2022 First Quarter Results

Sonae

Press Release

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Sonae increases turnover by 5% to 1.7 billion euros

1. 2022 First Quarter Results Highlights

- NAV rose to 4.1 billion euros, increasing €65 M compared to December of 2021
- Consolidated turnover grew 5% to record amount of 1.7 billion euros
- Underlying EBITDA increased 10% to €121 M and total EBITDA grew 17% to €149 M
- Net result group share reached €42 M, thanks to the strong operational performance and the portfolio management activity
- Net debt decreased nearly €600 M, with 65% of total facilities being sustainable, green or ESG-linked
- Investment rose to €516 M in the last 12 months, €110 M of which in acquisitions in the 1Q22
- Sonae strengthened stake in Sierra to 90% and created value from sale of positions in SafetyPay and ciValue
- Group supports Ukrainian refugees and reinforces sustainability with integration in €25 M European project

2. Message from the CEO, Cláudia Azevedo

"Sonae had a great start to 2022. As our businesses continued to succeed in their respective markets, the group maintained a steady growth path, with improved levels of profitability, which ultimately led to a more valuable portfolio.

In the first quarter of the year, Sonae was able to deliver a very positive set of results with a top line growth of 5% yoy to €1.7 billion, and an EBITDA increase of 17% yoy to €149m. Our consolidated performance, together with our active portfolio management activity, generated €627m of free cash flow over the last 12 months, implying a significant net debt decrease of approximately €600m. Our portfolio of investments continued to increase in value, with NAV reaching €4.1bn, €65m above the 2021 year-end figure. These results were accomplished in a very challenging context, marked by the Russian invasion of Ukraine. Although Sonae has no direct material exposure to these countries, our businesses have already felt the indirect ripples of this conflict, namely from higher energy prices, overall inflation and supply chain constraints, but have been able to fend off these headwinds.

I would like to thank our employees for their continuous efforts and ability to overcome new challenges. As we are witnessing an increasingly volatile relationship between companies and employees around the World, I am delighted to see that our people are proud of Sonae's values and ethical standards and feel motivated to develop their careers with us. I would also like to express my gratitude to all other stakeholders, including our

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shareholders to whom we distributed a dividend of 5.11 euro cents per share on May 17th, corresponding to a 5% yoy increase and a dividend yield of 5.1%[1], as approved in our Shareholders' Meeting.

Going forward, we will remain focused on serving our customers across all markets and on future-proofing our portfolio of investments. Regardless of how the global economy and financial markets evolve, our group of companies, solid financial situation and skilful teams position us well to manage through this cycle of uncertainty, continue to reinforce our competitive positions and capture the opportunities that lie ahead."

3. Consolidated Analysis

NAV increased €65 M to 4.1 billion euros

At the end of the first quarter of 2022 (1Q22), Sonae's NAV rose to 4.1 billion euros, increasing 65 million euros (€M) compared to the amount recorded at the end of 2021.

During the first three months of the year, Sonae acquired an additional 10% stake in Sierra for €83.5 M, now holding 90% of the company, and Bright Pixel sold its stakes in SafetyPay and ciValue with a total cash realised of around €40 M. Considering the last 12 months, Sonae had a very active portfolio management activity, namely the sale of 24.99% of MC to CVC funds for €528 M, the acquisition of 95.4% of Gosh Food, a reference UK player in the plant-based food sector, the sale of MC's 50% stake in Maxmat and the agreement reached by Universo to sell its 50% stake in MDS for €100 M (conclusion is pending required regulatory approvals).

Already after the end of the quarter, Bright Pixel reach an agreement with Thales Europe to sell the total share capital and voting rights of Maxive, a holding company that aggregates S21sec and Excellium. The transaction has an underlying enterprise value of Maxive of €120 M and is estimated to have a positive impact on the consolidated results of Sonaecom of approximately €63 M. These amounts may vary considering the effective closing date of the transaction and the respective financial performance of Maxive until then. The completion of the transaction is still subject to the fulfilment of customary conditions and regulatory approval, being expected to occur until the end of November 2022.

Turnover grew 5.1% to record amount and profitability improves

The first quarter of 2022 started with good prospects as the pandemic had entered an endemic phase. However, since mid-February the conflict in Ukraine has been hampering consumer confidence and bringing some additional challenges to our businesses. In this context, **consolidated turnover** recorded a solid and positive performance, with a 5% increase yoy to 1.7 billion euros, Sonae's best first quarter in sales, mainly fuelled by the performances of MC and Zeitreel.

In terms of profitability, **underlying EBITDA** improved 9.7% yoy in the 1Q22, to €121 M, mainly anchored by the recovery of the fashion business. This positive operational performance, coupled with the continued recovery of our equity accounted businesses, as well as some capital gains from portfolio transactions, led to a 17.2% growth in consolidated EBITDA, to €149 M, despite the significant additional yoy increase in energy costs of circa €20 M. Sonae's Direct Result stood at €42 M, well above last year's, and Indirect Result stood at €9 M, having more than doubled compared to the same period last year. Thanks to the strong operational performance and to the successful portfolio management, Sonae's **Net Result** (group share) reached €42 M, a significant improvement compared to the 1Q21.

Investment reached €516 M in the last 12 months and debt decreased nearly €600 M

In the last 12 months, Sonae invested €516 M, as operational capex from investment in our businesses' organic growth grew 18.7% to €296 M. Concerning the portfolio management activity, Sonae invested €220 M and received €693 M of cash proceeds from asset sales, mainly related with the minority stake sale in MC and the

[1] Considering the share price at year-end 2021.

sale of the 50% stake in Maxmat. During the 1Q22, the most relevant portfolio movement was the acquisition of the 10% stake in Sierra for €83.5 M.

Sonae's Free Cash Flow (before dividends paid) in the last 12 months stood at €627 M, which after the dividend payment led to an almost €600 M decrease in the consolidated net debt, to €931 M at the end of the 1Q22. The group's capital structure remains robust with very comfortable leverage ratios and liquidity levels. At the end of the 1Q22, Sonae held circa €1,150 M of available liquidity (cash and available credit facilities), maintained a low cost of debt (less than 1.0%), improved the debt maturity profile to almost 5 years and reached 65% of the total long-term facilities linked to sustainable, green or ESG performance.

Group supports Ukrainian refugees and reinforces sustainability with integration in €25 M European project

Over the last months, Sonae mobilised its resources to support those most affected by the conflict in Ukraine, through the Sonae For Ukraine initiative. The project contemplates 3 main areas of intervention: Arrival, Welcoming and Employment, relying on the collaboration of dozens of employees from the Group's several companies in its operationalisation. The areas of Arrival and Welcoming have been developed in coordination with the Portuguese High Commission for Migration, local city councils and welcoming centres across several regions in the country. Regarding the area of Employment, Sonae created a bilingual employment platform to facilitate recruitment processes, which has already effectively resulted in hirings for Group companies.

In the 1Q22, Sonae announced its integration in the PROBONO European project, which entails a €25 M investment in sustainability labs. Sonae Campus, the Group's headquarters in Maia and the only location in Portugal involved in the project, will become a living lab for innovation in the field sustainability and efficiency for buildings and communities.

4. Operational and financial analysis per business

MC grows 3.8% and continues to gain market share, with sales near 1.3 billion euros

Despite the challenging economic context, the unfavourable Easter calendar and the demanding comparable basis, MC delivered a solid set of results in the 1Q22 yet again, continuing to gain market share on the back of strengthened customer perception levels. Total turnover grew by 3.8% yoy to €1,294 M, with a 2.2% LfL figure, mainly fuelled by the non-food formats which overcame last year's lockdown restrictions and captured the rebound of out-of-home consumption, as well as food inflation that reached 5% in the 1Q22. This solid performance was particularly positive given the macroeconomic and trade environment, especially since mid-February with the beginning of the war in Ukraine. Online sales doubled versus pre-pandemic levels, reaching 3.2% of total turnover in the 1Q22, on a path of natural consolidation from the exceptional high rates over the last two years.

Total investment in the period stood at €26 M, mainly related with store network refurbishments in addition to investment in new store openings that will materialise throughout the year.

In terms of profitability, MC's positive sales performance contributed to a 1.5% improvement in underlying EBITDA, with a stable margin of 8.4%, despite being penalised by additional cost pressures of specific inputs, such as energy.

Worten maintains leadership and registers €261 M in sales

After two consecutive years of significant growth, the electronics market in Portugal contracted in the 1Q22, mainly due to the 1Q21 pandemic context, that strongly benefited the online channel and pushed for IT-related product sales. Furthermore, the 1Q22 was also characterised by a milder winter that limited the demand for seasonal categories. This unfavourable electronics market context and our reorganised offer in Mainland Spain contributed to a 4.1% decrease in turnover to €261 M in the 1Q22 (contrasting with the +29.3% LfL growth reported in the 1Q21). Worten's top line performance reflects these effects, that were yet partially offset by a

very positive performance of all new non-electronics product categories and service sales. Overall, despite the challenging context, Worten demonstrated the strength of its value proposition as an omnichannel player in the Iberian market, maintaining a leadership position across channels.

Regarding profitability, notwithstanding the improved margin mix, total sales erosion and operational cost increases, that were impacted by higher energy costs and the continued investment in its digital transformation, led underlying EBITDA to contract yoy to €13 M, with a margin of 5.1% at the end of the 1Q22.

Sierra triples revenue to €10 M and registers a 5.1% asset valuation to €972 M

For Sierra, the beginning of 2022 has shown good signs of recovery. After two challenging years following the pandemic that imposed several weeks of shopping centre closures, Sierra has been able to witness improvements across its operational key performance indicators, which continued to converge to pre-pandemic levels. In fact, Sierra's European portfolio registered a higher occupancy rate (96.9%, +0.6pp yoy) and total tenant sales increased more than 90% yoy (LfL) by the end of the 1Q22, showing a significant recovery in all countries, namely in Portugal, as shopping centres were closed for 2.5 months in the 1Q21.

During the 1Q22 Sierra made significant progress in executing its strategy, namely by (i) signing new contracts in property and condominium management in new locations, (ii) making the first investments in the development of mixed-use assets, (iii) building a pipeline of new investment vehicles, and, (iv) reinforcing key team competences.

On a proportional accounting basis, total **Net Result** reached €9.8 M at the end of the 1Q22, +€6.6 M when compared to the 1Q21. This bottom-line improvement was mainly due to the Direct result increase from €4.6 M to €10.8 M, fuelled by all business areas, especially the European shopping centre portfolio.

At the end of the 1Q22, Sierra's **NAV**, according to INREV methodology, increased 5.1% vs YE21 to €972 M, mainly due to the favourable impact of the FX change variation related to the appreciation of both the Brazilian Real and the Colombian Peso, coupled with the Net Result booked in the period.

Zeitreel grows 57% and returns to pre-pandemic levels, with positive profitability

In the fashion retail business, the 1Q22 was characterised by a clear recovery, as Zeitreel managed to return to 1Q19 sales levels, after two very difficult years for the fashion industry marked by the pandemic restrictions. Zeitreel reached a consolidated turnover of €96 M, +57% yoy when compared to the 1Q21 (+88% LfL), which represents a solid recovery across all brands and key channels. This top line performance was particularly positive considering the several challenges witnessed during these early months of 2022, notably (i) the postponement of the sales period in Portugal, coupled with still some pandemic control measures, (ii) supply chain pressures due to the strike of the Spanish professional truck drivers following the increase in fuel prices, and (iii) the significant drop in consumer confidence since the last week of February with the beginning of the war in Ukraine.

In terms of profitability**,** Zeitreel registered an underlying EBITDA of €6.1 M in the 1Q22, a significant improvement of €10 M compared to the 1Q21, mainly due to sales performance.

Universo increases production by 23% and earns 96 thousand new clients vs 1Q21

In financial services, operational activity and results delivered a positive evolution over the last 12 months, which will continue in the next quarters. During the 1Q22, the macroeconomic recovery, resulting from the favourable evolution of the pandemic and despite the beginning of the conflict in Ukraine, enabled Universo's production volume to increase by 23% yoy to €257 M, with a positive contribution throughout several business lines, namely purchases, wire transfers, and personal loans.

The client base also continued to grow, with 96 thousand new clients compared to the 1Q21, reaching about 989 thousand by the end of the 1Q22. The digital footprint also continued to be bolstered, as digital clients weigh already 63% of the total.

Regarding Universo's financial performance, turnover surpassed last year's results reaching €8 M at the end of the 1Q22, as underlying EBITDA continued on an upward performance, with a yoy improvement of €1.8 M.

Bright Pixel capitalises investment in technologies and makes new investments

Bright Pixel remains active in its portfolio management activity, namely through the (i) exit of ciValue and the cash distribution from Armilar Venture Partners III, following the sale of Safetypay, representing about €40 M of cash return; and the (ii) portfolio expansion with two new investments: Experify, the first platform to enable a truly authentic product review experience by connecting prospective buyers with purchasers, and Hackuity, a startup in the field of cyberattacks prevention. In addition to these portfolio activities, Bright Pixel continued to invest in some companies, namely in Cybersixgill, in a financing round of $35 M.

At the end of the 1Q22, cash invested in the active portfolio reached €159 M and NAV stood at €378 M.

NOS holds leadership position in 5G and posts 11% growth in results

In telecommunications, NOS continued its strong recovery path in the 1Q22, following the lifting of pandemic restrictions, and maintained its focus on leading the 5G digital revolution in Portugal. Turnover registered a positive evolution, with a 10.6% yoy increase to €373 M, driven by all segments: Media & Entertainment grew 71.1% yoy compared to the 1Q21 (when movie theatres were closed), and the telecom segment grew 9.0% yoy, with positive contributions from mobile subscriptions, B2B service solutions and roaming revenues due to less travel restrictions.

Regarding profitability, EBITDA increased 4.8% yoy, benefiting from the improved turnover, with a margin of 42.7%. Net income increased 35% yoy to €41 M in the 1Q22, leading to a higher equity method contribution to Sonae's results, from €6.9 M to €8.9 M.

ISRG grows 66% and strengthens online weight

For ISRG, the L3M 21 (November-January) was another period of recovery from the pandemic context, after several months with strong restrictions. Over the last three months of the company's financial year, a more favourable context boosted store sales performance with more than 50% of yoy growth, which, together with the contribution from the new businesses (acquired during 2021), led **total sales** to grow around 66% yoy, to €366 M.

The online channel increased its contribution, with a 15.7% evolution to 21.1% of turnover, mostly due to the acquisition of Deporvillage.

In terms of profitability, EBITDA increased 8.6% yoy to €34 M, mainly fuelled by the sales performance that more than offset the negative impacts in the cost base from constraints in the supply chain. In general, ISRG's improved performance allowed for a higher equity method contribution to Sonae's results, with a positive value in the quarter of €7 M.

5. Financial indicators

Key Data					
Million euros	31.03.21	30.06.21	30.09.21	31.12.21	31.03.22
NAV	3,868	3,695	3,967	4,015	4,080
Market capitalisation	1,557	1,600	1,817	2,006	2,084
Net Debt	1,519	1,496	857	563	931
		1 year	3 years	5 years	10 years
Total shareholder return		42%	11%	7%	14%

Consolidated results

Million euros	1Q21	1Q22	Var
Turnover	**1,608**	**1,690**	**5.1%**
Underlying EBITDA	**110**	**121**	**9.7%**
Underlying EBITDA margin	6.8%	7.1%	0.3pp
Equity method results (*)	16	25	53.5%
Non-recurrent items	0	3	-
EBITDA	**127**	**149**	**17.2%**
EBITDA margin	7.9%	8.8%	0.9pp
EBIT	**24**	**62**	**-**
Net financial results	-28	-23	-
Taxes	3	3	6.0%
Direct result	**-1**	**42**	**-**
Indirect result	4	9	-
Total net results	**3**	**51**	**-**
Non-controlling interests	-3	-9	-
Net result group share	**1**	**42**	**-**

* Equity method results: include direct income by equity method results from Sonae Sierra statutory accounts, income related to investments consolidated by the equity method (mainly NOS/Zopt and ISRG) and results from discontinued operations.