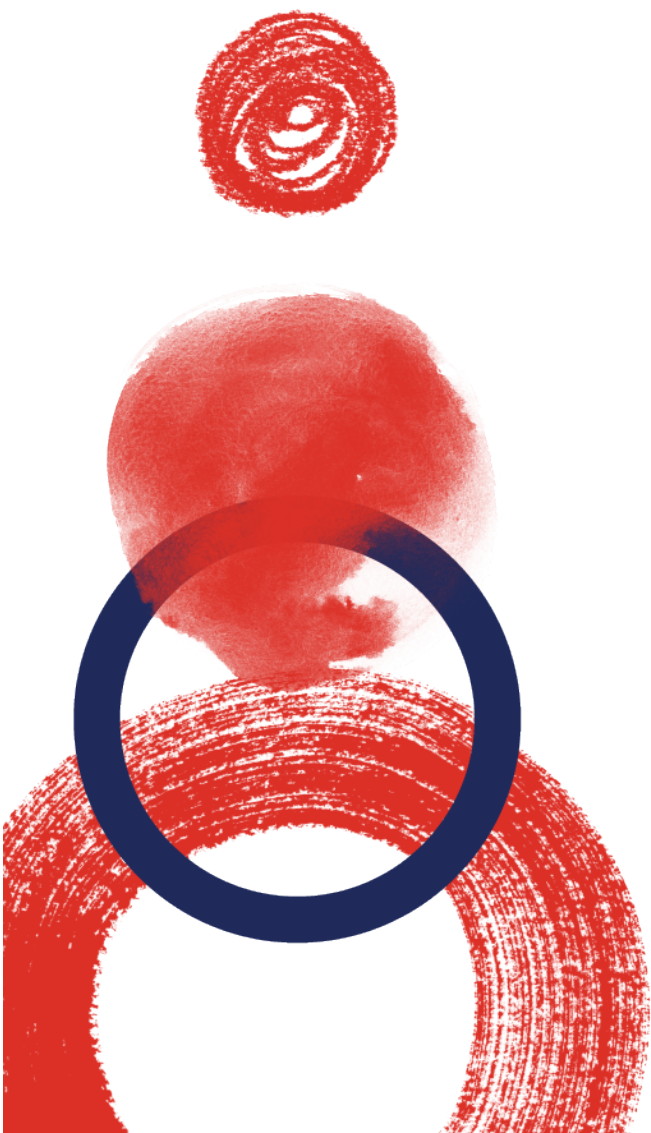




Full Year Results, 2022

Matosinhos, 16th March 2023

Proforma unaudited figures reported according to IFRS 16





01.

HIGHLIGHTS¹

- In a challenging, high-inflation environment, MC focused on sheltering families from the rising cost of living by offering low-cost, high-value propositions, leading turnover to reach €5,978 million in FY'22
- Price investments to protect customers, trading down movements and high energy costs pressured recurrent operating profitability; EBIT stood at €284m, with a margin of 4.8% (1.2pp lower y.o.y)
- Net profit from continuing operations totalled €179m, down by €39m y.o.y., primarily owing to inflationary burdens and a one-off capital gain in 2021 with the sale of 50% of Maxmat
- Operational capex reached €218m, directed towards the expansion and remodelling of the store network, the ramp-up of the logistics infrastructure and the digital transformation of the business
- Sound business evolution accompanied by reinforced support to local communities, investments in employee journey and environmental progresses, with eyes on a sustainable development

MESSAGE FROM THE CEO | Luís Moutinho

"In 2022, amid a volatile and challenging operating environment marked by record high inflation rates, MC proved its ability to adapt and the resilience of its multi-format omnichannel model. We remained focused in protecting the purchasing power of families, providing competitive prices, new promotional dynamics, and a great quality assortment, while investing in the attractiveness of our loyalty program.

Our results are the gratifying testament that more and more families have come to appreciate the value and quality we offer. I am proud we have reinforced our market leadership position and I am grateful to all our teams for their hard work and support in delivering our mission.

As we leap into 2023, despite the risks and uncertainties on the horizon, we are confident that we will continue successfully balancing short-term agility with long-term growth ambition. We remain committed in delivering outstanding value proposals to our customers, while bolstering innovation and transformation to create sustainable growth for all our stakeholders."



MC kept investing in own renewable energy generation capacity

¹ Comparative figures in 2021 were restated to reflect Maxmat as a discontinued operation.



02.

OPERATIONAL AND FINANCIAL PERFORMANCE

TURNOVER (€m)	Full-year				4 th Quarter			
	2021	2022	Δ y.o.y.	Δ LFL	2021	2022	Δ y.o.y.	Δ LFL
Total MC	5,362	5,978	11.5%	9.6%	1,479	1,684	13.9%	12.0%
Hypermarkets	1,800	1,950	8.3%	8.8%	519	572	10.1%	10.3%
Supermarkets	2,677	2,976	11.2%	8.4%	714	831	16.4%	12.8%
New Growth Businesses & Others	885	1,053	19.0%	18.3%	246	281	14.6%	14.4%

KEY RESULTS (€m)	Full-year			4 th Quarter		
	2021	2022	Δ y.o.y.	2021	2022	Δ y.o.y.
EBITDA	578	565	-2.2%	152	164	7.7%
<i>as % of turnover</i>	10.8%	9.5%	-1.3pp	10.3%	9.8%	-0.6pp
Net profit (from continuing operations)	218	179	-17.8%	67	56	-15.9%

- In 2022, the consumption backdrop was heavily impacted by record high inflation levels, which coupled with rising interest rates, led to the loss of households' purchasing power and strong trading down behaviours. Food inflation reached 13% in the year, also an historically high value.
- In this setting, MC stepped forward to support families and cater the shifts in their consumption needs, focusing on value and quality offerings. Annual turnover reached €5,978m in FY'22, up by +11.5% y.o.y., with a +9.6% like-for-like. MC recorded market share gains and sustained its leadership position, amid a dynamic market environment with several participants competing to provide the most competitive offers.
- In grocery businesses, the Company invested in differentiating its offers and value proposition, recording a positive topline growth in both larger and proximity formats. The higher price effect offset the negative impact of trading down on the sales mix and marginally decreasing volumes (on a like-for-like-basis). The positive business performance validated the strong attractiveness of MC's top-notch private label offering and showed the Company's agility and effectiveness in promptly responding to changes in customer needs.
- New Growth Businesses kept a buoyant growth track. With no pandemic restrictions in consumption, households fully returned to shopping malls and high streets, translating into a very positive performance of parapharmacy & beauty and foodservice banners. Online sales kept a resilient trajectory (+3.4% y.o.y. in FY'22) after exceptional growth during the pandemic period, highlighting the convenience of the channel also in the current inflationary setting.
- MC kept investing in innovative concepts that promote brand awareness and loyalty (such as the new Cozinha Continente restaurants, the Continente Baby Club, and the Continente Food Festival). In the health, wellness & beauty segment, the Company launched a health insurance solution and expanded its specialist optical and beauty offer. The rollout of MC's digital strategy kept advancing firmly, with progresses at the customer personalization level and technological advancements that reinforced the convenience of the shopping experience, powering the Company's omnichannel value proposition and leadership.



- EBITDA reached €565m in FY'22, or 9.5% as a percentage of turnover. Recurrent operating profitability was affected by investments in prices to maintain competitiveness, by the impacts of trading down movements, and by the steep rise in energy costs. During the year, MC implemented several initiatives to enhance operational efficiency and reduce current and future operating costs, with special highlight to the measures taken to reduce energy consumption and exposure to energy market prices.
- All-in-all, net income from continuing operations reached €179m in FY'22, down by €39m versus the previous year, mirroring the increased pressure on the operational baseline and the effect of an extraordinary capital gain of €40m in 2021, with the sale of the 50% stake in Maxmat.

FREE CASH-FLOW AND DEBT (€m)	Full-year		
	2021	2022	Δ y.o.y.
<i>Gross cash-flow</i>	426	408	-18
<i>Change in working capital & other cash impacts</i>	44	56	12
<i>Operational capex</i>	-195	-218	-22
<i>Income tax and net financial activity</i>	-32	-32	-1
Free cash-flow	243	214	-29
<i>Distributed dividends</i>	-140	-243	-103
<i>Change in net financial debt (vs. year-end)</i>	103	-29	-
Net financial debt	379	408	29
Lease liabilities	1,082	1,110	27
Total net debt ² to EBITDA	2.5x	2.7x	-

- Operational investment of €218m in FY'22 was allocated to: (i) the expansion of the store network, particularly in proximity grocery formats, and to the refurbishment of selected stores, mainly in larger grocery formats; (ii) the ramp-up of the logistic infrastructure, particularly in the expansion and remodelling of the Maia distribution centre, that was completed in 4Q'22, and (iii) the reinforcement of technological capabilities, namely in terms of data analysis, automation, and artificial intelligence.
- MC recorded a resilient free cash-flow generation of €214m in FY'22, which compares favourably to last year (€243m including €68m of cash proceeds from the sale of 50% of Maxmat). The cash conversion ratio stood at 57.1%. MC's capital structure remained solid, with net financial debt of €408m at the end of 2022, corresponding to a total net debt to EBITDA ratio of 2.7x.
- As of December 2022, MC kept a comfortable financing structure, with a debt schedule with an average maturity above 4 years. The Company's liquidity position remained sound, with significant current credit facilities available. During the year, MC successfully completed refinancing operations that allowed it to extend maturities while locking in on competitive prices, mostly using ESG-linked or Green facilities.

² Total net debt equals net financial debt plus lease liabilities.



SUSTAINABLE DEVELOPMENT (selected ratios)

	Full-year			
	Unit	2021	2022	Δ y.o.y.
GHG emissions (scope 1 & 2)	(ktonCO ₂ eq)	160.3	151.8	-5.3%
Renewable energy production	(GWh)	31.4	35.7	13.7%
Recyclability of plastic packaging (own brands)	(%)	74.7	80.0	5.3pp
Food waste avoided	(€m)	37	54	44%
Direct community support	(€m)	20	30	52%
Direct employees	(#)	36,607	38,220	4.4%
Leadership positions held by women	(%)	38.8	39.7	0.9pp

- In 2022, MC bolstered its efforts to integrate sustainability into its day-to-day business decisions. In terms of environmental metrics, the Company registered significant progresses across food waste reduction, circularity, and the decarbonisation of its operations. Furthermore, MC accelerated the implementation of the measures foreseen in the 2030 Roadmap and piloted new processes, showing its unwavering commitment to the planet.
- The Company has also pushed forward with its mission of giving back to society, by significantly increasing its direct community support to c.€30m and organizing fundraising campaigns to help mitigate poverty (e.g. “Presentes à Mesa” Christmas Campaign) or to support social emergency crisis (e.g. “Mission to Support Ukraine”).
- At the same time, MC continued to invest in the development and well-being of its teams, as well as in its diversity and inclusion agenda. The Company sought to recognize and reward its associates with improving benefits and promoted engagement initiatives to favour cohesion and share of experiences among teams.

03. OUTLOOK

- Amid a volatile and uncertain geopolitical backdrop, economic conditions should remain challenging for the remainder of 2023, with decelerating but still high inflation, rising interest rates and employment levels being a potential source of concern. These factors should weight down on households’ disposable income, leading to more cautious consumption choices and impacting grocery market sales. Operating profitability should continue to be constrained by price investments to retain competitiveness, trading down movements and cost pressures, increasing the importance of the implementation of efficiency enhancing measures.
- In this backdrop, MC remains relentlessly committed to swiftly respond to the evolving consumer behaviours, by delivering competitive and attractive offers, refining its private label offering and strengthening savings options. Simultaneously, the Company will continue preparing the future, prioritizing agility, operational excellence, and innovation, to capitalize on new growth opportunities in the food and non-food businesses and bolster its omnichannel market leadership.



A.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED RESULTS (€m)	Full-year			4 th Quarter		
	2021	2022	Δ y.o.y.	2021	2022	Δ y.o.y.
Turnover	5,362	5,978	11.5%	1,479	1,684	13.9%
EBITDA	578	565	-2.2%	152	164	7.7%
as % of turnover	10.8%	9.5%	-1.3pp	10.3%	9.8%	-0.6pp
D&A	-257	-281	9.0%	-53	-79	49.6%
EBIT	320	284	-11.2%	99	85	14.6%
as % of turnover	6.0%	4.8%	-1.2pp	6.7%	5.0%	-1.7pp
Net financial activity	-80	-76	-	-19	-20	-
Other investment income	0	0	-	-	0	-
EBT	241	209	-13.3%	80	65	18.8%
Income tax	-21	-26	-	-12	-7	-
Minorities	-2	-4	-	-2	-2	-
Net profit (from continuing operations)	218	179	-17.8%	67	56	-15.9%

CONSOLIDATED BALANCE SHEET (€m)	Full-year		
	2021	2022	Δ y.o.y.
Net fixed assets	1,623	1,663	2.5%
Leased assets right-of-use	933	945	1.2%
Goodwill and financial investments	476	477	0.2%
Working capital	-650	-699	7.6%
Invested capital	2,383	2,386	0.1%
Shareholders' funds ³	921	868	-5.7%
Lease liabilities	1,082	1,110	2.5%
Net financial debt	379	408	7.6%
Sources of financing	2,383	2,386	0.1%
Total net debt to EBITDA	2.5x	2.7x	-

³ Shareholders' funds in 2021 exclude the net book value of Maxmat.



CASH-FLOW (€m)	Full-year		
	2021	2022	Δ y.o.y.
EBITDA	578	565	-2.2%
Fixed rents	-152	-158	3.6%
Change in working capital & other cash impacts	44	56	27.5%
Operational capex	-195	-218	-11.5%
<i>Maintenance & Optimisation</i>	-136	-175	-
<i>Expansion</i>	-59	-43	-
<i>Acquisitions</i>	0	0	-
Income tax and net financial activity	-32	-32	1.6%
Free cash-flow ⁴	243	214	-11.9%
Cash conversion	68.0%	57.1%	-10.9pp

⁴ Corresponds to the change in net financial debt and dividends.



B.

STORE NETWORK AND FREEHOLD

STORE NETWORK	N° of stores			Sales area ('000 sqm.)		
	2021	2022	Net change	2021	2022	Net change ⁵
Total MC	1,340	1,401	61	910	936	26
Total company operated	982	1,034	52	828	851	23
Continente	41	41	0	276	276	0
Continente Modelo	133	134	1	278	281	3
Continente Bom Dia	143	158	15	178	193	15
Wells	261	271	10	28	29	2
Arenal	59	66	7	35	38	3
Bagga	136	135	-1	7	8	0
Note!	80	83	3	13	13	0
Zu	38	44	6	3	4	0
Go Natural supermarkets	12	9	-3	3	2	-1
Go Natural restaurants	17	16	-1	1	1	0
Dr. Well's	24	22	-2	4	3	0
Other	38	55	17	3	3	0
Total franchised	358	367	9	83	85	2
Continente Modelo	10	10	0	21	21	0
Continente Bom Dia	0	1	1	0	1	1
Meu Super	307	314	7	57	59	2
Wells	28	27	-1	2	2	0
Bagga	6	7	1	0	1	0
Go Natural restaurants	3	3	0	1	1	0
Note!	4	5	1	1	1	0

FREEHOLD (END OF PERIOD)	2021	2022			
	31 Dec	31 Mar	30 Jun	30 Sep	31 Dec
Total MC	38%	38%	38%	38%	37%

Please visit <https://mc.sonae.pt/en/financial-information/> for additional information about the results, including a comprehensive glossary.

⁵ Includes changes in sales area resulting from store optimization initiatives.



SAFE HARBOUR

This document may contain forward-looking information and statements based on management's current expectations or beliefs. Forward-looking statements are statements that should not be regarded as historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in the regulation, industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors and analysts, and generally all recipients of this document, are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

ABOUT MC

MC is the leader in the grocery retail sector in Portugal, with more than three decades years of history, which began with the opening of the first hypermarket in Portugal, in 1985. MC develops an omnichannel and multi-format approach to capture all consumer shopping missions, carried out through Continente (urban hypermarkets), Continente Modelo (large supermarkets), Continente Bom Dia (proximity supermarkets), Continente Online (e-commerce platform) and Meu Super (neighbourhood franchise stores). The Company also operates in the health, wellness and beauty segment in Portugal, through Wells, Dr. Well's and Go Natural, and in northern Spain, through Arenal. It develops other growth businesses, namely Bagga (coffee shops), Note! (stationery, books and convenience services), ZU (pet store and service offering), and Home Story (home decor). MC serves 4.2 million Customers every week in more than 1,400 stores and e-commerce platforms and employs 38 thousand associates. MC's leading strategic priorities include: notable growth, digital transformation, a value proposition that its Customers recognise, and an unwavering commitment to its People and the Planet.



Portfolio of banners