



# Sonae increases turnover by 8% to more than 3.4 billion euros

## 1. 2022 First Half Year Results Highlights (1H22)

- NAV rose to 3.8 billion euros and share price increased 17% in 2022
- Consolidated turnover grew 7.9% to 3.4 billion euros
- Clients recognize the effort from Sonae's businesses to be by the side of the families and mitigate the impacts of inflation and the war in Ukraine
- Profitability improved, as underlying EBITDA increased 5.2% to €259 M and total EBITDA grew 10.6% to €319 M
- Net debt decreased nearly €400 M, strengthening the solid capital structure
- Investment rose to €563 M in the last 12 months, of which €244 M in acquisitions
- Net result group share increased 89% to €118 M, translating growth in businesses, successful portfolio management and the pandemic-influenced 1H21 comparable
- Sonae strengthened participation in Sierra to 90% and created value from stake sale in Maxive, among others
- Group created more than 1,400 jobs in the last 12 months
- Support to the community grew 30% and surpassed €13 M
- Pledge to international commitments on behalf of the planet and innovative solution for advance payments to suppliers with sustainable practices

## 2. Message from the CEO, Cláudia Azevedo

"In the first half of 2022, and as we were preparing ourselves for a post-pandemic world, we were once again faced with a completely new and challenging reality, this time marked by intense supply chain disruptions, a surge in energy costs, and rising inflation and interest rates. This context, intensified by the war in Ukraine, had a significant impact on our communities and on our businesses, and put us once again to the test.

Despite the decrease in consumer confidence and an intense pressure on our cost structure, Sonae's portfolio continued to prove its adaptability, resilience, and ability to respond to customer needs. During the first half of the year, our portfolio was able to deliver a solid set of results with our businesses reinforcing once again their respective market leadership positions while consolidating their digital transformation paths.

At the end of June, total revenues increased 8% yoy and EBITDA grew more than 10% yoy. This consolidated operational performance, coupled with our active portfolio management, generated more than €600m in cash flow over the last 12 months, which, after the dividend payment to our shareholders last May, resulted in a yoy net debt reduction of almost €400m.

Sonae's share price increased 17% vs YE21, an outstanding performance against the market, and total shareholder return reached 54%, at the end of June 2022. Despite the negative evolution in equity capital markets, Sonae's Net Asset Value reached €3.8bn, with positive contributions from the increased profitability of MC and ISRG, higher NAV levels at Sierra and Bright Pixel, and a higher market cap at NOS.

At the same time, we maintained our commitments towards our planet, our people and our communities. We continued to make progress on several initiatives and launched a few new ones, such as the pledge to Zero Deforestation by 2030, the endorsement of the UN Ocean Principles, and the efforts to support the Ukrainian refugees in Portugal under the "Sonae for Ukraine programme". More importantly, and considering the current context of soaring inflation, our businesses reinforced the support to our customers by deploying differentiated competitive offers to alleviate the pressure on households' disposable incomes.

Looking forward, I am confident that, given our portfolio of leading companies, our dedicated teams and our solid financial situation, we are in a good position to navigate well through the coming macroeconomic cycle. As always, we will remain focused and united in overcoming the economic, social and environmental challenges of our time. However, today's volatility and uncertainty mean that we need to act with an increased sense of collaboration, speed and ambition. This must and will be our mindset. At the end of the day, our culture and sense of purpose will undoubtedly be the key drivers of our success."

### 3. Consolidated Analysis

#### **NAV reaches 3.8 billion euros and share price increased 17%**

Sonae's NAV rose to €3.8 bn at the end of the 1H22, benefitting from the Group's strong operational performance. Total Shareholder Return (TSR) reached 54% at the end of June 2022 and share price increased 17% compared to the end of 2021, demonstrating shareholders' confidence in Sonae's assets and ability to execute its strategy.

In terms of Sonae's portfolio management activity, during the 2<sup>nd</sup> quarter of the year (2Q22), it should be noted that Bright Pixel agreed on two exits (Cellwize and Maxive, this one yet to be completed) and completed two new investments. Considering the past 12 months, it is also worth highlighting 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).

#### **Sonae accelerates growth in 2<sup>nd</sup> quarter and posts sales increase with improved profitability**

Sonae's portfolio registered an accelerated growth in the 2Q22 and reached encouraging figures. Compared to the same period last year, in the 2Q22, consolidated turnover increased 10.7%, to €1.8 bn, mostly due to the positive contribution of MC, while consolidated underlying EBITDA increased 1.8%, to €139 M. This positive evolution of our fully consolidated businesses, combined with the improved performance of our equity consolidated businesses and the capital gains from Bright Pixel's portfolio activity, led to a Direct Result of €63 M in the 2Q22, +13.6% yoy. Indirect result stood at €30 M in the 2Q22, well above last year's figures, impacted by dividends received from the direct stake in NOS, the value of Sierra's investment properties and Bright Pixel's portfolio revaluations. All in all, Net result (group share) improved in the 2Q22 to €76 M.

Following this performance, in the 1H22 turnover grew 7.9% in total to €3.4 bn, as all companies delivered sales growth thanks to clients' recognition of our distinctive value propositions, as well as to the recovery in the activities most affected by the 1H21 lockdown. Likewise, operational profitability also posted a positive evolution, with underlying EBITDA growing 5.2% to €259 M and EBITDA improving 10.6% to €319 M. This business growth and successful portfolio management, coupled with the 1H21 comparable, allowed for the net result group share to increase 89% to €118 M in the 1H22.

#### **Investment reached €563 M in the last 12 months and debt decreased almost €400 M**

In the last 12 months, Sonae invested €563 M, as operational capex from investment in organic growth grew 26.4% to €319 M. Regarding the portfolio management activity, Sonae invested €244 M, received €104 M of dividends and €660 M of cash proceeds from asset sales, mainly related with the 24.99% stake sale in MC and the sale of MC's 50% stake in Maxmat. During the 1H22, the most relevant portfolio change was the acquisition of an additional 10% stake in Sierra for €83.5 M.

Sonae's FCF (before dividends paid) in the last 12 months reached €632 M, which allowed for a decrease of almost €400 M in the consolidated net debt, to €1,103 M at the end of the 1H22. Thus, the Groups' capital structure remained robust, with very comfortable leverage ratios and liquidity levels, being fully funded until the beginning of 2024. At the end of the 2Q22, Sonae held €1,020 M of available liquidity (cash and unused credit facilities), maintained a low cost of debt (less than 1%) and a debt maturity profile of over 4 years.

### **Group strengthens commitment to People and the Planet: over 1,400 jobs created, 30% rise in support to the community and commitment to international targets to protect the planet**

Sonae reinforced its strategic investment in people during 2022, creating more than 1,400 jobs in the last 12 months. These include Ukrainian workers who fled the war and came to Portugal, benefitting from the "Sonae For Ukraine" initiative that includes a bilingual employment platform with 785 enrolled. The project has already counted over 900 volunteering hours from employees across the Group's several companies, in initiatives such as welcoming refugees, logistic support or recruitment sessions throughout the country.

The company's ever-present concern for the community also led Sonae to further help struggling families and institutions around the country, as support to the community increased 30% and surpassed €13 M in the 1H22. The support provided focused particularly on the donation of food and non-food goods, technical and logistical aid, as well as financial.

As regards to protecting the planet, in the first six months of the year, Sonae announced that 60% of its funding would now be associated with ESG goals and adopted an innovative process in Iberia of advance payments to suppliers with good sustainability practices. In the 2Q22, Sonae took on the "Zero Deforestation" commitment, to ensure forest conservation within activities and operations under direct control of Sonae companies and their supply chains. More recently, Sonae signed onto the UN Global Compact Sustainable Ocean Principles.

## **4. Operational and financial analysis per business**

### **MC continues to gain market share and grows 7.6% to €2.7 bn**

In food retail, the increasingly challenging consumption context, characterised by accelerated inflation levels and a weakened purchase power, led households to reallocate their family budgets. MC was swift to respond to evolving customer needs, prioritising differentiated competitive offers and reinforcing savings solutions, which contributed to its solid performance. During the 2Q22, MC's total turnover grew 11.4% yoy, with a 9.8% LfL, on the back of the positive performance of the entire portfolio. While food formats accelerated in this quarter, surpassing market growth, non-food formats continued to recover from the pandemic restrictions enforced during the comparable period (LfL of +19.1%). This solid performance, in the 2Q22, led to a €2.7 bn turnover in the 1H22, implying a 7.6% yoy growth (LfL of +6%), reflecting consumers' high recognition levels. The online channel maintained its weight in total turnover, with sales reaching 2x above pre-pandemic levels.

In terms of profitability, the positive evolution in MC top line during the 1H22 contributed to offset pressures on the cost base, namely concerning rising energy and fuel prices, leading underlying EBITDA to grow to €242 M, with a 9% margin.

Meanwhile, MC continues to invest in the expansion, modernisation and refurbishment of its store network, as well as in the development of its digital and logistic capabilities, registering a capex of €44 M in the 2Q22.

### **Worten accelerates 5.9% in the 2Q22 and reaches €521 M in sales in the first six months**

In electronics retail, Worten posted robust results in the 2Q22, fully recovering from a challenging 1Q due to tough comparable sales in the 1Q21, which registered an extraordinary demand from IT products during lockdown and slow sales of heating products following this year mild winter. The 2Q22 was marked by a market recovery in a context of overall inflation.

In the 2Q22, Worten's turnover grew 5.9% yoy, to €261 M (LfL of +4.2%), with positive contributions from both geographies. This good performance led to a turnover growth in the 1H22 of 0.6%, compared to the 1H21, to €521 M.

The online channel continues to be an important growth avenue, now representing 15.6% of total turnover, significantly above pre-pandemic levels (5% in the 1H19).

The top line increase in the 2Q22 and the improved operational margin, resulting from a greater focus on services and favourable sales mix, did not fully offset operational cost increases, due to higher staff costs (as stores had restricted operating hours last year), higher energy and fuel prices and the company's continued investment in its digital transformation and on evolving its business model. Consequently, underlying EBITDA in the 2Q22 stood at €12 M (4.7% margin) and at €26 M in the 1H22 (4.9% margin), below the high profitability level registered in the 1H21, but above previous comparable periods.

### **Sierra posts €28 M returns and values assets by 5.7% to €978 M**

In real estate, Sierra recorded a positive 2Q22 at its shopping centre portfolio, its services business and on the execution of its growth avenues. Tenant sales at its European shopping centre portfolio outperformed 2019 levels by 8.3%, consistently across all countries. Sierra's services business recorded a 22.7% yoy top line increase and the execution of its development pipeline and investment management strategy also evolved favourably.

In terms of strategy execution, the company has been making significant progress, namely by (i) executing the conversion of its development pipeline in projects under construction, (ii) entering the final phases of execution of new investment vehicles, and (iii) signing new contracts for retail and condominium management, for leasing services, as well as for new projects.

On a proportional accounting basis, in the 1H22, total Net Result reached €28.1 M, a strong improvement when compared to the same period last year, with a contribution of +€20.2 M from Direct Result and of +€7.9 M from Indirect Result.

Sierra's NAV, according to INREV methodology, registered an increase of 5.7% at the end of June vs. YE21, mainly driven by the aforementioned positive Net Result in the period and a favourable FX impact, rising to €978 M.

### **Zeitreel grows 28.1% and improves profitability**

In the 2Q22, the fashion business continued to be impacted by a demanding context, with the conflict in Ukraine affecting consumer confidence and the inflationary trends pressuring consumers disposable income. Notwithstanding, Zeitreel has been proving its resilience, leveraging a diverse portfolio of brands and channels, with turnover recovering to pre-pandemic levels. In the 2Q22, turnover reached € 78 M, +4.3% yoy (LfL of +6.2%) and in the 1H22 turnover stood at €174 M, +28.1% yoy, with a LfL of +32.8%, both in line with 2019 figures. Online sales reached 8.9% of total turnover in the 1H22, continuing above pre-pandemic levels, leveraged by an omnichannel approach.

Following top line performance, Zeitreel delivered an underlying EBITDA of €1.3 M in the 2Q22 and of €7.3 M in the 1H22, a significant improvement of €5.9 M vs last year, despite the additional cost pressures in

relevant cost lines, such as utilities, wages and logistics, offset by a leaner cost base implemented in the last few years, which led to efficiency gains.

### **Universo surpasses 1 million clients and increases production by 17%**

In financial services, Universo's activity in the 2Q22 continued to post a positive evolution, with the credit backbook building up and phasing-out from the previous business model. Despite the impact of the macroeconomic context, Universo's production continued to register a clear recovery from last year, with a positive contribution from all business segments. In the 2Q22, production increased 13% yoy, leading to a total production of €528 M in the 1H22, +17% yoy.

The client base surpassed the 1 million threshold, adding more than 90k credit card holders when compared to the end of the 1H21. The company's digital footprint continued to be reinforced, with relevant investments in this channel, including the launch of the Universo digital onboarding tool. The focus on digital initiatives allowed Universo's total customer base to reach 65% of digital clients by the end of the 1H22.

Turnover more than doubled in this quarter compared to the 2Q21, reaching €17 M in the 1H22. The company's profitability continued to recover as expected, as underlying EBITDA improved €4 M in the 2Q22 and €6 M in the 1H22, yoy, benefiting from a more mature credit portfolio, as aforementioned, that more than offset the impact of the company's investments on the cost structure, namely on its digital channel and customer service.

### **Bright Pixel registers portfolio valuation, makes new investments and consolidates value**

In the 2Q22, Bright Pixel continued its portfolio management activity, namely through exit movements and investments in new companies and follow-ons in some of its portfolio companies. On the exit side, Bright Pixel agreed to sell, jointly with remaining minority shareholders, the total share capital and voting rights of Maxive, the holding company that aggregates S21sec and Excellium, to Thales Europe, with an estimated capital gain of €63 M, with closing pending from customary regulatory approvals. Additionally, the company sold its minority stake in Cellwize, a company in its portfolio since 2019, to Qualcomm Technologies, with total proceeds of €22.5 M and an estimated capital gain of €13.8 M.

Regarding the portfolio expansion, Bright Pixel concluded 2 new investments totalling €12.8 M, in the Retail Tech and Digital Infrastructure segments, and completed follow-on investments in some of its portfolio companies, namely in Sales Layer and Portainer.io in financing rounds of US\$25 M and US\$6.2 M, respectively.

Overall, the cash invested in the active portfolio reached €171 M at the end of the 1H22, +8.1% QoQ. NAV stood at €416.5 M, +10.1% QoQ, and +5.4% compared to the YE21, driven by the new investments and the positive evolution of the current portfolio value, which more than offset the company's exits.

### **NOS registers 9.4% growth and reinforces contribution to Sonae's results**

In telecom, turnover increased 8.1% yoy in the 2Q22, reaching €369 M, as the Media & Entertainment segment grew 68.1% compared with the 1H21 and the Telecom business grew 5.6% yoy. The quarter was marked by a strong return of viewers to movie theatres on a path of fast convergence to pre-pandemic levels. In the telecom business, the positive evolution was driven by both B2B and B2C service solutions, the latter mainly due to an increase in net subscribers of mobile services, and by a recovery in roaming revenues. All in all, turnover in the 1H22 reached €742 M, representing a 9.4% increase yoy.

As regards to profitability, EBITDA in the 2Q22 grew 5.4% yoy, to €163 M, and 5.1% yoy in the 1H22 to €322 M, with a 43.4% margin. Net result improved 2% yoy, to €44 M in the 2Q22, implying an equity method contribution to Sonae's results of €10 M in the quarter, reaching €19 M in the 1H22.

### **ISRG grows more than 71% and boosts online weight**

In sports retail, ISRG continued to improve its operational performance with sales already surpassing pre-pandemic levels both from organic operations and from the recently acquired businesses. The top line performance is in fact encouraging considering the macroeconomic context and the sector's trade

environment still marked by several supply chain disruptions. In the L3M 22 (February-April), total sales increased by 80% yoy to €255 M, fuelled by all brands that are recovering from last year's pandemic restrictions in Spain and lockdown in Portugal. Total sales registered a double-digit growth in the L6M 22 of more than 71% yoy, reaching €621 M. The online channel continued to expand its contribution, already reaching 20.2% of the top line in the L6M 22, mainly driven by Deporvillage's acquisition in 2021.

In terms of profitability, despite the increased pressure on the cost base from energy and transportation costs, together with some channel mix affecting the margin, the top line strong recovery led to an increase in the EBITDA level of €15 M yoy in the quarter, and of €18 M in the L6M 22 to €49 M.

Overall, the company's equity contribution to Sonae's results increased €3 M in the quarter, reaching €8.3 M in the L6M 22 (+€5.1 M yoy).

## 5. Financial indicators

<b>Consolidated results</b>						
Million euros	1H21 R	1H22	Var	1Q21 R	1Q22	Var
<b>Turnover</b>	<b>3,195</b>	<b>3,447</b>	<b>7.9%</b>	<b>1,600</b>	<b>1,771</b>	<b>10.7%</b>
<b>Underlying EBITDA</b>	<b>246</b>	<b>259</b>	<b>5.2%</b>	<b>136</b>	<b>139</b>	<b>1.8%</b>
Underlying EBITDA margin	7.7%	7.5%	-0.2pp	8.5%	7.8%	-0.7pp
Equity method results (*)	33	44	36.2%	17	20	15.2%
Non-recurrent items	10	16	-	10	13	-
<b>EBITDA</b>	<b>289</b>	<b>319</b>	<b>10.6%</b>	<b>164</b>	<b>172</b>	<b>5.2%</b>
EBITDA margin	9.0%	9.3%	0.2pp	10.2%	9.7%	-0.5pp
<b>EBIT</b>	<b>105</b>	<b>147</b>	<b>39.1%</b>	<b>82</b>	<b>85</b>	<b>4.0%</b>
Net financial results	-52	-43	-	-25	-21	-
Taxes	1	2	-	-1	-1	-
<b>Direct result</b>	<b>54</b>	<b>105</b>	<b>92.9%</b>	<b>55</b>	<b>63</b>	<b>13.6%</b>
Indirect result	15	39	-	10	30	-
<b>Total net results</b>	<b>69</b>	<b>144</b>	<b>-</b>	<b>66</b>	<b>93</b>	<b>41.4%</b>
Non-controlling interests	-7	-26	-	-4	-18	-
<b>Net result group share</b>	<b>62</b>	<b>118</b>	<b>89.1%</b>	<b>62</b>	<b>76</b>	<b>22.5%</b>

R – Restated. Maxive from Bright Pixel was considered as asset held for sale and all 2021 periods were restated to consider this asset as discontinued operation.

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