(139)	(708)
Dividends paid to NCI	-	-	-	-	-	-	-	-

B. Associates that are material to the Group

Novabase considers that its 30% ownership interest in Fundo de Capital de Risco NB Capital 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.

'Fundo de Capital de Risco NB Capital' presents, in its financial statements as at 31 December 2020, a Total Assets in the amount of EUR 830 thousand (all Current) and a Total Liabilities of EUR 50 thousand (all Current), for a Total Net Assets of EUR 780 thousand. Given the venture capital activity developed by this associate, Turnover is nil, while Net Profit for the year equaled Earnings Before Taxes, in the amount of EUR 178 thousand. In 2020, change in Cash and cash equivalents amounted to EUR +691 thousand, for a balance at the end of the period of EUR 768 thousand. This associate did not attribute nor pay dividends in any of the periods of this report.

Finally, it should be noted that in 2020 this associate sold its 17.75% interest held in COLLAB - Sol. I. Com. e Colab., S.A. share capital (see note 41).

7. Property, plant and equipment

	31.12.20			31.12.19		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Buildings and other constructions	28,660	21,699	6,961	31,090	22,064	9,026
Basic equipment	7,442	6,111	1,331	7,661	6,083	1,578
Transport equipment	1,864	1,297	567	2,728	1,624	1,104
Furniture, fittings and equipment	1,731	1,496	235	1,771	1,514	257
Other tangible assets	12	11	1	11	11	-
	39,709	30,614	9,095	43,261	31,296	11,965

During 2019, movements in property, plant and equipment were as follows:

	Balance at 01.01.19	Application IFRS 16	Acquisitions / increases	Write-offs	Exchange differences	Change in consolidation perimeter	Balance at 31.12.19
Cost:							
Buildings and other constructions	3,201	24,410	3,707	-	-	(228)	31,090
Basic equipment	7,237	-	813	(202)	(7)	(180)	7,661
Transport equipment	9,733	(6,907)	689	(698)	(57)	(32)	2,728
Furniture, fittings and equipment	1,830	-	132	(30)	(1)	(160)	1,771
Other tangible assets	12	-	-	(1)	-	-	11
	22,013	17,503	5,341	(931)	(65)	(600)	43,261
Accumulated depreciation:							
Buildings and other constructions	2,829	16,442	2,801	-	-	(8)	22,064
Basic equipment	5,763	-	702	(197)	(7)	(178)	6,083
Transport equipment	1,641	-	685	(614)	(57)	(31)	1,624
Furniture, fittings and equipment	1,533	-	66	(27)	(2)	(56)	1,514
Other tangible assets	12	-	-	(1)	-	-	11
	11,778	16,442	4,254	(839)	(66)	(273)	31,296

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

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

In 2020, change in consolidation perimeter refers to the effect of the subsidiary Collab disposal (see note 41). In 2019, it referred to the discontinuation of the GTE Business.

In 2020, no events or circumstances that indicated that the carrying amount of property, plant and equipment exceeded its recoverable amount were identified. Consequently, no impairment tests have been performed.

Depreciation recognised in profit and loss and included in 'Depreciation and amortisation' amounts to EUR 4,004 thousand (2019: EUR 4,170 thousand), and included in 'Profit from discontinued operations' amounts to EUR zero thousand (2019: EUR 84 thousand).

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

	31.12.20			31.12.19		
	Buildings and other constr.	Transport equipment	Total	Buildings and other constr.	Transport equipment	Total
Cost	25,343	1,814	27,157	27,859	2,620	30,479
Accumulated depreciation	(18,778)	(1,247)	(20,025)	(19,178)	(1,516)	(20,694)
	6,565	567	7,132	8,681	1,104	9,785

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

	31.12.20			31.12.19		
	Buildings and other constr.	Transport equipment	Total	Buildings and other constr.	Transport equipment	Total
Balance at 1 January	8,681	1,104	9,785	-	-	-
Adjustment on initial application of IFRS 16	-	-	-	7,968	8,084	16,052
Changes in estimates of residual value guarantees	-	-	-	-	(6,907)	(6,907)
Acquisitions / increases	1,290	308	1,598	3,449	689	4,138
Write-offs	(764)	(292)	(1,056)	-	(84)	(84)
Depreciation charge [(i)]	(2,642)	(553)	(3,195)	(2,736)	(678)	(3,414)
Balance at 31 December	6,565	567	7,132	8,681	1,104	9,785

[(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 60 months in the amount of EUR 616 thousand, (ii) the extension of the lease term for two existing contracts renegotiated during the year in the amount of EUR 630 thousand, and (iii) the remeasurement of existing contracts dependent on an index or rate in the amount of EUR 44 thousand. The write-offs refer to the change of the lease term for two office lease agreements with termination options without penalties.

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 24.

For short-term leases considered in the exemption from recognition provided for in IFRS 16, the Group recognised this year the amount of EUR 178 thousand (2019: EUR 267 thousand) under the heading 'External supplies and services'.

8. Intangible assets

	31.12.20			31.12.19		
	Cost	Accumulated amortisation	Net book value	Cost	Accumulated amortisation	Net book value
Internally generated intangible assets	10,549	10,325	224	13,622	12,790	832
Industrial property and other rights	9,882	9,738	144	11,439	11,077	362
Work in progress	194	-	194	272	-	272
Goodwill	11,501	-	11,501	11,501	-	11,501
	32,126	20,063	12,063	36,834	23,867	12,967

During 2019, movements in intangible assets were as follows:

	Balance at 01.01.19	Acquisitions / increases	Impairm. ch. / Write-offs	Transfers	Change in consolidation perimeter	Balance at 31.12.19
Cost:						
Internally generated intangible assets	14,431	-	(126)	312	(995)	13,622
Industrial property and other rights	11,059	372	-	8	-	11,439
Work in progress	183	546	-	(320)	(137)	272
Goodwill	14,886	-	-	-	(3,385)	11,501
	40,559	918	(126)	-	(4,517)	36,834
Accumulated amortisation:						
Internally generated intangible assets	13,439	472	(126)	-	(995)	12,790
Industrial property and other rights	11,055	22	-	-	-	11,077
	24,494	494	(126)	-	(995)	23,867

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

In 2020, change in consolidation perimeter refers to the effect of the subsidiary Collab disposal (see note 41). In 2019, it referred to the discontinuation of the GTE Business.

The amount of amortisation recognised in profit and loss and included in 'Depreciation and amortisation' is EUR 352 thousand (2019: EUR 190 thousand), and included in 'Profit from discontinued operations' is EUR 51 thousand (2019: EUR 304 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 EUR 3.0 Million (2019: EUR 2.6 Million).

Movements in **goodwill** were as follows:

	31.12.20	31.12.19
Balance at 1 January	11,501	16,413
Discontinued operations (GTE)	-	(4,912)
Balance at 31 December	11,501	11,501

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

	31.12.20	31.12.19
Balance at 1 January	-	(1,527)
Discontinued operations (GTE)	-	1,527
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:.

	31.12.20	31.12.19
Next-Gen	8,115	8,115
NeoTalent	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:

	31.12.20		31.12.19	
	Next-Gen	NeoTalent	Next-Gen	NeoTalent
Discount rate (post-tax)	8.9%	8.9%	8.7%	9.4%
Perpetual growth rate	2.0%	2.0%	2.0%	2.0%
Annual average growth rate of turnover	14.7%	7.5%	15.0%	9.8%

Due to the Covid-19 pandemic and in line with the existing guidelines, the Group carried out sensitivity analysis in assumptions used in the impairment tests for Goodwill performed in 2020, with no impairment indicators at this date.

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 result in an Equity Value of Next-Gen CGU of EUR 98 Million and EUR 132 Million, respectively, and in an Equity Value of Neotalent CGU of EUR 46 Million and EUR 58 Million, respectively, not becoming, in any of the situations, lower than the carrying amount of assets.

9. Investments in associates

	% Interest held directly		Amount	
	31.12.20	31.12.19	31.12.20	31.12.19
Fundo Capital Risco NB Capital (notes 6 and 35)	30.0%	30.0%	223	169
			223	169

10. Financial assets at fair value through profit or loss

		% Interest held directly		Amount	
		31.12.20	31.12.19	31.12.20	31.12.19
(i)	Feedzai, S.A.	1.7%	1.7%	10,564	10,034
(ii)	Globaleda, S.A.	25.1%	25.1%	598	598
(iii)	FCR IStart I	11.6%	11.6%	391	391
(iv)	CB Talents Global, S.A.	13.3%	13.3%	-	-
(v)	Aixtel Technologies, S.A.	5.7%	5.7%	408	218
(vi)	Probely, Lda.	3.3%	3.3%	63	-
(vii)	Bright Innovation, Lda. ("BI")	90.0%	90.0%	-	-
(viii)	Powergrid, Lda.	88.9%	88.9%	-	-
(ix)	Glarevision, S.A.	5.7%	5.7%	-	120
(x)	Habit Analytics PT, Lda.	4.6%	4.6%	-	320
(xi)	Other			577	494
				12,601	12,175

(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 (established in 2017), specialised in the international recruitment of IT professionals.

(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 SmartGrids.

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

(x) 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.

(xi) In 2020 and 2019, the amount of this caption refers to FCT - Labour Compensation Fund. It also includes the companies held by FCR NB Capital Inovação e Internacionalização, Powerdata and Radical Innovation ("RI"), with a fair value of nil.

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:

	31.12.20	31.12.19
Balance at 1 January	12,175	3,868
Acquisitions / share capital increase	90	598
Net fair value adjustments	356	7,810
Change in consolidation perimeter (note 41)	(20)	(101)
Balance at 31 December	12,601	12,175

In 2020, the acquisitions are related to the contributions to the FCT - Labour Compensation Fund. In 2019, the acquisitions mainly refer to the investments made by FCR Novabase Capital +Inovação in the companies Glarevision, S.A. and Habit Analytics PT, Lda., in the total amount of EUR 440 thousand. This amount was fully paid in the referred exercise.

Net fair value adjustments recorded in 2020 essentially reflect the appreciation of the Feedzai, S.A. (EUR 530 thousand) and Aixtel Technologies, S.A. (EUR 190 thousand) investments, partially offset by the devaluation of the investment in Habit Analytics PT, Lda. (EUR -320 thousand). It is recalled that in 2019, this caption mainly included a significant appreciation of Feedzai, S.A., in the amount of EUR 8,107 thousand.

The net fair value adjustments recognised in profit and loss and included in the 'Finance income' and 'Finance costs' captions are EUR 356 thousand (2019: EUR 7,807 thousand), and included in 'Profit from discontinued operations' is EUR zero thousand (2019: EUR 3 thousand).

A. Fair value measurements

For the FCT valuation, fair value was based on the observable quote of the 'Participation Units' at the reporting date (Level 1 in the fair value hierarchy). For the remaining assets, fair value was determined using valuation models in which the significant inputs are unobservable (Level 3 in the fair value hierarchy). During 2020, there were no transfers between levels 3 and 2 for the purposes of fair value measurement.

Note 14 provides information on the fair value hierarchy of these financial assets.

For the valuation of the companies held by FCR NB Capital Inovação e Internacionalização and FCR Novabase Capital +Inovação, the discounted cash flow method was used, considering a 5-year business plan forecasted by Management. Key assumptions used in Feedzai, S.A., the main financial asset in this category, are set out below:

	Feedzai	
	31.12.20	**31.12.19**
Discount rate (post-tax)	16.0%	16.3%
Perpetual growth rate	0.5%	0.5%
Annual average growth rate of turnover	50.9%	56.7%

According to a sensitivity analysis performed on Feedzai, a possible increase or decrease of 1 percentage point in WACC would result in a fair value change of approximately EUR -819 thousand and EUR +940 thousand, respectively. 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 +277 thousand and EUR -260 thousand, respectively. These sensitivity analysis have illustrative purposes only.

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 following amounts were determined after its offsetting:

	31.12.20	**31.12.19**
Deferred tax assets		
To be recovered within 12 months	931	1,347
To be recovered after more than 12 months	7,016	8,238
	7,947	9,585

Management assessed the impact of the Covid-19 pandemic on future taxable results and concluded that the recoverability of deferred taxes is not at stake.

Movements in the deferred tax assets were as follows:

	31.12.20	**31.12.19**
Balance at 1 January	9,585	10,048
Adjustment on initial application of IFRS 16	-	301
Profit or loss charge	(458)	438
Other comprehensive income charge	-	136
Exchange differences	-	(4)
Tax related to net invest. in foreign entities of discont. ops.	-	829
Change in consolidation perimeter (note 41)	(1,180)	(2,163)
Balance at 31 December	7,947	9,585

The amount recognised in profit and loss and included in 'Income tax expense' is EUR -451 thousand (2019: EUR 827 thousand), and included in 'Profit from discontinued operations' is EUR -7 thousand (2019: EUR -389 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 Losses / Other	Tax Incentives	Provisions / Adjustments	Total
Balance at 1 January 2019	(781)	9,516	1,313	10,048
Adjustment on initial application of IFRS 16	301	-	-	301
Profit or loss charge	(487)	599	326	438
Other comprehensive income charge	136	-	-	136
Exchange differences	(4)	-	-	(4)
Tax related to net invest. in foreign entities of discont. ops.	829	-	-	829
Change in consolidation perimeter	2	(2,047)	(118)	(2,163)
Balance at 31 December 2019	(4)	8,068	1,521	9,585
Profit or loss charge	4	44	(506)	(458)
Change in consolidation perimeter	-	(1,059)	(121)	(1,180)
Balance at 31 December 2020	-	7,053	894	7,947

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 Losses / Other	Tax Incentives	Provisions / Adjustments	Total
Between 1 and 2 years	-	385	-	385
Between 2 and 3 years	-	1,068	-	1,068
Between 3 and 4 years	-	1,629	-	1,629
Between 4 and 5 years	-	1,246	-	1,246
Between 5 and 6 years	-	772	-	772
Over 6 years	-	1,953	-	1,953
With no defined date	-	-	894	894
	-	7,053	894	7,947

12. Other non-current assets

	31.12.20	31.12.19
Loans to related parties (note 40 iii)	5,033	5,033
Financial holdings disposal (note 41)	215	-
Provision for impairment of loans to related parties (note 40 iii)	(3,223)	(3,125)
	2,025	1,908

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:

	31.12.20	31.12.19
Balance at 1 January	3,125	3,125
Impairment (note 34)	98	-
Balance at 31 December	3,223	3,125

13. Inventories

	31.12.20	31.12.19
Merchandise	38	43
	38	43
Inventory impairment	(28)	(9)
	10	34

Movements in inventory impairment are analysed as follows:

	31.12.20	31.12.19
Balance at 1 January	9	136
Impairment (note 31)	19	-
Change in consolidation perimeter	-	(127)
Balance at 31 December	28	9

14. Financial instruments by category

At 31 December 2019	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	-	12,175	-	-	12,175
Debt securities	3,196	-	-	-	3,196
Other non-current assets	1,908	-	-	-	1,908
Trade and other receivables	73,947	-	-	4,481	78,428
Accrued income	3,843	-	-	-	3,843
Derivative financial instruments	-	24	-	-	24
Other current assets	-	-	-	6,211	6,211
Cash and cash equivalents	48,755	-	-	-	48,755
	131,649	12,199	-	10,692	154,540
Liabilities					
Borrowings	-	-	30,362	-	30,362
Other non-current liabilities	-	-	770	-	770
Trade and other payables	-	-	39,635	-	39,635
Derivative financial instruments	-	17	-	-	17
Deferred income and other current liabilities	-	-	14,854	-	14,854
	-	17	85,621	-	85,638

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

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

The following table shows the Group’s financial assets and liabilities that are measured at fair value according to the following hierarchy levels:

- **Level 1**: The fair value of financial instruments is based on quoted prices in active and liquid markets at reporting date.
- **Level 2**: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Key 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 key inputs are not based on observable market data.

	31.12.20			31.12.19		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair value						
Financial assets at FV through profit or loss (note 10)	577	-	12,024	494	-	11,681
Derivative financial instruments (note 17)	-	64	-	-	24	-
	577	64	12,024	494	24	11,681
Financial liabilities at fair value						
Derivative financial instruments (note 17)	-	9	-	-	17	-
	-	9	-	-	17	-

15. Trade and other receivables

	31.12.20	31.12.19
Trade receivables	36,200	37,558
Impairment allowance for trade receivables	(876)	(1,154)
	35,324	36,404
Financial holdings disposal (note 41)	215	36,000
Capital subscribers of FCR Novabase Capital +Inovação	1,898	2,469
Value added tax	3,990	1,789
Receivables from financed projects	1,491	1,663
Prepayments to suppliers	156	159
Employees	6	64
Other receivables	684	941
Impairment allowance for other receivables	(1,104)	(1,061)
	7,336	42,024
	42,660	78,428

The decrease, in year-on-year terms, in 'Trade and other receivables' reflects mainly the receipt of the initial price plus the earn-out referring to the GTE Business, amounts that were recognised in the accounts as at 31 December 2019.

As for the decrease in 'Capital subscribers of FCR Novabase Capital +Inovação caption, in the amount of EUR 571 thousand, it refers to the NCI decrease in the called-up share capital of this Fund, due for shares issued but not fully paid, according to the metric set forth in Clause 15 of the Financing Agreement entered into with Novabase Capital, its management entity (see notes 6 and 22).

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 16) represents the maximum exposure to credit risk.

The exposure to credit risk and ECLs for the Group's trade receivables as at 31 December 2019 and 31 December 2020 is analysed as follows.

At 31 December 2019	Weighted--average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	0.64%	26,468	38	No
1-180 days past due	3.78%	8,944	31	No
181-360 days past due	57.15%	833	31	No
More than 360 days past due	88.59%	1,313	1,054	Yes
		37,558	1,154	

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	

Details on the Group's customer concentration / dependency as well as the distribution of the customers with greater 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	
	31.12.20	**31.12.19**	**31.12.20**	**31.12.19**	**31.12.20**	**31.12.19**
Balance at 1 January	1,154	2,212	1,061	1,142	2,215	3,354
Impairment	146	285	51	-	197	285
Impairment reversal	(125)	(794)	(8)	(9)	(133)	(803)
Exchange differences	(64)	(100)	-	(25)	(64)	(125)
Write-offs	(206)	(62)	-	(47)	(206)	(109)
Change in consolidation perimeter	(29)	(387)	-	-	(29)	(387)
Balance at 31 December	876	1,154	1,104	1,061	1,980	2,215

Impairment and impairment reversal of trade and other receivables recognised in profit and loss and included in 'Net impairment losses on trade and other receivables' is EUR -72 thousand (31.12.19: EUR 235 thousand), and included in 'Profit from discontinued operations' is EUR 8 thousand (31.12.19: EUR 283 thousand).

16. Accrued income

	31.12.20	**31.12.19**
- Ongoing projects	3,537	3,787
- Other accrued income	19	56
	3,556	3,843

17. Derivative financial instruments

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

	Assets		Liabilities	
	31.12.20	**31.12.19**	**31.12.20**	**31.12.19**
- Forward foreign exchange contracts	64	24	9	17
	64	24	9	17

The Group is exposed to foreign exchange risk, primarily with respect to the U.S. Dollar and Kwanza, since some of its subsidiaries carry out transactions in these currencies. Novabase's exposure to foreign exchange risk also arises from its presence in several markets, namely in Angola, although the exposure to these geographies decreased significantly since 2019.

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 2020, 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 14 provides information on the fair value hierarchy of these financial assets and liabilities.

At 31 December 2020, the Group had forward foreign exchange contracts to sell currency with the notional amount of USD 9,157,985 and forward foreign exchange contracts to buy currency with the notional amount of USD 414,173.

18. Other current assets

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

	31.12.20	**31.12.19**
- Hardware and software maintenance and specialised services	4,189	6,074
- Rents	86	119
- Software licensing	15	18
	4,290	6,211

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

19. Debt securities

	Debt securities (net of impairments)	
	31.12.20	31.12.19
Non-Current		
Government of Angola Treasury Bonds	-	403
	-	403
Current		
Government of Angola Treasury Bonds	-	2,793
	-	2,793

At 31 December 2019, 5 Government of Angola Treasury Bonds were active for a universe of 3,108 debt securities, in the total amount (net of impairments) of EUR 3,196 thousand and foreseen maturities in 2020 and 2022. During 2020, the Angolan subsidiary sold all plots in the Government of Angola Treasury Bonds portfolio, to settle balances within the Group, no longer holding any investment in securities as at 31 December 2020.

Movements in impairment allowance of debt securities are analysed as follows:

	31.12.20	31.12.19
Balance at 1 January	138	408
Impairment reversal (note 33)	(138)	(270)
Balance at 31 December	-	138

20. 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:

	31.12.20	31.12.19
- Cash	28	15
- Short-term bank deposits	71,920	48,767
Cash and cash equivalents at 31 December	71,948	48,782
- Impairment allowance of short-term bank deposits	(19)	(27)
Cash and cash equivalents	71,929	48,755

'Cash and cash equivalents' positive evolution in 2020 mainly reflects the cash flows from M&A operations concluded in 2020: (i) the proceeds from the sale of the GTE Business (including the price adjustment) in the amount of EUR 35,366 thousand (see note 41), (ii) the receipt from the sale of Collab (including the Holdback Amount) net of cash disposed of, in the amount of EUR 2,144 thousand (see note 41) and (iii) the payment of EUR 20,000 thousand for the acquisition of Vodafone's stake in Celfocus (see note 22).

78% of the balance of cash and cash equivalents (net of impairment losses) refers to wholly-owned Novabase subsidiaries. Of the remainder, 11% is related to subsidiaries based outside Portugal.

At 31 December 2020 and 31 December 2019, 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 548 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 of short-term bank deposits are analysed as follows:

	31.12.20	31.12.19
Balance at 1 January	27	29
Impairment	5	10
Impairment reversal	(13)	(12)
Balance at 31 December	19	27

The impairment allowance of short-term bank deposits recognised in profit and loss and included in 'Finance costs' is EUR 5 thousand (31.12.19: EUR 10 thousand), and included in 'Profit from discontinued operations' is EUR zero thousand for both years. The impairment reversal recognised in profit and loss and included in ‘Finance income’ is EUR -13 thousand (31.12.19: EUR -9 thousand), and included in ‘Profit from discontinued operations’ is EUR zero thousand (31.12.19: EUR -3 thousand).

21. Share Capital, share premium and treasury shares

The share capital as at 31 December 2020, 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 2020, 73.40% of Novabase's share capital (25,050,103 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 Consolidated Annual Report.

	No. Shares (thousands)	Share capital	Treasury shares	Share premium	Total
Balance at 1 January 2019	31,401	15,701	(188)	43,560	59,073
Share capital reduction	-	(4,397)	-	-	(4,397)
Share capital increase	-	43,334	(467)	(43,334)	(467)
Balance at 31 December 2019	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' 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 12 May 2020, 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 2019, Novabase S.G.P.S. held 376,611 treasury shares, representing 1.20% of its share capital.

On 14 January 2020, Novabase started trading in the context of the own shares buy-back program (“Buy-back Program”), pursuant to the terms and limitations set forth in item Six of the Agenda of the Extraordinary General Meeting of Shareholders of Novabase that took place on 26 September 2019. During 2020, under this programme, the Company acquired on the market 300,000 treasury shares at the average price of 2.97 Euros.

At 31 December 2020, Novabase S.G.P.S. held 676,611 treasury shares, representing 2.15% of its share capital.

It should also be noted that, on 22 October 2020, Novabase concluded this buy-back program, by reaching the maximum number of shares to be acquired, according to the terms and conditions announced to the market on 14 January 2020 - *i.e.* 300 thousand ordinary shares, corresponding to the estimated number of shares required to settle the options granted under the Stock Option Plan that was in effect.

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

The Stock Options Plan Regulation ("Regulation") was 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, with such options being part of a performance bonus to be attributed to the plan's participants.

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, that is, the date on which the options are liable to be exercised at once, 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, that is, the period during which the shares corresponding to the exercised options will be retained by Novabase, corresponds to three years counting from the exercise date.

On 1 October 2019, 400 thousand options were granted to an executive director under this Regulation. On the 1st anniversary of the plan, the director exercised all the options he held over Novabase ordinary shares under the Stock Options Plan Regulation, in accordance with the following modalities: (i) in relation to 50% of the options subject to exercise through net cash settlement (payment in cash), resulting in the payment of 304,001.71 Euros and (ii) in relation to the remaining 50% through net share settlement (attribution of shares of the company), resulting in the attribution of 91,539 ordinary shares of Novabase. The shares corresponding to the options exercised referred to above will be retained by Novabase during the period of three years counting from the respective exercise and the ownership over such shares will only be transferred to the aforementioned director upon the term of such period and conditioned on the positive performance of the company during the same, in the terms foreseen in the Regulation.

The accounting impacts under IFRS 2, considering also the terms of the Stock Options Plan Regulation, were as follows: i) in relation to the 'net cash settlement' component, the total amount of the expense was recognised on the exercise date of the options and for the remaining amount of the liability estimated in 2019, and ii) in the 'net share settlement' component, the "vesting period" was revised to 4 years since the director chose to exercise the options on the 1st anniversary, with this change being recorded prospectively.

Thus, in 2020 the Group recognised in the statement of profit and loss, under 'Employee benefit expense' heading, a cost in the amount of EUR 322 thousand (see note 30), against 'Stock options reserves' in the amount of EUR 34 thousand (see note 22) and the decrease of the 'Stock options plan' liability in the amount of EUR 16 thousand (see note 27). Cash outflow amounted to EUR 304 thousand.

22. Reserves and retained earnings

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

	31.12.20	31.12.19
Balance at 1 January	(5,318)	3,016
Adjustment on initial application of IFRS 16 (net of tax)	-	(1,084)
Profit for the previous year	20,400	4,737
Share capital reduction	-	53
Share capital increase	-	467
Payment of dividends / shareholder remuneration	-	(15,823)
Exchange differences on foreign operations	(538)	293
Purchase and sale of treasury shares	(368)	-
Share-based payments (note 21)	34	7
Transactions with non-controlling interests	(18,334)	-
Transfer of exchange differences on foreign operations to profit from discontinued ops.	-	3,016
Balance at 31 December	(4,124)	(5,318)

In 2020, no amounts were distributed to shareholders. It is recalled that, on 30 March 2020, the Board of Directors has decided to revert its initial intention of proposing to the 2020 General Meeting of Shareholders the distribution of approximately EUR 26,691 thousand to the shareholders, by means of the reduction of the share capital of Novabase in the same amount, which would have represented a remuneration of 85 Euro cents per share. This decision was taken in the context of the high uncertainty resulting from the Covid-19 pandemic outbreak and as a preventive measure aiming at ensuring the financial resilience of Novabase and its competitiveness. In 2019, EUR 15,823 thousand had been paid (0.51 Euros per share, of which 0.15 Euros per share corresponding to a regular dividend and 0.36 Euros per share as an extraordinary distribution of reserves).

	31.12.20	31.12.19
Payment of dividends / shareholder remuneration	-	15,823
Remuneration of the treasury shares held by the Company	-	192
Distribution of dividends / shareholder remuneration (note 38)	-	16,015

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.

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

		31.12.20			
		Assets decrease	**Total purchase consideration**	**(Decrease) / increase of NCI (note 23)**	**Impact on Equity attrib. to owners of the parent**
	Acquisition of 45.003% in CelFocus, S.A.	-	27,450	(9,162)	(18,288)
(i)	Increase of 4.70% interest in FCR Novabase Capital +Inovação	571	-	(525)	(46)
(ii)	NBASIT-Sist. de Inf. e Telec., S.A.	-	-	677	-
		571	27,450	(9,010)	(18,334)

(i) 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% (see notes 6 and 15).

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

On 24 April 2020, Novabase has entered into a sale and purchase agreement with Vodafone Portugal, S.A. ("Vodafone") to buy the shares representing Vodafone's equity stake in Celfocus, S.A., increasing its ownership from 55% to 100% (see note 6). The agreed purchase price for Vodafone's entire shareholding was EUR 20 Million. There may be an additional price adjustment of EUR 7.5 Million, to be paid for in services, which could raise the final purchase price to a maximum of EUR 27.5 Million, as a result of possible annual adjustments until 2023 related to service hiring guarantees of EUR 10 Million per year for three years given by Vodafone.

The carrying amount of Celfocus's net assets on the date of acquisition was EUR 20.4 Million. The agreed purchase price was fully paid on April, 30 (see note 20). The fair value of the contingent consideration arrangement, of EUR 7,450 thousand, was estimated by determining the present value of the future expected cash flows based on a discount rate of 2.3% and assuming a probability of 100%. From this amount, the portion with a maturity of more than 12 months, of EUR 2,950 thousand, is included in 'Other non-current liabilities' (see note 26), and the remainder EUR 4,500 thousand is recognised in 'Trade and other payables' (see note 27).

As the operation described above was a transaction with non-controlling interests in a subsidiary already controlled by the Group, the difference between the total consideration and the carrying amount of the net assets acquired was recorded in Equity attributable to owners of the parent, in the amount of EUR -18,288 thousand. The non-controlling interests decreased by EUR 9,162 thousand. To be noted that these amounts already include the transfer of the exchange differences on foreign operations regarding the subsidiaries Celfocus B. T. T. H. T. Limited Ş. and Celfocus LTD, from NCI to Equity attributable to owners of the parent, in the amount of EUR 145 thousand.

23. Non-controlling interests

	31.12.20	31.12.19
Balance at 1 January	18,329	13,754
Adjustment on initial application of IFRS 16 (net of tax)	-	(47)
Transactions with non-controlling interests (note 22)	(9,010)	-
Distribution of dividends to non-controlling interests	-	(548)
Exchange differences on foreign operations	560	322
Profit attributable to non-controlling interests	840	5,576
Change in consolidation perimeter	(672)	(728)
Balance at 31 December	10,047	18,329

24. Borrowings

	31.12.20	31.12.19
Non-current		
Bank borrowings	16,200	13,600
Lease liabilities	5,293	7,681
	21,493	21,281
Current		
Bank borrowings	6,400	5,194
Lease liabilities	3,032	3,887
	9,432	9,081
Total borrowings	30,925	30,362

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	2,937	2,257	4,400	9,200	-	18,794
Lease liabilities	2,069	1,818	3,301	4,380	-	11,568
At 31 December 2019	5,006	4,075	7,701	13,580	-	30,362
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

The weighted average effective interest rate of bank borrowings at the reporting date is 1.485% (31.12.19: 1.546%). 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 in 2020 was 2.484% (31.12.19: 2.528%). This note presents lease liabilities already discounted of the future finance charges, which amounts to EUR 606 thousand as at 31 December 2020 (31.12.19: EUR 1,041 thousand).

During 2020, the Group negotiated a new loan, in the amount of EUR 10 Million. In addition, loan repayments with other banking institutions in this period amounted to EUR 6.2 Million.

Movements in lease liabilities are as follows:

	31.12.20	31.12.19
Balance at 1 January	11,568	-
Adjustment on initial application of IFRS 16	-	17,827
Changes in estimates of residual value guarantees	-	(6,907)
Increases [(i)]	1,598	4,138
Termination of lease contracts	(1,056)	(84)
Interest expense [(ii)]	491	540
Lease payments [(iii)]	(4,276)	(3,946)
Balance at 31 December	8,325	11,568

[(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 34), except for the amount of EUR 17 thousand in 2019, which is presented in 'Profit from discontinued operations'.

[(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.

The covenants of the Group's bank borrowings are as follows:

Covenants

- Solvability ratio ≥40%; Net debt / EBITDA ≤3
- 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 2020, the Group was complying with all the covenants, except for the solvability ratio greater than 40% from BPI, according to the initial contract. However, Novabase received a waiver from this institution regarding the applicability of the referred covenant in 2020.

(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.

	31.12.20	31.12.19
Cash and cash equivalents (amount before impairment losses)	71,948	48,782
Borrowings - repayable within one year (including overdrafts)	(9,432)	(9,081)
Borrowings - repayable after one year	(21,493)	(21,281)
Net debt	41,023	18,420

	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
Balance at 1 January 2019	63,643	(4,959)	(6,294)	(1,361)	(7,066)	43,963
Cash flows	(5,747)	4,959	(12,500)	3,406	-	(9,882)
Acquisitions - lease liabilities	-	-	-	-	(4,138)	(4,138)
Effect of exchange rate changes	(2,179)	-	-	-	-	(2,179)
Change in consolidation perimeter	(6,935)	-	-	-	-	(6,935)
Other non-cash movements	-	(5,194)	5,194	(5,932)	3,523	(2,409)
Balance at 31 December 2019	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
Balance at 31 December 2020	71,948	(6,400)	(16,200)	(3,032)	(5,293)	41,023

25. Provisions

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

	31.12.20	31.12.19
Balance at 1 January	8,623	8,252
Additional provisions	475	3,244
Reversals / charge-off	(3,692)	(2,844)
Exchange differences	-	(4)
Change in consolidation perimeter (note 41)	(173)	(25)
Balance at 31 December	5,233	8,623

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;
- At 31 December 2020 and 31 December 2019, it also includes amounts related to costs to be incurred resulting from the alignment of the labour capacity to the 2019+ Strategy, disclosed to the market in July 2019.

With regard to movements in 2020, highlights include the use of EUR -1,645 thousand provisions, recorded in 2019, in line with the reorganisation of the management provided for in the 2019+ Strategy. The majority of the related costs were recognised in 'Employee benefit expense'.

The amount of provisions for other risks and charges, net of reversals, recognised in profit and loss and included in 'Other gains/(losses) - net' is EUR -3,217 thousand (2019: EUR 944 thousand), and included in 'Profit from discontinued operations' is EUR zero thousand (2019: EUR -544 thousand).

26. Other non-current liabilities

	31.12.20	31.12.19
Acquisition of financial holdings	3,165	-
Research and development grants	540	770
	3,705	770

'Acquisition of financial holdings' comprises the balances with a maturity of more than 12 months related to (i) the contingent consideration for the acquisition of Celfocus S.A. in the amount of EUR 2,950 thousand (see note 22), 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 the amount of EUR 215 thousand (see note 41).

'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 28).

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

The due date of these liabilities is as follows:

	31.12.20	31.12.19
Between 1 and 2 years	1,943	220
Between 2 and 5 years	1,762	550
	3,705	770

27. Trade and other payables

	31.12.20	31.12.19
Trade payables	5,621	8,215
Remunerations, holiday and holiday allowance	7,842	7,531
Bonus	11,546	8,819
Acquisition of financial holdings	4,715	3,564
Ongoing projects	2,463	2,138
Value added tax	2,542	2,070
Social security contributions	2,090	2,123
Income tax withholding	1,389	1,404
Employees	82	105
Stock options plan (note 21)	-	16
Amount to be paid to non-controlling interests	1	2
Prepayments from trade receivables	2	2
Other accrued expenses	1,869	3,364
Other payables	151	282
	40,313	39,635

'Acquisition of financial holdings' comprises the balances with a maturity of less than 12 months related to (i) the contingent consideration for the acquisition of Celfocus S.A. in the amount of EUR 4,500 thousand (see note 22), 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 the amount of EUR 215 thousand (see note 41).

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

The maturity of these liabilities is as follows:

	31.12.20	31.12.19
No later than 1 year	40,313	39,635
	40,313	39,635

28. Deferred income and other current liabilities

	31.12.20	31.12.19
Consulting projects	15,884	14,634
Research and development grants	242	220
Training grants	22	-
	16,148	14,854

The table below shows the financial incentives for research and development at 31 December 2020, by type of incentive program:

	Contracted amount	Acum. received amount
Grants:		
- FAI - Innovation Support Fund	1,706	718
- P2020 - Portugal 2020	995	492
	2,701	1,210

29. External supplies and services

	31.12.20	31.12.19
Subcontracts	29,237	20,105
Commissions, consultancy fees and rents	3,986	2,902
Transportation, travel and accommodation expenses	1,495	4,240
Advertising and promotion	270	766
Water, electricity and fuel	395	475
Communications	318	270
Insurance	385	294
Utensils, office supplies and technical documentation	593	441
Other supplies and services	700	612
	37,379	30,105

Subcontract costs increased year-on-year in line with the expected growth of the Turnover. In turn, spending on travel and accommodation expenses decreased towards 2019, as a result of the Covid-19 pandemic and the consequent restrictions on travel and lockdowns in 2020.

30. Employee benefit expense

	31.12.20	31.12.19
Key management personnel compensation (note 40 i)	4,835	4,542
Wages and salaries of the employees	58,821	54,917
Employees social security contributions	11,284	10,849
Stock options granted (notes 21 and 40 i)	322	23
Other employee expenses	4,914	3,142
	80,176	73,473

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

Expenses with variable remuneration and bonuses, the stock options plan cost (see note 21) and costs related with the execution of the management reorganisation provided for in the 2019+ Strategy (see note 25) contributed to the increase in 'Employee benefit expense' in 2020.

Average number of employees is analysed as follows:

		31.12.20	31.12.19
(*)	Value Portfolio	772	816
	Next-Gen	968	957
		1,740	1,773

(*) The numbers presented do not consider employees assigned to the GTE Business nor Collab for both periods. Include holding / shared services representing 82 employees in 2020 (89 in 2019).

At the end of the year, the number of employees was 1,775 (2019: 1,836).

At 31 December 2020, 32% of Novabase's employees are women (2019: 31%). This indicator, which has been following the trend in the information technology industry in Portugal and abroad and also reflects the higher education choices of each gender, shows a slight increase in 2020 when compared to the previous year.

31. Other gains/(losses) - net

		31.12.20	31.12.19
	Impairment and impairment reversal of inventories (note 13)	(19)	-
	Provisions for other risks and charges (note 25)	3,217	(944)
(*)	Other operating income and expense	1,180	64
		4,378	(880)

(*) 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 a non-regular receipt related to the outcome of an old judicial process filed by the Group against the company ATEP-AMKOR Technology (prior Qimonda Portugal S.A.).

32. Depreciation and amortisation

	31.12.20	31.12.19
Property, plant and equipment (note 7):		
Buildings and other constructions	2,752	2,793
Basic equipment	634	690
Transport equipment	553	628
Furniture, fittings and equipment	65	59
Other tangible assets	-	-
	4,004	4,170
Intangible assets (note 8):		
Internally generated intangible assets	128	168
Industrial property and other rights	224	22
	352	190
	4,356	4,360

33. Finance income

		31.12.20	31.12.19
	Interest received	108	354
	Foreign exchange gains	141	2,607
	Fair value of financial assets adjustment (note 10)	797	8,150
(*)	Dividends of financial assets	43	-
	Reversal of impairment losses on bank balances (note 20)	13	9
	Reversal of impairment losses on debt securities (note 19)	138	270
		1,240	11,390

The decrease in 'Finance income' in year-on-year terms is almost entirely justified by the EUR 8.1 Million revaluation of the Group's investment in Feedzai recorded in 2019. Additionally, foreign exchange gains decreased in 2020, however, considering a joint reading with the foreign exchange losses presented in 'Finance costs', one can conclude that the change in the Group's foreign exchange differences was not significant.

(*) Dividends received on the investment in Globaleda, S.A..

34. Finance costs

	31.12.20	31.12.19
Interest expenses		
- Borrowings	(416)	(295)
- Lease liabilities (note 24)	(491)	(523)
- Other interest	(10)	(2)
Bank guarantees charges	(28)	(12)
Bank services and commissions	(118)	(218)
Foreign exchange losses	(1,305)	(3,287)
Fair value of financial assets adjustment (note 10)	(441)	(343)
Provisions for loans to related parties (note 12)	(98)	-
Impairment losses on bank balances (note 20)	(5)	(10)
Other financial losses	(16)	-
	(2,928)	(4,690)

Change in 'Finance costs' heading in 2020 is mainly due to the decrease in foreign exchange losses in year-on-year terms (see also the evolution of foreign exchange gains in note 33).

35. Share of loss of associates

	31.12.20	31.12.19
Fundo Capital Risco NB Capital (notes 6 and 9)	(58)	(83)
	(58)	(83)

36. 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, 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%, 25%, 19% and 22%, 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 2017 through 2020 are still open to such review.

Legislative changes that became effective on 1 January 2020

Regarding changes introduced by the 2020 State Budget (Law No. 2/2020), worthy of note is that charges for passenger vehicles, commercial vehicles, motorbikes and motorcycles with an acquisition cost of up to EUR 27,500 (before EUR 25,000) are subject to the 10% rate.

This change didn't have a significant impact on the income tax expense of Novabase's Group.

Legislative changes introduced by the 2021 State Budget

Regarding the 2021 State Budget (Law No. 75-B/2020), fiscal changes continue to be surgical. The concept of permanent establishment is aligned with the latest version of the OECD Model Convention and measures to combat tax evasion and the transfer of profits to other jurisdictions are strengthened with the extension of the concept of permanent establishment. The increase in autonomous tax rates for cooperatives, micro, small and medium-sized companies that usually had no losses is eliminated. These entities can be exempted from making payments on account and can also request in 2021 the full and immediate reimbursement of part of the special payment on account not deducted. Finally, it should also be mentioned 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 will benefit from the reduced autonomous tax rates (5%, 10% and 17.5%).

Management considers that these changes will not have a significant impact on the income tax expense of Novabase's Group.

This heading is analysed as follows:

	31.12.20	**31.12.19**
Current tax	1,461	1,210
Deferred tax on temporary differences (note 11)	451	(827)
	1,912	383

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:

	31.12.20	**31.12.19**
Earnings before taxes	5,729	11,610
Income tax expense at nominal rate (21% in 2020 and 2019)	1,203	2,438
Provisions reversal	(106)	(40)
Recognition of tax on the events of previous years	-	(82)
Dividends	(9)	-
Associates' results reported net of tax	12	17
Autonomous taxation	370	431
Results in companies where no deferred tax is recognised	176	(806)
Expenses not deductible for tax purposes	209	63
Differential tax rate on companies located abroad	(2)	(138)
Research & Development tax benefit	(310)	(1,869)
Municipal Surcharge and State Surcharge	241	268
Impairment of Special Payment on Account, tax losses and withholding taxes	128	101
Income tax expense	1,912	383
Effective tax rate	33.4%	3.3%

37. 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 21).

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. In 2020, the adjustment was determined as referred to last (see note 21).

Earnings per share are analysed as follows:

	31.12.20	31.12.19
Weighted average number of ordinary shares in issue	30,815,777	31,024,783
Stock options adjustment	91,539	116,711
Adjusted weighted average number of ordinary shares in issue	30,907,316	31,141,494
Profit attributable to owners of the parent	7,486	20,400
Basic earnings per share (Euros per share)	0.24 Euros	0.66 Euros
Diluted earnings per share (Euros per share)	0.24 Euros	0.66 Euros
Profit from continuing operations attributable to owners of the parent	2,977	5,651
Basic earnings per share (Euros per share)	0.10 Euros	0.18 Euros
Diluted earnings per share (Euros per share)	0.10 Euros	0.18 Euros
Profit from discontinued operations attributable to owners of the parent	4,509	14,749
Basic earnings per share (Euros per share)	0.15 Euros	0.48 Euros
Diluted earnings per share (Euros per share)	0.15 Euros	0.47 Euros

38. Dividends per share

In 2020, no amounts were distributed to shareholders (see also note 22). The amounts distributed in 2019 reached EUR 16,015 thousand (0.51 Euros per share, of which 0.15 Euros per share related to a regular dividend and 0.36 Euros per share as an extraordinary distribution of reserves). These amounts differ from those shown in the Consolidated Statement of Cash Flows due to the remuneration of treasury shares held by the Company, which remained in Novabase, having been transferred to retained earnings. In 2019, the amounts released were also paid due to a reduction in share capital, in the amount of EUR 4,397 thousand (0.14 Euros per share). Regarding 2020, and despite Novabase's robust performance, the Board of Directors decided not to propose any shareholder remuneration to the 2021 General Meeting of Shareholders, to be held on 25 May 2021, due to the still high degree of uncertainty affecting the economic outlook, however reaffirmed the commitment to distribute 1.5 Euros per share in the 2019-2023 strategic cycle.

39. 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	31.12.20	31.12.19
Novabase S.G.P.S., S.A.	Santander	2,500	2,500
Novabase S.G.P.S., S.A.	Bankinter	3,870	-
Novabase Business Solutions, S.A.	BCP	2,253	2,952
Novabase Business Solutions, S.A.	Santander	299	465
Novabase Business Solutions, S.A.	Novo Banco	48	48
Novabase Business Solutions, S.A.	BPI	33	33
Novabase Business Solutions, S.A.	Bankinter	75	107
Novabase Serviços, S.A.	BPI	135	135
Novabase Serviços, S.A.	Novo Banco	410	505
CelFocus, S.A.	Santander	50	50
NOVABASE IMS 2, S.A.	BCP	-	4
Novabase Neotalent España S.A.U	Novo Banco	132	164
NBMSIT, Sist. de Inf. e Tecnol., S.A.	BIM	136	180
		9,941	7,143

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 *deminimis*;
- 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 what concerns to the sale of IMS Business at the end of 2016, Novabase still have the following commitments:

- A Liability Cap of EUR 2.5 Million by irrevocable bank guarantee of equal amount between 18 months and 5 years (expiry of tax and Social Security guarantees), that is, between 6 July 2018 and 5 January 2022;
- Constitution of a basket deductible for further corrections in the amount of EUR 400 thousand, minimis of EUR 40 thousand, until the end of the period, which means, 5 January 2022.

In 2020, 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

40. 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 2020 and 2019 (*), are as follows:

	31.12.20	31.12.19
Short-term employee benefits	3,389	3,135
Other long-term benefits	1,446	1,407
Stock options granted (note 21)	322	23
	5,157	4,565

(*) Towards the balance disclosed at 31 December 2019, EUR 437 thousand were considered as part of discontinued operations, as such they were not included in this note.

'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 2,104 thousand (31.12.19: EUR 1,542 thousand).

In addition, there are current payable balances outstanding with key management personnel in the net amount of EUR 10 thousand at 31 December 2020 (31.12.19: EUR 8 thousand).

The remuneration policy of the Board of Directors and Supervisory Board of Novabase S.G.P.S. is stated in this Consolidated Report and Accounts, in the Remuneration Chapter of the Corporate Governance 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 2020, 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, whereby directors receive (i) fixed remuneration in cash, (ii) variable remuneration in cash and a variable remuneration based on stock options. This remuneration is distributed among the directors in accordance with the following table, in view of their responsibilities at Novabase and as indicated by the Remuneration Committee.

The remuneration of non-executive, 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 is determined with a view 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 correlates 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, with regard to the stock options plan, since its approval in 2019, 400,000 stock options of Novabase have been granted to the executive director Paulo Jorge de Barros Pires Trigo, according to the Remuneration Committee's deliberation. Those options were exercised during 2020 (see note 21).

Director [1]	Fixed annual remuner. (€)	Annual variable remuner. in cash paid in 2020 (€) [2, 3]	Total partial (fixed + variable in cash paid in 2020) (€)	Variable in cash paid in 2020 / Total partial (%)	Deferred annual variable remuner. (€) [4]
João Nuno da Silva Bento	293,700	329,114	622,814	52.84	362,665
Álvaro José da Silva Ferreira	200,520	206,245	406,765	50.70	227,270
Francisco Paulo Figueiredo Morais Antunes	126,000	215,386	341,386	63.09	198,241
María del Carmen Gil Marín	144,420	164,557	308,977	53.26	181,333
Paulo Jorge de Barros Pires Trigo	156,000	26,685	182,685	14.61	26,685
Executives Total	920,640	941,987	1,862,627	50.57	996,194
(% total)	68.69	60.97	64.55		
Luís Paulo Cardoso Salvado	293,700	430,771	724,471	59.46	396,482
José Afonso Oom Ferreira de Sousa	42,000	86,154	128,154	67.23	79,296
Pedro Miguel Quinteiro de Marques Carvalho	42,000	86,154	128,154	67.23	79,296
Marta Isabel dos Reis G. R. do Nascimento	42,000	-	42,000	-	-
Non-Executives Total	419,700	603,079	1,022,779	58.96	555,074
(% total)	31.31	39.03	35.45		
TOTAL	1,340,340	1,545,066	2,885,406	53.55	1,551,268

[1] The directors María del Carmen Gil Marín and Paulo Jorge de Barros Pires Trigo, elected by the General Meetings held on 10 May 2018 and 26 September 2019, respectively, received amounts in 2020 through other group companies, which refer to periods prior to the date of their election as members of Novabase's Board of Directors. These amounts are not considered in this table, being presented below.

[2] The amount shown represents the total amount paid to each director in 2020 (excluding the variable component based on stock options, as applicable): 50% of the total amount allocated for 2019 in 2020, 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 2018 in 2019, 1/6 of the amount allocated for 2017 in 2018 and 1/6 of the amount allocated for 2016 in 2017. The remaining 50% of the amount allocated for 2019 in 2020 will be paid in the following 3 years (2021, 2022 and 2023) in equal parts (corresponding to 1/6 of each year's total), conditional upon company's positive performance during this time period.

[3] Amount used to reinforce capitalization insurance contributions currently in effect at the company.

[4] Amounts allocated for 2019 in 2020 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 2018 in 2019 and allocated for 2017 in 2018 according to the criteria disclosed in the Corporate Governance Reports of the respective years.

In 2020, an additional amount of EUR 13,728 thousand 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.

It should also be noted that 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, with the exception of remunerations indicated in the following paragraph.

In 2020, the director Paulo Jorge de Barros Pires Trigo received and will receive the amounts shown in the table below by Celfocus, S.A., a company indirectly held at 100% by Novabase S.G.P.S., S.A.. Also in relation to the director María del Carmen Gil Marín, the amounts below were / will be settled by Novabase Capital - Sociedade de Capital de Risco, S.A., a company 100% held by Novabase S.G.P.S., S.A.. These amounts refer to remuneration earned before their election as members of the Board of Directors.

Director	Fixed annual remuner. (€)	Annual variable remuner. in cash paid in 2020 (€) [5, 6]	Total partial (fixed + variable in cash paid in 2020) (€)	Variable in cash paid in 2020 / Total partial (%)	Deferred annual variable remuner. (€) [7]
María del Carmen Gil Marín	-	92,257	92,257	100.00	67,756
Paulo Jorge de Barros Pires Trigo	-	187,780	187,780	100.00	158,816

[5] The annual variable remuneration in cash paid in 2020 to the director María del Carmen Gil Marín corresponds to 1/6 of the amount allocated for 2017 in 2018 and 1/6 of the amount allocated for 2016 in 2017. In the case of the director Paulo Jorge de Barros Pires Trigo corresponds to 50% of the total amount allocated for 2019 in 2020 and also 1/6 of the amount allocated for 2018 in 2019, 1/6 of the amount allocated for 2017 in 2018 and 1/6 of the amount allocated for 2016 in 2017.

[6] Amount used to reinforce capitalization insurance contributions currently in effect at the company.

[7] The deferred annual variable remuneration corresponds to, in the case of the director María del Carmen Gil Marín, 1/6 of the amount allocated for 2017 in 2018, and in the case of the director Paulo Jorge de Barros Pires Trigo, 50% of the total amount allocated for 2019 in 2020 and also 2/6 of the amount allocated for 2018 in 2019 and 1/6 of the amount allocated for 2017 in 2018.

In 2020, 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 2020.

ii) Balances and transactions with related parties

Group companies have commercial relations with each other that qualify as related parties transactions. All of these transactions are performed on an arm's length basis, meaning, the transaction value corresponds to prices that would be applicable between non-related parties.

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	
	31.12.20	31.12.19	31.12.20	31.12.19
Associates	47	142	-	-
Other participated companies	40	141	-	-
	87	283	-	-
Impairment allowances for trade and other receivables	-	-		
	87	283		

	Services rendered		Supplementary income		Interest received	
	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19
Associates	182	181	-	-	-	-
Other participated companies	144	203	4	9	5	-
	326	384	4	9	5	-

	Purchases	
	31.12.20	31.12.19
Associates	-	-
Other participated companies	-	56
	-	56

(**) The transactions with related parties from the prior period were restated and reflect solely the transactions of continuing operations. In view of the amounts disclosed in December 2019, the following amounts with other participated companies were considered as part of the discontinued operations (therefore excluded from this note): EUR 861 thousand of Services rendered and EUR 1,275 thousand of Purchases.

Outstanding balances of 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)	
	31.12.20	31.12.19
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
Provisions for impairment of loans to related parties	(3,223)	(3,125)
	1,810	1,908

Besides balances and transactions described in the tables above, no other balances or transactions exist with the Group's related parties.

41. Discontinued operations

For Novabase Group, discontinued operations comprises (newest to oldest):

- The subsidiary COLLAB – Sol. I. Com. e Colab., S.A., sold in the 1st quarter of 2020;
- The "Application and Data Analytics" business for the Government, Transport and Energy ("GTE Business"), discontinued in the last quarter of 2019, which was developed by the subsidiaries Novabase Digital, S.A. (subject to a sales agreement) and NBMSIT, Sist. de Inf. e Tecnol., S.A., for which the Group initiated the procedures for the cessation of activity;
- The "Infrastructures & Managed Services" business ("IMS Business"), which was discontinued in the last quarter of 2016.

COLLAB

On 19 March 2020, Novabase and Netadmin System i Sverige AB entered into a sale and purchase agreement for all shares representing COLLAB – Sol. I. Com. e Colab., S.A. share capital, subsidiary held in 72.45% by Novabase Business Solutions, S.A. and in 17.75% by Fundo Capital Risco NB Capital. The completion of the sale and purchase also occurred on this date, with the delivery of the shares against payment of part of the price. The agreed initial purchase price was EUR 6 Million, to which a potential annual earn-out may be accreted, up to a maximum of three annual periods, depending on COLLAB's performance, as set out in the agreement. Of the agreed initial purchase price, EUR 1.5 Million was temporarily held by the purchaser. On November, the purchaser paid EUR 1 Million referring to the 'Holdback Amount'.

The agreed purchase price is still subject to positive or negative price adjustment clauses agreed between the parties. Additionally, a discussion on the 'Holdback Amount' paid in November is underway.

Thus, in 2020, Novabase recorded a gain on this transaction amounting to EUR 335 thousand (see point E. for details of this disposal). The impact in terms of cash was EUR 2,144 thousand (note 20), corresponding to the consideration received in the amount of EUR 4,001 thousand less the cash disposed of in the amount of EUR 1,857 thousand.

GTE Business

On 4 November 2019, Novabase has entered into a sale and purchase agreement with VINCI Energies Portugal, S.G.P.S., S.A. to sell its GTE Business, through the sale of the shares representing the entire share capital of Novabase Digital, S.A.. The agreed purchase price was of EUR 33 Million, to be paid on the completion date and subject to any eventual adjustments as foreseen in the agreement, to which a potential annual earn-out of EUR 3 Million might be accreted, depending on the final performance of the GTE Business in the financial year of 2019. The sale was substantially completed at the end of 2019, with the agreed purchase price paid on 9 January 2020. Novabase recognised, as at 31 December 2019, a capital gain in the amount of EUR 11,956 thousand.

On 11 May 2020, Novabase and VINCI Energies Portugal, S.A. confirmed a net adjustment to the price initially paid by the purchaser for the sale of the GTE Business and the verification of the earn-out, increasing the consideration obtained with the sale of the GTE Business to EUR 39,252 thousand.

As a result of these events, in 2020 the Group recognised an adjustment to the gain generated by the sale of the business in the amount of EUR 2,939 thousand. The total impact in terms of cash was EUR 35,366 thousand (note 20), as detailed:

	Total	Cash	Due
Consideration obtained by the sale of 100% of Novabase Digital, S.A.	39,252	38,822	430
Consideration due for the acquisition of 9.9% of Novabase Digital, S.A. to NCI (condition precedent to the business)	(3,886)	(3,456)	(430)
	35,366	35,366	-

The balances due, receivable and payable on equal amounts, refer to an amount retained by VINCI Energies Portugal, S.A. (and linked to the purchase), according to the terms provided for in the agreement. These balances are presented, based on the contractual maturity of the financial liability, in the following headings (i) EUR 215 thousand in 'Other non-current assets' and EUR 215 thousand in 'Trade and other receivables' (notes 12 and 15, respectively) and (ii) EUR 215 thousand in 'Other non-current liabilities' and EUR 215 thousand in 'Trade and other payables' (notes 26 and 27, respectively).

IMS Business

The IMS Business was discontinued at the end of 2016 following a sale agreement with VINCI Energies Portugal, S.G.P.S., S.A.. As at 31 December 2020, this discontinued operation has no significance for the Group, presenting a residual balance in 'Liabilities from discontinued operations', which is related to the provision for R&W of this Business that is being used until the end of the guarantees / liability period (see note 39).

A. Results of discontinued operations

	31.12.19			
	COLLAB	**GTE**	**IMS**	**Total**
Revenue	6,560	35,262	335	42,157
Expenses	(6,944)	(30,746)	-	(37,690)
Results from operating activities	(384)	4,516	335	4,467
Income tax	30	(1,704)	-	(1,674)
Results from operating activities, net of tax	(354)	2,812	335	2,793
Gain on sale of Business	-	11,956	-	11,956
Income tax on gain on sale of Business	-	-	-	-
Profit from discontinued operations, net of tax	(354)	14,768	335	14,749

	31.12.20			
	COLLAB	**GTE**	**IMS**	**Total**
Revenue	1,026	72	-	1,098
Expenses	(1,006)	1,145	-	139
Results from operating activities	20	1,217	-	1,237
Income tax	-	(2)	-	(2)
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	-	-	-	-
Profit from discontinued operations, net of tax	355	4,154	-	4,509

B. Assets and liabilities from discontinued operations

	31.12.19		
	GTE	**IMS**	**Total**
Property, plant and equipment	6	-	6
Trade and other receivables	236	-	236
Other current assets	7	-	7
Cash and cash equivalents	211	-	211
Assets from discontinued operations	460	-	460
Provisions	8,308	48	8,356
Trade and other payables	298	-	298
Deferred income and other current liabilities	41	-	41
Liabilities from discontinued operations	8,647	48	8,695

	31.12.20			
	COLLAB	**GTE**	**IMS**	**Total**
Trade and other receivables	-	274	-	274
Accrued income	-	1	-	1
Cash and cash equivalents	-	67	-	67
Assets from discontinued operations	-	342	-	342
Provisions	1,128	4,884	32	6,044
Trade and other payables	-	267	-	267
Liabilities from discontinued operations	1,128	5,151	32	6,311

The net assets (external) of the subsidiary NBMSIT, Sist. de Inf. e Tecnol., S.A. represent EUR 65 thousand of the total presented for the GTE Business (31.12.19: EUR 96 thousand).

C. Cash flows from (used in) discontinued operations

	31.12.19			
	COLLAB	**GTE**	**IMS**	**Total**
Net cash used in operating activities	2,021	(1,322)	-	699
Net cash used in investing activities	(137)	(453)	-	(590)
Net cash used in financing activities	(66)	(32)	(15)	(113)
Net cash flow for the year	1,818	(1,807)	(15)	(4)

	31.12.20			
	COLLAB	**GTE**	**IMS**	**Total**
Net cash used in operating activities	(467)	(2,206)	-	(2,673)
Net cash from investing activities	4,001	35,366	-	39,367
Net cash used in financing activities	(1)	(45)	(16)	(62)
Net cash flow for the year	3,533	33,115	(16)	36,632

At 31 December 2020, Net cash from investing activities corresponds to the cash inflow from the sales of GTE Business and the subsidiary Collab.

D. Effect of COLLAB's disposal on the financial position of the Group

	31.12.20
Property, plant and equipment (note 7)	(3)
Intangible assets (note 8)	(612)
Financial assets at fair value through profit or loss (note 10)	(20)
Deferred tax assets (note 11)	(1,180)
Trade and other receivables	(1,846)
Accrued income	(888)
Income tax receivable	(256)
Derivative financial assets	(2)
Other current assets	(50)
Cash and cash equivalents	(1,857)
Provisions (note 25)	173
Trade and other payables	2,412
Derivative financial liabilities	1
Deferred income and other current liabilities	1,268
Net assets	(2,860)

E. Details of the sale of COLLAB

	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 Fundo Capital Risco NB Capital	111
Gain on sale before income tax	335
Income tax expense on gain	-
Gain on sale after income tax	335

In the event the operations of the subsidiary sold achieve certain performance criteria, in terms of net recurring revenue, during three annual periods, as specified in the 'additional purchase price' clause of the agreement, additional cash consideration will be receivable. At the time of the sale, no amount was considered for this contingent consideration.

42. Contingencies

At 31 December 2020, Novabase has no contingencies to disclose.

43. 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 2020 was 110,350 Euros (2019: 110,350 Euros), which corresponds in full to the legal accounts audit services;

(iii) Note 40 of the Notes to the Consolidated Financial Statements includes all the related parties' disclosures, in accordance with the International Financial Reporting Standards.

44. Events after the reporting period

In 2021, until the issuance of this report, have occurred the following material events:

- **Reduction of qualified holding**

Novabase was informed by the shareholder Maria Manuela de Oliveira Marques about her disposal, on 13 January 2021, of 650,924 shares, representing 2.07% of the share capital of Novabase. Following the reported transaction, Maria Manuela de Oliveira ceased to hold any stake in Novabase's share capital or voting rights.

- **Transaction by person closely associated to directors**

On 14 January 2021, Novabase received a communication from HNB - S.G.P.S., S.A., ("HNB"), collective person closely associated to the directors of Novabase José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado and Álvaro José da Silva Ferreira, related to the acquisition by HNB of 650,924 ordinary shares of Novabase, representing 2.07% of its share capital and voting rights. The statement further clarifies that this acquisition by HNB, outside a trading venue, took place in the context of the acquisition of such shares to Maria Manuela de Oliveira Marques, through a shares' sale and purchase agreement entered into between the aforementioned parties, and that this transaction is not linked to the exercise of a stock options programme.

- **1-year postponement option of the ESEF requirement**

On 29 January 2021, CMVM published the annual newsletter for issuers, under which informed that the issuers requirement to prepare their 2020 Annual Financial Reports in ESEF format, as provided for in the Delegated Regulation (EU) 2018/815,of 18 June 2019, is delayed to 1 January 2021. The newsletter also clarifies that issuers intending to disclose their 2020 Annual Financial Reports in ESEF format may do so on a voluntary basis, but must fully comply with the requirements set out in the ESEF Regulation. This postponement is decided in the context of the current crisis scenario caused by the Covid-19 pandemic, as a measure that allows issuers sufficient flexibility and relief to be able to continue the process of transition to the new format. Novabase chose not to present the Report and Accounts for 31 December 2020 in ESEF format.

- **Change of holder of qualified holding**

On 4 March 2021, Novabase announced to the market that it had received a communication from Santander Acções Portugal Fund informing about the reduction of its qualified holding, through the sale of 694,649 shares on 2 March 2021, becoming to hold, as from that date, 0 (zero) Novabase shares, corresponding to 0% of the share capital and 0% of the voting rights. On the same date, Novabase received a communication of qualified holding, according to which the same number of shares was acquired by the Santander Small Caps España, FI Fund, which started to hold 694,649 shares (previously zero), representing 2.2122% of the Novabase's share capital and corresponding voting rights.

- **Communication of qualified holding**

On 12 March 2021, Novabase received from Walter Rey a communication of qualified holding, according to which is informed that, as from 5 March 2021, Walter Rey holds in his own name 748,000 shares, representing 2.382% of the Novabase's share capital and corresponding to 2.382% of the voting rights, after the acquisition of 748,000 shares in the Euronext Lisbon market.

45. 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, 2020

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, 2020.

ACTIVITIES CARRIED OUT

Supervision of the Company

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

During the year, the Audit Board met four times and the respective meetings were formally recorded in minutes. At these meetings there was an attendance of 100% by the Chairman and one of the members, and of 50% by the second member. In addition, the Audit Board took part in the meeting of the Board of Directors that approved the Management Report and the Consolidated Financial Statements for the 2020 financial year.

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.

Related Party Transactions

During the 2020 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 245 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 2020 financial year, which comprise the Consolidated Statement of Financial Position as at December 31, 2020, 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 2020 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 2020 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 245-A 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 2020 financial year;
- There are no objections to the approval of the Consolidated Financial Statements for the 2020 financial year.

Lisbon, April 29, 2021

The Audit Board

Álvaro Nascimento – Chairman

Fátima Farinha – Member

Miguel Ribeiro Ferreira – Member

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STATUTORY AUDITORS' REPORT AND AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Novabase, S.G.P.S., S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 (showing a total of Euro 169,793 thousand and equity of Euro 67,096 thousand, including non-controlling interests of Euro 10,047 thousand and a net profit of Euro 7,486 thousand), 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 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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 financial statements" section below. We are independent of the entities that comprise the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

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

Key audit matters

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

Revenue recognition (Euro 125,080 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 (b), 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, among others, the following: ▪ 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 have reviewed the adequacy of the related disclosures in the financial statements, in accordance with the applicable accounting standards.

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	Our response to the identified 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 evolution of the economic environment, as well as the control and monitoring of the spread of COVID-19 and its effects created greater uncertainty on the financial projections that support the assessment of impairment. The complexity and inherent degree of judgment justify that the recoverability of goodwill has been considered a key audit matter.	Our audit procedures included, among others, the following: ▪ 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 have reviewed the adequacy of the related disclosures in the financial statements, in accordance with the applicable accounting standards.

Recoverability of deferred tax assets (Euro 7,947 thousand)

See Note 11 to the consolidated financial statements which describes the amount of deferred tax assets, of which 7,053 thousand euros related to tax benefits arising from Research and Development projects presented under the SIFIDE incentive scheme.

The Risk	**Our response to the identified risk**
Deferred tax assets recorded by management are based on its best estimate 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 evolution of the economic environment, as well as the control and monitoring of the spread of COVID-19 and its effects created greater uncertainty on the financial projections that support the recoverability of deferred tax assets. 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 audit procedures included, among others, the following: ▪ 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 have reviewed the adequacy of the related disclosures in the financial statements, in accordance with the applicable accounting standards.

Responsibilities of Management and the Supervisory Board 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 financial position, financial performance and the cash flows, in accordance with the International Financial Reporting Standards, as adopted by the European Union;
- the preparation of the management report and the corporate governance report, in accordance with applicable laws;
- 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.

Auditor´s Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;

- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,
- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the 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, as well as the verification that the non-financial information was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to Article 451(3)(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 and 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 referred in Article 451(7) of the Portuguese Companies' Code this opinion is not applicable to the non-financial statement included in the management report.

On the Corporate Governance Report

Pursuant to Article 451(4) of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Group in accordance with Article 245-A of the Portuguese 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 m) of that article.

On the consolidated non-financial information

Pursuant to Article 451(6) of the Portuguese Companies' Code, we inform that the Group included in its management report the non-financial information foreseen in Article 508-G of the Portuguese Companies' Code.

On the additional matters provided for in Article 10 of the Regulation (EU) no. 537/2014

Pursuant to Article 10 of the Regulation (EU) no. 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 Novabase, S.G.P.S., S.A. in the General Shareholders' Meeting held on 29 April 2015 for a first mandate from 2015 to 2017. We were appointed in the General Shareholders' Meeting held on 10 May 2018 for a second mandate from 2018 to 2020;

- 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 scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud;
- We confirm that the audit opinion we have issued is consistent with the additional report we prepared and submitted to the Group's supervisory body on 29 April 2021.
- We declare that we have not provided any prohibited services as described in Article 77(8) of the Ordem dos Revisores Oficiais de Contas' statutes, and that we have remained independent from the Group during the course of the audit.

29 April 2021

SIGNED ON THE ORIGINAL

KPMG & Associados -
Sociedade de Revisores Oficiais de Contas, S.A. (no. 189)
represented by
Paulo Alexandre Martins Quintas Paixão (ROC no. 1427)

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III. SECURITIES ISSUED BY THE COMPANY AND OTHER GROUP COMPANIES, HELD BY BOARD MEMBERS

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DETAIL ON SECURITIES ISSUED BY THE COMPANY AND OTHER GROUP COMPANIES, HELD BY BOARD MEMBERS OF NOVABASE S.G.P.S.

	Share Capital	Total Number of Shares / Quotas	Number of Shares / Quotas held by Board Members at 31.12.19	Transactions	Number of Shares / Quotas held by Board Members at 31.12.20	% held by Board Members at 31.12.20
Novabase S.G.P.S., S.A.	**54,638,426 €**	**31,401,394**	**12,652,542**	**0**	**12,652,542**	**40.3%**
HNB - S.G.P.S., S.A. (a)			10,501,589	(1,366,760)	9,134,829	29.1%
Pedro Miguel Quinteiro Marques de Carvalho			2,097,613	0	2,097,613	6.7%
João Nuno da Silva Bento			1	1,366,760	1,366,761	4.4%
Francisco Paulo Figueiredo Morais Antunes			30,335	0	30,335	0.1%
María del Carmen Gil Marín			23,001	0	23,001	0.1%
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%
Paulo Jorge de Barros Pires Trigo			0	0	0	0.0%
Marta Isabel dos Reis da Graça Rodrigues do Nascimento			0	0	0	0.0%
NBASIT - Sist. Inf e Telecomunicações, S.A.	**47,500,000 AOA**	**100,000**	**800**	**0**	**800**	**0.8%**
Álvaro José da Silva Ferreira			400	0	400	0.4%
Luís Paulo Cardoso Salvado			200	0	200	0.2%
Francisco Paulo Figueiredo Morais Antunes			200	0	200	0.2%
CelFocus, S.A.	**100,000 €**	**100,000**	**2**	**(2)**	**0**	**0.0%**
José Afonso Oom Ferreira de Sousa			1	(1)	0	0.0%
Paulo Jorge de Barros Pires Trigo			1	(1)	0	0.0%
FeedZai, S.A.	**170,154 €**	**21,768,183**	**112,500**	**0**	**112,500**	**0.5%**
Pedro Miguel Quinteiro Marques de Carvalho			112,500	0	112,500	0.5%

(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.

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STATEMENT OF COMPLIANCE

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

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Statement of the Board of Directors

(Free translation from the original version in Portuguese)

SIGNED ON THE ORIGINAL

Pursuant to the terms of sub-paragraph c), paragraph 1 of article 245 of the Portuguese Securities Code, the members of the Board of Directors of 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 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 2020, was prepared in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, financial position and results of Novabase S.G.P.S., S.A. and the companies included in the consolidation perimeter; and

(ii) the management report faithfully states the evolution of the businesses, performance and position of Novabase S.G.P.S., S.A. and the companies included in the consolidation perimeter, containing (namely) an accurate description of the main risks and uncertainties which they face.

Lisbon, 29 April 2021

Luís Paulo Cardoso Salvado
Chairman of the Board of Directors

João Nuno Bento
Executive member of the Board of Directors and CEO

Álvaro José da Silva Ferreira
Executive member of the Board of Directors and Value Portfolio COO

Francisco Paulo Figueiredo Morais Antunes
Executive member of the Board of Directors and CFO

María del Carmen Gil Marín
Executive member of the Board of Directors and Value Portfolio COO

Paulo Jorge de Barros Pires Trigo
Executive member of the Board of Directors and Next-Gen COO

José Afonso Oom Ferreira de Sousa
Non-Executive member of the Board of Directors

Pedro Miguel Quinteiro Marques de Carvalho
Non-Executive member of the Board of Directors

Marta Isabel dos Reis da Graça Rodrigues do Nascimento
Non-Executive member of the Board of Directors

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Statement by the members of the Audit Board under paragraph 1, c) of article 245 of the Portuguese Securities Code

Álvaro 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 2020 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 29, 2021

Fátima 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 2020 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 29, 2021

Miguel Ribeiro Ferreira, member of the Audit Board of Novabase S.G.P.S. S.A. declares that, to the best of his knowledge, the information contained in the management report, the annual accounts, the chartered accountant legal certification and all other financial statement documentation regarding the year ended 31 December 2020 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 29, 2021

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NOVABASE

www.novabase.com