Press Release

Maia, 16 March 2023

Sonae's recurrent net result decreases 17% in 2022

1. 2022 Results Highlights

- Consolidated turnover surpassed 7.7 billion euros in 2022, growing 10.9%, sustained by market share gains and investments made.
- Underlying EBITDA margin stood at 8.2% in 2022, reflecting a 0.4pp drop compared to last year, driven by retail businesses' continued efforts to contain inflationary impacts on consumer prices.
- Net result of the food retail unit (MC) decreased 18%, with a 3% profit margin, 2.7% in food formats.
- Group's recurrent net result[1] decreased 17% in 2022, to €179 M, posting a more negative variation in the 4Q22 with a negative recurrent net result of €10 M, as a result of support towards families and investment in price, of operational cost pressures and assets devaluation.
- Sonae completed the sale of several stakes in 2022, particularly Maxive and MDS, which generated €146 M in capital gains.
- Aggregated investment[2] by the Sonae Group in Portugal amounted to one billion euros in 2022, as consolidated investment grew 34%.
- Net debt reached the lowest level in this century, at €540 M by the end of 2022, as the Group maintained €1.3 bn of available liquidity.
- Sonae proceeded on its path towards carbon neutrality by 2040, having reduced GHG emissions by 24% (vs. 2018), and increased recyclable plastic packaging in own brand products to 80%.
- Support to the community increased 47%, with €31.3 M donated in financial resources and goods, allowing for a direct support to 1,497 institutions.
- In 2022, and one year earlier than projected, Sonae reached the goal of having 39% of leadership positions held by women.
- The Group created more than 1,200 jobs.

2. Message from the CEO, Cláudia Azevedo

2022 marks the last year of the current Board of Directors' mandate, a period which I faced with great pride and sense of responsibility as the Group's CEO. The last four years have been quite eventful and challenging.

[1] Net result group share excluding the impact of non-recurrent items.
[2] Investment by Sonae Group and NOS (€496 M)

Sonae exists to create a lasting positive impact on businesses, people, communities and on the planet. Managing a diverse portfolio of businesses in retail, financial services, technology, investments, shopping centres and telecommunications, we make the most of our expertise and push ourselves to create the future we all want and need. Creating today a better tomorrow, for all.
Find out more at www.sonae.pt

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But I am proud of what we have achieved collectively. As the world around us has changed, we have changed too. But our purpose has remained the same: to create economic and social value, improving the lives of people around us. We made strong progress on all fronts, despite the immeasurable external challenges that we faced.

In 2022, and after two years of pandemic, the invasion of Ukraine brought consequences that we are still dealing with, and which will persist for a long period of time. During the year, inflation surged to levels the world had not witnessed this century, mostly driven by sharp rises in energy costs and disruptions in the supply chains that spread to the entire economy. High inflation, together with increasing interest rates, put significant pressure on households' disposable income and, consequently, their spending patterns. At Sonae, we quickly understood the potential impact on our communities and acted swiftly to mitigate them. To avoid greater stress on family budgets, our retail businesses absorbed part of the inflationary pressure, at the expense of their own profitability. However, with dedication, innovation, and intrapreneurship, we continued to improve our value propositions to consumers. We quickly adapted our offerings to cater to changing market needs and these efforts were clearly recognised by customers, as we saw our market shares increase across all businesses, despite the more intense competitive environments.

Amidst this challenging context, Sonae maintained a high level of investment. In total, the group invested €357 M in its operational activities (a 28% increase over 2021) and created over 1,200 new jobs, to reach over 48,000 employees. We increased our investment and commitment to our Group companies, particularly by increasing our stakes in Sierra and NOS. Our debt level fell to a historically low level, giving us comfort that, despite the high interest rate environment and the challenges we face in each sector, we will be able to continue to invest to create value in our communities for years to come.

Sonae remained firm in its pursuit for a better future, as we stood by our people and our communities while remaining committed to our environmental goals. Regarding environmental sustainability, not only do we remain well on track to reach our ambitious goal to become carbon neutral by 2040, but we have also established a new pledge, the Zero Deforestation commitment by 2030, a critical step to guarantee that all our businesses will be at the forefront of fighting deforestation. We have also made significant progress towards making the plastic packaging of all our own brand products reusable, recyclable or compostable by 2025, with the recyclability of packaging reaching 80% in 2022.

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When I look back at the last four years, I am truly proud of what we have accomplished. Today, we have a positive impact on the lives of many more people, and that is precisely what drives us. I would like to thank our teams and all our stakeholders who have partnered with us and share the same values, as this allows us to amplify our impact far beyond our own direct reach.

The pace of change will not slow down. And there are always unexpected risks emerging on the horizon. But I am sure we will be ready to deal with them. This year is already packed with dynamic projects and initiatives, filled with innovation and sustainability. We will continue to drive growth and work together to create a better tomorrow for all.

3. Consolidated Analysis

NAV of 4 billion euros

At the end of 2022, Sonae's NAV amounted to 4 billion euros, in line with the end of 2021, translating the operational performance of our businesses, our value accretive portfolio moves and the performance of capital markets and related market multiple contraction.

Sonae proceeded with an active portfolio management strategy, with special focus on: (i) Universo, our financial services business, which completed the sale of MDS for €104 M and reached a preliminary agreement with Bankinter Consumer Finance for the creation of a leading consumer credit operator in Portugal; (ii) Bright Pixel completed the sale of Maxive, StyleSage, Cellwize and CiValue, among other portfolio management moves, recording total cash proceeds of €188 M; (iii) Sonaecom terminated the Zopt partnership, receiving a 26.07% stake in NOS and a cash amount (€38 M); and (iv) the Group increased its direct stake in NOS by 0.52%, to 11.3%, (totalling 37.4%, including Sonaecom's shareholding) and acquired an additional 10% stake in Sierra.

Market share gains and expansion sustain sales growth to 7.7 billion euros

In 2022, Portuguese families and the Sonae businesses faced a challenging macroeconomic environment, with sharply rising inflation and interest rates, soaring energy prices, continued disruptions in global supply chains, lingering pandemic effects and even restrictions caused by Russia's invasion of Ukraine.

Against this backdrop, consolidated turnover reached 7.7 billion euros in 2022, a 10.9% yoy growth, on the back of solid market share gains by our businesses thanks to the recognition of efforts to stand by clients, and to the investment in expanding businesses to take the benefits of their offer to an ever-increasing number of people, namely by increasing the retail businesses store network.

Aggregated online sales grew 17% and surpassed 700 million euros, demonstrating the success of the investment in the digital approach.

Margin contracted by 41bps with partial absorption of costs increase

Underlying EBITDA performed slightly below sales, growing only 6% to €635 M, with a contraction in the operational margin of 41bps, to 8.2% in 2022. This contraction in the operational margin translates the ongoing efforts to shield families and clients, as businesses endured part of the inflationary pressure and significant cost increase, namely in energy, while also investing to guarantee the competitiveness of their offer.

Active portfolio management generates extraordinary proceeds from the sale of Maxive and MDS

The equity accounted businesses (NOS, Sierra and ISRG) increased their contribution to the Group by €51 M, which coupled with the capital gains from the sale of the insurance broker MDS and the tech company Maxive, led to a consolidated EBITDA of €927 M at the end of the year.

Non-recurrent items, which include the €146 M capital gain from the disposals of Maxive and MDS, totalled €162 M, thus limiting our results comparability.

Recurrent net results decreased 17%, to €179 M, with a €10 M loss in the 4Q

Net Result Group Share, excluding non-recurrent items, decreased 17% in 2022, to €179 M, penalised by efforts to stand by families and partially absorbing the inflation, by the significant costs increase and indirect result of -€43 M, as a result of impairments in the fashion business, Sierra's asset devaluation and exchange rate effects on Bright Pixel's asset value. The yoy comparable was even more negative in the 4Q22, when Sonae registered a negative recurrent net result of €10 M.

Investment amounted to one billion euros in Portugal and debt reached lowest level in the century

In 2022, the aggregated investment of the Sonae Group in Portugal amounted to one billion euros. Consolidated investment grew 34% to €634 M, as capex rose 28% to €357 M. In terms of portfolio management, Sonae invested €277 M (+42%) with proceeds of €301 M from assets sales. This portfolio management activity represented a positive impact on cash flow, as the cash proceeds from asset sales more than offset the M&A

capex. Hence, the businesses' operational performance coupled with our portfolio activity and dividends received led to a Free Cash Flow (FCF) before dividends payment of €187 M at the end of the year. Thus, consolidated net debt was reduced to €540 M, the lowest level of this century.

In terms of capital structure, Sonae presented a very solid financial position at the end of 2022, with comfortable leverage ratios and liquidity levels (circa 1.3 billion euros in available liquidity – cash and unused credit facilities), and an average maturity profile above 4 years.

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

Sonae proceeded on its path to carbon neutrality by 2040, having reduced its GHG emissions by 24%, compared to 2018. Also in 2022, Sonae increased recyclable plastic packaging in its own brand products to 80%, advancing the commitment to guarantee its plastic products are 100% reusable, recyclable or compostable by 2025.

Sonae's commitment to its sustainability strategy is also reflected in its ability to secure ESG performance-indexed financing. Right now, 68% of long-term credit facilities are already indexed to the performance of our sustainable, green or ESG commitments.

In a particularly challenging moment for all families, Sonae and its businesses strengthened their support to the community by 47%, with €31.3 M donated in financial resources and in goods, allowing for a direct support to 1,497 institutions.

Sonae creates over 1,200 jobs and anticipates target of 39% leadership positions held by women

As a school of leaders, Sonae continued to develop its talents and accelerated its diversity policies having reached the target of 39% leadership positions held by women in 2022, one year earlier than projected.

It should also be noted that, in 2022, Sonae and its businesses created over 1,200 jobs, particularly in retail businesses. Thanks to this growth, Sonae ended 2022 with more than 48 thousand employees in its fully consolidated companies.

4. Operational and financial business highlights

Food retail decreases net result by 17.8% and profit margin drops to 2.7%

MC, the Group's food retail company, registered a reduced profitability in 2022. Clearly, 2022 was a challenging year for the Portuguese food retail market, with an increase in the families' standard cost of living, fuelled by record-high inflationary trends and rising mortgage interest expenses. In fact, food inflation reached 19.5% in the last quarter of the year and 13% in the full year.

In this demanding and challenging context, MC stood by families, adjusting its value proposition in order to meet its clients' needs, while also investing in the expansion of its store network so as to take the benefits of its offer to an ever-increasing number of people. This investment and the recognition of this effort to contain inflationary impacts on consumers led to market share gains and a strengthened leadership position in Portugal, which contributed to turnover reaching circa 6 billion euros, an 11.5% growth yoy and 9.6% in LfL terms (in the 4Q22: +13.9% yoy and a LfL of +12.0%). It is also worth highlighting that MC turnover stood slightly below the rise of food inflation in Portugal, which stood at 13% in 2022, demonstrating its commitment to support families in these current circumstances.

MC's efforts to partially absorb several increased costs in order to protect consumers, plus the mix and trading down movements, coupled with higher energy prices, contributed to a profitability margin erosion of 59bps, to 9.4% in 2022 (9.7% in the 4Q). In this context, underlying EBITDA stood at €563 M in 2022, performing below sales.

The partial absorption of products' increased costs and of inflationary impacts drove the n**et result in the food retail unit** at Sonae to decrease by 17.8% in 2022, to €179 M. This figure reflects a 3.0% profit margin, considering it stood at 2.7% in food formats.

In terms of expansion and its mission to take the best value proposition to an ever-increasing number of people, MC accelerated its pace in the 4Q22, opening a total of 65 new company-operated stores during the year and refurbishing another 33 stores. Overall, total capex stood at €218 M in 2022, including €43 M related with store openings.

In terms of ESG performance, the company continues committed to integrate sustainability into its business, and achieved significant progress in 2022 in the environmental front, namely (i) by avoiding €54 M of food waste (+44% yoy); (ii) increasing the recyclability of own brands plastic packaging to 80% (+5.3pps yoy); (iii) decarbonising its operations by reducing 5% further its GHG emissions (scope 1+2); and (iv) endorsing the Group's Zero Deforestation commitment. Looking at the social front, MC also continued to push forward its mission to provide support to its communities, accelerating supports and donations.

Worten grows 3.8% LfL despite slight margin decrease to 6.2%

In the electronics retail, once again Worten demonstrated the resilience of its omnichannel value proposition and reinforced its leading market position. Worten grew both in the electronics and appliances segments, as well as in new categories, successfully leveraging its marketplace and services offering. Performance in the 4Q was also positive, as turnover grew 7.9% yoy (a 5.0% LfL), leading to a total turnover of 1.2 billion euros in 2022 (+5.4% yoy and a LfL of +3.8%). Worten's investment in its ongoing digital transformation paired with the cost inflation (especially energy costs) throughout the year led to an underlying EBITDA of €76.2 M, representing a slight decrease compared to last year, with a 6.2% margin.

Zeitreel improves sales by 12% and decreases margin by 0.9pp

Following two very challenging years in the fashion sector due to the pandemic, 2022 brought new challenges, namely a macroeconomic environment that affected consumer confidence and disposable income, aggravating the industry's cost structure. However, and despite still below 2019 figures due to this context, turnover grew 12.0% yoy, to €387 M, with the positive contribution from all brands. Underlying EBITDA stood practically in line with last year's figure of €27 M, translating a margin erosion of 0.9pp to 7.0%, despite a more efficient cost base that allowed to minimise the impact of rising operational costs in an inflationary context.

Sierra registers 35% increase in tenant sales and reinforced assets under management by €700 M

Sierra, the real estate unit, posted a positive operational performance in 2022, thanks to the successful recovery of its shopping centre portfolio activity, namely in tenant sales, and to a renewed strategy to expand into new businesses, sectors and geographies. The recovery of the European shopping centre portfolio is evident, with a significant 35% yoy increase in tenant sales, surpassing pre-pandemic levels by 10%, and occupancy rates rising to 98% in Europe. In addition, Sierra's services business expanded to new geographies, increasing the non-shopping centre assets under management by €700 M, to 1.3 billion euros.

Universo surpasses 1 million clients, partners with Bankinter CF and exits MDS

In financial services, Universo's clients continued to recognise its value proposition in 2022, surpassing the 1 million clients' threshold, of which more than 700 thousand are digital (68% of total clients). At the end of the year, Sonae took another important step towards the implementation of its strategy for financial services. After the successful partnership with Banco CTT that will continue until the end of 2023, Sonae and Bankinter Consumer Finance reached a preliminary agreement for the creation of a leading consumer credit operator in Portugal, through a 50/50 partnership. Universo also completed the sale of MDS, which resulted in a cash in of €104 M and a capital gain of €81 M.

Bright Pixel invests €48.7 M in tech companies and exits Maxive

In 2022, Bright Pixel invested €48.7 M in both portfolio companies and new ones in different segments, with particular focus on its 4Q follow-on investment in Habit, Iriusrisk, Didimo and Probe.ly. Regarding exits, the company generated a total cash proceed of €188 M in 2022, featuring the capital gain of €64.7 M with the sale of Maxive and its subsidiaries S21Sec and Excellium, in addition to having sold its stake in StyleSage and received a capital distribution from Armilar Ventures Partners funds.

NOS invests €496 M and confirms leadership in 5G

In telecommunications, NOS delivered the successful implementation of 5G in 2022, as total capex amounted to €496 M, allowing 87% of the population to have 5G coverage by the end of the year. Turnover increased 6.3% during the year, to €1.5 bn, as the telco segment increased 4.8%. Net result excluding gains from tower sales reached €138 M in 2022, a -4% decrease compared to 2021.

ISRG benefits from acquisitions and posts two-digit growth in sales

In sports retail, the L3M 22 (August-October) saw a positive sales evolution at ISRG of 8.6% yoy. The macroeconomic context remained challenging, but in this last quarter the supply chain constraints were considerably less visible when compared to the rest of the year (Feb-Jul). In the L12M 22, total sales increased 41% yoy, surpassing €1.2 bn, benefitting from the acquisitions made. Deporvillage, acquired in 2021, continues to be a key driver of the company's online performance, with online sales reaching 18% of ISRG turnover in the L12M 22. The margin decreased 1.7pp to 10.2% as a result of changes in the different channels' weight (physical and online stores).

5. Dividend proposal

In view of the Net Results for the 2022 financial year, and according to Sonae's dividend policy, the Board of Directors will propose at the Shareholders' Annual General Meeting the payment of a dividend of 5.37 Euro cents per share. This dividend corresponds to a dividend yield of 5.7%, based on the closing price as of 31st December, 2022 (which stood at €0.935).

6. Financial indicators

Million euros	2021R	2022	Var	4Q21 R	4Q22	Var
Turnover	**6,965**	**7,726**	**10.9%**	**1,992**	**2,233**	**12.1%**
Underlying EBITDA	601	635	5.7%	186	195	4.9%
Underlying EBITDA margin	**8.6%**	**8.2%**	**-0.4pp**	9.3%	8.7%	-0.6pp
Equity method results (1)	79	129	-	19	46	-
Non-recurrent items	52	**162**	-	1	142	-
EBITDA	732	927	26.6%	206	383	-
EBIT	368	559	-	107	281	
Net financial result	-105	-95	-	-26	-29	
Direct result	257	449	-	88	244	
Indirect result	73	-43		49	-92	
Non-controlling interests	-63	-65	-3.4%	-28	-20	
Net result group share	267	342	27.7%	109	132	20.6%
Recurrent net result group share	**215**	**179**	**-16.7%**	**109**	**-10**	**-**

R: Restated. Maxmat at Sonae 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.