



# Sonae posts net result of 92 million euros in the third quarter

## 1. Results Highlights of Third Quarter 2022 (3Q22)

- Solid turnover growth, with net result decreasing 4.2%, pressured by the reduction of operational margins in a context of strong pressure on the cost base
- Solid market share gains in the Group's several businesses, with clients recognizing Sonae businesses' efforts to fight inflation and support families
- Underlying EBITDA reached €181 M, representing a margin reduction of 64b.p. due to efforts to support inflationary costs and ensure our offers' competitiveness, as well as the high energy costs
- Net result group share decreased 4.2% in the 3Q22, to €92 M, due to the reduction of 2.4b.p. of EBITDA margin to 11%
- Investment rose to €579 M in the last 12 months, €253 M of which in acquisitions, as Bright Pixel made two new investments and strengthened stakes in tech companies in 3Q22
- Aggregate international sales grew more than 40% in the last 9 months (9M22)
- Sonae's support to the community increased 51% and exceeded €21 M in the 9M22
- Commitment with the planet strengthened by subscribing the "COP15 Business Statement", urging protection of biodiversity

## 2. Message from the CEO, Cláudia Azevedo

"During the third quarter, we continued to live under a complex and volatile geopolitical and macroeconomic environment. Rising inflation and interest rates, coupled with sustained high energy costs, have been severely impacting our communities.

Against this backdrop, our businesses were once again able to increase their investment levels, reinforce their value propositions and support households in facing these challenges, namely by maintaining competitive prices and responding to evolving consumer needs.

During 3Q22, Sonae saw market share increases across all businesses and registered a strong top line growth, a clear recognition by our customers of the competitiveness and quality of our offerings. Profit margins were naturally depressed, driven by record energy and transport costs, higher supplier prices and trading down movements. Nevertheless, consolidated results showed a strong level of resilience, and we continue to have a very solid financial position.

Sonae also maintained its active portfolio management activity in the quarter. Sonaecom announced the termination of the partnership in ZOPT, a move which is fully aligned with our intention to remain a reference shareholder of NOS and ensure the adequate conditions for the company to deploy its ambitious strategy.

And Bright Pixel added two new retail tech companies to its portfolio and reinforced its position in some of the existing portfolio companies.

NAV reached €4bn at the end of 9M22, slightly above 1H22 level, mainly backed by the operational performance of our businesses and increased NAVs in both Sierra and Bright Pixel. Despite the strong fundamentals of our businesses, during 3Q22 Sonae's share price was impacted by the turbulence in capital markets, partially correcting in October.

Meanwhile, in this challenging context, we continued to be faithful to our mission and act responsibly in what concerns our social and environmental commitments. Regarding our communities, we continued to reinforce our support to local institutions, exceeding €21.5m in the first nine months of this year. In the environmental sustainability front, we reinforced our commitment by signing Business for Nature's "COP15 Business Statement", together with other 330 companies worldwide, urging governments for the need to set ambitious goals to halt and reverse the loss of biodiversity.

Overall, I am naturally proud of these results and encouraged to face the future. I am confident that, despite the macroeconomic headwinds, we remain well prepared to react rapidly to changing circumstances and capture opportunities that lie ahead. Sonae will continue to pursue its mission, always investing with a long-term view and in the best interest of our people, our communities, and our customers."

### 3. Consolidated Analysis of the 3Q22

#### NAV rises to 4 billion euros

NAV stood at 4 billion euros at the end of September 2022, 3% above the figure at the end of June, mainly due to the improved profitability of our business operations and increased valuation in both Sierra and Bright Pixel assets.

Sonae maintained an active portfolio management activity. During the 3Q22, Bright Pixel made two new investments, some follow-ons and concluded the sale of Cellwize. Already in October, Bright Pixel also concluded the sale of Maxive to Thales Europe, with a capital gain of €64.8 M, which will impact the 4Q22 results.

#### Sonae grows with market share gains and recognition of effort to contain inflation

In a challenging macroeconomic environment, the Group's businesses were able to drive a healthy operational growth. In the 3Q22, consolidated turnover surpassed 2 billion euros, growing 15% yoy, underpinned by solid market share gains in retail businesses. All businesses contributed positively and strengthened their leadership positions in their corresponding markets yet again, leading turnover to increase 10.4% in the 9M22, to 5.5 billion euros.

Sonae's international branch was likewise reinforced with the increase in aggregate international sales, posting a more than 40% growth over the last nine months, particularly leveraged by the contribution of ISRG sports banners.

Regarding operational performance, underlying EBITDA improved by 7.2% yoy in the 3Q22, to €181 M, reaching €440 M in the 9M22. The high costs of energy and production prices were partially absorbed by businesses in order to fight inflation and support families, thus pressuring our cost structure and leading to a decrease in margins. As such, underlying EBITDA margin decreased 0.6pp in the quarter and 0.3pp in the total of the 9M22. Equity method consolidated businesses also continued to deliver improved operational performance, which coupled with some recorded capital gains, drove to a consolidated EBITDA of €544 M in the 9M22 (+3.4% vs 9M21), despite the 5.4% reduction observed in the 3Q22 to €224 M.

Net result group share stood at €92 M in the 3Q22, a 4.2% reduction compared to last year, due to our efforts to absorb part of the inflation and ensure the competitiveness of our offerings, and also to the capital gain from the sale of Maxmat recorded last year. In cumulative terms, net result group share reached €210 M in

the 9M22, benefitting from the positive performance of our portfolio, from the 9M21 comparable affected by the pandemic and from the indirect result contribution from the revaluation in Sierra's assets and in Bright Pixel's portfolio.

**Investment reached €579 M in the last 12 months and capital structure remains robust**

In the last 12 months, Sonae invested €579 M, as concentration on the businesses' organic growth explains the €326 M in operational capex (+10.9%). Regarding the portfolio management activity, Sonae's investments totalled €253 M, including the 10% acquisition in Sierra, the additional stake in NOS and Bright Pixel's investments both in new companies and in follow-ons. Notwithstanding the high amount invested, the Group's net debt stood at 1,022 million euros and our capital structure remained solid, with very comfortable leverage ratios and liquidity levels (over 1 billion euros in available liquidity), as the Group is fully funded until the beginning of 2024, with an average cost of debt of circa 1%.

Already in the 4Q22, Bright Pixel concluded the sale of Maxive, which will have a significant impact on the Group's cash flow. The 50% stake sale in MDS (€100 M cash-in) is still pending the required regulatory approvals, but is expected to be closed until the end of the year.

**Group bolstered support to community in over 50% in the 9M22 and urges protection of biodiversity**

At a time when families' disposable income is under pressure, Sonae and its businesses strengthen support to families and communities, whether by providing the best prices at their stores or by helping families in need and institutions across the country. This commitment led to a more than 50% increase in the support to the community during the 9M22, which surpassed €21 M. Among the help distributed one should highlight the donation of food and non-food goods, technical and logistical support, as well as financial.

Likewise, Sonae continued to reinforce its strategic investment in people, having welcomed 74 trainees as part of the Contacto Programme, the largest number ever of entry opportunities since the beginning of this programme to recruit high potential young talent. In addition, this last quarter we also celebrated the opening of the Brave Generation Academy Hub at Sonae Campus, an academy that is dedicated to an innovative education model, open to employees' children and for the entire community.

In terms of protection of the planet, several ESG initiatives were implemented during these last months, as well as the public effort urging the protection of biodiversity. Accordingly, Sonae joined the more than 330 worldwide companies in the "COP15 Business Statement", in an urge for Heads of State to have the corporate sector assessing and disclosing their performance on nature by 2030 in order to halt and reverse the loss of biodiversity.

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

**MC supports Portuguese families to fight inflation and gains market share in 3Q**

During the 3Q22, the demanding economic environment, characterised by mounting inflation and rising interest rates, continued to negatively affect families' disposable income and consumer sentiment. The Portuguese food retail market continued to grow yoy, backed by the record high food inflation (15% in the 3Q and 11% in the 9M), which offset the reduction in total volumes as a consequence of the rising cost of living.

In this adverse context, MC formats value proposal continued to be recognised by consumers, with total sales reaching 1.6 billion euros in the 3Q22, increasing 16.0% yoy and with a +13.3% LfL evolution. This good performance was similar across both food and non-food businesses. Turnover in the 9M22 reached 4.3 billion euros, a 10.6% yoy (LfL of +8.6%), as MC strengthened its omnichannel strategy and reinforced its leadership position in Portugal.

In terms of profitability, MC continues to face harsh pressures on its cost base, considering the high record energy prices along with the implemented measures to protect its customers and reinforce competitiveness by absorbing part of the inflationary charges. In fact, energy costs continued to increase significantly in the 3Q22, remaining roughly €40 M above 2021 levels in the 9M22, being the main driver to the margin erosion in both periods. As such, underlying EBITDA stood at €158 M in the 3Q22 (+5% yoy), with a 9.9% margin (-100bps compared to the 3Q21), leading the 9M22 figure to €400 M (+4% yoy) and a 9.3% margin (-59bps compared to the 9M21).

Regarding capex, MC invested €61 M in the 3Q22 (€131 M in the 9M22), focusing on powering its digital and logistic infrastructure, as well as expanding and refurbishing its store network. In the quarter, MC opened 16 new company-operated stores, representing an additional 6 thousand square metres of sales areas.

### **Worten grows 11% in the 3Q22 and strengthens leadership in Portugal**

In electronics retail, Worten recorded a solid performance as a result of its successful omnichannel value proposition, combining highly convenient solutions with a wide product and services portfolio. In the 3Q22, turnover reached €315 M, +10.6% yoy (8.5% LfL), fostered by the positive contribution of seasonal categories sales, fuelled by high summer temperatures. In cumulative terms, the positive evolution of the last two quarters more than offset the challenging 1Q21 comparable, leading to a turnover increase of 4.2% yoy (+3.2% LfL) to €836 M. This strong sales performance led Worten to reinforce its market share in the Portuguese market, both online and offline.

Regarding profitability, efforts on the ongoing digital transformation and the increasing pressure on the cost structure, mainly on energy costs, partially offset the positive top line evolution. Consequently, underlying EBITDA in the 3Q22 stood at €21 M, 3.1% more yoy, with a 6.5% margin. In the 9M22, underlying EBITDA remained below last year's figure, mostly due to the exceptionally high performance in the 1Q21 fuelled by the mandatory lockdown imposed in Portugal during that period.

### **Sierra registers a 9% asset valuation, surpassing one billion euros**

In the real estate sector, during the 3Q22, Sierra registered a strong operating performance across all business lines, particularly in its shopping centre portfolio, which posted a sales growth of 25.2% yoy, and of 11.9% compared to the 3Q19, consistently across all its assets' geographies. In addition, occupancy rates continued to increase and reached 97.5%, while collection rates also returned to pre-pandemic levels. These consistent trading figures are a clear sign of the strength and resilience of Sierra's shopping centre portfolio.

As for the services business, Sierra achieved significant milestones during 9M22, increasing its non-shopping centre assets under management through investment vehicles, gaining new property management contracts, and continuing Reify's expansion to new sectors and geographies. Overall, top line of the services business in the 3Q22 improved 9.5% yoy.

On a proportional accounting basis, Sierra's Net Result stood at €17 M in the 3Q22, €6 M more than when compared with the 3Q21, benefitting from a strong operational performance and capital gains from an asset sale (€5 M). In cumulative terms, Net Result reached €45 M at the end of the 9M22, with a €32 M contribution from Direct Results and of €13 M from Indirect Results.

In addition, at the end of September, Sierra's NAV, according to INREV methodology, registered a 9% increase compared to the end of 2021, surpassing 1 billion euros.

### **Zeitree grows 8% in the 3Q22 with positive contribution from all brands**

In the 3Q22, fashion retail continued to post a growth trend with a positive contribution of all portfolio brands, despite a very challenging context for discretionary consumption products (lower disposable income impacted by evolution in inflation and interest rates). Accordingly, Zeitree's total turnover grew 8% yoy (+2.6% LfL), to €102 M, with a positive contribution from all retail operations, reaching a solid growth of 20% in the 9M22, to €276 M. Both quarterly and cumulative figures are in line with 2019 levels, showing a definite recovery.

Online sales also continued to deliver a positive evolution when compared to pre-pandemic levels, having reached 14% of omnichannel turnover in the 9M22.

In terms of profitability, Zeitreel was able to offset the increase in some cost lines (such as energy and logistics), and underlying EBITDA improved by €2 M in the 3Q22 and by €8 M in the 9M22, reaching €17.3 M at the end of the 9M22.

### **Universo registers over 1 million clients and increases production by 16%**

In financial services, despite the macroeconomic context, Universo continued to implement its strategy during the 3Q22, as its activity showed once again a positive recovery from last year and the company continued to build its credit book.

Regarding production, the strong evolution of most business lines led to an increase of +13% yoy in the 3Q22, totalling €824 M in the 9M22, implying a 16% growth compared to the 9M21. In line, the client base also continued to grow with an additional 85 thousand new credit card holders when compared to the end of the 9M21, and 16 thousand more compared to the 1H22, representing more than 1 million clients, 65% of whom are digital clients.

Lastly, regarding Universo's operational performance, turnover increased by €4 M in the 3Q22 and €13 M in the 9M22, versus the same period last year. Underlying EBITDA improved by €4 M in the 3Q22, and €10 M in the 9M22, benefitting from a more mature credit book, coupled with cross-selling initiatives.

### **Bright Pixel registers valuation and invests about €20 M in portfolio**

During the last quarter, Sonae's corporate venture arm continued rather active, investing about €20 M in portfolio expansion and follow-ons. Two new companies in the Retail Tech segment were added to the portfolio and relevant financing rounds occurred in some of the held companies, including a \$28.7 M series B financing round at Iriusrisk, a \$7.1 M series A financing round at Didimo, and a €7.7 M series A financing round at Probe.ly. Bright Pixel participated in all these rounds, reinforcing its investment and improving the value of its previous stakes. At the end of the 9M22, capital invested in the active portfolio amounted to €192 M, +12.0% on a quarterly basis and +14.5% compared to the end of 2021.

On the exit side and during the 3Q22, Bright Pixel received cash proceeds of €23.5 M from the sale of its minority stake in Cellwize. Already in October, with cash impacts in the 4Q22, the company concluded the sale of Maxive, and its subsidiaries S21sec and Excellium, to Thales Europe (with a capital gain of €64.8 M).

Active NAV reached €457 M at the end of the 9M22, implying +9.8% on a quarterly basis and +15.8% compared to the end of 2021, clearly reflecting the impact of recent acquisitions, as well as the positive evolution in the value of previous investments.

### **NOS posts a 4.1% growth in the 3Q22 and strengthens contribution to Sonae's results**

In telecommunications, NOS turnover increased 4.1% yoy to €381.5 M in the 3Q22, +3.0% in the telco segment and +22.8% in the media and entertaining segment, reaching 1.1 billion euros in the 9M22 (+7.5% yoy). Concerning profitability, EBITDA from the 3Q22 grew 3.9% to €178 M, +5.1% yoy in the telco segment, reaching €500 M in the 9M22 (+€22 M yoy). This positive operational performance and the €74.7 M capital gain from the sale of an additional portfolio of towers to Cellnex, led Net income in the 3Q22 to reach €106 M. Total capex stood at €120 M in the 3Q22, explained by NOS 5G deployment programme and its FttH (Fiber to the Home) network expansion.

As such, NOS equity method contribution to Sonae's results amounted to €25 M in the quarter (+€14 M compared to the 3Q21), reaching €44 M in the 9M22.

### **ISRG grows more than 40% and online weight increases to 19%**

In sports retail, in the L3M 22 (May-July) ISRG continued to show encouraging signs across all banners and channels, with a sound operational performance in the period, despite the challenging macroeconomic

context still marked by several supply chain disruptions affecting the sector. In these three months, total sales registered a double-digit increase of 41.5% yoy to €321 M, fuelled by both the organic operations (+11% yoy) and the recently acquired businesses. In the L9M22, total sales reached €938 M, which represents an increase of 58.9% yoy. The online channel continues to be an important growth avenue, reaching almost 19% of turnover in the L9M 22 (vs 13% in the L9M 21), mainly driven by the Deporvillage's acquisition in 2021.

In terms of profitability, EBITDA increased €8.5 M yoy in the quarter, and €26.3 M in the L9M 22 versus the L9M 21, to €94 M, fuelled by the strong turnover performance and operational gains.

## 5. Financial Indicators

Consolidated results Million euros	9M21 R	9M22	Var	3Q21 R	3Q22	Var
<b>Turnover</b>	<b>4,973</b>	<b>5,493</b>	<b>10.4%</b>	<b>1,778</b>	<b>2,045</b>	<b>15.0%</b>
<b>Underlying EBITDA</b>	<b>415</b>	<b>440</b>	<b>6.0%</b>	<b>169</b>	<b>181</b>	<b>7.2%</b>
Underlying EBITDA margin	8.3%	8.0%	0.3pp	9.5%	8.9%	-0.6pp
Equity method results (*)	59	83	39.7%	27	39	43.8%
Non-recurrent items	52	21	-	41	5	-
<b>EBITDA</b>	<b>526</b>	<b>544</b>	<b>3.4%</b>	<b>237</b>	<b>224</b>	<b>-5.4%</b>
EBITDA margin	10.6%	9.9%	-0.7pp	13.3%	11.0%	-2.4pp
<b>EBIT</b>	<b>261</b>	<b>278</b>	<b>6.7%</b>	<b>155</b>	<b>131</b>	<b>-15.3%</b>
Net financial results	-78	-66	-	-26	-23	-
Taxes	-13	-7	-	-14	-8	-
<b>Direct result</b>	<b>169</b>	<b>206</b>	<b>21.3%</b>	<b>115</b>	<b>101</b>	<b>-12.6%</b>
Indirect result	24	50	-	9	10	12.5%
<b>Total net results</b>	<b>193</b>	<b>255</b>	<b>31.9%</b>	<b>124</b>	<b>111</b>	<b>10.7%</b>
Non-controlling interests	-35	-45	-	-28	-19	-
<b>Net result group share</b>	<b>158</b>	<b>210</b>	<b>32.6%</b>	<b>96</b>	<b>92</b>	<b>-4.2%</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.