MC Sonae

1st Quarter Results, 2022

Matosinhos, 18th May 2022

Proforma unaudited figures reported according to IFRS 16

01.
HIGHLIGHTS[1]

- Turnover totalled €1,294m, up by 3.8% y.o.y. and by 2.2% on a like-for-like basis, especially driven by the strong performance of the new growth businesses segment

- MC continued to gain market share, while strengthening overall customer perception and engagement levels across its portfolio of brands

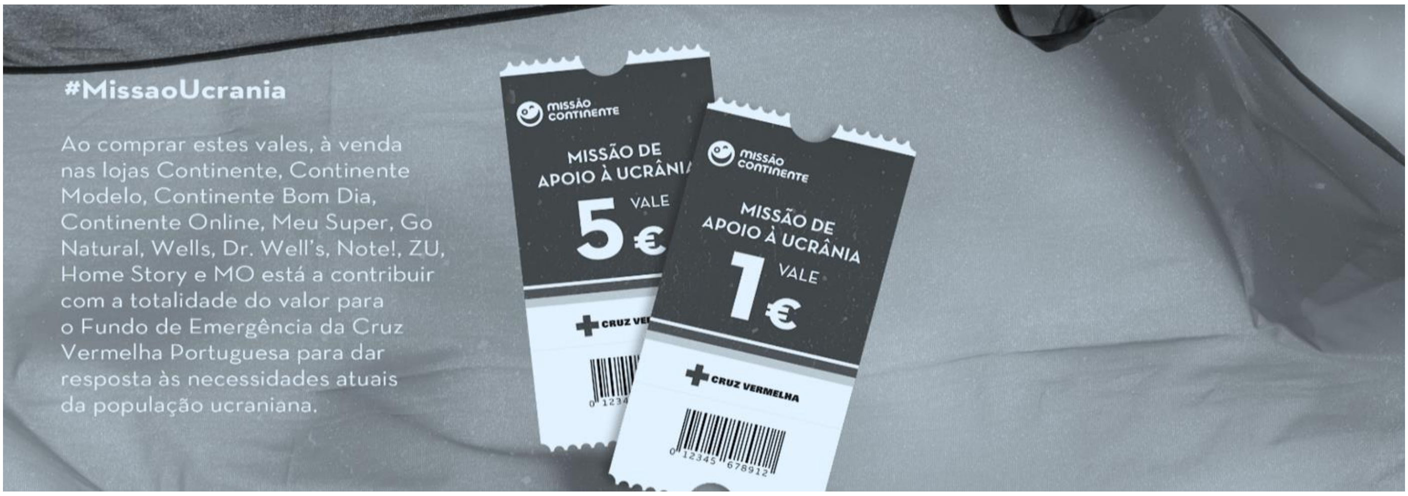
- Underlying EBITDA increased to €108m, corresponding to a broadly stable margin of 8.4%, despite exceptional cost pressures felt in the quarter (particularly in energy)

- The Company further reinforced its solid financial position, reducing net financial debt to €466m, resulting in a total net debt/unEBITDA ratio of 2.9x

MESSAGE FROM THE CEO | Luís Moutinho

"At a time when the impacts of the Covid-19 pandemic were fading, the outbreak of war in Ukraine created a new global turmoil, bringing higher inflation and worsening prospects for economic growth. Despite this turbulent context, MC posted a robust set of results. Our business momentum remained positive and operational performance was steady, as an outcome of the dynamism and agility of our teams.

Amid the current uncertainty, we will remain attentive to the geopolitical and macro developments, and to the evolution of consumer and market trends. We will continue to ensure our distinctiveness in the eyes of customers, presenting the best value proposition in the market, at the lowest prices, maintaining our focus on growth, digital transformation and operational excellence."



#MissionUkraine: fundraising campaign to support Ukrainian people launched by Continente Mission in a joint effort with the Red Cross

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

02.

OPERATIONAL AND FINANCIAL PERFORMANCE

TURNOVER (€m)	1st Quarter			
	2021	2022	Δ y.o.y.	Δ LFL
Total MC	1,247	1,294	3.8%	2.2%
Hypermarkets	416	421	1.4%	1.9%
Supermarkets	639	639	0.0%	-2.1%
New Growth Businesses & Others	192	234	21.9%	29.9%

KEY RESULTS (€m)	1st Quarter		
	2021	2022	Δ y.o.y.
Underlying EBITDA (unEBITDA)	**106.5**	**108.1**	**1.5%**
as % of turnover	*8.5%*	*8.4%*	*-0.2pp*
Net profit (from continuing operations)	**10.2**	**20.2**	**98.9%**

- The 2022 exercise began with the progressive unlocking of populations and normalization of social, labour and consumption patterns, contrasting markedly with the confinement measures promoting home-centred routines in the same period in 2021.

- By the end of February, Portuguese families' high spirit and daily life were markedly derailed by the ongoing war in Ukraine – most notably by the drastic increase in the cost of living. With Horeca consumption resuming, Easter occurring later in April, and family disposable income under stress, Portuguese grocery volumes retracted in the period, amid an environment of 5.2% food inflation in 1Q'22.

- Despite the tough economic context, the unfavourable Easter calendar and the demanding comparable basis, MC delivered a solid trading performance in the first quarter of 2022. Turnover increased to €1,294m, growing 3.8% y.o.y. and 2.2% on a like-for-like basis. The Company outpaced the overall market dynamic, reinforcing market share on the back of improved customer recognition and performing very strongly against the pre-pandemic baseline (+16% vs. 1Q'19).

- The good performance of grocery formats was particularly noticeable in Hypermarkets, with a like-for-like of 1.9% in the period. Supermarkets topline evolution reflected the demanding comparable base in 1Q'21 and a very positive like-for-like growth versus the pre-pandemic period (+16% vs. 1Q'19). During the quarter, MC continued to develop new customer offers, namely in the food solutions arena, by launching the "Cozinha Continente" concept and introducing new and innovative ready-to-eat offers. The Company continued fuelling its customer ecosystem with initiatives such as the new Continente baby club.

- New Growth Businesses showed a buoyant trajectory with a like-for-like of 29.9%, driven by health, wellness and beauty and foodservice formats. Both businesses excelled in the quarter, overcoming prior year lock-down restrictions and capturing the rebound of out-of-home consumption. The Company continued powering-up transformative and growth initiatives, such as the development of additional fast-pacing and inventive business segments within health, wellness and beauty.

- Total online sales faced an y.o.y. contraction of -14% in 1Q'22, in a path of natural consolidation from the exceptional growth over the last two years. Nevertheless, the channel continued to register absolute figures two times higher than pre-pandemic levels. MC kept progressing on the digital front and enhancing the distinctiveness of its omnichannel proposition, offering tailored solutions for different consumption moments and profiles.

- Despite atypically high energy costs, MC's operating profitability remained broadly stable in the period. This result was driven by the progressive normalization of trading activity (particularly in the health, wellness and beauty segment) and cost bases (namely with easing Covid-related expenses), and also by the continuous initiatives to increase agility and efficiency (such as the ongoing re-architecting of MC's logistics network). Underlying EBITDA totalled €108m (+€2m y.o.y.), corresponding to 8.4% as a percentage of sales (-0.2pp y.o.y.). All in all, net profit from continuing operations reached €20m, increasing by €10m versus 2021.

- On a different note, the Company remained conscious of its role as an active agent to promote a positive impact in the society. Namely, in the field of active community support, MC developed several solidarity initiatives with Ukraine, with emphasis on the "Mission to Support Ukraine" emergency campaign that raised more than €1.6m for the Portuguese Red Cross.

FREE CASH-FLOW AND DEBT (€m)	1st Quarter		
	2021	2022	Δ y.o.y.
Gross cash-flow	*70*	*71*	*1*
Change in working capital & other cash impacts	*-107*	*-127*	*-20*
Operational capex	*-28*	*-26*	*2*
Income tax and net financial activity	*-5*	*-4*	*1*
Free cash-flow	-70	-87	-16
Net financial debt	553	466	-87
Lease liabilities	1,087	1,076	-10
Total net debt[2] to unEBITDA	3.1x	2.9x	-

- Free cash-flow amounted to -€87m in the 1Q'22 (-€70m in same period last year), reflecting the sound operating results, the execution of the Company's investment plan and working capital seasonal effects. The cash conversion ratio stood at 70.3%.

- Operational capex reached €26m and was mainly directed towards new store openings (that will materialize progressively along the year), store network modernisation and refurbishment initiatives to promote increasingly engaging shopping experiences. MC also backed structural investments in digital transformation, IT and logistics, enabling more agile and sophisticated processes and ways of working.

- As at March 31, MC maintained a solid balance sheet structure, having reduced net financial debt by €87m y.o.y. to €466m, and reaching a total net debt/unEBITDA ratio of 2.9x. The Company kept an attractive funding structure, with significant amounts of ESG-linked or Green long-term facilities, a debt maturity profile of more than 4 years and all funding needs ensured until the end of 2023. MC's liquidity position remained at sound levels, with considerable current credit facilities available, allowing it to maintain a high degree of financial flexibility amid uncertain times.

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

03.
OUTLOOK

- For the rest of the year, uncertainty remains, as the impacts of the war in Ukraine and its economic ramifications (both short and long term) are not fully known yet, and post-pandemic normalization is still underway. In the coming months, higher energy and other input prices should continue playing a toll in retailers' cost base, and consumers' purchasing power and confidence will be put to the test.

- Despite this volatile context, on a structural basis, the Portuguese grocery market should remain dynamic and disciplined. MC remains confident that its strong fundamentals will allow it to overcome upcoming challenges, and it will stand alongside its customers, adapting its value proposition to their needs whenever necessary. The Company's culture of operational excellence and organizational agility ensures that it will maintain differentiated levels of profitability in the current year and beyond.

04.
OTHER EVENTS

- On March 30, MC suffered a cyberattack on its IT systems, which temporarily affected communications in online stores and some services in physical stores. The effective work of the MC teams made it possible to mitigate the consequences of the attack and fully restore the normal operation of all systems, without disruption to the business. There was also no evidence that any customer personal data was affected as a result of this attack. MC is collaborating with national and international authorities in order to identify and punish those responsible for this criminal act. The Company has reinforced cybersecurity procedures and is today even better prepared in this critical dimension.

A.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED RESULTS (€m)	1st Quarter		
	2021	2022	Δ y.o.y.
Turnover	1,247	1,294	3.8%
Underlying EBITDA (unEBITDA)	107	108	1.5%
as % of turnover	*8.5%*	*8.4%*	*-0.2pp*
D&A	-74	-66	-11.0%
Underlying EBIT (unEBIT)	32	42	30.0%
as % of turnover	*2.6%*	*3.3%*	*0.7pp*
Net financial activity	-21	-20	-
Other investment income	-	-	-
Non-recurring items	-	-	-
Equity method	0	0	-
EBT	12	23	92.3%
Income tax	-2	-2	-
Minorities	0	-0	-
Net profit (from continuing operations)	10	20	98.9%

CONSOLIDATED BALANCE SHEET (€m)	1st Quarter		
	2021	2022	Δ y.o.y.
Net fixed assets	1,588	1,608	1.3%
Leased assets right-of-use	949	922	-2.9%
Goodwill and financial investments	475	476	0.3%
Working capital	-562	-517	-8.0%
Invested capital	2,450	2,489	1.6%
Shareholders' funds[3]	810	947	16.9%
Lease liabilities	1,087	1,076	-1.0%
Net financial debt	553	466	-15.7%
Sources of financing	2,450	2,489	1.6%

Total net debt[2] to unEBITDA	**3.1x**	**2.9x**	-

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.