

The SABRE logo is located in the top left corner. It consists of the word "SABRE" in a white, stylized, blocky font where each letter is composed of a grid of small squares. The background of the entire page is a vibrant blue with a complex, abstract pattern of thin white lines that create a sense of depth and movement, resembling a tunnel or a series of overlapping planes.

SABRE

STRONGER FASTER BETTER

ANNUAL REPORT 2020

ABOUT THIS REPORT

2020 was an unprecedented year, strongly impacted by a pandemic which completely changed our lives. For Sonae, it was year in which we strived to be Stronger, Faster and Better. Despite the very challenging context, we remained focused on our mission to create and share long-term economic, natural and social value. And the year was filled with hard-won successes.

STRONGER, FASTER, BETTER.

Our annual report demonstrates our commitment to communicate with full transparency and it provides an overview of our strategy and performance in 2020, in a single and integrated Management Report. This integrated Management Report demonstrates how our value creation approach is aligned with the six capitals of the integrated reporting (IR) framework – financial, human, social, manufactured, intellectual and natural capitals.

This report is prepared in accordance with the legislative requirements outlined in the Portuguese Companies Act, the Integrated Reporting framework proposed by the International Integrated Reporting Council (IIRC), the International Reporting and Information Standards and the Global Reporting Initiative Sustainability Reporting Guidelines (GRI Standards), Core Option. It highlights our performance at the level of the United Nations Global Compact (UNGC) Principles and the Sustainable Development Goals (SDG), in addition to responding to the requirements of Portuguese Decree-Law no. 89/2017, published on 28th July 2017 and Spanish law no. 11/2018, published on 28th December 2018.

The scope of our 2020 annual report includes the Integrated Management Report, the Corporate Governance Report and the Financial Statements. The GRI Supplement, subjected to verification by an external entity (KPMG), complements the information reported in the Performance chapter of the Integrated Management Report that is structured around the five axes of action that we identified as priorities.

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**MANAGEMENT
REPORT**

STRONGER



MANAGEMENT REPORT

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2020, a year of hard-won successes.

Always anchored in delivering a solid economic performance while making a difference towards a better society including respecting and caring for nature.

€7.4 bn

PROPORTIONAL TURNOVER

ca. €480 M online sales

€92.6 M

DIVIDENDS PAID IN 2020

(7.4% Dividend yield proposed for 2021)

€4.2 bn

NAV | €2.1 PER SHARE

(strong upside to share price)

11% RoIC

TARGET > 10%

(8% in 2019)

46 thousand

EMPLOYEES

(45 thousand in 2019)

-38% CO₂

YOY EMISSIONS

(Carbon Neutral by 2040 | target defined in 2020 for scope 1+2 GHG emissions)

Note: Online sales are an aggregated figure, which includes 100% of all businesses.

RoIC (Return on Invested Capital) is calculated with proportional figures and with Sonae Sierra and Sonae IM at historical cost. Dividend yield proposed is calculated based on the share price of the last day of 2020. Carbon Neutral is achieving carbon neutral operations by 2040, ten years ahead of the 2050 global target. Number of employees considers the companies fully consolidated in Sonae's accounts and does not consider NDS, ISRG and MDS.

CARBON FOOTPRINT 2020

Scope 1+2 emissions

-29% VS 2018

Total emissions

-38% YOY

RENEWABLE ENERGY

Effective production of energy from renewable sources

+43% YOY

PLASTIC FOOTPRINT

100% of our plastic packaging will be reusable, recyclable or compostable

BY 2025

73%

OF OUR PLASTIC PACKAGING WAS RECYCLABLE IN 2020

4.9 thsd

TONNES OF VIRGIN PLASTIC AVOIDED

+9% YOY

108,000

DONATED TREES

(+5.2x compared to 2019)





39%

**WOMEN IN LEADERSHIP
POSITIONS BY 2023**

36%

**WOMEN IN LEADERSHIP
POSITIONS**

(+2 p.p. compared to 2019)

1.1 M

HOURS OF TRAINING

(-9% compared to 2019)

€14 M

COMMUNITY SUPPORT

(+24% compared to 2019)

1,208

INSTITUTIONS SUPPORTED

(+10% compared to 2019)

TURNOVER (PROPORTIONAL)

€7.0 bn in 2019

+6.0% YOY



69%	SONAE MC
16%	WORTEN
5%	NOS
5%	SONAE FASHION
3%	ISRG
2%	SONAE IM
1%	SONAE SIERRA
1%	SONAE FS

UNDERLYING EBITDA (PROPORTIONAL)

€0.8 bn in 2019

-1.3% YOY



67%	SONAE MC
9%	WORTEN
21%	NOS
2%	SONAE FASHION
2%	ISRG
0%	SONAE IM
3%	SONAE SIERRA
2%	SONAE FS

TURNOVER (STATUTORY)

€6.4 bn in 2019

+6.1% YOY

€6.8 bn

UNDERLYING EBITDA (STATUTORY)

€601 M in 2019

-1.3% YOY

€593 M

ONLINE SALES

(Aggregated)

€480 M

FCF (BEFORE DIVIDENDS PAID)

€291 M in 2019

€220 M

NET DEBT

€1,150 M in 2019

-4.1% YOY

€1,103 M

AVERAGE COST OF DEBT

1.2% in 2019

1.2%

HOLDING LTV



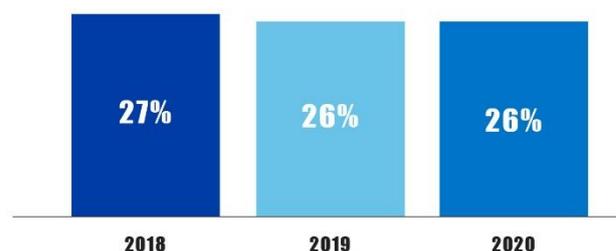
**SONAE MC
TOTAL NET DEBT / UND. EBITDA**



**NOS
FINANCIAL NET DEBT / EBITDA**



**SONAE SIERRA
LTV (NET)**



Note: Turnover and underlying EBITDA proportional are proportional management figures (non-audited), including Sonae Sierra and NOS with the respective shareholding.

Our development as a society and respect for nature must go hand in hand.

LETTER FROM THE CHAIRMAN

At the beginning of the last year and shortly before humanity faced a new formidable battle against a previously totally unknown threat, I wrote that it had never been easier to know that Sonae's convictions — that companies must be able to simultaneously generate economic, social and environmental value — are fundamental. It was my belief that societies in general were growing in the acceptance that this must be the case and of the implications thereof. Little did I know how much this growing awareness and acceptance was going to be dramatically accelerated.

The current pandemic delivered a severe shock to our social, natural and economic fabric. A shock that tore down beliefs we thought to be unshakable. We are once again reminded of how fragile we are. Society as a whole understood the path to development wrongly by positioning itself above nature. The pandemic presented us with the rediscovery of a fundamental truth: our development as a society and respect for nature must go hand in hand. For generations, we thought we were in control. We were not. We are part of a vastly complex web that relies on limited resources. Understanding and respecting this interdependency is paramount in the pursuit of a better tomorrow, a better world.

The social, economic, cultural and natural costs of the current pandemic are still mounting, and it will take years for us to grasp their true implications. We are now dealing with the short-term health and social costs, but the effects are deeper, much deeper, and asymmetrical, across society, regions and businesses. Failing small businesses, unemployment, difficulties in accessing medicine, barriers to scientific literacy, aggravation of tensions, racial and social divisions and political opportunism are now exacerbated.



In spite of these dark months, there are also many signs of hope. There are organisations that worked relentlessly to serve their communities with bravery. Companies that rapidly innovated to provide products and services and support to people in need. Institutions that together and in record time developed multiple vaccines, an unprecedented achievement in science.

More than ever, all organisations must do their share. They need to acknowledge their purpose and adopt truly sustainable strategies, set up ambitious goals towards a better society, and focus on creating long term value. At Sonae we very much welcome this change as it actually makes our difficult ambition to generate superior economic, social and natural value a little less difficult. In our daily tasks we feel more support, understanding and help from financial markets, consumers, employees, partners and suppliers and new solutions are arising for persistently difficult problems.

Of enormous relevance during 2020 was the ability of the EU to pull together a clear future vision and substantial coordinated action to face the effects of the pandemic. We were delighted that Europe clearly set out digital and green as priorities to shape its long-term future.

Economic value

The impact of the pandemic on the economic performance of our businesses was severe and very disparate ranging from businesses that were left with no revenues to speak of and all of the costs, to others scrambling to meet demand.

In this difficult context, we were able to grow consolidated turnover 6.1% to €6.8 bn, almost sustain underlying EBITDA despite the heavy operational losses of closed down stores and shopping centres and post a return on invested capital of 11.1%*.

Our net results were, however severely impacted by changes of external valuations of our shopping centres and several extraordinary provisions across businesses affected directly or indirectly by the lockdown periods.

Looking at a long-term, strategic view of our portfolio's future-readiness and long-term economic value creation perspective, I believe the pandemic has had both negative and positive impacts which resulted in an overall improvement of our situation. There was undoubtedly a clear focus on operational responses to the constantly shifting environment, legislation and health and safety concerns. This reduced time available for non-organic M&A and new business initiatives which we believe to be important for shaping our portfolio. Conversely and of larger immediate and long-term impact, our teams successfully managed an enormous acceleration in e-commerce and digitalization. Sonae is now, not only very clearly the e-commerce leader in the Portuguese market, but our average online market share in our controlled retailing businesses has surpassed the offline equivalent! A remarkable transformation over the last decade which has gone largely unnoticed in many circles. We fully acknowledge that we must do much more in this area to reach the level of online penetration of more advanced markets and to grow more significantly in other markets.

Despite sustaining significant operational and financial investment levels, the group was able to generate sufficient cash flow to reduce its net debt, and all businesses continue to hold investment grade levels. Our group is fully financed for the next 18 months and the average maturity profile was kept above 4 years. During 2020 Sonae refinanced more than €750 M and executed its first ESG-linked loans amounting to €170 M and a green loan of €55 M.

* Return on invested capital calculated with proportional figures with Sonae Sierra and Sonae IM at historical cost.

These overall results were possible because of Sonae's unparalleled resilience and flexibility, our digital capabilities, and the diversity of our businesses — demonstrating again the value of our long-held belief in the long-term value of risk diversification.

The pandemic has strengthened the focus on sustainability issues improving the access of capital to companies and investments anchored on solid, tried-and-tested, long-term sustainable strategies. The next few years will see a continuous acceleration of this trend and will redefine investment valuation. We believe Sonae will be at the forefront of this movement and we will be well positioned to benefit from these capital flows.

Social value

I believe this crisis has put into value the role of the retail sector, and particularly the fundamental role of food retail, building a deeper sense of purpose and connection with customers and employees but also further highlighting our social responsibility.

Despite the difficult economic conditions and our declining net results, Sonae felt that it had to make an extraordinary effort to help society deal as much as possible with the severe social impacts of this crisis.

In addition, we strengthened the support to our communities in a difficult moment for families across our geographies. Our community support grew 24% to €14 M and we mobilised our people and structures to address the many challenges that the pandemic has brought. We donated thousands of goods, especially food and electronics products, and we made a partnership with Santa Casa da Misericórdia to provide 2,500 free newspaper subscriptions to unemployed people in the country and gave free access to Covid-19 news of our newspaper *Público* as we felt that access to reliable information was important during the sanitary crisis.

Beyond the general step up in the areas of community support we usually focus on, we recognized the critical role science plays in our current context and donated €0.5 M to the global initiative *Coronavirus Global Response*. This initiative raised funds to accelerate research, development, production and equal access to vaccines, diagnosis and treatment against Covid-19.

Moreover, as a member of The European Roundtable for Industry, Sonae, pledged action to deal with some of the urgent challenges of the 21st century: our greatest asset, our people and their diversity. As an ERT member, we are committed to co-operate with policymakers and other stakeholders to boost the employability of Europe's workforce, especially those without a job, or at risk of being displaced. The release of the European Skills Agenda is an opportunity to put people at the heart of the ongoing digital and green transitions. Investing in employability is investing in Europe's prosperity and future.

Our position on Social Inequalities and Inclusive Development starts inside Sonae. We have defined and communicated clear targets on gender equality, aiming to achieve 39% of women in leadership positions by 2023. In 2020, Sonae made important improvements, reaching 36%, +2pp compared to 2019. Aiming to reinforce our commitment towards gender parity, the KPI 'Women in Leadership' has been linked to Sonae's management incentive system, as we strongly believe that diversity, namely of gender, will not only bring more creativity and innovation to our teams, but it will ensure better decisions and also better performance. We are proud to head the "Leading Together" index, which assesses gender equality in the management boards of PSI-20 companies.

We continued to pay close attention to the needs of our people and ensure we have the right resources in place to support them during vulnerable phases. Despite many of our business units having shut down due to legal requirements, we did not

introduce any layoff schemes in the businesses that we fully control in Portugal. We stood by our people, we readjusted our operations and we allocated resources internally, so that our colleagues would continue to thrive their jobs. Looking ahead, given the impact expected from the digital and climate transition, as a member of the ERT (European Round Table of Industry) Sonae is leading a working group called “Jobs, Skills & Impact”, which aims to launch a programme to support European citizens who are unemployed or at risk of losing their jobs due to this dual transition. The main goal is to focus on ways to bridge the skills gap and develop a more inclusive, resilient and competitive society. In 2020, the working group started to design the programme’s pilot, which Sonae will join.

Natural value

Sonae has been extremely active in protecting and developing natural capital with a multidimensional approach. We have designed an environmental framework, strategy, performance metrics and targets.

Sonae, together with 30 other leading European companies, was one of the first subscribers of the European Green Deal, aiming at accelerating the change to create a fairer, more sustainable and resilient future. We want to change the economic paradigm to one based on circularity, clean energies and low carbon industries.

We brought together all Sonae companies in Sonae Forest, a project that aims to offset CO₂ emissions of our fleet of fossil-fuelled vehicles until they are fully replaced, by planting 1,000 hectares of forest. This project will be one of the largest private forests in Portugal and it is designed to combine wood production, high carbon sequestration, biodiversity and natural resistance to the impact of forest fires. This will be achieved by planting diverse native fire-resistant species in particular along water lines and eco corridors, elevating the biodiversity level considerably above that of normal productive forests.

Also, in the climate field, further to our commitment to the Paris Pledge for Action and the agreed goals, we have worked hard to find new solutions and were able to improve our targets and have now made a public commitment to cut down our own emissions by 54% by 2030 and achieve carbon neutral operations by 2040, anticipating the deadline of this target by ten years. To make this possible, we have taken many important steps in this area such as the reinforcement of our investment in renewable energy which saw a growth in production capacity by 43% in 2020.

Sustainability starts at home. Our brand-new Sonae Tech Hub was recognised by the United States Green Building Council with the highest sustainability LEED score ever given to a Portuguese building (89 points) and was recognized as one of the 100 most eco-efficient buildings in the World[†]. Sonae Tech Hub is a space for innovation that hosts our most innovative digital projects, employing more than 600 hundred technical staff, and it is our home for a better future.

One of the most significant pressures on our ecosystem comes from food sourcing and the disruption it causes on natural habitats, imposing an urgent need to find alternative sustainable sources that ensure the stabilisation of overexploitation of wild stocks. Our joint venture project Algarve Sea Bream is the largest Portuguese aquaculture project delivering 900 tonnes of fish in 2020 and reinforces our commitment to national and sustainable production, supporting local communities, while improving our value proposition. With this partnership we get a more sustainable offer to our customers – the project ensures sustainability premises above the standards normally used in the main European producers, namely: no type of antibiotic is used in the production activity, the food[‡] does not contain supplements of animal origin, and the average production density over the year is 12 kg / m³, with values substantially lower than those usually used from 18 to

[†] at the time the certification was given, our tech Hub was awarded the 90th position in 100 best in the World.

[‡] The food is made from sea products and GMO (Genetically modified organisms) – free, according to the information provided by the producer.

20 kg / m³ in the main international aquaculture production units - and guarantees the freshness and quality of the fresh fish sold.

Today more than 70% of our plastic packaging is recyclable, which makes us confident that we are on track to ensure that by 2025 all our plastic packaging will be recyclable, compostable or biodegradable.

Sonae publishes all relevant sustainability metrics and targets to our stakeholders. The group was recognised as a world leader by the CDP[§] with the highest possible rating: A. We are very proud of receiving this award that recognises Sonae's corporate environmental ambition, action and transparency at a global level and we are aware that it raises the bar for our future performance.

Our Planet is under severe stress and is nearing its rupture point. We must take care of the ecosystem so that the ecosystem takes care of us. The link between human-induced carbon dioxide and climate change has long been demonstrated, science is now clearly showing that our impact on biodiversity is an even larger challenge with even larger and wider implications. The recognition that Biodiversity plays a critical role in our future, has led us to start defining Biodiversity strategies for all our businesses to ensure a fast reduction in our impact on biodiversity and hopefully to find ways to do our share in reversing the damage.

I am honoured to co-chair with Claudia a Board which actively oversees and leads the way forward in improving our social and environmental performance, to fulfil our purpose and to bring together values and value.

Closing remarks

The pandemic highlighted the human quality of our teams. Sonae's footprint put our people in the front line, and they rose to the challenge, as I knew they would. They went far beyond their responsibilities, with a clear mission to help, knowing that in facing such a chaotic crisis, they would play a vital role in meeting basic social needs. I cannot over-emphasise my most sincere gratitude to each and every colleague for their immediate and selfless dedication.

The future must and will be a future of hope. I believe that in difficult times, we need to find within ourselves a beacon of light that guides us towards a better future. My beacon of light is the true belief that we can always do better. We will do better. We must welcome this responsibility and act as agents of change and lead the way. Our forward-looking approach will ensure that we are a long-living organisation that will be as ready as we can be – structurally, financially and culturally – for whatever the future throws at us.

Our work is daily recognized by our customers which year after year elect our brands as the most trusted brands in each sector and reward us with their preference.

I would also like to thank management, my colleagues at the Board, the members of all our statutory boards, our partners and our suppliers for their continued and committed support.

Paulo Azevedo
Chairman

[§] CDP: Carbon Disclosure Project

At Sonae, we have built a legacy because of our focus on the future.

CEO LETTER

2020 was a year unlike any other. For each and everyone of us, Covid-19 rapidly impacted every aspect of our lives and changed us as an organization at large. We faced incredible disruptions in areas such as health and safety, remote working, supply chains and digital acceleration. And, not only did we stand up to the challenge, but we also leapt into the future.

Today, we are a company fit for the digital age. Our response to the pandemic critically set us apart from the competition. In our retail businesses, we led the way in online sales and digitally-enabled customer loyalty. Brands like Continente and Worten saw e-commerce market shares well above their already leading positions in Portugal, contributing to total online Group sales of ca. €480 M. Our technology investments under Sonae IM increased significantly in value last year while we accelerated the digitisation of customer touchpoints in retail, financial services and telecommunications.

2020 was a year that proved our collective agility. We moved thousands of people, went remote in matter of days, reshifted purchases and investments, adjusted network and delivery capacities. No doubt, the organisational changes we implemented in recent years and the young talent who have joined us were crucial to achieve this level of readiness and agility.

We have always said that Sonae is more than the sum of its parts. This has never been more true than in 2020. Our people and our businesses leaned on another, learned from each other and were challenged to do better together. I am incredibly proud and humbled by the commitment, resourcefulness and effort made by our people during the pandemic. Needless to say, it's thanks to them we have made it so far.



This was a year that tested us more than ever and we delivered with purpose, staying true to our values. Our purpose energized us to step up to the challenge and make great progress in our social and environmental commitments surrounding carbon emissions, plastics consumption and gender equality. We did not stop there, we went further to increase the support to our communities. We contributed €14 M and mobilised our businesses to donate thousands of goods and personal protective equipment to vulnerable people and health and safety professionals.

All in all, Sonae's diversified portfolio of leading businesses held strong as we were able to grow consolidated turnover by 6.1% to €6,827 M and reach an underlying EBITDA practically in line with 2019. The strength of our operations was underpinned by an active capital deployment management. We implemented multiple cash preservation initiatives across businesses and refinanced important debt facilities in order to further strengthen our capital structure. Our portfolio continued to show its ability to generate cash flow and, in total, the Group's consolidated net debt decreased €47 M to €1,103 M over the last 12 months.

At Sonae, we have built a legacy because of our focus on the future. We trust that scientific developments will swiftly get the pandemic under control. Yet, 2021 will not be an easy year. Our immediate priority will continue to be the protection of our people, while we remain committed to serving our customers and creating value for all our stakeholders. To do so, we must be relentless in innovating and adapting to a fast-moving environment. At the same time, we must remain focused on continuously evolving our portfolio of investments, shifting capital allocation to seize medium-term growth opportunities and ensure that Sonae is future-ready. This has always been our philosophy. It is now more needed than ever.

Cláudia Azevedo
CEO

Our mission is to create long-term economic and social value, taking the benefits of progress and innovation to an ever-increasing number of people

Our legacy is in our DNA

1950's–1980's

- 1959** Sonae Foundation
- 1965** Hiring of Belmiro de Azevedo
- 1983** Listing of Sonae SGPS
- 1985** Start up of the food retail business with the opening of the 1st hypermarket (currently Sonae MC)
Sonae's first culture letter describing Sonae's DNA
- 1987** 7 IPOs for: Particleboard, Food Retail, Tourism, Media, Robotics, Shopping Centres, electricity and cooling
- 1989** Start-up of Sonae Imobiliária (currently Sonae Sierra) with the opening of the first shopping centre, AlbufeiraShopping, in Portugal

1990's

- 1990** Launch of Público newspaper
- 1991** Opening of CascaiShopping (Sonae Sierra) in Portugal
- 1995** Start up of non-food stand-alone brands: Worten, Modalfa (currently MO), Zippy and Maxmat
Sonae joins WBCSD (World Business Council for Sustainable Development)
- 1997** Listing of Sonae Imobiliária (today Sonae Sierra) and partnership with Grosvenor
Launch of SportZone (sports retailer)
- 1998** Launch of Optimus (telco operator) and listing of Modelo-Continente (food retail)
Start up of the proximity supermarket format of Sonae MC (currently Continente Bom Dia)
Opening of NorteShopping (Sonae Sierra) adjacent to the Matosinhos hypermarket (Porto) in Portugal

2000–2006

- 2000** Sonae SGPS stock split and listing of Sonaecom
- 2001** Delisting of Sonae Imobiliária (currently Sonae Sierra)
Launch of the food retail online channel (Continente online)
- 2003** Listing of Sonae Sierra Brasil in Bovespa
- 2004** Sonae joined the Global Compact of the United Nations
- 2005** Spin-off and listing of Sonae Indústria
Grosvenor reinforces stake in Sonae Imobiliária (currently Sonae Sierra) to 50%
Sale of food retail business in Brazil to Walmart
- 2006** Sonaecom launches a takeover bid for PT and PT Multimedia
Delisting of Modelo-Continente (food retail)

2007–2014

- 2007** Paulo Azevedo becomes CEO
Spin-off and listing of Sonae Capital
Acquisition of Carrefour Portugal (food retail)
- 2008** Worten and SportZone enter Spain
- 2009** Creation of Sonae's Code of Ethics
Sale of 49.9% of MDS to Suzano group
- 2011** Creation of "Our way" containing Sonae's unique culture, values and principles
- 2013** Merger between Zon and Optimus and creation of NOS
Commitment to ERT voluntary targets for Women in leadership
- 2014** Sonaecom launches a partial and voluntary public tender offer for 24.16% of its share capital
Sonae IM acquires 60% of S21Sec (cybersecurity)

2015–2019

- 2015** Paulo Azevedo becomes Chairman and Co-CEO
 Ângelo Paupério becomes Co-CEO
 Launch of Universo card (Sonae FS)
 Sonae subscribes the "Paris Pledge for Action"
- 2016** Acquisition of 50% of Salsa (Sonae Fashion)
 Acquisition of a stake of Armilar Venture Partners (former ES Ventures) (Sonae IM)
- 2017** JV with JD Sports and Sprinter to create Iberian Sports Retail Group
- 2018** Acquisition of an additional 20% stake in Sonae Sierra
 Acquisition of 51% of Go Well (Sonae MC)
 Acquisition of 60% of Arenal Perfumaries (Sonae MC)
- 2019** Cláudia Azevedo becomes CEO and Paulo Azevedo continues as Chairman
 Sonae Sierra agrees to merge Sonae Sierra Brasil with Aliansce Shopping Centres
 Sonae's 1st Capital Market Day
 New Plan for Gender Equality

2020

- Sonae joins the **Portuguese Pact for Plastics**
- Sonae Sierra creates **Sierra Prime**, a leading retail real estate JV with APG, Allianz and Elo
- Signature of the **BCSD Manifest** "Seize the crisis to launch a new paradigm of sustainable development"
- Sonae Fashion acquires the remaining 50% stake in Salsa
- Endorsement of the **Future of Work Leadership Statement** (WBCSD)
- Early support of the worldwide initiative "**Business for Nature's Call to Action**"
- Sonae Fashion partners up with the scientific community to design and distribute the 1st mask tested against the new coronavirus (MOxAdTech face)
- Sonae joins the group of donors in the **Coronavirus Global Response Initiative**
- Sonae becomes part of the **Champions for Nature Community of the WEF** and co chairs the **Food, Land and Ocean Use stream**
- Sonae reinforces position in NOS and agreement to dissolve ZOPT
- Sonae signs the manifest supporting the **European Green Deal**
- New version of **Sonae's Plan for Gender Equality**
- Launch of the **Sonae Forest Project**
- Sonae IM** announces its **second unicorn** (Arctic Wolf) after Outsystems
- Sonae Tech Hub** is distinguished as the most sustainable building in Portugal and is in the world's top 100
- Sonae leads the index measuring representation of women in top leadership positions (study by INSEAD, McKinsey and Nova SBE)
- Sonae is among the world's top ranking for tackling climate change **recognised by CDP with an A rating**
- Commitment towards carbon neutrality** (Scope 1+2 GHG Emissions) by 2040
- Sonae refinances operations of €170 M linked to ESG indicators
- Sonae joins the **Science Based Targets Network** (SBTN) Corporate Engagement Program

Our Business Model

WE ARE DRIVEN BY OUR PURPOSE

MISSION

“To create long-term economic and social value, taking the benefits of progress and innovation to an ever-increasing number of people”

VALUES

- Trust and integrity
- People at the centre of our success
- Ambition
- Innovation
- Corporate responsibility
- Frugality and Efficiency
- Cooperation and Independence

BEST PRACTICE CORPORATE GOVERNANCE

10 Board members

80% Non-executive

40% Independent

30% Women

STRATEGY

STRONGER

Be a long-living sustainable company
Having a balanced business portfolio with best-in-class profitability and positive cash flow generation, always supported by a solid balance sheet

FASTER

Managing businesses with autonomy and agility
Providing autonomy to our businesses and stimulating agility at all levels, while ensuring a holding company with rapid decision making and an active portfolio management activity

BETTER

Respecting our People and the Planet
Attracting and retaining talented and diverse people, while contributing to make our planet and society better for all



OUR RESOURCES

HUMAN CAPITAL



46 thsd. EMPLOYEES

(36% women in leadership positions)

FINANCIAL CAPITAL



SHAREHOLDERS AND DEBTHOLDERS

(Shareholders' funds €2.4 bn
bank loans €1.2 bn)

INTELLECTUAL CAPITAL



LINKAGES BETWEEN BUSINESSES

**OUR PORTFOLIO OF LEADING BUSINESSES...
WITH A DIGITAL FOCUS**

**WE CREATE LONG-TERM VALUE
FOR ALL OUR STAKEHOLDERS**



The undisputed leader in the Portuguese food retail market (both offline and online)



International full service real estate specialist



A leading convergent player in the Portuguese telecoms market



Leading digital electronics and appliances player in Portugal



One of the largest and fastest growing sports retailers in Iberia (Sprinter, SportZone, JD and Size?)



Largest Portuguese fashion group (Salsa, MO, Zippy and Losan)



Fast growing digital financial services player in Portugal



Active portfolio manager with a focus on retail tech, telco tech and cyber security

IN 2020...

+80% yoy online sales growth

Partnership with Dott (online marketplace) to help tenant sales in the pandemic context

NOS app elected the product of the year 2020

Online sales double-digit weight on total sales

ca.10% online sales weight on total sales

+80% yoy online sales growth

40% yoy growth of the digital customer base

Increase of 15% in NAV of technology investments

OUR BUSINESSES

€7.4 bn Proportional turnover

€0.8 bn Proportional underlying EBITDA

€220 M FCF before dividends paid

OUR SHAREHOLDERS

€92.6 M dividends paid

€0.0463 per share dividend

OUR DEBTHOLDERS

€32 M of interest and similar charges paid

OUR EMPLOYEES

1.1 M hours of training

36% of women in leadership positions

€881 M personnel costs

OUR PLANET

-38% YOY GHG Emissions (scope 1+2+3)

+43% YOY of renewable energy produced

4,920 tonnes of virgin plastic avoided

108,000 trees donated for planting

OUR COMMUNITY

€14 M community support

1,208 institutions supported

€207 M taxes paid

Value management through governance

Sonae upholds a comprehensive framework designed to achieve best-in-class levels of governance, transparency and accountability. Sonae's governance policies are not limited to the guidelines and recommendations set by international standards and by local authorities. Our governance policies are supported by the highest in-house professional values, based on trust and integrity, transparency, frugality, accountability and efficiency, but also cooperation and independence. Creating long-term sustainable value for all stakeholders by promoting the adoption and implementation of governance best practices is part of our DNA and intrinsic to our history. Good corporate governance is not only important for our organisation, it is an integral part of Sonae's core business.

Sonae's Governance model is based on a Board of Directors composed of ten members, including two members of the Executive Committee. Board members are selected based on their expertise both as an individual and as a team, with a predominance of Non-Executive Directors and Independent Directors and including a diversity of genders, nationalities, experience and expertise. This richness in backgrounds is constructed by design.

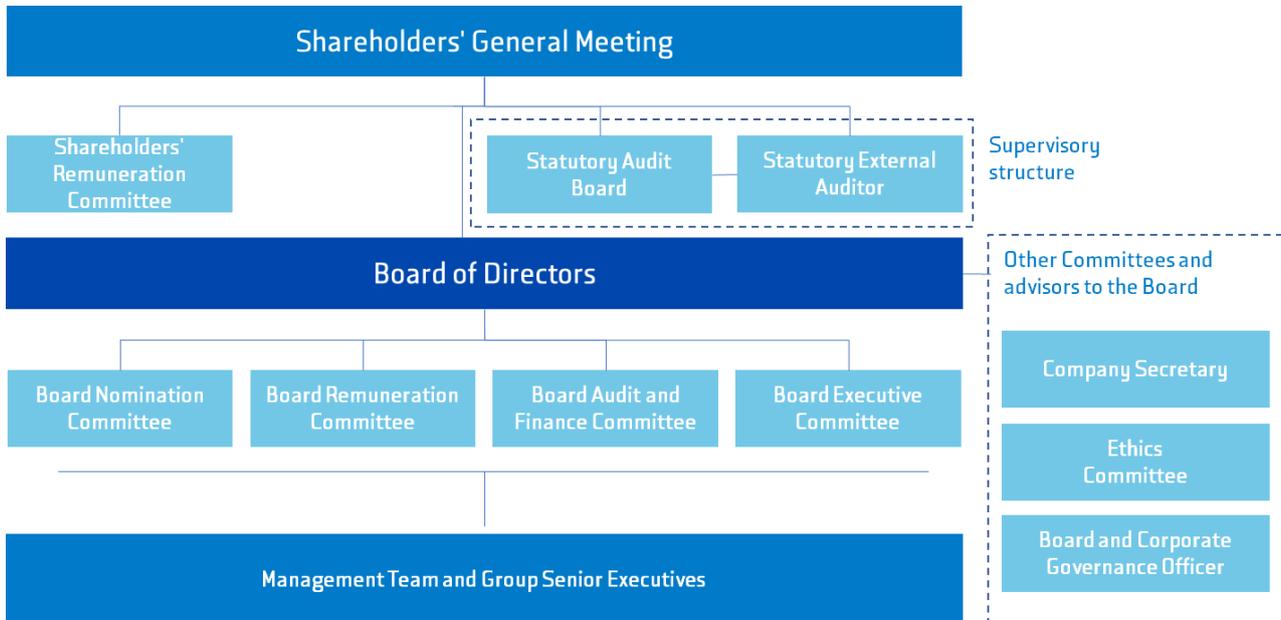
The management responsibilities and fiduciary duties of the Board are clear in our bylaws, but Sonae recognises the paramount relevance of stakeholder-based governance. Sonae has always understood and strongly advocated the need to understand and bring together the interests of all of our stakeholders, aiming at promoting an equilibrium that aligns all of them with a long-term perspective of value creation.

Our focus on the future, a better and sustainable future, cannot be understood without strongly placing Environmental, Social and Governance (ESG) issues at the heart of Sonae's business model and strategy. The implications of how we design our governance framework to take into consideration these dimensions are real and define how our Board's performance must be assessed, not only based on its past performance, but also on its future impact. As a long-living organisation, our success has to be measured in the future. It is essential to set important goals towards Sonae's strategy of sustainability and long-term success embedded within its mission to create and share durable value for all stakeholders. In the current context, successful oversight of strategy and risk is paramount. The Board ensured that the relevant information channels were put in place to facilitate effective and informed decisions in a fast-changing context, both at the regulatory and market level. Therefore, the Board plays a critical role in ensuring that Sonae's culture, purpose and values always prevail within its portfolio and its network of stakeholders.

Last but not least, and as a holding company, Sonae guarantees that the same fundamental Governance values are implemented across the whole portfolio. This culture established in our group ensures that our governance framework is flexible, allowing fast decision-making and effective oversight.

I. CORPORATE GOVERNANCE FRAMEWORK

Sonae follows a one-tier governance model, where the management structure falls under the responsibility of the Board of Directors. The Board of Directors is elected by the shareholders at the Shareholder General Meeting to serve a mandate period.



The **Shareholders' Remuneration Committee**, appointed by the Shareholders' General Meeting, is the committee responsible for approving the remuneration of the Board members and of other statutory governing bodies, on behalf of the shareholders, under the terms specified in the Remuneration and Compensation Policy approved by the shareholders at the Shareholder General Meeting.

The **Statutory Audit Board** is the Company's supervisory body and its members are elected at the Shareholder General Meeting. The Statutory Audit Board is responsible for supervising the management of the Company, namely by verifying the accuracy of the financial statements, supervising the efficiency of the risk management system, the internal control system and the internal audit function. It is the primary interface of the Company with the External Auditor and the Statutory External Auditor, it approves the criteria for the selection of the Statutory External Auditor and proposes the appointment or replacement of the External Auditor and the Statutory External Auditor, as well as their remuneration at the Shareholder General Meeting.

Board of Directors

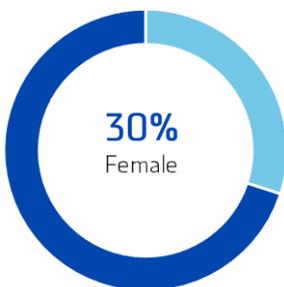
Sonae's Board was designed to include the skills, experience and knowledge relevant to perform its critical duties. Board members must judge issues presented to the Board objectively and act with the best interests of Sonae and its stakeholders at heart. Additionally, the Board includes a majority of Non-Executive Directors who are central to our corporate governance structure. Their roles involve policy-making and planning exercises, providing independent oversight and acting in the interest of our stakeholders. Each member's expertise in a specialised area is essential, and their combined know-how is extensive. Above all, their values uphold and foster our corporate values. They enable the Board to make valuable decisions that are independent, objective and well-founded, guaranteeing the monitoring of the executive management whilst remaining committed to Sonae's success.

The Board establishes four Committees – the Executive Committee, the Board Audit and Finance Committee, the Board Remuneration Committee and the Board Nomination Committee. Under the authority of the Board, our Chief Executive Officer is responsible for implementing Sonae's strategic priorities and Sonae's day-to-day management of the businesses.

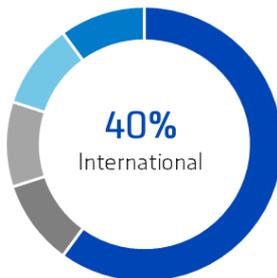
										
BOARD MEMBERS	Paulo Azevedo	Angelo Paupério	José Neves Adelino	Lorraine Trainer	Marcelo Faria de Lima	Carlos Moreira da Silva	Fuencisla Glemares	Philippe Haspelagh	Cláudia Azevedo	João Dolores
	Chair	Non-Executive	Non-Executive	Independent	Independent	Non-Executive	Independent	Independent	Executive	Executive
Elected Term	2000 sixth	2000 sixth	2007 fourth	2015 second	2015 second	2019 first	2019 fourth	2019 first	2019 first	2019 first
Current mandate	2019-2022	2019-2022	2019-2022	2019-2022	2019-2022	2019-2022	2019-2022	2019-2022	2019-2022	2019-2022
Committees										
Executive Nomination	Chair			Member	Member	Member		Member	CEO	CFO
Remuneration	Member	Member		Chair			Member	Member		
Audit and Finance		Member	Chair	Member	Member	Member	Member	Member		
Main areas of expertise (not exhaustive)	ESG Retail Telco Strategy	Finance Retail Telco Real Estate	Finance International Corp. Governance	Change Mngmt International Corp. Governance	International Finance Portfolio Mngmt Digital	Portfolio Mngmt Industry Entrepreneurship	Digital Retail Strategy	International Portfolio Mngmt ESG HR	Strategy Portfolio Mngmt Digital ESG	Finance Strategy International

As of December 31st, 2020

GENDER DIVERSITY



NATIONALITY DIVERSITY



- Portugal
- Spain
- UK
- Belgium
- Brazil

10 Board members

2 Executive Directors

80% Non-executive members

40% Independent members

The [Board Nomination Committee](#) provides oversight of succession planning and talent management in general for Board members and other senior management positions in the Group.

The [Board Remuneration Committee](#) supports the Shareholder Remuneration Committee in carrying out its duties in relation to the assessment of the performance of the Executive Directors and the remuneration of the statutory governing bodies of the Group.

The [Board Audit and Finance Committee](#) analyses the Group's financial reporting and results to be released to the market and maintains an appropriate relationship with the Statutory Audit Board and internal auditors.

Sonae's [Executive Committee](#) was designed to be small, agile and effective. It is composed of two executive members with in-depth knowledge and expertise of the Group and is an effective interface between the Board and the entire portfolio.

The remuneration of Executive Directors has two components:

- a fixed component, which is based on the personal competencies and level of responsibility of the role performed by each Executive Director and is reviewed annually,
- a variable bonus, which is designed to orientate and reward the Executive Directors for the achievement of predetermined targets and objectives, which are based on performance indicators of the Company and on their own individual performance. The variable component is divided into two parts: (a) a Short-Term Performance Bonus (STPB) which is paid immediately after it is awarded, and (b) a Medium-Term Performance Bonus (MTPB), which vests and is paid out after a 3-year deferral period, considering that Executive Directors' exposure to fluctuations in the share price is the most appropriate way to align their interests with those of the shareholders.

The variable bonus considers predetermined targets, which depend on metrics like turnover, direct results, portfolio management, People (talent retention, representation of women in leadership positions and employee Net Promoter Score) as well as Planet (reduction of CO₂ emissions and use of plastics). [The variable targets related to the reduction of CO₂ emissions and the increase of women in leadership positions are aligned with Sonae's targets of achieving carbon neutrality \(scope 1+2 GHG emissions\) by 2040 and 39% of women in leadership positions by 2023.](#)

[Board and Corporate Governance Officer](#) ensures the smooth running of the Board and its committees, including by supporting evaluations and assessments as well as raising any necessary queries to achieve the highest standards in Corporate Governance.

[Ethics Committee](#) ensures the Code of Ethics is respected through the existence of internal mechanisms to report irregularities and by evaluating and reporting these to the governing bodies whenever necessary.

[Company Secretary](#) prepares the documentation for the Shareholder General Meetings as well as the formal minutes of the Board of Directors and Shareholder General Meetings.

Sonae's Management Team and Group Senior Executives (GSEs)

We can only be stronger, faster, better if the Group has a lean organisational structure. To ensure this optimisation, we strive to make each business more autonomous, with its own governance, management and services structures. The unique skills of each team allow us to respond to the challenges and risks inherent to today's society, as well as to adapt to the rapidly changing environments. This was particularly evident and extremely important in such a challenging year as 2020. Each business of Sonae's portfolio has diverse needs and these specific requirements are best identified and addressed by its own management team with the overriding goal to produce a positive long-term and sustainable performance.

MANAGEMENT TEAM			GROUP SENIOR EXECUTIVES OF SONAE'S PORTFOLIO COMPANIES					
								
Cláudia Azevedo	João Dolores	João Günther Amaral	Luís Moutinho	Fernando Oliveira	Miguel Almeida	Miguel Mota Freitas	Luís Reis	Eduardo Piedade
Sonae	Sonae	Sonae	Sonae MC	Sonae Sierra	NOS	Worten ISRG	Sonae FS Sonae Fashion	Sonae IM
CEO	CFO	CDO	CEO	CEO	CEO	CEO	CEO	CEO

Sonae's Management Team consists of the group's CEO, CFO and CDO (Chief Development Officer), in addition to the CEO of each business unit. Sonae's portfolio rests in the hands of this group of senior executives as they play a pivotal role in managing and developing its course. Furthermore, each business has its own Board of Directors, which includes members of Sonae's Board, to challenge, question, support and provide counsel and ensure their distinct strategies and policies are in accordance with and foster Sonae's Mission, Values and Group Strategy.

Sonae's Management Team



Cláudia Azevedo was appointed [Chief Executive Officer](#) of Sonae in April 2019.

Cláudia has been part of the Sonae team since 1994, holding several positions across Sonae's portfolio, which provided Cláudia with in-depth knowledge of the group. Over almost two decades Cláudia led Sonae Investment Management, a company dedicated to investment management in information technology applied to retail, telco and cybersecurity. In 2013, Cláudia was appointed Chief Executive Officer of Sonae Capital, and was responsible for managing a highly diversified portfolio of investments.

Cláudia holds a BA in Management from Universidade Católica Portuguesa, an MBA from INSEAD and has completed several management courses from Harvard University and Stanford University.



João Dolores was appointed as [Chief Financial Officer](#) and Executive Board Member of Sonae in April 2019.

João joined Sonae in 2014 with the challenge of leading the Corporate Strategy area. From 2015 to 2019, João was Head of the Group Strategy, Planning and Control. Before joining Sonae, João held the position of Head of Cloud Business Unit at Portugal Telecom, Associate at Mckinsey & Co., and Brand Manager at J.W. Burmester & C Lda.

João holds a BA in Economics from the University of Porto, an MBA from London Business School and has completed several management courses at New York University, Wharton School of Business and Chicago Booth. João was also a Professor of Strategy in the Executive MBA at Porto Business School.



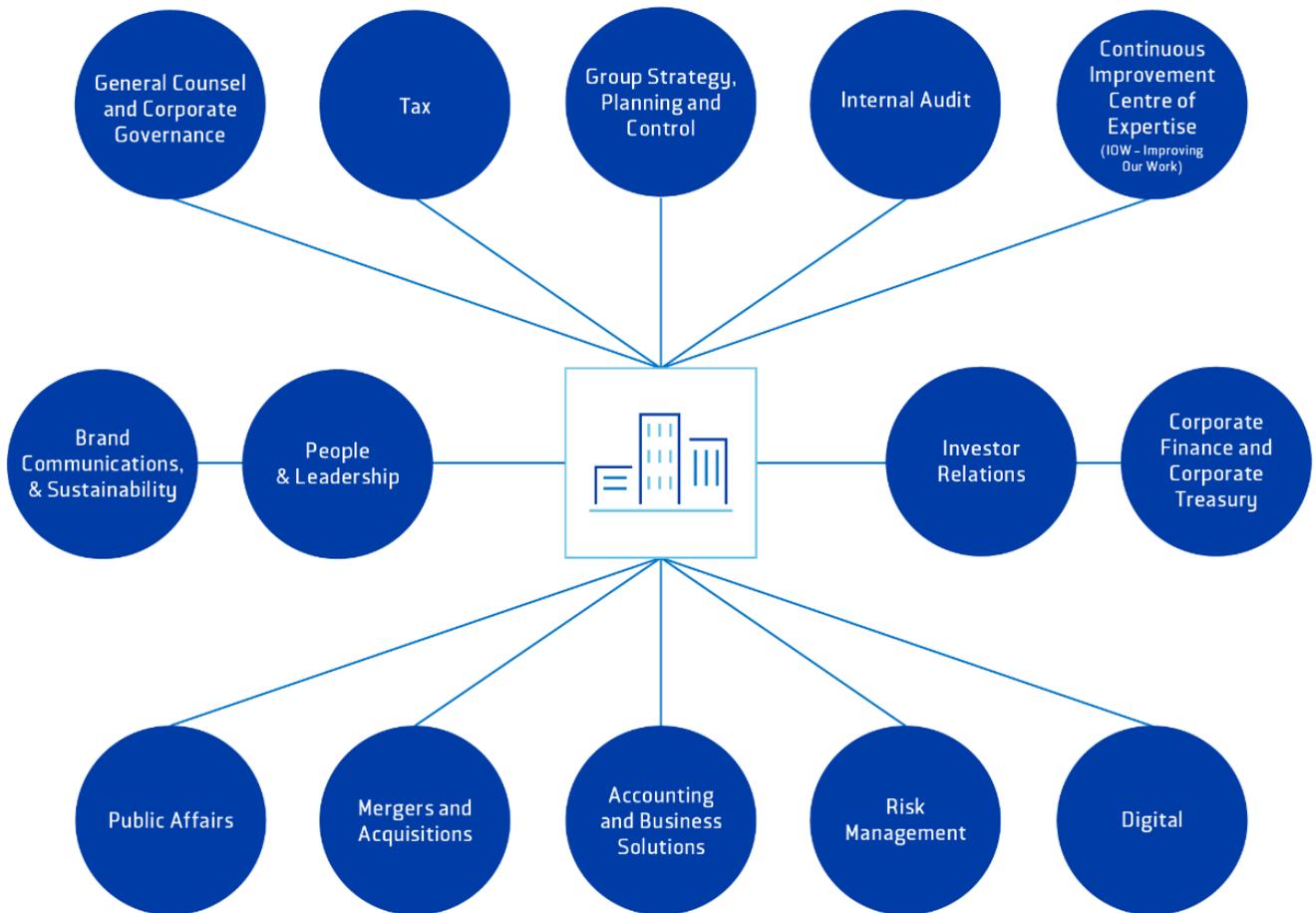
João Günther Amaral was appointed as [Chief Development Officer](#) and Deputy to Sonae's Executive Committee in April 2019.

Between 2001 and 2014, he held the positions of Information Systems Analyst, Information Systems Manager, Innovation Manager and Continuous Improvement Manager. Between 2014 and 2019, he was a member of Sonae MC's Executive Committee. He was previously responsible for Logistics, Production Centres and Supply Chain Management. In 2017, he also became Sonae MC's CIO (*Chief Information Officer*). Before joining Sonae, he worked at Agência de Inovação, S.A. and Leica Camera AG, leading the IT function in both organisations.

João has an MSc and a Master's degree in Electrical Engineering and Computer Science and an Executive MBA from Porto Business School. He has attended several executive management courses at London Business School, Stanford University and Singularity University.

Corporate Centre Responsibilities

At the holding level, Sonae holds a group of different teams specific to a holding company. This corporate centre is a young, small and talented team but always focused on the active portfolio management activity of the group. Sonae leverages these corporate centre responsibilities, while also benefitting from the synergies generated between the different businesses.



Advisory groups

In addition to the Governance bodies described, the Board of Directors, and more specifically the Executive Committee, rely on three main Advisory Groups – Sustainability, Risk Management and Human Resources – to develop specialised forums to openly and critically discuss issues that could potentially have a significant impact on the management of the Group and the definition of its strategy.



The [Sustainability Advisory Group](#) reinforces our ever-increasing commitment to sustainable development by focusing on two levels of action: a cross-sectional group of core members who meet quarterly, representing the different Sonae companies, and a set of working groups, formed according to its strategic action axes.

The Sustainability Advisory Group is responsible for:

- Development of policies and goals common to the whole of the Sonae Group
- Development of policies and setting of targets for the different companies
- Coordination of Sonae's presence in external forums
- Dissemination of best practices and know-how
- Creation of synergies
- Promotion of sustainability
- Performance monitoring and reporting

[Risk Management Consulting Group](#): Sonae's portfolio provides us with a comprehensive overview of the business landscape, a critical dimension of our strategy as it grants us an important competitive advantage in perceiving risks and opportunities. The Risk Management Consultation Group coordinates the process by bringing together an integrated view across the whole portfolio.

This group meets quarterly and has the following responsibilities:

- Review existing policies and propose new guidelines on risk management
- Revise the risk management plans for each Sonae company
- Monitor the execution of risk management activities, namely through the revision of periodic reports and the proposal of recommendations
- Propose unplanned risk management activities
- Recommend the acquisition, development and implementation of new risk management systems and methodologies for the Group
- Foster specialised knowledge in risk management issues

Human Resources Consulting Group: Our team is one of our biggest assets and, therefore, it requires close and active management. The Human Resources Consulting Group is composed of members of the Board of Directors of Sonae's businesses in charge of Human Resources and by the managers in charge of this role in Sonae and in each of the businesses.

The group meets bi-monthly and has the following main tasks:

- Make recommendations on all policies directly related to the business strategy implementation at the HR level
- Contribute to the dissemination of Sonae's culture and the follow-up of its transversal policies
- Encourage the dissemination and sharing of best practices regarding People and Talent Management between companies
- Acquire synergies through the coordination and negotiation of investment related to the Human Resources areas, when applicable
- Guarantee the articulation and coordination of the opinions provided to the various Sonae Management and Supervisory Bodies

II. RISK, OPPORTUNITIES AND IMPACT MANAGEMENT

Risk management plays a central role in the design, implementation and delivery of our long-term strategy. Effective risk management enables Sonae to identify and evaluate opportunities and risks as early as possible and to take appropriate measures. Our aim is to avoid risks that threaten our portfolio's continued existence and to make improved managerial decisions to create value. We understand risk to be any event that can negatively impact the achievement of our short-term operational or long-term strategic goals. We define opportunities as potential successes that surpass our defined strategic goals. Despite the economic uncertainty and volatile market conditions, our risk management approach remained unchanged, albeit more active.

Furthermore, Sonae continuously conducts a Materiality assessment that helps us to anticipate and understand relevant environmental, social and governance issues that can significantly impact the pursuit of our mission. Materiality plays a critical role in how we design and implement our strategy allowing us to identify, prioritise and monitor all relevant risks within Sonae and across our wide network of stakeholders.

1. RISK MANAGEMENT

Managing risk as part of our strategy

Sonae has adopted the Enterprise Wide Risk Management (EWRM) Framework, a process that involves coordinated risk-management. It encourages increased cooperation between our different business units to manage risk from a company-wide perspective. Our range of risks is assessed as a whole at the holding level and business unit level, encompassing the entire portfolio.



Sonae’s risk management process is anchored in three steps that guide the process from the initial risk identification (risk Taxonomy), the impact and likelihood assessment (Risk Matrix) and the assignment of a risk owner subsequently responsible for implementing the necessary risk treatment options (Risk Registry). Our Risk Registry includes not only all Critical Risks, but also all new and emerging risks that may have the potential to become Critical Risks but are not yet considered to be so.

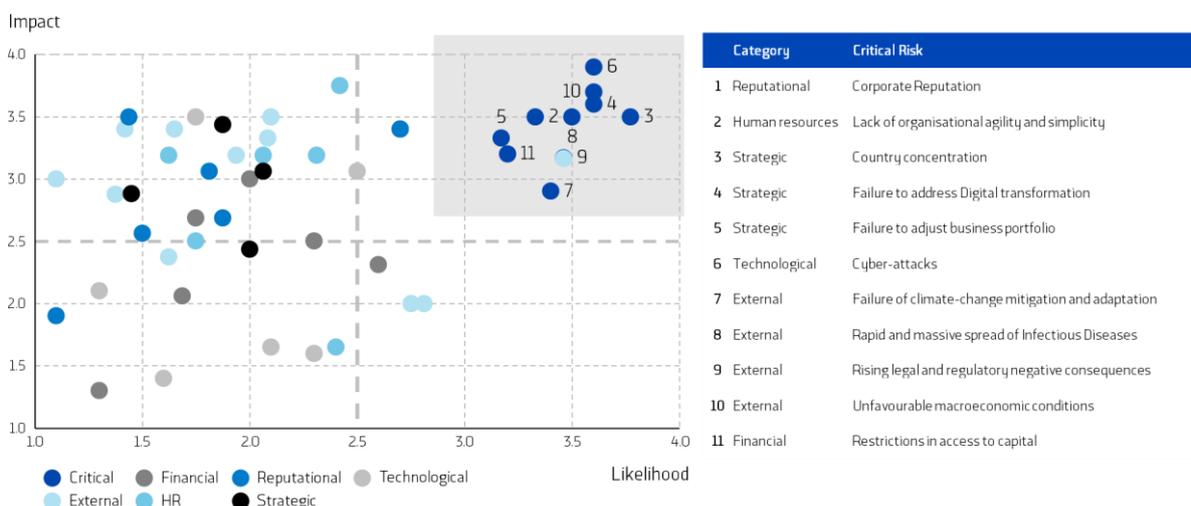
Critical Risks

Sonae holds a comprehensive perspective on the main risks to which it is exposed. Sonae monitors its primary risks on an ongoing basis. Knowledge and insight of Sonae’s operations and the exact nature of the risks encountered are essential to negate any potential impact. In relation to all risks classified as critical (increased likelihood and impact), a risk owner and a deputy have been assigned to identify and outline a mitigation action plan and the key risk indicators understood to be pertinent and critical to the Group.

Our risk management system is a common denominator across the whole organisation and embedded within the relevant business operations to ensure that it is understood in the context of our strategy, allowing for informed decision-making. The risk management policy is determined by each Board of Directors of each company within the Group in complete accordance with Sonae’s risk management framework. This ensures a consistent and aggregated risk management approach to the various risks that impact the Group.

The following pages summarise our critical risks with our mitigating actions outlined for each risk. The list is not exhaustive and may change during the next year, as the risk landscape evolves.

Risk Matrix



Reputational Risk

1. **Corporate Reputation:** The inability to adequately protect and develop the image and reputation of our brands can contribute to the loss of business value and can adversely affect the company's relationship with stakeholders.

Drivers	How we address it
<ul style="list-style-type: none"> • Legal: regulatory and legal compliance • Environment/sustainability: waste management, emissions and food miles • Public health: Covid-19 outbreaks, legionella outbreaks, contamination of offices • Personnel: significant lay-offs, work accidents, discrimination • Financial: poor performance, rating downgrade, financing constraints • Consumer related: product safety and compliance 	<ul style="list-style-type: none"> • Code of Ethics and Ethics committee • Code of business principles • Sustainability advisory board • Human Resources advisory board • Improving Our People system • All In programme (diversity & inclusion) • Sonae management system • Monitoring of financial ratios • Quarterly investor calls • Health & safety procedures • Annual reputational study (Merco)

Human Resources Risk

2. **Lack of Organisational Agility and Simplicity:** The existence of highly complex and inflexible organisational structures, due to the size of the company and the business diversity, can affect decision-making in an agile way, with the consequent loss of opportunities.

Drivers	How we address it
<p>Vertical and hierarchical organisational design can lead to:</p> <ul style="list-style-type: none"> • Non-empowered and siloed self-centred teams • Long decision-making processes affecting market responsiveness • Sub-optimal team climate and consequent increased talent turnover and replacement costs • Low stimuli for creativity and experimentation 	<ul style="list-style-type: none"> • Encourage cross-organisational collaboration to reduce team silos • Collaborative tools • Kaizen/agile methodologies • Leadership Training Programmes • Flex it up Programme • Team Management Governance Model • Workplace redesign • "Open Doors" Top Management

Strategic Risks

3. **Country Concentration:** The concentration of the company's activity in Portugal can create excessive exposure to specific country market risks.

Drivers	How we address it
<ul style="list-style-type: none"> • Deterioration of the Portuguese macroeconomic conditions • Reduction of private consumption in Portugal • Increased levels of competition across sectors 	<ul style="list-style-type: none"> • Diversification of categories and retail formats • Internationalisation efforts of different businesses • Continuous monitoring of macroeconomic conditions, competitive environment and trends

4. **Failure to address Digital Transformation:** Changes in the consumer profile (from bricks to clicks) and the inability to ensure digital transformation of traditional business models can jeopardise the company's sustainability.

Drivers	How we address it
<ul style="list-style-type: none"> • Dimension, maturity and success of brick operations can limit the urgency of a relevant digital business footprint • Fragility of digital P&L structures • Digital talent scarcity • IT Legacy limiting the speed of innovation • Experimental, client-centric and data-driven culture 	<ul style="list-style-type: none"> • Keep challenging mid and long-term digital business growth • Follow IT architecture transformation programmes • Follow and challenge Cultural transformation programmes • Digital and E-commerce forums as vehicles to stimulate sharing and learning

5. **Failure to adjust Business Portfolio:** The inability to adjust our portfolio and business formats may prevent the Group's long-term sustainability and maximisation of stakeholder value.

Drivers	How we address it
<ul style="list-style-type: none"> • Deterioration of the Portuguese macroeconomic conditions • Reduction of private consumption in Portugal • Increased competition and new disruptive entrants • Increased speed of digital disruption and failure to adapt business models at the same pace 	<ul style="list-style-type: none"> • Diversification of categories and retail formats • Internationalisation efforts of different businesses • Capital allocation to identified growth avenues and close monitoring of strategy execution • Continuous monitoring of macroeconomic conditions, competitive environment and trends

Technological Risks

6. **Cyber-attacks:** The occurrence of a breach in the privacy and/or security of the data of employees, suppliers or customers, as well as other commercial information, due to an inadequate level of protection of the information systems and/or employees' risk behaviour may subject the company to fines, affect its reputation and continuity.

Drivers	How we address it
<ul style="list-style-type: none"> • Data breach - Compromise of information systems • DDoS attacks - Use multiple compromised information systems to attack, causing a denial of service • Phishing - Coordinate attempts to acquire specific information or achieve the desired outcome • Malicious Code - Malicious code delivery to internal information systems • Structured Query Language injection - Malicious code insertion into a SQL server to reveal access information • Ransomware - Malware that cyphers data blocking access to it unless a ransom is paid 	<ul style="list-style-type: none"> • Cybersecurity Governance Policy and Model • Dedicated cybersecurity teams • Cybersecurity awareness programme • Incident management procedure • Cyber threat intelligence (with <i>Centro Nacional de CiberSegurança</i>) • Bitsight Cybersecurity rating • Network security perimeter • Periodic ethical hacking tests to internet web sites • Disaster recovery for critical systems • Identity and Access Management • Critical data encryption • Antivirus, anti-spam and malware detection

External Risks

7. **Failure of Climate-Change mitigation and adaptation:** Failure to enforce or enact effective measures to mitigate climate change, protect populations and help businesses impacted by climate change to adapt can affect the business's image.

Drivers	How we address it
<ul style="list-style-type: none"> • Transition risk - Policy and legal: Carbon and energy taxes and levies are likely to lead to increased costs for our operating companies in the next few years • Transition risk – Reputation: Sonae may face reputational risks if stakeholders do not perceive that the company is responding properly to climate change, by adapting its business to a low-carbon economy and acting proactively in tackling climate change • Physical risk - Acute: Increased severity of extreme weather events such as cyclones and floods • Physical risk - Chronic: Rising mean temperatures 	<ul style="list-style-type: none"> • Foster the development and adoption of sustainability policies, under the coordination of the Sustainability Advisory Group • Definition of priority action axes towards a low carbon economy and act proactively in tackling climate change as outlined in the Sonae Companies' Charter of Principles for CO₂ and Climate Change • Each business sets its CO₂ reduction targets, aligned with the Science Based Targets Network • Enhance the presentation, discussion and dissemination of emerging regulations that may have a potential impact • Reputation Studies, PR monitoring, Climate Action Disclosure • Adaption of existing buildings and developing/acquiring new buildings under strict environmental criteria

8. **Rapid and massive spread of Infectious Diseases:** Bacteria, viruses, parasites or fungi that cause the uncontrolled spread of infectious diseases (for instance as a result of resistance to antibiotics, antivirals and other treatments) leading to widespread fatalities and economic disruption may put business continuity and financial performance at risk.

Drivers	How we address it
<ol style="list-style-type: none"> 1. Globalisation and Environment <ul style="list-style-type: none"> • Natural environment damages • Migration and travel • International animal trade 2. Sociodemographic <ul style="list-style-type: none"> • Population density, ageing and social contacts • Vulnerable groups • Terrorism via release or dissemination of biological agents 3. Public Health Systems <ul style="list-style-type: none"> • Healthcare system inequalities • Animal Health and intensive livestock practices • Food and water quality • Surveillance and reporting failure 	<ul style="list-style-type: none"> • Human Resources and Risk Management dedicated teams • Crisis Management Manual • Crisis Management Committee • Dedicated support line for employees • Surveillance and reporting team • Evolution and monitoring of internal cases

9. Rising Legal and Regulatory Negative Consequences: The existence of new legislation or changes to the current legislation, with an impact on operations and products, particularly in the areas of environment and data protection, health and safety, marketing and competition, may lead to fines due to non-compliance, threaten the ability of the company to develop its business and affect its economic profitability.

Drivers	How we address it
<ul style="list-style-type: none"> • Legal and regulatory changes in corporate governance • Political instability and hostility towards big businesses • Climate, health and social risks resulting in regulatory measures 	<ul style="list-style-type: none"> • Dedicated teams for addressing legal and regulatory areas in corporate governance and public affairs • Contribution in public consultations aiming to achieve the most suitable legal and regulatory framework • Supporting the company's legal and regulatory views • Contribution and coordination with Sectorial Associations in areas of relevance for Sonae's lobbying interests • Monitoring of political and legislative initiatives and actions

10. Unfavourable Macroeconomic Conditions: The unfavourable macroeconomic conditions in which we operate, as well as developments in regional and global economic conditions (i.e., austerity, purchasing power, investment capacity, demographic factors, cost of raw materials and essential services, among others) may have a material adverse effect on the company's financial performance. In 2021, these will be enhanced by Covid-19 epidemiological and immunity evolution.

Drivers	How we address it
<ul style="list-style-type: none"> ▪ Unfavourable epidemiological evolution ▪ Consumers cut spending due to the risk of unemployment and exposure to Covid-19 ▪ Level of public, private and external debt ▪ Slow and inefficient application of European funds ▪ Potential banking sector crisis ▪ Political instability ▪ (Re)emergence of turmoil in global financial markets 	<ul style="list-style-type: none"> • Publication of MarketWatch report, a quarterly economic and political analysis focused on the evolution of the Iberian Economies • Following the main global economic and political events producing internal research notes • Monitoring of high-frequency economic indicators • Following the publication of economic forecasts • Produce and regularly update internal economic forecasts • Monitoring the main economic and political developments

Financial Risks

11. **Restrictions in Access to Capital:** The inability to access capital due to excessive indebtedness or lack of liquidity (shortage of cash or cash flows) can lead to failures in the acquisition of products or services and to the inability to expand businesses, respond to new challenges or finance new projects.

Drivers	How we address it
<ul style="list-style-type: none"> • Lack of liquidity • Excessive indebtedness • Businesses performance • Crisis in the debt capital markets (and/or the overall economy) • Negative change in bank supervision rules • Major increase in the interest rates or credit spreads • Downgrade in ratings of the Portuguese Republic • Market sentiment towards sector(s) the company operates in 	<ul style="list-style-type: none"> • Corporate use of public equity and debt capital markets • Monetisation of Real Estate assets • Prefund existing needs with adequate buffer • Diversification of sources of financing (current debt size is limitative today due to minimum economic size) • Working capital, improvement initiatives • Maintain a diversified pool of lenders

In addition, due to its diversified profile, Sonae is exposed to a variety of other financial risks, such as interest rate risks, exchange rate risks, market and equity risks, which are all well identified and properly managed. For additional details please refer to the notes to the Consolidated Financial Statements.

2. OPPORTUNITIES

Transforming risks into Opportunities

Sonae continuously monitors and leverages opportunities presented by the external and internal environment while manages and mitigates risks in order to deliver long-term shareholder value and protect our businesses, our people, capital and reputation. Sonae's approach towards risk management is designed and executed to identify and manage risks as well as to transform risk into opportunities whenever possible. Some of these are described in the following examples.

Environmental challenges as efficiency drivers



Our commitment towards ESG is anchored in the understanding of the major impact sustainability will have on business performance and consequently on social progress. Economic, social and natural value must be understood as one, the central dimension of any business strategy. There is enormous value creation potential behind this framework of rethinking the future where performance will depend on discovering new ways to unlock this potential, accepting new risks and converting them into opportunities.

Our portfolio has several successful examples of value creation through a sustainable approach to business. One such example is **Sonae Sierra's project - A BRIGHT future** – where Sonae Sierra developed a brighter model for energy efficiency with a total investment of €2.8 M and annual cost savings of 22,158 MWh in electricity consumption (which is equivalent to 26% of what was needed for own consumption) or €2.6 M.

Technological disruptions driving innovation



The telecommunications sector is highly exposed to technological disruptions that can quickly wipe-out revenue sources or require significant investments. These technological disruptions do not only affect service providers as customers also need to adapt to an environment of continuous innovation. NOS offers a high-quality digital experience to its customers as an effective way to transform disruption into a smooth user experience, facilitating better useability and maximising client retention.

Cybersecurity enhancing growth



Technological development is one of the key drivers of social development, but also imposes a critical risk to organisations and individuals with security threats moving as fast as technology.

Our stronghold on the retail and telco sectors continuously challenges Sonae IM to further develop its portfolio and, therefore, offer opportunities to develop new IT products and services focusing on retail, telecommunications technologies and cybersecurity. This approach is a clear demonstration of converting risks into opportunities and, over the last few years, Sonae IM has been building a leading cybersecurity portfolio and has become a relevant player in the international arena, continuously adjusting its offer to new cyber risks.

In fact, in December 2020, Sonae IM decided to consolidate its investments in cybersecurity Managed Security Services Provider (MSSP) under one single **holding company "Maxive Cybersecurity"**. This operation integrates Portugal based S21sec and Luxembourg based Excellium and results in one of the largest MSSPs pure players in Europe. The holding company will build its strategy on its strong local presence in its core markets (Spain, Portugal, Luxembourg, Belgium) and will offer its customers the benefits of a wider set of services that leverage best practices and experience from both S21sec and Excellium, increasing managed and professional services offered in their portfolio.

Digitalization and E-commerce as growth platforms



The arrival of e-commerce brought a disruptive change to the market with asymmetric effects across industries. While some segments have robust and tested solutions others are in their earlier stages of development, placing additional risks on revenue sources. However, the Covid-19 crisis has dramatically accelerated the digitalisation of the economies with the mass adoption of remote working and learning. This pandemic has indeed caused the shift from offline to online with circa 3 years' worth of normal growth happening in just the space of one year. Under this scenario, companies with agile business models will seize a significant opportunity to grow their market shares and explore new revenue sources. Our approach to knowledge sharing within the portfolio creates unique opportunities to move faster and more efficiently towards the digitalisation of our businesses.

For Sonae, online channel demand has been very high since the beginning of this crisis, creating unprecedented pressure on our companies. However, our teams were able to rapidly adapt and step up digitalisation. Our businesses have become even more digital, accelerating transformations, always targeting customer needs.

Sonae MC saw its online sales accelerating by 80% in 2020 and had to quickly respond. During the first lockdown period in Portugal, it had to increase its response capacity from 2,600 to 8,000 daily orders. This was possible not only through the reinforcement of its supply centres but also through the mobilisation of other stores in urban centres for this operation. In addition to this, Sonae MC leveraged the strength of its loyalty card with new benefits and functionalities in an increasingly digital and personalised offering.

Worten's world-class omnichannel approach and multiple new digital initiatives during 2020 enabled it to reach, for the first time, a higher market share online than offline. All digital channels presented very pronounced growth with the emergence of Covid-19 reaching record highs and consequently requiring a prompt response to adapt capacity. To better respond to online demand, Worten had to significantly increase its capacity in the warehouse, securing an excellent performance in terms of delivery times and customer satisfaction.

Consumer behaviour supporting strategy



Sonae's position across different retail formats exposes our portfolio to different markets and, inherently, different trends and different risks. Nevertheless, it also provides us with a wide perspective of market dynamics and places us in a privileged position to anticipate and understand emerging consumer and market trends. With more than 3 million active subscribers, our loyalty cards play a critical role in the process of closely monitoring consumer behaviour in real-time and enabling tailor-made adjustments to be made to loyalty benefits and adding value proposition to our customers. Our Continente loyalty card with more than 1.3 million active users and Worten with more than 2 million are easily incorporated into our Universo card, which by itself has 870 thousand active users.

Seizing opportunities from market trends



As part of Sonae's commitments to our stakeholders, we actively promote and raise awareness for a better and healthier lifestyle. We understand that as customers become better informed, they tend to make more knowledgeable and selective purchasing decisions. We perceived this risk as a step towards a better society and also a significant opportunity, which allows us to develop new and innovative products and services that meet the new needs.

The strength of our portfolio can be used to leverage these growth opportunities and achieve higher levels of value creation. Sonae MC's growth segment of Health & Wellness is a good example of this approach with Well's quickly conquering a significant market share and representing an important revenue source for both Sonae MC and the group. Additionally, Sonae MC has improved the nutritional content of more than 200 of its own brand products by reducing salt, sugar, and/or saturated fats. This initiative is also a clear example of our group's increased concern for customer health and wellbeing.

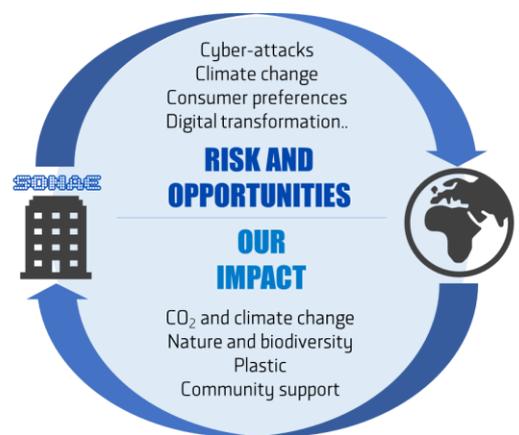
3. IMPACT MANAGEMENT

Tracking our footprint to improve our future

In addition to managing potential risks, we also try to mitigate, neutralize or transform our impact in society a positive one.

To reinforce our ever-increasing commitment to sustainable development, we identified five strategic action axes that are the result of a rigorous and comprehensive analysis conducted together with our stakeholders during which we classified concerns according to their importance for Sonae and alignment with the United Nations Sustainable Development Goals (SDGs).

The Sustainability Advisory Group fosters the development and adoption of common policies and principles of action through clearly defined goals and targets in the priority areas identified.





Responsible Investment and Sustainable Supply Chain are considered to be transversal issues, relevant to all the axes because of their impact on management decisions, as they are directly related to the way we invest and how we, together with our suppliers, design and develop processes, products and services following the principles of efficiency and circularity.

CO₂ and Climate change

The Paris Agreement and the subsequent COP 21, pledged to ensure the effective transition to a low-emission and climate-resilient future, are even more relevant given the climate change challenges the world is currently facing and is supported today by the UN Climate Change Conference of the Parties (COP26) summit. The ecosystems we rely on as humans are under severe threat, even if there is a mere increase of half a degree Celsius. Organisations play a special dual role as they are in the frontline of the problem and, therefore should act as drivers of change towards a new paradigm.

Our Impact	Endorsements & Support	Our Commitments and Targets
<p>Our companies' activities contribute significantly to climate change – not only through the energy consumption throughout the different stages of the production cycle, but also due to the greenhouse gas (GHG) emissions resulting from different activities</p>	<p>In 2015, Sonae subscribed to the Paris Pledge for Action – a platform for non-party stakeholders to show their support for the Paris Agreement on climate change.</p>	<p>To reduce our own emissions (scope 1+2) by 54% by 2030 (vs 2018), and To be carbon neutral (scope 1+2 GHG emissions) by 2040, 10 years ahead of the 2050 global target</p>

How we address it

- Set clear and ambitious goals
- Assess the degree to which businesses are exposed to Climate Risks and define mitigation measures and increase their resilience – integrating the Task Force on Climate-related Financial Disclosure guidelines
- Promote efficient and flexible energy consumption throughout our activities
- Decarbonise the energy matrix by changing to electricity-based consumption systems; produce and acquire electricity effectively produced from renewable sources; and implement carbon-offsetting actions
- Develop low-carbon products and services and encourage consumers to make a well-informed choice
- Foster education and awareness initiatives on climate change aimed at our employees, customers and partners
- Foster partnerships with universities and research institutions, with the goal of boosting the development of innovative Solutions that lead to the decarbonisation of our activities
- Monitor and communicate the Group's performance

SONAE TECH HUB, THE BUILDING IN PORTUGAL WITH THE BEST ENVIRONMENTAL PERFORMANCE

The Sonae Tech Hub, the most recent office building on the Sonae Campus, was awarded the LEED Certification - Leadership in Energy & Environmental Design by the United States Green Building Council. The building received the LEED Certification of "Platinum" level, with a score of 89 points, the highest score ever attributed to a building in Portugal and placing it in the top 100 most eco-efficient in the world.

The Sonae Tech Hub, which represented an investment of around €11 M, is an innovation space that covers a gross area of over 6,900 m², benefits from 570 m² of solar panels that allow a 40% drop in electricity consumption, 100% low-consumption LED lighting with automatic regulation depending on the outside light, efficient consumption of water with the use of rainwater and a concept that hosts an interior environment of excellence, namely in terms of air quality and thermal comfort.



ONE OF THE LARGEST PHOTOVOLTAIC PLANTS FOR SELF-CONSUMPTION

We installed one of the largest photovoltaic plants for self-consumption in the country in our new warehouse at Azambuja (*Entrepósito da Azambuja*). It comprises more than 6,900 photovoltaic modules, with an installed capacity of 3 GWp and an annual production of 4 GWh.

The production of the plant makes it possible to cover approximately 30% of the consumption needs of the Azambuja hub and generates a production surplus of around 15% to be sold to the public grid. The savings in cost, resulting from self-consumption and from the sale of the surplus, are estimated to be €425k /year.



BACKHAULING PROGRAMME

Sonae MC's heavy logistics are responsible for a significant part of the Group's energy consumption. As there are no technological alternatives yet that allow a significant reduction in the logistics' footprint, the focus of management has been the development of projects that ensure greater efficiency in the consumption of fossil fuels. For this reason, the Backhauling programme was continued – as it provides suppliers with a transport service based on the routes that their trucks would otherwise return on empty, after making their last store delivery – and registered a considerable development in 2020 with a 50% increase in the number of suppliers that joined the programme, an increase of 28% in the number of trips made and an increase of 33% in kilometres avoided. The transportation provided by Backhauling already represents 16% of the total trips provided by Sonae MC's logistics activity.

ENERGY EFFICIENCY PROGRAMME FOR TECHNICAL TELECOMMUNICATIONS INFRASTRUCTURE: MORE FEATURES WITH LESS ENERGY

Between 2017 and 2019, NOS completely modernised the mobile access network, through the migration of 2G, 3G and 4G technologies to specialise equipment, with an increased capacity and greater energy efficiency. This project generated energy savings of approximately 25%, for the same volume of traffic, while simultaneously responding to the growing service request that occurred in 2020, due to the change in consumption patterns induced by the Covid-19 pandemic. NOS is currently testing several intelligent network management features, with a special focus on 5G technology, which can reduce energy consumption by more than 2% by optimising operations during periods of reduced traffic.

In addition to transmission equipment, support systems are essential to the functioning of the telecommunications infrastructure. NOS has been continuously investing in high efficiency energy backup and transformation systems and has adopted free-cooling solutions, which use outside air to cool equipment, reducing the use of HVAC (Heating, Ventilation and Air Conditioning) units. It also implemented containerization solutions for HVAC corridors on major sites and processes for optimized HVAC management in technical rooms. These improvements introduced to this area between 2015 and 2020 currently generates energy savings of approximately 2.3 GWh / year.

As a rapidly expanding area, the rationalisation of energy consumption in Data Centres is of particular interest to the company. The company consolidated equipment, reinforced cold containment measures in technical corridors, virtualized servers - thus reducing the use of physical and energy resources - and, in 2018, inaugurated a new unit (Imópolis II) with a high level of efficiency. With these measures, which are expected to expand in 2021, NOS expects to reduce the energy consumption in its Data Centres by approximately 30%.

The result of these measures is reflected in the company's global energy consumption per data traffic: between 2015 and 2020 this indicator saw an 80% decrease, aligning NOS with the 85% reduction target to be reached by 2030.

Nature and Biodiversity

Habit loss, invasive species, overexploitation, pollution and climate change are the primary drivers for biodiversity loss and are bringing many species to the brink of extinction. It is now clear that the decline in biodiversity is not only a consequence but also a major driver of climate change, in a circular effect of catastrophic consequences. The natural world is an ecosystem with incredible healing capacities. Companies must acknowledge their impact on nature and play a key role in the transition to a nature-positive economy.



Our Impact	Endorsements & Support	Our Commitments and Targets
<p>The dependence of our companies on natural capital, and the way in which they directly or indirectly have the potential to alter or contribute to the destruction of natural habitats, leads us to consider issues related to the protection of nature and biodiversity as strategic.</p>	<p>In June 2020, Sonae subscribed to the Business for Nature's Call to Action: a joint statement from more than 700 companies with combined revenues of more than US\$ 4 trillion, calling on governments to adopt policies now to reverse nature loss in this decade.</p> <p>Cláudia Azevedo co-leads the initiative Champions for Nature from the World Economic Forum, for the Food, Land and Ocean Use stream, which is a community of leaders disrupting business-as-usual to lead the way to a nature-positive global economy and halt nature loss by 2030.</p> <p>Sonae joined the Science Based Targets Network Corporate Engagement Program: to collaborate in the development of methodology that will allow companies to set measurable, actionable, and time-bound objectives aligned with the Earth's limit across four key areas – freshwater, biodiversity, land and oceans.</p>	<p>We are committed to set targets aligned with science and we are working with the Science Based Targets network.</p> <p>As part of the Sonae Forest project, Sonae Companies will ensure the afforestation of more than 1,000 hectares of burned or uncultivated forest areas.</p>

How we address it

- Set clear and ambitious goals
- Understand and quantify the business dependencies of natural capital, to measure the impacts of our activities on nature, so that we can trigger the necessary actions to ensure that we contribute, to the extent necessary, to halt biodiversity loss
- Collaborate in the restoration of critical ecosystems and in preventing the conversion of new ecosystems for production purposes
- Support the transition to regenerative agriculture that increases biodiversity, enriches soils, improves water management and improves ecosystem services while increasing agricultural productivity
- Contribute to the promotion of healthy oceans through sustainable management of marine resources
- Promote planet compatible consumption patterns, through information and awareness actions, but also by providing a greater supply of products and services with a smaller footprint at affordable prices, as well as actions to combat waste
- Monitor and communicate the Group's performance

PROMOTING THE TRANSITION TO REGENERATIVE AND INTEGRATED AGRICULTURE

With an action plan in line with the European "Farm to Fork" Strategy, the Clube de Produtores Continente aims to reinforce its offer of more sustainable national products to Sonae MC customers.

To this end, the Club has been working with producers on several pilot projects, proof of concept and certifications that aim to accelerate a change in production methods:

- in partnership with ZERYA, a pilot project was conducted with 25 Fruit and Vegetable producers to test a certification that aims to make available to consumers a product that guarantees, in production and processing, the absence of phytopharmaceutical substances;
- an agreement was launched with the Instituto Superior de Agronomia (ISA) that will help producers map their production and make it carbon neutral;
- and with Zero (Association for the Sustainability of the Earth System), we have continued the EcoXt project, that is currently working with the members of the club in the certification of their products within extensive productions regime and that respect the sustainability criteria and efficient use of resources.

THE FIRST PORTUGUESE RETAILER TO CERTIFY FISHING ACCORDING TO SUSTAINABILITY STANDARDS

In 2020, Sonae MC became the first Portuguese retailer to certify its fisheries in accordance with the Marine Stewardship Council Chain of Custody Standard (MSC) and with the Aquaculture Stewardship Council (ASC).

This certification guarantees the traceability of products from sustainable fisheries with MSC certification and from aquaculture farms with the ASC certification, from their origin to the final consumer.

Species such as the Cape hake (*pescada-do-cabo*), red-fish, salmon and cod are included in this certification. The project covers 41 Continente supermarkets and 3 logistic platforms responsible for the reception and distribution of fish.

Over 1,000 employees have received training in relation to this certification.

COMBAT FOOD WASTE

Pink Labels were once again an important tool to use with customers, and are used to indicate articles that are close to their expiration date, in order to speed up their clearance and alert customers to the short consumption period remaining. Through this initiative, Sonae MC ensured the sale of approximately 11.8 million products sold, representing around €20.1 M of waste potentially avoided.

The "Caixa Zero Desperdício" (5kg baskets with end-of-life fruits and vegetables) was created to promote the disposal of products at risk of waste and to enrich the range of circular products. This project, which was in a trial phase in 2020, has the potential to reduce over 1,000 tonnes of waste per year.



FOSTER NATIONAL AQUACULTURE PRODUCTION

Last year, Sonae MC made an important investment in the national production of sea bream aquaculture, through a commercial agreement, thus ensuring the availability of a more sustainable offer to its customers and guaranteeing the freshness and quality of the fresh fish sold.

Since July, the Algarve Sea Bream has been sold in our stores with expressive results when it comes to sales, with 228 thousand clients, 98 thousand clients who did not consume sea bream in Continente fisheries, and with interesting loyalty levels.



Plastic

Plastics and the waste generated by our consumer generation continue to represent a massive environmental problem today. Particularly, the challenge brought by single-use plastic and the all too common inefficient product recycling policies in place. Undoubtedly, the involvement of the business and stakeholder community are essential to forge a positive, sustainable circular economy on the road ahead.



Our Impact	Endorsements & Support	Our Commitments and Targets
<p>Given the nature and relevance of a significant part of our activity, in which we are in direct contact with producers, operators and consumers, and considering our efforts to rethink and redesign our processes, products and services in relation to circularity, we believe that we can contribute to solve this challenge.</p>	<p>In January 2020, Sonae joined the Portuguese Pact for Plastics, a platform that brings together key stakeholders across the plastics packaging value chain to work towards a common vision for a circular economy in which plastic never becomes waste or pollution.</p> 	<p>Promote the responsible use of plastic.</p> <p>By 2025:</p> <ul style="list-style-type: none"> • The packaging of our own label products will be 100% reusable, recyclable or compostable. • Incorporate, on average, 30% recycled plastic into new plastic packaging.

How we address it

- Set clear and ambitious goals
- Map the amount and type of plastic we use in our packaging, product and operations
- Reinforce the principles of circularity across all operations (reduce and reuse)
- Facilitate the recyclability of all plastics for which we are responsible
- Only consider materials of biological origin that do not promote the waste of natural resources (Minimise and Bioplastics);
- Raise awareness in our communities
- Establish partnerships with universities and research centres for the design of sustainable solutions
- Rethink and resign processes together with our suppliers and clients
- Monitor and communicate the Group's performance

PROMOTING OF CIRCULARITY IN THE ELECTRONICS SECTOR

Worten's UTRAD (Depreciated Items Treatment Unit), active since 2005, embodies the principles underlying a circular economy model. Rather than discarding items with minor defects and flaws, the initiative aims to recover items to sell at a reduced price in Outlet stores. Over the last 15 years, it has given new life to around 736 thousand pieces of equipment.

INCORPORATION OF RECYCLED MATERIAL

With a solid digital growth, Sonae Fashion prioritized the changes in its shipping packages for products sold via ecommerce. In 2020, over 707,500 bags utilised to ship packages used 70% of recycled material.

CHANGE IN SINGLE-USE PACKAGING

Sonae MC introduced several changes in its consumables available in stores (bags of fruit, bread, fish and cod) which prevented the use of 282 tonnes of plastic, an equivalent of 1% in the Group's plastic footprint.



PILOT PROJECT FOR THE COLLECTION AND RETURN OF PET DRINK PACKAGES

Sonae participated in the pilot-project initiated by the consortium led by APED, APIAM and PROBEB. This project aims to test the PET beverage packaging collection and return system. This change aims to improve the recycling rate of plastic and increase the quality and quantity of second life raw material available on the market. Implemented in March 2020, the pilot project involved the installation of 23 automatic collection machines in large commercial areas. By the end of 2020, about 12 million beverage packages had been delivered to be recycled. The automatic collection machines installed in Continente stores were responsible for the collection of 7.3 million packages.

Inequalities and inclusive development

As technology advances and pushes forward a new industrial paradigm – Industry 4.0 – new risks become clear with a strong impact on increasing the inequalities gap. This situation has been heightened following the onset of the Covid-19 pandemic. Therefore, it is paramount that immediate plans are set in place to mitigate this gap, mostly promoting the reskilling and upskilling of those at risk. Companies cannot let the benefits of technological advances be obfuscated by the social costs and must develop a long-term social approach towards this paradigm shift.

Our Impact	Endorsements & Support	Our Commitments and Targets
<p>The Sonae group is one of the largest employers in Portugal, which highlights the relevance of its contribution towards a more human and inclusive society. Its actions must focus both on Sonae internally and its communities. Sonae must create qualified employment by implementing policies for the development of each individual within its group and promoting diversity in its various forms. In terms of community, we see education as an important and powerful tool to combat inequalities and to develop a more non-discriminatory and inclusive society.</p>	<ul style="list-style-type: none"> In 2019, Sonae subscribed to the CEO Guide for Human Rights, developed by the World Business Council for Sustainable Development (WBCSD). In 2020, Sonae endorsed the Future of Work Leadership Statement, developed by WBCSD. 	<p>In 2020, Sonae defined a target for Women in leadership positions of 39% by 2023.</p> <p>In 2020, Sonae published a new version of its Gender Equality Plan.</p>

How we address it

- Set clear and ambitious goals
- Promote a diverse and inclusive organisation
- Transparent guidelines for careers and talent retention
- Adoption of a Plan for Gender Equality
- Promote an agile and innovative work environment
- Development of comprehensive and diversified training programmes
- Definition of reskilling plans
- Monitoring of working conditions for remote work
- Encourage work-life balance
- Monitor and communicate the Group's performance

ALL IN FOR GENDER EQUALITY

Sonae launched the “All In” programme, which aims to create an environment that fosters the understanding of the importance of diversity and inclusion in all its dimensions (gender, ethnicity, age, religion and sexual orientation).

2020 was marked by the launching of the initiative “All In for Gender Equality”, which aimed to create awareness, understanding and debate, regarding equal rights, and opportunities for men and women.

In parallel, Sonae partnered up with Lean In.org for the creation of the “Sonae Lean in Circles”, a mentoring initiative to foster debate about the barriers, challenges and bias surrounding gender. This initiative aims to help women develop and thrive in today's society and in the corporate world.

RE-SKILL FOR EMPLOYMENT (R4E)

The ERT's Jobs, Skills & Impact working group has been led by the Chairman of Sonae since 2019. This group aims to launch a programme to support European citizens who are unemployed or at risk of losing their jobs due to the digital and climate transition. After the first year that was focused on the mobilisation of partners and benchmarking, in 2020 extensive research was carried in relation to market reskilling (+200 initiatives) to understand challenges, opportunities and strategies to maximize impact. The work hypothesis designed is based on a comprehensive programme, which supports participants from the initial stages (skills analysis, reskilling choices and options and training) to the processes that maximise the transition to the labour market (soft-skills, contact with companies, KPIs). Furthermore in 2020, we began the design of pilots projects to test the hypotheses developed, including in Portugal, where Sonae is a strong supporter of the programme. This project is based on a partnership between some ERT member companies and McKinsey. The European Commission and the Portuguese Government are familiar with the programme and support it.

ERT | TOOLKIT FOR DIVERSITY AND INCLUSION

The ERT D&I Taskforce, which is led by Sonae, launched the “ERT I&D Toolkit”, a compendium that gathers best practices on diversity and inclusion, adopted by 20 of the largest European companies from various sectors. Two initiatives launched by Sonae Companies are included: the “reverse mentoring” initiative from Sonae MC, which benchmarks the advantages of intergenerational work and thinking; and the “Sonae Arauco Knowledge Academy”, which values the experience of our senior employees who, prior to retirement, have the opportunity to share their knowledge and expertise with other colleagues at different career stages, through an innovative method of sharing and teaching.

CONTACTO PROGRAMME

Sonae's commitment to attracting and developing young talent with high potential is carried out with a long-term perspective in mind and the “Contacto Programme” (Sonae Trainee programme) is one of the main sources of this talent. In 2020, the beginning of the programme's recruitment process coincided with the arrival of the pandemic, which led to new restrictions concerning the way in which these processes were carried out. Despite the challenging scenario, Sonae decided to transform the programme, showing resilience and innovation. The recruitment and selection process went ahead in an entirely digital format, focusing on technology to provide an enriching experience, for both candidates and recruiters. Sonae's efforts were recognised by all those involved in the process and culminated in the award from the HRO Today Association in the Best in Class category for its: Candidate Experience & HR Technology for the successful and innovative initiatives implemented to attract, select and integrate young talent.



RESPONSE TO COVID-19

As soon as the first signs of covid-19 emerged, Sonae and its businesses rapidly put together several measures in order to protect the health and safety of all its employees. Amongst these initiatives, it is worth highlighting the creation of an internal helpline, available 24/7, to answer employees' questions and help concerning possible contagion situations. In parallel, Sonae has provided free online psychological support, through our health insurance.

In terms of the community, Sonae has supported various initiatives and institutions in Portugal, in the fighting against covid-19, thus using Sonae's skills to the benefit of society. It is worth noting our participation in the "Coronavirus Global Response" initiative, focused on the development of new means of diagnosis, therapeutic and vaccine development. Additionally, Sonae supported the Portuguese government with the acquisition and transportation of medical equipment.

Community support

The recent Covid-19 outbreak has produced a sharp contraction in economic activity and has led to one of the worse public health and economic crises in a century. It has resulted in soaring unemployment rates and has left the labour market on the brink of collapse.

Our Impact	Endorsements & Support	Our Commitments and Targets
<p>Stronger communities are important to create a more sustainable society. Within the framework of our activities, we aim to increase the resilience and autonomy of the communities in which we operate, contributing to the elimination of poverty in all its different forms. It is a key aspect of Sonae's culture and we continue to focus on an integrated and sustained approach aiming at enhancing the impact of our actions, in favour of more empowered and resilient communities.</p>	<p>Sonae took part in the "Coronavirus Global Response", that, together with the Portuguese Government, will donate €10 M to this initiative against Covid-19 to which Sonae donated €0.5 M.</p>	<p>We aim to increase the resilience and autonomy of the communities in which we operate</p>

How we address it

- Set clear and ambitious goals
- Engage with local authorities, local groups and NGOs to identify opportunities to collaborate
- Development of internal processes to facilitate dissemination of opportunities to help local communities
- Promote the involvement of our teams through the volunteering programme
- Create methodologies to assess our impact
- Monitor and communicate the Group's performance

TODOS POR TODOS (All for All)

Throughout 2020, Sonae MC launched different fundraising initiatives, highlighting the campaign held at the end of the year. Under the motto “*Todos por Todos*”, the Missão Continente not only donated 150 tonnes of food, but also in partnership with TVI, the Portuguese Football Federation and Laps Foundation managed to gather more than €1.2 M, with about 370,000 customers.

The donations – distributed through the Portuguese Red Cross, Food Emergency Network and the Audiovisual Union - have helped more than 500,000 people who are going through economic difficulties due to the pandemic.

NEVER SURRENDER

Salsa created a capsule collection, Never Surrender, whose total profits revert to the Portuguese Red Cross – more than €100 thousand. The capsule consisted of two women's jeans and two men's jeans - with custom label and a bandana and a gift key chain - 2 t-shirts and 2 masks.

*WORTEN TRANSFORMA*

In light of the significant growth in requests for support during confinement, Worten realigned its social and environmental programme, *Worten Transforma*, in order to concentrate efforts on supporting the well-being of patients and health professionals and reducing the asymmetries in education that the new distance learning has worsened. Through this project, Worten collected over 5,800 tonnes of equipment that were transformed into 474 new pieces of equipment with a PVP of €103 k, distributed to 144 entities.

PSOLIDÁRIO (Solidarity newspaper project)

Additionally, in 2020, Jornal Público, in partnership with Santa Casa da Misericórdia de Lisboa, launched “*PSolidário*”, a programme that offered free digital subscriptions to the digital newspaper. In its first edition, in June, 2,500 subscriptions were offered to health professionals, as a way of thanking and recognising the heroic effort made in the state of emergency. In December, recognising and trying to mitigate the difficulties of adapting to a new reality, another 2,500 digital subscriptions were provided to unemployed people across the country.

SOMOS SONAE (We are Sonae)

With the aim of supporting our employees during vulnerable times, in September 2013, the programme *Somos Sonae (We are Sonae)* was born.

Over the past 7 years, this initiative has already supported 2,418 people, reaching household members, including 919 children. This program works in 4 distinctive areas: essential goods, services and products; legal support and debt and credit renegotiation; health and oral healthcare support; as well as other forms of support. In 2020, this support was extended to domestic violence, a reality that cuts across all groups of Portuguese society.

From a multiannual perspective, since the beginning of the program, an amount of around €1.2 M has been invested. Ensuring the privacy of our people and their families, the process is carried out by a specialized and multidisciplinary team from the Portuguese Red Cross, that is mobilized to analyse any requests for support received. After an initial assessment, a support plan is developed and implemented.

Also, regarding this project, we have reinforced our investment in 2020. A value of over €234 thousand, distributed in 150 supports, which impacted the lives of 385 people.

SOMOS
SONAE

III. STAKEHOLDER ENGAGEMENT

Sonae's mission to create long-term social value highlights the importance of proactively and effectively engaging with its key stakeholders by upholding a dialogue based on mutual trust and transparency. We believe that to guarantee our long-term success, we must take into account what is important to our stakeholders. Sonae's unique and diversified portfolio operates globally in a fast-changing marketplace, therefore increasing the complexity of its network of stakeholders and requiring the adoption of a specific approach towards each key stakeholder group. Sonae views this as a responsibility but also an opportunity to improve, to disseminate Sonae's values and to identify value creation opportunities. Success is a hard-won path, but it is one that Sonae wants to walk together.

The stakeholder groups, which are presented below and with whom we mostly engage, have been identified based on their ability to influence our business model, to create shared value and the extent to which they are impacted by our businesses.

Shareholders

Why we engage	Key issues	How we engage	Outcomes and highlights
Sonae is a partnership between a family majority shareholder and long-term investors that share and have the same focus on strong and long-term economic and sustainability performance. We are committed to providing fair, balanced and meaningful information to allow informed investment decisions to be made by new and existing investors.	<ul style="list-style-type: none"> • Strategy and business model • Financial performance • ESG performance • Risk management • Dividend policy • Feedback on capital markets • Responsible investment • Reputation and brand management • Active and balanced capital structure 	<ul style="list-style-type: none"> • The Investor Relations team are in permanent contact with analysts and investors (meetings, roadshows and conferences) • Regular reporting (annual and quarterly earnings report) • Regular reporting with feedback from investors • Capital Market Days • Shareholder and analysts' meetings • Corporate presentations • Institutional website 	<ul style="list-style-type: none"> • 5% increase in dividends • +200 meetings with investors • +300 contacts with sell-side analysts • Report to the Board of Directors with feedback from investors (main concerns) • Continue to improve the communication on capital markets across the different channels

Employees

Why we engage	Key issues	How we engage	Outcomes and highlights
Sonae recognises that our employees are the cornerstone of our group. Our corporate culture commits to each and every employee by offering performance management, equal opportunities, diversity and inclusion, work-life balance and attractive compensation structures.	<ul style="list-style-type: none"> • Personal objectives and annual performance reviews • Remuneration and opportunities for personal or career development • Health and safety • Agile working practices • An environment that nurtures innovation • Diversity and inclusion • Talent attraction and retention • Safe working environment and conditions • Training and reskilling • Effective communication and engagement 	<ul style="list-style-type: none"> • Employee satisfaction surveys • Meetings and recurrent interactions in a professional environment • Structured onboarding for new employees • Get-togethers and other informal events • Team buildings • Training courses and conferences • Internal communication • Forums and knowledge sharing groups • Annual performance appraisals • Diversity & inclusion framework 	<ul style="list-style-type: none"> • Introduction in 2020 of the Employee Net Promoter Score based on satisfaction surveys to track and closely manage employee satisfaction • 1.1M hours of training • 36% of women in leadership positions

Portfolio companies

Why we engage	Key issues	How we engage	Outcomes and highlights
Sonae's corporate governance structure ensures that each company is autonomous and independent, but the holding has to challenge each business unit and set the bar high to guarantee long-term sustainable growth.	<ul style="list-style-type: none"> Support decision-making Guarantee independence and autonomy Assure long-term growth both economic and social Measuring ESG and financial performance 	<ul style="list-style-type: none"> Ongoing communication with Sonae's Executive Committee (Excom) ExCom members are members of the Board of each portfolio company Regular meetings with all CEOs M&A department for all of the group's companies Forums and knowledge sharing groups with people from different companies 	<ul style="list-style-type: none"> Sonae Excom and CEOs weekly meetings during the first months of the pandemic Sonae Excom members attend all business Board meetings Annual strategy meeting Regular meetings between the Group Senior Executives

Customers

Why we engage	Key issues	How we engage	Outcomes and highlights
The success of Sonae's portfolio companies is measured by its customers' satisfaction. Sonae is devoted to promoting a relationship based on trust with the goal of improving customers' lifestyles by offering tailored value propositions across different sectors.	<ul style="list-style-type: none"> Clear communication Customer relationship management, customer satisfaction and customer loyalty Improve lifestyle Quality and safety of products and services Product sustainability Innovation of our products and services Mitigation of complaints Data management policies 	<ul style="list-style-type: none"> Through our businesses network of stores and online platforms Sonae corporate communication Communication and awareness campaigns of our businesses Market studies and focus groups Customer support departments Sonae Ombudsman Institutional website 	<ul style="list-style-type: none"> €6.8 bn of consolidated turnover More than 2 thousand stores 369 thousand complaints

Communities

Why we engage	Key issues	How we engage	Outcomes and highlights
We create social value through our engagement with communities, support for social causes, and the personal dedication of our employees to make the world a better place. For Sonae, sustainable growth implies sustainable communities. Sonae is aware of the impact of its presence on society and is committed to making a positive difference to its communities safeguarding the principles of corporate social responsibility, good corporate citizenship and overall transparency.	<ul style="list-style-type: none"> Support communities Increased awareness of sustainability topics Adoption of healthier lifestyles Equal opportunities Impact on the local economy Respect local values and traditions Dynamics of the local job market Community engagement Reduction of plastics Protection of biodiversity Efficient energy consumption 	<ul style="list-style-type: none"> Covid-related actions Activeshare programme Our entire network of stores Collaboration with NGOs Employees Suppliers Organisation and sponsorship of social events 	<ul style="list-style-type: none"> Covid-related support to institutions through the distribution of food and non-food goods and PPE €14 M of community support 1,208 of institutions supported 108,000 trees donated 38% reduction in CO₂ emissions

Suppliers

Why we engage	Key issues	How we engage	Outcomes and highlights
<p>Sonae businesses' approach to their suppliers is based on the idea that we walk a common path and, therefore, we aim at building partnerships that foster solid corporate responsibility principles.</p>	<ul style="list-style-type: none"> • Long-term partnerships • Collaborative approach • Open terms of business • Fair payment terms • Product quality, sustainability, origin and traceability • Working environment and ethics • Innovation of products and services 	<ul style="list-style-type: none"> • Training sessions and meetings • Contractual interaction • Sonae MC "Clube de Produtores Continente" • Performance assessments • Supplier portals • Audits and monitoring 	<ul style="list-style-type: none"> • 952 suppliers • €264 M of operational capex

Debt providers

Why we engage	Key issues	How we engage	Outcomes and highlights
<p>Sonae actively manages its capital structure and debt providers play an important role in Sonae's financial strategy. The relationship with debt providers is a close and supportive relationship characterised by openness and transparency.</p>	<ul style="list-style-type: none"> • ESG performance • Financial performance • Responsible investment • Risk management • Credit rating • Active and balanced capital structure • Independence 	<ul style="list-style-type: none"> • Meetings with analysts and credit rating agencies • Active finance department • Investor Relations department • Market updates • Corporate presentations • Institutional website • Regulators 	<ul style="list-style-type: none"> • More than €750 M refinanced in long term facilities • €225 M of ESG and green loans • 12% loan-to-value ratio of the holding

Regulators and authorities

Why we engage	Key issues	How we engage	Outcomes and highlights
<p>Sonae is in a unique position to drive change through its social footprint that spans all social and economic dimensions. Sonae advocates for worldwide best practices and aims at positively contributing to better regulations for the benefit of all its stakeholders.</p>	<ul style="list-style-type: none"> • Proactive and compliant with new legislation • Proactive engagement • Share experience to drive change • Lead by example 	<ul style="list-style-type: none"> • Close dialogue with the local and national authorities (including key policy makers) • Periodic meetings • Audits and inspections • Institutional websites 	<ul style="list-style-type: none"> • More than 40 announcements at the CMVM, including 1 annual report and 4 quarterly earnings reports disclosed • Audits of the annual accounts

We are driven by our purpose

Our Strategy

Mission: To create long-term economic and social value, taking the benefits of progress and innovation to an ever-increasing number of people.

Sonae has a long and rich history as a group of leading businesses. Sonae's history is also a history of understanding the different dimensions of value and how long-term economic value can only be achieved with a sustainable approach that equally promotes the development of social and natural value. Within this framework, Sonae is committed to pursuing superior and sustainable growth as well as to creating value. Sonae has a strong portfolio of leading businesses, a clear and proven governance model, an extensive team of top-quality people, strong financial flexibility and a distinctive relationship with its stakeholders.

The Covid-19 pandemic tested our capabilities to the limit. Sonae focused on supporting its portfolio to efficiently adapt to overcome this unprecedented situation. The advantages of a diversified and balanced portfolio proved to be successful as we navigated through the pandemic together, Stronger, Faster, Better.

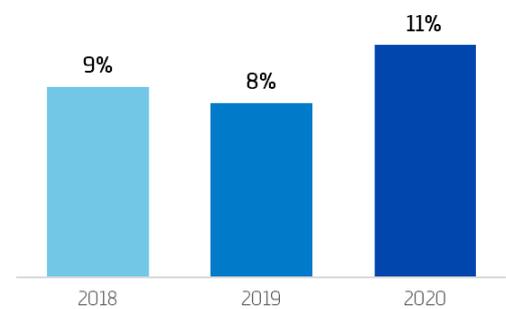
Stronger: growth and achievement of best-in-class performance in such crucial areas as profitability are what drives Sonae as it creates opportunities for its stakeholders and ensures superior economic, social and natural value. In addition, we continue to explore different growth avenues and actively welcome new opportunities, both within our portfolio, by creating synergies or by applying our competencies in other areas, and in new businesses that can add value to our portfolio.

Sonae continuously reveals its stronger profile, always with the ambition to achieve more. To fulfil our mission in society, we strive to create value by increasing our profitability and the cash generated by our businesses, while concurrently demonstrating the deepest care for our stakeholders, upholding the highest standards towards the development of our society and showing the strictest care for our planet. Our economic performance plays a pivotal role in our strategy towards a long-living sustainable company. It is crucial to create value via best-in-class performance in such areas as profitability, through solid cash flow generation coupled with increased Net Asset Value of a balanced portfolio, always supported by a strong Balance Sheet.

To measure our profile, we monitor and set long-term targets for a set of metrics.

The **Return on Invested Capital (RoIC)** is one of our main KPIs and one of the bases of our investment portfolio management strategy, as it is a performance ratio that aims to measure the percentage return that a company earns on invested capital. RoIC is calculated with proportional management figures, including capital gains on asset sales and considering invested capital at book value (with the exception of Sonae Sierra and Sonae IM that the invested capital is at historical cost). We set up a target of delivering a RoIC above 10% in the long run. In 2020, Sonae RoIC reached 11.1%, compared to 8.3% in 2019.

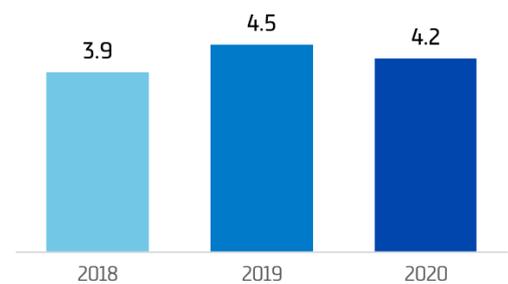
ROIC



The Net Asset Value (NAV) evolution of our portfolio shows that Sonae has been creating value over the last years. This long-standing history of value creation has been the result of a combination of the improved profitability of our businesses, the favourable balanced portfolio either geographically or sector wise coupled with positive market conditions.

The **NAV** of our portfolio is what we believe is the best market value approach to our portfolio of leading businesses and a short-term valuation. The preferred method for valuing investments is by using a multiples approach, in which Enterprise Value (EV) is obtained by multiplying measures of each company's earnings (underlying EBITDA is most commonly used) by stock-market multiples of similar listed companies. The peer group is selected based on independent data, research and information from our internal teams and it remains stable over time. Non-representative multiples are excluded from the peer group (such as takeover offers or any other exceptional circumstance affecting earnings or the share price). If a valuation by peer-group comparison is not adequate, as in the case of Sonae Sierra, an alternative valuation method is used. In this case, for Sonae Sierra, we use the conservative approach of valuing it through the proportional INREV NAV** and considering no value for the growth of the services business unit.

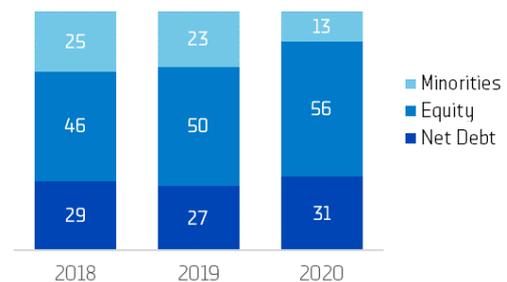
NAV (€ BN)



At the end of 2020, a year heavily impacted by Covid-19, Sonae's NAV stood at €4.2 bn, 3% below our last published figure of €4.3 bn as of the end of the 9M20††. During 2020, NAV has been impacted by Covid-19 both in the stock markets and by the negative performance of some of our businesses.

A **solid capital structure** supported by the strong cash-generating capacity of our portfolio is essential to bring our portfolio forward and to finance our growth prospects. The right equilibrium of Equity and Net debt is a KPI that we carefully monitor and in which we perform remarkably. At the end of 2020, our balance sheet showed that net debt (excluding lease liabilities) represented 31% (€1.1 bn) of the capital structure.

CAPITAL STRUCTURE



The combination of our strong balance sheet with the NAV evolution is also measured in our tracked Loan to Value (LTV) at the holding level and for which Sonae established a cap for this ratio of 15%. The holding LTV is the ratio between the average holding net debt (during the last 12 months) and the market value of our

** The company calculates its NAV according to the guidelines published in 2007 by INREV (European Association for investors in Non-Listed Real Estate Vehicles).

†† Quarterly and proportional information was not non audited.

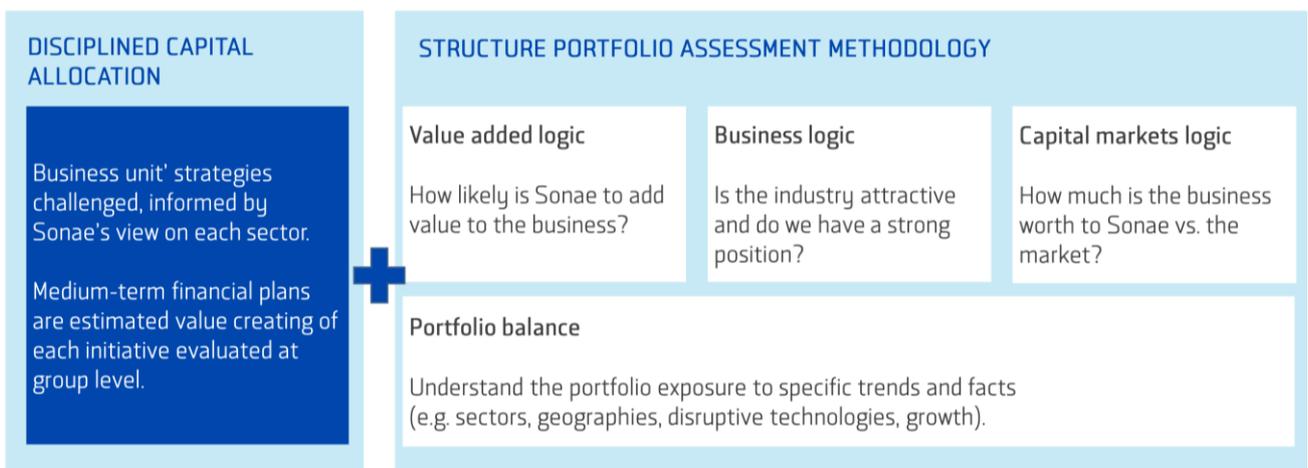
portfolio (calculated by the sum of our portfolio's NAV plus holding average net debt). In 2020, the holding LTV stood at 12%, decreasing slightly when compared to 2019.

Faster: reflects the critical ability to rapidly adapt to the fast-changing circumstances in today's world. **Faster is being** a holding company with assertive portfolio management decision-making capacity while managing all of the businesses with autonomy, making sure that they have the ability to reinvent themselves, to be bold and guarantee long-term growth. As a holding company we are present in every business unit's Board of Directors, fostering and encouraging faster and innovative decision-making. We also drive sustainability and digitalisation to further future-proof our companies and strengthen competitiveness in their markets. The way we structure and how we manage our portfolio plays a critical role in being Faster. Digitalisation has been one of the main drivers of our businesses: in 2020 we were able to quickly adapt our structure to a sudden unexpected growth in online demand and our sales reached ca. €480 M online sales (aggregated).

Sonae has also been actively working on changing the Group's corporate structure in order to ensure that each business unit is more autonomous and independent and taking the role of a holding company that is more focused on portfolio management and other responsibilities.

Our role as a holding company in relation to our portfolio is to ensure all the necessary conditions are in place in each business unit and then to challenge them to deliver an adequate performance to create value in the long run. Each business unit has a dedicated Board of Directors and Executive Committee, as well as support structures in order to have competencies that enable greater levels of autonomy, and inherent accountability with full transparency, thus creating the conditions to respond more rapidly to the growing challenges of ever-changing competitive landscapes. Sonae's Executive Committee members participate in the Board of each business unit in order to ensure this alignment.

Faster is also dependent on [how we manage the portfolio](#). Sonae is a holding company with a diverse portfolio of businesses, and it has a history of active portfolio management underpinned by a disciplined approach to capital allocation.



This disciplined approach is based on 3 main principles:

- 1. Business logic: Is the industry attractive and do we hold a strong position?**

To assess the structural attractiveness of a business, namely the sector or market each business competes in and the strength of its competitive position in that market.

2. Value added logic: How likely is Sonae to add value to the business?

To evaluate if Sonae is the best parent or right owner for a given business, i.e., to assess the value it adds to a business, coming both from the relationship between the parent company and the business and from the linkages/synergies established between sister businesses.

3. Capital markets logic: How much is the business worth to Sonae vs. the market?

To understand the state of the capital markets, namely how the market values Sonae's assets in comparison to the net present value of future cash flows that Sonae estimates for the business.

Complementary, a Portfolio Balance analysis is carried out, providing Sonae with a holistic view of the portfolio and enables it to understand its capital exposure to specific trends and factors (e.g., sector, growth, geography, technology disruption...). All in all, this Capital Allocation strategy approach allows Sonae to establish the best "options" for the businesses in its portfolio, which are ultimately the basis for (re)shaping the portfolio of businesses over time in the search for continuous sustainable value creation in the long run.

Better: Respecting People and the Planet by attracting and retaining talented people, by improving the wellbeing of our employees and communities, by paving a better way concerning gender equality and making our Planet better. It is also ensuring we are a holding that challenges our companies to set the bar higher when it comes to generating social and natural capital.

PLANET
NATURAL CAPITAL



- 1 CO₂ and Climate change
- 2 Nature and Biodiversity
- 3 Plastic

PEOPLE
SOCIAL CAPITAL



- 4 Inequalities and inclusive development
- 5 Community Support

To better respect People and the Planet, we conducted a comprehensive materiality assessment together with our stakeholders and aligned with the United Nations Sustainable Development Goals (SDGs).

This assessment took into consideration:

- Stakeholder surveys and regulatory issues and commitments subscribed to by Sonae;
- Issues intrinsic to the principles and values of the group;
- Matters addressed in the previous cycle and/or are highly integrated within the business; and
- Areas in which Sonae could have a positive impact through the nature and relevance of its activity.

This analysis resulted in **5 strategic axes of action**: 1) CO₂ and Climate Change; 2) Plastic; 3) Nature and Biodiversity; 4) Inequalities and Inclusive Development; and 5) Community Support.

In addition to these five axes, Responsible Investment and Sustainable Supply Chain are considered to be transversal issues, relevant to all the axes because of their impact on management decisions, as they are directly related to the way we invest and how we, together with our suppliers, design and develop processes, products and services following the principles of efficiency and circularity.

1. CO₂ and climate change

Climate change, due to the threat it poses to our ability and the ability of future generations to live and grow in a peaceful and prosperous world, is a central topic on our agenda. Since 2015, Sonae has subscribed to the Paris Pledge for Action and has established ambitious targets.



- To reduce our own emissions (scope 1+2) by 54% by 2030 (vs 2018), and
- To be carbon neutral (scope 1+2 GHG emissions) by 2040, 10 years ahead of the 2050 global target.

Carbon Neutral
operations
by 2040

To support these efforts, each company has developed its own roadmap, tailored to its business context, based on known best practices and on prevailing technological and scientific knowledge.

Moving to cooling equipment that uses low-impact refrigerants, investing in on-site renewable energy production and the supply of renewable energy, electrifying our vehicle fleet and advancing our efforts to promote the eco-efficiency of our operations are some of the initiatives planned to achieve our targets.

2. Nature and biodiversity

Climate change and nature loss are deeply interrelated and present enormous risks to businesses. The dependence of our companies on natural capital, and the way in which they directly or indirectly have the potential to alter or contribute to the destruction of natural habitats, leads us to consider issues related to the protection of nature and biodiversity as strategic for the Group.

We are committed to halt biodiversity loss and move towards a nature positive path. We are working with the Science Based Targets network to collaborate in the development of a methodology that will allow companies to set measurable, actionable, and time-bound objectives aligned with the Earth's limits.

Our efforts are focused on ecosystem restoration initiatives, supporting the shift to productive and regenerative agriculture, working towards a healthy and productive ocean and promoting planet-compatible consumption patterns – ensuring widely available nutritious, affordable and environmentally friendly products and reducing consumer waste.

3. Plastic

We are aware of the escalating environmental catastrophe surrounding plastic. Given its utmost relevance across most of Sonae's portfolio, we have written the **Sonae Companies' Charter of Principles for Plastic**, a policy that encompasses our vision towards the more responsible use of plastic and joined the Portuguese Pact for Plastics.

We have ambitious targets:

- The plastic packaging of our products will be 100% reusable, recyclable or compostable by 2025.
- Incorporate, on average, 30% recycled plastic into new plastic packaging.

100% of our own label packaging will be reusable, recyclable or compostable by 2025

4. Inequalities and Inclusive Development

We see inequality as one of the most complex and urgent social problems of our times. As a reference employer, this is a challenge to which we can contribute.

Commitments:

- In 2019, Sonae subscribed to the [CEO Guide for Human Rights](#), developed by the World Business Council for Sustainable Development (WBCSD)
- In 2020, Sonae endorsed the [Future of Work Leadership Statement](#), developed by the World Business Council for Sustainable Development (WBCSD)
- In 2020, Sonae published a new version of its [Gender Equality Plan](#)

In 2020, Sonae defined a target for Women in leadership positions of 39% by 2023

5. Community Support

Stronger communities are important to create a more sustainable society. Within the framework of our businesses, we aim to increase the resilience and autonomy of the communities in which we operate, contributing to the elimination of poverty in all its different forms.

In May 2020, Sonae took part in the global initiative against Covid-19 called "Coronavirus Global Response", whose goal is to accelerate the development and the implementation of the vaccination, treatment and testing of Covid-19, as well as to make these universally available and accessible. Sonae is part of the group of organisations that, together with the Portuguese Government, will donate €10 M to this initiative against Covid-19 to which Sonae donated €0.5 M.



Our Portfolio

100%		SONAE MC	The undisputed leader in the Portuguese food retail market (both offline and online)
70%		SONAE SIERRA	International full service real estate specialist
33.5%		NOS*	A leading convergent player in the Portuguese telecoms market
100%		worten	Leading digital electronics and appliances player in Portugal
30%		IBERIAN SPORTS RETAIL GROUP	One of the largest and fastest growing sports retailers in Iberia (Sprinter, SportZone, JD and Size?)
100%		SONAE FASHION	Largest Portuguese fashion group (Salsa, MO, Zippy and Losan)
100%		SONAE FS	Fast growing digital financial services player in Portugal
90%		SONAE IM	Active portfolio manager with a focus on retail tech, telco tech and cyber security



*NOS voting rights 59.52%

The undisputed leader in the food retail sector in Portugal



Following the opening of the first hypermarket in Portugal in 1985, and building on a cumulative track record of more than 35 years of consistent growth, Sonae MC is now the uncontested leader in the Portuguese food retail sector.

With more than €5 bn of total sales in 2020, Sonae MC's value proposition is based on food retail formats complemented by new growth businesses, offering the customer a complete experience spread across more than 1,300 stores. Therefore, from offline to online, the company is present in several business areas through a multiformat and omnichannel portfolio of diversified and innovative banners and formats, which are complementary to each other, and are an integral part of the daily lives of millions of families.

- 41 Hypermarkets **CONTINENTE**
- 142 Large supermarkets **CONTINENTE** maxi
- 131 Proximity supermarkets **CONTINENTE** bonprix
- 289 Franchise proximity stores **7days**
- 49 Organic supermarkets and restaurants **go natural**
- 281 Health, well-being, cosmetics and health care **well's**
- 144 Coffee shops **B.A.G.G.A.**
- 80 Stationery, books and gifts **noteo**
- 54 Perfumery and para-pharmacies **arenal**
- 30 DIY retail **Maxmat**
- 28 Pet care and veterinary services **zu**
- 22 Dental and aesthetic medicine **Dr.Well's**

In 2020, and in the context of the Covid-19 pandemic, Sonae MC stood beside its customers. In such difficult

times, the company's excellent sales results and clear market share gains reflected customers' satisfaction and recognition of this effort. Sonae MC's online business was also key to such performance and during 2020, it had distinctly outperformed and registered an accelerated c.80% yoy growth. In fact, Sonae MC has been making significant progress on its digital path, namely omnichannel experience developments, a revamped loyalty app with more than 1.3 million registered users in 2020, value-added digital services including mobile wallet and electronic invoice (>6 million invoices issued in 2020) with growing customer acceptance, an enhanced in-store experience through an innovative digital shopping assistant app (*Continente Siga*) and improved digital communication tools through personalized leaflets.

Sonae MC's ambition is to continue to be market leader in the business areas in which it operates, aware of the fact that it can always do more and better. In terms of portfolio, Sonae MC continues to develop its store network, particularly in the proximity segment, leveraged by digital assets and the expansion H&W&B (health, wellness and beauty) business as a pillar of future growth.

2020 highlights

€5.2 bn Turnover	> 1,300 Stores	10.2% stable Underlying EBITDA margin	€202 M Free Cash Flow	3.0x Total Net Debt / underlying EBITDA
-23% yoy CO ₂ emissions scope 1+2	74% Recyclable plastic in own brand packaging	37% Women in leadership positions	€12 M Community Support	

An international full-service real estate specialist

SONAE SIERRA



Sonae Sierra started its activity in 1989 as a shopping centre investor and developer in Portugal. During its first decade, the company grew across the country, creating some of its most iconic assets. Its second decade was marked by its expansion across Europe and Brazil.

Sonae Sierra became an integrated real estate player, developing and managing real estate assets and creating investment vehicles with a pool of blue-chip investors.

Leveraging on its gained competencies, the company started providing services to third party real estate investors -

architecture & engineering, project licensing, property management, leasing, sustainability services at asset level, and investment, asset and fund management services on the investment side.

Currently, the company has a geographically diverse and integrated business profile and has shifted from a shopping centre specialist to a developer, investor and manager of integrated retail-based urban living spaces.

The year 2020 was unsurprisingly largely negative to Sonae Sierra, as both the shopping centres and services were largely hit by the pandemics. However, also in 2020, the company achieved a milestone on its 30 years' experience in the real estate sector, with the largest Iberian transaction ever in this sector (a €1.8 bn joint venture between Sonae Sierra, APG, Allianz and ELO, comprising 6 flagships shopping centres in Iberia). This set the new cycle of its strategy: i) continue the strong commitment to shopping centres by maintaining the investment in the core portfolio and reinforcing management services to external clients; ii) reinforcing the investment management activities by leveraging on gained track record in terms of investment management, achievements and reputation; iii) evolve developments towards integrated retail-based urban living spaces, as a response to trends on how people are choosing to live a city life; iv) leverage on real estate and sustainability know-how (in which Sonae Sierra has been a pioneer since 1998) to provide services to clients, especially leveraging on green agenda opportunities.

2020 highlights

€0.9 bn INREV NAV	23 Shopping centres in Europe ^{††}	97% Occupancy rate Europe ^{**}	110 Shopping centres under management	26% LTV (net)
-84% CO ₂ emissions scope 1+2 since 2005	-32% Water consumption since 2003	€15 M Operating costs avoid due to eco-efficiency measures	Green Star 2020 GRESB Assessment	

^{††} ^{**} Shopping centres held directly or indirectly by Sonae Sierra

A leading convergent player in the Portuguese telecoms market



NOS is the result of the merger between ZON and Optimus, completed in August 2013. ZON was the largest Pay TV player in Portugal previously integrated in the Portugal Telecom group, and Optimus, was a greenfield player launched by Sonae in 1998 as the third mobile operator in the market. In 2013, NOS was launched to provide the best telecommunications and entertainment experience for everyone, everywhere, for all services, contents, devices and platforms. The brand name focuses on the needs of a world that increasingly works through networks and collaboratively.

Since the merger, the operational and financial performance of NOS has consistently exceeded expectations, with the company achieving strong market share gains and materialising identified synergies.

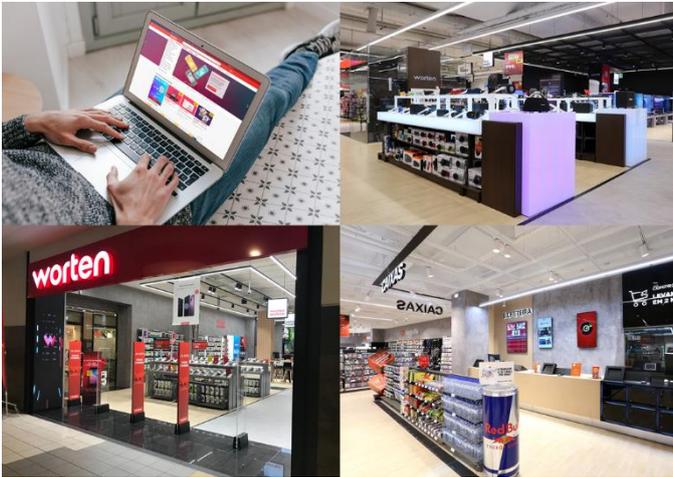
NOS has a strong market position and a unique combination of assets and skills, which will be complemented and leveraged to reinforce its competitive positioning, underpinned by innovative products and services, unique customer experience and best-in-class operational efficiency. The results of this strategy will enable NOS to deliver attractive and sustainable shareholder remuneration, while preserving a strong balance sheet and fulfilling our commitment towards a more sustainable and equitable society.

During 2020, Sonae reinforced its position in NOS and announced the agreement to dissolve the partnership at ZOPT (when executed, these operations will ensure a standalone position of 33.45% in NOS). NOS is a unique player prepared to leverage convergence in the Portuguese telecommunications market.

2020 highlights

€1.4 bn Turnover	€299 M Free Cash Flow	26% Share in mobile market	1.5x Net Financial debt /EBITDA
-32% yoy CO ₂ emissions scope 1+2	-6% yoy Energy consumption	-44% yoy Energy consumption per data traffic	A- CDP Rating

Leading omnichannel electronics retailer in Portugal

Worten, which opened its first store in 1996, is the uncontested leader in the Portuguese electronics market. With an unparalleled store footprint in Portugal with about 200 stores and a powerful online presence, Worten has been actively pursuing its omnichannel strategy, offering an increasingly wider range of products, fuelled by marketplace, and manifold services. Worten is also present in Spain mainland and Canary Islands.

Worten's omnichannel strategy along with company's unique agility to adapt to current challenging times, has resulted in growing sales, that led to market share gains, and sound financial results in 2020. Online sales

grabbed relevance in Worten's total sales, reaching double-digit weight.

In 2021, Worten strategy was revised to deploy a more relevant bet in digital in Spain mainland, yet maintaining its focus on an omnichannel proposition in Canary Islands. In this regard, a deal with MediaMarkt to sell part of its store network in the mainland was reached, ceasing activity in the remaining stores.

From now on, Worten is focused on consolidating its unrivalled leadership position in Portugal, its unique competitive positioning in Canary Islands and its digital operation in Spain mainland, sustaining profitable growth. Overall, Worten will strengthen both its strategy and financial profile to accelerate future growth.

2020 highlights

€1.2 bn
Turnover

+200
Stores
(Portugal and Canary Islands)

Online sales
Double-digit weight
of turnover

One of the largest and fastest growing sports retailers in Iberia

IBERIAN SPORTS RETAIL GROUP



The Iberian Sports Retail Group (ISRG) is the result of a carefully planned partnership between JD, Sprinter and Sport Zone, to create the second Iberian sports retailer with more than 10% of market share.

Leveraging the capabilities and assets of its shareholders, ISRG has adapted the value propositions of its brands to different customer needs. With a portfolio of brands with increased

exposure to sports lifestyle and fashion segments, ISRG has expanded both online and offline channels and achieved very encouraging results. In 2020, its performance however was strongly impacted by the pandemic outbreak.

SportZone, like Sonae's other specialised retail formats, was created in the 1990s to be a reference player in the sports retail market and currently has 88 stores in Portugal. Sprinter is a well-known sports brand in Spain and has 180 stores. JD has 92 stores in Spain and Portugal, but also with significant presence outside Iberia. In addition to its offline presence across Iberia, ISRG has been also investing in its online presence and in 2020, and had already represented ca.10% of total sales

2020 highlights^{SS}

€660 M
Turnover L12M

360
Stores in Iberia

c. 10%
Online sales
(% of total sales)

100% green
Electricity
purchased

^{SS} Due to the calendar reporting dates of JD Sports (the main shareholder of the JV), ISRG figures for the L12M (last 12 months 2020) ended last October 31st.

A fashion retail group with a global presence

SONAE FASHION



Sonae Fashion is Sonae's fashion retail specialist that manages a portfolio of brands (Salsa, MO, Zippy and Losan) with a strong international footprint.

Salsa is a denim expert brand, focused on designing the best-fitting jeans in the world, and with a solid international footprint. MO is a leading Portuguese retailer, with a family oriented value proposition, operating a wide store network and category management partnerships. Zippy is a Portuguese brand with more than two decades of experience in children and nursery retail segment, that offers products that combine a practical side with a

functional and accessible design, and that is available in more than 40 countries. Losan is an international fashion wholesaler with a global network of sales agents, and with an offer focused on creating uncomplicated contemporary fashion, combining design quality and price.

Currently, Sonae Fashion brands are available in more 5,000 points of sale (including around 400 own and franchised stores) and over the last few years has been implementing a strategic transformational plan to become an increasingly more Fashion, Digital and Agile company.

In such a challenging year with the Covid-19 outbreak having devastating effects world-wide, and with the fashion industry being among the most affected sectors, Sonae Fashion developed a quick and effective reaction plan where all of its brands developed new ways of interacting with their customers and developed new products, more adapted to this new reality. In addition Sonae Fashion joined the scientific and industrial community and successfully created and made available worldwide an innovative reusable mask (MOxAd-Tech), the first mask capable of inactivating the virus that causes Covid-19.

For the future, Sonae Fashion plans to keep being a resilient company, capable of tackling short term challenges, while actively creating the basis to achieve future relevant growth.

2020 highlights

€344 M
Turnover

ca. 400
Stores
(including franchised stores)

> 5,000
Points of
sale

14%
Online sales
(% of total sales)

Fast growing digital financial services player leveraging the group's retail footprint

SONAE FS



Sonae Financial Services (FS) created in 2015 by Sonae, is the result of a unique opportunity for the group to create value within its portfolio, benefitting from a favourable economic context, a financial sector struggling to adjust to digital development and affected by a somewhat negative perception by consumers. Currently, SFS' portfolio includes the following products: Cartão Universo (credit card), Cartões Dá (pre-paid card), Moneygram (money transfers) and all credit products at Sonae points of sale both in Portugal and Spain.

Universo credit card, Sonae FS' core product, aims to provide inclusive and personalized financial solutions to an enlarged number of families, leveraging Sonae's unique ecosystem and applying strong analytics over exclusive data, while fostering the core retail business.

With just 5 years of experience in the credit card payment market, the Universo card has reached a market share of 13.8% in 2020, which represents an increase of 100 basis points when compared to last year.

Sonae FS plans to keep creating value for its customers and aims to set the basis for further growth by continuing to deliver financial services with a unique digital experience.

2020 highlights

€35 M
Turnover

In the top3
Credit payments
Market in Portugal

13.8%
Universo card
market share

+420 thsd
Active digital
clients

Active investor in the cyber security and tech scene on a global scale

SONAE IM



Sonae Investment Management (Sonae IM) is the technology investment arm of Sonae that invests mainly in technology for retail, in digital infrastructure and in cybersecurity, and today has more than 30 direct investments, both in early and growth stages and with €150 M cash invested.

With the aim of building a portfolio of world class tech-based companies linked to retail, digital infrastructure and cybersecurity, Sonae IM has a mandate to

specifically invest in growth stage companies, but investing from seed to late stages, with an average of €40 M per year. This mandate is clear and Sonae IM is an active investor, minority or majority, in tech companies all over the world where it can also explore relationships with Sonae's core businesses.

Maxive Cybersecurity is the holding that consolidate its majority investments in cybersecurity - S21sec (Spain, Portugal and Mexico) and Excellium (Luxembourg and Belgium) - and is one of the largest Managed Security Services Provider (MSSPs) pure players in Europe. This holding company offers its customers the benefits of a wider set of services that leverage best practices and experience from both S21sec and Excellium, increasing the managed and professional services offered in their portfolio.

Within the minority portfolio of companies, after a funding round in October 2020, Arctic Wolf became the first unicorn that Sonae IM owns directly and the second in its complete portfolio, alongside Outsystems, indirectly invested in through Armilar funds. Arctic Wolf is a US-based company and a global leader in security operations (using its cloud-native Platform, Arctic Wolf provides security operations as a concierge service) and Outsystems is a Portuguese based company that is a leader in the low code platforms for applications development.

2020 highlights

>30
Companies in the
portfolio

2
Unicorns

€150 M
Cash invested

4
exits

Our performance

I. Economic, Environmental, Social and Governance Context

2020 started with several geopolitical and natural risks leading to a context of high uncertainty. However, uncertainty scaled up to a level never seen before after the outbreak of a new Coronavirus (SARS-CoV-2, Covid-19) with devastating effects that led the World Health Organization to declare it a pandemic on March 11th. The events that followed were marked both by unprecedented efforts to mitigate the spread of the virus and by mounting pressure on healthcare systems, many working beyond breaking point. The shock was abrupt, and society is still grappling with the short-term consequences, but the effects of the pandemic are still unravelling and will extend further.

The restrictions imposed, in particular, the forced closure of many businesses, citizens' fear of coming into contact with the virus and new work routines marked by rotation and remote work led to significant economic challenges in societies around the world, in addition to the health and humanitarian ones, due to an abrupt reduction in economic activities and increased financial pressure on businesses and families, who suddenly saw their income sources restricted and their work and family routines completely disrupted.

Business-wise, the impacts were predominantly asymmetrical. Some economic sectors were particularly affected by the pandemic. Hotels, restaurants, bars, airlines, taxis and other sectors related to tourism and recreation were hard hit by the unprecedented levels of economic downturn, despite some of the government support provided. Shopping centres and non-food businesses were forced to close their doors. Concerning the international arena, shopping centre management and tenants reached an agreement to share the losses and mitigate the impact, an understanding that was beneficial to both parties. However, the Portuguese Government took an unexpected turn by interfering and ignoring these private agreements, imposing significant hurdles in a process that could have been much smoother.

Online commerce was in many cases the only channel open and in other cases the preferred choice by customers. Food retail was transformed into a vital front-line activity and faced major changes readjusting all its associated logistical processes. Significant efforts had to be made to keep supply chains at extreme capacity, internal logistics had to be profoundly adjusted and the delivery process was massively reinforced. The electronics and DIY retail sectors observed some growth fuelled by a structural change in the use of technology to support a country-wide, colossal rush to remote work and online teaching.

Overall, Governments reacted sooner rather than later to the first signs of the crisis, with the introduction of flexible furlough regimes and other economic and financial stimuli never seen in recent history, in order to protect employers, employees, and the unemployed. Monetary authorities also used several instruments to ensure liquidity in financial markets and reduce the impact of the crisis on the banking sector and public debt financing costs. Although these efforts contributed to a reduction in the economic consequences of the pandemic, they did not prevent the sharpest contraction in the recent history of the World Economy (GDP: -3.5% vs +2.8% in 2019). The impact of the crisis was felt differently depending on the reaction of the national authorities and the vulnerabilities, structures, and patterns of each economy. The economic recession was overall more severe in the Advanced Economies (GDP: -4.9% vs +1.6% in 2019) compared to Emerging and Developing Markets (GDP: -2.4% vs +3.6% in 2019). In particular, the Eurozone GDP collapsed by -7.2% (vs +1.3% in 2019) with Portugal and Spain experiencing decreases of -7.6% (vs +2.2% in 2019) and -11.0% (vs +2.0% in 2019), respectively.

The lockdown periods were an extreme but necessary measure to contain the virus spread, but also drove the collapse of economic activity, despite all efforts to mitigate the negative effects with a severe impact on the decline in household expenditure on services and a reduction of non-residential investment. Unemployment rates soared across all economies. In the US, after a record high of 14.8%, the year closed at 6.7% (vs 3.6% in 2019). Similar trends were observed in the Eurozone with 7.9% (vs 7.6% in 2019), with very different patterns, depending on the severity of the effects of the pandemic. Portugal's unemployment rate has shown some resilience increasing to 6.8% (6.5% vs 2019). Spain was severely hit and the unemployment rate deteriorated to 15.5% (vs 14.1% in 2019).

The current pandemic reinforced the importance of sustainability principles based on the integration of environmental, social and governance (ESG) factors, which are gaining momentum on global political and economic agendas. ESG is a multi-dimensional concept that embraces all dimensions of sustainability – from climate change and protecting biodiversity to community engagement and inclusive workforce development. ESG forces companies to think of themselves as part of an ecosystem and how sustainability issues drive long-term enterprise value and, therefore, it pushes companies to understand the associated risks it presents to businesses. However, the road ahead has taken a turn for the worse with the spread of Covid-19, presenting new and unprecedented challenges to the ESG agenda.

Covid-19 – Building back Better

The Covid-19 outbreak and the management of the crisis that ensued throughout Europe revealed the sheer inadequacy of the coping mechanisms in place. The need to build more robust and sustainable societies became gravely apparent. The European Green Deal is a set of 50 specific strategy measures designed to bring about sustainable green transformation across all European economic sectors largely falling under the bold ambition of reducing greenhouse gases to zero emissions and preventing the most severe aftermath of climate change. It not only outlines measures to ensure this transition, but also requires that this transition is fair and just for all society and that no one is left behind. Given the onset of the Covid-19 pandemic and in light of the goals of a climate-neutral, nature-positive and competitive Europe, delivery of the European Green Deal, designed to foster a green recovery, has become more urgent than ever. If such targets are to be achieved as lowering emissions, halting biodiversity loss, creating a circular economy and subsequently reaching carbon-neutrality in the EU by 2050, through the European Green Deal's investment of 1 trillion euros, drastic measures are needed. Collaboration on all levels remains pertinent – civil society, policymakers, institutions, industry, business and governments. Hence, in May 2020, the World Economic Forum (WEF) launched a joint statement for public-private cooperation. Recognising their role, 30 top leaders from industry and business united to act as catalysts and drive forward this movement for change with the formation of a CEO Action Group.

The European Green Deal's CEO Action Group functions as a high-level platform for its leaders to work alongside the European Commission (EC) and support Europe's post-Covid-19 recovery ensuring its transition to a green and sustainable economy. This can be achieved through innovation, inclusion, new production and work models, the creation of sustainable employment opportunities, investment in R&D, carefully placed stimulus packages and the alignment of regional and global reporting standards. The CEO Action Group fosters sustainable practices through several lighthouse initiatives in the renewable energy, food and mobility sectors^{***} and promotes private-sector investments for the green transition^{†††}. On this path to recovery, of the utmost importance, is defining how businesses can further contribute and invest towards accelerating the agenda of the European Green Deal so that they can build Europe back better, "to succeed in becoming the greenest, most innovative and inclusive region in the world^{†††}.

*** WEF, Business leaders embrace Europe's new green reality for investment and growth, September 2020

††† WEF, CEO Action Group for the European Green Deal

††† World Economic Forum, Business Outlines Plan of Action to Accelerate the European Green Deal and Post – Covid- 19 – Recovery, Engagement Material, September 2020

II. Economic, Environmental, Social performance

1. Operational and Financial Performance

Brief Portfolio Update

During 2020, there were 3 main changes in the portfolio:

- In the 1Q Sonae Sierra created Sierra Prime;
- In the 2Q Sonae Fashion announced the acquisition of the remaining 50% stake in Salsa;
- In the 3Q, Sonae announced the agreement to terminate the partnership at ZOPT and the acquisition of a 7.38% stake in NOS.

Consolidated Performance

P&L

Sonae's consolidated performance in such a challenging year clearly proved the benefits of a well-balanced portfolio. Despite having been impacted by severe operating restrictions in some sectors, overall Sonae's portfolio showed a remarkable performance on the back of strong value propositions, digital readiness and ability to rapidly adapt to a volatile context.

From a statutory point of view, Sonae's consolidated turnover grew by 6.1% yoy to €6.8 bn mainly driven by the positive contributions of Sonae MC and Worten, which more than compensated the evolutions at Sonae Sierra and Sonae Fashion. In the 4Q, and despite several restrictions implemented by national authorities, Sonae's consolidated turnover's increased 6.6% yoy to €1.9 bn.

In terms of operational profitability, underlying EBITDA reached €187 M in the 4Q, 4.6% below 4Q19, driven by the restrictions that impacted mainly Sonae Fashion and Sonae Sierra. In the full year, underlying EBITDA stood at €593 M, only 1% below 2019.

The Direct Result of €114 M was impacted by (i) lower equity results from Sonae Sierra, NOS and ISRG, and (ii) extraordinary provisions and impairments directly related with Covid-19 (€27 M) but also related with Worten's reorganization process in Spain. Indirect result stood at -€59 M, negatively impacted by a total of €91 M reduction in the value of Sonae Sierra's investment properties and a positive impact from Sonae IM's portfolio revaluations of €39 M. Despite the negative impacts caused by Covid-19, Sonae's Net result (group share) reached €71 M.

Portfolio and accounting method

Company	Stake	Consolidation method
Sonae MC	100%	Full consolidation
Worten	100%	Full consolidation
Sonae Sierra	70%	Full consolidation
Sonae Fashion	100%	Full consolidation
Sonae FS	100%	Full consolidation
Sonae IM	90%	Full consolidation
NOS	31%	Equity method
ISRG	30%	Equity method

Note: 23% stake in NOS is consolidated by equity method and 7.38% acquired by Sonae is a financial investment.

€M	2019	2020	yoy	4Q19	4Q20	yoy
Turnover	6,433	6,827	6.1%	1,799	1,919	6.6%
Underlying EBITDA	601	593	-1.3%	196	187	-4.6%
margin	9.3%	8.7%	-0.7 p.p.	10.9%	9.8%	-1.2 p.p.
Equity method results ⁽¹⁾	94	32	-65.9%	17	9	-48.4%
o.w. S. Sierra	62	14	-77.4%	19	2	-90.5%
o.w. NOS	32	27	-15.4%	0	6	-
Non-recurrent items	0	6	-	-4	-2	62.7%
EBITDA	694	631	-9.2%	209	194	-7.0%
margin	10.8%	9.2%	-1.6 p.p.	11.6%	10.1%	-1.5 p.p.
D&A	-209	-215	-2.6%	-54	-55	-3.2%
D&A - RoU	-122	-128	-4.9%	-31	-33	-6.4%
Provisions and impairments	-19	-72	-	-8	-18	-
EBIT	345	216	-37.3%	116	89	-23.7%
Net Financial results	-110	-106	3.3%	-25	-24	3.6%
from lease liabilities	-72	-75	-3.7%	-18	-19	-6.5%
from financing	-38	-32	16.3%	-7	-4	31.5%
EBT	235	110	-53.2%	91	65	-29.1%
Taxes	-20	4	-	-10	10	-
Direct result	215	114	-46.9%	82	75	-8.6%
Indirect result	19	-59	-	22	-5	-
Net result	235	56	-76.3%	103	70	-
Non-controlling interests	-69	15	-	-26	5	-
Net result group share	166	71	-57.2%	78	75	-3.4%

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

Cash Flow, Net Debt evolution and Financial Structure

Sonae's capex in 2020 was significantly higher than in 2019, which demonstrates the financial strength of the group and the confidence in the current strategies of our businesses. Not only did we continue to invest in the improvement of our value propositions and in the digitisation of our operations, we also reinforced our shareholding positions in NOS (7.38%) and Salsa (50%).

Additionally, in terms of portfolio management, and apart from Sonae IM's regular M&A activity, Sonae Sierra concluded the Sierra Prime transaction and Sonae MC executed further sale and leaseback transactions, generating total cash proceeds of €335 M.

In terms of cash flow, Sonae generated a Free Cash Flow before dividends paid of €220 M, 24% below last year's figure, mainly due to a lower level of dividends received from Zopt (which is a temporary effect, driven by the current judicial situation) and also due to Sonae Sierra portfolio changes. Nevertheless, and despite this challenging year, Sonae was able to deliver an improved operational cash flow from its full consolidated businesses (+28.9% yoy), which, coupled with asset sales, more than compensated the cash spent in the abovementioned M&A transactions. Sonae's free cash flow generation, coupled with the dividends paid to Sonae' shareholders and to minority shareholders of Sonacom and Sonae Sierra (totalling €166 M of dividends in 2020), implied a 4% decrease of its Net Debt level to €1,103 M when compared to the end of 2019. Once again, Sonae was able to decrease net debt and further reinforce its capital structure.

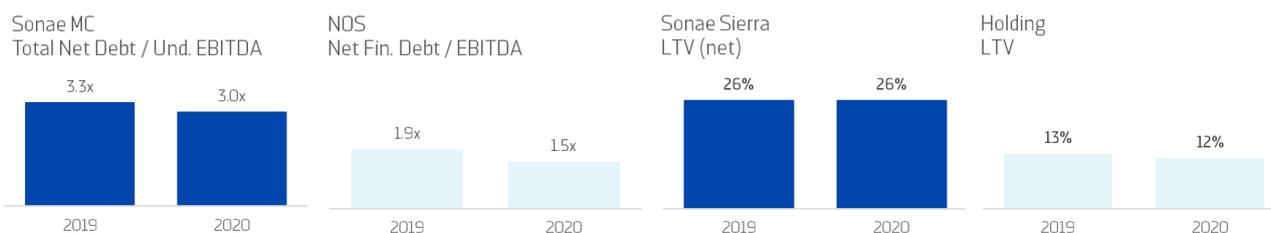
The group's financing conditions continued to be robust. In 2020, Sonae maintained, despite challenging market conditions, a stable cost of debt of ca. 1.2% (ca. 1.0% excluding Sonae Sierra), and the average maturity profile was kept above 4 years. Since the end of 2019, Sonae refinanced more than €750 M in long term facilities. To highlight the €225 M of ESG and Green loans executed in 2020, stressing our strong commitment with a sustainable future.

Additionally, all companies in Sonae's portfolio continued to hold conservative and solid balance sheets: Sonae MC ended 2020 with a 3.0x total net debt to underlying EBITDA ratio (-0.3x vs 2019), NOS' capital structure was further strengthened by the towers sale and reached a ratio of 1.5x financial net debt to EBITDA, and Sonae Sierra's loan-to-value stood at 26%. Loan-to-value at the holding level, decreased slightly to 12%. At the end of 2020, NAV stood at €4.2 bn, 3% below the figure at the end of 2019.

€M	2019	2020	yoy
Total capex	399	502	25.7%
Operational capex	298	264	-11.4%
Sonae MC	223	205	-7.9%
Worten	35	32	-9.8%
Sonae Fashion	18	13	-25.1%
Sonae IM	4	3	-28.2%
Sonae FS	0	4	-
Sonae Sierra	3	1	-
Financial/M&A capex	101	237	-

€M	2019	2020	yoy
Operational cash flow	110	142	28.9%
Net financial activity	-38	-32	-16.3%
M&A capex	-101	-237	135.6%
Sale of assets	193	335	73.2%
Dividends received	127	13	-89.7%
FCF bef. Dividends	291	220	-24.3%

€M	2019	2020	yoy
Net invested capital	5,448	4,751	-12.8%
Shareholders funds	3,107	2,440	-21.5%
Lease liabilities	1,191	1,208	1.4%
Net debt	1,150	1,103	-4.1%



Portfolio Performance

Fully consolidated companies

Sonae's fully consolidated portfolio showed a solid and resilient performance in 2020, mainly driven by Sonae MC and Worten.

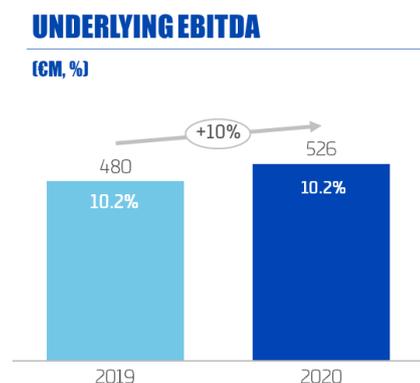
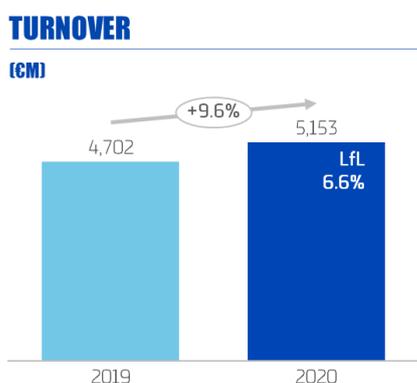
€M	Turnover breakdown						Und. EBITDA margin					
	4Q19	4Q20	yoy	2019	2020	yoy	4Q19	4Q20	yoy	2019	2020	yoy
Sonae MC	1,275	1,383	8.5%	4,702	5,153	9.6%	10.9%	11.0%	0.1 p.p.	10.2%	10.2%	0.0 p.p.
Worten	344	386	12.2%	1,088	1,161	6.8%	8.2%	8.8%	0.6 p.p.	5.2%	6.4%	1.1 p.p.
Sonae Sierra	40	21	-46.7%	166	94	-43.4%	31.5%	5.1%	-26.5 p.p.	31.8%	12.2%	-19.6 p.p.
Sonae Fashion	114	112	-1.6%	392	344	-12.2%	17.2%	10.2%	-7.1 p.p.	11.4%	3.8%	-7.6 p.p.
Sonae FS	11	9	-22.2%	38	35	-9.1%	31.8%	22.4%	-9.5 p.p.	26.5%	23.8%	-2.7 p.p.
Sonae IM	25	25	0.0%	116	115	-0.8%	-1.5%	2.7%	4.2 p.p.	-4.5%	-0.5%	4.1 p.p.
Total	1,799	1,919	6.6%	6,433	6,827	6.1%	10.9%	9.8%	-1.2 p.p.	9.3%	8.7%	-0.7 p.p.

Sonae MC^{\$\$\$}

Sonae MC has already published its trading performance for the full year of 2020. In such an atypical and turbulent year, total sales performance showed that the company was recognized in a very positive way by its customers and emerged as a winner in the sector. Sonae MC's agile and assertive response capacity, coupled with its differentiated value proposition, translated into a superior performance, reinforcing its leadership position in the Portuguese food retail market. 2020 might have been the year in the Company's history with the highest market share increase and the biggest improvements in customer preference scores and brand metrics.

Overall, the robust sales development of the food formats, positively impacted by higher eat-at-home consumption, more than compensated the different challenges posed by the pandemic to some of the New Growth Businesses formats and, in consolidated terms, total Turnover surpassed the five billion euro mark, reaching a total of € 5,153 M. This represented a total growth of 9.6% yoy, and a LfL sales increase of 6.6% in a context of a 2.1% inflation of food products. These record top line figures were also a reflection of the company's unprecedented presence and leadership in the online channel – online sales increased 80% in the full year. Simultaneously, Sonae MC kept investing on its digital transformation, with a focus on adapting the customer experience, business models, processes, and culture.

Despite the pandemic context, which led to some temporary investment delays, Sonae MC largely maintained its pace of expansion with the opening of 89 new company-operated stores (of which 13 proximity stores Continente Bom Dia), and an increase of more than 3% (net) of its total square meters (+31k sqm). Overall, in 2020, Sonae MC invested €205 M, -8% yoy.



^{\$\$\$} For more information please see Sonae MC FY20 results in www.sonae.pt

Regarding profitability, Sonae MC was able to deliver an underlying EBITDA evolution in line with sales growth, leading to a stable and benchmark margin of 10.2%, with higher sales offsetting the Covid-19 related costs (the direct costs related to Covid-19 accounted for approximately €30 M in the year).

All in all, the company's positive operating result (including rents), a good working capital management, a controlled capex and the completion of S&LB operations led to a cash flow generation of €202 M, an increase of €111 M vs 2019. Consequently, Sonae MC ended 2020 with a better financial net **debt position of €464 M** (-21.5% yoy), which led to an improved ratio of 3.0x total net debt to underlying EBITDA, a reduction from 3.3x in 2019.

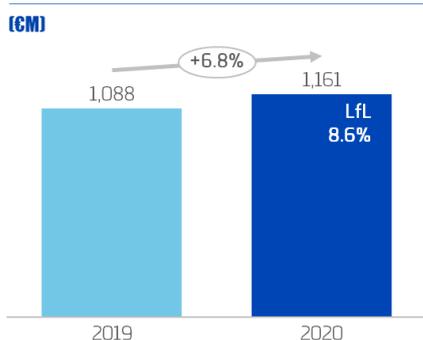
Worten

Worten had a very positive year, and the last quarter was no exception, in spite of the challenges brought by the pandemic. In 4Q20, Worten continued to register a robust top line growth of 12.2% and 12.8% in LfL terms, clearly showing that its omnichannel approach is a winning value proposition. In the full year, Worten delivered a 6.8% yoy growth and 8.6% LfL to reach **a total turnover of €1.2 bn**. By leveraging both convenient locations and a distinctive online presence (which includes a growing marketplace offering), Worten once again delivered a remarkable e-commerce performance, more than doubling sales versus last year both in the 4Q and in the year.

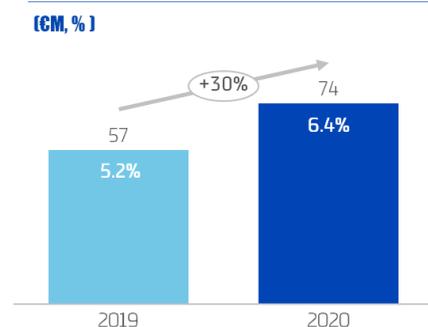
This robust top line performance benefited from an increased demand, more noticeably for IT and small domestic appliances due to pandemic context, and from the company's ability to quickly adapt its operation to respond to spikes in demand, especially in the online channel. Worten further reinforced market share in Portugal in both channels, with the online market share already surpassing that of the offline. Online sales accounted for the first time a double-digit weight of total turnover in 2020.

In terms of profitability, Worten's strong top line performance, coupled with efficiency gains in spite of the Covid-19 related costs, resulted in an underlying EBITDA of **€74 M**, €17 M above last year, and a 6.4% margin.

TURNOVER



UNDERLYING EBITDA



In the beginning of 2021, a new strategy was deployed in Spain mainland, focused on the digital channel, while maintaining an omnichannel proposition in the Canary Islands. As previously announced, Worten reached an agreement with Media Markt for the sale of 17 stores and closed another 14 stores in mainland. This was an important step to reinforce Worten's future profitability, with an expected increase of in underlying EBITDA margin from 5.2% in 2019 to over 6.5% post-reorganisation.

Sonae Sierra

In 2020, Sonae Sierra was severely impacted by the pandemic and associated footfall and/or store closure restrictions imposed across the world. Sonae Sierra was the most impacted company in our portfolio.

Overall, in Europe, tenant sales and footfall decreased by 34% and 38% yoy on a LfL basis. In addition to the effect of the pandemic, Sonae Sierra's activity and results were materially affected by an extraordinary and unique law imposed by the Portuguese parliament, which led total discounts in Portugal in 2020 to 54% of total rents, which far exceeds any other European country where Sierra operates (where the implied discount averaged 26%). The disproportionate nature of this law did obviously not translate into any practical social or economic benefit as is reflected in collection and occupancy rates which didn't diverge in Portugal from other countries. On the contrary, it led to increased litigation and unnecessary temporary volatility. The Portuguese State Ombudsman has classified the law as unconstitutional and it is now being reviewed by the Portuguese Constitutional Court.

Sonae Sierra's net result since the pandemic started (April to December) totals -€89 M, which led to a full year net result of -€42 M. This is driven by the negative operating performance of Sonae Sierra's European investment portfolio and of the reduction in asset values, which decreased by 7%. As a result, INREV NAV at the end of 2020 stood at €902 M.

Proportional basis - management accounts						
M€	2019	2020	yoy	4Q19	4Q20	yoy
Turnover	223	129	-42.2%	58	26	-55.5%
Direct results	68	3	-96.3%	19	-3	-
Indirect results	-8	-44	-	16	-19	-
Net results	60	-42	-	35	-22	-

€M	2019	2020	yoy	4Q19	4Q20	yoy
Turnover	166	94	-43.4%	40	21	-46.7%
Underlying EBITDA	53	11	-78.3%	13	1	-91.4%
margin	31.8%	12.2%	-19.6 p.p.	31.5%	5.1%	-26.5 p.p.
Equity method results ⁽¹⁾	62	14	-77.4%	19	2	-90.5%
Non-recurrent items	-14	57	-	1	0	-
EBITDA	100	82	-17.8%	32	3	-91.9%
margin	60.5%	87.8%	27.3 p.p.	80.3%	12.2%	-68.0 p.p.
D&A	-1	-1	15.3%	0	0	-15.1%
D&A - RoU	-2	-2	3.4%	-1	-1	5.9%
Provisions and impairments	-1	-13	-	0	-2	-
EBIT	97	67	30.6%	32	-1	101.8%
Net Financial results	-12	-8	33.2%	-2	-1	25.9%
from lease liabilities	0	0	15.6%	0	0	16.4%
from financing	-12	-8	33.7%	-2	-1	26.3%
EBT	84	59	-30.2%	30	-2	-
Taxes	-5	-2	-	0	-1	-
Direct result	80	57	-27.9%	29	-3	-
Indirect result	14	-104	-	14	-22	-
Net result	93	-46	-	44	-25	-
Non-controlling interests	-33	5	-	-9	3	-
Net result group share	60	-42	-	35	-22	-

Note: FY19 Net Results excludes non-cash effect from recycling of currency translation reserves within equity, resulting from the merger of Sonae Sierra Brasil.

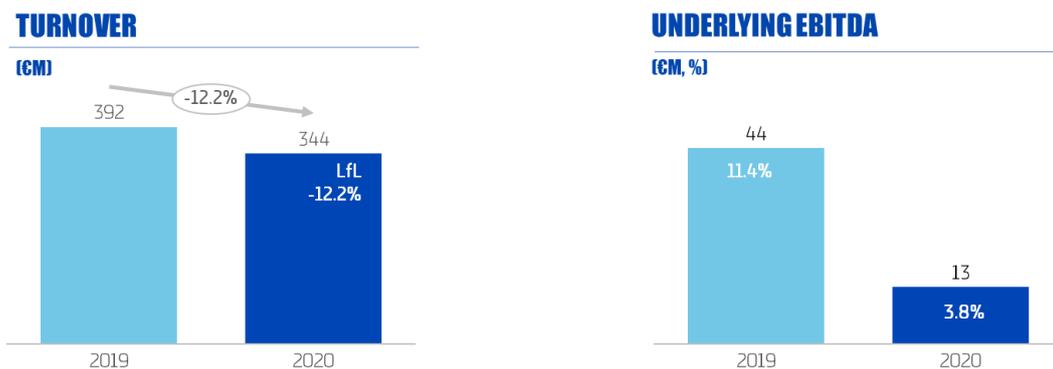
Sonae Fashion

2020 was a challenging year for Sonae Fashion, with footwear and apparel retail being among the most affected sectors globally. The last quarter of 2020 was no exception and was greatly influenced by the evolution of the second wave of the Covid-19 pandemic in all the countries where the company is present which led to general confinements with physical store closures or restrictions in opening hours.

Despite this context, the performance in the 4Q was better than expected, and Sonae Fashion reached a turnover of €112 M, just 1.6% below 4Q19. Similar to previous quarters, there were distinct performances among brands: while the brands associated with adult apparel were more affected by the confinement period, kidswear had its demand less impacted by

this context. In the full year, Sonae Fashion's total turnover stood at €344 M, decreasing by only 12.2% yoy. Online sales were instrumental for this performance, having doubled their weight in total turnover, from 7% in 2019 to 14% in 2020.

Sonae Fashion clearly outperformed the market in such a challenging backdrop. The ability of all teams to constantly adapt enabled the company to secure all possible additional revenue streams, namely through the introduction of new sales categories (such as the innovative reusable mask, developed by MO) and an extensive portfolio of new digitally-enhanced ways of serving the customer (including its "sale at the wicket" service, the partnership with Glovo or the rollout of a personalised customer service delivered by store staff via Webchat and WhatsApp).

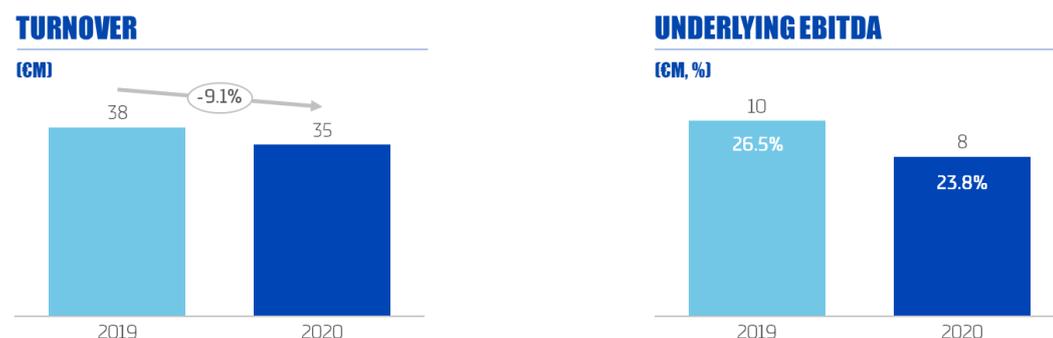


To minimise the impact of the pandemic, Sonae Fashion actively managed its supply chain, inventory and operating expenses. Regarding profitability, Sonae Fashion was able to deliver a **positive underlying EBITDA of €13.0 M in the year**, mainly fuelled by a strong performance in the 4Q (total underlying EBITDA of €11.4 M).

Sonae FS

Sonae FS' activity was indirectly impacted by Covid-19 and registered a slowdown during the year, especially due to the reduction of private consumption. Since Universo card was practically not exposed to credit risk in 2020, no negative impacts arose from this dimension.

Regarding the Universo card, in 2020 production was slightly below the value recorded in 2019, namely due to the 25% drop in ATM withdrawals. Still, Universo registered record credit card production market shares in the months of April and May - with 18.1% and 16.4% respectively - and ended the year with 13.8%, which represents an increase of 100 basis points when compared to the end of last year.



Universo's digital approach was critical for this performance, resulting in a growth of the digital customer base of more than 40%, reaching 428 thousand clients. The overall activity rate started to recover after having registered minimum levels in April (during the lockdown), and the year ended already with values above historical levels.

Overall, Sonae FS' turnover in the 4Q stood at €9 M, leading to a total of €35 M in 2020, -9.1% vs 2019. Regarding profitability, underlying EBITDA followed the top line trend, reducing yoy to €2 M and €8.2 M in the 4Q and full year, respectively.

Sonae IM

During 2020, the investment activity slowed down in the first half of the year, due to travel bans and event cancellations but slowly recovered throughout the second half of the year. In total, Sonae IM completed 5 new investments during the year, made some follow-on investments in portfolio companies and achieved relevant evolutions in some of its minority stakes.

As already announced in the 3Q results, Artic Wolf raised USD200 M in Series E funding at a valuation of USD1.3 bn. This funding round was led by Viking Global Investors, with additional participation from DTCP and existing investors, and allowed Sonae IM to record a capital gain of almost €29 M.

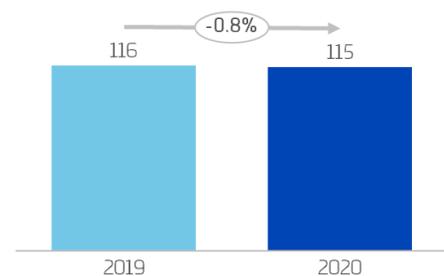
With regard to new investments, Sonae IM made two early stage investments, Replai, a distinctive short video technology and Didimo, a 3D technology for virtual interactions, and entered in the share capital of SalesLayer (retail), Deepfence (cybersecurity), and Weaveworks (digital platform). In addition, Sonae IM has decided to consolidate its cybersecurity companies (S21Sec and Excellium) into a new holding company, Maxive Cybersecurity, one of the largest MSSPs (Managed Security Services Provider) pure players in Europe both in terms of business and specialized personnel and will offer its customers a wider set of services combining best practices and capabilities from both companies.

Sonae IM's consolidated portfolio, despite the double-digit growth at cybersecurity companies, stood slightly below last year in terms of turnover with €115 M in 2020, but with significant improvement on underlying EBITDA when compared to 2019 (+€5 M), with almost all of the consolidated companies registering positive performances yoy.

Already in 2021, one of Sonae IM's minority investments indirectly held through Armilar funds, Outsystems, that reached an unicorn valuation back in 2018, announced a 150 million dollars capital raise co-led by Abdiel Capital and Tiger Global, at an underlying valuation of 9.5 billion dollars. Despite being a relatively small transaction, it is a good sign of the company's strong evolution.

TURNOVER

(€M)



Equity consolidated companies

The equity method results' line in Sonae's P&L is mainly related with: (i) the equity method contribution line of Sonae Sierra' statutory accounts which corresponds to the shopping centres in which the company holds minority stakes, (ii) NOS (Sonaecom's indirect 26% stake) and Zopt's proportional net results and (iii) ISRG's net result. During 2020,

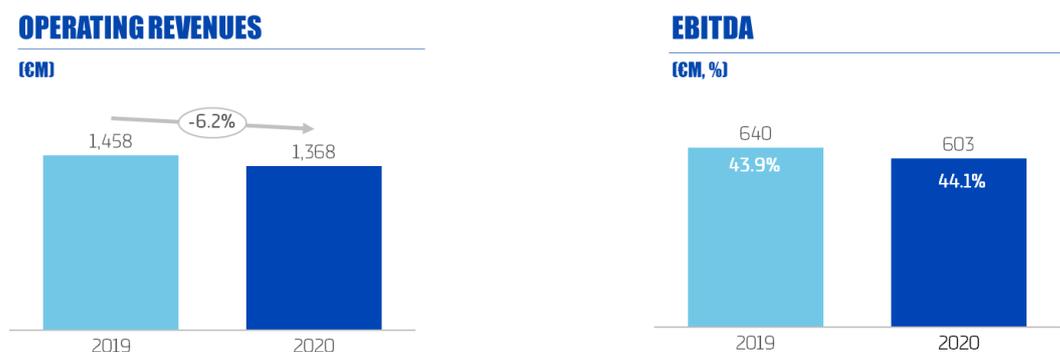
all of these businesses were impacted by the Covid-19 pandemic, especially Sonae Sierra's shopping centres and ISRG.

€M	2019	2020	yoy	4Q19	4Q20	yoy
Sonae Sierra	62	14	-77.4%	19	2	-
NOS/Zopt	32	27	-15.4%	0	6	-
ISRG	7	2	-	0	6	-

NOS

NOS already published its FY20 results on March 10th. Similar to other businesses, NOS still felt the effects of the pandemic in the 4Q. In the telco business, the main impact was the reduction in roaming revenues associated with travel restrictions, and, in the cinemas business, a drop in ticket sales due shopping center restrictions.

All in all, telco revenues increased 1% yoy in the 4Q, after three quarters with a negative trend, which was nevertheless not enough to compensate the significant drop of revenues in the cinema and audiovisuals business. In total, revenues in the quarter **stood at €354 M**, -3.3% compared to last year, leading to a total of **€1,368 M in 2020**. Regarding profitability, the telco business registered an increase of 1.5% in EBITDA and the cinema and audiovisual business, despite the negative yoy trend, had a positive sequential quarterly improvement due to cost efficiencies. In consolidated terms, EBITDA stood at **€132 M in the 4Q and €603 M in 2020**, -2.9% and -5.7% yoy respectively. Net income was €12.9 M in the 4Q and €92.0 M in the FY20, 36% below last year, implying a lower equity contribution to Sonae's results.



Total FCF before dividends totalled **€445 M in FY20** reflecting an operational cash flow of €127.5 M and the cash already received from the tower sale deal in 3Q.

NOS was able to reinforce its balance sheet during 2020 and recorded a financial net debt to EBITDA ratio of 1.5x. The Company's Board of Directors has proposed the payment of a 27.8 euro cents per share dividend, in line with last year.

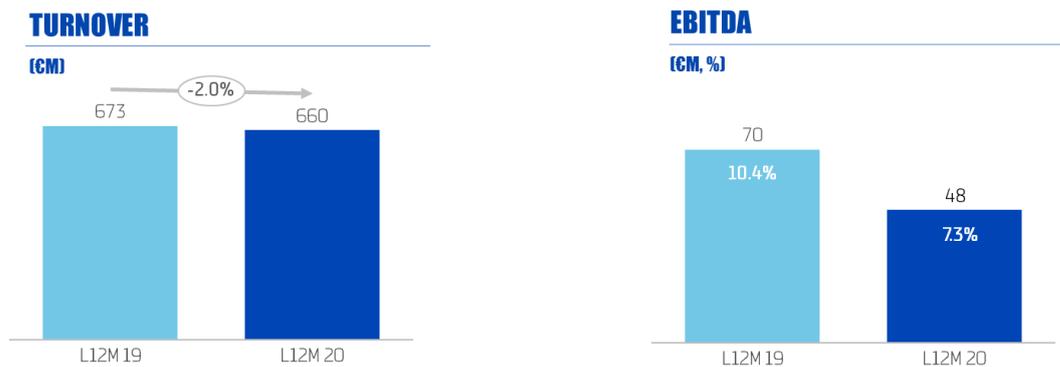
ISRG ****

ISRG was one of the businesses most affected by the pandemic, having had all stores closed for a long period of time, which significantly affected its business performance.

After a challenging first half of the year, the Company's 3Q (period ended October 31st) had a very solid recovery both in terms of sales and profitability. Turnover increased 9% yoy to €192 M, benefiting from positive performances in all brands, but especially from Sprinter which grew sales by 14%. Online sales more than tripled and already account for ca.10% of sales in the last 12 months.

As for operational profitability, all brands registered yoy improvements, which led consolidated EBITDA to increase by more than 40% when compared to the same period of last year, reaching €31 M and representing an EBITDA margin of 16%.

This solid performance in the 3Q allowed to offset part of the losses recorded in the first half of the year and end the last twelve months with a turnover of €660 M (-2% yoy) and an EBITDA of €48 M. ISRG's performance led its equity method contribution to Sonae's results to a total of €2 M.



**** Due to calendar reporting dates of JD Sports (the main shareholder of the JV), ISRG figures for the L12M 20 ended last October 31st.

Consolidated Balance Sheet

M€	2019	2020	yoy
TOTAL ASSETS	9,044	8,149	-9.9%
Non current assets	6,249	6,328	1.3%
Net fixed assets	2,090	2,108	0.9%
Net Rights of Use	1,060	1,054	-0.6%
Goodwill	679	671	-1.2%
Investment properties	348	319	-8.2%
Other investments	1,687	1,776	5.3%
Deferred tax assets	331	358	8.1%
Others	54	41	-23.6%
Current assets	2,795	1,821	-34.9%
Stocks	664	636	-4.2%
Trade debtors	115	148	28.3%
Liquidity	610	767	25.6%
Others	1,406	271	-80.8%
SHAREHOLDERS' FUNDS	3,107	2,440	-21.5%
Equity holders	2,132	1,993	-6.5%
Attributable to minority interests	975	447	-54.1%
LIABILITIES	5,938	5,709	-3.9%
Non-current liabilities	3,286	3,404	3.6%
Bank loans	1,030	1,007	-2.3%
Lease liabilities	1,088	1,100	1.1%
Other loans	562	690	22.6%
Deferred tax liabilities	472	479	1.4%
Provisions	43	47	10.3%
Others	90	81	-10.0%
Current liabilities	2,652	2,305	-13.1%
Bank loans	191	177	-7.5%
Lease liabilities	103	107	4.5%
Other loans	5	16	-
Trade creditors	1,338	1,339	0.0%
Others	1,015	666	-34.4%
SHAREHOLDERS' FUNDS + LIABILITIES	9,044	8,149	-9.9%

Methodological Notes

The consolidated financial information contained in this report was prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The financial information regarding quarterly and semi-annual figures was not subject to audit procedures.

Sonae implemented the following changes in its reporting structure: (i) Adoption of the IFRS16 accounting standard in 2019; (ii) Discontinued operations: Saphety and WeDo following the sale from Sonae IM in 1Q19 and 3Q19, respectively; Temasa following the sale from Sonae Fashion and Deeply as an asset available for sale.

Restatement: Sonae IM reassessed the accounting of its minority stakes. Given its active investor approach, and the existence of significant influence in the majority of those stakes, Sonae IM applied the exemption provided by IAS28, and elected to measure those investments at fair value through profit or loss in accordance with IFRS9. Until 3Q20, the referred investments were recorded at fair value through other comprehensive income (equity) and the described restatement generated a positive impact of €0.6 M and €15.8 M respectively in 2019 and 2020 results (before minorities). The 2019 and previous quarters of 2020 presented in this document were restated to include this reclassification.

2. Environmental Performance

In 2020, we remained committed to our ambition to develop our activity within the planetary boundaries, in a just way, pursuing the development of our people and communities.

The exceptional circumstances experienced in 2020 did not deter us from our social and environmental commitments. On the contrary, the prevailing situation reinforced our belief in their importance and the need to increasingly integrate sustainable development concerns into the way we develop the value proposition of our companies.

Therefore, in 2020, we continued to invest in the development of the 5 impact areas we consider material, through the progressive definition of policies, operating principles, objectives and goals to be achieved by the Sonae Group.

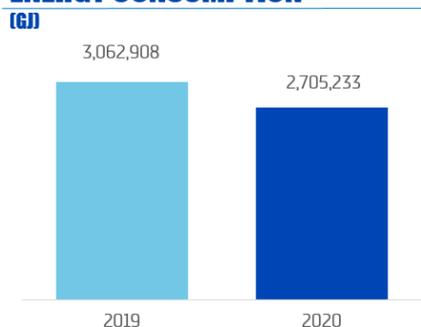
Below, we briefly present Sonae's performance in each of the impact areas that we considered most relevant, with the indicators that reflect our performance.

CO₂ and Climate Change

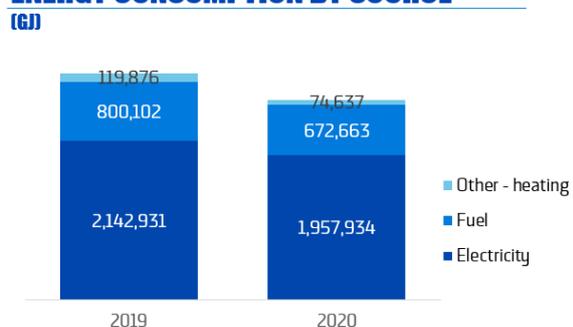
CO₂ and Climate Change is a pivotal topic in Sonae's sustainable development agenda, which is why we are committed to responding to the Paris Pledge for Action, limiting the average increase in temperature to 1.5°C, through the decarbonisation of our companies' activity, by mitigating the risks of climate change and seizing the opportunities associated with the integration of the climate agenda into the different businesses. At the end of 2020, Sonae's commitment and action in combating climate change were recognised by CDP with the award of an A rating, the highest rating.

In 2020, the Group's total energy consumption was 2,705,233 GJ, which represented a decrease of approximately 12% compared to the previous year (3,062,908 GJ). This reduction is mainly related to the 2020 context, as we were required to temporarily close some of our operations in response to the measures implemented to overcome the Covid-19 pandemic. Sonae MC and Worten were able to keep their operations running, which is why this reduction was not more evident. Electricity consumption was responsible for 72.4% of the energy consumed, fossil fuels for 24.9%, and other energy sources used for 2.8%.

ENERGY CONSUMPTION



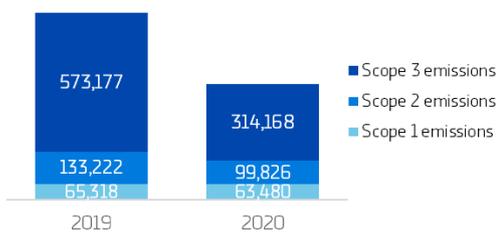
ENERGY CONSUMPTION BY SOURCE



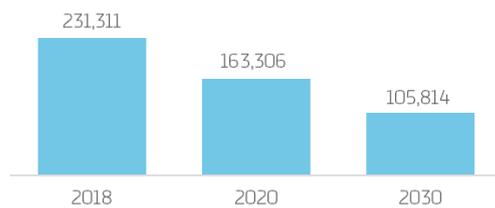
The effective production of energy from renewable sources showed a positive evolution compared to 2019, with an increase of 43%. Of the 73,258 GJ of renewable energy produced by Sonae, 59% were consumed (42,914 GJ) and the remaining 41% were injected to the grid (30,344 GJ).

In 2020, Sonae companies emitted 477,474 tCO₂e, representing a reduction of 38% compared to the previous year. Scope 1 emissions represent 13% of Sonae's carbon footprint, scope 2 emissions represent 21% and, finally, scope 3 emissions, represent 66%. Considering the target defined for 2030 – to reduce our scope 1+2 emissions by 54% - we recorded a decrease of 29% in the last year compared to 2018, an exceptional performance related to the context of the 2020 pandemic.

EMISSIONS BY SCOPE (tCO₂e)



**PERFORMANCE AGAINST 2030 TARGET
GHG EMISSIONS (tCO₂e)**



Nature and Biodiversity

Several studies^{****} have shown that nature and its vital contributions to our way of life are deteriorating at an alarming and global rate. At Sonae, we share this sense of urgency, perspective and vision advocated by the World Economic Forum for Nature and Biodiversity^{****}.

The analysis and definition of our targets in the domain of Nature and Biodiversity are at the initial stages. We aim to establish goals that are aligned with current scientific knowledge for this area of impact. Collaboration with the [Science Based Targets Network](#) will allow us to accomplish this, as soon as the methodology is validated. With the goal of mitigating our impacts, we have taken several actions on different fronts.

Regarding the restoration of critical ecosystems and preventing the conversion of new ecosystems, given the current situation of Portuguese forests, which are highly exposed to climatic risks and several structural challenges, the Sonae Group has consistently supported the reforestation of burnt areas. In 2020, under [Sonae Forest project](#), the different Sonae companies offset the emissions resulting from the employees' fleet of vehicles and service vehicles in 2019 through the afforestation of burnt and uncultivated areas. For this purpose, we financed the afforestation of 75 hectares, which translates into approximately 93 thousand trees. Through the 3rd edition of the *Troca Eficiente* campaign, Worten financed the planting of approximately 15 thousand trees.



^{****} IPBES. 2019. Summary for policymakers of the Global Assessment report on Biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

^{****} [New Nature Economy Report I: Nature Risk Rising; New Nature Economy Report II: The Future of Nature and Business](#)

The risk of deforestation is usually associated with the origin of several raw materials such as palm oil, soybeans, wood, cattle, tea, coffee and cocoa, therefore to minimize the impact of their use, we have implemented a set of procedures to map and certify the origin of the raw materials that are used in the development of our products and packaging.

With the goal of contributing to the promotion of healthy and productive oceans, through our Fishing Policy we employ a set of measures aimed at minimising the pressure on species and ecosystems, ranging from the non-commercialisation of endangered species, to reducing promotional activities related to vulnerable species and the widening of the range of species sold. The results of the Traffic Light System also show that the main indicators related to the preservation of marine ecosystems are positive. In comparison to 2019, there was an increase in the use of methods that pose less risk to species and aquaculture production, and at the same time, a decrease in methods with some limitation.

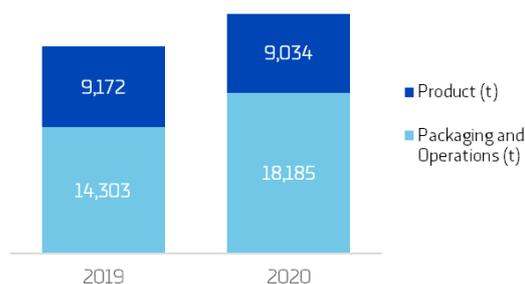
In 2020, we followed up with actions to promote sustainable consumption patterns, namely through initiatives to combat waste. With the food donation programme and by labelling items that are close to their best before date with Pink Labels, we avoided around €30 M of food waste.

Plastic

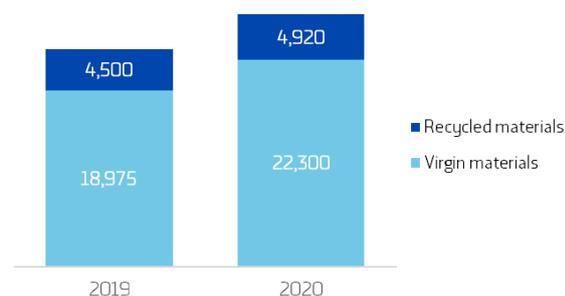
Given the nature and relevance of a significant part of our activity, including our direct contact with producers, operators and consumers, and considering our efforts to rethink and redesign our processes, products and services in relation to circularity, we believe promoting the responsible use of plastic is one of our key roles.

Our plastic footprint in 2020 was approximately 27,219 tons. The packaging and operations being responsible for 67% of the footprint, and the remaining 33% present originating in the products whose placing on the market is our responsibility. Since approximately 18% of the plastic used in our packages is recycled, we avoided the use of over 4,920 tons of virgin plastic, an increase of 9% when compared to 2019.

PLASTIC FOOTPRINT



PLASTIC ORIGINS

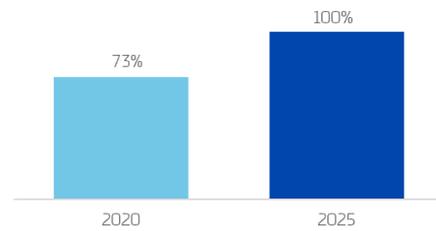


Due to the prevalence of single-use plastics, in 2020 we prioritised the conclusion of the mapping of our packaging plastic footprint. In the last few years, we have continued to implement changes in our packaging with the goal of eliminating the unnecessary use of plastic, replacing it whenever another raw material proves to have a better performance in terms of life cycle, thus ensuring that the materials of the different packaging components are compatible with each other for recycling purposes.

Against the target established for 2025, and considering the changes introduced, at the end of 2020, 73% of our packages were recyclable, based on the recyclability matrix of *Sociedade Ponto Verde* (SPV, Eco Point Society), and incorporated around 12% of recycled materials.

PACKAGING RECYCLABILITY

2020 vs 2025 TARGET



Inequalities and Inclusive Development

The values of inclusion and diversity have been an integral part of Sonae's core since its foundation and are intrinsically related to the evolution, growth and diversification of our businesses. Sonae sees inequality as one of the most complex and urgent social challenges of our times. The current pandemic context and the consequent economic crisis have heightened the existing disparities and have created new risk groups. The pandemic has accelerated the 4th Industrial Revolution and the inherent transition to digital, but it also widened the gap in economic and social inequalities, increasing the urgent need to reskill and upskill the labour market.

Diversity and inclusion have always been actively fostered across the entire group, through the promotion of equal opportunities for everyone, regardless of their role and position within the organisation, as well as their gender, ethnicity, age, religion or sexual orientation.

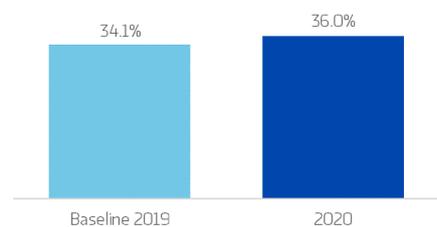
We recently signed the first European commitment for inclusion and diversity, transversal to various industries, the Pledge Embrace Difference (Diversity&Inclusion) initiative, led by the ERT (European Roundtable for Industry), which aims to create the right working environment and conditions for all employees to reach their full potential, through an inclusive culture and leadership, definition of goals and objectives, clarification of responsibilities, equality of opportunities, and finally, engagement and social responsibility.

The systematic monitoring of the evolution of gender indicators has been fundamental to co-substantiate the discussion about diversity and inclusion at Sonae. We consider that a balanced representation of men and women in decision-making positions is a decisive factor for the development and success of organizations. As such, we have been assuming commitments at a national and international level in this matter.

In 2013, along with the ERT, Sonae defined voluntary targets that fostered increased gender diversity for both management and decision-making roles, as well as middle management and senior roles. We have strengthened our commitment to gender equality through our presence on a highly prestigious international forum. Sonae aims to increase women's representation in leadership positions from 34% in 2019, to 39%^{§§§§} by 2023.

WOMEN IN LEADERSHIP POSITIONS

TARGET 35.1% FOR 2020



In 2020, Sonae's progress in this area was positive with 36% of women in leadership positions (+1.9p.p. when compared to 2019), and surpassing the established goal for that year (35.1%).

Regarding the Governing Bodies, 30% of the Board of Directors are women and Sonae has gender parity on the Executive Committee. Therefore, in 2020, we have been distinguished as the Portuguese company with highest representation of women in leadership positions, in the "Leading Together" Index.

§§§§ This indicator includes Sonae and its portfolio companies that have defined gender equality targets and reacts by the segmentation of roles defined for the group.

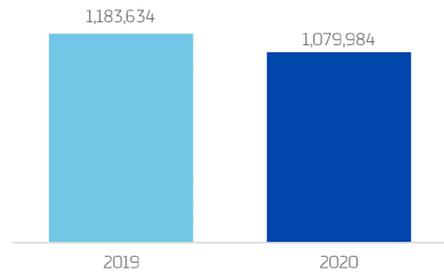
However, recent studies ('Women in the Workplace 2020', McKinsey) have shown that the current pandemic crisis has prevented positive developments in terms of gender equality. As Sonae is highly aware of this, we will remain focused and committed to the targets defined, reinforcing them if necessary.

Sonae promotes equal opportunities for all and is actively developing and reskilling its employees and creating qualified jobs, coupled with initiatives in the the community, which aim to develop a more diverse and inclusive company and society.

At the European Vocational Skills Week 2020, the European Commission launched the Pact for Skills – a shared commitment to the skills development model in Europe. This initiative, of which Sonae's Chairman is a member, is supported by the ERT and recognises the urgent need to provide more and better reskilling opportunities for all working age people, especially for young people and middle-aged workers.

Regarding the development of our people, we continued to invest in their training, and in 2020, 1,079,984 training hours were given. This number represents a joy decrease of 9%, which is a direct repercussion of the current pandemic.

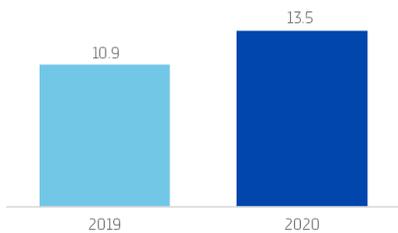
HOURS OF TRAINING



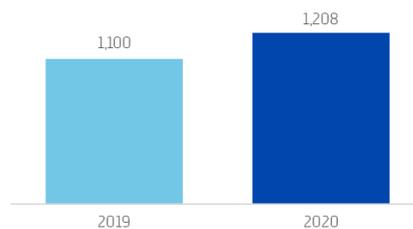
Community Support

Supporting the community, in an integrated and sustained way, is a legacy of Sonae's culture, present across the entire Group. In a year in which our society's weaknesses were particularly exposed due to the economic and social crisis triggered by Covid-19, the Sonae Group of companies, within the scope of their activities and operations, have reinforced their support to communities.

COMMUNITY SUPPORT (M€)



NUMBER OF INSTITUTIONS SUPPORTED



Sonae initiated a global response to Covid-19 named "Coronavirus Global Response", with the goal to accelerate the development and the implementation of the vaccination, treatment and testing of Covid-19, as well as making them universally accessible.

Throughout 2020, we invested around €13.5 M to support social economy organisations, representing a 24% increase in comparison to 2019. These contributions were distributed to 1,208 institutions, which represents a 10% increase in the number of institutions supported.

Like in previous years, this investment included 17% financial support and the remaining 83% in-kind support. These contributions cover five distinct areas: social solidarity, health and sport, raising environmental awareness, culture, education and science and innovation.

3. Share performance

Sonae share and performance during 2020

Sonae's shares are quoted on the Portuguese stock exchange, NYSE Euronext Lisbon, and included in several indices, including PSI20.

ISIN Code: PTSONOAM0001
Bloomberg Code: SON.PL
Reuters code: YSO.LS
Share capital: 2,000,000,000

Shareholder Structure

Sonae is a company controlled by a main shareholder with a stable shareholder structure, which reflects a common focus on long-term performance. At the end of 2020, free-float represented 40% with an average daily volume of 2.7 million shares during the year.



The Covid-19 pandemic also had a negative effect on capital markets. With the outbreak of this pandemic, uncertainty was felt throughout worldwide markets, which recorded sharp declines especially in March when global fears about the spread of Covid-19, the drop in oil prices, and the prospect of a recession in 2020 unsettled investors. Global markets managed to recover throughout the year at different paces as restrictions imposed by governments eased.

In this context, Sonae shares stood at €0.66 at the end of year, a decrease of 27% versus the end of 2019, which compares to 6% decrease of the Portuguese Stock market index (PSI-20).



Proposed Dividend and Dividend Policy

For the year 2020, the Board of Directors will propose at the Shareholders' General Meeting, to be held on April 30, 2021, a dividend per share of €0.0486. This proposal is in line with Sonae's clear dividend distribution policy, which guarantees a 5% increase of dividend per share every year, except in special years when Sonae to face a particular crisis decides to protect liquidity and the Board of Directors can propose to keep the same amount distributed in the previous year.

The proposed dividend corresponds to a dividend yield of 7.4% based on the closing price as at December 31st, 2020 (which stood at €0.66), and to a payout ratio of 85% of the consolidated direct income attributable to equity holders of Sonae.

Proposed dividend of €0.0486 per share
 +5% dividend increase versus last year
 Steadily growing dividend payment

DIVIDEND PER SHARE



PAYOUT RATIO



Sell side and buy side: a close dialogue with analysts

At the end of 2020, 9 analysts from international banks and brokers were covering Sonae share: 8 of them recommended Sonae share with a "Buy" recommendation and only one rated Sonae share with "Hold". The average target price was €1.13. In 2020, Renta 4 have initiated the coverage of Sonae, with a price target of €1.48 and a Buy recommendation.

9 Analysts
Average price target €1.13
8 Buy Recommendations

Despite being a year marked by travel restrictions and social distance, the investor relations department maintained its connection with the market, having participated in 10 Conferences and roadshows (most of them virtual), with a total of more than 500 interactions with investors and analysts.

4. Individual net income

Sonae, SGPS, SA operations, on a stand-alone basis, are essentially associated with the management of the shareholdings in its subsidiaries. In 2020, the individual net income of Sonae, SGPS, SA stood at 75,265,295.02 euros, having decreased by 60% when compared to last year (188,483,085.50 euros). This decrease was mostly driven by lower dividends received and by the increase of impairment losses.

The amount of 1,036,027 euros is already reflected in the net profit for the year, as variable remuneration of the Company's executive directors and employees, paid as distribution of net profit, pursuant to paragraph 2 of article 31 of the Articles of Association. The variable remuneration of the executive directors is determined by proposal of the Shareholders' Remuneration Committee, as the body responsible for the execution of the remuneration policy approved at the Shareholders' General Meeting held on April 30th, 2020.

5. Proposal of the appropriation of the financial year net income

Taking into consideration Sonae shareholder's remuneration policy, the Group's financial position, and the amount of distributable reserves which allow for compliance with article 32 of the Portuguese Companies Act, the Board of Directors hereby proposes to the Shareholders' General Meeting that pursuant to the terms of the law and the Articles of Association:

- the net profits, in the amount of 75,265,295.02 euro, are allocated as follows:
 - Legal Reserves: 3,763,264.75 euro
 - Dividends: 71,502,030.27 euro
- and that free reserves in the amount of 25,697,969.73 euro are also distributed to the shareholders

The Board of Directors accordingly proposes that a gross dividend of 0.0486 euro per share is paid to the shareholders, excluding from the total dividends of 97,200,000.00 euro, the amount of dividends that would be attributable to the shares that, at the dividends distribution date, are held by the Company or by any of its subsidiaries, which should be added to Free Reserves.

This dividend corresponds to a dividend yield of 7.4%, considering the closing price of December 31st 2020, and to a payout ratio of 85% considering the direct results attributable to Sonae' shareholders.

6. Main announcements in the 4Q20

October 20th

Sonae informed on Cash Settled Equity Swap extension.

November 17th

Sonae informed on transaction by person closely connected with a Person Discharging Managerial Responsibilities

December 2nd

Sonae informed on transaction by Person Discharging Managerial Responsibilities

December 10th

Sonae informed about ESG-linked refinancing operations

December 21st

Sonae informed on ESG-linked bond emission

December 21st

Sonae informed on Portuguese Competition Authority decision

7. Subsequent Events

January 13th

Sonae informed on the reorganisation of the Spanish operation of its subsidiary Worten – Equipamentos do Lar, S.A.

January 29th

Sonae informed on Sonae MC 2020 Trading Statement

March 1st

Sonae - SGPS, SA informed about the completion of the transaction by its subsidiary Worten Equipamentos do Lar, S.A. with Media Markt Saturn S.A.U

March 5th

Sonae informed about communication received from Grosvenor Investments (Portugal) S.Àr.L.

March 17th

Completion of the purchase of 10% of the share capital of Sonae Sierra held by Grosvenor Investments (Portugal) S.Àr.L, for the price of €82.16 million, following the exercise by Grosvenor of its put option right, as announced to the market on March 5th. The main impact of this transaction on the Group's consolidated financial statements will be the transfer of Reserves from "Non-Controlling Interests" to "Equity Holders of the Parent Company", since Sonae already holds a controlling shareholding of 70% in Sonae Sierra.

8. Outlook

2021 is also a year where the Covid-19 pandemic continues to significantly impact our lives and the economies where Sonae operates. Vaccines are currently being rolled out and this is the first step towards a "new normality" but there continues to be significant uncertainty in times ahead. It is very difficult to predict the full impacts of the second lockdowns already implemented in some countries but there is no doubt that 2021 will be another challenging year.

Sonae MC has continued to see positive demand for its food retail formats in these first months of 2021 and should further reinforce its leadership of the Portuguese market. The company will remain focused on serving its customers, protecting its teams, maintaining benchmark returns, while ensuring a sound capital structure.

Worten, after the announced reorganization of its Spanish operation, should now have all the conditions to drive profitability upwards and consolidate even further its leading position in Portugal, while working hard to enhance its presence in the Iberian online channel.

Sonae Fashion and ISRG should continue to face challenging times. In many regions, stores were temporarily closed, and customers reduced visits to commercial spaces. Nevertheless, we expect sales to recover as soon as stores are able to reopen. E-commerce will be critical to compensate an important part of the lost offline sales and ultimately drive additional growth.

Sonae FS will continue to strengthen its market position leveraging the success of Universo card, especially through its digital channels, and widen its offer of financial products to cater to the needs of different customer segments.

Sonae Sierra's activity will still be significantly affected by Covid-19 restrictions in the first half of 2021. Nevertheless, the company will remain focused on protecting the value of its assets, while also looking for further opportunities in the real estate market, namely in investment management, services and selective developments.

NOS will continue to play a crucial role in the digitisation of society and be prepared to embrace all the opportunities associated with 5G. Sonae will remain committed to provide the company with the necessary shareholder stability for the execution of its strategy.

Sonae IM will continuously adapt its investment strategy to new technology trends in retail, digital infrastructure and cybersecurity, and will remain an active investor in these arenas leveraging the successful track record of recent years.

In terms of financing, Sonae currently holds a strong liquidity position and we do not foresee any additional financing needs for the next 18 months, nor do we expect in the short term any breach of the existing corporate debt covenants in any portfolio company. The focus of the coming months will be to evaluate possible optimisation opportunities in terms of cost and maturities.

9. Glossary

Capex	Investments in tangible and intangible assets and investments in acquisitions. For NOS it includes right of use.
Direct results	Results before non-controlling interests excluding contributions to indirect results.
(Direct) EBIT	Direct EBT - financial results.
EBITDA	Underlying EBITDA + equity method results + non-recurrent items.
EBITDA margin	EBITDA / turnover.
(Direct) EBT	Direct results before taxes.
EoP	End of period.
Indirect results	Includes S. Sierra's results, net of taxes, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses of non-current assets (including goodwill) and (iv) provision for assets at risk. Additionally and concerning Sonae's portfolio, it incorporates: (i) impairments in retail real estate properties; (ii) reductions in goodwill; (iii) provisions (net of taxes) for possible future liabilities and impairments related with non-core financial investments, businesses, assets that were discontinued (or in the process of being discontinued/repositioned); (iv) results from mark to market methodology of other current investments that will be sold or exchanged in the near future; and (v) other non-relevant issues.
Investment properties	Shopping centres in operation owned and co-owned by Sonae Sierra.
Lease Liabilities	Net present value of payments to use the asset.
Like for Like sales (LfL)	Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods.
Loan to Value (LTV) - Holding	Holding net debt (average) / NAV of the investment portfolio plus Holding net debt (average).
Loan to Value (LTV) - Sonae Sierra	Net debt / (Investment properties + properties under development), on a proportional basis.
INREV NAV S. Sierra	Open market value attributable to Sonae Sierra - net debt - minorities + deferred tax liabilities.
Net asset value (NAV) of the investment portfolio	Market multiple approach to each one of Sonae's businesses - average net debt - minorities (book value)
Net debt	Bonds + bank loans + other loans + financial leases + shareholder loans - cash - bank deposits - current investments - other long-term financial applications.
Net financial debt	Net debt excluding shareholders' loans.
Net invested capital	Total net debt + total shareholders' funds.
Online sales	Total e-commerce sales, including online marketplaces.
Open Market Value (OMV)	Fair value of properties in operation (% of ownership), provided by independent international entities and book value of development properties (% of ownership).
Other loans	Bonds, leasing and derivatives.
Right of use (RoU)	Lease liability at the beginning of the lease adjusted for, initial direct costs, advance rent payments and possible lease discounts.
RoIC	Return on invested capital.
Total Net Debt	Net Debt + lease liabilities
Underlying EBITDA	Recurrent EBITDA from the businesses consolidated using the full consolidation method.
Underlying EBITDA margin	Underlying EBITDA / turnover.

Closing remarks and acknowledgements

The Board of Directors would like to thank the Statutory Audit Board and the Statutory External Auditor for their valuable advice and assistance. The Board would also like to express its gratitude to suppliers, banks and other business associates of Sonae for their continuing involvement and for the confidence that they have shown in the organisation.

The Board of Directors also expresses its gratitude to all employees for their effort and dedication throughout the year.

Approved at the meeting of the Board of Directors held on March 16th 2021.

The Board of Directors

Duarte Paulo Teixeira de Azevedo, Chairman

Ângelo Gabriel Ribeirinho dos Santos Paupério, Non-Executive Director

José Manuel Neves Adelino, Non-Executive Director

Margaret Lorraine Trainer, Non-Executive Director

Marcelo Faria de Lima, Non-Executive Director

Carlos António Rocha Moreira da Silva, Non-Executive Director

Fuencisla Clemares, Non-Executive Director

Philippe Cyriel Elodie Haspeslagh, Non-Executive Director

Maria Cláudia Teixeira de Azevedo, Executive Director (CEO)

João Pedro Magalhães da Silva Torres Dolores, Executive Director (CFO)

ANNEXS

I. Statement under the terms of article 245 paragraph 1, c) of the Portuguese Code

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, the financial position and the consolidated and individual net profit of Sonae – SGPS, S.A., and of the companies included in the consolidation perimeter, and that the Management Report faithfully describes the business evolution, performance and position of Sonae – SGPS, S.A., and of the companies included in the consolidation perimeter, and contains a description of the major risks and uncertainties that they face.

Approved at the meeting of the Board of Directors held on March 16th 2021.

The Board of Directors

Duarte Paulo Teixeira de Azevedo, Chairman

Ângelo Gabriel Ribeirinho dos Santos Paupério, Non-Executive Director

José Manuel Neves Adelino, Non-Executive Director

Margaret Lorraine Trainer, Non-Executive Director

Marcelo Faria de Lima, Non-Executive Director

Carlos António Rocha Moreira da Silva, Non-Executive Director

Fuencisla Clemares, Non-Executive Director

Philippe Cyriel Elodie Haspeslagh, Non-Executive Director

Maria Cláudia Teixeira de Azevedo, Executive Director (CEO)

João Pedro Magalhães da Silva Torres Dolores, Executive Director (CFO)

II. Article 447 of the Portuguese Companies Act

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, regarding which the members of the Board of Directors beginning the exercise of the functions on the 8th of May, by the members the statutory governing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code.

	Date	Acquisitions		Sale		Position on 31.12.2020	Balance on 31.12.2010
		Number of shares	Aver. Price (€)	Number of shares	Aver. Price (€)		Number of shares
Duarte Paulo Teixeira de Azevedo (*) (**) (***)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Migracom, SA (3)						Dominant	
Sonae - SGPS, SA							1,053,075
Aquisition	15/04/2020	247,345	0.591				
Ángelo Gabriel Ribeirinho dos Santos Paupério (*) (**)							
Enxomil - Consultoria e Gestão, SA (6)						Dominant	
Enxomil - Sociedade Imobiliária, SA (7)						Dominant	
Sonae - SGPS, SA							444,625
Aquisition	15/04/2020	264,743	0.591				
Aquisition	16/04/2020	179,882	0.591				
Maria Margarida Carvalhais Teixeira de Azevedo (**)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Sonae - SGPS, SA							14,901
Maria Cláudia Teixeira de Azevedo (*) (**)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Sonae - SGPS, SA (***)							724,707
Aquisition	15/04/2020	216,133	0.591				
Linhacom, SGPS, SA (5)						Dominant	
Carlos António Rocha Moreira da Silva (*) (**)							
Sonae - SGPS, SA							50,000
Sale	27/11/2020			22,000	0.676		
Aquisition	27/11/2020	50,000	0.685				
Philippe Cyriel Elodie Haspeslagh (*)							
Sonae - SGPS, SA							112,300
João Pedro Magalhães da Silva Torres Dolores (*)							
Sonae - SGPS, SA							10,306
Aquisition	15/04/2020	10,306	0.591				

	Date	Acquisitions		Sale		Position on 31.12.2020	Balance on 31.12.2020
		Number of shares	Aver. Price €	Number of shares	Aver. Price €		Number of shares
(1) Efanor Investimentos, SGPS, SA							
Sonae - SGPS, SA							200,100,000
Pareuro, BV (2)						Dominant	
(2) Pareuro, BV							
Sonae - SGPS, SA							849,533,095
(3) Migracom, SA							
Sonae - SGPS, SA							3,198,524
Imparfin - Investimentos e Participações Financeiras, SA (4)						Minority	
(4) Imparfin - Investimentos e Participações Financeiras, SA							
Sonae - SGPS, SA							5,398,465
Aquisition	12/11/2020	790,000	0.63160				
(5) Linhacom, SGPS, SA							
Sonae - SGPS, SA							189,314
Imparfin - Investimentos e Participações Financeiras, SA (4)						Minority	
(6) Enxomil - Consultoria e Gestão, SA							
Sonae - SGPS, SA							2,021,855
(7) Enxomil - Sociedade Imobiliária, SA							
Sonae - SGPS, SA							662,987

* Member of the Board of Directors of Sonae - SGPS, SA

** Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

*** Member of the Board of Directors of Imparfin - Investimentos e Participações Financeiras, SA (4)

III. Qualified holdings

Qualified Shareholdings on the Company's share capital, on 31st December 2020 (shares held and voting rights attributable to shareholders owning 2% or more of the share capital of the Sonae - SGPS, S.A.), relying on the notices received by the Company pursuant to article 16 of the Portuguese Securities Code, the respective attributable share capital and voting rights, as well as the source and grounds for such attribution, calculated according to article 20 of the Portuguese Securities Code, as required by article 8 paragraph 1, subparagraph b), of the Portuguese Securities Market Commission (CMVM) Regulation no. 05/2008.

Shareholder	Nr. of shares	% Share capital and voting rights*	% of exercisable voting rights**
Efanor Investimentos, SGPS, S.A. (I)			
Directly	200,100,000	10.0050%	10.0050%
By Pareuro, BV (controlled by Efanor Investimentos, SGPS, S.A.)	849,533,095	42.4767%	42.4767%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, S.A.)	14,901	0.0007%	0.0007%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, S.A.)	724,707	0.0362%	0.0362%
By Duarte Paulo Teixeira de Azevedo (Director of Sonae, SGPS, S.A. and Efanor Investimentos, SGPS, S.A.)	1,053,075	0.0527%	0.0527%
By Ângelo Gabriel Ribeirinho dos Santos Paupério (Director of Sonae, SGPS, S.A. and Efanor Investimentos, SGPS, S.A.)	444,625	0.0222%	0.0222%
By Migracom, S.A. (company controlled by Efanor Investimentos, SGPS, S.A. and Sonae, SGPS, S.A.'s Director Duarte Paulo Teixeira de Azevedo)	3,198,524	0.1599%	0.1599%
By Linhacom, SGPS, S.A. (company controlled by Efanor Investimentos, SGPS, S.A. and Sonae, SGPS, S.A.'s Director Maria Cláudia Teixeira de Azevedo)	189,314	0.0095%	0.0095%
By Enxomil - Consultoria e Gestão, SA (company controlled by Efanor Investimentos, SGPS, S.A. and Sonae, SGPS, S.A.'s Director Ângelo Gabriel Ribeirinho dos Santos Paupério)	2,021,855	0.1011%	0.1011%
By Enxomil - Sociedade Imobiliária, SA (company controlled by Efanor Investimentos, SGPS, S.A. and Sonae, SGPS, S.A.'s Director Ângelo Gabriel Ribeirinho dos Santos Paupério)	662,987	0.0331%	0.0331%
By Carlos António Rocha Moreira da Silva (Director of Efanor Investimentos, SGPS, S.A.)	50,000	0.0025%	0.0025%
Total attributable to Efanor Investimentos, SGPS, S.A.	1,057,993,083	52.8997%	52.8997%
Banco BPI, S.A.	96,034,789	4.8017%	4.8017%
Total attributable to Banco BPI, S.A. (II)	96,034,789	4.8017%	4.8017%
Criteria Caixa, S.A.	40,019,035	2.0010%	2.0010%
Total attributable to Criteria Caixa, S.A.	40,019,035	2.0010%	2.0010%

Source: communications received by the Company regarding qualified shareholdings up to 31st December 2020.

(I) As from 29th November 2017, Efanor Investimentos SGPS, SA ceased to have any controlling shareholder pursuant to the set forth in articles 20 and 21 of the Portuguese Securities Code.

*** Total number of voting rights attributed to Banco BPI, S.A. as per article 20 of the Portuguese Securities Code. Banco BPI is part of CaixaBank group, which holds 100% of Banco BPI's share capital, according to the disclosure made by Banco BPI to the market on the 5th April 2019 at www.cmvm.pt.

* Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code.

** Voting rights calculated based on the Company's share capital with voting rights that are not subject to suspension of exercise.

**CORPORATE
GOVERNANCE
REPORT**

FASTER

CORPORATE GOVERNANCE REPORT

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PART I
**SHAREHOLDERS' STRUCTURE,
ORGANISATION AND
CORPORATE GOVERNANCE**

PARTE I

A. Shareholders' structure

I. Share Capital Structure

1. Share Capital Structure

Sonae SGPS SA's (hereinafter "Sonae" or the "Company") share capital is 2,000,000,000 euro, fully subscribed and paid up, divided into 2,000,000,000 nominative ordinary shares, each with a nominal value of one euro.

The breakdown of qualified shareholdings regarding share capital and voting rights is listed below in section II.7.

All the shares representing the Company's share capital are admitted to trading on the Euronext Lisbon regulated market.

2. Restrictions on the transfer and ownership of shares

There are no restrictions on the ownership or transfer of Company's shares.

3. Own shares – number, percentage of share capital they represent and percentage of voting rights that would correspond to own shares

The Company, on 31st December 2020, did not held, directly or indirectly, any percentage of own shares.

4. Significant agreements with ownership clauses

There are no agreements executed by the Company that include protective contractual mechanisms (either by changing or by terminating such agreements) against change of control events, namely following a takeover bid.

The majority of the share capital of the Company is attributable to a single shareholder.

The shareholders' agreement executed between Sonae and Grosvenor Group Limited ("Grosvenor"), relating to Sonae Sierra, SGPS, SA, grants Grosvenor an exit right in the case of a change of control of Sonae Sierra, but only in the particular and exclusive situation of Sonae Sierra being directly or indirectly controlled by a third-party other than its present reference shareholder or any of its current shareholders or their relatives.

Sonae has, as well, contractual protection mechanisms, including a call-option right on Grosvenor shareholding in case the latter ceases to be controlled by its current reference shareholder.

5. Defensive measures in case of change of control

No defensive measures were adopted by the Company.

6. Shareholders' agreements

The Board of Directors has no knowledge of any joint venture agreements involving the Company.

II. Qualified shareholdings and securities held by members of the statutory governing bodies

7. Qualified shareholdings

Qualified Shareholdings on the Company's share capital, on 31st December 2020 (Shares held and voting rights attributable to shareholders owning 2% or more of the share capital of the Sonae - SGPS, S.A.), relying on the notices received by the Company pursuant to article 16 of the Portuguese Securities Code, the respective attributable share capital and voting rights, as well as the source and grounds for such attribution, calculated according to article 20 of the Portuguese Securities Code, as required by article 8 paragraph 1, subparagraph b), of the Portuguese Securities Market Commission (CMVM) Regulation no. 05/2008:

Shareholder	Nr. of shares	% Share capital and voting rights*	% of exercisable voting rights**
Efanor Investimentos, SGPS, S.A. (I)			
Directly	200 100 000	10.0050%	10.0050%
By Pareuro, BV (controlled by Efanor Investimentos, SGPS, S.A.)	849 533 095	42.4767%	42.4767%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, S.A.)	14 901	0.0007%	0.0007%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, S.A.)	724 707	0.0362%	0.0362%
By Duarte Paulo Teixeira de Azevedo (Director of Sonae, SGPS, S.A. and Efanor Investimentos, SGPS, S.A.)	1 053 075	0.0527%	0.0527%
By Ângelo Gabriel Ribeirinho dos Santos Paupério (Director of Sonae, SGPS, S.A. and Efanor Investimentos, SGPS, S.A.)	444 625	0.0222%	0.0222%
By Migracom, S.A. (company controlled by Efanor Investimentos, SGPS, S.A.. and Sonae, SGPS, S.A.'s Director Duarte Paulo Teixeira de Azevedo)	3 198 524	0.1599%	0.1599%
By Linhacom, SGPS, S.A. (company controlled by Efanor Investimentos, SGPS, S.A.. and Sonae, SGPS, S.A.'s Director Maria Cláudia Teixeira de Azevedo)	189 314	0.0095%	0.0095%
By Enxomil - Consultoria e Gestão, SA (company controlled by Efanor Investimentos, SGPS, S.A.. and Sonae, SGPS, S.A.'s Director Ângelo Gabriel Ribeirinho dos Santos Paupério)	2 021 855	0.1011%	0.1011%
By Enxomil - Sociedade Imobiliária, SA (company controlled by Efanor Investimentos, SGPS, S.A.. and Sonae, SGPS, S.A.'s Director Ângelo Gabriel Ribeirinho dos Santos Paupério)	662 987	0.0331%	0.0331%
By Carlos António Rocha Moreira da Silva (Director of Efanor Investimentos, SGPS, S.A.)	50 000	0.0025%	0.0025%
Total attributable to Efanor Investimentos, SGPS, S.A.	1 057 993 083	52.8997%	52.8997%
Banco BPI, S.A.	96 034 789	4.8017%	4.8017%

Total attributable to Banco BPI, S.A. (II)	96 034 789	4.8017%	4.8017%
Criteria Caixa, S.A.	40 019 035	2.0010%	2.0010%
Total attributable to Criteria Caixa, S.A.	40 019 035	2.0010%	2.0010%

Source: communications received by the Company regarding qualified shareholdings up to 31st December 2020.

(I) As from 29th November 2017, Efanor Investimentos SGPS, SA ceased to have any controlling shareholder pursuant to the set forth in articles 20 and 21 of the Portuguese Securities Code.

(II) Total number of voting rights attributed to Banco BPI, SA as per article 20 of the Portuguese Securities Code. Banco BPI is part of CaixaBank group, which holds 100% of Banco BPI's share capital, according to the disclosure made by Banco BPI to the market on the 5th April 2019 at www.cmvvm.pt

* Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code.

** Voting rights calculated based on the Company's share capital with voting rights that are not subject to suspension of exercise.

This information is also disclosed in the Company's Annual Management Report.

Updated information regarding qualified shareholdings is available at the Company's website, <http://www.sonae.pt/en/investors/shareholder-structure/>

8. Number of shares and bonds held by the members of the statutory governing bodies, pursuant to paragraph 5 of article 447 of the Portuguese Companies Act

This information is disclosed in an Appendix to the Management Report, as follows:

Article 447 of the Portuguese Companies Act

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, by the members of the statutory managing and auditing bodies and by persons discharging managerial responsibilities ("dirigentes") as well as by people closely connected to them, pursuant to article 248-B of the Portuguese Securities Code:

	Date	Acquisitions		Sale		Position on 31.12.2020	Balance on 31.12.2010 Number of shares
		Number of shares	Aver. Price (€)	Number of shares	Aver. Price (€)		
Duarte Paulo Teixeira de Azevedo (*) (**) (***)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Migracom, SA (3)						Dominant	
Sonae - SGPS, SA							1 053 075
Acquisition	15/04/2020	247 345	0,591				
Angelo Gabriel Ribeiro dos Santos Paupério (*) (**)							
Enxomil - Consultoria e Gestão, SA (6)						Dominant	
Enxomil - Sociedade Imobiliária, SA (7)						Dominant	
Sonae - SGPS, SA							444 625
Acquisition	15/04/2020	264 743	0,591				
Acquisition	16/04/2020	179 882	0,591				
Maria Margarida Carvalhais Teixeira de Azevedo (**)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Sonae - SGPS, SA							14 901
Maria Cláudia Teixeira de Azevedo (*) (**)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Sonae - SGPS, SA (***)							724 707
Acquisition	15/04/2020	216 133	0,591				
Linhacom, SGPS, SA (5)						Dominant	
Carlos António Rocha Moreira da Silva (*) (**)							
Sonae - SGPS, SA							50 000
Sale	27/11/2020			22 000	0,676		
Acquisition	27/11/2020	50 000	0,685				
Phillippe Cyriel Elodie Haspeslagh (*)							
Sonae - SGPS, SA							112 300
João Pedro Magalhães da Silva Torres Dolores (*)							
Sonae - SGPS, SA							10 306
Acquisition	15/04/2020	10 306	0,591				

	Date	Acquisitions		Sale		Position on 31.12.2020	Balance on 31.12.2020 Number of shares
		Number of shares	Aver. Price €	Number of shares	Aver. Price €		
(1) Efanor Investimentos, SGPS, SA							
Sonae - SGPS, SA							200 100 000
Pareuro, BV (2)						Dominant	
(2) Pareuro, BV							
Sonae - SGPS, SA							849 533 095
(3) Migracom, SA							
Sonae - SGPS, SA							3 198 524
Imparfin - Investimentos e Participações Financeiras, SA (4)						Minority	
(4) Imparfin - Investimentos e Participações Financeiras, SA							
Sonae - SGPS, SA							5 398 465
Acquisition	12/11/2020	790 000	0,63160				
(5) Linhacom, SGPS, SA							
Sonae - SGPS, SA							189 314
Imparfin - Investimentos e Participações Financeiras, SA (4)						Minority	
(6) Enxomil - Consultoria e Gestão, SA							
Sonae - SGPS, SA							2 021 855
(7) Enxomil - Sociedade Imobiliária, SA							
Sonae - SGPS, SA							662 987

* Member of the Board of Directors of Sonae - SGPS, SA

** Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

*** Member of the Board of Directors of Imparfin - Investimentos e Participações Financeiras, SA (4)

9. Powers of the Board of Directors on share capital increase

The powers given by the Articles of Association to the Board of Directors to increase the Company's share capital were withdrawn in April 2011. As from that date, these powers are held exclusively by the Shareholders' General Meeting.

10. Relevant business relationship between owners of qualified shareholdings and the Company

There are no existing relevant business relationships between the Company and owners of qualified shareholdings notified to the Company.

Without prejudice to the aforementioned, Banco BPI, SA maintains a business relationship with the Company within the

scope of the Company's corporate purpose, under market conditions and alongside with other national and international financial institutions.

B. Governing Bodies and Committees

I. Shareholders' General Meeting

The Shareholders' General Meetings are directed by the Board of the Shareholders' General Meeting, elected by the shareholders for a four-year mandate which begins and ends within the same calendar mandate as that of the other statutory governing bodies.

a. Composition of the Board of the Shareholders' General Meeting

11. Board of the Shareholders' General Meeting: members and mandate

At the Shareholders' General Meeting held on 2019, the following members of the Board of the Shareholders General Meeting were appointed for the 2019-2022 mandate:

Board of the Shareholders' General Meeting

Carlos Manuel de Brito do Nascimento Lucena, Chair

Maria Daniela Farto Baptista Passos, Secretary

b. Exercising Voting Rights

12. Restrictions on voting rights

12.1 Restrictions on voting rights depending on the number or percentage of shares ownership

The Company's share capital is entirely made up of a single class of ordinary shares, in which one share equals one vote, and where there are no statutory limitations on the exercise of the voting rights by any shareholder. Share blocking is not required in order to attend the Shareholders' General Meeting. In compliance with paragraph 1 of article 23-C of the Portuguese Securities Code, the "Registry date" is the key moment in time for the proof of the shareholder's legal entitlement to attend and exercise voting rights at the Shareholders' General Meeting. The "Registry Date" is also the decisive time reference regarding the application of the voting and attendance rule for professional shareholders who own shares in their own name, but which are held on behalf of their respective clients.

12.2 Representation

The right to vote by proxy and the way in which this right is exercised is described in the respective notices convening Shareholders' General Meetings, in accordance with the law and the Company's Articles of Association.

Shareholders can be represented at the Shareholders' General Meetings by presenting a written representation document before the meeting begins, addressed and delivered to the Chairman of the Board of the Shareholders' General Meeting, stating the name and address of the proxy and the date of the meeting. The abovementioned information may be sent by using an electronic email address provided by the Company.

A shareholder can nominate different proxies for each group of shares held in different securities accounts, without

prejudice to the principle of one share one vote, in accordance with article 385 of the Portuguese Companies Act. Shareholders who professionally own shares in their own name but which are held on behalf of their respective clients can vote in different ways.

The Company provides appropriate information on its website, at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/> to enable shareholders, who wish to be represented, to give their voting instructions to their respective proxy holders. Such information, which includes the proposals to be submitted to the Shareholders' General Meeting and a template of a representation letter, is disclosed on the website, within the legally established time limits.

12.3 Vote in writing

Shareholders can vote in writing in relation to all items on the agenda of the Shareholders' General Meeting. Without prejudice to the obligation of proving shareholding legal entitlement, written votes will only be taken into account when received at the Company's head office by registered post, with acknowledgement of receipt addressed to the Chairman of the Board of the Shareholders' General Meeting or by electronic means, at least three business days prior to the General Meeting. The voting ballot, if sent by registered post, must be signed by the owner of the shares or by a legal representative. In the case of an individual, it should be accompanied by an authenticated copy of his/her identity document, pursuant to subparagraph 2 of article 5 of Law no. 7/2007, of 5th February, with the wording introduced by Law no. 32/2017 of 1st July or, alternatively, the signature shall be authenticated pursuant to the legal applicable terms. In the case of a corporate entity, the signature should be authenticated with confirmation that the signatory is duly authorised and mandated for that purpose. If the ballot is sent by electronic means, it must respect the requirements and procedures established by the Chairman of the Board of the Shareholders' General Meeting as set out in the notice of the meeting, in order to ensure an equivalent level of security and authenticity.

It is the responsibility of the Chairman of the Board of the Shareholders' General Meeting, or the person replacing him, to verify compliance with written voting requirements, and those written votes which do not fulfil such requirements, will not be accepted and will be treated as null and void.

12.4 Voting by electronic means

Shareholders have the right to vote electronically, which is available as an electronic vote, and the manner by which such right can be exercised is set out in the notice convening the Shareholders' General Meeting. A template for requesting the technical information necessary for exercising the shareholders' right to vote by electronic means is also available at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

The Shareholders' Annual General Meeting held on 30th April 2020, considering the state of emergency in force at the date, as well as given the CMVM recommendations concerning general meetings ("Recommendations in the context of holding General Meetings" published on 20th March 2020), was held by telematic resources, in compliance with subparagraph b) of paragraph 6 of article 377 of the Portuguese Securities Act and with article 24 of the Company's Articles of Association, having the Chair of the Board of the Shareholders' General Meeting recommended to the shareholders the use of the vote through electronic means. For that purpose, shareholders were provided all the necessary means which were verified in order to ensure the authenticity and confidentiality. The shareholders were also provided with the all the requested information concerning their participation.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by a group of shareholders that are related to the latter as set forth in paragraph 1 of article 20 of the Portuguese Securities Code

There are no limitations on the number of votes that may be held or exercised.

14. Deliberative quorum

Under the terms of the Company's Articles of Association, the Shareholders' General Meeting may only adopt resolutions on the first occasion that it is convened, if shareholders holding more than 50% of the Company's share capital are present or represented.

If that quorum is not met and the meeting is reconvened, resolutions may be adopted by the Shareholders' General Meeting regardless of the number of shareholders present or represented and of the percentage of share capital held.

The rules regarding the deliberative quorum of the Shareholders' General Meeting comply with the Portuguese Companies Act.

II. Management and Supervision

a. Composition

15. Identification of the adopted governance model

The Company follows a one-tier governance model, where the management structure lies with the Board of Directors, and the supervisory structure includes a Statutory Audit Board and a Statutory External Auditor.

The Board of Directors is responsible for ensuring the management of the Company's business, exercising all management acts pertaining to the Company's corporate purpose, setting strategic guidelines and appointing and generally supervising the activity of the Executive Committee and of its specialised committees.

The Board of Directors' assessment is that the corporate governance model adopted is adequate to the performance of the governing bodies' duties, ensuring, in a well-balanced manner, their respective functional independence and interaction. Additionally, the specialised committees assigned to support the Board of Directors in matters of particular relevance, optimise the Board of Directors' performance, ensuring the effectiveness of its decision-making process.

The Proposal for the Selection and Assessment Policy for Membership of the Statutory Governing Bodies was approved at the Shareholders' Extraordinary General Meeting held on 16th December 2015, in compliance with Articles 30 to 32 of the General Regime of Credit Institutions and Financial Companies ("Regime Geral das Instituições de Crédito e Sociedades Financeiras" - RGICSF). The evaluation of the members of the Board of Directors and of the Statutory Audit Board appointed for the 2019-2022 mandate was made under this policy.

The abovementioned policy is available at the Company's website, <https://sonae.pt/en/investors/shareholder-s-general-meeting/shareholders-extraordinary-general-meeting-16th-december-2015/> referred to as Proposal number two of the Shareholders' Extraordinary General Meeting held on 16th December 2015.

This policy, under which the members of the statutory governing bodies elected for the current mandate were evaluated and appointed, is guided by underlying principles, including regarding diversity, herewith transcribed:

"The candidates for appointment as members of the Company's management and audit bodies shall:

- Have experience of holding sufficiently senior positions in similar companies or organisations, which will allow them

to:

- 1) Evaluate, challenge and develop the most senior managers of the Company;
 - 2) Evaluate and challenge the corporate strategy of the group and its main subsidiaries;
 - 3) Evaluate and challenge the operational and financial performance of the Company;
 - 4) Evaluate the level of compliance of the organisation with Sonae's values.
- In addition to the basic common minimum requirements expected of candidates, each candidate should offer an individual contribution so that the Board of Directors collectively holds the following knowledge or skills:
 - 1) A profound and international understanding of the principal sectors activity of Sonae;
 - 2) Knowledge of the main markets and geographies where the main Sonae businesses operate;
 - 3) Knowledge and competences in terms of the management skills and technologies, which are decisive for the success of sizeable business enterprises operating in the same sectors of activity as Sonae;
 - 4) The specialist knowledge necessary to ensure the effectiveness of the specialised committees of the Board of Directors.
 - The candidates should have personal relationships skills, clarity of purpose, analytical capacity, ability to summarise succinctly and the communication skills required to allow them to handle a large number of diverse and complex topics at the same time. Time for discussion will always be limited, but the topics must be covered in sufficient depth to allow high quality decisions to be taken in a timely fashion.
 - Subject to fulfilling the other criteria established above, a significant representation of genders and nationalities should be sought."

The composition of the statutory governing bodies appointed at the Shareholders' General Meeting for the 2019-2022 mandate complies with principles abovementioned, underlining a balanced diversity of gender, origin, qualifications and professional background.

In the Board of Directors and the Statutory Audit Board, whose composition is described in section 17 and section III, a) below, the proportion of members of each gender complies with the provisions of article 5 of Law no. 62/2017, of the 1st of August.

Additionally, the Company, during 2019 and 2020, approved and has in place a Plan for Gender Equality, applicable to the employees and members of the governing bodies of the Group, the full content of which is available at <https://www.sonae.pt/en/sonae/culture/>.

The diversity and the professional experience of the members of the Board of Directors and of the Statutory Audit Board are described in Annex I to this Report.

16. Rules for nominating and replacing board members

In accordance with the terms of the Portuguese law and the Company's Articles of Association, the members of the Board of Directors, are elected for this governing body at the Shareholders' General Meeting.

Under the terms set forth in the Company's Articles of Association, one Director may be individually elected if there are proposals submitted by shareholders who, either by themselves or together with other shareholders, hold shares representing between ten and twenty percent of the share capital. The same shareholder cannot propose more than one list. Each proposal should identify at least two eligible persons. If there are several proposals submitted by different shareholders or groups of shareholders, voting will take place on all lists.

The Company's Articles of Association establish, in accordance with the applicable law, that the Board of Directors may co-opt a substitute in case of the death, resignation, temporary or permanent incapacity, or lack of availability of any member, as long as the vacating Board member has not been elected under the above described minority rule (in which case a new similar election shall take place). Such appointment is, nonetheless, subject to ratification by the shareholders at the next Shareholders' General Meeting.

As part of the Board of Directors' power to co-opt, the Board Nomination Committee is responsible for proposing potential candidates with the suitable profile for Board roles, and in accordance with the approved policy.

The definitive absence, for whatever reason, of a replacement director individually elected according to the abovementioned special minority rules, determines that a new election must take place at the Shareholders' General Meeting.

The Board of Directors is responsible for the election of its Chair.

17. Composition of the Board of Directors

Under the terms of the Company's Articles of Association, the Board of Directors can be composed of an odd or even number of members, between three and eleven, elected by the shareholders at a Shareholders' General Meeting, and the Chairman of the Board of Directors holds a casting vote.

At the Shareholders' Annual General Meeting held on the 30th April 2019, the following members were elected for the Board of Directors for the 2019-2022 mandate:

Board of Directors

Duarte Paulo Teixeira de Azevedo, Chair

Ângelo Gabriel Ribeirinho dos Santos Paupério

José Manuel Neves Adelino

Margaret Lorraine Trainer

Marcelo Faria de Lima

Carlos António Rocha Moreira da Silva

Fuencisla Clemares

Philippe Cyriel Elodie Haspeslagh

Maria Cláudia Teixeira de Azevedo

João Pedro Magalhães da Silva Torres Dolores

The members of the Board of Directors were initially appointed as follows:

Appointment to the Board of Directors	First appointment	End of current mandate
Duarte Paulo Teixeira de Azevedo	2000	2022
Ângelo Gabriel Ribeirinho dos Santos Paupério	2000	2022
José Manuel Neves Adelino	2007	2022
Margaret Lorraine Trainer	2015	2022
Marcelo Faria de Lima	2015	2022
Carlos António Rocha Moreira da Silva	2019	2022
Fuencisla Clemares	2019	2022
Philippe Cyriel Elodie Haspeslagh	2019	2022
Maria Cláudia Teixeira de Azevedo	2019	2022
João Pedro Magalhães da Silva Torres Dolores	2019	2022

18. Distinction between executive and non-executive members of the Board of Directors

Board of Directors	
Duarte Paulo Teixeira de Azevedo	Non-Executive Chair of the Board of Directors
Ângelo Gabriel Ribeirinho dos Santos Paupério	Non-Executive Director
José Manuel Neves Adelino	Lead Non-Executive Director ("Lead Director")
Margaret Lorraine Trainer	Senior Independent Non-Executive Director ("SID Director")
Marcelo Faria de Lima	Independent Non-Executive Director
Carlos António Rocha Moreira da Silva	Non-Executive Director
Fuencisla Clemares	Independent Non-Executive Director
Philippe Cyriel Elodie Haspeslagh	Independent Non-Executive Director
Maria Cláudia Teixeira de Azevedo	CEO – Chair of the Executive Committee
João Pedro Magalhães da Silva Torres Dolores	CFO – Executive Director

Regarding the composition of the Board of Directors, a collective balance is maintained between the number of Executive Directors and the number of Non-Executive Directors, and among these, an adequate number of independent members. Such composition ensures an adequate supervision, monitoring and proper assessment of the activity developed by the Executive Members of the Board of Directors, thereby befitting the size, nature and complexity of the businesses of the Company and the Group as well as the associated risks therewith.

The director José Manuel Neves Adelino fulfils the conditions to allow his qualification as an independent director in light of the applicable legal framework and the criteria established by point 18.1 of the Appendix I to the Regulation no. 4/2013 of the Portuguese Market Securities Commission, in light of which this Corporate Governance Report is drawn up. However, this director does not fulfil all the requirements to be qualified as independent, as imposed by Recommendation III.4 of the IPCG Corporate Governance Code, since he has been performing his role as board member for over 12 years.

In line with the best corporate governance practices and in compliance with paragraph 3 of article 1 of the Board of Directors' Internal Regulation, the Board of Directors, in its meeting held on the 14th May 2019, has appointed the director Margaret

Lorraine Trainer as Senior Independent Non-Executive Director (“SID Director”) and the director José Manuel Neves Adelino as Lead Non-Executive Director (“Lead Director”).

Continuing the governance model consistently adopted by the Company, these non-executive directors, in the context of their respective responsibilities assigned by the Board of Directors, as “SID Director” and “Lead Director”, respectively, have enabled the exercise of the roles and functions of the remaining non-executive members of the Board, by promoting:

- The coordination, in accordance with the Corporate Governance best practices, of the effective performance of the Non-Executive Directors’ duties, whether within the Board of Directors or within the Board’s specialised committees, granting therefore the existence of strengthened conditions for the independent and informed exercise of such directors’ duties;
- The existence of an adequate and time-efficient flow of information to be provided by the Executive Committee, through the compliance with the established transparent information-sharing procedures;
- The compliance with an information disclosure process which ensures a time-efficient access of the remaining governing bodies and committees to the necessary information for the execution of their legal and statutory duties, with the particular disclosure of all convening notices, minutes and documentation supporting the decision-making process;
- The achievement of the scope and mission of the Ethics Committee, which is Chaired by the Lead Non-Executive Director (“Lead Director”).

19. Professional qualifications and curricular references of the members of the Board of Directors

The curricula of the current members of the Board of Directors are disclosed in Appendix I of this Report.

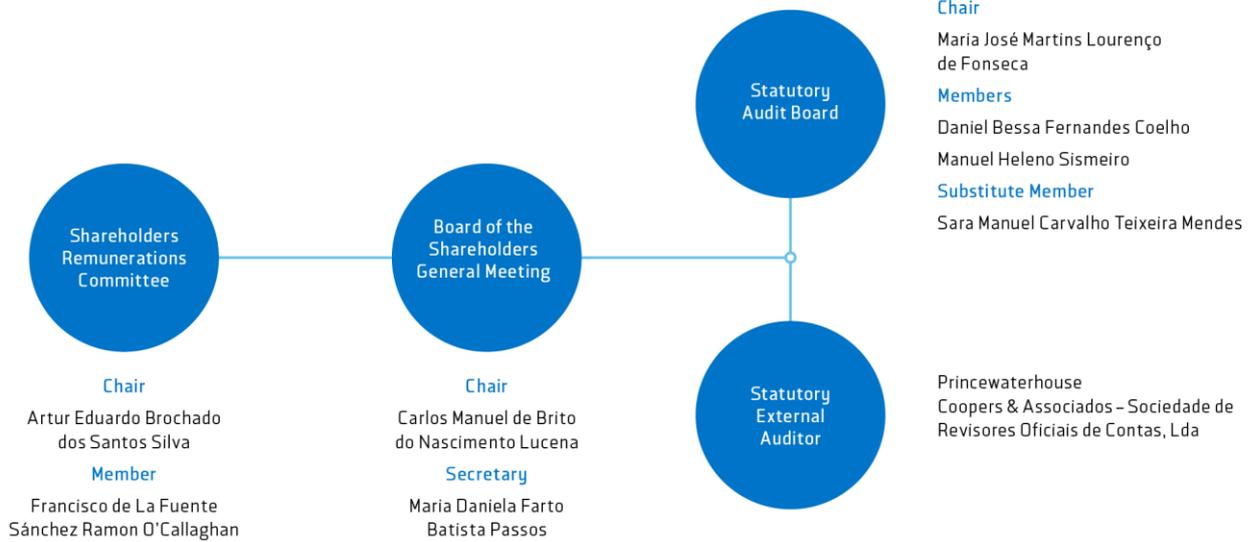
20. Usual and significant family, business and commercial relationships between members of the Board of Directors and shareholders with attributed qualified shareholdings

The Chairman of the Board of Directors, Duarte Paulo Teixeira de Azevedo and the CEO, Maria Cláudia Teixeira de Azevedo are siblings, and both of them are shareholders and members of the Board of Directors of Efanor Investimentos, SGPS, SA, the legal entity holding the majority of the share capital and voting rights of Sonae. The Directors Ângelo Gabriel Ribeirinho dos Santos Paupério and Carlos António Rocha Moreira da Silva are both members of the Board of Directors of Efanor Investimentos, SGPS, SA.

In addition to the abovementioned, and in accordance with the individual statements provided, there are no other significant or usual family, business and commercial relationships between shareholders with attributed qualified shareholdings higher than 2% of the voting rights, and the remaining members of the Board of Directors.

21. Division of powers between the different boards, committees and/or departments within the company, including the delegation of powers, particularly with regards to the delegation of the Company’s daily management

Competencies are divided among the various statutory governing bodies, in accordance with the following terms:



BOARD OF DIRECTORS

Non-Executive Directors

Duarte Paulo Teixeira de Azevedo
 Ângelo Gabriel Ribeirinho dos Santos Paupério
 José Manuel Neves Adelino
 Margaret Lorraine Trainer

Marcelo Faria de Lima
 Carlos António Rocha Moreira da Silva
 Fuencisla Clemares
 Philippe Cyriel Elodie Haspeslagh

Executive Directors

CEO
 Maria Cláudia Teixeira de Azevedo
CFO
 João Pedro Magalhães da Silva Torres Dolores



Chair
 Duarte Paulo Teixeira de Azevedo
Non-Executive Directors
 Margaret Lorraine Trainer
 Marcelo Faria de Lima
 Carlos António Rocha Moreira da Silva
 Philippe Cyriel Elodie Haspeslagh



Chair
 Margaret Lorraine Trainer
Non-Executive Members
 Duarte Paulo Teixeira de Azevedo
 Ângelo Gabriel Ribeirinho dos Santos Paupério
 Fuencisla Clemares
 Philippe Cyriel Elodie Haspeslagh

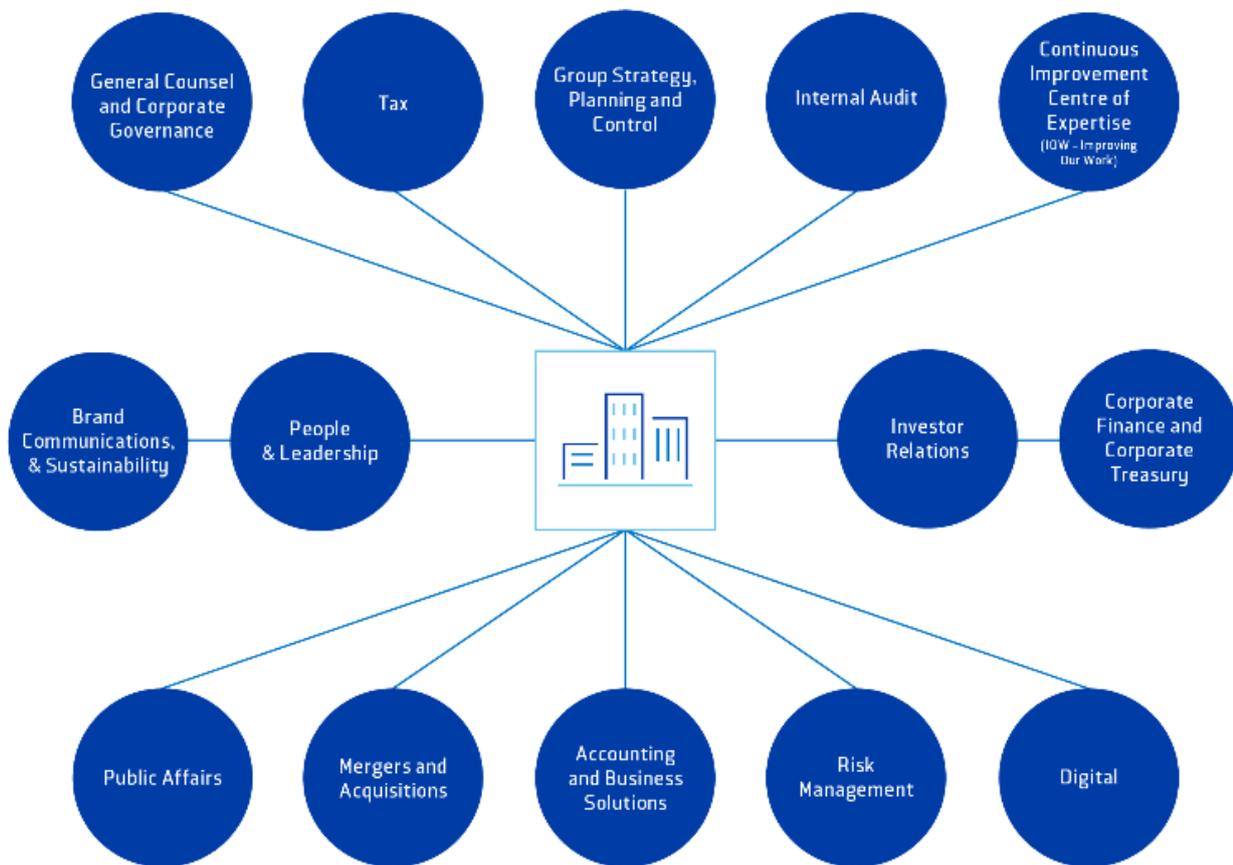


Non-Executive Chair
 José Manuel Neves Adelino
Non-Executive Directors
 Ângelo Gabriel Ribeirinho dos Santos Paupério
 Margaret Lorraine Trainer
 Marcelo Faria de Lima
 Carlos António Rocha Moreira da Silva
 Fuencisla Clemares
 Philippe Cyriel Elodie Haspeslagh

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

CEO
 Maria Cláudia Teixeira de Azevedo
CFO
 João Pedro Magalhães da Silva Torres Dolores

The corporate structure is supported by the following corporate areas:



General Counsel and Corporate Governance

Main responsibilities:

- Provide legal advice to Sonae's business activity and portfolio management;
- Manage the relations with Euronext Lisbon, the Portuguese Securities Market Commission and with the shareholders in relation to legal matters;
- Manage the legal aspects of the Corporate Governance policy, supporting the compliance with the best corporate governance practices;
- Coordinate the sharing of knowledge and experience between legal teams within Sonae companies.

Tax

Main responsibilities:

- Develop, provide training for and share tax skills;
- Take part in defining tax strategy and objectives, in particular by giving support to the international expansion;
- Provide tax support to the Mergers and Acquisitions activity as well as to restructuring operations;
- Manage Institutional Relations, namely the proactive management of tax matters;
- Optimise tax efficiency, namely by:
 - o Controlling and monitoring tax procedures;

- o Ensuring compliance with all tax requirements;
- o Controlling all group Companies' fiscal consolidation.
- Manage the price transfer dossier and the country by country financial and tax declaration (CBCR: country by country report);
- Monitor all open litigation with the tax authorities;
- Provide tax consultancy by analysing several tax matters.

Internal Audit

Main responsibilities:

- Perform internal audits (business relevant processes, food safety and information systems) of Sonae's corporate centre and Retail, Commercial Centres, Investment Management and Financial Services;
- Provide operational support to Sonae's Audit Co-ordination Committee.

Communications, Brand and Sustainability

Main responsibilities:

- Develop the internal and external positioning for the Sonae brand and implement the key initiatives that bring it to life;
- Manage Sonae's External Communications, namely the Company's online presence and relationship with the media – coordinate messages and lines of communication as well as crisis management;
- Develop and implement Sonae's internal communication program with its employees, in the relevant topics across the different businesses;
- Develop and implement the corporate responsibility strategy to maximise long term social value creation in the areas of sustainability, investment in the community, volunteering and patronage;
- Develop and implement the corporate sustainability strategy, as a way to prosecute our purpose.

Corporate Finance and Corporate Treasury

Main responsibilities:

- Optimise the Company's financial function and retail business through the proposal, implementation and control of appropriate risk policies;
- Conduct all financing operations of the Company and of its retail businesses;
- Negotiate and contract banking products and services for the Company and for its retail businesses;
- Manage treasury and payment needs and means of payment and receipt of the Company and its retail businesses;
- Manage the various financial risks of the Company and of its retail businesses;
- Develop credit risk policies suitable to the characteristics of Sonae's various businesses;
- Provide support to the different functional areas in the allocation of capital and financial risk management;
- Provide support on mergers, acquisitions, and divestments;
- Provide support to Sonae's businesses in the execution of transactions in monetary, interest rate or foreign exchange markets;
- Support the work of Sonae's Finance Committee;
- Support the preparation of financial reporting and monitoring of the main financial risks.

Mergers and Acquisitions

Main responsibilities:

- Support portfolio management and corporate M&A planning and execution across the Sonae Group;
- Ensure the identification, assessment, due diligence, negotiations and closing of acquisitions, divestitures, and joint ventures across the Sonae Group;
- Reinforce Sonae's business networking with industry players and key M&A players.

Risk Management

Main responsibilities:

- Promote a culture of risk awareness throughout the organisation;
- Develop the risk management policy and keep it up to date;
- Develop, implement and maintain the Company's risk management processes and methodologies;
- Coordinate the risk management activities and report its results;
- Identify the critical risks and monitor the development and implementation of risk indicators and risk reduction measures;
- Support the development of procedures for assessing risks, particularly contingency and business succession planning;
- Support Sonae's Risk Management Consulting Group.

Continuous Improvement Centre of Expertise (IOW – Improving Our Work):

Main responsibilities:

- Develop Sonae's Continuous Improvement System (IOW);
- Develop and provide IOW training programs for all Sonae businesses, in good management practices;
- Coordinate, challenge, empower and support the Continuous Improvement Leaders of each business, which are responsible for the implementation and support of IOW in all Sonae businesses and geographies;
- Challenge and advise business leaders on the adoption of good management practices, as the way to achieve world-class performance;
- Promote the exchange of good management practices among businesses, aiming to obtain world class results;
- Coordinate the IOW Advisory Group's activity, proposing new policies and guidelines on good practices to work better.

Digital

Main responsibilities:

- Challenging, advising and accompanying each of the companies of Sonae's universe in its path of digital transformation, including by:
 - Promoting knowledge sharing and internal and external best practices;
 - Stimulating internal and external networking;
 - Identifying and leveraging the capture of synergies between the different companies in the group;
 - Enhancing the attraction of talent to the different companies in Sonae's universe, as well as the continuous development of talent aiming at preparing the staff of Sonae companies for an increasingly digital present and future;
 - Identifying digital business development opportunities and fostering its development.

Group Strategy, Planning and Control

Main responsibilities:

- Support the development of strategy both at the corporate and business units levels;
- Coordinate Sonae's annual budgeting process, and control budget execution;
- Challenge the businesses and corporate areas on their objectives in order to constantly improve and optimise Sonae's efficiency, performance and results;
- Prepare management information on individual businesses, and at a consolidated level, on a monthly, quarterly, and annual basis;
- Provide support to decisions about capital allocation to existing businesses and to new business opportunities (responsibility for analysing invested capital and its respective return);
- Share the latest trends, best practices and information between the different businesses and corporate areas;
- Monitor, interpret and share relevant macroeconomic insight and forecasts with the several businesses.

Human Resources

Main responsibilities:

- Manage Sonae's top management human resources;
- Define and implement the human resources strategy, planning and talent management;
- Support Sonae's Human Resources Consulting Group;
- Support the Board of Directors in ensuring that conduct and behaviour are consistent with Sonae's values and culture.

Investor Relations

Main responsibilities:

- Manage the relationship between Sonae and the financial community through the continuous preparation and disclosure of relevant and up to date information about the Company;
- Support the Executive Committee and the Board Directors, providing them with relevant information about the capital market;
- Support External Communication, contributing towards providing a consistent corporate message to the capital markets.

Public Affairs

Main Responsibilities:

- Manage and coordinate Sonae's institutional relations with the government, European institutions, public entities, and non-governmental organisations;
- Develop effective and qualitative relationships with internal and external stakeholders, to pro-actively anticipate issues that could represent opportunities or risks for Sonae's activities, and promote corresponding roadmaps;
- Represent Sonae in associations, forums, and events (in Portugal and abroad) and promote strategic issues for the group.

Accounting and Business Solutions

Main responsibilities:

- Efficiently and effectively manage all administrative processes of the Company and its retail businesses units,

including in the following areas:

- Accounts Payable;
- Accounts Receivable;
- Accounting;
- Consolidation
- Ensure the effective control of the accounting processes, records and transactions, and also the accuracy and timely reporting of financial, tax and management information;
- Preparation of the individual and consolidated Sonae companies' financial statements.

The Company has also created the following coordination and knowledge sharing permanent structures, all of them chaired by members of the Executive Committee:

Corporate Finance and Treasury Committee

Sonae's Corporate Finance and Treasury Committee is composed of each of the Group's financial directors, the directors responsible for corporate finance from each of Sonae's main business areas, as well as the managers of the Corporate Centre functional teams, who are relevant to the subjects on each meeting's agenda. The Committee meets monthly and has the following main responsibilities:

- Analyse and discuss all financial matters considered relevant to Sonae's businesses;
- Keep track of the evolution of debt markets and bank relationships;
- Keep track of the evolution of capital markets;
- Keep track of developments in financial markets;
- Develop reports regarding the financial status of Sonae Group and budget execution;
- Share experiences in the financial areas and best practices and coordinate approach to the financial markets;
- Monitor the financial evolution of the Group and funding policies of each business.

Audit Co-Ordination Committee

Sonae's Audit Co-ordination Committee is composed of members of the board of directors of Sonae's businesses and of the internal audit managers responsible for this role in the Company and in its business areas, the Board and Corporate Governance Officer and the Group Chief Risk Officer. This Committee meets quarterly and has the following main goals:

- Give opinion to the Board of Directors regarding the internal audit policies and level of relation with external auditors;
- Inform about internal audit plans of Sonae Companies;
- Monitor internal audit activities, namely through the analysis of quarterly reports, and recommended improvements;
- Monitor external audit activities through the analysis of the respective reports;
- Decide on the execution of unplanned internal audits;
- Promote the development of internal audit human resources;
- Propose the acquisition, development and implementation of new internal audit systems and methodologies to be applied by Sonae Group;
- Give opinion and cooperate in the proposal for the selection of the Company's External Auditor;
- Promote the exchange of knowledge and experiences between the internal audit teams of Sonae' different business

areas.

Sonae's Risk Management Consulting Group

Sonae's Risk Management Consultation Group is composed of members of the board of directors of Sonae's businesses, the risk managers responsible for this role in the Company and in its main businesses, the Board and Corporate Governance Officer and the Group Chief Internal Auditor. This Group meets quarterly and has the following main tasks:

- Review existing policies and propose new guidelines on risk management;
- Revise the risk management plans for each Sonae company;
- Monitor risk management activities execution, namely through the revision of periodic reports and proposal of recommendations;
- Propose unplanned risk management activities;
- Recommend the acquisition, development and implementation of new risk management systems and methodologies for the Group;
- Foster specialised knowledge in risk management issues.

Human Resources Consulting Group

The Human Resources Consulting Group is composed of members of the board of directors of Sonae's businesses in charge of Human Resources and by the managers in charge of this role in Sonae and in each of the businesses. This Group meets bimonthly and has the main following tasks:

- Make recommendations on all policies directly related with the business strategy implementation at HR's level;
- Contribute to Sonae's culture dissemination and transversal policies follow-up;
- Encourage the dissemination and sharing of best practices regarding People and Talent Management between companies;
- Acquire synergies through the coordination and negotiation of investment related to the Human Resources areas, when applicable;
- Guarantee the articulation and coordination of the opinions provided to the various Sonae Management and Supervisory Bodies.

IOW Consulting Group

The Improving Our Work Consulting Group is attended by the CEO's of the main businesses of the Group as well as by the persons responsible for the implementation of the best practices of continuous improvement. This Group meets quarterly, and has the following main tasks:

- Share continuous improvement activity in all companies;
- Share best practices and results of each company;
- Analyse and adapt case studies for internal use;
- Identify needs and adjustments to the ongoing IOW implementation and support efforts;
- Decide on resources allocation.

Sustainability Consulting Group

The Sustainability Consulting Group is composed of the directors and the heads of functional teams of the Company and of its main businesses with roles in environmental and corporative responsibility. This consulting group meets quarterly, having the following main goals:

- Build a common vision on sustainability efforts and best practices developed across Sonae businesses;
- Develop and recommend the implementation of common sustainability guidelines along Sonae's three axes (Environment, People, Communities);
- Guarantee the communication of the drafted recommendations to the various Sonae Management Bodies;
- Coordinate the transversal group projects/work groups;
- Coordinate reporting practices among companies for a more transversal and broaden communication on sustainability.

Other than the Groups mentioned above, there are also the following specific specialist forums, ensuring the communication and sharing of the best practices in fields considered critical for the Group, namely:

- **FINOV**, with the purpose of stimulating and supporting an innovation driven culture at Sonae, capable of sustaining high levels of value creation;
- **Strategic Planning and Management Control Forum**, with the purpose of promoting and discussing the implementation of the best control methodologies across the Company;
- **Legal Forum**, with the purpose of sharing experience and knowledge among legal teams, promoting the wide discussion of essential legal issues and a common approach to legal interpretations and procedures;
- **FINCO**, with the objective to increase the value of Information Technology within each business unit through knowledge sharing and promotion of innovative IT solutions;
- **E-commerce Forum**, aiming at fostering the excellence and growth of the several e-commerce channels across the Group;
- **International Forum**, aiming at promoting knowledge sharing on Sonae's internationalisation initiatives;
- **Digital Forum**, aiming to encourage the internal and external knowledge sharing, as well as the development of common grounds between the teams that lead the group's Digital Transformation.
- **Administrative and Tax Forum**, aiming at sharing knowledge and experiences, promoting the existence of synergies between the administrative services department and the tax department.

b. Functioning of the Board of Directors

22. Internal regulation of the Board of Directors

The Internal Regulation of the Board of Directors and of its internal committees are available for consultation at the Company's website - <https://www.sonae.pt/en/investors/government-of-society/>

23. Number of meetings held and attendance level of each Member of the Board of Directors

The Board of Directors meets at least four times a year, as required by the Company's Articles of Association and its Internal Regulation, and whenever the Chairman or two Board members call a meeting. The quorum for any Board meeting requires

that the majority of the Board Members are present or represented by proxy.

Decisions are taken by a majority of the votes cast. When the Board of Directors is composed of an even number of members and there is a tied vote, the Chairman has a casting vote.

The Board of Directors receives information about the items on the agenda for the meeting at least seven days beforehand and receives supporting documents for any given meeting, as well, with at least seven business days in advance.

Minutes are recorded in a minutes book.

During 2020, 7 (seven) Board meetings were held, with an attendance rate of 91%, having the absences being based in valid motive, unanimously approved.

24. Competent bodies of the company to appraise the performance of Executive Directors

The Shareholders' Remuneration Committee, appointed by the Shareholders' General Meeting, is the committee responsible for approving the remuneration of the Board members and of other statutory governing bodies, on behalf of the shareholders, under the terms specified in the Remuneration and Compensation Policy approved by the shareholders at a Shareholders' General Meeting.

The Board Remuneration Committee (BRC), appointed by the Board of Directors and composed of non-executive directors, the majority of which are independent, supports the Shareholders' Remuneration Committee in carrying out its duties in relation to the assessment of the performance of the Executive Directors and the remuneration of the statutory governing bodies of the Company.

In the execution of this duty, the BRC and the Shareholders' Remuneration Committee may freely decide to resort to the hire of external consultants of recognised competency and with international activity and expertise.

The independence of such consultants is ensured by the fact that they are not bound in any way to the Board of Directors, to the Company nor to the Group, as well as by their broad experience and market recognition, being ensured that the selected consultants are sufficiently independent for the purposes for which they are contracted and, in particular, that their independence is not jeopardised by supplying significant other services to the Company or any related parties.

25. Predetermined criteria for evaluating the performance of Executive Directors

The performance evaluation of Executive Directors is based on predetermined criteria, consisting of objective performance indicators established for each appraisal period, which are aligned with the Group strategy for growth and business performance under a medium and long-term perspective.

Such indicators consist in business, economic and financial KPIs (Key Performance Indicators) and are divided into company, department and individual KPIs.

The business KPIs include economic and financial indicators based on the budget, on the performance of each business unit, as well as on the consolidated performance of Sonae.

In turn, the department business KPIs are similar in nature to the previous ones, assessing the performance of the Executive Director in the business areas.

The personal KPIs, which may include both subjective and objective indicators, are determined by the attainment of individual goals and commitments assumed by the respective Executive Director.

The pre-determined criteria for the assessment of the Executive Directors' performance arise from the Remuneration and Compensation Policy approved at the Shareholders' General Meeting following a proposal of the Shareholders' Remuneration Committee.

The Remuneration and Compensation Policy was approved at the Shareholders' General Meeting held on the 30th April

2020, and is available at: <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

26. Availability of the members of the Board of Directors

Information on other positions held, whether or not in Sonae Group, by members of the Board of Directors in other entities, as well as information on other relevant activities exercised during 2020, is disclosed in Appendix I to the present Report.

c. Committees within the Board of Directors

27. Identification of committees created by the Board of Directors

The Board of Directors has created the following committees: Executive Committee, the Board Audit and Finance Committee, the Board Nomination Committee and the Board Remuneration Committee.

The terms of reference of these Committees are available for consultation at the Company's website - <https://www.sonae.pt/en/investors/government-of-society/>.

Additionally, the Board of Directors has, during a previous mandate, appointed an Ethics Committee with specific competencies in promoting Sonae's Code of Ethics and Conduct, which is available for consultation at the Company's website <https://www.sonae.pt/en/investors/government-of-society/>.

27.1 Role and Duties of the Executive Committee

The Executive Committee has all the necessary powers to manage the Company on a day-to-day basis, under the terms of the delegation of powers and competencies granted by the Board of Directors.

The following matters were excluded from the terms of delegation by the Board of Directors and are considered to be matters exclusively of the competence of the Board of Directors:

- to appoint the Chairman of the Board of Directors;
- to co-opt a substitute for a member of the Board of Directors;
- to request the convening of the Shareholders' General Meetings;
- to approve, under the terms set forth by the applicable law, the Annual Report and Financial Statements;
- to grant any personal or asset secured guarantees;
- to decide on any change to the Company's registered office or to approve any share capital increases;
- to decide on mergers, de-mergers or modifications to the corporate structure of the Company;
- to approve the annual business portfolio management strategy and respective policies;
- to approve the Company's annual budget and the financial of the Group's Business plan and any significant changes thereto.

28. Composition of the Executive Committee

The Executive Committee is composed of members from the Board of Directors, as follows:

Management Team

Maria Cláudia Teixeira de Azevedo, CEO

João Pedro Magalhães da Silva Torres Dolores, CFO

28.1 Operating Rules of the Executive Committee

The Executive Committee meets at least once every month and additionally whenever any of its members convenes a meeting by writing, with the minimum antecedence of three days prior to the date of the meeting. The quorum for any Executive Committee meeting requires that all its members are present or represented by proxy. The Executive Committee receives information about items on the agenda for the meeting at least 7 (seven) days in advance of the meeting and receives supporting documents for any given meeting at least 2 (two) days in advance.

The Executive Committee presents a summary in Portuguese and English of the main issues it has discussed, and the decisions taken, which is included among the documents distributed to Board members at each Board of Directors meeting. The Executive Committee can set up internal committees, which will operate dependently to the Executive Committee, to monitor particular matters.

Whenever deemed convenient, the Executive Committee may submit to the consideration of the Board of Directors any matter within its competencies.

The decisions taken by the Executive Committee, and the announcement of the meetings to be held, are communicated to the remaining members of the statutory governing bodies, including the Non-Executive Directors and to the Chairman of the Statutory Audit Board.

Whilst carrying out its general duty of ensuring access to fully adequate information regarding the correct assessment of its own overall performance, the Executive Committee must deliver periodic reports on its activity to the remaining members of the statutory governing bodies. The Committee must provide answers to their inquiries, in a timely and thoroughly manner, as well as implementing procedures aimed at facilitating the exercise of legal and statutory competencies attributed to such statutory governing bodies.

The members of the Executive Committee, as well as the remaining members of the Board of Directors, must obtain the previous approval of the Board of Directors, with the advice of the Board Nomination Committee, before accepting positions in governing bodies or other significant activities, in Companies that are not part of Sonae Group, with the exception granted to those that are authorised by the Shareholders' General Meeting, in compliance with the principles adopted by the Company regarding the prevention of conflicts of interest.

Minutes are recorded in the respective minutes book.

During 2020, 26 (twenty-six) Executive Committee meetings were held with an overall attendance rate of 100%.

29. Board committees and other advisors to the Board



Board Audit and Finance Committee ("BAFC")

Role

The BAFC is a committee appointed by the Board of Directors, composed of a majority of Independent Non-Executive Directors, and its terms of reference are set out in the Board's Internal Regulation.

The BAFC is responsible for providing support to the Board of Directors and monitoring and evaluating the activity of the Executive Committee in carrying out its management responsibilities, not overstepping the Statutory Audit Board's duties and responsibilities as an auditing body.

The BAFC regularly reports to the Board of Directors about its work, the conclusions that it has reached and proposes plans of action with the goal of proactively ensuring internal control and the functioning of the Company's risk management system.

The duties of the BAFC, as a committee of the Board of Directors, are to:

- a) Supervise and analyse the Company's annual and interim financial statements and earnings announcements released to the market, and report its findings to the Board, giving the necessary support to the Board's financial statements approval process;
- b) Advise the Board on the preparation of its reports to shareholders and financial markets to be included in the Company's annual and half-year financial statements and in the quarterly earnings announcements;
- c) Advise the Board, including the evaluation and recommendations of suggestions made by the Statutory Audit Board, on the adequacy and quality of information provided by the Executive Committee, and the systems and standards of internal business controls applied by the Company;
- d) Monitor internal audit activity, in conjunction with plans validated by the Statutory Audit Board, reach conclusions and submit these for consideration by the Board of Directors;
- e) Assess operational procedures in order to ensure that internal control, effective management of risks, prevention of irregularities, the timely distribution of information and the reliability of the process of preparing and disclosing financial information are monitored, as well as reaching conclusions and submitting these for consideration by the Board of Directors;
- f) Ensure the regular flow of information between the members of the Board of Directors and of the Statutory Audit Board and Company's officers for the purpose of the assessment of performance, status quo and perspectives of the Company's development, including, namely, meetings minutes, support documentation for taken resolutions, notices for convening meetings and archive of the Executive Committee meetings, as well as any other documents and access to human resources from whom additional information can be provided;
- g) Ensure the interaction between the Statutory Audit Board, including the timely exchange of information and documentation between the two bodies, namely regarding strategic objectives and risk policy approved by the Board of Directors;
- h) Ensure that the corporate governance policies and recommendations adopted by the Company are followed;
- i) Ensure that financial reporting standards and practices are adhered to by the Company;
- j) Monitor formal and informal key financial indicators reported about the Company, including reports published by rating agencies;
- k) Receive and report to the Board of Directors notice made by any director regarding a potential conflict of interest or a limitation on his or her independence as required by the approved policy on conflicts of interest;
- l) Give an opinion on significant relevant transactions made by the Company with related parties, pursuant to the rules set forth in this Regulation and on the regulation of the Statutory Audit Board.

The terms of reference of the Board Audit and Finance Committee regulate the performance of its duties and the respective time schedule for their execution, and is available at <https://www.sonae.pt/en/investors/government-of-society/>.

Composition

The BAFC is composed of seven members appointed by the Board of Directors. All members are Non-Executive Directors, the majority of which are independent. The composition of the Board Audit and Finance Committee is as follows:

Board Audit and Finance Committee

José Manuel Neves Adelino	Non-Executive Chair*
Ângelo Gabriel Ribeirinho dos Santos Paupério	Non-Executive
Margaret Lorraine Trainer	Independent Non-Executive
Marcelo Faria de Lima	Independent Non-Executive
Carlos António Rocha Moreira da Silva	Non-Executive
Fuencisla Clemares	Independent Non-Executive
Philippe Cyriel Elodie Haspeslagh	Independent Non-Executive

* further detail on the qualification of this member's independence is available in section 18 above.

Operating Rules

The BAFC meets at least five times a year and additionally whenever its Chairman, the Board of Directors or the Executive Committee deem necessary.

Minutes of all BAFC meetings are prepared and distributed to other Board members.

During 2020, 5 (five) meetings of the BAFC were held with an overall attendance rate of 100%.

Board Nomination Committee ("BNC")

Role

The BNC operates according to the Internal Regulation of the Board of Directors, and is responsible for:

- Identify and assess the suitability of potential candidates with a profile fit for appointment to the Board of Directors and to its Committees, in accordance with the internal policy on selection and evaluation, in particular when the Board decides to co-opt a Board member and when the Board is responsible for assessing candidates for CEO roles in the main subsidiaries of Sonae Group;
- Provide oversight of succession planning, contingency planning and talent management in general for Board members and other senior management positions in Sonae Group, and ensuring that the appointment process and training of the candidates is suitably conducted;
- Advise the Board on advance disclosures made by members of the Board of Directors in relation to accepting outside directorships and other significant roles or activities, which were not approved by the Shareholders' General Meeting, as required by the Company's approved policy on conflicts of interest.

The terms of reference of the Board Nomination Committee regulate the performance of its duties and the respective time schedule for their execution, and is available at <https://www.sonae.pt/en/investors/government-of-society/>.

Composition

The BNC is composed of five Non-Executive Directors, the majority of which are independent, and its composition is as follows:

Board Nomination Committee

Duarte Paulo Teixeira de Azevedo	Chair of the Board of Director – Non-Executive
Margaret Lorraine Trainer	Independent Non-Executive
Marcelo Faria de Lima	Independent Non-Executive
Carlos António Rocha Moreira da Silva	Non-Executive
Philippe Cyriel Elodie Haspeslagh	Independent Non-Executive

Operating Rules

The BNC meets at least once every year and additionally whenever its Chairman or the Board of Directors deem necessary. In addition to the formal meetings, BNC members keep in touch through various forms of long-distance communication. Minutes are kept of all meetings of this Committee.

During 2020, 1 (one) meeting of the BNC was held, with an overall attendance rate of 100%.

Board Remuneration Committee (“BRC”)

Role

The BRC operates according to the Internal Regulation of the Board of Directors, and is responsible for:

- Acting with the objective of ensuring that the remuneration policy and practice reflect and support the long-term strategic goals and that they are compatible with the Company’s risk policies and systems and that they take into account pay and employment conditions elsewhere in the Sonae Group and in the external market;
- Giving feedback to the Board of Directors on the proposed remuneration and compensation policy prepared by the Executive Committee and subsequently submit the policy to the Board for review, before the Board submits a final proposal to the Shareholders’ Remuneration Committee for their review and approval and subsequent inclusion in the agenda of the Shareholders’ Annual General Meeting to obtain the approval of shareholders;
- Receiving, analysing, and, in some cases, prepare, as and when required by approved internal processes, proposals for the remuneration of the Board of Directors and other Statutory Governing Bodies and present them for approval to the Shareholders’ Remuneration Committee. All proposals must be in line with the Company’s approved Remuneration and Compensation Policy;
- Providing oversight in relation to remuneration resolutions taken by the Executive Committee for the group senior executives who report directly to the Executive Committee.

The terms of reference of the Board Remuneration Committee regulate the performance of its duties and the respective time schedule for their execution, and is available at <https://www.sonae.pt/en/investors/government-of-society/>.

Composition

The BRC is composed of five Non-Executive directors, the majority of which are independent, and its composition is as follows:

Board Remuneration Committee

Margaret Lorraine Trainer	Chair – Independent Non-Executive
Duarte Paulo Teixeira de Azevedo	Non-Executive
Ângelo Gabriel Ribeirinho dos Santos Paupério	Non-Executive
Fuencisla Clemares	Independent Non-Executive
Phillippe Cyriel Elodie Haspeslagh	Independent Non-Executive

Operating Rules

The BRC meets at least once every year and additionally whenever its Chairman or the Board of Directors deem necessary. In addition to the formal meetings, BRC members keep in touch through various forms of long-distance communication. Minutes are kept of all meetings of this Committee.

During 2020, 3 (three) meetings of the BRC were held, with an overall attendance rate of 93%.

Ethics Committee

Sonae's Code of Ethics and Conduct, in accordance with Sonae's principles and values, establishes rules of conduct as well as the ethical and moral principles and practices to be complied with by the members of the Board of Directors and of the other statutory governing bodies and employees.

The Code of Ethics and Conduct applies to all the companies directly or indirectly controlled by Sonae. The Code also sets out the values and forms of conduct required from individuals appointed by Sonae to the statutory governing bodies of companies or other entities in which Sonae participates. This applies to their respective individual functional duties and acts, and also requires them to promote the adoption of similar ethical principles and standards of conduct when establishing or amending codes of ethics and conduct or similar internal regulations at those companies or other entities.

Sonae's Code of Ethics and Conduct establishes a commitment for third party entities, hired by, or acting on behalf of Sonae, when the Company may be held accountable for their actions.

Sonae's Code of Ethics and Conduct is available at <https://www.sonae.pt/en/investors/government-of-society/> and has the fundamental objectives of:

- Establishing principles that guide the activities of Sonae Group of companies and setting rules of ethical and moral nature that are expected to guide the behavior of all of its employees and governing bodies. It includes promoting the adoption of ethical and moral principles and practices by our partners;
- Promoting and encouraging the adoption of the guiding principles and rules of conduct defined in Sonae's Code of Ethics and Conduct, which reflect the Company's values, namely with regards to the relationships between employees, statutory governing bodies, Sonae, and its remaining stakeholders;
- Consolidating Sonae's institutional image, which is characterised by Determination, Dynamism, Enthusiasm, Creativity, and Openness.

In addition to Sonae's Code of Ethics and Conduct, internal regulations covering independence and conflicts of interest and related party transactions remain in force.

Employees are also made aware internally of Sonae's Code of Ethics and Conduct. During 2020, and in line with the previous practices the Company promoted e-learning internal training courses to employees and members of the statutory

governing bodies, concerning business ethics, covering whistleblowing policies and procedures, clarifying staff responsibilities as well as those of the Company's management bodies, and presenting practical examples of situations involving: conflicts of interest, privacy, information confidentiality and integrity, staff relationships and those with the suppliers and business partners.

The Ethics Committee has the following main tasks:

- Foster the existence of means to disseminate the Code of Ethics and Conduct to its main target audience;
- Consider and answer questions sent by the members of the statutory governing bodies of the Group' companies, as well as those sent by employees, partners or third parties which fall within its scope, making recommendations it deems appropriate to the nature of each case;
- Check the existence of internal mechanisms to report irregularities, making sure they comply with the law, particularly in terms of confidentiality, the handling of information and the non-existence of reprisals for participants;
- Propose to the Board of Directors, after consulting with Sonae's Executive Committee, the approval of changes to the Sonae Code of Ethics and Conduct, whenever considered appropriate;
- Issue clarifications regarding the interpretation of provisions in the Sonae Code of Ethics and Conduct, on its own initiative, or after being requested to do so, by members of the Governing Bodies or employees;
- Receive, evaluate and forward reports of founded irregularities, received by the Ethics Committee, to the respective governing bodies, whenever they consider such irregularities as violations of the rules in the Sonae Code of Ethics and Conduct;
- Forward to the Statutory Audit Board any reports that might indicate alleged irregularities, under the terms established in article 420, paragraph 1, subparagraph j) of the Portuguese Companies Act;
- Regulate its operation and regularly report its activities to the Board of Directors, and the entities it is legally bound to report to, according to legislation or the corporate governance model adopted.

Any report of irregularities must be sent to the email address of the Ethics Committee: comissaoetica@sonae.pt

The Ombudsperson has the responsibility of receiving and forwarding reports involving employees, clients or suppliers and other service providers to the relevant bodies.

Other than communicating with the companies involved, the Ombudsperson delivers a half-year summary of all irregularities to the Statutory Audit Board.

Reports addressed to the Ombudsperson can be sent to his email address: provedoria@sonae.pt

Composition

Ethics Committee

José Manuel Neves Adelino (Chair)	Lead Non-Executive Director ("Lead Director")
João Gunther Amaral	Head of Human Resources
Pedro Cupertino Miranda*	Ombudsperson
Luzia Gomes Ferreira	Head of General Counsel and Corporate Governance
David Graham Shenton Bain (Secretary)	Board and Corporate Governance Officer

*Marta Cordeiro Cunha was appointed as Ombudsperson on 10th November 2020.

Operating Rules

The Ethics Committee meets at least twice every year and whenever its Chairman or two of its members convene a meeting. In addition to formal meetings, and if deemed necessary, the Ethics Committee members keep in touch through

various forms of long-distance communication. Minutes are kept of all the Committee's meetings and are distributed to all Board Members.

During 2020, 2 (two) meetings of the Ethics Committee were held, with an overall attendance rate of 100%.

Board and Corporate Governance Officer ("BCGO")

Main duties of the BCGO:

- Ensure the smooth running of the Board of Directors and Board Committees;
- Participate in Board Meetings and relevant Board Committee Meetings and, when appointed, serve as a member;
- Facilitate the acquisition of information by all Board and Committee members;
- Support the Board in defining its role, objectives and operating procedures;
- Take a leading role in organising Board evaluations and assessments;
- Keep under close review all Legislative, Regulatory and Corporate Governance issues;
- Support and challenge the Board of Directors to achieve the highest standards in Corporate Governance;
- Support the proceedings adopted by the Board of Directors to ensure that the stakeholders and the minority shareholders' interests are taken into account by the Board when important business decisions are being taken;
- Support the procedure to nominate and appoint Directors and assist in the induction of new Directors;
- Act as a primary point of contact and source of advice and guidance for, particularly, Non-Executive Directors regarding the Company and its activities;
- Facilitate and support the independent Non-Executive Directors to assert their independence;
- Ensure compliance with the CMVM Recommendations for Portuguese listed companies;
- Participate in making arrangements for the Shareholders' General Meetings;
- Participate in the arrangement of insurance cover for members of the statutory governing bodies;
- Participate, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

Company Secretary

The Company Secretary is responsible for:

- Keeping the formal minute books and attendance lists at the Shareholders' General Meetings;
- Forwarding the legal documentation to convene the Shareholders' General Meetings;
- Supervising the preparation of supporting documentation for the Shareholders' General Meetings and the meetings of the Board of Directors and preparing the respective formal minutes;
- Providing feedback, pursuant to the applicable legal provisions, to Shareholders' requests for information;
- Executing the legal register of any act or resolutions of the Company's statutory governing bodies.

29.1. Activity developed by the Committees created by the Board of Directors

At the Shareholders' Annual General Meeting held on 30th April 2019 the members of the Statutory Governing Bodies were elected for the 2019-2022 mandate.

Following its election, the Board of Directors appointed, in May 2019, the Executive Committee and the board specialised committees created to support the Board's activity.

Non-Executive Directors performed, in an independent and permanent fashion, the continuous monitoring of the activity

of the Executive Committee, influencing the decision-making process of strategic and structural decisions, particularly in the development of the corporate strategy and the main policies, including the risk management policy, monitoring the respective compliance thereof, having as well took action in the preparation and disclosure of the financial reports, as described in section 55 of this Report.

Non-Executive Directors performed their role, both as members of the Board of Directors, as well as members of the Board specialised internal committees they incorporate, and which support the activity of the Board of Directors,

During 2020, the Executive Committee managed the Company on a day-to-day basis, monitoring the business activity under the terms of the delegation of powers to the Executive Committee, and executed the strategic decisions of the Board of Directors, implementing the policies approved by this body.

The Executive Committee reports to the Board of Directors and remaining governing bodies, including supervisory bodies, on the work performed during the financial year, providing information on the most significant decisions taken, the main actions implemented in the fulfilment of its competencies and duties and for the compliance of the strategy and policies approved by the Board of Directors.

The Ethics Committee has carried out its duties, supervised the dissemination of the Sonae's Code of Ethics and Conduct, analysed the questions posed by members of the governing bodies, issuing recommendations and reporting its activity to the Board of Directors.

III. Audit

a. Composition

Statutory Audit Board

Maria José Martins Lourenço da Fonseca, Chair

Daniel Bessa Fernandes Coelho, Member

Manuel Heleno Sismeiro, Member

Sara Manuel Carvalho Teixeira Mendes, Substitute

30. Identification of The Supervisory Bodies

The Statutory Audit Board (SAB) and the Statutory External Auditor are, under the governance model currently adopted, the auditing bodies of the Company.

31. Composition

In accordance with the Company's Articles of Association, the Statutory Audit Board (SAB) shall be composed of an odd or even number of members, with a minimum number of three members and a maximum number of five members, elected for a four-year mandate. One or two substitute members may be appointed if the SAB is made up of three or more members, respectively.

The Statutory Audit Board members are elected at the Shareholders' General Meeting.

If the Shareholders' General Meeting fails to elect the members of the Statutory Audit Board, the Board of Directors must,

and any shareholder may, petition the courts for the necessary appointment.

If the Shareholders' General Meeting does not designate the Chairman of the Statutory Audit Board, the Chairman shall be appointed by the members of the Statutory Audit Board.

If the Chairman leaves office prior to the end of the mandate for which he was elected, the other members must choose a substitute to exercise these duties until the end of the current mandate.

The members of the Statutory Audit Board who are temporarily unavailable, or who have resigned, shall be replaced by the substitute member.

Substitute members who replace members who have resigned, shall remain in office until the next Shareholders' Annual General Meeting, at which time the vacant positions shall be filled.

In the event of it not being possible to fill in a vacancy left by a member, due to a lack of an elected substitute member, the vacant positions, both of the member and of the substitute member, shall be filled by means of a new election.

In light of the Company's size as well as of the complexity of its activity and correlated risks, the composition of the Statutory Audit Board, of 3 members, is deemed by the Company as being suitable to ensure the efficiency of this governing body's duty of supervising and monitoring such activity and risks, in compliance the applicable law and the Statutory Audit Board Regulation available at <https://www.sonae.pt/pt/investidores/governo-da-sociedade/>.

The member of the Statutory Audit Board Daniel Bessa Fernandes Coelho was first elected on 3rd May 2007, at the time as Chair of the Statutory Audit Board and was later re-elected for new mandates at the Company's Shareholders' Annual General Meetings, held on 27th April 2011 and on 30th April 2015 for a third mandate for the 2015-2018 four-year term.

The remaining members of the Statutory Audit Board were first elected at the Shareholders' Annual General Meeting held on the 30th April 2015, for a first four-year mandate of 2015-2018.

At the Shareholders' Annual General Meeting held on 30th April 2019 all the members of the Statutory Audit Board were elected for the four-year mandate 2019-2022.

32. Independence

The majority of the members of the Statutory Audit Board are independent as required by article 414 paragraph 5 and are not in breach of any of the criteria for incompatibility as set out in article 414 A, paragraph 1, both of the Portuguese Companies Act. The Chairman of the Statutory Audit Board is independent, fulfilling thereby the requirement of Article 3, paragraph 2, subparagraph c) of Law no. 148/2017 of 9th September.

The Statutory Audit Board has carried out an assessment of the independence of its members by reference to the year ended 31st December 2020, by obtaining written information on an individual basis.

33. Professional qualifications and curricular references of the members of the Statutory Audit Board

The qualifications, experience and responsibilities of the members of the Statutory Audit Board are disclosed in Appendix I of this Report.

b. Functioning

34. Internal regulation of the Statutory Audit Board

The Internal Regulation of the Statutory Audit Board is available at the Company's website, <https://www.sonae.pt/en/investors/government-of-society/>.

35. Statutory Audit Board Meetings

Decisions are taken by simple majority, the Chairman having a casting vote if the Statutory Audit Board is composed of an even number of members.

The Statutory Audit Board meets at least four times a year and every time the Chair or two of its members convene a meeting. In addition to the formal meetings, and if necessary, the members of the Statutory Audit Board maintain contact through long distance communications.

During 2020, 20 (twenty) meetings were held, with an overall attendance rate of 100%. Minutes of all meetings of the Statutory Audit Board were recorded.

36. Availability of the Statutory Audit Board members

Information on other positions currently held by members of the Statutory Audit Board in other entities, whether or not in Sonae Group, as well as information on other relevant activities exercised during the present mandate, are disclosed in Appendix I to this Report.

c. Duties and competencies

37. Role of the Statutory Audit Board in the hiring of additional services from the external auditor

The Statutory Audit Board is responsible for the approval of non-audit services from the External Auditor.

To that effect, the Statutory Audit Board establishes, in the first meeting of each year, a work plan and timetable, comprising among other subjects, the coordination of tasks with the External Auditor including:

- Approval of the annual work plan of the External Auditor;
- Follow-up of work performed and review of conclusions of the audit work and of interim and annual statutory audits;
- Overseeing the independence of the External Auditor;
- Decision on the approval of the provision of non-audit services, in compliance with IPCG Recommendation VII.2.1 iv and with Law no. 140/2015, of 7th September;
- External Auditor's annual activity assessment in compliance with IPCG Recommendation VII.2.3.

In the assessment of criteria that supports the hiring of additional work from the External Auditor, the Statutory Audit Board confirmed the existence of the following safeguards:

- the hiring of non-audit services has not affected the independence of the External Auditor;
- the non-audit services have represented a balanced consideration vis-à-vis the services provided;
- the non-audit services, duly framed, did not constitute forbidden services pursuant to no.8 of article 77 of the Law no. 140/2015;
- the non-audit services were provided with high quality and autonomy, as well as with independence from the ones executed under the audit process;
- the quality system used by PWC (internal control), according to the information provided to the Company, monitors the potential risks of a loss of independence and possible conflicts of interest with Sonae, while also ensuring that the quality of the services provided are in compliance with the rules of ethics and independence.

38. Other duties carried out by the Statutory Supervising Bodies

38.1 Statutory Audit Board

The Statutory Audit Board is the Company's supervisory body and its duties include, amongst others:

- i. Supervising the management of the Company;
- ii. Ensuring that the law, the Company's Articles of Association and internal procedures are observed;
- iii. Verifying the regularity of all books, accounting registers and supporting documents;
- iv. Verifying, whenever deemed convenient, and in the manner deemed appropriate, the extension of cash and of stock of any kind of goods or other values that belong to the Company or that were received by the Company as a guarantee, deposit or otherwise;
- v. Verifying the accuracy of the financial statements, monitoring the process of preparation and disclosure of financial information and presenting recommendations aimed at ensuring their integrity;
- vi. Verifying if the accounting policies and the valuation criteria adopted by the Company provide a correct evaluation of its assets and results;
- vii. Drawing up an annual report for shareholders on the supervision of the Company, which shall include a description of audit work carried out, possible restrictions encountered in the course of that work, and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
- viii. Convening the Shareholders' General Meeting, whenever the Chairman of the Board of the Shareholders' General Meeting fails to do this in circumstances when it was necessary;
- ix. Supervising the efficiency of the risk management system, the internal control system and the internal audit function;
- x. Receiving notification of irregularities presented by shareholders, Company's employees or others;
- xi. Appointing and hire services from experts to help one or more of its members in the exercise of their duties. The hiring and fees of these experts should take in consideration the importance of the underlying matters and the financial situation of the Company;
- xii. To oversee the process of preparation and disclosure of the financial information by the Board of Directors, including the suitability of the accounting policies, estimates, judgements, relevant disclosure and its consistent application between financial years in a duly documented and communicated form;
- xiii. Acting as the primary interface of the Company with the External Auditor and the Statutory External Auditor, approving the criteria for the selection of the Statutory External Auditor, and proposing the appointment or replacement of the External Auditor and the Statutory External Auditor, as well as their remuneration to the Shareholders' General Meeting, as well as the review of their performance, while ensuring that the right conditions exist within the Company for the appropriate carry out their work, being the first point of contact and the first to receive audit reports, without prejudice of the duties and competencies of the Board of Directors on this subject;
- xiv. Supervising the auditing of the Company's financial statements;
- xv. Supervising the existence and maintenance of the Statutory External Auditor's and the External Auditor's independence;
- xvi. Approving, beforehand, the External Auditor's provision of services, and the additional audit services provided as well as approving the respective remuneration, ensuring that the provision of services is permitted by law, not overstepping reasonable limits and in a manner that does not jeopardise the Statutory External Auditor's independence;
- xvii. Issuing a specific and well-sustained report that supports the decision of non-replacement of the External Auditor, giving due consideration to the degree of independence of the auditor under these circumstances and the advantages and costs of replacing them;

- xviii. Supervising the activity carried out by the internal audit;
- xix. Giving a prior opinion about transactions with related parties and analyse the half-year report in the terms set forth in the internal Policy on Related Parties Transactions, in compliance with articles 249-A to 249-D of the Portuguese Securities Code;
- xx. The supervisory governing body is subject to compliance with the competencies and duties established by Law no. 148/2015, of 9th September, which approves the Legal Framework of Auditing Supervision, transposing into national law the Directive 2014/56/EC of the European Parliament and of the Council, of 16th April 2014, amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, ensuring the execution into national law of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16th April 2014, on specific requirements regarding statutory audit of public interest entities, namely those under article 3 of the preamble decree and article 24 of the Legal Framework of Auditing Supervision;
- xxi. Comply with any other attributions defined by the applicable law or the Company's Articles of Association.

In order to carry out its duties, the Statutory Audit Board has a meeting at the beginning of each financial year to plan out the year's work. This plan includes:

A - monitoring the business activity of the Company and the interaction with the Executive Committee and the Board of Directors through the Board Audit and Finance Committee, in particular:

- Assessing how the internal control, risk management and compliance systems are working, giving its opinion, when deemed necessary, regarding the risk policy and the strategic lines that came to its knowledge through the Board of Directors, including prior to their approval;
- Assessing the financial statements and the disclosure of financial information;
- Issuing opinions and recommendations.

B - supervising the activity of internal audit and risk management, including compliance covering:

- Annual activity plan;
- Receiving periodic reports on their activity;
- Evaluating results and conclusions reached;
- Checking and evaluating the existence of possible irregularities that have been forwarded to them;
- Issuing guidelines, as and when deemed appropriate.

C - information on irregularities (whistleblowing):

The Ombudsperson reports on a half yearly basis its activities to the Statutory Audit Board, for approval of procedures for the reception and treatment of claims and critical review of results.

The Statutory Audit Board is also responsible for receiving irregularities in strict accordance with article 420, paragraph 1, subparagraph j), of the Portuguese Companies Act, whether directly addressed to it, or reported to the Ethics Committee or another governing body.

38.2. Statutory External Auditor

The Statutory External Auditor is the statutory supervisory body responsible for legally certifying the Company's financial statements. Its main responsibilities are:

- i. Verifying the accuracy of all books of account, accounting transactions and supporting documents;
- ii. Whenever it deems convenient and by the means that it considers to be appropriate, verifying the accuracy of cash and stocks of any kind, of the assets or securities belonging to the Company or received by it by way of guarantee, deposit or other purpose;
- iii. Verifying the accuracy of the financial statements, and expressing an opinion on them in the Accounts Legal Certification and in the Audit Report;
- iv. Verifying whether the accounting policies and valuation criteria used lead to a fair valuation of the assets and results of the Company;
- v. Carrying out any examinations and checks necessary to the audit and legal certification of the accounts and carrying out all procedures required by law;
- vi. Verifying the application of remuneration policies and systems, and the effectiveness and working of internal control procedures, reporting any weaknesses to the Statutory Audit Board in accordance with, and within the limits of its legal and procedural duties;
- vii. Attesting if the Company's Corporate Governance Report includes the information referred to in article 245-A of the Portuguese Securities Code.

Since the 1st January 2016, the duties and services provided by the Statutory External Auditor have been in strict compliance with the new Statute of the Portuguese Institute of the Statutory Auditors, under the terms established by Law no. 140/2015, of 7th September.

IV. Statutory External Auditor*

39. Identification

The Company's Statutory External Auditor is PricewaterhouseCoopers & Associados, SROC, S. A., represented on 31st December 2020 by the statutory auditor António Joaquim Brochado Correia.

40. Permanence in functions

The Statutory External Auditor was initially elected at the Shareholders' General Annual Meeting held on 3rd May 2018, for the remainder of the mandate 2015-2018, by a proposal of the Statutory Audit Board.

For that purpose, the Statutory Audit Board organised an enlarged selection bid in accordance with the terms set forth in subparagraph f) of number 3 of article 3 of the Legal Framework of Auditing Supervision approved by Law no. 148/2015 and in article 16 of the EU Regulation no. 537/2014, completed with the proposal presented to the Shareholders' General Meeting.

The proposal presented by the Statutory Audit Board at the Shareholders' Annual General Meeting, held on 3rd May 2018, is available for consultation at the Company's website <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

At the Shareholders' Annual General Meeting held on 30th April 2019, the Statutory External Auditor, PricewaterhouseCoopers & Associados, SROC, S. A., represented by the statutory auditor Herminio António Paulos Afonso or by the statutory auditor António Joaquim Brochado Correia, was re-elected, by proposal of the Statutory Audit Board,

* Referred to as "Statutory Auditor" pursuant to Regulation (EU) no. 537/2014, of the European Parliament and the Council of 16th April 2014.

for the 2019-2022 mandate.

41. Other services provided to the Company

PricewaterhouseCoopers & Associados, SROC, S.A. (PwC) is also the Company's External Auditor. As the Statutory External Auditor, PwC did not provide any other services to the Company.

V. External Auditor†

42. Identification

The Company's External Auditor is, in compliance with the article 8 of the Portuguese Securities Code, PricewaterhouseCoopers & Associados, SROC, SA, represented on 31st December 2020 by António Joaquim Brochado Correia (ROC no. 1076).

43. Permanence in functions

The External Auditor, PricewaterhouseCoopers & Associados, SROC, SA, was initially elected at the Shareholders' Annual General Meeting held on 3rd May 2018, following a proposal of the Statutory Audit Board. The representing partner was also appointed in 2018 following the abovementioned election and remained in office following the re-election of the Statutory External Auditor at the Shareholders' Annual General Meeting held on 30th April 2019.

44. Policy and frequency of rotation of the external auditor

The Statutory Audit Board has adopted the recommended principle on the rotation of the External Auditor. Hence, the non-rotation of the External Auditor, after two four-year mandates may only exceptionally occur if, after careful assessment, the Statutory Audit Board has concluded that the non-replacement of the External Auditor does not affect its independence, the benefits outweigh the costs of such replacement and all the conditions set forth by paragraphs 4 and 5 of article 54 of the Law no. 140/2015 of 7th September are fulfilled.

Since the 1st January 2016, the term of the mandate is subject to the rules established in article 54 of the Law no. 140/2015, of 7th September.

45. Statutory governing body responsible for the external auditor's assessment

The Statutory Audit Board oversees the performance of the External Auditor and the work developed during each exercise, considers and approves beforehand the additional work to be provided and, annually, prepares an overall appraisal of the External Auditor, which includes an assessment of their independence.

46. Additional work, other than audit services, performed by the external auditor and respective hiring process

The Non-audit services provided by the External Auditor to the Company, and to Sonae Group companies, were previously approved by the Statutory Audit Board, which, after evaluation, concluded that the performance of additional services did not affect the independence of the External Auditor, which constitutes the main feature for weighting the provision of said

† Referred to as "Auditor" pursuant to Regulation (EU) no. 537/2014, of the European Parliament and the Council of 16th April 2014.

services. Once ensured this first criteria, the Statutory Audit Board authorised the provision of services considering that the same were in the general interests of the Company, given the expertise of the service provider and the quality of the services provided in the areas concerned as well as the provider's knowledge of the Company and the Group.

As an additional safeguard, the following measures were taken:

- The hiring of non-audit services did not affect the independence of the External Auditor;
- The non-audit services have represented a balanced consideration vis-à-vis the services provided;
- The non-audit services, duly framed, did not constitute forbidden services pursuant to no.8 of article 77 of the Law no. 140/2015;
- The non-audit services were provided with high quality and autonomy, as well as with independence from the ones executed under the audit process;
- The total annual fees paid in Portugal by Sonae to the External Auditor, represent less than 15% of their overall fees in Portugal.
- The quality system used by PWC (internal control), according to the information provided to the Company, monitors the potential risks of a loss of independence and possible conflicts of interest with Sonae, while also ensuring that the quality of the services provided are in compliance with the rules of ethics and independence.

The Statutory External Auditor sent to the Statutory Audit Board, under the provisions of paragraph 6 of Article 24 of Law no. 148/2015, of 9th September, which approves the Legal Framework of Auditing Supervision, a statement of independence, in which the services rendered by it or by other entities and the precautionary measures taken are described. These measures are duly considered by the Statutory Audit Board, whose responsibility it is to give an opinion on their adequacy.

47. Remuneration of the external auditor

The remuneration paid to the Statutory External Auditor and to the External Auditor, PricewaterhouseCoopers & Associados, SROC, SA, by proposal of the Statutory Audit Board, and to other individuals and entities within its network, supported by the Company and/or by corporate entities in a control relation with the latter, are as follows, analysed by type of service:

Remuneration Paid by the Company	2019*		2020*	
Statutory Audit and Accounts Certification	52,275	100%	67,100	100%
Total	52,275	100%	67,100	100%

*Amounts in euros.

Remuneration paid by the Group's Companies**	2019*		2020*	
Statutory Audit and Accounts Certification	562,926	55%	676,544	82%
Other Compliance and Assurance Services	147,140	14%	66,000	8%
Tax Consultancy Services	13,575	1%	67,020	8%
Other Services	311,590	30%	20,350	2%
Total	1,035,231	100%	829,914	100%

*Amounts in euros.

** Controlling companies or in a Group relationship.

C. Internal Organization

I. Articles of association

48. Rules applicable in the case of amendments to the company's articles of association

Amendments to the Company's Articles of Association follow the terms set out in the Portuguese Companies Act, requiring a majority of two thirds of the votes cast for such a resolution to be approved at a Shareholders' General Meeting. For a Shareholders' General Meeting to be held, in the first occasion it is convened, the Company's Articles of Association require that a minimum of 50% of the issued share capital should be present or represented at the meeting.

II. Reporting irregularities (whistleblowing)

49. Policy on reporting irregularities

Sonae's values and principles are widely spread and deeply rooted in its business culture and form the basis of its actions. These are founded upon principles of awareness and absolute respect for the rules of good conduct in the management of conflicts of interest and duties of diligence and confidentiality in dealings with third parties. The Company's values and principles can be consulted at - <https://www.sonae.pt/en/sonae/culture/>.

All reports of irregularities can be directly addressed, in writing, to the Statutory Audit Board to the following address: Lugar do Espido, Via Norte, 4470-157 Maia, as provided at the Company's website - <http://www.sonae.pt/en/contacts/>.

III. Internal Control and Risk Management

50. Individuals, bodies or committees responsible for internal audit and / or implementation of internal control systems

Risk Management is deeply rooted in Sonae's culture and is one of its key Corporate Governance practices. It forms part of all management processes and is the responsibility of all employees of Sonae, at all levels of the organisation.

The main goal of Risk Management is to create value by managing and controlling opportunities and threats that can affect business objectives and the going concern of Sonae's businesses. Risk Management, alongside with Environmental Management and Sustainability, are pillars of sustainable development in the sense that better understanding and more effective management of risks contribute to the sustainable development of businesses.

Risk Management is the responsibility of all Sonae managers and employees, and is supported by the Risk Management, Internal Audit and Strategy, Planning and Control Departments, at all levels of the organisation, and through specialised teams, which report directly to their respective Boards of Directors.

The Risk Management department's mission is to help companies reach their objectives via a systematic and structured approach in identifying and managing risks and opportunities.

The Internal Audit department identifies and evaluates the effectiveness and efficiency of management and control of business processes and information systems. The Internal Audit department is supervised by the Statutory Audit Board.

The Strategy, Planning and Control department promotes and supports the integration of risk management into the management and planning control processes of the Company's businesses.

Financial and accounting information reliability and integrity risks are also evaluated and reported upon by the External Audit activity.

51. Hierarchy and/or functional relationships with other company's bodies

The Statutory Audit Board monitors the internal control and risk management systems, supervises its activity plan, receives periodic reports on the work performed, assesses the results and conclusions drawn and gives guidelines as it deems necessary.

The External Auditor verifies the effectiveness and functioning of internal control procedures in accordance with the work plan appointed by the Statutory Audit Board, to which it reports the conclusions drawn.

The Board of Directors, through the Board Audit and Finance Committee, monitors the Internal Audit and Risk Management activities.

52. Other functional areas with risk control competencies

Each one of the Group's functional structures takes responsibility in controlling and monitoring risks related with their duties, namely the Strategy, Planning and Control, Legal Advisory and Corporate Governance, Finance, Tax, Human Resources, Communication, Brand and Sustainability, Institutional Relations, Investor Relations and Administrative Services departments.

53. Identification and classification of main risks

Macro-economic:

Sonae is highly exposed to the state of the Portuguese and global economies. In the macroeconomic scenario, where there is a slowdown in economic activity, an increase of public, private and external debt, an increase in the interest rates in the euro zone and/or the political instability or war with a consequent increase in the price of commodities, Sonae would be significantly impacted.

Sonae has several initiatives underway to mitigate these risks, namely the internationalisation of its businesses, an active portfolio management, the constant improvement of value propositions across businesses, a conservative approach to financial leverage and the diversification of funding sources. In 2020, due to the SARS-CoV-2 pandemic, it was wholly demonstrated that these initiatives can minimise these risks due to Sonae's resiliency as shown throughout the year.

Competition:

The main competition risks are the entrance of new competitors, mergers and acquisitions, the repositioning of current competitors or the actions they might take to reposition themselves to win new markets and gain market share (eg. promotional activity, new businesses and assets, innovation). The inability to be competitive in areas such as pricing, offering range, quality and service can have a negative impact on Sonae's financial results. In order to minimize this risk, Sonae constantly benchmarks competitor's actions and invests in improved or new formats, businesses and products/services in order to always offer its customers innovative proposals.

Customers:

One of the fundamental risk factors is the possibility of changes in consumer behaviour, especially as a consequence of economic and social factors. Customers frequently change their expectations and preferences, which imply a continuous adaptation and optimization of business concepts and offers.

To anticipate consumer needs and market trends, Sonae companies analyse information about consumer behaviour on a

regular basis with more than 400,000 customers interviewed per year. The introduction of new products, concepts and technologies is always tested using pilot schemes before being rolled out. The Group also invests in the refurbishment of stores and of shopping centers and in launching IT services (including transactional sites) to ensure that they retain their attractiveness for customers and cope with the pace of technological innovation challenges.

In this topic, Sonae also shown great agility throughout 2020, by adapting stores, ranges, schedules, services and channels to meet the changes in Sonae's companies relation with their clients caused by the pandemic and the social distancing measures adopted.

Brand:

Sonae and its affiliated companies own several high value brands, and they are one of its main assets.

The risks associated with brands come from the negative impacts arising from extraordinary events affecting image and reputation. Sonae periodically monitors brands' image value, their attributes and their reputation through customer opinion surveys, research by specialist entities and market studies. Sonae also performs continuous follow-up of brand reputation, namely through press analysis, opinion articles issued by the media and social media. Sonae's brands are regularly granted national and international awards, which recognise excellence in specific products/services, business processes and innovation achievements.

Tangible asset risks:

In 2020, preventive and safety audits were conducted in different locations. In the main business units, tests and simulations were made to emergency and preventive systems and plans, usually in the presence of civil protection services, security forces and fire brigades. The development and implementation of security standards, and related monitoring and self-assessment procedures (Control Risk Self-Assessment) also continued.

People safety risks:

The Safety and Health of our staff is a key management concern. Every year, several Safety and Health initiatives and actions are launched, with the aim of increasing the commitment and involvement of all our staff in preventing and reducing professional risks, as well as promoting healthy behaviour, which may contribute to the well-being of our staff.

We promote a culture of zero accidents, investing in our business units to make them safe and healthy environments.

The year of 2020, was especially focused on the management of COVID-19 Pandemics' Crisis through the creation of a Crisis Management Committee formed by the Human Resources and Risk Management Consulting Groups, with the objective of ensuring corporate alignment, the settlement of a common language, sharing and learning of best practices.

Business continuity management:

Projects and programmes continued to be developed in order to guarantee the continuity of operations and information systems, through defining, revising and implementing procedures and processes to prepare for crisis and catastrophic scenarios, particularly through developing emergency, contingency and recovery plans for business and information systems.

Environmental risks:

In the area of environmental risks, several environmental certifications have been obtained, including certifications for its corporate Environmental Management System according to the ISO 14001 standard by Lloyds Register Quality Assurance. Regarding this topic several audits were performed, and improvement actions were implemented as part of Environmental Management Systems processes in the Group's sub-holdings.

These certified operational units act as models for the continuous improvements of the environmental performance of all other units.

In 2020, several environmental efficiency measures were implemented focused in the reduction of electricity consumption, increase of recycling rates of total waste generated, improvements in water efficiency as well as plastic reduction.

Project risks:

Risks associated with critical business processes and major change projects, especially the introduction of new processes and major changes to information systems, were assessed and monitored, both as part of Risk Management work as well as Internal Audit activity.

Insurable risks:

In relation to the transfer of insurable risks (technical and operational), the objective of rationalising the financial transfer of these types of risk continued, either by searching to establish a tailored insurance capital structure for the capital sums at risk, based on the constant changes in the businesses involved, or by reaching even greater critical mass for the kinds of risks involved. Insurance coverage and retention levels have also been optimised in accordance with the needs of each business, ensuring internally effective insurance management worldwide, using Brokers Link, Sonae's worldwide insurance brokerage network, coordinated by MDS, Sonae's insurance consultants.

Information, information systems and communication risks:

Sonae businesses Information Systems are characterised as being broad ranging, distributed and heterogeneous. From the information security point of view, several risk reduction actions have been developed to ensure confidentiality, availability and integrity of information, including: implementing high availability systems and network infrastructure redundancy; controlling the quality of flows between applications; managing accesses and profiles; and strengthening mechanisms for data network perimeter protection, performance of intrusion tests to the website and protection of mobile devices and computers.

Throughout 2020, we focused our activity on consolidating the processes developed to ensure compliance with GDPR, promoting their continuous improvement in order to achieve a higher level of maturity. Among the activities carried out, we highlight the update of the records of processing activities, the improvement of the response process of data subject's rights, seeking to be even more transparent with our clients, the analysis, evaluation and writing of legal documentation, in matters of protection of personal data and raising awareness within the different business areas. It is also worth mentioning the implementation of actions related to the monitoring and control of personal data protection activities, the response to the contacts of the supervisory authority, the elaboration of training content and the drafting of legal advices and

recommendations.

Regarding cyber risks' management, several activities were developed, consolidating the cybersecurity governance model supported by international best practices, in parallel with the process of reviewing the security policies and definition of a cyber risk management process, in collaboration with all Sonae companies.

In the risk mitigation component associated with behaviours, cybersecurity awareness and training actions were developed focused in the threats with potential higher level of impact on Sonae's activity. This was the example of ethical phishing campaigns that targeted employees in remote work.

In 2020, and in the protection category, the authentication process has been strengthened with the adoption of multi factor schemes, as well as improve the detection and mitigations capabilities both internally and at the network perimeter. Detection capacity has also been strengthened with the adoption of a program of continuous security audits. The audits of the information systems management and governance processes were also maintained in order to identify and correct potential non-conformities.

As a preventive measure, a systematic vulnerability correction work was carried out, improving Sonae's main external cybersecurity indicators, that led to an improvement of Bitsight rating, compared to the previous year.

Financial risks:

The Group is exposed to a variety of financial risks (detailed and analysed in the Notes to the Consolidated Financial Statements of Sonae) that may impact its equity value. Synthetically, we can group such risks by their nature:

1. Interest Rate Risks;
2. Exchange Rate Risks;
3. Liquidity Risks;
4. Credit Risks;
5. Market Risks;
6. Equity Risks.

In abstract, a financial risk shall be understood as a possibility of obtaining different results from the ones expected, and with a material impact in the Group. Sonae seeks, as much as possible, to control this volatility in order to protect its equity value.

Considering the multiple nature of the various businesses of the Group there isn't an individual policy for the management of these risks. There are generic principles that arise from the practices of good management, being, however, privileged an individual approach, well adapted to the characteristics of each business unit.

The Group's approach to financial risk management is conservative and prudent. Sonae does not assume any economically speculative positions, and therefore all operations carried out within the scope of financial risk management are solely for the purpose of controlling the risks to which the Group is already exposed.

Due to the nature of its business, the Group is particularly active in covering the exchange rate risk that arises essentially from the international sourcing activity, through purchases denominated for the most part in USD. These transactions are generally performed by the hiring of derivative financial instruments, with Sonae's reporting banks and the objective of permitting stable sourcing negotiations and decision making, by fixing exchange rates. Although with a smaller incidence,

in the management of interest rate risk, whenever coverages are contracted, the proceedings are the same. Some companies of the Group have their operation in countries operating a currency different from the Euro, being the risk, in any such cases, managed by the policies defined by each of the businesses.

A substantial part of the Group's resources is obtained from relational banks and, occasionally from the capital markets and, accordingly, Sonae is, inevitably, exposed to its intrinsic volatility. In order to ensure that, at any moment, the Group has financial ability to honor its commitments, it follows financing policies that recommends that the Group's needs are refinanced over a period of 18 months, plus predetermined prudential buffers, thus reducing the impact of a sudden disruption of the capital markets, in the activity of the Group. Additionally, Sonae seeks to reduce liquidity risk, by negotiating contractual clauses that disable the possibility of counterparties to demand unilaterally the anticipated repayment of financing and by negotiating with a diversity of counterparties to reduce the impact that any specific events, in any bank or country, may have in the Group's ability to access funds at the intended amounts and conditions.

Coverage of the clients' risks is an area that has been gaining expression over the past years, considering the growth of the sales channels of the various business units. Although this risk is relatively small, in consolidated terms, the expansion of the wholesale and franchising activities of the business units has forced Sonae to give particular attention to the management of such risks, either throughout the creation of policies suitable to the characteristics and nature of the different businesses, defining credit risk' limits, either throughout credit insurance, bank guarantees and stand-by letters of credit, among other similar instruments. Additionally, the Group has created individualised credit committees per business with a multidisciplinary participation so that the risk of defaults by client is mitigated and monitored systematically and in a timely manner.

Still regarding management of credit risk associated with financial instruments (financial applications and deposits in banks and other financial institutions or resulting from financial derivative instruments executed during the normal course of hedging operations) or loans to related entities, there are principles applicable to all the Sonae companies aiming at reducing the probability of violation of obligations, including, among others, the execution of operations with prestigious and nationally and internationally recognised counterparties, based on their credit rating, considering the nature, the maturity and the dimension of the operations.

The Group is exposed to share price risks arising from the strategic investments made in listed companies. The Group may use derivative instruments associated with its listed financial investments, and these risks are monitored on a recurring basis up to maturity.

The objectives of capital structure management (defined as the proportion between equity and net debt) are to safeguard the Group's ability to ensure the continuity and development of its operating activities, at the same time maximising shareholder returns and optimising financing cost.

The financial risk management policy is determined by each board of directors of each company within the Group, with the support of the Corporate Finance and Corporate Treasury team, being the risks identified and monitored in each of the Financial and Treasury departments of the businesses. This ensures a consistent and aggregated approach to the various risks that, at the end, impact on the Group.

Exposure to risks is also monitored by the Corporate Finance and Treasury Committee, where a consolidated risk analysis is reviewed and reported on a monthly basis, and guidelines on risk management policies are analysed and reviewed regularly.

The implemented system ensures that, in each moment, appropriate policies to manage financial risks are adopted, to avoid that such risks impair the achievement of the strategic objectives of the Sonae Group.

Legal, tax and regulatory risks:

Sonae and its businesses have the support of legal and tax departments permanently dedicated to the respective activities and under management's supervision and exercising their competencies in interaction with other functions and departments, in order to pre-emptively ensure the protection of Sonae's and its businesses interests in compliance with their legal obligations and best corporate governance practices.

The teams in these departments have specialised training and participate in in-house and external training courses to update their knowledge.

Legal and tax advice is also provided, nationally and internationally, by outsourced resources selected from firms with established reputation and which have the highest standards of competency, ethics and experience.

The Company's more relevant pending litigation is identified in the notes to Sonae's consolidated financial statements.

Sonae and its businesses are obliged to comply with national and international laws and regulations for each market in which they operate, aiming to ensure: consumer safety and protection, employees' rights, environmental protection and compliance with local and country planning regulations, compliance with sector regulations and the maintenance of open and competitive markets. Due to this fact, Sonae is naturally exposed to the risk of changes in law and regulations that may impact business as usual and consequently affect or impede the achievement of its strategic objectives.

The Sonae Group acts in constant collaboration with the authorities in order to comply with laws and regulations. Such collaboration takes in some cases the form of comments on public consultation launched by national or international authorities. Moreover, the growing international presence of Sonae's companies involves specific risks related to the different nature of local legal frameworks managed with the support of local specialised teams.

Human Resources risks:

The year 2020 was inevitably marked by the pandemic. It was a year of uncertainty and challenges, but also of innovation, reinvention and achievement. Sonae's priority was, from the first moment, the protection of the health of all employees and their families. Given the reality of the Group and its different work contexts, specific measures have been taken, depending on the context – shops, warehouses, offices. Some made available to all its employees permanent support of technical teams focused on the protection of the health of all, who worked in close and permanent coordination with the General Health Directorate and ensure the adoption of all recommendations and suggested procedures. Access standards have been defined for all buildings, travel restrictions defined, redesigned working formats were implemented, Health & Safety measures reinforced, as well as the cleaning and hygiene of all spaces.

Aware that the challenges of attracting, developing and retaining high potential have not faded and that the shortage of critical skills is increasingly a reality, Sonae continued to focus on the implementation of programs oriented towards young employees (Contact, Future Leaders@Retail), the review of its remuneration policies, the management and improvement of the performance and potential of employees (Improving Our People), the design of upskilling and requalification programs (Qualifica), as well as the development of career accelerators for employees with high potential (Advanced Development Program).

The pandemic reinforced the already inevitable need for organisational agility and effectiveness and allowed exploring, more assertively, group synergies, contrary to the risk inherent to business heterogeneity and the existence of complex and inflexible organisational structures, which usually impact on the pace of decision-making and consequent potential loss of opportunities. Throughout 2020, Sonae was able to implement in a few weeks time initiatives that, in a normal context, would probably take months. This agility and responsiveness enabled us to keep all our food and electronic retail stores opened, adapt e-commerce operations rapidly to the doubled needs of Portuguese families, and ensure the quality of the

service of our telecommunications network. New partners and channels were found to ensure that Sonae continued to reach all costumers, even with stores and shopping malls closed. New solutions have been accelerated, businesses reinvented and new businesses created.

In practical terms, Sonae developed several initiatives that support the path to the creation of a more agile and effective organisation: development of projects with mixed and multidisciplinary teams, focus on collaborative IT solutions, digitalisation of human resources processes, reduction of organisational silos, continuous implementation of Kaizen and Agile methodologies, development of training programs for leaders, flexible working policies' strengthening, implementing new team management models, reshaping workspaces and creating a closer proximity to Top Management (eg. Sonae Talks). Sonae's Academy (training centre for employees) with the Sonae Management&Leadership program aimed at promoting young talents is another relevant initiative.

54. Description of risk management processes: identification, assessment, monitoring, control and management

Risk Management is integrated into Sonae's entire planning process, as a structured and disciplined approach that aligns strategy, processes, people, technologies and knowledge. Its goal is to identify, evaluate and manage uncertainties and threats that Sonae's business units face in the pursuit of their business objectives and value creation.

Sonae's management and monitoring of its main risks are achieved through different approaches, including:

- As part of strategic planning, risks of the existing business portfolio, as well as those of new businesses and of relevant projects, are identified and evaluated, and strategies to manage those risks are defined;
- At the operational level business risks, and planned actions to manage those risks, are identified and evaluated, and are included and monitored in business unit and functional unit parts;
- For risks that cross business unit boundaries, such as large-scale organisational changes and contingency and business continuity plans, structural risk management programmes are developed involving all those responsible for the relevant units and functions;
- As far as risks to tangible assets and people are concerned, audits are carried out at the main business units. Preventive and corrective actions are implemented for the risks identified. The financial cover of insurable risks is reassessed on a regular basis;
- Financial risk management is carried out and monitored as part of the activity of the Company's and its businesses. Their work is reported to, coordinated with, and reviewed by the Corporate Finance and Treasury Committee and the Audit and Finance Committee of the Board of Directors;
- Management of legal risks is carried out and monitored by the legal and tax departments.

The risk management process is supported by a consistent and systematic methodology, based on international standards, including the following:

- Defining and grouping risks (risk dictionary, definition, business risk matrix and a common language);
- Systematically identifying the risks that can potentially affect the organisation (risk sources);
- Evaluating the level of importance and managing the prioritisation of risks as a function of their impact on the objectives of the business, and the likelihood of the risks occurring;
- Identifying the causes for the most important risks;
- Evaluating strategic risk management options (e.g. accept, avoid, treat, and transfer);
- Developing and implementing a risk management action plan to be integrated into the management and planning

procedures of the units and functions of Sonae's businesses;

- Monitoring how risks evolve and report on progress made in the implementation of action plans.

Internal audit and risk management training and development

1. With regards to the Internal Audit and Risk Management functions, in 2020 Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes promoted by the IIA (The Institute of Internal Auditors) - Certified Internal Auditor (CIA), Certification in Control Self-Assessment (CCSA) and Certified Information System Auditor (ISACA). At the end of 2020, 44 certifications existed as follows:

Certification	Institute /association	#
 CIA Certified Internal Auditor	IIA – The Institute of Internal Auditors	5
 CCSA Certification in Control Self-Assessment	IIA – The Institute of Internal Auditors	5
 CISA Certified Information System Auditor	ISACA – Information System Audit and Control Association	4
 ISO 27001	Lead Auditor Certification	3
 CISM Certified Information Security Manager	ISACA – Information System Audit and Control Association	2
 CRMA Certified Risk Management Assurance		3
 CRISC Certified in Risk and Information System Control	ISACA – Information System Audit and Control Association	2
 CEH Certified Ethical Hacker		1
 SCP Security Certified Program	ISACA – Information System Audit and Control Association	1
 COBIT 5	ISACA – Information System Audit and Control Association	3
-	Other certifications	15
TOTAL		44

2. The importance of continuous training, and the existence within the Group of people with knowledge and skills to train others (some of whom teach regularly outside the Group) were the basis for the establishment of the Internal Audit Academy, which has the following guidelines: definition of functional job descriptions; listing of core skills required for each function (technical and behavioural) and the training strategy for each function. In 2020, 13 training sessions were carried out, involving multidisciplinary teams and a total of 670 hours.

Sonae is one of the organisations with the most certified employees in internal audit and risk management in Portugal. In 2021, Sonae will continue to support this important training programme, and the international development and qualification of its internal audit and risk management staff, in line with international best practices.

Actions undertaken in 2020

The year of 2020 was specially focused on the management of COVID-19 Pandemic Crisis through the creation of a Crisis

Management Committee formed by the Human Resources and Risk Management Consulting Groups, with the objective of ensuring corporate alignment, the settlement of a common language, sharing and learning of best practices. Among the main activities to be highlighted, we included the definition risk management model with 4-levels and the correspondent contingency plans, the definition of common rules among businesses to be regularly evaluated and calibrated based on the evolution of the risk assessment, the sharing of initiatives and the hot topics debate.

Throughout 2020 we continued the implementation and operationalisation of an Enterprise Wide Risk Management exercise, coordinated by Sonae's corporate risk management department, which ensured the alignment of risk management methodologies, practices and calendar throughout all Sonae companies.

In the first quarter of the year, Sonae SGPS's risks were identified, taking in consideration 2020 exercise, and a new dictionary and risk taxonomy was developed. During this period, a questionnaire was prepared to support the risk assessment.

During the second quarter, risk assessment was carried out by Sonae SGPS's Executive Committee. After the individual assessment, a calibration session was held with all board members, which led to the approval of Sonae SGPS risk matrix, the identification of critical risks and the appointment of the respective owner.

In the third and fourth quarters, joint work was carried out with each risk owner, where mitigation actions were identified and implemented, and risk indicators started to be monitored. These activities were supported by an application tool, developed internally and based on the international COSO standard.

The Risk Management Department continued to support risk management in the main projects of the organisation, as well as in crises management and business continuity plans.

55. Description of the main features of Sonae's risk management and internal control systems in relation to the preparation and disclosure of financial information

The existence of an effective internal control environment, particularly with regard to financial reporting, is a commitment of the Sonae Board of Directors by way of identifying and improving the critical processes in terms of preparing and reporting financial information, keeping in mind the objectives of transparency, consistency, simplicity, reliability and materiality. The objective of the internal control system is to obtain reasonable assurance relating to the preparation of financial statements, complying with accounting principles and adopted policies, and warranting the quality of financial reporting.

The accuracy of financial information is assured by the clear segregation of duties between the preparers and its users, and the execution of several control procedures during the process of preparing and disclosing financial information.

The internal control system for the accounting department and the preparation of financial statements includes several key controls, namely:

- The process of reporting financial information is documented, the risks and key controls are identified. The criteria used in the process of preparing and reporting financial information is established and periodically reviewed;
- There are three types of control: High-level controls (entity level controls), information system controls and process controls. Those include a group of procedures related to the execution, supervision, monitoring and improvement of processes, with the main objective of preparing the financial reporting of the Company;
- Accounting principles used are disclosed in the notes to the financial statements and are fundamental bases for the internal control system;
- The business plans and budgets, and procedures and records of Group companies allow a reasonable assurance that the transactions executed are properly approved by management, and accounted for in compliance with accounting

principles, ensuring that the financial statements respect accounting principles. It also ensures that the Company maintains proper record of its assets with their existence reconciled with the accounting records and adopting appropriate measures whenever differences are detected;

- Financial information is reviewed regularly, by the management of each business unit and by the persons in charge of the profit centres, ensuring continuous monitoring and related budget control;
- During the process of preparing and reviewing financial information, detailed schedules are established and shared with the areas involved, and all documents are reviewed in detail, including the review of principles used, verifying the accuracy of the information and its consistence with principles and policies defined and followed in previous periods;
- With regard to the separate entities, accounting records and financial statements are prepared by the different functions of administrative and accounting services, which warrant the recording of business processes transactions and the recording of balances of assets, liabilities and equity captions. Financial statements are prepared by certified accountants of each company, and reviewed by the Planning and Control and Tax departments;
- Consolidated financial statements are prepared quarterly by the departments of the administrative services (consolidation team) of each sub-holding and holding corporate centre. This process represents an additional control of the reliability of financial information, as regards the consistent application of accounting principles, cut-off procedures and control of related parties' transactions and balances;
- The Management Report is prepared by the Investor Relations department and contributed to, and reviewed by, several business and support departments. The Corporate Governance Report is prepared by the General Counsel and Corporate Governance department;
- The Group financial statements are prepared under the supervision of the Executive Committee. The documents that constitute the Annual Report and Accounts are sent for review and approval by the Sonae Board of Directors. Once approved, the documents are sent to the External Auditor who issues the accounts legal certification and its report;
- The process of preparing separate and consolidated financial information and the Management Report is also supervised by the Statutory Audit Board and by the Board Audit and Finance Committee of the Board of Directors. These bodies meet quarterly to review the individual and consolidated financial statements and the management report. The Statutory External Auditor presents the main conclusions of the work carried out regarding the yearly financial information, directly to the Statutory Audit Board and to the Board Audit and Finance Committee;
- All the persons involved in analysis of company financial information are included in the list of persons with access to inside information, and are informed about the nature of their obligations, as well as possible sanctions resulting from the inappropriate use of such information;
- Internal rules applicable to the disclosure of financial information aim to warrant that information is disclosed to the market in a timely manner, in order to prevent information asymmetry.
- Among the risks that may materially affect the financial and accounting report, the following are worth highlighting:
 - o Accounting estimates – major accounting estimates are described in the Appendix to the financial statements. Estimates are based on information available during the preparation of the financial statements and in the best knowledge and experience of past and present events;
 - o Balances and transactions with related parties – balances and transactions with related parties are disclosed in the notes to the financial statements. These transactions are related mainly to the operational activities of the Group, and to the granting and obtaining of loans under arm's length conditions. As determined in the internal Policy on Related Parties Transactions, approved in 2020 by the Board of Directors with the prior favourable opinion of the Statutory Audit Board, to the latter are reported on a half-year basis all related parties transactions;
- In the Appendix to the financial statements additional information is disclosed regarding the abovementioned risks

among others, as well as how they were mitigated.

- Sonae adopts several principles related to continuous improvement of the system of internal control of financial risks, including:
 - o Improvement in the documentation of controls – following action taken in previous years, Sonae continued to improve the documentation and systematization of risks and internal control system related to the preparation of financial information in 2018. This includes the identification of risk causes (inherent risk), the identification of processes of higher material importance, the documentation of controls, and the analysis of residual risk after the execution and implementation of the potential control improvements;
 - o Compliance analysis – the General Counsel and Corporate Governance department, working together with the Administrative Services, Investor Relations, Internal Audit and Risk Management departments, and, if necessary, other departments, coordinate the periodic analysis of compliance with legal requirements and regulations regarding governance processes and corresponding financial information that are reported on the Management Report and in the Company's Corporate Governance Report.

IV. Investor Relations

56. Investor Relations

Investor Relations is responsible for managing Sonae's relationship with the financial community – current and potential investors, analysts and market authorities – with the goal of enhancing their knowledge and understanding of Sonae by providing relevant, timely and reliable information.

In strict compliance with law and regulations, the Company keeps its shareholders and the market informed on all relevant facts concerning its activities, minimising delays between their occurrence and disclosure. The Company has fulfilled this commitment to the market over many years.

Investors Relations regularly prepares presentations to the financial community. Earning announcements covering the quarterly, half-year and annual results, as well as important announcements disclosing or clarifying any relevant event that could influence the share price, are issued to the market. On request, Investor Relations provides clarification about the Company's activities, by answering questions sent by email or by taking phone calls.

In addition to the existence of the Investors Relations team, all information is made publicly available on the Internet via the Portuguese Securities Market Commission site (<http://www.cmvm.pt/en/Pages/homepage.aspx>) and on the Company's own website (<http://www.sonae.pt/en/investors/releases-to-the-market/>). Additionally, at the website <http://www.sonae.pt/en/investors> general information is provided about Sonae, as required by article 3 of the CMVM Regulation no. 4/2013 and recommended by the IPCG Corporate Governance Code (2018), but also other relevant information, including:

- Institutional and other presentations of Sonae to the financial community;
- Quarterly, half yearly and annual results for the last five years;
- Management Reports;
- Corporate Governance Reports;
- Internal Regulation of the Board of Directors, and committees created by the Board, and Internal Regulation of the Statutory Audit Board;
- Names of managers in the investor relations team, as well as their contact details;
- The Company's share performance on the Portuguese Stock Exchange;
- Notices of Shareholders' Annual General Meetings;

- Annual financial calendars, including Shareholders' General Meetings and the dates of disclosure of annual, half-yearly and quarterly results.

To further enhance effective communication with the capital market and guarantee the quality of information provided, the Investor Relations team organises road shows covering the most important financial centres of Europe and United States and participates in a number of conferences. A large number of investors and analysts also have the opportunity to talk to senior management in one-on-one meetings or conference calls.

Any interested party may contact Investor Relations via the following means:

Patrícia Vieira Pinto

Investor Relations Manager

Tel: (+351) 22 010 47 24

Fax: (+351) 22 948 77 22

Email: investor.relations@sonae.pt / pavpinto@sonae.pt

Address: Lugar do Espido Via Norte 4471-909 Maia Portugal

Site: <https://www.sonae.pt/en/>

The Company believes that the procedures described above ensure continuous contact with the market, respecting the principles of equal treatment of all shareholders and equal access to information for investors.

57. Legal representative for capital market relations

The legal representative for Capital Market Relations is Luzia Leonor Borges e Gomes Ferreira, with the following contacts:

Tel: (+351) 22 010 47 06

Fax: (+351) 22 948 77 22

Email: investor.relations@sonae.pt

Address: Lugar do Espido, Via Norte, 4471-909 Maia Portugal

58. Information requests

During 2020, Investor Relations received 644 information requests, almost the double when compared to the previous year due to the uncertainty created in the market by the pandemic.

The average response time was of 1 business day. Notwithstanding, the complexity of the matter may determine an extended response time in some cases.

V. Website

59. Address

Company's website: <http://www.sonae.pt/en/>.

60. Location of the information mentioned in article 171 of the Portuguese companies act

Website: <https://www.sonae.pt/en/investors/government-of-society/>.

61. Location for the provision of the articles of association, bodies and committees' regulations

Website: <https://www.sonae.pt/en/investors/government-of-society/>.

62. Location for the provision of information about the identity of the statutory governing bodies, the representative for market relations, the investor relations, respective functions and contact details

Website: <https://www.sonae.pt/en/investors/government-of-society/> and at <http://www.sonae.pt/en/contacts>.

63. Location for the provision of accounting documents and calendar of corporate events

Accounting Documents - <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/> and <https://www.sonae.pt/en/investors/financial-information/financial-data/>.

Calendar of corporate events- <http://www.sonae.pt/en/investors/financial-calendar/>.

64. Location for the provision of the notices for shareholders' general meetings and all related information

Website: <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

65. Location where the historical archives are available with resolutions adopted at the shareholders' general meeting, the represented share capital and the voting results, with reference to the previous 3 years

Website: <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

D. Remuneration

I. Power to establish

66. Responsibility for approving the remuneration of the company's statutory governing bodies, executive directors and persons discharging managerial responsibilities ('dirigentes')

The Shareholders' Remuneration Committee is responsible for approving the remuneration of Board members, members of other statutory governing bodies and persons discharging managerial responsibilities, on behalf of shareholders, under the terms specified in the Remuneration and Compensation Policy approved by the shareholders at the Shareholders' General Meeting.

The Board Remuneration Committee, composed of Non-Executive Directors, as described in section 29, supports the Shareholders' Remuneration Committee in carrying out its duties.

II. Remuneration committee

67. Composition of the Remuneration Committee, identification of other individuals and entities hired to provide support and advisors' statement of independence

The Shareholders' Remuneration Committee is composed of three members, elected at the Shareholders' General Meeting for the 2019-2022 four-year mandate. The Shareholders' Remuneration Committee has the following composition:

Shareholders' Remuneration Committee

Artur Eduardo Brochado dos Santos Silva, Chair

Francisco de La Fuente Sánchez

Ramon O'Callaghan

All members of the Shareholders' Remuneration Committee are independent from the Board of Directors and are not connected to any other interests' group.

The Shareholders' Remuneration Committee obtains annual benchmarking studies on remuneration levels and practices prepared by the internationally renowned consultants Korn Ferry and Mercer, in order to ensure that the statutory governing bodies' remuneration policy, to be submitted for the approval of the Shareholders' Annual General Meeting, is in line with the market comparable companies.

The Shareholders' Remuneration Committee did not contract any third-party consultants during 2020.

68. Knowledge and experience of the members of the Remuneration Committee

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee allows them to carry out their duties in a rigorous and competent manner, each of them having the appropriate skills to carry out their duties. Their qualifications can be consulted at <https://www.sonae.pt/en/investors/government-of-society/>.

The amount of fixed annual remuneration for the members of the Shareholders' Remuneration Committee in 2020 was as follows:

Members of the Shareholders' Remuneration Committee	2019*	2020*
Artur Eduardo Brochado dos Santos Silva	9,000	10,000
Francisco de La Fuente Sánchez	6,333	7,000
Ramon O'Callaghan (1)	4,667	7,000
Total	20,000	24,000

*Amounts in euros.

(1) Member elected at the Shareholders' Annual General Meeting held on 30th April 2019, being remunerated since that date.

During 2020, 1 (one) meeting of the Shareholders' Remuneration Committee was held, with an overall attendance rate of 100%.

III. Remuneration Structure

69. Description of the Remuneration Policy of The Board Of Directors and other Statutory Governing Bodies*

**Currently in accordance with articles 26-A to 26-F of the Portuguese Securities Code*

69.1 Principles

Sonae's remuneration policy is structured in order to find a balance between different essential features aiming at the sustainability of the business and the performance of the members of the Board of Directors, namely:

- Overall national and international market comparisons in order to ensure the attraction, motivation and retention of high qualified and high-performance talent;
- Practices of comparable companies, including other business areas of Sonae that are in comparable situations;
- Compromise, individual responsibility, experience and performance of each Executive Director for the achievement of short and long-term results, in accordance with the Company's strategy and long-term sustainability;
- The alignment with the principles set forth in the overall remuneration policy of the Company;
- A management oriented for the long-term interests of the Company and its shareholders, as well as for the adoption of behaviours that weighted the risks incurred;

The Remuneration policy at Sonae is used as a formal means of aligning the interests of the Company's management with those of the shareholders, given that, among the various component parts of the remuneration package, the variable component, the value of which depends on the individual's and the Sonae's performance, is given high importance.

Additionally, Sonae's remuneration policy includes control mechanisms, which consider the link between individual and group performance, in such a manner as to avoid behaviour which is likely to involve taking excessive risk. This goal is also achieved by the circumstance that each Key Performance Indicator (KPI) determines an amount of variable remuneration limited to a maximum value.

The remuneration policy applicable to Sonae's statutory governing bodies is approved in advance by the shareholders at the Shareholders' General Meeting. The body responsible for presenting the Remuneration proposal and approving the remuneration of both executive and non-executive members of the Board of Directors and members of the other statutory governing bodies of the Company, is the Shareholders' Remuneration Committee, fully composed of independent members. The Committee's members are also appointed, and their remuneration is decided upon by the Shareholders' General Meeting.

The Board Remuneration Committee gives support to the Shareholders' Remuneration Committee in the determination of the Executive Directors' remuneration, by presenting remuneration proposals based upon the relevant data requested by the Shareholders' Remuneration Committee.

As part of the Company's adopted principles on corporate governance, guidelines have been established for remuneration policy.

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' Annual General Meeting held on 30th April 2020, and is based on the following principles, consistent with the policy previously adopted:

- Competitiveness and alignment with the best practices of comparable companies, both at a national as well as at international level, being the remuneration parameters for members of the statutory governing bodies determined taking into account the profile and background of each member, the nature and the description of the role and the attributions of the governing body and of the individual member, as well as the degree of direct correlation between individual performance and business performance.

- Orientation for performance through the link between the variable component of the remuneration and the degree of performance, both individual and of the business.
- Alignment between the interests of the members of the Board of Directors and of the shareholders, through the determination of a Medium Term Performance Bonus (MTPB), which is subject to share price performance and is adjusted to reflect the level of achievement of defined medium-term KPIs during a deferral period and until its vesting.
- Transparency, being all the aspects of the remuneration structure clear and openly published, either internal as well as externally, through the publicity of the documentation in the Company's website.
- Reasonableness of the remuneration and compensation policy, which aims to align the long-term interests of the Company, the market position and best practices, the members of the governing bodies' expectations and motivations, as well as focusing on talent retention.

The Remuneration and Compensation Policy of the statutory governing bodies and of other persons discharging managerial responsibilities adheres to European Community directives, to Portuguese national law and to the recommendations of the IPCG Corporate Governance Code.

The Shareholders' Remuneration Committee shall evaluate the existence of exceptional circumstances that may determine the withdrawn of the remuneration policy, only to the extent any of the circumstances detailed in article 26-D of the Portuguese Securities Code arises, and there is a need to protect the interests set forth in paragraph 1 of article 26-D of the Portuguese Securities Code. During 2020 no circumstance that may lead to the withdrawn of the remuneration policy have arisen.

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' Annual General Meeting that took place on 30th April 2020, continuing the policy consistently followed, having been further decided:

- The lack of compensation payments to board directors or members of statutory governing bodies related to the cessation of their duties, whether their resignation occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any relevant legislation in force in this area;
- The non-existence of any specific system of retirement, including early retirement or complementary pension, in favour of members of the Board of Directors, supervisory bodies and other persons discharging managerial responsibilities;
- That when applying the Remuneration and Compensation policy, consideration is given to the roles and responsibilities performed in subsidiaries;
- The non-existence of contracts executed by the Executive Directors with the Company or with third parties that would have the effect of mitigating the risks inherent in the variable nature of the remuneration that the Company has established for them.

69.2. Competitiveness of the Remuneration Policy

The remuneration package applicable to Executive Directors is based on comparisons with the market, using market

studies on top managers' remuneration packages in Portugal and across Europe, seeking, regarding comparable market situations, to ensure that fixed remuneration is equal to the median market value, the variable remuneration is close to the market third quartile and the total remuneration is set between the median and the market third quartile, corresponding to the level of position established for the remuneration policy applicable to all of the Company's employees.

Who are our benchmark/peer group companies?

- At Sonae, remuneration policy is determined by comparison with the overall market and the practices of comparable companies. This information is obtained from the main remuneration surveys carried out independently for Portugal and the principal European markets. Currently, the market surveys conducted by Mercer and Korn Ferry are used as references.
- The median value for top managers in Europe is used to determine the figures of the fixed remuneration for the overall market. Additionally, and for remuneration purposes, it is considered the remuneration practice of comparable companies included in the Portuguese stock market index, the PSI-20.

69.3 Risk Control in relation to remunerations

Sonae reviews its remuneration policy annually, as part of its risk management process in order to ensure that it is entirely consistent with its desired risk profile. During 2020, no problems relating to payment practice were found that posed significant risks.

In designing remuneration policy, care has been taken not to encourage excessive risk-taking behaviour, attributing significant importance, but at the same time a balanced approach, to the variable component, thus closely linking individual remuneration to group performance.

Sonae has in place internal control procedures concerning remuneration policy, which target the identification of potential risks.

The remuneration structure is designed in such a way as to discourage excessive risk-taking behaviour to the extent that remuneration is linked to the evaluation of performance. The existence of objective KPIs constitutes an efficient control mechanism.

The principles that govern the Remuneration and Compensation Policy are embodied in the proposal approved by the Shareholders' Annual General Meeting held on 30th April 2020, which is available at the company's website at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

69.4 Remuneration Policy Approval Process

The Board Remuneration Committee submits remuneration proposals for the members of the Board of Directors to the Shareholders' Remuneration Committee, in accordance with the approved internal procedure, whose description and scheduling is detailed in the Terms of Reference of the Board Remuneration Committee, available at <https://www.sonae.pt/en/investors/government-of-society/>.

Month	Remuneration Cycle
January	Reception of market surveys and benchmarking of remuneration trends and expectations using external benchmarking studies.

March	<p>Board Remuneration Committee (BRC) Meeting in mid-march</p> <p>Closing of prior year of preparation for the current year, reviewing:</p> <ul style="list-style-type: none"> - Annual Appraisal Process; - Remuneration Policy Proposal; - Proposals for the award of variable remuneration for previous year, including the deferred component; - Proposals for fixed remuneration for the current year; - Proposals for variable remuneration target values for performance in the current year. <p>Shareholders' Remuneration Committee (SRC) Meeting later in March, after the BRC has met:</p> <p>Closing prior year and preparing current year, approving or deciding the following:</p> <ul style="list-style-type: none"> - Proposals for the award of variable remuneration for the previous year, including the deferred component; - Proposals for fixed remuneration for the current year; - Proposals for variable remuneration target values for performance in the current year.
April	Shareholders' Annual General Meeting in late April: Shareholders vote on Remuneration Policy proposed by the SRC
May	<p>SRC Meeting in early May:</p> <p>Only if Board membership or responsibility changed at the Shareholders' Annual General Meeting.</p>
June to October	<p>BRC Reporting: Update on current year KPIs (if necessary)</p> <p>SRC Meeting: only if there are any Board membership or responsibility changes.</p>
November	<p>BNC Meeting:</p> <ul style="list-style-type: none"> - Progress on the current year KPIs (if required); - Review status of Medium-Term Incentive Plan and shares retained; - Review of Talent Management, and Contingency and Succession Planning; - Review Nomination Process (if required); - Review BNC and BRC Terms of Reference and Annual Plan for next year; - Review Remuneration and Compensation Policy, including MTPB. <p>SRC Meeting: only if there are any Board membership or responsibility changes.</p>
December	<p>BNC Reporting and BRC Reporting: Update on current year KPIs (if necessary)</p> <p>SRC Meeting: Only if there are any Board membership changes.</p>

70. Remuneration of the members of the Board of Directors

a. Non-Executive Directors

The remuneration of Non-Executive members of the Board of Directors is exclusively composed of fixed values determined by reference to market values, according to the following principles: (i) attribution of a Fixed Remuneration; (ii) attribution of an annual responsibility allowance. No variable bonus of any kind is paid to Non-Executive Directors.

This remuneration is paid quarterly in arrears.

b. Executive Directors

The remuneration of Executive Directors has the following components:

Fixed Remuneration: the fixed component of the remuneration corresponds to a monthly payment in 14 instalments, being the amount established according to the level of responsibility of the member of the Board of Directors involved and is subject to annual review.

Variable remuneration: variable remuneration is awarded at the end of the first quarter following the year to which it relates and is linked to performance in the prior year, aiming to motivate and compensate Executive Board Directors for achieving

predefined objectives.

It is divided into two equal parts:

- a) Short Term Performance Bonus (STPB), corresponding at most to 50% of the variable remuneration, paid in cash in the first half of the year following the year to which it relates. It may, however, upon the decision of the Shareholders Remuneration Committee, be paid, within the same deadline, in shares, subject to the terms and conditions set forth below for the Medium Term Performance Bonus – see section 71 for further details;
- b) Medium Term Performance Bonus (MTPB), corresponding at least to 50% of the variable remuneration, paid after a minimum deferral period of 3 years following the attribution year - see sections 71, 72 and 73 for further details.

The various components of the annual remuneration – fixed and variable - are summarised in the following table:

	Component	Description	Objective	Market Positioning
FIXED	Base salary	Annual salary (in Portugal the annual fixed salary is paid in 14 monthly amounts)	Appropriate to the hierarchical level and responsibility of the director	Median
VARIABLE	Short Term Performance Bonus (STPB)	Performance bonus paid in the first quarter of the following year, after calculation of the financial results for the performance year	Aims to ensure the competitiveness of the remuneration package and link remuneration to Company's objectives	Third Quartile
	Medium Term Performance Bonus (MTPB)	Compensation deferred for three years, the amount awarded is linked to the share price and business performance	Aims to link remuneration to medium to long-term performance and provide alignment with shareholders	Third Quartile

The obligation to pay in cash the bonus incentive may be fulfilled as permitted by law and by the Company's articles of association. Currently, no scheme involves the award of share purchase options.

71. Variable remuneration of the Executive Directors

Variable remuneration is of a discretionary nature and, in view of the fact that it is dependent upon the achievement of objectives, payment is not guaranteed. Variable remuneration is determined annually with the value based on a predefined percentage between 30% and 60% of total annual remuneration (fixed remuneration plus variable remuneration using target values).

The variable component is determined by evaluating a number of performance indicators (Key Performance Indicators – KPIs) concerning the different businesses, being essentially economic and finance indicators as well as strategy indicators, associated with environmental and social sustainability.

Approximately 70% of the variable component is determined by financial KPIs (40%), namely turnover and net profit; and by strategic KPIs (30%) such as Portfolio Management, Talent Retention and Sustainability.

Approximately 30% of the variable component is determined by individual KPIs that may combine objective and subjective indicators. The Shareholders' Remuneration Committee is responsible for the approval of the variable component, following a proposal presented by the Board Remuneration Committee, after the disclosure of the company's results.

The Executive Directors' appraisal is based on the average achievement of said KPIs in each business.

The KPIs and their specific importance in determining the effective remuneration ensure the alignment of the Executive Directors with the strategic objectives defined, the long-term sustainability of the Company and the fulfilment of the legal requirements applied to the activity of the Company.

The amount of each bonus has a minimum of 0% and a maximum limit of 140% of the predefined bonus objective, pursuant to the achievement of the defined objectives.

72. Deferred payment of the remuneration's variable component

The payment of at least 50% (fifty percent) of the remuneration's variable component is deferred after a 3 (three) year period, in a total of 4 years, under the terms described in the previous section 70.2.

73. Criteria that underlies the allocation of variable remuneration in shares and their maintenance

1. Main features of the Medium Term Performance Bonus (MTPB)

MTPB is one of the components of Sonae's remuneration policy. This component distinguishes itself from the remaining since it is restricted and voluntary, and its attribution is subject to the eligibility criteria hereby described.

MTPB allows the beneficiaries to share with shareholders the value generated through their involvement in the strategy and management of Sonae's businesses in the just measure of the results of their annual assessment of performance.

2. MTPB Scheme

MTPB aligns the interest of Executive Directors with the organisation's objectives, reinforcing their commitment and strengthening their understanding of the importance of their performance for Sonae, as expressed in Sonae share market capitalisation.

3. Eligibility

Sonae and Sonae companies' Executive Directors are eligible for attribution of MTPB. Employees may also be eligible for attribution of the MTPB pursuant to the remuneration policy approved by the Board of Directors specifically for employees.

Elegible Members	Reference value for medium term bonus plan (% total target variable remuneration)
Sonae Executive Directors	At least 50%
Sonae Business Units Executive Directors	At least 50%
Employees	To be defined by each Company's Board of Directors

4. Duration of the MTPB plan

The MTPB plan contemplates a four-year period, which includes the relevant year and a subsequent three-year deferral period. As from the third consecutive deferred plan, it will occur in each moment the overlapping of three three-year plans.

5. Valuation of the of MTPB plan

The MTPB is based on the initially attributed value, and is subject to the following variation factors, during the deferral period: (i) the representative share price; (ii) dividend corrective action or share capital variation; and (iii) the degree of achievement of medium term KPIs. This KPI is based on the target Return on Invested Capital (RoIC).

The share price of the Company on the Portuguese stock exchange is used to establish the value of MTPB initially attributed, using as a reference the most favourable price, between the closing price on the first business day after the Shareholders' General Meeting, or the average price (using for this average the closing price for the 30 days prior to the date of the Shareholders' General Meeting).

If, subsequently to being awarded the right to this kind of remuneration and before exercising this right, dividends are distributed, changes are made to the nominal value of shares, the Company's share capital is changed or any other change is made to the Company's capital structure, then the number of MTPB shares will be adjusted to an equivalent number, taking into account the impact of these changes.

During the deferral period, the value of MTPB, converted in shares, is also adjusted to match the level of success in achieving agreed target medium term KPI previously mentioned (ROIC), which is designed to ensure the continued alignment with medium term business sustainability objectives.

In line with the policy for enhancing the alignment of Executive Directors with the Company's medium and long term interests, the Shareholders' Remuneration Commission may, in its absolute discretion, graduate the discount percentage to be granted to the Executive Directors for the acquisition of Company's shares, by determining that Executive Directors contribute to the acquisition in an amount corresponding, at the maximum, to 5% of the share market price at the transfer date. The remaining employees to whom such right has been conferred, may acquire shares under the terms defined by each Company's Board of Directors.

6. Delivery by the Company

At the moment of the exercise of the share acquisition right under MTPB, the Company reserves itself the right of delivering, in substitution of the shares, the cash equivalent amount to the share market value at the date of the exercise of the right.

7. MTPB plan vesting

The MTPB plan contemplates a four-year period, which includes the performance year and a three-year deferral period.

8. Termination of the MTPB plan

The right to acquire shares attributed under the MTPB plan expires when the beneficiary no longer works with Sonae before the end of the vesting period, without prejudice to the provisions set forth in the following paragraphs.

The right to receive payment may however remain in case of permanent disability or decease, with the due amount being paid to the member of the Board of Directors or to his/her heirs at the normal time for payment at the vesting period.

If the beneficiary retires, any right to awards can be exercised on the due date of payment.

In order to ensure the effectiveness and transparency of the objectives of the Remuneration and Compensation Policy, it was determined that the Executive Directors shall not sign contracts with the Company or with third parties that would have the effect of mitigating the risks inherent in the variable nature of the remuneration that the Company has established for them.

74. Criteria that underlies the allocation of variable remuneration in options

The Company did not establish any variable remuneration in options.

75. Main parameters and reasoning concerning annual bonuses and any other non-cash benefits

Main parameters and reasoning about variable remuneration are detailed in the above section 71.

The Executive Directors are also granted a set of benefits such as health insurance, life insurance and personal accidents' insurance, in line with the Group's benefits policy along, applicable to the Company's employees, and which terms and amounts are in line with the market practice.

76. Main characteristics of complementary pension or early retirement schemes for the directors approved at the shareholders' general meeting

The Company does not have any complementary pension or early retirement schemes for Directors, nor does it have in place the attribution of any relevant non-pecuniary benefits.

IV. Disclosure of Remuneration

77. Indication of the annual remuneration earned, in aggregate and individual amount, by the company's members of the Board of Directors

Directors' remuneration, awarded by the Company during the years 2019 and 2020, is summarised in the tables below:

Individual Details	2019*				2020*			
	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
Maria Cláudia Teixeira de Azevedo (2) (3)	283,800	215,900	215,900	715,600	493,800	372,700	372,700	1,239,200
	(3) Remuneration awarded between May and December 2019							
João Pedro Magalhães da Silva Torres Dolores (2) (3)	170,800	94,700	94,700	360,200	294,650	163,500	163,500	621,650
	(3) Remuneration awarded between May and December 2019							
Duarte Paulo Teixeira de Azevedo (1) (4)	68,000	70,400	70,400	208,800	-	-	-	-

	(4) Remuneration awarded between January and April 2019							
Ângelo Gabriel Ribeiro dos Santos Paupério (2) (4)	78,000	75,300	75,300	228,600	-	-	-	-
	(4) Remuneration awarded between January and April 2019							
Sub-total	600,600	456,300	456,300	1,513,200	788,450	536,200	536,200	1,860,850
NON-EXECUTIVE DIRECTORS								
Duarte Paulo Teixeira de Azevedo (1) (4)	214,300	-	-	214,300	320,500	-	-	320,500
	(4) Remuneration awarded between May and December 2019							
Ângelo Gabriel Ribeiro dos Santos Paupério (2) (4)	95,036	-	-	95,036	141,604	-	-	141,604
	(4) Remuneration awarded between May and December 2019							
José Manuel Neves Adelino	69,767	-	-	69,767	71,200	-	-	71,200
Margaret Lorraine Trainer	59,233	-	-	59,233	61,600	-	-	61,600
Marcelo Faria de Lima	52,267	-	-	52,267	52,700	-	-	52,700
Carlos António Rocha Moreira da Silva (5)	36,100	-	-	36,100	53,200	-	-	53,200
	(5) Remuneration awarded between May and December 2019							
Fuencisla Clemares (5)	35,967	-	-	35,967	53,200	-	-	53,200
	(5) Remuneration awarded between May and December 2019							
Philippe Cyriel Elodie Haspeslagh (5)	37,667	-	-	37,667	55,500	-	-	55,500
	(5) Remuneration awarded between May and December 2019							
Andrew Eustace Clavering Campbell (6)	14,600	-	-	14,600	-	-	-	-
	(6) Remuneration awarded between January and April 2019							
Christine Cross (6)	15,267	-	-	15,267	-	-	-	-
	(6) Remuneration awarded between January and April 2019							
Tsega Gebreyes (6)	14,600	-	-	14,600	-	-	-	-
	(6) Remuneration awarded between January and April 2019							
Sub-Total	644,803	-	-	644,803	809,504	-	-	809,504
TOTAL	1,245,403	456,300	456,300	2,158,003	1,597,954	536,200	536,200	2,670,354

*Amounts in euros.

(1) Remuneration packages for 2019 and 2020 were reduced proportionally to reflect planned time commitment to Sonae during the respective years.

(2) Also received remuneration from subsidiaries of the Company, as reported in section 78.

(3) Member exercising an executive role at the Board of Directors since 8th May 2019.

(4) Member who ceased the performance of an executive role on 8th May 2019, undertaking a non-executive role at the Board of Directors.

(5) Member of the Board of Directors elected at the Shareholders' Annual General Meeting held on 30th April 2019.

(6) Member who ceased to be a member of the Board of Directors following the beginning of the exercise of the functions of the new Board members elected at the Shareholders' Annual General Meeting held on 30th April 2019.

Open MTPB plans attributed to the Executive Directors:

	Plan (Performance Year)	Award Date	Vesting Date	Amount Vested and Paid off	Open Plans Value	Open Plans Value
				in 2020*	At award date**	At 31 st December 2020**
Maria Cláudia Teixeira de Azevedo	2016	March 2017	March 2020	121,348		
	2017	March 2018	March 2021		158,400	116,195
	2018	March 2019	March 2022		177,900	128,369
	2019	March 2020	March 2023		248,200	297,637
			Total	121,348	584,500	542,201
João Pedro Magalhães da Silva Torres Dolores	2016	March 2017	March 2020	5,786		
	2017	March 2018	March 2021		14,300	8,562
	2018	March 2019	March 2022		33,900	24,462
	2019	March 2020	March 2023		132,300	158,652
			Total	5,786	180,500	191,676
TOTAL			TOTAL	127,134	765,000	733,877

*Amounts in euros.

** Calculated considering the share marketing closing price of 2020 last trading day.

Open MTPB plans corresponding to vested rights of former Executive Directors:

	Plan (Performance Year)	Award Date	Vesting Date	Amount Vested and paid off	Open Plans Value	Open Plans Value at
				in 2020*	At award date**	31 st December 2020**
Duarte Paulo Teixeira de Azevedo	2016	March 2017	March 2020	138,872		
	2017	March 2018	March 2021		205,300	122,933
	2018	March 2019	March 2022		209,800	151,388
	2019	March 2020	March 2023		70,400	84,423
			Total	138,872	485,500	358,744

	2016	March 2017	March 2020	249,635		
Ángelo Gabriel Ribeiro dos Santos Paupério	2017	March 2018	March 2021		361,900	229,748
	2018	March 2019	March 2022		370,200	276,228
	2019	March 2020	March 2023		211,700	245,003
	Total			249,635	943,800	750,979
TOTAL	TOTAL			388,507	1,429,300	1,109,723

*Amounts in euros.

** Calculated considering the share marketing closing price of 2020 last trading day.

78. Any amounts paid by other controlled or group companies, or those under shared control

The information on the Directors that are awarded remuneration by other controlled or group companies, and the respective amounts, during the years 2019 and 2020, is summarised in the table below:

Individual Details	2019*				2020*			
	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
Maria Cláudia Teixeira de Azevedo (1)	96,667	-	-	96,667	36,250	-	-	36,250
João Pedro Magalhães da Silva Torres Dolores (1)	30,000	-	-	30,000	11,250	-	-	11,250
Ángelo Gabriel Ribeiro dos Santos Paupério (2)	257,233	136,400	136,400	530,033	193,900	123,900	123,900	441,700
TOTAL	383,900	136,400	136,400	656,700	241,400	123,900	123,900	489,200

*Amounts in Euros.

(1) Executive Director at Sonae SGPS, SA - Remuneration reported in subsidiary companies exclusively for performing non-executive roles. Remuneration for 2019 included from 1st May 2019 following their appointment to the Board of Directors of Sonae SGPS, SA at the Shareholders' General Meeting held on 30th April 2019.

(2) Non-Independent Non-Executive Director at Sonae SGPS, SA - Remuneration reported in subsidiary companies for performing both executive and non-executive roles.

79. Remuneration paid in the form of profit sharing and/or bonus payments

The variable remuneration of the Executive Directors was determined in accordance with the performance assessment and the remuneration policy approved at the Shareholders' General Meeting held on 30th April 2020, as detailed in section 71 above and in the remuneration table in section 77 above.

The remuneration paid in the form of profit sharing is included in the Short-Term Performance Bonus (STPB), as disclosed in section 77 above.

80. Compensation paid or owed to former Executive Directors as a result of Term of Office

During 2020, no compensation was paid or owed to former Executive Directors in relation to term of office.

81. Remuneration of the Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the Company's financial situation and market practice, and does not include any variable remuneration.

The amount of fixed annual remuneration for members of this body in 2019 and 2020 was as follows:

Members of the Statutory Audit Board	2019*	2020*
Maria José Martins Lourenço da Fonseca (2)	14,900	16,900
Daniel Bessa Fernandes Coelho (3)	13,900	13,900
Manuel Heleno Sismeiro	12,900	13,900
Sara Manuel Carvalho Teixeira Mendes (1)	-	-
Total	41,700	44,700

*Amounts in euros.

(1) Substitute Member.

(2) Appointed as Chair of the Statutory Audit Board on the Shareholders' General Meeting held on 30th April 2019.

(3) Appointed as member of the Statutory Audit Board of the Shareholders' General Meeting held on 30th April 2019.

82. Remuneration of the Chairman of the Board of the Shareholders' General Meeting

The remuneration of the members of the Board of the Shareholders' General Meeting is made up of a fixed fee, as follows:

Board of the Shareholders' General Meeting	2019*	2020*
Carlos Manuel de Brito do Nascimento Lucena (1)	5,500	8,250
Maria Daniela Farto Baptista Passos (1)	1,833	2,750
Manuel Eugénio Pimentel Cavaleiro Brandão (2)	2,500	0
Maria Conceição Henriques Fernandes Cabaços (2)	833	0
Total	10,667	11,000

*Amounts in euros.

(1) Member elected at the Shareholders' Annual General Meeting, held on 30th April 2019, being remunerated since that date.

(2) Member who left office at the Shareholders' Annual General Meeting, held on 30th April 2019, having been remunerated up until that date.

V. Agreements with remuneration implication

83. Contractual limitations on compensations to be paid upon the director's dismissal without due cause and its relation with the variable component of remuneration

The Company decided in its Policy to not attribute compensations to members of the statutory governing bodies or committees by virtues of its dismissal, without prejudice to the Company's obligation to comply with the applicable legal framework, as detailed in the Remuneration and Compensation Policy presented by the Shareholders' Remuneration Committee at the Shareholders' General Meeting held on 30th April 2020.

During 2020 the Company did not grant any such compensations.

84. Reference to the existence and description, stating the sums involved, of the agreements between the Company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the Company

There are no agreements made between the Company and members of the Board of Directors, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in the Company's control.

VI. Share Attribution Plans or Stock Options

85. Identification of the plan and recipients

The share attribution plan includes the medium-term variable remuneration and the main recipients are the Executive Directors, in terms detailed in section 73 above, as well as employees of group companies, in accordance to terms and conditions defined by the respective Boards of Directors.

86. Plan features

A thorough description of the share attribution plan is detailed in sections 71, 72 and 73 above.

The remuneration policy for the statutory governing bodies, as well as the current share attribution plan, were approved at the Company's Shareholders' Annual General Meeting, held on 30th April 2020, as per the terms of the proposal presented by the Shareholders' Remuneration Committee, in compliance with article 2, Law no. 28/2009, of 19 June and Recommendations V.2.1 and V.2.2 of the IPCG Corporate Governance Code 2018, both in force at the time.

Information on resolutions taken at the Shareholders' Annual General Meeting can be found in <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

The movements in the open MTPB plans of the Company's Executive Directors, during 2020, can be summarised as follows:

	Total		
	Aggregated number of plans	Number of Shares	Euros
Outstanding at 31.12.2019	12	1,995,972	1,816,335
Movements in the year	0	236,233	-339,732
Awarded	4	839,235	526,200
Vested	-4	-701,600	-414,646
Cancelled/Lapsed/Adjustments (1)	0	98,598	-451,286
Outstanding at 31.12.2020	12	2,232,205	1,476,604

(1) Changes in the number of shares due to dividends paid and to the effects of the Medium Term KPIs. Changes to the values are for the same reason, as well as from the effect of changes in the Sonae Share price.

The present chart does not include information regarding share plans that may be attributed to the directors of Sonaecom and Sonae Sierra.

Summary of the MTPB Plans of the Company's Executive Directors, including the MTPB Plans of Sonae Business Units' executive directors, by reference to the year ended on 31st December 2020:

Sonae SGPS Share Plans Outstanding during 2020	Share Price at Award Date	Vesting Period		At 31 st December 2020	
		Award Date	Vesting Date	Aggregate number of participants	Number of shares
2016-2020 Plan	0.906	March 2017	March 2020	-	-
2017-2021 Plan	1.124	March 2018	March 2021	21	2,078,649
2018-2022 Plan	0.952	March 2019	March 2022	21	2,433,677
2019-2023 Plan	0.627	March 2020	March 2023	21	3,728,980

The present chart does not include information regarding share plans that may be attributed to the directors of Sonaecom and Sonae Sierra.

Ongoing plans include the ones of former Executive Directors, currently exercising non-executive roles.

87. Option rights granted to acquire shares ("stock options") where the beneficiaries are company employees

No option rights to acquire shares were granted.

88. Control mechanisms in any system of employee participation in the share capital

There are no control mechanisms established to control employee participation in the Company's capital.

E. Relevant Transactions with Related Parties

I. Mechanism of control procedures

89. Mechanisms for monitoring transactions with related parties

Carrying out transactions with related parties is subject to principles of rigour and transparency, and in strict observance of the applicable legal framework and of rules of market competition. Such transactions are subject to specific internal procedures based on mandatory standards, in particular transfer pricing rules, or on voluntarily adopted internal systems of checks and balances – for example, formal validation or reporting processes, depending on the value of the transaction in question.

In this regard, the Company historically adopted and had in force a specific control procedure for transactions executed between the Company and the holders of qualified shareholdings pursuant to article 20 of the Portuguese Securities Code, with the intervention, if their amount was higher than 100 million euros, of the Statutory Audit Board and the Board Audit and Finance Committee, being those transactions reported to these bodies if their amount was higher than 10 million euro, in order to ensure transparency in the transactions, that they were carried on arms' length conditions, as well as the respect for the corporate interests and the Company's stakeholders.

In 2020, following the entry into force of Law no. 50/2020 that transposed to national law the EU Directive 2017/828 of the European Parliament and the Council, the Board of Directors approved, with the prior favourable opinion of the Statutory Audit Board, an internal Policy on Related Parties' Transactions, in accordance with the set forth in articles 249-

A to 249-D of the Portuguese Securities Code.

The policy is embodied in the Internal Regulations of both the Board of Directors and the Statutory Audit Board and is publicly available at <https://www.sonae.pt/en/investors/government-of-society/>.

90. Transactions subjected to control during 2020

As stated in section 10 above, the transactions with related parties or qualified shareholders were executed within the Company's usual business, on arms' length and in line with other transactions executed between the Company and other national and international entities.

The abovementioned transactions were assessed by the Statutory Audit Board, being the related parties' transactions, as defined in IAS24, described in the Appendix to the Consolidated Financial Statements according to the information provided in section 92.

91. Description of the procedures and criteria for intervention of the statutory audit board, for the purpose of preliminary assessment of the business carried out between the Company and holders of qualified shareholdings or entities that are in a relation with them, under the terms of article 20 of the Portuguese Securities Code

Transactions of a value exceeding 100 million euros with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, were, until the approval of the Policy on Related Parties' Transactions, subject to a formal prior opinion by the Board Audit and Finance Committee and the Statutory Audit Board.

Transactions with holders of qualified shareholdings or entities that are in any relationship with them pursuant to the set forth in article 20 of the Portuguese Securities Code, are, in due measure considering the legal framework, embodied in the procedure described in section 89, following the set forth in articles 249-A to 249-D of the Portuguese Securities Code.

II. Elements related to Transactions

92. Information on transactions with related parties

Information on transactions with related parties, in accordance with IAS 24, within the scope of the applicable legal framework, can be found in note 45 of the 2020 Consolidated Financial Statements' Appendix.

PART II
**STATEMENT
OF COMPLIANCE**

1. Identification of the adopted Corporate Governance Code

The Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by the Company under the terms of article 245-A of the Portuguese Securities Code and information duties required by the Portuguese Securities Commissions (CMVM) Regulation no. 4/2013, of the 1st of August. The Report additionally discloses, in light of the principle of comply or explain, the terms of compliance by the Company with the Recommendations contained in the 2018 IPCG Corporate Governance Code (revised in 2020).

The Report should be read as an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the financial year of 2020.

The requirements for the provision of information as per Law no. 50/2020, the Annual Accounts Circular for Issuers/2021 from CMVM, articles 447 of the Portuguese Companies Act and 245-A of the Portuguese Securities Code and of CMVM Regulation no. 7/2018, have also been fulfilled.

All of the rules and regulations mentioned in this Report are publicly available at www.cmvm.pt and at <https://cgov.pt/>.

Unless otherwise expressly stated, all remissions shall be read as being made to the Report itself.

2. Analysis of compliance with the adopted Corporate Governance Code

I. General Provisions

General Principle:

Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.

I.1. Company's relationship with investors and disclosure

Principle:

Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.

Recommendations:

I.1.1. The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.

RECOMMENDATION FULLY ADOPTED

The Company has, in its corporate structure, departments with specific competencies for the production, treatment and, in particular, timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, to the financial analysts and the market in general: the Investor Relation Department and the Communication, Brand and

Sustainability Department, more detailed in section 21 of this Report. The Investor Relations' Department has the main following tasks: i) ensure the symmetry of the information disclosed to the market and the correspondent equal treatment of the shareholders, investors and other stakeholders with the production and immediate disclosure to the market of inside information; ii) ensure the compliance with the mandatory periodic disclosure of financial information; iii) analyse, actively and in a timely manner, the information publicly disclosed by the financial analysts that assess the Company's performance, acting, whenever necessary, by providing clarifications regarding inaccurate or outdated information disclosed by any such analysts. The Communication, Brand and Sustainability Department permanently follows-up the information disclosed in any media about the Company, promoting a transparent, up to date and consistent line of communication with the activity developed by the Company addressed to the public in general.

I.2. Diversity in the composition and functioning of the company's governing bodies

Principles:

1.2.A. Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.

1.2.B. Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.

1.2.C. Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and opinions expressed by their members.

Recommendations:

1.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.

RECOMMENDATION FULLY ADOPTED

The members of the Company's Statutory Governing Bodies elected for the four-year mandate 2019-2022, and currently in office, were appointed under the Selection and Assessment Policy for Membership of the Statutory Governing Bodies, approved at the Shareholders' Extraordinary General Meeting held on 16th December 2015. The full content of the policy is available at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/shareholders-extraordinary-general-meeting-16th-december-2015/> and is described in section 15 of this Report.

Additionally, as described in section 15 of this Report, among all of the diversity requirements, the Company has given particular consideration to gender equality by having in place a Plan for Gender Equality which is applicable to the employees and members of the Group's statutory governing bodies, available at <https://www.sonae.pt/en/sonae/culture/>.

1.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the

duties of their members —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.

RECOMMENDATION FULLY ADOPTED

The Board of Directors and its internal committees, as well as the Statutory Audit Board have internal regulations governing the exercise of their respective competencies and the framework of the duties of its members, as well as their internal functioning. Minutes of all the meetings are recorded. The composition of these governing bodies and committees, including the chairmanship, are permanently available at the Company's website at <https://www.sonae.pt/en/investors/government-of-society/>, and is described in sections 17, 18, 29, III a) and 31 of this Report.

The Board of Directors' Internal Regulation, where it is included the regulation of its internal committees, and the Statutory Audit Board's Internal Regulation are available, both in the Portuguese and in the English versions, at the Company's website at <https://www.sonae.pt/en/investors/government-of-society/>, being also drawn up minutes of all the meetings held.

1.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.

RECOMMENDATION FULLY ADOPTED

The composition and the number of annual meetings of the Board of Directors, including the internal committees created by the Board, and the composition and number of annual meetings of the Statutory Audit Board are permanently available, both in the Portuguese and the English versions, available at the Company's website at <https://www.sonae.pt/en/investors/government-of-society/>, including in the corporate governance reports approved at the Shareholders' General Meetings also available for consultation at <https://www.sonae.pt/en/investors/government-of-society/>.

1.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.

RECOMMENDATION FULLY ADOPTED

The Ethics Committee, appointed by the Board of Directors, and chaired by the Lead Non-Executive Director ("Lead Director"), has as one of its main duties, to verify the existence of internal mechanisms for the communication of irregularities, ensuring that any such mechanisms comply with the applicable law, namely regarding confidentiality, treatment of the information and the non-existence of reprisals against the whistleblower (as detailed in section 29 of this Report and at <https://www.sonae.pt/en/investors/government-of-society/>).

The Statutory Audit Board, in line with its competencies and with its Internal Regulation available at <https://www.sonae.pt/en/investors/government-of-society/>, receives the claims of irregularities presented by, among others, shareholders and employees of the Company, and keeps record of the claims of irregularities sent to it, promoting, whenever it deems convenient, the necessary proceedings with the Board of Directors, the internal and/or external audit or with any other body and prepares a report about such irregularities, adopting the measures it deems convenient in light

of the Statutory Audit Board's duties. With the same purpose, the Statutory Audit Board receives and analyses the quarterly report of the Ombudsperson, requesting from the Ombudsperson all the necessary information for its clarification, also receiving the reports made to the Company's Ethics Committee, that constitute irregularities subject to its competency in accordance with the legal and recommendatory applicable framework.

The Ombudsperson has the duty, in accordance with the terms set forth in the Board of Directors' Internal Regulation, available at <https://www.sonae.pt/en/investors/government-of-society/> to receive, analyse and reply to any irregularity claims involving employees, customers, suppliers and other service providers, as well as to forward any such claims to the competent bodies.

The Company has permanent contacts available for the communication of irregularities to the Statutory Audit Board (see section 49 of this Report), to the Ethics Committee and to the Ombudsperson (see section 29 of this Report). The contacts are available at <https://www.sonae.pt/en/sonae/contacts-80/>.

In order to ensure that the detection and prevention of irregularities is conducted in a permanent and proactive manner, the Company has put in place suitable mechanisms for risk identification and prevention, being such mechanisms monitored by the Internal Audit Department, as well as by all the departments responsible for the prevention of irregularities. The setting and monitoring of these systems and mechanisms are consistently made by the management and supervisory bodies of the Company.

I.3. Relationship between the company bodies

Principle:

Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.

Recommendations:

I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.

RECOMMENDATION FULLY ADOPTED

The Chair of the Board of Directors, the Chairmen of the internal committees created by the Board, and the Senior Non-Executive Directors (Lead Director and SID Director), ensure, in a timely fashion, the flow of information necessary for the execution of the legal and statutory duties of the remaining bodies and committees, providing the necessary resources for the disclosure of all convening notices, minutes and documentation supporting the decision-making process, in accordance with the set forth in the Board of Directors' Internal Regulation available at <https://www.sonae.pt/en/investors/government-of-society/>.

I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially

regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.

RECOMMENDATION FULLY ADOPTED

All the information mentioned in this recommendation is made available to all members of the Board of Directors and the Chair of the Statutory Audit Board.

The Board of Directors has appointed two Senior Non-Executive Directors (Lead Director and SID Director) whom, under the terms of the Board of Directors' Internal Regulation and Corporate Governance best practices, ensure, in a timely and suitable manner, the proper flow of information for the exercise of the legal and statutory role of all the remaining governing bodies and committees, as described in section 18 of this Report.

I.4. Conflict of interest

Principle:

The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.

Recommendations:

1.4.1. The members of the managing and supervisory boards and internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.

RECOMMENDATION FULLY ADOPTED

The Conflict of Interest' Policy approved by the Company and the Board of Directors' Internal Regulation establish internal mechanisms regarding potential conflict of interests involving members of the Board of Directors, including internal committees and employees. The policy sets out an obligation to immediately notify to the competent governing body any situation of real or potential conflict of interest.

The Board of Directors' Internal Regulation, available at <https://www.sonae.pt/en/investors/government-of-society/>, imposes the immediate notification to the Board of Directors of any fact that may constitute or give rise to a conflict of interest, as well as any circumstance that may affect the Directors' independence and impartiality.

The Statutory Audit Board's Internal Regulation imposes, in article 5, paragraph 3, subparagraph a), the obligation of the members of the Statutory Audit Board to inform the Chair of this governing body and the Company of any circumstance that affects his/her independence and impartiality or that determines a legal incompatibility for the exercise of his/her role.

The Statutory Audit Board's Internal Regulation is available at: <https://www.sonae.pt/en/investors/government-of-society/>.

1.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.

RECOMMENDATION FULLY ADOPTED

The Conflict of Interest' Policy adopted by the Company and the Board of Directors' Internal Regulation, available at <https://www.sonae.pt/en/investors/government-of-society/>, determine that any member who has a conflict of interest regarding any item of the agenda of any meeting of a governing body or internal committee, shall not intervene in the decision-making process, without prejudice to the duty to provide information and clarifications to the body, the committee or the other members, if required to do so.

The measures in place for prevention of conflicts of interest of members of the Statutory Audit Board are described above in recommendation 1.4.1., without prejudice to the mandatory legal framework that remains applicable, in particular regarding ineligibility on any of the grounds for incompatibility, incapacity or other prohibitions established by the applicable law.

I.5. Related parties' transactions

Principle:

Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.

Recommendations:

I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.

RECOMMENDATION FULLY ADOPTED

The Board of Directors approved, with the prior favourable opinion of the Statutory Audit Board, an internal Policy on Related Parties' Transactions, attached both to the Board of Directors' Internal Regulation and to the Statutory Audit Board's Internal Regulation, both available at <https://www.sonae.pt/en/investors/government-of-society/>, as described in sections 89 and 91 of this Report.

I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.

RECOMMENDATION NOT APPLICABLE*

**In accordance with the Interpretation Note of the 2018 IPCG Corporate Governance Code (revised in 2020), issued by CAEM (Comissão de Acompanhamento e Monitorização)*

The internal Policy on Related Parties' Transactions, available at <https://www.sonae.pt/en/investors/government-of-society/> embodies the rules determined by article 249-A of the Portuguese Securities Code.

II. Shareholders and General Meetings

Principles:

II.A. As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.

II.B. The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees and also of reflection about the company itself.

II.C. The company should implement adequate means for the participation and remote voting by shareholders in meetings.

Recommendations:

II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.

RECOMMENDATION FULLY ADOPTED

The Company encourages its shareholders to participate in General Meetings, in particular by assigning to each share one vote and by not limiting the number of votes that may be held or exercised by each shareholder.

II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.

RECOMMENDATION FULLY ADOPTED

The Company's Articles of Association do not set a resolution-fixing quorum that exceeds that fixed by law.

II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its side

RECOMMENDATION ADOPTED ACCORDING TO THE BELOW EXPLANATION

The Company historically considered that the implementation of means for the remote participation of shareholders at the Shareholders' General Meeting did not represent an additional benefit to encourage shareholders' attendance considering, on one hand, the lack of recourse, by the shareholders, to the vote by correspondence, placed at the disposal of shareholders and, on the other hand, the proportion of in person attendance to the General Meetings.

The exceptional circumstances related to the pandemic situation and the consequent health restrictions imposed during 2020 led to the hold of the Shareholders' General Meeting through telematic resources having the Company ensured the authenticity of the declarations and the safety of the communications, acting pursuant to the legal applicable framework and the CMVM orientations.

The implementation of the adequate means for remote participations of the shareholders at the General Meetings will be ensured whenever the Company deems it as necessary and adequate to ensure effective shareholders' attendance.

II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.

RECOMMENDATION FULLY ADOPTED

The Company makes available to shareholders the means necessary to exercise written voting and voting by electronic means.

Additionally, the Company publishes on its website, from the date of notice for convening each Shareholders' General Meeting, standard documentation for attending the Shareholders' General Meeting, thereby facilitating the shareholders' compliance with the applicable legal attendance requirements. To this effect, the Company also makes available a specific email address to answer shareholders' enquiries. The Company allocates, as well, a work team especially dedicated to providing assistance to the Chair of the Board of the Shareholders' General Meeting as well as to the shareholders.

II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.

RECOMMENDATION NOT APPLICABLE

The Company's Articles of Association do not establish any limitation on the number of votes that may be held or exercised by a shareholder.

II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.

RECOMMENDATION FULLY ADOPTED

The Company does not adopt policies leading to any of the restrictions mentioned in this recommendation. The contracts executed by the Company reflect the defence of the Company's corporate purpose, bearing in mind the long-term sustainability of the business within the market conditions' context.

III. Non-Executive Management, Monitoring and Supervision

Principles:

III.A. The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.

III.B. The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.

III.C. The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive

perspective, following the company's activity and, in particular, the decisions of fundamental importance.

Recommendations:

III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.

RECOMMENDATION FULLY ADOPTED

The Board of Directors, in compliance with the set forth in article 1, paragraph 3 of its Internal Regulation, has appointed two Senior Non-Executive Directors, to ensure the objectives described in this recommendation are fulfilled, as detailed in section 18 of this Report.

For this purpose, it was appointed the Director Margaret Lorraine Trainer as Senior Independent Non-Executive Director ("SID Director") who also chairs the Remuneration Committee (which is responsible for the performance assessment, as described in this recommendation) and is, as well, member of both the Board Nomination Committee and the Board Audit and Finance Committee. It was also appointed the Director José Manuel Neves Adelino as Lead Non-Executive Director ("Lead Director") who also chairs the Board Audit and Finance Committee and Ethics Committee.

Thus, the means required for the coordination of the work of the Non-Executive Directors are ensured, both at Board level as well at the Board's specialised committees, to guarantee the existence of the necessary conditions to underpin an independent and informed performance of their non-executive role, being provided the continuous and timely flow of information and being ensured the quality and fairness of the performance assessment.

III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.

RECOMMENDATION FULLY ADOPTED

The number of non-executive members of the Board of Directors, as well as the number of members of the Statutory Audit Board both comply with this recommendation, as detailed in sections 18 and III, a) of this Report, respectively.

III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.

RECOMMENDATION FULLY ADOPTED

The Board of Directors is composed of ten members, eight of which are non-executive, as described in section 18 of this Report.

III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any

circumstance likely to affect his/her impartiality of analysis or decision, namely due to:

- i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;
- ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;
- iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;
- iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;
- v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or
- vi. having been a qualified holder or representative of a shareholder of qualifying holding.

RECOMMENDATION FULLY ADOPTED

The Board of Directors is composed of ten members, eight of which are Non-Executive directors, being composed of a number of independent Non-Executive directors that fulfil the independence criteria of this recommendation, as described in section 18 of this Report.

The maintenance of the independence criteria is periodically assessed, having the independent directors the duty to immediately notify any fact or situation that may determine the loss of their independence.

III.5. The provisions of paragraph (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).

RECOMMENDATION NOT APPLICABLE

By reference to the mandate ended on 31st December 2018, there is no member of the Board of Directors subject to the cooling-off period established in this recommendation (see sections 17 and 18 of this Report).

III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.

RECOMMENDATION FULLY ADOPTED

The Board of Directors, as the body responsible for deciding the strategy and the main policies of the Company, proactively ensures the working of the internal control and risk management systems. The Statutory Audit Board evaluates the effectiveness of these systems, proposing measures to optimise performance, issuing guidelines and recommendations and giving its opinion, as it deems necessary, about the risk policy and strategic guidelines reported by the Board of Directors including, if deemed necessary, previously to their final approval, as provided in the Statutory Audit Board's Internal Regulation available at <https://www.sonae.pt/en/investors/government-of-society/>.

The Board of Directors ensured the interaction with the Statutory Audit Board in the terms set forth in this

recommendation according to the Statutory Audit Board's annual report and opinion, as attached to the Company's Annual Management Report and accounts available <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has set-up three specialised committees that continuously exercised their attributions during the mandate, to ensure the effectiveness and the quality of the work performed. The Committees currently in existence are the Board Audit and Finance Committee, the Board Remuneration Committee and the Board Nomination Committee, that, although independently, exercise all the duties set forth in this recommendation, being their respective competencies detailed in section 29 of this Report and their terms of reference available at <https://www.sonae.pt/en/investors/government-of-society/>.

IV. Executive Management

Principles:

IV.A. As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.

IV.B. In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.

Recommendations:

IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.

RECOMMENDATION FULLY ADOPTED

The Board of Directors delegated in the Executive Committee the day-to-day management of the Company, and approved its internal regulation, being the Executive Committee's competencies described in the Company's Annual Corporate Governance Report (see sections 27 and 28 of this Report).

The Board of Directors' Internal Regulation available at <https://www.sonae.pt/en/investors/government-of-society/>, and the Conflict of Interests Policy in force determine that the acceptance of any roles, by any member of the Board of Directors, either as a member of a governing body or for the exercise of any other significant activity in a Company outside Sonae Group, not authorised by the Shareholders' General Meeting, shall be previously approved by the Board of Directors, with the opinion of the Board Nomination Committee as described in section 29 of this Report and in the Board of Directors' Internal Regulation available at <https://www.sonae.pt/en/investors/government-of-society/>.

IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards:

- i. the definition of the strategy and main policies of the company;*
- ii. the organisation and coordination of the business structure;*
- iii. matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.*

RECOMMENDATION FULLY ADOPTED

The Board of Directors delegated in the Executive Committee the day-to-day management of the Company, being the Executive Committee's competencies described in the Company's Annual Corporate Governance Report (see sections 27 and 28 of this Report). The matters excluded from the terms of the delegation of powers by the Board of Directors are also described in this Report and comply with the rules set forth in this recommendation (see section 27.1 of this Report).

IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.

RECOMMENDATION FULLY ADOPTED

The Board of Directors, in its Annual Report, complies with this recommendation.

V. Evaluation of Performance, Remuneration and Appointment

V.1. Annual evaluation of performance

Principle:

The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.

Recommendations:

V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.

RECOMMENDATION ADOPTED ACCORDING TO THE BELOW EXPLANATION

The appraisal of the performance of the individual members of the Board of Directors is carried out in line with the principles, valuation criteria and processes set out in the Remuneration and Compensation Policy proposed by the Shareholders' Remuneration Committee and approved on an annual basis by the Shareholders' General Meeting.

The Shareholders' Remuneration Committee, which is appointed at the Shareholders' General Meeting, is responsible for

the approval of the remuneration of the individual members of the Board of Directors and other statutory governing bodies, in representation of the shareholders and in accordance with the Remuneration and Compensation Policy approved by the Shareholders' General Meeting.

The Board Remuneration Committee supports the Shareholders' Remuneration Committee in carrying out its duties in relation to the assessment of the performance and remuneration of the Executive Members of the Board of Directors (see sections 24, 29, 66 and 67 of this Report).

The Board of Directors, as set out in its Internal Regulation, periodically self-assesses its performance and the performance of its committees. A full formal assessment is made about half-way through each mandate, which is considered the most suitable frequency and timing for a full self-assessment of the performance of the Board of Directors as a whole, and of the contribution of individual members of the Board of Directors. In the remaining years of the mandate, other than the year where the full formal assessment is executed, there is always, at least, one meeting of the Board of Directors and one meeting of each of its committees which respectively include an agenda item covering a brief and informal self-assessment to be carried out. If deemed necessary to improve performance, internal regulations are accordingly amended.

V.2. Remuneration

Principles:

V.2.A The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit and transparency within the company.

V.2.B Directors should receive compensation:

- i) that suitably remunerated the responsibility taken, the availability and the expertise placed at the disposal of the company;*
- ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and*
- iii) that rewards performance.*

Recommendations:

V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.

RECOMMENDATION FULLY ADOPTED

The remunerations are set by the Shareholders' Remuneration Committee, appointed by the Shareholders' General Meeting held on 30th April 2019. The three appointed members of the Shareholders' Remuneration Committee are independent and act in that capacity, thus fulfilling the necessary conditions for the body's independent performance and decision-making process. All the members of the Shareholders' Remuneration Committee have relevant and sufficient knowledge and experience in the field of remuneration policies.

V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.

RECOMMENDATION FULLY ADOPTED

The remuneration is determined by the Shareholders' Remuneration Committee, appointed by the Shareholders' General Meeting. The remuneration is determined based on the Remuneration Policy. The statement regarding the Remuneration and Compensation Policy was approved at the Shareholders' Annual General Meeting held on 30th April 2020.

V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of compensation payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.

RECOMMENDATION FULLY ADOPTED

The Company decided not to grant any compensation to any member of the Company's governing bodies and committees for dismissal or termination, without prejudice to the Company's obligation to comply with the legal applicable framework, as determined in the Remuneration Policy presented by the Shareholders Remuneration Committee to the Shareholders' General Meeting held on 30th April 2020.

During 2020 the Company did not grant any such compensations.

V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.

RECOMMENDATION FULLY ADOPTED

The Shareholders' Remuneration Committee is aligned with this recommendation and appoints, among its members, the one that shall represent the Committee at the Shareholders' General Meeting, which could be either the Chair or any of its two members.

V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.

RECOMMENDATION FULLY ADOPTED

The Board Remuneration Committee supports the Shareholders' Remuneration Committee in the performance of its duties. For their performance thereof, these committees may decide to hire external consultants of recognised competency and with international activity and expertise (see section 24 of this Report).

V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express

authorization of the committee.

RECOMMENDATION FULLY ADOPTED

The principles applicable to the hiring of consulting services are described in section 24 of this Report. The Committee has the undertaking to ensure that the specialists hired have the level of independence necessary to carry out the specific scope of services, and that their independence is not jeopardised by the provision of significant other services to the Company or to any related parties.

V.2.7. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.

RECOMMENDATION FULLY ADOPTED

The remuneration components are disclosed in the Company's Remuneration and Compensation Policy, which was approved at the Shareholders' Annual General Meeting, being available at the Company's website at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>, and further described in sections 69-76 of this Report.

The Remuneration and Compensation policy provides for solid a relationship between the fixed and variable components of the remuneration, which is suitable to the Company and Group profiles, as perceived by the shareholders who approve it on an annual basis at the Shareholders' General Meeting.

V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.

RECOMMENDATION FULLY ADOPTED

The Remuneration and Compensation Policy, proposed by the Shareholders' Remuneration Committee and approved at the Shareholders' Annual General Meeting held on 30th April 2020, respects the deferral period contained in this recommendation and its vesting value is dependent upon the Company's performance during said period, as detailed in sections 69-76 of this Report, and is available at <https://sonae.pt/en/investors/shareholder-s-general-meeting/>.

V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.

RECOMMENDATION NOT APPLICABLE

The approved remuneration policy does not include the allocations of options.

V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.

RECOMMENDATION FULLY ADOPTED

The remuneration of the non-executive members of the Board of Directors consists solely of a fixed amount, without any connection to the Company's performance or its value.

The Remuneration and Compensation Policy is available at <https://sonae.pt/en/investors/shareholder-s-general-meeting/> and described in sections 69 to 76 of this Report.

V.3. Appointments

Principle:

Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.

Recommendations:

V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.

RECOMMENDATION FULLY ADOPTED

The members of the Company's Statutory Governing Bodies elected for the four-year mandate 2019-2020, and currently in office, were appointed under the Selection and Assessment Policy for Membership of the Statutory Governing Bodies, approved at the Shareholders' Extraordinary General Meeting held on 15th December 2015 available at <https://sonae.pt/en/investors/shareholder-s-general-meeting/> having the respective proposals been presented together with the respective justification concerning profile, knowledge and background by reference to the role to be exercised by each proposed member.

V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.

RECOMMENDATION FULLY ADOPTED

The Board of Directors created an internal committee specialised in this matter, the Board Nomination Committee, with the nomination competencies described in section 29 of this Report and with the assignments established in the Board of Directors' Internal Regulation, which comply with this recommendation and further widening its scope, considering the performance range of this committee extends to all the senior directors of the Group, despite them being regarded as persons discharging managerial responsibilities pursuant to the European and national legal framework.

V.3.3. This nomination committee includes a majority of non-executive, independent members.

RECOMMENDATION FULLY ADOPTED

The Board Nomination Committee is composed of a majority of non-executive independent members, as detailed in section 29 of this Report.

V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.

RECOMMENDATION FULLY ADOPTED

The internal regulation of the Board Nomination Committee is included in the Board of Directors' Internal Regulation and is further detailed, in its main features and procedure schedule in the Board Nomination Committee's Terms of Reference, available at the Company's website at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

The Board Nomination Committee can engage the services of external specialised consultants with market recognised international experience and reliability.

VI. Internal Control

Principle:

Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.

Recommendations:

VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk taking.

RECOMMENDATION FULLY ADOPTED

The Board of Directors determines the strategy and risk policy of the Company, defining and monitoring the existence of acceptable risk levels. The Board Audit and Finance Committee (BAFC) regularly reports to the Board of Directors about its work, the conclusions that it has reached and proposes plans of action with the goal of proactively ensuring internal control and the functioning of the Company's risk management system (see section 29 of this Report).

VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board, in the terms set forth in its Internal Regulation available at <https://sonae.pt/en/investors/government-of-society/> evaluates the effectiveness of the internal control and risk management systems, proposing measures to optimise their performance, as deemed necessary, acting in coordination with the Board of Directors, through its Board Audit and Finance Committee, and giving its opinion on these systems in its annual report and opinion, as attached to the Company's Annual Management Report and accounts available at <https://sonae.pt/en/investors/government-of-society/> (see sections 31 and 38 of this Report).

VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.

RECOMMENDATION FULLY ADOPTED

The risk management, internal control, compliance and internal audit fully comply with this recommendation, as detailed in sections 21, 50-55 and 69.3 of this Report.

The Statutory Audit Board, in the terms set forth in its Internal Regulation available at <https://sonae.pt/en/investors/government-of-society/> evaluates the effectiveness of all these systems, supervising and proposing, as deemed necessary, measures to optimise performance, acting, in particular, in coordination with the Board of Directors, through its Board Audit and Finance Committee, and giving its opinion in its annual report and opinion, as attached to the Company's Annual Management Report and accounts available at <https://sonae.pt/en/investors/government-of-society/> (see sections 31 and 38 of this Report).

VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose adjustments deemed to be necessary.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board establishes, together with the internal audit department, a plan of action, supervises its activities, receives periodic reports on the work performed, namely with regards to financial information and legal reporting, conflict of interests' prevention and checks for possible irregularities, further assessing the results and conclusions drawn, and gives guidelines as it deems necessary, as described in section 38 of this Report.

VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's Internal Regulation includes these responsibilities and is available at <https://sonae.pt/en/investors/government-of-society/>.

VI.6. Based on its risk policy, the company should establish a system of risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their accompaniment.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has established internal risk control systems with appropriate components (please refer to sections

50 to 55 of this Report).

VI.7. The company should establish procedures for the supervision, periodic evaluation and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as future perspectives for amendments of the risk structure previously defined.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has established an ongoing assessment system of the risk management system performance, aiming to adapt it to new circumstances and contingencies (see sections 38.1 A and B, 50 to 52 and 54 to 55 of this Report).

VII. Financial Information

VII.1. Financial Information

Principles:

VII.A. The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.

VII.B. The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.

Recommendations:

VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's Internal Regulation includes these responsibilities and is available at <https://www.sonae.pt/en/investors/government-of-society/>.

VII.2. Statutory audit of accounts and supervision

Principle:

The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.

Recommendations:

VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory auditor.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's Internal Regulation, available at the Company's website at <https://www.sonae.pt/en/investors/government-of-society/> defines the Statutory Audit Board's competencies and work plan, including the supervision of Statutory External Auditor's independence, both concerning its existence and its maintenance, as attested in the Statutory Audit Board's annual report and opinion.

VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board is responsible for proposing the appointment and dismissal of the Statutory External Auditor and of the External Auditor, approving the remuneration, overseeing the work performed and verifying its independence. The Statutory Audit Board is also primarily responsible for receiving the Statutory External Auditor and the External Auditor's reports and for the direct interaction with both of them, pursuant to Statutory Audit Board's competencies and its respective Internal Regulation, available at the Company's website <https://www.sonae.pt/en/investors/government-of-society/>.

VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.

RECOMMENDATION FULLY ADOPTED

The assessment of the work performed by the Statutory External Auditor can be checked in the Statutory Audit Board's annual report and opinion.

The Statutory Audit Board has the competencies described in this recommendation, in accordance with the applicable law and as described in its Internal Regulation.



Board of Directors

Professional qualifications and curricular references

Duarte Paulo Teixeira de Azevedo

Date of Birth

31st December
1965

Education

- 1986 Graduate Degree in Chemical Engineering – Federal Polytechnic School of Lausanne
- 1989 Master in Business Administration - Porto Business School

Executive Education

- 1994 Executive Retailing Program - Babson College
- 1996 Strategic Uses of Information Technology Program - Stanford Business School
- 2002 Breakthrough Program for Senior Executives - IMD Lausanne
- 2008 Proteus Programme - London Business School
- 2012 Corporate Level Strategy – Harvard Business School

Professional Experience

- Sonae Group
- 1988-1990 Project manager and analyst of new investments at Sonae Tecnologias de Informação
- 1990-1993 Organisational Development Project Manager and New Business Commercial Manager for Portugal at Sonae Indústria, SGPS, SA (Wood Based Panels)
- 1993-1996 Head of Strategic Planning and Control Organisational Development of Sonae Investimentos - SGPS, SA (currently Sonae - SGPS, SA)
- 1996-1998 Executive Member of the Board of Directors of Modelo Continente Hipermercados, SA (Merchandising, IT and Marketing Retail)
- 1998-2000 CEO of Optimus - Telecomunicações, SA (Mobile Operator)
- 2000-April 2007 Executive Member of the Board of Directors of Sonae - SGPS, SA
- 2000-2007 CEO of Sonaecom, SGPS, SA
- 2002-2007 Chair of the Supervisory Board of Público - Comunicação Social, SA
- 2003-2007 Chair of the Supervisory Board of Glunz, AG
- 2004-2007 Chair of the Board of Directors of Tableros de Fibras, SA (Tafisa)
- 2007-2014 Chair of the Board of Directors of Sonaecom, SGPS, SA
- 2007-April 2015 CEO of Sonae - SGPS, SA
- 2007-March 2015 Vice-Chair of the Board of Directors of Sonae Indústria, SGPS, SA
- 2007-2019 Chair of the Board of Directors of Sonae Sierra, SGPS, SA

2007-2018	Chair of the Board of Directors of Sonae Investimentos, SGPS, SA (atualmente Sonae MC, SGPS, SA)
2008-2014	Chair of the Board of Directors of MDS, SGPS, SA
2009-2013	Chair of the Board of Directors of Sonaegest – Sociedade Gestora de Fundos de Investimento, SA (currently named SFS – Gestão de Fundos, SGFI, SA)
2010-2016	Chair of the Board of Directors of Sonae – Specialized Retail, SGPS, SA
2010- January 2019	Chair of the Board of Directors of Sonae MC – Modelo Continente, SGPS, SA (currently named Modelo Continente, SGPS, SA)
2013-2018	Chair of the Board of Directors of Sonae Center Serviços II, SA (currently Sonae MC, Serviços Partilhados, SA)
2015-April 2019	Chair of the Board of Directors and Co-CEO of Sonae - SGPS, SA
2018-2019	Chair of the Board of Directors of Sonae Corporate, SA
Since March 2015	Chair of the Board of Directors of Sonae Capital, SGPS, SA
Since March 2015	Chair of the Board of Directors of Sonae Indústria, SGPS, SA
Since May 2016	Chair of the Board of Directors of Sonae Arauco Portugal, SA
Since April 2019	Chair of the Board of Directors of Sonae - SGPS, SA
	Other Entities
2001-2002	Chair of Aritel - Associação dos Operadores de Telecomunicações
2001-2008	Member of the Supervisory Board of Porto Business School
2004-2011	Member of the Supervisory Board of IPCG – Instituto Português de Corporate Governance
2006-2013	Member of the Founding Board of the Casa da Música Foundaton
2008-2009	Member of the Supervisory Board of AEP - Associação Empresarial de Portugal
2009-2014	Member of the Board of Curators of AEP - Associação Empresarial de Portugal
2009-2015	Chair of the Board of Curators of Oporto University
2012-2015	Director of Cotec
2012-2017	Member of the Board of Curators of Fundação Belmiro de Azevedo
2015-2018	Member of Consejo Iberoamericano para la Productividad y la Competitividad
Since 2008	Member of ERT - European Round Table of Industrialists
Since 2013	Member of the International Advisory Board of Allianz SE
Since 2019	Member of the Board of Directors and Member of the Executive Committee of Fundação Belmiro de Azevedo (since February 2020 – Member of the Board of Directors and Chair of the Executive Committee)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Date of Birth

14th
September
1959

Education

1982 Graduate Degree in Civil Engineering – FEUP
1988-1989 Master in Business Administration – Porto Business School

Professional Experience

1982-1984	Structural Design Project Manager at Tecnopor (Civil Engineering)
1984-1989	Manager at EDP (Energy)
1989-1991	Leader of the Television Project Team at Sonae Tecnologias de Informação, SA
1991-1994	Head of Planning and Management Control at Sonae Investimentos – SGPS, SA (currently Sonae –SGPS, SA)
1994-1996	Director of several companies within Sonae Distribuição, SGPS, SA (currently Sonae MC, SGPS, SA) – Retail
1994-2007	Member of the Board of Directors of Modelo Continente Hipermercados, S.A.
1996-2007	CFO of Sonae Distribuição, SGPS, SA (currently Sonae MC, SGPS, SA) and director of many of its subsidiaries (Retail)
1996-2007	Executive Member of the Board of Directors of Sonae Capital, SGPS, SA
2000-2007	Executive Member of the Board of Directors, CFO and Chair of the Finance Committee of Sonae – SGPS, SA
2004-2009	Member of the Board of Directors of MDS – Corretor de Seguros, SA
2005-2016	Executive Member of the Board of Directors of Sonae Investments BV
2006-2016	Executive Member of the Board of Directors of Sontel BV
2007- April 2015	Executive Vice-Chair of Sonae – SGPS, SA
2007- March 2018	Member of the Board of Directors of MDS, SGPS, SA (Chair of the Board of Directors since October 2014)
2009-2019	Member of the Board of Directors of Modelo Continente, SGPS, SA (Chair of the Board of Directors since January 2019 until the merger with Sonae MC, SGPS, SA)
2010-2016	Vice-Chair of the Board of Directors of Sonae – Specialized Retail, SGPS, SA (Merger Sonae MC – Modelo Continente, SGPS, SA)
2010-2016	Chair of the Board of Directors of Sonaerp – Retail Properties, SA
2010-2016	Chair of the Board of Directors of MDS Auto, Mediação de Seguros, SA
2010-2016	Member of the Supreme Counsel of Universidade Católica Portuguesa
2010-2018	Member of the Board of Directors Sonae Center Serviços II, SA (currently Sonae MC – Serviços Partilhados)
2011-2015	Member of the Supreme Counsel of Porto Business School
2012-2016	Chair of the Board of Directors of Sonaecom – Serviços Partilhados, SA
2013-2016	Chair of the Board of Directors of Sonae RE, SA
2013-2016	Chair of the Board of Directors of Sonaegest – Sociedade Gestora de Fundos de Investimento, SA (currently named SFS – Gestão de Fundos, SGFI, SA)
2014-2019	Chair of the Board of Directors of Sonae Financial Services, SA (currently SFS – Financial Services, IME, SA)
2015-2019	Co-CEO of Sonae – SGPS, SA
2016-2019	Chair of the Board of Directors of SFS, Gestão e Consultoria, SA
2018-2019	Member of the Board of Directors of Sonae Corporate, SA
2018-2020	Vice-Chair of the Board of Directors of Iberian Sports Retail Group, S.L.
Since 2007	Non-Executive Member of the Board of Directors of Sonae Sierra, SGPS, SA
Since 2007	Member of the Board of Directors of Sonae MC, SGPS, SA
Since 2007	Executive Chair of the Board of Directors of Sonaecom, SGPS, SA
Since 2007	Non-Executive Chair of the Board of Directors of Sonae Investment Management – Software and Technology, SA
Since 2007	Non-Executive Chair of the Board of Directors of Público – Comunicação Social, SA
Since 2012	Member of the Board of Directors of ZOPT, SGPS, SA
Since 2013	Non-Executive Member of the Board of Directors of NOS, SGPS, SA (since April 2020 - Non-Executive Chair of the Board of Directors)
Since 2018	Chair of the Board of Directors of Sonae Holdings, SA
Since 2018	Member of the Board of Directors of Efanor Investimentos, SGPS, SA

Since April 2019	Non-Executive Member of the Board of Directors of Sonae – SGPS, SA
Since 2019	Chair of the Board of Directors of Sonae FS, SA
Since 2019	Non-Executive Member of the Board of Directors of Sonae Capital, SGPS, SA
Since 2019	Member of the Board of Directors of Fundação Manuel Cargaleiro

José Manuel Neves Adelino

Date of Birth

19th March
1954

Education

- 1976 Graduate Degree in Finance, Universidade Técnica de Lisboa
- 1981 DBA, Finance, Kent State University

Professional Experience

- 1978-1981 Assistant Professor, Kent State University
- 1981-1986 Member of the Director Council, Faculty of Economics, Universidade Nova de Lisboa
- 1981-2012 Professor, Faculty of Economics, Universidade Nova de Lisboa
- 1986-1989 Assistant Professor, Universidade Católica Portuguesa
- 1987-1989 Assistant Professor, Bentley College
- 1988 Assistant Professor, ISEE
- 1990-1996 Dean, MBA Program and Executive Program, Faculty of Economics, Universidade Nova de Lisboa
- 1992-1994 Non-Executive Member of the Board of Directors, BPA
- 1994-2002 Member of the Management Board of the Deposit Guarantee Fund
- 1999-2002 Dean, Faculty of Economics, Universidade Nova de Lisboa
- 1999-2004 Member of the Global Advisory Board of Sonae – SGPS, SA
- 2003-2006 Non-Executive Member of the Board of Directors and Chair of the Audit Committee of EDP
- 2003-2006 Member of the Startegy Advisory Board of PT
- 2003-2007 Member of the Remuneration Committee of Sonae – SGPS, SA
- 2003-2010 Member of the Investment Committee of Fundo Caravela
- 2008-2014 Member of the Statutory Audit Board of BPI
- 2010-2014 Non-Executive Member of the Board of Directors of Cimpor
- 2012-2014 Finance and Investment Director – Calouste Gulbenkian Foundation

Margaret Lorraine Trainer

Date of Birth

13th March
1952

Education

- 1970-1971 Diplome Supérieur, Sorbonne Paris
- 1971-1975 M.A. (2i) Francês, St Andrews University

Professional Experience

1975-1990	Citibank NA
1975-1986	H.R. roles of both specialist and generalist natures Cheif of Staff to Head of UK Treasury
1986-1988	A non-HR role including assignments in capital hedging, risk assessment, speech writing, and foreign exchange and funding limits management
1988-1989	Head of HR UK and N.Europe, London
1989-1990	Head of HR for EMEA based in Frankfurt
1990-1994	London Stock Exchange Head of Human Resources and member of the Executive Board, responsible for formulating strategy and leading the Exchange from being a trade association to an organisation using current commercial practices
1994-2000	Coutts Natwest Group Head of Human Resources and Organisation Development responsible for all HR activities in International Private Banking
2001-2006	De Beers LV Ltd Member of the start-up team for this joint venture created in 2001 between LVMH and De Beers to launch a global retail diamond jewelry business, advising on organisation and people strategy
2005-2013	Aegis PLC Non-Executive Member of the Board of Directors and Chair of the Remuneration Committee (since 2010)
2006-2008	Manchester Square Partners Working with the founding partners to support them in developing a search-based business mentoring practice at board level
2008-2015	Sonae – SGPS, SA Advisor to the Chair Providing board level succession plan services, and director development
2013-2015	Colt SA Non-Executive Member of the Board of Directors and since 2014 Chair of the Remuneration Committee Member of the Nomination Committee. After Fidelity purchased all the independent shareholdings, the independent directors stood down
2010-2018	Jupiter Fund Management PLC Non-Executive Member of the Board of Directors and Member of the Audit Committee and the Nomination Committee. Chair of the Remuneration Committee
2018-March 2020	TP ICAP Non-Executive Member of the Board of Directors, Chair of the Nomination and Remuneration Committee and Member of the Audit Committee
2013 – maio 2020	Essentra PLC Non-Executive Member of the Board of Directors and, since 2014, Chair of the Remuneration Committee and Member of the Audit Committee

Marcelo Faria de Lima

Date of Birth

1st December
1961

Education

1981-1985 Graduate Degree in Economics, Pontifical Catholic University of Rio de Janeiro, Rio de Janeiro, Brazil

Professional Experience

1988-1989 Professor, Pontifical Catholic University of Rio de Janeiro, Rio de Janeiro, Brazil

1989-1996 Commercial Banker of ABN AMRO Bank, São Paulo, Brazil/Chicago, United States

1996-1998 Vice-Chair of Banco Garantia, São Paulo, Brazil

Investment Bank

1998-2000 Manager of Donaldson, Lufkin & Jenrette, São Paulo, Brazil

Investment Bank

2000 Co-founder and CEO of Areautil, São Paulo, Brazil

Internet gateway for property business

2000-2003 Co-founder and CEO of EugênioWG, São Paulo, Brazil

Advertising Agency

2002-2005 Member of the Board of Directors of Neovia Telecomunicações, SA, São Paulo, Brazil

Wi-Fi Company/WiMax at São Paulo State

2007-2016 Vice-Chair of the Board of Directors of Produquímica Indústria e Comércio, SA, São Paulo, Brasil

Leadership company in the solutions for the production in micronutrient for agriculture and animal food, which also produces ingredients for the treatment of water for industrial processes

Member of the Board of Directors of C1 Financial Inc., Saint Petersburg, Florida, United States

2009-2016 Public company registered in the Securities and Exchange Commission of the United States, being its

shares admitted to trading at NYSE under the ticker BNK. Commercial Bank acting in Florida, United

States, with total assets in an amount higher than US\$ 1.500 million. This company was incorporated

by another bank in 2016

Shareholder and Co-Founder of Artesia Gestão de Recursos, SA, São Paulo, Brazil

Since February 2003 Company authorised by CVM – Securities and Exchange Commission of Brazil for the professional exercise of the Management of the Securities Investors Portfolio

Chair of the Board of Directors of Metalfrío Solutions SA, São Paulo, Brazil

Since January 2004 Public company, with shares admitted to trading at BM&FBovespa under the ticker FRIO3, it is a

Brazilian multinational company, and one of the world's largest manufacturers of commercial

refrigeration equipment Plug-In type, operating in Brazil, United States of America, Mexico,

Denmark, Turkey, Russia, Ukraine, Indonesia and India

Since January 2008 Vice-Chair of the Board of Directors of Restoque Comércio e Confecções de Roupas SA, São Paulo, Brazil (since June 2018 Chair of the Board of Directors)

Public company, with shares admitted to trading at BM&FBovespa under the ticker LLIS3, it is one of

the largest retail companies in the high pattern apparel and accessories sector, cosmetics and

decoration articles, in Brazil, with annual income of over R\$ 1.000 million

Since March 2008 Chair of the Board of Directors of Klimasan Klima Sanayi ve Ticaret A.Ş. Izmir, Turkey

Public company, duly registered in Turkey's Capital Markets Board, being its shares negotiated at

Istanbul Stock Exchange under the ticker KLMSN. Company controlled by Metalfrío Solutions SA,

Klimasan operates in the commercial refrigeration sector, Plug-In type

Carlos António Rocha Moreira da Silva

Date of Birth

12th
September
1952

Education

- 1975 Graduate Degree in Mechanical Engineering, University of Oporto
- 1978 MSc in Management Sci. and Operation Research (University of Warwick – UK)
- 1982 Ph in Management Sciences (University of Warwick – UK)

Professional Experience

- 1975-1987 Assistant Professor at Faculty of Engineering, University of Porto
- 1987-1988 Member of the Board of Directors of EDP, Eletricidade de Portugal, E.P
- 1993-1996 Chair of the Board of Directors of Sonae Indústria, SGPS, S.A. and Chief Executive Officer of Tafisa – Tableros de Fibras, SA
- 1993-1998 Chair of the Board of Directors of Sonae Tecnologias de Informação
- 1997-1998 Chair of the Board of Directors of Sonae Retalho Especializado, SGPS, SA
- 1998-1998 Chair of the Board of Directors of TVI – Televisão Independente, SA
- 1998-2000 Chair of the General Council of Público – Comunicação Social, SA
- 1998-2003 Chair of the Board of Directors of BA Vidro
- 2003-2005 Chair of the Executive Committee of Sonae Indústria, SGPS, SA
- 2005-2012 Member of the Advisory Board of 3i Spain
- 2006-2014 Member of the Board of Directors of Banco BPI
- 2009-2012 Member of the Advisory Board of Jerónimo Martins Dystrybucja, SA
- 2010-2014 Chair of the Board of Directors of La Seda Barcelona
- 1998-2020 Chair of the Board of Directors of BA Glass I - Serviços de Gestão e Investimento, SA

Fuencisla Clemares

Date of Birth

7th January
1974

Education

- 1992-1996 Bachelor in Business Administration, European Business Program
- 1999 Exchange Program at the MBA of Kellogg Graduate School of Management, Chicago, USA
- 2000 MBA – IESE Business School, Universidad de Navarra, Barcelona

Professional Experience

- 2000-2007 Senior Associate at Mckinsey & Company
- 2007-2009 Manager of Carrefour Spain
- 2009-2009 Head of Retail at Google Spain
- 2010-2011 Head of Retail and FMCG of Google Spain
- 2012-2015 Member of the Board of Directors of Adigital
- 2013-2016 Sales Director at Google Spain
- 2013-2016 Leader of the "Mobile Initiative" at Google Spain
- 2013-2018 Member of the Advisory Council of Mckinsey Alumni Advisory Council
- 2015-2016 Member of the Board of Directors of MMA (Mobile Marketing Association) in Spain
- 2015-2017 Mentor at Impact Program: a mobile star-up accelerator program in Madrid

2016-2016	Member of the Board of Directors of Adolfo Dominguez
2016-2020	Member of the Academic Advisory Council of the Internet Academy, the ISDI training platform
Since 2013	Teacher of Digital Marketing of ISDI (Instituto Superior para el Desarrollo de Internet) with participation at MIB, DIBEX and In-Company Programs
Since 2015	Member of the junta Territorial de Madrid (Alumni council) at IESE
Since 2015	Visiting Teacher at IESE
Since 2016	Country Manager for Spain and Portugal of Google LLC
Since 2018	Advisor to the Board of Directors of Consentino, SA

Philippe Cyriel Elodie Haspeslagh

Date of Birth

11th May
1950

Education

1968-1972	Commercial Engineer, Management, Distinction – University of Leuven
1972-1973	Master, General Management, High Distinction – Vlerick Business School
1975-1977	Master of Business Administration (MBA), Baker Scholar, Highest Distinction – Harvard Business School
1977-1979	Master in Business Administration (MBA) (1983), Highest Distinction – Harvard Business School
2008-2009	Consulting and Coaching for Change – INSEAD

Professional Experience

1979-2008	Paul Desmarais Professor of “Active Ownership” INSEAD, Fontainebleau e Singapura – Visiting Professor at Stanford Business School (1984-1985), and at Harvard Business School (1990)
1985-2006	Co-founder, Non-Executive Partner and Chair of Procuritas, AB, Stockholm, Sweden
1985-2014	Chair of the Board of Directors of Dujardin Foods, NV
1998-2000	Chair of the Board of Directors of Pieters Visbedrijf
1998-2016	Co-Founder and Member of the Board of Directors of Quest for Growth NV
2010-2013	Independent Director of Governance for Owners Ltd, London, UK
2011-2014	Independent Director of Sioen Industries
2015-2018	Member of the Board of Directors of MyMicroInvest
2006-2020	Non-Executive Director of Vandemoortele NV
Since 1993	Co-Founder and Non-Executive Chair of the Board of Directors of Capricorn Partners
Since 2008	Dean (2008-2016), Professor and Honorary Dean (2016-present) at Vlerick Business School
Since 2009	Non-Executive Chair of the Board of Directors of Ardo NV
Since 2016	Non-Executive Chair of the Board of Directors of FBN Belgium – The Family Business Network Other Non-Profit Activities
2008-2015	Member of the Board of Directors of EABIS – European Academy of Business in Society
2008-2015	Member of the Board of Directors of Vlerick Business School
Since 2008	Member of the Board of Directors of Guberna, Instituto de Administradores, Bélgica
Since 2019	Member of the Board of Directors of Strongroots Limited, Irlanda
Since July 2019	Member of the Board of Directors of Awacs3 Enterprises NV
Since August 2019	Member of the Board of Directors of Deltronic NV

Maria Cláudia Teixeira de Azevedo

Date of Birth

13th January
1970

Education

1989-1994 Graduate Degree in Management, Universidade Católica do Porto
1999-2000 MBA, INSEAD, Fontainebleau, França

Professional Experience

2018-2019 Member of the Board of Directors of BA – Business Angels, SGPS, SA
2018-2019 Member of the Board of Directors of BA – Capital, SGPS, SA
2018-2020 Member of the Board of Directors of Vistas Foz – Sociedade Imobiliária, SA

2018-
September
2020 Member of the Board of Directors and Member of the Executive Committee of Fundação Belmiro de Azevedo

Since 1990 Chair of the Board of Directors of Imparfin – Investimentos e Participações Financeiras, SA
Since 1992 Member of the Board of Directors of Efanor Investimentos, SGPS, SA
Since 2000 Chair of the Board of Directors of Linhacom, SGPS, SA
Since 2002 Chair of the Board of Directors of Praça Foz – Sociedade Imobiliária, SA
Since 2006 Member of the Board of Directors of SONAECOM – SGPS, SA
Since 2008 Member of the Board of Directors of Efanor – Serviços de Apoio à Gestão, SA
Since 2009 Member of the Board of Directors of Público – Comunicação Social, SA
Since 2011 Member of the Board of Directors of Sonae Capital, SGPS, SA
Since 2011 Sole Director of Sekiwi, SGPS, SA
Since 2012 Member of the Board of Directors of ZOPT, SGPS, SA
Since 2013 Non-Executive Member of the Board of Directors of NOS, SGPS, SA
Since 2018 Chair of the Board of Directors of Sonae MC, SGPS, SA
Since 2018 Member of the Board of Directors of Sonae Holdings, SA

Since 2018 Member of the Board of Directors of Sonae Sierra, SGPS, SA (Chair of the Board of Directors since May 2019)

Since 2018 Member of the Board of Directors of Sonae Investment Management – Software and Technology, SGPS, SA
Since 2018 Member of the Board of Directors of Setimanale, SGPS, SA
Since 2018 Member of the Board of Directors of Casa Agrícola de Ambrães, SA
Since 2018 Member of the Board of Directors of Realejo – Sociedade Imobiliária, SA
Since April
2019 CEO of Sonae – SGPS, SA
Since 2019 Member of the Board of Directors of Sonae FS, SA
Since 2020 Manager of Tangerine Wish, Lda

João Pedro Magalhães da Silva Torres Dolores

Date of Birth

21st
December
1980

Education

1998-2003 Degree in Economics, FEP – Faculdade de Economia (University of Oporto)

- 2004-2004 Postgraduate Program in Business Management – New York University, New York
 2007-2009 MBA – London Business School, London (United Kingdom)

Professional Experience

- 2003-2004 Brand manager – JW Burmester, S.A., New York (United States)
 2005-2007 Business Analyst at McKinsey & Company
 2009-2011 Associate at McKinsey & Company
 2011-2013 Deputy manager of Innovation management at Portugal Telecom
 2013-2014 Head of Cloud Business Unit at Portugal Telecom
 2014-2015 Head of Corporate Strategy at Sonae – SGPS, SA
 2015-2018 Head of Group Strategy, Planning and Control at Sonae – SGPS, SA
 2016-2018 Professor of the Strategy Course at Porto Business School's Executive MBA
 2018-2019 Director of Sonae – SGPS, SA' Corporate Center
 Since 2016 Non-Executive Member of the Board of Directors of NOS, SGPS, SA
 Since 2018 Non-Executive Member of the Board of Directors of Sonae MC, SGPS, SA
 Since 2018 Member of the Board of Directors of Sonae Corporate, SA (since December 2019, Chair of the Board of Directors)
 Since 2018 Member of the Board of Directors of Sonae Holdings, SA
 Since 2018 Executive Member of the Board of Directors of Sonae Investments, BV
 Since 2018 Executive Member of the Board of Directors of Sontel, BV
 Since 2018 Non-Executive Chair of the Board of Directors of MKTPlace - Comércio Eletrónico, SA
 Since 2019 Executive Member of the Board of Directors of Sonaecom, SGPS, SA
 Since April 2019 Member of the Board of Directors and Member of the Executive Committee of Sonae – SGPS, SA
 Since 2019 Non-Executive Member of the Board of Directors of Sonae Sierra, SGPS, SA
 Since 2019 Member of the Board of Directors of Sonae FS, SA
 Since 2020 Member of the Board of Directors of Iberian Sports Retail Group, S.L.
 Since 2021 Member of the Board of Directors of Sonae RE, SA

Positions held in other entities

Duarte Paulo Teixeira de Azevedo

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

- Chair of the Board of Directors of Sonae Indústria, SGPS, SA
 Chair of the Board of Directors of Sonae Arauco Portugal, SA
 Chair of the Board of Directors of Sonae Capital, SGPS, SA
 Chair of the Board of Directors of Efanor Investimentos, SGPS, SA
 Chair of the Board of Directors of Migracom, SA
 Member of the Board of Directors of Imparfin – Investimentos e Participações Financeiras, SA
 Member of the Board of Directors of Efanor – Serviços de Apoio à Gestão, SA

Member of the Board of Directors of BA Glass I – Serviços de Gestão e Investimentos, SA

Member of the Board of Directors and Chair of the Executive Committee of Fundação Belmiro de Azevedo

Managing Partner of OKUK, Lda

Member of ERT - European Round Table of Industrialists

Member of the International Consulting Council of Allianz SE

Chair of the Installation Committee of the Project BIOPOLIS

Chair of the administration of Viridia Association

Ângelo Gabriel Ribeirinho dos Santos Paupério

Offices held in other companies within Sonae

Executive Chair of the Board of Directors of Sonaecom, SGPS, SA

Non-Executive Chair of the Board of Directors of Sonae Investment Management – Software and Technology, SA

Non-Executive Chair of the Board of Directors of Público - Comunicação Social, SA

Member of the Board of Directors of ZOPT, SGPS, SA

Non-Executive Chair of the Board of Directors of NOS, SGPS, SA

Member of the Board of Directors of Sonae MC, SGPS, SA

Chair of the Board of Directors of Sonae Holdings, SA

Non-Executive Member of the Board of Directors of Sonae Sierra, SGPS, SA

Chair of the Board of Directors of Sonae FS, SA

Offices held in other companies outside Sonae

Non-Executive Member of the Board of Directors of Sonae Capital, SGPS, SA

Member of the Board of Directors of Efanor Investimentos, SGPS, SA

Member of the Board of Directors of Love Letters -Galeria de Arte, SA

Chair of the Board of Directors of Enxomil - Consultoria e Gestão, SA

Chair of the Board of Directors of Enxomil – Sociedade Imobiliária, SA

Chair of the Board of Directors of APGEI (Associação Portuguesa de Gestão e Engenharia Industrial)

Member of the Board of Directors of Fundação Cargaleiro

José Manuel Neves Adelino

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

Member of the Board of Directors of Fundação Calouste Gulbenkian

Margaret Lorraine Trainer

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

None

Marcelo Faria de Lima

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

Partner and Co-founder of Artesia Gestão de Recursos SA
 Member of the Board of Directors of Amber Internacional LLC
 Manager of Baixo Augusta Hotel Ltda
 Manager of Barroquinha Estacionamentos SA
 Managing Partner of CBM Holding Qualified Family, LP (Canada)
 Member of the Board of Directors of CBM Holding Qualified Family, LP (New Zealand)
 Managing Partner of CBM Holding Subsidiary, LP (Canada)
 Chair of Colfax Participações, SA
 Manager of Dover Participações, SA
 Manager of GCR Administração e Participações Ltda
 Manager of Hotéis Design, SA
 Chair of the Board of Directors of Klimasan Klima Sanayi ve Ticaret AŞ
 Managing Partner of Lima & Smith Ltda
 Chair of the Board of Directors of Metalfrio Servicios SA de CV
 Member of the Board of Directors of Metalfrio Solutions AS
 Chair of the Board of Directors of Metalfrio Solutions SA
 Chair of the Board of Directors of Metalfrio Solutions SA Sogutma Sanayi Ve Ticaret AS
 Manager of Nova Bahia Empreendimentos
 Member of the Board of Directors of Peach Tree LLC
 Chair of the Board of Directors of Restoque Comércio e Confeccões de Roupas SA
 Manager of Rio Verde Consultoria e Participações Ltda
 Manager of Tira-Chapéu Empreendimentos Ltda
 Member of the Board of Directors of Turquoise Capital CV
 Chair of Winery Participações Ltda
 Chair of Zimbro Participações, SA

Carlos António Rocha Moreira da Silva

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

Member of the Board of Directors of Efanor Investimentos, SGPS, SA

Non-Executive Vice-Chair of the Board of Directors of Sonae Indústria, SGPS, SA

Non-Executive Member of the Board of Directors of Sonae Arauco, SA

Non-Executive Chair of the Board of Directors of Fim do Dia, SGPS, SA

Non-Executive Member of the Board of Directors of Lynx Finance GP, LLC

Member of the Board of Directors of Teak BV

Member of the Board of Directors of Fundação de Serralves

Fuencisla Clemares

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

Teacher of Digital Marketing at ISDI (Instituto Superior para el Desarrollo de Internet)

Visiting Teacher at IESE

Country Manager for Spain and Portugal of Google LLC

Advisor to the Board of Directors of Cosentino, SA

Philippe Cyriel Elodie Haspeslagh

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

Co-Founder and Non-Executive Chair of the Board of Directors of Capricorn Partners

Professor e and honorary Dean of Vlerick Business School

Non-Executive Chair of the Board of Directors of Ardo NV

Non-Executive Chair of the Board of Directors of FBN Belgium - The Family Business Network

Member of the Board of Directors of Guberna, Instituto de Administradores, Bélgica

Member of the Board of Directors of Strongroots Limited, Irlanda

Member of the Board of Directors of Awacs3 Enterprises NV

Member of the Board of Directors of Deltronic NV

Maria Cláudia Teixeira de Azevedo

Offices held in other companies within Sonae

Member of the Board of Directors of SONAECOM – SGPS, SA

Member of the Board of Directors of Público – Comunicação Social, SA

Member of the Board of Directors of ZOPT, SGPS, SA

Non-Executive Member of the Board of Directors of NOS, SGPS, SA

Member of the Board of Directors of Sonae Investment Management – Software and Technology, SGPS, SA

Chair of the Board of Directors of Sonae MC, SGPS, SA

Member of the Board of Directors of Sonae Holdings, SA
 Member of the Board of Directors of Sonae FS, SA
 Chair of the Board of Directors of Sonae Sierra, SGPS, SA

Offices held in other companies outside Sonae

Member of the Board of Directors of Sonae Capital, SGPS, SA
 Chair of the Board of Directors of Imparfin – Investimentos e Participações Financeiras, SA
 Member of the Board of Directors of Efanor - Investimentos, SGPS, SA
 Chair of the Board of Directors of Linhacom, SGPS, SA
 Chair of the Board of Directors of Praça Foz – Sociedade Imobiliária, SA
 Member of the Board of Directors of Efanor – Serviços de Apoio à Gestão, SA
 Sole Director of Sekiwi, SGPS, SA
 Member of the Board of Directors of Setimanale, SGPS, SA
 Member of the Board of Directors of Casa Agrícola de Ambrães, SA
 Member of the Board of Directors of Realejo – Sociedade Imobiliária, SA
 Manager of Tangerine Wish, Lda.

João Pedro Magalhães da Silva Torres Dolores

Offices held in other companies within Sonae

Non-Executive Member of the Board of Directors of NOS, SGPS, SA
 Non-Executive Member of the Board of Directors of Sonae MC, SGPS, SA
 Chair of the Board of Directors of Sonae Corporate, SA
 Member of the Board of Directors of Sonae Holdings, SA
 Executive Member of the Board of Directors of Sonae Investment, BV
 Executive Member of the Board of Directors of Sontel, BV
 Non-Executive Chair of the Board of Directors of MKTPlace - Comércio Eletrónico
 Executive Member of the Board of Directors of Sonaecom, SGPS, SA
 Non-Executive Member of the Board of Directors of Sonae Sierra, SGPS, SA
 Member of the Board of Directors of Sonae FS, SA
 Member of the Board of Directors of Iberian Sports Retail Group, S.L.
 Member of the Board of Directors of Sonae RE, SA

Offices held in other companies outside Sonae

None

Statutory Audit Board

Professional qualifications and curricular references

Maria José Martins Lourenço da Fonseca	
Date of Birth	
4 th September 1957	
Education	
1984	Graduate Degree in Economics at Oporto University, Faculty of Economics – Prize Doutor António José Sarmento
1987	Postgraduate Program in European Studies at European Studies Center, Universidade Católica Portuguesa (Centro Regional do Porto)
1992	Participation in Young Managers Programme at INSEAD – European Institute of Business Administration, Fontainebleau
2002	Master in Business Administration, with specialisation in Accounting and Management Control at Oporto University, Faculty of Economics
2015	PhD in Business Administration, with specialisation in Accounting and Management Control at Oporto University, Faculty of Economics
Professional Experience	
1984-1985	Invited Assistant at Oporto University, Faculty of Economics
1985-1990	Technician in the Department of Economics Studies and Planning of BPI – Banco Português de Investimentos, SA
1990-1992	Senior Analyst at the Corporate Banking Department of BPI – Banco Português de Investimento, SA
1991-1999	Invited Assistant at Oporto University, Faculty of Economics, in the Accounting area
1992-1996	Vice-manager at the Corporate Banking Department of BPI – Banco Português de Investimento, SA
1996-2006	Cooperation with the Portuguese Institute of Statutory Auditors (OROC), as trainer for the External Auditor Preparatory Course
2002-2008	Cooperation with the Certified Public Accountant Association (OTOC), in the field of professional formation
2008-2009	Cooperation with the Portuguese Institute of Statutory Auditors (OROC), in the field of professional formation
2015	Member of the Selection Board of the Oral Test for External Auditor (ROC)
2015-2019	Cooperation with the Portuguese Institute of Statutory Auditors (OROC), as trainer for the External Auditor Preparatory Course
Since 1996	Lecturer at Católica Porto Business School (Universidade Católica Portuguesa), in the Accounting area Responsible for the Master Course Degree in Auditing and Taxation
Since 2008	Consulting activity through the Centro de Estudos de Gestão e Economia Aplicada (CEGEA) of Católica Porto Business School (Universidade Católica Portuguesa)
Since 2016	Member of the Statutory Audit Board of Sonaecom, SGPS, SA
Since 2017	Chair of the Statutory Audit Board of AEGE – Associação para a Escola de Gestão Empresarial
Since 2017	Member of the Statutory Audit Board of Ibersol, SGPS, SA
Since 2018	Member of the Statutory Audit Board of Sonae MC, SGPS, SA
Since 2018	Chair of the Statutory Audit Board of SDSR – Sports Division SR, SA

Daniel Bessa Fernandes Coelho

Date of Birth

6th May 1948

Education

1970 Graduate Degree in Economics – University of Oporto

1986 PhD in Economics – Universidade Técnica de Lisboa

Professional Experience

1970-2009 Lecturer at the University of Oporto:

1970-1999 - Faculty of Economics

1988-2000 - ISEE (Institute for Entrepreneurship Studies)

1989-2002 - Faculty of Engineering

2000-2008 - EGP – Escola de Gestão do Porto (currently Porto Business School)

2008-2009 - EGP – University of Porto Business School (currently Porto Business School)

2009-2009 - Faculty of Economics

1978-1979 Dean of the Faculty of Economics of the University of Oporto

1983-2021 Economist – liberal profession

1990-1995 Vice-Dean for the Financial Management Guidance of the University of Oporto

1995-1996 Minister of Economy of the Portuguese Government

1996-2000 Executive Director of AURN – Associação das Universidades da Região Norte

1996-2006 Non-Executive Member of the Board of Directors of Celulose Beira Industrial (Celbi), SA

1997-1999 Non-Executive Member of the Board of Directors of INPARSA – Indústrias e Participações, SGPS, SA

1997-2007 Chair of the Statutory Audit Board of SPGM – Sociedade de Investimentos

1997-2008 Member of the Board of Directors of Finibanco, SA

1999-2002 Chair of the Board of the Shareholders' General Meeting of APDL – Administração dos Portos do Douro e Leixões

1999-2006 Member of the advisory boards of Sonae – SGPS, SA and Sonae Indústria, SA

2000-2012 Chair of the Advisory Board of IGFCSS – Instituto de Gestão de Fundos de Capitalização da Segurança Social

2001-2003 Member of the Advisory Board of Indústrias de Condutores Elétricos e Telefónicos F. Cunha Barros, SA

2001-2011 Member of the Board of Directors of Finibanco Holdings, SGPS, SA

2003-2014 Responsible for the Mission PRASD – Program for the rehabilitation of sectors within the Ministry of Economics, Ministry of Social Security and Ministry of Labour of the Portuguese Government

2004-2013 Non-Executive Member of the Board of Directors of Efacec Capital, SGPS, SA

2006-2009 Chair of the Statutory Audit Board of Galp Energia, SGPS, SA

2007-April
2019 Chair of the Statutory Audit Board of Sonae – SGPS, SA

2008-2021 Chair of the Statutory Audit Board of Bial - Portela e Companhia, SA

2009-2016 Managing director of COTEC Portugal, Business Association for Innovation

2010-2021 Chair of the Board of the Shareholders' General Meeting of Amkor Technology Portugal, S.A. (ex-Nanium, SA)

2011-2012 Member of the Supervisory Board of Banco Comercial Português, SA

2016-2019 Non-Executive Member of the Board of Directors of Amorim Turismo, SGPS, SA

2016-2019	Non-Executive Member of the Board of Directors of Sociedade Figueira Praia, SA
2017-2019	Non-Executive Member of the Board of Directors of SFP OnLine, SA
2017-2021	Chair of the Statutory Audit Board of GGND – Galp Gás Natural Distribuição, SA
2018-2019	Chair of the Teaching Council of Mast3r Academia Efacec
2019-2020	Member of the Statutory Audit Board of Banco L. J. Carregosa, SA
2003-2021	Member of the Board of Directors and Member of the Executive Committee of Fundação Bial
2008-2021	Member of the Investment Committee of PVCI - Portuguese Venture Capital Initiative, entity created by FEI – Fundo Europeu de Investimento
2017-2021	Chair of the Board of Trustees of Belmiro de Azevedo Foundation. Previously (January 2014 until November 2017) joined this body as a vowel
2019-2021	Member of the Statutory Audit Board of Sonae – SGPS, SA
2019-2021	Non-Executive Member of the Board of Directors of SPI – Sociedade Portuguesa de Inovação, Consultoria Empresarial e Fomento da Inovação, SA
2020-2021	Chair of the Statutory Audit Board of RACE – Refrigeration & Air Conditioning Engineering, SA

Manuel Heleno Sismeiro

Date of Birth

5th January
1945

Education

1964 Accountant, ICL – Lisboa
1971 Graduate Degree in Finance, ISCEF – Lisboa

Professional Experience

1965-1966 Industrial and Commercial School of Leiria: Accounting and Commercial Calculus teacher in the general commerce course

1970-1971 Banco da Agricultura: Technician at the Organisation and Methods division

1971-1981 Instituto Superior de Economia de Lisboa: assistant, having lectured Mathematics, Statistics, Econometry and Operational Investigation

1974-1975 Arthur Young & Co: Statutory Auditor and audit assistant

1974-1976 Universidade Católica Lisboa: assistant (first year) and regente (second year) of Accountancy in the Business Administration course

1976-1977 Banco Borges & Irmão: performed functions at the Economics Studies Department and at the Control Department of Associated Companies

1977-1980 CTT – Correios e Telecomunicações de Portugal: Responsible for the Warehouse Management and Control division. Responsible for stock management of central warehouses and of a project aimed at implementing a computer tool for stock management and control
Partner of Coopers & Lybrand and of Bernardes, Sismeiro & Associados, since 1998
PricewaterhouseCoopers - auditors and statutory auditors

1980-2008 Responsible for the audit and statutory audit in several industries. Most important companies: Sonae (group); Amorim (group); Unicer (group); Sogrape (group); Barros (group); TMG (group); Lactogal (group); Aveleda (group); RAR (group); Cires; Ford; REN
Responsible for the management of the Oporto office of the mentioned companies – since 1982 and

	until 2008
	Manager of the Audit department in the period 1998-2002 and member of the management board of PricewaterhouseCoopers, in the same period
2009-2017	Chair of the Statutory Audit Board of Sonae Indústria, SGPS, SA
2010-2017	Chair of the Statutory Audit Board of Segafredo Zanetti (Portugal) – Comercialização e Distribuição de Café, SA
2014	Chair of the Statutory Audit Board of Sonae Investimentos, SGPS, SA (atualmente Sonae MC, SGPS, SA)
2015	Chair of the Statutory Audit Board of Banif – Banco de Investimento, SA
Since 2008	Consultant in internal audit and internal control fields
Since 2009	Chair of the Statutory Audit Board of OCP Portugal – Produtos Farmacêuticos, SA
Since 2009	Member of the Statutory Audit Board of Sonae Capital, SGPS, SA
Since 2018	Chair of the Statutory Audit Board of Sonae Arauco Portugal, SA

Positions held in other entities

Maria José Martins Lourenço da Fonseca

Offices held in other companies within Sonae

Chair of the Statutory Audit Board of SDSR – Sports Division, SR, SA

Member of the Statutory Audit Board of Sonae MC, SGPS, SA

Member of the Statutory Audit Board of Sonaecom, SGPS, SA

Offices held in other companies outside Sonae

Member of the Statutory Audit Board of Ibersol, SGPS, SA

Chair of the Statutory Audit Board of AEGE – Associação para a Escola de Gestão Empresarial

Professor at Católica Porto Business School (Universidade Católica Portuguesa)

Consultant at CEGEA – Centro de Estudos de Gestão e Economia Aplicada, Universidade Católica Portuguesa – CRP

Daniel Bessa Fernandes Coelho

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

Chairman of the Statutory Audit Board of GGND - Galp Gás Natural Distribuição, SA

Chairman of the Statutory Audit Board of Bial – Portela e Companhia, SA

Chairman of the Statutory Audit Board of RACE – Refrigeration & Air Conditioning Engineering, SA

Member of the Board of Directors of SPI – Sociedade Portuguesa de Inovação, SA

Chairman of the Board of the Shareholders' General Meeting of Amkor Technology Portugal, SA

Member of the Investment Committee of PVCI – Portuguese Venture Capital Initiative

Chairman of the Pedagogic Council of Mast3r Academia Efacec, of Efacec Serviços Corporativos, SA

Chairman of the Board of Trustees of Fundação Belmiro de Azevedo

Member of the Board of Directors and of the Executive Committee of Fundação Bial

Manuel Heleno Sismeiro

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

Member of the Statutory Audit Board of Sonae Capital, SGPS, SA

Chairman of the Statutory Audit Board of Sonae Arauco Portugal, SA

Chairman of the Statutory Audit Board of OCP Portugal – Produtos Farmacêuticos, SA

**FINANCIAL
STATEMENTS**

BETTER

**FINANCIAL
STATEMENTS
2020**

**CONSOLIDATED
FINANCIAL STATEMENTS**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

	Notes	31 Dec 2020	31 Dec 2019 Restated	01 Jan 2019 Restated
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment	8	1,695,077,660	1,688,284,139	1,656,150,305
Intangible assets	9	413,375,902	401,667,381	365,568,045
Right of use assets	10	1,053,829,561	1,060,191,250	968,967,250
Investment properties	11	319,417,528	347,859,459	998,577,368
Goodwill	12	670,816,144	678,895,512	779,450,545
Investments in joint ventures and associates	13	1,548,383,214	1,607,581,376	1,979,366,453
Assets at fair value through results	14	97,668,772	58,367,252	26,399,881
Assets to fair value through other comprehensive income	14	115,903,789	5,344,810	6,954,172
Other investments	7 and 15	14,266,208	15,536,724	13,841,288
Deferred tax assets	22	358,072,804	331,385,376	311,493,905
Other non-current assets	7 and 16	41,232,738	53,982,880	80,286,911
Total Non-Current Assets		6,328,044,320	6,249,096,159	7,187,056,123
CURRENT ASSETS:				
Inventories	17	636,072,241	663,919,735	671,321,594
Trade receivables	7 and 18	147,594,934	115,052,834	141,935,385
Other receivables	7 and 19	102,619,195	102,069,694	79,832,822
Income tax assets	44	37,711,054	42,283,336	48,363,429
Other tax assets	20	42,016,611	42,600,020	48,719,966
Other current assets	21	80,218,791	92,433,621	80,001,977
Investments	7 and 15	3,345,882	665,213	1,558,683
Cash and bank balances	7 and 23	763,302,610	609,830,153	696,243,071
Total Current Assets		1,812,881,318	1,668,854,606	1,767,976,927
Assets classified as held for sale	24	8,001,633	1,126,364,434	-
TOTAL ASSETS		8,148,927,271	9,044,315,199	8,955,033,050
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	25	2,000,000,000	2,000,000,000	2,000,000,000
Own shares	25	(93,340,758)	(99,806,645)	(104,204,112)
Legal reserve	2.25	277,452,299	268,028,145	251,937,767
Reserves and retained earnings	25	(262,266,902)	(202,151,933)	(287,503,688)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		70,944,578	165,779,633	208,583,551
Equity attributable to the equity holders of the Parent Company		1,992,789,217	2,131,849,200	2,068,813,518
Equity attributable to non-controlling interests	26	447,063,129	974,714,342	1,125,755,368
TOTAL EQUITY		2,439,852,346	3,106,563,542	3,194,568,886
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	7 and 27	1,006,897,412	1,030,106,845	1,071,821,181
Bonds	7 and 27	687,699,113	560,329,333	513,293,183
Other loans	7 and 27	1,806,789	1,871,274	2,753,318
Lease liabilities	7 and 10	1,100,459,060	1,088,290,449	990,623,896
Other non-current liabilities	7 and 29	80,942,994	89,970,758	103,637,968
Deferred tax liabilities	22	479,103,073	472,289,494	502,279,121
Provisions	34	47,032,991	42,652,254	41,375,212
Total Non-Current Liabilities		3,403,941,432	3,285,510,407	3,225,783,879
CURRENT LIABILITIES:				
Loans	7 and 27	177,139,325	191,449,849	287,144,891
Bonds	7 and 27	9,849,955	2,846,335	210,841,257
Other loans	7 and 27	6,367,713	1,972,286	2,722,507
Lease liabilities	7 and 10	107,387,576	102,781,525	73,331,108
Trade payables	7 and 31	1,338,556,811	1,337,962,023	1,286,775,817
Other payables	7 and 32	206,835,175	215,620,696	243,475,081
Income tax liabilities	44	16,148,599	13,464,954	18,212,113
Other tax liabilities	20	96,992,405	100,751,716	99,761,468
Other current liabilities	33	325,647,099	294,369,773	306,493,021
Provisions	34	16,344,127	4,405,596	5,923,022
Total Current Liabilities		2,301,268,785	2,265,624,753	2,534,680,285
Liabilities directly associated with assets classified as held for sale	24	3,864,708	386,616,497	-
TOTAL LIABILITIES		5,709,074,925	5,937,751,657	5,760,464,164
TOTAL EQUITY AND LIABILITIES		8,148,927,271	9,044,315,199	8,955,033,050

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

	Notes	31 Dec 2020	31 Dec 2019 Restated
Sales	6	6,523,913,672	6,050,036,150
Services rendered	6	303,110,407	383,290,691
Changes in value of investment properties	11	(27,908,838)	4,924,364
Income or expense relating to investments	38	21,863,021	(29,875,177)
Gains and losses on investments recorded at fair value through results	14	21,709,652	712,602
Financial income	39	40,535,551	17,678,806
Other income	40	140,360,123	130,806,606
Cost of goods sold and materials consumed	17	(4,728,423,274)	(4,337,519,744)
(Increase)/Decrease in production	17	(2,866,528)	(3,986,301)
External supplies and services	41	(700,434,916)	(672,180,857)
Employee benefits expense	42	(880,085,704)	(867,232,002)
Depreciation and amortisation expenses	6, 8, 9 and 10	(342,146,400)	(330,593,724)
Impairment losses	34 and 50	(50,750,461)	(28,651,373)
Provisions	34 and 50	(30,449,286)	(9,704,926)
Financial expense	39	(140,805,510)	(127,764,579)
Other expenses	43	(83,324,563)	(84,780,969)
Share of results of joint ventures and associates	13.3	(3,641,782)	142,867,063
Profit/(Loss) before taxation from continuing operations		60,655,164	238,026,630
Income tax expense	44 and 50	(4,453,179)	(18,210,151)
Profit/(Loss) after taxation from continuing operations		56,201,985	219,816,479
Profit/(Loss) from discontinued operations after taxation	5	(542,828)	14,804,256
Consolidated profit/(Loss) for the period		55,659,157	234,620,735
Attributable to equity holders of the Parent Company:			
Continuing operations		71,487,406	152,972,961
Discontinued operations		(542,828)	12,806,672
		70,944,578	165,779,633
Attributable to non-controlling interests			
Continuing operations		(15,285,421)	66,843,518
Discontinued operations		-	1,997,584
	26	(15,285,421)	68,841,102
Profit/(Loss) per share			
From continuing operations			
Basic	46	0.03742	0.08034
Diluted	46	0.03497	0.07701
From discontinued operations			
Basic	46	(0.00028)	0.00673
Diluted	46	(0.00027)	0.00629

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	31 Dec 2020	31 Dec 2019 Restated
Net Profit / (Loss) for the period		55,659,157	234,620,735
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		16,880,066	(16,919,844)
Share of other comprehensive income of joint ventures and associates	14.3	(93,483,023)	(15,514,519)
Changes in cash flow hedging reserve	28	2,311,427	(1,185,169)
Income tax relating to items that may be reclassified subsequently to profit or loss		(112,665)	156,570
Others		(315,733)	(201,158)
		(74,719,928)	(33,664,120)
Items that were reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations related to discontinued operations	5	(5,470,151)	203,283
Items from other comprehensive income that were reclassified to the income statement:			
Items that won't be reclassified subsequently to profit or loss:			
Changes value of financial assets at fair value	14.3	(28,192,640)	1,593,620
Total other comprehensive income for the period		(108,382,719)	(31,867,217)
Total comprehensive income for the period		(52,723,562)	202,753,518
Attributable to:			
Equity holders of parent company		(15,788,516)	141,610,545
Non controlling interests		(36,935,045)	61,142,973

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Montantes expressos em euros)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

Notes	Share Capital	Own Shares	Legal Reserve	Reserves and Retained Earnings						Total Reserves and Retained Earnings	Net Profit/(Loss)	Total	Non controlling Interests (Note 25)	Total Equity
				Currency Translation Reserve	Investments Fair Value Reserve	Cash-flow Hedging Reserve	Option Premium Convertible Bonds	Other Reserves and Retained Earnings	Attributable to Equity Holders of Parent Company					
Balance as at 1 January 2019 - Published	2,000,000,000	(104,204,112)	251,937,767	4,160,385	2,146,500	123,615	22,313,000	(236,063,188)	(207,319,688)	221,653,131	2,162,067,098	1,127,493,090	3,289,560,188	
Impact of IFRS 16 application	-	-	-	-	(1,456,484)	-	-	(78,727,516)	(80,184,000)	(13,069,580)	(93,253,580)	(1,737,722)	(94,991,302)	
Balance as at 1 January 2019 - Restated	2,000,000,000	(104,204,112)	251,937,767	4,160,385	690,016	123,615	22,313,000	(314,790,704)	(287,503,688)	208,583,551	2,068,813,518	1,125,755,368	3,194,568,886	
Total comprehensive income for the period	-	-	-	(11,560,822)	1,991,442	(797,362)	-	(13,244,617)	(23,611,359)	165,221,904	141,610,545	61,142,973	202,753,518	
Appropriation of consolidated net profit of 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to legal reserves and retained earnings	-	-	16,090,378	-	-	-	-	191,036,689	191,036,689	(208,583,551)	(1,456,484)	-	(1,456,484)	
Dividends distributed	25 and 26	-	-	-	-	-	-	(83,964,892)	(83,964,892)	-	(83,964,892)	(224,201,060)	(308,165,952)	
Income distribution from investment funds	-	-	-	-	-	-	-	-	-	-	-	(236,205)	(236,205)	
Transfer to Other Reserves at Maturity Date	-	-	-	-	-	-	(22,313,000)	22,313,000	-	-	-	-	-	
Obligation fulfilled by share attribution to employees	-	-	-	-	-	-	-	1,132,509	1,132,509	-	1,132,509	6,626	1,139,135	
Partial cancellation of Cash Settled Equity Swap	25	-	4,397,467	-	-	-	-	(501,887)	(501,887)	-	3,895,580	-	3,895,580	
Variation in percentage of subsidiaries	-	-	-	-	-	-	-	(188,445)	(188,445)	-	(188,445)	(80,762)	(269,207)	
Acquisitions of affiliated companies	-	-	-	-	-	-	-	-	-	-	-	22,306,079	22,306,079	
Capital increase	-	-	-	-	-	-	-	-	-	-	-	1,687,365	1,687,365	
Capital decrease	-	-	-	-	-	-	-	-	-	-	-	(2,721,067)	(2,721,067)	
Sharing Sonae Sierra's goodwill	-	-	-	-	-	-	-	-	-	-	-	(7,875,300)	(7,875,300)	
Others	-	-	-	-	-	-	-	550,385	550,385	-	2,006,869	(1,069,675)	937,194	
Balance as at 31 December 2019 Restated	2,000,000,000	(99,806,645)	268,028,145	(7,400,437)	2,681,458	(673,747)	-	(197,657,962)	(203,050,688)	165,221,904	2,131,849,200	974,714,342	3,106,563,542	
Balance as at 1 January 2020 - Published	2,000,000,000	(99,806,645)	268,028,145	(7,400,437)	2,681,458	(673,747)	-	(197,657,962)	(203,050,688)	165,221,904	2,131,849,200	974,714,342	3,106,563,542	
Restatement of financial assets at fair value	5	-	-	-	-	-	-	(557,729)	(557,729)	557,729	-	-	-	
Balance as at 1 January 2020 - Restated	2,000,000,000	(99,806,645)	268,028,145	(7,400,437)	2,681,458	(673,747)	-	(196,759,207)	(202,151,933)	165,779,633	2,131,849,200	974,714,342	3,106,563,542	
Total comprehensive income for the period	-	-	-	8,273,742	(28,251,089)	1,317,493	-	(68,073,241)	(86,733,095)	70,944,578	(15,788,517)	(36,935,045)	(52,723,562)	
Appropriation of consolidated net profit of 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to legal reserves and retained earnings	-	-	9,424,154	-	-	-	-	156,355,479	156,355,479	(165,779,633)	-	-	-	
Dividends distributed	25 and 26	-	-	-	-	-	-	(88,463,006)	(88,463,006)	-	(88,463,006)	(82,475,010)	(170,938,016)	
Income distribution from investment funds	-	-	-	-	-	-	-	-	-	-	-	(424,368)	(424,368)	
Obligation fulfilled by share attribution to employees	-	-	-	-	-	-	-	560,938	560,938	-	560,938	13,124	574,062	
Partial cancellation of Cash Settled Equity Swap	25	-	6,465,887	-	-	-	-	(2,800,319)	(2,800,319)	-	3,665,568	-	3,665,568	
Variation in percentage of subsidiaries	4	-	-	-	-	-	-	(38,865,359)	(38,865,359)	-	(38,865,359)	(24,610,238)	(63,475,597)	
Capital increase	-	-	-	-	-	-	-	-	-	-	-	140,000	140,000	
Capital decrease	-	-	-	-	-	-	-	-	-	-	-	(27,221,946)	(27,221,946)	
Loss of control of subsidiaries	4	-	-	-	-	-	-	-	-	-	-	(356,173,784)	(356,173,784)	
Others	-	-	-	-	-	-	-	(169,607)	(169,607)	-	(169,607)	36,054	(133,553)	
Balance as at 31 December 2020	2,000,000,000	(93,340,758)	277,452,299	873,305	(25,569,631)	643,746	-	(238,214,322)	(262,266,902)	70,944,578	1,992,789,217	447,063,129	2,439,852,346	

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

	Notes	31 Dec 2020	31 Dec 2019
OPERATING ACTIVITIES			
Receipts from customers		6,786,247,491	6,490,676,396
Payments to suppliers		(5,333,256,270)	(4,960,171,370)
Payments to employees		(872,508,445)	(880,670,306)
Cash generated from operations		580,482,776	649,834,720
Income taxes (paid) / received		(2,424,014)	(13,768,165)
Other cash receipts and (payments) relating to operating activities		(31,077,960)	(25,097,282)
Net cash generated from operating activities (1)		546,980,802	610,969,273
INVESTMENT ACTIVITIES			
Receipts arising from:			
Investments	47	270,184,231	155,093,659
Property, plant and equipment and intangible assets		55,194,713	32,376,006
Interests and similar income		3,337,216	4,873,788
Loans granted		1,193,305	658,122
Dividends	13	11,637,935	141,114,478
Others	25	93,849,674	28,107,198
		435,397,074	362,223,251
Payments arising from:			
Investments	47	(231,328,205)	(120,848,607)
Property, plant and equipment and intangible assets		(256,138,891)	(315,923,066)
Loans granted		(2,676,742)	(5,793,463)
Others	25	(92,626,338)	(22,965,006)
		(582,770,176)	(465,530,142)
Net cash used in/ generated by investment activities (2)		(147,373,102)	(103,306,891)
FINANCING ACTIVITIES			
Receipts arising from:			
Loans, bonds and finance leases	35	5,702,176,307	7,802,719,119
Capital increases, additional paid in capital and share premiums		19,190,000	5,516,946
Others		-	17,800
		5,721,366,307	7,808,253,865
Payments arising from:			
Lease liabilities	35	(168,675,507)	(165,939,103)
Loans, bonds and finance leases	35	(5,612,412,997)	(7,867,842,468)
Interests and similar charges		(31,926,376)	(40,069,885)
Dividends		(175,471,392)	(309,067,010)
Others		(3,269,062)	(2,877,462)
		(5,991,755,334)	(8,385,795,928)
Net cash used in financing activities (3)		(270,389,027)	(577,542,063)
Net increase (decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		129,218,673	(69,879,681)
Effect of exchange rate changes on the balance of cash held in foreign currencies		203,469	(63,175)
Effect of discontinued operations	4	(111,361)	(2,535,126)
Cash and cash equivalents at the beginning of the period	23	623,269,608	695,621,240
Cash and cash equivalents at the end of the period	23	752,173,451	623,269,608

The accompanying notes are part of these financial statements.

SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts stated in euros)

1. Introduction

SONAE, SGPS, SA ("Sonae Holding") has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal, and is the parent company of a group of companies, as detailed in Notes 53 and 54 as Sonae Group ("Sonae"). Sonae's operations and operating segments are described in Note 5.

Key events during the year

2020 was a year marked by the covid-19 pandemic and the consequent restrictive measures on the mobility of people imposed by several governments around the world, which included lockdown measures, time restrictions and/or closure of commercial spaces.

This context had different impacts on the activity of each of the group's businesses, with different levels of intensity depending on the sector in which they operate, and which naturally required an adaptation of the respective operations.

At Sonae, from the very beginning, a specific governance model was implemented to manage this crisis, led by the Sonae Executive Committee in alignment with the CEO's of the various businesses. The impacts on each business were regularly monitored and contingency plans were implemented covering the entire organization, from the operational areas to the central structures.

Since mid-March 2020, mandatory actions have been defined and communicated to all employees regarding: work trips; participation in congresses, fairs, exhibitions and extended training sessions; among many others. With regards to operations, and in order to ensure the health of employees, partners and customers, essential measures have been implemented, such as the hygiene of the spaces, the use of personal protective equipment, or limiting the number of people per m² (Note 41). In all functions when feasible, remote work was implemented, which impacted more than 6,000 employees. In addition, in all group companies fully controlled by Sonae in Portugal, it was decided not to use the simplified lay-off mechanism as a way of ensuring the full income of employees in this difficult context and to comply with the company's social mission. In the case of food retail, an extraordinary monetary amount was also awarded to store and warehouse employees, in recognition of their willingness to provide an essential service to Portuguese families (Note 42).

Throughout the year, several initiatives were carried out to provide general support to institutions (hospitals, municipalities, support centers) through the donation of food, appliances, laptops, physical spaces, telecommunications and services.

The following is a summary of the main impacts and initiatives by business:

Sonae MC

Food retail registered a growing demand flow driven by an increase in in-home consumption (in detriment of restaurant visits).

- Sonae MC maintained a close dialogue with all stakeholders in the supply chain in order to strengthen its response capacity during the crisis, including the activation of alternative suppliers, namely in national territory, promoting market liquidity especially for small producers. For these small domestic producers, an early payment program was also established to improve their cash flow conditions.
- Since the beginning of the crisis, demand for the online channel has been very high, causing unprecedented pressure on the operation. In this context, Sonae MC expanded its daily order response capacity and established new partnerships, which allowed it to offer convenience solutions to its customers.
- During part of the year, Sonae MC was forced to temporarily close the entire Arenal operation in Spain, as well as the Go Natural restaurants, the Bagga stores and most of the Dr. Wells clinics in Portugal. In this context, Sonae MC implemented several efficiency improvement measures and reviewed its investment plan very closely (Note 12).

Worten

- When it comes to retail electronics, the reality was different in Portugal and Spain:
 - In Portugal the sector was classified as an essential service by the Government and for that reason all Worten stores, with the exception of Worten Mobile and iServices stores located in shopping malls, remained open throughout 2020 (although with reduced opening hours).
 - In Spain, more restrictive measures imposed by the Government led, for part of the year, to the temporary closure of all stores in mainland Spain and certain stores in the Canary Islands. The impacts of this situation were significant, with Worten bearing most of the downtime costs. In order to mitigate these impacts, in mainland Spain, Worten adhered to the ERTE (Expediente de Regulación Temporal de Empleo) scheme in almost all teams, while in the Canary Islands it applied this scheme only to part of its team.
- In both geographies, the online channel registered very strong growth, reaching record volumes during some months that required capacity adaptation. In order to ensure an adequate response to online demand, Worten significantly increased its logistics capacity, simultaneously ensuring strong performance in terms of delivery times and customer satisfaction.
- At the beginning of the pandemic in Asia (January and February), Worten decided to bring forward its purchases to strengthen inventories and avoid disruptions. However, from the end of February, the outbreak quickly spread to Portugal and Spain, negatively impacting sales, mainly in Spain.
- Since the beginning of the outbreak, Worten was very prompt in adapting the way it serves its customers. In order to best meet expectations, alternative service models were introduced (e.g. drive-thru, new remote assistance services, among others).

Sonae Sierra

- Shopping malls have seen all non-essential stores closed in various jurisdictions for part of the year (with variations from country to country).
- In order to mitigate the loss of sales from tenants, Sonae Sierra carried out some initiatives such as: i) a virtual shopping center, in partnership with Dott and ii) a click & collect initiative, taking advantage of the parking available in the shopping centers.
- During 2020, Sonae Sierra granted significant one-off discounts to its tenants and, in particular, to the Portuguese subsidiaries, directly or indirectly owned by the Group, which significantly reduced the value of their fixed rent revenues, following specific legislation approved by the Portuguese Parliament, which only allowed the debit of variable rents to shopping malls tenants, depending on their turnover to final customers, between 13 March 2020 and 31 December 2020 .
- Simultaneously, Sonae Sierra implemented measures to reduce/contain non-core costs, as well as non-critical investments.
- Assessed the impact of the pandemic on its plan for developing new projects and recorded impairments (Note 11).

Sonae Fashion and ISRG

- As regards the fashion and sport retail businesses (Sonae Fashion and ISRG), in 1H20, all stores were forced to close for a period of time, with a strong impact on sales in the physical channels (including franchising and wholesale) and collection planning. Regarding the online channel, a solid performance was recorded by all brands, as a result not only of growing demand, but also of the capacity to reinforce value propositions and the operational response of all businesses.
- In addition to all the costs incurred during the period of inactivity (e.g. human resources, real estate rents, etc.), it was estimated that there would be relevant impacts in terms of the valuation of inventories and their disposal capacity. For this reason, in the case of Sonae Fashion, a reinforcement of provisions for inventories was recorded in the first quarter of 2020 (Note 50). Nevertheless, to mitigate these effects, in addition to the review of collections, namely through the adjustment or cancellation of orders, the businesses implemented measures to preserve liquidity and reduce operating costs.

Sonae IM

- The technology area did not feel significant impacts from this situation on the 2020 results, except for a slowdown in revenues from Professional Services, in the resale of technology (either by the reduction in demand or by the drop in supply) and mainly in the pace of new business commercial activity.
- Público's activity was impacted, namely advertising revenues and newspaper sales, with the closure of most points of sale during the second quarter.

NOS

- As a result of the measures implemented to stem the pandemic, NOS recorded a very significant increase of traffic that placed the telecommunications network under great pressure. NOS immediately implemented a set of measures,

in conjunction with all the operational partners, to ensure the proper operation of the services, both in the private and in the business segments, having simultaneously provided all the necessary support to government entities.

- The slowdown in economic activity and the social distancing measures also had an impact on NOS' revenues. In the telecommunications segment, there was a reduction in roaming and international calls due to travel restrictions, a reduction in revenues from monthly premium sports channel fees (given the absence of live sports events), a drop in equipment sales (resulting from the closure of all retail activity) and a reduction in mobile data sales due to increased use of wireless networks. In the cinema and audio-visuals segment, revenues were impacted by the closure of all cinemas from 16 March to 2 July, and after reopening, its activity was further constrained by the limitation rules imposed during the last quarter of 2020 in the shopping centers in which the cinemas are located and by the postponement of premieres of several films.

As for financing, in compliance with internal policies and given the context of enormous uncertainty, Sonae started to prioritize the increase of the Group's liquidity, the reduction of the amortizations foreseen for the coming years and the increase of the average maturity of the debt. In this sense, in 2020, more than 750 million euros in financing were formalized. Sonae currently has a strong liquidity position and no additional financing needs are foreseen for the next 18 months, nor is there any expectation of default in the current financial covenants existing in any company in the portfolio.

The approval of the first vaccines for COVID-19 by the end of 2020 has renewed optimism about the end of the current health crisis, which could signal a faster economic recovery. However, the emergence of new waves of infection in several countries since the end of last year, associated with the discovery of new strains of the virus with a higher transmissibility rate and more aggressive, have put the health systems under pressure again, and in particular the Intensive Care Units, leading to the reintroduction of restrictions and new periods of generalized confinement of the population, in several parts of the world.

In terms of projecting future impacts, in general, the macroeconomic context remains uncertain and intrinsically dependent on the control of the epidemiological situation and the intervention of Governments, both in terms of compliance with vaccination plans and in terms of the support made available to economic agents. Sonae will continue to implement all measures deemed appropriate to minimize its impacts, in line with the recommendation of the competent authorities and in the best interests of all our stakeholders.

2. Principal accounting policies

The principal accounting policies adopted in preparing the accompanying consolidated financial statements are described below. These policies have been consistently applied in comparative periods.

2.1 Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable to economic periods beginning on 1 January 2020, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee ("IFRS - IC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as at the consolidated financial statements issuance date.

The accompanying condensed consolidated financial statements have been prepared from the books and accounting records of the company and subsidiaries, joint ventures and associates companies, adjusted in the consolidation process, on a going concern basis. In preparing the consolidated financial statements, the Group used the historical cost adjusted, when applicable, to measure the fair value of i) financial assets at fair value through profit or loss, ii) financial assets at fair value through other comprehensive income and iii) investment properties measured at fair value.

The preparation of the consolidated financial statements according to IFRS requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies to be adopted by the Entity, with a significant impact on the book value of assets and liabilities, as well as income and expenses of the period.

Although these estimates are based on the best experience of the Board of Directors and their best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas that involve a greater degree of judgment or complexity, or areas where assumptions and estimates are significant are presented in Note 2.22.

Additionally, for financial reporting purposes, fair value measurement is categorized in Level 1, 2 and 3, according to the level in which the used assumptions are observable and its significance for estimating the fair value, used in the measurement of assets/liabilities or for disclosure purposes.

Level 1 – Fair value is determined based on active market prices for identical assets/liabilities;

Level 2 – Fair value is determined based on other data other than market prices identified in Level 1, but they are possible to be observable; and

Level 3 – Fair value measurements derived from valuation techniques, whose main inputs are not based on observable market data.

New accounting standards and their impact in these consolidated financial statements:

- Up to the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during the year 2020:

New standards, amendments to standards and interpretations effective on 1 January 2020	Amendment	Effective date (for financial years beginning on or after)
IFRS 3 – Business combinations	Amendments to improve the definition of a business.	1/jan/20
IFRS 9, IAS 39 and IFRS17 - Interest Rate Benchmark Reform	The amendments provide temporary and narrow exemptions to the hedge accounting requirements so that companies can continue to meet the requirements assuming that the existing interest rate benchmarks are not altered because of the interbank offered rate reform.	1/jan/20
IAS 1 and IAS 8 - Definition of Material	The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.	1/jan/20
References to the Conceptual Framework in IFRS Standards	Amendments to some IFRS regarding cross-references and clarifications on the application of the new definitions of assets / liabilities and expenses / income	1/jan/20
IFRS 16 Leases Covid 19 - Related Rent Concessions	Covid-19-Related Rent Concessions exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.	1/jun/20

These standards were applied by the Group in 2020. The Group carried out an analysis of the changes introduced and their impact on the financial statements and concluded that the application of those standards did not produce material effects in the financial statements. As for the amendment to IFRS 16, the Group has anticipated the adoption of the practical expedient provided in the standard, so the subsidies granted by the lessors under COVID-19 do not represent a modification to the accounting leases.

- Up to the date of approval of these consolidated financial statements, the following standards, interpretations, amendments and revisions have been endorsed by the European Union and are binding for future economic years:

Amendments to standards that become effective on or after 1 January 2021, already endorsed by the EU	Amendment	Effective date (for financial years beginning on or after)
IFRS 4 Insurance Contracts – deferral of IFRS 19	End of the deferral of the beginning of the application of IFRS 9 for entities with insurance activity, postponed to 1 January 2023.	1/jan/21
IFRS 9, IAS 39, IFRS 7, IFRS 4 e IFRS 16 – Interest Rate Benchmark Reform – Phase 2	Additional exemptions related to the impacts of the reform of the reference interest rates ("IBOR"), and especially the replacement of a reference interest rate by another alternative in the financial instruments traded.	1/jan/21

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2020 due to the fact that their application is not mandatory. No significant impacts are expected on the financial statements resulting from their adoption.

- The following standards, interpretations, amendments and revisions were not at to the date of approval of these consolidated financial statements endorsed by the European Union:

Standards (new and amended) that become effective on or after 1 January 2021, not yet endorsed by EU	Amendment	Effective date (for financial years beginning on or after)
IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	Permit lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.	1/abr/21
IAS 16 Property, Plant and Equipment	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	1/jan/22
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Clarification regarding the nature of costs a company should include when assessing whether a contract will be loss-making.	1/jan/22
Annual Improvements 2018-2020	Amendments to IFRS 1, IFRS 9, IFRS 16 e IAS 41.	1/jan/22
IFRS 3 Business Combinations	Update to references to the Conceptual Framework and clarification on the registration of provisions and contingent liabilities within the scope of a business combination.	1/jan/22
IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	Classification of a liability as current or non-current, depending on the right that an entity has to defer its payment. New definition of "settlement" of a liability.	1/jan/23
IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies; IAS 8 Accounting policies, Changes in Accounting Estimates and Errors; Definition of Accounting Estimates	Amendments introduced a definition of 'accounting estimates' and included other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	1/jan/23
IFRS 17 Insurance Contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics.	1/jan/23
IFRS 17 Insurance Contracts (amendments)	Inclusion of changes to IFRS 17 in areas such as: i) scope; ii) level of aggregation of insurance contracts; iii) recognition; iv) measurement; v) modification and derecognition; vi) presentation of the Statement of Financial Position; vii) recognition and measurement of the Income Statement; and viii) disclosures.	1/jan/23

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2020 due to the fact that their application is not mandatory, lying in the process of analysing expected effects of those standards.

2.2 Consolidation Principles

The consolidation methods adopted by Sonae are as follows:

(a) Investments in controlled companies

Investments in companies in which Sonae owns, directly or indirectly, control are included in the consolidated financial statements using the full consolidation method.

Sonae has control of the subsidiary when the company fulfils the following conditions cumulatively: i) has power over the subsidiary; ii) is exposed to, or has rights, to variable results from its involvement with the subsidiary; and iii) the ability to use its power to affect its returns.

When the Group has less than a majority of a subsidiary voting rights, it has power over the investee when the voting rights

are sufficient to decide unilaterally on the relevant activities of its subsidiary. The Group considers all the facts and circumstances relevant to assess whether the voting rights in the subsidiary are sufficient to give it power.

Sonae reassesses both whether it controls an entity or not if facts and circumstances indicate that there are changes to one or more of the control conditions listed above.

Equity and net profit attributable to minority shareholders are shown separately, under the caption non-controlling interests, in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 53.

The comprehensive income of an associated is attributable to the Sonae Group owners and non-controlling interests, even if the situation results in a deficit balance at the level of non-controlling interests.

Assets and liabilities of each Sonae subsidiary are measured at their fair value at the acquisition date or control assumption, such measurement can be completed within twelve months after the date of acquisition. The excess of the consideration transferred plus the fair value of any previously held interests and non-controlling interests over the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.c)). If the difference between the acquisition price plus the fair value of any interests previously held and the value of non-controlling interests and the fair value of identifiable net assets and liabilities acquired is negative, it is recognized as income for the year under "Other Income "after reconfirmation of the fair value attributed to the net assets acquired. The Sonae Group will choose on transaction-by-transaction basis, the fair measurement of non-controlling interests, (i) according to the non-controlling interests share assets, liabilities and contingent liabilities of the acquired, or (ii) according to their fair value.

Subsequent transactions in the disposal or acquisition of interests in non-controlling interests that do not imply a change in control do not result in the recognition of gains, losses or goodwill. Any difference between the transaction and book value of the traded interest is recognized in Equity, in other equity instruments.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of gain of control or up to the effective date of loss of control, as appropriate.

Adjustments to the financial statements of Sonae subsidiaries are performed, whenever necessary, in order to adapt accounting policies to those used by Sonae. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on the consolidation process. Unrealized losses are also eliminated if they do not show an impairment of the transferred asset.

(b) Investments in the joint ventures and associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement instead of rights to the assets and obligations for the liabilities of the joint arrangement. Joint control is obtained by contractual provision and exists only when the associated decisions must be taken unanimously by the parties who share control.

In situations where the investment or financial interest and the contract concluded between the parties allows the entity holds joint control directly on the active or detention rights obligations inherent liabilities related to this agreement, it is considered that such joint agreement does not correspond to a joint venture but rather a jointly controlled operation. As at 31 December 2020 and 2019 the Group did not hold jointly controlled operations.

Financial investments in associates are investments where Sonae has significant influence, but in which it does not have control or joint control. Significant influence (presumed when contributions are above 20%) is the power to participate in

the financial and operating decisions of the entity, without, however, holding control or joint control over those decisions.

The existence of significant influence is generally evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including involvement in decisions about dividends and other distributions;
- material transactions between the investor and the investee;
- exchange of management personnel; or
- providing critical technical information.

Financial investments in joint ventures and associated companies are recorded using the equity method, except in cases where the investments are held by a venture capital organization or equivalent, where the Group has chosen, at initial recognition, to measure at fair value through profit or loss in accordance with IFRS 9 (1g iii)).

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to Sonae in comprehensive income (including net profit for the period) of jointly controlled entities and associates, against the Group's comprehensive income or gains or losses for the year as applicable, and dividends received.

The excess of cost of acquisition over the fair value of identifiable assets and liabilities of each joint venture and associate at the acquisition date is recognized as goodwill and is kept under which is included in the caption Investment in joint ventures and associates companies (Note 2.2.c)). Any excess of Sonae's share in the fair value of the identifiable net assets acquired over cost are recognized as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired under the caption "Share of results of joint ventures and associates".

An assessment of investments in jointly controlled and associated companies is performed when there is an indication that the asset might be impaired being any impairment loss recorded in the income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

When the proportion of Sonae in the accumulated losses of the associate and joint ventures exceeds the value by which the investment is registered, the investment is reported at zero value, except when Sonae has entered into commitments with the investee.

Sonae's share in not performed gains, not related to business activities arising from transactions with jointly controlled and associated companies are eliminated in proportion to Sonae's interest in the above-mentioned entities against the investment on the same entity. Unrealized losses are as well eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

When the not performed gains or losses on transactions correspond to business activities and taking into consideration the inconsistency existing between currently the requirements of IFRS 10 and IAS 28, Sonae, taking into account the defined in amendment to IFRS 10 and IAS 28 proceeds to full gain/loss recognition in situations where there is loss of control of that business activity as a result of a transaction with a joint venture.

If the financial holding in a joint venture or an associate is reduced, maintaining significant influence, only a proportionate amount of the amounts previously recognized in other comprehensive income is reclassified to the income statement.

The accounting policies of joint ventures and associates are amended, where necessary, to ensure that they are consistently applied by all Group companies.

Investments in jointly controlled and associates are disclosed in Note 54.

(c) Goodwill

The differences between the acquisition price of investments in Sonae companies, joint ventures and associates plus the value of the non-controlling interests (in the case of subsidiaries), the fair value of any interests held prior to the date of the concentration and the fair value of the identifiable assets, liabilities and contingent liabilities of these companies at the date of the concentration of business activities, when positive, are recorded under the heading "Goodwill" if they relate to acquisitions of business from subsidiaries (Note 12) or maintained under the heading "Investments in joint ventures and associated companies" (Note 13). The differences between the acquisition price of investments in subsidiaries headquartered abroad whose functional currency is not the Euro, the value of non-controlling interests (in the case of subsidiaries) and the fair value of the identifiable assets and liabilities of these subsidiaries at the date of their acquisition, are recorded in the functional currency of these subsidiaries, being converted into the functional and reporting currency of Sonae (Euro) at the exchange rate in force on the date of the statement of financial position. Exchange differences resulting from this conversion are recorded in the caption "Conversion reserves".

Future contingent consideration is recognized as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the goodwill, but only as long as they occur during the measurement period (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances prior to that existed at the acquisition date, otherwise these changes must be recognized in profit or loss on the income statement.

Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the shareholders' funds captions, and without giving rise to any additional goodwill and without any gain or loss recognised.

When a disposal transaction generates a loss of control, assets and liabilities of the entity are derecognised, any interest retained in the entity sold is be remeasured at fair value and any gain or loss calculated on the sale is recorded in results.

Goodwill is not amortised, but it is subject to impairment tests on an annual basis or whenever there are indications of impairment to check for impairment losses to be recognized. The analysis of the impairment losses is made based on the valuation of the accounting value of the cash generating unit ("UGC") to which the goodwill was allocated, which is compared to its recoverable value, i.e., the highest between fair value deducted from estimated costs of sale and the value of use of the UGC. Net recoverable amount is determined based on business plans used by Sonae management or on valuation reports issued by independent entities namely for real estate operations and related assets. Goodwill impairment losses recognized in the period are recorded in the income statement under the caption "Impairment losses".

When the Group reorganizes its activities, implying a change in the composition of its cash generating units, implying a to which goodwill has been imputed, a review of goodwill's allocation to the new cash-generating units is carried out, whenever there is a rational. The reallocation is done through a relative value approach, of the new cash-generating units that result from the reorganization.

Impairment losses relating to Goodwill recognized with the acquisition of subsidiaries business cannot be reversed, unlike Goodwill recognized with the acquisition of jointly controlled companies and associated companies.

The goodwill, if negative is recognized as income in the profit or loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

(d) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the financial statements of foreign companies are translated to euro using exchange rates at date of the statement of financial position. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under "Currency Translation Reserves" in "Other Reserves and Retained Earnings". Exchange rate differences that were originated prior to 1 January 2004 (date of transition to IFRS) were written-off through "Reserves and Retained Earnings".

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to euro using exchange rates at the statement of financial position date.

Whenever a foreign company is sold (totally or partially), accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption Investment income, when there is a control loss; in the case where there is no control loss, it is transferred to non-controlling interests.

Exchange rates used on translation of foreign group, subsidiaries, jointly controlled and associated companies are listed below:

	31 Dec 2020		31 Dec 2019	
	End of exercise	Average of exercise	End of exercise	Average of exercise
US Dollar	0.81493	0.87704	0.89015	0.89342
Swiss Franc	0.92575	0.93431	0.92132	0.89898
Pound Sterling	1.11231	1.12496	1.17536	1.14051
Brazilian Real	0.15690	0.17198	0.22145	0.22676
Australian Dollar	0.62909	0.60463	0.62520	0.62109
Mexican Peso	0.04096	0.04103	0.04712	0.04642
Turkish Lira	0.10973	0.12624	0.14960	0.15734
Mozambican Metical	0.01092	0.01268	0.01445	0.01430
Angolan Kwanza	0.00125	0.00154	0.00185	0.00250
Polish Zloty	0.21931	0.22511	0.23492	0.23275

2.3 Property, plant and equipment

Property, plant and equipment acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition or production cost, or revalued acquisition cost, in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Property, plant and equipment acquired after that date is recorded at acquisition cost, net of depreciation and accumulated impairment losses.

The acquisition cost includes the purchase price of the asset, the expenses directly attributable to its acquisition and the costs incurred with the preparation of the asset so that it is placed in its condition of use. Qualified financial costs incurred on loans obtained for the construction of Property, plant and equipment assets are recognized as part of the construction cost of the asset.

Subsequent costs incurred with renewals and major repairs resulting in an increase in the useful life or the ability to generate economic benefits from the assets are recognized in the cost of the asset.

Depreciation is calculated on a straight line basis, according to the estimated life cycle for each group of goods, starting from the date the asset is available for use in the necessary conditions to operate as intended by the management, and recorded against the consolidated income statement caption "Depreciation and amortisation expenses" in the consolidated

income statements.

Impairment losses identified in the recoverable amounts of property, plant and equipment are recorded in the year in which they arise, by a corresponding charge against, the caption "Impairment losses" in the profit and loss statement.

The depreciation rates used correspond to the following estimated useful lives:

	Years
Buildings	10 to 50
Plants and machinery	10 to 20
Vehicles	4 to 5
Tools	4 to 8
Fixture and fittings	3 to 10
Other property, plants and equipment	4 to 8

The useful lives of the assets are reviewed in each financial report so that the depreciations practiced are following the consumption patterns of the assets. Land is not depreciated. Changes in useful lives are treated as a change in accounting estimates and are applied prospectively.

Maintenance and repair costs are recorded directly as expenses in the year they are incurred.

Property, plant and equipment in progress represent fixed assets still under construction or development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or become ready for use.

Gains or losses on sale or disposal of property plant and equipment are computed as the difference between the selling price and the carrying amount of the asset at the date of its sale-disposal. Gains and losses are recorded in the consolidated income statement under either "Other income" or "Other expenses".

2.4 Investment properties

The group's investment properties are mainly property held by Sonae Sierra and its subsidiaries which are recorded under the equity method (Note 13).

Investment properties consist, mainly, in buildings and other constructions held to earn rentals or capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or for sale in the ordinary course of business.

Assets which qualify as investment properties are recognized as such when they start being used or, in the case of the investment properties in progress, when their development is considered irreversible, as mentioned in the above conditions. Until the moment the asset is qualified as investment property, the same asset is booked at acquisition or production cost, under the caption "Investment properties under development", in the same way as a property plant and equipment (Note 2.3), less any impairment losses. Since that moment, the investment properties in progress are recorded at their fair value. The difference between cost (of acquisition or production) and the fair value at that date is recorded directly in the income statement under the caption "Variation in fair value of investment properties".

Investment properties are recorded at their fair value based on appraisals made by independent specialised entities (fair value model). Changes in fair value of investment properties are accounted for in the directly in the income statement caption "Value created on investment properties".

Expenses incurred with investment properties in use, namely maintenance, repairs, insurance and property taxes are recognised as an expense in the statement of profit and loss for the year to which they relate. The improvements estimated to generate additional economic benefits are capitalised.

Fit out contracts are contracts under which the Group supports part of the expenses incurred with the fit-out expenses and the tenant assumes the responsibility to reimburse the Group by the amount invested over the term of the contract, in terms and conditions specific to each contract. The amounts paid by the Group on each fit-out contract are initially recorded at cost under the caption "Investment properties", being subsequently adjusted to the corresponding fair value, at each reporting date, as determined by specialised independent entities. The methodology used to determine the fair value of the fit-out contracts is identical to the one used in determining the fair value of the investment property to which these contracts relates. Variations in fair value of the fit-out contracts are recorded in the income statement under the caption "Value created on investment properties".

2.5 Intangible assets

Intangible assets are stated at acquisition or production cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by Sonae and if their cost can be reasonably measured.

When individually purchased, intangible assets are recognized at cost, which comprises: (i) the purchase price, including intellectual property costs and fees after deduction of any discounts; and ii) any costs directly attributable to the preparation of the asset for its intended use.

When acquired within the scope of a business combination, separable from goodwill, intangible assets are initially valued at fair value determined in the application of the purchase method, as provided by IFRS 3 – Business Combinations.

Research expenditure associated with new technical knowledge are recognized the income statement when incurred.

Expenditure on development is recognized as an intangible asset if Sonae demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the asset will generate future economic benefits, are capitalized. Expenditure on development which does not fulfil these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software is recorded as an expense in the period in which they are incurred, except in the situation where these expenses are directly associated with projects for which future economic benefits are likely to be generated for Sonae. According to this assumption, the costs are initially accounted for as expenses, being capitalized as intangible assets by mean of "Own work capitalized" (Note 40).

The expenses incurred with the acquisition of client portfolio's (attributed value relating to the allocation of the purchasing price in business activity concentration) are stated as intangible assets and amortized on straight-line bases, during the average estimated period of portfolio's client retention.

Brands and patents are recorded at their acquisition cost and are amortized on a straight-line basis over their respective estimated useful life. In the case of brands and patents with indefinite useful lives, no amortisation is calculated, and their value is tested for impairment on an annual basis, or whenever there are impairment signs.

Amortization is calculated on a straight-line basis, as from the date the asset is first used, over the expected useful life which usually is between 3 to 12 years and recorded in the caption of " Depreciations and Amortizations expenses", in the income statement.

The useful lives of the assets are reviewed in each financial report, so that the amortizations practiced are following the consumption patterns of the assets. Changes in useful lives are treated as a change in accounting estimates and are applied prospectively.

2.6 Rights of use assets and lease liabilities

A lease is defined as a contract, or part of a contract, that transfers the right to use an asset (the underlying asset), for a period, in exchange for a value. At the start of each contract, it is evaluated and identified whether it is or contains a lease. This assessment involves an exercise of judgment on whether each contract depends on a specific asset, whether the Sonae Group companies, as lessees, obtain substantially all the economic benefits from the use of that asset and whether they have the right to control the use of the asset.

All contracts constituting a lease are accounted for by the lessee based on a single model for recognition in the statement of financial position.

At the starting date of the lease, the Group recognises the liability related to the lease payments (i.e. the lease liability) and the asset that represents the right to use the underlying asset during the lease period (i.e. the right of use - "right-of-use" or "RoU"). The interest cost on the lease liability and the depreciation of the RoU are recognized separately.

The lease liability is remeasured when certain events occur (such as the change of lease period), a change in future payments resulting from a change in the reference index or rate used to determine those payments). This remeasurement of the lease liability is recognised as an adjustment to the RoU.

Rights of use of assets

The Group recognizes the right to use the assets at the starting date of the lease (i.e. the date on which the underlying asset is available for use).

The right of use assets is recorded at acquisition cost, net of accumulated depreciation and impairment losses and adjusted for any new measurement of lease liabilities. The cost of the right to use the assets includes the initial value of the lease liability, any direct costs initially incurred, and payments already made before the date of commencement of the lease, deducted from any incentives received and plus restoration costs, if they exist.

Whenever the Group incurs an obligation to dismantle and remove a leased asset, restore it to its original location, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised in accordance with IAS 37. The expenses are included in the respective right of use.

Lease incentives (e.g. lease grace periods) are recognized as elements of the measurement of the right to use and lease liabilities. Variable rents that are not dependent on an index or rate are recognized as expenses in the year in which they are ascertained, or payment occurs.

The rights of use assets are depreciated over the lease term on a straight-line basis or over the estimated useful life of the asset under the right of use, when this is longer than the lease term and management intends to exercise the purchase option.

Unless it is reasonably certain that the Group will obtain ownership of the leased asset at the end of the lease term, the right to use the assets recognized is depreciated on a straight-line basis over the lease term.

The impairment of rights of use assets is tested in accordance with IAS-36 in substitution of the recognition of provisions for onerous lease contracts.

The Group does not recognize the right of use assets or responsibility under lease liabilities, recognizing the expenses associated with these leases as expenses during the life of the contracts.

Lease-outs can contain rental and non-location components. However, the expedient rule of not separating the service components from the rental components by accounting for them as a single rental component has been considered.

Lease liabilities

At the starting date of the lease, the Group recognizes liabilities measured at the present value of future payments to be made until the end of the lease contract.

Lease payments include fixed payments (including fixed payments in substance), deducted from any incentives to receive, variable payments, dependent on an index or a rate, and expected values to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option, if it is reasonably certain that the Group will exercise the option, and payments of penalties for termination of the contract, if it is reasonably certain that the Group will terminate the contract.

Payments for non-lease components are not recognised as lease liabilities. Variable payments that are not dependent on an index or a rate are recognised as an expense in the year in which the event giving rise to them occurs.

In calculating the present value of lease payments, the Group uses the incremental loan rate at the starting date of the lease if the implicit interest rate is not easily determinable.

Extension and termination options are provided for in various lease agreements and their application is based on operational maximization. In determining the term of the lease, the Board of Directors considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Most of the extension options were not included in the lease liability and, when exercised, are by the Group and not by the lessor.

The deadline is reviewed only if a significant event or a significant change in circumstances occurs that affects this assessment and is under the control of the tenant.

After the rental start date, the value of the rental liability increases to reflect the accrued interest and reduces by the payments made. In addition, the book value of the lease liability is remeasured if there is a change, such as a change in the lease term, in the fixed payments or in the decision to purchase the underlying asset.

Practical expedient

The amendment to IFRS 16 in the scope of Covid-19, allowed the use of a practical expedient for lessees, which exempts from the evaluation of the credits, attributed by the lessors, if they qualify as modifications to the leases.

The Group has opted to apply this exemption, accounting this change in rental payments as variable lease rentals in the periods in which the event or condition that led to the reduction in payment occurs.

The practical expedient is only applicable when the following cumulative conditions are met:

- a) the change in the lease payments results in a revised consideration for the lease that is substantially equal to, or less than, the consideration immediately prior to the change;
- b) any reduction in lease payments only affects payments due on or before 30 June 2021; and
- c) there are no substantive changes to other terms and conditions of the lease.

The accounting treatment of Sale and Leaseback operations

The accounting treatment of Sale and Leaseback operations depends on the substance of the transaction by applying the principles explained in the revenue recognition (Note 2.17). According to IFRS 16, if the transfer of the asset complies with the requirements of IFRS 15, then it shall be accounted for as a sale of an asset, and the seller-lessee shall measure the right of use (RoU) of the asset as a proportion of the previous book value of the asset that is related to the right of use, recognizing as gain and loss only that which relates to the rights transferred to the purchaser-lessee, i.e. those which run beyond the lease period.

In accordance with IFRS 16 the value of the right of use to be recognised (RoU) is lower than it would be if the lease contract were entered into without the previous sale transaction. In effect, the value of the RoU is calculated as the proportion of the value retained over the value of the asset sold.

In situations where the Group receives a price higher than its fair value as compensation for expenses to be incurred that are traditionally the responsibility of the owner, such amounts are deferred for the period of the lease.

2.7 Leases from the perspective of the lessor

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

The leases where Sonae acts as lessor under operating leases, the values of the allocated assets are maintained in the statement of financial position of Sonae and income is recognised on a straight-line basis over the period of the lease contract.

2.8 Non-current assets and liabilities held for sale

The non-current assets and liabilities classified as held for sale if it is expected that the book value will be recovered through the sale and not through the use in the operations. This condition is achieved only if the sale is highly probable and the asset is available for immediate sale in the actual conditions. In addition, there must be in progress actions that should allow conclude that is expectable that will be effective the sale within 12 months counting from the classification's date in this caption. The non-current assets and liabilities recorded as held for sale are booked at the lower amount of the historical cost of sell or the fair value deducted from costs, not being subject to depreciation or amortisation after being classified as held for sale.

With regard to the classification of financial holdings as held for sale:

- i) in the case of subsidiaries they continue to be consolidated until the date of their disposal, but all their assets and liabilities must be classified as held for sale and recorded at the lowest between the book value and the fair value minus costs of selling, terminating the recording of depreciation/amortization;

- ii) in the case of joint ventures and associates measured by the equity method, they are measured at the lower of book value and fair value less costs to sell, and the application of the equity method is terminated.

When, due to changes in the Group's circumstances, non-current assets, and/or Disposal Groups fail to comply with the conditions to be classified as held for sale, these assets and/or Groups for disposal shall be reclassified according to the underlying nature of the assets and shall be remeasured by the minor between (i) the book value before they were classified as held for sale, adjusted for any depreciation/amortization expenses, or revaluation amounts that have been recognized, if those assets had not been classified as held for sale, and (ii) the recoverable values of the items on the date on which they are reclassified according to their underlying nature. These adjustments will be recognized in the results of the financial year.

In the case of investments in joint ventures and associates measured under the equity method, the termination of the classification as held for sale implies the replacement of the equity method retrospectively.

2.9 Government grants and other public entities

Government grants are recorded at fair value when there is reasonable assurance that they will be received, and that Sonae will comply with the conditions attaching to them.

Grants received as compensation for expenses, namely grants for personnel training, are recognised as income in the same period as the relevant expense.

Investment grants related to the acquisition of fixed assets are included in "Other non-current liabilities" and are credited to the income statement on a straight-line basis over the estimated useful lives of the assets acquired.

2.10 Impairment of non-current assets, except for Goodwill

Assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement under "Impairment losses".

The recoverable amount is the higher of an asset's fair value deducted from costs to sell and its value in use. Fair value deducted from costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction deducted from the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

In situations where the use of the asset will be expectedly discontinued (stores to be closed or on the remodelling processes) the Group performs a review of the asset's useful life after considering its impact on the value of use of that asset far terms of impairment analysis, particularly on the net book value of the assets to derecognise.

Reversal of impairment losses recognised in prior years is only recorded when it is concluded that the impairment losses recognised for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognised has been reversed. The reversal is recorded in the income statement as Operational income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for that asset in prior years.

2.11 Financial expenses relating to loans obtained

Financial expenses related to loans obtained directly attributable to the acquisition, construction or production of property, plant and equipment and intangible assets, are capitalized as part of the cost of the qualifying asset. Financial expenses related to loans obtained are capitalized from the beginning of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the financial expenses that qualify for capitalization.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.12 Inventories

The goods are recorded at acquisition cost, deducted from the value of commercial revenues and from the value of the quantity discounts granted by the suppliers and net realizable value of the two lowest, using as costing method the average cost.

Finished goods and intermediate and work in progress are stated at the lower of cost of the weighted average production cost or net realizable value. Production cost includes cost of raw materials, labour costs and overheads based on the normal level of production. The difference in capitalised charges recognized in this nature of inventories during the year is recognized as a change in production in the income statement.

Differences between cost and net realizable value, if negative, are shown as expenses under the caption "Cost of goods sold and materials consumed", as well as impairment reversals. Inventories is derecognised when it is considered obsolete by the Group, and its book value is derecognised by counterpart of "Other expenses".

2.13 Provisions

Provisions are recognised when, and only when, Sonae has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate as of that date.

Restructuring provisions are recorded by Sonae whenever a formal and detailed restructuring plan exists, and that plan has been communicated to the parties involved.

2.14 Financial instruments

Sonae classifies the financial instruments in the categories presented and conciliated with the combined statement of financial position disclosed in Note 7.

(a) Financial assets

Recognition

All purchases and sales of investments in financial assets are recognized on the trade date, the date when the Group commits to buy or sell the asset.

The classification of the financial assets depends on the business model followed by the Group in managing the financial assets (receipt of cash flows or appropriation of changes in fair value) and the contractual terms of the cash flows to be received.

Changes in the classification of financial assets can only be made when the business model is changed, except for financial assets at fair value through other comprehensive income, which are equity instruments, which can never be reclassified to another category.

Financial assets may be classified in the following measurement categories:

(i) Financial assets at amortized cost: includes financial assets that correspond only to the payment of nominal value and interest and whose business model followed by the management is the receipt of contractual cash flows;

(ii) Financial assets at fair value through other comprehensive income: this category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in an entity); a) the case of debt instruments, this category includes financial assets that correspond only to the payment of nominal value and interest, for which the business model followed by the management is the receipt of contractual cash flows or punctually their sale; b) in the case of equity instruments, this category includes the percentage of interest held in entities over which the group does not exercise control, joint control or significant influence, and that the group has irrevocably chosen, on the date of initial recognition, to designate the fair value through other comprehensive income;

(iii) Financial assets at fair value through profit or loss: includes assets that do not meet the criteria for classification as financial assets at amortized cost or at fair value through other comprehensive income, whether they refer to debt instruments or equity instruments that were not designated at fair value through other comprehensive income.

Also classified under this heading are investments in associates, held by a venture capital organization or equivalent, which the Group has opted, on initial recognition, to measure at fair value through profit or loss in accordance with IFRS 9. The Group makes this option separately for each associate.

Measurement

The group initially measures financial assets at fair value, added to the transaction costs directly attributable to the acquisition of the financial asset, for financial assets that are not measured at fair value through profit or loss. Transaction costs of financial assets at fair value through profit or loss are recorded in the income statement when incurred.

Financial assets at amortized cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income on these financial assets is included in "Interest income" on financial income.

Financial assets at fair value through other comprehensive income that constitute equity instruments, are measured at fair value on the date of initial registration and subsequently, and fair value changes are recorded directly in the other comprehensive income, in Equity, and there is no future reclassification even after derecognition of the investment.

Impairment losses

Sonae assesses prospectively the estimated credit losses associated with financial assets, which are debt instruments, classified at amortized cost and at fair value through other comprehensive income. Impairment methodology applied considers the credit risk profile of the debtors, and different approaches are applied depending on the nature of the debtors.

With regard to the balances receivable under "Trade receivables" and Assets of customer contracts, the Group applies the simplified approach allowed by IFRS 9, according to which estimated credit losses are recognized from the initial recognition of the balances receivable and for the entire period up to their maturity, considering an matrix of historical default rates for the maturity of the balances receivable, adjusted by prospective estimates.

Regarding to accounts receivable from related entities, which are not considered as part of the financial investment in these entities, credit impairment is assessed against the following criteria: i) if the receivable balance is immediately due ("on demand"); ii) if the balance receivable is low risk; or (iii) if it has a term of less than 12 months.

In cases where the amount receivable is immediately due and the related entity is able to pay, the probability of default is close to 0% and therefore the impairment is considered equal to zero. In cases where the receivable balance is not immediately due, the related entity's credit risk is assessed and if it is "low" or if the maturity is less than 12 months, then the Group only assesses the probability of a default occurring for the cash flows that mature in the next 12 months.

For all other situations and nature of receivables, Sonae applies the general approach of the impairment model, evaluating at each reporting date whether there has been a significant increase in credit risk since the date of the initial recognition of the asset. If there was no increase in credit risk, the Group calculates an impairment corresponding to the amount expected to be expected within 12 months. If there has been an increase in credit risk, an impairment is calculated corresponding to the amount equivalent to expected losses for all contractual flows until the maturity of the asset.

Derecognition of financial assets

Sonae derecognize financial assets when, and only when, the contractual rights to the cash flows have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of property of the asset.

(b) Loans granted

Loans granted and non-current accounts receivables are measured at amortised cost using the effective interest method, deducted from any impairment losses and are recorded under IFRS 9 - Financial assets at amortized cost.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial investments arise when Sonae provides money, goods or services directly to a debtor with no intention of trading the receivable.

Balances are classified as current assets when collection is estimated within 12 months. The balances are classified as non-current if the estimated charge occurs more than 12 months after the reporting date. These financial assets are included in the caption presented in Note 7.

Impairment losses on loans and accounts receivable are recorded in accordance with the principles described in Note 2.14.a). As at 31 December 2020, when there was evidence that they were impaired, the corresponding adjustment to profit and loss was recorded.

(c) Trade receivables and Other receivables

These captions mainly include the balances of customers resulting from services provided under the Group's activity and other balances related to operating activities.

"Trade receivables" and "Other receivables" captions are initially recognized at fair value and are subsequently measured at amortized cost, net of impairment adjustments.

Impairment losses of trade receivables and other receivables are recorded in accordance with the principles described in Note 2.14.a).

(d) Cash and bank balance

Amounts included under the caption "Cash and bank balance" correspond to cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption "Other loans", in the consolidated statement of financial position.

All the amounts included in this caption can be reimbursed at demand as there are no pledges or guarantees over these assets.

(e) Classification as equity or liabilities

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

Equity instruments are contracts that evidence a residual interest in the assets of Sonae after deducting all its liabilities. Equity instruments issued by Sonae are recorded at the proceeds received, net of direct issue costs.

(f) Financial liabilities

Financial liabilities are classified into two categories: i) Financial liabilities at fair value through profit or loss; and ii) Financial liabilities at amortized cost.

The "Financial liabilities at amortized cost" category includes liabilities presented under "Loans", "Bonds", "Other loans", "Other non-current liabilities", "Trade payables" and "Other payable". These liabilities are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost at the effective interest rate.

As at 31 December 2020, Sonae has only recognized liabilities classified as "Financial liabilities at amortized cost".

Financial liabilities are derecognised when the underlying obligations are extinguished by payment, are cancelled or expire.

(g) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in caption "Financial income" and "Financial expenses" in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.18. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Funding on the form of commercial paper are classified as non-current, when they have guarantees of placing for a period exceeding one year and it is the intention of the group to maintain the use of this form of financing for a period exceeding one year.

(h) Loans convertible into shares

The component parts of compound instruments, namely convertible bonds, issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a

financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option is classified as Equity and its value is estimated by deducting from the value of the instrument the amount allocated to the liability component, this amount being recognized directly in equity. This amount will remain in Equity until the end of the contract being transferred to retained earnings in the situation where the instrument reaches maturity without the conversion option being exercised.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

(i) Trade payables and Other payables

Trade payables and other payables generally include balances of suppliers of goods and services that the group acquired, in the normal course of its activity. The items that compose it will be classified as current liabilities if the payment is due within 12 months or less, otherwise the accounts of "Trade payables" will be classified as non-current liabilities.

These financial liabilities are initially recognized at fair value. Subsequent to its initial recognition, the liabilities presented under "Trade payables" are measured at amortized cost using the effective interest method. Accounts payable are stated at their nominal value, as they do not bear interests and the effect of discounting is considered immaterial.

(j) Confirming

Some subsidiaries within the retail business maintain agreements with financial institutions in order to enable its suppliers to an advantageous tool for managing its working capital by the confirmation by these subsidiaries of the validity of invoices and credits that these suppliers hold over these companies.

Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries, after confirmation of the validity of such receivables by these subsidiaries.

These retail subsidiaries consider that the economic substance of these financial liabilities does not change, therefore these liabilities are kept as accounts payable to "Suppliers" until the normal maturity of these instruments under the general supply agreement established between the company and the supplier, whenever (i) the maturity corresponds to a term used by the industry in which the company operates, this means that there are no significant differences between the payment terms established with the supplier and the industry, and (ii) the company does not have net costs related with the anticipation of payments to the supplier when compared with the payment within the normal term of this instrument. In some situations, such subsidiaries receive a commission from the financial institutions.

In the due date of such invoice, the amount is paid by the subsidiaries to the financial institution regardless whether or not it anticipated those amounts to the suppliers.

(k) Derivatives

Sonae uses derivatives in the management of its financial risks to hedge such risks and-or to optimize the "funding costs", not being used with speculative purposes.

Derivative financial instruments are initially recorded at the fair value of the transaction date and subsequently measured at fair value. The method of recognizing fair value gains and losses depends on the designation of derivative financial instruments as trading or hedging instruments.

The criteria for classifying a derivative instrument as a cash flow hedge instrument is met when:

- there is an economic relationship between the hedged item and the hedging instrument, the value of the hedged item and the hedging instrument move in opposite directions;
- changes in fair value do not result mainly from credit risk; and
- the hedge ratio designated by Sonae, in each transaction is the amount of the hedged item and the amount of the hedging instrument that the entity effectively uses to cover that amount of the hedged item.

Derivatives classified as cash flow hedging instruments are used by Sonae mainly to hedge interest risks on loans obtained and exchange rate. Conditions established for these cash flow hedging instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The inefficiencies, if any, are accounted under "Financial income" or "Financial expenses" in the consolidated income statement.

Sonae also uses financial instruments with the purpose of cash flow hedging, that essentially refer to exchange rate hedging ("forwards") of loans and commercial operations. If they configure a perfect hedging relation, hedge accounting is used. In certain situations, such as loans and other commercial operations, they do not configure perfect hedging relations, and so do not receive hedge accounting treatment, although they allow in a very significant way, the reduction of the loan and receivable-payable exchange volatility, nominated in foreign currency.

In specific situations, Sonae may enter into derivatives on exchange rates in order to hedge the risk of fluctuations in future cash flows caused by changes in those exchange rates, which may not qualify as hedging instruments in accordance with IFRS 9, being the effect of revaluation at fair value of such derivatives recorded under "Financial income and gains or financial expenses and losses" in the income statement

Derivatives, although contracted for the purposes mentioned above (mainly foreign exchange forwards and derivatives in the form of or including interest rate options), for which the company has not applied hedge accounting, are initially recorded at cost, which corresponds to their fair value, if any, and subsequently revaluated at fair value, the changes in which, calculated using specific IT tools, directly affect the "Financial income" and "Financial expenses" items in the consolidated income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics of the host contract, and these are not stated at fair value, gains and losses which are not realizable are recorded in the Income Statement.

Sonae may agree to become part of a derivative transaction in order to fair value hedge some interest rate exposure. In these cases, derivatives are recorded at fair value through profit or loss when the hedge instrument is not measured at fair value (namely loans recorded at amortised cost) the effective portion of the hedging relationship is adjusted in the carrying

amount of the hedged instrument, through profit or loss.

(l) Own shares

Own shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in "Other reserves", included in "Others reserves and retained earnings".

2.15 Contingent assets and liabilities

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.16 Income tax and other tax

The tax charge for the year is determined based on the taxable income of companies included on consolidation and considers deferred taxation.

Current income tax is determined based on the taxable income of companies included on consolidation, in accordance with the tax rules in force in the respective country of incorporation.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date, a review is made of the deferred tax assets recognized, being reduced whenever their future use is no longer probable.

Deferred tax liabilities are recognized on all taxable temporary differences, except those related to: i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities, which do not result from a business combination, and which at the date of the transaction do not affect the accounting or tax result.

Considering the accounting impacts resulting from the application of IFRS 16 - Leases, for a lessee, with the recognition of an asset under right of use not typified in the tax law and the recording of a lease liability that only has tax acceptance by the payment of rents, the management recognized the respective deferred tax asset (on the lease liability) and deferred tax liability (on the asset under right of use), on the date of initial and subsequent recognition of lease contracts. If the tax authorities change the tax law, the recognized deferred taxes may have to be reviewed/amended.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases, the corresponding deferred tax is recorded in equity.

The value of taxes recognised in the financial statements correspond to the understanding of Sonae on the tax treatment of specific transactions being recognised liabilities relating to income taxes or other taxes based on interpretation that is performed and what is meant to be the most appropriate.

In situations where such positions will be challenged by the tax authorities as part of their skills by their interpretation is distinct from Sonae, such a situation is the subject of review. If such a review, reconfirm the positioning of the Group concluded that the probability of loss of certain tax process is less than 50% Sonae treats the situation as a contingent liability, i.e. is not recognized any amount of tax since the decision more likely is that there will be no place for the payment of any tax. In situations where the probability of loss is greater than 50% is recognized a provision, or if the payment has been made, it is recognized the cost associated.

In situations in which payments were made to Tax Authorities under special schemes of regularization of debts, in which the related tax is Income Tax, and that cumulatively keep the respective lawsuits in progress and the likelihood of success of such lawsuits is greater than 50%, such payments are recognized as assets, as these amounts correspond to determined amounts, which will be reimbursed to the entity, (usually with interests) or which may be used to offset the payment of taxes that will be due by the group, in which case the obligation in question is determined as a present obligation. In situations where payments correspond to other taxes, such amounts are recorded as expenses, although the Group's understanding is that they will be reimbursed plus interest.

2.17 Revenue

Revenue corresponds to the fair value of the amount received or receivable from transactions with customers in the normal course of the Group's activity. Revenue is recorded net of any taxes, commercial discounts and other costs inherent to its realization, at the fair value of the amount received or receivable.

In determining the value of revenue, Sonae evaluates for each transaction its performance obligations to the customers, the price of the transaction to be affected by each performance obligation identified in the transaction, and the existence of variable price conditions that may lead to future success to the value of the recorded revenue, and for which the group makes its best estimate.

Income from sales of products is recorded in the income statement when the control over the product or service is transferred to the customer, that is, at the moment when the customer becomes able to manage the use of the product or service and obtain all the remaining economic benefits associated with it.

The Group considers that, given the nature of the product or service that is associated with the assumed performance obligations, the transfer of control occurs mostly on a specific date, but there may be transactions in which the transfer of control occurs continuously over the defined contractual period.

Revenue associated with extended warranties operations, which are granted for a period of 1 to 3 years, after the legally binding warranty of 2 years, by the specialized retail operating Segment, and are recognized in a straight-line basis over the warranty lifetime period. The revenue associated with warranties sold but for which the legal binding warranty hasn't yet expired is accounted under the captions of the Statement of Financial Position "Other non-current liabilities" and "Other current liabilities" (Notes 29 and 33).

Services rendered include the income from consulting projects, developed in the area of information systems, which are recognized, in each year, in accordance with the performance obligation to which they relate, according to the percentage of performance. The group recognizes revenue over time by measuring progress towards full compliance with that performance obligation.

Deferral of revenue associated with customer loyalty programs through the allocation of discounts on future purchases by the Food retail segment is quantified taking into account the probability of their exercise and are deducted from the revenue at the time they are generated, being corresponding liability in the caption "Other payables".

2.18 Accrual basis

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

“Other current assets” and “Other current liabilities” include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognized in the income statement.

2.19 Commercial revenue

Commercial revenues, which includes amounts relating to supplier's agreements are based of carrying out an in-store service (flyers, product placement, advertising, etc. ...) or contribution in promotional campaigns for supplier's products. These amounts affect the value of goods inventories and are deducted from the “Cost of sales” as the respective goods are sold. Commercial revenues are to be formally agreed, with the identification of the dates of the service or for the promotional campaign and value agreement with the supplier, and their recognition depends on the fulfilment of performance obligations. Commercial revenue agreements lead to the issuance of financial document(s) to suppliers, which are discounted in future invoice payments or through direct collection to partners. The amounts that have not yet been invoiced to the supplier are recorded under “Other current assets”.

2.20 Balances and transactions expressed in foreign currencies

Transactions are recorded in the separate financial statements of the subsidiaries in the functional currency of the subsidiary, using the rates in force on the date of the transaction.

At each statement of financial position date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign subsidiary at the exchange rates as at that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each subsidiary, using the exchange rate at the date the fair value was determined.

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the statement of financial position, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity.

When Sonae wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.14.k)).

2.21 Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the statement of financial position date are reflected in the consolidated financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes to the consolidated financial statements when material.

2.22 Judgements and estimates

The estimates and judgments with impact on the Group's financial statements are continuously evaluated, representing at each reporting date the Management's best estimate, taking into account historical performance, accumulated experience and expectations about future events that, under the circumstances, if they believe they are reasonable.

The nature of the estimates may lead to the actual reflection of the situations that had been estimated, for the purposes

of financial reporting, would differ from the estimated amounts. The most significant accounting estimates reflected in the financial statements include:

- a) Useful lives of the property, plant and equipment, intangible assets and right of use assets (Notes 2.3, 2.5 and 2.6);
- b) Terms of right of use assets (Note 2.6)
- c) Impairment analysis of goodwill in investments in associated companies and jointly controlled entities and of property, plant and equipment and intangible assets (Note 12);
- d) Recognition of adjustments on assets, provisions and contingent liabilities (Notes 34 and 36);
- e) Determining the fair value of derivative financial instruments (Notes 2.14.k and 28);
- f) Recoverability of deferred tax assets (Note 22);
- g) Valuation at fair value of assets, liabilities and contingent liabilities in business combination transactions;
- h) Impairment of financial assets (Note 34);
- i) Recognition of contract revenue;
- j) Financial assets at fair value through other comprehensive income or profit and loss (Note 2.14.a) and 14);
- k) Classification of investments of the venture capital portfolio;
- l) Entities included in the consolidation perimeter;
- m) Fair value of investment properties (Notes 2.4 and 11);
- n) Incremental interest rate on lease contracts (Notes 2.6 and 10);
- o) Tax on profits from the Group's various geographies (Notes 2.16, 22 and 44).

Estimates used are based on the best information available during the preparation of consolidated financial statements and are based on best knowledge of past and present events. Although future events are neither controlled by Sonae nor foreseeable, some could occur and have impact on the estimates. Changes to estimates that occur after the date of these consolidated financial statements, will be recognized in net income, in accordance with IAS 8 – "Accounting policies, changes in accounting estimates and errors", using a prospective methodology.

Terms of rights of use assets

The Group determines the end of the lease as the non-cancellable portion of the lease term, together with any periods covered by an option to extend the lease if it is reasonably certain that it will be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain that it will not be exercised.

The Group has the option, under some of its lease contracts, to rent or leaseback its assets for additional periods. At the inception of the lease Sonae evaluates the reasonableness of exercising the option to renew the contract after the initial period. That is, it considers all relevant factors that create an economic incentive to exercise the renewal. After the start

date, the Group reassesses the end of the contract if there is a significant event or changes in circumstances that are within its control and affect its ability to exercise (or not exercise) the renewal option (for example, a change in business strategy).

By the characteristics of the lease contracts negotiated, management assesses on the contract negotiation date whether it qualifies as a lease contract or a service contract.

Impairment analysis of goodwill in investments in associated companies and jointly controlled entities and of property, plant and equipment and intangible assets

The assessment of impairment in goodwill, investments in joint ventures and associates and other tangible and intangible assets involves significant judgments and estimates by Management, namely in projecting the cash flows of the assets included in the business plans, the rate of growth in perpetuity and the discount rate of those cash flows. The sensitivity analysis to changes in the assumptions of the impairment calculation is disclosed in Note 12.

Impairment of financial assets

Determining impairment on financial assets involves significant estimates. In making this estimate, Management evaluates, among other factors, the duration and extent of the circumstances in which the recoverable amount of these assets may be less than their carrying amount. The balances of "Clients", "Other Third Party Debtors" and "Other Current Assets" are evaluated for factors such as the history of default, current market conditions, and also estimated prospective information by reference to the end of each reporting period, as the most critical evaluation elements for the purpose of analysing estimated credit losses.

Recognition of adjustments on assets, provisions and contingent liabilities

Provisions are recognized when, and only when, the group has a present obligation (legal or constructive) as a result of a past event and it is probable that, to settle the obligation, an outflow of resources will be required and the amount of the obligation can be reasonably estimated.

Contingent liabilities estimated for each reporting period are disclosed in the notes to the financial statements, unless the possibility of an outflow of funds affecting future economic benefits is remote.

Recoverability of deferred tax assets

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used. At the end of each year the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are likely enabling the recovery of such assets.

Tax impacts of applying IFRS 16

Considering the accounting impacts resulting from the application of IFRS 16 - Leases, for a lessee, with the recognition of an asset under right of use not typified in the tax law and the recording of a lease liability that only has tax acceptance by the payment of rents, the management recognized the respective deferred tax asset (on the lease liability) and deferred tax liability (on the asset under right of use), on the date of initial and subsequent recognition of lease contracts. In the event of a change in the tax law by the Tax Authorities, the recognized deferred taxes may have to be reviewed / amended.

Recognition of contract revenue

In the recognition of revenue based on the percentage of completion, management reviews at each reporting date the total estimated costs, which correspond to the best estimate of the costs associated with the provision of the construction service and/or until its completion. When there are significant deviations in the performance of the contract that are not associated with changes that result in the right to additional revenue as agreed with the customer, management reviews the percentage of completion and margin associated with the contract, according to its best estimate of its completion, which may give rise to the recording of a provision (onerous contract) (Note 2.17).

Classification of investments of the venture capital portfolio

When classifying investments, the Group determines whether the purpose of the investment is to provide financial resources to the investees with a return through medium- to long-term capital gains and evaluates whether or not, based on the contracts and agreements, it is able to influence the decisions and policies of its investees.

Different judgments regarding these matters could lead to investments being classified and measured differently, with direct impact on the consolidated financial statements.

Entities included in the consolidation perimeter

To determine the entities to be included in the consolidation perimeter, the Group assesses the extent to which it is exposed, or has rights, to variability in returns from its involvement with that entity and can take possession of them through the power it holds over that entity.

The decision that an entity has to be consolidated by the Group requires the use of judgment, assumptions and estimates to determine the extent to which the Group is exposed to variability of returns and the ability to seize them through its power.

Other assumptions and estimates could lead to the Group's consolidation perimeter being different, with a direct impact on the consolidated financial statements.

The remaining judgments and estimates are described in the corresponding notes, when applicable.

2.23 Insurance and reinsurance contracts

In order to optimise insurance costs, Sonae, through a wholly owned subsidiary, enters into reinsurance operations over non-life insurance contracts entered into by subsidiaries and related of the Efanor Group.

The subsidiary of Sonae acts like an intermediate in the assurance operations as a way to optimise insurance coverage and retention levels in accordance with the needs of each business, ensuring effective insurance management worldwide. The retained risk is immaterial in the context of reinsurance carried out.

Premiums written on non-life insurance contracts and associated acquisition costs are recognized as income and cost on a prorata basis over the term of the related risk periods, through changes in the provision for unearned premiums.

The provision for unearned premiums reflects the portion of non-life insurance premiums written attributable to future years, namely the portion corresponding to the period between the statement of financial position date and the end of the period to which the premium refers. It is calculated, for each contract in force.

In Provision for claims (Note 34) is recorded the estimated amounts payable for claims, including claims that have been incurred but not reported and future administrative costs to be incurred on the settlement of claims under management. Provisions for claims recorded by Sonae are not discounted.

Reinsurer's share of technical provisions are determined by applying the above described criteria for direct insurance, taking into considering the percentages ceded, in addition to other clauses existing in the treaties in force.

At each statement of financial position date, Sonae assess the existence of evidence of impairment on assets originated by insurance or reinsurance contracts.

2.24 Segment information

An operating segment is a component of the Group:

- a) that carries out business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- c) for which separate financial information is available.

Information regarding operating segments identified is included in Note 6.

2.25 Legal reserves, other reserves and retained earnings

Legal reserves

Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve, until such reserve reaches at least 20% of the share capital. This reserve is not distributable, except in the case of liquidation of the company, but it may be used to absorb losses, after all the other reserves are exhausted, or to increase the share capital.

Cash flow hedging reserve

The Hedging reserve reflects the changes in fair value of "cash flow" hedging derivatives that are considered as effective (Note 2.14.k)) and is not distributable or used to cover losses.

Currency translation reserve

The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of the Sonae's foreign subsidiaries and joint ventures into Euro, in accordance with the accounting policy described in Note 2.2.d).

Fair value reserve

This reserve includes the positive and negative effects of the revaluation on the fair value of available-for-sale as mentioned in Notes 2.22 and 24.

Reserves for the medium-term incentive plan are included in “other reserves”

According to IFRS 2 – “Share-based Payments”, responsibility with the medium-term incentive plans settled through delivery of own shares is recorded, the credit, under the caption “Reserves for the medium-term incentive plan” and is not distributable or used to cover losses.

2.26 Share-based payments

Share-based payments result from deferred performance bonus plans that are referenced to Sonae SGPS share price and vest within a period of 3 years after being granted.

When the plans set out by Sonae are settled through the delivery of treasury shares, the value of this responsibility is determined at the time of assignment based on the fair value of shares allotted and recognized during the period of deferment of each plan. The responsibility is posted in equity, in the caption “Other reserves and retained earnings” against “Employee benefits expense”.

When the settlement is made in cash, the value of these responsibilities are determined on the grant date (usually in April of each year) and subsequently remeasured at the end of each reporting period, based on the number of shares or options granted and the corresponding fair value at the closing date. These obligations are stated as “Staff costs” and “Other liabilities” on a straight-line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates.

3. Financial risk management

3.1 Introduction

The ultimate purpose of financial risk management is to support Sonae in the achievement of its strategy, reducing unwanted financial risk and volatility and mitigate any negative impacts in the income statement arising from such risks. Sonae's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not apply into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Due to its diversified nature Sonae is exposed to a variety of financial risks, consequently each Sub-holding is responsible for, where applicable, setting its own financial risk management policies, to monitor their own exposure and to implement their approved policies. Therefore, for some risks there are not Sonae global risk management policies, but rather, where appropriate, customized risk management policies at Sub-holding level, existing, however, common guiding principles. Financial risk management policies are approved by each Executive Committee and exposures are identified and monitored by each Sub-holding Finance Department. Exposures are also monitored by the Finance Committee as mentioned in the Corporate Governance Report.

The Finance Committee coordinates and reviews, amongst other responsibilities, global financial risk management policies. The Finance Department of Sonae Holding is responsible for consolidating and measuring the Company's financial risk exposure, being also responsible for assisting each Sub-holding in managing their own currency, interest rate, liquidity and refinancing risks through the Corporate Dealing Desk. Exposures are recorded in a main system (Treasury Management System). Risk control and reporting is carried out both at Sub-holding level, on a daily basis and on a consolidated basis for the monthly Finance Committee meeting.

3.2 Credit Risk

Credit risk is defined as the probability of a counterparty defaulting on its contractual obligations resulting in a financial loss. It is shown in two major ways:

3.2.1 Credit risk arising from Financial Instruments

The credit risk management related to the Financial Instruments (investments and deposits in banks and other financial institutions or resulting from derivative financial instruments entered during the normal hedging activities) or loans to subsidiaries and associates, there are principles for all Sonae companies:

- In order to reduce the probability of counterparties defaulting on their payment contractual obligations, Sonae companies only enter into transactions (short term investments and derivatives) with counterparties that present a high degree of prestige and national and international recognition and are based on their rating notations, taking into consideration the nature, maturity and size of the transactions;
- Additionally, regarding the amounts considered in Note 23, cash and cash equivalents, reinforce that the applications made are always for short periods, coinciding whenever possible with scheduled payments and maximum exposure limits are defined for each of the counterparties in order to avoid significant concentration of counterparty risk;
- No financial instruments shall be contracted unless they have been authorised in advance. The definition of instruments eligible for both excess and derivatives has been defined on a conservative basis (mainly short-term money market instruments for treasury applications, and instruments which can be broken down into their integral parts and duly valued, with a maximum loss identifiable in the case of derivatives);
- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by existing relationships banks in order to reduce exposure on a net basis, and ii) may only be applied in pre-approved instruments;
- In some cases, Sub-holdings can define more strict rules regarding counterparty exposure or more conservative policies;
- Any departure from the above-mentioned policies needs to be pre-approved by the respective Executive Committee/Board of Directors.

Regarding to the policies and minimum credit rating, Sonae does not expect any material failure in contractual obligation from its external counterparties nevertheless exposure to each counterparty resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Sub-holding Finance Department and any departure is promptly reported to the respective Executive Committee/Board of Directors and to the Sonae Finance Committee.

"Loans granted to related entities" balances are considered to have low credit risk and, therefore, impairment losses recognized during the period were limited to estimated credit losses at 12 months. These financial assets are considered to have "low credit risk" when they have a low impairment risk and the borrower has a high capacity to meet its contractual cash flow liabilities in the short term. The gross accounting value of the items classified as "Loans granted to related entities", included in other third party debts (Note 45), reflects the Company's maximum credit risk relative to this item, totaling 27.3 million euros as at 31 December 2020 (37.2 million euros as at 31 December 2019).

3.2.2 Credit risk in operational and commercial activities of each business

In this case due to each business characteristics and consequently of different credit risk typology, each sub-holding determines the most appropriate policy, as described above. However, the policies follow the same wide principles of:

prudence, conservatism, and the implementation of control mechanism.

- Sonae MC, Worten and Sonae Fashion

Credit risk is very low, considering that most transactions are made in cash. In the remaining, in the relationship with customers is controlled through a system of collecting quantitative and qualitative information, provided by high prestige and liable entities that provide information on risks by obtaining suitable guarantees, aimed at reducing the risk of granting credit. Credit risk arises in the relationship with suppliers as a result of advances or debits for discounts and is mitigated by the expectation to maintain the business relationship.

- Sonae Sierra

The credit risk results essentially of the risk of credit of the tenants of the commercial centers managed by Sub holding and of the other debtors. Shopping Centre storekeepers credit risk monitoring is made by the adequate assessment of risk before the storekeepers are accepted and by the establishment of conservative credit limits for each storekeeper.

- Sonae IM

The technology business exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk management purpose is to guarantee that the amounts owed by debtors are effectively collected within the periods negotiated without influencing the financial health of the Sub-holding. Sonaecom uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, which all contribute to the mitigation of credit risk.

- NOS – Joint Venture

NOS is subject to credit risk in its operating and treasury activities. The credit risk associated with operations is essentially related to services provided to customer's credits. This risk is monitored on a regular basis business, with the goal of management is: i) limit the credit granted to customers, considering the average collection period of each client; ii) monitor the evolution of the level of credit granted; and iii) perform impairment tests to receivables on a regular basis.

- Sonae Holding

Sonae Holding does not have any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities in accordance with the principles mentioned in note 3.2.1).

Additionally, Sonae Holding may also be exposed to credit risk as a result of its portfolio manager activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis under the supervision of the Executive Committee (requesting bank guarantee, escrow accounts, obtaining collaterals, amongst others).

The group applies the simplified approach to calculate and record the estimated credit losses required by IFRS 9, which allows the use of estimated impairment losses for all "Trade receivables" and "Other receivables" balances. In order to measure estimated credit losses, the balances of "Customers" and "Other receivables" were aggregated on the basis of shared credit risk characteristics, as well as on days of delay. As mentioned in note 2.14.c). The amount related to customers and other debtors represents maximum Sonae exposure to credit risk of the assets included in these captions.

3.3 Liquidity Risk

Sonae has the need, regularly, to raise external funds to finance its activities and investing plans. It holds a long-term diversified portfolio, essentially made of, loan's and structured facilities, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2020, the total gross debt (excluding shareholders loans) was 1,890 million euros (on 31 December 2019 was 1,789 million euros) excluding the contributions of excluding contributions from joint ventures measured by the equity method.

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy. Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining with its relationship banks, a combination of short and medium term committed credit facilities, with sufficiently comfortable previous notice cancellation periods with a range that goes (up to 360 days);
- Maintenance of commercial paper programs with different periods and terms, that allow, in some cases, to place the debt directly in institutional investors;
- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- Diversification of financing sources and counterparties;
- Ensuring an adequate average debt maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. In 2020, Sonae's average debt maturity was approximately 4.4 years (2019: 4.4 years) excluding the contributions of the joint ventures which consolidated by the equity method;
- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;
- Where possible, by pre-financing forecasted liquidity needs, through transactions with an adequate maturity;
- Management procedures of short-term applications, assuring that the maturity of the applications will match with foreseen liquidity needs (or with a liquidity that allows to cover unprogrammed disbursements, concerning investments in assets), including a margin to hedge forecasting deviations. The margin of error needed in the treasury department prediction, will depend on the confidence degree and it will be determined by the business. The reliability of the treasury forecasts is an important variable to determinate the amounts and the periods of the market applications-borrowings.

The maturity of each major class of financial liabilities is disclosed in Notes 27, 31, and 32, based on the undiscounted cash flows of financial liabilities based on the earliest date on which Sonae can be required to pay ("worst case scenario").

Sonae maintains a liquidity reserve in the form of credit lines together with the banks with which there are activities. This is to ensure the ability to meet its commitments without having to refinance itself in unfavourable terms. In 31 December 2020, as described in Note 27, the consolidated loan amount maturing in 2021 is of 193 million euros (196 million euros maturing in 2020) and in 31 December 2020 Sonae had 258 million euros available in consolidated credit lines (235 million euros in 2019) with commitment less than or equal to one year and 472 million euros (352 million euros in 2019) with a commitment greater than one year.

Additionally, Sonae held, as at 31 December 2020, cash and cash equivalents and current investments amounting to 763 million euros (610 million euros as at 31 December 2019) (Note 23).

Consequentially, although current liabilities are higher than current assets, a natural situation due to the fact that its main business has negative working capital requirements, Sonae expects to meet all its obligations by means of its operating cash flows and its financial assets as well as from drawing existing available credit lines, if needed.

3.4 Interest rate risks

3.4.1 Policies

As each business operates in different markets and in different business environments, there is no single policy applicable to Sonae, but rather policies adjusted to each Sub-holding exposure which one described below. As previously mentioned, Sonae exposure is regularly monitored by the Finance Committee, at a group level, and at each Sub-holding level. Although there is no wide risk management interest rate policy in what concerns the derivatives negotiation, there are principles that have to be followed by all the companies and that are referred below:

- Sonae hedging activities do not constitute a profit-making activity and derivatives are entered into without any speculation purpose;
- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be consistent with the settlement dates of the hedging instruments to avoid any mismatch and hedging inefficiencies;
- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be a perfect match between the base rate: the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction;
- Since the beginning of the transaction, the maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);
- The counterparties of hedging instruments are limited to institutions of high prestige, national and international recognition and based on respective credit ratings, as described in 3.2. above. It is Sonae policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;
- In determining the fair value of hedging operations Sonae uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates, foreign exchange rates, volatility among others prevailing at the statement of financial position date. Comparative financial institution quotes for specific or similar instruments are used as benchmark for the valuation;
- All transactions have to be documented under ISDA's Agreements (International Swaps and Derivatives Association);
- All transactions which do not follow the rules mentioned above have to be individually approved by the respective Executive Committee Board of Directors, and reported to Finance Committee, namely transactions entered into with the purpose of optimizing the cost of debt when deemed appropriate according to prevailing financial market conditions.

- Sonae MC, Worten and Sonae Fashion

Business exposure to interest rates arises mainly from long term loans which bear interests at Euribor.

The purpose of these holdings is to limit cash-flows volatility and results, considering the profile of its operational activity, by using an appropriate mix of fixed and variable interest rate debt. Sonae Group policy allows the use of interest rate derivatives to decrease the exposure to Euribor fluctuations but does not allow for trading purpose.

- Sonae Sierra

Sonae Sierra's income and operating cash-flows are substantially independent of changes in market interest rates, as its cash and cash equivalents and its financing granted to other companies of the Group are dependent only of the evolution of the interest rates in Euro, which have had a minimum change.

In relation to long-term borrowings and in order to hedge the volatility of long-term interest rates, Sonae Sierra uses, whenever appropriate, cash flow hedge instruments (swaps or zero cost collars), which represent perfect hedges of those long-term borrowings. In certain long-term borrowings Sonae Sierra chose to have a fixed interest rate in the first years of the financing agreement and will study afterwards the possibility to negotiate interest rate swaps or zero cost collars for the remaining period.

- Sonae IM

In the technology business total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group result or on its shareholders' equity is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility of using interest rate hedging derivative instruments, as mentioned below; (iii) possible correlation between the market interest rates levels and economic growth, the latter having a positive effect on other lines of the Sub-holding consolidated results (namely operational), thus partially offsetting the increase of financial costs ("natural hedge"); and (iv) the availability of consolidated liquidity or cash, also bearing interests at variable rates.

- NOS – Joint Venture

The borrowings of NOS, except bonds, have variable interest rates, which exposes the group to the risk of cash flows interest rates. NOS has adopted a hedging policy by hiring "swap" interest rate to cover future payments of interest bonds and other loans.

- Sonae Holding and others

Sonae Holding is exposed to interest rate risk in relation to the statement of financial position (loans and short-term investments) and the fair value of interest rate derivatives (swaps and options). A significant part of Sonae Holding's debt is indexed at variable rates, and interest rate derivatives can be used to convert part of the fixed rate floating rate debt (generally using interest rate swaps), or to limit the rate maximum to pay (usually using cap's).

Sonae Holding mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve, since hedging interest rate risk usually has an opportunity cost associated. Therefore, a more flexible approach is considered preferable to a stricter traditional approach. Part of the risk is also mitigated by the fact that Sonae Holding grants loans to its subsidiaries as part of its normal activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae Holding hedging activities do not constitute a profit-making activity and derivatives are deemed to be without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into.

3.4.2 Sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest rate financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, these instruments are included in the calculation of income-related sensitivities;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity;
- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense (gain/loss in change of the derivatives fair value) therefore it has taken into consideration in the sensitivity calculations for changes in interest rate;
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if euro interest rate of denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax of Sonae for the period ended as at 31 December 2020 would decrease by approximately 14.2 million euros (13.9 million euros decrease as at 31 December 2019).

3.5 Exchange rate risk

3.5.1 Policies

Sonae operates at an international level, having subsidiaries that operate in different jurisdictions, and so it is exposed to foreign exchange rate risk. As each Sub-holding operates in different markets and in different business environments, there is no standard policy for Sonae, but rather individual policies for each Sub-holding which are stated below. Sonae's currency exposures are divided into two levels: transaction exposures (foreign exchange exposures relating to contracted cash flows and statement of financial position items where changes in exchange rates will have an impact on earnings and cash flows) and translation exposure (equity in foreign subsidiaries). Although there is not global management exchange rate risk policy in what concerns hiring derivatives to managing exchange interest risk, it also applies to all group companies, with the necessary adaptations, the principles referred at 3.4.1).

- Sonae MC, Worten and Sonae Fashion

The impact on the financial statements of changes in exchange rate is immaterial, as the most part of the transactions are denominated in euro. These holdings are mainly exposed to exchange rate risk through transactions relating to acquisitions of goods in international markets, which are mainly in US Dollars.

These holdings aim to limit the risk of exposure to foreign currencies associated with operational transactions. The reduction of the exchange rate exposure risk can be obtained, among other ways, by contracting financial derivatives that allow replicating the natural hedge through financial movements, always in line with the existing exchange rate risk policy.

The exchange risk management purpose is to provide a stable decision platform when deciding and negotiating the purchases of inventories establishing fixed exchange rates. The hedging accompanies all the purchase process, since procurement up to the formal agreement of purchase.

The exchange risk exposure is monitored through the purchase of forwards with the goal of minimizing the negative impacts of volatility in exposure level as a consequence of changes of the amounts of imports denominated in other currencies rather than euro.

- Sonae Sierra

The main activity of each company included in consolidation is developed inside its country of origin and consequently the majority of the company transactions are maintained in its functional currency. The policy to hedge this specific risk is to avoid, if possible, the contracting of services in foreign currency.

- Sonae IM

The Technologies business operates internationally and has subsidiaries operating in countries with currencies other than the euro, namely, in the United Kingdom and Mexico, thus being exposed to exchange rate risk.

Foreign exchange risk management seeks to minimize the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of Sonaecom results to changes in foreign exchange rates.

Whenever possible, Sonaecom uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, Sonaecom adopts derivatives financial hedging instruments.

Sonaecom exposure to exchange rate risk results mainly from the fact that some of its subsidiaries report in currencies other than the Euro, the risk relating to the operations being insignificant.

- NOS – Joint Venture

The risk of exchange rate is mainly related to exposure resulting from payments made to terminal equipment suppliers and producers of audio-visual content for the TV business by subscription and audio-visual, respectively. Commercial transactions between NOS and these suppliers are denominated mostly in American dollars.

Considering the balance of accounts payable resulting from transactions denominated in currencies other than the functional currency of the group, NOS hires or can hire financial instruments such as short-term currency forwards to hedge the risk associated with these balances.

- Sonae Holding

Due to the nature of holding company, Sonae Holding, has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise foreign exchange risk management seeks to minimize the volatility of such transactions made in foreign currency and to reduce the impact on the Profit and loss of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae Holding hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to previous approval from the company's Executive Committee.

3.5.2 Exposure and sensitivity analyses

As at 31 December 2020 and 2019 Sonae amounts of assets and liabilities (in euro) denominated in a currency different from the subsidiary functional currency were the following:

	Assets		Liabilities	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
British Pound	7,693,432	128,719	68,253	258,856
US Dollar	83,913,929	6,090,855	41,221,874	23,387,527
Other Currencies	2,485,033	909,743	422,466	2,767,821

The amounts presented above, only include assets and liabilities expressed in different currency than the functional currency used by the subsidiary or jointly controlled company. Therefore, it does not represent any risk of financial statements translation.

The Group's sensitivity to changes in exchange rates, considering a variation of 5%, can be analysed as follows:

	Impact on results		Impact on equity	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
British Pound	381,257	(6,507)	521	(29,768)
US Dollar	2,134,602	(864,835)	-	-
Other Currencies	103,128	(92,903)	(287,555)	(393,387)
	2,618,987	(964,245)	(287,034)	(423,155)

3.6 Price risk

Sonae is exposed to equity price risk arising from equity investments, held for strategic rather than for trading purposes as the group does not actively trade these investments, which are disclosed in Note 13, 14 and 15.

Sonae is exposed to risks arising from changes in Sonae SGPS share price due responsibilities related with the remuneration policy described in Sonae Corporate Governance report, as explained in Note 30.

In 2007, Sonae entered into a Total Return Swap (TRS) with Sonae SGPS shares as underlying. As explained in Note 24, the Total Return Swap precluded the derecognition of those own shares, and as such, a change in the Sonae SGPS share price will have an impact on the cash flows by means of TRS cash settlements. If, as at 31 December 2020, Sonae price had been 1% higher / lower, Sonae would have receiving / payments additional of 594 thousand euros (at 31 December 2019 Sonae would have additional receiving/payments amounting to 874 thousand euros).

3.7 Capital risk

The capital structure of Sonae, determined by the proportion of equity and net debt is managed in order to ensure

continuity and development of its operations, maximize the return on shareholders and optimize financing costs.

Sonae periodically monitors its capital structure, identifying risks, opportunities and the necessary adjustment measures for the achievement of these objectives.

Sonae presented in 2020 an average gearing (countable) of 0.5x (0.5x in 2019). The average gearing at market values in 2020 was 1x (0.9x in 2019).

4. Changes in the consolidation perimeter

4.1 Main acquisition of subsidiaries in the period ended at 31 December 2020

In February 2020, as a result of the restructuring in Sierra BV, the following transactions occurred:

- the capital held by Sierra Investments Holding BV and Sierra LP in Land BV was sold to Sierra BV; after this transaction, Sierra BV owns 100% of Land BV (owner of Cascaishopping),
- the capital held by Sierra BV in Sierra Retail Ventures BV (owner of the secondary assets of Sierra BV) was sold to Sierra Investments Holding BV and Sierra LP (50.1% and 49.9%, respectively), and
- the capital held by Sierra Investments Holding BV in Sierra BV was partially sold to two new investors, Allianz Finance IX Luxembourg, S.A. and Elo Mutual Pension Insurance Company by the amount of 262,178 thousand euros; the ownership percentage in Sierra BV was reduced to 25.1%.

These entities were classified as held for sale in 2019. Sonae Sierra maintained the management services contracts to all assets.

The effects of these transactions on the consolidated financial statements can be analysed as follows:

Amounts in euro	At the disposal date
Net assets	
Non-current assets and liabilities held for sale	1,097,147,948
Other assets/liabilities with movements after 31 December 2019	(18,910,196)
Capital decrease after 31 December 2019	(47,287,831)
Dividends distributed after 31 December 2019	8,062,901
Transfer to joint ventures and associates (Note 13.3.2)	(69,591,682)
Non-controlling interests (Note 26)	(356,173,783)
Liabilities directly related to assets classified as held for sale	(385,591,820)
Total net assets disposed	227,655,537
Gain/(Loss) on disposal (Note 38)	34,522,779
Disposal price	262,178,316
Expenses incurred with the disposal (Note 38)	(14,080,734)
Net receipt	248,097,582
Effective receipts	248,097,582
Amounts receivable in future	-
	248,097,582
Net cash flow arising from the disposal	
Amounts received	262,178,316
Cash and bank balances disposed	(16,136,076)
	246,042,240

4.2 Attribution of fair value to assets acquired and liabilities assumed in the acquisition of iServices in 2019

In the 4th quarter of 2019, Worten signed an agreement to acquire 100% of the share capital of iServices, a leading smartphone repair company in Portugal through a network of 15 stores. This acquisition, which took place in December

2019, after receiving mandatory approvals (including from the competition) for a transaction of this nature, will strengthen Worten's capabilities in its service offering and contribute to improving the customer experience and its ecosystem.

In 2020, we completed the analysis to assign, in accounting terms, the fair value of identified assets and assumed liabilities, with no change to the goodwill recorded in 2019 in the amount of 6 million euros arising from said analysis.

4.3 Activities discontinued in the financial year

As provided for by IFRS 5, changes were made to the consolidated statements of income by nature for the year ended 31 December 2019 to reflect in a single item (Consolidated net income for the period from discontinued operations), on the face of the income statement, profit or loss after tax from discontinued operations. Bright Brands SportsGoods, S.A. disposed of in February 2021 were considered as discontinued operations.

The details of the discontinued activities can be analysed as follows:

Amounts expressed in euro	31 Dec 2020		
	Sonae MC	Sonae Fashion	Total discontinuing operations
Other tax assets	188,412	-	188,412
Cash and bank balances	24,696	-	24,696
Trade and other payables	(487,918)	-	(487,918)
Profit/(Loss) before tax	(274,810)	-	(274,810)
Net income	(1,821,629)	(4,466,160)	(6,287,789)
Conversion reserves	5,470,151	-	5,470,151
Profit/(Loss) for period from discontinuing operations	3,923,332	(4,466,160)	(542,828)

Amounts expressed in euro	31 Dec 2020		
	Sonae MC	Sonae Fashion	Total discontinuing operations
Turnover	-	2,514,910	2,514,910
Other income	33	116,109	116,142
Cost of goods sold and materials consumed	-	(1,600,897)	(1,600,897)
External supplies and services	(9,165)	(1,579,061)	(1,588,226)
Employee benefits expense	-	(1,082,567)	(1,082,567)
Depreciation and amortisation expenses	-	(229,520)	(229,520)
Impairment losses	-	(878,889)	(878,889)
Other expenses	(21,185)	(172,645)	(193,830)
Financial Income and Expenses	(1,791,312)	(15,697)	(1,807,009)
Income or expense relating to investments	-	1,145	1,145
Profit/(Loss) before tax	(1,821,629)	(2,927,112)	(4,748,741)
Income tax expense	-	(1,539,048)	(1,539,048)
Profit/(Loss) after tax	(1,821,629)	(4,466,160)	(6,287,789)
Income or expenses related to loss control	-	-	-
Profit/(Loss) for period from discontinuing operations	(1,821,629)	(4,466,160)	(6,287,789)

5. Restatement of consolidated income statements

The restatement of the consolidated financial statements for the years ended 31 December 2019 results from the following facts:

- Review of the classification of minority stakes.

In the year ended 31 December 2020, a review was performed of the classification of the minority interests of the subsidiaries SonaeIM, Bright Development and Bright Vector I, recorded in the group to date in accordance with IFRS 9 at fair value through other comprehensive income. As a result of this review, the group concluded to significant influence in the majority of these investments. In this sense, and taking into account that the investment activity developed by these subsidiaries fits, for the purposes of the exemption provided for in paragraph 18 of IAS 28, as venture capital activity, the group opted for the exemption of the application of the equity method, and started to measure the minority interests held by these subsidiaries at fair value through profit or loss in accordance with IFRS 9. In addition, in the Consolidated Financial Position Statement, we break down the item Other Investments.

The impacts on the consolidated financial statements as at 31 December 2019 are as follows:

31 Dec 2019	Before the restatement	Investments recorded at fair value through results	Investments recorded at fair value through other comprehensive income	After the restatement
ASSETS				
NON-CURRENT ASSETS:				
Investments in joint ventures and associates	1,607,581,376	-	-	1,607,581,376
Assets at fair value through results	-	58,367,252	-	58,367,252
Assets to fair value through other comprehensive income	-	-	5,344,810	5,344,810
Other investments	79,248,786	(58,367,252)	(5,344,810)	15,536,724
Other non-current assets	4,562,265,997	-	-	4,562,265,997
Total Non-Current Assets	6,249,096,159	-	-	6,249,096,159
CURRENT ASSETS:				
Other current assets	1,668,854,606	-	-	1,668,854,606
Total Current Assets	1,668,854,606	-	-	1,668,854,606
Assets classified as held for sale	1,126,364,434	-	-	1,126,364,434
TOTAL ASSETS	9,044,315,199	-	-	9,044,315,199
EQUITY AND LIABILITIES				
EQUITY:				
Reserves and retained earnings	1,966,627,296	(557,729)	-	1,966,069,567
Profit/(Loss) for the period attributable to the equity holders of the Parent Comp	165,221,904	-	557,729	165,779,633
Equity attributable to the equity holders of the Parent Company	2,131,849,200	(557,729)	557,729	2,131,849,200
Equity attributable to non-controlling interests	974,714,342	(62,205)	62,205	974,714,342
TOTAL EQUITY	3,106,563,542	(619,934)	619,934	3,106,563,542
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Other non-current liabilities	3,285,510,407	-	-	3,285,510,407
Total Non-Current Liabilities	3,285,510,407	-	-	3,285,510,407
CURRENT LIABILITIES:				
Other current liabilities	2,265,624,753	-	-	2,265,624,753
Total Current Liabilities	2,265,624,753	-	-	2,265,624,753
Liabilities directly associated with assets classified as held for sale	386,616,497	-	-	386,616,497
TOTAL LIABILITIES	5,937,751,657	-	-	5,937,751,657
TOTAL EQUITY AND LIABILITIES	9,044,315,199	(619,934)	619,934	9,044,315,199

01 Jan 2019

	Restatement published	Investments recorded at fair value through results	Investments recorded at fair value through other comprehensive income	After the restatement
ASSETS				
NON-CURRENT ASSETS:				
Investments in joint ventures and associates	1,979,366,453	-	-	1,979,366,453
Assets at fair value through results	-	26,399,881	-	26,399,881
Assets to fair value through other comprehensive income	-	-	6,954,172	6,954,172
Other investments	47,195,341	(26,399,881)	(6,954,172)	13,841,288
Other non-current assets	5,160,494,329	-	-	5,160,494,329
Total Non-Current Assets	7,187,056,123	-	-	7,187,056,123
CURRENT ASSETS:				
Other current assets	1,767,976,927	-	-	1,767,976,927
Total Current Assets	1,767,976,927	-	-	1,767,976,927
Assets classified as held for sale	-	-	-	-
TOTAL ASSETS	8,955,033,050	-	-	8,955,033,050
EQUITY AND LIABILITIES				
EQUITY:				
Reserves and retained earnings	1,861,686,453	(1,456,484)	-	1,860,229,969
Profit/(Loss) for the period attributable to the equity holders of the Parent Comp	207,127,067	-	1,456,484	208,583,551
Equity attributable to the equity holders of the Parent Company	2,068,813,520	(1,456,484)	1,456,484	2,068,813,520
Equity attributable to non-controlling interests	1,125,755,368	(162,447)	162,447	1,125,755,368
TOTAL EQUITY	3,194,568,888	(1,618,931)	1,618,931	3,194,568,888
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Other non-current liabilities	3,225,783,879	-	-	3,225,783,879
Total Non-Current Liabilities	3,225,783,879	-	-	3,225,783,879
CURRENT LIABILITIES:				
Other current liabilities	2,534,680,285	-	-	2,534,680,285
Total Current Liabilities	2,534,680,285	-	-	2,534,680,285
Liabilities directly associated with assets classified as held for sale	-	-	-	-
TOTAL LIABILITIES	5,760,464,164	-	-	5,760,464,164
TOTAL EQUITY AND LIABILITIES	8,955,033,052	(1,618,931)	1,618,931	8,955,033,052

	Before the restatement	Investments recorded at fair value through results	Discontinued operations	After the restatement
Sales	6,051,906,738	-	(1,870,588)	6,050,036,150
Services rendered	382,881,623	-	409,068	383,290,691
Changes in value of investment properties	4,924,364	-	-	4,924,364
Income or expense relating to investments	(29,875,177)	-	-	(29,875,177)
Gains and losses on investments recorded at fair value through results	92,668	619,934	-	712,602
Financial income	17,672,582	-	6,224	17,678,806
Other income	130,924,872	-	(118,266)	130,806,606
Cost of goods sold and materials consumed	(4,338,366,013)	-	846,269	(4,337,519,744)
(Increase) /Decrease in production	(3,986,301)	-	-	(3,986,301)
External supplies and services	(674,007,879)	-	1,827,022	(672,180,857)
Employee benefits expense	(868,327,447)	-	1,095,445	(867,232,002)
Depreciation and amortisation expenses	(330,753,851)	-	160,127	(330,593,724)
Impairment losses	(28,756,262)	-	104,889	(28,651,373)
Provisions	(9,804,518)	-	99,592	(9,704,926)
Financial expense	(127,769,691)	-	5,112	(127,764,579)
Financial income	32,307	-	-	32,307
Other expenses	(84,947,663)	-	166,694	(84,780,969)
Share of results of joint ventures and associates	142,867,063	-	-	142,867,063
Profit/(Loss) before taxation from continuing operations	234,675,108	619,934	2,731,588	238,026,630
Income tax expense	(18,495,386)	-	285,236	(18,210,151)
Profit/(Loss) after taxation from continuing operations	216,179,722	619,934	3,016,824	219,816,479
Profit/(Loss) from discontinued operations after taxation	17,821,080	-	(3,016,824)	14,804,256
Consolidated profit/(Loss) for the period	234,000,801	619,934	-	234,620,735

6. Segment information

Sonae has in its portfolio 8 operating segments:

- Sonae MC is a food retail unit with insiginis Continente, Continente Modelo, Continente Bom Dia, Go Natural, Well's, Arenal and franchising stores Meu Super; and also covers the Maxmat and the operational assets of Sonae RP;
- Worten is one of the Iberian electronic players;
- Sonae Sierra is the subsidiary dedicated to the activity of development and management of shopping malls;
- Sonae Fashion with a network of own stores of sports and clothing products, combined with a franchising network store;
- Sonae IM has the objective of building and managing a portfolio of technology-based companies related to retail and telecommunications;
- Sonae FS aims to boost retail financial services;
- NOS is the partnership that the group holds through Zopt dedicated to telecommunications; and
- Iberian Sports Retail Group (ISRG), a partnership with a network of sports stores in Spain and Portugal.

These segments were identified taking into account the following criteria/conditions: the fact that they are units of the group that develop activities where income and expenses can be separately identified, in relation to which financial information is developed separately, their operating results are regularly reviewed by management and on which it makes decisions about, for example, allocation of resources, the fact that they have similar products/services and also taking into account the quantitative threshold (as provided for in IFRS 8).

The list of Group companies and their respective businesses are detailed in Notes 53 and 54.

6.1 Financial information per business segment

The main operating segment information as at 31 December 2020 and 2019 can be detailed as follows:

31 Dec 2020	Turnover	Depreciation and amortisation ⁽³⁾	Provisions and impairment losses ⁽³⁾	EBIT ⁽³⁾	Financial results ⁽²⁾	Income tax ⁽²⁾
Sonae MC	5,152,509,757	(248,460,920)	(11,747,830)	254,733,831	(77,427,705)	(31,556,314)
Worten	1,161,289,364	(39,643,627)	(26,131,515)	(6,393,596)	(6,782,932)	(2,664,740)
Sonae Sierra	93,774,918	(3,031,525)	(7,923,355)	29,793,717	(7,966,336)	(1,352,241)
Sonae Fashion	343,813,768	(36,354,025)	(7,761,176)	(55,292,452)	(4,543,323)	12,056,726
Sonae IM	114,856,212	(7,515,016)	(384,620)	(19,493,602)	(6,923,150)	13,765,880
Sonae FS	34,598,639	(926,631)	(197,358)	3,467,262	262,363	2,628,431
NOS	-	-	-	26,953,848	-	-
ISRG	-	-	-	2,343,552	-	-
Other, eliminations and adjustments ⁽¹⁾	(73,818,579)	(6,150,432)	(2,011,842)	(19,806,760)	(3,120,358)	11,549,659
Total consolidated - Direct	6,827,024,079	(342,082,176)	(56,157,696)	216,305,800	(106,501,441)	4,427,401

31 Dec 2019 Restated	Turnover	Depreciation and amortisation ⁽³⁾	Provisions and impairment losses ⁽³⁾	EBIT ⁽³⁾	Financial results ⁽²⁾	Income tax ⁽²⁾
Sonae MC	4,702,014,125	(237,406,668)	(5,427,304)	233,752,253	(74,160,088)	(22,418,049)
Worten	1,087,633,957	(38,665,631)	(6,996,307)	(3,854,930)	(6,882,011)	(2,813,890)
Sonae Sierra	165,560,350	(3,227,201)	(1,652,502)	97,825,836	(11,996,463)	4,026,288
Sonae Fashion	391,750,502	(37,021,363)	(6,215,280)	(11,986,400)	(5,671,147)	3,020,509
Sonae IM	115,779,139	(7,294,486)	(1,388,212)	5,452,116	19,838	(6,755,562)
Sonae FS	38,060,469	(1,239,759)	-	8,576,683	98,592	405,456
NOS	-	-	-	31,874,695	-	-
ISRG	-	-	-	6,960,067	-	-
Other, eliminations and adjustments ⁽¹⁾	(67,471,701)	(5,738,616)	(933,677)	(23,841,797)	(11,494,494)	4,992,493
Total consolidated - Direct	6,433,326,841	(330,593,724)	(22,613,282)	344,758,523	(110,085,773)	(19,542,755)

	31 Dec 2020			31 Dec 2019 Restated		
	Investment (CAPEX)	Invested capital	Financial net debt ^{(2) (4)}	Investment (CAPEX)	Invested capital	Financial net debt ^{(2) (4)}
Sonae MC	205,638,187	2,453,988,584	1,558,795,471	279,439,365	2,422,891,242	1,596,657,426
Worten	31,882,482	(67,969,422)	-	42,810,000	13,092,560	-
Sonae Sierra	2,730,389	913,074,783	34,312,057	17,223,650	1,735,324,736	69,527,165
Sonae Fashion	76,240,193	302,332,103	-	17,577,531	335,228,795	-
Sonae IM	23,677,968	221,912,212	(496,619)	34,506,991	187,048,047	25,277,573
Sonae FS	17,176,333	47,476,171	-	373,000	11,210,189	-
NOS	-	771,587,284	-	-	642,224,343	-
ISRG	-	83,905,118	-	-	81,540,598	-
Other, eliminations and adjustments ⁽¹⁾	144,175,877	24,630,517	718,474,074	7,028,790	19,012,332	649,547,118
Total consolidated	501,521,429	4,750,937,350	2,311,084,983	398,959,327	5,447,572,842	2,341,009,281

- 1) Includes Sonae individual accounts;
- 2) These captions are accompanied by management in more aggregated form, and not allocated to individual operating segments identified above;
- 3) Reconciled information in note 50;
- 4) Include lease liabilities

The intercompany of the turnover can be analysed by following:

Turnover	31 Dec 2020 Inter-segment	31 Dec 2019 Inter-segment Restated
Sonae MC	(51,047,050)	(58,052,087)
Worten	(3,061,347)	(1,976,188)
Sonae Fashion	(29,858,467)	(25,866,710)
Sonae IM	(14,477,329)	(15,900,255)
Sonae FS	(2,614,991)	(2,304,924)
Other, eliminations and adjustments	(673,938)	6,598,240
Total consolidated	(101,733,123)	(97,501,924)

The caption "Others, eliminations and adjustments" can be analysed as follows:

	Turnover		EBIT	
	31 Dec 2020	31 Dec 2019 Restated	31 Dec 2020	31 Dec 2019 Restated
Inter-segment intra-groups	(101,733,123)	(97,501,924)	(8,211,361)	(14,574,280)
Contributions of entities not included in the segments	27,914,544	30,030,223	(11,595,401)	(9,267,517)
Other, eliminations and adjustments	(73,818,579)	(67,471,701)	(19,806,760)	(23,841,797)

	Investment		Invested capital	
	31 Dec 2020	31 Dec 2019 Restated	31 Dec 2020	31 Dec 2019 Restated
Inter-segment intra-groups and contributions of entities non-individualized entities as segments	7,755,877	7,028,790	85,086,364	106,494,878
Investments in joint ventures and associated companies	136,420,000	-	-	-
Cash settled equity swap ⁽⁶⁾	-	-	(60,455,847)	(87,482,546)
	144,175,877	7,028,790	24,630,517	19,012,332

5) Financial Instrument reported in Note 25.

All performance measures (APM's) are reconciled to the financial statements in Note 50.

Non-current assets and sales and services by geographic segment are detailed as follows:

Destination market	31 Dec 2020		31 Dec 2019 Restated	
	Non-current assets	Sales and services rendered by destination market	Non-current assets	Sales and services rendered by destination market
Portugal	5,033,307,222	6,232,566,441	4,778,016,277	5,716,990,034
Spain	300,773,628	447,229,431	358,032,155	520,026,351
France	-	27,533,228	-	40,177,182
United Kingdom	-	1,785,632	-	2,737,921
Germany	471,126	15,987,890	629,797	18,863,152
Italy	84,143,569	22,036,453	89,238,370	28,721,703
Romania	275,033,034	18,503,533	297,558,082	23,490,354
Brazil	9,725,472	141,054	13,279,290	123,612
Mexico	250,637	3,243,641	307,428	6,303,792
Netherlands	329,084,073	3,792,614	323,507,901	2,613,038
Rest of the world	295,255,559	54,204,162	388,526,859	73,279,702
	6,328,044,320	6,827,024,079	6,249,096,159	6,433,326,841

Glossary:

Net Invested capital = Net debt + Shareholder funds;

Total net debt = Bonds + bank loans + other loans + finance leases - cash, bank deposits, current investments, excluding other long-term investments + lease liabilities

Others, eliminations and adjustments = Intra-groups + consolidation adjustments + contributions from other companies not included in the disclosed segments by do not fit in any reportable segment, i.e. are included in addition to Sonae SGPS companies identified as "Others" in Note 53;

Investments (CAPEX) = Gross investments in Property, Plant and equipment and intangible assets and investments in Acquisitions.

6.2 Zopt financial information

The consolidated financial statements of ZOPT (joint venture that controls NOS) and NOS as at 31 December 2020 and 2019, incorporated into the financial statements of Sonae through ZOPT by the equity method (Note 13.2).

The value of ZOPT's income statement arises from the net income for the year of NOS, the net income for the year of the ZOPT and the impacts on the results of the process of allocation of the fair value of the assets and liabilities acquired by ZOPT.

The consolidated financial statements of NOS as at 31 December 2020 and 2019, incorporated in the consolidated financial statements of Sonaecom through ZOPT by the equity method can be summarized as follows:

Amounts in thousands of euros	31 Dec 2020	31 Dec 2019
Assets		
Property, plant and equipment	991,613	1,034,813
Intangible assets	1,041,087	1,014,066
Rights of use	260,097	200,483
Deferred tax assets	82,782	80,428
Other non-current assets	181,889	204,552
Non-current assets	2,557,468	2,534,342
Trade receivables	290,652	361,712
Cash and bank balances	153,285	12,819
Other current assets	171,238	179,303
Current assets	615,175	553,834
Total assets	3,172,643	3,088,176
Liabilities		
Loans	1,363,514	1,201,064
Provisions	73,345	94,959
Other non-current liabilities	50,964	21,537
Non-current liabilities	1,487,823	1,317,560
Loans	167,126	159,063
Trade creditors	252,607	259,499
Other current liabilities	308,853	339,731
Total current liabilities	728,586	758,293
Total liabilities	2,216,409	2,075,853
Shareholders' funds excluding non-controlling interests	949,549	1,005,281
Non-controlling interests	6,685	7,042
Total Equity	956,234	1,012,323
Total equity and liabilities	3,172,643	3,088,176

Amounts in thousands of euros	31 Dec 2020	31 Dec 2019
Total revenue	1,367,886	1,458,404
Costs and losses		
Direct costs and External supplies and services	(449,318)	(497,559)
Depreciation and amortisation	(409,842)	(421,313)
Other operating costs	(371,416)	(338,785)
	(1,230,576)	(1,257,657)
Share of results of joint ventures and associates	(9,099)	(1,022)
Financial results	(26,633)	(24,747)
Income tax expense	(16,342)	(32,557)
Consolidated net income/(loss) for the year	85,236	142,421
Profit/(Loss) after taxation from discontinued operations	(6,407)	(822)
Attributed to non-controlling interests	(357)	(251)
Attributed to shareholders of parent company	92,000	143,494

7. Financial instruments by class

As at 31 December 2020 and 2019, the categories and fair value of the financial instruments were classified as follows:

Financial assets	Notes	Financial assets recorded at amortized cost	Assets at fair value through the other comprehensive income	Assets at fair value through the income statement	Others non-financial assets	Total
As at 31 December 2020						
Non-current assets						
Financial Assets at fair value	14	-	115,903,789	97,668,772	-	213,572,561
Other investments	15	14,266,208	-	-	-	14,266,208
Other non-current assets	16	39,820,677	179	-	1,411,882	41,232,738
		54,086,886	179	-	1,411,882	55,498,946
Current assets						
Trade receivables	18	147,594,934	-	-	-	147,594,934
Other debtors	19	102,619,195	-	-	-	102,619,195
Investments	15	42,512	3,303,370	-	-	3,345,882
Cash and bank balances	23	763,302,610	-	-	-	763,302,610
		1,013,559,251	3,303,370	-	-	1,016,862,621
		1,067,646,136	3,303,549	-	1,411,882	1,072,361,567

Financial assets	Notes	Financial assets recorded at amortized cost	Assets at fair value through the other comprehensive income	Assets at fair value through the income statement	Others non-financial assets	Total
As at 31 December 2019						
Non-current assets						
Financial Assets at fair value	14	-	5,344,810	58,367,252	-	63,712,062
Other investments	15	15,536,724	-	-	-	15,536,724
Other non-current assets	16	53,175,101	1,954	-	805,825	53,982,880
		68,711,825	5,346,764	58,367,252	805,825	133,231,666
Current assets						
Trade receivables	18	115,052,834	-	-	-	115,052,834
Other debtors	19	102,069,694	-	-	-	102,069,694
Investments	15	76,466	588,747	-	-	665,213
Cash and bank balances	23	609,830,153	-	-	-	609,830,153
		827,029,147	588,747	-	-	827,617,894
		895,740,972	5,935,511	58,367,252	805,825	960,849,560

Financial liabilities	Notes	Liabilities at amortized cost	Liabilities recorded at fair value through other comprehensive income	Liabilities recorded at fair value through profit or loss	Other non-financial liabilities	Total
As at 31 December 2020						
Non-current liabilities						
Loans	27	1,006,897,412	-	-	-	1,006,897,412
Bonds	27	687,699,113	-	-	-	687,699,113
Other loans	27 and 28	1,806,789	-	-	-	1,806,789
Other non-current liabilities	29	11,444,671	-	-	69,498,323	80,942,994
		1,707,847,985	-	-	69,498,323	1,777,346,308
Current liabilities						
Loans	27	177,139,325	-	-	-	177,139,325
Bonds	27	9,849,955	-	-	-	9,849,955
Other loans	27 and 28	701,251	5,666,462	-	-	6,367,713
Trade payables	31	1,338,556,811	-	-	-	1,338,556,811
Other payables	32	206,835,175	-	-	-	206,835,175
		1,733,082,517	5,666,462	-	-	1,738,748,979
		3,440,930,502	5,666,462	-	69,498,323	3,516,095,287

Financial liabilities	Notes	Liabilities at amortized cost	Liabilities recorded at fair value through other comprehensive income	Liabilities recorded at fair value through profit or loss	Other non-financial liabilities	Total
As at 31 December 2019						
Non-current liabilities						
Loans	27	1,030,106,845	-	-	-	1,030,106,845
Bonds	27	560,329,333	-	-	-	560,329,333
Other loans	27 and 28	1,871,274	-	-	-	1,871,274
Other non-current liabilities	29	14,602,967	-	-	75,367,791	89,970,758
		1,606,910,419	-	-	75,367,791	1,682,278,210
Current liabilities						
Loans	27	191,449,849	-	-	-	191,449,849
Bonds	27	2,846,335	-	-	-	2,846,335
Other loans	27 and 28	1,198,502	773,784	-	-	1,972,286
Trade payables	31	1,337,962,023	-	-	-	1,337,962,023
Other payables	32	215,620,696	-	-	-	215,620,696
		1,749,077,405	773,784	-	-	1,749,851,189
		3,355,987,824	773,784	-	75,367,791	3,432,129,399

Financial Instruments recognized at fair value

In accordance with the requirements of IFRS 13, the fair value of financial assets and liabilities measured at fair value correspond to the following fair value hierarchy levels (see Note 2.1):

	31 Dec 2020			31 Dec 2019 Restated		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Financial Assets at fair value (Note 14)	-	-	213,572,561	-	-	63,712,062
Investments (Note 15)	-	-	-	-	-	-
Derivatives	-	3,303,549	-	-	1,946,881	-
	-	3,303,549	-	-	1,946,881	-
Financial liabilities measured at fair value						
Derivatives	-	5,666,462	-	-	184,427	-
	-	5,666,462	-	-	184,427	-

8. Property, plant and equipment

During the periods ended as at 31 December 2020 and 2019, the movements in Property, plant and equipment as well accumulated depreciation and impairment losses are made up as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Tangible assets in progress	Total tangible assets
GROSS ASSETS							
Opening balance as at 1 January 2019	1,353,846,057	1,538,227,443	28,380,550	159,235,784	47,336,072	46,534,775	3,173,560,681
Discontinued operations	(2,132,348)	(598,051)	-	(3,256,378)	(41,791)	(3,239)	(6,031,807)
Investment	16,178,805	10,053,596	105,564	5,137,232	1,510,411	212,483,602	245,469,210
Acquisitions of subsidiaries	357,476	17,119,126	635,387	15,537,935	4,088,573	1,203,550	38,942,047
Disposals	(24,231,489)	(77,009,827)	(1,620,582)	(14,260,026)	(3,020,248)	(2,425,143)	(122,567,315)
Exchange rate effect	1,340	7,487	-	34,790	(303)	50	43,364
Assets available for sale (Note 24)	(34,138,680)	(2,034,607)	(2,951)	(484,438)	(173,583)	-	(36,834,259)
Transfers	38,738,508	162,260,304	1,825,407	15,245,592	4,172,132	(229,079,327)	(6,837,384)
Opening balance as at 1 January 2020	1,348,619,669	1,648,025,471	29,323,375	177,190,491	53,871,263	28,714,268	3,285,744,537
Investment	14,349,659	8,478,050	167,045	3,634,678	967,228	179,615,586	207,212,246
Disposals	(11,388,844)	(49,197,360)	(646,443)	(13,498,923)	(1,188,182)	(2,921,977)	(78,841,729)
Exchange rate effect	(330)	(6,954)	-	(52,900)	(736)	-	(60,920)
Assets available for sale (Note 24)	(14,022)	(358,720)	-	(129,299)	(48,026)	(60,872)	(610,939)
Transfers	17,941,505	125,970,483	2,386,519	12,049,310	2,923,125	(163,090,566)	(1,819,624)
Closing balance as at 31 December 2020	1,369,507,637	1,732,910,970	31,230,496	179,193,357	56,524,672	42,256,439	3,411,623,571
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							
Opening balance as at 1 January 2019	422,744,884	917,106,778	20,569,342	118,819,629	38,014,589	155,154	1,517,410,376
Discontinued operations	(1,243,406)	(538,391)	-	(2,944,347)	(30,536)	-	(4,756,680)
Depreciation of period	23,257,714	118,265,232	1,798,083	16,021,612	4,320,647	-	163,663,288
Impairment losses of the period (Note 34)	2,515,207	2,754,521	6,052	38,644	9,549	22,165	5,346,138
Acquisitions of subsidiaries	85,590	7,998,228	426,831	9,254,765	2,053,298	-	19,818,712
Disposals	(8,996,777)	(64,698,484)	(1,546,571)	(13,732,744)	(2,923,369)	-	(91,897,945)
Exchange rate effect	(1,669)	5,308	-	27,641	(453)	-	30,827
Depreciation of assets available for sale (Note 24)	(6,936,637)	(1,641,746)	(2,375)	(470,829)	(170,222)	-	(9,221,809)
Transfers	(7,636)	(1,656,732)	(462,046)	(778,076)	(28,019)	-	(2,932,509)
Opening balance as at 1 January 2020	431,417,270	977,594,714	20,789,316	126,236,295	41,245,484	177,319	1,597,460,398
Depreciation of the period	23,200,227	119,652,593	2,035,098	16,301,881	4,477,684	-	165,667,483
Impairment losses of the period (Note 34)	2,447,248	10,080,607	17,327	285,643	80,078	31,711	12,942,614
Disposals	(1,167,443)	(42,394,373)	(609,912)	(13,170,904)	(1,116,823)	-	(58,459,455)
Exchange rate effect	(98)	(4,293)	-	(35,732)	(423)	-	(40,546)
Depreciation of assets available for sale (Note 24)	-	(254,677)	-	(97,110)	(106)	-	(351,893)
Transfers	491,843	(783,808)	15,339	(404,841)	8,777	-	(672,690)
Closing balance as at 31 December 2020	456,389,047	1,063,890,763	22,247,168	129,115,232	44,694,671	209,030	1,716,545,911
CARRYING AMOUNT							
As at 31 December 2019	917,202,399	670,430,757	8,534,059	50,954,196	12,625,779	28,536,949	1,688,284,139
As at 31 December 2020	913,118,590	669,020,207	8,983,328	50,078,125	11,830,001	42,047,409	1,695,077,660

The investment includes the acquisition of assets of approximately 177 million euros (212 million euros in 2019), associated with the opening and remodelling of stores of Sonae Group retail operating segments.

The caption "Depreciation for the year" of Property, plant and equipment and intangible assets includes 0.2 million euros (3.8 million euros as at 31 December 2019) transferred to discontinued operations.

Disposal in the years 2020 and 2019 can be analysed as follow:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Tangible assets in progress	Total tangible assets
GROSS ASSETS							
Disposals	(2,298,606)	(47,555,866)	(646,443)	(13,498,923)	(1,151,410)	(2,921,977)	(68,073,225)
Sale and Leaseback	(9,090,238)	(1,641,494)	-	-	(36,772)	-	(10,768,504)
Closing balance as at 31 December 2020	(11,388,844)	(49,197,360)	(646,443)	(13,498,923)	(1,188,182)	(2,921,977)	(78,841,729)
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							
Disposals	(866,619)	(41,952,349)	(609,912)	(13,170,904)	(1,091,055)	-	(57,690,839)
Sale and Leaseback	(300,824)	(442,024)	-	-	(25,768)	-	(768,616)
Closing balance as at 31 December 2020	(1,167,443)	(42,394,373)	(609,912)	(13,170,904)	(1,116,823)	-	(58,459,455)
CARRYING AMOUNT							
Disposals	(1,431,987)	(5,603,517)	(36,531)	(328,019)	(60,355)	(2,921,977)	(10,382,386)
Sale and Leaseback	(8,789,414)	(1,199,470)	-	-	(11,004)	-	(9,999,888)

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Tangible assets in progress	Total tangible assets
GROSS ASSETS							
Disposals	(5,766,651)	(76,243,981)	(1,620,582)	(14,260,026)	(3,020,248)	(2,425,143)	(103,336,631)
Sale and Leaseback	(18,464,838)	(765,846)	-	-	-	-	(19,230,684)
Closing balance as at 31 December 2019	(24,231,489)	(77,009,827)	(1,620,582)	(14,260,026)	(3,020,248)	(2,425,143)	(122,567,315)
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							
Disposals	(2,496,740)	(64,244,585)	(1,546,571)	(13,732,744)	(2,923,369)	-	(84,944,009)
Sale and Leaseback	(6,500,037)	(453,899)	-	-	-	-	(6,953,936)
Closing balance as at 31 December 2019	(8,996,777)	(64,698,484)	(1,546,571)	(13,732,744)	(2,923,369)	-	(91,897,945)
CARRYING AMOUNT							
Disposals	(3,269,911)	(11,999,396)	(74,011)	(527,282)	(96,879)	(2,425,143)	(18,392,622)
Sale and Leaseback	(11,964,801)	(311,947)	-	-	-	-	(12,276,748)

During the period ended at 31 December 2020 and 31 December 2019, several sale and leaseback transactions were accounted by the Group. The accounting values of the disposed assets, approximately, 37 million euros (12.5 million euros as at 31 December 2019), and these assets were classified in the above movement as divestment for the year 10.1 million euros and the rest were recorded as non-current assets held for sale. Corresponds to 6 real estate food retail assets located in Portugal (2 real estate food retail assets located in Portugal in 2019). These operations resulted in a cash inflow of 51.4 million euros (24.4 million euros as at 31 December 2019) and generated a net capital gain of approximately, 2.9 million euros (3.2 million euros as at 31 December 2019) (Note 40) and a right to use of 28 million euros (8.5 million euros as at 31 December 2019).

As described in note 2.6, with the adoption of IFRS 16 and if the transfer of the asset complies with the requirements of IFRS 15, the sale of the asset in a sale and leaseback transaction should be recognized and the asset "Rights of use", which must be measured by the proportion of the transferred asset. The gains or losses on these transactions should also be recognized only in proportion to the transferred Rights.

These right of use assets have an initial period of 20 years, and the lease term can be extended, with market conditions, by four additional periods of 10 years, and it was considered by the Board of Directors that only the initial which is less than the remaining useful life of the assets subject to the transaction. It was also considered that there is no type of obligation to repurchase the assets subject to leasing, and the Group's current call options are exercisable based on market prices, as well as the present value of the minimum lease payments location.

Disposal in 2020 also includes about 6.6 million euros (9.2 million euros as at 31 December 2019) related to the restructuring process of the new store concepts: Worten and Sonae Fashion.

Most real estate assets from Sonae MC, as at 31 December 2020 and 2019, which are recorded at acquisition cost deducted of amortization and impairment charges, were evaluated by independent appraisers (Jones Lang LaSalle). These evaluations were performed using the income method, using yields between 6.75% and 9.00% (6.75% and 9.00% in 2019), where the fair value of the property is in "Level 3" hierarchy - according to the classification given by IFRS 13. Such assessments support the value of the assets as at 31 December 2020.

The most significant amounts included in the caption "Property, plant and equipment in progress" include about 35 million euros (24.5 million euros as at 31 December 2019) related to the remodelling and expansion of stores of the retail units in Portugal.

The caption "Impairment losses for Property, plant and equipment" can be detailed as follows:

Impairment Losses	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Total tangible assets
Opening balance as at 1 January 2019	95,916,432	15,216,226	19,270	498,983	293,449	111,944,360
Impairment losses of the period (Note 34)	2,515,207	2,754,521	6,052	38,644	31,713	5,346,137
Disposals (Note 34)	(578,821)	(2,568,986)	(1,494)	(49,769)	(10,385)	(3,209,455)
Opening balance as at 1 January 2020	97,852,818	15,401,761	23,828	487,858	314,777	114,081,042
Impairment losses of the period (Note 34)	2,447,248	10,080,607	17,327	285,643	111,788	12,942,613
Disposals (Note 34)	(272,166)	(3,988,545)	(6,241)	(90,453)	(10,530)	(4,367,935)
Closing balance as at 31 December 2020	100,027,900	21,493,823	34,914	683,048	416,035	122,655,721

The reinforcement of impairments in the year ended 31 December 2020 includes about 7.5 million euros related to assets that will not be recoverable through the reorganization of Worten's operation in Spain mentioned in Note 51.

9. Intangible Assets

In the years ended at 31 December 2020 and 2019, the movement occurred in intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

	Patents and other similar rights	Software	Other intangible assets	Intangible assets in progress	Total intangible assets
GROSS ASSETS					
Opening balance as at 1 January 2019	180,613,796	475,539,380	77,501,241	34,530,270	768,184,687
Discontinued operations	(10,897,695)	(49,206,340)	(1,333,690)	(1,410,401)	(62,848,126)
Investment	32,183	2,210,014	283,153	46,331,512	48,856,862
Acquisitions of subsidiaries	35,988	2,477,264	5,785	4,000	2,523,037
Fair value of acquired assets	62,345,592	-	9,700,000	-	72,045,592
Disposals	(60,948)	(11,550,320)	(24,749)	(459,732)	(12,095,749)
Exchange rate effect	144,633	136,378	(2,943)	-	278,068
Transfers	(57,396)	46,617,875	1,322,943	(46,106,050)	1,777,372
Opening balance as at 1 January 2020	232,156,153	466,224,251	87,451,740	32,889,599	818,721,743
Investment	14,749	2,128,885	13,723,854	54,090,871	69,958,359
Disposals	(60,512)	(17,241,482)	-	(628,566)	(17,930,560)
Exchange rate effect	(96,801)	(3,700)	(1,159)	(705)	(102,365)
Assets available for sale	(313,954)	(919,429)	-	(37,404)	(1,270,787)
Transfers	2,025,264	42,055,824	378	(43,910,429)	171,037
Closing balance as at 31 December 2020	233,724,899	492,244,349	101,174,813	42,403,366	869,547,427
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Opening balance as at 1 January 2019	44,923,144	325,387,047	32,306,451	-	402,616,642
Discontinued operations	(11,493,396)	(34,892,326)	-	-	(46,385,722)
Depreciation of the period	4,253,195	41,044,612	3,920,501	-	49,218,308
Impairment losses of the period	12,646,017	1,933,682	7,039,800	-	21,619,499
Acquisitions of subsidiaries	35,988	1,895,632	1,981	-	1,933,601
Disposals	(60,948)	(11,526,664)	(1,657)	-	(11,589,269)
Exchange rate effect	156,024	91,791	(2,742)	-	245,073
Transfers	(426,379)	(130,602)	(46,789)	-	(603,770)
Opening balance as at 1 January 2020	50,033,645	323,803,172	43,217,545	-	417,054,362
Depreciation of the period	2,824,759	41,212,767	4,976,361	-	49,013,887
Impairment losses of the period (Note 34)	96,884	7,017,606	126,783	-	7,241,273
Disposals	(114,888)	(15,708,459)	-	-	(15,823,347)
Exchange rate effect	(96,801)	(3,160)	(1,159)	-	(101,120)
Depreciation of assets available for sale	(288,710)	(463,411)	-	-	(752,121)
Transfers	(4,225,621)	(879,755)	4,643,967	-	(461,409)
Closing balance as at 31 December 2020	48,229,268	354,978,760	52,963,497	-	456,171,525
CARRYING AMOUNT					
As at 31 December de 2019	182,122,508	142,421,079	44,234,195	32,889,599	401,667,381
As at 31 December de 2020	185,495,631	137,265,589	48,211,316	42,403,366	413,375,902

As at 31 December 2020 the Investment related to intangible assets in progress includes 42 million euros related to IT projects and development software (46 million euros at 31 December 2019). Within that amount it is included 16.7 million euros of capitalizations of personnel costs related to own work (about 16.8 million euros in 31 December 2019) (Note 40).

Additionally, the caption "Patents and other similar rights" include the acquisition cost of a group of brands with indefinite useful lives among which the "Continente" brand, acquired in previous years, amounting to 75 million euros, the Salsa brand amounting to 51 million euros and Arenal brand amounting to 58.4 million euros, previously mentioned valued in the acquisition process.

Sonae performs annual impairment tests on the value of brands, supported by internal valuations according to the Royalty Relief methodology, and the values of these more than support the value of the assets as at 31 December 2020, no impairment was recorded in the year.

10. Right of use assets

During the years ended on 31 December 2020 and 2019, the detail and the movement in the value of the rights of use assets, as well as in the respective depreciations, was as follows:

	Land and Buildings	Vehicles	Others tangible assets	Total tangible assets
GROSS ASSETS				
Opening balance as at 1 January 2019	1,314,140,002	23,126,588	515,522	1,337,782,112
Acquisition of subsidiaries	43,149,710	-	-	43,149,710
Discontinued Operations	(6,647,470)	(4,603,920)	(1,171,541)	(12,422,931)
Transfer to Assets classified as held for sale	(325,982)	(171,168)	-	(497,150)
Additions	108,256,464	84,756,782	1,750,182	194,763,428
Effect of foreign currency exchange differences	37,386	4,026	186	41,598
Write-offs and decreases	(23,566,676)	(4,035,771)	(22,208)	(27,624,655)
Opening balance as at 1 January 2020	1,435,043,434	99,076,537	1,072,141	1,535,192,112
Additions	147,282,283	10,099,679	2,165,378	159,547,340
Effect of foreign currency exchange differences	(108,829)	(6,036)	(73)	(114,938)
Write-offs and decreases	(36,172,793)	(12,137,257)	(450,163)	(48,760,213)
Closing balance as at 31 December 2020	1,546,044,095	97,032,923	2,787,283	1,645,864,301
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES				
Opening balance as at 1 January 2019	359,300,160	9,202,075	312,627	368,814,862
Discontinued Operations	(1,638,335)	(2,399,208)	(449,287)	(4,486,830)
Transfer to Assets classified as held for sale	(230,642)	(103,720)	-	(334,362)
Depreciation of the period	97,773,601	23,678,198	204,173	121,655,972
Effect of foreign currency exchange differences	18,721	1,695	100	20,516
Write-offs and transfers	(15,310,051)	2,873,041	676,817	(11,760,193)
Impairment losses of the period	1,090,897	-	-	1,090,897
Opening balance as at 1 January 2020	441,004,351	33,252,081	744,430	475,000,862
Depreciation of the period	103,383,665	23,620,761	535,898	127,540,324
Effect of foreign currency exchange differences	(74,400)	(5,607)	(30)	(80,037)
Write-offs and transfers	(28,753,955)	(9,812,456)	126,161	(38,440,250)
Impairment losses of the period	27,988,035	25,806	-	28,013,841
Closing balance as at 31 December 2020	543,547,696	47,080,585	1,406,459	592,034,740
CARRYING AMOUNT				
As at 31 December 2019	994,039,083	65,824,456	327,711	1,060,191,250
As at 31 December 2020	1,002,496,399	49,952,338	1,380,824	1,053,829,561

In the consolidated income statement, 127.5 million euros were recognized for depreciation of the period (121.7 million euro in 2019) and 74.5 million of euros of interest relating to the adjusted debt (71.9 million euro in 2019).

The reinforcement of impairments in the year ended 31 December 2020 includes approximately 28.6 million euros related to the remeasurement of the lease liability against the assets under the right of use the stores that will be sold or closed in the reorganization of the operation of the Worten in Spain mentioned in Note 51.

The responsibilities related to right of use assets were recorded under the caption Non-Current and current Lease Liabilities, in the amount respectively of 1,100 million euros and 107 million euro (1,088 million and 103 million euros in 31 December 2019).

The repayment plan for lease liabilities, as at 31 December 2020 and 2019, can be analysed as follows:

	31 dez 2020			31 Dec 2019		
	Capital	Interest	Updated Liabilities	Capital	Interest	Updated Liabilities
N+1	179,098,484	71,710,908	107,387,576	173,320,584	70,539,059	102,781,525
N+2	163,595,268	66,820,627	96,774,641	165,154,454	65,669,733	99,484,721
N+3	138,337,256	62,353,715	75,983,541	154,612,246	60,995,616	93,616,630
N+4	130,235,887	57,969,396	72,266,491	130,531,031	56,570,503	73,960,528
N+5	121,857,409	53,625,963	68,231,446	122,038,440	52,220,137	69,818,303
Após N+5	1,089,370,127	302,167,186	787,202,941	1,045,134,812	293,724,545	751,410,267
	1,822,494,431	614,647,795	1,207,846,636	1,790,791,567	599,719,593	1,191,071,974

11. Investment Properties

During the years ended 31 December 2020 and 2019, movements in investment properties, accumulated depreciation and impairment losses were as follows:

	Investment properties				
	In Operation	"Fit Out"	under development at cost	Advances	Total
Opening balance as at 1 January 2019	982,910,025	-	13,942,343	1,725,000	998,577,368
Increases	11,053,611	-	3,578,546	-	14,632,157
Disposals	(31,500,000)	-	(210,000)	-	(31,710,000)
Variation in fair value on the investment properties between years:					
- Gains	8,688,963	-	-	-	8,688,963
- Losses	(3,764,599)	-	-	-	(3,764,599)
Movements for assets available for sale	(635,120,000)	-	(3,444,430)	-	(638,564,430)
Opening balance as at 1 January 2020	332,268,000	-	13,866,459	1,725,000	347,859,459
Increases	318,838	-	369,049	-	687,887
Impairments and write-off	-	-	(1,202,000)	-	(1,202,000)
Disposals	-	-	(18,980)	-	(18,980)
Variation in fair value on the investment properties between years:					
- Gains	-	-	-	-	-
- Losses	(27,908,838)	-	-	-	(27,908,838)
Closing balance as at 31 December 2020	304,678,000	-	13,014,528	1,725,000	319,417,528

At 31 December 2020 and 2019 investment properties in operation and the information about the fair value assessment are as follows:

	31 Dec 2020		31 Dec 2019	
	Portugal / Spain	Other European Countries	Portugal / Spain	Other European Countries
10 yr discount rate				
Floor	n.a.	8.95%	n.a.	8.70%
Weighted average	n.a.	9.00%	n.a.	8.78%
Cap	n.a.	9.15%	n.a.	9.00%
10 yr cap rate				
Floor	n.a.	7.15%	n.a.	6.90%
Weighted average	n.a.	7.20%	n.a.	6.98%
Cap	n.a.	7.35%	n.a.	7.20%
Average monthly rent per sqm (€)				
Floor	n.a.	14	17	18
Weighted average	n.a.	15	31	19
Cap	n.a.	16	55	21
Fair value (Level 3)		304,678,000	-	332,268,000

The fair value of each investment property was determined by means of a valuation as of the reporting date made by independent specialised entities (Cushman & Wakefield).

The valuation of these investment properties was made in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors ("Red Book"), located in England.

The methodology used to compute the market value of the investment properties consists in preparing 10 years' projections of income and expenses of each shopping centre added to the residual value, corresponding to a projected net income at year 11 and a return market rate ("Exit yield" or "cap rate"). These projections are then discounted to the valuation date using a discount market rate. Projections are intended to reflect the actual best estimate of the valuer regarding future revenues and costs of each shopping centre. Both the return rate and discount rate are defined in accordance to the local real estate and institutional market conditions, being the reasonableness of the market value obtained in accordance to the methodology referred above, tested also in terms of initial return using the estimated net income for the first year of projections.

In the valuation of investment properties, some assumptions, that in accordance with the Red Book are considered to be special, were in addition considered, namely in the case of recently inaugurated shopping centres, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

Considering the above hierarchy investments properties of the Group are all within Level 3.

The relationship of unobservable inputs to fair value can be described as follows:

- a decrease in the estimated annual rent will decrease the fair value;
- an increase in the discount rates and the capitalization rates will decrease the fair value.

As mentioned in the valuation reports of the investment properties prepared by independent specialised entities, the assessment of their fair value considered the definition of fair value in IFRS 13, which is consistent with the definition of market value defined by the investment properties valuation international standards.

Material uncertainty in valuations due to COVID-19

According to the valuer, where uncertainty could have a material effect on the opinion of value, the Red Book requires the valuer to draw attention to that fact, indicating the cause of the uncertainty and the degree to which this is reflected in the valuation report.

The valuation performed by the valuer is reported on the basis of "material valuation uncertainty" in accordance with VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty - and a greater degree of caution - must be considered in the assessment than would normally be the case. Given the unknown future impact that COVID-19 may have on the real estate market, the valuer recommends that the valuation of the properties be kept under frequent review.

The Board of Directors will keep a close watch on the evolution of property valuations. However, it is important to emphasize that the Board is still confident that the impact of COVID-19 will be temporary and with influence only on short-term profitability.

During the years ended on 31 December 2020 and 2019, the income (fixed rents net of discounts, turnover rents, mall income, key income and transfer fees) and the corresponding direct operating expenses (property tax, insurance expense, maintenance expense, management fee and asset management fee and other direct operating expenses), relating to the investment properties of the Group, was as follows:

	31 Dec 2020		31 Dec 2019	
	Rents	Direct operating expenses	Rents	Direct operating expenses
Portugal / Spain	-	-	37,701,419	2,160,103
Other European Countries	16,606,642	2,463,160	22,085,030	3,533,069
	16,606,642	2,463,160	59,786,449	5,693,172

At 31 December 2020 and 2019, the investment properties of Gli Orsi and Parklake had been presented as collateral for bank loans taken out. At 31 December 2020 and 2019 there were no material contractual obligations to purchase, construct or develop investment properties or for repairs or maintenance, other than those referred to above, except for the obligations mentioned in notes 36 and 48.

Investment properties under development at 31 December 2020 and 2019 are made up as follows:

	31 Dec 2020	31 Dec 2019
Investment properties at cost:		
Portugal / Spain	12,858,158	12,831,098
Other European Countries	69,305,306	68,982,297
	82,163,464	81,813,395
Impairment for assets at risk	(67,423,936)	(66,221,936)
	14,739,528	15,591,459

The amounts of 67.4 million euros and 66.2 million euros at 31 December 2020 and 2019, respectively, recorded under caption "Impairment for assets at risk", relates to the provision made to anticipate losses due to the delays on the development pipeline due to market uncertainty.

12. Goodwill

Goodwill is allocated to each operating segment and within each segment to each of the homogeneous groups of cash generating units as follows:

- Sonae MC, Worten and Sonae Fashion - Goodwill is allocated to each operating segment, being afterwards distributed by each homogenous group of cash generating units, namely to each insignia within each segment distributed by country and each of the properties in case of operating segment Sonae MC;
- Sonae Sierra-the value of the Goodwill of this segment is allocated to the assets held and the operation of management property; and
- Sonae IM - In this segment the Goodwill is mainly related to the technology business.

As at 31 December 2020 and 2019, the caption "Goodwill" was made up as follows by segment and country:

Insignia	31 Dec 2020				
	Portugal	Spain	Brazil	Other countries	Total
Sonae MC	493,804,759	19,440,000	-	-	513,244,759
Worten	71,641,425	-	-	-	71,641,425
Sonae Sierra	18,159,949	-	-	-	18,159,949
Sonae Fashion	53,097,133	-	-	-	53,097,133
Sonae IM	2,059,740	1,641,824	-	10,971,314	14,672,878
	638,763,006	21,081,824	-	10,971,314	670,816,144

Insignia	31 Dec 2019				
	Portugal	Spain	Brazil	Other countries	Total
Sonae MC	497,451,096	19,440,000	-	-	516,891,096
Worten	71,638,359	-	-	-	71,638,359
Sonae Sierra	22,510,843	-	-	-	22,510,843
Sonae Fashion	53,182,336	-	-	-	53,182,336
Sonae IM	2,059,740	1,641,824	-	10,971,314	14,672,878
	646,842,374	21,081,824	-	10,971,314	678,895,512

During the year ended in 31 December 2020 and 2019, movements occurred in Goodwill as well as in the corresponding impairment losses, are as follows:

	31 Dec 2020	31 Dec 2019
Gross value:		
Opening balance	689,116,464	788,864,968
Recalculation of goodwill as a result of changes in the fair value of assets acquired	3,066	(8,523,098)
Disposal of subsidiaries	(385,070)	(13,395,381)
Acquisition of subsidiaries	-	25,794,827
Restructuring of Sonae Sierra Brasil	-	(18,375,700)
Transfer to associates of Sonae Sierra	-	(38,550,000)
Other variations	1,333,616	(273,852)
Transfers to "Non-controlling interests"	-	(7,875,300)
Transfers to "Held for Sale"	-	(38,550,000)
Closing balance	690,068,076	689,116,464
Accumulated impairment		
Opening balance	10,220,952	9,414,423
Discontinued operation	-	385,070
Increases	9,416,050	606,520
Disposals	(385,070)	(185,061)
Closing balance	19,251,932	10,220,952

The evaluation of the existence, or not, of impairment losses in goodwill is made by taking into account the cash-generating units, based on the most recent business plans duly approved by the Group's Board of Directors, which are made on an annual basis prepared with cash flow projections for periods of five to ten years, unless there is evidence of impairment, in which case the analysis is done in shorter periods of time.

Despite the context of uncertainty regarding the level of evolution and contagion of the virus and the economic slowdown caused by the pandemic context, as mentioned in the introductory note, some of the Group's business operations were significantly affected. However, the analysis of signs of impairment, the revision of the projections and the impairment tests led to the determination of losses, in the year ended on 31 December 2020 in the amount of 9.4 million euros.

The main assumptions used in the above-mentioned business plans are detailed as follows for each of Sonae operating segments.

Sonae MC, Worten and Sonae Fashion

For this purpose, the Sonae MC, Worten and Sonae Fashion operating segments in Portugal use internal valuation of its business concepts, using annual planning methodologies, supported in business plans that consider cash flow projections for each unit which depend on detailed and properly supported assumptions. These plans take into consideration the impact of the main actions that will be carried out by each business concept as well as a study of the resource's allocation of the company.

The recoverable value of cash generating units is determined based on its value in use, which is calculated taking into consideration the last approved business plans which are prepared using cash flow projections for periods of 5 years.

The case scenarios are elaborated with a weighted average cost of capital, rate composed of sales growth and growth rate of cash-flows in perpetuity that can be detailed as follows:

	31 Dec 2020				31 Dec 2019		
	Basis of recoverable amount	Average capital cost	Growth rate in perpetuity	Compound growth rate sales	Average capital cost	Growth rate in perpetuity	Compound growth rate sales
Sonae MC	value of use	8% to 10%	<=2%	-0.8% a 1.7%	9% to 10%	<=2%	-0.3% a 2.1%
Worten	value of use	11%	<=1%	1.8%	9% to 11%	<=1%	3.3%
Sonae Fashion	value of use	11%	<=2%	10.8%	9% to 11%	<=2%	7.1%

Sonae Sierra

For purposes of the impairment test made to Goodwill, Sonae Sierra uses the Net Asset Value (NAV) at the reporting date, of the participations held supported in the valuations of investment properties as described in Note 11.

Sonae IM

The main assumptions used in segment of Sonae in Technologies are:

- Business plans were prepared using the method of discounted cash flows for the period of 5 years.

As at 31 December 2020 and 2019, the assumptions used are based on the various businesses of this segment and the growth of the various geographic areas where it operates:

	31 Dec 2020			
	Basis of recoverable amount	Discount rates	Growth rate in perpetuity	Average sales growth rate
Tecnology				
Retail	value of use	6.50%	3%	16.08%
Cybersecurity	value of use	5.5% - 9.75%	3%	16.08%
Others	value of use	6.50%	0.45%	16.08%
Media	value of use	7.25%	0%	4.05%

	31 Dec 2019			
	Basis of recoverable amount	Discount rates	Growth rate in perpetuity	Average sales growth rate
Tecnology				
Retail	value of use	7.25%	3%	18.00%
Cybersecurity	value of use	7% - 11.07%	3%	18.00%
Others	value of use	7.25%	2%	18.00%
Media	value of use	7.25%	0%	2.40%

The sensitivity analysis performed, required by IAS 36 - Impairment of Assets, did not lead to material changes in the recovery values, so that no material impairments would result.

13. Joint ventures and associated companies

13.1 Detail of book value of investments in joint ventures and associates

The value of investments in joint ventures and associates can be analysed as follows (Note 54):

Investments in joint ventures and associates	31 Dec 2020	31 Dec 2019
Investments in joint ventures	803,076,597	976,280,761
Investments in associates	745,306,617	631,300,615
Total	1,548,383,214	1,607,581,376

Detail of joint ventures is as follows:

COMPANY	31 Dec 2020	31 Dec 2019
Sonae MC		
Sohi Meat Solutions - Distribuição de Carnes, SA	3,364,636	3,356,985
Maremor Beauty & Fragances, S.L.	139,077	120,649
Sonae Sierra		
Arrábidashopping- Centro Comercial, S.A.	24,706,808	29,991,113
1) DOC Malaga Holdings S.L.	-	2,070,074
Gaiashopping I- Centro Comercial, S.A.	26,089,855	35,358,528
Madeirashopping- Centro Comercial, S.A.	15,730,334	15,670,288
1) Norte Shopping Retail and Leisure Centre B.V.	-	32,206,931
Pantheon Plaza B.V.	3,030,384	4,994,201
Park Avenue Development of Shopping Centres S.A.	(440,471)	(461,277)
Parque Atlântico Shopping - Centro Comercial, S.A.	14,915,927	17,754,571
Proyecto Cúcuta S.A.S.	3,910,624	8,467,686
Pud Srl	5,743,385	5,695,813
SC Aegean B.V.	3,929,667	4,907,766
1) Shopping Centre Colombo Holding B.V.	-	63,277,363
Sierra Central S.A.S.	50,898	57,222
Sierra Balmain Asset Management sp. zo.o.	(345,912)	1,708,766
Sierra LM, SGPS, S.A.	886,785	774,000
1) VdG Holding BV	-	28,429,747
Via Catarina- Centro Comercial, S.A.	9,116,612	10,043,274
L.C. Malheiro II, SGPS, SA	2,097,775	1,818,083
Goodwill related to assets held for sale that will be recognized as associates (Note 13.3)	-	38,550,000
2) North Tower B.V.	2,689,711	-
NOS		
ZOPT, SGPS, SA (consolidated)	662,983,284	642,224,343
Sonae IM		
Unipress - Centro Gráfico, Lda	528,871	604,053
Sonae FS		
MDS SGPS, S.A. (consolidated)	20,863,149	25,936,780
Sonae SGPS		
Mktplace- Comércio Eletrónico, SA	3,085,198	2,723,802
Investments in joint ventures	803,076,597	976,280,761

- 1) Company classified as "Companies held for sale", in 2019, sold in February 2020; Sonae Sierra will retain 12,55% of ownership in these companies;
- 2) Companies acquired in 2020.

The detail of Investments in Associates is as follows:

COMPANY	31 Dec 2020	31 Dec 2019
Sonae MC		
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	564,095	960,282
Sonae Sierra		
1) Sierra European Retail Real Estate Assets Holdings, BV ("Sierra BV")	219,242,750	-
3shoppings - Holding, SGPS, S.A.	11,766,625	12,749,317
Aliansce Sonae Shopping Centers, S.A.	79,756,902	118,535,408
Area Sur Shopping, S.L.	6,608,184	7,469,872
Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center ("FIIPDPSH")	10,656,984	15,784,000
Fundo Investimento Imobiliário Shop. Parque Dom Pedro ("PDP")	103,727,336	153,438,522
Le Terrazze - Shopping Centre 1 Srl	6,352,246	7,196,941
Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop")	15,165,196	16,112,511
Sierra Portugal Real Estate ("SPF")	19,742,422	21,655,244
Olimpo Real Estate SOCIMI, S.A.	7,767,842	7,932,798
Olimpo Real Estate Portugal, SIGI, S.A.	2,517,550	2,528,224
Serra Shopping - Centro Comercial, S.A.	981,615	1,050,037
3) Sierra Cevital Shopping Center, Spa	-	38,543
Sierra Portugal Feeder 1	2,052,163	3,491,812
Trivium Real Estate Socimi, S.A.	25,515,219	30,707,669
Zenata Commercial Project	2,015,742	2,041,966
2) Mercado Urbano - Gestão Imobiliária, S.A.	1,211,277	-
Sonae SGPS		
Iberian Sports Retail Group (ISRG)	83,905,118	81,540,597
Sonae IM		
Armar Venture Partners - Sociedade de Capital de Risco, SA (Armar)	1	1
Fundo de Capital de Risco Armar Venture Partners II (Armar II)	96,578,403	94,176,915
Fundo de Capital de Risco Armar Venture Partners III (Armar III)	31,302,286	32,707,854
Fundo de Capital de Risco Espírito Santo Ventures Inovação e Internacionalização (AVP I+I)	16,025,833	17,056,948
Secucloud GMBH	1,671,708	3,731,809
Probe.ly - Soluções de Cibersegurança, Lda	133,897	342,497
Alfaros SARL	9,975	10,379
Suricate Solutions	15,520	25,843
Others	19,728	14,626
Investment in associates companies	745,306,617	631,300,615

- 3) Companies classified as available for sale in 2019 and sold in February 2020;
- 4) Companies acquired in 2020; and
- 5) Company in liquidation process and removed from the perimeter in 2020.

In situations of investments in associates which are venture capital organizations, IAS 28 contains an option to keep these investments held by them measured at fair value. The Group made this option, in applying the equity method in the Armar Funds.

13.2 Financial indicators of participations

13.2.1 Joint ventures

As at 31 December 2020 and 2019, summary financial information of joint ventures of the group can be analysed as follows:

Joint ventures	31 Dec 2020				
	Joint ventures of Sonae Sierra (Note 54.1)	ZOPT, SGPS, SA (consolidated)	MDS,SGPS,SA (consolidated)	Sohimeat, SA	Others
Assets					
Investment properties	537,261,814	637,000	322,549	-	20,320
Property, plant and equipment	-	1,023,622,000	3,288,284	16,310,555	465,246
Intangible assets	-	2,174,673,000	12,083,350	179,587	1,684,652
Right of use assets	-	260,097,000	5,653,616	8,525,439	-
Goodwill	-	-	28,826,565	-	-
Investments in joint ventures and associates	-	52,461,000	949,212	-	21,954
Other non-current assets	17,663,135	259,291,000	5,532,389	353,969	2,653,858
Non-current assets	554,924,949	3,770,781,000	56,655,965	25,369,550	4,846,030
Cash and bank balances	19,053,854	228,783,000	24,152,830	466,423	3,498,233
Other current assets	22,778,840	461,896,000	19,894,078	47,384,245	2,789,965
Current assets	41,832,694	690,679,000	44,046,908	47,850,668	6,288,198
TOTAL ASSETS	596,757,643	4,461,460,000	100,702,873	73,220,218	11,134,228
Liabilities					
Loans	196,328,210	1,363,006,000	19,541,183	-	-
Other non-current liabilities	105,271,968	160,724,000	9,785,306	9,068,434	224,192
Non-current liabilities	301,600,178	1,523,730,000	29,326,489	9,068,434	224,192
Loans	31,760,238	167,634,000	11,202,278	-	51
Other current liabilities	45,117,284	561,531,000	36,569,752	58,167,447	3,864,629
Total current liabilities	76,877,522	729,165,000	47,772,030	58,167,447	3,864,680
Total liabilities	378,477,700	2,252,895,000	77,098,519	67,235,881	4,088,872
Equity attributable to the equity holders of the Parent Company	218,279,943	1,182,821,000	21,800,365	5,984,337	7,045,356
Non-controlling interests	-	1,025,744,000	1,803,989	-	-
Total equity	218,279,943	2,208,565,000	23,604,354	5,984,337	7,045,356
TOTAL EQUITY AND LIABILITIES	596,757,643	4,461,460,000	100,702,873	73,220,218	11,134,228

Joint ventures	31 Dec 2019				
	Joint ventures of Sonae Sierra (Note 54.1)	ZOPT, SGPS, SA (consolidated)	MDS,SGPS,SA (consolidated)	Sohimeat, SA	Outros
Assets					
Investment properties	3,000,895,316	653,000	813,252	-	9,836
Property, plant and equipment	-	1,069,277,000	3,670,061	18,832,996	225,932
Intangible assets	-	2,154,260,000	8,528,766	476,543	995,175
Right of use assets	-	218,383,000	7,536,399	2,708,727	-
Goodwill	-	-	44,537,102	-	-
Investments in joint ventures and associates	-	69,849,000	984,540	-	3,326
Other non-current assets	3,475,546	257,796,000	3,625,096	656,974	1,206,787
Non-current assets	3,004,370,862	3,770,218,000	69,695,216	22,675,240	2,441,056
Cash and cash equivalents	120,058,411	12,960,000	18,826,847	175,853	4,183,845
Other current assets	16,015,099	541,025,000	20,706,043	44,284,537	2,474,483
Current assets	136,073,510	553,985,000	39,532,890	44,460,390	6,658,328
TOTAL ASSETS	3,140,444,372	4,324,203,000	109,228,106	67,135,630	9,099,384
Liabilities					
Loans	1,012,357,267	1,216,847,000	22,939,309	-	-
Other non-current liabilities	696,696,277	168,349,000	15,851,666	1,921,427	(174,085)
Non-current liabilities	1,709,053,544	1,385,196,000	38,790,975	1,921,427	(174,085)
Loans	53,337,942	143,281,000	10,649,799	-	475,978
Other current liabilities	109,991,691	599,264,000	30,948,495	59,331,987	2,204,110
Total current liabilities	163,329,633	742,545,000	41,598,294	59,331,987	2,680,088
Total liabilities	1,872,383,177	2,127,741,000	80,389,269	61,253,414	2,506,003
Equity attributable to the equity holders of the Parent Company	1,268,061,195	1,140,645,000	26,771,065	5,882,216	6,593,381
Non-controlling interests	-	1,055,817,000	2,067,772	-	-
Total equity	1,268,061,195	2,196,462,000	28,838,837	5,882,216	6,593,381
TOTAL EQUITY AND LIABILITIES	3,140,444,372	4,324,203,000	109,228,106	67,135,630	9,099,384

31 Dec 2020

Joint ventures	Joint ventures of Sonae Sierra (Note 54.1)	ZOPT, SGPS, SA (consolidated)	MDS,SGPS,SA (consolidated)	Sohimeat, SA	Outros
Turnover	45,251,728	1,349,289,000	66,198,875	288,963,145	3,647,932
Changes in value of investment properties	(38,121,644)	-	-	-	-
Other operating income	796,728	18,597,000	1,568,818	3,959,530	29,823
Total revenue	7,926,812	1,367,886,000	67,767,693	292,922,675	3,677,755
Cost of sales	-	-	-	(259,946,803)	(506,145)
External supplies and services	(25,055,905)	(100,648,000)	(26,629,743)	(12,981,500)	(4,909,290)
Amortisation	(159,809)	(418,904,000)	(5,611,584)	(5,164,583)	(435,722)
Other operating costs	(14,104,418)	(706,614,000)	(26,933,147)	(12,622,703)	(3,800,552)
Expenses and losses	(39,320,132)	(1,226,166,000)	(59,174,474)	(290,715,589)	(9,651,709)
Financial income	88,159	-	438,771	-	-
Financial expense	(6,157,439)	(26,633,000)	(1,891,108)	(532,180)	(4,155)
Financial results	(6,069,280)	(26,633,000)	(1,452,337)	(532,180)	(4,155)
Results of joint ventures and associated companies	(1,392,493)	(5,541,000)	14,186	-	-
Income tax expense	7,980,751	(16,541,000)	(2,208,813)	(378,873)	1,299,922
Consolidated net income/(loss) for the year	(30,874,342)	93,005,000	4,946,255	1,296,033	(4,678,187)
Profit/(Loss) from discontinued operations	-	6,407,000	-	-	-
Consolidated net income/(loss) for the year	(30,874,342)	99,412,000	4,946,255	1,296,033	(4,678,187)
Attributable to:					
Equity holders of the Parent Company	(30,874,342)	52,333,000	4,506,035	1,296,033	(4,678,187)
Non-controlling interests	-	47,079,000	440,220	-	-
	(30,874,342)	99,412,000	4,946,255	1,296,033	(4,678,187)

31 Dec 2019

Joint ventures	Joint ventures of Sonae Sierra (Note 54.1)	ZOPT, SGPS, SA (consolidated)	MDS,SGPS,SA (consolidated)	Sohimeat, SA	Outros
Turnover	259,371,923	1,575,076,000	70,892,126	267,877,312	3,165,195
Changes in value of investment properties	23,492,360	-	-	-	-
Other operating income	2,394,135	24,155,000	1,965,896	823,108	21,987
Total revenue	285,258,418	1,599,231,000	72,858,022	268,700,420	3,187,182
Cost of sales	-	-	-	(241,235,444)	(608,006)
External supplies and services	(87,904,491)	(115,478,000)	(29,285,026)	(12,067,094)	(3,881,125)
Amortisation	(317,995)	(438,663,000)	(5,452,144)	(5,113,810)	(316,035)
Other operating costs	(17,191,921)	(860,096,000)	(29,951,069)	(8,262,688)	(2,874,859)
Expenses and losses	(105,414,407)	(1,414,237,000)	(64,688,239)	(266,679,036)	(7,680,025)
Financial income	4,843,153	-	206,487	-	-
Financial expense	(36,232,058)	(24,765,000)	(1,532,420)	(403,453)	(6,243)
Financial results	(31,388,905)	(24,765,000)	(1,325,933)	(403,453)	(6,243)
Results of joint ventures and associated companies	464,995	(20,297,000)	13,333	-	-
Income tax expense	(38,759,796)	(27,183,000)	1,189,161	(361,182)	921,681
Consolidated net income/(loss) for the year	110,160,305	112,749,000	8,046,344	1,256,749	(3,577,405)
Attributable to:					
Equity holders of the Parent Company	100,566,006	58,909,000	7,885,120	1,256,749	(3,577,405)
Non-controlling interests	9,594,299	53,840,000	161,224	-	-
	110,160,305	112,749,000	8,046,344	1,256,749	(3,577,405)

As of 31 December 2020 and 2019, the summary financial information of the joint ventures of Sonae Sierra can be analysed as follows:

Joint ventures	31 Dec 2020					
	Joint Ventures of Sonae Sierra (Note 54.1)					
	Investment		Developments	Brazil	Services	Total
Companies owned by Sierra BV	Others					
Assets						
Investment properties	430,674,000	13,009,000	93,578,814	-	-	537,261,814
Other non-current assets	183,082	2,870	16,831,237	-	645,946	17,663,135
Non-current assets	430,857,082	13,011,870	110,410,051	-	645,946	554,924,949
Trade account receivables	-	-	-	-	-	-
Cash and cash equivalents	12,591,040	1,206,488	3,388,717	-	1,867,609	19,053,854
Other current assets	15,973,464	799,349	1,912,871	-	4,093,156	22,778,840
Current assets	28,564,504	2,005,837	5,301,588	-	5,960,765	41,832,694
TOTAL ASSETS	459,421,586	15,017,707	115,711,639	-	6,606,711	596,757,643
Liabilities						
Loans	151,654,510	6,952,349	37,626,589	-	94,762	196,328,210
Other non-current liabilities	75,066,759	142,132	29,100,002	-	963,075	105,271,968
Non-current liabilities	226,721,269	7,094,481	66,726,591	-	1,057,837	301,600,178
Loans	31,396,704	229,281	148,365	-	(14,112)	31,760,238
Other current liabilities	14,805,116	1,633,179	24,197,752	-	4,481,237	45,117,284
Total current liabilities	46,201,820	1,862,460	24,346,117	-	4,467,125	76,877,522
Total liabilities	272,923,089	8,956,941	91,072,708	-	5,524,962	378,477,700
Equity attributable to the equity holders of the Parent Company	186,498,497	6,060,766	24,638,931	-	1,081,749	218,279,943
Non-controlling interests	-	-	-	-	-	-
Total equity	186,498,497	6,060,766	24,638,931	-	1,081,749	218,279,943
TOTAL EQUITY AND LIABILITIES	459,421,586	15,017,707	115,711,639	-	6,606,711	596,757,643

Joint ventures	31 Dec 2019					
	Joint Ventures of Sonae Sierra (Note 54.1)					
	Investment		Developments	Brazil	Services	Total
Companies owned by Sierra BV	Others					
Assets						
Investment properties	2,838,804,314	16,597,000	145,494,002	-	-	3,000,895,316
Other non-current assets	2,200,449	2,870	858,846	-	413,381	3,475,546
Non-current assets	2,841,004,763	16,599,870	146,352,848	-	413,381	3,004,370,862
Trade account receivables	-	-	-	-	-	-
Cash and cash equivalents	116,023,445	474,837	2,576,607	-	983,522	120,058,411
Other current assets	9,369,026	1,011,655	2,077,927	-	3,556,491	16,015,099
Current assets	125,392,471	1,486,492	4,654,534	-	4,540,013	136,073,510
TOTAL ASSETS	2,966,397,234	18,086,362	151,007,382	-	4,953,394	3,140,444,372
Liabilities						
Loans	955,842,487	6,664,484	49,550,270	-	300,026	1,012,357,267
Other non-current liabilities	654,714,956	169,628	41,057,705	-	753,988	696,696,277
Non-current liabilities	1,610,557,443	6,834,112	90,607,975	-	1,054,014	1,709,053,544
Loans	52,693,612	(35,520)	647,991	-	31,859	53,337,942
Other current liabilities	81,649,657	1,299,370	24,166,360	-	2,876,304	109,991,691
Total current liabilities	134,343,269	1,263,850	24,814,351	-	2,908,163	163,329,633
Total liabilities	1,744,900,712	8,097,962	115,422,326	-	3,962,177	1,872,383,177
Equity attributable to the equity holders of the Parent Company	1,221,496,522	9,988,400	35,585,056	-	991,217	1,268,061,195
Non-controlling interests	-	-	-	-	-	-
Total equity	1,221,496,522	9,988,400	35,585,056	-	991,217	1,268,061,195
TOTAL EQUITY AND LIABILITIES	2,966,397,234	18,086,362	151,007,382	-	4,953,394	3,140,444,372

At 31 December 2020, the amount included in caption "Other effects" in MDS, SGPS, SA included the write-off of goodwill recognized in the share of net assets amounting to 15.1 million euros when the fair value of these assets was attributed to the client portfolio at 31 December 2018 and the respective fair value of this client portfolio amounting to 24.8 million euros (27.7 million euros at 31 December 2019) which is being amortized over 12 years.

13.2.2 Associates

As at 31 December 2020 and 2019, summary financial information of associated companies of the Group can be analysed as follows:

Associates	Participation %	31 Dec 2020						
		Assets	Liabilities	Equity	Revenue	Fair value of investment properties	Operational profit	Net profit
Sonae MC								
Sempre a Postos	25.00%	10,202,300	7,945,919	2,256,381	63,932,155	-	1,394,059	1,057,689
Sonae SGPS								
ISRG	30.00%	468,602,450	309,845,122	158,757,328	663,679,042	-	655,867,203	(7,811,839)
Associates of Sonae Sierra		5,929,665,884	2,567,629,869	3,362,036,015	289,628,995	(343,517,408)	(231,822,365)	(201,469,734)
Sonae IM								
Armillar II	44.33%	267,582,111	49,730,462	217,851,649	92,399,368	-	72,584,503	72,584,515
Armillar III	42.80%	83,372,304	10,236,122	73,136,182	2,315,180	-	(3,346,304)	(3,555,092)
Armillar I+I	38.25%	53,811,354	11,911,528	41,899,826	669,960	-	(2,689,557)	(2,679,840)
Others		3,532,751	5,726,746	(2,193,995)	3,532,412	-	(507,808)	(795,001)
31 Dec 2019								
Associates	Participation %	Assets	Liabilities	Equity	Revenue	Fair value of investment properties	Operational profit	Net profit
Sonae MC								
Sempre a Postos	25.00%	11,273,483	7,432,356	3,841,127	64,336,898	-	3,507,675	2,644,012
Sonae SGPS								
ISRG	30.00%	356,669,147	201,391,380	155,277,767	485,786,334	-	31,805,409	26,792,869
Associates of Sonae Sierra		5,386,096,148	1,808,362,840	3,577,733,308	287,494,485	51,469,717	237,469,642	158,819,994
Sonae IM								
Armillar II	50.74%	223,293,183	37,961,639	185,331,544	-	-	82,598,868	82,606,650
Armillar III	42.73%	87,109,573	10,410,299	76,699,274	13,004,341	-	5,274,252	5,293,106
Armillar I+I	38.25%	56,980,463	12,400,798	44,579,665	157,572	-	(1,127,410)	(1,110,289)
Others		4,190,696	6,278,573	(2,087,877)	2,836,477	-	(2,624,653)	(2,796,569)

As of 31 December 2020 and 2019, the summary financial information of the associates of Sonae Sierra can be analysed as follows:

Sonae Sierra's Associates	Participation %	31 Dec 2020						
		Assets	Liabilities	Equity	Revenue	Fair value of investment properties	Operational profit	Net profit
3shoppings	20.00%	110,039,652	51,206,526	58,833,126	8,301,981	(8,538,948)	(5,697,635)	(4,913,464)
Alexa Asset	9.00%	-	-	-	-	-	-	-
Área Sur	15.00%	113,400,121	69,345,558	44,054,563	8,595,741	(7,707,244)	(3,812,250)	(4,383,592)
Le Terrazze	10.00%	128,300,793	70,218,841	58,081,952	8,989,622	(8,083,689)	(3,073,297)	(4,087,829)
Iberia Coop	10.00%	201,112,937	53,489,119	147,623,818	14,761,063	(12,607,639)	(4,412,887)	(3,473,138)
SPF	22.50%	71,239,421	74,967	71,164,454	21,958	-	(116,675)	(7,964,173)
Feeder	7.45%	28,103,743	561,480	27,542,263	-	-	(3,252,596)	(3,655,158)
SiGI	5.13%	66,322,468	17,242,467	49,080,001	939,035	(500,855)	(24,484)	(179,451)
ORES	3.75%	394,955,610	187,813,306	207,142,304	21,682,600	(5,289,570)	10,291,994	5,565,425
Serra Shopping	5.00%	33,977,300	14,344,991	19,632,309	3,116,483	(2,612,041)	(1,517,984)	(1,368,431)
Trivium	12.40%	509,681,017	303,941,529	205,739,488	28,624,192	(43,626,715)	(29,342,758)	(34,753,974)
Alliance	6.30%	1,924,434,151	658,451,557	1,265,982,594	104,647,483	(143,037,724)	(93,994,388)	(71,352,491)
FIIPDPS	7.97%	134,194,891	434,169	133,760,722	2,564,501	(3,553,135)	(3,788,412)	(3,739,680)
FIIPSDP	31.52%	330,147,618	1,021,079	329,126,539	12,731,891	(17,640,133)	(8,592,742)	(8,504,969)
Sierra Cevital	49.00%	-	-	-	-	-	-	-
Zenata	11.00%	51,200,886	32,876,823	18,324,063	2,907,475	-	491,454	51,858
Sierra fund	25.10%	1,817,545,058	1,097,653,624	719,891,434	70,508,150	(90,319,715)	(84,963,160)	(58,482,194)
Mercado Urbano	20.00%	15,010,218	8,953,833	6,056,385	1,236,820	-	(16,545)	(228,473)

31 Dec 2019

Sonae Sierra's Associates	Participation %	Assets	Liabilities	Equity	Revenue	Fair value of investment properties	Operational profit	Net profit
Sshoppings	20.00%	115,874,353	52,127,763	63,746,590	12,550,312	938,598	7,111,757	5,094,790
Alexa Asset	9.00%	-	-	-	14,690,325	-	8,888,612	8,552,757
Area Sur	15.00%	120,267,599	70,468,452	49,799,147	9,709,646	(1,625,238)	3,747,784	1,264,611
Le Terrazze	10.00%	138,142,389	71,613,491	66,528,898	11,163,740	(13,706,978)	(6,528,273)	(6,224,660)
Iberia Coop	10.00%	212,999,744	55,902,789	157,096,955	28,368,488	(10,952,868)	11,801,653	9,378,588
SPF	22.50%	120,116,339	40,987,712	79,128,627	5,835,650	(3,847,635)	5,685,128	3,999,913
Feeder	7.45%	47,110,810	247,145	46,863,665	-	-	-	(5,583)
SIGI	5.13%	50,051,438	763,351	49,288,087	-	-	(761,913)	(761,913)
ORES	3.75%	398,286,374	186,745,169	211,541,205	22,553,839	2,746,273	20,184,169	15,848,151
Serra Shopping	5.00%	35,411,449	14,410,709	21,000,740	4,261,020	635,218	2,644,763	1,935,260
Trivium	12.50%	541,027,171	293,418,808	247,608,363	35,311,020	(7,836,646)	13,350,980	6,944,698
Alliance	6.30%	2,869,077,777	987,563,363	1,881,514,414	123,527,775	40,635,020	103,752,048	45,666,052
FIIPDPS	7.97%	198,773,773	657,162	198,116,611	2,620,161	7,486,610	18,091,069	18,157,063
FIIPSDP	31.52%	488,484,852	1,625,964	486,858,888	13,820,588	36,997,363	48,480,750	48,618,647
Sierra Civilta	49.00%	457,059	378,399	78,660	-	-	-	946
Zenata	11.00%	50,015,021	31,452,563	18,562,458	3,081,921	-	1,021,115	350,674

The reconciliation of financial information with the associates carrying amount can be analysed as follows:

31 Dec 2020

Associates	Equity	Percentage of share capital held	Share of the net assets	Goodwill recognized in financial investment	Other effects	Financial investment
Sonae MC						
Sempre a Postos	2,256,381	25.00%	564,095	-	-	564,095
Sonae Sports & Fashion						
ISRG	158,757,328	30.00%	47,627,198	36,016,741	261,179	83,905,118
Sonae Sierra's associates	3,362,036,015		476,530,053	43,746,495	(5,196,495)	515,080,053
Sonae IM						
Armilar II	217,851,649	44.33%	96,573,636	-	4,767	96,578,403
Armilar III	73,136,182	42.80%	31,302,286	-	-	31,302,286
AVP I+I	41,899,826	38.25%	16,026,683	-	(850)	16,025,833
Others	(2,193,995)		(640,120)	2,796,890	(305,941)	1,850,829
						745,306,617

31 Dec 2019

Associates	Equity	Percentage of share capital held	Share of the net assets	Goodwill recognized in financial investment	Other effects	Financial investment
Sonae MC						
Sempre a Postos	3,841,127	25.00%	960,282	-	-	960,282
Sonae Sports & Fashion						
ISRG	155,277,767	29.99%	46,567,802	36,016,741	(1,043,946)	81,540,597
Sonae Sierra's associates	3,577,733,308		401,007,146	5,317,300	(5,591,582)	400,732,864
Sonae IM						
Armilar II	185,331,544	50.74%	94,037,225	-	139,690	94,176,915
Armilar III	76,699,274	42.73%	32,773,600	-	(65,746)	32,707,854
AVP I+I	44,579,665	38.25%	17,051,722	-	5,226	17,056,948
Others	(2,087,877)		(539,980)	4,935,120	(284,611)	4,110,529
						631,285,989

Following the partnership in ISRG resulting from the combination of Sport Zone and JD Sprinter Holdings, a preliminary assessment was made of the fair value of the assets acquired and liabilities assumed. Of this valuation, 6 brands owned by the group, the brands Sprinter, Sport Zone, among others, were valued at a value of 33.7 million euros, considering the group's holding percentage. As a result of these evaluations, the group still has a goodwill of 10.6 million euros. These valuations were based on the royalty-free methodology, using discount rates based on ISRG's average cost of capital (11%) and a royalty rate of 3%.

13.3 Movements occurred in the period

13.3.1 Joint ventures

During the year ended at 31 December 2020 and 2019, movements in investments in joint ventures are as follows:

Investments in joint ventures	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Balance as at 1 January	846,513,516	129,767,245	976,280,761	1,523,912,763	87,412,004	1,611,324,767
Transfer to Associates	(125,984,115)	(38,550,000)	(164,534,115)	(282,185,475)	-	(282,185,475)
Transfers to subsidiaries	-	-	-	31,980,905	-	31,980,905
Transfer to available for sale (Note 23)	-	-	-	(375,944,631)	-	(375,944,631)
Transfer of subsidiaries (Notes 4 and 12)	-	-	-	-	38,550,000	38,550,000
Increases during the period	3,335,946	-	3,335,946	8,873,735	-	8,873,735
Capital decreases	-	-	-	(11,668,986)	-	(11,668,986)
Acquisitions during the period	2,714,067	7,339	2,721,406	428,511	3,805,241	4,233,752
Period disposals	-	-	-	4,017,663	-	4,017,663
Settlement effect	-	-	-	(4,450,440)	-	(4,450,440)
Other variations	-	-	-	34,896	-	34,896
Equity method:						
Effect in gains or losses in joint controlled	5,554,862	-	5,554,862	77,945,427	-	77,945,427
Distributed dividends	(9,910,233)	-	(9,910,233)	(121,585,960)	-	(121,585,960)
Effect in equity capital and non-controlling interests	(10,372,029)	-	(10,372,029)	(4,844,893)	-	(4,844,893)
	711,852,013	91,224,584	803,076,597	846,513,516	129,767,245	976,280,761

Sonae Sierra

On 29 February 2020, the Group signed and finalized an agreement with APG, Allianz and Elo for the creation of a leading joint venture in the Iberian Peninsula real estate market (Sierra BV - "Sierra Prime"). The companies included in this transaction were classified as held for sale in 2019. After the transaction, these companies, amounting to 126 million euros, are now classified as associates.

During the third quarter of 2019, the Sonae Sierra business in Brazil was restructured: in August 2019, Aliansce Shopping Centers, S.A. merged into Sonae Sierra Brasil, S.A. changing its name to Aliansce Sonae Shopping Centers, S.A.; later Sierra Brazil 1 S.à r.l. and Sonae Serra Brazil S.à r.l. were split up, with the new companies being included in Sonae's consolidated accounts. During the second semester, Aliansce Sonae Shopping Centers, S.A. increased its share capital. Following this restructuring, Sonae Sierra's stake in the new company is 6.3% and is now considered to be an associate. This transaction generated a total loss of 14.3 million euros (Notes 38) (including the conversion reserves generated up to the date of the restructuring in the amount of 17 million euros that were recognized in the consolidated income statement and the adjustment to calculation of deferred tax recorded in 2018 in the amount of 14.5 million euros).

The amount of dividends distributed related to Investments in Joint Ventures is essentially related to Sonae Sierra 9 million euros (74 million euros in December 2019) and in 2019 to ZOPT 47 million euros.

In the caption "Acquisitions in the year", of 2019, are included the following acquisitions:

- In January 2019, the subsidiary Sierra Services Holland B.V. acquired 50% of the share capital of the joint ventures Sierra Balmain Asset Management sp. zo.o. that owns 100% of Sierra Balmain Services sp. zo. o. sp. k. ("Sierra Balmain") for 1.7 million euros. This transaction generated a goodwill of 2 million euros; and

- In May 2019, the subsidiary Sierra Services Holland B.V. acquired 50% of the share capital of the joint venture SIERRA LM, SGPS, S.A. (the parent company of a Group ("LM Group") that owns directly or indirectly 100% of LMSA - Engenharia de Edifícios, S.A., LMGE - Gestão de Edifícios LDA and LMIT - Innovation & Technology, LDA.) for 2.5 million euros. This transaction generated a goodwill of 1.8 million euros.

In the caption "Disposal in the financial year" in 2019 included the sale of the entire capital (50%) and the shareholder loans

granted (including interest) of the joint venture Solingen Shopping Centre GmbH ("Solingen") for 2.9 million euros. This transaction generated a net loss of 12.6 million euros (Note 37).

The effect on equity and non-controlling interests results mainly from the effect of currency translation reserve of companies with a functional currency other than the euro.

Zopt

Regarding the stake owned in ZOPT, despite the communication made regarding the intention to liquidate the company, detailed below, the Board of Directors believes that the market price of the shares representing the share capital of NOS, S.A., a subsidiary of ZOPT, on 31 December 2020, does not reflect their fair value. The Board of Directors considers that the value in use of the company represents, at this date, the best estimate of the fair value of that company. In this way, the assessment of the existence, or not, of impairment for the values of investments including Goodwill recorded in the consolidated financial statements attached for the telecommunications sector (Zopt), is determined taking into consideration various information such as the business plan approved by the Board of Directors of NOS for 5 years, whose implicit average growth rate of the operating margin amounts to 2.9% (2.4% in 2019).

Assumptions	NOS SGPS	
	31 Dec 2020	31 Dec 2019
Basis of recoverable amount	Value in use	Value in use
Discount rates	5.7% - 8.3%	6.10%
Growth rate in perpetuity	1.50%	1.70%

The analysis of the projections and impairment tests resulted in a recoverable amount higher than the book value of around 9%. No impairment losses were determined for the years ended 31 December 2020 and 2019.

ZOPT's consolidated financial statements show significant exposure to the African market, namely through financial investments that the group holds in entities operating in the Angolan and Mozambican markets, which are essentially dedicated to the provision of satellite and fibre television services. The net book value of the African subsidiaries in the company's financial statements as of 31 December 2020, recognised as equity method, amounts to approximately 43 million euros.

During the last quarter of 2017, Angola was considered a hyperinflationary economy, and the individual financial statements of the investees in Angola were restated (for equity method purposes) in accordance with IAS 29 - Financial Reporting in Hyperinflationary Economies. Until September 2019, the effect of hyperinflation was adjusted, according to the variation of the kwanza, however, in the last quarter of 2019, the Angolan economy was no longer considered a hyperinflationary economy.

The group carried out impairment tests for those assets, considering the business plans approved by the Board of Directors for a period of 5 years, with average revenue growth rates of 9.7% in Angola and 4.7% in Mozambique (11.6% and 5.7% in 2019, respectively). The business plans also consider a growth rate in perpetuity of 6% in Angola and 5.5% in Mozambique (same amounts in 2019) and a discount rate ("WACC") in perpetuity of 17.1% in Angola and 20.3% in Mozambique (14.7% and 16.7% in 2019, respectively).

The impairment tests performed, based on the assumptions identified above, led to a reversal of impairment losses (in the ZOPT financial statements) of 6.5 million euros (13 million euros impairment in 2019).

Regarding ZOPT's financial holdings in Finstar and ZAP Media (consolidated Finstar), it is the belief of the Board of Directors of NOS and ZOPT that the seizure of assets to Mrs. Eng^a Isabel dos Santos, in the specific case of the holdings held by her in Finstar and ZAP Media (where it holds 70% of the capital) does not change the control profile, in this case joint control as

defined in IFRS 11, and it is not expected to have relevant consequences for the operational management of companies, in addition to restrictions on the distribution of dividends in these companies.

On 4 April 2020, SONAECOM was informed by its subsidiary ZOPT of the communication it received from the Central Criminal Investigation Court of Lisbon ('Court') to proceed with the preventive seizure of 26.075% of NOS share capital, corresponding to half of the shareholding in NOS held by ZOPT and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited, controlled by Mrs. Eng.^a Isabel dos Santos. Under the terms of that communication, the foreclosed shares (134,322,268.5 shares) would be deprived of the exercise of voting rights and the right to receive dividends, the latter of which should be deposited with Caixa Geral de Depósitos, S.A. at the order of the Court. The other half of ZOPT's participation in NOS share capital, corresponding to an identical percentage of 26.075% - and which, at least in line with the criterion used by the Court, embodies the 50% held in ZOPT by SONAECOM - was not subject to seizure, nor the rights inherent to it have been subject to any limitation.

It is the understanding of the boards of directors of ZOPT and SONAECOM that the forfeiture measure enacted is illegitimate and offends several fundamental rights of ZOPT - third in relation to the enacted seizure -, having no legal basis, and is not legally liable to determine the deprivation of voting rights, not even to inhibit the holder of the arrested shares from continuing to exercise those rights, a deprivation that is understood for that reason, to be null and of no effect. In this regard, ZOPT has deducted third party embargoes.

On 12 June 2020, ZOPT was notified of the order issued by the Lisbon Central Criminal Investigation Court, which authorizes it to exercise the voting right corresponding to the 26.075% of NOS share capital preemptively held to the order of that Court. This notification reinforces the understanding of the Boards of Directors of ZOPT and Sonaecom, according to which the conditions of control of ZOPT over NOS are fulfilled, and that that measure will have no material effect on the control of this company.

Still in June 2020, the Investigating Judge rejected the third-party embargoes deducted by ZOPT on the grounds of incompetence of the Portuguese courts to assess and decide, a decision that, having been appealed by ZOPT, was revoked by the Court of Justice. Relationship, already in 2021, awaiting further developments, namely the judicial pronouncement on the embargoes/arrest.

On 19 August, Sonaecom communicated the intention of the shareholders of ZOPT (Sonaecom itself, Unitel International Holdings, BV and Kento Holding Limited) to liquidate the company, maintaining Sonaecom as the reference shareholder of NOS. To date, the efforts to dissolve the ZOPT have not yet been carried out.

In the last quarter of 2020, the seizure of 32.65% of the capital of ZOPT held by UNITEL was also decreed, with deprivation of the exercise of voting rights and the right to receive dividends, and 124,234,675 shares of ZOPT held by KENTO, also with no exercise of the right to vote and the right to receive dividends. Additionally, in January 2021, ZOPT was also notified by Caixa Geral de Depósitos (CGD), as the beneficiary of the pledge of the shares held by Kento in ZOPT, referring to being vested with the power to exercise the voting rights inherent in the Shares, and all other inherent rights, and that Kento was deprived of exercising such rights without the prior, express and written authorization of CGD. It is the understanding of the Board of Directors of ZOPT, that whenever there is no question of protecting the economic value of the shares, in the exercise of voting rights, C.G.D. as Kento's pledge creditor, you must act in accordance with Kento's instructions, which means voting in the sense defined by Kento.

Despite the facts described above considering that, no steps have yet been taken to wind up ZOPT, that there has been no change in the board of directors of ZOPT and that decisions on the operating activity of the investee company continue to be taken in accordance with what was being done, we concluded that the profile of joint control over the ZOPT has not changed.

Liquidity and interest rate risk

Prudent liquidity risk management implies maintaining an adequate level of cash and cash equivalents to meet the assumed liabilities, associated with the negotiation of credit lines with financial institutions.

As of 31 December 2020, the average maturity of NOS group financing is 2.6 years, with no expectation of any non-compliance with the covenants resulting from the reduction in results projected for the current year.

Credit risk

Credit risk is essentially related to credit for services provided to customers, monitored on a regular business basis and for which expected credit losses are determined considering: i) the customer's risk profile; ii) the average receipt period; iii) the client's financial condition; and iv) future perspective of the evolution of the collection.

In the year ended 31 December 2020, as a direct consequence of the slowdown in the Portuguese economy due to the measures adopted to combat the new coronavirus COVID-19, NOS recognized extraordinary expected credit losses of 28.2 million euros, incorporating, in the projection model for future collections, the new projections released by Banco de Portugal for GDP growth and unemployment rate for the next 3 years.

As has been seen, it is a situation of extreme uncertainty and very dynamic, which makes it extremely difficult to estimate impacts, which always have to consider several scenarios and countless variables. Evidence of this difficulty is the historical falls and sharp volatility of the exchanges, all over the world; the great variations that occurred in the last quarters of the future projections of macroeconomic indicators, as well as the disparity of these projections between the various agencies.

The impacts on ZOPT through participation in NOS were felt in the results for the year ended 31 December 2020, with a drop in Revenue, EBITDA and consolidated operating cash flow of -6.2% (-90.5 million euros); -5.7% (-36.8 million euros) and -33.8% (-65.2 million euros), respectively, which show a reduction in activity in:

1. Cinemas and Audio-visuals: reduction in the turnout to theatres and closing from 16 March to 2 July, with the postponement of the premiere of several titles, slightly offset by negotiations on cinema rents;
2. Roaming and international traffic: reflecting travel restrictions and the way the virus is spread in some regions, NOS had a negative impact, both in revenues, in roaming and international traffic costs;
3. Equipment sales: with the closure of shopping centers and travel restrictions, there was a reduction in the sale of mobile phones and equipment, which is partially offset by the increase in online sales (in the long run there may be a positive effect in the evolution of customer adherence to digital channels);
4. Mobile data revenues: quarantine and isolation situations imply an increase in the use of wireless networks, reducing the use of mobile data; and
5. Drop in revenue related to premium sports content during the period in which the national championship was suspended and advertising.

On the other hand, the projections made for the Portuguese economy, led to a reassessment of projections and estimates, which resulted in the reinforcement, in the year ended 31 December 2020, of impairment of accounts receivable (28.2 million euros) and recording of other costs, related to onerous contracts (10.8 million euros), as well as the recording of impairments in the item "Losses / (Gains) in subsidiaries", in the amount of 8.6 million euros. In line with the existing recommendations, Grupo NOS carried out sensitivity analyses of the assumptions used in the impairment tests on Goodwill

conducted at the end of 2020, not having been concluded due to any indication of impairment. The segment most affected by COVID-19 was the cinema segment, with an estimated recovery of activity to pre-pandemic levels in 2023. Impairment tests were also carried out on fixed assets, namely, assets associated with cinema exhibition, of which there were also no impairments.

In terms of projection of future impacts, these will depend on the extent, namely time, the spread of the virus and the respective containment measures, being difficult to predict the scale of the impact, knowing, however, that it will occur in the areas identified above. NOS 'capital structure is within the 2x Net Financial Debt / EBITDA After Leasing Payments (EBITDA - Leasing Payments (Capital and Interest)) threshold, so it is the understanding of the NOS Board of Directors that the company it will overcome the negative impacts caused by this crisis, without jeopardizing the continuity of the business, a conviction demonstrated with the maintenance of the shareholders' remuneration policy with the payment of dividends on 3 July 2020.

13.3.2 Investment in associates

During the year ended at 31 December 2020 and 2019, movements in the value of investments in associates was as follows:

Investments in associates companies	31 Dec 2020			31 Dec 2019		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Initial balance as at 1 January	585,031,454	46,269,161	631,300,615	321,772,525	46,269,161	368,041,686
Restructuring of Brazil						
Transfer from joint ventures	125,984,115	38,550,000	164,534,115	282,185,475	-	282,185,475
Method change by percentage dilution (Note 4)	69,591,683	-	69,591,683	-	-	-
Increases during the period	-	-	-	5,535,297	-	5,535,297
Acquisitions during the period	1,256,971	-	1,256,971	-	-	-
Capital reduction in associated companies	(2,504,746)	-	(2,504,746)	(19,462,112)	-	(19,462,112)
Period disposals	(40,955)	-	(40,955)	(49,331,370)	-	(49,331,370)
Other variations	-	-	-	2,206,046	-	2,206,046
Equity method:						
Effect in gains or losses in associated companies	(4,108,906)	(120,805)	(4,229,711)	74,684,196	-	74,684,196
Distributed dividends	(5,065,422)	-	(5,065,422)	(21,889,001)	-	(21,889,001)
Effect in equity capital and non-controlling interests	(83,110,994)	-	(83,110,994)	(10,669,602)	-	(10,669,602)
Others	(26,424,939)	-	(26,424,939)	-	-	-
	660,608,261	84,698,356	745,306,617	585,031,454	46,269,161	631,300,615

The movement included in the caption "Restructuring of Brazil" results from the completion of the agreement signed with APG, Allianz and Elo to create a leading joint venture in the Iberian Peninsula real estate market (Sierra Prime). The companies included in this transaction were classified as held for sale in 2019 (Note 4).

The main transactions in 2019 included under the heading "Disposals for the year" were:

- In January 2019 the Group, through its subsidiary Weiterstadt Shopping B.V. sold the entire share capital (9%) of the associate Loop5 Shopping Centre GmbH & Co KG ("Loop 5") for 9.8 million euros, this transaction generated a net loss of 0.6 million euros (Note 38);
- In July 2019 the Group, through its subsidiary Sierra Investments Holdings B.V. sold the entire share capital (9%) of the associate ALEXA Asset GmbH & Co, KG ("ALEXA") for 40.8 million euros. This transaction generated a net loss of 0.9 million euros (including transaction costs of 2.5 million euros (Note 38);

The main operations in 2019 included under the heading "Capital reductions in associates" were:

- In April 2019 the Group, through its associate Sierra Portugal Real Estate (SPFRE), sold the entire share capital (100%) of the associate LCC LeiriaShopping Centro Comercial S.A. ("Leiria Shopping") for 80.3 million euros. This transaction generated a net gain in the consolidated accounts of the Group of 1.2 million euros;

- In July 2019 the Group, through its associate Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop"), sold the entire share capital (100%) of the associates ALBRP Albufeira Retail Park, Lda, Algarveshopping- Centro Comercial, SA, Imoconti - Sociedade Imobiliária, SA and Project Guia, S.A. for 120.9 million euros. This transaction generated a net gain in the consolidated accounts of the Group of 0,7 million euros;
- In December 2019 the Group, through its associate Sierra Portugal Real Estate (SPFRE), sold the entire share capital of the associates 8ª Avenida Centro Comercial, S.A. (100%) ("8Avenida"), Loureshopping- Centro Comercial, S.A. (50%) ("Loureshopping") and Rio Sul- Centro Comercial, S.A. (50%) ("Rio Sul") for 33.1 million euros. This transaction generated a net gain in the consolidated accounts of the Group close to zero;

In the year ended 31 December 2020, the variation in "Others" is essentially related to the payment received from Fundo Armilar II in the amount of 21 million euros, net of contractual commission (about 5 million euros), regarding the amortization of participation units owned in this fund. This amount was subject to withholding tax, being about 18.9 million euros, the value effectively received.

The caption "Share of results of joint ventures and associates" in the income statement includes a reinforcement of 5 million euros (8.9 million euros as at 31 December 2019) recorded in Provisions for other risks and charges relating to an incentive in favour of Armilar as the Funds have exceeded the defined return barrier (Note 34).

The financial investments, including shareholder loans and accrued interest, in Armilar II, Armilar III and Armilar I+I are valued at fair value and classified in the corresponding fair value hierarchy defined in IFRS 13 - Fair Value, as shown in the table below:

(Amounts in thousand euros)	31 Dec 2020		
	Armilar II	Armilar III	Armilar I+I
Fair value hierarchy			
Level 1	2,520	-	-
Level 3	264,817	80,445	53,132

Level 1 valuation techniques are based on prices, identified with quotations in active markets and officially quoted.

Level 3 valuation techniques are essentially supported by:

- The business plans of the subsidiaries, in which discount rates ranging from 5% and 20% were used, revenue growth rates over the projection period (CAGR) ranging between 10% and 48% and where the terminal value was estimated by a mix of multiples applied mainly on Revenue and EBITDA. It should be noted that the implied appreciation of the investments held by the Fund results from a set of sensitivities applied to the original parameters of the Business Plans made available by the management of the Subsidiaries; and
- Comparable market multiples of Revenues (LTM - "Last twelve months" and NTM - "Next twelve months") in the range of 10.3x to 16.5x for the Information Technology sector.

Armilar II include an Information Technology holding classified at level 3 with an accounting value of approximately 264 million euros (221 million euros in 2019). The company was valued using market multiples, namely using the most relevant metrics for this type of companies, Revenues and ARR (Annual Recurring Revenue) ranging from 12.1x to 13.4x. During the year, following a secondary market round negotiated at the beginning of the pandemic period, the Armilar II Fund sold part of its assets for approximately 49 million euros, which were distributed to its participants, generating in Sonaecom a capital loss of 9.1 million euros and a cash inflow of 18.9 million euros (net of taxes).

Armilar III and Armilar I+I include a level 3 share with an accounting value of approximately 40 million euros and 52 million,

respectively (no change compared to 2019). In this case, the valuation was made based on the last transaction in a non-active market, dated from the beginning of 2019. Armilar III also includes a participation in the amount of approximately 29 million euros (31 million euros in 2019) classified at level 3 whose business plan foresees a 48% revenue growth rate and a discount rate of 5.85%, and it should also be noted that its valuation is perfectly matched to that which would be obtained if the valuation methodology adopted was the use of market multiples.

14. Financial assets at fair value

14.1 Through profit or loss

The value of financial assets at fair value through profit and loss can be analysed as follows:

Company	Head Office	Statement of financial position	
		31 Dec 2020	31 Dec 2019 Restated
Sonae MC			
Inscó - Insular de Hipermerc., SA	Ponta Delgada	4,748,744	2,672,520
Sportessence - Sport Retail, SA	Ponta Delgada	595,964	2,672,520
		5,344,708	5,345,040
Sonae IM			
Arctic Wolf Networks, Inc	Delaware	46,129,113	12,101,193
Ometria, Ltd.	Londres	7,664,992	8,095,985
Sixgill Ltd	Israel	4,889,580	5,415,162
CelliWise	Singapura	7,976,142	5,357,593
ViSenze	Singapura	2,378,620	5,260,238
CB4	Israel	3,278,059	4,368,720
Case on IT	Madrid	4,402,087	2,930,744
Daisy Intelligence	Canadá	1,050,496	2,406,623
Reblaze	St. Louis	2,241,058	2,352,438
ciValue	Yokneam (Israel)	1,825,443	1,970,097
Sales Layer	Valência	2,500,358	-
Weaveworks	San Francisco (USA)	4,074,649	-
Jscrambler	Porto	1,550,000	1,250,000
Whitefantasy	Évora	715,854	640,804
Other financial assets		1,647,613	872,615
		92,324,064	53,022,212
Financial assets at fair value through profit or loss		97,668,772	58,367,252

As at 31 December 2020, these investments correspond to stakes in unlisted companies in which the group has significant influence.

Under the exemption of IAS 28 - Investments in Associates and Joint Ventures, these investments held by the Group operating as a venture capital organization, are measured at fair value through profit or loss in accordance with IFRS 9.

During the year ended 31 December 2020, the most significant acquisitions of shareholdings made by Sonae IM were as following:

- ArcticWolf is an American company, a global pioneer in the SOC-as-a-Service market with cutting-edge detection and response management (MDR) technology, in a unique combination of technology and services that quickly detect and contain threats. Sonae IM, along with American technology investors Lightspeed Venture Partners and Redpoint entered the company's capital in 2007 during a Series B financing round. In 2018, the company closed a \$ 45 million Series C financing round and, in the end of 2019, launched a new \$ 60 million Series D round. In October 2020, the company announced the completion of another Series E round in the amount of US \$ 200 million to an appreciation of US \$ 1.3 billion. Sonae IM participated in all rounds, reinforcing its participation, the latter being led

by Viking Global Investors and with the participation of DTCP, among other investors. This new round makes ArcticWolf the first unicorn in the portfolio directly invested by Sonae IM and the second in the total portfolio, alongside Outsystems, indirectly invested through Armilar funds.

- Sales Layer is a Spain-based company with a cloud-based Product Information Management (PIM) solution that helps brands and retailers transform their catalogues into a digital, enriched, multi-channel control center. Sonae IM recently led its Series A investment round.
- Weaveworks is a company that helps teams adopt the Cloud by managing Cloud infrastructure and applications quickly, reliably and at scale. The company launched a \$36.65 million Series C funding round led by some of the world's leading Cloud and telecommunications companies, including Amazon Web Services (AWS), Ericsson, Orange Ventures, Telekom Investment Pool (TIP) and Sonae IM.

The investments described above are valued at fair value, and are classified at level 3 of the corresponding fair value hierarchy defined in IFRS 13 - Fair Value. Of the total value of financial assets at fair value through profit or loss, approximately 54.1 million euros correspond to subsidiaries valued based on the last transaction in a non-active market that occurred during the year 2020. The acquisitions in the year of new subsidiaries correspond to about 7.2 million euros. The amount of 31 million euros corresponds to participations valued based on the last transaction, which, despite having occurred more than a year ago, still represents the best estimate of the company's fair value. It should be noted that these values are perfectly compatible with those that would be obtained if the valuation methodology adopted was the use of market multiples.

14.2 Through other comprehensive income

The value of financial assets at fair value through other comprehensive income can be analysed as follows:

Company	Head Office	Statement of financial position	
		31 Dec 2020	31 Dec 2019 Restated
Sonae			
NOS SGPS, SA	Lisbon	108,604,000	-
Sonae IM			
Deepfence	Califórnia	2,037,325	-
Nextail Labs, SL	Madrid	1,628,759	2,300,000
Iriu sRisk	Saragoça	1,416,514	299,802
StyleSage, Inc.	Delaware	1,378,547	1,848,578
Sensei	Castelo Branco	405,900	-
Eat Tasty	Vila Nova Famalicão	259,696	259,696
Fyde	Delaware	-	443,687
Other financial assets		173,048	193,047
		7,299,789	5,344,810
Financial assets at fair value through other comprehensive income		115,903,789	5,344,810

As at 31 December 2020, these investments correspond to shares in unlisted companies in which the group does not have significant influence.

Under IFRS 9, these investments are classified as 'Investments at fair value through other comprehensive income' as they are held as long-term strategic investments that are not expected to be sold in the short or medium term and, therefore, they were irrevocably designated as investments at fair value through other comprehensive income. For investments less than 1 year, their acquisition cost was considered a reasonable approximation of their fair value. For investments greater than 1 year, subsequent changes in fair value are presented through other comprehensive income.

During the year ended at 31 December 2020, the most significant equity acquisitions were:

- acquisition of 38,000,000 shares representing 7.38% of the share capital and voting rights in NOS for the amount of 136,420,000 euros. On 31 December 2020 this investment was valued based on the share price on that date, and the difference in value was recorded in "Other comprehensive income";
- acquisition of a participation in Deepfence, a San Francisco (Calif.) based enterprise application security company that provides an intrusion prevention system that measures and maps the attack surface at runtime and provides complete protection against known and unknown threats.

The investment in NOS identified above is valued at fair value classified at level 1 of the corresponding hierarchy of fair value defined in IFRS 13 - Fair Value, based on the quotation on 31 December 2020.

The investments described above in the Sonae IM segment are valued at fair value classified at level 3 of the corresponding fair value hierarchy defined in IFRS 13 - Fair Value. Of the total value of financial assets at fair value through comprehensive income, approximately 1.8 million euros correspond to subsidiaries valued based on the last transaction in a non-active market that occurred during the year 2020. The acquisitions in the year of new subsidiaries correspond to around 2 million euros. The amount of 3.4 million euros corresponds to participations valued based on the last transaction, which, despite having occurred more than a year ago, still represents the best estimate of the company's fair value. It should be noted that these values are perfectly compatible with those that would be obtained if the valuation methodology adopted was the use of market multiples.

14.3 Movement during the period

During the years ended at 31 December 2020 and 2019, the movement in the value of financial assets at fair value, was as follows:

	31 Dec 2020	31 Dec 2019 Restated
Investments recorded at fair value through other comprehensive income and through profit or loss		
Fair value (net of impairment losses) as at 1 January	63,712,062	33,354,053
Acquisitions in the period	156,870,708	27,876,786
Increase/(decrease) in fair value through profit and loss	21,709,652	712,602
Increase/(decrease) in fair value through other comprehensive income	(28,192,640)	1,593,620
Others	(527,221)	175,001
	213,572,561	63,712,062

15. Other Investments

As at 31 December 2020 the caption "Other investments" totals 14,266,208 euros (15,536,724 euros at 31 December 2019) includes 7,282,500 euros (9,872,807 euros at 31 December 2019), related to deposited amounts on an Escrow Account which is applied in investment funds with superior rating, which is a guarantee for contractual liabilities assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Note 34 and 36).

As at 31 December 2020 and 2019, the movements in "Other investments" made up as follows:

	31 Dec 2020		31 Dec 2019	
	Non current	Current	Non current	Current
Other investments:				
Fair value (net of impairment losses) as at 1 January	15,536,724	-	13,841,288	-
Acquisitions in the period	2,175,764	-	2,775,505	-
Disposals in the period	(3,430,758)	-	(731,915)	-
Transfer to held for sale	(15,853)	-	-	-
Others	331	-	(348,154)	-
Fair value (net of impairment losses) as at 31 December	14,266,208	-	15,536,724	-
Derivative financial instruments (Note 28)				
Fair value as at 1 January	-	588,747	-	1,454,392
Increase/(decrease) in fair value	-	2,714,623	-	(865,645)
Fair value as at 31 December	-	3,303,370	-	588,747
Other financial instruments				
Fair value as at 1 January	-	76,466	-	104,291
Increase/(decrease) in fair value	-	(33,954)	-	(27,825)
Fair value as at 31 December	-	42,512	-	76,466
	14,266,208	3,345,882	15,536,724	665,213

16. Other non-current assets

As at 31 December 2020 and 2019, "Other non-current assets" are detailed as follows:

	31 Dec 2020			31 Dec 2019 Restated		
	Gross Value	Accumulated impairment losses (Note 34)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 34)	Carrying Amount
Loans granted to related parties (Note 45)	20,965,257	(9,411,112)	11,554,145	20,122,862	-	20,122,862
Trade accounts receivable and other debtors						
Receivables from disposal of financial investments	4,400,000	-	4,400,000	8,400,000	-	8,400,000
Amounts receivable related to sublease	8,578,973	-	8,578,973	8,241,554	-	8,241,554
Cautions	5,520,184	-	5,520,184	5,846,848	-	5,846,848
Special regime for payment of tax and social security debts	4,489,601	-	4,489,601	4,489,601	-	4,489,601
Legal deposits	2,436,445	-	2,436,445	3,446,508	-	3,446,508
Debt to receive related to Armilar Funds	1,253,558	-	1,253,558	1,274,358	-	1,274,358
Rent deposits from tenants	327,834	-	327,834	311,819	-	311,819
Others	1,259,937	-	1,259,937	1,041,551	-	1,041,551
	28,266,532	-	28,266,532	33,052,239	-	33,052,239
Non-current derivatives (Note 28)	179	-	179	1,954	-	1,954
Total financial instruments (Note 7)	49,231,968	(9,411,112)	39,820,856	53,177,055	-	53,177,055
Reinsurer's share of technical provisions	398,471	-	398,471	-	-	-
Other non-current assets	1,013,411	-	1,013,411	805,825	-	805,825
	50,643,850	(9,411,112)	41,232,738	53,982,880	-	53,982,880

The amount included in "Loans to related companies" relates almost entirely to supplies granted to joint ventures and associates of the Sonae Sierra. These supplies bear interest at normal market rates.

The amount disclosed as Special Regime for Payment of Tax and Social Security Debts corresponds to taxes paid, voluntarily, related to settlements of income tax on corporate income, which were already in judicial process. The judicial processes are still in progress, however the guarantees provided for the said processes were cancelled. It is the Board of Directors understanding that the claims presented will have a favourable end to Sonae, reason why they were not object of provision (Note 36).

17. Inventories

As at 31 December 2020 and 2019, "Inventories" are detailed as follows:

	31 Dec 2020	31 Dec 2019
Raw materials and consumables	1,852,757	1,625,256
Goods for resale	665,657,017	682,151,573
Finished and intermediate goods	9,481,877	10,477,152
Work in progress	663,731	908,936
	677,655,382	695,162,917
Accumulated adjustments in inventories	(41,583,141)	(31,243,182)
	636,072,241	663,919,735

Cost of goods sold as at 31 December 2020 and 2019 amounted to 4,728,423,274 euros and 4,337,519,744 euros, respectively, and may be detailed as follows:

	31 Dec 2020	31 Dec 2019
Opening balance	683,776,829	688,986,562
Acquisitions of subsidiaries	-	24,748,761
Exchange rate effect	(70,300)	-
Changes in consolidation perimeter	(775,578)	-
Purchases	4,717,835,154	4,324,699,809
Adjustments	(9,611,057)	(13,637,559)
Closing balance	667,509,774	683,776,829
	4,723,645,274	4,341,020,744
Adjustments in inventories	4,778,000	(3,501,000)
	4,728,423,274	4,337,519,744

As at 31 December 2020 and 2019, the caption Regularization of inventories refers essentially to regularizations resulting from offers to social solidarity institutions carried out by retail.

The Caption Increase/ decrease in Production, as at 31 December 2020 and 2019 amounted to (2,866,528) euros and (3,986,301) euros, respectively, and may be detailed as follows:

	31 Dec 2020	31 Dec 2019
Opening balance	11,386,088	15,570,316
Changes in consolidation perimeter	(1,013,014)	-
Adjustments	596,237	(757,479)
Closing balance	10,145,609	11,386,088
	(823,702)	(3,426,749)
Adjustments in inventories	(2,042,826)	(559,552)
	(2,866,528)	(3,986,301)

18. Trade Receivables

As at 31 December 2020 and 2019, "Trade receivables" are detailed as follows:

Trade receivable and doubtful accounts	31 Dec 2020			31 Dec 2019		
	Gross Value	Impairment losses (Note 34)	Carrying Amount	Gross Value	Impairment losses (Note 34)	Carrying Amount
Sonae MC	49,894,803	(3,877,530)	46,017,273	40,175,363	(3,157,289)	37,018,074
Worten	7,278,776	(479,290)	6,799,486	8,279,047	(511,965)	7,767,082
Sonae Sierra	23,427,797	(11,164,545)	12,263,252	17,246,428	(7,635,257)	9,611,171
Sonae Fashion	28,419,718	(2,123,836)	26,295,882	32,557,254	(2,707,659)	29,849,595
Sonae IM	18,714,742	(1,079,140)	17,635,602	25,000,146	(1,055,456)	23,944,690
Sonae SF	36,422,611	(197,358)	36,225,253	4,988,285	-	4,988,285
Others	4,095,855	(1,737,669)	2,358,186	3,464,189	(1,590,252)	1,873,937
	168,254,302	(20,659,368)	147,594,934	131,710,712	(16,657,878)	115,052,834

The activity of the subsidiary SFS - Financial Services, IME, SA (SFS IME) was materially impacted in 2020 by the structural transformation that had to operate to guarantee, as of 17 December, the activity of granting credit to Universe customers,

ending to the relationship maintained, since the beginning of its activity, in October 2015, with Banco BNP Paribas Personal Finance, SA (BNPP PF). As of 31 December 2020, the amount recorded in Sonae FS's "Customers" caption refers mainly to credit granted to customers as a result of SFS IME having assumed the allocation and management of credit to the customer, through own funds, thus concentrating its integral relationship with the client after the end of the contractual relationship with BNPP PF.

31 Dec 2020	Customers						Total
	Not due	0 - 30 days	30 - 90 days	90 - 180 days	180 - 360 days	+ 360 days	
	0% - 1.48%	0% - 2.16%	0% - 29.70%	0% - 38.29%	0% - 41.54%	0% - 100%	
Sonae MC	20,581,353	18,245,748	5,006,835	2,746,683	755,151	2,559,033	49,894,803
Worten	6,609,426	222,716	121,806	35,610	8,844	280,374	7,278,776
Sonae Sierra	2,137,935	5,173,962	3,239,749	5,131,406	569,304	7,175,441	23,427,797
Sonae Fashion	16,131,645	4,421,838	2,953,910	1,224,587	805,213	2,882,525	28,419,718
Sonae IM	7,250,370	4,976,236	3,070,712	1,105,005	521,049	1,791,370	18,714,742
Sonae FS	32,620,366	1,322,269	2,456,657	11,277	9,352	2,690	36,422,611
Outros	1,310,573	68,499	534,042	696,510	400	1,485,831	4,095,855
Total	86,641,668	34,431,268	17,383,711	10,951,078	2,669,313	16,177,264	168,254,302
Perdas por imparidade							
Sonae MC	-	(3,504,672)	-	-	(1,766)	(371,092)	(3,877,530)
Worten	-	(20,325)	-	(25,852)	(10,189)	(422,924)	(479,290)
Sonae Sierra	-	(1,164,911)	(729,426)	(1,525,463)	(569,304)	(7,175,441)	(11,164,545)
Sonae Fashion	-	-	(6,839)	(64,842)	(113,250)	(1,938,905)	(2,123,836)
Sonae IM	-	(30,036)	-	-	(54,601)	(994,503)	(1,079,140)
Sonae FS	-	(197,358)	-	0	0	0	(197,358)
Outros	-	-	-	(1,500)	-	(1,736,169)	(1,737,669)
Total	-	(4,917,302)	(736,265)	(1,617,657)	(749,110)	(12,639,034)	(20,659,368)
	86,641,668	29,513,966	16,647,446	9,333,421	1,920,203	3,538,230	147,594,934

At 31 December 2020, impairment losses are calculated based on the expected credit loss, the calculation of which results from the application of expected losses based on receipts from sales and services rendered and from historical credit losses. We also consider that there are amounts for which there is no credit risk and as such the expected credit loss is null, namely balances with letters of credit, sureties, credit insurance and balances with related entities. Current balances approximate their fair value.

19. Other receivables

As at 31 December 2020 and 2019, Other debtors are detailed as follows:

	31 Dec 2020	31 Dec 2019
Granted loans to related companies (Note 45)	9,104,016	16,689,211
Other debtors		
Trade creditors - debtor balances	40,552,658	36,413,542
Advances to suppliers	14,193,573	11,575,971
Accounts receivable resulting from promotional campaigns developed with partnerships	7,568,228	7,147,774
VAT recoverable on real estate assets and vouchers discounts	2,840,588	5,617,222
Advances to suppliers of tangible assets	992,391	4,529,542
Escrow account	2,224,081	2,224,081
Disposal of financial investments	3,400,000	2,177,963
Vouchers and gift cards	2,489,924	1,893,576
Subsidies	1,360,118	1,080,206
Other current assets	31,790,199	22,693,465
	107,411,760	95,353,342
Accumulated impairment losses in receivables (Note 34)	(13,896,581)	(9,972,859)
	93,515,179	85,380,483
Total of financial instruments (Note 7)	102,619,195	102,069,694

The amount included in the caption "Loans to related companies" relates almost entirely to supplies granted to joint ventures and associates of Sonae Sierra. These supplies bear interest at normal market rates.

The amounts disclosed as "Trade payables - debtor balances" relate with commercial discounts billed to suppliers, to be net settled with future purchases - mainly in the retail segment.

At 31 December 2020, impairment losses relating to other receivables are calculated based on the expected credit loss based on the non-existence of credit risk for balances with public entities, sureties, subsidies and related entities and as such the expected loss is considered null. Current balances approximate their fair value.

20. Income tax

As at 31 December 2020 and 2019, "Other tax assets" and "Other tax liabilities" are made up as follows:

	31 Dec 2020	31 Dec 2019
Debtors values		
VAT	40,774,800	39,067,323
Other taxes	1,241,811	3,532,697
Other tax assets	42,016,611	42,600,020
Creditors values		
VAT	70,303,188	74,192,837
Staff income taxes withheld	6,725,958	6,560,135
Social security contributions	17,555,064	17,636,231
Other taxes	2,408,195	2,362,513
Other tax assets	96,992,405	100,751,716

21. Other current assets

As at 31 December 2020 and 2019, "Other current assets" is made up as follows:

	31 Dec 2020	31 Dec 2019
Commercial discounts	32,137,192	49,413,508
Deferred costs - supplies and services	25,408,555	20,527,261
Invoices to be issued	8,411,308	9,059,787
Operating subsidies	1,054,577	887,186
Deferred costs - rents	1,260,264	727,291
Insurance indemnities	111,381	519,662
Other current assets	11,835,514	11,298,926
	80,218,791	92,433,621

The caption "Commercial discounts" refers to promotional campaigns carried out in the retail operating segment stores and reimbursed by Sonae suppliers and recognized under "Cost of sales".

22. Deferred taxes

Deferred tax assets and liabilities as at 31 December 2020 and 2019 may be described as follows considering the different natures of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Difference between fair value and acquisition cost	4,080,627	4,468,688	86,948,484	102,130,077
Temporary differences on property, plant and equipment and intangible assets	878,819	1,208,423	83,639,246	78,169,489
Temporary difference of negative goodwill and equity method	-	-	27,782,492	21,804,204
Provisions and impairment losses not accepted for tax purposes	20,038,528	15,808,902	-	-
Impairment of assets	-	-	639,053	639,053
Valuation of hedging derivatives	844,932	107,345	137,828	67,639
Amortisation of Goodwill for tax purposes in Spain	-	-	33,736,643	27,919,963
Revaluation of tangible assets	-	-	594,018	684,588
Tax losses carried forward	22,098,962	31,966,592	-	-
Reinvested capital gains/losses	-	-	137,055	267,585
Tax Benefits	26,121,341	6,732,857	-	-
Rights of use	277,241,211	267,892,456	245,406,220	240,187,489
Others	6,768,384	3,200,113	82,034	419,407
	358,072,804	331,385,376	479,103,073	472,289,494

During the periods ended 31 December 2020 and 2019, movements in deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Opening balance	331,385,376	311,493,905	472,289,494	502,279,121
Effects in net income:				
Difference between fair value and acquisition cost	(388,061)	(805,176)	(4,128,222)	(15,059,554)
Temporary differences on property, plant and equipment and intangible assets	(329,317)	(48,009)	5,515,508	9,742,686
Temporary difference of negative goodwill and equity method	-	-	-	7,873,472
Provisions and impairment losses not accepted for tax purposes	4,447,602	(821,402)	-	44
Write-off of deferred accrued costs	-	-	5,433	227,606
Revaluation of tangible assets	-	-	(90,569)	(61,998)
Constitution / reversal of deferred tax assets over tax losses	(9,596,258)	(2,198,092)	-	-
Amortization of goodwill for fiscal purposes in Spain	-	-	5,816,680	5,816,680
Reinvested capital gains/(losses)	-	-	(124,041)	(30,760)
Effect of change of tax rate	-	(42)	-	(93,132)
Tax Benefits	19,388,484	(2,515,922)	-	-
Discontinued operations (Note 4)	-	(1,546,910)	-	-
Rights of use	9,214,478	29,726,552	5,088,649	23,897,018
Others	5,420,947	8,707,598	6,926,251	(240,865)
	28,157,875	30,498,597	19,009,689	32,071,197
Effects in equity:				
Valuation of hedging derivatives	737,295	62,204	70,184	(18,721)
Exchange rate effect	(23,186)	111,897	(11,058,840)	439
Temporal differences arising from assets at fair value through OCI	-	-	-	-
Others	(2,380,303)	(103,057)	(1,400,722)	(3,091,896)
	(1,666,194)	71,044	(12,389,378)	(3,110,178)
Allocation of fair value on companies acquisitions	-	-	-	16,800,000
Acquisitions of subsidiaries	-	202,263	-	7,914
Change of consolidation percentage	-	-	-	47,340,580
Loss control in subsidiaries	195,747	(6,213,659)	193,268	-
Disposals of subsidiaries	-	-	-	(123,099,140)
Non-current assets held for sale (Note 24)	-	(26)	-	-
Discontinued operations (Note 24)	-	(4,666,749)	-	-
CLOSING BALANCE	358,072,804	331,385,376	479,103,073	472,289,494

During the year of 2020, the group subscribed units of participation in the private investment fund Bright Tech Innovation I. This fund aims to invest in companies dedicated to research and development, which, in particular, have a technological or underlying basis for their activity an innovative business concept. In compliance with the Investment Tax Code (CFI) and, as usual in the scope of obtaining SIFIDE, the group will present, by the end of May 2021, an application to SIFIDE under the terms of paragraph f), paragraph 1 of article 37 of CFI, and the Group expects that the said application will be approved, without materially relevant changes.

In the year ended 31 December 2020, the group recorded deferred tax assets in the amount of 24.7 million euros related to this benefit. Expenses that, due to insufficient collection, cannot be deducted in 2020, may be deducted until 2028.

As at 31 December 2019, the amount of deferred tax liabilities related to the caption "Variation in consolidation percentage" refers to deferred taxes in the amount of 21.1 million euros and 26.3 million euros, that were booked in the companies Parque D. Pedro 1 S.à r.l. and Sonae Sierra Brazil Holdings, S.à r.l., that during the second half were included in the consolidated accounts of Sonae.

As at 31 December 2020, the tax rate to be used in Portuguese companies, for the calculation of the deferred tax assets relating to tax losses is 21%. The tax rate to be used to calculate deferred taxes in temporary differences in Portuguese companies is 22.5% increased by the state surcharge in companies in which the expected reversal of those deferred taxes will occur when those rates will be applicable. For companies or branches located in other countries, rates applicable in each jurisdiction were used.

In 2016 and in a new decision occurred in 2018, the Spanish Supreme Court decided in favour of Sonae considering that goodwill amortization for tax purposes in 2008 was applicable. During 2017, the Group recognized 17.5 million euros in

deferred tax liabilities related to the tax deduction of the amortization of the years 2008, 2016, 2017 and 2018 the recognition of 5.8 million euros relating to this exercise.

Taking into account the tax proceedings pending before the court in Spain for the financial years 2008 to 2011, as well as for the fact that the Group was prevented from recognizing the tax depreciation of goodwill for the financial years 2012 to 2015, the right of the entity to deduct tax depreciation of goodwill amounting to 69,8 million euros might be given in the future.

As at 31 December 2020 and 2019, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

Country	31 Dec 2020			31 Dec 2019			
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit	
With limited time use							
Generated in 2014	Portugal	1.194.236	250.790	2028	975.798	204.918	2028
Generated in 2015	Portugal	174.872	36.723	2029	216.056	45.372	2029
Generated in 2016	Portugal	18.171.151	3.815.942	2030	19.265.590	4.045.774	2030
Generated in 2017	Portugal	370.059	77.712	2024	17.469.023	3.668.495	2024
Generated in 2018	Portugal	257.394	54.053	2025	13.751.708	2.887.859	2025
Generated in 2019	Portugal	291.069	61.124	2026	1.041.860	218.791	2026
Generated in 2020	Portugal	8.384.736	1.760.794	2032	-	-	
		28.843.517	6.057.138		52.720.035	11.071.209	
With a time limit different from the above mentioned							
	Spain	3.681.124	926.767	2020 to 2030	3.904.573	976.144	2020 to 2030
	Netherlands	896.655	214.164	2021 to 2025	896.655	214.164	2021 to 2025
	Luxembourg	296.817	66.695	2020 to 2037	-	-	2020 to 2037
		4.874.596	1.207.626		4.801.228	1.190.308	
Without limited time use							
	Spain	59.016.626	14.796.160		78.654.739	19.695.128	
	Italy	41.445	9.947		41.445	9.947	
	Luxembourg	125.014	28.091		-	-	
		59.183.085	14.834.198		78.696.184	19.705.075	
		92.901.198	22.098.962		136.217.447	31.966.592	

As at 31 December 2020 and 2019, the deferred taxes to be recognized arising from tax losses were evaluated. In the cases in which they originated deferred tax assets, they were only recorded to the extent that it is probable that future taxable income will occur that could be used to recover the tax losses or tax differences that reverted in the same period and considering the limit of compensation existing by law in the applicable cases. This assessment was based on the business plans of Sonae's companies, which are periodically reviewed and updated. The main assumptions used in those business plans are described in Note 12 with the exception of Retail operations in Spain.

As at 31 December 2020, the Group had an amount of 8.4 million euros (13.1 million euros as at 31 December 2019) in the Retail segment of deferred tax assets related to tax losses for this and previous years of the Spanish Tax Group and which can be recovered by it in Spain. The Modelo Continente Hipermercados, SA branch in Spain was, on 31 December 2020 and 2019, the representative entity of the Tax Group in Spain, whose dominant entity is Sonae SGPS, S.A.

The recoverability of the above mentioned deferred tax assets, regarding Sonae operations in Spain is supported by the analysis of the recoverable amount of the cash-generating units for the specialized retail formats in Spain based on their value in use, obtained from business plans with a 10-year projection period, assuming it is the most realistic and appropriate deadline for the implementation of the strategy of internationalization of Sonae in the specialized retail segment, taking into consideration not only the nature of the products in question (more discretionary character) but also the current macro-economic conditions.

Main assumptions used in the business plans of the retail companies and other companies in Spain, included in consolidation, are essentially based on a compound growth rate of 2.1% over a 10-year period (4.8% in 2019).

Although these tax losses do not expire, the analysis of their recoverability was limited to a 10-year term, also considering the deferred tax liabilities recognized.

It is the Board of Directors understanding, considering the existing business plans for each of the companies, that such deferred tax assets are fully recoverable, including those which were reversed in previous years likely to be recoverable in a longer period than the 10 years of the business plan.

As at 31 December 2020, there are reportable tax losses in the amount of 613.7 million euros (545.7 million euros as at 31 December 2019), whose deferred tax assets are not recorded for prudence purposes.

	Country	31 Dec 2020			31 Dec 2019		
		Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use							
Generated in 2014	Portugal	8.377.327	1.759.239	2028	8.248.166	1.732.115	2028
Generated in 2015	Portugal	598.005	125.581	2029	556.821	116.932	2029
Generated in 2016	Portugal	754.853	158.519	2030	121.243	25.461	2030
Generated in 2017	Portugal	1.885.754	396.008	2024	4.907.671	1.030.611	2024
Generated in 2018	Portugal	1.582.435	332.311	2025	1.074.456	225.636	2025
Generated in 2019	Portugal	2.782.230	584.268	2026	2.528.281	530.939	2026
Generated in 2020	Portugal	7.447.368	1.563.947	2032	-	-	
		23.427.972	4.919.873		17.436.638	3.661.694	
With a time limit different from the above mentioned							
	Spain	6.187.538	1.600.877	2020 to 2029	6.528.372	1.632.096	2020 to 2029
	Greece	1.445.030	346.807	2020 to 2025	1.757.064	421.695	2020 to 2025
	Netherlands	37.117.211	7.774.339	2020 to 2029	28.578.559	4.074.815	2020 to 2029
	Luxemburg	3.403.004	580.620	2020 to 2037	3.186.028	516.503	2020 to 2037
	Marocco	284.909	28.491	2020 to 2024	-	-	2020 to 2024
	Mexico	3.521.740	1.056.522	2020 to 2030	3.269.910	980.974	2020 to 2030
	Romania	35.762.172	5.721.949	2020 to 2027	23.924.507	3.827.922	2020 to 2027
	Turkey	-	-		2.488.854	547.548	2019 to 2024
		87.721.604	17.109.605		69.733.294	12.001.553	
Without limited time use							
	Germany	35.471.372	11.032.954		31.889.108	9.956.779	
	Brazil	15.013.794	5.104.690		18.853.767	6.410.281	
	Spain	407.205.583	101.801.396		360.323.617	90.080.904	
	France	2.407.792	802.517		-	-	
	Italy	3.933.861	944.127		2.312.251	554.940	
	Luxemburg	6.400.901	1.792.205		6.577.943	1.798.192	
	Malta	-	-		59.633	20.871	
	United Kingdom	3.708.397	704.595		3.696.451	702.326	
	Romania	28.471.099	4.555.376		34.836.850	5.573.896	
		502.612.799	126.737.860		458.549.620	115.098.189	
		613.762.375	148.767.338		545.719.552	130.761.436	

In 2010 and 2011, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 and 2009 tax losses incurred, amounting to approximately 23.3 million euros, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados for each of the mentioned years. That branch appealed to the proper Spanish Authorities (Central Administrative Economic Court Madrid) in 2010 and 2011 respectively, and it is the Board of Directors understanding that the decision will be favourable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities. In 2012 the Company interposed appeal to the National Court in Spain ("Audiencia Nacional España"), due to a decision opposite to the claims and estimates of the Company, by the Economic and Administrative Central Court of Madrid, for the notification for fiscal year of 2008. The same procedure was adopted in 2014 for the notification corresponding to the financial year 2009.

In 2014 following an additional inspection for fiscal years 2008 to 2011, Spanish Tax authorities corrected tax losses carried

forward regarding goodwill depreciation and financial expenses that resulted from the acquisition of Continente Hipermercados S.A. Although in complete disagreement, Sonae carried out the tax returns correction and appealed, to the proper Spanish Authorities (Central Administrative Economic Court Spain). Tax reports for 2012 to 2015 were corrected. During 2018, as a result of the unfavourable decision of the Central Economic-Administrative Court of Madrid, an appeal was lodged against the National Audience in Spain.

In 2015 and 2016, the decision of the National Court in Spain regarding the reduction of tax losses arising from the tax depreciation of goodwill in the years ended at 31 December 2008 and 2009 respectively was contrary to the Group's claims, and despite the Branch appealing to the Supreme Court, the Group prudently annulled deferred tax assets from 2008 to 2011, recognized in the accompanying financial statements, amounting to 36 million euros, and the deferred tax liabilities corresponding to the amortization of goodwill for tax purposes amounting to 18,6 million euros.

In 2016 and in a new decision in 2018, the Supreme Court gave a positive opinion to the Group's pretensions regarding tax amortization of Goodwill, with reference to 2008, and the Group corrected the tax return for 2016, and it is its intention to also consider such amortization in the tax return for the next years. Consequently, it recognized the corresponding deferred tax liability for fiscal years 2008, 2016, 2017, 2018 and 2019.

23. Cash and cash equivalents

As at 31 December 2020 and 2019, Cash and cash equivalents are as follows:

	31 Dec 2020	31 Dec 2019
Cash at hand	11,760,910	12,366,163
Bank deposits	749,626,050	595,415,736
Bank deposits - shopkeepers deposits	1,895,483	2,026,565
Treasury applications	20,167	21,689
Cash and bank balances on the statement of financial position	763,302,610	609,830,153
Cash and cash equivalents transferred to assets held for sale (Note 24)	-	16,137,525
Bank overdrafts (Note 27)	(11,129,160)	(2,698,070)
Cash and bank balances in the statement of cash flows	752,173,450	623,269,608

As at 31 December 2020, the amount included in bank deposits, guarantees made by tenants, correspond to the guarantees provided by tenants in the Sonae Sierra segment. These amounts received from tenants are classified under "Other non-current liabilities" (Note 29).

Bank overdrafts are disclosed in the statement of financial position under "Loans".

24. Non-current assets and liabilities held for sale

As at 31 December 2020, the assets of Bright Brands SportsGoods, S.A., a subsidiary sold in February 2021, are included in non-current assets held for sale.

The detail of “Non-current assets and liabilities held for sale” at 31 December 2019 can be analysed as follows:

Amounts in euro	31 Dec 2019
Ativos fixos tangíveis e intangíveis (Note 8 and 9)	27,612,450
Investment properties (Note 11)	638,564,430
Goodwill (Note 12)	38,550,000
Investments in joint ventures and associates	375,944,631
Deferred tax assets (Note 22)	26
Other non-current assets	19,651,017
Total non-current assets	1,100,322,554
Other current assets	9,904,355
Cash and cash equivalents	16,137,525
Total current assets	26,041,880
ASSETS CLASSIFIED AS HELD FOR SALE	1,126,364,434
Non current bank loans and other facilities	246,000,000
Deferred tax liabilities (Note 22)	123,099,140
Other non-current liabilities	1,697,691
Total non-current liabilities	370,796,831
Fornecedores	650,533
Other current liabilities	15,169,133
Total current liabilities	15,819,666
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	386,616,497

In 2019, in line with the Company strategy of capital recycling, the Group decided to reduce its interest position in a number of property companies. The open market value (OMV) of the properties is 639 million euros and the related net assets is 673 million euros.

The Sonae Sierra Group holds these property companies with other investors. The Group proportion on these property companies amounts to 350 million euros in terms of OMV and 350 million euros in terms of net assets.

The Group plans to reduce its position to economic interest positions between 12.5% and 25%, depending on the properties, and to keep the asset and property management services contracts.

In addition, approximately 27.5 million euros of stores in the Sonae MC segment are included in held for sale assets in 2019.

25. Equity

Share Capital

As at 31 December 2020 and 2019, the share capital, which is fully subscribed and paid for, is made up of 2,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

Cash Settled Equity Swap

On 15th November 2007, Sonae sold 132,856,072 Sonae SGPS shares directly owned by the Company. The shares were sold in a market operation at the unit price of 2.06 euros per share and resulted on a cash inflow (net of brokerage commissions) of 273,398,877 euros.

On the same date, Sonae Investments, BV wholly owned by Sonae entered into a derivative financial instrument - Cash Settled Equity Swap - over a total of 132,800,000 Sonae shares, representative of 6.64% of its capital.

This transaction has strictly financial liquidation, without any duty or right for the Company or any of its associated companies in the purchase of these shares. This transaction allows Sonae Investments BV to totally maintain the economic exposure to the sold shares.

In this context, although legally all the rights and obligations inherent to these shares have been transferred to the buyer. Sonae did not derecognize their own shares, recording a liability in the caption "Other current liabilities" (Note 32). According to the interpretation made by Sonae of the IAS 39, applied by analogy to own equity instruments, the derecognition of own shares is not allowed as the group maintains the risks and rewards arising on the instruments sold.

Consequently, Sonae maintains in its capital acquisition cost of the shares that remain covered by the contract.

In November 2014, was made a renewal for an additional period of one year renewable automatically, keeping the remaining conditions unchanged. During the year of 2020 the Group requested the partial termination of the Cash Settled Equity Swap for 6,218,097 Sonae SGPS shares. Which resulted receipts of 9,327 euros (91,131 euros as at 31 December 2019), included in the "Other" caption of the Investment Activities in the consolidated statement of cash flows. Additionally, the price variations of this instrument represented in 2020 receipts of 26,704,698 euros and payments of 51,003,876 euros (27,949,541 euros of receipts and 20,538,841 euros in payments as at 31 December 2019) included also in the Investment Activities as "Others".

Considering the operations mentioned above, the liability recorded amounts to 60,455,847 euros (Note 32) (87,482,546 euros as at 31 December 2019) reflecting the market value of 89,763,692 Sonae SGPS shares (95,981,789 shares as at 31 de December 2019).

The value of these liabilities is adjusted at the end of each month by the effect of Sonae share price variation being recognized a current asset/liability in order to present the right/obligation related to the receipt/financial liquidation that occurs on a monthly basis.

Additionally, the costs related to the "floating amount" based on the Euribor 1 month are recognized in the income statement.

The value to get established on the basis of dividends and reserves distributed by Sonae is credited in equity to offset the charge of the distribution. During the financial year of 2020 the dividends paid by Sonae SGPS amounted to 92,600,000 euros (88,200,000 euros as at 31 December 2019) and 4,156,058 euros were attributed to Sonae SGPS, SA shares (4,235,108 euros as at 31 December 2019), which were credited to shareholders' equity.

Capital Structure

As at 31 December 2020, the following entities held more than 20% of the subscribed share capital:

Company	%
Efanor Investimentos, SGPS, SA and its subsidiaries	52.48

26. Non-controlling interest

As at 31 December 2020 and 2019, "Non-controlling interests" are detailed as follows:

	31 Dec 2020				
	Equity ⁽¹⁾	Profit/(Loss) for the period ⁽¹⁾	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
Sonae MC	214,978,801	9,931,994	50,116,945	5,073,903	(5,231,349)
Worten	12,644,172	8,195,312	518,402	40,299	-
Sierra	818,977,013	(46,475,088)	286,810,588	(17,094,522)	(74,522,088)
Sonae Fashion	51,421,209	(11,660,221)	(774,070)	(8,084,221)	-
Sonae IM	-	-	-	-	-
Sonaeacom, SGPS, SA (consolidated)	1,095,404,141	58,919,126	111,100,688	4,753,603	(2,721,572)
Others	12,307,644	725,726	(709,424)	25,517	-
Total	2,205,732,980	19,636,849	447,063,129	(15,285,421)	(82,475,009)

(1) Contribution to the consolidated financial statements of the Group.

	31 Dec 2019				
	Equity ⁽¹⁾	Profit/(Loss) for the period ⁽¹⁾	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
Sonae MC	226,134,988	10,343,337	54,885,160	5,605,650	(2,037,078)
Worten	4,377,644	(2,436,846)	478,103	(98,102)	-
Sonae Sierra	1,569,395,616	110,837,950	782,072,434	56,604,972	(211,705,125)
Sonae Fashion	62,511,464	4,816,137	28,838,691	3,240,348	(6,912,519)
Sonae IM	-	-	-	-	-
Sonaeacom, SGPS, SA (consolidated)	1,054,821,058	60,941,756	109,174,875	3,772,689	(3,546,338)
Others	10,304,300	(3,533,201)	(734,921)	(284,455)	-
Total	2,927,545,070	180,969,133	974,714,342	68,841,102	(224,201,060)

(1) Contribution to the consolidated financial statements of the Group.

Movements in non-controlling interests during the periods ended as at 31 December 2020 and 2019 are as follows:

	31 Dec 2020						
	Sonae MC	Worten	Sonae Sierra	Sonae Fashion	Sonae IM - Sonaeacom, SGPS, SA	Others	Total
Opening balance as at 1 January	54,885,160	478,103	782,072,434	28,838,691	109,174,875	(734,921)	974,714,342
Distributed dividends	(5,231,349)	-	(74,522,088)	-	(2,721,572)	-	(82,475,009)
Distributed income of Investment Funds	(424,368)	-	-	-	-	-	(424,368)
Change in percentage of subsidiaries	(2,900,821)	-	-	(21,709,417)	-	-	(24,610,238)
Change in fair value of assets available for sale (Note 24)	-	-	-	-	45,610	-	45,610
Change in currency translation reserve	-	-	3,291,823	-	(155,651)	-	3,136,172
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	-	-	(25,277,435)	-	(621,609)	-	(25,899,044)
Capital increase	-	-	-	140,000	-	-	140,000
Capital decrease	(2,000,000)	-	(25,221,946)	-	-	-	(27,221,946)
Loss of control of subsidiaries	-	-	(356,173,784)	-	-	-	(356,173,784)
Changes in hedging reserves	795,077	-	100,462	-	-	-	895,539
Others	(80,657)	-	(364,356)	40,877	625,432	(20)	221,277
Profit for the period attributable to non-controlling interests	5,073,903	40,299	(17,094,522)	(8,084,221)	4,753,603	25,517	(15,285,421)
Closing balance as at 31 December	50,116,945	518,402	286,810,588	(774,070)	111,100,688	(709,424)	447,063,129

31 Dec 2019

	Sonae MC	Worten	Sonae Sierra	Sonae Fashion	Sonae IM - Sonaecom, SGPS, SA	Others	Total
Opening balance as at 1 January	31,285,782	1,152,834	954,489,375	33,099,552	107,847,550	(382,003)	1,127,493,090
Effect of restatement	(259,484)	(466,525)	2,263,798	(2,327,436)	(947,441)	(634)	(1,737,722)
Opening balance at 1 January 2018 Restated	31,026,298	686,309	956,753,173	30,772,116	106,900,109	(382,637)	1,125,755,368
Distributed dividends	(2,037,078)	-	(211,705,125)	(6,912,519)	(3,546,338)	-	(224,201,060)
Distributed income of Investment Funds	(236,205)	-	-	-	-	-	(236,205)
Acquisition in subsidiary (4.1)	20,442,727	-	-	-	1,863,352	-	22,306,079
Change in percentage of subsidiaries	-	-	(80,762)	-	-	-	(80,762)
Change in currency translation reserve	-	-	(4,852,149)	(385)	(303,205)	-	(5,155,738)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	-	-	(1,649,403)	-	(1,001,451)	-	(2,650,854)
Capital increase	127,506	-	-	-	1,559,859	-	1,687,365
Capital decrease	-	-	(2,721,067)	-	-	-	(2,721,067)
Correction of the change in the consolidation method of Sonae Sierra (Note 12)	-	-	(7,875,300)	-	-	-	(7,875,300)
Changes in hedging reserves	(69,845)	-	(161,392)	-	-	-	(231,237)
Others	26,107	(110,104)	(2,240,512)	1,739,131	(70,141)	(67,829)	(723,349)
Profit for the period attributable to non-controlling interests	5,605,650	(98,102)	56,604,972	3,240,348	3,772,689	(284,455)	68,841,102
Closing balance as at 31 December	54,885,160	478,103	782,072,434	28,838,691	109,174,875	(734,921)	974,714,342

As at 31 December 2020 and 2019, the aggregate financial information of subsidiaries with non-controlling interests is as follows:

31 Dec 2020

	Sonae MC	Worten	Sonae Sierra	Sonae Fashion	Sonae IM - Sonaecom, SGPS, SA	Others	Total
Total Non-Current Assets	296,014,636	19,277,617	952,510,760	152,265,010	951,137,534	8,021,457	2,379,227,014
Total Current Assets	87,723,608	126,278,787	285,837,820	41,132,390	264,326,903	13,294,034	818,593,542
Total Non-Current Liabilities	89,993,148	18,810,579	284,053,547	70,909,753	68,880,626	3,030,881	535,678,534
Total Current Liabilities	78,766,295	114,101,653	135,318,020	71,066,438	51,179,670	5,976,966	456,409,042
Equity	214,978,801	12,644,172	818,977,013	51,421,209	1,095,404,141	12,307,644	2,205,732,980

31 Dez 2019

	Sonae MC	Worten	Sonae Sierra	Sonae Fashion	Sonae IM - Sonaecom, SGPS, SA	Others	Total
Total Non-Current Assets	305,827,565	18,110,362	2,118,428,400	174,377,387	885,886,345	3,303,327	3,505,933,386
Total Current Assets	79,378,230	24,344,004	261,399,259	38,423,394	287,316,948	13,717,791	704,579,626
Total Non-Current Liabilities	85,321,992	15,684,747	751,478,771	100,079,824	70,880,289	1,541,568	1,024,987,191
Total Current Liabilities	73,748,815	22,391,975	58,953,272	50,209,493	47,501,946	5,175,250	257,980,751
Equity	226,134,988	4,377,644	1,569,395,616	62,511,464	1,054,821,058	10,304,300	2,927,545,070

31 Dez 2020

	Sonae MC	Worten	Sonae Sierra	Sonae Fashion	Sonae IM - Sonaecom, SGPS, SA	Others	Total
Turnover	259,329,303	57,665,595	93,043,318	102,211,283	100,543,791	13,678,636	626,471,926
Change in fair value in IP	-	-	(27,908,838)	-	-	-	(27,908,838)
Other operating income	59,523,880	146,149,742	457,153	62,223,834	12,152,977	869,204	281,376,790
Operating expenses	(299,288,148)	(192,974,369)	(118,072,182)	(176,897,766)	(121,882,937)	(17,178,215)	(926,293,617)
Financial results	(5,193,132)	207,772	(7,966,336)	(1,306,583)	21,018,316	(7,511)	6,752,526
Gains or losses on joint ventures and associates	18,428	-	(47,517,655)	-	46,066,977	(5,332)	(1,437,582)
Investment results	(133)	-	59,010,181	-	(33,786)	2,885	58,979,147
Income tax expense	(4,458,204)	(2,853,428)	2,479,271	2,109,011	1,053,788	3,366,059	1,696,497
Consolidated profit/(Loss) for the period	9,931,994	8,195,312	(46,475,088)	(11,660,221)	58,919,126	725,726	19,636,849
Profit/(Loss) from discontinuing operations	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	9,931,994	8,195,312	(46,475,088)	(11,660,221)	58,919,126	725,726	19,636,849

31 Dez 2019

	Sonae MC	Worten	Sonae Sierra	Sonae Fashion	Sonae IM - Sonaecom, SGPS, SA	Others	Total
Turnover	249,474,131	58,657,696	163,382,241	142,017,922	100,015,526	15,628,726	729,176,242
Change in fair value in IP	-	-	4,924,364	-	-	-	4,924,364
Other operating income	57,771,201	12,624,187	3,446,925	5,215,572	9,647,001	498,790	89,203,676
Operating expenses	(288,232,635)	(73,271,759)	(116,736,601)	(136,079,766)	(125,803,195)	(20,293,540)	(760,417,496)
Financial results	(4,884,285)	(707,584)	(11,996,463)	(2,225,207)	32,653	(46,406)	(19,827,292)
Gains or losses on joint ventures and associates	15,920	-	74,096,020	-	62,723,092	36,461	136,871,493
Investment results	(465)	-	(11,637,430)	-	54,030	-	(11,583,865)
Income tax expense	(3,800,530)	260,614	5,358,894	(2,201,671)	(6,755,562)	642,768	(6,495,487)
Consolidated profit/(Loss) for the period	10,343,337	(2,436,846)	110,837,950	6,726,850	39,913,545	(3,533,201)	161,851,635
Profit/(Loss) from discontinued operations	-	-	-	(1,910,713)	21,028,211	-	19,117,498
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	10,343,337	(2,436,846)	110,837,950	4,816,137	60,941,756	(3,533,201)	180,969,133

27. Loans

As at 31 December 2020 and 2019, loans are made up as follows:

Bank loans

	31 Dec 2020		31 Dec 2019	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae, SGPS, SA - commercial paper	67,865,000	380,000,000	143,350,000	285,000,000
Sonae SGPS, SA 2016/2023	10,000,000	30,000,000	10,000,000	40,000,000
Sonae SGPS, SA 2020/2025	-	25,000,000	-	-
Sonae SGPS, SA 2020/2027	-	30,000,000	-	-
Sonae MC, SGPS, SA - commercial paper	-	140,000,000	13,500,000	266,000,000
Sonae MC affiliated /2014/2023	-	50,000,000	-	50,000,000
Sonae MC affiliated /2015/2023	-	20,000,000	-	20,000,000
Sonae MC affiliated /2017/2025	3,333,333	13,333,333	3,333,333	16,666,667
Sonae MC / 2018/2031	-	55,000,000	-	55,000,000
Sonae MC affiliated / 2020/2025	-	55,000,000	-	-
Sonae Holding affiliated /2014/2021	20,000,000	-	-	20,000,000
Sonae Holding affiliated /2019/2023	-	50,000,000	-	50,000,000
Sonae Holding affiliated - commercial paper	5,000,000	15,000,000	5,000,000	27,500,000
Sonae Sierra SGPS, SA - commercial paper	10,000,000	15,000,000	-	25,000,000
Sonae Sierra / 2018/2022	-	10,000,000	-	10,000,000
Sonae Sierra affiliated /2016/2021	41,300,000	-	-	41,300,000
Sonae Sierra affiliated /2015/2023	5,200,000	113,100,000	5,200,000	118,300,000
Others	3,614,637	7,052,922	8,776,056	6,566,657
	166,312,970	1,008,486,255	189,159,389	1,031,333,324
Bank overdrafts	11,129,160	-	2,698,070	-
Up-front fees beard with the issuance of borrowings	(302,805)	(1,588,843)	(407,610)	-1,226,479
Bank loans	177,139,325	1,006,897,412	191,449,849	1,030,106,845

Bond loans and other loans

	31 Dec 2020		31 Dec 2019	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bonds				
Bonds Sonae SGPS/ 2015/2022	1)	-	-	100,000,000
Bonds Sonae SGPS/ 2016/2023	1)	-	-	60,000,000
Bonds Sonae SGPS/ 2019/2026		50,000,000	-	50,000,000
Bonds Sonae SGPS/ 2020/2027		160,000,000	-	-
Bonds ESG Sonae SGPS/ 2020/2025		50,000,000	-	-
Bonds ESG Sonae SGPS/ 2020/2025		20,000,000	-	-
Bonds Sonae MC/ December 2015/2024	2) and 3)	50,000,000	-	50,000,000
Bonds Sonae MC/ May 2015/2022	2)	75,000,000	-	75,000,000
Bonds Sonae MC/ December 2019/2024	2) and 3)	30,000,000	0	30,000,000
Bonds Sonae MC/ June 2016/2021	1) and 2)	-	-	95,000,000
Bonds Sonae MC/ September 2016/2021	1) and 2)	-	3,000,000	3,000,000
Bonds Sonae MC/ April 2020/2027		95,000,000	-	-
Bonds Sonae MC/ June 2020/2025		50,000,000	-	-
Bonds Sonae MC/ July 2020/2025		22,500,000	-	-
Bonds Sonae Sierra / 2018/2025		10,000,000	40,000,000	50,000,000
Bonds Sonae Sierra / 2018/2023		-	25,000,000	25,000,000
Bonds Sonae Sierra / 2018/2023		-	25,000,000	25,000,000
Up-front fees beard with the issuance of borrowings		(150,045)	(4,800,887)	(153,665)
Bonds		9,849,955	687,699,113	2,846,335
Other loans		701,251	1,806,789	1,871,274
Derivative instruments		5,666,462	-	773,784
Other loans		6,367,713	1,806,789	1,972,286
		16,217,668	689,505,902	4,818,621
				562,200,607

- 1) Bond loan amortized in advance at the option of the issuer;
- 2) Formerly called Sonae Investimentos, SGPS; and
- 3) Bond maturity extended to 2024.

The interest rate at 31 December 2020 on bond loans and bank loans averaged approximately 1.24% (1.30% at 31 December 2019). Most of the bond loans and variable-rate bank loans are indexed to Euribor.

It is estimated that the book value of all loans does not differ significantly from its fair value, determined based on discounted cash flows methodology.

The derivatives are recorded at fair value (Note 28).

The loans face value, maturities and interests are as follows:

	31 Dec 2020		31 Dec 2019	
	Capital	Interests	Capital	Interests
N+1 ^{a)}	188,143,381	21,483,762	196,055,960	18,889,306
N+2	331,971,676	19,527,004	378,265,906	16,233,018
N+3	530,727,265	14,425,013	350,293,255	12,417,122
N+4	234,987,237	8,380,072	431,409,483	8,089,699
N+5	341,020,193	5,756,385	239,721,238	2,800,506
After N+5	264,086,672	4,372,551	196,514,715	3,048,280
	1,890,936,425	73,944,787	1,792,260,557	61,477,931

a) Includes amounts used from commercial paper programs when classified as current

The maturities above were estimated in accordance with the contractual terms of the loans and considering Sonae's best estimated regarding their reimbursement date.

As at 31 December 2020 there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are in regular compliance.

As at 31 December 2020, Sonae has, as detailed below, cash and bank balance equivalents in the amount of 763 million euros (610 million euros in 2019) and available credit lines as follows:

	31 Dec 2020		31 Dec 2019	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities				
Sonae Retail	94,000,000	265,000,000	124,000,000	284,000,000
Sonae Sierra	54,969,346	-	54,719,947	-
Sonae Holding	109,266,276	207,161,129	55,777,214	67,500,000
	258,235,622	472,161,129	234,497,161	351,500,000
Agreed credit facilities				
Sonae Retail	94,000,000	405,000,000	129,000,000	550,000,000
Sonae Sierra	54,969,346	-	54,719,947	25,000,000
Sonae Holding	137,000,000	607,650,000	207,750,000	380,000,000
	285,969,346	1,012,650,000	391,469,947	955,000,000

28. Derivatives

Exchange rate derivatives

Sonae uses exchange rate derivatives, essentially to hedge future cash flows that will occur in the next 12 months.

Therefore, Sonae entered several exchange rate forwards in order to manage its exchange rate exposure.

The fair value of exchange rate derivatives hedging instruments based on current market values of equivalent exchange rate financial instruments is a liability of 5,666,462 euros and an asset of 800,185 euros (773,784 euros liabilities and 588,748 euros in assets as at 31 December 2019).

The accounting of the fair value for these financial instruments was made taking into consideration the present value at financial position statement date of the forward settlement amount in the maturity date of the contract. The settlement amount considered in the valuation, is equal to the currency notional amount (foreign currency) multiplied by the difference between the contracted forward exchange rate and the forward exchange market rate at that date as at the valuation date.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment were recorded directly in the income statement in the captions "Financial income" or "Financial expenses" (Note 39).

Gains and losses associated with changes in the market value of derivative instruments are recorded under the caption "Cash-flow hedging reserves", when considered as cash flow hedges and under "Exchange rate differences" when considered to be fair value hedges. The change in market value of derivative instruments when considered speculation is recorded in the income statement under "Other expenses".

Interests rates derivatives

Sonae uses "swaps", "Caps" and "zero cost collars" of interest rate to form the interest rate risk. Interest rate "swaps", "caps" and "zero cost collars" are valued at fair value at the reporting date, determined by the valuation performed by the banking entities with which these derivatives were contracted.

The determination of the fair value of these financial instruments was based on the update for the reporting date of the future cash-flows corresponding to the difference between the interest rate to be paid by the Group to the counterparty of the derivative and the variable interest rate to be received by the Derivative counterparty group where this variable interest rate corresponds to the indexed interest rate contracted with the entity that granted the financing. In addition, tests were performed on the fair value of these derivative financial instruments, in order to revalidate the fair value determined by those entities.

The hedging principles used by the Group in contracting these hedging instruments are as follows:

- Matching between cash-flows paid and received, i.e., there is a coincidence between the dates of the interest flows paid in the loans contracted and exchanged with the bank;
- Matching between indexers and the reference index in the hedging instrument and in the financing to which the underlying derivative is related;
- In a scenario of interest rates extreme rise or fall, the maximum cost of financing is perfectly limited and calculated.

The fair value of efficient hedging instruments was recorded against the Group's hedging reserve (zero euros and 2 thousand euros at 31 December 2020 and 2019, respectively).

Interest rate and Exchange rate derivatives

As at 31 December 2020 no contracts existed, related to interest rate and exchange rate derivatives simultaneously.

Electricity derivatives

As part of its operations in the Iberian electricity market, Sonae buys electricity in an organized market (OMIE), sells it to third parties and is a consumer of electricity in its various businesses.

Electricity price management can be carried out using contracting operations, with financial and physical settlements, in the forward energy markets. These operations aim to reduce the volatility of the economic impact arising from the variation in the price of electricity within the trading limits defined by the risk policy of the companies involved. The financial instruments traded may include bilateral and future price-fixing agreements.

The fair value of efficient hedging financial instruments was recorded against the Group's hedging reserves (2,503,186 euros and zero euros at 31 December 2020 and 2019, respectively).

Other derivatives

In 2020, a financial derivative on the company's shares NOS was contracted and Sonae was exposed to title variations during the contract period. Changes in the value of this derivative are recorded in the accounts as changes in fair value (Note 39). This derivative is closed at 31 December 2020.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

Hedging derivatives	Assets		Liabilities	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Derivatives not qualified as hedging				
Interest rate	179	1,954	-	-
Exchange rate	800,185	588,748	5,666,462	773,784
Electricity	2,503,186	-	-	-
	3,303,549	590,702	5,666,462	773,784

29. Others non-currents liabilities

As at 31 December 2020 and 2019 "Other non-current liabilities" are made up as follows:

	31 Dec 2020	31 Dec 2019 Restated
Creditors for acquisition of financial investments	4,539,333	5,466,666
Transaction tax	4,030,919	5,822,439
Rents deposits from tenants	1,732,919	1,661,557
Other non-current liabilities	1,141,500	1,652,305
Financial instruments (Note 7)	11,444,671	14,602,967
Deferral of the disposal of the extended warranties in the Worten segment (Note 2.17)	49,682,529	51,075,681
Charges made on the sale of real estate (Notes 2.6 and 8)	19,390,392	19,453,371
Other accruals and deferrals	425,402	4,838,739
Other non-current liabilities	80,942,994	89,970,758

In 2020, the caption "Creditors for the acquisition of financial investments" includes 2.3 million euros (4.2 million euros at 31 December 2019) relating to the debt value of the acquisition of Iservices.

The amount payable related to Transaction Tax refers to the amount to be pay by Gli Orsi to the tax authorities.

The carrying amount of "Other non-current liabilities" is estimated to be approximately its fair value.

30. Share based payment

In 2020 and in previous years, Sonae in accordance with the remuneration policy described in the corporate governance report granted deferred performance bonus to its directors and eligible employees. These are either based on shares to be acquired at nil cost or with discount, three years after they were attributed to the employee, or based on share options with the period price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year.

As at 31 December 2020, all Sonae Holding share plans responsibilities are accounted in the statement of financial position under "other reserves" and in the Profit and Loss statement under caption "Employee benefits expense". They are recognized at the shares fair value on the grant date, concerning the 2020, 2019 and 31 December 2018. Share-based payments costs are recognized on a straight-line basis between the grant and the settlement date.

As at 31 December 2020 and 2019, the number of attributed shares related to the assumed responsibilities arising from share-based payments, which have not yet vested, can be detailed as follows:

Grant year	Vesting year	Sonae SGPS		Number of shares	
		Number of participants	Share price on date of	31 Dec 2020	31 Dec 2019
2017	2020	-	0.906	-	3,410,057
2018	2021	70	0.810	3,279,647	3,171,583
2019	2022	73	0.952	4,171,778	3,885,211
2020	2023	74	0.662	6,919,305	-
				14,370,730	10,466,851

During the period ending 31 December 2020 the movements on the above mentioned share based plans were the following:

	Sonae Shares	
	Aggregate number of participants	Number of shares
Balance as at 31 December 2018	228	10,466,851
Grant	79	6,472,887
Vesting	(77)	(3,661,654)
Canceled / extinct / corrected / transferred ⁽¹⁾	(13)	1,092,646
Closing balance as at 31 December 2019	217	14,370,730

(1) Corrections are made on the basis of the dividend paid and the changes of share capital and other equity adjustments.

As at 31 December 2020 and 2019, the fair value of total liabilities on the date of allocation arising from share-based payments, which have not yet vested, may be summarized as follows:

Grant year	Vesting year	Fair value *	
		31 Dec 2020	31 Dec 2019
		Sonae SGPS	Sonae SGPS
2017	2020	-	3,103,152
2018	2021	2,169,486	1,924,094
2019	2022	1,839,754	1,178,514
2020	2023	1,525,707	-
Total		5,534,947	6,205,760

* Share market value as of 31 December 2020, and 2019.

As at 31 December 2020 and 2019 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	31 Dec 2020	31 Dec 2019
Recorded in employee benefits expense in the current period	5,036,939	4,653,772
Recorded in previous years	3,153,858	3,537,025
	8,190,797	8,190,797
Recorded in other liabilities	-	-
Recorded value in Other reserves	8,190,797	8,190,797
	8,190,797	8,190,797

31. Trade payables

As at 31 December 2019 and 2019 Trade payables are as follows:

	31 Dec 2020	Payable to	
		up to 90 days	more than 90 days
Trade payables - current account			
Sonae MC	730,689,313	730,687,282	2,031
Worten	438,700,827	438,406,129	294,698
Sonae Sierra	4,380,390	3,205,400	1,174,990
Sonae Fashion	48,973,124	47,086,442	1,886,682
Sonae IM	10,800,574	10,257,933	542,641
Sonae FS	7,121,000	7,121,000	-
Others	1,216,296	1,186,399	29,897
	1,241,881,524	1,237,950,585	3,930,939
Trade payables - Invoice Accruals	96,675,287	96,675,287	-
	1,338,556,811	1,334,625,872	3,930,939

	31 Dec 2019	Payable to	
		up to 90 days	more than 90 days
Trade payables - current account			
Sonae MC	816,234,354	813,729,570	2,504,784
Worten	394,897,782	394,897,782	-
Sonae IM	3,675,652	2,996,470	679,182
Sonae Fashion	36,114,309	34,693,887	1,420,422
Sonae IM	14,037,457	13,542,960	494,497
Sonae FS	1,646,836	1,646,836	-
Others	1,453,241	1,276,949	176,292
	1,268,059,631	1,262,784,454	5,275,177
Trade payables - Invoice Accruals	69,902,392	69,902,392	-
	1,337,962,023	1,332,686,846	5,275,177

As at 31 December 2020 and 2019 this caption includes amounts payable to suppliers resulting from Sonae operating activity. The Board of Directors believes that the fair value of these balances does not differ significantly from its book value and the effect of discounting these amounts is not material.

The company maintains cooperation agreements with financial institutions in order to enable the suppliers of retail segment, to access to an advantageous tool for managing their working capital, upon confirmation by Sonae of the validity of credits that suppliers hold on it. Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries, after confirmation of the validity of such receivables by these companies. These retail subsidiaries consider that the economic substance of these financial liabilities does not change, therefore these liabilities are kept as accounts payable to Suppliers until the normal maturity of these instruments under the general supply agreement established between the company and the supplier, whenever (i) the maturity corresponds to a term used by the industry in which the company operates, this means that there are no significant differences between the payment terms established with the supplier and the industry, and (ii) the company does not have net costs related with the anticipation of payments to the supplier when compared with the payment within the normal term of this instrument.

32. Other Payables

As at 31 December 2020 and 2019, the caption "Other payables" is detailed as follows:

	31 Dec 2020	Payable to		
		up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	75,233,474	74,822,791	-	410,683
Other payables	131,601,701	67,209,174	237,819	64,154,708
	206,835,175	142,031,965	237,819	64,565,391
Related undertakings	-	-	-	-
	206,835,175	142,031,965	237,819	64,565,391

	31 Dec 2019 Restated	Payable to		
		up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	66,861,878	63,698,127	1,509,034	1,654,717
Other payables	148,758,818	51,300,379	886,099	96,572,340
	215,620,696	114,998,506	2,395,133	98,227,057
Related undertakings	-	-	-	-
	215,620,696	114,998,506	2,395,133	98,227,057

The caption "Other payables" includes:

- 60,604,289 euros (87,482,546 euros as at 31 December 2019) relating to the fair value of the shares covered by Sonae Holding financial derivative referred to in Note 25;
- 12,427,738 euros (11,289,675 euros as at 31 December 2019) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente"; and
- 32,125,939 euros (23,909,019 euros as at 31 December 2019) relating to vouchers, gift cards and discount tickets not yet redeemed.

As at 31 December 2020 and 2019, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest. The Board of Directors understands that the fair value of these payables is similar to its book value and the result of discounting these amounts is immaterial.

33. Other current liabilities

As at 31 December 2020 and 2019, "Other current liabilities" are made up as follows:

	31 Dec 2020	31 Dec 2019
Holiday pay and bonus	159,735,951	151,696,669
Other external supplies and services	59,330,716	49,716,483
Marketing expenses	15,994,834	21,444,031
Deferred Revenue of warranty extension (Note 2.17)	21,410,769	20,392,532
Advance receipts from Trade Receivables	13,171,489	10,054,417
Expenses on purchases	9,851,896	6,021,099
Fixed rents charged in advance	3,467,412	4,094,066
Financial charges payable	4,092,156	3,377,945
Rentals	8,621,776	3,043,307
Rights of use	3,976,281	2,712,866
Municipal property tax	1,997,960	2,054,120
Charges made on the sale of real estate (Notes 2.6 and 8)	1,287,002	975,276
Others	22,708,855	18,786,962
	325,647,099	294,369,773

34. Provisions and impairment losses

Movements in "Provisions and impairment losses" during the period ended 31 December 2020 and 2019 are as follows:

Caption	Balance as at 01 Jan 2020	Increase	Decrease	Entries in consolidation perimeter	Transfer to help for sale	Balance as at 31 Dec 2020
Accumulated impairment losses on investments (Note 13 and 14)	4,501,208	1,920,020	-	(2,843,437)	-	3,577,791
Impairment losses on property, plant and equipment (Note 8)	114,081,043	12,942,613	(4,201,199)	-	(166,738)	122,659,368
Impairment losses on intangible assets (Note 9)	30,008,630	7,241,272	(2,660,986)	-	(246,909)	34,342,007
Accumulated impairment losses on non-current assets (Note 16)	-	9,411,112	-	-	-	9,411,112
Accumulated impairment losses on non-current assets held for sale	-	-	51,375	-	-	51,375
Accumulated impairment losses on trade receivables (Note 18)	16,657,878	8,051,989	(3,381,193)	-	(669,306)	20,659,368
Accumulated impairment losses on other current debtors (Note 19)	9,972,859	6,249,103	(2,325,381)	-	-	13,896,581
Non-current provisions	42,652,254	11,439,059	(7,058,322)	-	-	47,032,991
Current provisions	4,405,596	14,895,359	(2,956,828)	-	-	16,344,127
	222,279,468	72,150,527	(22,532,534)	(2,843,437)	(1,082,953)	267,971,071

Caption	Balance as at 01 Jan 2019	Increase	Decrease	Discontinued operations (Note 4.2)	Entries in consolidation perimeter	Transfer to help for sale	Balance as at 31 Dec 2019
Accumulated impairment losses on investments (Note 13 and 14)	6,721,124	15,000	(2,234,916)	-	-	-	4,501,208
Impairment losses on property, plant and equipment (Note 8)	111,944,361	5,346,137	(3,209,455)	-	-	-	114,081,043
Impairment losses on intangible assets (Note 9)	8,702,046	21,619,499	(312,915)	-	-	-	30,008,630
Accumulated impairment losses on trade receivables (Note 17)	21,588,292	4,377,769	(6,426,877)	(3,024,457)	143,151	-	16,657,878
Accumulated impairment losses on other current debtors (Note 18)	8,849,835	1,004,837	(2,568,629)	(4,217)	-	2,691,033	9,972,859
Non-current provisions	41,375,212	10,635,573	(7,660,126)	(1,698,405)	-	-	42,652,254
Current provisions	5,923,022	1,015,918	(2,561,492)	-	28,148	-	4,405,596
	205,103,892	44,014,733	(24,974,410)	(4,727,079)	171,299	2,691,033	222,279,468

As at 31 December 2020 and 2019 increases in Provisions and impairment losses are as follows:

	31 Dec 2020	31 Dec 2019
Provisions and impairment losses in the income statement	81,199,747	38,356,298
Impairment losses on "Goodwill" (Note 12)	(9,416,050)	-
Provisions for the reorganization Worten Spain	(5,919,686)	-
Incentive for Armilar Fund (Note 13.3.2)	4,990,035	8,912,429
Constitution and reversal of provisions recorded by the net	-	(4,648,700)
Others	1,296,481	1,394,706
	72,150,527	44,014,733

As at 31 December 2020 and 2019 the value of decreases in provisions and impairment losses can be detailed as follows:

	31 Dec 2020	31 Dec 2019
Provisions and impairment losses reversal (Note 40)	(4,486,511)	(8,962,253)
Direct use of impairments on accounts receivable	(6,086,607)	(5,468,584)
Uses and reversals recorded in tangible and intangible fixed assets	(5,256,924)	(5,744,163)
Use of the provision for settlement of Ulabox	-	(2,384,956)
Direct uses of litigation provisions in Brazil	(2,725,277)	-
Currency translation	(2,731,503)	(114,476)
Others responsibilities	(1,245,712)	(2,226,740)
	(22,532,534)	(24,974,410)

As at 31 December 2020 and 2019, the caption “Non-current provisions” and “Current provisions” for other risks and charges can be analysed current and non-current details are as follows:

	31 Dec 2020	31 Dec 2019
Technical provisions on reinsurance (a)	796,997	1,051,863
Incentive for the Armilar Fund (b)	28,781,304	29,043,215
Future liabilities relating to retail subsidiaries operations sold in Brazil (c)	6,334,819	9,418,605
Judicial claims	3,701,261	1,352,212
Provisions for restructuring resulting from the pandemic effect	19,285,310	-
Indemnities	865,391	3,699,477
Clients guarantees	636,269	558,618
Contingency in Brazil related to withholding tax on dividends	2,286,813	-
Others responsibilities	688,953	1,933,860
	63,377,118	47,057,850

- Amounts included in “Technical provisions on reinsurance” relate to a group’s company that operates in the non-life reinsurance industry in which the amount of the provision is related to provisions for outstanding claims. The amount to be recovered from the reinsurance companies is recorded in the captions “Reinsurer’s share of technical provisions” and “Other Debtors”;
- The incentive in favour of the Armillary Fund relates to the group's liability at that time because the funds have exceeded the defined return barrier (Note 13.3).
- The caption “Non-current provisions” includes 6,334,819 euros (9,418,615 euros as at 31 December 2019), relating to non-current contingencies assumed by the Company, when it sold its subsidiary Sonae Distribuição Brasil, S.A. in 2005. This provision is being used as the liabilities are materialized, being constituted based on the best estimate of the expenses to be incurred with such liabilities and that result from a significant set of processes of a civil and labour nature and of small value; and

Impairment losses are deducted from the book value of the corresponding asset.

35. Reconciliation of liabilities arising from financing activities

As at 31 December 2020 the reconciliation of liabilities arising from financing activities are as follows:

	Obligations under finance leases (Note 10)	Bank loans (Note 27)	Derivative financial instruments (Note 28)
Balance as at 01 January 2020	1,191,071,974	1,787,347,827	183,082
Cash flows:			
Receipts relating to financial debt	-	5,702,176,307	-
Payments relating to financial debt	(168,675,507)	(5,612,412,997)	-
Bank overdrafts	-	8,431,090	-
Financial debt update	74,519,108	-	-
Unpaid rents	(4,768,674)	-	-
Increase/(decrease) in fair value	-	-	2,179,830
Closing of stores in Spain (Note 10)	(31,987,726)	-	-
Income discounts related to the impact of the pandemic (Note 40)	(13,477,376)	-	-
Lease contract increases	159,547,341	-	-
Up-front fees beard with the issuance of borrowings	-	(2,834,159)	-
Others	1,617,496	725,641	-
Balance as at 31 December 2020	1,207,846,636	1,883,433,709	2,362,912

36. Contingent assets and liabilities

As at 31 December 2020 and 2019, contingent liabilities to which Group is exposed can be detailed as follows:

Guarantees and sureties gives

	31 Dec 2020	31 Dec 2019 Restated
Guarantees given:		
on tax claims	1,165,587,854	1,182,614,692
on judicial claims	226,022	192,574
on municipal claims	5,969,577	6,775,333
contractual guaranties by proper compliance	22,032,002	30,707,137
others guaranties	8,703,947	10,052,181

(a) Tax Claims

The main tax claims with bank guarantees given or sureties associated are as follows:

- Tax claims for additional VAT payment for which guarantees, or sureties were provided in the amount of 534 million euros (529.2 million euros as at 31 December 2019). The most significant value amounts to 498,4 million euros (498.4 million euros as at 31 December 2019) is related for the periods from 2004 to 2013, and for which the Group presented or intends to present a tax appeal. The tax claims result from the Tax Administration's understanding that the Group should have invoiced VAT related to promotional discounts granted by suppliers, based on purchases amounts, since Tax Authorities claims it corresponds to alleged services rendered to those entities. Tax authorities also claim that the Group should not have deducted VAT from discount vouchers used by its non-corporate clients.
- Proceedings related to income tax of legal entities of Sonae SGPS, SA, for which guarantees, sureties or insurance were provided in the amount of 198.8 million euros (196.9 million euros in 2019) in favour of the Management Tax for the years 2007 to 2015 and 2017. In these guarantees or sureties, the most relevant amount is associated with a positive equity variation due to the sale of own shares to a third party in 2007, as well as the disregard of reinvestment regarding more- capital gains on the sale of shares, or the tax neutrality associated with spin-off operations. The Company proceeded with the judicial challenge of these additional assessments, and the Board of Directors believes, based on the opinion of its advisors, that the aforementioned legal challenges will be upheld.
- Sureties in the amount of, approximately, 60 million euros as a result of a tax appeal presented by the Company Sonae MC SGPS, S.A. concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, corresponding to a prior coverage of tax losses accrued by the company held, which was taken to the cost of the participation, moreover, as is already understood by the Tax Administration itself, it was understood that now and in the concrete case it should not consider the amount of the cost of participation, including, therefore, the coverage of losses, upon the liquidation of the company held;
- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 10.2 million euros (65.3 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 42.8 million euros (272.6 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

(b) Contingent assets and liabilities related to tax claims paid under regularization programs of tax debt

Within the framework of regularization of tax debts to Tax Authorities, (Outstanding Debts Settlement of Tax and Social Security (Decree of law 67/2016 of 3/11, 151-A/2013 of 31/10 and 248-A/2002 of 14/11), the Group made tax payments in

the amount of, approximately, 29.6 million euros, having the respective guarantees been eliminated. The related tax appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts, having recorded as an asset the amounts related with income taxes paid under those plans (Note 16 and 44).

(c) Other contingent liabilities

- Contingent liabilities related to discontinued activities in subsidiaries in Brazil

Following the disposal of a subsidiary in Brazil, Sonae guaranteed to the buyer of the subsidiary all the losses incurred by that company arising on unfavourably decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euros. The amount claimed by the Brazilian Tax Authorities, concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss, plus the amounts already paid 17.2 million euros (24.2 million euros at 31 December 2019) related to programs for the Brazilian State of tax recovery, amount to near 15 million euros at 31 December 2020 (21.2 million euros at 31 December 2019). Furthermore, there are other tax assessments totalling 77.9 million euros (41.5 million euros as at 31 December 2019) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

- Procedure for contesting fines imposed by the Competition Authority

In 2016, the Competition Authority (AdC) notified Sonae Investimentos, Sonae MC and Modelo Continente, for the purpose of presenting a defence, in the context of a misconduct proceeding under the agreement entered into between Modelo Continente and EDP Comercial campaign known as the "EDP Continente Plan". It should be noted that the EDP / Continente Plan took place during 2012 and was extended in the first months of 2013 to allow the use of discounts that had been allocated to customers until 31 December 2012. The development of this type of business promotion agreement is a common practice in the Portuguese market. In 2017, the AdC imposed fines of 2.8 million euros on Sonae Investimentos and 6.8 million euros on Modelo Continente. AdC also condemned Sonae MC, but it did not impose any fine on it since that company does not present any turnover. These companies challenged the decision in court. As at 30 September 2020 a decision was handed down that confirmed the AdC's understanding of the illegality of the behaviour in question, while reducing the amounts of the fine to, respectively, 2.52 million euros and 6.12 million euros. The Board of Directors expects, based on the opinion of their legal advisors, that there will be no liability for these companies in this proceeding.

- Research in progress by the Competition Authority

In 2017, a Modelo Continente Hipermercados, S.A. was subject to search and seizure of documents by the Competition Authority (AdC), as part of an investigation publicly reported by AdC as involving 21 entities in the retail sector of consumer goods (for example, hypermarkets, supermarkets, hard-discounts and its suppliers).

In the context of that investigation, the AdC initiated several administrative offense proceedings. To date, 8 Notes of Illegality have been issued in 8 of these cases, with the right of defence having been exercised, with the exception of the last two Notes of Illegality made public, in which the term has been suspended since 22.01.2021, under the regime suspension of procedural deadlines resulting from the measures adopted in the context of the COVID-19 disease pandemic. During the year 2020, the AdC issued sentencing decisions in two of these cases, having fixed a "tender fine" for MCH in the amount of 121.9 million euros. Condemnatory decisions can and will be challenged before the Competition Authority, and the period has also been suspended since 01.22.2021, due to the regime of suspension of procedural deadlines resulting from the measures adopted in the context of the disease pandemic COVID-19.

- Contingent liabilities related to subsidiaries of Sonae Sierra

As at 31 December 2020 and 2019, Sonae Sierra's main contingent liabilities related to the following situations:

- In 2020, Sierra agreed with the bank that granted the loan to Mercado Urbano - Gestão Imobiliária, S.A. ("Mercado Urbano") to fulfill the obligations arising from that loan in proportion to its 20% stake.
- In 2020 the Group provided a comfort letter in favour of a bank, by which the Group guarantees in the proportion of its stake of 20%, the fulfilment of certain obligations of Mercado Urbano arising from the contract between Mercado Urbano and the bank whereby the bank issued a bank guarantee of 685 thousand euros in benefit of City Council of Porto ("CCP") in order to secure the obligations assumed towards CCP under the surface right contract in force between the Mercado Urbano and CCP related to the surface right over Mercado do Bom Sucesso.
- In 2020 the Group agreed with the bank that granted the loan to Proyecto Cúcuta S.A.S., for the construction of the shopping centre Jardín Plaza Cúcuta, the payment of any amount requested by the bank in the maximum amount 3,400 thousand euros in case the company is not able to comply with its obligations.
- Until this date, Sonae Sierra had been notified by the tax authorities regarding to the deductibility of the interest incurred with loans obtained in the years 2008, 2009, 2010, 2013 and 2015 as Mother Company of the RETGS in the amount of 10 million euros. These notifications were claimed by the Company. In 2020 the Company has been notified by the court on a favourable decision regarding to the deductibility of the interest incurred with loans obtained in the year 2009, having the tax authorities claiming of this decision. No provision was recorded because the Board of Directors understands that the risk of this contingency is unlikely.
- With regard to the payment of tax in the amount of 3.7 million euros as a result of the 2005 fiscal inspection, the Company under the Exceptional Debt Settlement Regime paid the referred tax in full. The amount paid is recorded under the heading "Other debts receivable" as a result of the corrections found to have been contested by the Company in court, and the Company's Board of Directors is convinced that the court's decision will be favourable.

- Contingent liabilities related to joint ventures are disclosed in Note 49.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for Sonae.

37. Operational lease - Lessor

Minimum lease payments (fixed income) arising from operational leases, in which the Group acts as a lessor, recognized as income during the period ended 31 December 2020 and 2019 amounted to 22,725,361 euros and 60,334,020 euros, respectively.

Additionally, at 31 December 2020 and 2019, Sonae had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 Dec 2020	31 Dec 2019
Due in:		
N+1 automatically renewal	2,140,387	2,311,545
N+1	27,600,106	34,533,332
N+2	20,298,919	28,113,685
N+3	15,953,711	18,257,766
N+4	11,718,238	15,017,765
N+5	8,615,352	10,482,076
After N+5	12,153,414	29,152,008
	98,480,127	137,868,177

38. Income or expense relating to investments

As at 31 December 2020 and 2019, Gain or losses Investment is made up as follows:

	31 Dec 2020	31 Dec 2019
Dividends	100,648	100,689
Sierra Prime% Dilution (Note 4)	20,462,064	-
Loss generated on sales of the financial contribution regarding Sonae Sierra segment	-	(15,670,895)
Loss generated in the restructuring of Brazil	-	(14,342,904)
Others	1,455,921	52,932
Gains / (losses) on the sale of investments in subsidiaries, joint ventures and associates	21,917,985	(29,960,866)
Gains and losses on investments recorded at fair value through results	-	-
Others	(158,497)	-
Impairment of investments in subsidiaries	-	(15,000)
Impairment reversal on financial investments	2,885	-
Impairment reversal/(losses) on investments	2,885	(15,000)
TOTAL INCOME AND (EXPENSES) RELATED TO INVESTMENTS	21,863,021	(29,875,177)

39. Net financial expenses

As at 31 December 2020 and 2019, Net financial expenses are as follows:

	31 Dec 2020	31 Dec 2019 Restated
Expenses		
Interest payable		
related with bank loans and overdrafts	(13,335,044)	(17,028,723)
related with non convertible bonds	(8,114,277)	(10,062,076)
related with operational leases (Note 10)	(74,531,665)	(71,883,012)
others	(2,066,118)	(3,991,300)
	(98,047,104)	(102,965,111)
Foreign exchange losses	(24,829,988)	(13,302,237)
Fair value of financial derivatives (Note 28)	(9,740,989)	-
Up front fees and commissions related to loans	(5,912,532)	(7,714,999)
Others	(2,274,897)	(3,782,232)
	(140,805,510)	(127,764,579)
Income		
Interest receivable		
related with bank deposits	6,970	17,510
others	3,710,501	4,582,700
	3,717,471	4,600,210
Foreign exchange gains	20,791,986	12,463,062
Fair value of financial derivatives (Note 28)	15,879,841	-
Other financial income	146,253	615,534
	40,535,551	17,678,806
NET FINANCIAL EXPENSES	(100,269,959)	(110,085,773)

40. Other income

As at 31 December 2020 and 2019, the caption "Other Income" is made up as follow:

	31 Dec 2020	31 Dec 2019
Supplementary income	38,321,560	33,720,298
Prompt payment discounts obtained	26,118,306	26,116,868
Foreign currency exchange gains	21,946,324	21,920,522
Own work capitalised (Note 9)	16,752,204	16,807,778
Rent discounts relating to pandemic impact	13,477,376	-
Gains on sales of assets (Note 8 and 10)	5,180,304	11,746,865
Provisions and impairment losses reversals (Note 34)	4,486,511	8,962,253
Subsidies	31,419	2,052,648
Benefits of contractual penalties	429,349	257,552
Insurance claims	3,373,885	429,349
Others	10,242,885	8,792,473
	140,360,123	130,806,606

As at 31 December 2020 under the caption of "Gains on sales of assets" are included gains related to the operation of "Sale & Leaseback" amounting to 2.9 million euros (3.2 million euros as at 31 de December 2019) (Note 8) and in 2019 the disposal of two investment properties related to Coimbrashopping and Nurberg in the amount of 28 million euros (Note 11).

41. External supplies and services

As at 31 December 2020 and 2019, External supplies and services are as follows:

	31 Dec 2020	31 Dec 2019
Services	113,203,107	105,254,793
Publicity	91,233,398	101,057,691
Electricity	69,351,805	71,534,084
Transports	73,691,799	64,941,436
Rents	45,845,352	43,357,349
Maintenance	33,551,123	33,135,079
Cleaning up services	44,758,981	28,734,844
Subcontracts	19,257,009	26,543,565
Commissions	19,455,238	23,041,083
Security	25,525,250	22,430,114
Travel expenses	6,844,244	16,334,473
Costs with automatic payment terminals	18,635,469	15,012,603
Consumables	14,529,812	14,309,325
Communications	10,217,849	10,651,847
Home delivery	13,412,474	8,700,862
Insurances	7,701,374	7,643,511
Others	93,220,632	79,498,197
	700,434,916	672,180,857

As mentioned in the introductory note, some of the Group's business operations were significantly affected by the pandemic context, which implied a significant increase in spending on space cleaning and personal protective equipment, as well as an increase in logistics expenses.

The amount included in rents and leases relates to variable rents from lease contracts.

42. Employee benefits expense

As at 31 December 2020 and 2019, Employee benefits expense are as follows:

	31 Dec 2020	31 Dec 2019
Salaries	695,920,148	678,974,436
Social security contributions	142,388,540	141,294,944
Insurance	13,844,954	12,877,086
Welfare	6,422,992	4,252,482
Other staff costs	21,509,070	29,833,054
	880,085,704	867,232,002

As mentioned in the introductory note, in the case of food retail, an extraordinary monetary award was also given to employees of stores and warehouses, as a way of recognizing their availability to provide an essential service to Portuguese families.

43. Other expenses

As at 31 December 2020 and 2019, other expenses are as follows:

	31 Dec 2020	31 Dec 2019
Exchange differences	26,635,495	23,977,936
Galp/Continente loyalty program	12,126,184	13,700,877
Losses on the sale and write-off of assets	8,183,149	11,322,885
Indirect taxes and fees	13,424,199	13,446,733
Donations	13,292,403	10,025,005
Municipal property tax	4,416,130	5,398,575
Payment of withholding dividends payment tax	484,160	553,000
Doubtful debts	420,873	1,169,162
Other expenses	4,341,970	5,186,797
	83,324,563	84,780,969

44. Income tax expense

As at 31 December 2020 and 2019, income tax is made up as follows:

	31 Dec 2020	31 Dec 2019
Debtors values		
Income taxation	33,333,319	37,910,056
Income taxes recoverable from parent company	636,454	631,999
Special regime for payment of tax and social security debts	3,741,281	3,741,281
Income taxation	37,711,054	42,283,336
Creditors values		
Income taxation	14,436,360	11,105,808
Income tax with participated entities	1,712,239	2,359,146
Income taxation	16,148,599	13,464,954

Income tax expense recognized for the periods ended 31 December 2020 and 2019 are detailed as follows:

	31 Dec 2020	31 Dec 2019 Restated
Current tax	13,798,625	13,527,561
Deferred tax (Note 22)	(9,345,446)	4,682,590
	4,453,179	18,210,151

The reconciliation between profit before Income tax and "Income tax expense" for the periods ended 31 December 2020 and 2019 is as follows:

	31 Dec 2020	31 Dec 2019 Restated
Profit before income tax	60,655,162	237,406,694
Income tax (21%)	12,737,584	49,855,406
Effect of different income tax rates in other countries	(2,528,760)	(6,181,336)
Difference between capital (losses)/gains for accounting and tax purposes	(7,139,702)	(9,241,320)
Gains or losses in jointly controlled and associates companies (Note 13)	(3,261,894)	(22,653,510)
Provisions and impairment losses not accepted for tax purposes	6,895,361	-
Use of tax losses that have not originated deferred tax assets	96,637	464,956
Recognition of tax losses that have not originated deferred tax assets	6,513,708	9,959,615
Amortization of goodwill for tax purposes in Spain	5,816,679	5,816,680
Effect of constitution or reversal of deferred taxes	5,176,239	-
Use of tax benefits	(30,217,906)	(9,842,484)
Under/(over) Income tax estimates	2,231,949	(5,734,669)
Autonomous taxes and tax benefits	1,799,822	2,139,969
Municipality surcharge	6,373,822	3,549,023
Others	(40,360)	77,821
INCOME TAX	4,453,179	18,210,151

45. Related parties

Balances and transactions with related parties during the periods ended 31 December 2020 and 2019 are as follows:

	Parent Company		Jointly controlled companies		Associated companies		Other related parties	
	31 dec 2020	31 dec 2019	31 dec 2020	31 dec 2019	31 dec 2020	31 dec 2019	31 dec 2020	31 dec 2019
Sales & Services rendered	280,176	268,073	20,815,279	38,551,802	88,840,453	80,492,642	57,373,668	56,443,745
COGS and materials consumed	-	-	281,869,782	269,179,411	6,145	20,438	1,582,139	1,823,577
Other income	8,245	2,948	15,679,721	16,115,154	14,396,638	6,774,076	10,214,177	13,497,777
Others	15,559	-	747,473	859,749	6,974,502	6,843,226	132,402	176,277
	303,980	271,021	319,112,254	324,706,114	110,217,735	94,130,378	69,302,384	71,941,376

	Parent Company		Jointly controlled companies		Associated companies		Other related parties	
	31 dec 2020	31 dec 2019	31 dec 2020	31 dec 2019	31 dec 2020	31 dec 2019	31 dec 2020	31 dec 2019
Other non-current assets	-	-	2,967,983	11,600,715	9,841,246	14,179,085	114,287	121,052
Trade receivables	31,469	34,085	3,050,795	4,496,832	10,328,033	4,772,782	15,004,658	13,683,918
Other receivables	9,943	4,790	6,216,147	6,105,926	7,701,950	14,561,419	1,487,013	1,440,613
Trade payables	3,225	-	81,337,372	78,145,322	1,524,399	676,070	978,377	1,303,298
Other payables	4,799	-	3,317,485	2,942,499	3,919,650	1,332,719	1,233,132	731,135
	44,637	43,674	96,889,782	103,291,294	33,315,277	35,522,076	18,817,467	17,280,015

	Jointly controlled companies		Associated companies		Other related parties	
	31 dec 2020	31 dec 2019	31 dec 2020	31 dec 2019	31 dec 2020	31 dec 2019
Acquisition of tangible assets	868,120	730,617	179,181	381,402	4,503	18,389,765
Sales of tangible assets	8,615	108,301	208,278	289,837	9,223	437,892
Acquisition of intangible assets	594,562	2,082,760	-	1,818,442	-	-
Sales of intangible assets	-	-	-	518,600	-	-
	1,471,297	2,921,678	387,459	3,008,281	13,726	18,827,657

The related parties include subsidiaries and jointly controlled companies or associated companies of Sonae Sierra SGPS, SA, ZOPT SGPS, SA, Sonae Indústria, SGPS, SA and Sonae Capital, SGPS, SA, as well as other shareholders of subsidiaries or jointly controlled companies by Sonae, and other subsidiaries of the parent company Efanor Investimentos, SGPS, SA.

The remuneration of the members of the Board of Directors of the parent company and of the employees with strategic management responsibility, earned in all Sonae companies for the years ended at 31 December 2020 and 2019, is composed as follows:

	31 dec 2020		31 dec 2019	
	Board of Directors	Strategic Direction	Board of Directors	Strategic Direction
Short-term benefits	2,134,154	9,051,644	1,701,703	8,000,813
Share-based benefits	536,200	3,267,280	456,300	2,755,445
	2,670,354	12,318,924	2,158,003	10,756,258

(a) Includes personnel responsible for the strategic management of the companies of Sonae (excluding members of the Board of Directors of Sonae).

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

46. Earnings per share

Earnings per share for the periods ended 31 December 2020 and 2019 were calculated taking into consideration the following amounts:

	31 Dec 2020		31 Dec 2019 Restated	
	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations
Net profit				
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	71,487,406	(542,828)	157,992,527	12,806,672
Effect of dilutive potential shares	-	-	-	-
Interest related to convertible bonds (net of tax)	-	-	3,755,940	-
Net profit taken into consideration to calculate diluted earnings per share	71,487,406	(542,828)	161,748,467	12,806,672
Number of shares				
Weighted average number of shares used to calculate basic earnings per share	1,910,236,308	1,910,236,308	1,904,018,211	1,904,018,211
Effect of dilutive potential ordinary shares from convertible bonds	128,667,482	128,667,482	128,667,482	128,667,482
Outstanding shares related with share based payments	6,919,305	6,919,305	3,885,211	3,885,211
Shares related to performance bonus that can be bought at market price	(1,717,950)	(1,717,950)	(1,265,012)	(1,265,012)
Weighted average number of shares used to calculate diluted earnings per share	2,044,105,145	2,044,105,145	2,035,305,892	2,035,305,892
EARNINGS PER SHARE				
Basic	0.037423	(0.000284)	0.082978	0.006726
Diluted	0.034972	(0.000266)	0.079471	0.006292

The average number of shares for the year ended 31 December 2020 considers 89,763,692 shares as own shares (95,981,789 shares in 31 December 2019) (Note 25).

47. Cash receipts and cash payments of investments

As at 31 December 2020 and 2019, cash receipts and cash payments related to investments can be detailed as follows:

- Investments activities

Receipts	31 Dec 2020	31 Dec 2019
Disposal of Sierra BV	246,042,240	-
Sierra BV Shares Premium Decrease	21,706,762	-
Disposal of Wedo	-	60,420,125
Disposal of Alexa	-	40,182,448
Norte BV Shares Premium Decrease	-	11,168,986
Receipt related to the disposal of Loop5 in 2018	-	9,845,752
Disposal of Dos Mares	-	8,927,876
Iberia Coop Shares Premium Decrease	-	8,194,000
Disposal of Saphety	-	8,323,095
Disposal of Solingen	-	2,918,704
Trivium Shares Premium Decrease	-	2,005,434
Receipt related to the disposal of Iberian Assets - price adjustment	-	1,697,043
Others	2,435,229	1,410,196
	270,184,231	155,093,659

Payments	31 Dec 2020	31 Dec 2019
Acquisition of NOS SGPS shares	136,420,000	-
Acquisition of the remaining 50% of SALSA	63,075,597	-
Acquisition of Artic Wolf (Note 14)	7,798,765	3,609,512
Acquisition of Weaveworks shares	4,231,907	-
Acquisition of North Tower BV shares	2,721,406	-
Acquisition of Sales Layer shares	2,500,358	-
Acquisition of Deepfence shares	2,085,593	-
Acquisition of Tomenider e Arenal	-	47,039,289
Payment of outstanding amount related to the acquisition of Parklake	-	28,547,647
Acquisition of SIXGILL (Note 14)	-	5,415,162
Acquisition of CELLWISE (Note 14)	695,942	5,357,593
Acquisition and capital increase of Visenze (Note 14)	-	5,244,147
Capital increase of Ometria (Note 14)	-	4,404,318
Supplementary Payments of MKTPLACE	2,678,382	3,625,523
Acquisition of L.C. Malheiro II, SGPS, S.A.	-	2,500,000
Capital increase PT29-SIGI	-	2,499,998
Acquisition of Daisy Intelligence (Note 14)	480,307	2,406,623
Acquisition of Iservices	-	2,175,704
Others	8,639,948	8,023,091
	231,328,205	120,848,607

48. Commitments not reflected in the statement of financial position

As part of the restructuring of Sierra BV's portfolio, the holding of secondary assets was transferred to Sierra Retail Ventures BV ("SRV") (whose shareholders are the same shareholders that held Sierra BV before the restructuring). The commitments assumed in 2003 with the sale of 49.9% of Sierra BV's shares to a group of Investors, were transferred to SRV. In accordance with these commitments, Sonae Sierra was bound to ensure the revision of the transmission price of these shares in the event of a sale to third parties of some of the shopping centers owned by Sierra BV subsidiaries (now SRV), if certain circumstances are verified.

This sale may take the form of selling the asset or selling the shares of the company that directly or indirectly owns the asset.

The price revision will be made by Sonae Sierra to the Investors in the Fundo or to Sierra BV if, in a relevant sale, discounts related to deferred taxes on capital gains have been made.

The price revision will be dependent on the percentage ownership in the company that owns the asset, the Investors' ownership percentage in SRV (and in case of a sale of shares adjusted by a 50% discount) and is limited to:

- in the case of the asset sale, a maximum amount of 16.5 million euros;
- in the case of a sale of shares of the company that directly or indirectly owns the asset, a maximum amount 8.2 million euros;
- in the case of a sale of shares of the company that directly or indirectly owns the asset, the price revision plus the selling price, cannot result in a revised price that is greater than the proportion of the NAV ("Net Asset Value").

These commitments are valid while the current agreements with the other stockholders of Sierra BV are maintained.

Furthermore, Sonae Sierra has the right to make a proposal for the acquisition of the asset or the shares at stake before they are offered for sale to a third party.

In accordance with the agreements made between the shareholders of Sierra BV at the time of its incorporation in 2003, it was agreed that Sierra BV should exist for an initial period of 10 years (that ended in October 2013), that could be extended by two additional periods of one year starting in 2013. On September 2013 all the shareholders of Sierra BV approved an

amendment agreement relating to the continuation of the operations of the Fund with a long-stop date until October 2018. On September 2019, Sonae Sierra and APG agreed on an extension of the long stop date of the Partnership on 10 October 2020. On September 2020, SRV shareholders agreed on a new extension until 10 October 2021.

In accordance with the agreements made between the shareholders of SPF at the time of its incorporation in 2008, it was agreed that SPF should exist for a period of 10 years (that ended in 2018), with the shareholders having the option to redeem its shares after 2014, provided that some conditions are met. However, Group is not aware of any intention in this regard by the SPF shareholders. Additionally, in 2015 shareholders agreed to extend the term of the fund until 2020. On September 2020 it was agreed among the shareholders to extend the fund until 31 December 2021.

The Group believes that the direct sale of an asset in Portugal is not attractive as it is subject to certain liabilities that are not supported in the event of a sale of the shares of the company that holds the asset.

49. Provision and contingent liabilities relating to joint ventures

ZOPT Group

(a) ZOPT Group provision's

The processes described below are provisioned in the consolidated accounts of Zopt, given the level of risk identified.

1. Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU)

The Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU) is legislated in Articles 17 to 22 of Law no 35/2012, of 23 August. From 1995 until June 2014, MEO, SA (former PTC) was the sole provider for the universal service of electronic communications, having been designated administratively by the Portuguese government, i.e. without a tender procedure, which constitutes an illegality, by the way acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3 million euros. In accordance with Article 18 of the abovementioned Law 35/2012, of 23 August, the net costs incurred by the operator responsible for providing the universal service, approved by ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that MEO has been requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. In accordance with law, the compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned.

In 2013, ANACOM deliberated to approve the final results of the CLSU audit presented by MEO, relative to the period from 2007 to 2009, in a total amount of 66.8 million euro, a decision that was contested by NOS. In January 2015, ANACOM issued the settlement notes in the amount of 18.6 million euro related to NOS, SA, NOS Madeira and NOS Açores which were object of judicial challenge and for which a bail was presented by NOS SGPS to avoid Tax Execution Proceedings. The guarantees have been accepted by ANACOM.

In 2014, ANACOM deliberated to approve the final results of the CLSU audit by MEO, relative to the period from 2010 to 2011, in a total amount of 47.1 million euros, a decision, as in previous years, contested by NOS. In February 2016, ANACOM

issued the settlement notes in the amount of 13 million euros, related to NOS, SA, NOS Madeira and NOS Açores which were also contested and for which it was before also presented bail by NOS SGPS in order to avoid the promotion of respective tax enforcement processes, guarantees that have been accepted by ANACOM.

In 2015, ANACOM deliberated to approve the final results of the audit to CLSU presented by MEO relative to the period from 2012 to 2013, in the amount of 26 million euros and 20 million euros, respectively, and as the others, it was contested by NOS. In December 2016, the notices of settlement were issued relating to NOS, SA, NOS Madeira and NOS Açores, corresponding to that period, totalling 13.6 million euros that were contested by NOS and for which guarantees have been already presented by NOS SGPS in order to avoid the promotion of the respective proceedings of tax execution. The guarantees were also accepted by ANACOM.

In 2016, ANACOM approved the results of the audit to the CLSU presented by MEO related with the period between January and June 2014, for a total amount of 7.7 million euros that was contested by NOS, in standard terms.

In 2017, NOS, SA, NOS Madeira and NOS Açores were notified of the decision of ANACOM concerning the entities that are obliged to contribute toward the compensation fund and the setting of the values of contributions corresponding to CLSU that have to be compensated and relating to the months of 2014 in which MEO still remained as provider of the Universal Service, which establishes for all these companies a contribution totalling close to 2.4 million euros. In December 2017, the settlement notes relating to NOS, SA, NOS Madeira and NOS Açores, concerning that period, were issued in the amount of approximately 2.4 million euros, which were challenged by NOS and for which guarantees have also been presented by NOS SGPS, in order to avoid the promotion of their tax enforcement procedures. The guarantees were also accepted by ANACOM.

It is the opinion of the Board of Directors of NOS that these extraordinary contributions to Universal Service (not designated through a tender procedure) flagrantly violate the Directive of Universal Service. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognised on a legal and constitutional level in Portuguese domestic law. For these reasons, NOS will continue judicially challenge either the approval of audit results of the net cost of universal service related to the pre-competitive period, and the liquidation of each extraordinary contribution, once the Board of Directors is convinced it will be successful in all challenges, both future and already undertaken.

(b) Legal actions and contingent assets and liabilities of Zopt Group

1. Legal actions with regulators

NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ANACOM's decisions in respect of the payment of the Annual Fee of Activity (for 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019) as Electronic Communications Services Networks Supplier, and furthermore the refund of the amounts that meanwhile were paid within the scope of the mentioned acts of settlement was requested. The settlements for the year 2018 were impugned in the first semester of 2019. Settlements for 2019 will be contested by the end of the first half of 2020.

The settlement amounts are, respectively, as follows:

- NOS SA: 2009: 1,861 thousand euros 2010: 3,808 thousand euros, 2011: 6,049 thousand euros, 2012: 6,283 thousand euros, 2013: 7,270 thousand euros, 2014: 7,426 thousand euros 2015: 7,253 thousand euros, 2016: 8,242 thousand euros, 2017: 9,099 thousand euros; 2018: 10,303 thousand euros; 2019: 10,169 thousand euros;
- NOS Açores: 2009: 29 thousand euros, 2010: 60 thousand euros, 2011: 95 thousand euros, 2012: 95 thousand euros, 2013: 104 thousand euros, 2014: 107 thousand euros, 2015: 98 thousand euros; 2016: 105 thousand euros,

2017: 104 thousand euros; 2018: 111 thousand euros; 2019: 107 thousand euros;

- NOS Madeira: 2009: 40 thousand euros, 2010: 83 thousand euros, 2011: 130 thousand euros, 2012: 132 thousand euros, 2013: 149 thousand euros, 2014: 165 thousand euros, 2015: 161 thousand euros, 2016: 177 thousand euros and 2017: 187 thousand euros; 2018: 205 thousand euros; 2019: 195 thousand euros.

This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. NOS SA, NOS Açores and NOS Madeira, in the contests they promote, claim, namely: i) addition to defects of unconstitutionality and illegality, related to the inclusion in the cost accounting of ANACOM of the provisions made by the regulator, due to judicial proceedings against the latter (including these appeals of the activity rate) and ii) that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded.

Six sentences on the matter were given, i.e. in connection with the contestation of the 2009 Annual Rate (Ex-ZON), 2010 (Ex-ZON, in April 2018 and NOS Madeira, in May 2020), 2011 (NOS Madeira, in May 2020), 2012 (Ex-ZON and Ex-Optimus, respectively in September 2017 and in May 2018). The first judgment ruled in favour of the respective contestation, only based on lack of prior hearing, but ordered ANACOM to pay interest. ANACOM submitted an appeal concerning that decision, but the Court of Appeal declined it by decision in July 2013. The five remaining decisions judge also, in turn, ruled in favour of the respective contestations, but, this time for fundamental reasons, annulled the contested act by unlawfulness with the legal consequences, namely imposing the refund of the tax that was paid but still not refunded to NOS and ordering ANACOM to pay compensatory interest. These decisions were the subject of an appeal from ANACOM to the Tribunal Central Administrativo – Sul (Central Administrative Court – South), where it is pending.

The remaining proceedings are awaiting trial and/or decision.

On 17 July 2020, NOS was notified by the AdC of an illegality note (accusation) related to digital marketing on the google search engine, which accuses the operators MEO, NOS, NOWO and Vodafone of concertation, for the period between 2010 and 2018, failing to identify a specific fine. It is not possible, at the date, to estimate the amount of a possible fine. NOS presented its written defence and, after the presentation of this, the AdC will decide for a conviction or acquittal, being the conviction of the Board of Directors of NOS and ZOPT, taking into account the elements it knows, which will be able to demonstrate the various arguments to be defence.

2. Tax Authorities

During the course of the 2003 to 2020, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2018 financial years. Following these inspections, NOS SGPS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications unpaid is about 35.8 million euros. Note that the Group considered that the corrections were unfounded, and contested the amounts mentioned.

Based on the opinions obtained from the process agents and tax consultants, the Board of Directors maintains the conviction of a favourable outcome, which is why it maintains these cases in court. However, in compliance with the principle of prudence, an assessment is made of the group's level of exposure to these processes periodically, in view of the evolution of jurisprudence, and consequently the provisions set up for this purpose are adjusted. The Group provided bank guarantees required by the Tax Administration, within the scope of these processes.

3. Actions by MEO against NOS Madeira and NOS Açores and by NOS S.A. against MEO

In 2011, MEO brought against NOS SA, in the Judicial Court of Lisbon, a claim for the compensation of 10,3 million of Euros, as compensation for alleged unauthorised portability of NOS SA in the period between March 2009 and July 2011. NOS SA presented its defence and reply, and the Court ordered an expert opinion, which was, meanwhile, deemed without effect. The discussion and trial hearing took place at the end of April and beginning of May 2016, and a judgment was rendered in September of the same year, which considered the action to be partially justified, based not on the occurrence of improper portability, which the Court has determined to restrict itself to those which do not correspond to the will of the proprietor, but of mere delay in sending the documentation related to the portabilities by the Recipient Carrier (NOS) to the Holding Provider (MEO). In that regard, it sentenced NOS to the payment of approximately 5.3 million euros to MEO, a decision of which only NOS appealed to the Lisbon Court of Appeal. MEO, on the other hand, was satisfied and did not appeal against the part of the sentence that acquitted the NOS of the requests for compensation that it formulated - in the amount of approximately 5.0 million euros - regarding alleged improper portabilities. This Court, in the first quarter of 2018, upheld the decision of the Court of First Instance, except for interests, in which gave reason to the claims of NOS, in the sense that they should be counted from the citation to the action and not from the due date of the invoices. NOS filed an extraordinary appeal with the Supreme Court of Justice, which was admitted and is currently under appreciation in this Court. In November 2019, the Court of First Instance granted the parties the possibility of requesting the production of supplementary evidence to the matter of fact of the extension, with NOS requesting an expert examination and the repetition of testimonial evidence. In February 2020, the Court considered that the expansion of the matter of fact entails the need to obtain new evidential elements, which impose the analysis of the constant information related to all portabilities that serve as the basis for the process, determining the realization of expert evidence for that purpose. It was recently appointed an expert.

In 2011, NOS SA, in turn, brought a claim for damages of 22.4 million euros against MEO, in the Lisbon Judicial Court, for damages suffered by NOS SA, resulting from the violation of the Portability Regulation by MEO, more specifically, the large number of unjustified refusals of portability requests by MEO in the period between February 2008 and February 2011. The court decreed the carrying out of expert evidence of a technical and economic-financial nature, with the expert reports being completed in February 2016 and June 2018, respectively. MEO argued the nullity of the economic and financial expert report, which was deferred. At the beginning of March 2020, the parties were notified of the scheduled judicial due diligence for 17 April 2020, to scheduling the acts to be carried out at the final hearing, establishing the number of sessions and their likely duration, as well as the designation of the respective dates and, still, attempted conciliation. The due diligence has since been rescheduled.

It is the understanding of the Board of Directors of NOS, supported by lawyers who monitor the process, that there is, in substance, good chance of NOS SA winning the action, because MEO has already been convicted for the same offense, by ANACOM.

4. Interconnection tariffs

At 31 December 2020, there are outstanding balances with national operators, recorded in accounts receivables and accounts payables, in the amount of 37 million euros and 43.5 million euros, respectively, resulting from a dispute between the subsidiary NOS SA and, essentially, the operator MEO – Serviços de Comunicação e Multimédia, S.A. (previously named TMN – Telecomunicações Móveis Nacionais, S.A.), in relation to the non-definition of interconnection tariffs of 2001. In what concerns to that dispute, the result was totally favourable to NOS S.A., having already become final.

5. Contractual penalties

The general conditions that affect the agreement and termination of the contractual relationship between NOS and its clients, establish that in the event of the deactivation of products and services on the initiative of the customer before the end of the loyalty period, the customer is obliged to the immediate payment of compensation for the set of advantages that, in the perspective of the agreed duration of the contract, were provided by the operator.

In the first quarter of 2020, due to predictable sharp decrease in the collection of these penalties, as a direct consequence of the slowdown in the Portuguese economy resulting from the measures adopted to combat the new coronavirus COVID-19, NOS recognized credit losses expected from the total of defaults billed to customers and not provisioned, in the amount approximately 7 million euros.

At 31 December 2020, the amounts billed and not yet received from these indemnities amount to 110.4 million euros.

(c) Other commitments Grupo Zopt

In December 2015, NOS signed a contract with Sport Lisboa e Benfica - Futebol SAD and Benfica TV, SA of television rights of home matches of football NOS' league, broadcasting rights and distribution of Benfica TV Channel. The contract began in 2016/2017 sports season, had an initial duration of three years, and might be renewed by decision of either party up to a total of 10 sports seasons, with the overall financial consideration reaching the amount of 400 million euros, divided into progressive annual amounts.

Also, in December 2015, NOS signed a contract with Sporting Clube de Portugal - Futebol SAD and Sporting and Communication Platforms, S.A. which includes the following rights:

- 1) TV broadcasting rights and multimedia home games of Sporting SAD;
- 2) The right to explore the static and virtual advertising at Stadium José Alvalade;
- 3) The right of transmission and distribution of Sporting TV Channel;
- 4) The right to be its main sponsor.

The contract will last 10 years, concerning the rights indicated in 1) and 2) above, starting in July 2018, 12 years in the case of the rights stated in 3) starting in July 2017 and 12 and a half seasons in the case of the rights mentioned in 4) beginning in January 2016, with the overall financial consideration amounting to 446 million euros, divided into progressive annual amounts.

Also, in December 2015, NOS SA has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

- 1) Associação Académica de Coimbra – Organismo Autónomo de Futebol, SDUQ, Lda
- 2) Os Belenenses Sociedade Desportiva Futebol, SAD
- 3) Clube Desportivo Nacional Futebol, SAD
- 4) Futebol Clube de Arouca – Futebol, SDUQ, Lda
- 5) Futebol Clube de Paços de Ferreira, SDUQ, Lda
- 6) Marítimo da Madeira Futebol, SAD
- 7) Sporting Clube de Braga – Futebol, SAD
- 8) Vitória Futebol Clube, SAD

The contracts will begin in the 2019/2020 sports season and last up to 7 seasons, with the exception of the contract with Sporting Clube de Braga - Futebol, SAD which lasts 9 seasons.

During the year of 2016, NOS SA has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

- 1) C. D. Tondela – Futebol, SDUQ, Lda
- 2) Clube Futebol União da Madeira, Futebol, SAD
- 3) Grupo Desportivo de Chaves – Futebol, SAD
- 4) Sporting Clube da Covilhã – Futebol, SDUQ, Lda
- 5) Clube Desportivo Feirense – Futebol, SAD
- 6) Sport Clube de Freamunde – Futebol, SAD
- 7) Sporting Clube Olhanense – Futebol, SAD
- 8) Futebol Clube de Penafiel, SDUQ, Lda
- 9) Portimonense Futebol, SAD

The contracts will begin in the 2019/2020 sports season and last up to 3 seasons.

In May 2016, NOS and Vodafone have agreed on reciprocal availability, for several sports seasons, of sports content (national and international) owned by the companies, directly by the transferring party or indirectly through the transfer to channels or models of content, in order to assure to both companies, directly by the assigning party or indirectly through the transfer to third party content distribution channels or models, the availability of broadcasting rights of the sports clubs home football games, as well as the broadcasting and distribution rights of sports and sports clubs channels, whose rights are owned by each of the companies in each moment. The agreement came into force from the beginning of the sports season 16/17, assuring access to Benfica's channel and Benfica's home football games to NOS' and Vodafone's clients, independent from the channel where these football games are broadcast.

Considering that the contract signed allowed for the possibility of extending the agreement to the other operators, in July 2016 MEO and Cabovisão joined the agreement, ending the lack of availability of Porto Canal in the NOS's channel grid, assuring that every Pay TV client can have access to every relevant sports content, regardless of which operator they use.

Following the agreement signed with the remaining operators, as a counterpart of the reciprocal provision of rights, the global costs are shared according with retailer telecommunications revenues and Pay TV market shares.

The estimated cash flows are estimated as follows:

	2020/21	Flowing
Estimated cash flows with the contracts signed by NOS with the sports entities*	121.4 million euros	764.4 million euros
NOS estimated cash flows for the contracts signed by NOS (net of the amounts charged to the operators) and for the contracts signed by the remaining operators	63.9 million euros	425.6 million euros

* Includes games and channels broadcasting rights, advertising and others.

Network sharing agreement with Vodafone

NOS and Vodafone Portugal celebrated on 29 September 2017 an agreement of infrastructure development and sharing with a nationwide scope. This partnership allows the two Operators providing their commercial offers under a shared network at the beginning of 2018.

The agreement covers the reciprocal sharing of dark fibre in approximately 2.6 million of homes in which each of the entities shares with the other one an equivalent investment value, in other words, they share similar goods. It is assumed that both companies retain full autonomy, independence, and confidentiality concerning the design of the commercial offers, the management of the customers' database and the choice of technological solutions they might decide to implement, that did not originate any impact on the consolidated financial statements (according to IAS 16, this exchange of similar non-monetary assets will be presented on a net basis).

The partnership was also widened to the sharing of the mobile infrastructure and the minimum share of 200 mobile towers was agreed.

Agreements for the sharing mobile network infrastructure

On 22 October 2020, NOS Comunicações, SA and NOS Technology, SA, on the one hand, and Vodafone Portugal, Comunicações Pessoais, SA, on the other hand, entered into a set of agreements with a view to sharing mobile network infrastructures support (passive infrastructure such as towers and masts) and active mobile network (active radio equipment such as antennas, amplifiers and other equipment).

The agreements have the following characteristics:

- a) are national in scope, with differences in application depending on whether they are areas of greater or lesser population density: in the first areas, typically larger urban agglomerations, the parties will explore increased synergies in sharing support infrastructure and in the second areas, typically rural areas and within the country, the parties will, in addition to the common use of support infrastructures, share their active mobile network.
- b) focus on assets currently held or that may be held by the parties in the future and on the existing 2G, 3G and 4G technologies, and the accommodation of 5G in the referred agreements will be dependent on the autonomous decision of each operator to implement or not this technology.
- c) no matter the spectrum sharing between the operators, maintaining the parties, exclusively, the strategic control of their networks, thus guaranteeing total competition, strategic and commercial freedom and the ability to differentiate in the definition and provision of services to their respective customers.

Each party may decide to evolve its mobile communications network with complete freedom and autonomy.

These agreements aim to allow greater efficiency of NOS investments, capture value through the exploitation of synergies and a faster and more environmentally responsible development of the country's mobile network, providing a greater benefit to its Customers and other stakeholders.

The sharing of mobile infrastructures is also an important contribution to the increase of territorial cohesion and digital inclusion, essential factors for the sustainable development of the whole country.

(d) Other subjects

Disposal of NOS Towering, S.A.

On 14 April 2020, NOS Comunicações, SA and Cellnex Telecom, SA entered into an agreement whose purpose is to transfer to Cellnex the shares representing the entire share capital of NOS Towering, SA, comprising the sale of approximately 2,000 sites (towers and rooftops).

On the same date, the parties entered into a long-term agreement for the provision, by Cellnex, of hosting services for NOS 'active network in the acquired passive infrastructures, for a period of 15 years, automatically renewable for equal periods. Additionally, the agreement provides for a perimeter increase of up to 400 additional sites over the next 6 years.

The potential value of the transaction could amount to 600 million euros over the next 6 years, depending on the sale of additional sites and changes in the settings of the sites. The expected impact on NOS 'pro-forma operating cash flow in the first year is approximately 22 million euros.

This agreement will allow NOS to continue to optimize and expand its state-of-the-art mobile network, while strengthening its investment capacity in creating long-term value for the company. By joining forces with Cellnex in Portugal, through this strategic partnership, NOS guarantees your present and future needs in terms of its passive mobile infrastructure. In addition to this agreement, NOS will continue to pursue other opportunities to optimize the efficiency of its investment.

On 30 September 2020, the transaction was concluded with the payment, by Cellnex, of 398.6 million euros. The amount received for the sale of NOS Towering is broken down as follows:

- Sale of assets: 374 million euros;
- Cash deducted from debt sold with the company: 45 million euros;
- Working capital and other: - 20.4 million euros.

The operation of the sale of NOS Towering configures, from an accounting point of view and for the purposes of consolidated accounts of NOS and ZOPT, a sale and lease back and in which the asset under right of use, resulting from the lease, is equal to the carrying value of the asset sold, so the operation, at the initial moment, did not impact results.

Agreement with Tofane Global, S.A.S

In early April 2020, NOS announced that it had entered into an agreement with Tofane Global, SAS for the sale of the entire share capital of NOS International Carrier Services SA to iBasis, a wholly-owned subsidiary of Tofane and another, to provide services to companies. Grupo NOS of international wholesale voice and SMS services, which were previously provided by NOS ICS. The conclusion of this agreement was subject to non-opposition by the Competition Authority. The said agreement took place on 29 June 2020. The sale price amounted to 9.6 million euros, whose receipt of 5.5 million euros will take place over 5 years.

Liquidity and interest rate risk

Prudent liquidity risk management implies maintaining an adequate level of cash and cash equivalents to meet the assumed liabilities, associated with the negotiation of credit lines with financial institutions.

As of 31 December 2020, the average maturity of NOS group financing is 2.6 years, with no expectation of any non-compliance with the covenants resulting from the reduction in results projected for the current year.

Credit risk

Credit risk is essentially related to credit for services provided to customers, monitored on a regular business basis and for which expected credit losses are determined considering: i) the customer's risk profile; ii) the average receipt period; iii) the client's financial condition; and iv) future perspective of the evolution of the collection.

In the year ended 31 December 2020, as a direct consequence of the slowdown in the Portuguese economy due to the measures adopted to combat the new coronavirus COVID-19, NOS recognized extraordinary expected credit losses of 28.2 million euros, incorporating, in the projection model for future collections, the new projections released by Banco de Portugal for GDP growth and unemployment rate for the next 3 years.

As has been seen, it is a situation of extreme uncertainty and very dynamic, which makes it extremely difficult to estimate impacts, which always have to consider several scenarios and countless variables. Evidence of this difficulty is the historical falls and sharp volatility of the exchanges, all over the world; the great variations that occurred in the last quarters of the future projections of macroeconomic indicators, as well as the disparity of these projections between the various agencies.

The impacts on ZOPT through participation in NOS were felt in the results for the year ended 31 December 2020, with a drop in Revenue, EBITDA and consolidated operating cash flow of -6.2% (-90.5 million euros); -5.7% (-36.8 million euros) and -33.8% (-65.2 million euros), respectively, which show a reduction in activity in:

6. Cinemas and Audio-visuals: reduction in the turnout to theatres and closing from 16 March to 2 July, with the postponement of the premiere of several titles, slightly offset by negotiations on cinema rents;
7. Roaming and international traffic: reflecting travel restrictions and the way the virus is spread in some regions, NOS had a negative impact, both in revenues, in roaming and international traffic costs;
8. Equipment sales: with the closure of shopping centers and travel restrictions, there was a reduction in the sale of mobile phones and equipment, which is partially offset by the increase in online sales (in the long run there may be a positive effect in the evolution of customer adherence to digital channels);
9. Mobile data revenues: quarantine and isolation situations imply an increase in the use of wireless networks, reducing the use of mobile data; and
10. Drop in revenue related to premium sports content during the period in which the national championship was suspended and advertising.

On the other hand, the projections made for the Portuguese economy, led to a reassessment of projections and estimates, which resulted in the reinforcement, in the year ended 31 December 2020, of impairment of accounts receivable (28.2 million euros) and recording of other costs, related to onerous contracts (10.8 million euros), as well as the recording of impairments in the item "Losses / (Gains) in subsidiaries", in the amount of 8.6 million euros. In line with the existing recommendations, Grupo NOS carried out sensitivity analyses of the assumptions used in the impairment tests on Goodwill conducted at the end of 2020, not having been concluded due to any indication of impairment. The segment most affected by COVID-19 was the cinema segment, with an estimated recovery of activity to pre-pandemic levels in 2023. Impairment tests were also carried out on fixed assets, namely, assets associated with cinema exhibition, of which there were also no impairments.

In terms of projection of future impacts, these will depend on the extent, namely time, the spread of the virus and the respective containment measures, being difficult to predict the scale of the impact, knowing, however, that it will occur in the areas identified above. NOS' capital structure is within the 2x Net Financial Debt / EBITDA After Leasing Payments (EBITDA - Leasing Payments (Capital and Interest)) threshold, so it is the understanding of the NOS Board of Directors that the company will overcome the negative impacts caused by this crisis, without jeopardizing the continuity of the business, a conviction demonstrated with the maintenance of the shareholders' remuneration policy with the payment of dividends on 3 July 2020.

50. Presentation of consolidated income statements

In the Management Report, and for the purposes of the purposes of calculating financial indicators as EBIT, EBITDA and Underlying EBITDA the consolidated income statement is divided between Direct Income and Indirect Income.

The Indirect Income includes the contribution of Sonae Sierra, net of taxes that result from: (i) valuation of investment properties; (ii) gains (losses) with the sale of financial investments, joint ventures or associates; (iii) impairment losses relating to non-current assets (including Goodwill); (iv) gains (losses) resulting from obtaining/losing control and corresponding recycling of conversion reserves; and (v) provisions for assets at risk. Additionally and with regard to the portfolio of Sonae, it includes: (i) impairment of real estate assets for retail, (ii) decreases in Goodwill, (iii) negative Goodwill (net of taxes) related to acquisitions in the financial year, (iv) provisions (net of tax) for possible future liabilities, and impairments related to noncore investments, businesses and discontinued assets (or to be discontinued / repositioned), (v) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (vi) other irrelevant issues.

The value of EBITDA, Underlying EBITDA and EBIT are calculated in the Direct Income component, i.e. excluding the indirect contributions.

The reconciliation between the two presentation formats for the consolidated income statement for the periods ended 31 December 2020 and 2019 can be summarized as follows:

	31 Dec 2020			31 Dec 2019		
	Consolidated	Indirect Income	Direct Income	Consolidated	Indirect income	Direct income
Turnover	6,827,024,079	-	6,827,024,079	6,433,326,841	-	6,433,326,841
Value created on investment properties	(27,908,838)	(27,908,838)	-	4,924,364	4,924,364	-
Dividends and others adjustments	100,648	-	100,648	100,689	-	100,689
Others	250,524	-	250,524	(29,975,866)	(29,975,866)	-
Reversal of impairment losses	431,814	-	431,814	523,744	-	523,744
Reversal of provisions for warranty extensions	4,054,697	-	4,054,697	8,370,817	-	8,370,817
Others	135,809,388	-	135,809,388	115,464,751	-	115,464,751
Total income	6,939,762,312	(27,908,838)	6,967,671,150	6,532,735,340	(25,051,502)	6,557,786,842
Total expenses	(6,368,523,557)	1,645,816	(6,370,169,372)	(5,948,422,896)	-	(5,948,422,896)
Depreciation and amortisation	(342,082,176)	-	(342,082,176)	(330,593,724)	-	(330,593,724)
Provisions for inventories	(14,272,083)	-	(14,272,083)	-	-	-
Gains and Losses on property, plant and equipment and intangible assets	(5,858,266)	-	(5,858,266)	(4,903,755)	-	(4,903,755)
Provisions for warranty extensions	(509,465)	-	(509,465)	(432,812)	-	(432,812)
Others	(80,690,282)	(24,532,586)	(56,157,696)	(37,923,488)	(15,310,206)	(22,613,282)
Profit before financial results and results of joint ventures and associates and non-recurrent items	127,826,483	(50,795,609)	178,622,092	210,458,665	(40,361,708)	250,820,373
Non-recurring items of continued operations	15,030,768	9,123,422	5,907,346	(27,856,734)	(28,210,328)	353,594
Non-recurring items from discontinued operations	-	-	-	21,930,807	21,930,807	-
Gains and losses on investments recorded at fair value through results	21,709,652	21,709,984	(332)	712,602	619,934	92,668
Financial profit/(loss)	(100,269,959)	6,231,482	(106,501,441)	(110,085,773)	-	(110,085,773)
Share of results of joint ventures and associated undertakings						
Associates and joint ventures of Sonae Sierra	(48,517,655)	(62,243,374)	13,725,719	74,096,020	12,184,190	61,911,830
Armilar Venture Funds	21,234,711	21,234,711	-	34,993,206	34,993,206	-
ZOPT	26,953,848	-	26,953,848	28,474,695	(3,400,000)	31,874,695
Others	(3,312,685)	-	(3,312,685)	5,303,141	-	5,303,141
Profit before income tax	60,655,162	(54,739,383)	115,394,545	238,026,629	(2,243,899)	240,270,528
Income Tax	(4,453,179)	(8,880,580)	4,427,401	(18,210,149)	1,332,606	(19,542,755)
Profit/(Loss) from continued operations	56,201,983	(63,619,963)	119,821,946	219,816,480	(911,293)	220,727,773
Profit/(Loss) from discontinued operations	(542,828)	4,946,710	(5,489,538)	(7,126,551)	(1,629,462)	(5,497,089)
Profit/(Loss) from discontinued operations	-	-	-	21,930,807	21,930,807	-
PROFIT/(LOSS) FOR THE PERIOD	55,659,155	(58,673,252)	114,332,407	234,620,736	19,390,052	215,230,684
Attributable to equity holders of Sonae	70,944,578	(54,375,096)	125,319,674	165,779,633	14,818,117	150,961,516
Non-controlling interests	(15,285,423)	(4,298,157)	(10,987,266)	68,841,103	4,571,936	64,269,167
"Underlying" EBITDA (b)			592,836,635			600,552,296
EBITDA (a)			630,621,324			694,498,467
EBIT (c)			216,305,800			344,758,523

(a) EBITDA = total direct income - total direct expenses - reversal of direct impairment losses + share of results in joint ventures and associated undertakings (Sonae Sierra direct results, ZOPT and other participated) + provisions for extensions of guarantee + unusual results;

(b) "Underlying" EBITDA = EBITDA – effect of share result in joint ventures and associated undertakings – non-recurrent results;

(c) EBIT = EBT - financial results - dividends;

(d) EBT = Direct results before non-controlling interests and taxes;

(e) Direct income = Results excluding contributions to indirect results;

(f) Indirect income = Includes Sonae Sierra's results, net of taxes, arising from: (i) investment properties valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses for non-current assets (including Goodwill) and; (iv) provision for assets at risk. Additionally and with regard to the portfolio of Sonae, it includes: (i) impairment of real estate assets for retail, (ii) decrease in goodwill, (iii) provisions (net of tax) for possible future liabilities and impairments related with non-core financial investments, businesses, discontinued assets (or be

discontinued/ repositioned);(iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues.

The indirect results can be analysed as follows:

Indirect income	31 Dec 2020	31 Dec 2019
Indirect income of Sonae Sierra	(103,707,819)	(4,672,556)
Transfer to profit and loss of currency translation reserves (Note 4.3)	5,470,151	17,494,296
Impairment of discontinued assets	(4,105,421)	(15,310,206)
Indirect result of Armilar Venture Funds net of tax	39,356,025	27,584,627
Discontinued operations	-	(1,629,462)
Others	4,313,811	(4,076,648)
TOTAL	(58,673,252)	19,390,052

Direct Underlying EBITDA and the unusual results can be analysed as follows:

	31 Dec 2020	31 Dec 2019
Direct EBITDA	630,621,324	694,498,467
Share of results of joint ventures and associated companies accounted by Equity Method and others	(37,366,881)	(99,089,666)
Discontinued operations (Note 4.3)	5,489,538	5,497,089
Unusual results		
Gain on the sale & leaseback transactions	(537,218)	(3,244,792)
Gain on the sale of companies	(12,461,593)	(8,799,636)
Other expenses considered non-recurring	7,091,465	11,690,834
	(5,907,346)	(353,594)
"UNDERLYING" DIRECT EBITDA	592,836,635	600,552,296

51. Subsequent events

Reorganization of the Worten operation in Spain

On 13 January 2021, Sonae announced the reorganization of the operation of its subsidiary Worten - Equipamentos do Lar, S.A. in Spain. The company reached an agreement with Media Markt Saturn S.A.U. for the sale of 17 stores in mainland Spain, having decided to close 14 additional stores. This initiative is part of the plan announced by Worten to optimize its operation in Spain, maintaining a successful strategy in the Canary Islands - where it is a leading omnichannel operator with an incomparable presence and a strong financial profile - and focusing its efforts on the channel in mainland Spain. The reorganization plan was designed to create a financially sustainable operation in Spain, while safeguarding jobs and minimizing the social impact of these initiatives.

On 1 March 2021, this transaction was completed following approval by the competent competition authority. This transaction generated 5 million euros in cash for Worten. Regarding the impact on Sonae's consolidated accounts, it is estimated a reduction of 1% in the consolidated turnover and an increase of approximately 0.1 p.p. in the underlying consolidated EBITDA margin, compared to 2019.

These strategic decisions are fully in line with the objectives set by Sonae to ensure a solid level of profitability in Worten's operation in Spain from 2021 onwards, reinforcing the company's position as a leading omni-channel electronics operator in Iberia and better preparing the business for its ambitious growth strategy.

Strengthening of the position in Sonae Sierra

On 5 March 2021, Sonae informed that Grosvenor announced its intention to exercise a put option on 10% of the shares held in Sonae Sierra, for an estimated value of 82.16 million euros, which represents an implicit discount about 11% on the most recently published Sonae Sierra NAV (September 2020). The irrevocable exercise of this put option is subject to final confirmation by Grosvenor following the approval of Sonae Sierra's audited consolidated accounts for the year 2020. Upon

completion of this transaction, Sonae will hold 80% of the share capital and voting rights of Sonae Sierra. The main impact of this operation on the Group's consolidated financial statements will be the transfer of Reserves from "Non-controlling interests" to "Group Equity", since Sonae already holds a 70% controlling interest in Sonae Sierra.

52. Approval of financial statements

The accompanying consolidated financial statements were approved by the Board of Directors on 16 March 2021. Nevertheless, they are still subject to approval at the Shareholders Annual General Meeting.

53. Group companies included in the Consolidated financial statements

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by Sonae as at 31 December 2020 and 31 December 2019 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31 Dec 2020		31 Dec 2019	
		Direct*	Total*	Direct*	Total*
Sonae - SGPS, S.A.	Maia	HOLDING	HOLDING	HOLDING	HOLDING
Sonae MC					
Amor Bio, Mercado Biológico, Lda	a) Lisbon (Portugal)	100.00%	100.00%	100.00%	100.00%
Arenal Perfumerias SLU	a) Lugo (Spain)	100.00%	60.00%	100.00%	60.00%
Asprela Sociedade Imobiliária, S.A.	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, S.A.	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
BB Food Service, S.A.	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, S.A.	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Bom Momento - Restauração, S.A.	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Brio - Produtos de Agricultura Biológica, S.A.	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Canasta - Empreendimentos Imobiliários, S.A.	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, S.A.	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, S.A.	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
1) Closer Look Design, Lda	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, S.A.	a) Castelo de Paiva (Portugal)	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, S.A.	a) Oeiras (Portugal)	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, S.A.	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Elergone Energias, Lda	a) Matosinhos (Portugal)	75.00%	75.00%	75.00%	75.00%
Farmácia Seleção, S.A.	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%

Fozimo - Sociedade Imobiliária, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Imosonae Dois	a)	Maia (Portugal)	98.00%	98.00%	98.00%	98.00%
Go Well – Promoção de Eventos, Caterings e Consultoria, S.A.	a)	Lisbon (Portugal)	100.00%	100.00%	51.00%	51.00%
Igimo – Sociedade Imobiliária, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Iginha – Sociedade Imobiliária, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Imoestrutura – Sociedade Imobiliária, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Imomuro – Sociedade Imobiliária, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Imoresultado – Sociedade Imobiliária, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Imosistema – Sociedade Imobiliária, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
MCCARE – Serviços de Saúde, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Modelo - Distribuição de Materiais de Construção, S.A.	b)	Maia (Portugal)	50.00%	50.00%	50.00%	50.00%
Modelo Continente Hipermercados, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Modelo Continente International Trade, S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Pharmaconcept – Actividades em Saúde, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Pharmacontinente - Saúde e Higiene, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Ponto de Chegada – Sociedade Imobiliária, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Predicomercial - Promoção Imobiliária, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Predilugar- Promoção Imobiliária, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
SCBRASIL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Selifa - Empreendimentos Imobiliários de Fafe, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
SK – Skin Health Cosmetics	a)	Oeiras (Portugal)	100.00%	100.00%	100.00%	100.00%
Socijofra - Sociedade Imobiliária, S.A.	a)	Gondomar (Portugal)	100.00%	100.00%	100.00%	100.00%
Sociloures - Sociedade Imobiliária, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Soflorin, B.V.	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae MC – Serviços Partilhados, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae MC S2 Africa Limited	a)	La Valeta (Malta)	100.00%	100.00%	100.00%	100.00%
Sonae MC, SGPS, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonaerp - Retail Properties, S.A.	a)	Oporto (Portugal)	100.00%	100.00%	100.00%	100.00%

	Sondis Imobiliária, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Sonvecap, B.V.	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
2)	Sport Zone spor malz.per.satis ith.ve tic.ltd.sti	a)	Istanbul (Turkey)	-	-	100.00%	100.00%
	Tomenider	a)	Lugo (Spain)	60.00%	60.00%	60.00%	60.00%
2)	Zippy cocuk malz.dag.ith.ve tic.ltd.sti	a)	Istanbul (Turkey)	-	-	100.00%	100.00%
	Valor N, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Worten						
	HighDome PCC Limited (Cell Europe)	a)	La Valeta (Malta)	100.00%	100.00%	100.00%	100.00%
	Infofield – Informática, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Iservices, Lda	a)	Lisbon (Portugal)	100.00%	100.00%	100.00%	100.00%
	Worten Canárias, SL	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	60.00%
	Worten - Equipamento para o Lar, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Worten España Distribución, S.L.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Worten International Trade, S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Worten Malta Holding Limited	a)	Valetta (Malta)	100.00%	100.00%	100.00%	100.00%
	Sonae Sierra						
	ARP Alverca Retail Park, S.A.	a)	Maia (Portugal)	100.00%	70.00%	100.00%	70.00%
	Axnae Spain Holdings, S.L.	a)	Madrid (Spain)	100.00%	70.00%	100.00%	70.00%
3)	BrightCity, S.A.	a)	Maia (Portugal)	100.00%	70.00%	-	-
4)	Cascaishopping-Centro Comercial, S.A.	a)	Maia (Portugal)	-	-	100.00%	40.07%
	CCCB Caldas da Rainha - Centro Comercial, S.A.	a)	Maia (Portugal)	100.00%	70.00%	100.00%	70.00%
	Coimbrashopping- Centro Comercial, S.A.	a)	Maia (Portugal)	100.00%	35.07%	100.00%	35.07%
	Dos Mares - Shopping Centre B.V.	a)	Amsterdam (Netherlands)	100.00%	35.07%	100.00%	35.07%
	Gli Orsi Shopping Centre 1 Srl	a)	Milan (Italy)	100.00%	70.00%	100.00%	70.00%
	Iberian Holdings Spain, S.L.	a)	Madrid (Spain)	100.00%	70.00%	100.00%	70.00%
	Ioannina Development of Shopping Centres, S.A.	a)	Athens (Greece)	100.00%	70.00%	100.00%	70.00%
4)	Land Retail B.V.	a)	Amsterdam (Netherlands)	-	-	100.00%	35.07%
3)	Living Markets I, S.A.	a)	Oporto (Portugal)	100.00%	70.00%	-	-
	Microcom Doi, Srl	a)	Bucharest (Romania)	100.00%	70.00%	100.00%	70.00%
	Paracentro - Gestão de Galerias Comerciais, S.A.	a)	Maia (Portugal)	100.00%	70.00%	100.00%	70.00%
	Parklake Business Centre Srl	a)	Bucharest (Romania)	100.00%	70.00%	100.00%	70.00%
	Parklake Shopping, S.A.	a)	Bucharest (Romania)	100.00%	70.00%	100.00%	70.00%
	Parque de Famalicão - Empreendimentos Imobiliários, S.A.	a)	Maia (Portugal)	100.00%	70.00%	100.00%	70.00%

	Parque D. Pedro 1, SARL	a)	Luxemburg	100.00%	70.00%	100.00%	70.00%
5)	Parque D. Pedro 2, SARL	a)	Luxemburg	-	-	100.00%	70.00%
4)	Plaza Mayor Parque de Ócio B.V.	a)	Amsterdam (Netherlands)	-	-	100.00%	35.07%
4)	Plaza Mayor Shopping, S.A.	a)	Madrid (Spain)	-	-	100.00%	35.07%
	Plenerg Srl	a)	Bucharest (Romania)	100.00%	70.00%	100.00%	70.00%
	Project Sierra 10 B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Project Sierra 11 B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Project Sierra 12 B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Project Sierra Cúcuta B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Project Sierra Four, Srl	a)	Bucharest (Romania)	100.00%	70.00%	100.00%	70.00%
	Project Sierra Germany 4 (four) - Shopping Centre, GmbH	a)	Dusseldorf (Germany)	100.00%	70.00%	100.00%	70.00%
2)	Project Sierra Spain 1 B.V.	a)	Amsterdam (Netherlands)	-	-	100.00%	70.00%
	Project Sierra Spain 2- Centro Comercial S.A.	a)	Madrid (Spain)	100.00%	70.00%	100.00%	70.00%
	River Plaza B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
2)	Shopping Centre Parque Principado B.V.	a)	Amsterdam (Netherlands)	-	-	100.00%	35.07%
	Sierra Brazil 1, Sarl	a)	Luxemburg	100.00%	70.00%	100.00%	70.00%
	Sierra Developments Holding B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Sierra Developments, SGPS, S.A.	a)	Maia (Portugal)	100.00%	70.00%	100.00%	70.00%
4)	Sierra European Retail Real Estate Assets Holdings B.V.	a)	Amsterdam (Netherlands)	-	-	50.10%	35.07%
	Sierra Germany GmbH	a)	Dusseldorf (Germany)	100.00%	70.00%	100.00%	70.00%
	Sierra GP Limited	a)	Guernsey (U.K.)	100.00%	70.00%	100.00%	70.00%
	Sierra Iberian Assets Holding, S.A.U.	a)	Madrid (Spain)	100.00%	70.00%	100.00%	70.00%
	Sierra Investments (Holland) 1 B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Sierra Investments (Holland) 2 B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Sierra Investments Holdings B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Sierra Investments SGPS, S.A.	a)	Maia (Portugal)	100.00%	70.00%	100.00%	70.00%
	Sierra Italy Agency Srl	a)	Milan (Italy)	100.00%	70.00%	100.00%	70.00%
	Sierra Italy Srl	a)	Milan (Italy)	100.00%	70.00%	100.00%	70.00%
	Sierra Management, SGPS, S.A.	a)	Maia (Portugal)	100.00%	70.00%	100.00%	70.00%
	Sierra Maroc, SARL	a)	Casablanca (Morocco)	100.00%	70.00%	100.00%	70.00%
	Sierra Maroc Services, SARL	a)	Casablanca (Morocco)	100.00%	70.00%	100.00%	70.00%
	Sierra Parma Project B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Sierra Portugal, S.A.	a)	Lisbon (Portugal)	100.00%	70.00%	100.00%	70.00%

2)	Sierra Project Nürnberg B.V.	a)	Amsterdam (Netherlands)	-	-	100.00%	70.00%
	Sierra Real Estate Greece B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Sierra Retail Ventures B.V.	a)	Amsterdam (Netherlands)	100.00%	35.07%	100.00%	35.07%
	Sierra Romania Shopping Centers Services, SRL	a)	Bucharest (Romania)	100.00%	70.00%	100.00%	70.00%
	Sierra Services Holland B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Sierra Solingen Holding GmbH	a)	Dusseldorf (Germany)	100.00%	70.00%	100.00%	70.00%
4)	Sierra Spain Malaga Holdings, S.L.	a)	Madrid (Spain)	-	-	100.00%	35.07%
	Sierra Spain, Shopping Centers Services, S.A.	a)	Madrid (Spain)	100.00%	70.00%	100.00%	70.00%
	Sierra Turkey Gayrimenkul Yönetim Pazarlama ve Danışmanlık Anonim Şirket	a)	Istanbul (Turkey)	100.00%	70.00%	100.00%	70.00%
	Sierra Zenata Project B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
	Sonae Sierra Brazil Holdings S.à r.l.	a)	Luxemburg	100.00%	70.00%	100.00%	70.00%
	Sonae Sierra, SGPS, S.A.	a)	Maia (Portugal)	70.00%	70.00%	70.00%	70.00%
	SPF - Sierra Portugal	a)	Luxemburg	100.00%	70.00%	100.00%	70.00%
	Weierstadt Shopping B.V.	a)	Amsterdam (Netherlands)	100.00%	70.00%	100.00%	70.00%
Sonae Fashion							
	Bright Brands SportsGoods, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Comercial Losan, S.L.U.	a)	Saragoça (Spain)	100.00%	100.00%	100.00%	100.00%
	Fashion Division, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Fashion International Trade, S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Irmãos Vila Nova, S.A.	a)	Vila Nova de Famalicão (Portugal)	100.00%	100.00%	100.00%	50.00%
	Irmãos Vila Nova III - Imobiliária, S.A.	a)	Vila Nova de Famalicão (Portugal)	100.00%	100.00%	100.00%	50.00%
	IVN – Serviços Partilhados, S.A.	a)	Vila Nova de Famalicão (Portugal)	100.00%	100.00%	50.00%	50.00%
	IVN Asia Limited	a)	Hong Kong (China)	100.00%	100.00%	100.00%	50.00%
	Losan Colombia, S.A.S	a)	Bogotá (Colombia)	100.00%	100.00%	100.00%	100.00%
	Losan Overseas Textile, S.L.	a)	Saragoça (Spain)	100.00%	100.00%	100.00%	100.00%
	Losan Logística, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Losan Rusia	a)	Moscow (Russia)	100.00%	100.00%	100.00%	100.00%
2)	Losan Tekstil Urunleri V e Dis Ticaret, L.S.	a)	Istanbul (Turkey)	-	-	100.00%	100.00%
	Modalfa - Comércio e Serviços, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Modalfa Canarias, SL	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	60.00%
6)	Modalloop - Vestuário e Calçado, S.A.	a)	Matosinhos (Portugal)	-	-	100.00%	100.00%
	Salsa Canarias	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	30.00%

	Salsa DE Gmbh	a)	Dusseldorf (Germany)	100.00%	100.00%	100.00%	50.00%
	Salsa Distribution USA LLC	a)	New York (EUA)	100.00%	100.00%	100.00%	50.00%
	Salsa France, S.A.R.L.	a)	Paris (France)	100.00%	100.00%	100.00%	50.00%
	Salsa Luxembourg, Sàrl	a)	Luxemburg	100.00%	100.00%	100.00%	50.00%
	SLS Salsa – Comércio e Difusão de Vestuário, S.A.	a)	Vila Nova de Famalicão (Portugal)	100.00%	100.00%	100.00%	50.00%
	SLS Salsa España – Comercio y Difusión de Vestuario, S.A.U.	a)	Pontevedra (Spain)	100.00%	100.00%	100.00%	50.00%
7)	SONAESR – Serviços e Logística, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
8)	Têxtil do Marco, S.A.	a)	Marco de Canaveses (Portugal)	-	-	92.76%	92.76%
	Usebti Textile México S.A. de C.V.	a)	City of Mexico (Mexico)	100.00%	100.00%	100.00%	100.00%
	Zippy - Comércio e Distribuição, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Zippy - Comércio Y Distribución, S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Sonae IM						
	Bright Development Studio, S.A.	a)	Lisbon (Portugal)	100.00%	89.97%	100.00%	89.97%
	Bright Ventures Capital SCR, S.A.	a)	Lisbon (Portugal)	100.00%	89.97%	100.00%	89.97%
3)	Bright Tech Innovation I	a)	Maia (Portugal)	100.00%	100.00%	-	-
	Digitmarket - Sistemas de Informação, S.A.	a)	Maia (Portugal)	75.00%	67.47%	75.10%	67.56%
	Excellium Group, S.A.	a)	Contem (Luxemburg)	59.20%	53.26%	59.20%	53.26%
	Excellium Services, S.A.	a)	Contem (Luxemburg)	100.00%	53.26%	100.00%	53.26%
	Excellium Services Belgium, S.A.	a)	Wavre (Belgium)	100.00%	53.26%	100.00%	53.26%
	Excellium Factory SARL	a)	Raouad Ariana (Tunisia)	80.00%	42.61%	80.00%	42.61%
	Fundo Bright Vector I	a)	Lisbon (Portugal)	50.13%	45.10%	50.13%	45.10%
	Inovretail, S.A.	a)	Oporto (Portugal)	100.00%	89.97%	100.00%	89.97%
	Inovretail España, S.L.	a)	Madrid (Spain)	100.00%	89.97%	100.00%	89.97%
	Mxtel SA de CV	a)	City of Mexico (Mexico)	99.93%	72.78%	99.93%	72.78%
	Praesidium Services Limited	a)	Berkshire (U.K.)	100.00%	89.97%	100.00%	89.97%
	S21SEC Portugal – Cybersecurity and Intelligence Services, S.A.	a)	Maia (Portugal)	100.00%	72.78%	100.00%	72.78%
	S21 Sec Gestion, S.A.	a)	Navarra (Spain)	80.90%	72.78%	80.90%	72.78%
	S21 Sec Information Security Labs, S.L.	a)	Navarra (Spain)	100.00%	72.78%	100.00%	72.78%
	S21 Sec, S.A. de CV	a)	City of Mexico (Mexico)	100.00%	72.78%	100.00%	72.78%
	Sonaecom-Cyber Security and Int., SGPS, S.A.	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	Sonaecom - Serviços Partilhados, S.A.	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	Sonaecom, SGPS, S.A.	a)	Maia (Portugal)	90.15%	89.97%	90.15%	89.97%

Sonae Investment Management - Software and Technology, SGPS, S.A.	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
Sonae FS						
SFS - Financial Services IME, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
SFS - Gestão de Fundos, SGFI, SA	a)	Maia (Portugal)	100.00%	94.00%	100.00%	94.00%
SFS Gestão e Consultoria, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae FS, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Others						
Arat Inmuebles, S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosedo	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Halfdozen Real Estate, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Libra Serviços, Lda	a)	Funchal (Portugal)	100.00%	100.00%	100.00%	100.00%
PCJ-Público, Comunicação e Jornalismo, S.A.	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
Público - Comunicação Social, S.A.	a)	Oporto (Portugal)	100.00%	89.97%	100.00%	89.97%
Sesagest - Proj.Gestão Imobiliária, S.A.	a)	Oporto (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Corporate, S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Holdings, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Investments, B.V.	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae RE, S.A.	a)	Luxemburg	99.92%	99.92%	99.92%	99.92%
Sontel, B.V.	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%

* the percentage of capital held "Total" is the total percentage of interest held by the parent company's shareholders; the percentage of capital held "Direct" corresponds to the percentage that subsidiary(s) which hold(s) a participation, hold(s) this participation directly in the share capital of that company.

a) Control held by majority of voting rights which gives power of relevant activities:

b) Control held by majority of Board members:

- 1) Ex Make Notes Design, Lda;
- 2) Subsidiary liquidated during the period;
- 3) Subsidiary merged into Modalfa - Comercio e Serviços, S.A.;
- 4) Subsidiary merged into Fashion Division, S.A.;
- 5) Subsidiary sold during the year;
- 6) Subsidiary created during the period;

- 7) Companies classified as available for sale in 2019 and disposed of in February 2020; and
- 8) Company merged in Parque D. Pedro 1 S.à r.l.

These entities are consolidated using the full consolidation method.

54. Joint ventures and associates included in the Consolidated financial statement

Joint ventures and associates, their head offices and percentage of share capital held by Sonae as at 31 December 2020 and 31 December 2019 are as follows:

54.1 Joint ventures

	Company	Head Office	Percentage of capital held			
			31 Dec 2020		31 Dec 2019	
			Direct*	Total*	Direct*	Total*
	Sonae MC					
	Sohi Meat Solutions – Distribuição de Carnes, S.A.	Santarém (Portugal)	50.00%	50.00%	50.00%	50.00%
	Sonae Sierra					
	Aegean Park Constructions Real Estate and Development, S.A.	Athens (Greece)	100.00%	35.00%	100.00%	35.00%
	Arrábidasshopping - Centro Comercial, S.A.	Maia (Portugal)	100.00%	17.54%	100.00%	17.54%
1)	Centro Colombo - Centro Comercial, S.A.	Maia (Portugal)	-	-	100.00%	17.54%
1)	Centro Vasco da Gama - Centro Comercial, S.A.	Maia (Portugal)	-	-	100.00%	17.54%
1)	DOC Malaga Holdings S.L.	Madrid (Spain)	-	-	50.00%	17.54%
1)	DOC Malaga SITECO S.L.U.	Madrid (Spain)	-	-	100.00%	17.54%
1)	Doc Málaga Siteco Phase 2, S.L.	Madrid (Spain)	-	-	100.00%	17.54%
	Gaiashopping I - Centro Comercial, S.A.	Maia (Portugal)	100.00%	17.54%	100.00%	17.54%
	Gaiashopping II - Centro Comercial, S.A.	Maia (Portugal)	100.00%	17.54%	100.00%	17.54%
	Larissa Development of Shopping Centres, S.A.	Athens (Greece)	50.00%	35.00%	50.00%	35.00%
	LMSA - Engenharia de Edifícios, S.A.	Lisbon (Portugal)	100.00%	35.00%	100.00%	35.00%
	LMGE - Gestão de Edifícios Lda	Lisbon (Portugal)	100.00%	35.00%	100.00%	35.00%
	LMIT - Innovation & Technology, Lda	Lisbon (Portugal)	100.00%	35.00%	100.00%	35.00%
	Madeirashopping - Centro Comercial, S.A.	Funchal (Portugal)	50.00%	17.54%	50.00%	17.54%
1)	Norte Shopping Retail and Leisure Centre, B.V.	Amsterdam (Netherlands)	-	-	50.00%	17.54%
1)	Norteshopping - Centro Comercial, S.A.	Maia (Portugal)	-	-	100.00%	17.54%
2)	North Tower B.V	Amsterdam (Netherlands)	50.00%	17.54%	-	-

	Pantheon Plaza B.V.	Amsterdam (Netherlands)	50.00%	35.00%	50.00%	35.00%
	Park Avenue Development of Shopping Centers, S.A.	Athens (Greece)	50.00%	35.00%	50.00%	35.00%
	Parque Atlântico Shopping - Centro Comercial, S.A.	Ponta Delgada (Portugal)	50.00%	17.54%	50.00%	17.54%
	Proyecto Cúcuta S.A.S	Santiago de Cali (Colombia)	50.00%	35.00%	50.00%	35.00%
	PUD Srl	Parma (Italy)	50.00%	35.00%	50.00%	35.00%
	SC Aegean, B.V.	Amsterdam (Netherlands)	50.00%	35.00%	50.00%	35.00%
1)	Shopping Centre Colombo Holding, B.V.	Amsterdam (Netherlands)	-	-	50.00%	17.54%
	Sierra Balmain Asset Management Spółka Z ograniczoną odpowiedzialności	Warsaw (Poland)	50.00%	17.54%	50.00%	17.54%
	Sierra Balmain Property Management Spółka z ograniczoną odpowiedzialnością	Warsaw (Poland)	50.00%	17.54%	50.00%	17.54%
	Sierra Central, S.A.S.	Santiago de Cali (Colombia)	50.00%	35.00%	50.00%	35.00%
	Sierra LM, SGPS, S.A.	Lisbon (Portugal)	50.00%	35.00%	50.00%	35.00%
2)	Torre Norte, S.A.	Maia (Portugal)	50.00%	17.54%	-	-
1)	VdG Holding B.V.	Amsterdam (Netherlands)	-	-	50.00%	17.54%
	Via Catarina - Centro Comercial, S.A.	Maia (Portugal)	50.00%	17.54%	50.00%	17.54%
	Sonae IM					
3)	Intelligent Big Data, SL	Gipuzkoa (Spain)	-	-	50.00%	36.39%
	Sonae FS					
	838 Soluções, Ltda	São Paulo (Brazil)	51.00%	25.50%	51.00%	25.50%
	Accive Insurance – Corretor de Seguros, S.A.	Oporto (Portugal)	80.00%	40.00%	70.00%	35.00%
	Bens Consultoria Ltda	Rio de Janeiro (Brazil)	100.00%	50.00%	100.00%	50.00%
	Brokerslink Management AG	Zug (Switzerland)	20.00%	10.00%	20.00%	10.00%
	BUZZEE Insure, Lda	Oporto (Portugal)	70.00%	35.00%	100.00%	50.00%
	Duobens – Corretora de Seguros Ltda	Rio de Janeiro (Brazil)	100.00%	50.00%	100.00%	50.00%
	Filhet Allard EspañaCorreduria de Seguros S.L.	Madrid (Spain)	35.00%	17.50%	35.00%	17.50%
	Flexben, Lda	Oporto (Portugal)	50.00%	25.00%	45.00%	22.50%
	RCG – Risk, Consulting Group Ltda	Santa Catarina (Brazil)	100.00%	50.00%	100.00%	50.00%
	RCG – Risk, Consulting Group, S.A.	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	HighDome PCC Limited	La Valeta (Malta)	100.00%	50.00%	100.00%	50.00%
	Iberosegur – Sociedade Ibérica de Mediação de Seguros, Lda	Oporto (Portugal)	60.00%	30.00%	60.00%	30.00%
4)	MDS Insurance – Corretora de seguros e resseguros, S.A.	Lisbon (Portugal)	50.00%	25.00%	50.00%	25.00%

	Larim Corretora de Resseguros Ltda	Rio de Janeiro (Brazil)	99.99%	50.00%	99.99%	50.00%
	Lazam/mds Correctora Ltda	São Paulo (Brazil)	100.00%	50.00%	100.00%	50.00%
	MDS África, SGPS, S.A.	Oporto (Portugal)	100.00%	50.00%	50.00%	25.00%
	MDS - Corretor de Seguros, S.A.	Oporto (Portugal)	100.00%	50.00%	100.00%	50.00%
	MDS Auto - Mediação de Seguros, S.A.	Oporto (Portugal)	50.00%	25.00%	50.01%	25.00%
	MDS Link Solutions, Lda	Oporto (Portugal)	50.02%	25.01%	50.00%	25.00%
	MDS Malta Holding Limited	La Valeta (Malta)	100.00%	50.00%	100.00%	50.00%
	MDS MG Corretora e Administradora de Seguros, Ltda	Minas Gerais (Brazil)	100.00%	25.00%	50.00%	25.00%
	MDS Partners Corretor de Seguros, S.A.	Oporto (Portugal)	100.00%	50.00%	100.00%	50.00%
	MDS RE – Mediador de resseguros, SGPS, S.A.	Oporto (Portugal)	100.00%	25.00%	100.00%	25.00%
	MDS, SGPS, S.A.	Maia (Portugal)	50.00%	25.00%	50.00%	25.00%
	Moneris Correctores de Seguros Limitada	Maputo (Mozambique)	50.00%	25.00%	50.00%	25.00%
	Moneris. Seguros - Mediação de Seguros, Lda	Oeiras (Portugal)	60.00%	30.00%	60.00%	30.00%
	Process Assessoria e Corretora Seg..Ltda	São Paulo (Brazil)	100.00%	50.00%	100.00%	50.00%
	Reinsurance Solutions, Soc. Corretora de Resseguros, S.A.	Luanda (Angola)	66.66%	33.33%	66.66%	33.33%
	Win Broker, S.A.	Oporto (Portugal)	60.00%	30.00%	60.00%	30.00%
	ZOPT (NOS)					
	Big Picture 2 Films, S.A.	Oeiras (Portugal)	20.00%	6.17%	20.00%	4.69%
	Big Picture Films, SL	Madrid (Spain)	100.00%	6.17%	100.00%	4.69%
	Dreamia Holding B.V.	Amsterdam (Netherlands)	50.00%	15.42%	50.00%	11.73%
	Dreamia Serviços de Televisão, S.A.	Lisbon (Portugal)	100.00%	15.42%	100.00%	11.73%
5)	Dreamia Servicios de Televisión, S.L.	Madrid (Spain)	50.00%	15.42%	-	-
5)	Dualgrid - Gestão de Redes Partilhas, S.A.	Lisbon (Portugal)	50.00%	30.84%	-	-
	Empracine – Empresa Promotora de Atividades Cinematográficas, Lda	Lisbon (Portugal)	100.00%	30.84%	100.00%	23.46%
	FINSTAR – Sociedade de Investimentos e Participações, S.A.	Luanda (Angola)	30.00%	9.25%	30.00%	7.04%
	Fundo de Capital de Risco NOS 5G	Lisbon (Portugal)	100.00%	30.84%	-	-
	Lusomundo – Sociedade de Investimentos Imobiliários, SGPS, S.A.	Lisbon (Portugal)	99.87%	30.80%	99.87%	23.43%
	Lusomundo Imobiliária 2, S.A.	Lisbon (Portugal)	99.87%	30.80%	99.87%	23.43%
	Lusomundo Moçambique, Lda	Maputo (Mozambique)	100.00%	30.84%	100.00%	23.46%
	MSTAR, S.A.	Maputo (Mozambique)	30.00%	9.25%	30.00%	7.04%
	NOS Açores Comunicações, S.A.	Ponta Delgada (Portugal)	83.82%	25.85%	83.82%	19.66%

	NOS Property, S.A.	Luxemburg	100.00%	30.84%	100.00%	23.46%
	NOS Comunicações, S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	23.46%
	NOS Corporate Center, S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	23.46%
	NOS Inovação, S.A.	Matosinhos (Portugal)	100.00%	30.84%	100.00%	23.46%
	NOS International Carrier Services, S.A.	Lisbon (Portugal)	-	-	100.00%	23.46%
	NOS Internacional, SGPS, S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	23.46%
	NOS Lusomundo Audiovisuais, S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	23.46%
	NOS Lusomundo Cinemas, S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	23.46%
	NOS Audio - Sales & Distribution, S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	23.46%
	NOS Madeira Comunicações, S.A.	Funchal (Portugal)	77.95%	24.04%	77.95%	18.29%
	NOS SGPS, S.A.	Lisbon (Portugal)	59.53%	30.84%	52.15%	23.46%
	NOS Sistemas España, SL	Madrid (Spain)	100.00%	30.84%	100.00%	23.46%
	NOS Sistemas, S.A.	Maia (Portugal)	100.00%	30.84%	100.00%	23.46%
	NOSPUB – Publicidade e Conteúdos, S.A.	Lisbon (Portugal)	-	-	100.00%	23.46%
6)	NOS Technology – Conceção Construção e Gestão de Redes de Comunicação, S.A.	Matosinhos (Portugal)	100.00%	30.84%	100.00%	23.46%
	NOS Towering – Gestão de Torres de Telecomunicações, S.A.	Maia (Portugal)	-	-	100.00%	23.46%
	NOS Wholesale, S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	23.46%
	Per-Mar – Sociedade de Construções, S.A.	Maia (Portugal)	100.00%	30.84%	100.00%	23.46%
	Sontária – Empreendimentos Imobiliários, S.A.	Maia (Portugal)	100.00%	30.84%	100.00%	23.46%
	Sport TV Portugal, S.A.	Lisbon (Portugal)	25.00%	7.71%	25.00%	5.86%
	Teliz Holding, B.V.	Amstelveen (Netherlands)	100.00%	30.84%	100.00%	23.46%
	Upstar Comunicações, S.A.	Vendas Novas (Portugal)	30.00%	9.25%	30.00%	7.04%
	ZAP Media, S.A.	Luanda (Angola)	100.00%	9.25%	100.00%	7.04%
	ZOPT, SGPS, S.A.	Oporto (Portugal)	50.00%	44.99%	50.00%	44.99%
	Others					
	MKTPLACE – Comércio Eletrónico, S.A.	Oporto (Portugal)	50.00%	50.00%	50.00%	50.00%
	Unipress - Centro Gráfico, Lda	Vila Nova de Gaia (Portugal)	50.00%	44.99%	50.00%	44.99%
	SIRS – Sociedade Independente de Radiodifusão Sonora, S.A.	Oporto (Portugal)	50.00%	44.99%	50.00%	44.99%

* the percentage of capital held "Total" is the total percentage of interest held by the parent company's shareholders; the percentage of capital held "Direct" corresponds to the percentage that subsidiary(s) which hold(s) a participation, hold(s) this participation directly in the share capital of that company.

- 1) Companies classified as available for sale in 2019 and disposed of in February 2020; the Group maintains a holding percentage of 12,55% in these companies.
- 2) Joint venture created in 2020;
- 3) Joint venture acquired in 2020;
- 4) Joint venture sold in 2020;
- 5) Former NOS Lusomundo TV, Lda;
- 6) Joint venture merged into NOS Audio - Sales & Distribution, S.A;
- 7) Joint venture liquidated in 2020; and
- 8) Former ISEM – Corretora de seguros e resseguros, S.A.

54.2 Associates

Companu	Head Office	Percentage of capital held			
		31 Dec 2020		31 Dec 2019	
		Direct*	Total*	Direct*	Total*
Sonae MC					
1) MOVVO, S.A.	Oporto (Portugal)	-	-	25.58%	25.58%
Sempre a Postos – Produtos Alimentares e Utilidades, Lda	Lisbon (Portugal)	25.00%	25.00%	25.00%	25.00%
Sonae S2 Africa Limited	La Valetta (Malta)	30.00%	30.00%	30.00%	30.00%
S2 Mozambique, S.A.	Maputo (Mozambique)	30.00%	30.00%	30.00%	30.00%
Sonae Sierra					
3shoppings - Holding, SGPS, S.A.	Maia (Portugal)	20.00%	14.00%	20.00%	14.00%
1) Albufeira RP (Luxembourg) 1, SARL	Luxemburg	-	-	100.00%	7.00%
1) Albufeira RP (Luxembourg) 2, SARL	Luxemburg	-	-	100.00%	7.00%
Aliansce Sonae Shopping Centers, S.A.	Brazil	7.03%	4.92%	7.03%	4.92%
Area Sur Shopping, S.L	Madrid (Spain)	15.00%	10.50%	15.00%	10.50%
Arrábidasshopping - Centro Comercial, S.A.	Maia (Portugal)	50.00%	7.88%	50.00%	7.88%
Candotal Spain S,L,U.	Madrid (Spain)	100.00%	7.00%	100.00%	7.00%
2) Cascaishopping, Centro Comercial, S.A.	Maia (Portugal)	100.00%	17.57%	-	-
2) Centro Colombo- Centro Comercial, S.A.	Maia (Portugal)	50.00 %	8.79%	-	-
2) Centro Vasco da Gama - Centro Comercial, S.A.	Maia (Portugal)	50.00 %	8.79%	-	-

2)	Doc Malaga Holdings S.L	Madrid (Spain)	50.00 %	17.57%	-	-
2)	DOC Malaga Siteco Phase 2, S.L.	Madrid (Spain)	50.00 %	8.79%	-	-
2)	DOC Malaga Siteco, S.L.U.	Madrid (Spain)	50.00 %	8.79%	-	-
	Estação Viana - Centro Comercial, S.A.	Viana do Castelo (Portugal)	100.00%	7.00%	100.00%	7.00%
	Fundo de Investimento Imobiliário Parque Dom Pedro Shopping Center	Rio de Janeiro (Brazil)	58.07%	7.79%	58.07%	7.79%
	Fundo de Investimento Imobiliário Shopping Parque Dom Pedro	Rio de Janeiro (Brazil)	100.00%	25.32%	100.00%	25.32%
	Gaiashopping I - Centro Comercial, S.A.	Maia (Portugal)	100.00%	7.88%	100.00%	7.88%
	Gaiashopping II - Centro Comercial, S.A.	Maia (Portugal)	100.00%	7.88%	100.00%	7.88%
	Guimarãeshopping - Centro Comercial, S.A.	Maia (Portugal)	100.00%	14.00%	100.00%	14.00%
	Iberia Shopping Centre Venture Cooperatief UA	Amsterdam (Netherlands)	10.00%	7.00%	10.00%	7.00%
	Iberian Assets, S.A.	Madrid (Spain)	50.00%	8.68%	50.00%	8.75%
2)	Land Retail B.V.	Amsterdam (Netherlands)	100.00%	17.57%	-	-
	Le Terrazze – Shopping Centre 1, Srl	Milan (Italy)	10.00%	7.00%	10.00%	7.00%
	Luz del Tajo - Centro Comercial, S.A.	Madrid (Spain)	100.00%	7.00%	100.00%	7.00%
	Maiashopping - Centro Comercial, S.A.	Maia (Portugal)	100.00%	14.00%	100.00%	14.00%
3)	Mercado Urbano – Gestão Imobiliária, S.A.	Oporto (Portugal)	20.00%	14.00%	-	-
2)	Norte Shopping Retail and Leisure Centre B.V.	Amsterdam (Netherlands)	50.00 %	8.79%	-	-
2)	Norteshopping- Centro Comercial, S.A.	Maia (Portugal)	50.00 %	8.79%	-	-
	Olimpo Asset 1, S.A.	Maia (Portugal)	100.00%	2.63%	100.00%	2.63%
	Olimpo Asset 2, S.A.	Maia (Portugal)	100.00%	2.63%	100.00%	2.63%
	Olimpo Asset 3, S.A.	Maia (Portugal)	100.00%	2.63%	100.00%	2.63%
	Olimpo Asset 4, S.A.	Maia (Portugal)	100.00%	2.63%	100.00%	2.63%
	Olimpo Asset 5, S.A.	Maia (Portugal)	100.00%	2.63%	100.00%	2.63%
	Olimpo Asset 6, S.A.	Maia (Portugal)	100.00%	2.63%	100.00%	2.63%
	Olimpo Asset 7, S.A.	Maia (Portugal)	100.00%	2.63%	100.00%	2.63%
	Olimpo Asset 8, S.A.	Maia (Portugal)	100.00%	2.63%	100.00%	2.63%
	Olimpo Real Estate SGI, SA	Maia (Portugal)	100.00%	2.63%	100.00%	2.63%
	Olimpo Real Estate Socimi, S.A.	Madrid (Spain)	3.75%	2.63%	3.75%	2.63%
3)	Olimpo SIGI España, S.A.	Madrid (Spain)	100.00%	2.63%	-	-
2)	Plaza Mayor Parque de Ócio B.V.	Amsterdam (Netherlands)	100.00%	17.57%	-	-
2)	Plaza Mayor Shopping, S.A.	Madrid (Spain)	100.00%	17.57%	-	-
1)	Project Sierra 8, B.V.	Amsterdam (Netherlands)	-	-	100.00%	7.00%

	Serra Shopping – Centro Comercial, S.A.	Lisbon (Portugal)	5.00%	3.50%	5.00%	3.50%
2)	Shopping Centre Colombo Holding B.V.	Amsterdam (Netherlands)	50.00 %	8.79%	-	-
4)	Sierra Cevital Shopping Center, Spa	Argelia	-	-	49.00 %	34.30%
2)	Sierra European Retail Real Estate Assets Holdings B.V.	Amsterdam (Netherlands)	25.10 %	17.57%	-	-
2)	Sierra Spain Malaga Holdings, S.L.	Madrid (Spain)	100.00%	17.57%	-	-
	SPF - Sierra Portugal Feeder 1, S.C.A.	Luxemburg	7.45%	5.22%	7.45%	5.22%
	SPF - Sierra Portugal Feeder 2, S.C.A.	Luxemburg	100.00%	5.22%	100.00%	5.22%
	SPF - Sierra Portugal Real Estate, SARL	Luxemburg	61.67%	17.79%	61.67%	17.79%
	Trivium Real Estate Socimi, S.A.	Madrid (Spain)	12.40%	8.68%	12.40%	8.68%
2)	VdG Holding BV	Amsterdam (Netherlands)	50.00 %	8.79%	-	-
	Zenata Commercial Project, S.A.	Mohammedi (Morocco)	11.00%	7.7%	11.00%	7.7%
Sonae IM						
	Alfaros SRAL	Tunisia	40.00%	21.30%	40.00%	21.30%
	Fundo de Capital de Risco Armilar Venture Partners II	Lisbon (Portugal)	44.33%	39.88%	50.74%	45.65%
	Fundo de Capital de Risco Armilar Venture Partners III	Lisbon (Portugal)	42.80%	38.51%	42.73%	38.44%
	Fundo de Capital de Risco Espirito Santo Venture Partners Inovação e Internacionalização	Lisbon (Portugal)	38.25%	34.41%	38.25%	34.41%
	Probe.ly	Lisbon (Portugal)	21.01%	19.08%	21.21%	19.08%
	Secucloud Network GmbH	Hamburg (Germany)	27.45%	24.70%	27.45%	24.70%
	Suricate Solutions	Luxemburg	20.00%	10.65%	20.00%	10.65%
	ISRG - Iberian Sports Retail Group, SL	Alicante (Spain)	30.00%	30.00%	30.00%	30.00%

* the percentage of capital held "Total" is the total percentage of interest held by the parent company's shareholders; the percentage of capital held "Direct" corresponds to the percentage that subsidiary(s) which hold(s) a participation, hold(s) this participation directly in the share capital of that company.

- 1) Associated liquidated during the period;
- 2) Associates classified as available for sale in 2019, with the respective sale concluded in February 2020;
- 3) Associated acquired during the period;
- 4) Associated in the process of liquidation and removal of the perimeter in 2020.

Jointly controlled companies and associated companies were included in the consolidated financial statements by the equity method.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

José Manuel Neves Adelino

Margaret Lorraine Trainer

Marcelo Faria de Lima

Carlos António Rocha Moreira da Silva

Fuencisla Clemares

Philippe Cyriel Elodie Haspeslagh

Maria Cláudia Teixeira de Azevedo

João Pedro Magalhães da Silva Torres Dolores

**SEPARATE FINANCIAL
STATEMENTS**

SEPARATE STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020 AND 2019

(Amounts expressed in euro)

(Translation of separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

	Notes	31 Dec 2020	31 Dec 2019
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment		166,138	49,779
Intangible assets		284	131
Right of use assets		546,492	744,248
Investments in subsidiaries, associates and joint ventures	6	4,590,857,253	4,591,023,177
Assets at fair value through profit or loss	7	3,000,000	-
Assets at fair value through other comprehensive income	7	108,604,000	-
Other investments		49,880	49,880
Deferred tax assets	8	6,669,288	10,702,669
Other non-current assets	4, 9	33,706,727	1,002,162
Total Non-Current Assets		4,743,600,062	4,603,572,046
CURRENT ASSETS:			
Trade receivables	4, 10	4,294,728	1,185,864
Other receivables	4, 11	160,396,513	436,283,847
Income tax assets	12	16,422,098	21,498,769
Other tax assets		983	116,041
Other current assets	4, 13	2,450,312	2,393,665
Cash and bank balances	4, 14	147,902	121,047
Total Current Assets		183,712,536	461,599,233
TOTAL ASSETS		4,927,312,598	5,065,171,279
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	15	2,000,000,000	2,000,000,000
Legal reserve	16	277,452,299	268,028,145
Other reserves	17	1,324,558,649	1,265,388,137
Retained earnings		101,167,432	101,174,851
Profit/(Loss) for the period		75,265,295	188,483,086
TOTAL EQUITY		3,778,443,675	3,823,074,219
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bonds	4, 19	277,156,160	208,831,051
Loans	4, 19	464,563,178	324,853,391
Lease liabilities	4	354,497	315,936
Deferred tax liabilities	8	122,961	167,456
Total non-current liabilities		742,196,796	534,167,834
CURRENT LIABILITIES:			
Loans	4, 19	87,733,724	154,581,858
Lease liabilities	4	194,148	407,450
Trade payables	4, 20	1,575,023	675,040
Loans obtained from group companies	4, 21	270,991,557	487,157,000
Other payables	4, 22	40,523,871	60,764,122
Other tax liabilities		402,771	323,342
Other current liabilities	4, 23	5,251,033	4,020,414
Total Current Liabilities		406,672,127	707,929,226
TOTAL LIABILITIES		1,148,868,923	1,242,097,060
TOTAL EQUITY AND LIABILITIES		4,927,312,598	5,065,171,279

The accompanying notes are part of these separate financial statements.

SEPARATE INCOME STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in euro)

(Translation of separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

	Notes	31 Dec 2020	31 Dec 2019
Revenue	26	6,888,058	2,363,360
Gains and losses on investments recorded at fair value through results	27	82,653,831	198,932,344
Financial income	28	18,366,072	2,799,568
Other income		1,406,128	1,947,466
External supplies and services	29	(7,191,394)	(4,921,892)
Employee benefits expense	30	(7,768,754)	(4,075,036)
Depreciation and amortisation expenses		(490,689)	(365,276)
Provisions and impairment losses		(591)	-
Financial expense	28	(20,362,591)	(10,008,037)
Other expenses		(1,206,094)	(1,059,872)
Profit/(Loss) before taxation from continuing operations		72,293,976	185,612,625
Income tax expense	12	2,971,319	2,870,461
Profit/(Loss) after taxation from continuing operations		75,265,295	188,483,086
Earnings per share			
Basic	31	0.037633	0.094242
Diluted	31	0.028717	0.094190

The accompanying notes are part of these separate financial statements.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in euro)

(Translation of separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

	Notes	31 Dec 2020	31 Dec 2019
Net Profit / (Loss) for the period		75,265,295	188,483,086
Items that won't be reclassified subsequently to profit or loss:			
Change in the fair value of financial assets	7	(27,816,000)	-
Total other comprehensive income for the period		(27,816,000)	-
Total comprehensive income for the period		47,449,295	188,483,086

The accompanying notes are part of these separate financial statements.

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(Montantes expressos em euros)

(Translation of separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

				Other Reserves						
	Notes	Share Capital	Legal Reserve	Investments Fair Value Reserve	Share based payments reserve	Free Reserves	Total Reserves	Retained Earnings	Net Profit/(Loss)	Total
Balance as at 1 January 2019		2,000,000,000	251,937,767	-	859,735	1,046,586,617	1,047,446,352	101,174,851	321,827,490	3,722,386,460
Total comprehensive income for the year		-	-	-	-	-	-	-	188,483,086	188,483,086
Appropriation of profit of 2018:		-	-	-	-	-	-	-	-	-
Transfer to legal reserves		-	16,090,378	-	-	-	-	-	(16,090,378)	-
Transfer to free reserves		-	-	-	-	217,517,180	217,517,180	-	(217,517,180)	-
Dividends distributed		-	-	-	-	-	-	-	(88,200,000)	(88,200,000)
Other changes:		-	-	-	-	-	-	-	-	-
Medium and long-term variable remuneration policy - reclassification of equity to liabilities	17	-	-	-	(455,100)	121,819	(333,281)	-	-	(333,281)
Share-based payments	17	-	-	-	737,954	-	737,954	-	-	737,954
IFRS 16 impact		-	-	-	-	19,932	19,932	-	(19,932)	-
Balance as at 31 December 2019	14	2,000,000,000	268,028,145	-	1,142,589	1,264,245,548	1,265,388,137	101,174,851	188,483,086	3,823,074,219
Balance as at 1 January 2020		2,000,000,000	268,028,145	-	1,142,589	1,264,245,548	1,265,388,137	101,174,851	188,483,086	3,823,074,219
Total comprehensive income for the year		-	-	(27,816,000)	-	-	(27,816,000)	-	75,265,295	47,449,295
Appropriation of profit of 2019:		-	-	-	-	-	-	-	-	-
Transfer to legal reserves		-	9,424,154	-	-	-	-	-	(9,424,154)	-
Transfer to free reserves		-	-	-	-	86,458,931	86,458,931	-	(86,458,931)	-
Dividends distributed		-	-	-	-	-	-	-	(92,600,000)	(92,600,000)
Other changes:		-	-	-	-	-	-	-	-	-
Medium and long-term variable remuneration policy - reclassification of equity to liabilities	17	-	-	-	(536,354)	258,980	(277,374)	-	(1)	(277,375)
Share-based payments	17	-	-	-	797,536	-	797,536	-	-	797,536
IFRS 16 impact		-	-	-	-	7,419	7,419	(7,419)	-	-
Balance as at 31 December 2020	14	2,000,000,000	277,452,299	(27,816,000)	1,403,771	1,350,970,878	1,324,558,649	101,167,432	75,265,295	3,778,443,675

The accompanying notes are part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in euro)

(Translation of separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails).

	Notes	31 Dec 2020	31 Dec 2019
OPERATING ACTIVITIES			
Receipts from customers		3,779,191	1,711,231
Payments to suppliers		(6,118,726)	(4,183,975)
Payments to employees		(7,351,110)	(2,897,432)
Cash generated from operations		(9,690,644)	(5,370,176)
Income taxes (paid) / received		3,804,668	42,950
Other cash receipts and (payments) relating to operating activities		1,594,203	450,799
Net cash generated from operating activities (1)		(4,291,773)	(4,876,427)
INVESTMENT ACTIVITIES			
Receipts arising from:			
Loans granted	33	2,934,203,000	3,418,356,294
Investments	32	195,508,331	395,000
Property, plant and equipment and intangible assets		1,143	14,500
Interests and similar income		2,432,168	3,867,338
Dividends		157,296,765	116,042,494
Others		5,036	284
		3,289,446,444	3,538,675,910
Payments arising from:			
Loans granted	33	(2,702,986,000)	(3,383,053,296)
Investments	32	(403,266,493)	(35,822,603)
Property, plant and equipment and intangible assets		(150,179)	(1,902)
Others		(9,600)	(2,446)
		(3,106,412,271)	(3,418,880,247)
Net cash used in/ generated by investment activities (2)		183,034,172	119,795,663
FINANCING ACTIVITIES			
Receipts arising from:			
Loans, bonds and finance leases	33	4,826,373,057	6,749,047,000
		4,826,373,057	6,749,047,000
Payments arising from:			
Loans, bonds and finance leases	33	(4,908,023,500)	(6,779,921,390)
Interests and similar charges		(12,638,379)	(10,194,739)
Dividends		(92,579,160)	(88,195,049)
Lease Liabilities		(473,501)	(273,350)
		(5,013,714,540)	(6,878,584,528)
Net cash used in financing activities (3)		(187,341,482)	(129,537,528)
Net increase (decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		(8,599,083)	(14,618,292)
Cash and cash equivalents at the beginning of the period		(1,121,739)	13,496,553
Cash and cash equivalents at the end of the period	14	(9,720,822)	(1,121,739)

The accompanying notes are part of these separate financial statements.

SONAE, SGPS, SA

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Translation of separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts stated in euros)

1. Introduction

SONAE, SGPS, SA ("the Company" or "Sonae"), has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal.

Sonae is controlled by Efanor Investimentos SGPS, S.A. which holds, directly and indirectly, 52.8528% of its share capital. All shares representing Sonae's share capital are admitted to trading on the regulated Euronext Lisbon market.

Key events during the year

2020 was a year marked by the covid-19 pandemic and the consequent restrictive measures on the mobility of people imposed by several governments around the world, which included lockdown measures, time restrictions and/or closure of commercial spaces.

This context had different impacts on the activity of each of the group's businesses, with different levels of intensity depending on the sector in which they operate, and which naturally required an adaptation of the respective operations.

At Sonae, from the very beginning, a specific governance model was implemented to manage this crisis, led by the Sonae Executive Committee in alignment with the CEO's of the various businesses. The impacts on each business were regularly monitored and contingency plans were implemented covering the entire organization, from the operational areas to the central structures.

Since mid-March 2020, mandatory actions have been defined and communicated to all employees regarding: work trips; participation in congresses, fairs, exhibitions and extended training sessions; among many others. With regards to operations, and in order to ensure the health of employees, partners and customers, essential measures have been implemented, such as the hygiene of the spaces, the use of personal protective equipment, or limiting the number of people per m². In all functions when feasible, remote work was implemented, which impacted more than 6,000 employees. In addition, in all group companies fully controlled by Sonae in Portugal, it was decided not to use the simplified lay-off mechanism as a way of ensuring the full income of employees in this difficult context and to comply with the company's social mission. In the case of food retail, an extraordinary monetary amount was also awarded to store and warehouse

employees, in recognition of their willingness to provide an essential service to Portuguese families.

Throughout the year, several initiatives were carried out to provide general support to institutions (hospitals, municipalities, support centers) through the donation of food, appliances, laptops, physical spaces, telecommunications and services.

The separate financial statements are presented as required by Commercial Companies Code. According to Decree-Law 158/2009 of 13 July, the company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS – EU).

Consolidated financial statements are also presented in accordance with applicable legislation.

2. Principal Accounting Policies

The principal accounting policies adopted in preparing the accompanying financial statements are described below. These policies have been consistently applied in comparative periods.

2.1. Basis of preparation

The attached separate financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union. These correspond to the International Financial Reporting Standards, issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) or the previous Standing Interpretations Committee (“SIC”), which have been adopted by European Union and are effective on 1 January 2020.

The separate financial statements were prepared from the Company's accounting books and records, on the assumption of continuity of operations and based on historical cost, except for the measurement of “Financial assets at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income” that are measured at fair value.

The preparation of the separate financial statements in accordance with IFRS requires the use of estimates, assumptions and critical judgments in the process of determining accounting policies with a significant impact on the book value of assets and liabilities, as well as income and expenses for the period.

Although these estimates are based on the best experience of the Board of Directors and their best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas that involve a greater degree of judgment or complexity, or areas where assumptions and estimates are significant are presented in Note 2.8.

Management has assessed the Company's ability to operate on a going concern basis, taking into consideration all relevant information, facts and circumstances of financial, commercial and other nature, including subsequent events to the date of the financial statements. As a result of this evaluation, Management concluded that the Company has adequate resources to maintain its activities, having no intention to cease activities in the short term, and considered the use of the going concern assumption as appropriate.

Additionally, for financial reporting purposes, fair value measurement is categorized in Level 1, 2 and 3, according to the level in which the used assumptions are observable and its significance for estimating the fair value, used in the measurement of assets/liabilities or for disclosure purposes.

Level 1 – Fair value is determined based on active market prices for identical assets/liabilities;

Level 2 – Fair value is determined based on other data other than market prices identified in Level 1, but they are possible to be observable; and

Level 3 – Fair value measurements derived from valuation techniques, whose main inputs are not based on observable market data.

New accounting standards and their impact in these financial statements:

- Up to the date of approval of these financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during the year 2020:

New standards, amendments to standards and interpretations effective on 1 January 2020	Amendment	Effective date (for financial years beginning on or after)
IFRS 3 – Business combinations	Amendments to improve the definition of a business	1/jan/20
IFRS 9, IAS 39 and IFRS17 - Interest Rate Benchmark Reform	The amendments provide temporary and narrow exemptions to the hedge accounting requirements so that companies can continue to meet the requirements assuming that the existing interest rate benchmarks are not altered because of the interbank offered rate reform	1/jan/20
IAS 1 and IAS 8 - Definition of Material	The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards	1/jan/20
References to the Conceptual Framework in IFRS Standards	Amendments to some IFRS regarding cross-references and clarifications on the application of the new definitions of assets / liabilities and expenses / income	1/jan/20
IFRS 16 Leases Covid 19 - Related Rent Concessions	Covid-19-Related Rent Concessions exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications	1/jun/20

These standards were applied by Sonae in 2020. Sonae carried out an analysis of the changes introduced and their impact on the financial statements and concluded that the application of those standards did not produce material effects in the financial statements. As for the amendment to IFRS 16, the Group has anticipated the adoption of the practical expedient provided in the standard, so the subsidies granted by the lessors under COVID-19 do not represent a modification to the accounting leases.

- Up to the date of approval of these financial statements, the following standards, interpretations, amendments and revisions have been endorsed by the European Union and are binding for future economic years:

Amendments to standards that become effective on or after 1 January 2021, already endorsed by the EU	Amendment	Effective date (for financial years beginning on or after)
IFRS 4 Insurance Contracts – deferral of IFRS 19	End of the deferral of the beginning of the application of IFRS 9 for entities with insurance activity, postponed to 1 January 2023	1/jan/21
IFRS 9, IAS 39, IFRS 7, IFRS 4 e IFRS 16 - Interest Rate Benchmark Reform - Phase 2	Additional exemptions related to the impacts of the reform of the reference interest rates ("IBOR"), and especially the replacement of a reference interest rate by another alternative in the financial instruments traded	1/jan/21

Sonae did not proceed with the early application of any of these standards in the financial statements for the year ended 31 December 2020. There are no estimated significant impacts on the financial statements resulting from their adoption.

- The following standards, interpretations, amendments and revisions were not, at to the date of approval of these financial statements, endorsed by the European Union:

Standards (new and amended) that become effective on or after 1 January 2021, not yet endorsed by EU	Amendment	Effective date (for financial years beginning on or after)
IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	Permit lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met	1/abr/21
IAS 16 Property, Plant and Equipment	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1/jan/22
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Clarification regarding the nature of costs a company should include when assessing whether a contract will be loss-making	1/jan/22
Annual Improvements 2018-2020	Amendments to IFRS 1, IFRS 9, IFRS 16 e IAS 41	1/jan/22
IFRS 3 Business Combinations	Update to references to the Conceptual Framework and clarification on the registration of provisions and contingent liabilities within the scope of a business combination	1/jan/22
IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	Classification of a liability as current or non-current, depending on the right that an entity has to defer its payment New definition of "settlement" of a liability	1/jan/23
IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies; IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	Amendments introduced a definition of 'accounting estimates' and included other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates	1/jan/23
IFRS 17 Insurance Contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics	1/jan/23
IFRS 17 Insurance Contracts (amendments)	Inclusion of changes to IFRS 17 in areas such as: i) scope; ii) level of aggregation of insurance contracts; iii) recognition; iv) measurement; v) modification and derecognition; vi) presentation of the Statement of Financial Position; vii) recognition and measurement of the Income Statement; and viii) disclosures	1/jan/23

These standards have not yet been endorsed by the European Union and, as such, have not been applied for the year ended 31 December 2020.

2.2. Investments in subsidiaries, associates and joint ventures

Equity investments in subsidiaries, associates and joint ventures are accounted for in accordance with IAS 27, hence at acquisition cost less impairment losses.

Subsidiaries are all entities (including structured entities) over which Sonae has control. Sonae controls an entity when it is exposed to, or has rights to, the variable returns from its involvement with Sonae, and has the ability to affect those returns through its power exercised over Sonae. Subsidiaries are consolidated from the date on which control is transferred to Sonae, being excluded from consolidation from the date on which that control ceases.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement instead of rights to the assets and obligations for the liabilities of the joint arrangement.

Associates correspond to entities over which the Company has significant influence, that is, over which the Company has the power to participate in decisions on the investee's operational and financial policies, but this power does not correspond to control or joint control over them.

The existence of significant influence is generally evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including involvement in decisions about dividends and other

distributions;

- material transactions between the investor and the investee;
- exchange of management personnel; or
- providing critical technical information.

The excess of the acquisition cost in relation to the fair value of the identifiable assets and liabilities acquired, goodwill, is recognized as part of the financial investment in investments in subsidiaries, associates and joint ventures. If the acquisition cost is less than the fair value of the assets and liabilities of these acquired entities, the difference is recognized as a gain directly in the separate income statement.

Dividends received are registered as income related to investments, when attributed.

Sonae carries out impairment assessments related to the investments in subsidiaries, associates and joint ventures whenever events or changes in circumstances indicate that the amount at which the asset is recorded in the separate financial statements may not be recoverable.

In addition to the recognition of impairment in these investments, Sonae recognizes additional losses if it has assumed obligations, or if it has made payments for the benefit of these entities.

Impairment losses are calculated by comparing the recoverable amount of the investment, corresponding to the higher of the fair value less costs to sell and the value in use, and the book value of the financial holdings.

The above-mentioned estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models in order to estimate the value in use of such investments. Subsidiaries or joint ventures which main assets are investments in real estate companies or real estate assets are valued with reference to the fair value of the real estate assets owned by such companies.

It is the Board of Directors understanding that the use of the above mentioned methodology is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

If, on a subsequent date, it is found that the impairment amount has decreased, and the decrease is objectively the result of a certain event that occurred after the initial recognition of the impairment, the amount then recorded is reversed up to the limit of the amount that would have been recognized, had it not been recognized. any impairment loss is recorded.

2.3. Financial Instruments

The Company classifies the financial instruments in the categories presented and conciliated with the statement of financial position disclosed in note 4.

(a) Financial Assets

Recognition

All purchases and sales of investments in financial assets are recognized on the trade date, on the date where the Company commits to buy or sell the asset.

Classification

Financial assets classification depends on the business model followed by the Company in the management of financial assets (receipt of cash flows or appropriation of fair value changes) and the contractual terms of the cash flows receivable.

Changes in the classification of financial assets can only be made when the business model is changed, except for financial assets at fair value through other comprehensive income, which are equity instruments, which can never be reclassified to another category.

Financial assets may be classified in the following measurement categories:

- (i) Financial assets at amortized cost: includes financial assets that correspond only to the payment of nominal value and interest and whose business model followed by the management is the receipt of contractual cash flows;
- (ii) Financial assets at fair value through other comprehensive income: this category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in an entity);
 - a) in the case of debt instruments, this category includes financial assets that correspond only to the payment of nominal value and interest, for which the business model followed by the management is the receipt of contractual cash flows or punctually that of their sale;
 - b) in the case of equity instruments, this category includes the percentage of interest held in entities over which the Company does not exercise control, joint control or significant influence, and that the Company has irrevocably chosen on the date of initial recognition to designate the fair value through other comprehensive income;
- (iii) Financial assets at fair value through profit or loss: Includes assets that do not meet the criteria for classification as financial assets at amortized cost or at fair value through other comprehensive income, whether they refer to debt instruments or equity instruments that were not designated at fair value through other comprehensive income.

Measurement

The Company initially measures financial assets at fair value, added to the transaction costs directly attributable to the acquisition of the financial asset, for financial assets that are not measured at fair value through profit or loss. Transaction costs of financial assets at fair value through profit or loss are recorded in the income statement when incurred.

Financial assets at amortized cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income on these financial assets is included in "Interest income" on financial income.

Financial assets at fair value through other comprehensive income that constitute equity instruments, are measured at fair value on the date of initial registration and subsequently, and fair value changes are recorded directly in the other comprehensive income, in Equity, and there is no future reclassification even after derecognition of the investment.

Impairment losses

Sonae assesses prospectively the estimated credit losses associated with financial assets, which are debt instruments, classified at amortized cost and at fair value through other comprehensive income. Applied impairment methodology considers the credit risk profile of the debtors, and different approaches are applied depending on the nature of the debtors.

Regarding to accounts receivable from related entities, which are not considered as part of the financial investment in these entities, credit impairment is assessed against the following criteria: i) if the receivable balance is immediately due ("on demand"); ii) if the balance receivable is low risk; or (iii) if it has a term of less than 12 months.

In cases where the amount receivable is immediately due and the related entity is able to pay, the probability of default is close to 0% and therefore the impairment is considered equal to zero. In cases where the receivable balance is not immediately due, the related entity's credit risk is assessed and if it is "low" or if the maturity is less than 12 months, then the Company only assesses the probability of a default occurring for the cash flows that mature in the next 12 months.

For all other situations and nature of receivables, Sonae applies the general approach of the impairment model, evaluating at each reporting date whether there has been a significant increase in credit risk since the date of the initial recognition of the asset. If there was no increase in credit risk, the Company calculates an impairment corresponding to the amount expected to be loss within 12 months. If there has been an increase in credit risk, an impairment is calculated corresponding to the amount equivalent to expected losses for all contractual flows until the maturity of the asset.

Impairment losses calculated for financial assets at amortized cost are recorded in the income statement under the caption "Provisions and impairment losses" when estimated. When it is estimated that the impairment losses recognized in previous years no longer exist or have decreased, the reversal of impairment is recorded in the caption "Provisions and impairment losses".

Derecognition of financial assets

Sonae derecognize financial assets when, and only when, the contractual rights to the cash flows have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of property of the asset.

(b) Loans granted

Loans granted and non-current accounts receivables are measured at amortised cost using the effective interest method, deducted from any impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial investments arise when Sonae provides money, goods or services directly to a debtor with no intention of trading the receivable.

Balances are classified as current assets when collection is estimated within 12 months. The balances are classified as non-current if the estimated charge occurs more than 12 months after the reporting date.

Other receivables are recorded at their nominal value less any impairment losses, recognized under the impairment losses item in accounts receivable, so that they reflect their net realizable value.

Impairment losses on loans and accounts receivable are recorded in accordance with the principles described in Note 2.3 j).

Impairment losses recognized correspond to the difference between the carrying amount of the balance receivable and the respective current value of estimated future cash flows, discounted at the initial effective interest rate which, in cases where a receipt is expected within a period of less than one year, is considered null because the discount effect is considered immaterial.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the statement of financial position caption of current bank loans.

(d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

Equity instruments are contracts that evidence a residual interest in the assets of Sonae after deducting all of its liabilities. Equity instruments issued by Sonae are recorded by the amount of proceeds received, net of direct issuance costs.

(e) Financial liabilities

Financial liabilities are classified into two categories:

- i) Financial liabilities at fair value through profit or loss; and
- ii) Financial liabilities at amortized cost.

The "Financial liabilities at amortized cost" category includes liabilities presented under "Loans", "Bonds", "Other loans", "Other non-current liabilities", "Trade payables" and "Other payables". These liabilities are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost at the effective interest rate.

As at 31 December 2020, Sonae has only recognized liabilities classified as "Financial liabilities at amortized cost".

Financial liabilities are derecognised when the underlying obligations are extinguished by payment, are canceled or expire.

(f) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments which corresponds to their fair value at transaction date.

Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in note 2.6. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Borrowings on the form of commercial paper are classified as non-current, when the Company has guarantees of placing for a period exceeding one year and it is its' intention to maintain the use of this form of financing for a period exceeding one year.

(g) Trade and other payables

Trade accounts payable are stated at their nominal value, since it relates to short term debt, and its discount effect is estimated to be immaterial.

(h) Derivatives

Derivative financial instruments are initially recorded at the fair value of the transaction date and subsequently measured at fair value. The method of recognizing fair value gains and losses depends on the designation of derivative financial instruments as trading or hedging instruments.

The criteria for classifying a derivative instrument as a cash flow hedge instrument is met when:

- i) there is an economic relationship between the hedged item and the hedging instrument, the value of the hedged item and the hedging instrument move in opposite directions;
- ii) changes in fair value do not result mainly from credit risk; and
- iii) the hedge ratio designated by Sonae, in each transaction is the amount of the hedged item and the amount of the hedging instrument that the entity effectively uses to cover that amount of the hedged item.

The effectiveness of the hedge is assessed based on the critical criteria (amount, interest rate, interest settlement dates, currency and maturity date) of the hedged item and hedging instrument which tend to be similar. This results in a hedge rate close to 100%. Changes in the critical criteria of the hedge and the hedged item will be continuously monitored. Inefficiencies, if any, are recorded under the headings "Financial income" and "Financial expenses" in the income statement.

In specific situations, Sonae may enter into derivatives on exchange rates in order to hedge the risk of fluctuations in future cash flows caused by changes in those exchange rates, which may not qualify as hedging instruments in accordance with IFRS 9, being the effect of revaluation at fair value of such derivatives recorded in the income statement.

Derivatives, although contracted for the purposes mentioned above (mainly foreign exchange forwards and derivatives in the form of or including interest rate options), for which the company has not applied hedge accounting, are initially recorded at cost, which corresponds to their fair value, if any, and subsequently revaluated at fair value, the changes in which, calculated using specific IT tools, directly affect the "Financial income" and "Financial expenses" items in the income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics of the host contract, and these are not stated at fair value, gains and losses which are not realizable are recorded in the Income Statement.

(i) Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period.

(j) Impairment of financial assets

The determination of impairment on financial assets involves significant estimates. In calculating this estimate, Sonae assesses, among other factors, the duration and extent of the circumstances under which the recoverable value of these assets may be less than their book value. The balances of "Loans granted to related entities", "Trade receivables" and "Other current assets" are evaluated for factors such as the history of default, current market conditions, plus prospective information estimated by reference at the end of each reporting period, as the most critical assessment elements for the purpose of analysing estimated credit losses.

2.4. Contingent assets and liabilities

Contingent assets are not recorded in the financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.5. Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of services arising from debits of management fees to group companies. Revenue is recognized net of value added tax.

2.6. Recognition and accrual basis

Dividends are recognised as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but that correspond to income or expenses of future years, when they will be recognized in the income statement.

2.7. Subsequent Events

Events after the date of the statement of financial position that provide additional information about conditions that existed at the date of the statement of financial position are reflected in the financial statements. Events after the date of the statement of financial position that provide information on conditions that occur after the date of the statement of financial position are disclosed in the notes to the financial statements, if material.

2.8. Judgements and estimates

The estimates and judgments with impact on the Group's financial statements are continuously evaluated, representing at each reporting date the Management's best estimate, taking into account historical performance, accumulated experience and expectations about future events that, under the circumstances, if they believe they are reasonable.

The nature of the estimates may lead to the actual reflection of the situations that had been estimated, for the purposes of financial reporting, would differ from the estimated amounts. The most significant accounting estimates reflected in the financial statements include:

- a) Determination of the recoverable value of investments in subsidiaries, joint ventures and associates (Note 6);
- b) Adjustments to assets, provisions and analysis of contingent liabilities;
- c) Recoverability of deferred tax assets;
- d) Determination of the fair value of financial assets through comprehensive income and profit and loss (Note 7).

Estimates used are based on the best information available during the preparation of these financial statements and are

based on the best knowledge of past and present events. Although future events are not controlled by the Company and are not foreseeable, some could occur and have impact on the estimates. Therefore, and due to this uncertainty the outcome of the transactions being estimated may differ from the initial estimate. Changes to the estimates used by management that occur after the approval date of these separate financial statements, will be recognised in net income prospectively, in accordance with IAS 8.

2.9. Share-based payments

Share-based payments result from deferred performance bonus plans that are referenced to Sonae share price and/or that of its publicly listed affiliated companies and vest within a period of 3 years after being granted.

Share-based payments are measured at fair value on the date they are granted (usually in March of each year).

The settlement of plans is made by the delivery of Sonae shares, with the option to settle the plans in cash, and the value of each plan is determined as at the grant date based on fair value of shares granted and cost is recognized rateably during the period of each plan. Liability is recorded in equity, with a corresponding entry to personnel expenses, linearly throughout the liability maturity period.

2.10. Income tax and other taxes

Since 2014, Sonae is taxed in accordance with Special Regime of Taxing Groups of Companies (Parent company). Each company included in the perimeter records income tax for the year in its financial statements by recognizing a liability to group companies.

Except in 2017 where only the parent company recognized the effect of tax losses generate by the group, the companies that contribute with tax losses register the corresponding tax amount in the individual financial statements by counterpart of the intercompany caption.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date, a review is made of the deferred tax assets recognized, being reduced whenever their future use is no longer probable.

Deferred tax liabilities are recognized on all taxable temporary differences, except those related to: i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities, which do not result from a concentration of business activities, and which at the date of the transaction do not affect the accounting or tax result. However, with respect to taxable temporary differences related to investments in subsidiaries, these should not be recognized to the extent that: i) the parent company has the capacity to control the period of the reversal of the temporary difference; and ii) it is likely that the temporary difference will not be reversed in the near future.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases, the corresponding deferred tax is recorded in equity.

The value of taxes recognised in the financial statements correspond to the understanding of Sonae on the tax treatment of specific transactions being recognised liabilities relating to income taxes or other taxes based on interpretation that is performed and what is meant to be the most appropriate.

In situations where such positions will be challenged by the tax authorities as part of their skills by their interpretation is distinct from Sonae, such a situation is the subject of review. If such a review, reconfirm the positioning of the Group concluded that the probability of loss of certain tax process is less than 50% Sonae treats the situation as a contingent liability, i.e. is not recognized any amount of tax since the decision more likely is that there will be no place for the payment of any tax. In situations where the probability of loss is greater than 50% is recognized a provision, or if the payment has been made, it is recognized the cost associated.

In situations in which payments were made to Tax Authorities under special schemes of regularization of debts, in which the related tax is Income Tax, and that cumulatively keep the respective lawsuits in progress and the likelihood of success of such lawsuits is greater than 50%, such payments are recognized as assets, as these amounts correspond to determined amounts, which will be reimbursed to the entity (usually with interests) or which may be used to offset the payment of taxes that will be due by the group, in which case the obligation in question is determined as a present obligation. In situations where payments correspond to other taxes, such amounts are recorded as expenses, although the Group's understanding is that they will be reimbursed plus interest.

2.11. Transactions with related parties

Transactions with related parties are performed at arm's length conditions, and the gains or losses arising on those transactions are recognized and disclosed in note 24.

3. Financial risk management

3.1. Introduction

The ultimate purpose of financial risk management is to support the Company in the achievement of its strategy by reducing unwanted financial risk and volatility and mitigate any negative impacts in the profit or loss statement arising from such risks. The Group's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Financial risk management policies are approved by the Sonae Executive Committee. Exposures are identified and monitored by the Finance Department. Exposures are also monitored by the Finance Committee as noted in the Corporate Governance Report.

3.2. Credit risk

Credit risk is defined as the probability of a counterparty defaulting on its payment contractual obligations resulting in a financial loss. Sonae is a holding company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalent instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) or from its lending activities to subsidiaries. Loans to related entities are considered to have low credit risk and, therefore, impairment losses recognized during the period were limited to estimated credit losses at 12 months. These financial assets are considered to have "low credit risk" when they have a low impairment risk and the borrower has a high capacity to meet its contractual cash flow liabilities in the short term.

Additionally, Sonae may sometimes also be exposed to credit risk as a result of its portfolio management activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis (bank guarantees, escrow accounts, collaterals, among others) under the supervision of the Executive Committee.

In order to reduce the probability of counterparties default Sonae transactions (short term investments and derivatives) are only concluded in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have been selected based on its high national and international reputation, and taking, into account its rating notations and the nature, maturity and extension of the operations;
- Sonae should only invest in previously authorized financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made with a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);
- Additionally, in relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by relationship banks in order to reduce exposure on a net basis, and ii) may only be applied on pre-approved instruments;
- Any departure from the above mentioned policies needs to be pre-approved by the Executive Committee.

Given the above mentioned policies and the credit ratings restrictions imposed management does not expect any material failure in contractual obligations from its external counterparties. Nevertheless, exposure to individual counterparties resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Financial Department and any departure is promptly reported to the Executive Committee and Finance Committee.

Settlement risk is also a risk faced by Sonae, which is managed through the rigorous selection of its brokers which must be highly rated counterparties.

In relation to credit risk resulting from loans granted to subsidiaries, there is no specific risk management policy as the financing of its subsidiaries is part of the main operations of a holding company.

3.3. Liquidity Risk

Sonae needs to raise external funds to finance its activities and investing plans. It holds a diversified loan portfolio, essentially made up of long term bond financing, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2020 the total gross debt was 829 million euros (688 million euros as at 31 December 2019) (note 21) excluding the loans obtained from group companies.

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy.

Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining, with its relationship banks, a combination of short and medium term committed credit facilities, commercial paper programme with sufficiently comfortable previous notice cancellation periods within a range between 60 and 360 days;

- Maintenance of commercial paper with different periods, that allow, in some cases, to place the debt directly in institutional investors;
- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- Diversification of financing sources and counterparties;
- Ensuring an adequate debt average maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. As at 31 December 2020 Sonae debt average life maturity, adjusted by the amount of committed long-term facilities and cash equivalents, was 3.8 years (3.2 years as at 31 December 2019);
- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;
- Where possible, by pre-financing forecasted liquidity needs, through transactions with an adequate maturity;
- Management procedures for short-term investments ensuring that the maturity of the investments to be made must coincide with the expected payments (or be sufficiently liquid, in the case of investments in assets, to allow urgent and unscheduled settlements), including a margin to cover eventual forecasting errors. The reliability of treasury forecasts is a determining variable for calculating the amounts and terms of the borrowing / investing operations in the market.

Sonae maintains a liquidity reserve in the form of credit lines with its relationship banks, in order to ensure the ability to meet its commitments, without having to refinance itself under unfavourable conditions. Sonae has 647.0 million euros of credit lines contracted (489.8 million euros as at 31 December 2019). As at 31 December 2020, the amount of loans with maturity in 2021 is 87.7 million euros (154.6 million euros with maturity in 2020). Additionally, considering the credit lines used at 31 December 2020, 239.3 million euros are available (at 31 December 2019, there were credit lines available in the amount of 62.8 million euros). In view of the above, Sonae expects to satisfy all its treasury needs by resorting to the flows of its investments, as well as, if necessary, using existing available credit lines. Additionally, as at 31 December 2020, Sonae had a liquidity reserve consisting of cash and cash equivalents and current investments as described in note 14.

Sonae believes that within the short term, it has access to all the necessary financial resources to meet its commitments and investments.

3.4. Interest rate risks

3.4.1. Policies

Sonae is exposed to cash flow interest rate risk in respect of items in the statement of financial position (loans and short term investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps, FRA's and options). Most of Sonae debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps or forward rate agreements), or to limit the maximum rate payable (usually through zero cost collars or the purchased caps).

Sonae mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve since hedging interest rate risk usually has an opportunity cost associated. Therefore, a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae grants loans bearing interest at variable interest rates to

its subsidiaries as part of its usual activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into:

- For each derivative or instrument used to hedge the risk associated with a given financing, there must be a coincidence between the dates of interest flows paid on the hedged financing and the settlement dates under the hedging instrument to avoid any inefficiency in the hedging;
- For each derivative or instrument used to hedge the risk associated with a given financing, there must be a perfect equivalence between the base rates: the index used in the derivative or hedging instrument must be the same as that applicable to the financing / transaction that is being covered;
- Since the beginning of the transaction, the maximum cost of indebtedness, resulting from the hedging operation carried out, is known and limited, even in scenarios of extreme changes in market interest rates, trying to ensure that the resulting level of rates fits into the cost of funds considered in the Company's business plan, or at least in extreme interest rate hike scenarios should not be higher than the cost of financing indexed to the underlying variable rate;
- The counterparties of the hedging instruments are limited to credit institutions of high credit quality, in accordance with the credit risk management considerations referred to in chapter 3.2, and it is Sonae's policy to privilege the contracting of these instruments with Sonae's relationship banking entities, nevertheless, requesting the submission of proposals and indicative prices to a representative number of banks in order to guarantee the adequate competitiveness of these operations;
- The determination of the fair value of hedging operations was based, for swaps, on the update to the date of the statement of financial position of future cash flows resulting from the difference between the fixed interest rate of the fixed leg of the instrument derivative and the variable interest rate indexing the variable leg of the derivative instrument. For options, fair value is determined based on the "Black-Scholes" model and its variants. The estimate of future cash flows is made based on the forward quotes implicit in the market curve and the respective discount for the present, is performed using the most representative interest rate curve in the market, constructed based on information from credible sources conveyed by Bloomberg, among others. Comparative quotes from financial institutions, for specific or similar instruments, are used as an evaluation benchmark. This analysis assumes that all other variables remain constant;
- All transactions must be contracted following ISDA contracts;
- All operations that do not follow the aforementioned rules will have to be individually approved by the Executive Committee and reported to the Finance Committee, namely operations contracted with the purpose of optimizing the cost of debt when deemed appropriate according to the conditions in force at that time in the financial markets.

3.4.2 Sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in interest rates affect interest receivable or payable on financial instruments indexed to variable rates (interest payments, associated with financial instruments not designated as hedged instruments under interest rate risk cash flow hedges). As a consequence, these instruments are included in the calculation of the sensitivity analysis to the results;

- Changes in market interest rates only affect gains and losses in relation to financial instruments with fixed interest rates if they are recognized at their fair value. As such, all financial instruments with fixed interest rates recorded at amortized cost are not subject to interest rate risk, as defined in IFRS 7;
- In the case of instruments designed to hedge the fair value of interest rate risk, when changes in the fair value of the hedged instrument and the hedging instrument attributable to interest rate movements are almost completely offset in the income statement for the same period, these financial instruments are also not considered to be exposed to interest rate risk;
- Changes in the market interest rates of financial instruments that have been designated as cash flow hedging instruments to cover fluctuations in payments resulting from changes in interest rates affect the equity reserve items and are therefore included in the calculation of the sensitivity analysis to equity (other reserves);
- Changes in the market interest rate of interest rate derivatives that are not designated as part of a hedging relationship, as defined in IAS 39, affect the Company's results (net gain / loss resulting from the revaluation of the fair value of the instruments financial), and are therefore included in the calculation of the sensitivity analysis to results;
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are estimated by discounting future cash flows at the market interest rates existing at the end of each year and assuming a parallel variation in the interest rate curves;
- For the purposes of the sensitivity analysis, this analysis is performed based on all financial instruments existing during the year.

Under the previously mentioned assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the company net profit before taxes as at 31 December 2019 (separate statements) would decrease by approximately 5 million euros (as at 31 December 2019 the net profit would have decrease by 4.8 million euros). The increase in interest rate in 75 basis points would not have an impact over total equity (no impact on 31 December 2019) not considering the impact over net profit.

3.5. Foreign exchange risk

As a holding company, Sonae has very limited exposure to exchange rate transaction risk arising from commercial transactions. Usually, when such exposures arise, foreign exchange risk management is carried out with the objective of minimizing the volatility of the value of such transactions carried out in foreign currency and reducing the impact on the results of exchange rate fluctuations. When materially significant exposures arise with a high degree of certainty, Sonae covers such exposures mainly with the use of forward exchange rate contracts. For exposures with some degree of uncertainty, you can resort to the use of exchange rate options, subject, however, to the prior approval of the Executive Committee.

Sonae does not have any material foreign exchange rate exposure at holding level, since almost all equity and loans to subsidiaries are denominated in euro.

3.6. Price risk and market risk

The Group is exposed to equity price risks arising from equity investments, maintained for strategic rather than for trading purposes as the group does not actively trade these investments. These investments are presented in note 6.

3.7. Capital risk

The capital structure of Sonae, determined by the proportion of equity and net debt is managed in order to ensure continuity and development of its portfolio management activities, maximize the return on shareholders and optimize financing costs.

Sonae periodically monitors its capital structure, identifying risks, opportunities and the necessary adjustment measures for the achievement of these objectives.

4. Financial instruments by class

The categories of financial instruments, according to the policies described in note 2.3, on 31 December 2020 and 2019, were classified as follows:

	31 Dec 2020					Total
	Notes	Financial assets/liabilities at amortised cost	Assets / liabilities recorded at fair value through other comprehensive income	Assets / liabilities recorded at fair value through profit or loss	Other non-assets/liabilities	
Assets at fair value through profit or loss	7	-	-	3,000,000	-	3,000,000
Assets at fair value through other comprehensive income	7	-	108,604,000	-	-	108,604,000
Other non-current assets	9	33,700,000	-	-	6,727	33,706,727
Non-current assets		33,700,000	108,604,000	3,000,000	6,727	145,310,727
Trade accounts receivables	10	4,294,728	-	-	-	4,294,728
Other debtors	11	160,396,513	-	-	-	160,396,513
Other current assets	13	1,747,456	-	-	702,856	2,450,312
Cash and cash equivalents	14	147,902	-	-	-	147,902
Current assets		166,586,599	-	-	702,856	167,289,455
FINANCIAL ASSETS		200,286,599	108,604,000	3,000,000	709,583	312,600,182
Bonds	19	277,156,160	-	-	-	277,156,160
Bank loans	19	464,563,178	-	-	-	464,563,178
Non-current liabilities		741,719,338	-	-	-	741,719,338
Bank loans	19	87,733,724	-	-	-	87,733,724
Trade accounts payable	20	1,575,023	-	-	-	1,575,023
Loans obtained from group companies	21	270,991,557	-	-	-	270,991,557
Other payables accounts	22	40,523,871	-	-	-	40,523,871
Other current liabilities	23	-	-	-	5,251,033	5,251,033
Current liabilities		400,824,175	-	-	5,251,033	406,075,208
Financial Liabilities		1,142,543,513	-	-	5,251,033	1,147,794,546

31 Dec 2019

	Notes	Financial assets/liabilities at amortised cost	Assets / liabilities recorded at fair value through other comprehensive income	Assets / liabilities recorded at fair value through profit or loss	Other non-assets/liabilities	Total
Other non-current assets	9	1,000,000	-	-	2,162	1,002,162
Non-current assets		1,000,000	-	-	2,162	1,002,162
Trade receivables	10	1,185,864	-	-	-	1,185,864
Other receivables	11	436,283,847	-	-	-	436,283,847
Other current assets	13	1,814,600	-	-	579,065	2,393,665
Cash and bank balances	14	121,047	-	-	-	121,047
Current assets		439,405,358	-	-	579,065	439,984,423
Financial Assets		440,405,358	-	-	581,227	440,986,585
Bonds	19	208,831,051	-	-	-	208,831,051
Loans	19	324,853,391	-	-	-	324,853,391
Non-current liabilities		533,684,442	-	-	-	533,684,442
Loans	19	154,581,858	-	-	-	154,581,858
Trade payables	20	675,040	-	-	-	675,040
Loans obtained from group companies	21	487,157,000	-	-	-	487,157,000
Other payables	22	60,764,122	-	-	-	60,764,122
Other current liabilities	23	-	-	-	4,020,414	4,020,414
Current liabilities		703,178,020	-	-	4,020,414	707,198,434
Financial Liabilities		1,236,862,462	-	-	4,020,414	1,240,882,876

5. Changes in accounting policies

During the year there were no material changes in accounting policies or prior period errors.

6. Investments in subsidiaries, associates and joint ventures

As at 31 December 2020 and 2019, the details of investments in subsidiaries, associates and joint ventures (net of impairments) were as follows:

31 Dec 2020

Companies	% Held	Opening balance	Increase	Decrease	Impairment/ (reversal) of the period (Note 27)	Closing balance
Sonae Holdings, SA	100.00%	1,742,696,545	21,626,000	-	(25,267,455)	1,739,055,090
Sonae Investments, BV	100.00%	835,700,000	143,169,000	-	-	978,869,000
Sonae Sierra SGPS, SA	70.00%	746,049,989	-	(49,681,292)	(76,602,778)	619,765,919
Sonae MC, SGPS, SA	35.03%	630,473,741	-	-	-	630,473,741
Sontel, BV	35.87%	333,792,099	31,284,000	-	13,096,055	378,172,154
Sonacom, SGPS, SA	26.02%	111,098,825	-	-	-	111,098,825
Fundo de Investimento Imobiliário Fechado Imosede	50.00%	76,047,995	7,999,505	(84,047,500)	-	-
SFS - Sonae Financial Services, IME, SA	100.00%	45,700,000	15,000,000	-	-	60,700,000
SFS, Gestão e Consultoria, SA	100.00%	52,203,468	-	-	-	52,203,468
Mktplace Comércio Eletrónico, SA	50.00%	5,015,127	2,678,379	-	-	7,693,506
Sonae Corporate, SA	100.00%	6,062,634	-	-	-	6,062,634
Sonae FS, SA	100.00%	4,049,800	-	-	-	4,049,800
Sonae RE, SA	99.92%	1,159,739	-	-	580,162	1,739,901
SFS - Gestão de Fundos, SGFI, SA	80.00%	973,215	-	-	-	973,215
		4,591,023,177	221,756,884	(133,728,792)	(88,194,016)	4,590,857,253

31 Dec 2019

Companies	% Held	Opening balance	Increase	Decrease	Impairment/ (reversal) of the period (Note 27)	Closing balance
Sonae Holdings, SA	100.00%	1,651,171,545	24,000,000	-	67,525,000	1,742,696,545
Sonae Investments, BV	100.00%	835,700,000	-	-	-	835,700,000
Sonae Sierra SGPS, SA	70.00%	746,049,989	-	-	-	746,049,989
Sonae MC, SGPS, SA	35.03%	630,473,742	-	-	-	630,473,742
Sontel, BV	35.87%	316,995,099	-	-	16,797,000	333,792,099
Sonaecom, SGPS, SA	26.02%	111,098,824	-	-	-	111,098,824
Fundo de Investimento Imobiliário Fechado Imosede	50.00%	76,047,995	-	-	-	76,047,995
SFS, Gestão e Consultoria, SA	100.00%	48,455,868	3,747,600	-	-	52,203,468
SFS - Sonae Financial Services, IME, SA	100.00%	45,700,000	-	-	-	45,700,000
Sonae Corporate, SA	100.00%	6,062,634	-	-	-	6,062,634
Mktplace Comércio Eletrónico, SA	50.00%	1,389,604	3,625,523	-	-	5,015,127
Sonae FS, SA	100.00%	-	4,049,800	-	-	4,049,800
Sonae RE, SA	99.92%	760,059	399,680	-	-	1,159,739
SFS - Gestão de Fundos, SGFI, SA	80.00%	973,215	-	-	-	973,215
Arat Inmuebles, SAU	-	1,827,149	-	(1,827,149)	-	-
		4,472,705,724	35,822,603	(1,827,149)	84,322,000	4,591,023,177

The decrease in investment in Sonae Sierra results from the recognition as a return on invested capital the share of dividends attributable to the interest acquired in 2019.

The main financial indicators of subsidiaries, associates and joint ventures can be summarized as follows:

31 Dec 2020

Company	Assets	Liabilities	Equity	Net profit
Sonae Holdings, SA	1,924,822,981	285,281,890	1,639,541,090	(56,381,757)
Sonae Investments, BV	792,629,721	27,411,213	765,218,508	210,665,228
Sonae Sierra SGPS, SA a)	1,231,032,290	414,837,747	816,194,545	(46,394,332)
Sonae MC, SGPS, SA a)	4,170,500,063	3,326,734,888	843,765,175	148,434,072
Sontel, BV	1,219,553,842	190,653,540	1,028,900,302	22,963,749
Sonaecom, SGPS, SA a)	1,247,490,793	132,990,511	1,114,500,282	58,718,828
SFS - Sonae Financial Services, IME, SA	62,519,727	40,522,840	21,996,887	300,047
SFS, Gestão e Consultoria, SA	76,093,679	36,120,169	39,973,510	3,227,172
Mktplace Comércio Eletrónico, SA	9,564,986	3,608,053	5,956,933	(4,633,969)
Sonae Corporate, SA	14,483,180	1,113,445	13,369,735	10,044,601
Sonae FS, SA	4,270,930	300	4,270,630	192,508
Sonae RE, SA	2,363,340	622,046	1,741,294	475,247
SFS - Gestão de Fundos, SGFI, SA	1,906,306	427,602	1,478,704	228,260

a) Consolidated statements.

31 Dec 2019

Company	Assets	Liabilities	Equity	Net profit
Sonae Holdings, SA	1,990,664,918	316,368,071	1,674,296,848	57,558,820
Sonae Investments, BV	892,200,845	29,647,564	862,553,280	172,215,067
Sonae Sierra SGPS, SA a)	2,383,311,225	817,267,227	1,566,043,995	(75,555,970)
Sonae MC, SGPS, SA a)	4,055,844,318	3,281,038,440	774,805,878	137,892,389
Sontel, BV	1,092,605,704	173,896,152	918,709,552	34,869,383
Sonaecom, SGPS, SA a)	1,203,001,482	130,489,063	1,072,512,419	31,244,530
Fundo de Investimento Imobiliário Fechado Imosede	184,054,186	10,822,420	173,231,766	9,409,235
SFS - Sonae Financial Services, IME, SA	16,193,837	9,496,997	6,696,840	778,539
SFS, Gestão e Consultoria, SA	72,225,392	35,479,054	36,746,338	183,804
Mktplace Comércio Eletrónico, SA	8,163,320	2,929,179	5,234,140	(3,839,478)
Sonae Corporate, SA	84,819,212	81,494,077	3,325,134	(3,573,852)
Sonae FS, SA	4,078,564	442	4,078,122	27,649
Sonae RE, SA	2,123,198	834,769	1,288,429	(79,058)
SFS - Gestão de Fundos, SGFI, SA	1,774,192	402,777	1,371,415	134,413

a) Consolidated statements.

Impairment tests on financial investments are carried out in accordance with the accounting policy referred to in 2.2 and based on the assessment of the assets of the subsidiaries carried out using discounted cash flow models.

The main assumptions used for the valuation of the financial holdings can be summarized as follows:

31 Dec 2020

Company	Assumptions	Period	Discount rate	Growth rate in perpetuity	Average sales growth rate	Value of investment units
SFS, Gestão e Consultoria, SA	Value in use	2021-2025	10%	0.00%	10.00%	---
SFS - Sonae Financial Services, IME, SA	Value in use	2021-2025	10%	0.50%	25.00%	---
Sonae FS, SA	Equity	---	---	---	---	---

31 Dec 2019

Company	Assumptions	Period	Discount rate	Growth rate in perpetuity	Average sales growth rate	Value of investment units
SFS, Gestão e Consultoria, SA	Value in use	2020-2024	10%	0.00%	0.19%	---
SFS - Sonae Financial Services, IME, SA	Value in use	2020-2024	10%	0.50%	3.00%	---
Sonae FS, SA	Equity	---	---	---	---	---
Fundo de Investimento Imobiliário Fechado Imosede	Value of investment units	---	---	---	---	890.8526

The assumptions used, for the remaining financial investments, generally correspond to those used for the purposes of impairment tests of goodwill and for the evaluation of real estate assets that are disclosed in the consolidated financial statements.

Accumulated impairment losses as at 31 December 2020 and 2019 are as follows:

	31 Dec 2020	31 Dec 2019
Sonae Holdings, SA	161,852,455	136,585,000
Sonae Sierra, SGPS, SA	76,602,778	-
Sontel, BV	58,752,945	71,849,000
Sonae RE, SA	2,331,838	2,912,000
	299,540,016	211,346,000

Sonae Holdings, SA is a company whose corporate purpose is the management of shareholdings, and its portfolio consists of companies operating in the electronics, fashion and retail sectors.

On 4 April 2020, SONAECOM was informed by its subsidiary ZOPT of the communication it received from the Central Criminal Investigation Court of Lisbon ('Court') to proceed with the preventive seizure of 26.075% of NOS share capital, corresponding to half of the shareholding in NOS held by ZOPT and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited, controlled by Mrs. Eng.^a Isabel dos Santos. Under the terms of that communication, the foreclosed shares (134,322,268.5 shares) would be deprived of the exercise of voting rights and the right to receive dividends, the latter of which should be deposited with Caixa Geral de Depósitos, S.A. at the order of the Court. The other half of ZOPT's participation in NOS share capital, corresponding to an identical percentage of 26.075% - and which, at least in line with the criterion used by the Court, embodies the 50% held in ZOPT by SONAECOM - was not subject to seizure, nor the rights inherent to it have been subject to any limitation.

It is the understanding of the boards of directors of ZOPT and SONAECOM that the forfeiture measure enacted is illegitimate and offends several fundamental rights of ZOPT - third in relation to the enacted seizure -, having no legal basis, and is not legally liable to determine the deprivation of voting rights, not even to inhibit the holder of the arrested shares from continuing to exercise those rights, a deprivation that is understood for that reason, to be null and of no effect. In this regard, ZOPT has deducted third party embargoes.

On 12 June 2020, ZOPT was notified of the order issued by the Lisbon Central Criminal Investigation Court, which authorizes it to exercise the voting right corresponding to the 26.075% of NOS share capital preemptively held to the order of that Court. This notification reinforces the understanding of the Boards of Directors of ZOPT and Sonaecom, according to which the conditions of control of ZOPT over NOS are fulfilled, and that that measure will have no material effect on the control of this company.

Still in June 2020, the Investigating Judge rejected the third-party embargoes deducted by ZOPT on the grounds of incompetence of the Portuguese courts to assess and decide, a decision that, having been appealed by ZOPT, was revoked by the Court of Justice. Relationship, already in 2021, awaiting further developments, namely the judicial pronouncement on the embargoes/arrest.

On 19 August, Sonaecom communicated the intention of the shareholders of ZOPT (Sonaecom itself, Unitel International Holdings, BV and Kento Holding Limited) to liquidate the company, maintaining Sonaecom as the reference shareholder of NOS. To date, the efforts to dissolve the ZOPT have not yet been carried out.

In the last quarter of 2020, the seizure of 32.65% of the capital of ZOPT held by UNITEL was also decreed, with deprivation of the exercise of voting rights and the right to receive dividends, and 124,234,675 shares of ZOPT held by KENTO, also with no exercise of the right to vote and the right to receive dividends. Additionally, in January 2021, ZOPT was also notified by Caixa Geral de Depósitos (CGD), as the beneficiary of the pledge of the shares held by Kento in ZOPT, referring to being vested with the power to exercise the voting rights inherent in the Shares, and all other inherent rights, and that Kento was deprived of exercising such rights without the prior, express and written authorization of CGD. It is the understanding of the Board of Directors of ZOPT, that whenever there is no question of protecting the economic value of the shares, in the exercise of voting rights, C.G.D. as Kento's pledge creditor, you must act in accordance with Kento's instructions, which means voting in the sense defined by Kento.

Despite the facts described above considering that, no steps have yet been taken to wind up ZOPT, that there has been no change in the board of directors of ZOPT and that decisions on the operating activity of the investee company continue to be taken in accordance with what was being done, we concluded that the profile of joint control over the ZOPT has not changed.

7. Financial assets at fair value

7.1 Fair value through other comprehensive income

As at 31 December 2020, the caption Financial Investments at Fair Value through Other Comprehensive Income is related to the acquisition of 38,000,000 shares representing 7.38% of the share capital and voting rights of NOS for the value of 136,420,000 euros. As at 31 December 2020, this interest was measured based on the quotation at the date, with the difference in value being recorded in "Other comprehensive income". This investment is valued at fair value classified at level 1 of the corresponding fair value hierarchy defined in IFRS 13 - Fair Value in accordance with the policy described in Note 2.1.

7.2 Fair value through profit or loss

As at 31 December 2020, the caption Financial Investments at Fair Value through profit or loss includes the investment of 3,000,000 euros representing 10% of the capital in the investment fund Bright Tech Innovation I, created in June 2020.

8. Deferred tax assets and liabilities

The details of deferred tax assets and liabilities as at 31 December 2020 and 2019, according to the temporary differences that generated them, are as follows:

	31 Dec 2020		31 Dec 2019	
	Assets	Liabilities	Assets	Liabilities
Tax losses carried forward	3,754,994	-	10,282,824	-
Rights of use	123,445	122,961	162,762	167,456
Tax Benefits	2,475,000	-	-	-
Others	315,849	-	257,083	-
Closing balance	6,669,288	122,961	10,702,669	167,456

During the periods ended 31 December 2020 and 2019, movements in deferred tax assets and liabilities are as follows:

	31 Dec 2020		31 Dec 2019	
	Assets	Liabilities	Assets	Liabilities
Opening balance	10,702,669	167,456	10,232,104	85,727
Effects in net income:				
Tax losses	(626,257)	-	(684,119)	-
Share-based payments	58,766	-	257,083	-
Lease liabilities	(39,317)	(44,495)	82,783	81,729
Tax Benefits (Note 11)	2,475,000	-	-	-
	1,868,192	(44,495)	(344,253)	81,729
Effects in balance:				
Constitution / reversal of deferred tax assets over tax losses	(5,901,573)	-	814,818	-
Closing balance	6,669,288	122,961	10,702,669	167,456

According to Portuguese tax legislation, fiscal group deferred tax on assets and liabilities are as follows:

	31 Dec 2020		31 Dec 2019	
	Tax losses carried forward	Time limit	Tax losses carried forward	Time limit
Generated in 2016	-	-	18,341,757	2028
Generated in 2017	-	-	17,328,946	2022
Generated in 2018	-	-	13,295,127	2023
Generated in 2019	17,880,924	2026	-	-
	17,880,924		48,965,830	

9. Other non-current assets

As at 31 December 2020 and 2019, the details of "Other non-current assets" are as follows:

	31 Dec 2020	31 Dec 2019
Loans granted to group companies:		
Sonae Investments, BV (Nota 25)	32,700,000	-
Other receivables:		
MDS, SGPS, SA (Nota 25)	1,000,000	1,000,000
Fundo de compensação do Trabalho	6,727	2,162
	33,706,727	1,002,162

As at 31 December 2020 the loans granted to group companies, bear interest at market rates indexed to Euribor, have a long-term maturity and its fair value is similar to its carrying amount.

There are no past due or impaired receivable balances as at 31 December 2020 and 2019. The eventual impairment of loans granted to group companies is assessed in accordance with note 2.3 j).

10. Trade receivables

Trade accounts receivables as at 31 December 2020 and 2019 relates exclusively to technical administration and management services to companies in which the Company has an equity interest (Note 25).

As at the statement of financial position dates there are no accounts receivable past due, and no impairment loss was recorded.

11. Other receivables

As at 31 December 2020 and 2019, the details of "Other receivables", are as follows:

	31 Dec 2020	31 Dec 2019
Group companies		
Fashion Division, SA	72,334,000	-
Sonae Holdings, SA	27,037,000	309,245,000
SFS - Financial Services, IME, SA	26,230,000	-
Bright Brands SportsGoods, SA	1,246,000	-
Infocfield - Informática, SA	839,000	-
Halfdozen Real Estate, SA	80,000	2,503,000
Sonae Corporate, SA	-	79,935,000
Loans	127,766,000	391,683,000
Sonae Investments, BV	-	183,011
Interest	-	183,011
Special regime for taxation of group companies	32,130,400	43,332,504
Other debtors	500,113	1,085,332
	160,396,513	436,283,847

The amount recorded in the caption taxes-special regime for taxation of groups corresponds to the tax estimate calculated by the companies taxed under the Special Regime for Taxation of Corporate Groups, of which the Company is the dominant company.

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity of less than one year.

There were no assets impaired or past due as at 31 December 2020 and 2019. The fair value of loans granted is similar to

its carrying amount.

12. Income tax

As at 31 December 2020 and 2019 the income tax are as follows:

	31 Dec 2020	31 Dec 2019
Income tax for the year	7,878,219	2,226,422
Income tax for prior years	8,543,879	19,272,347
	16,422,098	21,498,769

On 31 December 2020 and 2019, the caption Income tax refers to the tax estimate for the year deducted from payments on account, additional payments on account, special payments on account and withholding tax on corporate income tax. Collective Persons (IRC). The caption Tax from previous years refers to tax recoverable related to previous years, which has not yet been reimbursed by the tax authority.

The amount of income tax for the year recorded in the income statement for the years ended 31 December 2020 and 2019 can be detailed as follows:

	31 Dec 2020	31 Dec 2019
Current tax	(1,912,687)	(3,296,443)
Deferred tax	(1,058,632)	425,982
	(2,971,319)	(2,870,461)

Reconciliation between the profit before taxes and the tax charge for the years ended 31 December 2020 and 2019 are summarized as follows:

	31 Dec 2020	31 Dec 2019
Profit before taxes	72,293,976	185,612,625
(Decrease) / Increase to net income for tax purposes	21%	21%
Taxable income	15,181,735	38,978,651
Untaxed results		
Dividends not subject to tax	(33,032,320)	(24,368,924)
Capital (losses)/gains untaxed	(328,883)	299,227
(Reversal)/Impairment losses	18,520,743	(17,707,620)
Others	-	-
Effect of constituting / reversing deferred taxes (Note 8)	(2,475,000)	-
Excess tax estimate	(785,219)	(450,273)
Municipal surcharge	(115,175)	-
Autonomous taxes and tax benefits	(35,570)	(26,273)
Others	98,370	404,751
Tax charge	(2,971,319)	(2,870,461)

13. Other current assets

As at 31 December 2020 and 2019, the amount recorded in the caption other current assets corresponds essentially to income accruals related to the specialization of interest on loans granted and commissions on sureties provided to subsidiaries.

14. Cash and bank balances

As at 31 December 2020 and 2019, cash and cash equivalents are as follows:

	31 Dec 2020	31 Dec 2019
Cash in hand	2,004	1,244
Bank deposits	145,898	119,803
Cash and cash equivalents on the statement of financial position	147,902	121,047
Bank overdrafts	(9,868,724)	(1,242,786)
Cash and cash equivalents on the cash flow statement	(9,720,822)	(1,121,739)

Bank overdrafts include current account credit balances with financial institutions, included in the statement of financial position under "Loans", note 18.

15. Equity

As at 31 December 2020 and 2019 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

As at 31 December 2020 and 2019 Efanor Investimentos, SGPS, SA and affiliated companies held 52.8528% of Sonae's share capital.

16. Legal reserves

Portuguese commercial legislation establishes that at least 5% of the annual net income must be used to reinforce the "legal reserve" until it represents at least 20% of the share capital. This reserve is not distributable, except in case of liquidation of the Company, but it can be used to absorb losses, after all other reserves have been exhausted, and for incorporation into the capital.

17. Other reserves

As at 31 December 2020 and 2019 other reserves are detailed as follows:

	31 Dec 2020	31 Dec 2019
Free reserves	1,350,970,878	1,264,252,966
IFRS 16 impact	-	(7,418)
Share-based payments reserve (Note 18)	1,403,771	1,142,589
Fair value of NOS shares (Note 7.1)	(27,816,000)	-
	1,324,558,649	1,265,388,137

Movements occurred in 2020 and 2019 in these reserves are detailed in the Company statement of changes in equity.

Share-based payments reserve relates to equity-share based payments under the deferred performance bonuses to be settled by delivery of shares, measured based on shares fair value at grant date.

18. Share-based payments

In 2020 and in previous years, Sonae granted, in accordance with the remuneration policy described in the corporate governance report and note 2.9, deferred performance bonuses in the form of shares, to be purchased at a discount, three years after their allocation. The exercise of rights only occurs if the employee is employed on the due date.

As at 31 December 2020 and 2019, the outstanding plans were as follows:

	Vesting period		31 Dec 2020		31 Dec 2019	
	Year of grant	Vesting year	Number of participants	Number of shares	Number of participants	Number of shares
Plan 2016	2017	2020	-	-	6	622,075
Plan 2017	2018	2021	5	470,374	6	536,210
Plan 2018	2019	2022	6	727,415	7	721,532
Plan 2019	2020	2023	7	916,109	-	-

The fair values of the attributed shares for the outstanding plans can be detailed as follows:

	Year of grant	Vesting year	Grant date	31 Dec 2020	31 Dec 2019
Plan 2017	2018	2020	-	-	566,088
Plan 2018	2019	2021	294,924	311,152	487,951
Plan 2019	2020	2022	692,499	481,185	656,594
Plan 2020	2021	2023	1,029,707	606,006	-

During the year the movements occurred can be detailed as follows:

Number of shares	31 Dec 2020	31 Dec 2019
Opening balance	1,879,817	1,319,866
Changes during the year:		
Attributed	1,065,388	456,302
Vested	(592,002)	(353,240)
Canceled/ extinct/ corrected/ transferred	(239,305)	456,889
Closing balance	2,113,898	1,879,817

Amount	31 Dec 2020	31 Dec 2019
Recorded as staff cost in the year	772,683	479,241
Recorded as staff cost in previous year	631,088	663,348
	1,403,771	1,142,589

19. Loans

As at 31 December 2020 and 2019 this caption included the following loans:

	31 Dec 2020	31 Dec 2019
Bonds Sonae 2015/2022	-	100,000,000
Bonds Sonae 2015/2023	-	60,000,000
Bonds Sonae 2019/2026	50,000,000	50,000,000
Bonds Sonae 2020/2027	160,000,000	-
Bonds ESG Sonae SGPS 2020/2025	50,000,000	-
Bonds ESG Sonae SGPS 2020/2025	20,000,000	-
Up-front fees beard with the issuance of borrowings	(2,843,840)	(1,168,949)
Bonds	277,156,160	208,831,051
Sonae SGPS - commercial paper	380,000,000	285,000,000
Sonae SGPS - bank loans	85,000,000	40,000,000
Up-front fees beard with the issuance of borrowings	(436,822)	(146,609)
Bank loans	464,563,178	324,853,391
Non-current loans	741,719,338	533,684,442
Bank overdrafts (Note 14)	9,868,724	1,242,786
Sonae SGPS - commercial paper	67,865,000	143,350,000
Sonae SGPS - bank loans	10,000,000	10,000,000
Up-front fees not yet charged to income statement	-	(10,928)
Bank loans	87,733,724	154,581,858
Current loans	87,733,724	154,581,858

Loans estimated fair value is considered to be near its carrying amount. Loans fair value was determined by discounting estimated future cash flows. The major part of loans bears interests at variable interest rates indexed to market benchmarks.

Maturity of Loans

As at 31 December 2020 and 2019 the details of the maturity of loans excluding derivatives is as follows:

	31 Dec 2020		31 Dec 2019	
	Nominal value	Interests	Nominal value	Interests
N+1	87,733,724	7,071,620	154,592,786	4,651,036
N+2	93,000,000	6,749,883	30,000,000	4,038,142
N+3	202,000,000	5,125,445	165,000,000	3,111,103
N+4	124,500,000	3,682,484	80,000,000	1,785,289
N+5	174,500,000	2,824,352	120,000,000	910,368
after N+5	151,000,000	1,553,176	140,000,000	777,701

The maturities shown above were estimated in accordance with the contractual clauses of the loans and considering Sonae's expectations regarding their amortization date.

The interest amount was calculated considering the applicable interest rates for each loan at 31 December 2020.

As at 31 December 2020 and 2019, there were financing transactions with financial covenants whose conditions were negotiated in accordance with applicable market practices and which, at the date of this report, are in regular compliance.

As at 31 December 2020 and 2019, in addition to the amounts referred to in the caption cash and cash equivalents (Note 14), Sonae held 239 million euros available to meet its treasury needs, as follows:

	31 Dec 2020		31 Dec 2019	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities	127,000,000	520,000,000	194,750,000	295,000,000
Unused credit facilities	99,266,276	140,000,000	52,757,214	10,000,000

Interest rate as at 31 December 2020 of the bonds and bank loan was, in average, 0.98% (0.81% as at 31 December 2019).

20. Trade payables

As at 31 December 2020 and 2019 the details of trade payables are as follows:

	31 Dec 2020	31 Dec 2019
Trade payables - current account		
Related parties	1,189,304	463,428
Others	385,719	211,612
	1,575,023	675,040

21. Loans obtained from group companies

As at 31 December 2020 and 2019 loans obtained from group companies are as follows:

	31 Dec 2020	31 Dec 2019
Worten - Equipamentos para o Lar, SA	147,696,000	168,253,000
Sesagest - Projectos e Gestão Imobiliária, SA	41,692,100	40,137,000
Sontel, BV	31,317,000	207,157,000
SFS, Gestão e Consultoria, SA	29,119,000	37,372,000
Sonae Corporate, SA	14,135,957	-
Sonae FS, SA	4,065,000	4,044,000
Arat Inmuebles, SAU	2,000,000	1,036,000
Sonae RE, SA	966,500	1,103,000
Fashion Division, SA	-	24,893,000
Infofield - Informática, SA	-	3,026,000
Bright Brands Sportsgoods, SA	-	136,000
	270,991,557	487,157,000

Loans obtained from group companies bear interest at rates indexed to the Euribor.

22. Other payables

As at 31 December 2020 and 2019, the details of other payables are as follows:

	31 Dec 2020	31 Dec 2019
Group companies		
Taxes - Special regime for taxation of groups	40,204,860	60,560,833
Shareholders	111,356	106,180
Others	207,655	97,109
	40,523,871	60,764,122

The amount recorded in the tax heading - RETGS corresponds to the tax payable calculated by the companies taxed by the Special Taxation Regime for Groups of Companies, net of payments on account, of additional payments on account, of special payments on account and of withholding taxes, of which the Company is the dominant company.

23. Other current liabilities

As at 31 December 2020 and 2019 other current liabilities are as follows:

	31 Dec 2020	31 Dec 2019
Accruals:		
Salaries	1,979,026	1,561,227
Interests	1,442,717	1,454,293
External supplies and services	1,667,185	778,432
Others	162,105	226,462
	5,251,033	4,020,414

24. Contingent liabilities

As at 31 December 2020 and 2019, contingent liabilities were guarantees given are as follows:

	31 Dec 2020	31 Dec 2019
Guarantees given:		
on tax claims	198,791,334	196,974,371
on judicial claims	70,766	70,766
Guarantees given in the name of subsidiaries (a)	354,018,498	354,018,498

a) Guarantees given to Tax authorities in favour of subsidiaries to defer tax claims. The main tax claims for which guarantees were issued are disclosed in consolidated financial statements.

The caption guarantees provided by tax proceedings in progress includes guarantees provided in favour of the Tax Administration relating to corporate income tax for the years 2007 to 2017. Regarding these guarantees, the most relevant amount is associated with a positive equity variation by the sale of own shares to a third party in 2007, as well as by disregarding either reinvestment as capital gains due to the sale of shares, or the tax neutrality associated with spin-off operations. The Company proceeded with the judicial challenge of these additional assessments, and the Board of Directors believes, based on the opinion of its advisors, that the aforementioned legal challenges will be upheld.

No provision has been accounted to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for the Company.

25. Related parties

Balances and transactions with related parties are as follows:

Balances	31 Dec 2020	31 Dec 2019
Subsidiaries companies	37,743,840	46,282,261
Jointly controlled companies	1,184,801	4,890
Other related parties	151,988	1,236,808
Accounts receivable (Note 9, 10 and 11)	39,080,629	47,523,959
Parent company	462,648	461,334
Subsidiaries companies	41,011,414	58,695,393
Jointly controlled companies	11,648	275
Other related parties	108,738	1,861,457
Accounts payable (Note 20 and 22)	41,594,448	61,018,459
Subsidiaries companies	160,466,000	391,683,000
Loans granted (Note 9, 11 and 37)	160,466,000	391,683,000
Subsidiaries companies	270,991,557	487,157,000
Loans obtained (Note 21 and 37)	270,991,557	487,157,000

Transactions	31 Dec 2020	31 Dec 2019
Subsidiaries companies	8,054,835	3,710,469
Jointly controlled companies	84,180	3,975
Other related parties	129,028	114,110
Services rendered	8,268,043	3,828,554
Parent company	481,937	483,823
Subsidiaries companies	2,816,637	2,002,634
Jointly controlled companies	217,615	84,631
Other related parties	177,782	35,597
Purchases and services obtained	3,693,971	2,606,687
Subsidiaries companies	2,485,594	2,772,195
Interest income (Note 28)	2,485,594	2,772,195
Parent company	-	6,876
Subsidiaries companies	2,357,162	2,821,926
Interest expenses (Note 28)	2,357,162	2,828,802
Subsidiaries companies	206,978,057	116,042,494
Dividend income (Note 27)	206,978,057	116,042,494
Subsidiaries companies	10,373,442	1,791,362
Income from investment fund participation units (Note 27)	10,373,442	1,791,362
Subsidiaries companies	227,448,094	35,427,603
Acquisition of investments (Note 32)	227,448,094	35,427,603

“Other related parties” are considered to be all subsidiaries, jointly controlled companies or associates of Efanor Investimentos, SGPS, SA, namely: the companies of Grupo Sonae, SGPS, SA (which includes, among others, companies belonging to the dominated subgroups Sonae MC, SGPS, SA, Sonae Holdings, SA, Sonae Sierra, SGPS, SA and Sonacom, SGPS, SA); the companies of the Sonae Indústria group; and the companies of the Sonae Capital group. The members of the Board of Directors are also considered to be related parties.

The remuneration attributed to the Board of Directors for the years ended 31 December 2020 and 2019 is detailed as follows:

	31 Dec 2020	31 Dec 2019
Short-term benefits	2,044,695	1,593,830
Share-based benefits	737,234	427,500
	2,781,929	2,021,330

In 2020 and 2019 no loans were granted to the Company's Directors.

As at 31 December 2020 and 2019 no balances existed with the Company's Directors.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

26. Revenue

The services provided during 2020 in the amount of 6.9 million euros (2.4 million euros as of 31 December 2019) correspond to shared services and fee's related to brands provided to the group's companies.

27. Gains and losses on investments recorded at fair value through results

As at 31 December 2020 and 2019, gain or losses Investment is made up as follows:

	31 Dec 2020	31 Dec 2019
Dividends	157,296,764	116,042,494
Gains/(Losses) on sale of investments	3,177,641	(1,432,150)
Impairment losses (Note 6)	(101,870,233)	-
Impairment reversal (Note 6)	13,676,217	84,322,000
Income from investment fund participation units	10,373,442	-
	82,653,831	198,932,344

28. Net financial expenses

As at 31 December 2020 and 2019, net financial expenses are as follows:

	31 Dec 2020	31 Dec 2019
Interest expenses		
related with bank loans	(3,232,881)	(2,274,875)
related with non convertible bonds	(2,370,961)	(2,494,385)
Others	(2,478,408)	(2,828,803)
Interest of lease liabilities	(10,191)	(8,130)
Changes in fair value a)	(9,740,989)	-
Up front fees and commissions related to loans	(2,338,590)	(2,227,803)
Other financial expenses	(190,571)	(174,041)
Financial expenses	(20,362,591)	(10,008,037)
Interest income	2,486,229	2,772,195
Changes in fair value a)	15,879,841	-
Others	2	27,373
Financial income	18,366,072	2,799,568

a) In 2020, a financial derivative on NOS company shares was contracted and Sonae was exposed to changes in the security during the contract period. Changes in the value of this derivative are recorded in the accounts as changes in fair value. This derivative is closed as at 31 December 2020.

29. External supplies and services

As at 31 December 2020 and 2019, external supplies and services are as follows:

	31 Dec 2020	31 Dec 2019
Services	5,930,050	3,585,875
Others	1,261,344	1,336,017
	7,191,394	4,921,892

As at 31 December 2020 and 31 December 2019, the amount registered in services obtained are mainly related to shared services provided by subsidiaries and to consultancy rendered by external entities.

As at 31 December 2020 and 31 December 2019, the amounts registered in others are mainly related to expenses with guarantees given by the parent company, insurances costs and travel expenses.

30. Employee benefits expense

As at 31 December 2020 and 2019, Employee benefits expense are as follows:

	31 Dec 2020	31 Dec 2019
Salaries	6,081,002	3,427,935
Social security contributions	967,515	429,780
Other staff costs	720,237	217,321
	7,768,754	4,075,036

31. Earnings per share

Earnings per share for the periods ended 31 December 2020 and 2019 were calculated taking into consideration the following amounts:

	31 Dec 2020	31 Dec 2019
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	75,265,295	188,483,086
Net profit taken into consideration to calculate diluted earnings per share	75,265,295	188,483,086
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	2,000,000,000	2,000,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outstanding shares related with deferred performance bonus (Note 18)	2,113,898	1,879,817
Shares related to performance bonus that can be bought at market price	(926,402)	(790,996)
Weighted average number of shares used to calculated diluted earnings per share	2,001,187,496	2,001,088,821
Earnings per share		
Basic	0.0376326	0.0942415
Diluted	0.0376103	0.0941903

32. Cash receipts and cash payments of investments

As at 31 December 2020 and 2019, cash receipts and cash payments related to investments can be detailed as follows:

Companies	31 Dec 2020		
	Acquisitions / (disposals) for the year	Amount received	Amount paid
Sonae Holdings, SA	21,626,000	-	21,626,000
Sonae Investments, BV	143,169,000	-	143,169,000
Sonae Sierra SGPS, SA	(49,681,292)	49,681,292	-
Sontel, BV	31,284,000	-	31,284,000
NOS, SGPS, SA	136,420,000	-	136,420,000
SFS - Financial Services, IME, SA	15,000,000	-	15,000,000
Marketplace - Comércio Eletrónico, SA	2,678,381	-	2,678,381
Fundo de Investimento Imobiliário Fechado Imosede - Ups purchase	7,999,505	-	7,999,505
Fundo de Investimento Imobiliário Fechado Imosede - UPs income	-	10,373,442	-
Fundo de Investimento Imobiliário Fechado Imosede	(84,047,500)	87,225,141	-
Bright Vector I - Fundo Capital de Risco	3,000,000	-	3,000,000
TRS NOS	-	48,228,457	42,089,607
	227,448,094	195,508,332	403,266,493

Companies	31 Dec 2019		
	Acquisitions / (disposals) for the year	Amount received	Amount paid
Arat Inmuebles, SAU	(395,000)	395,000	-
Mktplace Comércio Eletrónico, SA	3,625,523	-	3,625,523
SFS, Gestão e Consultoria, SA	3,747,600	-	3,747,600
Sonae FS, SA	4,049,800	-	4,049,800
Sonae Holdings, SA	24,000,000	-	24,000,000
Sonae RE, SA	399,680	-	399,680
	35,427,603	395,000	35,822,603

33. Reconciliation of liabilities arising from financing activities

The reconciliation of liabilities arising from financing activities during 2020 and 2019 is as follows:

	Loans	Group companies
Opening balance as at 1 January 2019	606,250,000	600,131,390
Receipts / (payments) arising from bonds	50,000,000	-
Receipts / (payments) arising from bank loans	4,135,671,000	-
Receipts / (payments) arising from bank loans	(4,103,571,000)	-
Receipts / (payments) arising from group companies	-	2,563,376,000
Receipts / (payments) arising from group companies	-	(2,676,350,390)
Closing balance as at 31 December 2019	688,350,000	487,157,000
Receipts / (payments) arising from bank loans	230,000,000	-
Receipts / (payments) arising from bonds	-	-
Receipts / (payments) arising from bank loans	3,510,975,000	-
Receipts / (payments) arising from bank loans	(3,436,460,000)	-
Receipts / (payments) arising from group companies	-	1,085,398,057
Receipts / (payments) arising from group companies	-	(1,301,563,500)
Closing balance as at 31 December 2020	822,865,000	270,991,557

34. Dividends

For the year 2020, the Board of Directors will propose a gross dividend of 0.0486 euros per share, in the total amount of 97,200,000 euros. This dividend is subject to the approval by shareholders of the Company in the Shareholders Meeting.

35. Approval of financial statements

The accompanying separate financial statements were approved by the Board of Directors on 16 March 2021. Nevertheless, they are still subject to approval at the Shareholders Annual General Meeting.

36. Subsequent events

Strengthening of the position in Sonae Sierra

On 5 March 2021, Sonae informed that Grosvenor announced its intention to exercise a put option on 10% of the shares held in Sonae Sierra, for an estimated value of 82.16 million euros, which represents an implicit discount, about 11% on the most recently published Sonae Sierra NAV (September 2020). The irrevocable exercise of this put option is subject to final confirmation by Grosvenor following the approval of Sonae Sierra's audited consolidated accounts for the year 2020. Upon completion of this transaction, Sonae will hold 80% of the share capital and voting rights of Sonae Sierra. The main impact of this operation on the Group's consolidated financial statements will be the transfer of Reserves from "Non-controlling interests" to "Group Equity", since Sonae already holds a 70% controlling interest in Sonae Sierra.

37. Information required by law

Decree-Law n° 318/94 art.º 5º n° 4

During the year ended 31 December 2020, financial operations contracts were signed with the following companies:

Arat Inmuebles, SAU

Bright Brands SportsGoods, SA

Fashion Division, SA

Halfdozen Real Estate, SA

Infofield - Informática, SA

Sesagest – Projectos e Gestão Imobiliária, SA

SFS - Financial Services, IME, SA

SFS, Gestão e Consultoria, SA

Sonae Corporate, SA

Sonae FS, SA

Sonae Holdings, SA

Sonae Investments, BV

Sonae RE, SA

Sontel, BV

Worten - Equipamentos para o Lar, SA

As at 31 December 2020, the accounts receivables in respect of these transactions are as follows:

	Closing Balance
Fashion Division, SA	72,334,000
Sonae Investments, BV	32,700,000
Sonae Holdings, SA	27,037,000
SFS - Financial Services, IME, SA	26,230,000
Bright Brands SportsGoods, SA	1,246,000
Infofield - Informática, SA	839,000
Halfdozen Real Estate, SA	80,000
	160,466,000

As at 31 December 2020, the accounts payables in respect of these transactions are as follows:

	Closing Balance
Worten - Equipamentos para o Lar, SA	147,696,000
Sesagest - Projectos e Gestão Imobiliária, SA	41,692,100
Sontel, BV	31,317,000
SFS, Gestão e Consultoria, SA	29,119,000
Sonae Corporate, SA	14,135,957
Sonae FS, SA	4,065,000
Arat Inmuebles, SAU	2,000,000
Sonae RE, SA	966,500
	270,991,557

Article 66 A of the Commercial Companies Code

As at 31 December 2020, fees Statutory Auditor amounted to 51,100 euro fully related with audit fees.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

José Manuel Neves Adelino

Margaret Lorraine Trainer

Marcelo Faria de Lima

Carlos António Rocha Moreira da Silva

Maria Fuencisla Clemares Sempere

Philippe Cyriel Elodie Haspeslagh

Maria Cláudia Teixeira de Azevedo

João Pedro Magalhães da Silva Torres Dolores

LEGAL CERTIFICATION OF ACCOUNTS



Statutory Audit Report and Auditors' Report

***(Free translation from the original in Portuguese)
Report on the audit of the consolidated financial statements***

Opinion

We have audited the consolidated financial statements of Sonae, SGPS, S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 (which shows total assets of 8,148,927,271 euros and total shareholders' equity of 2,439,852,346 euros including a profit for the period attributable to the equity holders of the parent company of 70,944,578 euros), the consolidated statement of income by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Sonae, SGPS, S.A. as at 31 December 2020, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of investments in joint ventures and associates, except Sonae Sierra

The Group holds an investment measured by the equity method amounting to 663.0 million euros in the joint venture, ZOPT, that controls NOS, SGPS, SA, which in turn holds investments in the Angolan entities, Finstar (owned by 30%, being the other 70% held by the shareholder currently seized) and ZAP Media (held by 100% by Finstar), as well as in the Mozambican entity, MSTAR, amounting to approximately 43 million euros. Furthermore, the Group holds investments measured by equity method in the associates, Armilar I, Armilar II and Armilar I+I, amounting to 143.9 million euros, which have their financial investments measured at fair value.

As disclosed in the note 13.3, during 2020 and until the closing date, the following facts involving ZOPT were known: i) preventive seizure of shares representing 26.075% of the NOS' equity held by ZOPT, with limitation of exercising the voting rights (subsequently reversed) and receipt of dividends, in the context of a judicial proceeding involving the partner in the joint venture; ii) preventive seizure of shares representing 50% of the share capital of ZOPT, held by the partner in the joint venture; iii) notification of a banking entity to ZOPT, in January 2021, stating that it is vested with the right to exercise the voting rights of shares representing 17.35% of the capital of ZOPT; and, in August 2020, the Group announced to the market that the shareholders agreed to take the necessary steps to dissolve ZOPT and share its assets proportionally. As prescribed in IAS 36, impairment testing to the related assets is performed whenever impairment indicators exist, and business plans are prepared for the determination of the recoverable amount. Considering the inherent subjectivity of the valuation model and the estimation uncertainty associated with the assumptions involved in determining the recoverable amount of the joint venture and the fair value of the associates' investees, we consider the determination of the

As the financial statements of the joint venture and associated entities are audited by other auditors, we have: i) obtained the related financial statements and audit reports; ii) sent audit instructions; iii) interacted with the respective auditors; iv) evaluated the strategy and the audit plan, as well as the tests performed for the significant areas and the conclusions reached; and v) validated the equity accounting.

Regarding the facts involving the joint venture, ZOPT, we have also performed the following audit procedures: (i) assessing the impacts of the seizure of Finstar's interest in the measurement of ZOPT's investment in the Angolan entities and of the reasonableness of the assumptions used in its measurement; (ii) assessing the impacts produced by the limitation to the receipt dividends related to shares representing 26.075% of NOS' equity by ZOPT in the measurement of the Group's investment in the joint venture, namely through obtaining and analyzing opinions of the joint venture's legal advisors; (iii) assessing the impacts of the preventive seizure of the shares representing 50% of the capital of ZOPT held by the partner in the joint venture, and of the notification received from the bank, in the classification and measurement of this investment in the consolidated financial statements; (iv) in view of the decision to dissolve ZOPT and of the difference between the book value and the market capitalization of NOS, assessing the adequacy of the value in use to determine the recoverable amount of the joint venture; and v) obtaining and analyzing the impairment test of the aforementioned joint venture.

The analysis of the joint venture's impairment test involved the following procedures: (i) assessing the models used to determine the recoverable amount and their compliance with the accounting standards; (ii) analyzing the

Key Audit Matter

recoverable amount of those assets as a key audit matter.

The related disclosures are presented in notes 2.2 b), 2.22, 13 and 49 to the consolidated financial statements.

Summary of the Audit Approach

reasonableness of the assumptions used in the forecasted figures, considering the market conditions and the historical accuracy in preparing forecasts and budgets; (iii) reperforming the calculations of the models; and (iv) sensitivity analysis of the most significant assumptions.

We also reviewed the disclosures related to investments in joint ventures and associates.

Impairment of goodwill, tangible and intangible assets

As at 31 December 2020, the consolidated statement of financial position includes a carrying amount of goodwill of Euro 670.8 million euros, as well as tangible and intangible assets amounting to 1,695.1 million euros and 413.4 million euros, respectively, including indefinite-life intangible assets of 184.4 million euros. In 2020, impairment losses amounting to 29.6 million euros have been booked, related to goodwill (9.4 million euros) and tangible and intangible assets (20.2 million euros).

Goodwill and indefinite-life intangible assets (brands) are not amortized and are tested for impairment, annually or whenever impairment indicators exist. In what concerns tangible fixed assets and the remain intangible assets, impairment tests are carried out whenever impairment indicators exist.

The determination of the recoverable amount of these assets, based on discounted cash flows, was considered a key audit matter, due to the high degree of judgment involved in the determination of its value, which is based on the definition by Management of a set of estimates and assumptions, based on strategic business plans. For most of its real estate assets, the Group determines its fair value through external expert valuations. The assessment of the fair value of these assets was also considered as a key audit matter because there is no active

Our audit procedures included, among others, when applicable: (i) evaluating the criteria used to determine the cash generating units for valuation models prepared for impairment tests; (ii) assessing the reasonableness of the relevant assumptions and methodology used in the respective calculations, in particular discount rates, growth rates and royalty rates for trademarks; (iii) reperforming the calculations of the models; and (iv) scenarios and performing sensitivity analysis around the key variables.

Regarding real estate assets, the audit procedures on this key matter included, among others: (i) obtaining external valuations; (ii) assessment of the criteria used by the external consultant in the measurement of the fair value of real estate assets, namely rents and yields used and comparison with the previous year, namely involving our internal experts; and (iii) adequacy of using the referred criteria in determining the recoverable amount for consolidated financial statements' purposes

We also reviewed the disclosures related to these impairment tests.

Key Audit Matter**Summary of the Audit Approach**

market and, therefore, a high degree of judgment is required.

The related disclosures are presented in Notes 2.2 c), 2.3, 2.5, 2.10, 8, 9, 12 and 34 to the consolidated financial statements.

Measurement of investment properties at fair value

As at 31 December 2020, the group owns Investment properties amounting to 319.4 million euros, as well as a significant portfolio of investments in joint ventures and associates held through the subsidiary, Sonae Sierra, amounting to 112.1 million euros and 515.1 million euros, respectively, which hold directly or indirectly investment properties.

The investment properties are measured at fair value determined by appraisals performed by independent specialized entities. On the other hand, the realizable value of the investments in joint ventures and associates is determined by reference to the estimated sale price, based on the fair value of their investment properties, held directly or indirectly, determined by valuations performed by specialized entities or, internally by Sonae Sierra, in which concerns the investment properties located in Brazil held by the associate, Aliansce Sonae Shopping Centres, whose contribution to the consolidated financial statements as at 31 December 2020 amounts to 79.7 million euros

Fair value is determined through property valuation methodologies based on relevant assumptions, amongst which the discount rate and future projections of the shopping centres operations. Additionally, as mentioned in Note 11, the exceptional and temporary measures adopted by the different countries during 2020 following the Covid 19 pandemic, and, in particular, the lockdown measures affected the activity of the entities belonging to Sonae Sierra perimeter, as

The investment properties presented in the consolidated statement of financial position refer to the subsidiary Sonae Sierra, whose consolidated financial statements are audited by another auditor. In addition to obtaining the audit report for these consolidated financial statements, we have sent audit instructions, interacted with the respective auditors and reviewed Sonae Sierra's auditors working papers, focusing on the procedures performed and conclusions reached regarding the measurement of investment properties as at 31 December 2020, namely in what concerns the impact of the Covid 19 pandemic on the assumptions used on the valuations and the assessment of the technical competence of the appraisers and independence requirements, and verified that written confirmations of this fact were obtained.

Additionally, for a sample of investment properties, we have performed the following audit procedures: (i) obtaining the valuations made by the entities hired by the Group for this purpose and the valuations performed internally by Sonae Sierra, regarding some investment properties located in Brazil; (ii) analyzing the main assumptions included in those valuations, namely discount rates, exit cap rates, revenue growth rate, change of the ratio of operational result to revenue and implicit yields in the valuation, involving internal experts; and (iii) validating the equity method accounting for joint ventures and associates.

Key Audit Matter

well as the valuation of their investment properties measured at fair value. In this context of increased uncertainty, most appraisals reports include a material evaluation uncertainty.

The fair value measurement of investment properties was considered a key audit matter, taking into account the high degree of judgment and the complexity associated with such measurement due to the uncertainty of its future realization.

The related disclosures are presented in Notes 2.2.b), 2.4, 11 and 13 to the consolidated financial statements.

Summary of the Audit Approach

We have also reviewed the disclosures presented in the notes to the consolidated financial statements.

Litigations and Contingencies

Contingent liabilities disclosed by the Group as at 31 December 2020 include, among others, uncertain tax positions in Portugal being disputed in tax courts, for which were granted warranties in the amount of 1,165.5 million euros, part of which related to additional Value Added Tax settlements (534 million euros) and income tax (269 million euros). There are also several ongoing proceedings to challenge fines imposed by the Competition Authority amounting to 130.5 million euros, as well as other administrative proceedings initiated by the same entity without sentencing decisions issued at the closing date of the accounts.

The classification of the litigations as contingent liabilities (only disclosed in the notes) or provisions (when there is a present obligation and a probable outflow of resources), as well as its measurement were considered a key audit matter, considering the materiality, the high degree of judgement by the Management, the fact that the assessment of those proceedings is complex and have uncertain outcomes, which depend upon potential future developments.

The audit procedures regarding contingency assessment and tax litigation with the support of our internal tax experts included, among others: (i) obtaining the list of ongoing tax disputes and its probability outcome assessment prepared by the corporate tax department, which includes significant group subsidiaries; (ii) obtaining and analysis of the confirmations of the claims received from external legal consultants, when applicable; having met the lawyer in charge of the proceedings initiated by the Competition Authority, (iii) for a sample of undergoing tax processes, analysis of related documentation and evaluation of complaints and disputes made by the Group, in the applicable cases; (iv) discussion of the assumptions and arguments that support the management position regarding the tax proceedings; and (v) assessing the assumptions assumed by the Group in the contingency classification.

We also reviewed the disclosures presented in the notes to the consolidated financial statements.

Key Audit Matter**Summary of the Audit Approach**

The related disclosures are presented in Notes 2.13, 2.15, 34 and 36 to the consolidated financial statements.

Commercial income from suppliers

The Group has a significant set of agreements with suppliers from which obtains commercial income. This commercial income is related to purchase volume-based discounts or amounts related to services rendered in stores, such as placement of articles in brochures and tops, as well as the participation on promotional campaigns for partner products, indirectly associated with purchase processes. That income constitutes a deduction to the purchase price, and as such are recorded as a deduction to Cost of sales or to Inventories.

The recognition of the commercial income related to the aforementioned service component depends on the fulfillment of the performance obligation agreed with the supplier, which requires a detailed review of the contractual terms, supported on specific information systems with defined categories of commercial income.

The commercial income from suppliers was considered a key audit matter based on its materiality, the volume of transactions and the fact that the allocation to inventories of the service component is based on manual processes more susceptible to the occurrence of errors.

The related disclosures are presented in Notes 2.12, 2.19, 17 and 21 to the consolidated financial statements.

The audit procedures included, among others: (i) the analysis of the design, implementation and assessment of relevant controls over commercial income (approval of agreements with suppliers, information systems supporting such operations and their calculations, data interfaces); (ii) analytical procedures, namely the analysis of ratios of income to purchases, by product segments, monthly variations and comparisons with the previous year; (iii) for a sample of agreements, the analysis of the supporting documentation in order to check if it was properly contracted and agreed with the suppliers and the validation of the adequacy of the accounting treatment of such agreements; (iv) testing the allocation of obtained discounts and commercial income to inventories as at 31 December 2020; (v) the validation of the correct cut off at the end of the period, namely through subsequent events procedures in 2021, and (vi) third party confirmation of balances for a sample of suppliers, and review of its reconciliation, when applicable.

We also reviewed the disclosures presented in the consolidated financial statements.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' report, including the Corporate governance report, in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria;
- e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;
- g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and
- i) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements, the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters and verifying that the consolidated non-financial statement was presented.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report, is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Consolidated non-financial statement

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Group prepared a separate report of the Director's report that includes the consolidated non-financial statement set forth in article No. 66-B of the Portuguese Company Law, which was disclosed together with the Director's report.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

- a) We were first appointed auditors of Sonae, SGPS, S.A. in the Shareholders' General Meeting of 3 May 2020 until the end of the mandate 2015 to 2018, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 30 April 2020 for the period from 2020 to 2022.
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud;
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of 29 March 2021; and

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors (“Estatutos da Ordem dos Revisores Oficiais de Contas”) and that we remain independent of the Group in conducting our audit.

29 March 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António Joaquim Brochado Correia, R.O.C.



Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sonae, SGPS, S.A. (the Entity), which comprise the separate statement of financial position as at 31 December 2020 (which shows total assets of Euro 4,927,312,598 and total shareholders' equity of Euro 3,778,443,675 including a net profit of Euro 75,265,295), the separate statement of income by nature, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Sonae, SGPS, S.A. as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of Investments in Subsidiaries and Joint Ventures

Sonae SGPS, S.A. holds financial investments in subsidiaries, associates and joint ventures amounting to 4,590.8 million euros, measured at acquisition cost net of impairment losses, which are assessed at each reporting date to identify indicators of possible impairment losses. Those financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and are based on discounted cash flows models and valuation of real estate assets for investees holding such assets.

As disclosed in the note 6, during 2020 and until the closing date, the following facts involving the joint venture, ZOPT held directly and indirectly by the subsidiaries, Sonaecom, SGPS, SA and Sontel, BV were known: i) preventive seizure of shares representing 26.075% of the NOS' equity held by ZOPT, with limitation of exercising the voting rights (subsequently reversed) and receipt of dividends, in the context of a judicial proceeding involving the partner in the joint venture; ii) preventive seizure of shares representing 50% of the share capital of ZOPT, held by the partner in the joint venture; iii) notification of a banking entity to ZOPT, in January 2021, stating that it is vested with the right to exercise the voting rights of shares representing 17.35% of the capital of ZOPT; and, in August 2020, the Group announced to the market that the shareholders agreed to take the necessary steps to dissolve ZOPT and share its assets proportionally

The assessment of the recoverable value of those financial investments were considered a key audit matter, due to their value and the significant impact on the separate financial statements (impairment losses and reversal of impairment losses of 101.8 million euros and 13.7 million euros) and because assessment is highly judgmental, as it is based on estimations

Our auditing procedures included, among others, the assessment of impairment indicators in financial investments, and in case they exist: (i) assessing the methodology used for the determination of the realizable value of the interest in subsidiaries, associates and joint ventures; (ii) assessing the reasonableness of the key assumptions in the calculation, namely, discount rate and growth rate; (iii) evaluation of the criteria used by the external consultant in the quantification of the fair value of real estate assets, in the case of the investees with real estate assets, namely rents and yields used and in relation to the previous year; (iv) assessment of the impact of possible contingent liabilities on the quantification of the realizable value; (v) reviewing scenarios and performing sensitivity analysis the key variables, and (vi) comparing the recoverable amount obtained with the carrying amount of the investment, when applicable, and reviewing the reasonableness of the impairment losses and reversals booked.

Regarding the facts involving the joint venture, ZOPT, we have performed the following audit procedures: (i) assessing the impacts produced by the limitation to the receipt dividends related to shares representing 26.075% of NOS' equity by ZOPT in the measurement of the Group's investment in the joint venture and, indirectly, in the recoverable amount of the investment in the respective holders, namely through obtaining and analyzing opinions of the joint venture's legal advisors; (ii) assessing the impacts of the preventive seizure of the shares representing 50% of the capital of ZOPT held by the partner in the joint venture, and of the notification received from the bank, on the measurement of this investment; (iii) in view of the decision to dissolve ZOPT and of the difference between the book value and the market capitalization of NOS, assessing the adequacy of the value in use to determine the recoverable amount of the joint venture for its holders; and iv) obtaining and

Key Audit Matter	Summary of the Audit Approach
<p>and assumptions defined by the management that are affected by uncertain economic predictions impacting the projected cash flows, the assessment of the impacts of possible liabilities arising from contingent liabilities with high unpredictability, and the fair value adjustments on assets owned by some investees with real estate assets.</p> <p>The related disclosures are presented in notes 2.2, 6 and 27 to the separate financial statements.</p>	<p>analyzing the impairment test of the aforementioned joint venture.</p> <p>We also validated the adequacy of the disclosures related to the valuation of financial investments in subsidiaries, associates and joint ventures.</p>

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

- a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' report and the corporate governance report, in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria;
- e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;

h) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our understanding that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

- a) We were first appointed auditors of Sonae, SGPS, S.A. in the Shareholders' General Meeting of 3 May 2020 until the end of the mandate 2015 to 2018, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 30 April 2020 for the period from 2020 to 2022.
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud.
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Entity's supervisory board as of 29 March 2021.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors (“Estatutos da Ordem dos Revisores Oficiais de Contas”) and that we remain independent of the Entity in conducting our audit.

29 March 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António Joaquim Brochado Correia, R.O.C.

**REPORT AND OPINION OF THE
STATUTORY AUDIT BOARD**

REPORT AND OPINION OF STATUTORY AUDIT BOARD

Sonae SGPS, S.A.

(Translation of a Report and Opinion originally issued in Portuguese.

In case of discrepancy the Portuguese version prevails)

To the Shareholders

1 – Report

1.1 – Introduction

In compliance with the applicable legislation and statutory regulations, as well in accordance with the terms of our mandate, the Statutory Audit Board presents its report over the supervision performed and its Report and Opinion on the Report of the Board of Directors and the remaining individual and consolidated documents of accounts for the year ended 31 December 2020, which are the responsibility of the Board of Directors.

1.2 – Supervision

During the year, the Statutory Audit Board, in accordance with its competence and in accordance with its Regulations, accompanied the strategic lines and risk policy approved by the management of the Company and its subsidiaries, in compliance with the process described in the Recommendation III.6 of the IPCG Corporate Governance Code (hereinafter “CGS IPCG”) from which didn’t arises any issue, and has oversight, with the required scope, the activity of the Board of Directors and its committees, evolution of the operations, the adequacy of accounting records, the quality and appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies and valuation criteria used, as well as verified compliance with legal regulatory requirements.

In the exercise of its competences, the Statutory Audit Board obtained from the Board of Directors, in particular from the Board of Audit and Finance Committee, the necessary information to carry out its

supervision activity and proceeded with the necessary interactions to fulfill the competencies listed in the law and its Internal Regulation.

The Audit Board verified the effectiveness of internal control system, including its risk management, compliance and internal audit functions, in accordance with what is described in CGS IPCG in its Recommendations VI.2 to VI.5 and VI.7, in accordance with and within the scope its competence, analyzed the planning and results of the external and internal auditors' activity, accompanied the system involving the reception and follow up of reported irregularities and oversaw the reports issued by Sonae's Ombudsman, assessed the process of preparing the individual and consolidated accounts, provided the Board of Directors with information on the conclusions and quality of the financial statements audit and its intervention in this process, approved, previously, the rendering of non-audit services by the Statutory and External Auditor permitted under the law, and also having exercised its mandate in what concerns the evolution of the competence and independence of the Statutory and External Auditor, as well as to the supervision of the establishment of their remuneration.

During the year, the Statutory Audit Board accompanied, with special care, the accounting treatment of transactions that materially influenced the evolution of the activity expressed in the consolidated and individual financial position of Sonae, SGPS, S.A. and also audit work in the context of uncertainty caused by the Covid-19 pandemic, taking into account the circular to the supervisory bodies of public interest entities of the CMVM of 18 December 2020 on the audit of the closing of accounts for this financial year. In this context to highlight the Resilience of the Group and the ability to adapt to the demands and restrictions imposed by the crisis, while safeguarding a salutary economic and financial development.

The Statutory Audit Board, in compliance with article 249º-A, paragraph 1 of the Portuguese Securities Market Code, in the version introduced by law nº50/2020 of 25 August, issued a binding prior opinion regarding the review of the internal transaction policy with related parties, a policy that has been approved by the Board of Directors. During the year, transactions with related parties or qualified shareholders that are within the scope of the Company's current activity, were carried out under market conditions, complying with the applicable legal and regulatory requirements, with no conflicts of interest identified.

The Statutory Audit Board complied with the Recommendations of the Corporate Governance Code of the IPCG I.2.2, I.2.3, I.2.4, I.3.1, I.3.2, I.4.1, I.4.2, I.5.1, III.6 (with incidence on the risk policy in accordance with and within its competence), VI.2., VI.3, VI.4, VI.5, VI.7, VII.1.1, VII.2.1., VII.2.2., VII.2.3..

As a body, under the terms of al. c) of no. 2 of Article 3 of Law 148/2015, mainly composed by independent members, and the President being an independent member in accordance with the legal criteria, and all professionally qualified to perform their duties, the Statutory Audit Board developed its competences and interrelations with the other statutory bodies and Company's services in accordance with the principles and conduct recommended in the terms of legal and recommendations, and did not receive from the Statutory and External Auditor any report relating to irregularities or difficulties in the performance of its duties.

In the fulfilment of its duties, the Statutory Audit Board held twenty meetings, with the presence of, depending on the matters in the agenda, the Board of Directors, the officers in charge of Management Planning and Control, Administrative and Accounting Services, Treasury and Finance, Tax, Internal Audit, Risk Management, the Statutory and External Auditor and Sonae's Ombudsman as well as maintained the appropriate interactions with that of Legal Advisory and Corporate Governance. Additionally, the Statutory Audit Board participated in the Board of Directors' meeting where the Report of the Board of Directors and the financial statements for the year were approved and, during the year, had access to all the documental or personal information that appeared appropriate to the exercise of its audit action.

The Statutory Audit Board reviewed the Corporate Governance Report, enclosed to the Management Report on the consolidated financial statements, in accordance with nr. 5 of article 420º of Commercial Companies Code, having verified that the it includes the elements referred to in article 245º-A of the Portuguese Securities Market Code.

Still, in the fulfilment of its duties, the Statutory Audit Board reviewed the Report of the Board of Directors, including the Corporate Governance Report, and remaining individual and consolidated documents of account prepared by the Board of Directors, concluding that these information was prepared in accordance with the applicable legislation and that it is appropriate to the understanding of the financial position and results of the Company and the consolidation perimeter, and has reviewed the Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with its content.

2 – Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

- a) the Report of the Board of Directors.
- b) the individual and consolidated statements of financial position, profit and loss by natures, comprehensive income, changes in equity and of cash flows and related notes for the year ended 31 December 2020.
- c) the proposal of net profit appropriation presented by the Board of Directors.

3 – Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nr. 5/2008 and with the terms defined in paragraph c) nº 1 of the article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained in the individual and consolidated financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of the Sonae, SGPS, S.A. and companies included in the consolidation. Also, it is their understanding that the Board of Directors Report faithfully describes the business evolution, performance and financial position of Sonae, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face. It is also declared that the Corporate Governance Report complies with article 245º A of the Portuguese Securities Market Code.

Maia, 29 March 2021

The STATUTARY AUDIT BOARD

Maria José Martins Lourenço da Fonseca

Daniel Bessa Fernandes Coelho

Manuel Heleno Sismeiro

An abstract graphic composed of numerous thin, light blue lines that curve and overlap to form a large, circular, three-lobed shape. The lines are more densely packed in some areas, creating a sense of depth and movement. The overall effect is a dynamic, modern design.

ANNEXES

This supplement complements the information reported in the Management Report

1. ABOUT GRI SUPPLEMENT

The information published on the GRI Supplement focuses on the period of activity from the 1st January to the 31st December 2020 of Sonae, Sonae MC - which includes Sonae RP, Maxmat and Arenal (Tomenider) - , Sonae Fashion, Worten, Sonae FS, Sonaecom (which includes Sonae IM and the Media area, among others) and Sonae Sierra.

This Supplement does not consolidate NOS non-financial data, a company in which Sonae holds, directly and indirectly 33.5%, and the Iberian Sports Retail Group (which encompasses SportZone, Sprinter, JD and Size?) in which Sonae Fashion holds 30%.

As in the previous year, the Report was developed in accordance with the GRI Sustainability Reporting Guidelines (GRI Standards) for the option "In accordance – Core". The report highlights our performance at the level of the United Nations Global Compact (UNGC) Principles and the Sustainable Development Goals (SDG), in addition to responding to the requirements of the Portuguese Decree-Law no. 89/2017, published on 28th July 2017 and to the Spanish law no. 11/2018, published on 28th December 2018.

This Supplement complements the information reported in the "Our Performance" chapter of the Management Report that is structured around the five axes of action that we identified as priorities. For each one of the axes, the Group's performance and some of the initiatives developed are presented. For each of the axes, the Group's performance and some of the initiatives developed are presented. This GRI Supplement complements the report made, in response to the respective indicators.

The information reported in the GRI Supplement was subject to verification by an external entity – KPMG.

Our Portfolio

100%		SONAE MC	The undisputed leader in the Portuguese food retail market (both offline and online)
70%		SONAE SIERRA	International full service real estate specialist
33.5%		NOS*	A leading convergent player in the Portuguese telecoms market
100%		worten	Leading digital electronics and appliances player in Portugal
30%		IBERIAN SPORTS RETAIL GROUP	One of the largest and fastest growing sports retailers in Iberia (Sprinter, SportZone, JD and Size?)
100%		SONAE FASHION	Largest Portuguese fashion group (Salsa, MO, Zippy and Losan)
100%		SONAE FS	Fast growing digital financial services player in Portugal
90%		SONAE IM	Active portfolio manager with a focus on retail tech, telco tech and cyber security



*NOS voting rights 59.52%

3. GRI TABLE

GRI 102 - GENERAL DISCLOSURES

ORGANISATIONAL PROFILE

102-1	NAME OF THE ORGANISATION	VERIFIED	-
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Sonae SGPS

102-2	ACTIVITIES, BRANDS, PRODUCTS AND SERVICES	VERIFIED	-
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[The Group and our businesses](#)

102-3	LOCATION OF HEADQUARTERS	VERIFIED	-
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Sonae SGPS' headquarters are located in Lugar de Espido, Via Norte Maia – Portugal.

102-4	LOCATION OF OPERATIONS	VERIFIED	-
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The most significant operations are in Portugal. More information about our operations available here

102-5	OWNERSHIP AND LEGAL FORM	VERIFIED	-
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[Corporate Governance](#)

102-6	MARKETS SERVED	VERIFIED	-
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[Where we are](#)

102-7	SCALE OF THE ORGANISATION	VERIFIED	-
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GRI Supplement | 2. Sonae

102-8

INFORMATION ON EMPLOYEES AND OTHERS

VERIFIED

-

2020 N. ° of contracts by type	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten			Sonaecom (IM & Media)			Sonae Sierra		
	M	W	T	M	W	T	M	W	T
Permanent Contracts	10,310	21,713	32,023	566	280	846	370	423	793
Temporary Contracts	4,568	7,818	12,386	47	23	70	47	39	86
Fixed Term Contracts	-	-	-	-	-	-	1	5	6
TOTAL	14,878	29,531	44,409	613	303	916	418	467	885
Full-Time	11,887	21,283	33,170	613	303	916	418	448	866
Part-Time	2,991	8,248	11,239	0	0	0			
Permanent Part-Time	-	-	-	-	-	-	0	17	17
Temporary Part-Time	-	-	-	-	-	-	0	2	2
TOTAL	14,878	29,531	44,409	613	303	916	418	467	885

2020 Average n. ° of contracts by type	Age Group	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten											
		Permanent			Temporary			Full-time			Part-time		
		M	W	T	M	W	T	M	W	T	M	W	T
Executives	TOTAL	57	13	70	0	0	0	57	13	70	0	0	0
	< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
	From 30 to 50 years old	25	7	32	0	0	0	25	7	32	0	0	0
	≥ 50 years old	32	6	38	0	0	0	32	6	38	0	0	0
Senior & Middle Managers	TOTAL	579	372	951	0	0	0	579	368	947	0	4	4
	< 30 years old	3	4	7	0	0	0	3	4	7	0	0	0
	From 30 to 50 years old	417	286	703	0	0	0	417	283	700	0	3	3
	≥ 50 years old	159	82	241	0	0	0	159	81	240	0	1	1
Coordinators & Supervisors	TOTAL	1,128	1,751	2,879	22	76	98	1,146	1,801	2,947	4	26	30
	< 30 years old	100	190	290	12	36	48	112	219	331	0	7	7
	From 30 to 50 years old	857	1,343	2,200	10	38	48	863	1,365	2,228	4	16	20
	≥ 50 years old	171	218	389	0	2	2	171	217	388	0	3	3
Technicians & Specialists	TOTAL	1,081	2,092	3,173	55	161	216	1,132	2,220	3,352	4	33	37
	< 30 years old	260	536	796	48	113	161	307	644	951	1	5	6
	From 30 to 50 years old	723	1,330	2,053	7	47	54	728	1,351	2,079	2	26	28
	≥ 50 years old	98	226	324	0	1	1	97	225	322	1	2	3
Representatives	TOTAL	7,436	17,368	24,804	4,480	7,540	12,020	8,933	16,729	25,662	2,983	8,179	11,162
	< 30 years old	2,524	4,066	6,590	3,600	5,860	9,460	3,782	5,286	9,068	2,342	4,640	6,982
	From 30 to 50 years old	3,917	10,088	14,005	826	1,552	2,378	4,178	8,961	13,139	565	2,679	3,244
	≥ 50 years old	995	3,214	4,209	54	128	182	973	2,482	3,455	76	860	936

Note: The average number of contracts by type does not include Go Natural *Restauração*.

2020 Average n.º of contracts by type	Age Group	Sonaecom (IM & Media)											
		Permanent			Temporary			Full-time			Part-time		
		M	W	T	M	W	T	M	W	T	M	W	T
Executives	TOTAL	2	1	3	0	0	0	2	1	3	0	0	0
	< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
	From 30 to 50 years old	2	1	3	0	0	0	2	1	3	0	0	0
	≥ 50 years old	0	0	0	0	0	0	0	0	0	0	0	0
Senior & Middle Managers	TOTAL	126	39	165	3	1	4	129	40	169	0	0	0
	< 30 years old	1	0	1	0	0	0	1	0	1	0	0	0
	From 30 to 50 years old	102	33	135	3	1	4	105	34	139	0	0	0
	≥ 50 years old	23	6	29	0	0	0	23	6	29	0	0	0
Coordinators & Supervisors	TOTAL	438	240	678	44	22	66	482	262	744	0	0	0
	< 30 years old	161	52	213	27	15	42	188	67	255	0	0	0
	From 30 to 50 years old	232	145	377	17	7	24	249	152	401	0	0	0
	≥ 50 years old	45	43	88	0	0	0	45	43	88	0	0	0
Technicians & Specialists	TOTAL	0	0	0	0	0	0	0	0	0	0	0	0
	< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
	From 30 to 50 years old	0	0	0	0	0	0	0	0	0	0	0	0
	≥ 50 years old	0	0	0	0	0	0	0	0	0	0	0	0
Representatives	TOTAL	0	0	0	0	0	0	0	0	0	0	0	0
	< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
	From 30 to 50 years old	0	0	0	0	0	0	0	0	0	0	0	0
	≥ 50 years old	0	0	0	0	0	0	0	0	0	0	0	0

Note: Sonae Sierra does not report this indicator.

2020 Countries with operation by nº of employees	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten	Sonaecom (IM & Media)	Sonae Sierra	TOTAL
Portugal	42,083	452	549	43,084
Spain	2,265	312	78	2,655
Rest of the world	62	152	258	472

2020 Country with operation by n° of type of contracts	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten			Sonaecom (IM & Media)		
	Permanent contract	Temporary contract	Total	Permanent contract	Temporary Contract	Total
Portugal	30,321	11,762	42,083	431	21	452
Spain	1,653	612	2,265	267	45	312
Rest of the world	50	12	62	148	4	152

Note: Sonae Sierra does not report this indicator.

102-9 SUPPLY CHAIN VERIFIED -

We consider the Sustainable Supply Chain a key dimension for our performance, as it has an impact on all the action axes that we define. Together with our suppliers and partners, we aim to progress on the principles of sustainable development. In this regard, throughout the report, in the various chapters we refer to the supply chain. Additionally, vide responses to the indicators: 204-1; 304-2; 308-1; 407-1; 408-1; 409-1 and 414-1.

102-10 SIGNIFICANT CHANGES TO THE ORGANISATION AND ITS SUPPLY CHAIN VERIFIED -

No significant changes to report.

102-11 PRECAUTIONARY PRINCIPLE OR APPROACH VERIFIED -

Corporate Governance Report

102-12 EXTERNAL INITIATIVES VERIFIED -

Sonae subscribes to the following policies and commitments: United Nations Universal Declaration of Human Rights; The United Nations Global Compact Principles; The Paris Pledge For Action; The European Roundtable Of Industrials (ERT) Women's Initiative; Charter Of Principles Of BCSD Portugal; WBCSD's CEO Guide For Human Rights; The National Pact For Plastic; Sonae's Code Of Ethics And Conduct For Employees; Sonae's Code Of Conduct For Suppliers; Environmental Policy; Sustainable Fishing Policy; Sonae Companies' Charter of Principles for CO2 and Climate Change; and Sonae Companies' Charter of Principles for Plastic; Gender Equality Plan. Sonae subscribed in June 2020 the Business for Nature's Call to Action and joined the Science Based Targets Network (SBTN) Corporate Engagement Program and endorsed of the Future of Work Leadership Statement (WBCSD).

102-13 MEMBERSHIP OF ASSOCIATIONS VERIFIED -

[Partner Organisations](#)

STRATEGY

102-14	MESSAGE FROM THE SENIOR DECISION MAKER	VERIFIED	-
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Management Report | Chairman's Message and CEO's Message

102-15	KEY IMPACTS, RISKS AND OPPORTUNITIES	VERIFIED	-
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Management Report | Value management through Governance chapter

ETHICS

102-16	VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOUR	VERIFIED	-
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Ensuring that all our activity is governed by the faithful application of the principles of ethics and trust is a concern common to the entire Sonae Group. With this purpose in mind, we have developed Sonae's [Code of Ethics and Conduct](#) which defines the ethical standard by which we are governed. To ensure its implementation, compliance and monitoring, an Ethics Committee was appointed by the Board of Directors. More information on Sonae's values, codes and principles is available at www.sonae.pt.

GOVERNANCE

102-18	GOVERNANCE STRUCTURE	VERIFIED	-
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All Governance indicators are answered in Sonae's Governance Report. An overview is presented in the Management Report in the Value management through Governance chapter.

102-38	ANNUAL TOTAL COMPENSATION RATIO	VERIFIED	-
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In 2020, the ratios between the total annual compensation of the highest paid individual to the median of the average annual compensation of all employees, except the highest paid, was 42.4 in Worten and 6.8 in Arenal.

102-39	PERCENTAGE INCREASE IN ANNUAL TOTAL COMPENSATION RATIO	VERIFIED	-
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In 2020, the ratio of the percentage increase in the total annual compensation of the highest paid individual of the organisation to the average percentage increase in total compensation for all employees was 0 in Worten and -64 in Arenal.

INVOLVEMENT WITH STAKEHOLDERS

102-40	LIST OF STAKEHOLDERS GROUPS	VERIFIED	-
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Customers and Visitors; Employees; Investors; Suppliers; Regulatory and Governmental Entities; Community; Media; Shop Tenants.

102-41	COLLECTIVE BARGAINING AGREEMENTS	VERIFIED	-
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In Sonae MC, Sonae Fashion and Worten 98% of employees are covered by collective bargaining agreements. The same does not apply in Sonae Sierra.

102-42	IDENTIFYING AND SELECTING STAKEHOLDERS	VERIFIED	-
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The management of our activities is based on the premises of sustainable development, whose contribution goes beyond the economic value generated by our businesses and comes directly from a set of values and principles that guide our way of operating. This vision is only possible by establishing long-term relationships with our stakeholders. For this purpose, we have implemented tools and processes that allow us to identify and understand their current and future needs and concerns.

102-43	APPROACH TO STAKEHOLDER ENGAGEMENT	VERIFIED	-
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Shop Tenants	Media	Investors	Customers and Visitors
<ul style="list-style-type: none"> - Written Communications - Meetings - Training - Surveys 	<ul style="list-style-type: none"> - Conferences - Interviews - Response to specific questions 	<ul style="list-style-type: none"> - General Meetings - Quarterly Financial Reports - Response to Specific Questionnaires 	<ul style="list-style-type: none"> - Websites - Call Centres - Suggestions and Complaints Systems - Sonae Ombudsman - Surveys - Stores and Shopping Centres
Suppliers	Community	Employees	Regulatory and Governmental Entities
<ul style="list-style-type: none"> - Suppliers' Portals - Visits and Audits - Reciprocal Training - Surveys - Performance Assessment 	<ul style="list-style-type: none"> - Partnerships with Representative Institutions - Community Engagement Projects - Surveys 	<ul style="list-style-type: none"> - Social Climate Studies - Sonae Ombudsman - Surveys - Intranet News - Internal Publications - Knowledge Sharing Forums and Groups 	<ul style="list-style-type: none"> - Participation in various - Sector-Specific Associations

102-44	KEY TOPICS AND CONCERNS RAISED BY STAKEHOLDERS	VERIFIED	-
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In 2020, we registered, analysed and dealt with approximately 369 thousand complaints and suggestions regarding Sonae's various businesses. We have in place a Suggestions and Complaints management System that allows us to identify several areas and opportunities for development and to implement different improvements and changes both on the product level and operation level. Additionally, we also provide our employees, customers, suppliers and the general public access to the Sonae Ombudsman, that ensures and complements the interaction with the different business areas.

Moreover, with the purpose of extending our customer knowledge, we use different types of tools and methodologies (Net Promoter Score measurement, e-mail satisfaction assessment surveys, SMS, and telephone contact, after the customer has had contact with the brand or post purchase, product reviews, market studies), that allow us to know to their opinion. The feedback collected through the different sources is in turn incorporated into the strategic decisions of each of our different businesses.

Sonae Sierra regularly measures the satisfaction index of shop tenants and visitors. In 2020, shop tenants showed a satisfaction level of 5, on a scale of 1 to 6, and visitors of 4.3, on a scale of 1 to 5.

REPORTING PRACTICE

102-45	ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS	VERIFIED	-
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GRI Supplement | 1. About the GRI Supplement

102-46	DEFINING THE REPORT CONTENT AND TOPIC BOUNDARIES	VERIFIED	-
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GRI Supplement | 1. About the GRI Supplement

102-47	LIST OF MATERIAL TOPICS	VERIFIED	-
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Vide responses to the indicator 103-1

102-48	RESTATEMENTS OF INFORMATION	VERIFIED	-
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Nothing to report.

102-49	CHANGES IN REPORTING	VERIFIED	-
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The current report focuses on the activity of Sonae SGPS, Sonae MC (which includes Continente's different formats, Note, Make Notes, Well's, Dr. Wells, Bagga, Go Natural, Maxmat, Arenal and Sonae RP), Sonae Fashion (MO, Zippy, Salsa and Losan), Worten, Sonae FS, Sonaecom, (which includes Sonae IM and the Media area) and Sonae Sierra.

This Supplement does not consolidate NOS non-financial data, a company in which Sonae holds, directly and indirectly 33.5%, and the Iberian Sports Retail Group (which encompasses SportZone, Sprinter, JD and Size?) in which Sonae Fashion holds 30%. It consolidates information in relation to Arenal (Tomenider), Worten, Losan and Salsa and their activities in Portugal and Spain. The scope of the indicator "Women in Leadership Functions" in the chapter "Our Performance" has a different scope than that reported in indicator 405-1. It only covers Sonae and its subsidiaries that have defined gender equality targets and are governed by the segmentation of functions defined for the Group. The following companies are excluded: Go Natural Restauração, Arenal, Worten Canarias and iServices, MDS, Público & Media, Luis Malheiro and Sierra Poland.

102-50	REPORTING PERIOD	VERIFIED	-
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The current report focuses on the period of activity between January 1st and December 31st, 2020.

102-51	DATE OF MOST RECENT REPORT	VERIFIED	-
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March 29, 2020

102-52	REPORTING CYCLE	VERIFIED	-
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Annual

102-53	CONTACT POINT FOR QUESTIONS REGARDING THE REPORT	VERIFIED	-
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For additional clarifications on the information published in the GRI Supplement, please check the website or contact: Catarina Santos. E-mail: CIRSANTOS@sonae.pt Phone number: +351 220 104 000

102-54	CLAIMS OF REPORTING "IN ACCORDANCE" WITH THE GRI STANDARDS	VERIFIED	-
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This report was prepared in accordance with the GRI Standards: Core Option.

102-55	GRI CONTENT INDEX	VERIFIED	-
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Present table

102-56	EXTERNAL ASSURANCE	VERIFIED	-
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The non-financial information reported in the GRI Supplement was subject to verification by an external entity – KPMG.

SPECIFIC DISCLOSURES

MATERIAL ASPECTS

103-1	EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY	VERIFIED	-
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In 2018, we carried out a materiality analysis of the positive and negative impacts of our activity. It was a robust auscultation process that involved different stakeholders (employees, customers, suppliers and partners, regulatory and sectoral entities, investors, media and community) and that reflected on our performance, structure and positioning, as well as in market best practices and the regulatory framework.

Based on the material issues identified, the results of the previous strategic cycle, the areas highlighted at sector level, the commitments subscribed to by Sonae and in line with the United Nations Sustainable Development Goals, we defined five action axes, which will guide our activities in building a sustainable future: CO2 and climate change, nature and biodiversity, plastic, inequalities and inclusive development and community support. For more information on defining material topics, see the [2018 Sustainability Report](#).

Additionally, cooperating and closely interacting with each one of our stakeholders is part of the day-to-day life through Sonae. For this purpose, we have created and maintain a diversified base of specific communication channels for each group of stakeholders, which allows us to continuously measure the needs and expectations of our stakeholders and, thus, understand whether the analysis performed remains updated and relevant. The exercise done in 2020 allowed us to conclude by the adequacy of the materiality analysis of our impacts.

Thus, in 2020 we continued to invest in the development of the 5 axes of action identified and the material themes identified: Responsible Investment, Sustainable Supply Chain, Human Capital Development, Diversity, Inclusion and Equality Opportunities, Community Involvement, Energy Consumption, Renewable Energy and Energy Efficiency, Eco-efficiency, Biodiversity Protection, Impact of Plastic Bags and Packaging, Waste Management, Combating Food Waste and Sustainable Agriculture and Fishing.

103-2	THE MANAGEMENT APPROACH AND ITS COMPONENTS	VERIFIED	-
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Sonae promotes several initiatives related to its material aspects, disclosed throughout the Management Report.

103-3	DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	VERIFIED	-
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Sonae carries out the measurement and monitoring of the indicators associated with this topic and discloses them throughout the Management Report

200 – ECONOMIC DISCLOSURES

201: ECONOMIC PERFORMANCE

201-1	DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	-	-
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The direct economic value generated and distributed encompasses the following: generated economic value (revenue), distributed economic value (operational costs, remuneration and employees' benefits, payments to investors, payments to the State, donations and other community investments) and accumulated economic value.

Vide Consolidated Income Statements for the Period ended in December 2020 and 2019.

201-2	FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES FOR THE ORGANISATION DUE TO CLIMATE CHANGE	VERIFIED	-
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In its response to CDP, Sonae provided detailed information on the financial implications and other risks and opportunities associated with climate change. The (A) assessment obtained, places Sonae, on a global level, in the group of companies that are leading the fight against climate change.

Our efforts regarding the adoption of the guidelines defined by the Task Force on Climate-related Financial Disclosure (TCFD) - an initiative that promotes the recommendations for the management and disclosure of financial risks associated with climate change – are still undergoing. The potential financial impacts of climate change will be estimated and mitigation actions for the prioritised risks will be defined in line with the framework developed by the Financial Stability Board.

201-3	DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT	-	-
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Sonae does not have a pension fund.

201-4	FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT	VERIFIED	-
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In 2020, Sonae received around 55,5M €. The figures indicated refer to amounts received in relation to tax credits. It should be noted that the Government is not part of the shareholder structure of the company.

202: MARKET PRESENCE

202-2	PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY	VERIFIED	-
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72% of Sonae, Sonae MC, Sonae Fashion, Sonae FS, Worten and Sonaecom senior management are hired from the local community.

Note: Sonae Sierra does not report this indicator.

203: INDIRECT ECONOMIC IMPACTS [MATERIAL ASPECT]

203-1	INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED	VERIFIED	-
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Vide responses to the indicator 413-1

203-1	SIGNIFICANT INDIRECT ECONOMIC IMPACTS	VERIFIED	-
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Vide responses to the indicator 413-1

204: PROCUREMENT PRACTICES [MATERIAL ASPECT]

204-1	PROPORTION OF SPENDING ON LOCAL SUPPLIERS	VERIFIED	-
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	2019	2020
Proportion of spending on foreign suppliers	19%	17%
Proportion of spending on local suppliers	81%	83%

205: ANTI-CORRUPTION

205-1	OPERATIONS ASSESSED FOR RISK RELATED TO CORRUPTION	VERIFIED	-
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Sonae implements the international methodology Enterprise Risk Management – Integrated Framework (COSO) in its risk management process, which enables the identification of different types of risks and threats to the development of the businesses, at both the strategic and operational level. As the risk of corruption was not identified as a priority risk for Sonae SGPS, no assessments were carried out in this regard. Sonae's Code of Conduct and Ethics establishes a set of principles and rules related to conflict of interest, offers or rewards to employees, with the goal of ensuring decision-making is not unduly influenced. In 2020, no cases of corruption were reported.

205-2	COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES	VERIFIED	-
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Sonae's Code of Conduct and Ethics, which includes anti-corruption policies, is communicated in the onboarding training to 100% of the employees. Additionally, Sonae has a Suppliers' Code of Conduct and Ethics, which is an annex to the general supply contracts. The codes are available on Sonae's website.

In 2020, 2 Governance Bodies and 14,206 employees of Sonae, Sonae MC, Sonae Fashion, Sonae FS, Worten and Sonaecom (IM and Media) received training in anti-corruption.

At Sonae Sierra, "The Anti-Corruption Guidelines" has enabled the development of anti-corruption awareness through the provision of staff training, carried out under a program named BEST – Behaviour with Ethics Sierra Training (41 employees did this program in 2020).

205-3	CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN	VERIFIED	-
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In 2020, no cases of corruption were reported.

300 – ENVIRONMENTAL DISCLOSURES

301: MATERIALS [MATERIAL ASPECT]

301-1	MATERIALS USED BY WEIGHT OR VOLUME	VERIFIED	CHAPTER OUR PERFORMANCE
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Sonae aims at a sustainable use of materials consumption associated with its value chain. To this end, we promote a series of initiatives with suppliers to select materials with a reduced footprint, reduce unnecessary use of materials, promote its reincorporation in the value chain (by reusing or recycling), assure the origin of raw materials, among others. The materials reported are the most relevant in weight and volume.

301-2	RECYCLED INPUT MATERIALS USED	VERIFIED	CHAPTER OUR PERFORMANCE
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The response to this indicator is presented in the table below.

301-3	RECLAIMED PRODUCTS AND THEIR PACKAGING MATERIALS	VERIFIED	CHAPTER OUR PERFORMANCE
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The response to this indicator is presented in the table below:

2020 MATERIALS USED TO PRODUCE AND PACKAGE PRODUCTS (t)	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten			Sonaecom (IM & Media)	
	Materials used	Recycled materials used	Recovered products and packaging materials	Materials used	Recycled materials used
Plastic (t) ¹	27,219	4,920	-	-	-
Paper (t) ²	-	-	-	1,492	0
REEE (t) ³	0	0	5,793	-	-
Cotton (t) ⁴	4,000	-	-	-	-

Notes:

¹ Plastic present in packaging, operation and products, whose placement in the market is the companies of the Group's responsibility.

² This indicator applied to Sonaecom (*Público*)

³ This indicator refers to the program Worten Transforma. Additionally, the UTRAD (Depreciated Items Treatment Unit), active since 2005, embodies the principles underlying a circular economy model. Rather than discarded items with minor defects and flaws, the initiative aims to recover items to sell at a reduced price in Outlet stores. Over the last 15 years, it has given new life to ~735,000 pieces of equipment, 35,160 in 2020.

⁴ This indicator applied to Sonae Fashion

302: ENERGY [MATERIAL ASPECT]

302-1	ENERGY CONSUMPTION WITHIN THE ORGANISATION				VERIFIED	CHAPTER OUR DEVELOPMENT	
Energy consumption by source	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra		
	2019	2020	2019	2020	2019	2020	
Fossil fuels - Fleet (GJ)	599,787	506,321	12,137	8,490	12,920	8,692	
Fossil fuels - Installations (GJ)	35,170	30,251	3	2	140,085	118,908	
Heating and cooling consumption (Shopping centers) (GJ)	0	0	0	0	119,876	74,637	
Electricity consumption (GJ)	1,708,380	1,684,561	5,065	3,838	460,242	297,840	
Electricity produced and sold by local cogeneration (GJ) – subtracted from total consumption					30.756	28.305	
TOTAL	2,343,337	2,221,133	17,205	12,330	702,366	471,772	
Renewable Energy Production	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra		
	2019	2020	2019	2020	2019	2020	
Produced and consumed (GJ)	23,591	42,914	0	0	0	0	
Produced and sold (GJ)	27,694	30,344	0	0	0	0	
TOTAL	51,284	73,258	0	0	0	0	

Note: Salsa projected the share of electricity produced and sold vs the electricity produced and consumed.

302-3	ENERGY INTENSITY				VERIFIED	CHAPTER OUR DEVELOPMENT	
Energy consumption by source	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra		
	2019	2020	2019	2020	2019	2020	
Total energy consumption (GJ)	2,343,337	2,321,133	17,205	12,330	702,366	471,722	
Business Volume (M€)	6,222	6,692	132,4	129,1	-	-	
Energy Intensity Ratio (GJ/M€)	377	332	130	96	-	-	
Shopping centres - Energy intensity ratio (kWh/m ² of common areas)	-	-	-	-	584	445	

302-4	REDUCTION OF ENERGY CONSUMPTION				VERIFIED	CHAPTER OUR DEVELOPMENT	
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In 2020, we have continued our efforts to promote efficient and flexible energy consumption by investing in the installation of more efficient equipment and systems, creating the conditions necessary to better monitor and manage energy consumption, and developing procedures to enhance the investment carried out.

302-5	REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES				VERIFIED	CHAPTER OUR DEVELOPMENT	
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In the retail area, our concern also extends to our products and how we can encourage more sustainable consumption by our customers. As a result of a diverse set of initiatives, ranging from purchase to promotional actions, in 2020, 97% of equipment (home appliances, televisions and air conditioning) sold in our stores (Worten and Maxmat) had an efficiency level $\geq A$.

303: WATER AND EFFLUENTS

303-1	INTERACTIONS WITH WATER AS A SHARED RESOURCE				VERIFIED	-	
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Most of the water consumed within the organization is related to human use. With the aim of reducing the environmental impact of its businesses, the Sonae businesses are committed to reducing their water footprint, enhancing the efficiency of their operations, innovating and using technology to rethink the way water is used and managed throughout their infrastructure. The progressive installation of meters equipped with telemetry, which enable water consumption to be more accurately monitored is essential in this process.

There are some initiatives designed to reuse and recycle water. Among them, it is worth emphasising the reuse of water from washbasins and showers to supply toilets and urinals at the Sonae Business Centre, in Maia. Additionally, this building was designed to capture rainwater for use in the irrigation of garden areas. A second initiative to highlight is Sonae's Meat Processing Centre, which has a facility to recover and recycle part of the liquid effluents produced on site.

Sonae does not identify in its direct operations water stress areas, relevant for this report.

303-2	MANAGEMENT OF WATER DISCHARGE-RELATED IMPACTS	VERIFIED	CHAPTER OUR DEVELOPMENT
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Sonae does not have quantitative measurements for wastewater in stores. For this reason, and in accordance with best Engineering practices, we operate on the basis that 80% of the consumed water results in wastewater, and the resulting 20% is consumed. Regarding destinations, the vast majority of the liquid effluents produced are discharged into the public domestic wastewater networks, and all liquid effluent discharges to natural water lines are subjected to pre-treatment in dedicated facilities (WWTPs) and respective quality monitoring is carried out.

303-3	WATER WITHDRAWAL	VERIFIED	-
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2020	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten	Sonaecom (IM & Media)	Sonae Sierra
Water withdrawal by source			
Third party water (m ³)	833,206	2,407	472,242
Groundwater (m ³)	189,466	-	115,438
Surface water and rainwater (m ³)	210,051	-	19,710
Greywater (m ³)	-	-	14,028
Mixture of water sources (m ³)	-	-	4,934
TOTAL (m³)	1,232,722	2,407	626,352

303-4	WATER DISCHARGE	VERIFIED	-
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2020	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten	Sonaecom (IM & Media)	Sonae Sierra
Water discharge by source			
Third party water (m ³)	666,565	1,926	377,794
Groundwater (m ³)	151,573	-	92,351
Surface water (m ³)	168,041	-	15,768
Greywater (m ³)	-	-	11,222
Mixture of water sources (m ³)	-	-	3,947
TOTAL (m³)	986,179	1,926	501,082

Note: When data is not directly available, the retail area of Sonae uses an assumption of 80% of water withdrawal is discharged and 20% is consumed.

303-5 WATER CONSUMPTION		VERIFIED	-
2020	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten	Sonaecom (IM & Media)	Sonae Sierra
Water consumption by source			
Water consumption (m ³)	246,545	481.4	125,270
Water consumption in areas with water stress (m ³)	-	-	-
TOTAL (m³)	246,545	481.4	125,270

Note: When data is not directly available, the retail area of Sonae uses an assumption of 80% of water withdrawal is discharged and 20% is consumed.

304: BIODIVERSITY [MATERIAL ASPECT]

304-1	OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS	VERIFIED	CHAPTER OUR DEVELOPMENT
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Sonae does not own any facilities in areas classified as habitats rich in biodiversity, in its direct operations.

304-2	SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS AND SERVICES ON BIODIVERSITY	VERIFIED	CHAPTER OUR DEVELOPMENT
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We are working with the Science Based Targets Network in the development of a common framework for action which can be used by companies from across different industries and geographical regions. Its implementation will help companies assess their impacts on nature, define priority areas of action and act in line with science.

304-3	HABITATS PROTECTED OR RESTORED	VERIFIED	CHAPTER OUR DEVELOPMENT
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The Forest is threatened by current development models and, particularly in Portugal, exposed to the effects of climate change. The Sonae Forest Project represents a collective effort from the Sonae Companies regarding the restoration and conservation of the Portuguese Forest. Over the next 10 years, we will reforest more than 1,100 hectares. In 2020 our businesses financed the reforestation of 75 hectares, around 93,000 trees.

Worten reinforced this effort with the Troca Eficiente campaign, through which Worten agreed to plant a tree for every customer who bought an A++ or A+++ household appliance, as well as for any end-of-life equipment for recycling, delivered in store (or collected from homes).

Additionally, for the second year, the Sonae Companies joined the campaign Portugal Chama. Por si. Por todos designed to promote increased awareness amongst the population about the precautions and requirements to follow to minimise the risk of fire and how to better respond during fires.

305: EMISSIONS [MATERIAL ASPECT]

305-1	DIRECT (SCOPE 1) GHG EMISSIONS	VERIFIED	CHAPTER OUR DEVELOPMENT
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Scope 1 Emissions	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra	
	2019	2020	2019	2020	2019	2020
Total GHG emissions (Scope 1) (t CO₂e)	55,451	54,920	891	622	8,976	7,938

305-2	INDIRECT (SCOPE 2) GHG EMISSIONS	VERIFIED	CHAPTER OUR DEVELOPMENT
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Scope 2 emissions by source	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra	
	2019	2020	2019	2020	2019	2020
Emissions associated with electricity consumption (t CO ₂ e) – market based	122,316	93,124	378	227	5,910	4,329
Emissions associated with electricity consumption (t CO ₂ e) – location based	134,942	96,825	396	227	-	14,785
Emissions associated with electricity consumption for the cooling of water (t CO ₂ e)	-	-	-	-	4,273	2,145
Emissions associated with electricity consumption for the heating of water (t CO ₂ e)	-	-	-	-	345	0
Total GHG emissions (Scope 2) (t CO₂e)	122,316	93,124	378	227	10,527	6,475

305-3

INDIRECT (SCOPE 3) GHG EMISSIONS

VERIFIED

CHAPTER OUR
DEVELOPMENT

Scope 3 emissions by source	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra	
	2019	2020	2019	2020	2019	2020
Emissions related to energy recovery (t CO2e)	192	35	-	-	-	-
Emissions related to organic recovery (t CO2e)	111	103	-	-	-	-
Emissions related to sanitary landfill (t CO2e)	8,608	7,603	-	-	-	-
Emissions from tenant's electricity consumption (t CO2e)	-	-	-	-	105,583	60,118
Emissions related to air travel (t CO2e)	-	-	-	-	1,107	317
Emissions related to train travel (t CO2e)	-	-	-	-	3	2
Emissions related to hotel stays (t CO2e)	-	-	-	-	79	20
Emissions related to employees' business trips (t CO2e)	-	-	-	-	618	382
Emissions related to materials (t CO2e)	-	-	-	-	22,189	19,687
Emissions from shopping centre visitors (t CO2e)	-	-	-	-	433,729	221,419
Emissions from waste (t CO2e)	-	-	-	-	899	2,870
Emissions related to distribution (t CO2e)	-	1,614	-	-	-	-
Total GHG emissions (Scope 3) (t CO2e)	8,910	9,355	0	0	564,207	304,813

Total emissions by scope	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra	
	2019	2020	2019	2020	2019	2020
Scope 1 (t CO2e)	55,451	54,920	891	622	8,976	7,938
Scope 2 (t CO2e)	122,316	93,124	378	227	10,527	6,475
Scope 3 (t CO2e)	8,910	9,355	0	0	564,207	304,813
Total emissions (t CO2e)	186,677	157,399	1269	849	583,710	319,226

Notes:

Information regarding conversion and emission factors are at the end of the GRI table, in the methodological notes section. For further information on Sonae Sierra's 2019 and 2020 emission factors, please refer to Sonae Sierra's Sustainability Report for the respective years.

305-4	GHG EMISSIONS INTENSITY				VERIFIED	CHAPTER OUR DEVELOPMENT	
Emissions intensity	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra		
	2019	2020	2019	2020	2019	2020	
Total GHG emissions (t CO2e) (market based)	186,677	157,399	1269	849	583,710	319,226	
Business turnover (M€)	6,222	6,692	132.4	129.1	-	-	
GHG emissions intensity ratio (t CO2/M€)	30	24	9.5	6.6	-	-	
Excluding tenants (t CO2e/m2)	-	-	-	-	0.054	0.044	
Including tenants (t CO2e/m2)	-	-	-	-	0.390	0.262	

305-5	REDUCTION OF GHG EMISSIONS				VERIFIED	CHAPTER OUR DEVELOPMENT	
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To support the reduction of our own emissions (54% by 2030 compared with 2018) each company developed their own roadmaps, tailored to its business context, based on known best practices and best technological and scientific knowledge. Moving to cooling equipment that uses low-impact refrigerants, investing on on-site renewable energy production and supply of renewable energy, electrifying our vehicles fleet and advancing our efforts to promote the ecoefficiency of our operations are some of the measures planned to achieve our targets.

305-6	EMISSIONS OF OZONE-DEPLETING SUBSTANCES				VERIFIED	-
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OZONE-DEPLETING SUBSTANCES						2020
R407C						121Kg
R410A						88Kg

305-7	NITROGEN OXIDES (NOX), SULPHUR OXIDES (SOX) AND OTHER SIGNIFICANT AIR EMISSIONS				VERIFIED	-
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Nitrogen oxides (NOx), sulphur oxides (SO2) and other significant air emissions	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)	
	2019	2020	2019	2020
Total NOx emissions (t)	478.45	330.47	9.37	6.49
Total SO2 emissions (t)	124.64	106.20	2.32	1.58
Total CH4 emissions (t)	-	10.35	-	-
Total F-gases emissions (t)	-	24,051	-	-

306: WASTE

306-1	WASTE GENERATION AND SIGNIFICANT WASTE-RELATED IMPACTS	VERIFIED	-
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Most of Sonae's waste is associated with the activities of its stores and shopping centers. Waste management covers not only waste produced within the scope of its activity, but also waste deposited by customers. Some measures implemented include: Creation of specific areas in stores and warehouses for waste management; Separation, temporary storage and shipment of different types of waste to licensed operators; Separation of the organic portion of the waste and sending it for organic recovery; Reduction of packaging material for own brand products; Reuse of transport packaging; and training and awareness of employees.

306-2	MANAGEMENT OF SIGNIFICANT WASTE-RELATED IMPACTS	VERIFIED	-
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We reinforce the principles of circularity in the way we manage our activity, how we design and develop our services and products, avoiding whenever possible single-use plastics, prioritizing the reuse and repair of materials, and, when this is not possible, directing waste to recycling.

306-3	WASTE GENERATED	VERIFIED	-
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Waste Generated	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra	
	2019	2020	2019	2020	2019	2020
Hazardous waste (t)	3,009	2,865	0	0	51	47
Non-hazardous waste (t)	75,620	77,102	0	0	30,274	15,542
Total weight of waste generated (t)	78,629	79,967	0	0	30,326	15,589

306-4 WASTE DIVERTED FROM DISPOSAL VERIFIED -

Waste diverted from disposal	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra	
	2019	2020	2019	2020	2019	2020
Hazardous waste recycled (t)	NA	2,865	0	0	24	35
Hazardous waste prepared for reuse (t)	NA	0	0	0	0	0
Other recovery operations of hazardous waste (t)	NA	0	0	0	9	8
Total hazardous waste diverted from disposal (t)	3,009	2,865	0	0	33	43
Non-hazardous waste recycled (t)	38,076	47,919	0	0	13,683	7,450
Non-hazardous waste prepared for reuse (t)	0	0	0	0	0	0
Other recovery operations of non-hazardous waste (t)*	10,838	10,129	0	0	10,988	4,208
Total non-hazardous waste diverted from disposal (t)	48,914	58,048	0	0	24,672	11,658

*Composting, anaerobic digestion and energetic valorization

306-5 WASTE DIRECTED TO DISPOSAL VERIFIED -

Waste directed to disposal	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra	
	2019	2020	2019	2020	2019	2020
Hazardous waste incinerated (with energy recovery) (t)	0	0	0	0	0	0
Hazardous waste incinerated (without energy recovery) (t)	0	0	0	0	0	0
Hazardous waste directed to landfill (t)	0	0	0	0	18.5	0.1
Other disposal operations of hazardous waste (t)	0	0	0	0	0	3.4
Total hazardous waste directed to disposal (t)	0	0	0	0	18.5	3.5
Non-hazardous waste incinerated (with energy recovery) (t)	0	1,633	0	0	2,251	1,745
Non-hazardous waste incinerated (without energy recovery) (t)	0	0	0	0	0	0
Non-hazardous waste directed to landfill (t)	14,676	17,383	0	0	3,268	2,123
Other disposal operations of non-hazardous waste (t)	0	37	0	0	33	22
Total weight of waste directed to disposal (t)	14,676	19,054	0	0	5,552	3,894

GRI 400 - SOCIAL DISCLOSURES

401: EMPLOYMENT [MATERIAL ASPECT]

401-1	NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER				VERIFIED	CHAPTER OUR DEVELOPMENT
2020 Number	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra	
	New hires	Departures	New hires	Departures	New hires	Departures
Men	8,226	8,002	124	157	50	46
Women	12,957	12,939	32	30	41	54
Total	21,183	20,941	156	187	91	100
<30 years old	17,013	15,950	83	53		
From 30 to 50 years old	3,897	4,367	65	127		
>50 years old	273	624	8	7		
Total	21,183	20,941	156	187		
< 35 years old					56	33
From 35 to 44					24	27
From 45 to 54					11	17
From 55 to 64					0	15
> 64 years old					0	8
Total					91	100
Portugal	20,369	19,670	55	70	59	60
Spain	787	1,233	62	88	0	3
Rest of the world	27	38	39	29	32	37
Total	21,183	20,941	156	187	91	100

2020 Rate (%)	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra	
	New hires	Departures	New hires	Departures	New hires	Departures
Men	18.6	18.1	13.5	17.1	5.6	5.2
Women	29.4	29.3	3.5	3.3	4.6	6.1
Total	48.0	47.5	17.0	20.4	10.3	11.3
<30 years old	38.6	36.1	9.1	5.8		
From 30 to 50 years old	8.8	9.9	7.1	13.9		
>50 years old	0.6	1.4	0.9	0.8		
Total	48.0	47.5	17.0	20.4	-	-
< 35 years old					6.3	3.7
From 35 to 44					2.7	3.1
From 45 to 54					1.2	1.9
From 55 to 64					0.0	1.7
> 64 years old					0.0	0.9
Total					10.3	11.3
Portugal	46.2	44.6	6.0	7.6	6.7	6.8
Spain	1.8	2.8	6.8	9.6	0.0	0.3
Rest of the world	0.1	0.1	4.3	3.2	3.6	4.2
Total	48.0	47.5	17.0	20.4	10.3	11.3

	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra	
	2019	2020	2019	2020	2019	2020
Total Employees	43,285	44,409	945	916	894	885
New hires	24,209	21,183	194	156	291	91
Percentage of new employee hires (%)	56%	47.7%	21%	17%	33%	10.3%
Departures	23,242	20,941	222	187	454	100
Percentage of employee departures (%)	54%	47.2%	23%	20%	51%	11.3%

Functional category	Age Group	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten						Sonaecom (IM & Media)					
		Voluntary Departures			Involuntary Departures			Voluntary Departures			Involuntary Departures		
		M	W	T	M	W	T	M	W	T	M	W	T
Executives	Total	0	1	1	3	0	3	0	0	0	0	0	0
	< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
	From 30 to 50 years old	0	1	1	0	0	0	0	0	0	0	0	0
	≥ 50 years old	0	0	0	3	0	3	0	0	0	0	0	0
Senior & Middle Managers	Total	25	12	37	15	12	27	17	3	20	20	3	23
	< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
	From 30 to 50 years old	20	11	31	4	6	10	16	3	19	17	3	20
	≥ 50 years old	5	1	6	11	6	17	1	0	1	3	0	3
Coordinators & Supervisors	Total	14	18	32	19	28	47	64	14	78	56	10	66
	< 30 years old	2	7	9	2	8	10	26	8	34	16	3	19
	From 30 to 50 years old	9	8	17	15	19	34	36	6	42	39	7	46
	≥ 50 years old	3	3	6	2	1	3	2	0	2	1	0	1
Technicians & Specialists	Total	127	185	312	63	138	201	0	0	0	0	0	0
	< 30 years old	58	75	133	23	47	70	0	0	0	0	0	0
	From 30 to 50 years old	66	106	172	34	67	101	0	0	0	0	0	0
	≥ 50 years old	3	4	7	6	24	30	0	0	0	0	0	0
Representatives	Total	2,425	3,628	6,053	5,311	8,918	14,229	0	0	0	0	0	0
	< 30 years old	1,931	2,590	4,521	4,392	6,816	11,208	0	0	0	0	0	0
	From 30 to 50 years old	467	959	1,426	819	1,756	2,575	0	0	0	0	0	0
	≥ 50 years old	27	79	106	100	346	446	0	0	0	0	0	0

401-3	PARENTAL LEAVE			VERIFIED	CHAPTER OUR DEVELOPMENT	
2020 Number	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten			Sonaecom (IM & Media)		
	M	W	T	M	W	T
Total employees entitled to parental leave (no.)	14,878	29,531	44,409	613	303	916
Total employees who benefitted from parental leave (no.)	645	1,610	2,255	11	18	29
Total employees who returned to work after completion of parental leave (no.)	633	1,566	2,199	11	12	23
Total employees who returned to work after completion of parental leave and continued to work for the Company 12 months after returning (no.)	467	1,150	1,617	25	9	34
Take-up rate (%)	4%	5%	5%	2%	6%	3%
Rate of return (%)	98%	97%	98%	100%	67%	79%

Notes: Employees who benefitted from parental leave in 2019 and continued to work 12 months after returning are not included. For this reason, the retention rate may be over 100%, since the denominator refers to the take-up rate in 2020 and not in 2019.

403: OCCUPATIONAL HEALTH AND SAFETY

403-1	OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM	VERIFIED	-
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Sonae does not have a formal occupational health and safety management system. For information regarding Sonae Sierra, see indicator 403-8.

403-2	HAZARD IDENTIFICATION, RISK ASSESSMENT, AND INCIDENT INVESTIGATION	VERIFIED	-
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In Sonae, the hazard identification and risk assessment procedures are carried out by the Occupational Health and Safety technicians' team. This procedure is periodically updated and analysed when new incidents occur or new procedures or machines are introduced, which may affect the level of risk. The incident investigation procedure is based on the 3 C's methodology (Case analysis, identification of causes and implementation of countermeasures), which is then translated into an action plan.

We believe that awareness and communication of risks and measures that must be taken by employees, to eliminate or reduce risks to controllable levels, are a decisive step towards the improvement of existing conditions, and thus, for the improvement of the work environment.

Therefore, besides OHS training and information shared with employees, an annual employee consultation on OHS matters is ensured through a questionnaire, in which workers comment on all issues related to OHS. Employees' responses are analysed as a way of assessing their perception of their working conditions. Workers can also report incidents through store audits, internal platforms and applications, and by directly contacting the OHS technicians or Safety animators.

403-3	OCCUPATIONAL HEALTH SERVICES	VERIFIED	-
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Sonae has occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks, namely occupational health services. These services, mandated by law include: an admission exam, upon company entry; periodic exams and every 2 years, for all employees between 18 and 50 years old; and annual exams for employees under 18 or over 50 have; occasional exams are also carried out at the request of the employee or the company, and obligation of all employees who are away for more than 30 days, on return, to carry out occasional examinations.

Other services include follow-up of remodelling and opening of stores, training, procedures and safety standards, annual audit plan for all establishments, monitoring of claims processes (cause, participation), and ergonomic studies.

All services are provided by qualified OHS technicians.

403-4	WORKER PARTICIPATION, CONSULTATION, AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY	VERIFIED	-
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In Sonae an annual employee consultation on OHS matters is ensured through a questionnaire, in which workers comment on all issues related to OHS. The consultation is adapted and updated, and in 2020 there was an increased focus on the current situation of Covid pandemic. Additionally, a survey on the satisfaction of accident victims is carried out regarding the activity of the insurance company

403-5	WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY	VERIFIED	-
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During the admission process, all workers have mandatory online training on workplace risks and emergency organization and response. In 2020, this training was focused on Covid-19 response and adaptation.

Most Sonae companies have an internal portal where workers can find various information related to Health and Safety at Work, such as Accidents at Work, Risks at the Workplace, Personal Protective Equipment, Emergency Plan, among others. Some OHS monitoring audits, carried out in the stores, are of pedagogical nature.

403-6	PROMOTION OF WORKER HEALTH	VERIFIED	-
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When it comes to the facilitation of workers' access to non-occupational medical and healthcare services, Sonae has several initiatives available such as healing medicine, food and nutrition, massage, yoga and other related initiatives, that are available to all employees.

403-7	PREVENTION AND MITIGATION OF OCCUPATIONAL HEALTH AND SAFETY IMPACTS DIRECTLY LINKED BY BUSINESS RELATIONSHIPS	VERIFIED	-
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The health and safety impacts attributable to commercial relations are not considered relevant.

403-8

WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

VERIFIED

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Sonae does not have a formal occupational health and safety management system. As such, this indicator is only applicable to Sonae Sierra.

2020	Sonae Sierra		
	Direct Employees	Supervised Workers	Independent contractors
Total workforce and independent contractors (no.)	878	18	11
Total number of direct employees, supervised workers and independent contractors, externally verified to be operating in compliance with OHSAS 18001/ISO 45001	664	17	10
Percentage of direct employees, supervised workers and independent contractors, externally verified to be operating in compliance with OHSAS 18001/ISO 45001 (%)	75%	94%	91%
Total number of direct employees, supervised workers and independent contractors, internally verified to be operating in compliance with the safety and health management system (S&HMS)	664	17	10
Percentage of direct employees, supervised workers and independent contractors, internally verified to be operating in compliance with the safety and health management system (S&HMS) (%)	75%	94%	91%

403-9

WORK-RELATED INJURIES

VERIFIED

-

2020	Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten			Sonaecom (IM & Media)		
	M	W	T	M	W	T
Workable hours	26,331,645	49,080,592	75,412,237	1,132,824	559,944	1,692,768
Work-related injuries	340	608	948	35	74	109
Fatalities	0	0	0	0	0	0
<u>Workers who are not employees but whose work and/or workplace is controlled by the organization</u>						
Work-related injuries	64	25	89	0	0	0
Fatalities	0	0	0	0	0	0

Note: In the Corporate Center no accidents were registered

404: TRAINING AND EDUCATION [MATERIAL ASPECT]

404-1	AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE				VERIFIED	CHAPTER OUR DEVELOPMENT
	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)		Sonae Sierra	
	2019	2020	2019	2020	2019	2020
Total Employees (No.)	42,988	54,477	945	1,103	696	885
Total training hours (h)	1,144,187	1,063,576	18,749	6,332	20,698	10,076
Average number of hours of training (h/Employee)	27	20	20	6	30	11

2020	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten			Sonaecom (IM & Media)		
	M	W	T	M	W	T
Executives	54	13	67	2	1	3
Senior & Middle Managers	600	376	977	166	46	212
Coordinators & Supervisors	1,150	1,833	2,982	602	286	888
Technicians & Specialists	1,284	2,323	3,607	0	0	0
Representatives	16,125	30,719	46,844	0	0	0
Total employees (n°)	19,213	35,264	54,477	770	333	1,103
Executives	728	223	951	24	2	26
Senior & Middle Managers	10,991	7,470	18,461	1,220	1,126	2,346
Coordinators & Supervisors	21,592	30,511	52,103	2,685	1,275	3,960
Technicians & Specialists	27,785	56,264	84,048	0	0	0
Representatives	338,052	569,961	908,012	0	0	0
Total training hours (h)	399,147	664,429	1,063,576	3,929	2,403	6,332
Executives	13	17	14	12	2	9
Senior & Middle Managers	18	20	19	7	24	11
Coordinators & Supervisors	19	17	17	4	4	4
Technicians & Specialists	22	24	23	0	0	0
Representatives	21	19	19	0	0	0
Average number of hours of training per category and by gender (h/employee)	21	19	20	5	7	6

Notes: This includes all training participants, regardless of if they were active or not in December 31, 2020

2020	Number of employees	Sonae Sierra	
		Number of hours	Average number of training per year per gender
Executives	19	229	12.1
Senior & Middle Managers	237	4,699	19.8
Coordinators & Supervisors	126	1,984	15.7
Technicians & Specialist	282	3,164	11.2
NA	221	NA	NA

Notes: In this indicator, there are 221 employees located in Poland who do not follow the organizational structure of the company, expressed in the table above by "NA".

404-2

PROGRAMMES FOR UPGRADING EMPLOYEE SKILLS AND
TRANSITION ASSISTANCE PROGRAMMES

VERIFIED

CHAPTER OUR
DEVELOPMENT

2020	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)	
	Total Actions (no.)	Total Hours (h)	Total Actions (no.)	Total Hours (h)
Conferences & Seminars	77	2,268	16	1,214
Schools/Academies	953	7,878	4	210
Management	792	4,700	1	55
Management & Leadership	21,840	22,491	2	34
Continuous Improvement	1,295	15,985	63	157
Occupational Health and Safety	22,216	59,877	6	91
Sustainability	52	1,529	0	0
Technical	43,121	123,749	143	1,771
Transversal	1,368	179,203	94	2,801
Others	74,485	635,408	0	0
Total	166,199	1,053,087	329	6,332

Notes: This includes all training participants, regardless of if they are active on December 31, 2020.

404-3	PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	VERIFIED	CHAPTER OUR DEVELOPMENT
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In 2020, at Sonae, Sonae MC, Sonae Fashion, Sonae FS and Worten, 83.1% of the employees received performance assessment and career development reviews. At Sonaecom (IM) the value was 70.0%. At Sonae Sierra, 100% of the employees received performance assessment and career development reviews.

405: DIVERSITY AND EQUAL OPPORTUNITIES [MATERIAL ASPECT]

405-1	DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES	VERIFIED	CHAPTER OUR DEVELOPMENT
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The scope of the indicator "Women in Leadership Functions" in the chapter "Our Performance" has a different scope than that reported in this indicator. It only covers Sonae and its subsidiaries that have defined gender equality targets and are governed by the segmentation of functions defined for the Group.

Percentage of employees by functional category	Age Group	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten			Sonaecom (IM & Media)		
		M	W	T	M	W	T
Executives (%)	< 30 years old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	From 30 to 50 years old	35.7%	10.0%	45.7%	66.7%	33.3%	100.0%
	≥ 50 years old	45.7%	8.6%	54.3%	0.0%	0.0%	0.0%
	Total	81.4%	18.6%	100.0%	66.7%	33.3%	100.0%
Senior & Middle Managers (%)	< 30 years old	0.3%	0.4%	0.7%	0.6%	0.0%	0.6%
	From 30 to 50 years old	43.8%	30.2%	74.0%	62.1%	20.1%	82.2%
	≥ 50 years old	16.7%	8.5%	25.2%	13.6%	3.6%	17.2%
	Total	60.9%	39.1%	100.0%	76.3%	23.7%	100.0%
Coordinators & Supervisors (%)	< 30 years old	3.7%	7.5%	11.2%	25.3%	9.0%	34.3%
	From 30 to 50 years old	29.3%	46.5%	75.8%	33.5%	20.4%	53.9%
	≥ 50 years old	5.6%	7.4%	13.0%	6.0%	5.8%	11.8%
	Total	38.6%	61.4%	100.0%	64.8%	35.2%	100.0%
Technicians & Specialists (%)	< 30 years old	9.1%	19.2%	28.2%	0.0%	0.0%	0.0%
	From 30 to 50 years old	21.5%	40.6%	62.2%	0.0%	0.0%	0.0%
	≥ 50 years old	2.9%	6.7%	9.6%	0.0%	0.0%	0.0%
	Total	33.5%	66.5%	100.0%	0.0%	0.0%	0.0%
Representatives (%)	< 30 years old	16.6%	26.9%	43.5%	0.0%	0.0%	0.0%
	From 30 to 50 years old	12.9%	31.7%	44.5%	0.0%	0.0%	0.0%
	≥ 50 years old	2.8%	9.1%	11.9%	0.0%	0.0%	0.0%
	Total	32.4%	67.6%	100.0%	0.0%	0.0%	0.0%
Governance bodies (%)	< 30 years old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	From 30 to 50 years old	50.0%	0.0%	50.0%	50.0%	16.7%	66.7%
	≥ 50 years old	0.0%	50.0%	50.0%	16.7%	16.7%	33.3%
	Total	50.0%	50.0%	100.0%	66.7%	33.3%	100.0%

Percentage of employees by functional category	Age Group	Sonae Sierra		
		M	W	T
Executives (%)	< 35 years old	0%	0%	0%
	From 35 to 44 years old	5%	0%	5%
	From 45 to 54 years old	47%	5%	53%
	From 55 to 64 years old	32%	11%	42%
	> 64 years olds	0%	0%	0%
	Total	84%	16%	100%
Senior & Middle Managers (%)	< 35 years old	3%	2%	5%
	From 35 to 44 years old	21%	17%	38%
	From 45 to 54 years old	22%	17%	39%
	From 55 to 64 years old	12%	4%	16%
	> 64 years olds	2%	0%	2%
	Total	60%	40%	100%
Coordinators & Supervisors (%)	< 35 years old	17%	12%	29%
	From 35 to 44 years old	18%	21%	40%
	From 45 to 54 years old	13%	13%	26%
	From 55 to 64 years old	3%	2%	5%
	> 64 years olds	0%	0%	0%
	Total	52%	48%	100%
Technicians & Specialists (%)	< 35 years old	8%	21%	29%
	From 35 to 44 years old	8%	28%	35%
	From 45 to 54 years old	5%	22%	27%
	From 55 to 64 years old	2%	7%	9%
	> 64 years olds	0%	0%	0%
	Total	23%	77%	100%

Note: With respect to this indicator, there are two groups of employees who do not follow the company's organisational structure, corresponding to a total of 198 employees not reflected in the table above.

2020	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten	Sonaecom (IM & Media)	Sonae Sierra
Employees with disabilities			
Employees with disabilities (N°)	196	7	15

405-2	RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN	VERIFIED	CHAPTER OUR DEVELOPMENT
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Ratio of average basic salary by functional category (W/M)	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)	
	2019	2020	2019	2020
Executives	0.46	0.82	0.00	0.47
Senior & Middle Managers	0.73	0.93	1.34	0.91
Coordinators & Supervisors	0.56	0.92	1.56	0.96
Technicians & Specialists	0.67	0.86	0.00	0.00
Representatives	0.86	1.01	0.91	0.00
Total	0.55	0.86	0.34	0.62

Average pay ratio by functional category (W/M)	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten		Sonaecom (IM & Media)	
	2019	2020	2019	2020
Executives	0.91	0.83	0.00	0.47
Senior & Middle Managers	0.91	0.90	1.35	0.90
Coordinators & Supervisors	0.81	0.88	1.55	0.94
Technicians & Specialists	0.86	0.85	0.00	0.00
Representatives	1.15	1.01	0.89	0.00
Total	0.91	0.85	0.24	0.58

Notes: the monthly base salary (converted to full-time equivalent) includes all fixed remuneration as of December 31, 2020. Based on 12 months. Total remuneration included (converted to full-time equivalent) the Monthly base salary; Performance bonus, discrepancy allowance and shift allowance as of December 31, 2020 Variable components calculated based on the last 12 months (January to December 2020).

Average remuneration by category, gender and age group	Age Group	Sonae, Sonae Mc, Sonae Fashion, Sonae FS and Worten			Sonaecom (IM & Media)		
		M	W	T	M	W	T
Executives	Total	18,178	15,095	17,606	21,392	10,127	17,637
	< 30 years old	0	0	0	0	0	0
	From 30 to 50 years old	14,405	14,484	14,422	21,392	10,127	17,637
	≥ 50 years old	21,127	15,807	20,287	0	0	0
	Total	5,824	5,273	5,577	4,920	4,149	4,683
Senior & Middle Managers	< 30 years old	4,279	3,849	2,876	0	0	0
	From 30 to 50 years old	5,672	5,245	5,516	4,756	3,956	4,538
	≥ 50 years old	6,251	5,444	5,835	5,883	5,242	5,539
	Total	1,984	1,792	1,865	1,943	1,838	1,888
Coordinators & Supervisors	< 30 years old	1,577	1,538	1,551	1,538	1,342	1,483
	From 30 to 50 years old	1,954	1,796	1,857	2,107	1,899	2,007
	≥ 50 years old	2,407	2,028	2,179	2,733	2,398	2,516
	Total	2,186	2,312	2,246	0	0	0
Technicians & Specialist	< 30 years old	1,761	1,643	1,604	0	0	0
	From 30 to 50 years old	2,327	2,715	2,581	0	0	0
	≥ 50 years old	2,470	1,780	1,964	0	0	0
	Total	825	831	829	0	0	0
Representatives	< 30 years old	775	800	790	0	0	0
	From 30 to 50 years old	864	851	854	0	0	0
	≥ 50 years old	943	854	875	0	0	0

406: NON-DISCRIMINATION

406-1	INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN	VERIFIED	-
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In 2020, 20 incidents of discrimination were raised. The inquiry processes carried out led to the filing of all cases.

407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

407-1	OPERATIONS AND SUPPLIERS IN WHICH THE RIGHT TO FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE AT RISK	VERIFIED	-
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At Sonae, there are no operations involving risks within the scope of the right to freedom of association and collective bargaining agreements.

In the specific case of Sonae MC and Worten, according to the audit reports carried out, all suppliers have "freedom of association: they can be members of institutions / associations that represent their rights" accordingly.

Following the nonconformities found in point 5.9 of Sonae Fashion's 2019 internal audits "Is workers 'right to form and join free trade unions and workers' associations acknowledged by the management and workers?", a revision of the code of ethics and conduct of Sonae Fashion was carried out and validated at Excom in 2020. This topic has become mandatory for all Sonae Fashion suppliers, regardless of origin.

At Sonaecom, both because of the geographies in which it is present and because of the technical / technological complexity of the type of activities performed by employees and partners, there are residual risks in terms of limiting freedom of association and collective bargaining.

Sonae Sierra does not report this indicator.

408: CHILD LABOUR

408-1	OPERATIONS AND SUPPLIERS AT SIGNIFICANT RISK FOR CHILD LABOUR INCIDENTS	VERIFIED	-
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At Sonae, as a rule, minors are not admitted into the company. Only exceptionally are minors between the ages of 16 and 18 admitted, and always in compliance with the law. There are no operations at risk for child labour incidents. At Sonaecom, due to both the locations where we are present and to the technical/technological complexity of the type of activities performed by our employees and partners, Sonaecom has residual risks in terms of child labour.

At Sonae MC and Worten if it is found that a supplier is at significant risk for child labour incidents, the supplier is placed on stand-by and only re-enters after an SA8000 audit has been carried out by an accredited institution.

According to Sonae Fashion's code of ethics and conduct "No person shall be employed at an age younger than 15 (or 14 where the national law so allows) or younger than the legal age for employment if this age is higher than 15".

Sonae Sierra does not report this indicator.

409: FORCED OR COMPULSORY LABOUR

409-1	OPERATIONS AND SUPPLIERS AT SIGNIFICANT RISK FOR INCIDENTS OF FORCED OR COMPULSORY LABOUR	VERIFIED	-
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At Sonae, there is no forced labour.

At Sonae MC and Worten if it is found that a supplier is at significant risk for incidents of forced or compulsory labour, the supplier is placed on stand-by and only re-enters after an SA8000 audit has been carried out by an accredited institution.

At Sonaecom, due to both the locations where we are present and to the technical/ technological complexity of the type of activities performed by our employees and partners, there are residual risks in terms of forced or compulsory labour.

Sonae Sierra does not report this indicator.

410: SECURITY PRACTICES

410-1	SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS POLICIES OR PROCEDURES	VERIFIED	-
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For retail companies, in both Portugal and Spain, all security staff who work through security companies must have a professional identification, which requires obtaining and renewing training that includes matters of constitutional/fundamental rights, ethics and deontology.

412: HUMAN RIGHTS ASSESSMENT

412-1	OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS	VERIFIED	-
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In 2020, no operation that has been subject to a Human Rights reassessment and/or impact assessment was registered in this regard.

412-2	SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS POLICIES OR PROCEDURES	VERIFIED	-
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In 2020, employees received training related to human rights practices and policies, according to the following table:

	2019	2020
Total employees that received formal training on the policies and procedures of the organisation regarding Human Rights issues (no.)	17,498	42,093
Total hours dedicated to training on policies and procedures relative to Human Rights aspects that are relevant to operations (no.)	296,056	369,635

Note: this includes all training participants, regardless of if they were active on the 31 December 2020 in Portugal.

412-3	SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHT CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING	VERIFIED	-
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In Sonae MC, Sonae Fashion and Worten supply contracts include a supplier obligation clause that mentions "Comply with all applicable standards and legislation on work carried out by minors, human rights and prohibition of discrimination against their workers, for whatever reason."

At Sonaecom, regardless of the total number and percentage of investment agreements and significant contracts reported that do not expressly include Human Rights clauses, they include the provision of guarantees and general obligations to comply with the legislation that is applicable to the invested entity, which necessarily includes any Human Rights legislation that is applicable to it; The definition of significant investment agreements is divided into two definitions, depending on the Sonaecom entity that is involved in the investment and the respective investment agreement:

i) Sonae IM: A significant investment agreement is one that involves an investment amount for Sonae IM equal to or greater than € 3,500,000.00;

ii) Bright Pixel / Bright Ventures: A significant investment agreement is one that involves an investment amount for Bright Pixel / Bright Ventures equal to or greater than € 600,000.00.

413: LOCAL COMMUNITIES [MATERIAL ASPECT]

413-1	OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS AND DEVELOPMENT PROGRAMMES	VERIFIED	CHAPTER OUR DEVELOPMENT
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From the moment a new unit is installed, Sonae ensures the necessary conditions so that it has the minimum negative impact on communities. During operation, it develops numerous activities of support to the local community, meeting their different needs. The activities are often carried out in partnership with local entities.

414 AND 308: SUPPLIER SOCIAL AND ENVIRONMENTAL ASSESSMENT [MATERIAL ASPECT]

414-1 AND 308-1	NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL AND ENVIRONMENTAL CRITERIA	VERIFIED	-
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SCREENED SUPPLIERS BASED ON SOCIAL AND ENVIRONMENTAL CRITERIA - LABOUR PRACTICES, HUMAN RIGHTS, WITH AN IMPACT ON SOCIETY AND THE ENVIRONMENT	SONAE MC		FASHION		WORTEN	
	TOTAL	NEW	TOTAL	NEW	TOTAL	NEW
National	180	31	111	20	7	0
Foreign	313	84	233	25	108	3
Total suppliers (no.)	493	115	344	45	115	3
National	113	3	12	0	7	0
Foreign	192	14	54	2	105	0
Total qualified suppliers (no.)	305	17	66	2	112	0
National (%)	63%	10%	11%	0%	100%	0%
Foreign (%)	61%	17%	23%	8%	97%	0%
Percentage of qualified suppliers (%)	62%	15%	19%	4%	97%	0%
National	55	1	0	0	0	0
Foreign	209	14	8	2	24	0
Total audits performed on suppliers (no.)	264	15	8	2	24	0

416: CUSTOMER HEALTH AND SAFETY

416-1	ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES	VERIFIED	-
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At Sonae, it is a priority to ensure the quality and safety of our own brands products, therefore we constantly control and monitor the development process. Thus, we strongly focus on four areas: (i) certification of the development of our own brand products, (ii) monitoring of quality and safety, (iii) labelling, and (iv) management of customer's feedback.

In 2020, continuing our previous efforts, we ensured the certification process of developing Sonae MC's own brands and Worten, according to the international standard for quality management NP EN ISO 9001:2008

We have a team of skilled internal and external professionals dedicated to carrying out periodic checks on products, including inspections, laboratory tests and audits, in order to ensure compliance with quality and safety standards based on the annual plans in place. In 2020, a total of 8,195 analyses were carried, of which 5,135 took place in internal laboratories and 3,060 in external laboratories.

In indicator 102-44 we report the way we manage and integrate our clients' feedback.

417: MARKETING AND LABELING

417-1	REQUIREMENTS FOR PRODUCT AND SERVICE INFORMATION AND LABELLING	VERIFIED	-
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We are committed to ensuring the provision of a wide range of responsible products in order to meet the expectations of consumers and promote the adoption of a sustainable lifestyle. At the same time, considering the need to access immediate information, inherent to the profile of today's consumers, we are concerned about ensuring that we provide the necessary information about our products, so that consumers can make an informed and appropriate choice according to their lifestyle.

419: SOCIOECONOMIC COMPLIANCE

419-1 AND 307-1	NON-COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AND ENVIRONMENTAL AREA	VERIFIED	-
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Sonae considers a fine to be **significant** when the total monetary value is higher than or equal to 12,000€, which corresponds to the minimum fine of a serious environmental offense (Law no.114/2015, of 28 August).

2020 NON-COMPLIANCE WITH LAWS AND REGULATIONS	SONAE, SONAE MC, SONAE FASHION, SONAE FS AND WORTEN	SONAECOM (IM & MEDIA)	SONAE SIERRA
Total monetary value of significant fines - Economic area (€)	29,745	0	0
Total number of non-monetary sanctions (no.)	8	0	0
Total monetary value of significant fines - Social area (labour) (€)	0	0	0
Total number of non-monetary sanctions (no.)	0	0	0
Total monetary value of significant fines – Environmental area (€)	18,000	0	0
Total number of non-monetary sanctions (no.)	0	0	0

METHODOLOGIC NOTES

EMISSION FACTORS:

ENERGY	UNIT	2019	2020	SOURCE (2019 AND 2020)
Natural Gas	kg CO2/GJ	56.4	56.4	
Propane Gas	kg CO2/GJ	63.1	63.1	2019: APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990-2017 (p.187)
Diesel	kg CO2/GJ	74.1	74.1	2020: APA (2020) Portuguese National Inventory Report on Greenhouse Gases 1990-2018 (p.119)
Gasoline	kg CO2/GJ	69.3	69.3	
Electricity - Market Based (Sonae MC, Sonae Sports & Fashion, Worten)	(kg CO2/GJ)	77.0	74.7	2019 and 2020: Elergone data: The calculation of annual values is based on the calculated monthly values, which in turn are calculated by weighting the emission factors reported by the various suppliers and the percentage of consumption of the points that have a supply contract with the respective suppliers.
Eletricidade - Market Based (R Maxmat)	(kg CO2/GJ)	103.6	76.9	2019 and 2020: Elergone data: The calculation of annual values is based on the calculated monthly values, which in turn are calculated by weighting the emission factors reported by the various suppliers and the percentage of consumption of the points that have a supply contract with the respective suppliers.
Electricity - Market Based (Sonae RP)	(kg CO2/GJ)	103.6	76.9	2019 and 2020: Elergone data: The calculation of annual values is based on the calculated monthly values, which in turn are calculated by weighting the emission factors reported by the various suppliers and the percentage of consumption of the points that have a supply contract with the respective suppliers.
Electricity - Market Based (Sonaecom)	(kg CO2/GJ)	74.7	59.1	2019 and 2020: SU Electricity - https://sueletricidade.pt/pt-pt/page/541/origens-da-eletricidade
Electricity - Market Based Espanha	(kg CO2/GJ)	110.8	110.8	2019: it was assumed emission factor Endesa: 398,88 gCO2/kWh https://www.endesa.pt/negocios/quemsomos/Origem-de-Energia 2020: Foi assumido fator de emissão Endesa: 398,88 gCO2/kWh https://www.endesa.pt/negocios/quemsomos/Origem-de-Energia
Electricity - Market Based - Arenal	(kg CO2/GJ)	109.4	79.1	2019: Mix energy Endesa, Repsol, Iberdrola, Aldro Energia and DLR Energia Comercializadora (calculation in the sheet "Arenal % consumo elect-factor").
Electricity - Location Based Portugal	(kg CO2/GJ)	78.2	59.2	2019: International Energy Agency (2015). CO2 Emissions from Fuel Combustion, 2015 Edition. 2020: APREN 2019 https://www.apren.pt/contents/publicationsreportcarditem/boletim-energias-renovaveis-dezembro-2019-vf.pdf?fbclid=IwAR2Q3hlAnJO_Pa7_073fDci5dmcF4GPTuH-aKI4HLuQYWEiig087g_Mfpkk
Electricity - Location Based Espanha	(kg CO2/GJ)	122.2	53.3	2019: Defra (2018) UK Government GHG Conversion Factors for Company Reporting 2018. 2020: REE https://www.ree.es/es/datos/generacion/no-renovables-detalle-emisiones-CO2
Electricity - Location Based - Outras geografias (Europa)	(kg CO2/GJ)	82.2	82.2	2019 and 2020: European Environment Agency, CO2 emission intensity. It was considered as value the European average.

Notes: The market-based emission value does not include Salsa's activity outside PT e SP (conversion factor not available).

TYPE OF TREATMENT	UNIT	FATOR 2019	FATOR 2020	SOURCE
Landfill	t CO2/t Waste	0.0214	0.0213	2019: DEFRA (2019). Greenhouse gas reporting - Conversion factors 2019 2020: DEFRA (2020). Greenhouse gas reporting - Conversion factors 2020
Energy recovery	t CO2/t Waste	0.0102	0.0102	
Organic recovery	t CO2/t Waste	0.5865	0.4374	

NITROGEN OXIDES (NOX), SULFUR OXIDES (SOX), AND OTHER SIGNIFICANT AIR EMISSIONS (305-7)

The values in the GRI table associated with indicator 305-7 were calculated using the following conversion factors:

ENERGY	UNIT	NOX	SO2	SOURCE
Diesel	kg/GJ	0.8	0.21	IPCC 2006
Gasoline	kg/GJ	0.6	0.075	IPCC 2006

GRI INDICATORS MATCH TABLE

GRI	ODS	UNGC	SASB
102-8		6	
102-1		19	
102-41		3	Labour Practices - FB-FR-310a.2 (Food retailers & distributors)
201-1			
201-2			
202-2		6	
203-1			
203-2			
204-1			
205-1		10	
205-2		10	
205-3		10	
301-1		7, 8	
301-3		8	Energy management - IF-RE-130a.2 (Real Estate)
302-1		7, 8	Energy management - FB-FR-130a.1 (Food retailers & distributors) Environmental Footprint of Hardware Infrastructure - TC-SI-130a.1 (Software & IT Services)
302-2		7, 8	
302-3		8	
302-4		8, 9	
302-5		8, 9	
303-1		7, 8	
303-2		7, 8	
303-3		8	Water management - IF-RE-140a.2 (Real Estate) Environmental Footprint of Hardware Infrastructure - TC-SI-130a.1 (Software & IT Services)
303-4		8	
303-5		8	
304-1		8	
304-2		8	
304-3		8	
305-1		7, 8	Air emissions from refrigeration - FB-FR-110b.1 (Food retailers & distributors)
305-2		7, 8	
305-3		7, 8	
305-4		8	
305-5		8, 9	
305-6		7, 8	
305-7		7, 8	
306-1		8	
306-2		8	
306-3		8	
306-4		8	
306-5		8	
401-3		6	
403-1			
403-2			

403-3			
403-4			
403-5			
403-6			
403-7			
403-8			
403-9			
404-1		6	
404-2			
404-3		6	
405-1		6	
405-2		6	
406-1		6	
407-1		3	
408-1		5	
409-1		4	
412-3		5, 8, 16	
416-1			Management of Chemicals in Products - CG-AA-250a.2 (Apparel, accessories & footwear)
417-1			Product Health & Nutrition - FB-FR-260a.2 (Food Retailers & distributors)
419-1 e 307-1			Labour Practices - FB-FR-310a.3 (Food retailers & distributors)

Non-financial demonstration

The activity report responds to the legal requirements imposed by the Portuguese Decree-Law no. 89/2017, published on 28 July 2017 and to the Spanish law no. 11/2018, published on 28 December 2018 as shown below.

TABLE OF CORRESPONDENCE TO PORTUGUESE DL 89/2017 of July 28

CONTENTS OF THE DECREE-LAW NO. 89/2017 OF JULY 28

Art. no. 3 (refers to Art. no. 66-B and 508-G of the CSC):

The non-financial statement must contain enough information for an understanding of the development, performance, position and impact of its activities, relating at least to environmental, social and worker-related issues, equality between men and women, non-discrimination, respect for human rights, combating corruption and bribery, including:

A brief description of the company's business model	GRI 102-1 to 102-15	Supplement GRI GRI Table
A description of the company's policies in relation to these issues, including the due diligence procedures duly applied	GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419	Supplement GRI GRI Table
The results from these policies	GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419	Supplement GRI GRI Table
The main risks associated to these issues, related to the company's activities, including, if relevant and proportionate, its business relations, its products or services that may have negative impacts on these areas and how these risks are managed by the company	GRI 102-15, 103	Supplement GRI GRI Table
Key performance indicators relevant to its specific activity	GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419	Supplement GRI GRI Table
Description of the Diversity Policy applied by the company with respect to its management and supervisory bodies, namely, in terms of age, sex, qualifications and professional background, the objectives of this diversity policy, how it was applied and the results in the period of reference.	GRI 102-22, 102-24, 103, 401, 405	Supplement GRI GRI Table

TABLE OF CORRESPONDENCE TO THE SPANISH LAW 11/2018 of December 28

CONTENTS OF THE SPANISH LAW 11/2018 OF DECEMBER 28

<p>Global</p> <p>The consolidated statement of non-financial information should include the information necessary to understand:</p> <ul style="list-style-type: none"> ▪ The development, ▪ The results and situation of the group and ▪ The impact of its activity; <p>In relation to:</p> <ul style="list-style-type: none"> ▪ Environmental issues, ▪ Social issues, ▪ Respect for human rights, ▪ Respect for combating corruption and bribery, <p>As well as regarding employees, including measures that, if applicable, have been adopted to comply with the principle of equal treatment and opportunities for women and men, non-discrimination and the inclusion of people with disabilities and universal accessibility.</p>	<p>GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Value Management through Governance - Chapter Our Performance <p>Supplement GRI</p>
<p>Business Model</p> <p>Brief description of the group's business model, which should include:</p> <ol style="list-style-type: none"> 1.) The business environment, 2.) The organisation and structure, 3.) The markets in which it operates, 4.) The goals and strategies, 5.) The main factors and trends that could affect its future development. 	<p>GR 102-1, 102-2, 102-4, 102-7, 102-14</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Our Business Model <p>Supplement GRI</p>
<p>Policies</p> <p>A description of the policies that the group applies to these issues, including:</p> <ol style="list-style-type: none"> 1.) Due diligence procedures applied to the identification, assessment, prevention and mitigation of significant risks and impacts. 2.) Verification and control procedures including the measures that have been adopted. 	<p>GRI 102-15, 103, 201-2, 205-1, 205-2, 406-1, 407-1, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3, 414-1 and 308-1, 416-1, 417-1, 419-1 and 307-1</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Value Management through Governance <p>Corporate Governance Report:</p> <ul style="list-style-type: none"> - Part I: Shareholders' structure, organization and Corporate Governance <p>Supplement GRI</p>
<p>Results of the policies and key performance indicators</p> <p>The results of those policies, including key performance indicators of relevant non-financial results that allow:</p> <ol style="list-style-type: none"> 1.) The monitoring and assessment of progress and 2.) That favour comparability between sectors, according to the national, European or international benchmarks used for each area. 	<p>GRI 102-15, 103, 201-2, 205-1, 205-2, 406-1, 407-1, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3, 414-1 and 308-1, 416-1, 417-1, 419-1 and 307-1</p> <p>Environmental Policy</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Our Performance <p>Supplement GRI</p>
<p>Risks</p> <p>The main risks related to these issues with respect to the activities of the group, including, when relevant, their business relations, products or services that may have negative effects on them, and</p> <ul style="list-style-type: none"> • How the group manages these risks: • Explaining the procedures used to detect and assess risks, according to the national, european or international benchmark structures for each area; • Information should be included on the impacts detected, detailing the main risks in the short, medium and long-term. 	<p>GRI 102-15, 201-2, 205-1, 407-1, 408-1, 409-1, 413-1</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Value Management through Governance <p>Corporate Governance Report:</p> <ul style="list-style-type: none"> - Part I: Shareholders' structure, organization and Corporate Governance <p>Supplement GRI</p>

<p>Key performance indicators</p> <p>Key non-financial performance indicators that are relevant to the business activity and that meet the comparability, materiality, relevance and reliability criteria.</p> <p>In order to allow the comparison of information, both over time and across entities, standard key non-financial indicators will be used that can be generally applied and that comply with the European commission's guidelines on this subject and the standards of the global reporting initiative, mentioning in the report the national, European or international scope used for each area.</p> <p>The main indicators of non-financial results should be applied to each of the non-financial information topics.</p> <p>These indicators should be useful, taking into consideration the circumstances, and consistent with the parameters used in their internal assessment and risk management procedures.</p> <p>In any event, the information presented must be accurate, comparable and verifiable.</p>	<p>GRI 102-54</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Our Performance <p>Supplement GRI</p>
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ENVIRONMENTAL ISSUES

<p>Global environment</p> <p>1.) Detailed information on the current and possible effects of the company's activities on the environment and, when applicable, health and safety procedures, environmental assessment or certification;</p> <p>2.) Resources dedicated to the prevention of environmental risks;</p> <p>3.) The application of the precautionary principle, the quantity of provisions and guarantees for environmental risks.</p>	<p>GRI 102-11,103, 201-2, 308-1</p> <p>Environmental Policy</p> <p>Sonae companies have an environmental responsibility policy.</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Value Management through Governance - Chapter Our Performance <p>Corporate Governance Report:</p> <ul style="list-style-type: none"> - Part I: Shareholders' structure, organization and Corporate Governance <p>Supplement GRI</p>
<p>Contamination</p> <p>1.) Measures to prevent, reduce or repair damage from carbon emissions, which seriously affect the environment;</p> <p>2.) Taking into consideration any form of air pollution, which is activity-specific, including noise and light pollution.</p>	<p>GRI 103, 305-5, 305-6, 305-7</p> <p>Due to its nature, Sonae's activity has no significant impact on noise and light pollution.</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Value Management through Governance - Chapter Our Performance <p>Supplement GRI</p>
<p>Circular economy and waste management and prevention</p> <p>Circular economy:</p> <p>Waste: prevention, recycling, reuse, other forms of waste recovery and disposal; actions to combat food waste.</p>	<p>GRI 103, 301-2, 301-3, 306-1, 306-2, 306-3, 306-4, 306-5</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Value Management through Governance - Chapter Our Performance <p>Supplement GRI</p>
<p>Sustainable use of resources [material issue]</p> <p>Water consumption and water supply according to local restrictions;</p> <p>Consumption of raw materials and the measures adopted to improve the efficiency of use;</p> <p>Energy consumption, direct and indirect, measures adopted to improve energy efficiency and the use of renewable energy.</p>	<p>GRI 103, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Value Management through Governance - Chapter Our Performance <p>Supplement GRI</p>

We invest significantly in the continuous improvement of Sonae's environmental management, aiming to minimise the impact of our activities on the environment. In order to do so, we are determined to ensure the efficient use of our resources, optimising water and energy consumption, and minimising GHG (greenhouse gas) emissions, without neglecting the effective management of the waste generated.

Continuous improvement in environmental management is guaranteed through the Environmental Certification Programme, according to the international standard NP EN ISO 14001:2015. The implementation of this programme allows us to minimise our environmental impact, improve our infrastructure and strengthen our compliance to legal obligations from an environmental perspective.

<p>Climate change [material issue]</p> <p>The important elements of greenhouse gas emissions released as a result of the company's activities, including the use of goods and services it produces:</p> <p>Measures taken to adapt to the consequences of climate change:</p> <p>The voluntary medium and long-term reduction targets set to reduce greenhouse gas emissions and the measures implemented to achieve this.</p>	<p>GRI 103, 201-2, 305-1, 305-2, 305-3, 305-4, 305-5</p> <p>Environmental Policy</p> <p>Sustainable Fishing Policy</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Value Management through Governance - Chapter Our Performance <p>Supplement GRI</p>
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Combating climate change is a central topic in the Sonae Group's sustainable development agenda. We believe that the companies can and should play an important role in this regard

In 2019, Sonae and its portfolio of companies advanced with the definition of their greenhouse gases emissions (GHG) reduction targets, of Scope 1 and 2. As a result Sonae and its portfolio of companies pledged to reduce their Scope 1+2 emissions by 54% in 2030, compared to 2018.

In 2019 in terms of actions in this area, we have continued our efforts to promote efficient and flexible energy consumption by investing in the installation of more efficient equipment and systems, creating the conditions necessary to better monitor and manage consumption, and developing procedures to enhance the investment carried out. In addition, we decarbonise our energy matrix by producing electricity actually produced from renewable sources

Furthermore, the Group strove to integrate the guidelines defined by the Task Force on Climate-related Financial Disclosure (TCFD). Once the risks for the companies are identified, they will be reflected monetarily at the Group level and the management and mitigation measures will be defined.

<p>Biodiversity protection [material issue]</p> <p>Measures taken to preserve and restore biodiversity;</p> <p>Impacts caused by the activities or operations in protected areas.</p>	<p>GRI 103, 304-1, 304-2, 304-3</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Value Management through Governance - Chapter Our Performance <p>Supplement GRI</p>
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The dependence of our companies on natural capital, and the way in which they directly or indirectly have the potential to alter or contribute to the destruction of natural habitats, leads us to consider issues related to the protection of Nature and biodiversity as strategic for the Group.

Sonae does not own any facilities in areas classified as habitats rich in biodiversity. In 2019, there were no operations carried out leading to changes in the surrounding habitats that would result in their restoration.

SOCIAL AND WORKER-RELATED ISSUES

<p>Employment [material issue]</p> <p>Total number and distribution of employees by gender, age, country and professional category;</p> <p>Total number and distribution of work contract modalities;</p> <p>Annual average of undefined contracts, temporary contracts and part-time contracts by gender, age and professional category;</p> <p>Dismissal numbers by gender, age and professional category;</p> <p>The average remuneration and its evolution disaggregated by gender, age and professional category or equal value;</p> <p>Salary difference, the remuneration of equal or average positions in the company;</p> <p>The average remuneration of managers and executives, including variable remuneration, allowances, compensation, payment to systems for forecasting long-term savings and any other situation disaggregated by gender;</p> <p>Implementation of labour disconnection policies;</p> <p>Employees with disabilities.</p>	<p>GRI 102-8 (Table: Contracts by Type), 102-35, 102-38, 102-39, 103, 401-1 (Table: Departures), 405-1, 405-2 (Table Average Remuneration)</p>	<p>Management Report:</p> <ul style="list-style-type: none"> - Chapter Value Management through Governance - Chapter Our Performance <p>Corporate Governance Report:</p> <ul style="list-style-type: none"> - Part I: Shareholders' structure, organization and Corporate Governance <p>Supplement GRI</p>
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When employees disconnect, compliance to the legal requirements applicable to these situations is ensured.

<p>Organisation of work</p> <p>Organisation of workable hours;</p> <p>Number of hours of absence;</p> <p>Measures to facilitate parental leave and encourage joint responsibility by both parents.</p>	<p>GRI 103, 401-3, 403-2</p>	<p>Supplement GRI</p>
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Sonae has been developing flexible work initiatives, boosting internal investment in innovation, technology and training. Among the benefits provided by Sonae are extra vacation days, flexible hours, unpaid leave and reduced working hours or remote work. These initiatives are the result of an analysis carried out on an international level, identifying best practices in businesses to maximise the productivity and work-life balance of our people.

<p>Health and Safety</p> <p>Health and safety conditions at work;</p> <p>Work accidents, their frequency and severity;</p> <p>Occupational diseases; disaggregated by gender.</p>	<p>GRI 103, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9</p>	<p>Supplement GRI</p>
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The health and safety impacts attributable to commercial relations are not considered relevant.

<p>Social Relations</p> <p>Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them;</p> <p>Percentage of employees covered by collective bargaining agreements by country;</p> <p>The balance of collective bargaining agreements, especially in the field of health and safety at work.</p>	<p>GRI 102-41, 103, 403-1, 407-1</p>	<p>Supplement GRI</p>
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More information can be found on [Sonae's Code of Ethics and Conduct for Employees](#).

<p>Training [material issue]</p> <p>The policies implemented in the field of training;</p> <p>Total number of hours of training by professional category.</p>	GRI 103, 404-1, 404-2	<p>Management Report:</p> <p>- Chapter Value Management through Governance</p> <p>- Chapter Our Performance</p> <p>Supplement GRI</p>
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Universal accessibility for people with disabilities	Table of Employees with Disabilities	Supplement GRI
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At Sonae, we continuously work to provide an inclusive, non-discriminatory work environment. Our facilities are developed to ensure universal accessibility.

<p>Equality [material issue]</p> <p>Measures taken to promote equal treatment and opportunities between men and women;</p> <p>Equality plans (chapter III of the organic law 3/2007, of March 22, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender harassment, integration and universal accessibility for people with disabilities;</p> <p>The policy against all types of discrimination and, when appropriate, the management of diversity.</p>	GRI 103, 405-1, 405-2, 406-1	<p>Management Report:</p> <p>- Chapter Value Management through Governance</p> <p>- Chapter Our Performance</p> <p>Supplement GRI</p>
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More information can be found on [Sonae's Plan for Gender Equality](#).

<p>Human Rights</p> <p>Application of the due diligence procedures in the field of human rights;</p> <p>Prevention of the risks of human rights violations and, when appropriate, measures to mitigate, manage and repair possible abuses committed;</p> <p>Reports on cases of human rights violations;</p> <p>Promotion and enforcement of the provisions of the fundamental conventions of the international labour organization concerning the respect for freedom of association and the right to collective bargaining;</p> <p>The elimination of employment and occupational discrimination;</p> <p>The elimination of forced or compulsory labour;</p> <p>The effective abolition of child labour.</p>	GRI 102-16, 102-17, 103, 406-1, 407-1, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3	Supplement GRI
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More information can be found on [Sonae's Code of Ethics and Conduct for Employees](#).

<p>Corruption and bribery</p> <p>Measures taken to prevent corruption and bribery;</p> <p>Measures taken to combat money laundering;</p> <p>Contributions to foundations and non-profit entities.</p>	GRI 102-16, 102-17, 205-1, 205-2, 205-3, 413-1, 419-1	Supplement GRI
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More information can be found on [Sonae's Code of Ethics and Conduct for Employees](#).

SOCIETY ISSUES

<p>The company's commitment to sustainable development</p> <p>The impact of the company's activity on employment and local development:</p> <p>The impact of the company's activity on the local population and territory:</p> <p>The relations maintained with the representatives of the local communities and the modalities of dialogue with them:</p> <p>Association and sponsorship actions.</p>	<p>GRI 102-12, 102-13, 102-43, 102-44, 103, 203-1, 203-2, 413-1</p>	<p>Supplement GRI</p>
<p>More information can be found on Sonae's Code of Ethics and Conduct for Employees. Sonae's Code of Conduct for Suppliers: Sonae endorses the Universal Declaration of Human Rights and recognizes the rights of Indigenous Peoples. Principles that are incorporated into the qualification and evaluation processes of suppliers and partners.</p>		
<p>Subcontracting and suppliers</p> <p>The inclusion in the purchasing policy of social issues, gender equality and environmental issues:</p> <p>Consideration in relations with suppliers and subcontractors of their social and environmental responsibility:</p> <p>Supervisory systems and audits and their results.</p>	<p>102-9, 103, 308-1, 414-1</p>	<p>Supplement GRI</p>
<p>More information can be found Sonae's Code of Ethics and Conduct for Employees and Sonae's Suppliers' Code of Conduct.</p>		
<p>Consumers</p> <p>Measures for the health and safety of consumers:</p> <p>Complaints systems, complaints received and their resolution.</p>	<p>102-43, 102-44, 103, 416-1, 417-1</p>	<p>Supplement GRI</p>
<p>Tax information</p> <p>Benefits obtained by country</p> <p>Taxes on benefits paid.</p>	<p>103, 201-1, 201-4</p>	<p>Supplement GRI</p>

The amounts received by Sonae in Portugal are reported in the 201-4 indicator.



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INDEPENDENT LIMITED ASSURANCE REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

**To the Board of Directors of
Sonae SGPS, S.A.**

Introduction

We were engaged by the Board of Directors of **Sonae SGPS, S.A.** (“Sonae”) to provide limited assurance on the sustainability information included in the “Management Report” and in the “GRI Supplement” of the Annual Report of Sonae (“the Report”) for the year ended 31 December 2020, identified as verified in the “GRI Table” included in the “GRI Supplement”.

Board of Directors’ responsibilities

The Board of Directors of Sonae is responsible for:

- The preparation and presentation of the information included in the Report in accordance with the GRI Standards, for the level Core, as described in the chapter “About GRI Supplement” of the Report, and the information and assertions contained therein; and,
- Establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibilities

Our responsibility is to perform a limited assurance engagement and to report a conclusion based on the work performed.

We have applied International Standard on Quality Control 1 and accordingly we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



We are independent of Sonae in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

Scope

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and complied with further standards and technical guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors), which require that we plan and perform the engagement to obtain limited assurance about whether anything came to our attention that causes us to believe that the sustainability information included in the Report for the year ended 31 December 2020 is not prepared, in all material aspects, in accordance with the GRI Standards, for the level Core.

A limited assurance engagement on sustainability information consists of making inquiries, primarily of persons responsible for the preparation of the sustainability information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries with the responsible persons to gain an understanding of Sonae's processes for determining the material issues for Sonae's key stakeholder groups;
- Interviews with relevant staff, at the corporate and business unit level, responsible for providing the sustainability information in the Report;
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report; and,
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Sonae.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information included in the “Management Report” and in the “GRI Supplement” of the Annual Report of Sonae for the year ended 31 December 2020, identified as verified in the “GRI Table” included in the “GRI Supplement”, is not prepared, in all material respects, in accordance with the GRI Standards, for the level Core.

Restriction of use of our report

Our limited assurance report is issued exclusively for the use of the Board of Directors of Sonae for the purpose of the disclosure of the sustainability information included in the “Management Report” and in the “GRI Supplement” of the Annual Report of Sonae and is not intended to be used for any other purpose. . We accept or assume no responsibility and deny any liability to any party other than Sonae for our work, for this independent limited assurance report, or for the conclusions we have reached.

29 March 2021

SIGNED ON THE ORIGINAL

KPMG & Associados

Sociedade de Revisores Oficiais de Contas, S.A. (nr. 189)

represented by

Pedro Manuel Bouça de Moraes Alves da Costa (ROC nr. 1466)



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PROPERTY

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