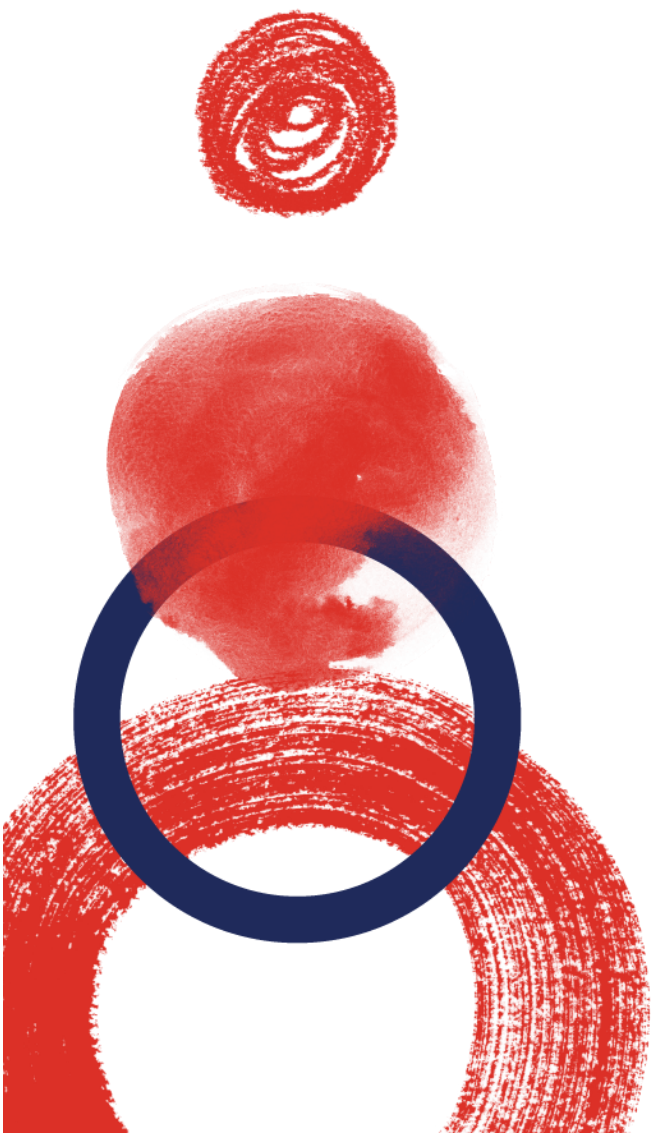




1st Half Results, 2022

Matosinhos, 28th July 2022

Proforma unaudited figures reported according to IFRS 16





01.

HIGHLIGHTS¹

- Turnover expanded to €2,695m in 1H'22, growing by 7.6% y.o.y. and 6.0% in like-for-like
- Grocery formats accelerated in 2Q'22, with Hypermarkets and Supermarkets outpacing market growth
- New growth businesses kept a buoyant trend, fuelled by the progressive return to pre-pandemic consumption patterns
- Cost inflation pressures were partially offset by reinforced trading and efficiency-enhancing initiatives, taking unEBITDA to €242m (9.0% margin)
- The positive evolution of the business allowed a sound free cash flow generation, €36m higher than in the same period last year
- Leverage ratios continue to evolve very favourably, showing an increasingly solid financial position

MESSAGE FROM THE CEO | Luís Moutinho

“Amid a consumption environment impacted by high inflation, which has been severely eroding households’ purchasing power, MC has prioritized supporting Portuguese families in managing their food budgets, promoting differentiated offers at competitive prices and reinforcing savings solutions. We are extremely proud that customers continued to recognise our distinctive value proposition, consolidating their loyalty and engagement ties, which significantly contributed to the strong performance achieved across all our businesses.

Going forward, as the pressure on families’ finances intensifies, we remain committed to evolving our value proposal in line with consumer needs, and to providing additional savings opportunities. Also, in a predictably more normalized public health scenario, we’ll play our part to help Portuguese families enjoy summertime as they did before the pandemic, ensuring availability and exceptional levels of service.”



Continente's stall at the Rock in Rio Lisbon festival

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



02.

OPERATIONAL AND FINANCIAL PERFORMANCE

TURNOVER (€m)	1 st Half				2 nd Quarter			
	2021	2022	Δ y.o.y.	Δ LFL	2021	2022	Δ y.o.y.	Δ LFL
Total MC	2,505	2,695	7.6%	6.0%	1,258	1,401	11.4%	9.8%
Hypermarkets	832	871	4.7%	5.3%	416	450	8.0%	8.7%
Supermarkets	1,272	1,342	5.6%	3.3%	633	703	11.2%	8.9%
New Growth Businesses & Others	401	482	20.2%	24.1%	209	248	18.6%	19.1%

KEY RESULTS (€m)	1 st Half			2 nd Quarter		
	2021	2022	Δ y.o.y.	2021	2022	Δ y.o.y.
Underlying EBITDA (unEBITDA)	235	242	3.2%	128	134	4.7%
as % of turnover	9.4%	9.0%	-0.4pp	10.2%	9.6%	-0.6pp
Net profit (from continuing operations)	48	62	29.3%	38	42	10.7%

- In the 1H'22, the impacts of the war in Ukraine on global supply severely intensified the inflationary pressures in the economy. A weakening purchasing power, exacerbated by a prospect of rising interest rates, kept consumer confidence low and led Portuguese families to reassess their budgets.
- Record high food inflation (8.6% in 1H'22) induced an uplift in the Portuguese grocery market in 1H'22, compared to a historical period that still benefited from at-home consumption (Horeca opened only in May-21). Even so, there was a reduction in total market volumes due to the global increase in the cost of living and the resumption of pre-pandemic out-of-home eating behaviours.
- MC sales increased by 7.6% to €2,695m in 1H'22, with a 6.0% like-for-like, and a positive performance across the portfolio, on the back of favourable customer perception levels. Amid a more cautious and value-oriented consumption environment, MC was swift to address evolving customer needs, reinforcing a distinctive and competitive offering across all banners (with seasonal discount campaigns, affordable private label offers and a strong fresh value proposition, among others).
- Grocery formats accelerated in 2Q'22, with Hypermarkets and Supermarkets expanding ahead of the market. The Hypermarkets' one-stop shop proposition continued to distinguish itself in the eyes of customers, while Supermarkets continued in a positive business momentum. FMCG private label products increased in importance, as consumers, looking to make ends meet, recognized and valued the quality of MC's offers.
- The Company continued to champion sustainable nutrition, for instance, mobilizing outdoor gastronomic events (such as food stalls at summer festivals or, more recently, the Continente Food Festival) and fighting food waste (with initiatives to donate or avoid food surpluses), promoting community engagement and brand recognition.
- In the New Growth Businesses segment, health, wellness and beauty and food service formats remained on an upbeat trajectory. In the former, turnover climbed driven by the ramp-up of the selective beauty and perfumery concept, and the ongoing investment in innovative product ranges. In the latter, Bagga cafeterias and the healthy Go Natural restaurants particularly benefited from the easing restrictions and normalisation of eating-out behaviour.



- Online channel sales showed a favourable evolution in 2Q'22 compared to 1Q'22 (growing 4.1% y.o.y.), taking 1H'22 online sales variation to -5.9%. On a 3-years comparison, 1H'22 online sales were more than 2x higher. The Company continued investing in omnichannel leadership and pushing for new digital solutions, particularly in the fields of payments (simplification of Continente app in-store usage), checkouts (new self-checkout model pilot) and loyalty (gamification in the app Cartão Continente – e.g. Santos Populares).
- MC continued to show a solid profitability profile, with unEBITDA standing at €242m (+€8m y.o.y.), or 9.0% of turnover. The uplift in non-grocery banners profitability (as public health situation normalized) helped to limit the impacts of ongoing inflationary pressures on the cost base – specially in energy-related costs. The Company also carried on with efficiency enhancing initiatives, with emphasis on energy consumption optimization (such as promoting energy self-consumption and refrigeration storage improvements).

FREE CASH-FLOW AND DEBT (€m)	1 st Half		
	2021	2022	Δ y.o.y.
Gross cash-flow	160	165	5
Change in working capital & other cash impacts	-120	-90	31
Operational capex	-68	-70	-2
Income tax and net financial activity	-13	-11	2
Free cash-flow	-42	-5	36
Distributed dividends	-140	-243	-103
Change in net financial debt (vs. year-end)	-182	-248	-
Net financial debt	664	628	-36
Lease liabilities	1,085	1,069	-16
Total net debt ² to unEBITDA	3.3x	3.1x	-

- Operational capex totalled €70m in 1H'22, powering future growth through investments in the digital front (IT backbone, cybersecurity) and in the development of logistic infrastructures, maximizing the efficiency of the supply chain. MC also continued to focus in segments with high growth potential, such as health, wellness and beauty, and proximity, expanding and remodelling its store network, mainly in densely populated zones, such as the metropolitan areas of Lisbon and Porto.
- Free cash flow generation reached -€5m in 1H'22 (€36m more than in same period last year), with a cash conversion ratio of 64.7%, driven by positive operational performance, disciplined approach to investment and efficient working capital management. At this regard, MC ensured a streamlined inventory management and continuous shelf replenishment (despite global issues in the supply chain of certain products, such as cereals and sunflower oil), capitalizing on top-notch processes and relationships with suppliers.
- The balance sheet position remained robust. After the payment of dividends, net financial debt reduced to €628m, resulting in a total net debt to unEBITDA ratio of 3.1x. MC conserved also a comfortable financing structure, with all funding needs ensured until the end of 2023 and a debt schedule with average maturity of more than 4 years. The Company continued to favour ESG-linked or Green operations and funding.

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



03. OUTLOOK

- Uncertainty prevails over the duration and extent of the current adverse geopolitical conditions and their impacts on both consumer purchasing decisions and the cost structure of grocers, namely in energy-related costs. The foreseeable future increases in interest rates, by affecting the value of mortgage loan instalments for families, complicate this equation.
- In this background, with consumers managing tighter family budgets and paying increasing attention to the evolution of prices and promotions, the Portuguese food retail market should remain very competitive, but rational. MC remains confident in the future, backed by its distinctive value proposition, cost efficiency track record and ability to adapt to evolving challenging times.
- Looking ahead, MC will continue to pursue its strategic and core priorities, both in grocery, setting differentiation, value and scale as key enablers for the business, and in health, wellness and beauty, expanding leadership and fully capturing its long-term potential, always supported by a digital and omnichannel approach.



A.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED RESULTS (€m)	1 st Half			2 nd Quarter		
	2021	2022	Δ y.o.y.	2021	2022	Δ y.o.y.
Turnover	2,505	2,695	7.6%	1,258	1,401	11.4%
Underlying EBITDA (unEBITDA)	235	242	3.2%	128	134	4.7%
<i>as % of turnover</i>	9.4%	9.0%	-0.4pp	10.2%	9.6%	-0.6pp
D&A	-139	-134	-3.9%	-65	-68	4.3%
Underlying EBIT (unEBIT)	96	109	13.5%	63	66	5.1%
<i>as % of turnover</i>	3.8%	4.0%	0.2pp	5.0%	4.7%	-0.3pp
Net financial activity	-39	-37	-	-18	-18	-
Other investment income	0	0	-	0	0	-
Non-recurring items	-	-	-	-	-	-
Equity method	1	0	-	0	0	-
EBT	57	72	26.0%	45	49	8.6%
Income tax	-9	-9	-	-7	-6	-
Minorities	0	-1	-	-0	-1	-
Net profit (from continuing operations)	48	62	29.3%	38	42	10.7%

CONSOLIDATED BALANCE SHEET (€m)	1 st Half		
	2021	2022	Δ y.o.y.
Net fixed assets	1,587	1,610	1.5%
Leased assets right-of-use	943	911	-3.4%
Goodwill and financial investments	475	475	-0.1%
Working capital	-543	-551	1.4%
Invested capital	2,462	2,445	-0.7%
Shareholders' funds ³	713	749	5.0%
Lease liabilities	1,085	1,069	-1.5%
Net financial debt	664	628	-5.5%
Sources of financing	2,462	2,445	-0.7%
Total net debt ² to unEBITDA	3.3x	3.1x	-

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

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



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), Washy (self-service laundromat) and Home Story (home decor). MC serves 4.2 million Customers every week in more than 1,300 stores and e-commerce platforms and employs 37 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