Press Release

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Sonae grows 9% in 2023 with strengthened leadership positions and investment in expansion

1. 2023 Results Highlights:

- Consolidated turnover rose to 8.4 billion euros in 2023, increasing 9.2% mainly due to MC's growth, which reinforced its market leadership position amidst a competitive environment, and to the strong investment in business expansion.
- EBITDA rose to circa one billion euros, as profitability was affected by efforts to absorb part of the inflationary pressure, mostly in food retail formats.
- Net result group share reached €357m, as impacts from support to Portuguese families, from higher financial costs and taxes, and from investment in the businesses' expansion and digitalisation were more than offset by efficiency gains and capital gains from asset sales.
- Consolidated investment totalled €665m, increasing 5% with businesses' organic expansion and acquisitions.
- Net debt decreased 3% to €526m, reinforcing the Group's already strong financial position, as 83% of long-term credit facilities are already linked to sustainable, green or ESG criteria.
- Sonae announced a tender offer on Musti, already successfully concluded by reaching an 80.65% stake, completed the partnership with Bankinter Consumer Finance at Universo to create a new reference player in consumer credit in Portugal, executed the sale of its stake in ISRG for €300m, and entered an agreement to combine Druni and Arenal, in addition to having invested in eight tech companies, now holding 100% of Sierra and having announced the creation of Sparkfood, following a €110m investment in innovative companies dedicated to developing sustainable and healthy food solutions.
- Sonae stayed on course towards carbon-neutral operations by 2040, reducing CO_2 emissions by 6%, and increased recyclable plastic packaging in own brand products to 87%.
- Support to the community continued to grow and reached €33m, focusing particularly on food donations and the promotion of education within the community.
- Diversity policies in place allowed 40% of leadership positions to be held by women.
- Dividend proposal of 5.639 Euro cents per share, corresponding to a dividend yield of 6.2% and a 25% payout ratio of consolidated direct result.

2. Message from the CEO, Cláudia Azevedo

"2023 was an eventful year for Sonae, a year in which we continued to grow and generate value for all our stakeholders in a context of great uncertainty and volatility.

Our determination, resourcefulness and speed of execution enabled us to excel in our core markets, gaining the trust and preference of an increasing number of customers. At the group level, we remained focused on finding growth options, streamlining and future-proofing our portfolio to be better prepared to face the future.

In 2023, we took significant steps towards achieving our ambition, reorganising and expanding our portfolio. At MC, we reached an agreement to merge Druni and Arenal, which, together with Wells, create the largest Iberian player in Health, Wellness and Beauty (HWB). We launched Sparkfood, after investing €110m in international companies dedicated to sustainable and healthy solutions in the food sector and, already in February 2024, we announced the acquisition of BCF Life Sciences in France. At Universo, we partnered with

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Bankinter Consumer Finance to create the leading consumer credit player in Portugal. And, before the end of 2023, we announced a takeover bid for Musti, the leading pet care retailer in the Nordic countries, and we have since ensured a controlling stake of c.80.6% of the company's share capital.

We also made significant divestments in 2023, in particular by exiting the sports retail sector following the sale of our stake in ISRG (total cash proceeds of €300m and a capital gain of €168m), which fuelled our cash flow generation from asset sales to €331m giving us more flexibility and firepower to invest in new growth avenues.

Sonae delivered another set of sound consolidated results in the year. Top line increased by 9% yoy to €8.4bn, and EBITDA reached a record-high of almost €1.0bn, growing 7% from 2022, underpinned by the solid operational performance of our businesses and by the capital gains from portfolio changes. MC continued to reinforce its leadership position in the Portuguese grocery retail market and consolidated the HWB business in Iberia. Worten also strengthened its market leadership, while expanding its digital marketplace proposition and actively growing in the services area. Sierra remained focused on executing its strategy, while both its shopping centres and services activities achieved robust results. NOS experienced strong growth, fuelled by an increase in Telco customers and revenues driven by market share gains, particularly in mobile where the company became the number two operator in the market.

In 2023, the improved operational performance of our core businesses, the substantial level of organic and M&A investment totalling €665m and the positive impact from our portfolio changes, led NAV to increase 14% and surpass €4.5bn. The historically low level of leverage resulted in an implied holding company LTV of just 0.6%, a great financial position to support our aspirations.

2023 also marked an important milestone in our sustainability journey, with our renewed strategy reinforcing our commitment to continue progressing in the areas where we want to have the greatest impact on our people, our communities, and the planet.

We remain well on track to reach our ambitious goals of Zero Deforestation by 2030 and to achieve carbon-neutral operations by 2040. On the social front, and after achieving 40% of leadership positions held by women in 2023, we are extremely proud of establishing a new ambitious commitment to reach gender parity in 2026. The support to our communities increased again and reached €33m, as we continued to invest in innovative and inclusive educational projects, reaching more than 360 thousand beneficiaries. Additionally, with the fast and disruptive technological advances and the need to quickly navigate the unknown, we remain dedicated not only to defining reskilling and upskilling plans for our teams, but also to building opportunities for our communities, assuming a leading role in the innovative PRO_MOV project.

All in all, 2023 was a dynamic and challenging year. We experienced the effects of rising inflation and increasing costs on our businesses and operated again in an uncertain context at both national and international levels. I am incredibly proud of the ability and energy shown by our teams in delivering results and humbled by their commitment, which remains critical to our growth, evolution and future aspirations.

Going forward, in today's complex landscape, we must remain focused on future-proofing our companies through strategic initiatives and strong partnerships. We must continue determined, bold, and nimble to quickly adapt to the evolving risks, seize the surging trends and capture the opportunities that lie ahead. As we strive to create superior economic, social, and natural value, the leading positions of our businesses within their respective industries, coupled with our financial strength and unique culture, serve as strong foundations. We will continue to turn ambition into action, while striving to make a meaningful impact today and tomorrow for everyone."

3. Consolidated Analysis

Portfolio's active management advances internationalisation, creates leading operations and generates capital gains

In 2023, Sonae proceeded with an active portfolio management strategy, establishing partnerships, asset acquisitions and transactions. During the 4Q23, Sonae launched a tender offer on Musti, a leading pet care retailer and services provider in Nordic countries, as its consortium secured control over Musti by reaching 80.65% of its share capital. Universo and Bankinter Consumer Finance concluded the 50/50 partnership to create a new reference player in credit consumer in Portugal, as the cash inflow from the 50% stake sale in

Universo rose to 42 million euros (€m), registering a €12m capital gain. As of now, Sonae has fully exited the sports retail sector, upon the conclusion of the 30% stake sale in ISRG for €300m, with a €168m capital gain.

During the first nine months of the year, it should also be noted that: (i) MC entered an agreement with the founding shareholders of Druni and Arenal to combine these two companies (expected to be concluded in the 1H24); (ii) Sonae acquired the remaining 10% stake in Sierra; and (iii) Sonaecom acquired Sonae's direct stake in NOS (11.30%) for €213m, currently holding 37.37% of the company's share capital (this transaction did not impact Sonae's voting rights in NOS).

Turnover grows 9% to 8.4 billion euros

In 2023, the retail and real estate businesses posted strong performances, despite the challenging macroeconomic conditions and competitive context. In fact, the high inflation environment, albeit a certain deceleration, continued to press on our cost structures, but Sonae businesses were able to deliver solid and resilient operational performances, backed by reinforced market shares.

Sonae's consolidated turnover reached 8.4 billion euros, a 9.2% increase yoy, mainly driven by MC's growth and investment in expansion. Faced with an inflationary and competitive context, MC managed to strengthen its leadership position in the Portuguese food retail market, as consumers recognised Continente's value proposition and efforts to offer the best prices.

EBITDA benefits from portfolio's capital gains and customer recognition

Despite efforts to absorb part of the inflationary pressure, underlying EBITDA reached €722m and consolidated EBITDA rose to one billion euros, growing 7.2% compared to last year, mostly thanks to MC contribution, rewarded by investment in expansion and customer recognition, and to the significant value creation generated by the active portfolio management, with the sale of the 30% stake in ISRG.

In addition, investment in the store network expansion and businesses' digitalisation, together with increased financial costs and taxes, led to a Direct Result of €427m.

Net result grows 6.4% but is impacted by efforts to support families and investments

Net result group share reached €357m, as the impacts from support to families, from increased financial costs and taxes, and from investment in the businesses' expansion and digitalisation were more than offset by efficiency gains, capital gains from asset sales and improved indirect result.

Businesses' capex grew 24% while debt decreased 3%

Sonae's consolidated investment reached €665m in 2023, having increased 5% with businesses' organic expansion and acquisitions. Capex rose to €443m, increasing 24% with the store network expansion and refurbishment and businesses' digitalisation.

Despite this investment, consolidated net debt decreased by €14m, to €526m, as the Holding ended 2023 in a net cash position, demonstrating Sonae's strong financial stance, characterised by significant available liquidity and a comfortable debt maturity profile.

Support to the community grows to €33m and 40% of leadership positions are women-led

Sonae proceeded with its corporate social responsibility policy in 2023, having increased support to the community by more than 4%, to €33m. Support to families was particularly addressed by the Group, focusing on food donations to institutions and on promoting Education. Sonae demonstrated its commitment to provide an active contribution to education and lifelong reskilling, having granted the Sonae Education Award to the projects submitted by the NoCode Institute and EKUI, focused on digital reskilling and the inclusion of people with special needs, in a total of circa 100 thousand euros. Sonae is also one of the promoters behind the PRO_MOV programme, which aims to promote Portugal's reskilling for the jobs of the future, gathering the Portuguese government, different associations and over 50 companies, within the R4E (Reskilling for Employment) European programme.

Likewise, Sonae continued to implement its diversity policies, namely in terms of gender parity, as 40% of leadership positions were already held by women by the end of the year.

Group is more sustainable with improved ecological footprint and 83% funding indexed to sustainable, green or ESG performance

Sonae's portfolio remains on the right path to deliver on its pledge to reduce GHG emissions by 2032, with a 6% decrease by the end of 2023 compared to the 2022 base year. Businesses reached 87% recyclability in plastic packaging, yet another step towards reaching the commitment of ensuring plastic used in own brand products is 100% reusable, recyclable or compostable by 2025. In terms of funding, 83% of long-term credit facilities are already indexed to sustainable, green or ESG performance.

4. Operational and financial business highlights

In **food retail**, MC continued to actively fulfil its role, guaranteeing customers received a quality offer with affordable solutions, both across stores and online. Moreover, the company continued to roll out its store network expansion plan in several formats and banners, with a particular focus on the opening of 21 new food retail stores, of which 19 Continente Bom Dia (proximity format). In this challenging operational context, MC was able to consolidate its leadership position in the Portuguese food retail market. Turnover increased 10.5% yoy, to 6.6 billion euros (LfL of +8.9%), driven by both the food retail, and the health, wellness and beauty segment that posted remarkable results with a double-digit LfL growth.

In **electronic retail**, Worten managed to strengthen its market position, in Portugal and in the Canary Islands, both online and offline. Worten's total turnover reached 1.3 billion euros in 2023, +4.9% compared to last year, with a LfL of +4.3%. Its core segments (electronics and home appliances) as well as the new categories, leveraged by the marketplace and adjacent services, continued to deliver a positive performance. The online channel also remained a relevant positive contributor, as sales increased 6% yoy and represented 16% of total sales in 2023. Regarding investment, Worten allocated €59m specifically to advance its digital transformation programme and to open 18 new company-operated stores, including 14 iServices stores.

In **real estate**, Sierra's solid performance across all business areas led to a Direct Result of €63m and a Net Result of €89m (+€58m yoy). The European shopping centre portfolio performance surpassed expectations, as tenants' sales registered record LfL levels with a double-digit growth compared to both last year and the pre-pandemic period. Increased footfall and high occupancy rates (98%) also boosted results. The services area continued its strong dynamic, with a double-digit growth in turnover. At the end of 2023, Sierra's exposure to non-shopping centre assets stood 20% above total assets under management.

In **tech,** Bright Pixel continued to explore opportunities to expand its active portfolio, which already includes 43 companies around the world, through investments in new ventures and reinforced stakes in its existing portfolio. In the 4Q23, the company participated in two financing rounds that, combined with six new companies in the portfolio (including Seldon, Picnic, Harmonya and Sekoia.io) in previous quarters and follow investments, led to a total investment of €53m in the year.

In **telco**, NOS reported a strong operational and financial performance. Regarding Sonae's consolidated accounts, the NOS equity method results contribution reached €63m in the year (compared to €61m in 2022), resulting from a positive effect of the increased stake in NOS, which was more than offset by the capital gain from the towers sale registered in the previous year.

5. Dividend

According to Sonae's Dividend Policy, the Board of Directors will propose a dividend payment at the Shareholders' Annual General Meeting of 5.639 Euro cents per share, +5% yoy, corresponding to a dividend yield of 6.2% (based on the closing price as of the end of 2023) and to a 25% payout ratio of the consolidated direct result.

6. Financial indicators

Million euros	2022	2023	Var
Turnover	**7,693**	**8,399**	**9.2%**
Underlying EBITDA	**644**	**722**	**12.1%**
Underlying EBITDA margin	8.4%	8.6%	0.2pp
Equity method results (*)	116	100	-14.3%
Non-recurrent items	163	169	3.5%
EBITDA	**923**	**990**	**7.2%**
EBITDA margin	12.0%	11.8%	-0.2pp
D&A and provisions and impairments	-364	-417	-
EBIT	**559**	**573**	**2.5%**
Net financial result	-95	-124	-
Taxes	-18	-22	-
Direct Result	**446**	**427**	**-4.4%**
Indirect Result	-46	-4	-
Total net result	**401**	**423**	**5.6%**
Non-controlling interests	-65	-66	-
Net result group share	**336**	**357**	**6.4%**

*Equity method results: include direct income by equity method results (Sierra and NOS), income related to investments consolidated by the equity method and discontinued operations results.