

# Closer Every Day

Retail with  
Human Drive





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# Yearly review



# Message from the CEO

Retail is detail. In today’s fast-evolving context, the difference between good and exceptional often lies in the smallest things – how a product is displayed, how quickly a shelf is replenished, or how attentively a customer concern is addressed. Every touchpoint matters. At its core, retail is a business built on precision and execution, where operational excellence and attention to detail shape the entire customer experience. It starts and ends with how well, and how consistently, a retailer can deliver a value proposition that is truly driven by the customer.

At MC, and as the leading retailer in both our core markets of grocery in Portugal and, since 2024, the health, wellness and beauty in Iberia, this is our fundamental commitment to all our stakeholders. We believe that sustainable success is rooted in staying close to the people we serve. By deeply understanding our customers – their needs, their habits, and aspirations – we earn not just their business, but also their trust. Loyalty is built over time through consistency, transparency, and a genuine willingness to listen. This proximity and connection fuels our long-term value creation and ensures we grow together and closer to our communities.

In 2024, we remained true to what we believe. Amidst a complex and unpredictable geopolitical and macroeconomic context, and in the face of intensifying competition across our core markets, MC once again delivered solid results. We continued to innovate across our businesses, enhance our operations, and prepare for the challenges and opportunities that lie ahead.

Last year, MC reached a turnover of €7,619 million, an increase of 15.3% from 2023. This positive performance is transversal to both retail segments, grocery and health, wellness and beauty, and led to an operating profitability of €767 million (EBITDA), or 10.1% of turnover. A strong sales growth and the implementation of operational efficiencies both contributed to this improved profitability, enabling the company to offset cost structure inflation above the general rate.

It is also worth highlighting that, in July, MC delivered on a key strategic commitment to its health, wellness and beauty growth avenue. The partnership with Druni’s founding shareholders, the Casp family, positioned MC as the Iberian #1 player in this arena, changed the company’s profile and marked an important step in the diversification and strengthening of our retail ecosystem. Today, more than the proud front-runner in grocery retail in Portugal, MC is a true Iberian retail leader, excelling in grocery and in health, wellness and beauty.

MC reinforced its leadership in Portugal’s grocery retail sector in 2024 as turnover saw a robust total growth of 7.1%, including a 4.4% increase in *like-for-like* sales. This performance was strongly supported by a significant investment in store expansion – namely in the proximity segment – and in the ongoing modernisation of our network. Throughout the year, we opened 25 new stores and completed 24 refurbishments. Symbolically, we also celebrated the opening of our 200<sup>th</sup> Continente Bom Dia store, marking an important achievement in our journey to be even closer to our customers.

At the same time, and on top of the partnership in Spain, MC achieved positive performances with Wells and Arenal, which allowed the company to surpass the one-billion-euro turnover landmark in the health, wellness and beauty sector. In 2024, MC outpaced the market, even when excluding the contribution of Druni, with a 9.8% growth. In Portugal, Wells surpassed the 300 stores milestone, while the Druni-Arenal partnership strengthened its operations in Spain. In Iberia as a whole, MC’s online segment saw significant gains, with penetration exceeding 10%. Overall, this sector continues to benefit from a favourable momentum in both regions, supporting MC’s ambitious expansion and innovation strategy to drive continued growth in this dynamic sector.

As in previous years, MC continued investing in digitalisation across its businesses, aiming to further improve in-store customer experiences

“Building strong and lasting relationships with our customers is the cornerstone of sustainable long-term value creation”

and optimise its omnichannel model. The launch of Endless, the first retail media platform in Portugal, and the opening of the world’s largest smart retail store in Leiria are noteworthy examples of our accomplishments in 2024 that demonstrate our commitment to continue pushing the boundaries of innovation in the retail sector.

Furthermore, MC remained focused in 2024 on being a sustainability reference to the retail sector. On the environmental side, MC received several distinctions from international associations, such as the Carbon Disclosure Project. MC also expanded its impact in local communities, helping more than 1,500 institutions and achieving a fundraising record with the *Missão Continente* Christmas campaign. Furthermore, MC continued to invest in the development and satisfaction of all employees, committed to leading by example in diversity and inclusion matters.

I would like to express my personal gratitude to all our employees, partners, and shareholders who made it possible for MC to experience yet another extraordinary year. Your dedication, collaboration, and trust have been fundamental to our continued success, and I am truly thankful for everything we have achieved together.

As we step into 2025, the environment remains uncertain and highly competitive, shaped by potential disruptions across political, economic, and social dimensions. In this context, our clear strategic vision continues to guide us. We remain firmly committed to reinforcing MC’s leadership in grocery retail, unlocking the full potential of the health, wellness and beauty segment, and driving innovation and growth across all areas of our business.

And we will do so – now more than ever – by listening to our customers, adapting with agility, and consistently delivering what they value most.

Closer every day.



Luís Moutinho  
CEO



# Operational highlights

Grocery



200  
Continente  
Bom Dia  
stores

With the opening of the first store in Mealhada, MC now has over 200 Continente Bom Dia stores nationwide. This milestone underscores MC's focus on expanding its convenience formats, seamlessly integrating them within a broader and complementary store portfolio whilst being in close proximity to Portuguese families every day.

New  
Click&Go  
concept

MC launched a new concept for its Click&Go service, featuring a fully redesigned in-store journey through dedicated service counters. This innovation resulted in significant order growth delivered in under 5 minutes, providing our customers with an even more convenient grocery shopping experience.



Our new  
Continente  
brand  
positioning

We implemented an innovative brand positioning and communication strategy for Continente under the theme 'O Continente é de toda a gente' ('Continente is for everyone'). This initiative highlighted MC's commitment to providing customers with a personalised experience, tailoring its offerings to meet the specific needs of each individual on products, services, pricing and store formats.

Cartão  
Continente  
integration with  
instant delivery  
services



With a view to improving our omnichannel value proposition, Cartão Continente is now integrated into two leading instant delivery providers, enabling our customers to benefit from the loyalty program in an increasingly meaningful shopping channel. Additionally, we have expanded this service into new regions, e.g., the Azores, as part of our commitment to better serve our customers on all occasions and places.



Accelerated  
expansion  
of our  
self-checkout  
model

MC significantly expanded its innovative self-checkout station concept to more than 200 stores, providing a streamlined experience to our customers with a more convenient physical format and a more robust technology.

Celebrating  
10 years  
of ZU



In 2024, MC celebrated 10 years of ZU, MC's pet care banner, and reached the landmark of 60 stores nationwide, including 11 brand new stores. These openings included 7 acquisitions and a flagship store in Moita, a format with an enhanced store experience and strengthened product and service offerings.

Fresh  
products  
lead-time  
reduced  
to 24h



MC reduced its Fruit and Vegetables orders' lead-time from 48 hours to 24 hours, resulting in an increased forecast accuracy, greater product freshness and reduced food waste. A strong investment in the offering quality of a destination category of our customers.



# Operational highlights

HWB



HWB Iberian leader

With the inclusion of Druni on its portfolio, MC became the leader in specialised health, wellness and beauty retail on the Iberian Peninsula. This agreement marks a significant step in this increasingly important business and growth avenue for MC, contributing to nearly 20% of the company's total turnover.



HWB retail core business focus

We have set a new path of focus on our core HWB retail businesses – Wells, Arenal, and Druni – through the optimisation of our portfolio, including the sale of Dr. Wells and the closure of Go Natural supermarkets.



“Não fica bem” campaign

We launched a Wells brand campaign, ‘*Não Fica Bem*’ (‘It’s not appropriate’), which addressed important issues regarding women's wellbeing through several life stages – puberty, motherhood, menopause and ageing – and contributed to normalising, informing, and fostering discussions on these topics in Portugal.

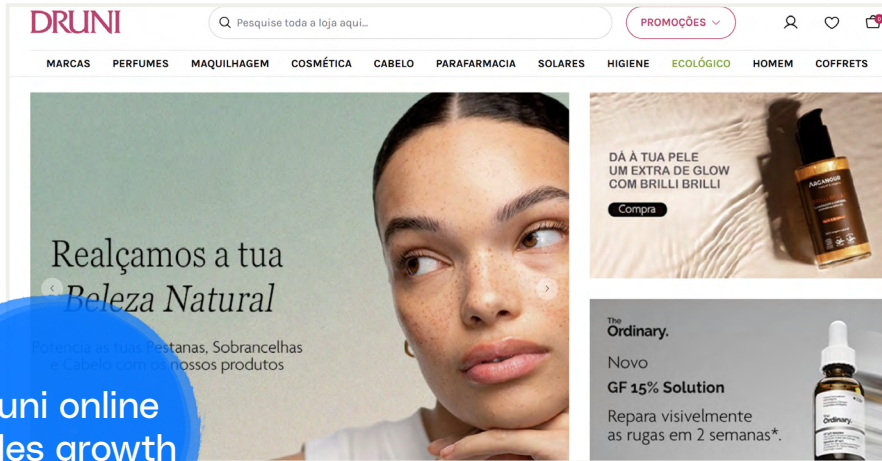


New checkout models

Druni implemented a new checkout model with mobile devices located throughout the store. This model enables a more agile and faster checkout, as well as an end-to-end assistance from store operators, improving customer experience.

For the second consecutive year, Wells received the Consumer Choice Award for Best Optician, a recognition from our customers that Wells is a specialist brand in this segment. This accolade reinforces our commitment to expanding the Wells Opticians banner, which surpassed 20 stand-alone stores in 2024, in addition to the dedicated areas in our standard Wells stores.

Best opticians brand in Portugal



Druni online sales growth

At 2024 year-end, Druni had an online sales penetration above 11%, a sturdy growth for this strategic channel. The successful launch of Druni's online platform in Portugal contributed to this robust performance.



# Operational highlights

Sustainability



Injury prevention centre in Maia

We implemented the first musculoskeletal injury prevention unit at our Distribution Centre in Maia as part of our commitment to enhancing the safety and quality of life of all our employees.



Recognized sustainability effort

MC received the highest distinction – A List – from the Carbon Disclosure Project for our performance and transparency in the Climate category. Regarding the Forests category, MC achieved for the first time CDP leadership-level, for its approach to managing commodities associated with deforestation risks.

Plug&Charge expansion and innovation

The number of customers using our Plug&Charge network doubled in 2024 with total energy supplied equivalent to 86 million kilometres. To promote a more sustainable use of energy, we launched a new app feature – Happy Hour – that uses the solar surplus produced at our stores, transforming it into benefits for the customer through discount coupons.



Missão Continente record fundraising campaign

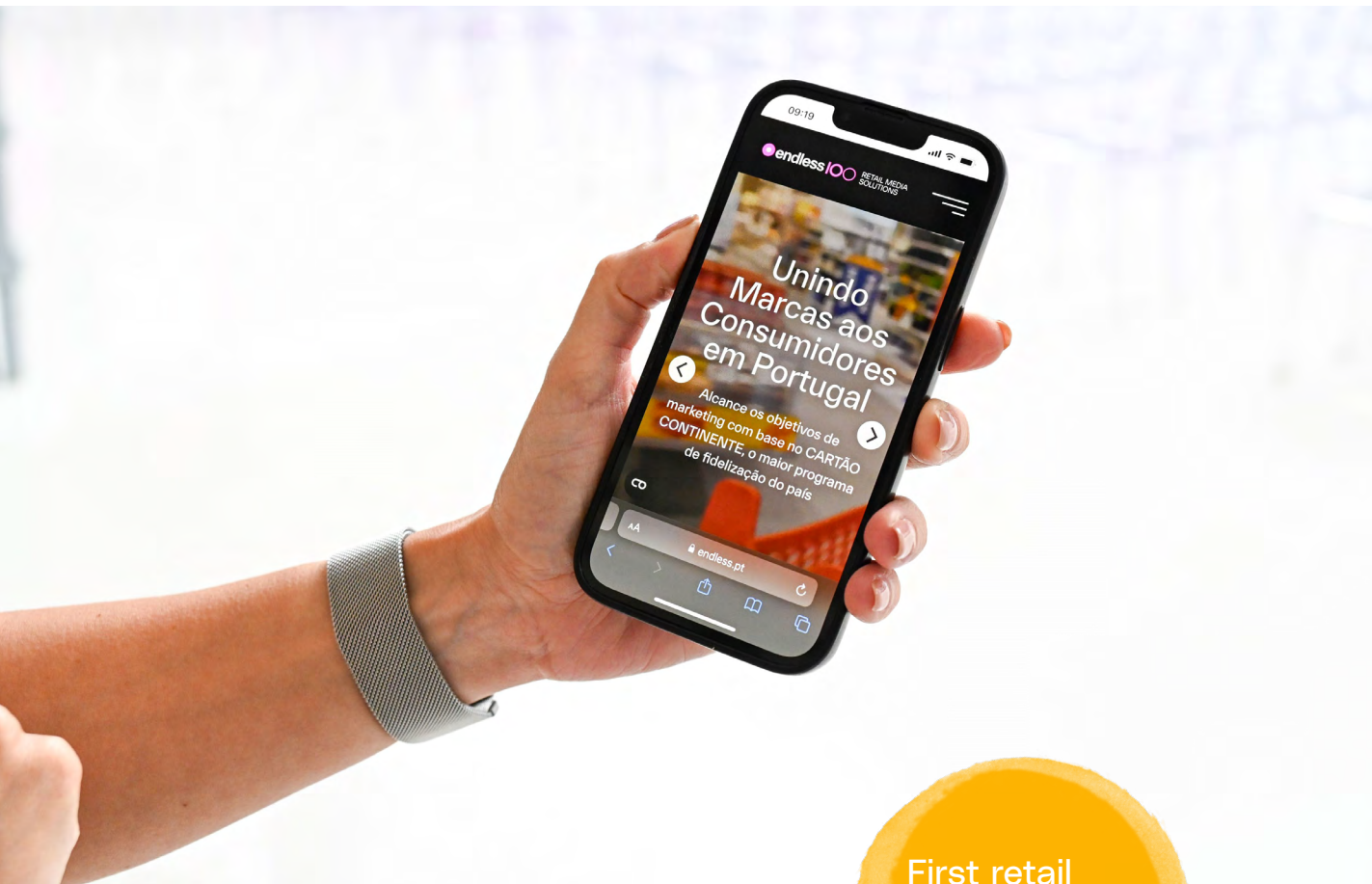


The *Missão Continente* Christmas campaign broke all previous records, surpassing €1.5 million in 2024. The money raised was donated to more than 750 local institutions, benefiting around 80,000 people and 20,000 pets.



# Operational highlights

## Digital Transformation



First retail media platform in Portugal

MC launched its new retail media brand, Endless, a pioneering platform in the Portuguese market, aiming to become a reference in this segment. The Endless platform will leverage the data and insights built from the Cartão Continente loyalty program to enhance value creation for customers and partners.

The official release of *Continente Carrega*

# É DE QUEM CARREGA NA POUPANÇA

**CARREGUE SALDO**  
NO CARTÃO  
CONTINENTE

**GANHE 10%**  
DE DESCONTO  
EM CARTÃO

**TODAS AS  
COMPRAS  
TODOS  
OS DIAS**

# 10%

O QUE RENDE É IR AO  
**CONTINENTE**

We officially launched *Continente Carrega*, an innovative prepaid card feature that streamlines in-store payments, improves budget management efficiency, and allows family members to share the available balance.



World's largest smart store

We opened the largest smart store in the world. This Continente Bom Dia store, located in Leiria, offers an alternative shopping experience with its smart checkout. Using computer vision, artificial intelligence algorithms, and shelves equipped with weight sensors, this technology provides an autonomous and real-time creation of each customer's virtual shopping cart, and thus, the ultimate, frictionless, checkout experience.



# New business profile

## Druni partnership

### Completing the puzzle

In July 2024, MC concluded the combination of Druni and Arenal businesses and reinforced its HWB portfolio, with MC fully consolidating this 50-50 venture with Druni's founding shareholders.

This partnership creates the Iberian leader in the health, wellness and beauty retail segment, with comprehensive coverage of this region through a network of more than 750 stores and a robust online channel positioning.

### Why Druni?

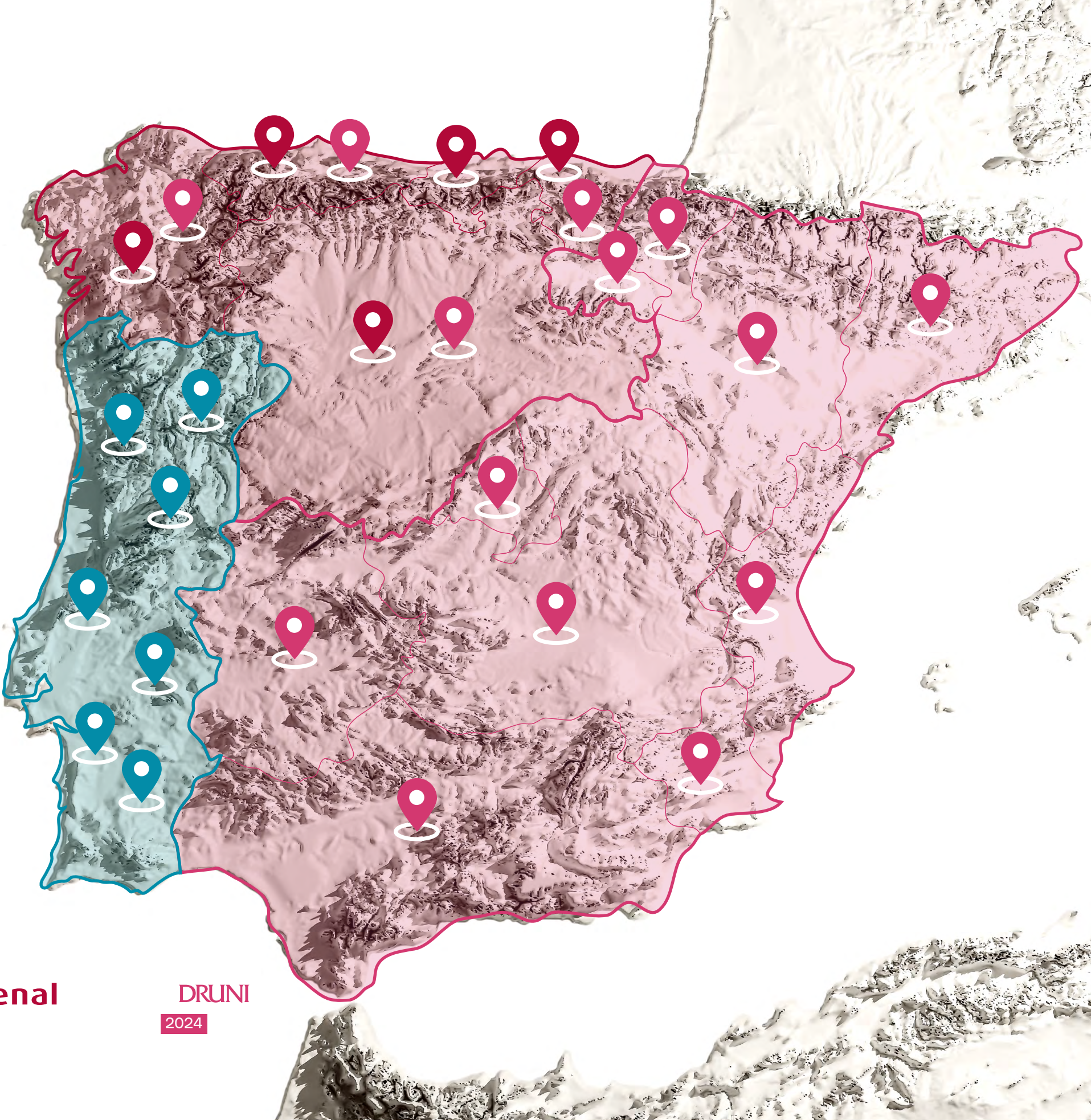
Druni is a perfumery, cosmetics and OTC pharmacy retail company founded in 1987 with a network of more than 400 stores in Spain, mainly in Valencia, Catalonia and Madrid, and a powerful e-commerce operation.

It is a winning retail model, built around a reputable brand with over 35 years in the market and a state-of-the-art store concept.

With Druni, MC completes its geographical presence on the Iberian Peninsula becoming a genuinely Iberian company. This move positions MC as a more resilient and international organisation, currently with about 15% of the business volume generated outside Portugal.

Druni confers MC with a strong presence in the Spanish market and also a highly competent management team that has been delivering impressive operational performance, significantly outperforming the market, with a turnover CAGR 2021-23 of +36% and an EBITDA CAGR 2021-23 of +65%.

Druni's recent success and prospects reinforce our confidence in MC's ability to lead in competitive and diversified markets, expanding our impact and diversifying our product and service portfolio.



*wells*  
2010

**arenal**  
2019

**DRUNI**  
2024



# New business profile

## A New Context for MC

Since 1985, MC has been recognised as the leading grocery retail company in Portugal, which is a reflection of our efforts to continuously improve our value proposition and meet evolving customer’ needs.

The Druni partnership marks a turning point in our organisation, transitioning MC from a company primarily focused on grocery distribution in Portugal to a leading retailer on the Iberian Peninsula.

This evolution results from MC’s future-oriented profile, the ability to continuously reinvent ourselves, and the unwavering commitment to our customers, employees, and shareholders.

In 2024, the HWB segment accounted for more than one-fifth of total sales, reflecting our ambition and our focus on diversifying our portfolio. The cornerstone of our renewed identity is to seek a more balanced operation between grocery retail and other categories that can drive accelerated growth.

## An Iberian leading position

This partnership places MC as one of the top retailers on the Iberian Peninsula. It significantly strengthens our presence in the health, wellness and beauty market, leveraging Druni, Arenal and Wells combined expertise and assets.

This new MC business profile is an important strategic milestone that will further increase our international expansion and raise our presence in a retail segment with strong growth tailwinds.

Turnover

~€8B

Stores<sup>1</sup>

+1.8k

Employees

~44k

From  
the leading  
Grocery  
retailer  
in PT

#1

Grocery PT

#1

HWB Iberia

to an  
Iberian Leader  
excelling in Grocery  
and HWB

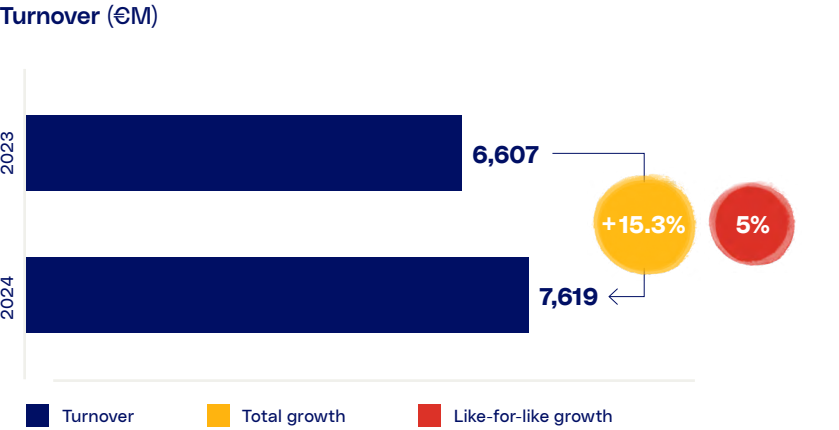


# Financial performance

MC demonstrated strong financial and operational results, driven by its investment in a competitive and distinctive value proposition. The total turnover reached €7,619 million, marking a 15.3% increase compared to 2023 (7.3% excluding Druni partnership effect) and a 5.0% growth on a like-for-like basis, with both the grocery and the health, wellness and beauty retail sectors exhibiting a solid growth.

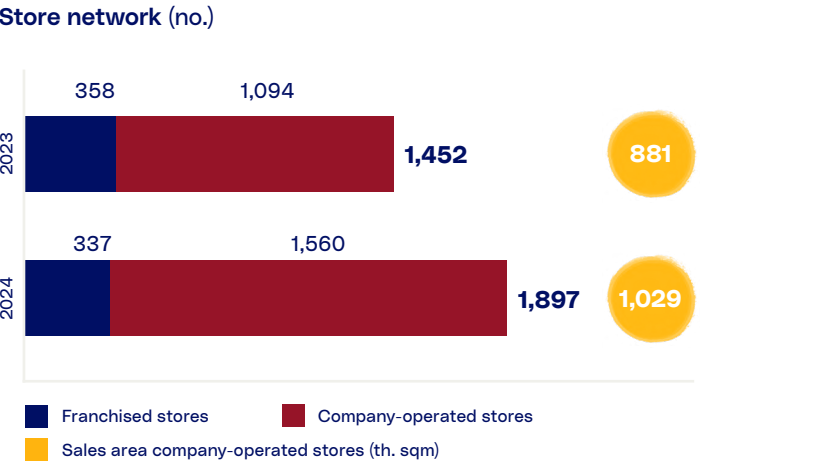
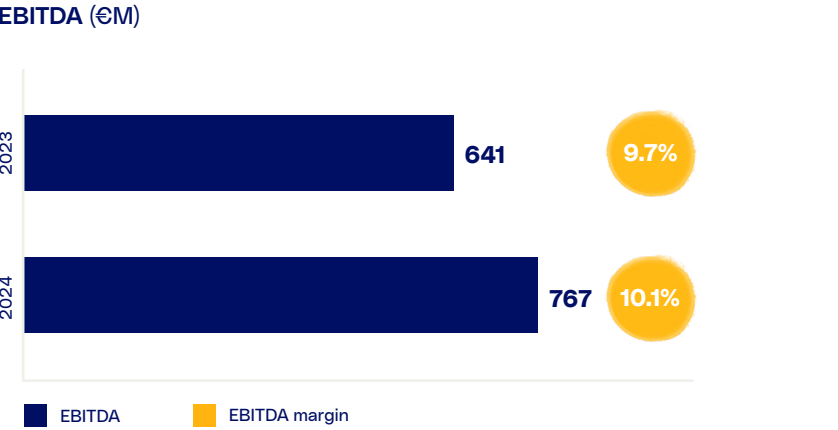
In the Portuguese grocery retail market, MC maintained its leadership position, successfully navigating an intensely competitive landscape. The sector returned to prior lower inflation levels (2.3% in 2024), and MC successfully increased its sales volume.

The company significantly expanded its footprint in the health, wellness and beauty retail segment by partnering with Druni, surpassing the billion-euro turnover milestone and establishing itself as a leader on the Iberian Peninsula. Notwithstanding the Druni effect, MC had an incredibly positive performance, growing by double-digits and above the market. Overall, the sector continues to show strong tail winds in both Portugal and Spain, with MC significantly expanding its store network in 2024.



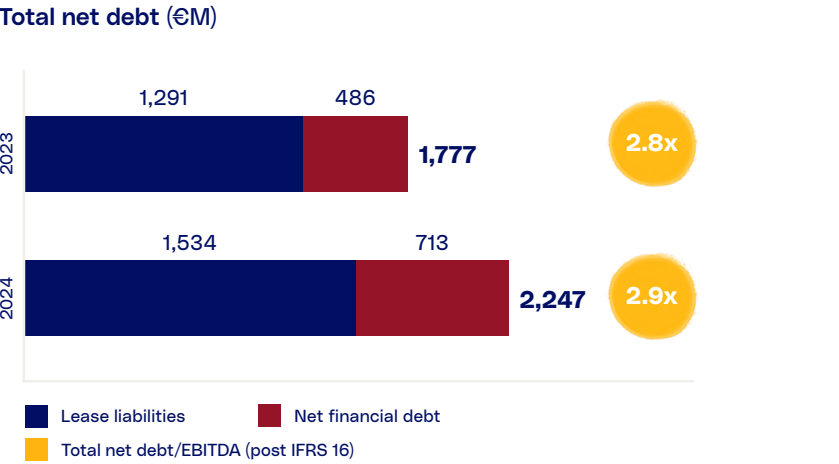
Regarding operational profitability, EBITDA reached €767 million in 2024, representing 10.1% of turnover, an increase of 0.4 percentage points compared to the previous year. On a comparable basis, excluding the impact of the partnership with Druni, EBITDA stood at €696 million (9.8% of turnover) a 0.1 percentage point increase from 2023. These results were driven by strong sales growth and the implementation of multiple operational efficiencies, allowing MC to offset input costs inflation above the overall inflation rate. The Druni integration contributed with €71 million to MC's profitability.

For the 2024 fiscal year, the consolidated net income from continuing operations attributable to shareholders was €189 million, reflecting a 10.6% increase year-over-year. This growth was driven by the integration of Druni operations and a strong operational performance. Additionally, depreciation evolved as expected, interest rates followed a downward trend in response to slowing inflation, and total taxes increased as anticipated due to a higher tax base.



MC operational investment reached a total of €331 million and was mainly allocated to store openings and refurbishments, but also enhancing store concepts, energy efficiency and productivity improvement projects. In 2024, MC opened 113 new company-operated stores (33 thousand square meters) from which stands out 25 new grocery retail stores (24 Continente Bom Dia stores and 1 Continente Modelo) and 42 health, wellness and beauty retail stores (20 Wells, 16 Druni and 6 Arenal). By the end of the year, MC had a total of 1,560 company-operated stores with a gross selling area of 1,029 thousand square meters.

MC's free cash flow in 2024 demonstrates the Company's positive performance across all its formats and reflects the investment of €597 million in CAPEX, which includes the investment of €266 million in the stake acquisition of the Druni Group. MC's financial strength enabled the execution of an ambitious investment plan while maintaining a solid financial structure. In 2024, MC consolidated Druni into its portfolio, with an initial investment of €230 million already completed. This amount covered not only the stake acquisition of the Druni Group but also the remaining 40% stake in Arenal. Additionally, an earn-out of €36 million is expected over the next two years.



The Company maintained a balanced capital structure, with a net financial debt of €2,247 million (€713 million financial debt) and a total net debt/EBITDA (after IFRS 16) ratio of 2.9x as of 31st December 2024. This ratio includes 6 months of Druni's EBITDA, even though the total debt of Druni's transaction is considered, and, in a pro forma scenario with total Druni's EBITDA in 2024, this ratio would be 2.7x, which demonstrates the Company's financial resilience even after a substantial acquisition investment. Additionally, dividends amounting to €171 million were paid during the second quarter of 2024.

MC reached year-end with an average maturity of debt repayments above 3 years, having concluded important refinancing operations under competitive conditions throughout the year, prioritising Green, ESG-linked or other sustainable debt issuance, which represents a significant proportion of MC's total long-term debt.

In 2025, MC will continue to push the boundaries of retail business to improve its value proposition, reinforce its market-leading position and overcome the highly competitive market challenges which are anticipated for the new year.





# Business overview



# Leadership Committee





# MC portfolio

In operation for almost 40 years, and coming from our core grocery retail operation, MC is now leading in two main segments: grocery retail and health, wellness and beauty retail.

MC adopts an omnichannel and multi-format strategy to meet multiple customer needs with a portfolio of complementary retail businesses, including:

### Grocery retail:

- Continente, Continente Modelo, Continente Bom Dia, Continente Online, and Meu Super are grocery-focused concepts strategically positioned in high-traffic areas across Portugal and providing a wide and distinctive range of products and services, carefully curated to better serve different shopping missions
- MC also operates specialised retail banners, including Zu and Note!, a set of powerful value propositions that complement the grocery retail experience with curated concepts for additional day-to-day needs.

### Health, wellness and beauty retail:

- Present across the Iberian Peninsula with the Wells brand in Portugal, and with Druni and Arenal in Spain. All these banners have meaningful online operations.

These banners and store portfolios enable MC to have a distinctive approach and better serve its customers in both the grocery, and health, wellness and beauty segments. Moreover, they are cornerstones of MC’s leadership positions in these core markets and a tangible testimony to our full commitment to the Portuguese and Spanish families and their needs.



For more information, please visit:  
[mc.sonae.pt/en/history](https://mc.sonae.pt/en/history)

## Grocery Retail

**CONTINENTE**

Urban hypermarkets  
**41 Stores**

**CONTINENTE**  
*bom dia*

Proximity supermarkets  
**201 Stores**

### Complementary businesses

**ZU**

Pet store and service  
offering  
**60 Stores**

[zu.pt](https://zu.pt)

**CONTINENTE**  
*modelo*

Large supermarkets  
**137 Stores**

**CONTINENTE**  
**ONLINE**

E-commerce platform  
**186 Click & Go locations**

[continente.pt](https://continente.pt)

**note!**

Stationery, books  
and convenience services  
**87 Stores**

[noteonline.pt](https://noteonline.pt)



Franchise proximity supermarkets  
**289 Stores**

[meusuper.pt](https://meusuper.pt)



## HWB Retail

**wells**

Health, beauty, wellness,  
optical and perfumery  
**303 Stores**

[wells.pt](https://wells.pt)

**arenal**

Health, beauty, wellness  
and perfumery  
**76 Stores**

[arenal.com](https://arenal.com)

**DRUNI**

Health, beauty, wellness  
and perfumery  
**416 Stores**

[druni.es](https://druni.es)



**Note:**  
the number of stores refers only to company-operated stores,  
excluding franchised stores (except for Meu Super)  
Data reports to 31<sup>st</sup> December 2024





# Trends & Challenges

## Macroeconomic perspective

### Market Resilience Amidst International Tensions

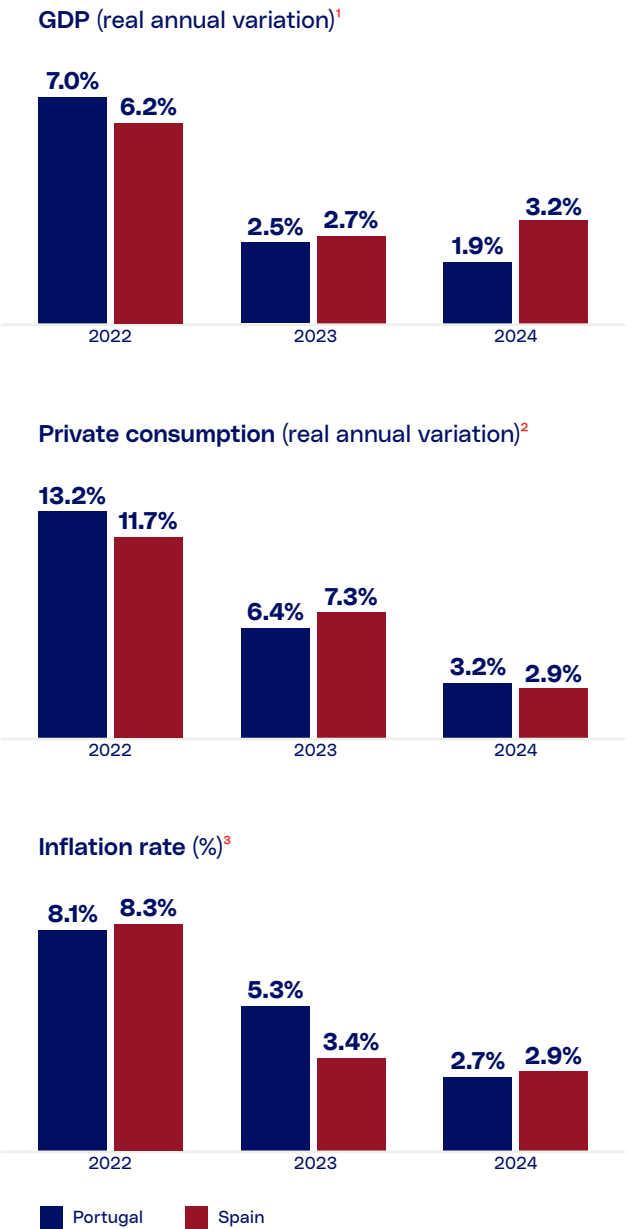
A complex and uncertain geopolitical context marked 2024. The prolonged war in Ukraine and the intensification of the conflict in the Middle East heightened uncertainties regarding international trade. Additionally, the presidential elections in the United States increased political uncertainty, raising the prospect of a shift towards trade protectionism. Despite these tensions, commodity prices in international markets remained significantly lower than in recent years, contributing to a reduction in inflation in major economies.

In Portugal, despite the slowdown, economic performance remained relatively buoyant compared to the Euro Area, recording a growth of +1.9%. The labour market remained resilient, with immigration playing a key role as a driver of job creation (+1.6%) and with significant wage increases pushed by market strength and labour shortages. On the demand side, with the decline of inflation, there was an improvement in purchasing power, which sustained a +3.2% growth in private consumption in real terms.

In Spain, economic growth accelerated slightly to +3.2%. Private consumption was the main driver of the economy, growing by +2.9%, partly due to improvements in employment (+2.2%) and a decrease in the unemployment rate. The combination of substantial wage increases, and lower inflation contributed to an improvement in households' real income, which, in addition to the population growth also primarily driven by immigration, positively impacted the economic outlook.

Overall, despite the persistence of a challenging international environment and the return to previously lower inflation values, 2024 proved to be a positive year, substantiating the resilience of the Iberian economies.

Looking ahead towards 2025, there are positive expectations for economic growth on the Iberian Peninsula despite the considerable uncertainty over shifts in the global macroeconomic context that may result from the aforementioned international events.



1. INE PT, INE Spain  
2. Banco de Portugal; INE Spain  
3. INE PT, INE Spain

### Retail sector dynamics

	Consumer behavior	Supply evolution
Increasing relevance of Convenience missions	Increasingly looking for more convenient shopping experiences, valuing store proximity and more frequent and smaller basket missions	Store expansion focused on convenience formats, looking for a broader geographical coverage mainly in highly concentrated areas, with curated assortments to best respond to these missions
From value-driven to price/quality awareness	Higher demand for the best mix of quality and value, driven by customers having more demanding expectations for product performance and seeking more appealing promotions/discounts and improved private label alternatives	Adoption of strategies to increase value perception, with harsher price competitiveness, improved added value, increased loyalty incentives and more competitive private labels
Innovation in Technology & Automation	Expect seamless shopping experiences enabled by innovative digital tools to improve both online and offline journeys	Integration of technological innovations to improve shopping experiences offering noteworthy personalisation, through the adoption of AI and retail media solutions
Wellbeing lifestyle prioritisation	Increased priority around healthy behaviour aiming to live longer and with a better lifestyle, thus, looking for products and services in-line with these goals	Review in-store product placement, improvement of the healthy product assortment and services, and adapt communication strategies
All pervasive Sustainability commitment	The environmental impact is a relevant determinant for purchasing decisions, demanding sustainable products, eco-friendly packaging, and ethical sourcing	Increase transparency on the environmental and social impact across the value chain and promote and facilitate eco-friendly consumption choices



# Trends & Challenges

## Sector specific perspective

### Grocery retail sector

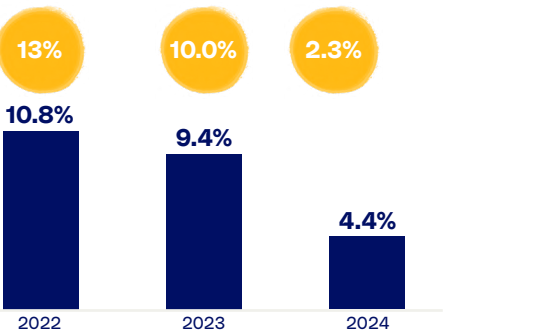


In 2024, the Portuguese grocery retail sector experienced moderate growth compared to the previous year, supported by a stabilisation of inflation and a gradual recovery in private consumption, with food inflation at a lower rate than general inflation.

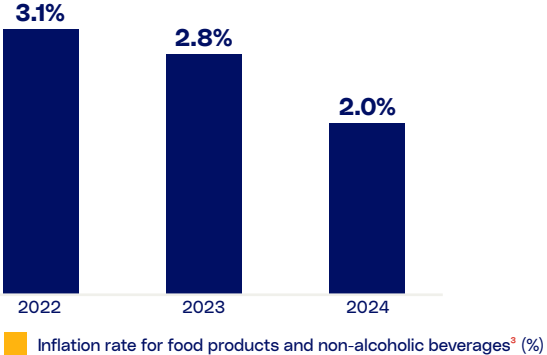
In this context, shifts in consumer behaviour persisted. While households continued to value private-label and competitively priced products, there were signs of a gradual return to more diverse spending patterns. The recovery in private consumption and stable employment levels improved consumer confidence and supported household budgets and spending capacity.

On the supply side, despite the sector’s growth, retailers maintained harsh competitive pricing strategies and, as in previous years, the input costs remained a concern, requiring companies to focus on operational efficiency and strengthening loyalty programs to sustain profitability. The competitive environment remained dynamic, with major retailers continuing to invest in store expansions and digital transformation, with e-commerce and hybrid shopping formats gaining momentum.

Grocery retail sales growth (annual nominal rate)<sup>1</sup>



Gross sales area (real annual variation)<sup>2</sup>



1. Euromonitor 2. Nielsen adjusted with Retailers’ disclosed data 3. INE

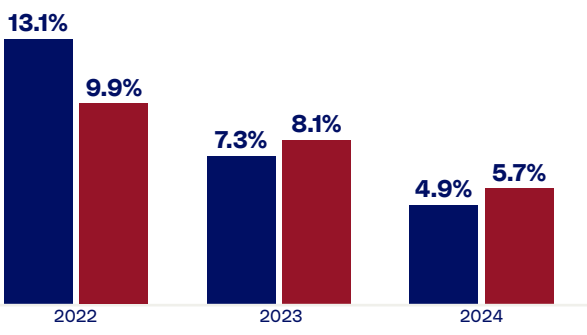
### HWB retail sector

In 2024, Iberia's health, wellness and beauty retail sector recorded moderate growth, reflecting broader economic trends across the Iberian Peninsula, with shifts in consumer preferences, increased digitalisation, and sustainability concerns continuing to reshape the sector.

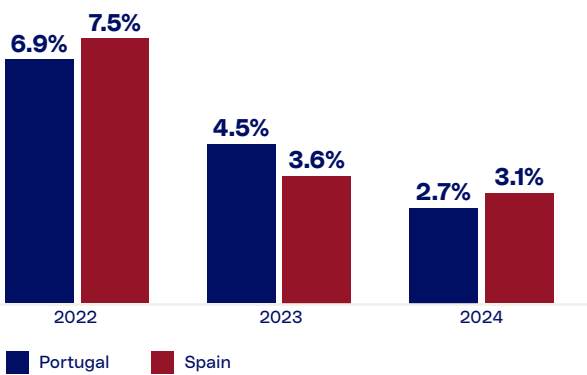
In Portugal, the demand for HWB products remained high, driven by health-conscious consumers and reflecting an ageing population with a growing interest in preventive healthcare. The e-commerce channel continued to prosper. Spain’s HWB sector followed a similar trend but grew at a slightly faster pace than Portugal's, benefiting from a stronger GDP growth rate despite a slightly lower consumer spending growth. Both regions witnessed a boom in digitalisation, with increasing sales through the online channel and with retailers investing in omnichannel strategies, leveraging both physical and online stores to enhance customer engagement.

Across both markets, challenges pursuant to competition from international brands remain strong. However, the consumer behavioural shifts toward wellness present growth opportunities for all market players. Furthermore, the integration of technological solutions such as AI, augmented reality (AR) for virtual try-ons or digital health consultations, is expected to further shape the sector in the coming years.

HWB retail sales in Iberia (annual nominal rate)<sup>1</sup>



HWB inflation rate (%)<sup>2</sup>



1. Euromonitor, DBK, Avalara and Internal Data 2. MC estimation based on Euromonitor data





# Strategic priorities

MC has 2 main strategic business drivers on its core retail segments



To ensure an accessible and distinctive product offering, recognised by our customers, while reinforcing our market leadership mainly through a valuable promotion approach, high-quality fresh products, and modernised food solutions.

## Grocery

### Customer Focus



### Accelerated growth

HWB

To reinforce and innovate our store network, adding new concepts like Opticians or Beauty that better answer to specific customer needs, as well as improve our e-commerce value proposition



To expand our store network, with a particular focus on proximity formats, modernise our current store portfolio, and significantly enhance our digital channels, ensuring an increasingly convenient, innovative, and omnichannel experience

MC business drivers are transversally supported by 3 corporate pillars

## Sustainability

- To set the standard for sustainability in the retail sector by integrating responsible environmental and social practices across our value chain
- To empower our customers to make informed choices by providing clear information and making sustainable and healthy lifestyles more accessible

1<sup>st</sup> time recognition of Leadership level on Forests by CDP²

## Digital Transformation

- To provide seamless and engaging shopping experiences, both in-store and online, reinforcing our competitive edge in an increasingly digital marketplace
- To benefit from the strategic use of technology, automation, and data analytics to anticipate customer needs and improve operational efficiency

>200 stores with self-checkouts

## People

- To create an inclusive and inspiring working environment that empowers our people and strengthens our long-term success
- To improve our abilities to attract and retain top talent as well as develop our teams, ensuring the necessary skills to thrive in a competitive and evolving market

New injuries prevention centre

Main achievements of 2024





# Sustainability



# Sustainability at a glance

## Our Commitment to Sustainability

The principles of sustainable development guide all of our actions, our People development initiatives, how we interact with Planet Earth, and engage with our Community.

At MC, we aspire to be a catalyst for the necessary transformation of the food system by aligning the supply chain with the most material dimensions and best practices, promoting greater transparency, and encouraging more sustainable behaviours among consumers.

Simultaneously, we remain deeply committed to our People and Communities. We recognise our People as the foundation of our activity and culture, and we are conscious of our responsibility to foster stronger, resilient, and autonomous communities.

## Our Sustainability agenda encompasses four pillars of action:



**Planet:**  
Climate action  
& Circularity



**Products:**  
Sustainable production  
& Responsible offering



**People**



**Communities**



# Planet

## Climate action

### Ambition

To ensure the decarbonisation and adaptation of MC operations in accordance with the 1.5°C scenario

### Lines of action

- Promote the eco-efficiency of operations
- Invest in the production and acquisition of renewable energy
- Ensure the retrofit and replacement of cooling centres
- Reduce emissions associated with logistics and accelerate the electrification of transportation

### Targets

- Reduce greenhouse gas emissions from operations by 51% compared to 2022 levels, by 2032
- Achieve carbon neutrality in operations by 2040

### Key initiatives

MC ended the year with a photovoltaic park boasting an installed capacity of approximately 67 MWp, representing a 28.8% increase compared to 2023. Alongside Power Purchase Agreements (PPAs), these initiatives contributed to 32% of MC’s electricity consumption from renewable sources. If we consider the renewable component of the grid, the share of renewable electricity consumption reaches 62%.

Investment in renewable energy



O futuro é uma frota 100% elétrica

Sabias que estamos a eletrificar a nossa frota de viaturas ligeiras, a alargar a cobertura da Rede Plug & Charge e a compensar as nossas deslocações através da Floresta Sonae?

Sustainable mobility

MC’s Sustainable Mobility Roadmap was drawn up, taking into account the diverse types of trips undertaken by our employees. The aim was to provide an integrated response to a rapidly evolving landscape and a diverse set of challenges and opportunities.

Of important note is MC’s electric vehicle charging service, the Plug & Charge network, which now offers 432 charging stations across 99 stores – 30 more than in 2023 – positioning itself as a key electric vehicle charging network at the national level.

Sustainability-linked financing framework

MC established its Sustainability-Linked Financing Framework, reaffirming its commitment to sustainable development by outlining its strategic approach to integrating sustainability into financial instruments. Environmental and social KPIs were selected to monitor the implementation of this framework, specifically the reduction of greenhouse gas emissions from operations and the representation of women in leadership positions, further embedding these commitments into the organisation’s strategy.

Cooling centres upgrade plan



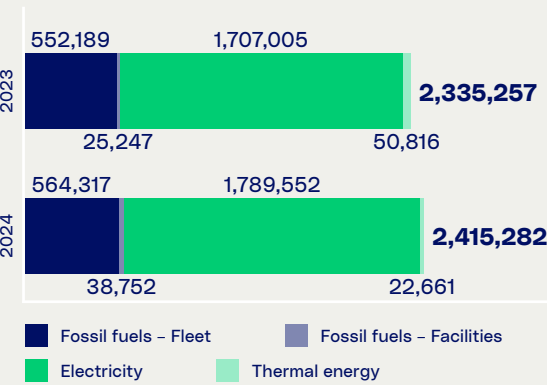
As part of its operations decarbonisation strategy, MC has been upgrading its cooling centres to install more energy-efficient equipment and systems that use fluorinated gases with a lower Global Warming Potential (GWP). In 2024, a total of 25 cooling centres were upgraded.

## 2024 performance

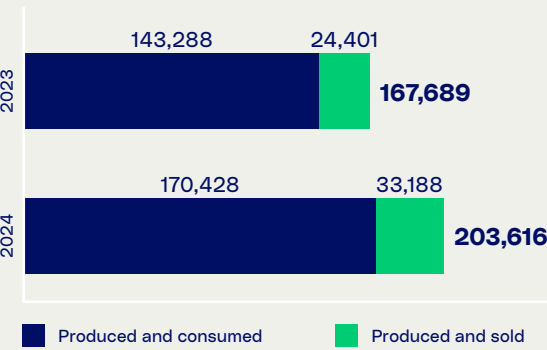
- Total energy consumption reached 2,415,282 GJ, an increase of 3.4% compared to 2023, driven by MC’s organic growth and the expansion of new formats, such as Plug & Charge.
- Renewable energy production reached 203,616 GJ, a 21.4% increase from 2023, reflecting MC’s investment in decarbonising its energy matrix, mainly through the expansion of local electricity generation and the contracting of Power Purchase Agreements (PPAs).

- Own greenhouse gas (GHG) emissions decreased by approximately 12.6% compared to the previous year and 18.2% compared to 2022. In comparison with 2018, the reduction reached 43.0%. This consistent and accelerated trajectory demonstrates MC’s strong commitment to the Climate Action agenda.
- MC was once again recognised by the CDP (Carbon Disclosure Project) for its efforts in fighting climate change and was included in its prestigious “A-List”, which highlights companies with the best global performance and transparency in this field.

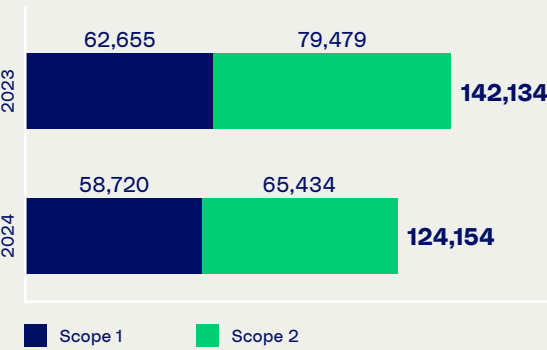
Energy consumption per source (GJ)



Renewable energy produced (GJ)



Own GHG emissions per scope (t CO2e)





# Planet

## Circularity

### Ambition

To guide our actions towards greater efficiency in resource consumption and strengthen circularity

### Lines of action

- Ensure the development of more sustainable packaging solutions
- Promote the creation of circular products and services
- Strengthen initiatives to combat food waste in operations
- Optimise waste collection and sorting systems to enhance material recovery and reintegration into the supply chain

### Targets

- Ensure that all own-brand packaging will be recyclable, compostable, or reusable by 2025, incorporating an average of 30% recycled material
- To reduce food waste from our operations by 50% compared to 2020, by 2028

### Key initiatives

With the new concept developed and tested over the past year, MC store customers now have access to an innovative and convenient space for the responsible disposal of various waste materials, including batteries, light bulbs, corks, coffee capsules, used cooking oil, and textiles, ensuring they are re-routed to the designated recycling systems. This new space also features an area dedicated to sustainability awareness. The “Eco Spot” concept, which is currently available in two stores, will be gradually expanded to all MC grocery retail stores.

“Eco Spot”  
pilot



Recicup

Over the past year, MC, in partnership with Intraplás, Tomra, Piep, Lipor, and Sociedade Ponto Verde, developed the Recicup project – an innovative initiative aimed at testing and validating the collection and sorting process for PS cups while assessing the feasibility of producing new packaging using recycled material. A total of 11 stores were selected to that consumers could return rigid yoghurt and dairy dessert cups. The initiative also involved several school groups. As an incentive, for each kilogram of plastic collected, participating Continente stores donated three euros to local school groups amounting to over 600 kg of plastic collected.



“Recicla+”

(Recycle +)

Integrated into the “Sustainable Plastics” agenda of the Recovery and Resilience Plan (RRP), *Recicla+* is a project developed by a consortium of five Portuguese companies, including MC. The initiative aims to establish an innovative model for collecting used coffee capsules and develop a pilot recycling line capable of transforming the plastic from the capsules and the coffee grounds into new sustainable products, such as liquid biofertilizer. The rollout of collection points across all MC operations was completed in 2024, resulting in the recycling of over 70 tons of coffee capsules.

Adoption of  
the food loss  
and waste  
protocol

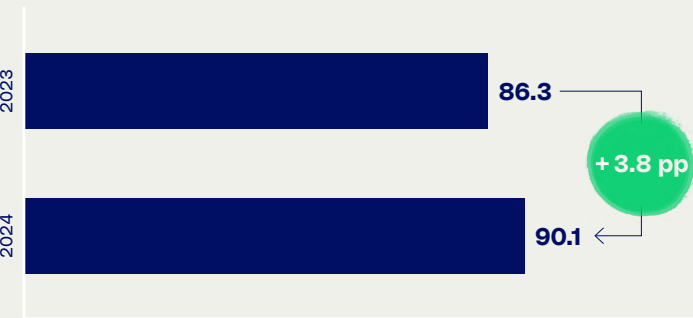
Aiming to quantify MC’s food waste by weight, in line with the Food Loss and Waste Accounting and Reporting Standard. This adoption will enable MC to communicate more transparently and identify opportunities for improvement in the fight against food waste.

## 2024 performance

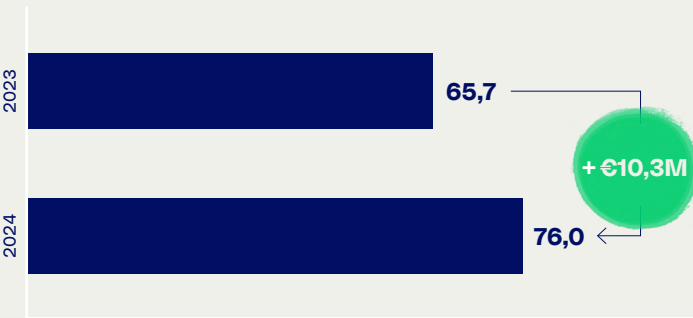
- We concluded 2024 with a recyclability rate of 95.4% for our mapped packaging, considering different material types and in line with MC’s recyclability matrix. The recyclability rate for mapped plastic packaging footprint reached 90.1%, reflecting a 3.8 pp increase compared to 2023. Progress towards the 2025 target remains dependent on industry advancements in flexible packaging and the efficiency of collection and sorting systems to enable the upcycling of certain packaging types, such as PS cups.

- Acceleration mechanisms for product sell-through and the surplus donation program helped prevent approximately €76 million in food waste, representing an increase of €10.3 million compared to 2023.
- In waste management, we recorded a waste recovery rate of 85.3%.

Plastic packaging recycling rate (%)



Food waste avoided (€M)





# Products

## Sustainable production

### Ambition

To encourage the adoption of production practices with a low environmental footprint and promote respect for human rights throughout the supply chain

### Lines of action

- Evaluate the extent to which the value chain is exposed to environmental, social and governance (ESG) risks
- Promote the implementation of programs supporting the adoption of more sustainable practices
- Monitor and track supplier performance

### Targets

- Ensure zero deforestation associated with critical raw materials
- Reduce greenhouse gas emissions in the supply chain by 31% compared to 2022, by 2032



In 2024, we adopted a platform that will enable us to perform an integrated assessment of the key impacts of our commercialised food products, including the risk of biodiversity loss, deforestation, soil health, and water consumption. The findings will guide the subsequent development of concrete action plans.

### Key initiatives

MC joined the global pilot aimed at assessing the SBTN methodology for measuring impacts on biodiversity, land use, water consumption, and quality. The initiative focuses on identifying the main pressures in both direct operations and the value chain, to subsequently define a mitigation impact roadmap.



Aiming to apply the requirements of the European Union Deforestation-free Products Regulation, our teams worked closely with European and national institutions, including participating in the European Commission's pilot project for the integration of the regulation platform. Additionally, ongoing initiatives to combat deforestation and promote more sustainable sourcing practices were maintained.

## 2024 performance

- We concluded the year with 196 qualification and follow-up audits conducted on suppliers. These audits verify requirements related to quality, ethics, environment, hygiene and safety in factories, human rights, labour rights, and more. We recorded a supplier qualification rate (meaning those meeting our requirements) of 98%, an increase of 3 pp compared to 2023, with the remaining evaluation processes still ongoing.
- The “Sustainability Declaration” of the *Clube de Produtores Continente* (CPC – Continente Producers Club), which reflects its clear and firm commitment to sustainable production, has been signed by 110 producers

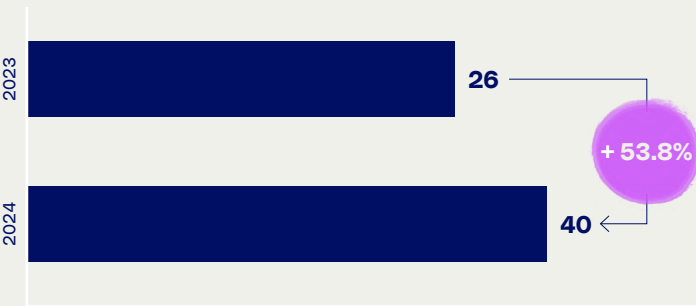
to date. In parallel, the CPC Academy has trained 106 producers through numerous editions (7 annual editions held in mainland Portugal and 2 annual editions in Madeira). Regarding “Zero Pesticide Residue” Certification, we concluded the year with 40 certified producers.

- For the first time, MC achieved CDP (Carbon Disclosure Project) leadership-level status for its approach to managing commodities associated with deforestation risks. The recognition acknowledges the efforts to promote more sustainable sourcing practices and combat deforestation.

Producers trained through the CPC Academy (cumulative number)



Producers with “Zero Pesticide Residue” Certification (cumulative number)





# Products

## Responsible offering

### Ambition

To gradually democratise access to a healthier and more sustainable basket

### Lines of action

- Expand the range of balanced food products, organic products, plant-based products, as well as products with certification for animal welfare and responsible fishing
- Promote the implementation of campaigns to encourage responsible consumption
- Facilitate consumer choices for healthier and more sustainable options

### Targets

- Enhance the offering of more sustainable and healthy products through a broader product assortment and availability, making it easier for consumers to make choices

### Key initiatives

For the first time, we held a sustainability fair in Continente stores to promote more responsible and sustainable consumption habits, under the slogan “*É de quem poupa em tudo, até o planeta*” (“It’s for those who save on everything, even the planet”).



#### (Fill up your empties)

Throughout the year, several communication initiatives were developed to encourage behavioural changes among our customers and promote packaging reuse, highlighting the numerous solutions we offer in our stores.

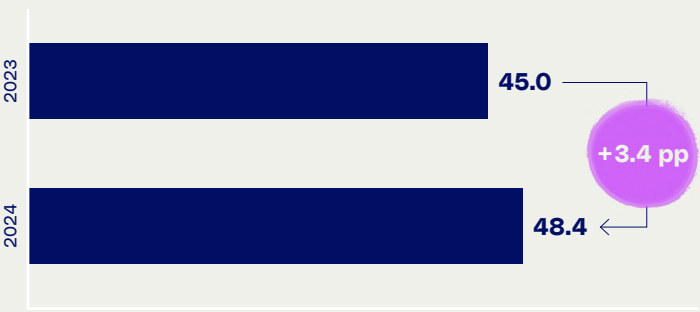
To mark the International Day of Awareness of Food Loss and Waste, Continente showcased some of its projects aimed at combating food waste, from farm to store.



## 2024 performance

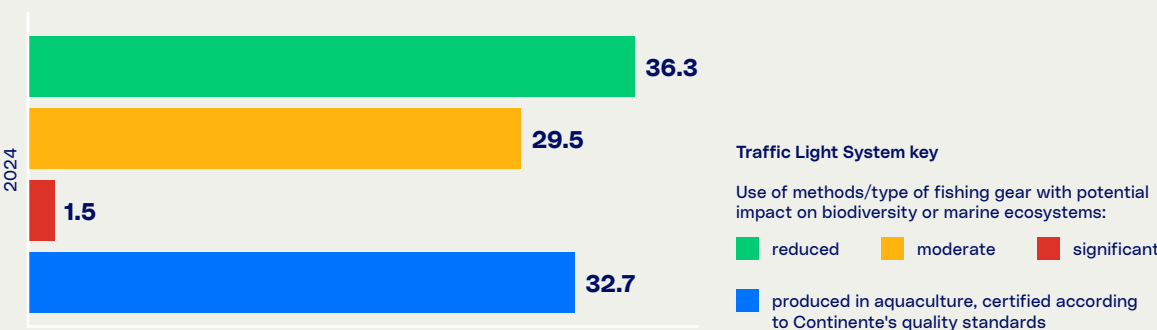
- In 2024, there was a 3.4 pp increase in the volume of animal welfare-certified meat purchases at Continente Meat & Poultry counters compared to 2023.
- Over the past year, there was a prevalence of fish sourced from aquaculture or more sustainable fishing methods based on the Traffic Light System (TLS).
- Campaigns promoting more responsible consumption reached over 3 million consumers last year through social media, newsletters, brochures, articles, and other channels, in addition to customers impacted by in-store communication.

### Animal welfare certification at Continente Meat & Poultry counters (% volume of meat purchase)



This report updates the data reported in the MC Annual Report 2023.

### Fishery purchase volume (%)



#### Traffic Light System key

Use of methods/type of fishing gear with potential impact on biodiversity or marine ecosystems:

- reduced
- moderate
- significant
- produced in aquaculture, certified according to Continente's quality standards



# People

## Ambition

To build a better tomorrow, today. We are a company made by and for everyone, that acknowledges individual talent and needs

## Lines of action

- Promote the well-being of our People
- Encourage personal and professional development
- Foster a positive employee experience, increasingly enhanced by digital solutions

## Key initiatives

A pilot program was implemented across 9 grocery retail stores encompassing all formats, reaching around 1,500 people through in-person training, online sessions, and in-store engagement activities. The initiative delivered outstanding results, significantly boosting both the sense of belonging among employees and overall customer satisfaction.



Empathy pilot



Financial literacy

A program that empowers our people in key areas such as personal saving, investing, financial planning, credit management, and the effective use of available tools, promoting greater financial autonomy. This initiative reached over 3,500 participants and registered more than 8,400 self-learning views.



A project designed to celebrate the unique talents of our people and strengthen our culture by recognising that each individual is more than their job title. Their passions and personal interests are part of what makes MC a truly special place to work.



Diversity & inclusion

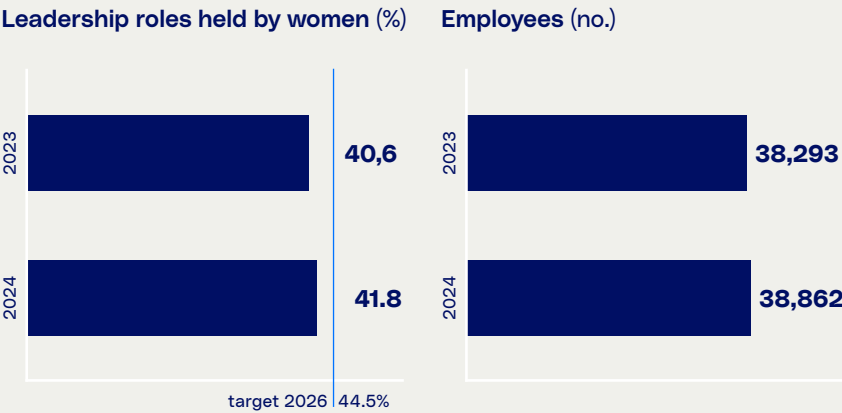
A pilot store in Leça do Balio was designed to offer a more personalised and empathetic service for individual customers. The store was equipped with sound-dampening features, a comfort room, a sensory plant, trolleys, and checkout areas adapted for people with reduced mobility. All store employees received specialised training to ensure an inclusive and supportive customer experience.

## 2024 performance

- **Programme “Precisamos Falar” (We need (to) talk)**  
A mental health programme designed to offer a safe way to access content and resources on a variety of topics, while raising awareness regarding the importance of mental health. The programme includes podcasts featuring different public figures and a resource hub available to all MC employees. In addition, MC provides specific training for people in leadership roles on Mental Health First Aid and has made a commitment to the Good Work Alliance and the World Economic Forum, aiming to have all managers trained by the end of 2025.

- **Business Analytics**  
As part of our upskilling and reskilling programme, “Eu Escolho Aprender” (I Choose to Learn), we are addressing future skills across the organisation, with a particular focus on business analytics. Over the past two years, more than 800 colleagues completed training under this initiative. In 2024, we enhanced the core programme by adding a module on artificial intelligence, along with specific training for leadership teams aimed at maximising the use of data in strategic decision-making.

- **App Better Together**  
MC’s main internal communication channel, that has a 94% adoption rate and 24,000 active monthly users in 2024. The transition to a native app resulted in a more agile and user-friendly app. Since 2022, adoption has grown by 18%, and in 2024, new features were introduced, including gamification dynamics such as the Easter egg hunt and the “Move Better” menu, which highlights key content supporting MC’s cultural transformation. Today, it is the primary gateway for day-to-day management, and we continue to develop the app to further digitalise and enhance our employee experience.





# Communities

## Ambition

To be a catalyst for positive social impact, driving a sustainable future, aware of our responsibility in fostering stronger and more self-sufficient communities

## Lines of action

- Support Communities by donating surplus food and participating in solidarity campaigns in addition to carrying out financial contributions.
- Sponsor local, impactful projects, combining financial support with skills development, mentoring and resources, such as networking and communication platforms.
- Mobilise best practices in the realm of healthy eating, active lifestyle, and conscious consumption.
- Actively contribute to promoting food literacy.
- Promote Societal engagement and foster the debate on social, civic, and ecological issues of the future

## 2024 performance

- In 2024, *Missão Continente* strengthened its commitment to communities, both through social support and initiatives aimed at raising awareness among various audiences.
- Over the past two decades, *Missão Continente* has contributed to numerous social causes across the country, including in areas such as social inclusion, health, and education.
- Throughout the year, we continued to collaborate closely with various institutions and increased the amount of support to the Community, which grew to €31.5 million and benefited 1,528 institutions. Through our *Escola Missão Continente* programme, in the 2024/2025 academic year, we took educational and playful-pedagogical activities to 1,124 preschools and primary schools, inspiring more than 111,000 students and around 7,800 teachers to visit our stores and the producers of the *Clube Produtores Continente*.



2024  
Christmas  
campaign

Through *Missão Continente*'s Christmas solidarity campaign, customers supported more than 750 social and animal welfare institutions. In total, a record-breaking amount of over €1.5 million was raised. Each contribution provided effective and transformative support, improving the lives of hundreds of people and animals in situations of need and vulnerability.

## Key initiatives

*Missão Continente*  
emergency support  
program

With September marked by major wildfires in Portugal, *Missão Continente* stood by the affected communities and, in coordination with the National Authority for Emergency and Civil Protection, implemented an Emergency Support Program for the entities involved in firefighting efforts.

Footparks

*Missão Continente* and the Fundação do Futebol joined forces in the Footpark initiative, which entails building and rehabilitating sports parks. The goal is to promote greater participation in sports among local communities, with a focus on football.

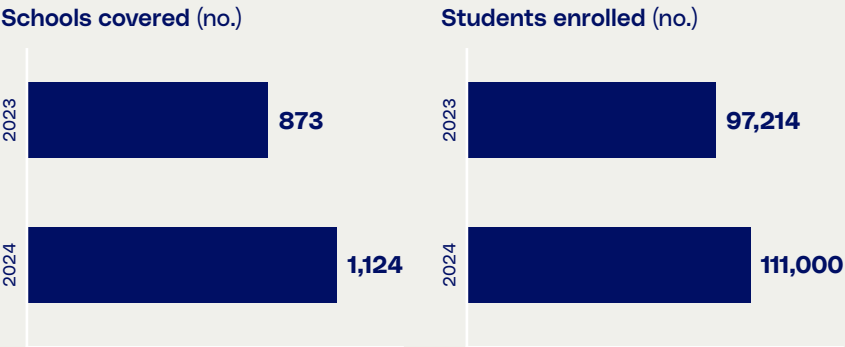
The Footparks in Matosinhos, Lousã, and Mangualde kicked off this project.



Community support (€M)

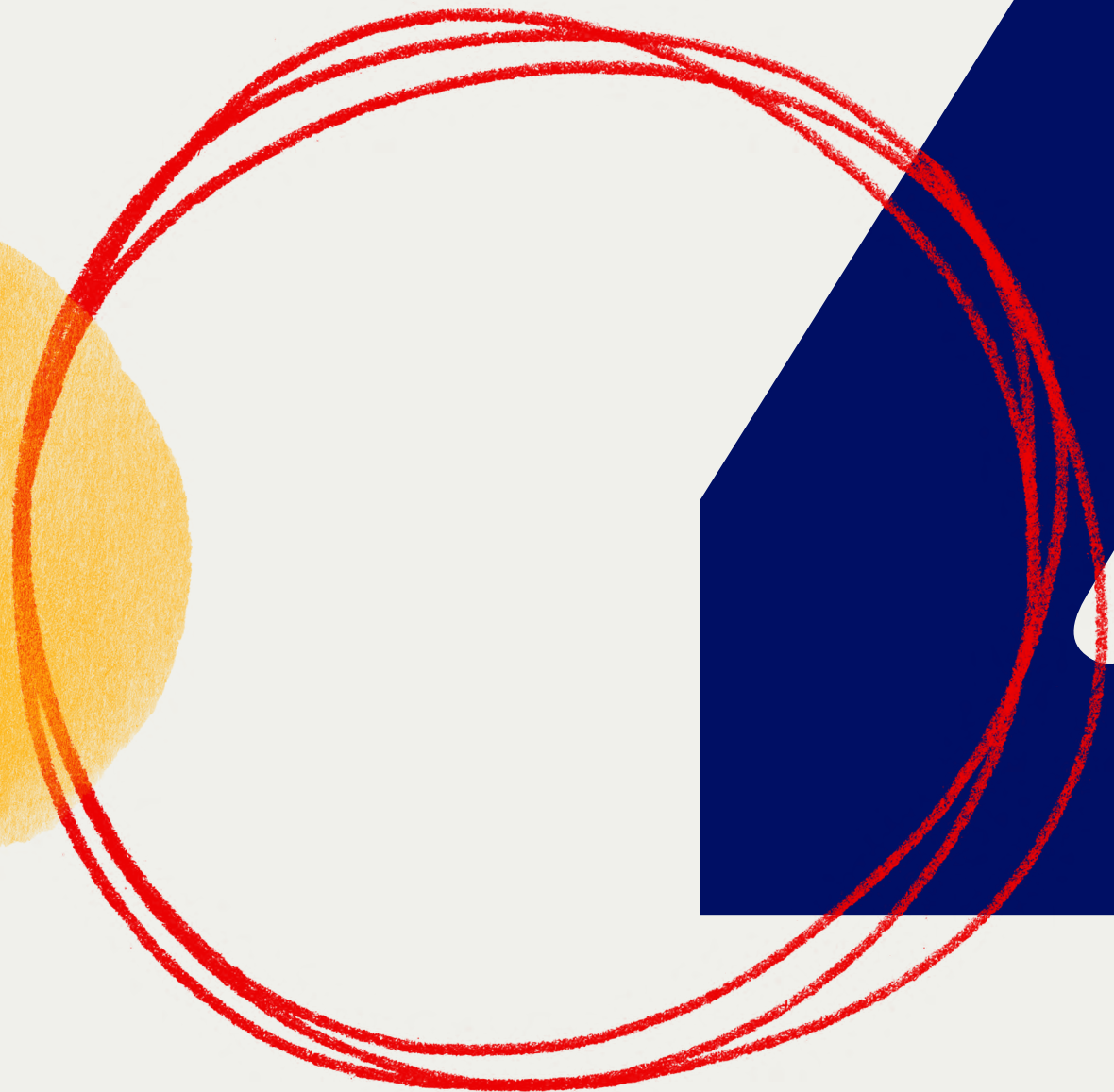
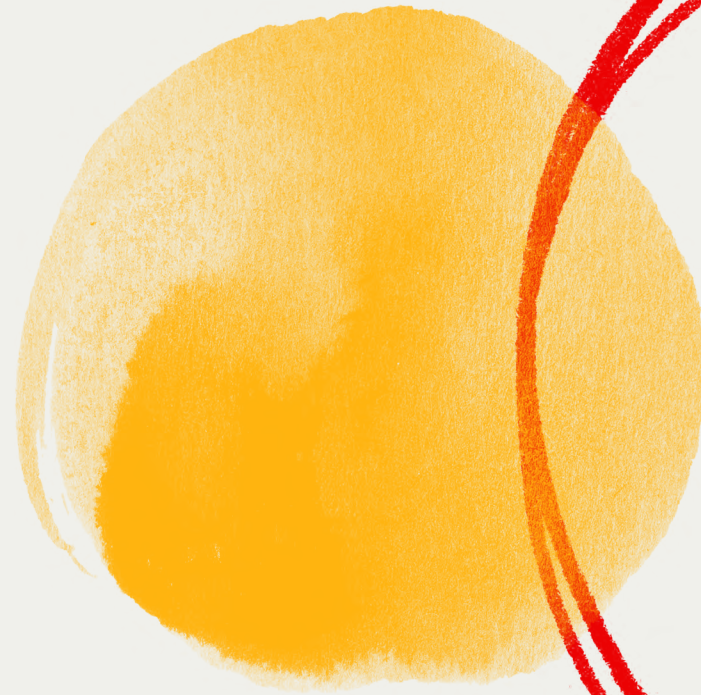
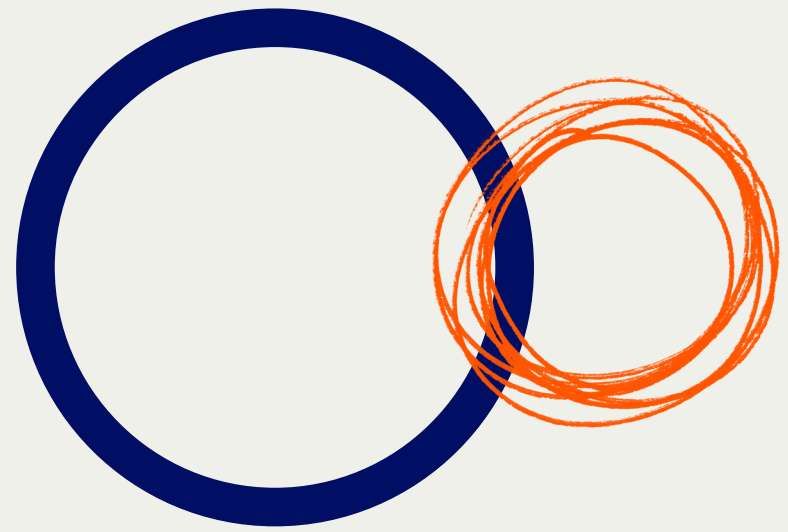


"Escola Missão Continente"





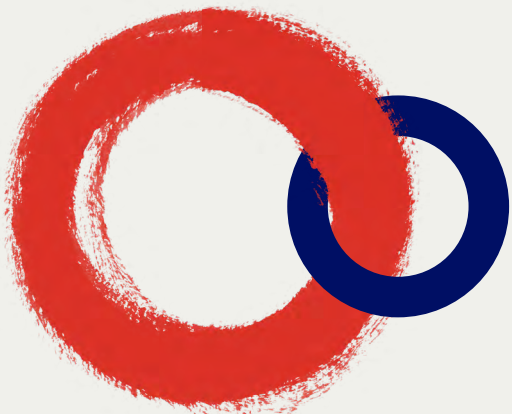
# Governing principles and practices





# Shareholders structure

75.01%  
Sonae, SGPS, S.A.  
and its subsidiaries



24.99%  
Camoen Investments,  
S.à.r.l.

As of 31<sup>st</sup> December 2024, MCretail, SGPS, S.A. (henceforth, MC) fully subscribed and paid-up share capital comprised 1,000,000,000 ordinary shares at a par value of EUR 1 each.

On the same date, Sonae, SGPS, S.A. and its affiliates detained, directly or indirectly, 75.01% of MCretail, SGPS, S.A. share capital. Camoen Investments, S.à.r.l. detained the remaining 24.99% of the referred shares.

# Corporate governance

Corporate governance practices at MC ensure effective decision-making processes are followed and are geared towards increasing a successful business outcome. MC’s robust governance model is based on a clear separation of responsibilities between management and control mechanisms, rigorous internal control systems, and transparent communication practices amongst the various governing bodies and between MC, its shareholders, and other stakeholders. The MC corporate governance model is aligned with the best national and international practices. It has evolved by incorporating the Portuguese Institute of Corporate Governance (IPCG) recommendations into its Corporate Governance Code.

This model aims at transparency and MC’s total, effective functioning is based on a clear separation of powers between the different governing bodies. Furthermore, it seeks to establish an independent operating framework based on defining management guidelines, policies, and procedures suited to the development of the company’s businesses to minimise the inherent risks to its Business.

MC follows a monist governance model, where the Board of Directors oversees the management structure, and the supervisory structure comprises the Statutory Audit Board and the Statutory External Auditor. It is incumbent upon the Board of Directors to manage the Company’s Businesses, perform all management acts related to its corporate purpose, set strategic Company guidelines, and appoint and supervise the activity of the Executive Committee and its specialised committees.

The Board of Directors at MC is focused on the Company’s long-term growth and development to generate value for all its stakeholders, supported by sound corporate social responsibility. This governing body is comprised of a highly skilled and balanced team with in-depth knowledge of grocery retail. With clear intentions and focus, the BoD defined MC’s terms for operational and sustainable financial success. It has also communicated its mission to the retail industry and shared how its activities benefit Customers, Associates, and Society as a whole.

## MC’s governing bodies and committees<sup>1</sup>



1. Governing bodies and committee's composition as of 31st December 2023



# Remuneration policy

## General disclosures

MC's remuneration policy, applicable to members of its governing bodies, adheres to the European guidelines under national legislation resulting from articles 26-A to 26-F of the Securities Code, introduced by Law no. 50/2020 dated 25th of August, and the recommendations from the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG), per the 2018 version, revised in 2020 and 2023.

The remuneration policy is based upon the premise that initiative, competence, commitment, and ethics are essential conditions for good performance. These targets should be aligned with MC's medium and long-term interests with a view to its sustainability. The policy is rooted in the following principles:

**Competitiveness:** When designing the remuneration policy, the primary goal is to attract and retain the best, high-performing talent with a proven track record to guarantee stability and offer a relevant and de facto contribution to the sustainability of the Company's Businesses.

The remuneration policy is defined by benchmarking against the practices of comparable companies, based on market studies conducted by the consulting firms Mercer and Korn Ferry for the Portuguese and European markets. Companies considered comparable are those whose securities are traded on the Euronext Lisbon Stock Exchange.

Accordingly, the remuneration parameters for members of the governing bodies and other persons discharging managerial responsibilities are determined and periodically reviewed, considering market conditions, the activity performed, and responsibilities inherent to the position held. Thus, the following factors, among others, are taken into account: the members' profile and CV, their experience, the nature and description of the job function, the competencies of the governing body concerned and that of the particular member, and the degree of a direct correlation between individual and Business performance.

**Performance-oriented:** The remuneration policy provides for the award of short and medium-term variable incentive bonuses for the executive directors. This is calculated based on MC's and the Group's results and

the level of individual and collective performance to foster the sustainable growth of the business in addition to a personal commitment to the predefined objectives. If the predefined goals measured using Key Performance Indicators (KPIs) are not achieved, the sum of short and medium-term incentives will be partially or totally reduced.

**Aligning interests:** The following is declared: an alignment between the interests of the Company directors, those of the shareholders and medium-term performance to ensure Business sustainability. In this way, a portion of the variable bonus for executive directors is deferred for a period of 3 years after its attribution. The deferred component is affected by the degree of achievement of medium-term objectives.

The remuneration of non-executive directors, members of the supervisory bodies and officers of the shareholders' general meeting consists exclusively of fixed remuneration.

**Transparency:** All aspects of the remuneration structure are transparent and disclosed and are in line with the Group's general remuneration policy.

**Reasonableness:** The remuneration policy aims to ensure a balance between MC's long-term interests, market positioning and best practices, the expectations and motivation of the members of the governing bodies and other persons discharging managerial responsibilities, and the goal of attracting and retaining talent.

**Consistency and fairness:** To determine the remuneration of each member of the governing bodies and other persons discharging managerial responsibilities, the employment and remuneration conditions of the Group's Associates are taken into consideration.

To this effect, conditions of employment and remuneration of full-time equivalent staff are considered to ensure consistency and fairness in remuneration by referring to the weightiness of their respective qualifications, responsibilities, experience, availability and the specific nature of the risk associated with fulfilling the requirements of the position held.

## Architecture of our remuneration policy

In designing the remuneration policy for MC's governing bodies and other directors and in order to determine the applicable remuneration, the following is considered: the job function performed per an evaluation system that includes differentiation criteria in addition to complexity, qualification, experience required, autonomy and responsibilities. This system is based on consulting firm Korn Ferry's international methodology to promote fairness in remuneration and employment conditions, in light of the differentiation criteria described above, applicable to the various job roles and allowing for comparability/benchmarking with equivalent job functions in the market.

The result is that in general terms, the benchmark adopted in terms of competitive positioning against the comparable market for each job function is usually the median for the fixed remuneration and the third quartile for the variable component of remuneration, notwithstanding the necessary adjustments under market conditions and MC's particular situation. The remuneration of the executive members of the Board of Directors includes fixed and variable components. The remuneration of the non-executive members of the Board of Directors and the members of the Statutory Audit Board is comprised exclusively of a fixed component.

The table below summarises the architecture of our remuneration policy:

Governing Bodies		Breakdown		Market Positioning
Board of Directors	Executive directors	Fixed	Basic compensation	Median
		Variable <sup>1</sup>	Short-term variable compensation	Third quartile
			Medium-term variable compensation	Third quartile
	Non-executive directors	Fixed	Compensation	Median
Statutory Audit Board		Fixed	Compensation	Median
Statutory External Auditor		Fixed	Compensation	Median
Officers of the shareholders' general meeting		Fixed	Compensation	Median

1. Subject to fulfilling short and medium-term objective and subjective KPI requirements



# Risk management

## Internal controls and risk management system framework

Risk management is a key component of MC's culture and one of the pillars of Corporate Governance. Risk management is diffused across all management processes and is a shared responsibility amongst all Company Associates.

MC's risk management model aims to create and protect value by managing opportunities and controlling threats that can affect the objectives and the perspectives of business continuity and support decision-making.

## Main roles and responsibilities

The Company's Statutory Audit Board is responsible for assessing the internal control and risk management systems, overseeing its activity plan, obtaining periodic performance information, evaluating the conclusions reached and issuing the guidelines it deems necessary.

### 1<sup>st</sup> Line of defence

#### Business units Risk owners

The business units are responsible for (i) identifying, evaluating, and implementing corrective measures to address process and control deficiencies; and (ii) maintaining effective internal controls

### 2<sup>nd</sup> Line of defence

#### Risk management Risk Supervision

Risk management aims to support the Company in reaching its business objectives via a systematic and structured approach to identifying and managing risks and opportunities

### 3<sup>rd</sup> Line of defence

#### Internal audit Risk Guarantee

The Internal Audit is an independent assurance and consultancy activity with the mission of identifying and evaluating the management and risk control effectiveness and efficiency of Business processes and information systems

### 4<sup>th</sup> Line of defence

#### External audit Shareholders Risk Guarantee

The External Auditor (i) verifies the effectiveness and functioning of internal control procedures per the work plan agreed upon by the Statutory Audit Board, to whom it reports its findings; and (ii) assesses and reports the reliability and integrity risks of financial and accounting information

## Managing and monitoring the main risks

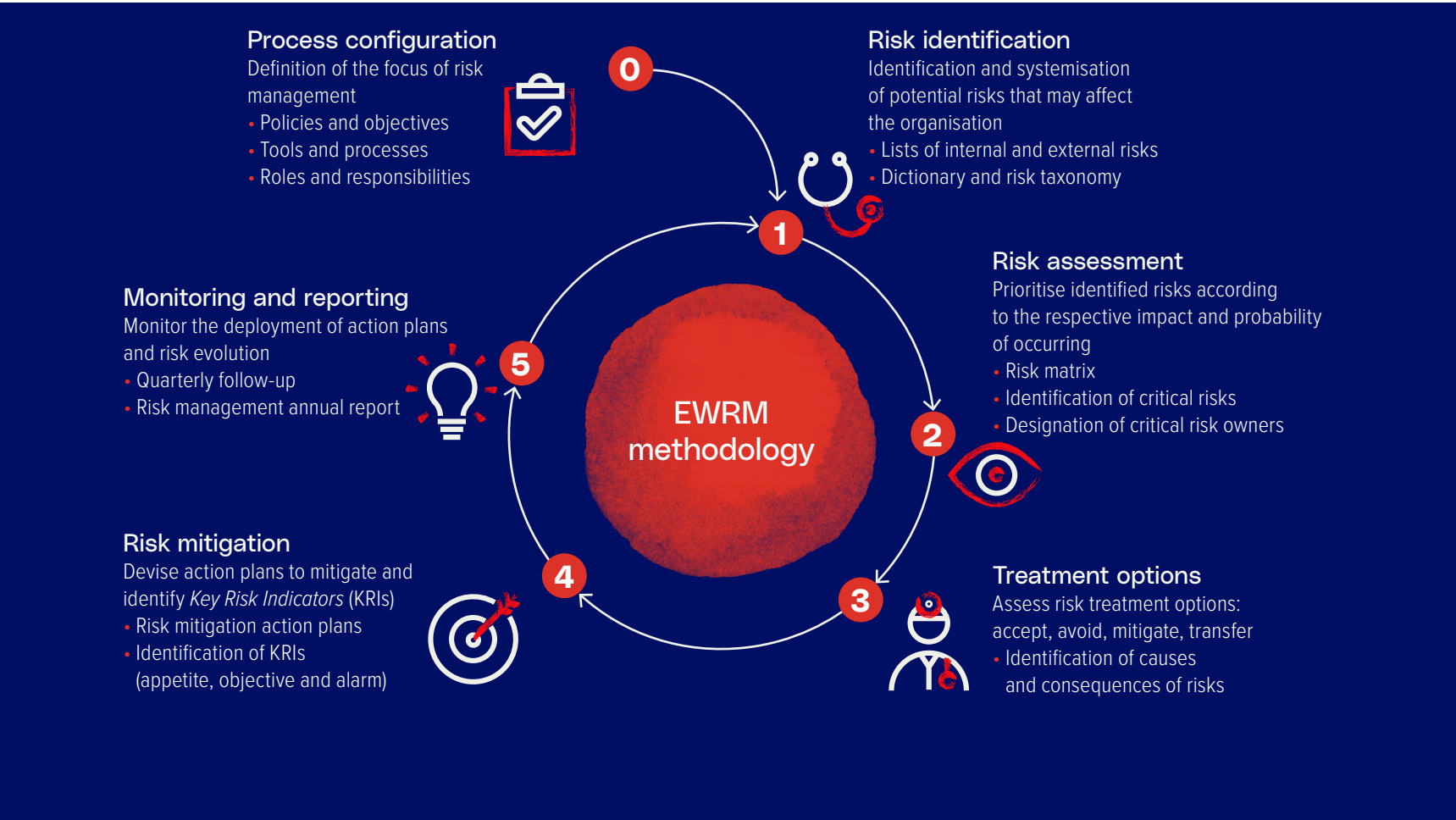
Risk management and monitoring are achieved through different approaches, namely the Enterprise-Wide Risk Management (EWRM) framework, which captures, assesses, prioritises and manages the most significant risks.

The EWRM covers all areas of the Company and classifies risks into eight categories: external, strategic, financial, reputational, environmental, human resources, technological and operational. In 2024, a total of 57 risks distributed among these eight categories were identified and assessed.

Within the scope of strategic planning, risks associated with the Business portfolio management, the risks of developing new Businesses and risks of other strategic projects of the Company are also identified and managed.

For risks of a more transversal nature, namely those related to business continuity and large-scale organisational changes, structured risk management programs are developed with the participation of all functional Business areas.

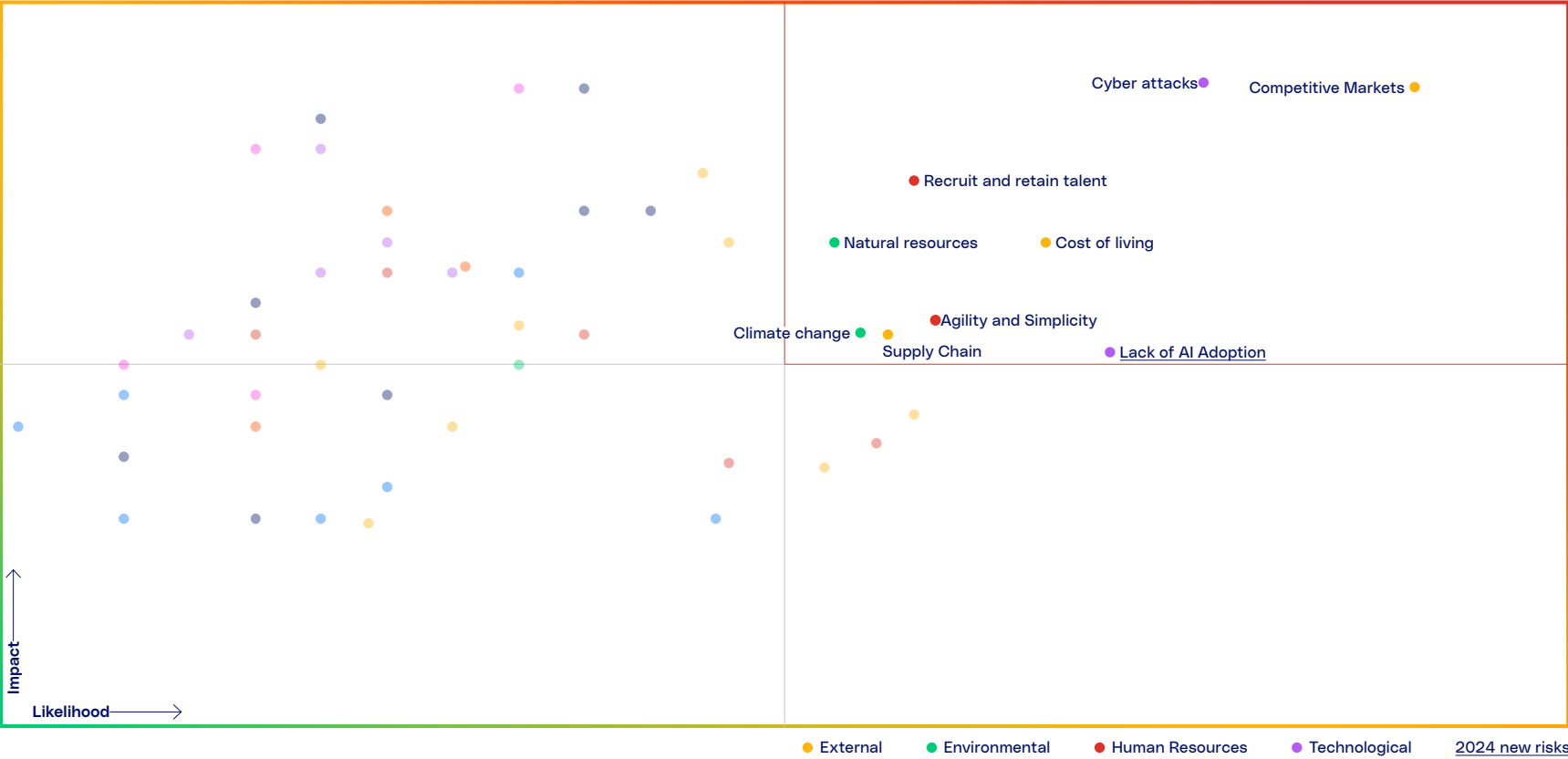
## Enterprise wide risk management methodology





# Identification and description of the main types of risk

MC has identified the following critical risks (higher probability and impact)



2024 Critical risks	Category	Trends compared to 2023
Cost-of-living crisis	External	≡
Supply chain disruption	External	↑
Failure of climate change mitigation and adaptation	Environmental	≡
Natural resources loss	Environmental	≡
Inability to recruit and retain talent	Human Resources	≡
Lack of organisational agility and simplicity	Human Resources	≡
Cyber insecurity	Technological	≡
Lack of AI adoption by the business	Technological	N

N New risk    ↑ Rising risk    ≡ Risk without change    ↓ Decreasing risk




## 2024 Critical risks

Risk description	Trend	Mitigation initiatives
<b>Cost-of-living crisis</b> Broad sections of the population are finding it increasingly difficult to maintain their current lifestyle, leading to a decline in purchasing power and excessive consumer or household debt due to high interest rates, also increased spending on private services (e.g., education, elderly care, healthcare) and lower wages are not matched with a rise in real household income. These factors may affect business profitability.	N	<ul style="list-style-type: none"><li>• Monitor the evolution of key macroeconomic indicators to ensure the timely detection of changes in consumer purchasing power, namely producer and consumer price indices (food and general categories), interest rates, real wages, unemployment rate, housing expenses, etc.</li><li>• Carry out regular consumer surveys to assess changes in perceptions about the state of the economy, focusing on confidence and sentiment indicators, in order to anticipate changes in the purchasing behavior of Portuguese consumers</li><li>• Evaluate customers' perception of Continente's initiatives to help families face the cost-of-living crisis.</li></ul>
<b>Supply chain disruption</b> Suppliers that operate in conflict zones can be severely affected due to major disruptions or collapse in essential global supply chains or industries, regardless of the form of supply (land, sea or air). In the event of prolonged conflict, this will have a profound effect on the global economy.	↑	<ul style="list-style-type: none"><li>• Identify and pre-approve alternative suppliers and origins to each major commodity</li><li>• Split the volumes purchased of main commodities among several suppliers</li><li>• Identify alternative raw materials for composed products, that may deliver similar quality/taste end products</li><li>• Move agro-products production to alternative locations (e.g., due to water scarcity)</li><li>• Encourage the development of national production in raw materials with greater external dependence, and establish contracts with local producers in the medium/long term (e.g., cereals)</li><li>• Increase inventory levels (purchasing from current suppliers), once the risk is identified and until possible (namely using outsourced warehouse capacity)</li></ul>
<b>Failure of climate change mitigation and adaptation</b> The inability to apply, adopt or invest in effective climate-change adaption measures (e.g., lack of climate-resilient infrastructure) and to mitigate (e.g., carbon neutral economy), protect and help the population or businesses most impacted can affect the Company's image and financial performance. In addition, failure to adapt and mitigate climate change can cause abrupt and severe impacts on planetary health or human welfare, leading to food and natural resources scarcity and disrupting production.	≡	<ul style="list-style-type: none"><li>• Assessment of the business exposure to climate change and integrate the guidelines defined by the Task Force on climate-related Financial Disclosure (TCFD)</li><li>• GHG Target Monitoring and implementation of the plan</li><li>• Annually review of the roadmap, considering the regulatory and technological developments</li></ul>

N New risk    ↑ Rising risk    ≡ Risk without change    ↓ Decreasing risk


Continues



Risk description	Trend	Mitigation initiatives
<b>Natural resources loss</b> The loss, destruction of natural capital, overexploitation, and the mismanagement of critical natural resources (e.g., chemicals, food, energy, minerals, water, forests) may result in severe commodity and natural resource supply shortages for human and industrial usage, and species extinction or decline, with severe consequences for the environment, humankind and economic activity.		<ul style="list-style-type: none"><li>• Review of the Product ID</li><li>• Update of the Product ID attribute registration</li><li>• Pilot of Product Traceability Platform</li></ul>
<b>Inability to recruit and retain talent</b> Operating in an increasingly competitive labour market, combined with a lack of attractive career plans, stagnating wages, mismatched work models, digital nomads, incompatible remuneration, and training programs, may compromise the Company’s capacity to recruit and retain key human resources. This can significantly impact the fulfilment of the Company's objectives and strategy.		<ul style="list-style-type: none"><li>• Revise the compensation package and benefits for top talent, critical functions and young talent</li><li>• Revise career models and performance management process;</li><li>• Expand employee journey deep-dives to more company areas and implement optimization/improvement measures</li><li>• Greater emphasis given to internal and external communication, in order to make MC more attractive – Digital and Social engagement (Facebook Workplace, Linkedin ambassadors, Newsletters, Instagram, Podcast Better Together etc.);</li><li>• Organize and plan additional Employer Branding actions (disseminating actions at universities and events);</li><li>• Learning Organization Framework to support SWP (Strategic Workforce Planning) implementation</li><li>• Wellbeing, Diversity, Equity &amp; Inclusion Programs</li><li>• Improving our internal mobility program “<i>Damos Asas ao Talento</i>”</li><li>• Improving our “<i>Eu Escolho Aprender</i>” programs in order to enhance our workers ability to engage in reskilling or upskilling</li><li>• Cultural Transformation: Move better</li></ul>
<b>Lack of organisational agility and simplicity</b> The potential existence of an overly complex and inflexible organisational structure, due to the Company’s size and the diversity of its businesses, can affect decision-making agility, consequently resulting in missed opportunities.		<ul style="list-style-type: none"><li>• End-to-end (E2E) process redesign:<ul style="list-style-type: none"><li>› Procurement</li><li>› Operational range management</li><li>› Promotional activity management</li><li>› Mapping of store activities</li><li>› Elimination of store tasks</li><li>› Review of control and audit activities</li><li>› Stock management</li></ul></li><li>• Implement AOM (Automation Operation Model) across the organization focusing on structures</li><li>• Revamp the organizational culture</li><li>• Organizational simplification</li></ul>

 New risk    Rising risk    Risk without change    Decreasing risk

Continues

Risk description	Trend	Mitigation initiatives
<b>Cyber insecurity</b> An inadequate level of information systems protection by the Company, associates or third parties, as a direct result of outstripped or obsolete measures, weak cybersecurity posture along with insufficient training and awareness in a global context of increasingly sophisticated and frequent cybercrimes, and use of Artificial Intelligence (AI), can compromise critical operational and business processes or breach the privacy of associates, customer or suppliers, as well as other commercial information, with a direct impact in the Company reputation and business continuity.		<ul style="list-style-type: none"><li>• MC Cybersecurity Strategy</li><li>• Cybersecurity awareness and training program enforcement on operations and new contents</li><li>• Cyber insurance policy to cover financial losses that result from a cyber attack</li><li>• Third party cyber risk management – policy and process implementation</li><li>• Network Access Control – roll-out and full implementation</li><li>• Zero Trust Network Access – roll-out and VPN replacement</li><li>• Vulnerability Management – implementation of new processes and vulnerability management platform</li><li>• Security Operations Center – NextGen Technology Deployment</li><li>• PAM – implementation of new processes and tool to manage privilege access</li><li>• Roadmap program for cybersecurity maturity improvement</li></ul>
<b>Lack of AI adoption by the business</b> The companies and industries that delay or do not implement Artificial Intelligence (AI) to address their real needs could be left further behind competitors, be digitally isolated and lose their competitive advantages, negatively impacting the Company’s profitability.	<b>N</b>	<ul style="list-style-type: none"><li>• Implementation of a One Data Platform</li><li>• Optimization of Cloud Resources</li><li>• AI/ML Scalability and Sustainability</li><li>• Expanded Adoption of AI/ML</li><li>• Democratisation of Data Access</li><li>• Continuous Enablement and Training</li><li>• Creation of a Data Enablement Hub</li><li>• Fostering a Data-Driven Culture</li></ul>

 New risk    Rising risk    Risk without change    Decreasing risk

Conclusion

## Highlights in 2024

- The preparation of mandatory documentation and awareness programs to comply with the Whistleblower Protection Law<sup>1</sup> and the General Scheme for the Prevention of Corruption<sup>2</sup> (RGPC). Employees took part in training sessions
- The design and development of initiatives to ensure compliance with the NIS2<sup>3</sup> directive.
- Execution of the initial phase of the compliance assurance project with the Artificial Intelligence Regulation (AI ACT), ensuring that the initiatives used or developed by MC are implemented safely, ethically, and transparently.
- The promotion of events to share and exchange experiences on risk management, namely participation in the Portuguese risk management think-tank.

1. WH: Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law – Law no. 93/2021 of 20 December

2. RGPC: General Regime for Corruption Prevention (“RGPC”) were established through Decree-Law No. 109-E/2021 of December 9<sup>th</sup>

3. NIS2: Network and Information Security





# Key Financial Statements



Key Financial Statements

# Highlights



	Total	Grocery	HWB	
Turnover (€M)	7,619	6,488	1,132	Net income (€M) 189
Total growth (%)	15.3%	7.1%	9.8% <small>(excluding Druni)</small>	CAPEX (€M) 597
Like-for-like (%)	5.0%	4.4%	10.2%	Total Debt (€M) 2,247
EBITDA (€M)	767	625	142	Net debt/EBITDA 2.9
EBITDA (% of turnover)	10.1% <div>+ 0.4 pp</div>	9.6% <div>=</div>	12.5% <div>+ 2.0 pp</div>	Cash conversion ratio <sup>1</sup> 53.4%

1. EBITDA less fixed rents, less maintenance and optimisation capex, as a percentage of (EBITDA less fixed rents).



Key Financial Statements

Consolidated income statements

(Amounts expressed in euro)	31 Dec 2024	31 Dec 2023
Sales	7,477,776,982	6,457,633,425
Services rendered	141,484,618	149,176,925
Gains and losses on investments	593,214	5,989
Gains and losses on investments recorded at fair value	1,226	-
Other income	137,465,101	120,754,997
Cost of goods sold and materials consumed	(5,399,215,755)	(4,679,455,811)
Changes in inventories of finished goods and work in progress	-	479
External supplies and services	(581,959,316)	(513,407,298)
Employee benefits expense	(928,732,619)	(817,068,473)
Other expenses	(82,023,847)	(80,290,793)
Depreciation and amortisation expenses	(363,475,855)	(299,139,028)
Impairment losses	(15,317,862)	(21,198,822)
Profit from continuing operations before interests, dividends, share of profit or loss of joint ventures and associates and tax	386,595,887	317,011,590
Dividends received during the year	488	488
Share of profit or loss of joint ventures and associates	1,989,162	2,021,417
Financial income	44,087,215	46,725,357
Financial expense	(162,746,238)	(145,581,441)
Profit from continuing operations before tax	269,926,514	220,177,411
Income tax expense	(67,500,921)	(44,731,933)
Profit from continuing operations for the period	202,425,593	175,445,478
Consolidated profit/(Loss) for the period	202,425,593	175,445,478
Attributable to owners of the Company:		
Continuing operations	188,629,996	170,617,379
	188,629,996	170,617,379
Attributable to non-controlling interests:		
Continuing operations	13,795,597	4,828,099
	13,795,597	4,828,099
Profit/(Loss) per share		
From continuing operations		
Basic	0.188630	0.170617
Diluted	0.188630	0.170617

Consolidated Statements of Comprehensive Income

(Amounts expressed in euro)	31 Dec 2024	31 Dec 2023
Net Profit/(Loss) for the period	202,425,593	175,445,478
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	1,246,453	(237,406)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	-	-
Changes in hedge and fair value reserves	(578,528)	(24,413,735)
Income tax relating with other components of comprehensive income	95,497	4,190,803
Others	(291)	(25,242)
Other comprehensive income for the period	763,131	(20,485,580)
Total other comprehensive income for the period	763,131	(20,485,580)
Total comprehensive income for the period	203,188,724	154,959,898
Attributable to:		
Equity holders of parent company	189,393,235	150,157,041
Non controlling interests	13,795,489	4,802,857



Key Financial Statements

# Consolidated Statement of Financial Position

(Amounts expressed in euro)	31 Dec 2024	31 Dec 2023
<b>ASSETS</b>		
NON-CURRENT ASSETS:		
Property, plant and equipment	1,666,151,789	1,493,164,167
Intangible assets	543,612,323	280,744,085
Right of use assets	1,328,479,503	1,108,142,955
Goodwill	521,636,655	454,900,067
Investments in joint ventures and associates	9,979,664	10,083,165
Assets at fair value through profit and loss	8,147,991	12,012,441
Deferred tax assets	114,982,348	77,304,129
Other non-current assets	28,804,039	53,991,192
<b>Total Non-Current Assets</b>	<b>4,221,794,312</b>	<b>3,490,342,201</b>
CURRENT ASSETS:		
Inventories	802,761,592	502,884,124
Trade receivables	81,474,834	66,853,515
Other receivables	209,642,023	98,383,299
Other current assets	67,923,494	36,421,618
Other tax assets	3,605,660	1,649,529
Income tax assets	113,260,085	47,563,348
Cash and bank balances	203,940,663	129,840,682
<b>Total Current Assets</b>	<b>1,482,608,351</b>	<b>883,596,115</b>
Assets classified as held for sale	–	13,248,466
<b>TOTAL ASSETS</b>	<b>5,704,402,663</b>	<b>4,387,186,782</b>

(Amounts expressed in euro)	31 Dec 2024	31 Dec 2023
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY:</b>		
Share capital	1,000,000,000	1,000,000,000
Legal reserve	200,000,000	200,000,000
Reserves and retained earnings	(653,046,961)	(599,777,053)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company	188,629,996	170,617,379
<b>Equity attributable to the equity holders of the Parent Company</b>	<b>735,583,035</b>	<b>770,840,326</b>
Equity attributable to non-controlling interests	235,496,564	36,608,914
<b>TOTAL EQUITY</b>	<b>971,079,599</b>	<b>807,449,240</b>
<b>LIABILITIES:</b>		
NON-CURRENT LIABILITIES:		
Loans	419,684,342	311,092,627
Bonds	325,436,784	264,051,817
Lease liabilities	1,359,947,413	1,181,070,946
Other non-current liabilities	77,086,062	23,130,245
Deferred tax liabilities	352,438,439	192,535,694
Provisions	17,054,308	10,083,328
<b>Total Non-Current Liabilities</b>	<b>2,551,647,348</b>	<b>1,981,964,657</b>
CURRENT LIABILITIES:		
Loans	124,074,313	9,525,387
Bonds	18,997,069	40,000,000
Lease liabilities	172,141,552	109,586,546
Trade payables	1,210,616,886	876,267,395
Other payables	203,217,710	131,735,971
Other current liabilities	295,417,271	269,150,483
Income tax liabilities	40,437,893	40,902,568
Other tax liabilities	112,908,330	94,541,538
Provisions	3,864,692	10,194,530
<b>Total Current Liabilities</b>	<b>2,181,675,716</b>	<b>1,581,904,419</b>
Liabilities directly associated with assets classified as held for sale	–	15,868,467
<b>TOTAL LIABILITIES</b>	<b>4,733,323,064</b>	<b>3,579,737,542</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,704,402,663</b>	<b>4,387,186,782</b>



Key Financial Statements

# Consolidated Statements of Cash Flows

(Amounts expressed in euro)	31 Dec 2024	31 Dec 2023
<strong>OPERATING ACTIVITIES</strong>		
Receipts from customers	7,622,079,734	6,629,698,662
Payments to suppliers	(5,951,151,611)	(5,226,668,983)
Payments to employees	(912,898,481)	(778,471,420)
<strong>Cash flow generated by operations</strong>	<strong>758,029,643</strong>	<strong>624,558,259</strong>
Income taxes (paid)/received	(50,406,190)	(30,140,062)
Other cash receipts and (payments) relating to operating activities	62,636,714	20,550,514
<strong>Net cash flow from operating activities (1)</strong>	<strong>770,260,167</strong>	<strong>614,968,711</strong>
<strong>INVESTMENT ACTIVITIES</strong>		
Cash receipts arising from:		
Investments	9,571,881	799,100
Property, plant and equipment	7,129,183	2,053,609
Intangible assets	14,027	14,763
Interests and similar income	4,723,539	4,293,247
Dividends	2,093,149	1,606,740
Others	7,172,846	–
	<strong>30,704,625</strong>	<strong>8,767,459</strong>
Cash Payments arising from:		
Investments	(226,350,820)	(778,641)
Property, plant and equipment	(259,308,828)	(247,747,587)
Intangible assets	(45,790,450)	(43,219,442)
	<strong>(531,450,098)</strong>	<strong>(291,745,670)</strong>
<strong>Net cash used in/generated by investment activities (2)</strong>	<strong>(500,745,472)</strong>	<strong>(282,978,211)</strong>

(Amounts expressed in euro)	31 Dec 2024	31 Dec 2023
<strong>FINANCING ACTIVITIES</strong>		
Receipts arising from:		
Loans obtained	2,207,167,786	1,295,000,000
Others	27,000,000	–
	<strong>2,234,167,786</strong>	<strong>1,295,000,000</strong>
Payments arising from:		
Lease liabilities	(223,602,902)	(183,385,606)
Loans obtained	(1,998,990,787)	(1,276,577,889)
Interests and similar charges	(32,956,770)	(24,312,046)
Dividends	(171,440,284)	(214,449,657)
Others	(1,890,000)	–
	<strong>(2,428,880,743)</strong>	<strong>(1,698,725,198)</strong>
<strong>Net cash used in financing activities (3)</strong>	<strong>(194,712,958)</strong>	<strong>(403,725,198)</strong>
<strong>Net increase (Decrease) in cash and cash equivalents (4) = (1) + (2) + (3)</strong>	<strong>74,801,737</strong>	<strong>(71,734,698)</strong>
<strong>Effect of foreign exchange rate</strong>	<strong>(274,974)</strong>	<strong>(127,350)</strong>
<strong>Effect of holdings for sale</strong>	<strong>(426,782)</strong>	<strong>120,604</strong>
<strong>Cash and cash equivalents at the beginning of the period</strong>	<strong>129,840,682</strong>	<strong>201,568,634</strong>
<strong>Cash and cash equivalents at the end of the period</strong>	<strong>203,940,663</strong>	<strong>129,840,682</strong>



# About this report

## Scope and period of the report

In its “Annual Report 2024”, MC sought to compile in a single document financial and non-financial disclosures, thus offering its stakeholders a holistic overview of the Company and its capacity to create value. This document is not intended to report detailed financial data, but MC remains available to provide additional information upon request.

This report refers to activities carried out during the 2024 financial year (1 January to 31 December 2024)

## Information review

The financial information included in the chapter “Key Financial Statements” is part of the Annual Report and Accounts 2024 of MCretail, SGPS, S.A. approved by the Board of Directors under the legal terms and was submitted to verification by an external entity – PwC, which prepared an independent report and issued a Legal Certification of Accounts.

There is additional financial information available at [mc.sonae.pt/informacao-financeira](https://mc.sonae.pt/informacao-financeira)

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MC

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