



9M20

RESULTS

BUILDING
TOGETHER

1. Highlights

Financial Performance

- **Sonae's portfolio proved once again its resilience**, posting a 5.9% consolidated top line growth and a 10% underlying EBITDA margin in 3Q20 (up 20bps yoy), underpinned by solid market outperformances across businesses in a very challenging context
- **Online sales** of our fully consolidated businesses doubled yoy in the first nine months of 2020 and represented more than one third of the Group's top line growth, proving the digital capabilities and e-commerce value propositions of our businesses
- **Consolidated net result (group share) was slightly above last year in the quarter**, despite unfavourable non-recurrent effects and the negative impact of Covid-19 on the operating performances of several businesses
- **The group's capital structure remained solid**, with net debt decreasing €287 M in the last 12 months and liquidity increasing, with more than €650 M of refinancing operations completed since the beginning of the year and extensive cash preservation initiatives across businesses

Portfolio Management Activity

- During the 1H20, **Sonae Sierra** created Sierra Prime, a leading retail real estate JV with APG, Allianz and Elo, and **Sonae Fashion** announced the acquisition of the remaining 50% stake in Salsa
- In the 3Q20:
 - 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** completed the sale of NOS Towering to Cellnex in exchange for total proceeds of €550 M (close to €375 M of which were already received in September)
- Already in the 4Q20, Arctic Wolf – a leader in cybersecurity operations –, following a Series E funding round of USD200 M with a valuation of USD1.3 bn, became **Sonae IM's** second unicorn, resulting in an equity accounted capital gain of almost €29 M

ESG highlights

- Sonae remained focused on monitoring all the developments related to the Covid-19 pandemic and reinforced measures to **protect its employees and communities**
- The Group published a revised version of its **Gender Equality Plan**, which includes ambitious targets regarding women in managerial positions
- Progress continued to be made towards decreasing the Group's CO₂ emissions by 54% up to 2030 (compared to 2018) and, already in November, **Sonae committed to reach carbon neutrality by 2040** – anticipating this target by 10 years

The Covid-19 outbreak continues to impact our activities. With the end of the initial lockdown and the gradual reopening of the economy since May, Sonae's businesses were less impacted in the 3Q when compared to the 2Q. Still, the pandemic left a number of significant impacts, such as changes in consumption patterns, a decrease in tourism and restrictions in gatherings/physical distancing, all of which continued to affect several of our businesses in this quarter.

2. CEO letter

Nine months into the year, the World continues to fight the Covid-19 pandemic. After a difficult second quarter marked by the lockdown measures, this third quarter was still a period in which many restrictions subsisted and impacted our day-to-day lives.

During these last few months, we have done everything in our power to protect the health and safety of our people, customers and partners. I remain grateful and humbled by the resilience and dedication of our teams, who have really gone the extra mile to continue to provide essential services to our customers and have shown great grit and resourcefulness in times of constant change.

In this pandemic context, Sonae continued to show a very resilient performance, driven by a unique knowledge of our customers, the digital readiness of our businesses and a Group-wide ability to quickly innovate and adapt to changing circumstances.

Sonae MC strengthened its leadership position in Portugal, leveraging the strength of the Continente loyalty program (which continued to provide new benefits and functionalities in an increasingly digital and personalized offering), and also the ability to rapidly scale its e-commerce delivery capacity and reinforce its position as the reference online grocery retailer in the country. Worten also continued to gain market share in Portugal underpinned by a world-class omnichannel approach and multiple new digital initiatives, having reached, for the first time ever, a higher market share online than offline. At Sonae Sierra, shopping centres remained under pressure but started to recover footfall and tenant sales, while the team worked together with tenants to find creative solutions to maximize their offline and online sales. Sonae Fashion and ISRG stores reopened and showed encouraging signs, while online sales remained at record levels – particularly at Mo, where the innovative MOxAd-Tech masks boosted e-commerce and international sales. Sonae FS resumed normalized levels of credit production and Universo reached 400 thousand digital clients. Sonae IM's solid operational performance was highly driven by the cybersecurity companies in the portfolio, and Arctic Wolf reached the unicorn status in Q4. Finally, NOS showed the resilience of its core telecommunications business and executed important deals that improve the company's financial strength and will enable a faster, more efficient and environmentally sustainable deployment and operation of mobile networks.

Overall, in the third quarter Sonae was able to grow turnover by 6% and improved its underlying EBITDA by more than 8% versus last year, which enabled us to surpass last year's underlying EBITDA at the end of September. We continued to preserve our balance sheet by deploying multiple cash preservation initiatives across businesses and also by refinancing important debt facilities. In total, the Group's consolidated net debt decreased €287 M to €1,233 M in the last 12 months and all businesses remain with conservative leverage levels.

During this pandemic context, we also decided to reinforce our commitment to our People and our Planet. We published a revised gender equality plan, with specific and ambitious goals for women in managerial positions. And, already in November, we committed to reach carbon neutrality by 2040, anticipating our previous pledge by ten years.

As I write these words, and since the beginning of October, we have witnessed an increase in Covid-19 infections all over the World, and governments are again resuming harsher restrictions, including renewed lockdowns in some countries. This new surge will certainly test us again. But, having endured the first wave as we did and given the extensive preparation of our teams in the last few months, I am certain that our businesses will be able to meet our customers' needs and that Sonae will continue to create value for all its stakeholders.

Cláudia Azevedo

CEO, Sonae

3. Sonae consolidated performance

Brief portfolio update

During 3Q20: (i) Sonae announced the agreement to terminate the partnership at ZOPT and the acquisition of a 7.38% stake in NOS; and (ii) NOS concluded the agreement to sell NOS Towering to Cellnex.

Already in 1H20, Sonae Sierra created Sierra Prime, and Sonae Fashion announced the acquisition of the remaining 50% stake in Salsa.

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

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

Consolidated performance

From a **statutory point of view**, Sonae's consolidated **turnover and underlying EBITDA strongly increased in the 3Q20**, more than offsetting the lower figures in the 2Q. In a period with relevant restrictions and poor tourism activity, Sonae's businesses were quick to adapt to this unprecedented environment and were able to increase their market shares.

In the 3Q20, **consolidated turnover** grew 6% yoy, to €1,773 M supported by the strong contributions from Sonae MC and Worten, leading also to a 6% growth in the 9M20 to €4,908 M. In terms of **underlying EBITDA**, Sonae ended the 3Q20 with a margin of 10%, representing an 8.6% yoy growth to €177 M. This performance, was once again explained by the strong results of both Sonae MC and Worten, which enabled Sonae to maintain last year's underlying EBITDA figure at the end of 9M20, in spite of the deconsolidation of two core shopping centres (consequence of the Prime transaction) in Sonae Sierra's

statutory accounts in the 1Q20 and the lockdown period's negative impact in the 2Q. **On a pro-forma basis, excluding Sierra Prime assets in 3Q19, Sonae's underlying EBITDA would have increased by 14% yoy in 3Q20.**

3Q20 consolidated EBITDA, decreased by 13% yoy to €180 M, and consequently, **consolidated EBITDA** fell 10% yoy to €436 M in the **9M20**, due to the lower equity method results from Sonae Sierra and ISRG, both due to Covid-19 impacts, and significant non-recurrent items both last year and this year related with Sonae IM's portfolio management activity. **Sonae's Indirect Results** were once again mainly impacted by Sonae Sierra's asset revaluations as a result of the pandemic. **Sonae's Net result (group share) in the 3Q stood 2% above last year's figure and reached €51 M**, although still below last year in the 9M20, mainly influenced by non-cash contingencies registered in the 1Q and Sonae Sierra's portfolio devaluation in the 2Q, both directly related to Covid-19.

Sonae consolidated results						
Million euros	9M19	9M20	yoy	3Q19	3Q20	yoy
Turnover	4,634	4,908	5.9%	1,674	1,773	5.9%
Underlying EBITDA	404	406	0.3%	163	177	8.6%
margin	8.7%	8.3%	-0.5 p.p.	9.7%	10.0%	0.2 p.p.
Equity method results ⁽¹⁾	76	23	-69.9%	27	10	-64.0%
Non-recurrent items	5	8	56.8%	16	-7	-
EBITDA	486	436	-10.1%	206	180	-12.6%
margin	10.5%	8.9%	-1.6 p.p.	12.3%	10.2%	-2.2 p.p.
D&A	-155	-159	-2.4%	-53	-53	0.0%
D&A - RoU	-91	-95	-4.4%	-31	-31	-0.9%
Provisions and impairments	-11	-55	-	-8	-1	-
EBIT	229	128	-	115	96	-
Net fin. res. - lease liabilities	-54	-55	-2.8%	-18	-18	-1.6%
Net fin. res. - financing	-32	-27	13.9%	-11	-9	12.4%
EBT	143	45	-68.4%	86	68	-21.2%
Taxes	-10	-6	-	-9	-9	-
Direct results	133	40	-70.2%	77	59	-23.6%
Indirect results	-2	-76	-	-10	-11	-6.8%
Net income	131	-36	-	67	48	-
Non-controlling interests	-43	12	-	-17	3	-
Net income group share	88	-24	-	50	51	1.6%

(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.

Capital Structure

In what concerns Sonae's capital structure, **total net debt decreased €287 M to €1,233 M over the last 12 months and €25 M when compared to the end of 1H20**. This evolution was driven by the strong cash generation profile of Sonae's portfolio of businesses, even under the pandemic context, and also by a number of important events: (i) in the 1Q20, the cash-in from Sonae Sierra's Prime transaction (€188 M, net of dividends paid to Grosvenor), and the consequent debt deconsolidation of these assets from Sonae's balance sheet; (ii) in the 2Q, the distribution of €93 M in dividends; and (iii) in the 3Q20, the acquisition of a 7.38% stake in NOS and the remaining 50% stake in Salsa, as well as the sale-and-leaseback transactions of several food retail assets at Sonae MC (in the total amount of €49 M in the 9M20).

The group's **gearing at book value** stood at 0.4x and **market value** gearing at 0.9x, similar levels to 3Q19, as the negative share price performance during the last 12 months offset the decrease in average net debt during the same period.

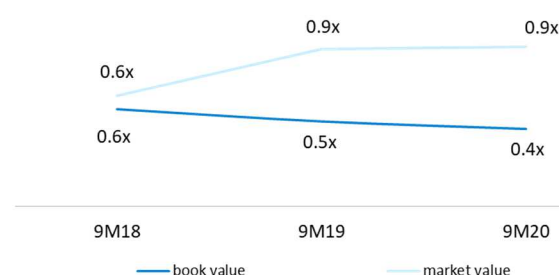
Financing conditions remained practically unchanged in the 3Q20, with a cost of debt of ca. 1.2% during 9M20 (ca. 1.0% excluding Sonae Sierra), and the average maturity profile kept above 4 years. Since the end of 2019, Sonae has already refinanced more than €650 M in long term facilities.

Moreover, all the companies in the portfolio continued to hold **conservative and solid balance sheets**: Sonae MC's registered a 3.0x net debt to underlying EBITDA ratio; NOS' capital structure was further strengthened by the towers sale and reached a ratio of 1.4x; Sonae Sierra's loan-to-value stood at 26% and, at the holding level, loan-to-value stood at 12%.

In terms of **capex**, Sonae's companies continued to spend less in operational terms when compared to last year, while in the 3Q20 there were two important portfolio moves: the acquisition of the remaining 50% stake in Salsa and the acquisition of a 7.38% stake in NOS.

Sonae net invested capital			
Million euros	9M19	9M20	yoy
Net invested capital	5,753	4,798	-16.6%
Shareholders funds	3,039	2,372	-22.0%
Net debt (exc. lease liabilities)	1,519	1,233	-18.9%
Total Net Debt	2,714	2,426	-10.6%
Lease liabilities	1,194	1,193	-0.1%

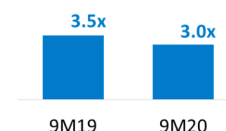
Gearing evolution



Ratios

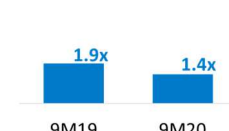
Sonae MC

Net Debt/ und. EBITDA
(post IFRS16)



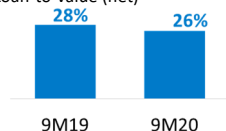
NOS

Net Fin Debt/ EBITDA
(post IFRS16)



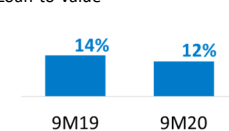
Sonae Sierra

Loan-to-value (net)



Holding

Loan-to-value



Sonae Capex			
Million euros	9M19	9M20	yoy
Total capex	275	376	36.5%
Operational capex	201	165	-17.8%
Sonae MC	164	138	-16.0%
Worten	16	14	-12.2%
Sonae Fashion	12	9	-31.6%
Sonae IM	2	2	-13.2%
Sonae FS	0	1	-
Sonae Sierra	1	1	-
Financial/M&A capex	75	211	-

4. Business by business results

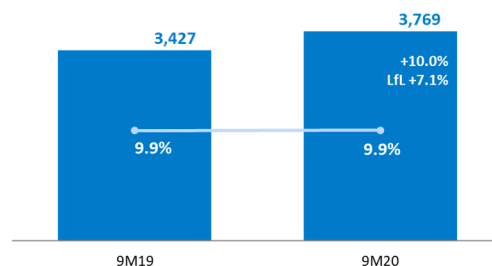
4.1. Sonae MC¹

During the 3Q, Sonae MC continued to show a strong top line performance, including the sustained good momentum of its online business, being able to once again improve its market leadership in the Portuguese food retail sector. In a quarter with the market returning to more normal levels in terms of growth, Sonae MC has outperformed and once again proved that the clear recognition of its strong value proposition, coupled with its rapid response to quickly and effectively adjust its operating model to such a challenging and disruptive environment, were key to a strong performance.

Sonae MC's **turnover** grew by 10% yoy to €3.8 bn and LfL surpassed 7% in the 9M20, mainly fuelled by the effects of stockpiling early in the period and the shift away from out-of-home consumption during the lockdown, as sales growth in the 3Q were penalised by a weaker summer, although still performing at a very solid pace: 7.4% and 4.8%, on a yoy basis and in LfL terms, respectively. This performance was mainly explained by the robust performance in both hypers and supers coupled with the unprecedented behaviour of the leading online business, which already registers high double digit yoy growth at the end of 9M20.

9M20 **underlying EBITDA** increased to €374 M, implying a double-digit growth and being able to reach a broadly stable margin of 9.9%, as incremental Covid-19-related direct costs (ca. €20 M in 9M) were more than offset by the contribution from a higher top line, and from operational improvements achieved during the same period. In the 3Q, the dilution of fixed costs contributed to an improved operating profitability by 40 b.p. to 11.1%.

Turnover and underlying EBITDA margin (€M)

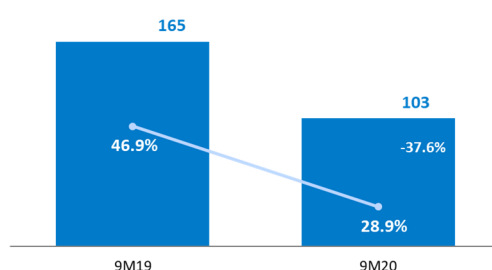


4.2. Sonae Sierra

After the general lockdown in 2Q, Sonae Sierra recorded generally positive operating trends during 3Q, albeit still below pre-pandemic levels. Both tenant sales and footfall showed signs of recovery over the 3Q period, with September sales being 14% below 2019 levels and footfall 22% below last year, with Italy and Spain recording the strongest performances across the portfolio. Additionally, the occupancy rate in the European portfolio continued to be stable at 96.4% (vs. 96.6% in June).

Similarly to 2Q, **Direct Result** in the period was negative by €2.8 M, reflecting the impact from the rental law introduced in Portugal and agreements around discounts reached with tenants in the other geographies, which was the main driver for the YTD rental income reduction of 40%. Additionally, and given the uncertain market environment, Sonae Sierra conducted external valuations to its European assets in September, having recorded a €9 M negative impact. All in all, the 9M20 **net results** stood at -€20 M.

Turnover and EBIT margin (€M)



¹ For more information please see Sonae MC 9M20 results report in www.sonae.pt.

Regarding **NAV**, Sonae Sierra ended the 3Q with €918 M, 3% down when compared to the end of 1H20, mainly reflecting the decline in asset valuations and FX losses from its Brazilian and Colombian investments.

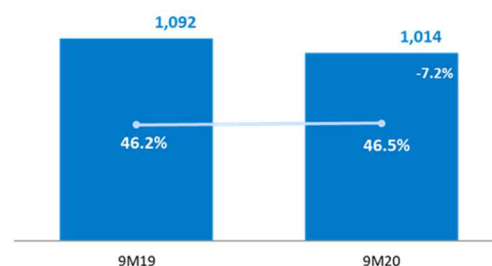
4.3. NOS

NOS published its 3Q20 results on November 4th. For NOS, the third quarter was still a period marked by the impacts of the pandemic on both operational and financial results, although less significant compared to the second quarter.

During 3Q the impacts from restrictions imposed were felt in the telco business, with the decline in roaming revenues due to travel limitations, but mostly in the cinema and audiovisuals business, with the still low number of spectators as the re-opening of movie theatres only occurred in July. This scenario resulted in a **revenue** decrease of 6% yoy in the 3Q and 7% in accumulated terms, to €347 M and €1,014 M respectively. Regarding profitability, **EBITDA** followed the top line trend decreasing 7% yoy to €161 M in the 3Q and 6.5% in the 9M. **Net results** were down 7.9% to €44.1 M in 3Q20 but FCF before dividends amounted to €382 M in the quarter and €470 M at the end of 9M, mainly impacted by the cash-in from the tower sale deal to Cellnex which contributed to further reinforce the company's financial situation.

Already in 4Q20, NOS signed a set of agreements with Vodafone regarding the sharing of mobile network support infrastructure and active mobile network elements. These pioneer agreements will allow NOS to invest more efficiently and capture value through synergies.

Revenues and EBITDA margin (€M)

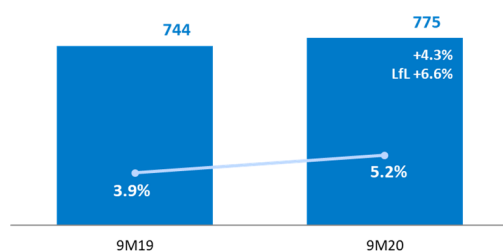


4.4. Worten

During 3Q20, Worten posted a very robust performance, growing 8.5% in total top line and more than 10% in LfL terms.

By leveraging both physical and online stores, to deliver convenient omnichannel solutions, and its marketplace, to further extend its product offer, Worten delivered outstanding online sales growth, more than doubling the volume versus last year. Stores sales also showed resilience as, despite some pressure on footfall, conversion and average ticket were successfully improved. With such sound results online, while maintaining a good performance offline, Worten's leadership in Portugal was further reinforced, with its online market share already surpassing its offline market share. Similar to the previous quarter, IT and small domestic appliances continued on high demand, driving sales growth. In Spain, Worten continues to persistently implement its plan to reach positive profitability in the near term, closing three additional loss-making stores in 3Q20 in the mainland.

Turnover and underlying EBITDA margin (€M)



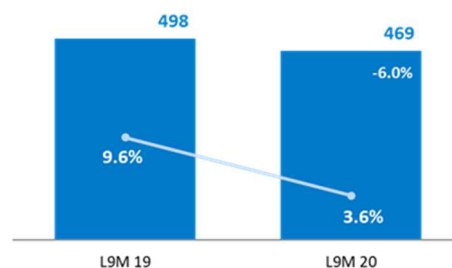
All in all, strong **sales** performance in the quarter enabled Worten to reach a 9M20 turnover of €775 M, +4.3% versus last year. Worten performed clearly ahead of last year, posting an **underlying EBITDA** increase of €7 M (+48% yoy) in the quarter and €11 M in 9M20 (+39% yoy), to reach a margin of 6.9% and 5.2%, respectively.

4.5. ISRG

For ISRG, the 2Q20 was marked by the reopening of all the stores across Iberia from mid-May onwards and by the focus in trying to recover from the lockdown impact.

With physical stores still facing some restrictions, total turnover posted a 7% decline in the quarter, in spite of the impressive performance from the online operation with 3x growth versus same period of last year. In terms of profitability, EBITDA followed the sales trend, by falling in the quarter, and implied that the company's equity method contribution to Sonae's results was almost nil in the quarter.

Turnover and EBITDA margin (€M)

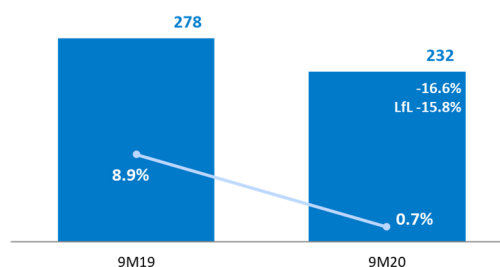


4.6. Sonae Fashion

After a very difficult 2Q, marked by the lockdown, the third quarter was still very challenging, limited by the pandemic evolution and the deterioration of macroeconomic conditions. Despite this context, and in a quarter with still strong downward pressure on sales in the sector, Sonae Fashion was able to increase its market share.

Sales performance across brands and categories was distinct, reflecting different price positionings, dependency of shopping centres' footfall and demand for essential items. The online channel kept the strong momentum witnessed in the 2Q and more than doubled its performance in 3Q20 vs 3Q19.

Turnover and underlying EBITDA margin (€M)



All in all, Sonae Fashion has clearly showed that its reaction and flexible adaption to the new context empowered its brand engagement across all of its brands and registered an impressive LfL sales growth of 12% and only a 3% decrease of its turnover in the 3Q. At the end of 9M20, Sonae Fashion's **turnover** was €232 M, 16.6% below last year. Regarding profitability, Sonae Fashion recorded a positive underlying EBITDA of €12 M in the 3Q20, surpassing the negative figure registered in the 2Q, and allowing **underlying EBITDA** to recover in accumulated terms to €2 M.

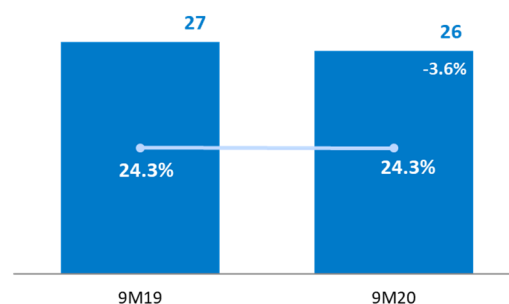
4.7. Sonae FS

After a smooth 2Q due to the lockdown, Sonae FS was able to show some signs of recovery in the 3Q, although still impacted by the limitations of the pandemic and the consequent impact in private consumption.

In particular, the Universo card performance was encouraging during the 3Q with card production already staying above historical figures and the activity rate reaching pre-pandemic values in September. In addition, the digital journey of Universo accelerated and an important milestone was reached at the end of September, with the number of customers using homebanking or the Universo app already surpassing 400 k (+51% yoy). In terms of market share, Universo continues to be in the top3 of the overall credit market with 13.4% at the end of 9M20, more than 1% above last year's figure.

Overall, regarding top line performance, **Sonae FS turnover** stood at €9 M in the 3Q20, ending the 9M20 with a turnover of €26 M, almost in line with last year's figure. This slight drop in top line in the 3Q was compensated by significant cost savings and Sonae FS was able to post an **underlying EBITDA** of €2.9 M in the 3Q, +€0.4 M vs 3Q19, and a 9M20 figure of €6.3M and a margin of 24.3%.

Turnover and underlying EBITDA margin (€M)

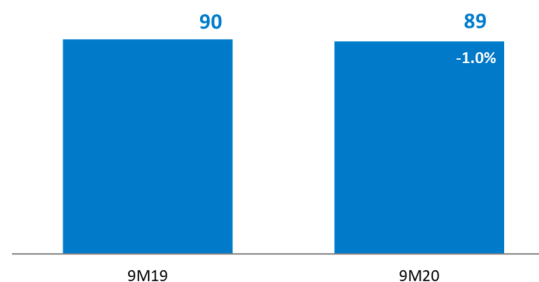


4.8. Sonae IM

Sonae IM recorded a very solid quarter with positive performances across controlled companies and with important evolutions in other portfolio companies.

In the 3Q, Sonae IM's **turnover** grew by 11% yoy allowing turnover to reach €89 M in accumulated terms and staying almost flat when compared to 9M19. Importantly, the **underlying EBITDA**, despite still in negative ground, presented a relevant yoy progress. In particular, the cybersecurity companies continued to present a top line double-digit growth, coupled with a sustainable positive EBITDA, and were the main drivers for the consolidated figures' positive evolution.

Turnover (€M)



Regarding the **investment activity** and, on top of follow-on investments on its portfolio of companies, Sonae IM entered in the 3Q in the share capital of two new companies, one cybersecurity company and one early stage venture. Also in the 3Q Sonae IM received a gross capital distribution of €21 M as a result of the redemption of participation units held in the AVP II Fund, which represents a value improvement of 37% when compared to the distribution occurred in 2018, and increases the cumulative return on Armilar Funds to 2.3x cash on cash.

Already in the 4Q, **Arctic Wolf**, a leader in cybersecurity operations, announced it has 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**, accounted directly in its equity.

5. Corporate information

5.1. Main corporate events in the 3Q20

August 4th

Sonae informed about bond issue and refinancing of medium and long-term debt.

August 5th

Sonae informed about sale and leaseback operation.

August 19th

Sonae informed about an agreement to dissolve the partnership at ZOPT and a shareholding in NOS SGPS, SA

September 15th

Sonae informed about on Plan for gender equality 2021

5.2. Subsequent events

October 20th

Sonae informed on Cash Settled Equity Swap extension.

6. Sonae Balance sheet

Sonae statement of financial position			
Million euros	9M19	9M20	yoy
TOTAL ASSETS	8,773	7,968	-9.2%
Non current assets	7,010	6,251	-10.8%
Net fixed assets	2,042	2,075	1.6%
Net Rights of Use	1,070	1,040	-2.8%
Goodwill	784	671	-14.4%
Investment properties	975	332	-66.0%
Other investments	2,002	1,748	-12.7%
Deferred tax assets	69	332	-
Others	66	54	-19.0%
Current assets	1,764	1,717	-2.7%
Stocks	657	589	-10.4%
Trade debtors	124	131	5.2%
Liquidity	666	687	3.3%
Others	317	311	-2.0%
SHAREHOLDERS' FUNDS	3,039	2,372	-22.0%
Equity holders	2,037	1,920	-5.7%
Attributable to minority interests	1,003	452	-55.0%
LIABILITIES	5,734	5,596	-2.4%
Non-current liabilities	3,555	3,412	-4.0%
Bank loans	1,430	1,106	-22.7%
Lease liabilities	1,095	1,087	-0.7%
Other loans	562	620	10.2%
Deferred tax liabilities	326	467	43.2%
Provisions	33	33	2.3%
Others	109	100	-8.4%
Current liabilities	2,179	2,184	0.2%
Bank loans	230	205	-11.1%
Lease liabilities	99	107	7.6%
Other loans	6	17	183.9%
Trade creditors	1,247	1,236	-0.8%
Others	596	619	3.8%
SHAREHOLDERS' FUNDS + LIABILITIES	8,773	7,968	-9.2%

7. Additional information

7.1. 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.

Note: 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.

7.2. Sonae Sierra statutory accounts

Sonae Sierra consolidated results		
Million euros	3Q20	9M20
Turnover	23	72
Underlying EBITDA	3	10
margin	14%	14%
Equity method results	2	12
Non-recurrent items	0	57
EBITDA	5	80
Provisions and impairment losses	-5	-10
D&A	-1	-2
EBIT	-1	68
Net financial results	-2	-7
EBT	-3	61
Taxes	0	-1
Direct results	-3	60
Indirect results	-9	-81
Net income	-12	-21
Non-controlling interests	1	1
Net income group share	-12	-20

8. 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.
Financial net debt	Net debt excluding shareholders' loans.
Gearing (book value)	Average of the last four quarters considering, for each quarter, total net debt (EoP) / total shareholders' funds (EoP).
Gearing (market value)	Average of the last four quarters considering, for each quarter, total net debt (EoP) / equity value considering the closing price of Sonae shares on the last day of each quarter.
Indirect results	Includes Sonae 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 Net asset value (NAV) Sonae Sierra	Open market value attributable to Sonae Sierra - net debt - minorities + deferred tax liabilities.
Net debt	Bonds + bank loans + other loans + financial leases + shareholder loans - cash - bank deposits - current investments - other long-term financial applications.
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.
Underlying EBITDA	Recurrent EBITDA from the businesses consolidated using the full consolidation method.
Underlying EBITDA margin	Underlying EBITDA / turnover.



9M20

FINANCIAL STATEMENTS

BUILDING
TOGETHER

Condensed Consolidated
Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2020 AND 2019 AND 31 DECEMBER 2019

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

ASSETS	Notes	30 Sep 20	30 Sep 19	31 Dec 2019
NON-CURRENT ASSETS:				
Property, plant and equipment	7	1,679,045,111	1,691,845,513	1,688,284,139
Intangible assets	8	395,589,424	350,490,395	401,667,381
Right of use assets	9	1,040,332,256	1,070,200,574	1,060,191,250
Investment properties		331,952,680	975,205,484	347,859,459
Goodwill		670,901,347	783,779,852	678,895,512
Investments in joint ventures and associates	10	1,514,113,367	1,935,180,979	1,607,581,376
Other investments	11	233,429,746	67,282,852	79,248,786
Deferred tax assets	12	331,780,385	69,257,469	331,385,376
Other non-current assets		53,716,830	66,295,989	53,982,880
Total Non-Current Assets		6,250,861,146	7,009,539,107	6,249,096,159
CURRENT ASSETS:				
Inventories		588,781,831	657,429,554	663,919,735
Trade receivables and other current assets		359,442,263	343,343,182	309,556,149
Income tax assets		36,817,454	55,431,283	42,283,336
Other tax assets		39,167,186	40,891,622	42,600,020
Investments	11	800,335	3,870,614	665,213
Cash and bank balances		686,401,036	661,692,401	609,830,153
Total Current Assets		1,711,410,105	1,762,658,656	1,668,854,606
Assets classified as held for sale	5	5,682,379	1,201,493	1,126,364,434
TOTAL ASSETS		7,967,953,630	8,773,399,256	9,044,315,199
EQUITY AND LIABILITIES				
EQUITY:				
Share capital		2,000,000,000	2,000,000,000	2,000,000,000
Own shares		(93,340,758)	(99,861,142)	(99,806,645)
Legal reserve		277,452,299	268,028,145	268,028,145
Reserves and retained earnings		(240,135,496)	(219,563,511)	(201,594,204)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		(23,977,357)	87,938,979	165,221,904
Equity attributable to the equity holders of the Parent Company		1,919,998,688	2,036,542,471	2,131,849,200
Equity attributable to non-controlling interests	13	451,645,719	1,002,878,998	974,714,342
TOTAL EQUITY		2,371,644,407	3,039,421,469	3,106,563,542
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	14	1,725,451,186	1,992,525,165	1,592,307,452
Lease liabilities	9	1,086,616,214	1,094,814,025	1,088,290,449
Other non-current liabilities		100,019,132	109,143,533	89,970,758
Deferred tax liabilities	12	466,730,850	325,887,343	472,289,494
Provisions	15	33,402,694	32,637,207	42,652,254
Total Non-Current Liabilities		3,412,220,076	3,555,007,273	3,285,510,407
CURRENT LIABILITIES:				
Loans	14	221,706,568	236,341,361	196,268,470
Lease liabilities	9	106,875,111	99,299,029	102,781,525
Trade payables and other current liabilities		1,730,425,303	1,723,549,956	1,847,952,492
Income tax liabilities		18,819,740	35,132,351	13,464,954
Other tax liabilities		80,565,972	77,462,395	100,751,716
Provisions	15	24,416,453	7,185,422	4,405,596
Total Current Liabilities		2,182,809,147	2,178,970,514	2,265,624,753
Liabilities directly associated with assets classified as held for sale	5	1,280,000	-	386,616,497
TOTAL LIABILITIES		5,596,309,223	5,733,977,787	5,937,751,657
TOTAL EQUITY AND LIABILITIES		7,967,953,630	8,773,399,256	9,044,315,199

The accompanying notes are part of these condensed consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020 AND 2019

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	3 rd Quarter 2020	3 rd Quarter 2019 Restated	30 Sep 20	30 Sep 19 Restated Note 4
Sales	6	1,695,228,818	1,581,317,436	4,685,436,149	4,354,909,981
Services rendered	6	77,352,627	92,437,920	222,967,907	279,164,494
Changes in value of investment properties		(3,804,051)	209,860	(15,819,504)	6,670,995
Income or expense relating to investments	16	171,627	(915,726)	22,110,883	(17,970,073)
Financial income		13,771,579	3,507,048	31,232,331	9,472,760
Other income	17	39,237,299	36,455,563	89,105,656	87,326,502
Cost of goods sold and materials consumed		(1,209,028,989)	(1,151,936,847)	(3,439,774,563)	(3,146,722,303)
(Increase) /Decrease in production		(1,075,853)	(954,813)	226,346	(2,672,147)
External supplies and services		(178,296,812)	(162,287,867)	(488,631,527)	(469,606,637)
Employee benefits expense		(210,418,741)	(208,304,630)	(647,881,003)	(638,760,364)
Depreciation and amortisation expenses	6, 7, 8 and 9	(83,443,942)	(83,146,919)	(253,885,543)	(246,103,441)
Impairment losses		(13,884,141)	(5,892,495)	(22,852,242)	(7,231,517)
Provisions	15	1,050,423	(6,036,108)	(25,947,351)	(8,250,953)
Financial expense		(43,548,596)	(32,222,969)	(107,709,396)	(94,872,743)
Other expenses		(22,020,569)	(20,647,609)	(51,865,551)	(54,293,744)
Share of results of joint ventures and associates	10.2	(2,404,785)	18,035,147	(26,101,016)	74,923,704
Profit/(Loss) before taxation from continuing operations		58,885,894	59,616,990	(29,388,424)	125,984,513
Income tax expense		(8,942,979)	(9,328,257)	(2,893,922)	(13,252,907)
Profit/(Loss) after taxation from continuing operations		49,942,915	50,288,733	(32,282,346)	112,731,606
Profit/(Loss) from discontinued operations after taxation	4	(1,716,850)	16,763,123	(3,750,729)	18,485,189
Consolidated profit/(Loss) for the period		48,226,065	67,051,856	(36,033,075)	131,216,795
Attributable to equity holders of the Parent Company:					
Continuing operations		52,495,798	34,930,372	(20,226,629)	71,564,064
Discontinued operations		(1,716,849)	15,033,460	(3,750,728)	16,374,915
		50,778,949	49,963,832	(23,977,357)	87,938,979
Attributable to non-controlling interests					
Continuing operations		(2,552,884)	15,358,360	(12,055,718)	41,167,542
Discontinued operations		-	1,729,664	-	2,110,274
	13	(2,552,884)	17,088,024	(12,055,718)	43,277,816
Profit/(Loss) per share					
From continuing operations					
Basic	19	0.027481	0.018346	(0.010589)	0.037587
Diluted	19	0.025626	0.017102	(0.009874)	0.036872
From discontinued operations					
Basic	19	(0.000899)	0.007896	(0.001963)	0.008600
Diluted	19	(0.000835)	0.007360	(0.001831)	0.008017

The accompanying notes are part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 SEPTEMBER 2020 AND 2019

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	3 rd Quarter 2020	3 rd Quarter 2019 Restated	30 Sep 20	30 Sep 19 Restated Note 4
Net Profit / (Loss) for the period		48,226,065	67,051,856	(36,033,075)	131,216,795
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		3,461,861	(10,349,581)	13,692,695	(10,031,374)
Share of other comprehensive income of joint ventures and associates	10.2	(19,187,382)	(19,165,910)	(98,589,797)	(17,837,341)
Changes in cash flow hedging reserve		(272,870)	2,007,991	(367,624)	1,629,465
Income tax relating to items that may be reclassified subsequently to profit or loss		(31,021)	(405,229)	(72,253)	(343,982)
Others		246,026	(305,528)	169,789	(39,219)
		(15,783,386)	(28,218,257)	(85,167,190)	(26,622,451)
Items that were reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations related to discontinued operations		-	203,283	-	203,283
Items that were reclassified subsequently to profit or loss:		-	203,283	-	203,283
Items that won't be reclassified subsequently to profit or loss:					
Changes value of financial assets at fair value	11	3,341,928	-	1,283,043	-
		3,341,928	-	1,283,043	-
Total other comprehensive income for the period		(12,441,458)	(28,014,974)	(83,884,147)	(26,419,168)
Total comprehensive income for the period		35,784,607	39,036,882	(119,917,222)	104,797,627
Attributable to:					
Equity holders of parent company		40,568,106	30,554,241	(84,738,471)	67,346,500
Non controlling interests		(4,783,499)	8,482,641	(35,178,751)	37,451,127

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 30 SEPTEMBER 2020 AND 2019

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

	Reserves and Retained Earnings														
(Amounts expressed in euro)	Notes	Share Capital	Own Shares	Legal Reserve	Currency Translation Reserve	Investments Fair Value Reserve	Cash-flow Hedging Reserve	Option Premium Convertible Bonds	Other Reserves and Retained Earnings	Total Reserves and Retained Earnings	Net Profit/(Loss)	Total	Non controlling Interests (Note 13)	Total Equity	
		Attributable to Equity Holders of Parent Company													
Balance as at 1 January 2019		2,000,000,000	(104,204,112)	251,937,767	4,160,385	2,146,500	123,615	22,313,000	(236,806,688)	(208,063,188)	221,653,131	2,161,323,598	1,127,493,090	3,288,816,688	
Impact of IFRS 16 application		-	-	-	-	-	-	-	(90,211,650)	(90,211,650)	(14,097,181)	(104,308,831)	(2,040,966)	(106,349,797)	
Balance as at 1 January 2019 - Restated		2,000,000,000	(104,204,112)	251,937,767	4,160,385	2,146,500	123,615	22,313,000	(327,018,338)	(298,274,838)	207,555,950	2,057,014,767	1,125,452,124	3,182,466,891	
Total comprehensive income for the period		-	-	-	(8,317,411)	-	1,324,142	-	(13,599,210)	(20,592,479)	87,938,979	67,346,500	37,451,127	104,797,627	
Appropriation of consolidated net profit of 2018															
Transfer to legal reserves and retained earnings		-	-	16,090,378	-	-	-	-	191,465,572	191,465,572	(207,555,950)	-	-	-	
Dividends distributed		-	-	-	-	-	-	-	(83,964,892)	(83,964,892)	-	(83,964,892)	(156,482,940)	(240,447,832)	
Income distribution from investment funds		-	-	-	-	-	-	-	-	-	-	-	(194,169)	(194,169)	
Obligation fulfilled by share attribution to employees		-	-	-	-	-	-	-	120,006	120,006	-	120,006	(2,556)	117,450	
Partial cancellation of Cash Settled Equity Swap		-	4,342,970	-	-	-	-	-	3,742,908	3,742,908	-	8,085,878	-	8,085,878	
Aquisitions of affiliated companies		-	-	-	-	-	-	-	-	-	-	-	5,236,670	5,236,670	
Capital increase		-	-	-	-	-	-	-	-	-	-	-	1,075,006	1,075,006	
Sharing Sonae Sierra's goodwill		-	-	-	-	-	-	-	-	-	-	-	(7,875,300)	(7,875,300)	
Impact of IFRS 16 application		-	-	-	-	-	-	-	(12,059,788)	(12,059,788)	-	(12,059,788)	(1,780,964)	(13,840,752)	
Balance as at 30 September 2019		2,000,000,000	(99,861,142)	268,028,145	(4,157,026)	2,146,500	1,447,757	22,313,000	(241,313,742)	(219,563,511)	87,938,979	2,036,542,471	1,002,878,998	3,039,421,469	
Balance as at 1 January 2020		2,000,000,000	(99,806,645)	268,028,145	(7,400,437)	4,137,942	(673,747)	-	(197,657,962)	(201,594,204)	165,221,904	2,131,849,200	974,714,342	3,106,563,542	
Total comprehensive income for the period		-	-	-	11,772,487	(1,073,354)	(599,409)	-	(70,860,838)	(60,761,114)	(23,977,357)	(84,738,471)	(35,178,751)	(119,917,222)	
Appropriation of consolidated net profit of 2019															
Transfer to legal reserves and retained earnings		-	-	9,424,154	-	-	-	-	155,797,750	155,797,750	(165,221,904)	-	-	-	
Dividends distributed	13	-	-	-	-	-	-	-	(88,485,183)	(88,485,183)	-	(88,485,183)	(82,475,010)	(170,960,193)	
Income distribution from investment funds		-	-	-	-	-	-	-	-	-	-	-	(400,348)	(400,348)	
Obligation fulfilled by share attribution to employees		-	-	-	-	-	-	-	176,967	176,967	-	176,967	9,348	186,315	
Partial cancellation of Cash Settled Equity Swap		-	6,465,887	-	-	-	-	-	(2,800,319)	(2,800,319)	-	3,665,568	-	3,665,568	
Variation in percentage of subsidiaries		-	-	-	-	-	-	-	(41,366,179)	(41,366,179)	-	(41,366,179)	(21,709,417)	(63,075,596)	
Capital increase		-	-	-	-	-	-	-	-	-	-	-	140,000	140,000	
Capital decrease	13	-	-	-	-	-	-	-	-	-	-	-	(27,221,946)	(27,221,946)	
Lose of control of subsidiaries	5	-	-	-	-	-	-	-	-	-	-	-	(356,173,784)	(356,173,784)	
Others		-	-	-	-	-	-	-	(1,103,214)	(1,103,214)	-	(1,103,214)	(58,715)	(1,161,929)	
Balance as at 30 September 2020		2,000,000,000	(93,340,758)	277,452,299	4,372,050	3,064,588	(1,273,156)	-	(246,298,978)	(240,135,496)	(23,977,357)	1,919,998,688	451,645,719	2,371,644,407	

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2020 AND 2019

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	3 rd Quarter 2020	3 rd Quarter 2019	30 Sep 2020	30 Sep 2019
OPERATING ACTIVITIES					
Net cash generated from operating activities (1)		275,836,530	232,268,287	266,683,086	268,748,023
INVESTMENT ACTIVITIES					
Receipts arising from:					
Investments	5	-	107,902,091	269,703,299	142,612,167
Property, plant and equipment and intangible assets	7	44,462,519	25,553,990	52,834,279	29,433,582
Interests and similar income		279,219	1,217,070	1,221,637	2,557,190
Loans granted		-	-	2,368,303	655,472
Dividends		944,851	11,500,324	6,036,222	96,990,224
Others		59,053,532	-	82,882,530	24,067,898
		104,740,121	146,173,475	415,046,270	296,316,533
Payments arising from:					
Investments		(209,003,640)	(20,127,703)	(216,848,012)	(103,704,056)
Property, plant and equipment and intangible assets		(40,144,049)	(75,373,772)	(168,580,037)	(236,083,682)
Loans granted		(196,879)	(118,275)	(2,579,923)	(1,721,281)
Others		(48,151,613)	(6,389,205)	(84,295,345)	(22,724,433)
		(297,496,181)	(102,008,955)	(472,303,317)	(364,233,452)
Net cash used in/ generated by investment activities (2)		(192,756,059)	44,164,520	(57,257,046)	(67,916,919)
FINANCING ACTIVITIES					
Receipts arising from:					
Loans, bonds and finance leases		1,186,123,630	1,729,517,382	4,616,808,993	6,157,239,419
Capital increases, additional paid in capital and share premiums		140,000	947,820	19,190,000	4,904,587
Others		-	17,800	-	17,800
		1,186,263,630	1,730,483,002	4,635,998,993	6,162,161,806
Payments arising from:					
Lease contracts		(43,445,227)	(38,961,490)	(124,105,918)	(101,901,275)
Loans, bonds and finance leases		(1,124,697,906)	(1,838,723,085)	(4,459,807,147)	(6,038,964,714)
Interests and similar charges		(7,944,185)	(9,646,127)	(22,613,950)	(29,721,819)
Reimbursement of capital and paid in capital		(920,264)	-	(3,269,062)	-
Dividends		(400,347)	-	(175,447,371)	(244,762,717)
		(1,177,407,929)	(1,887,330,702)	(4,785,243,448)	(6,415,350,525)
Net cash used in financing activities (3)		8,855,701	(156,847,700)	(149,244,455)	(253,188,719)
Net increase (decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		91,936,171	119,585,107	60,181,584	(52,357,615)
Effect of exchange rate changes on the balance of cash held in foreign currencies		47,911	119,686	210,430	(52,937)
Effect of discontinued operations		-	(1,858,850)	(131,653)	(2,535,126)
Cash and cash equivalents at the beginning of the period		591,220,849	525,709,991	623,269,608	698,156,366
Cash and cash equivalents at the end of the period		683,109,109	643,316,562	683,109,109	643,316,562

The accompanying notes are part of these financial statements.

SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts stated in euro)

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. Sonae's operations and operating segments are described in Note 6.

2. Covid-19 update

The Covid-19 outbreak continues to impact our activities. With the end of the initial lockdown and the gradual reopening of the economy since May, Sonae's businesses were less impacted in Q3 than in Q2. Nevertheless, the pandemic caused a number of significant impacts, such as changes in consumption patterns, reduced tourism and restrictions on gatherings/physical distance, which continued to affect several of our businesses this quarter.

3. 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.

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as from the consolidated financial statements issuance date.

Interim financial statements are presented quarterly, in accordance with IAS 34 – "Interim Financial Reporting". As such, they do not include all the information to be disclosed in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the previous year.

The accompanying condensed consolidated financial statements have been prepared from the books and accounting records of the company and subsidiaries, adjusted in the consolidation process, on a going concern basis and under the historical cost convention, except for some financial instruments and properties investments which are stated at fair value.

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:

With mandatory application during the year 2020:		Effective date (for financial years beginning on or after)
IFRS 3 (amendment)	Business combinations (Change of business definition)	01 Jan 2020
IFRS 9, IAS 39 and IFRS 7 (amendment)	Reform of reference interest rates (Introduction of exemptions from hedge accounting so that the reform of reference interest rates does not lead to the termination of hedge accounting)	01 Jan 2020
IAS 1 and IAS 8 (amendment)	Presentation of financial statements and accounting policies, changes in accounting estimates and errors (Update of material definition in the application of the standards to the financial statements as a whole)	01 Jan 2020
	Conceptual structure - Changes in the reference to other IFRS (Amendment to some IFRS regarding cross references and clarifications on the application of the new definitions of assets / liabilities and expenses / income)	01 Jan 2020
IFRS 16 (amendment)	Leases: Rent Concessions related with Covid-19	01 Jun 2020

These standards were first applied by the Group in 2020, however, the impacts were not significant in the accompanying financial statements, with the exception of the amendment to IFRS 16.

The overall objective of this amendment to IFRS 16 is to allow lessees, as a practical matter, to treat changes/concessions related to COVID-19 as not being a modification of the lease. The amendment does not affect lessors.

This practical expedient allows issuers to recognise rent discounts directly in the income statement from the lessee's perspective. On 30 September 2020, these discounts were recognised under "Other income", totalling approximately 5 million euro (Note 17).

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:

With mandatory application after 2020		Effective date (for financial years beginning on or after)
IFRS 17	Insurance contracts (New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation features).	01 Jan 2023
IAS 1 (amendment)	Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	01 Jan 2023
IAS 3 (amendment)	Business activity concentrations: References for the conceptual framework	01 Jan 2022
IAS 16 (amendment)	Property, Plant and Equipment: Previous earnings to expected usage	01 Jan 2022
IAS 37 (amendment)	Provisions, Contingent Liabilities and Contingent Assets: Compliance costs of onerous contracts	01 Jan 2022
IFRS 4 (amendment)	Insurance contracts- deferral of IFRS 9	01 Jan 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments)	Interest Rate Benchmark Reform – Phase 2	01 Jan 2021
	Annual improvements 2018- 2020	01 Jan 2022

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 30 September 2020 since their application is not mandatory, lying in the process of analysing expected effects of those standards.

4. Restatement of Financial Statements

In 2019, the Group disposed of the We Do Group and Saphety and considered as discontinued activities some operations that are in the process of liquidation. To maintain the comparability of the financial statements and as required by IFRS 5, changes to the consolidated income statements by nature for the period ended 30 September 2019 were made to reflect in a single caption (Consolidated net profit for the period from discontinued operations), on the income statement face, the post-tax profit or loss from discontinued operations.

The impacts on the consolidated financial statements at 30 September 2019 are as follows:

Amounts in euro	30 Sep 2019		
	Before the restatement	Discontinued operations	After the restatement
Sales	4,356,348,455	(1,438,474)	4,354,909,981
Services rendered	278,873,044	291,450	279,164,494
Changes in value of investment properties	6,670,995	-	6,670,995
Income or expenses related to investments	(17,970,084)	11	(17,970,073)
Other income and financial income	9,468,599	4,161	9,472,760
Other income	87,259,340	67,162	87,326,502
Cost of good sold and materials consumed	(3,146,449,729)	(272,574)	(3,146,722,303)
(Increase) /Decrease in production	(2,591,687)	(80,460)	(2,672,147)
External supplies and service	(472,050,324)	2,443,687	(469,606,637)
Employee benefits expense	(640,081,713)	1,321,349	(638,760,364)
Depreciation and amortisation expenses	(246,359,423)	255,982	(246,103,441)
Provisions and impairment losses	(15,517,579)	35,109	(15,482,470)
Financial expenses	(94,877,719)	4,976	(94,872,743)
Other expenses	(54,441,264)	147,520	(54,293,744)
Share of results of joint ventures and associates	74,923,704	-	74,923,704
Profit (loss) from continuing operations, before tax	123,204,615	2,779,898	125,984,513
Income tax expense	(12,751,127)	(501,780)	(13,252,907)
Consolidated profit (loss) for the period from continuing operations	110,453,488	2,278,118	112,731,606
Profit/(Loss) from discontinuing operations, after tax	20,763,307	(2,278,118)	18,485,189
Consolidated profit /(loss) for the period from continuing operations	131,216,795	-	131,216,795

5. Changes in the consolidation scope

In February 2020, Sonae Sierra diluted its stake in its subsidiary Sierra B.V. from 50.1% to 25.1%. Sierra B.V. participates in the companies that own 4 assets in Portugal (Colombo, Vasco da Gama, Cascaishopping and Norteshopping) and two assets in Spain (Plaza Mayor and, the asset inaugurated in February 2020, Designer Outlet, both in Malaga). These entities were classified as held for sale in 2019. Sonae Sierra maintained the management service contracts for all assets.

The effects of these transactions on the consolidated financial statements can be analysed as follows:

Amounts in euro	At the disposal date
Non-current assets and liabilities held for sale	1,097,147,948
Other assets/liabilities with movements after 31 December 2019	(18,026,817)
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 10.2)	(69,591,682)
Non-controlling interests (Note 13)	(356,522,582)
Liabilities directly related to assets classified as held for sale	(385,591,820)
Total net assets disposed	228,190,118
Gain/(Loss) on disposal (Note 16)	34,542,798
Disposal price	262,732,916
Expenses incurred with the disposal (Note 16)	(14,080,734)
Net receipt	248,652,182
Effective receipts	248,917,737
Amounts receivable in future	(265,555)
	248,652,182

The change in the period ended 30 September 2020 in the assets and non-current liabilities held for sale is related to this operation.

6. Segment information

Sonae has in its portfolio 8 business segments:

- Sonae MC is the food retail unit that owns the brands Continente, Continente Modelo, Continente Bom Dia, Go Natural, Well's, Arenal and the franchised shops Meu Super, and also includes Maxmat and the operational assets of Sonae RP;
- Worten is one of the Iberian electronics retail players;
- Sonae Fashion incorporates a network of own clothing shops combined with a franchising network;
- Iberian Sports Retail Group (ISRG), a partnership with a network of sports stores in Spain and Portugal;
- Sonae FS aims to boost retail financial services;
- Sonae IM has the objective of building and managing a portfolio of technology-based companies related to retail and telecommunications;
- Sonae Sierra is the subsidiary dedicated to the activity of development and management of shopping malls; and
- NOS is the partnership that the group holds through Zopt dedicated to telecommunications.

These operating segments have been identified taking into consideration that each of these segments have separate identifiable revenues and costs, separate financial information is produced, and its operating results are reviewed by management on which it makes decisions.

Financial information per business segment

The main operating segment information as at 30 September 2020 and 2019 can be detailed as follows:

30 Set 2020	Turnover	Depreciation and amortisation ⁽³⁾	Provisions and impairment losses ⁽³⁾⁽⁴⁾	EBIT ⁽³⁾	Financial results ⁽³⁾	Income tax ⁽³⁾
Sonae MC	3,769,309,711	(183,646,181)	(8,368,872)	173,850,251	(59,087,715)	(18,447,897)
Worten	775,380,606	(29,819,781)	(1,749,184)	(18,952,124)	(5,287,279)	1,843,948
Sonae Fashion	231,689,408	(27,259,158)	(858,306)	(48,361,634)	(4,292,181)	7,577,977
Sonae Sierra	72,335,060	(2,243,613)	(10,280,475)	30,374,018	(6,694,739)	(766,651)
NOS	-	-	-	21,387,528	-	-
ISRG	-	-	-	(3,523,994)	-	-
Sonae IM	89,368,418	(5,564,216)	(340,484)	(16,539,778)	(679,975)	3,247,020
Sonae FS	25,867,079	(744,777)	-	1,041,708	168,277	213,718
Other, eliminations and adjustments ⁽¹⁾	(55,546,226)	(4,607,817)	(1,841)	(11,559,377)	(6,616,705)	820,858
Total consolidated - Direct	4,908,404,056	(253,885,543)	(21,599,162)	127,716,598	(82,490,317)	(5,511,027)

30 Sep 2019 - Restated	Turnover	Depreciation and amortisation ⁽³⁾	Provisions and impairment losses ⁽³⁾	EBIT ⁽³⁾	Financial results ⁽²³⁾	Income tax ⁽²⁾
Sonae MC	3,426,649,867	(177,267,716)	(746,535)	160,864,370	(56,345,430)	(16,716,321)
Worten	743,714,449	(28,976,330)	(7,617,493)	(16,723,982)	(5,298,753)	672,819
Sonae Fashion	277,751,894	(26,977,715)	(5,134,281)	(15,246,565)	(4,218,959)	4,442,206
Sonae Sierra	125,307,106	(2,237,706)	(1,482,167)	64,883,752	(10,393,928)	(4,466,048)
NOS	-	-	-	31,816,000	-	-
ISRG	-	-	-	6,991,516	-	-
Sonae IM	90,281,733	(5,451,842)	(193,148)	10,711,875	100,954	939,752
Sonae FS	26,836,442	(949,832)	-	4,524,932	75,666	218,471
Other, eliminations and adjustments ⁽¹⁾	(56,467,016)	(4,242,300)	(23,025)	(19,202,654)	(9,319,534)	5,026,542
Total consolidated - Direct	4,634,074,475	(246,103,441)	(15,196,649)	228,619,244	(85,399,984)	(9,882,579)

	30 Set 2020			30 Sep 2019 - Restated		
	Investment (CAPEX)	Invested capital	Financial net debt ⁽²⁾	Investment (CAPEX)	Invested capital	Financial net debt ⁽²⁾
Sonae MC	137,513,107	2,390,113,268	1,545,553,484	220,301,168	2,352,213,473	1,611,807,967
Worten	13,723,358	29,985,344	-	15,620,000	114,700,793	-
Sonae Fashion	71,585,357	322,973,659	-	12,439,149	367,592,935	-
Sonae Sierra	1,855,697	923,860,199	30,716,414	5,381,557	1,945,772,154	257,920,094
NOS	-	664,562,818	-	-	656,290,738	-
ISRG	-	78,187,525	-	-	81,572,047	-
Sonae IM	9,909,375	194,941,265	5,718,453	23,354,814	148,888,584	28,320,491
Sonae FS	1,483,991	23,060,041	-	341,122	14,779,887	-
Other, eliminations and adjustments ⁽¹⁾	139,644,758	169,972,299	844,023,641	(2,096,423)	71,196,148	815,536,721
Total consolidated	375,715,643	4,797,656,418	2,426,011,992	275,341,387	5,753,006,759	2,713,585,273

- 1) Include 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 20;
- 4) These provisions do not include the provisions related to Covid-19 mentioned in note 20.

The caption "Others, eliminations and adjustments" can be analyzed as follows:

	Investment		Invested capital	
	30 Set 2020	30 Sep 2019 Restated	30 Set 2020	30 Sep 2019 Restated
Inter-segment intra-groups and contributions of entities non-individualized entities as segments	139,644,758	(2,096,423)	108,376,341	153,305,386
Other investments	-	-	115,140,000	-
Cash settled equity swap	-	-	(53,544,042)	(82,109,238)
	139,644,758	(2,096,423)	169,972,299	71,196,148

All performance measures are reconciled to the financial statements in Note 20.

Glossary:

Net Invested capital = Net debt + Shareholder funds;

Net Financial Debt = Bonds + bank loans + other loans + financial 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., companies other than Sonae SGPS are included in the consolidated financial statements as of 31 December 2019;

Investments (CAPEX) = Gross investments in Property, Plant and equipment and intangible assets and investments in acquisitions.

7. Property, plant and equipment

During the nine months period ended 30 September 2020, 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	Others tangibles assets	Tangible assets in progress	Total tangible assets
Gross costs:					
Opening balance as at 1 January 2020	1,348,619,669	1,648,025,471	260,385,129	28,714,268	3,285,744,537
Investment	4,717,926	4,049,541	2,596,147	121,804,471	133,168,085
Disposals	(6,747,678)	(27,829,541)	(7,291,640)	(907,827)	(42,776,686)
Exchange rate effect	(540)	(10,426)	(74,734)	-	(85,700)
Assets available for sale	(14,022)	(358,026)	(166,961)	-	(539,009)
Transfers	9,572,487	87,933,501	10,920,369	(113,223,401)	(4,797,044)
Closing balance as at 30 September 2020	1,356,147,842	1,711,810,520	266,368,310	36,387,511	3,370,714,183
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2020	431,417,270	977,594,714	188,271,095	177,319	1,597,460,398
Depreciation of the period	17,364,780	89,034,665	16,720,421	-	123,119,866
Impairment losses of the period	706,844	3,202,740	26,348	-	3,935,932
Disposals	(572,696)	(23,856,864)	(7,047,125)	-	(31,476,685)
Exchange rate effect	(177)	(6,334)	(51,933)	-	(58,444)
Depreciation of assets available for sale	-	(266,669)	(134,502)	-	(401,171)
Transfers	(82,476)	(732,943)	(95,405)	-	(910,824)
Closing balance as at 30 September 2020	448,833,545	1,044,969,309	197,688,899	177,319	1,691,669,072
Carrying amount as at 30 September 2020	907,314,297	666,841,211	68,679,411	36,210,192	1,679,045,111

The investment includes the acquisition of assets of approximately 122 million euro (152 million euro in 2019), associated with the opening and remodelling of stores of Sonae retail operating segments.

During the period ended at 30 September 2020, a sale and leaseback transaction was accounted by the Group. The accounting values of the disposed assets, approximately, 34 million euro, corresponds to 6 real estate food retail assets located in Portugal. These operations resulted in a cash inflow of 51.4 million euro and generated a net capital gain of approximately, 3.4 million euro (Note 17).

The lease agreements for the assets in question, were considered as operating leases, taking into account the indicators traditionally used to determine the nature of the lease agreements as defined in IFRS 16. These 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.

8. Intangible assets

During the nine months period ended 30 September 2020, 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 2020	241,856,153	466,224,251	77,751,740	32,889,599	818,721,743
Investment	13,905	1,281,138	76,240	30,472,289	31,843,572
Disposals	(796,480)	(4,401,005)	-	(302,800)	(5,500,285)
Exchange rate effect	(95,689)	(7,067)	(1,154)	(705)	(104,615)
Assets available for sale	(313,954)	(919,434)	-	(93,494)	(1,326,882)
Transfers	66,729	27,258,602	4,697	(27,375,857)	(45,829)
Closing balance as at 30 September 2020	240,730,664	489,436,485	77,831,523	35,589,032	843,587,704
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2020	50,033,645	323,803,172	43,217,545	-	417,054,362
Depreciation of the period	1,872,677	30,516,814	3,726,704	-	36,116,195
Impairment losses of the period	291,667	290,625	-	-	582,292
Disposals	(787,664)	(3,925,317)	-	-	(4,712,981)
Exchange rate effect	(95,689)	(4,255)	(1,154)	-	(101,098)
Depreciation of assets available for sale	(303,407)	(594,549)	-	-	(897,956)
Transfers	(49,094)	9,763	(3,203)	-	(42,534)
Closing balance as at 30 September 2020	50,962,135	350,096,253	46,939,892	-	447,998,280
Carrying amount as at 30 September 2020	189,768,529	139,340,232	30,891,631	35,589,032	395,589,424

As at 30 September 2020 the Investment related to intangible assets in progress includes 30.5 million euro related to IT projects and development software. Within that amount it is included 11.2 million euro of capitalizations of personnel costs related to own work.

9. Rights of use

During the period of nine months ended on 30 September 2020, the detail and the movement in the value of the rights of use, as well as in the respective depreciations, was as follows:

	Land and Buildings	Vehicles	Others tangible assets	Total tangible assets
Cost				
Opening balance as at 1 January 2020	1,435,043,433	99,076,538	1,072,141	1,535,192,112
Additions	74,783,660	5,138,125	1,431,254	81,353,039
Effect of foreign currency exchange differences	(156,520)	(11,615)	(3,019)	(171,154)
Write-offs and decreases	(21,004,351)	(5,608,470)	40,207	(26,572,614)
Closing balance as at 30 September 2020	1,488,666,222	98,594,578	2,540,583	1,589,801,383
Accumulated depreciation and impairment				
Opening balance as at 1 January 2020	441,004,350	33,252,081	744,431	475,000,862
Depreciation of the period	76,715,503	17,589,320	402,230	94,707,053
Effect of foreign currency exchange differences	(114,370)	(8,740)	(1,006)	(124,116)
Write-offs and transfers	(16,307,772)	(3,933,068)	126,168	(20,114,672)
Closing balance as at 30 September 2020	501,297,711	46,899,593	1,271,823	549,469,127
Carrying amount as at 30 September 2020	987,368,511	51,694,985	1,268,760	1,040,332,256

Liabilities related to rights of use are recorded under non-current and current lease liabilities of 1.087 million euro and 107 million euro respectively (1.088 million euro and 103 million euro at 31 December 2019).

In the consolidated income statement, 94.7 million euro were recognised for depreciation of the period (90.9 million euro in 30 September 2019) and 55.2 million of euro of interest relating to the adjusted debt (53.7 million in 30 September 2019).

10. Joint ventures and associated companies

10.1 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:

Investments in joint ventures and associates	30 Sep 2020	31 Dec 2019
Investments in joint ventures	806,052,295	976,280,761
Investments in associates	708,061,072	631,300,615
Total	1,514,113,367	1,607,581,376

The detail per company of investments in joint ventures is as follows:

COMPANY	30 Sep 2020	31 Dec 2019
Sonae MC		
Sohi Meat Solutions - Distribuição de Carnes, SA	3,931,415	3,356,985
Maremor Beauty & Fragrances, S.L.	124,819	120,649
Sonae Sierra		
Arrábidasshopping- Centro Comercial, S.A.	26,978,863	29,991,113
1) DOC Malaga Holdings S.L	-	2,070,074
Gaiashopping I- Centro Comercial, S.A.	28,271,889	35,358,528
Madeirashopping- Centro Comercial, S.A.	15,702,843	15,670,288
1) Norte Shopping Retail and Leisure Centre B.V.	-	32,206,931
Pantheon Plaza B.V.	4,047,045	4,994,201
Park Avenue Development of Shopping Centres S.A.	(448,871)	(461,277)
Parque Atlântico Shopping - Centro Comercial, S.A.	15,681,494	17,754,571
Proyecto Cúcuta S.A.S.	4,432,149	8,467,686
Pud Srl	5,202,060	5,695,813
SC Aegean B.V.	4,884,464	4,907,766
1) Shopping Centre Colombo Holding B.V.	-	63,277,363
Sierra Central S.A.S.	49,404	57,222
Sierra Balmain Asset Management sp. zo.o.	(233,456)	1,708,766
Sierra LM, SGPS, S.A.	619,104	774,000
1) VdG Holding BV	-	28,429,747
Via Catarina- Centro Comercial, S.A.	10,015,283	10,043,274
L.C. Malheiro II, SGPS, SA	2,097,775	1,818,083
2) North Tower B.V.	2,649,873	-
1) Goodwill related to assets available for sale that will be recognized as associates	-	38,550,000
NOS		
ZOPT, SGPS, SA (consolidated)	658,660,287	642,224,343
Sonae IM		
Unipress - Centro Gráfico, Lda	562,891	604,053
Sonae FS		
MDS SGPS, S.A. (consolidated)	19,844,402	25,936,780
Sonae SGPS		
Mktplace- Comércio Eletrónico, SA	2,978,562	2,723,802
Investments in joint ventures	806,052,295	976,280,761

- 1) Joint Venture "Sierra Prime" resulting from the dilution of the percentage of Sierra BV (Note 5);
- 2) Joint venture constituted in the period.

Financial Investment in NOS

The value on the income statement related to Zopt results from net income of NOS, the net income of Zopt and the impact on results of the process of allocating the fair value to the assets and liabilities acquired by Zopt.

In this context of uncertainty regarding the level of evolution and contagion of the COVID-19 and consequently the strong economic slowdown, the business plans prepared in the year of 2019, are under review, being difficult to project the potential impact. Regarding the ZOPT's participation, it has already been negatively impacted due to the negative impacts verified in some business areas as described below.

With regard to ZOPT's financial participations in Finstar and ZAP Media (Finstar consolidated), the Board of Directors of NOS and ZOPT is certain that the patrimony seizure to Mrs. Isabel dos Santos, in the specific case of the shares held by her in Finstar and ZAP Media (where she holds 70% of the capital), does not change the control profile, in this case joint control as defined in IFRS 11, 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.

At 4 April 2020, SONAECON, was informed by its subsidiary ZOPT of the communication received from the Lisbon Central Criminal Instruction Court ('Court') to proceed to the preventive arrest of 26.075% of NOS' share capital, corresponding to half the shareholding in NOS held by ZOPT and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited, controlled by Mrs. Isabel dos Santos. Under the terms of the communication, the arrested shares (134,322,268.5 shares) are deprived of the right to vote and the right to receive dividends, which must 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 SONAECON - was not subject to arrest, nor the rights attached to it were subject to any limitation.

Although ZOPT has not been notified of the grounds for preventive arrest, based on the preliminary information they have, it is the understanding of the board of directors of ZOPT and SONAECON that the measure of arrest imposed is illegitimate and offends several fundamental rights of ZOPT, no being 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, which deprivation we understand for this reason, be null and without any effect.

At 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 preventively seized under the aforementioned Court order. For this reason, the Boards of Directors of ZOPT and SONAECON consider that the conditions of control of ZOPT over NOS are met, and the measure does not have material effects on the control of this company.

At 19 August, Sonaecom communicated the intention of the shareholders of ZOPT (Sonaecom, 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 beginning of April, 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, for the provision of Group companies. NOS for international voice and SMS wholesale services, which were previously provided by NOS ICS. The conclusion of this agreement was subject to non-opposition by the Competition Authority. Completion of this agreement occurred on 29 June 2020. The sale price amounts to 9.6 million euro and the receipt of 5.5 million euro will take place over 5 years.

During the period ended at 30 September 2020, resulting from the sale of NOS ICS and the respective classification of the company as a discontinued operating unit, the comparative periods, in the consolidated income statement, were restated.

ZOPT Group Provision

The evolution in provisions during the first nine months of 2020 compared to 31 December 2019 was as follows:

Action by MEO against NOS Madeira and NOS Açores and by NOS SA against a MEO

At the beginning of March 2020, the parties were notified of the scheduled judicial due diligence for 17 April 2020, with a view 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, also, attempted conciliation. The diligence was, meanwhile, rescheduled. It is the understanding of the Board of Directors, corroborated by the attorneys accompanying the process, that it is, in formal and substantive terms, likely that NOS SA will be able to win the lawsuit, due to MEO already having been convicted for the same offences by ANACOM, however, it is not possible to determine the outcome of the action.

Action brought by DECO

The process has already been redistributed and the prior hearing took place on 10 September 2020. NOS is still awaiting for the presentation of proof requirements and the scheduling of the final hearing. The Board of Directors is convinced that the arguments used by the author are not justified, which is why it is believed that the outcome of the proceeding should not result in significant impacts for the Group's financial statements.

Interconnection tariffs

At 30 September 2020, accounts receivable and accounts payable include 37,139,253 euro and 43,475,093 euro, 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 with MEO, the result was totally favourable to NOS S.A., having already become final.

Contractual Penalties

In 2020, due to the foreseeable sharp reduction in the collection of these penalties, as a direct consequence of the slowdown in the Portuguese economy due to the measures adopted to combat the new coronavirus COVID-19, NOS recognised expected credits losses to all penalties billed to customers and not provisioned, in the amount of approximately 7.0 million euro.

At 30 September 2020, the amounts billed and to be received from these indemnities amount to 109.8 million euro.

Other commitments Grupo Zopt

Disposal of NOS Towering, S.A

At 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, encompassing the disposal of approximately 2,000 sites (towers and rooftops).

On the same date, the parties entered into a long-term agreement to whereby Cellnex will provide the NOS Group with active network hosting over the passive infrastructure acquired, for a period of 15 years, automatically renewed for equal periods. In addition, this agreement foresees a perimeter increase of up to 400 additional sites over the next 6 years.

The potential value of the agreements to be reached over a 6-year period is 600 million euro, being dependent on the sale of additional sites and configuration alteration of the sites. The expected impact on pro forma operating Cash Flow for NOS in first year is approximately 22 million euro.

This agreement will enable NOS to continuously optimize and expand its state-of-the-art mobile network, while reinforcing its ability to invest in the long-term value of the company. By joining forces with Cellnex in Portugal, through this strategic partnership, NOS ensures the supply of current and future needs of its passive mobile infrastructure. In addition to this agreement, NOS will continue to pursue other investment efficiency opportunities.

At 30 September 2020, the operation was materialized with Cellnex payment to NOS of 398.6 million euro.

Liquidity and interest rate risk

Prudent management of liquidity risk implies maintaining an adequate level of cash and cash equivalents to meet the responsibilities assumed, associated with the negotiation of credit lines with financial institutions.

On 30 September 2020, the average maturity of NOS group financing is 2.9 years, and no covenants are expected to be breached as a result of the projected reduction in results for this year.

Credit Risk

The credit risk at NOS is essentially related to credit from services provided to customers, monitored on a regular business basis and for which expected credit losses are calculated considering: i) the customer's risk profile; ii) the average period of receipt; iii) the customer's financial condition; and iv) future prospects for collection.

In the nine months ending 30 September 2020 as a direct consequence of the slowdown in the Portuguese economy resulting from the measures adopted to combat the new coronavirus COVID-19, the NOS recognised extraordinary expected credit losses of 27.9 million euro, incorporating in the projection model for future collections the new projections released by the Banco de Portugal for GDP growth and unemployment rate for the next 3 years.

In terms of projecting future impacts on the NOS, these will depend on the extent, including temporal, of the spread of the virus and its containment measures, and it is difficult to predict the scale of the impact, knowing however that it will occur in the areas identified above. The capital structure of NOS is within the threshold of 2x Net Financial Debt / EBITDA After Lease Payments (EBITDA - Leasings Payments (Capital and Interest)), so it is the understanding of the Board of Directors of NOS that the company will overcome the negative impacts caused by this crisis, without being in question the continuity of the business, a conviction demonstrated by the maintenance of the shareholder remuneration policy with the payment of dividends on July 3, 2020.

The detail per company of investments in associates is as follows:

COMPANY	30 Sep 2020	31 Dec 2019
Sonae MC		
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	556,066	960,282
Sonae Sierra		
3shoppings - Holding, SGPS, S.A.	12,254,113	12,749,317
Aliance Sonae Shopping Centers, S.A.	77,081,041	118,535,408
Area Sur Shopping, S.L.	6,873,539	7,469,872
Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center	9,767,243	15,784,000
Fundo Investimento Imobiliário Shop. Parque Dom Pedro ("FIISHPDP")	94,951,841	153,438,522
Le Terrazze - Shopping Centre 1 Srl	6,945,845	7,196,941
Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop")	15,333,543	16,112,511
Sierra Portugal Real Estate ("SPF")	20,879,729	21,655,244
Olimpo Real Estate SOCIMI, S.A.	7,803,750	7,932,798
Olimpo Real Estate Portugal, SIGI, S.A.	2,527,452	2,528,224
Serra Shopping- Centro Comercial, S.A.	1,040,311	1,050,037
Sierra Ceval Shopping Center, Spa	-	38,543
Sierra Portugal Feeder 1	2,192,876	3,491,812
Trivium Real Estate Soci mi, S.A.	30,974,448	30,707,669
Zenata Commercial Project	1,993,451	2,041,966
1) Mercado Urbano – Gestão Imobiliária, S.A.	1,208,664	-
2) Sierra European Retail Real Estate Assets Holdings, BV ("Sierra BV")	227,577,237	-
Sonae SGPS		
Iberian Sports Retail Group (ISRG)	78,187,525	81,540,597
Sonae IM		
Armilar Venture Partners - Sociedade de Capital de Risco, SA (Armilar)	1	1
Fundo de Capital de Risco Armilar Venture Partners II (Armilar II)	57,721,779	94,176,915
Fundo de Capital de Risco Armilar Venture Partners III (Armilar III)	32,398,569	32,707,854
Fundo de Capital de Risco Espírito Santo Ventures Inovação e Internacionalização (AVP I+I)	16,209,967	17,056,948
Secucloud GMBH	3,545,859	3,731,809
3) Probe.ly - Soluções de Cibersegurança, Lda	-	342,497
Alfaros SARL	10,379	10,379
Suricate Solutions	25,843	25,843
Others	1	14,626
Investment in associates companies	708,061,072	631,300,615

- 1) Associate acquired in the period;
- 2) Joint venture "Sierra Prime" resulting from the dilution of percentage of Sierra BV (Note 5);
- 3) During the period ended September 30, 2020, Sonae IM no longer has significant influence on Probe.ly, and the company is now valued at fair value through other comprehensive income.

In the period ended September 30, 2020, the variation in the proportion of the equity capital of the Armilar II Fund, in addition to the variation resulting from the appropriation of the fund's results, is essentially related to the receipt of the gross amount of 21 million euro, the amortization of units held in this fund. Despite this impact, this remission represents a 37% increase in the fund's valuation, compared to the 2018 distribution, and increases the accumulated return to 2.3x the capital invested in Armilar funds.

10.2 MOVEMENT OCCURRED IN THE PERIOD

During the period ended at 30 September 2020, movements in investments in joint ventures and associates are as follows:

	30 Sep 2020		
	Proportion on equity	Goodwill	Total investment
Investments in joint ventures			
Balance as at 1 January	409,263,098	567,017,663	976,280,761
Transfer to Associates	(125,984,114)	(38,550,000)	(164,534,114)
Increases during the period	5,258,460	-	5,258,460
Equity method:			
Effect in gains or losses in joint controlled	8,040,720	-	8,040,720
Distributed dividends	(9,313,277)	-	(9,313,277)
Effect in equity capital and non-controlling interests	(9,680,255)	-	(9,680,255)
	277,584,632	528,467,663	806,052,295

	30 Sep 2020		
	Proportion on equity	Goodwill	Total investment
Investments in associates companies			
Initial balance as at 1 January	610,439,640	20,860,975	631,300,615
Transfer from joint ventures	125,984,114	38,550,000	164,534,114
Change of method by percentage dilution (Note 5)	69,591,682	-	69,591,682
Acquisitions during the period	1,256,971	-	1,256,971
Capital reduction in associated companies	(2,132,696)	-	(2,132,696)
Period disposals	(42,050)	-	(42,050)
Equity method:			
Effect in gains or losses in associated companies	(36,699,852)	-	(36,699,852)
Distributed dividends	(30,476,663)	-	(30,476,663)
Effect in equity capital and non-controlling interests	(88,909,542)	-	(88,909,542)
Other effects in net income	218,117	-	218,117
Others	(579,624)	-	(579,624)
	648,650,097	59,410,975	708,061,072

The effect on equity and non-controlled interests results fundamentally from the exchange rate conversion effect of companies with a different functional currency than the euro.

As at 30 September 2020, the value of transfers from joint ventures to associates and change of method by dilution of percentage is related to the operation in Sonae Sierra that diluted its participation in the subsidiary Sierra B.V. from 50.1% to 25.1% (Note 5).

Dividend distributions related to Investments in Joint Ventures refer to Sonae Sierra's joint ventures and associates.

11. Others investments

Other non-current investments, their head offices and book value as at 30 September 2020 and 31 December 2019, are as follows:

		Statment of financial position	
Company	Head Office	30 Sep 2020	31 Dec 2019
Sonae MC			
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	9,976	9,976
Insko - Insular de Hipermerc., SA	Ponta Delgada	2,672,520	2,672,520
Sportessence - Sport Retail, SA	Ponta Delgada	2,672,520	2,672,520
Other financial assets		17,132,498	15,526,748
Financial assets at fair value through profit or loss		22,487,514	20,881,764
Sonae			
NOS SGPS, SA		115,140,000	-
Sonae IM			
Arctic Wolf Networks, Inc	Delaware	40,963,595	12,101,193
Ometria, Ltd.	London	8,095,985	8,095,985
Sixgill Ltd	Israel	5,415,162	5,415,162
CelllWise	Singapore	8,283,002	5,357,593
ViSenze	Singapore	3,459,140	5,260,238
CB4	Israel	4,368,720	4,368,720
Case on IT	Madrid	2,930,744	2,930,744
Daisy Intelligence	Canadá	2,406,623	2,406,623
Reblaze	St. Louis	2,352,438	2,352,438
Nextail Labs, SL	Madrid	2,478,620	2,300,000
ciValue	Yokneam (Israel)	1,970,097	1,970,097
StyleSage, Inc.	Delaware	1,848,578	1,848,578
Jscrambler	Porto	1,550,000	1,250,000
Whitefantasy	Évora	640,804	640,804
Fyde	California	-	443,687
Sales Layer	Valência	2,500,358	-
Deepfence	California	2,085,593	-
Iriu sRisk	Saragoça	1,416,514	299,802
Replai	Porto	600,000	-
Other financial assets		2,436,259	1,325,358
Financial assets at fair value through other comprehensive income		210,942,232	58,367,022
		233,429,746	79,248,786

In August 2020, Sonae SGPS signed a contract for the purchase and sale of 38,000,000 shares representing 7.38% of the share capital and voting rights of the NOS, at market price. On 30 September 2020, this holding was valued at its current price, the difference in value being recorded under "Other comprehensive income".

In October 2020, ArcticWolf announced a further round of US\$200 million of E-series funding to a valuation of 1.3 billion dollars. Sonae IM has been participating 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.

As at 30 September 2020, "Other financial assets" includes 9,780,775 euro (9,823,569 euro as at 31 December 2019) of "Financial assets at fair value through profit or loss", relating to amounts deposited in an Escrow Account and invested in units in a highly rated monetary investment fund, which arise as guarantees for contractual liabilities assumed on the sale of the Brazil Retail segment and for which provisions have been set up in the applicable situations.

At 30 September 2020, the movements in "Other Investments" made up as follows:

	September 2020	
	Non current	Current
Other investments:		
Fair value (net of impairment losses) as at 1 January	79,248,786	-
Acquisitions in the period	145,962,457	-
Disposals in the period	(378,523)	-
Increase/(decrease) in fair value through other comprehensive income	8,612,907	-
Transfers to available for sale	(15,881)	-
Fair value (net of impairment losses) as at 30 September	233,429,746	-
Derivative financial instruments		
Fair value as at 1 January	-	588,747
Increase/(decrease) in fair value	-	173,408
Fair value as at 30 September	-	762,155
Financial instruments others		
Fair value as at 1 January	-	76,466
Increase/(decrease) in fair value	-	(38,286)
Fair value as at 30 September	-	38,180
	233,429,746	800,335

12. Deferred taxes

Deferred tax assets and liabilities as at 30 September 2020 and 31 December 2019 may be described as follows considering the different natures of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019
Difference between fair value and acquisition cost	4,468,688	4,468,688	91,423,095	102,130,077
Temporary differences on property, plant and equipment and intangible assets	1,029,689	1,208,423	81,700,169	78,169,489
Temporary difference of negative goodwill and equity method	-	-	22,811,524	21,804,204
Provisions and impairment losses not accepted for tax purposes	15,578,237	15,808,902	-	-
Valuation of hedging derivatives	440,974	107,345	53,351	67,639
Amortisation of Goodwill for tax purposes in Spain	-	-	32,282,473	27,919,963
Revaluation of tangible assets	-	-	613,193	684,588
Tax losses carried forward	34,033,249	31,966,592	-	-
Tax Benefits	5,838,372	6,732,857	-	-
Rights of use	266,790,032	267,892,456	236,787,763	240,187,489
Others	3,601,144	3,200,113	1,059,282	1,326,045
	331,780,385	331,385,376	466,730,850	472,289,494

As at 30 September 2020 and 31 December 2019, 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.

13. Non-controlling interest

During the period ended 30 September 2020, the movement in non-controlling interests are detailed as follows:

	30 September 2020						Total
	Sonae MC	Worten	Sonae Fashion	Sonae IM - Sonaeacom, SGPS, SA	Sonae Sierra	Others	
Opening balance as at 1 January 2020	54,885,160	478,103	28,838,691	109,174,875	782,072,434	(734,921)	974,714,342
Distributed dividends	(5,231,349)	-	-	(2,721,573)	(74,522,088)	-	(82,475,010)
Change in percentage of subsidiaries	-	-	(21,709,417)	-	-	-	(21,709,417)
Change in currency translation reserve	7,258	-	-	71,285	1,841,637	-	1,920,180
Change in fair value of assets available for sale	-	-	-	2,356,387	-	-	2,356,387
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	-	-	-	(496,852)	(27,191,996)	-	(27,688,848)
Capital decrease	(2,000,000)	-	-	-	(25,221,946)	-	(27,221,946)
Loss of control of subsidiaries (Note 5)	-	-	-	-	(356,173,784)	-	(356,173,784)
Changes in hedging reserves	83,593	-	-	-	75,939	-	159,532
Others	(474,491)	-	180,877	301,300	(187,669)	(16)	(179,998)
Profit for the period attributable to non-controlling interests	3,826,724	(374,584)	(7,645,050)	(257,403)	(7,404,294)	(201,111)	(12,055,718)
Closing balance as at 30 September	51,096,895	103,519	(334,899)	108,428,019	293,288,233	(936,048)	451,645,719

The item "Percentage change in subsidiaries" refers to the completion of the acquisition of the remaining 50% of Salsa's share capital, thus the Group now owns 100% of that subsidiary.

14. Loans

As at 30 September 2020 and 31 December 2019, loans are made up as follows:

	30 Sep 2020		31 Dec 2019	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae, SGPS, SA - commercial paper	119,500,000	440,000,000	143,350,000	285,000,000
Sonae SGPS, SA 2016/2023	10,000,000	40,000,000	10,000,000	40,000,000
Sonae SGPS, SA 2020/2027	-	30,000,000	-	-
Sonae MC, SGPS, SA - commercial paper	-	165,000,000	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	23,000,000	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	114,400,000	5,200,000	118,300,000
Others	7,993,032	6,834,505	8,776,056	6,566,657
	202,326,365	1,107,567,838	189,159,389	1,031,333,324
Bank overdrafts	3,291,926	-	2,698,070	-
Up-front fees beard with the issuance of borrowings	(638,477)	(1,752,104)	(407,610)	(1,226,479)
Bank loans	204,979,814	1,105,815,734	191,449,849	1,030,106,845
Bonds				
1) Bonds Sonae SGPS/ 2015/2022	-	-	-	100,000,000
1) Bonds Sonae SGPS/ 2016/2023	-	-	-	60,000,000
Bonds Sonae SGPS/ 2019/2026	-	50,000,000	-	50,000,000
Bonds Sonae SGPS/ 2020/2027	-	160,000,000	-	-
2) and 3) Bonds Sonae MC / December 2015/2024	-	50,000,000	-	50,000,000
2) Bonds Sonae MC / May 2015/2022	-	75,000,000	-	75,000,000
2) and 3) Bonds Sonae MC / December 2019/2024	-	30,000,000	-	30,000,000
1) and 2) Bonds Sonae MC / June 2016/2021	-	-	-	95,000,000
2) Bonds Sonae MC / September 2016/2021	3,000,000	-	3,000,000	3,000,000
2) Bonds Sonae MC / April 2020/2027	-	95,000,000	-	-
Bonds Sonae MC / July 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	(3,620)	(4,772,527)	(153,665)	(2,670,667)
Bonds	12,996,380	617,727,473	2,846,335	560,329,333
Other loans	555,333	1,795,221	908,663	1,706,802
Derivates	3,010,709	-	773,784	-
DerivatOther loans	3,566,041	1,795,221	1,682,447	1,706,802
Obligations under finance leases	164,332	112,757	289,839	164,472
	221,706,568	1,725,451,186	196,268,470	1,592,307,452

- 1) Bond loan amortised in advance at the option of the issuer;
- 2) Formerly named Sonae Investimentos, SGPS; and
- 3) Maturity of bonds extended until 2024.

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 interest rate at 30 September 2020 on bond loans and bank loans averaged approximately 1.14% (1.30% at 31 December 2019). Most of the bond loans and variable-rate bank loans are indexed to Euribor.

The derivatives are recorded at fair value.

The loans face value, maturities and interests are as follows (including obligations under financial leases):

	30 Sep 2020	31 Dec 2019
N+1 ^{a)}	219,337,955	196,055,960
N+2	313,946,227	378,265,906
N+3	421,452,618	350,293,255
N+4	362,582,416	431,409,483
N+5	369,718,650	239,721,238
After N+5	264,275,906	196,514,715
	1,951,313,772	1,792,260,558

a) Includes amounts used from commercial paper programs when classified as current.

The maturities presented above were estimated according to the contractual clauses of the loans and considering Sonae's best expectation as to its amortization date.

As at 30 September 2020, Sonae has, as detailed below, cash and bank balance equivalents in the amount of 686 million euro (610 million euro as at 31 December 2019) and available credit lines as follows:

	30 Sep 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 MC	94,000,000	265,000,000	124,000,000	284,000,000
Sonae Sierra	54,969,346	-	54,719,947	-
Holding & Others	77,211,309	119,239,478	55,777,214	67,500,000
	226,180,655	384,239,478	234,497,161	351,500,000
Agreed credit facilities				
Sonae MC	94,000,000	430,000,000	129,000,000	550,000,000
Sonae Sierra	54,969,346	-	54,719,947	25,000,000
Holding & Others	157,000,000	582,650,000	207,750,000	380,000,000
	305,969,346	1,012,650,000	391,469,947	955,000,000

15. Provision and impairment losses

Movements in "Provisions and impairment losses" during the period ended 30 September 2020 are as follows:

Caption	Balance as at 01 Jan 2020	Increase	Decrease	Transfer to held for sale	Balance as at 30 Sep 2020
Accumulated impairment losses on investments	4,501,208	19,206	(150,040)	-	4,370,374
Impairment losses on property, plant and equipment	114,081,043	3,945,945	(3,310,396)	(166,738)	114,549,854
Impairment losses on intangible assets	30,008,630	582,291	(1,150,892)	(246,909)	29,193,120
Accumulated impairment losses on other current debtors	26,630,737	8,557,250	(3,316,584)	(935,219)	30,936,184
Non - current provisions	42,652,254	2,285,916	(11,535,476)	-	33,402,694
Current provisions	4,405,596	22,482,113	(2,447,057)	(24,199)	24,416,453
	222,279,468	37,872,721	(21,910,446)	(1,373,065)	236,868,678

The increase in current provisions relates mainly to development projects in Sonae Sierra, which were made prudent in the context of the Covid 19 pandemic.

Impairment losses are deducted from the value of the corresponding asset.

16. Income or expenses related to investments

Income or expenses related to investments for the periods ended 30 September 2020 and 2019 can be detailed as follows:

	30 Sep 2020	30 Sep 2019 Restated
Dividends	100,648	100,689
Sierra Prime% Dilution (Note 5)	20,462,064	-
Loss generated on sales of the financial contribution regarding Sonae	-	(18,141,190)
Sierra segment		
Others	1,694,173	97,685
Gains / (losses) on the sale of investments in subsidiaries, joint ventures and associates	22,156,237	(18,043,505)
Others	(148,887)	(12,106)
Impairment of investments in subsidiaries	-	(15,152)
Impairment reversal on financial investments	2,885	-
Impairment reversal/(losses) on investments	2,885	(15,152)
Total income and (expenses) related to investments	22,110,883	(17,970,073)

17. Other Income

The breakdown of other income for the periods ending 30 September 2020 and 2019 is as follows:

	30 Sep 20	30 Set 19 Restated
Supplementary income	27,175,144	22,726,484
Prompt payment discounts obtained	19,471,227	19,069,292
Foreign currency exchange gains	13,110,891	14,747,289
Own work capitalised	11,240,868	10,289,289
Gains on sales of assets	5,754,177	5,408,987
Impairment losses reversals	2,856,079	6,640,115
Subsidies	1,424,161	1,253,596
Others	8,073,109	7,191,450
	89,105,656	87,326,502

As at 30 September 2020, the item "Gains on sale of assets" includes a gain of 3.4 million euro (3.2 million euro as at 30 September 2019) on the Sale & Leaseback operation.

As at 30 September 2020, "Other" includes approximately 5 million euro resulting from the application of the practical arrangements arising from the amendment to IFRS16 (Note 3).

18. Related parties

Balances and transactions with related entities can be detailed as follows:

Transactions	Turnover and other income		Purchases and services obtained	
	30 Sep 2020	30 Sep 2019 Restated	30 Sep 2020	30 Sep 2019 Restated
Parent Company	207,808	196,204	360,129	362,904
Jointly controlled companies	28,976,606	30,062,386	221,194,169	224,266,445
Associated companies	52,385,898	59,923,546	3,924,895	3,214,155
Other related parties	41,259,765	40,475,293	7,170,212	8,591,539
	122,830,077	130,657,429	232,649,405	236,435,043

Transactions	Interest income		Interest expenses	
	30 Sep 2020	30 Sep 2019 Restated	30 Sep 2020	30 Sep 2019 Restated
Parent Company	-	-	-	4,633
Jointly controlled companies	357,932	334,413	276,669	307,019
Associated companies	355,307	1,186,427	3,936,888	3,684,542
Other related parties	66,387	-	320,408	183,552
	779,626	1,520,840	4,533,965	4,179,746

Balances	Accounts receivable		Accounts payable	
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019
Parent Company	144,469	38,875	342,598	466,133
Jointly controlled companies	9,065,133	7,429,858	81,383,032	80,692,278
Associated companies	17,679,742	15,222,656	5,673,545	3,205,693
Other related parties	14,501,794	16,061,643	5,257,396	7,768,566
	41,391,138	38,753,032	92,656,571	92,132,670

Balances	Loans			
	Obtained		Granted	
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019
Jointly controlled companies	-	-	15,403,436	15,785,680
Associated companies	13,915	287	10,854,201	19,218,261
Other related parties	-	-	1,760,000	2,160,000
	13,915	287	28,017,637	37,163,940

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.

19. Earning per share

Earnings per share for the periods ended 30 September 2020 and 2019 were calculated taking into consideration the following amounts:

	30 Sep 2020		30 Sep 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)	(20,226,629)	(3,750,728)	71,564,064	16,374,915
Effect of dilutive potential shares	-	-	-	-
Interest related to convertible bonds (net of tax)	-	-	3,746,214	-
Net profit taken into consideration to calculate diluted earnings per share	(20,226,629)	(3,750,728)	75,310,278	16,374,915
Number of shares				
Weighted average number of shares used to calculate basic earnings per share	1,910,236,308	1,910,236,308	1,903,965,803	1,903,965,803
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	10,630,179	10,630,179	10,630,179	10,630,179
Shares related to performance bonus that can be bought at market price	(1,036,376)	(1,036,376)	(768,694)	(768,694)
Weighted average number of shares used to calculate diluted earnings per share	2,048,497,593	2,048,497,593	2,042,494,770	2,042,494,770
Earnings per share				
Basic	(0.010589)	(0.001963)	0.037587	0.008600
Diluted	(0.009874)	(0.001831)	0.036872	0.008017

20. Presentation of consolidated income statements

In the Management Report, and for 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) and (iv) 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 30 September 2020 and 2019 can be summarized as follows:

	30 Sep 2020			30 Sep 2019 Restated		
	Consolidated	Indirect Income	Direct Income	Consolidated	Indirect income	Direct income
Turnover	4,908,404,056	-	4,908,404,056	4,634,074,475	-	4,634,074,475
Value created on investment properties	(15,819,504)	(15,819,504)	-	6,670,995	6,670,995	-
Investment income	-	-	-	-	-	-
Dividends and others adjustments	100,648	-	100,648	100,689	-	100,689
Others	498,386	-	498,386	(18,070,773)	-	(18,070,773)
Others income	-	-	-	-	-	-
Reversal of impairment losses	366,271	-	366,271	457,578	-	457,578
Reversal of provisions for warranty extensions	2,489,808	-	2,489,808	1,568,385	-	1,568,385
Others	86,249,577	-	86,249,577	79,764,928	-	79,764,928
Total income	4,982,289,242	(15,819,504)	4,998,108,746	4,704,566,278	6,670,995	4,697,895,283
Total expenses	(4,587,520,872)	1,864,046	(4,589,384,918)	(4,291,540,223)	-	(4,291,540,223)
Depreciation and amortisation	(253,885,543)	-	(253,885,543)	(246,103,441)	-	(246,103,441)
Impairments of inventories - Covid-19	(33,400,000)	-	(33,400,000)	-	-	-
Losses on property, plant and equipment and intangible assets	(2,197,002)	-	(2,197,002)	2,812,846	-	2,812,846
Impairment losses and provisions	-	-	-	-	-	-
Provisions for warranty extensions	(379,551)	-	(379,551)	(285,821)	-	(285,821)
Others	(48,420,042)	(26,820,880)	(21,599,162)	(15,196,649)	-	(15,196,649)
Profit before financial results and results of joint ventures and associates and non-recurrent items	56,486,232	(40,776,338)	97,262,570	154,252,990	6,670,995	147,581,995
Non-recurrent items	16,703,425	9,123,422	7,580,003	(17,097,858)	(21,930,807)	4,832,949
Financial profit/(loss)	(76,477,065)	6,013,252	(82,490,317)	(85,399,984)	-	(85,399,984)
Share of results of joint ventures and associated undertakings	-	-	-	-	-	-
Associates and joint ventures of Sonae Sierra	(30,945,562)	(43,100,162)	12,154,601	39,796,840	(4,832,171)	44,629,011
Armilar Venture Funds	(8,826,255)	(8,826,255)	-	(689,073)	(689,073)	-
ZOPT	21,387,528	-	21,387,528	31,816,000	-	31,816,000
Others	(7,716,727)	-	(7,716,727)	3,305,597	-	3,305,597
Profit before income tax	(29,388,424)	(77,566,082)	48,177,657	125,984,512	(20,781,056)	146,765,567
Income Tax	(2,893,922)	2,617,105	(5,511,027)	(13,252,907)	(3,370,328)	(9,882,579)
Profit/(Loss) from continued operations	(32,282,346)	(74,948,977)	42,666,630	112,731,605	(24,151,384)	136,882,988
Profit/(Loss) from discontinued operations	(3,750,729)	(900,000)	(2,850,729)	18,485,189	21,930,807	(3,445,618)
Profit/(Loss) for the period	(36,033,075)	(75,848,977)	39,815,901	131,216,794	(2,220,577)	133,437,370
Attributable to equity holders of Sonae	(23,977,357)	(71,242,998)	47,265,641	87,938,979	(4,289,301)	92,228,280
Non-controlling interests	(12,055,718)	(4,605,979)	(7,449,739)	43,277,816	2,068,724	41,209,092
"Underlying" EBITDA (b)	-	-	405,753,821	-	-	404,400,164
EBITDA (a)	-	-	436,308,496	-	-	485,538,103
EBIT (c)	-	-	127,716,598	-	-	228,619,244

- (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 the equity method – non-recurrent results;
- (c) EBIT = EBT - financial results – dividends;
- (d) EBT = Direct results before 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.

21. Approval of financial statements

The financial statements were approved by the Board of Directors in a meeting held on 10 November 2020.

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

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This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that should not be regarded as historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors and analysts, and generally all recipients of this document, are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

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