Sonae

Press Release

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Sonae increases turnover by 5% to record figure above 7 billion euros

1. 2021 Full Year Results Highlights

- NAV (Net Asset Value) amounted to 4 billion euros, increasing 4.5%
- Total shareholder return reached 61% in 2021, sustained by a share price increase of 52%
- Consolidated turnover surpassed 7 billion euros, growing 5.3% to record value
- Aggregated online sales grew 33% to 640 million euros (€M)
- Underlying EBITDA surpassed €600 M and total EBITDA reached €738 M, increasing 18.4%
- Net result group share surpassed both 2020 and 2019 figures, reaching €268 M
- Net debt decreased €540 M and liquidity grew to circa €1,4 M
- Investment rose to €474 M, of which €195 M in acquisitions
- Sonae acquired UK player in the plant-based food industry Gosh, and stakes in tech companies, reinforced position in Sierra, opened MC capital and completed the sale of stake in MaxMat
- Dividend of 5.11 Euro cents per share, a 5% increase, in line with the dividend policy
- Women in leadership roles represented 37% at the end of 2021, on the path to reaching 39% by 2023
- Ecological footprint improved, with reduction of GHG emissions and of 74% in plastic packaging

2. Message from the CEO, Cláudia Azevedo

2021 was a remarkable year for Sonae. A year in which we thrived under very challenging circumstances. Still facing severe restrictions caused by the pandemic and operating under extremely competitive environments, we continued to strengthen market shares across our portfolio of leading businesses. We did this by excelling in our dedication and attention to detail, by innovating the way we serve our customers, by boosting digitalisation across the group and, above all, by working together with a renewed sense of energy and ambition.

Overall, we continued to grow, surpassing €7 billion in consolidated turnover for the first time in our history, having also exceeded €600 million in aggregated online sales. We achieved this growth level while maintaining our strong operating profitability, with consolidated EBITDA increasing 18% yoy to over €730 million.

I am naturally proud of these results. But I am also proud of how we kept our focus on the future. Collectively, we invested more than €1 billion throughout the year to improve store networks, revamp digital

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touchpoints, future-proof logistical facilities, ensure the best next generation digital networks, and expand our portfolio of companies in new growth areas.

As part of this effort, we also maintained a disciplined and recurring approach to M&A activity, completing important strategic portfolio moves. These included the restructuring of our operation in Worten Spain, the disposals of both Maxmat and MDS, the sale of a 25% stake of MC to CVC, and the acquisitions of Gosh! (plant-based food) and Deporvillage (sports e-commerce). Bright Pixel continued to invest in leading-edge technology companies while showing impressive valuation increases in its portfolio, namely in its three unicorn investments. The ability we have shown in the last few years to actively manage our portfolio of companies gives me great confidence that we are being capable of better preparing the group for the future.

Despite the high level of investment, we were able to significantly deleverage the group. Total free cash flow reached €681 million and net debt decreased more than €500 million to €563 million. More importantly, in 2021 we significantly increased the value of the company. Total NAV increased 4.5% to over €4 billion and total shareholder returns reached 61%, a remarkable result when compared to most European market indexes.

Notably, we achieved these results without ever compromising on our sustainability efforts. In fact, we are well on track to achieve our ambitious goal of carbon neutrality by 2040. In 2021, Sonae doubled the use of renewable energy and cut down scope 1 + 2 emissions by 16% (vs 2018). We also continued to make progress on gender diversity with 37% of leadership positions now occupied by women, closing in on our target of 39% by 2023. And, during difficult times, when people needed us most, we significantly increased the contributions to our communities (+58% yoy to €21m). Our commitment towards sustainability is evident in the significant increase of credit facilities linked to our ESG performance, which already represent over 60% of our long-term funding.

During 2021, we also undertook a thorough exercise to reflect on our purpose, our values and, our identity. It was a truly collaborative process, with contributions from dozens internal and external stakeholders. The outcome, announced in 2022, show a reinforced belief in our purpose, a reinvigoration of our values and a new corporate identity. Personally, it was inspiring to see how our legacy continues to resonate so strongly with people from all generations across different activities and geographies. And it was also very powerful to collectively acknowledge how this legacy must be projected into the future with renewed energy and drive.

As I write these words, Europe is facing war. A war inflicted on a sovereign country with no legitimate reason. A war causing suffering and casualties among millions of innocent people. Faithful to our principles and to the pledges made by multiple international organisations we belong to, we will do our part in upholding the values of democracy and peace, while helping those most affected by this conflict.

2022 will bring no less uncertainty and challenge than the last couple of years. But more than ever, I am confident that we are well prepared for the future. We have very strong companies with leading positions, managed by top-quality people. We also have a very stable financial position, enabling us to act on attractive opportunities that come our way. And we have a moral compass which will be key to drive a more sustainable future for the coming generations. We have our eyes set on the future, a future we want to lead, a future which celebrates and respects people, communities and the planet. We will continue on this path. Always shaping tomorrow, today.

3. Consolidated Analysis

NAV grew 4.5% to 4 billion euros

2021 was another year affected by COVID-19, but Sonae's businesses performed well above their respective markets. Vaccination programs across geographies allowed for a significant recovery in activity, especially in the second half of the year.

At the end of 2021, Sonae's NAV amounted to 4 billion euros, 1.2% above the NAV at the end of the previous quarter and 4.5% above the end of 2020, which reflects not only each BU's operational performance, but also the portfolio management activity over the past 12 months. Total shareholder return amounted to 61% in 2021, with a strong share price performance above 50% in a year marked by uncertainty and volatility in the capital markets.

Sonae maintained a very strong portfolio management activity throughout 2021, with a significant impact on NAV. In the 3Q21, Sonae concluded the sale of 24.99% of MC capital to CVC Strategic Opportunities funds, for an initial upfront value of €528 M, and acquired 95.4% of Gosh Food, a reference UK player in the plant-based food sector, while MC sold its 50% stake in Maxmat to BME, with net proceeds of €68 M. In the last quarter of 2021, Universo reached an agreement to sell its 50% stake in MDS to the Ardonagh Group for €100 M, with an estimated capital gain of circa €74 M (predicted to be concluded in the 1H22). During the 1H21, Worten announced its restructuring plan in Spain, Sonae acquired an additional 10% stake in Sierra and Universo signed a partnership agreement with Banco CTT for the next 5 years. Throughout the year, Bright Pixel maintained its portfolio management activity, having concluded the sale of its participations in Bizdirect, Case on it and CB4, and the acquisition of several minority stakes in tech companies, while delivering improved valuations in its portfolio, already holding 3 unicorn valuations in the portfolio. ISRG expanded its digital and international footprint with several acquisitions, namely of the Spanish Deporvillage.

Turnover increased 5.3% and reached record figure above 7 billion euros

Most consolidated businesses posted growth in sales and in underlying EBITDA, in spite of a year still impacted by lockdowns and restrictions, especially in the 1H. At the end of 2021, **consolidated turnover** at Sonae surpassed 7 billion euros, growing 5.3% yoy, mainly anchored on the performances of MC and Worten that once again achieved very positive operational performances and reinforced their leadership positions. NOS and ISRG also reached solid performances, with strong recoveries during the last quarters. Aggregated online sales in retail businesses reached €640 M, representing a 33% increase yoy (+3x compared to 2019), demonstrating the group's successful digital journey.

This entire operational performance, coupled with a recovery of our equity accounted businesses, as well as significant capital gains from the portfolio activity, led to an underlying EBITDA of €603 and a consolidated EBITDA of €738 M, 18.4% more than in the previous year, and to a Direct Result of €258 M, well above 2020 figures. Indirect result stood at €73 M in 2021, mainly driven by the upward evolution in the value of Bright Pixel's portfolio. Thanks to business growth and to a successful portfolio management activity, Sonae's **net result group share** reached €268 M, standing above both 2020 and 2019 figures and being the highest over the last 8 years.

Investment rose to €474 M and debt decreased more than €500 M

In the last financial year, Sonae invested a total of €474 M, as operational capex grew 5.8 % to €279 M. In relation to portfolio management activities, Sonae invested €195 M and received €663 M of cash proceeds from asset sales mainly related with the minority stake sale in MC. In sum, Sonae's Free Cash Flow (before dividends paid) stood at €681 M in 2021, which after the dividend payment (in May 2021), led to a reduction of more than €500 M in consolidated net debt, to €563 M. At the end of 2021, Sonae held circa €1,400 M of available liquidity (cash and available credit facilities), a low cost of debt (1.0%) and a solid debt maturity profile (with an average maturity above 4 years). Additionally, during 2021 and up to the date of this report, a significant number of refinancing operations (€995 M) were completed with improved pricing conditions and longer tenors.

Group is more sustainable with reduced footprint, ESG financing and support to the community

During 2021, Sonae businesses reduced their GHG emissions (Scope 1 + 2) by 16% compared to 2018, in line with the Group's goal to reach a 54% decrease by 2030. In 2021, 74% of the plastic packaging was recyclable, another major step towards reaching Sonae's commitment to guarantee 100% reusable, recyclable or compostable plastic by 2025.

Sonae's commitment to its sustainability strategy was also reflected in its ability to secure ESG performance-indexed financing. At the end of 2021, 28% of its long-term credit facilities were already associated with Sustainable, Green or ESG indicators, which, at the date of this report, has already reached the mark of 62% (92% at Sonae SGPS, 56% at MC and 18% at Sierra), which illustrates Sonae's and its lenders' commitment to sustainability.

In light of the pandemic and of the needs of the communities in which the Group operates, Sonae also strengthened its social role on behalf of families and institutions across the country. Direct support to the community increased more than 50% and surpassed €20 M, involving goods, skills and financial resources.

Sonae created over 750 jobs, with 37% women in leadership roles

Throughout 2021, Sonae and its businesses created over 750 jobs, especially in the food retail business at MC and in fashion retail at Zeitreel. Thanks to this growth, Sonae ended 2021 with 47 thousand more employees in its fully consolidated companies. This growth was accompanied by an increase in the number of women in leadership roles, representing 37% at the end of 2021, a clear sign that Sonae is on the right path to reaching its 39% goal by 2023.

4. Operational and financial analysis per business

MC grows 6.3% and strengthens leadership position

In a year still marked by the uncertainty of the pandemic, but with a gradual normalisation of consumption, the food retail unit was once again able to deliver a strong top line performance, while reinforcing its leadership position. In fact, MC's efforts to address changing consumer needs and preferences throughout the different phases of the pandemic continued to pay off, with consumers recognising the distinctiveness of the company's value proposition. Overall, total turnover grew 6.3% yoy with a 3.4% LfL figure, reaching €5,362 M in 2021, underpinned both by the food and non-food formats, including the successful online business. This solid performance was achieved in an environment of low food inflation (below 1%), although with some acceleration at the end of the year (1.6% in the 4Q21). Looking at the last quarter, total turnover grew 8.9% yoy with a 6.3% LfL figure, impacted by a good holiday season period.

As regards to profitability, underlying EBITDA improved 5.0% to €537 M, despite some cost pressure of specific inputs, such as energy, backed by the company's continuous efficiency efforts and productivity gains.

In cumulative terms and over the last 2 years, which were severely impacted by the pandemic, MC strengthened its role in the Portuguese food retail market and grew more than 16%. Online sales grew 2.3 times in two years, representing already 3.0% of total turnover.

Regarding its expansion plan, MC opened 64 new company-operated stores (including 12 additional Continente Bom Dia stores), representing an additional 25k square meter of sales area, and refurbished 17 food retail units. Overall, in 2021, total capex stood at €200 M.

Worten grows 8.8% LfL and online sales already represent 17.5% of turnover

2021 was another positive year for Worten. After an impressive response to the pandemic in 2020, and a restructuring process in mainland Spain, the company delivered solid results on the back of its leading omnichannel proposition, which includes the leading marketplace in Portugal and growing services business. Hence, in 2021, Worten posted a strong LFL growth of 8.8% (+3.1% in the 4Q21), fuelled by the operations in both Portugal and Spain across all channels, as turnover reached €1,175 M. Total online sales were the main

driver of growth, recording an extraordinary performance, reaching more than €200 M, growing almost 3x in 2 years and representing already 17.5% of total turnover.

Worten has built an important journey in its Marketplace by entering in new retail categories and plans to keep growing. Moreover, its services area has been expanding and, after the acquisition of iServices in 2020, Worten acquired, in 2021, Zaask, an online platform for contracting home services, and Satfiel, a specialist in repairing household appliances, electronic and computer devices.

In terms of profitability, Worten's positive sales performance and the repositioning process in Spain contributed to an improved underlying EBITDA in 2021 to €78 M, €4 M above last year and €21 M above 2019, with a 6.6% margin.

Sierra posts €15 M profit and records shopping centres valuation of €925 M

In 2021, shopping centres continued to be impacted by the pandemic context. However, the ease of lockdowns and other restrictions throughout the year, in most of the European geographies where it operates, and the consequent improvement of consumer confidence, enabled Sierra's activity to start recovering, with different initiatives implemented to attract visitors to shopping centres. As a result, Sierra registered operational progresses in this recovery path, with both tenant sales and footfall, at the end of the year, reaching levels close to 2019, and a 96.2% occupancy rate (98.7% in Portugal).

On a proportional accounting basis, in 2021, Sierra reached a positive net result of €15 M (-€42 M in 2020), with a contribution of €9 M in the 4Q21. Consequently, Sierra's NAV according to the INREV methodology, rose to €925 M at the end of 2021, +2.6% when compared to the end of 2020, thanks to net result and to the positive FX impact.

Zeitreel improves sales and profitability, benefiting from internationalisation strategies

After a challenging 2020, and contrary to preliminary expectations, the year of 2021 still saw a significant impact of the pandemic in the fashion business (as brands faced even harsher restrictions to its retail operations than in the previous year). Looking back, 2021 comprised two distinct periods: a challenging 1H with stores closed in Portugal for 11 weeks (and multiple constraints in international markets) and a slowly improving 2H with COVID-19 related restrictions (namely, store capacity and trading hours) being gradually, but not completely, lifted.

The 4Q21 showed a solid recovery across all brands and key channels (even compensating for the delay of fall-winter sales season to 2022 in the Portuguese market) leading total turnover to increase 2.6% yoy (+7.2% LfL) to €115 M. This last quarter's performance enabled the company to reach a total turnover of €345 M in 2021, slightly above 2020 figures. These results had the especially positive contribution of the international B2B business (wholesale and franchising), which delivered a strong growth and showed relevant developments across all brands – Salsa opened several "women jeans corner" concepts at leading multibrand partners; MO managed to secure a new international category management partner; and Zippy and Losan leveraged a joint wholesale approach with two brands and stronger value proposition, reaching a double-digit growth vs. 2020.

In terms of profitability, Zeitreel was able to deliver a solid underlying EBITDA of €27 M, an increase of €14 M when compared to last year. It is important to highlight that this profitability improvement was achieved in a challenging context, namely with increases in relevant cost lines such as utilities and wages, and with serious disruptions across the supply chain.

Universo grows 28% in the 4Q and surpasses one billion euros in production, while consolidating value in MDS

In financial services, 2021 was the second year impacted by the pandemic, but the gradual easing of restrictions and some macro recovery throughout the 12 months led to improved levels of production and activity. The production level increased 10% yoy, reaching one billion euros, fuelled by the private consumption recovery that positively affected business lines such as store purchases, transfers, payments and personal loans. Concerning the client base, Universo has had a positive trackrecord, with an increase of 95k vs. 2020, reaching

965k at the end of 2021. Moreover, the company continued to expand its digital footprint, reinforcing the weight of digital clients to circa 61% of the total customer base.

During the 4Q21, Universo's turnover surpassed last year's figures by 28.0%, mainly due to the improvement of the macroeconomic context, ending the full year with a total turnover of €31 M. Additionally, in December 2021, the company reached an agreement (expected to be completed during the 1H22) to sell its 50% stake in MDS to The Ardonagh Group, generating total proceeds of €100 M and a capital gain of €74 M.

Bright Pixel capitalises investment in technology

In 2021, and in a challenging investment context, Bright Pixel was able to: invest in a group of new minority stakes (namely from retail tech and cybersecurity sectors), make some follow-on investments, make 3 exits and some partial sales, and witness a third company in the portfolio reach a unicorn status. As mentioned in the previous quarters, Bright Pixel acquired minority stakes in Sellforte, Portainer.io and Citcon and, in the 4Q21, entered in SafeBreach, a cybersecurity company pioneer in the Breach and Attack Simulation market and a globally widely used continuous security validation platform. In terms of divestments, and during 2021, Bright Pixel sold part of its stake in Arctic Wolf and the entire stake in Bizdirect, CB4 and Case on It, resulting in total gross proceeds of €48 M and gross capital gains of €23 M.

Overall, cash invested in active portfolio, at the end of 2021, stood at €168 M and the corresponding NAV reached €395 M, which represents a strong improvement during the year, reflecting the new investments made and the impressive achievements in minority stake companies, namely Arctic Wolf, Feedzai and Safetypay.

In terms of operational performance, Bright Pixel continues to record an improved top line (+11.5% yoy), fuelled by the performance of the cybersecurity portfolio.

NOS strengthens leadership position in 5G and posts 57% growth in results

In telecommunications, it is important to highlight that, in the 4Q21, NOS was able to acquire the largest fraction of the 5G spectrum released in Portugal, further reinforcing its position as a leader in the digital revolution. In November, NOS was the first operator to launch a commercial 5G offering in the country.

In operational and financial terms, NOS results were marked by a solid performance in all segments. In the 4Q21, turnover increased 8.8% yoy. For the Media & Entertainment segment, this was the best quarter since the beginning of the pandemic due to fewer restrictions and more successful movies exhibited and distributed. In total, turnover increased 4.6% yoy, in 2021, to 1.4 billion euros.

In terms of profitability, in the 4Q21, EBITDA increased 6.3% yoy, being the second consecutive quarter with yoy EBITDA growth since the 4Q19. Overall, EBITDA reached €618 M in 2021, representing a 2.5% yoy increase. Net income totalled €24 M in the 4Q21 and €144 M in the FY21, 57% above last year, implying a higher equity contribution to Sonae's results.

ISRG surpasses one billion in sales with double-digit growth and acquisitions

For ISRG, the 3Q21 (Aug-Oct) was another strong quarter in terms of operational performance, reflecting the progressive relief of restrictions related with the pandemic. Over the last 12 months, ISRG delivered an impressive performance in another challenging context: top line grew 35% yoy, mainly due to a strong recovery of store sales and footfall from a 2020 significantly affected by the pandemic. A key driver of growth was the company's online channel that already represents around 14% of total turnover, backed by the contribution of newly acquired businesses and a double-digit yoy increase in the original banners.

In terms of profitability, ISRG also displayed a strong performance, with EBITDA already surpassing €100 M, one of the group's medium-term targets announced back in 2018.

Overall, ISRG's performance resulted in a better equity method contribution to Sonae's results, with a positive value in the L12M'21 of €17 M (€7 M in the quarter). The company's performance in the last quarter of its fiscal year maintained this trend and drove total revenues above one billion euros for the first time ever.

As previously reported, by the end of June, ISRG acquired 80% of Deporvillage, an online sports equipment retailer, and, in July, expanded into a new geography by acquiring Sports Unlimited Retail, which operates in the Netherlands under the Perry Sport and Aktiesport banners. Additionally, in August, ISRG acquired 50.1% of Bodytone International Sport, a Spanish producer and international distributor of fitness equipment.

5. Dividend proposal

Taking into consideration the Net Results for the 2021 financial year, and according to Sonae's dividend policy, the Board of Directors will propose at the Shareholders' AGM the payment of a dividend of 5.11 Euro cents per share, 5% above the dividend distributed in the previous year. This corresponds to a dividend yield of 5.1%, based on the closing price as of 31st December 2021 (which stood at €1.003), and to a payout ratio of 38% of the consolidated direct result.

6. Financial indicators

Key Data Million euros	31.12.20	31.03.21	30.06.21 R	30.09.21	31.12.21
NAV	3,843	3,868	3,695	3,967	4,015
Market capitalisation	1,323	1,557	1,600	1,817	2,006
Net Debt	1,103	1,519	1,496	857	563

	1 year	3 years	5 years	10 years
Total shareholder return	61%	14%	8%	13%

Consolidated results Million euros	2020R	2021	Var	4T20 R	4T21	Var
Turnover	**6,673**	**7,023**	**5.3%**	**1,884**	**2,009**	**6.7%**

Underlying EBITDA	**576**	**603**	**4.5%**	**183**	**187**	**2.2%**
Underlying EBITDA margin	8.6%	8.6%	-0.1pp	9.7%	9.3%	0.4%
Equity method results (1)	41	84	-	11	20	78.5%
Non-recurrent items	6	52	-	-2	1	-
EBITDA	**624**	**738**	**18.4%**	**193**	**208**	**7.9%**
EBITDA margin	9.3%	10.5%	1.2pp	10.2%	10.3%	0.1pp
EBIT	**213**	**369**	**73.5%**	**88**	**108**	**23.0%**
Net financial results	-106	-106	-0.1	-24	-27	-13.4%
Taxes	8	-6	-	11	7	-
Direct result	**114**	**258**	**-**	**75**	**88**	**17.8%**
Indirect result	-59	73	-	-5	49	-
Total net results	**56**	**331**	**-**	**70**	**137**	**96.7%**
Non-controlling interests	15	-63	-	5	-28	-
Net result group share	**71**	**268**	**-**	**75**	**109**	**45.6%-**

R: Restated. Maxmat at MC and Bizdirect at Bright Pixel were considered as assets held for sale and all periods in 2020 and 2021 were restated to consider these assets as discontinued operations.
(1) Equity method results: include equity method direct results from Sierra statutory revenues, direct income related with investments consolidated by the equity method (mainly NOS/Zopt and ISRG) and results of discontinued operations.