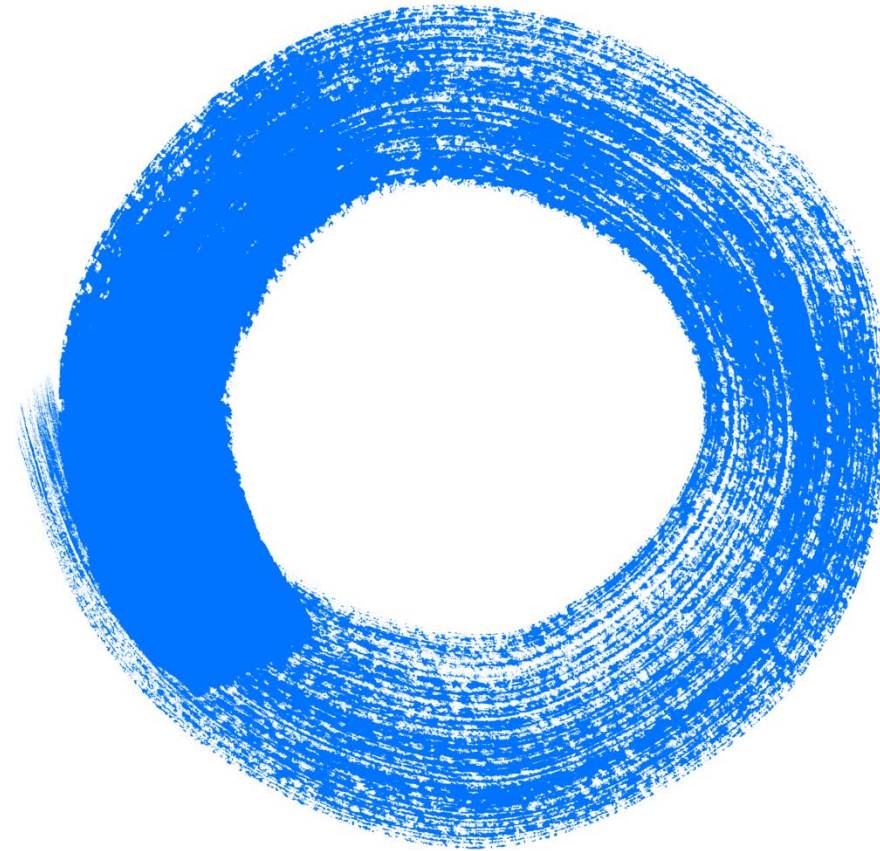
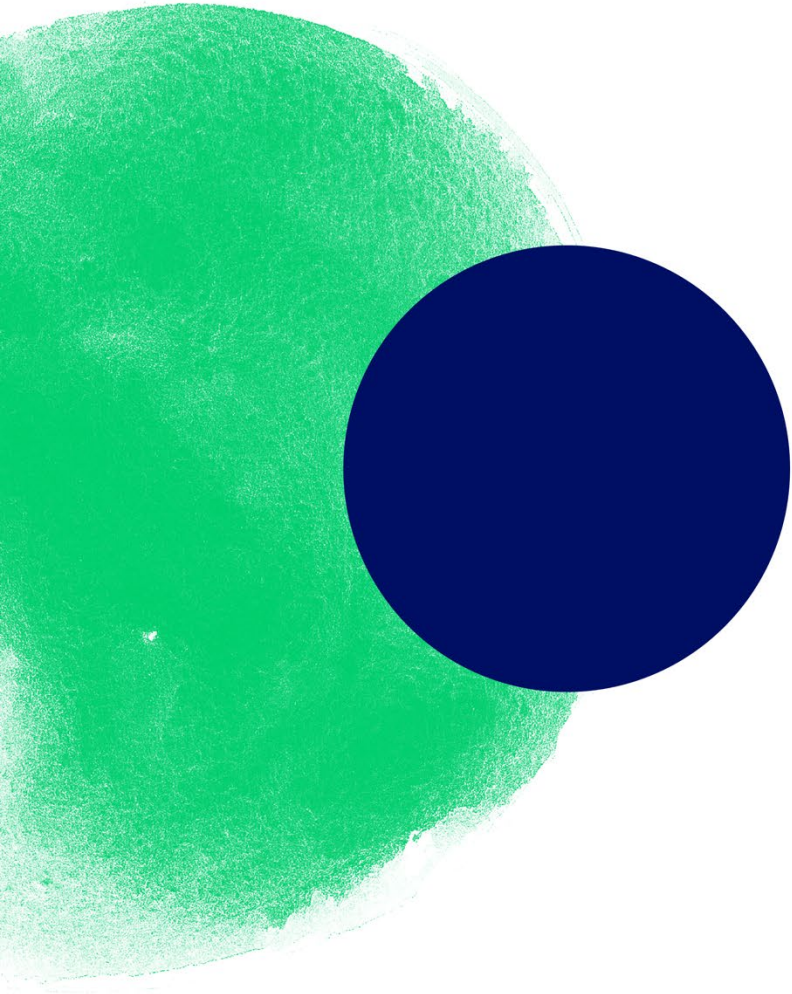




# Results Report 9M23

Sonda





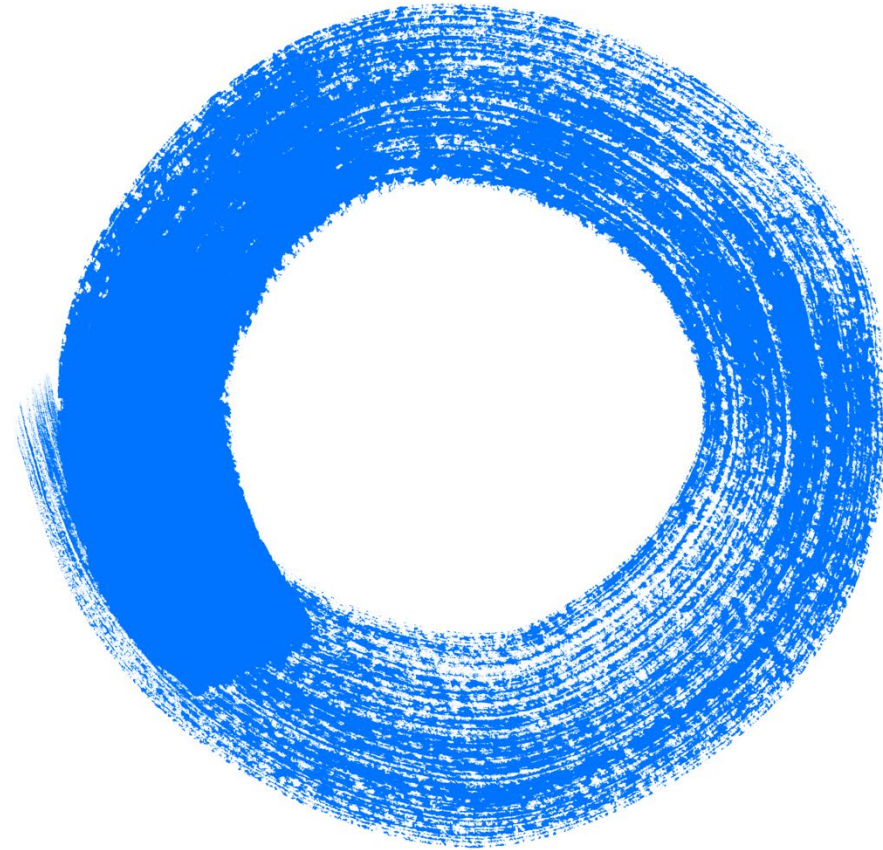
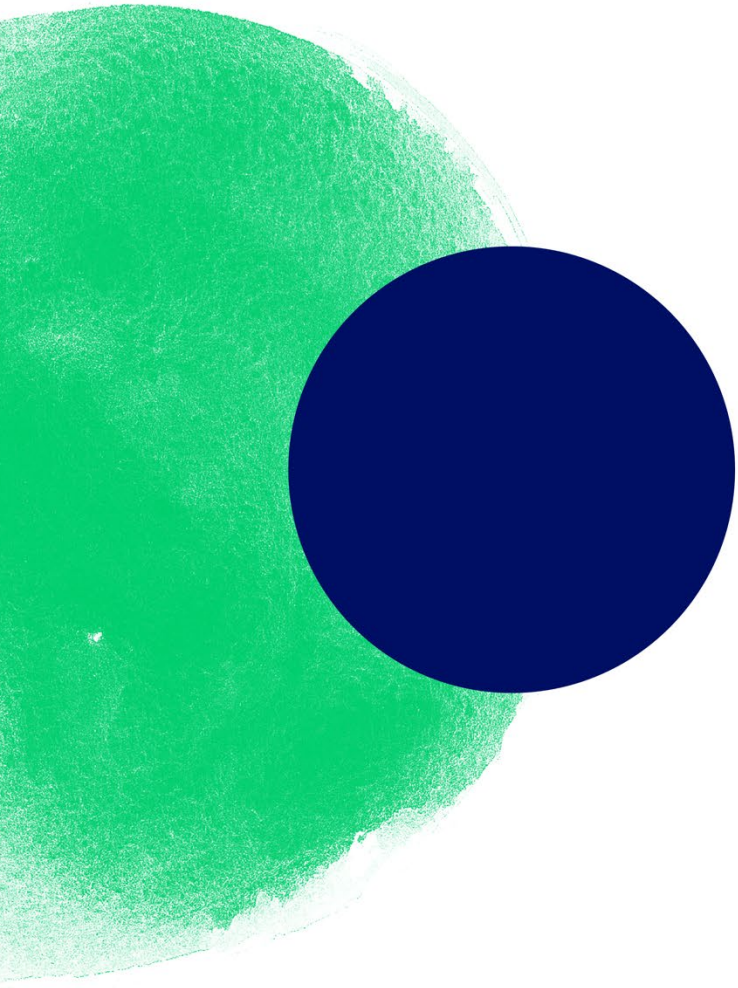
# 9M23 Highlights

## Key Financial Indicators

- **Consolidated turnover** surpassed €6.0bn with a 10% yoy increase, mainly driven by the solid performance of MC under a strong inflationary context.
- **EBITDA** amounted to €581m, +7% yoy, fuelled by the operational performances of MC and Sierra, which more than offset the yoy reduction from portfolio management activity results, with no significant transactions in the period, and the continued efforts of our retail businesses to absorb inflationary pressures to support our customers.
- **Net result** (group share) stood at €135m, given higher funding costs and tax expenses, as well as an increase in depreciation, due to the investment in the expansion and digitalization of our businesses.
- **Free Cash flow** before dividend payment was €206m (L12M) and net debt slightly reduced yoy to €982m, showing once again a strong financial position characterised by low leverage, significant liquidity available, and a solid debt maturity profile.
- **NAV**, based on market references, increased in the quarter to €4.4bn, mainly driven by MC's operational performance. At the holding level, LTV kept its downward trend and stood at 6.6%, 35bps below the level in June.

## Portfolio Management Activity

- **During 3Q23:**
  - Sonae received a notification from JD Sports Group communicating its intention to acquire the remaining stake in ISRG with an equity value of €1.0bn. This transaction was completed in the beginning of October and delivered €300m of cash proceeds and a capital gain of €168m for Sonae, which will impact 4Q23 results; and
  - Sonaecom acquired Sonae's direct stake in NOS (11.30%) for €213m (€3.6527 per share), reaching 37.37% of the share capital in the company. This transaction did not impact the voting rights in NOS attributable to Sonae.
- **During 1H23:** (i) MC entered into an agreement with the founding shareholders of Druni and Arenal for the combination of these two companies (completion expected in 4Q23); (ii) Sonae acquired the remaining 10% stake in Sierra, and (iii) Universo agreed with Bankinter Consumer Finance a 50/50 partnership for the creation of a leading consumer credit operator in Portugal (completion is currently awaiting regulatory approval).





## CEO letter

During the third quarter, the macroeconomic environment continued to be marked by the effects of geopolitical instability, rising interest rates and persistent inflation, though the latter has begun to ease.

Sonae remained focused on providing the best offers and experiences to customers across business units without compromising the necessary investments to ensure the group's long-term sustainability.

In fact, the group invested a total of €467m since the beginning of 2023, with a particular focus on improving customer touchpoints in physical spaces and in digital channels, which shows the strong commitment to our portfolio companies and to all our stakeholders.

In terms of operational performance, our revenues increased 10% yoy, surpassing €6.0bn, and our EBITDA stood at €581m, 7% above 2022. This positive evolution was mainly fuelled by MC, that consolidated its leadership position in the Portuguese food retail market. On the real estate front, Sierra continued to execute its strategy and registered a strong performance both in its shopping centres and in the services arena. NOS also delivered strong results, fuelled by the growth in Telco customers and revenues, coupled with an all-time high in cinema ticket sales.

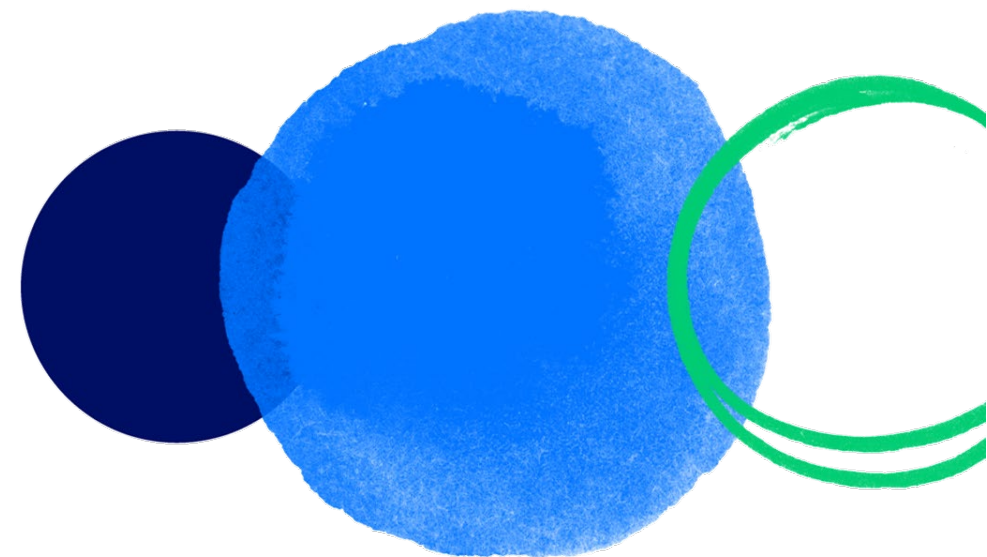
Regarding portfolio management, we concluded (already in Q4) the sale of our participation in ISRG (with total cash proceeds of €300m), we pursued our work to execute the partnership with Druni to form the largest health, wellness & beauty player in Iberia, and we continued to invest in innovative companies in the food-tech space, dedicated to the development of sustainable and healthy solutions, through Sparkfood, our new investment vehicle for this sector.

Given our operating cash flow generation and portfolio management activity, Sonae's financial position was further reinforced, with net debt decreasing yoy.

Inspired by our renewed sustainability strategy, launched in the 2Q23, we continued to progress in the areas where we want to have the greatest impact on our people, our communities and on the planet.

Looking ahead, and as the uncertainty persists, we must remain determined, bold and nimble to quickly adapt to the evolving risks, seize the surging trends and capture the opportunities that lie ahead. Given our strong portfolio of leading companies, our financial strength and our unique culture, I remain confident in our ability to continue to create superior economic and social value.

Cláudia Azevedo, CEO



# Overview

## Key Data

€m	30.09.22	31.12.22	31.03.23	30.06.23	30.09.23
NAV <sup>1</sup>	3,966	3,974	4,079	4,240	4,411
Market capitalization	1,649	1,870	2,010	1,802	1,840
Net Debt	1,022	540	922	1,067	982

€m	3Q22 R	3Q23	yoy	9M22 R	9M23	yoy
Turnover	2,036	2,205	8.3%	5,468	6,036	10.4%
Underlying EBITDA	182	205	12.8%	446	506	13.4%
Underlying EBITDA margin	8.9%	9.3%	0.4 p.p.	8.2%	8.4%	0.2 p.p.
EBITDA	223	234	4.7%	543	581	7.0%
Direct Result	101	86	-14.6%	206	167	-18.9%
Net result group share	92	69	-24.8%	210	135	-35.7%
Sale of assets	31	4	-86.0%	72	15	-79.4%
M&A capex	-91	-34	62.9%	-231	-175	24.3%
Free cash flow before dividends paid	81	85	4.2%	-296	-277	6.4%
Dividends paid	0	0	-	-169	-161	-5.1%

	1Y	3Y	5Y	10Y
Total Shareholder return <sup>2</sup>	18%	87%	37%	58%

<sup>1</sup> Based on market references <sup>2</sup> Source: Bloomberg.

R - Restated as Universo was considered as asset held for sale and all periods in 2022 were restated to consider this asset as discontinued operation.

Sonae's **NAV**, based on market references, amounted to €4.4bn on September 30<sup>th</sup>, an increase of 4.0% during the last quarter. This improvement was mainly fuelled by the contribution of MC, driven by both its improved operational performance and favourable market multiples.

3Q23 consolidated performance followed the previous quarters trend. Our businesses continued to face a challenging macro context, with persistent though decelerating high inflation, coupled with significant cost pressures, but continued to deliver resilient performance driven by reinforced market shares.

During the first 9M23, consolidated **turnover** surpassed €6.0bn, with 10% yoy growth, and uEBITDA increased 13% yoy (+€60m) to €506m, with an 8.4% margin, +0.2p.p. yoy. This improved operational performance was mainly driven by MC.

Consolidated **EBITDA** stood at €581m in 9M23, +7% yoy, despite lower capital gains from NOS and Bright Pixel which were more than offset by the improvement in uEBITDA. Higher level of D&A driven by our businesses' store network expansion and digitalization efforts coupled with increased financial costs and tax expenses, led Direct Result to €167m, and the Net result (group share) to €135m at the end of 9M23.

**Operational cash flow** declined over the last 12 months to €92m, mainly due to higher capex from MC in its retail network (expansion and refurbishments) and also group-wide digitalization efforts, which more than offset our improved consolidated operational performance.

Nevertheless, the proceeds from our portfolio management activity surpassed €240m, and more than offset the decrease in operational cash flow, leading **free cash flow before dividends** to more than €200m, in the last 12 months. Consequently, and after the dividend payment to our shareholders and partners of €161m, **consolidated net debt** slightly decreased yoy to €982m.

NAV (€m)	2Q23	3Q23	Var %
Retail (food & electronics)	2,155	2,302	6.8%
Real estate	1,031	1,046	1.4%
Telco and technology	918	906	-1.3%
Other investments*	462	484	4.8%
Holding	-326	-327	-0.2%
o.w. net debt	-318	-313	1.6%
<b>NAV</b>	<b>4,240</b>	<b>4,411</b>	<b>4.0%</b>

\* Includes: Universo, Zeitreel (Salsa, MO and Zippy/Losan), ISRG and Sparkfood (www.sparkfood.com)

Note: NAV based on market references and for more detail please see Investor Kit in www.sonae.pt

€m	L12M Sept 22	L12M Sept 23
EBITDA (inc. rents and taxes)	436	446
Working cap. and others	34	67
Operational capex	-326	-421
<b>Operational cash flow</b>	<b>144</b>	<b>92</b>
Net financial activity	-19	-41
M&A capex	-253	-221
Sale of assets	86	244
Dividends received	118	131
<b>FCF bef. dividends paid</b>	<b>75</b>	<b>206</b>

## Portfolio

### Retail

#### MC

##### 75% stake, fully consolidated

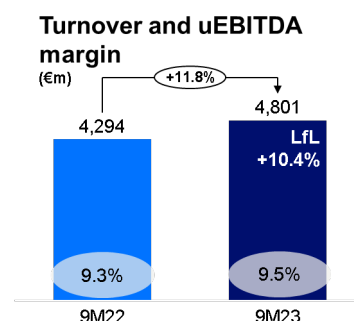
During 3Q23, MC delivered once again a strong performance across the board. The Portuguese food retail market continued to operate with high food inflation, despite the decelerating trend (6.9% in 3Q23 vs. 11.1% in 2Q23 and 20.5% in 1Q23).

In fact, in a highly competitive environment, the company was able to sustain its leadership position, with top line growth of 9.6% yoy in 3Q23 (LfL of +8.7%), fuelled by both grocery and non-grocery formats, surpassing €4.8bn in 9M23 (+11.8% yoy and +10.4% LfL).

In terms of profitability, the reduction in energy costs and the ongoing operational efficiency gains enabled MC to offset the pressure of consumers trading down and price investments, leading uEBITDA to reach €179m in 3Q23 (+€21m or +14% yoy, with a margin of 10.2%) and €458m in 9M23 (margin of 9.5%).

Regarding store network expansion, MC opened 39 new company-operated stores in 9M23 (representing +15k square meters of sales area), of which 6 Continente Bom Dia (proximity stores) and 2 Continente Modelo (large supermarkets). These openings, combined with stores' refurbishments and the optimization of technological and logistics capabilities, led to a total capex of €197m in 9M23. Until the end of the year, MC expects to accelerate the expansion plan of its food stores.

The company's strong operational performance, coupled with the execution of its ambitious investment program and the seasonal working capital impacts, resulted in FCF of €113m (+€11m yoy). MC maintained a solid capital structure with a net financial debt of €509m and a ratio of total net debt to EBITDA of 2.8x (2.9x in 9M22), after the dividend payment of €214m in 2Q23.



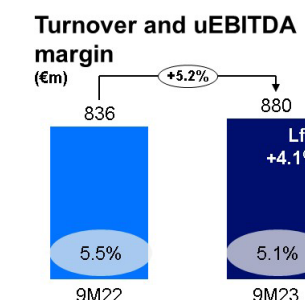
#### Worten

##### 100% stake, fully consolidated

Worten posted solid sales growth, increasing by 2.5% yoy in 3Q23 and reaching €323m, with a backdrop of tightened consumers' purchasing power and a challenging competitive landscape. Both online and offline channels contributed positively to this sales performance, confirming Worten's successful omnichannel value proposition. New categories, leveraged by the marketplace, and adjacent services materialized important sales growth, gaining relevance in Worten's top line, reflecting the good execution of the company's growth strategy.

During 9M23, total turnover reached €880m (+5.2% yoy and a LfL of +4.1%), with the online channel representing more than 15%. This sales performance resulted in market share gains, with Worten continuing to reinforce its leading position.

In terms of profitability, inflation pressure on operational costs more than offset the favourable impact of the sales growth, leading to an uEBITDA of €20m in 3Q23 (a 6.2% margin, -36bps vs 3Q22) and €45m in 9M23 (a 5.1% margin, -37bps vs 9M22).



## Real Estate

### Sierra

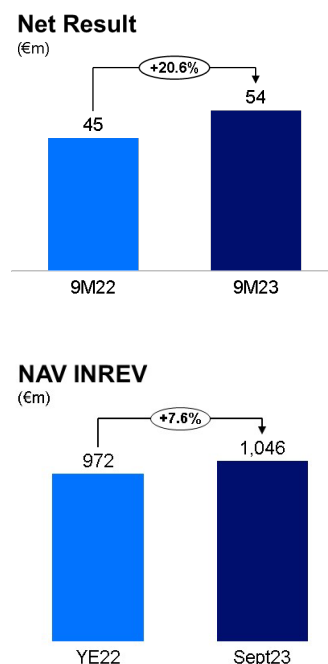
#### 100% stake, fully consolidated

Sierra experienced a robust 3Q23, extending the strong performance observed in 1H23 over 9M23. In the European shopping center portfolio, Sierra tenants' sales achieved double-digit LfL growth compared to both last year and the pre-pandemic period. This was buoyed by increased footfall and higher occupancy rates, which rose by 0.5pps to 98% across the board. Complementing this, Sierra services area continued to be a significant driver of operational performance, with EBITDA delivering double-digit growth.

As for key milestones, Sierra (i) received clearance from the competition authority to manage CTT real estate portfolio, with closing expected in the 4Q23; (ii) made progress on various real estate investment vehicles; (iii) began the commercialization of the prime mixed-use asset, Republica 5, in Lisbon, Portugal, in partnership with Signal Capital; (iv) proceeded the construction works on the third office tower at Colombo and other projects under development; and (v) expanded its property management contracts across Europe.

Finally, Sierra improved its operational performance across all business areas, despite higher depreciations and financial costs, leading to a 50% yoy increase in Direct result to €48m, and a 21% increase in Net result to €54m.

Net Asset Value (NAV) as of the end of September 2023 stood at €1.05bn, marking a 7.6% increase compared to the end of 2022.



## Telco & Technology

### NOS

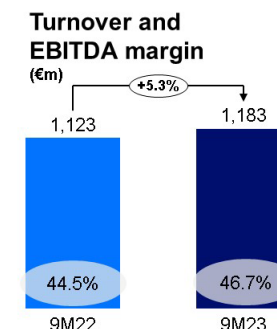
#### 37.4% stake, equity consolidated<sup>1</sup>

NOS reported its results to the market on November 2<sup>nd</sup>, showing, once again, solid operational and financial performance.

During 3Q23, turnover grew by 6.9% yoy to €408m, fuelled by both the positive operational performance in the Telco's business segments (+4.7% yoy) and the Audiovisuals & Cinema (+37.2% yoy) benefiting from an all-time record for quarterly cinema ticket sales. At the end of 9M23, total turnover reached €1.2bn, +5.3% yoy.

EBITDA also maintained a positive trend in the quarter, +12.7% yoy, to €200m, leading to €553m at the end of 9M23 (+10.6%), benefiting from the top line growth coupled with +2.2pp in margin to 46.7%. Consolidated Net result amounted to €46m in 3Q23, representing a 6.4% yoy increase excluding the capital gain from the towers' sale recorded last year, and in spite of the increase in net financial results.

For Sonae's consolidated accounts, NOS equity method results contribution reached €16m in 3Q23 leading to a total of €42m in 9M23, positively impacted by the increased stake in NOS that was more than offset by the capital gain from towers' sale registered last year.



<sup>1</sup> Total stake through Sonaecom. For more information, please see NOS results in [www.nos.pt](http://www.nos.pt)

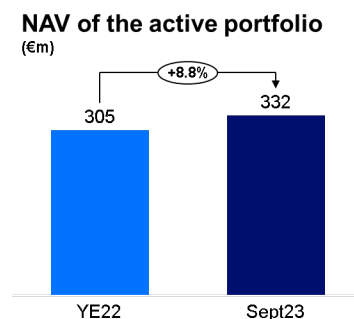


## Bright Pixel

### 90% stake, fully consolidated

During 3Q23, Bright Pixel continued to explore new opportunities to expand its active portfolio, which already includes more than 40 companies around the globe and reinforced the investment in some of its portfolio companies. Those investments led to a slight increase in both NAV and Cash Invested in the active portfolio to €332m and €167m, respectively.

Since the beginning of the year, Bright Pixel invested a total amount of €33.5m and enlarged its portfolio with 6 more new companies, generating an 8.8% increase in its NAV.



## Other investments

### Universo

#### 100% stake, consolidated as a discontinued operation<sup>2</sup>

Universo's teams continued to work on the development of the joint venture with Bankinter Consumer Finance aiming to create a new reference player in consumer credit in Portugal, and which is expected to be concluded before YE23.

Universo continued to deliver a resilient operational performance, in line with previous quarters, with total production of €719m and a total turnover of €36m, +34% yoy, in 9M23. The credit stock reached €399m, at the end of the period.

### Zeitree

#### 100% stake, fully consolidated

During 3Q23, Zeitree's brands continued to face a challenging macro environment, aggravated by abnormal weather conditions with revenues of €266m in 9M23, 4% below the same period of last year. In terms of profitability, uEBITDA margin decreased yoy to 4.0% in 9M23, mainly impacted by promotional efforts and the continued pressure on the cost side, despite some efficiency gains following the adoption of operational improvements and cost saving initiatives.

<sup>2</sup> Following the 50/50 partnership agreement with Bankinter Consumer Finance for the creation of a leading consumer credit operator in Portugal.

## Sparkfood

### Different stakes, some fully consolidated and others through equity method

Sparkfood is operating and investing in companies within the food value chain, by developing 2 main business platforms (i) the Alternative.s - a European supplier of next generation alternatives to animal proteins, namely plant-based; and (ii) the Ingredient.s - a global provider of natural ingredients for health & wellness, food systems and animal nutrition. In parallel, and directly linked to these 2 platforms, Sparkfood launched Venture.s, an area dedicated to invest in scale-ups that will fuel innovation to both its platforms across different areas (products, technologies, and solutions).

By the end of 9M23, Sparkfood's portfolio included five investments:

- 2 in the Alternative.s: (i) Gosh! Foods (majority stake), a plant-based food manufacturer based in the UK; and (ii) Mondarella (minority stake), a scale-up innovating in the plant-based cheese market, based in Germany;
- 1 in the Ingredient.s: SparkVos (majority stake), an Italian group of companies, focused on industrial manufacturing and distribution of natural active ingredients for the health & wellbeing segment; and
- 2 in the Venture.s: (i) Bluu (minority stake), food biotech start-up, based in Germany, developing cell-based seafood solutions; and (ii) Bon Vivant (minority stake), a French start-up dedicated to the development and production of animal-free milk protein ingredients through precision fermentation.

This portfolio illustrates the extensive market analysis work and proactive deal sourcing performed by Sparkfood in the past 2 years, resulting in total cash invested of over €110m in the current portfolio.

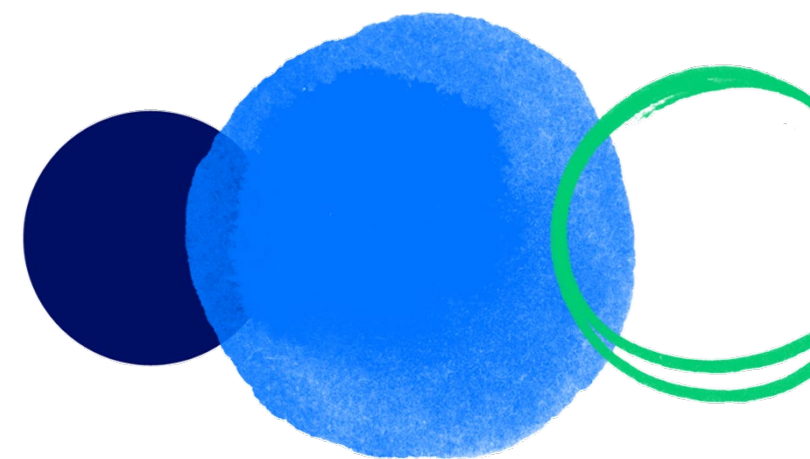
## Corporate Information

Main announcements during 9M23 are published in [www.sonae.pt](http://www.sonae.pt) and [www.cmvm.pt](http://www.cmvm.pt) (market regulator).

### Subsequent events

**October 11<sup>th</sup>:** Sonae SGPS, SA informed on completion of the sale of ISRG's stake.

**November 14<sup>th</sup>:** Sonae SGPS, SA informed on changes to the Board of Directors.



## Consolidated P&L

€m	3Q22 R	3Q23	yoy	9M22 R	9M23	yoy
<b>Turnover</b>	<b>2,036</b>	<b>2,205</b>	8.3%	<b>5,468</b>	<b>6,036</b>	10.4%
<b>Underlying EBITDA</b>	<b>182</b>	<b>205</b>	12.8%	<b>446</b>	<b>506</b>	13.4%
<i>margin</i>	<i>8.9%</i>	<i>9.3%</i>	<i>0.4 p.p.</i>	<i>8.2%</i>	<i>8.4%</i>	<i>0.2 p.p.</i>
Equity method results*	37	31	-16.6%	76	81	6.1%
Sierra	11	13	15.6%	30	38	26.2%
NOS	25	16	-38.5%	44	42	-5.4%
Others	1	3	-	2	1	-53.5%
Non-recurrent items	5	-2	-	21	-6	-
<b>EBITDA</b>	<b>223</b>	<b>234</b>	4.7%	<b>543</b>	<b>581</b>	7.0%
<i>margin</i>	<i>11.0%</i>	<i>10.6%</i>	<i>-0.4 p.p.</i>	<i>9.9%</i>	<i>9.6%</i>	<i>-0.3 p.p.</i>
D&A and Provisions and Imp.	-91	-100	-9.7%	-263	-296	-12.5%
<b>EBIT</b>	<b>132</b>	<b>134</b>	1.2%	<b>280</b>	<b>285</b>	1.8%
Net Financial results	-23	-33	-45.8%	-66	-93	-40.2%
Taxes	-8	-14	-70.3%	-9	-25	-
<b>Direct result</b>	<b>101</b>	<b>86</b>	-14.6%	<b>206</b>	<b>167</b>	-18.9%
<b>Indirect result</b>	<b>10</b>	<b>1</b>	-87.1%	<b>50</b>	<b>7</b>	-84.9%
<b>Net result</b>	<b>111</b>	<b>88</b>	-21.3%	<b>255</b>	<b>174</b>	-31.7%
Non-controlling interests	-19	-18	4.5%	-45	-39	13.1%
<b>Net result group share</b>	<b>92</b>	<b>69</b>	-24.8%	<b>210</b>	<b>135</b>	-35.7%

R - Restated as Universo was considered as asset held for sale and all periods in 2022 were restated to consider this asset as discontinued operation.

\* 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.

## Consolidated Balance Sheet

€m	30.09.22	30.06.23 R	30.09.23
Investment properties	343	358	363
Net fixed assets	2,180	2,208	2,254
Right of Use assets	994	1,138	1,146
Financial investments	2,077	2,092	2,118
Goodwill	689	663	687
Working capital	-915	-939	-1,016
<b>Invested capital</b>	<b>5,368</b>	<b>5,521</b>	<b>5,552</b>
Equity & minorities	3,182	3,135	3,235
Net debt	1,022	1,067	982
Net financial debt	1,047	1,136	1,075
Net shareholder loans	-26	-69	-93
Lease liabilities	1,165	1,319	1,335
<b>Sources of financing</b>	<b>5,368</b>	<b>5,521</b>	<b>5,552</b>

Note: The consolidated financial information contained in this report was prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The financial information regarding quarterly and semi-annual figures was not subject to audit procedures.



# Glossary

Capex	Investments in tangible and intangible assets and investments in acquisitions. For NOS it includes right of use.
Cash on cash ratio	Exit value of the investment divided by the initial investment.
Direct result	Results before non-controlling interests excluding contributions to indirect results.
(Direct) EBIT	Direct EBT - financial results.
EBITDA	Underlying EBITDA + equity method results + non-recurrent items.
EBITDA margin	EBITDA / turnover.
EoP	End of period.
Indirect result	Includes Sierra's results, net of taxes, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses of non-current assets (including goodwill) and (iv) provision for assets at risk. Additionally and concerning the remaining Sonae's portfolio, it incorporates: (i) impairments in retail real estate properties; (ii) reductions in goodwill; (iii) provisions (net of taxes) for possible future liabilities and impairments related with non-core financial investments, businesses, assets that were discontinued (or in the process of being discontinued/repositioned); (iv) results from mark-to-market methodology of other current investments that will be sold or exchanged in the near future and from other related income (including dividends); and (v) other non-relevant issues.
Investment properties	Shopping centres in operation owned and co-owned by Sierra.
Lease Liabilities	Net present value of payments to use the asset.
Like for Like sales (LfL)	Sales made by omnichannel stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods.
Loan to Value (LTV) - Holding	Holding net debt (average) / NAV of the investment portfolio plus Holding net debt (average).
Loan to Value (LTV) – Sierra	Total debt / (Investment properties + properties under development), on a proportional basis.

INREV NAV Sierra	Open market value attributable to Sierra - net debt - minorities + deferred tax liabilities.
Net asset value (NAV) of the investment portfolio	Market value of each Sonae's businesses – average net debt – minorities (book value). Sonae's NAV is based on market references, such as trading multiples of comparable peers, external valuations, funding rounds and market capitalisations. Valuation methods and details per business unit are available in Sonae's Investor Kit at <a href="http://www.sonae.pt">www.sonae.pt</a> .
Net debt	Bonds + bank loans + other loans + shareholder loans - cash - bank deposits - current investments - other long-term financial applications.
Net financial debt	Net debt excluding shareholders' loans.
Net invested capital	Total net debt + total shareholders' funds.
Open market Value (OMV)	Fair value of properties in operation (% of ownership), provided by independent international entities and book value of development properties (% of ownership).
Other loans	Bonds and derivatives.
Right of use (RoU)	Lease liability at the beginning of the lease adjusted for, initial direct costs, advance rent payments and possible lease discounts.
RoIC	Return on invested capital.
Total Net Debt	Net Debt + lease liabilities.
Total Shareholder Return (TSR)	Profit or loss from net share price change, plus any dividends received over a given period.
Underlying EBITDA	Recurrent EBITDA from the businesses consolidated using the full consolidation method.
Underlying EBITDA margin	Underlying EBITDA / turnover.

## 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 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.

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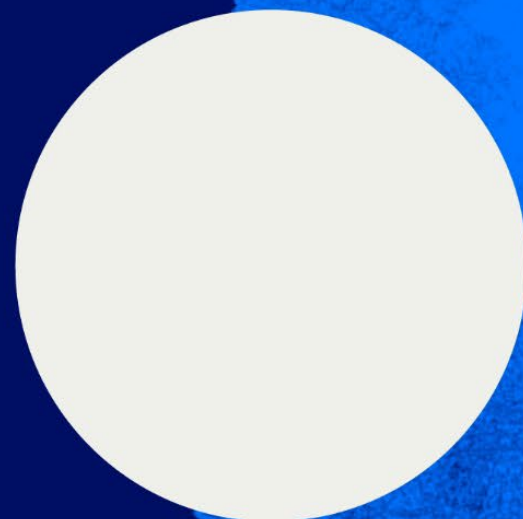
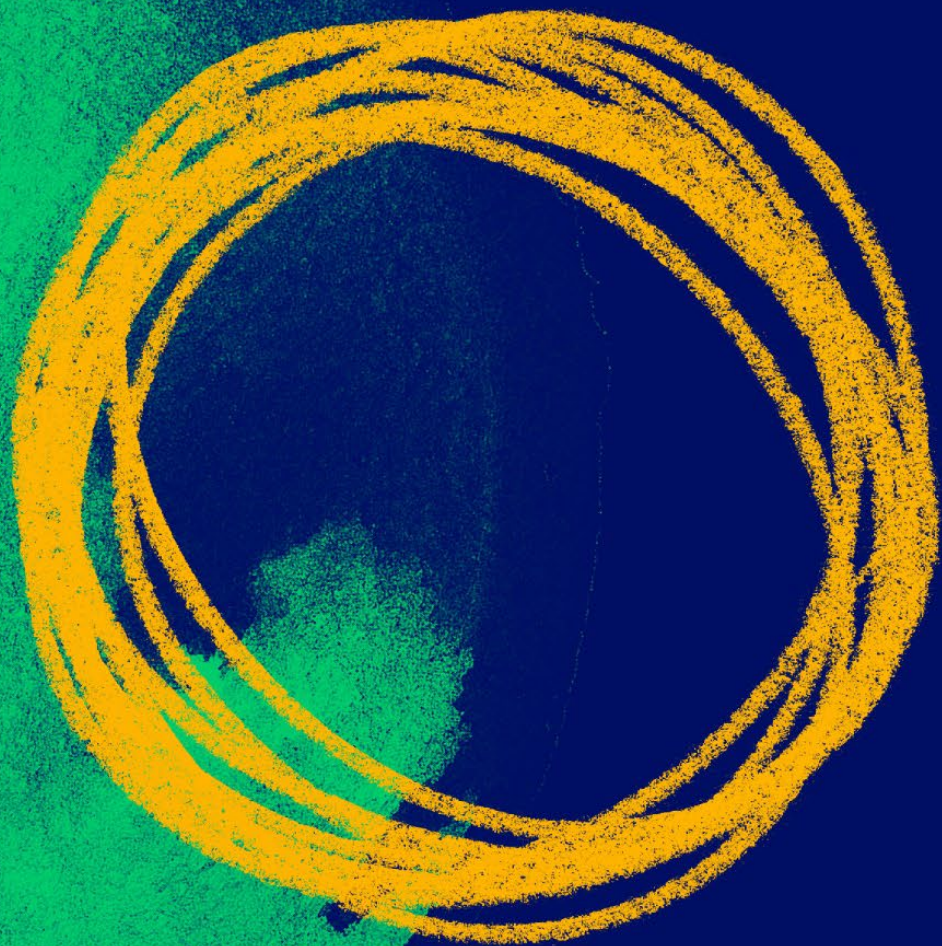
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Sonae is listed on the Euronext Stock Exchange. Information may also be accessed on Reuters under the symbol SONP.IN and on Bloomberg under the symbol SON PL





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