PRESENT BETTER

ANNUAL REPORT

2020

PRESENT IN A BETTER

FUTURE

In this Integrated Annual Report, Sonae MC sought to bring together financial and non-financial disclosures, with respect to the development of its business activities throughout 2020. The present document is organized in four main sections.

The first section, contextualizes the year's most notable events. It starts by presenting a brief outlook over Sonae MC today's Businesses, followed by the details on the Company's response to the COVID—19 pandemic, as well as other aspects related to market evolution and consumption trends. At last, it summarizes the medium and long term strategic guidelines, the value creation model and the performance achieved throughout the exercise.

The second section presents the initiatives developed and the progresses made in the sustainability area, within the activity pillars of Environment, Community and People. It ends with the GRI reporting standards.

The third and fourth sections publish, respectively, the year's consolidated and separated financial statements and the Corporate Governance's essential principles and practices.

This Report refers to activities carried out during the 2020 financial year (1st January to 31st December).

Translation adapted from the Portuguese original. In the event of any discrepancy the Portuguese version shall prevail. **04**MESSAGE FROM THE CEO

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A YEAR OF

RESILIENCE

The year 2020 will go down in history on account of one of the biggest challenges modern societies have ever had to face. In a sudden and unexpected way, the COVID—19 virus spread across the globe, shattering beliefs, and profoundly affecting people, companies, and nations. The momentous public health crisis which ensued brought unimaginable hardships, requiring phenomenal resilience from all.

In light of such an emergency, the food retail sector led the way in responding to the health and economic crisis. Sonae MC rose to the challenge and took charge of its responsibilities with earnestness and determination by implementing substantial changes to its operating model to guarantee the safety of its Employees and Customers, safeguard the supply chain, and secure continuity of its Businesses in addition to supporting its partners and local Communities.

Under extremely strenuous conditions, our teams were relentless in their commitment to providing excellent service and ensuring access to food and essential items in a safe environment. The vital role we took on in supporting Portuguese families was commended and rewarded through unfaltering confidence and reinforced Customer recognition.

In 2020, Sonae MC managed to maintain the positive momentum of recent years and achieved the highest growth figures of the past years. The company also gained market share and cemented its unequivocal leadership status. The performance during the period secured a turnover which for the first time exceeded the 5 billion Euro mark, supported by excellent like—for—like sales, namely in the food retail formats, fulfilment of our expansion plans, and unparalleled growth in our online channel

With regards to operating profit, the Company maintained international benchmark levels, preserving a stable and resilient margin. Against an adverse backdrop, we also remained on track with strengthening our capital structure, which remained solid. We ensured a significant liquidity cushion which guarantees enhanced flexibility in managing and developing our Businesses in the future.

Throughout 2020, we sought to find a balance between a tactical response to sudden changes in the environment in which we operate and fulfilling our strategic priorities guided by a medium to long—term transformation which is expected to occur in this industry. In this sense, we remained focused on developing an increasingly distinctive value proposition, seizing new profitable growth opportunities, expanding the Business portfolio with formats complementary to each other, digital transformation, and the consolidation of our omnichannel presence in addition to optimising our operating model with a view to maintaining best—in—class efficiency levels.

On another note, the pandemic became a defining moment and magnified the importance of values and purpose in organisations. Of even greater significance, our priorities within the scope of sustainable development were top of our agenda and at the centre of our decision—making processes, evidenced in various initiatives spanning our three priority areas of intervention: Environment, Community, and People. We believe this is the only way in which we can create a common alignment amongst our stakeholders, sharing economic, social, and natural value while contributing to ever—lasting results.

In 2020, we remained on course with our initiatives centred on the decarbonization of the energy matrix in reducing the environmental impacts of our business activities and transitioning to a circular economy.

We also maintained an active role in supporting national production, promoting a more transparent and sustainable supply chain, and raising awareness regarding conscientious choices. Furthermore, the support we provided to local Communities was one of the cornerstones of our crisis response. It was led by *Missão Continente* (Continente Mission) and complemented by other unprecedented large—scale campaigns.

Our People remained at the forefront of our concerns, and 2020 was punctuated by several initiatives to protect and offer direct aid to our workforce, namely teams who worked on the front lines. We sustained the momentum of developing initiatives to stimulate an increasingly more inclusive and diverse work environment and culture in line with our Employees' values and expectations and enhance individual capabilities to promote the common good.

In closing, at the beginning of 2021, Portugal began a new total lockdown, and the coming months will continue to be challenging. We remain optimistic and circumspect, mindful of the fact that uncertainty continues to loom on the horizon and that the pandemic has not yet reached its turning point. For now, we will continue to prioritise the safety of our Employees and Customers, notwithstanding keeping a watchful eye on the direction in which our industry is heading.

We look ahead at 2021 with a feeling of motivation and confidence.
The Company is committed to remaining at the forefront of innovation, revolutionising the food retail sector in Portugal, and making a difference in Portuguese families' lives.

Together, we Stand in Resilience. Leading the way towards a better future.

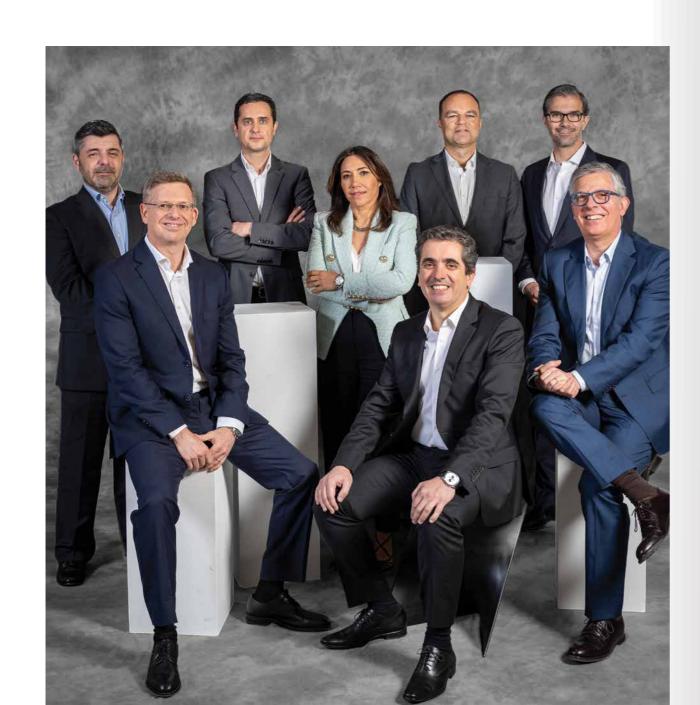


LUÍS MOUTINHO

CEN

MANAGEMENT

Sonae MC leadership team is responsible for the current management of the Businesses.























EADERSHIP We strive to be at the innovation forefront, predicting tendencies and leading the way in

the retail industry's revolution. This modus operandi enables us to continuously adapt our value proposition to our Customers' expectations and preferences, evolving recurrently. We affirm our leadership status via our banners and reference brands which are appreciated and loved by Portuguese families.

SONAE MC

AT A GLANCE



Sonae MC opened its first hypermarket in 1985, thus setting the stage to become the leader in Portugal's food retail sector. The Company has capitalized on a 35-year track record of sound and sustained growth.



Today, Sonae MC operates across several Business segments that complement each other through a multi-format and omnichannel portfolio of reference formats.



The Company's value proposition centres on food retail solutions. It is complemented by an array of other development avenues such as health, well—being, and beauty, to name a few, thus offering Customers an all—encompassing offering.



Sonae MC operates more than 1,300 stores throughout Portugal and northern Spain. Its mission is to serve families daily by providing a responsible and comprehensive product offerings and quality services at competitive prices in proximity and convenient formats, built on excellent service and performance.



FOOD RETAIL

CONTINENTE

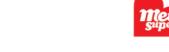
CONTINENTE

CONTINENTE

URBAN
HYPERMARKETS
41 STORES

LARGE Supermarkets 142 Stores PROXIMITY
SUPERMARKETS
131 STORES

CONTINENTE



E-COMMERCE PLATFORM
157 CLICK&GO
COLLECTION POINTS

FRANCHISED PROXIMITY STORES
289 STORES

HEALTH, WELL-BEING AND BEAUTY







arenal

HEALTH, WELLBEING, BEAUTY AND OPTIC 281 STORES

DENTAL AND AESTHETIC

MEDICINE

22 CLINICS

ORGANIC SUPERMARKETS
AND RESTAURANTS
12 STORES

37 RESTAURANTS

RKETS PARA-PHARMACY
AND PERFUMERY
54 STORES

NEW GROWTH BUSINESSES

·B·A·G·G·A·



ZU

COFFEE SHOPS
144 STORES

STATIONARY,
BOOKS AND GIFTS
80 STORES

PETCARE
AND VETERINARY SERVICES
28 STORES

Maxmat



OstoryHOME FURNISHINGS

home

DIY RETAIL

30 STORES

SELF-SERVICE LAUNDRIES

20 STORES

AND ACCESSORIES

1 STORE

OUR RESPONSE

100000-19

In a year punctuated by the health and economic crisis resulting from the COVID-19 pandemic, Sonae MC sought to act in an assertive and timely manner, striving to safeguard the health and safety of its Employees and Customers, whilst securing the necessary service levels across its operations and entire supply chain, all the while supporting its stakeholders and local Communities.

BUSINESS CONTINUITY



RISK MANAGEMENT MODEL





A Committee was constituted to focus on COVID-19 risk management and define contingency and mitigation plans to respond to the various scenarios.

BOOST TO E-COMMERCE BUSINESS

Developed measures to increase Continente Online service capacity, such as increasing order preparation areas and establishing partnerships to secure speedy delivery.







STABILISING REPLENISHMENT

Adjustments to operations and the supply chain, plus increases in stocks and product ranges (namely for essential items), in tandem with Suppliers.



RISK MANAGEMENT TOOLS

Developed management supporting tools such as Trace COVID, a predictability analytics model of COVID-19 disease incidence in Portugal and Sonae MC.



VOLUNTEER TALENT POOL

SAFETY MEASURES TO PROTECT OUR EMPLOYEES

Implemented safety measures to protect our Employees by providing them temperature control procedures, to name a few.





CHANNELS FOR DIALOGUE AND INTERACTION

> 290

OLUNTEER EMPLOYEES

Developed channels dedicated to communicating recurrent themes within the

We set-up a centralised volunteer talent pool to provide assistance to the immediate requirements in the field (e.g. stores, warehouses), during the peak of demand increase in the beginning of the pandemic crisis.

scope of the pandemic and set up an internal helpline for all Employees.







with Personal Protective Equipment (PPE) and disinfectant solutions and









TEAMS' EFFORT APPRECIATION

Additional cash bonuses were awarded to store and warehouse Employees in recognition of their efforts on the front line, among other recognition measures.

CUSTOMERS 😾

SECURITY MEASURES IN STORE

Implemented several safety and security measures in stores: we limited the number of customers at any one time, rolled out in-store signage to ensure social distancing, installed plexiglass barriers and hand sanitiser was made available.





NEW ANTIBACTERIAL RANGES

ESSENTIAL FOOD HAMPERS

Launched the "Continente Protect" range focused on personal hygiene and household cleaning products with antibacterial properties and affordable prices.

Launched a range of items called "Essential Continente Online"



COVID SAFE CERTIFICATE

Awarded the COVID SAFE certificate by APCER (Portuguese Association of Certification). Continente was the first food retail brand in Portugal to be awarded this seal of approval.



and pre-defined food hampers quaranteed to be delivered within 48 hours.



THOUSANDS



SUPPORT GIVEN TO HEALTH AND SOCIAL WELFARE INSTITUTIONS

Donated cooked meals and essential items such as food, hygiene and cleaning products and individual protection equipment to hospitals, regional authorities and social solidarity.

CAMPAIGN "NUNCA DESISTIR" (NEVER GIVE UP)

Launched one of the largest nationwide donation campaigns in Portugal to provide food aid to families in need.



NATIONAL PRODUCTION SUPPORT PROGRAMME

By increasing purchases made to the *Clube de Produtores Continente* (Continente Producers Club – CPC), we helped local producers sell their home-grown products. Also, 40 new members were added to the Club, and financial support was given to small producers.

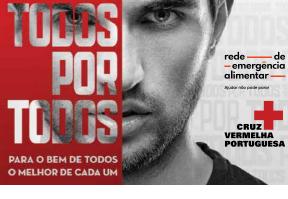






CAMPAIGN "TODOS POR TODOS" (ALL FOR ALL)

Organisation of the largest collection of food items to support families struggling financially owed to the pandemic, in collaboration with the Portuguese Red Cross (CVP), the Food Emergency Network And the União Audiovisual (Audiovisual Union).



OUR

MARKET



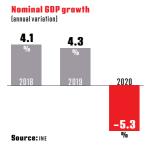
ECONOMIC ACTIVITY HIGHLY IMPACTED BY THE PANDEMIC

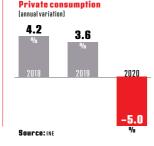
In March 2020, the first wave of the ${\tt COVID-19}$ pandemic severely impacted the global economy.

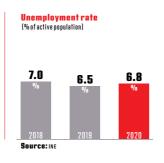
In Portugal, the government's public health crisis containment measures imposed severe social restrictions and limitations on economic activities resulting in a 5.0% contraction in private consumption and an unprecedented 5.3% decline in nominal GDP year-on-year.

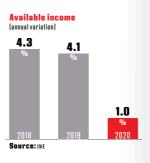
Under these circumstances, the unemployment rate reversed the trend of previous years and increased to 6.8%. Notwithstanding, it was offset by company support measures such as the simplified layoff scheme and an increase in the inactive population. As a result, in 2020, the economic expansion and disposable family income recorded in the past years decelerated considerably, benefitting however from financial aid programmes introduced by the government.

By and large, the Portuguese economy inverted the growth trend registered in the pre-pandemic years, strongly penalised by the negative performance of industries such as Tourism and Food and Beverage, which were the most affected.









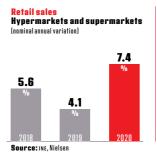
RESILIENT FOOD RETAIL, YET COMPETITIVE

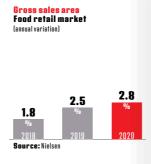
The food retail sector is characterized by a high degree of competitiveness and by a large number of (national and international) retail players. In Portugal, these players operate different store formats: hypermarkets, supermarkets, proximity and convenience stores, discounter and online.

In 2020, despite the pandemic, and a challenging operating environment, the retail sector in Portugal recorded notable sales momentum, benefitting from its fundamental role of supporting families and their basic needs, and shifting from out–of–home consumption to retail stores. Additionally, it was a year in which online sales increased considerably. Indeed, this was one of the main impacts ${\tt COVID-19}$ pandemic had on transforming the sector.

In terms of the offering, Portugal's food retail sector became more competitive.

Different players opened new stores, namely proximity and convenience formats, yet again.





CONSUMER BEHAVIOUR UNDER TRANSFORMATION

The health and economic crisis caused by COVID-19 introduced shifts in consumer behaviour, giving rise to the emergence of new trends and accelerating others already identified:

TRENDS			HOW WE ARE ADDRESSING THEM
M	CHANGES IN CONSUMER BEHAVIOUR	Increased demand for online and digital payment. In the offline channel, Customers value proximity, convenience and shopping experience thus demanding greater digitalisation (contactless), quick service, easy access, and fully prepared solutions. Preference for local Businesses and low prices.	 Accelerating expansion in the proximity and convenience store segment Leveraging digital and e-commerce opportunities Improving Customervalue perception
₩	INCREASED CONCERN REGARDING HEALTH AND WELL-BEING	Awareness regarding physical and mental health, intensified by the pandemic, resulted in customers seeking to pursue healthy eating habits, exercise more, and carry out regular check—ups and preventative care, alongside a more balanced lifestyle.	> Expanding the healthy nutrition range > Developing our Health, Wellness & Beauty Business
	THE ONSET OF THE HOMEFICATION CONCEPT	The pandemic forced consumers to make their homes the centre of their world and the place to work/study from, do exercise, eat, and be entertained, resulting in a surge in the use of apps for different requirements.	> Leveraging digital and e-commerce opportunities
	SHIFTS IN SUPPLY	Widening and heightened fragmentation in the Supplier base, with disintermediation affecting retailers and direct consumer interaction.	 Increasing the agility and efficiency of our operating model Optimising our store network, focusing on sales productivity
000	RAMP-UP DIGITAL AND ARTIFICIAL INTELLIGENCE	New technologies enable us to improve management and stock forecasting. The rise of artificial intelligence and robotics leads to increased automation. The supply chains become more flexible by way of data analytics, and the shopping experience is increasingly customised.	Leveraging digital and e-commerce opportunities Increasing the agility and efficiency of our operating model
R	HEIGHTENED Competition	Within the context of the pandemic, the growth in sales area remained buoyant, with Business models built on easy and convenient shopping gaining ground. The discounter format grew the most; we witnessed a ramp—up in e—commerce and greater offering in terms of service and meals.	> Leveraging digital and e-commerce opportunities

OUR STRATEGIC

PILLARS



We have a clear vision of the strategic pillars that will sustain our pathways to growth and leadership in the markets we operate to create sustainable value for all our stakeholders.

We remain focused on being a first-rate food retail operator, with a competitive and distinctive value proposition, driven by our competitive price positioning, by the transformation in our fresh food product offering, private—label goods, and healthy nutrition, rooted in an operation that is increasingly more efficient, agile, and digital.

We want to be ever closer to Portuguese consumers, growing our business by expanding our proximity stores and enhancing our omnichannel presence. We remain committed to ensuring growth by developing digital opportunities and leveraging our Health, Wellness & Beauty Business.

Our goals are achievable thanks to our excellent team and our permanent commitment to active talent management and continuous leadership development.

OUR VALUES

INNOVATION

TRUST AND INTEGRITY

PEOPLE AT THE CENTRE OF OUR SUCCESS

AMBITION

CORPORATE RESPONBILITY

FRUGALITY **AND EFFICIENCY** **COOPERATION AND** INDEPENDENCE

PILLARS OF ACTION AND STRATEGIC PRIORITIES

LEVERAGE ON CUSTOMER

- **APPRECIATION**
- > Improve Customer value perception
- > Enhance the **fresh food** product offer
- > Transform the **private label** goods offering
- > Expand the **healthy nutrition** range

© ENSURE AN EXEMPLARY EFFICIENT SYSTEM

- Increase the agility and efficiency of our operating model
- Optimise our store network, focusing on sales productivity

DEVELOP CRITICAL **GROWTH AVENUES**

- Accelerate expansion in the **proximity and** convenience store segment
- Leverage digital and e-commerce opportunities
- Develop our **Health, Wellness & Beauty Business**

CREATE SUSTAINABLE VALUE FOR ALL OF OUR STAKEHOLDERS



- Contribute to reducing our ecological **footprint** to benefit the Environment
- Promote conscientious choices and a close relationship with the Communities
- Promote well-being, inclusion, and the professional development of our People.

OUR MODEL OF

MILLE CREATION

MAIN RESOURCES

ECONOMIC AND FINANCIAL

- > Invested €2.403m with reference return on capital employed figures
- > €202m free cash-flow generation
- > Total net debt / underlying EBITDA ratio of 3.0x

KNOWLEDGE AND INTELLECTUAL CAPITAL

- > Distinctive competencies in developing retail Business
- > Innovation ecosystem with centralised support and acceleration
- > 35.900 Employees performing more than 300 different functions
- > ~760 Employees allocated to R&D projects

NATURE

- > 2% reduction in electricity consumption per sqm of sales area
- > 20% reduction of GHG emissions
- > 74.2% of recicled plastic used in own brand goods packaging

RELATIONSHIPS

- > 206,000 tons of purchased goods to national producers
- > Supported more than 1,100 institutions
- > Received more than 150 awards

DIGITAL

- > The leading e-commerce business in Portugal
- > Personalized offers based on Customers loyalty data analysis
- > Continente brand with 100% top of mind awareness
- > Expertise and advanced competencies in data analytics and digital

FACILITIES AND REAL ESTATE

- > More than 16.500 new hirings
- > 89 new own stores openings
- > 3 new Click&Go collection points for online orders

BUSINESS MODEL



ASSORTMENT MANAGEMENT AND PRODUCT DEVELOPMENT



SOURCING, PROCUREMENT AND STORAGE



LOGISTICS AND TRANSPORT





IN-STORE AND ONLINE OPERATIONS



MARKETING, SALES AND CUSTOMER LOYALTY



CUSTOMER SERVICE AND AFTER-SALES

KEY RESOURCES

ECONOMIC AND FINANCIAL

- > Underlying EBITDA margin of 10.2%
- > Conservative capital structure with leverage ratios at conservative levels

KNOWLEDGE AND INTELLECTUAL CAPITAL

- > More than 800 new own brand food and 5.500 new own brand non-food SKUs
- > More than 787 thousand training hours
- > ~220 R&D projects
- > Registered 11 patent requests

NATURE

- > 2,029,557 Gj in energy consumption
- > 487,849 GJ in fuel consumption related to the contracted fleet and Employees vehicles
- > 887,919 m³ water consumption

RELATIONSHIPS

- > Circa 80% of purchases made in 2020 were sourced from Suppliers with whom we have a relationship of 5 years or more
- > Circa 85% of Portuguese families are our Customers
- > Member of several industry associations and/or civil society fóruns
- > Stand-out loyalty programme with 4 million active accounts

DIGITAL

- > 80% growth in online sales
- > A revamped loyalty app with more than 1.3 million users and new services (digital
- > A high brand awareness with +2 million followers on Facebook

FACILITIES AND REAL ESTATE

- > A multi-format store network comprised of 1,313 stores, of which 969 are Company operated
- > Efficent logistics infrastructure with 5 distribution centres, 2 production centres and 1 dark store
- > 157 Click&Go collection points for online orders

VALUE CREATED

SUPPLIERS

SHAREHOLDERS

ECOEFFICIENCY

GOVERNEMENT

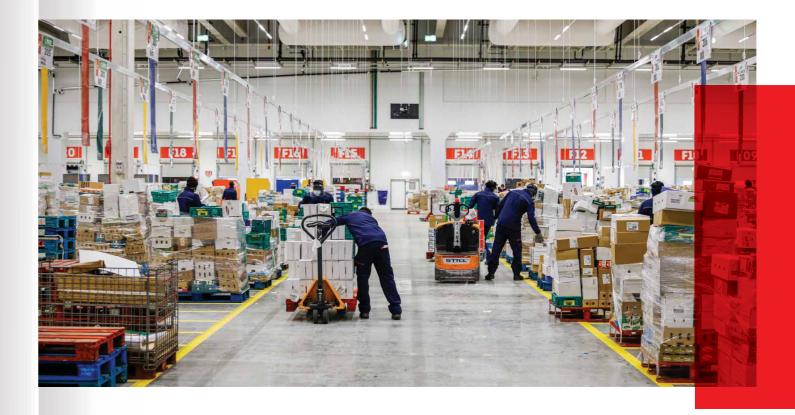
COMMUNITIES

THE YEAR IN REVIEW 70 71 1 This figure does not include Arena

SONAE MC ANNIIAI REPORT 2020

FXCFPTIONAL RESIJITS IN A CHALLENGING. YFAR





SOLID BUSINESSES PERFORMANCE IN A UNIQUE YEAR

In an unprecedented year, and considering particularly demanding operating conditions, in 2020, Sonae MC sustained its strong momentum, delivering a sound sales performance and strengthening its leadership position within the sector. These results reflect the embodiment of strong Customer acknowledgment for Sonae MC's efforts in responding to the crisis.

During the period, the Company turnover grew 9.6% to 5,153 million Euro and 6.6% like-for-like, benefitting from the stockpiling effect at the beginning of the COVID-19 outbreak, coupled with a reduction in out-of-home consumption which lasted throughout the period.

All of Sonae MC's food retail formats attained exceptional performance levels. Of highlight was the ramp-up in online demand and the resulting exponential growth of the e-commerce business. The New Growth Businesses, had mixed

performances, resulting from the negative impact of Government measures. Nevertheless, the Health & Wellness formats presented a positive sales development, especially on the second half of the year (reflecting the growing importance of this segment within the context of the crisis). On the other hand, the food and beverage formats were negatively impacted as they were forced to close during the state of emergency and because of more wary consumption patterns which followed.

The company's operating profit remained at benchmark levels. Underlying EBITDA increased 47 million Euro to 526 million Euro, corresponding to a stable margin of 10.2% because the direct and indirect incremental expenses related to COVID-19 were offset by higher sales volumes and operational improvements implemented

In summary, continuing operations net income totalled 139 million Euro during the financial year, representing a positive annual variation of 8 million Euro.







A REASONABLE APPROACH TO THE ANNUAL INVESTMENT PLAN

Given the adverse environment and considering its historical benchmarks, Sonae MC adopted a more prudent stance regarding its investment decisions. Notwithstanding, the Company fulfilled its investment plans in line with its medium and long—term priorities, which surpassed 206 million Euro as detailed below:

- > The opening of new units under the Company's expansion plan resulting in opening 89 own stores, including 13 proximity supermarkets. Thus, at year—end, the Company had a store network comprised of 1,313 retail units (including franchise) and 942 thousand sqm of gross sales area.
- > The refurbishment of a select number of food retail units identified as being priority, including 8 requalification interventions completed during the period, to ensure they remain as references in terms of modernity.
- > Other investment projects related to modernising the warehouse and logistics infrastructures, digital capability and omnichannel development, or the development of technological platforms.



REINFORCED BALANCE SHEET

As at 31 December 2020, Sonae MC's net financial debt amounted to 464 million Euro, 127 million Euro less than that posted at the end of the previous year, reflecting the company's strong capacity for cash flow generation.

During the period, the Company boosted its capital structure, which remained balanced and adequately robust, improving its leverage ratios and financial

Furthermore, throughout these twelve months, Sonae MC strengthened its liquidity, increasing available credit lines undervery favourable conditions and significantly reducing its future funding needs. It is also worth highlighting the fact that part of these financing operations are concomitant to sustainability objectives.



Our products and services at the heart of the Customers

In a particularly demanding year marked by an unexpected event that completely transformed the consumption arena, we reinforced the Customers trust and preference for our products and services.

CONSUMER Choice Awar

FIVE STAR

TRUST BRA

FLAVOUR OF THE YEAR AWARD









SUSTAINABILITY: TOP PRIORITY

Sonae MC continued to play a vital role in developing its three sustainable development pillars of activity: Environment, Community, and People – seeking to impact all stakeholders positively.

With regards to the Environment, in 2020, Sonae MC remained on course with the initiatives to increase energy efficiency and the decarbonization of its energy matrix by increasingly promoting the use of renewable energy sources.

The Company also pursued efforts to reduce its Greenhouse Gas emissions, which is an extraordinary feat, particularly during a year with significant increases in business activity and greater levels of complexity added to operations.

Moreover, Sonae MC remained committed to promoting a circular economy, seeking to reduce waste and diminish shrinkage, and encourage reusing materials while raising awareness among different agents.

Regarding the Community, the Company continued the nutritional reformulation of own brand products and the certification of the rawmaterials used on its production.

In what concerns the promotion of a sustainable supply chain, Continente became the first retailer in Portugal to be awarded international certificates from the Aquaculture Stewardship Council (ASC) and Marine Stewardship Council (MSC). The seafood sold at its fish counters is sustainably sourced. Additionally, amidst the ongoing public health crisis, Sonae MC enhanced its support to local producers regarding the sale of their goods, via the *Clube de* Produtores Continente (Continente Producers Club)



estou ©nline

the public health crisis to support different charities and organisations.

Under the title People, because of the pandemic, many initiatives geared towards our Employees were devised, namely: (i) significant steps were taken to protect the workforce, (ii) additional monetary compensation was given to Employees working on the front lines (iii) we implemented a successful "work from home" model, iv) we widened the attribution of a smartphone with a company mobile plan to all permanent Employees and v) we have developed a new leadership model.

The efforts made regarding Diversity and Inclusion allowed the Company to reinforce the number of women in senior management roles and develop an integrated approach to the domestic violence matter.

CAUTIOUS OPTIMISM ON THE HORIZON FOR 2021

PETXARIA

Although the COVID-19 health crisis generated massive disruption in 2020, food retail consumption remained relatively resilient. Notwithstanding, this may not be true for 2021. With the new year still fraught with uncertainty, and in light of the worsening of the health crisis, factors such as speed and the success of post-pandemic normalisation, as well as the efficiency of the economic crisis response measures, will dictate the outlook for the new financial year.

Sonae MC will maintain a cautious stance and its priorities in responding to the pandemic. Additionally, the Company will likely accelerate ongoing planned strategic developments, seeking to capitalise on new business opportunities and profitable growth, and remain active in promoting sustainable development, in line with its long-term objectives and goals.





Our People at the heart of our Business



Sustainability as a pillar for our growth

We keep fostering a firm commitment with sustainability, introducing deep transformations in our Businesses such as the responsible use of resources and the promotion of a more equal society.



Printies
MARKETEER
2020

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THE FUTURE AT THE FOREFRONT OF OUR AGENDA

We make a point of working closely with all the agents with whom we interact to enhance value creation throughout the entire supply chain and ensure its equitable distribution, reconciling short—term and long—term demands.

Sustainability and the future of our planet are our number one priority. We endeavour to minimise our impact on the environment and promote a circular economy. We champion responsible and conscientious choices, aware of the positive effect we have on the Communities around us. We defend a sense of equilibrium and justice within Sonae MC and advocate responsible management based on solid leadership principles.



STAKEHOLDERS



We believe stakeholder interaction is essential to incorporate their expectations and concerns into our way of doing business.

We listen to our customers to understand their needs to better define and adjust our value proposition.

We support every one of our Employees' career progression through talent management and advocating trust and mutual respect.

We are competitive because we establish long-lasting relationships with our Suppliers. Our foundations are based on honesty and reciprocity.

We deliver value to our Shareholders, working diligently and in a transparent and sustainable way.

We aim to go above and beyond our core focus to contribute to the quality of life within the Communities around us.

STAKEHOLDERS

Sonae MC focuses its actions primarily on developing a relationship based on transparency and trust with its Customers, built on a competitive and responsible value proposition tailored to their needs.

We believe that satisfied Customers establish a loval bond, and this is essential for long-term success.

Continente online platform Engaging with Customers at online order pick-up points ("Click & Go" and delivery addresses provided by Customers) Customer care call centre Communication campaigns and brand activation initiatives

Engaging with Customers at our stores and through the

CHANNELS FOR DIALOGUE

Sonae MC social media and website Market studies and focus groups Sonae Ombudsman

KEY TOPICS

Quality and safety of products and services Competitive prices Shonning experience

Transparent and authentic communication Product sustainability, origin, and traceability Environmental and nutritional information on products and certifications

Observance and compliance with the law regarding privacy and customer data protection laws Employee working environments and conditions Product and service innovation

Customer relationship management

Sonae MC places significant value on its Employees' professional and personal development, fostering inclusive, healthy, and safe working environments and promoting equal opportunities. Each Employee is committed and proactive and forges mutual respect, lovalty, cooperation, honesty, and clear communication.

environment Get-togethers and other informal events for Employees Training courses and conferences Internal communication

Meetings and recurrent interactions in a professional

Knowledge sharing forums and groups Employee satisfaction surveys Annual performance reviews

Anti-corruption or bribery Diversity and inclusion Transparent and authentic communication Talent attraction and retention Employee working environments and conditions Remuneration and career progression criteria Respect for Human Rights Human Capital Development Improve Employees' experience



CUSTOMERS

Sonae MC aims to build long-term trust-based relationships with its Suppliers, act with loyalty and good faith, and not tolerate any form of abuse, bribery, corruption, or money laundering. Sonae MC selects its Suppliers based on clear and objective criteria geared towards promoting sustainability and in line with principles of economic rationality.

Partnership projects with suppliers Meetings and other business interactions General supply contracts Continente Producers Club Supplier performance assessment Supplier pulse surveys Supplier Portal Inspections and audits

Anti-corruption or bribery Quality control Transparent and authentic communication Product sustainability, origin, and traceability Supplier relationship management



Sonae MC aims to generate sustainable long-term value for its shareholders, in strict compliance with its corporate values and our society. This philosophy is rooted in value creation shared with all stakeholders

Interactions with Shareholders Interactions with analysts Corporate presentations Periodic financial communications Shareholders' General Meeting Governing Bodies and committee meetings Profitability and Businesses scale Responsible investment Crisis and risk management Brand management and reputation Transparent and authentic communication Businesses sustainability Corporate Responsibility



Sonae MC pursues its Businesses with a view to creating long-term value, observing the principles of sustainability as well as corporate social and environmental responsibility.

The Sonae MC brands and banners are profoundly linked to the local communities, and we seek to have an incredibly positive impact on people's lives.

Meetings with public entities and policymakers Member of retail associations Meetings with financial institutions Engaging with communication/marketing companies and those operating in areas of social responsibility Presentations, conferences, and other public meetings Events and festivals for the community as a whole **Publications**

Transparent and authentic communication Product sustainability, origin, and traceability Diversity and inclusion Community engagement Employee working environments and conditions Impact of using plastic on the planet Protecting biodiversity Energy consumption, use of energy of renewable sources, and energy efficiency.





OUR COMPROMISE WITH

SUSIAINABILIY

WE WANT TO INSPIRE THOSE AROUND US

Sustainable development is in our DNA. That is why Sonae MC strives to create and share economic and social value via its activities in the various business areas in which it operates.

The ambition that drives us, and ensures we continue to push forward, stimulates the continuous creation of value through mindful management that seeks a balance between financial, human and intellectual, natural, real estate, digital, social, and relational capital. We know that this can only be attained through interactive dialogue with our stakeholders to identify topics that are genuinely relevant to the various interest groups.

By comparing these topics with their importance to our Businesses, we identified areas of interest to Sonae MC. capable of affecting value creation for the Company and society as a whole in the short, medium, and long-term,

enabling us to attach social impact to solid economic performance. This analysis helps guide our process of strategic reflection, namely regarding sustainability, and sustains clear lines of action to address topics of interest.

Furthermore, it also helped us select the GRI sustainability reporting standards disclosed in this report.

To guide and focus our operations, we grouped topics of interest into three key pillars with underlying value creation capabilities in the present, with a view to a better and sustainable future. Environment, Community, and People.



AN INTEGRATED APPROACH TO SUSTAINABILITY

ENVIRONMENT

 \bigcirc

FOR THE FUTURE OF OUR PLANET

We contribute to a sustainable global footprint by following practices that enable us to accelerate the decarbonisation of our business, protect nature and biodiversity and promote the use of circular materials throughout the entire value chain.





WASTE



ALIGNED WITH THE SUSTAINABLE DEVELOPMENT GOALS

MANAGEMENT

































COMMUNITY

PROXIMITY AND ENGAGEMENT

CAN THE

PEOPLE

OUR SUCCESS

THE DRIVING FORCE BEHIND

We value human capital as the basis of

our continued success. We promote an

inclusive culture and one of continuous

development for our workforce and

a personal and professional sense of

accomplishment with our People.

DIVERSITY

AND INCLUSIO

W

HEALTH, SAFETY AND WELL-BEING

ALIGNED WITH THE SUSTAINABLE DEVELOPMENT GOALS

We foster strong relationships with the Community, aware of how important it is to sustainable development. We are committed to contributing to the generation of positive change, encouraging better choices.















HEALTHY NUTRITION







DEVELOPMEN



OUR

PROGRESS

PILLARS OF ACTION

COMMITMENTS

ENVIRONMENT



Reduce energy consumption by continuously improving asset efficiency

Reduce carbon footprint in the context of the energy transition to a carbon neutral economy

Stimulate a circular economy for plastics avoiding its conversion into waste

COMMUNITY



Support local Suppliers seeking to strengthen ties between production and large distribution

Foster sustainability throughout the supply chain contributing to the preservation of biodiversity

Support local communities promoting solidary citizenship and social inclusion

PEOPLE



Incentivise a gender balance strengthening representativeness of women in leadership positions

Contribute to job creation in the country

Promote Employee protection contributing towards their health and safety at the workplace



METRICS	RESULTS 2020	CHANGE COMPARED TO 2019
Electricity consumption per sqm of sales area	486,9 kWh/m²	-2,1%
	400,0 KWII/III	Z,1 70
GHG emissions (scope 1 and 2) per sqm of sales area	156,3 kg CO2 e/m²	-22,6%
Recycled plastic in private label goods packaging	74,2%	1,1pp
Number of national producers members of <i>Clube Produtores</i> Continente Percentage of fish sourced from sustainable methods or aquaculture	256	28%
	65,4%	
Direct Community support	11,6 M€	25,3%
Percentage of woman in leadership positions	37,0%1	1,6рр
Number of direct jobs	35.900	2,9%
Workplace accident frequency rate	8,41	-14,4%

1 Data does not include Arenal and Go Natural restaurants

SUSTAINABLE DEVELOPMENT 34 | 35



KEY PILLARS OF ACTIVITY

ENVIRONMENT

We are committed to growing our Businesses whilst not overlooking the future of the Planet. Environmental protection is a priority and positions us on the front line of fighting climate change. With this mission on our agenda, we seek to accelerate our energy matrix's decarbonisation and promote an ever—increasing circular economy.



SONAE MC ANNIIAI REPORT 2020

CARBON

EMISSIONS

OUR APPROACH

To tackle climate change and reduce Greenhouse Gas (GHG) emissions, we must map out and understand the environmental impact of products and services resulting from the Company's activities.

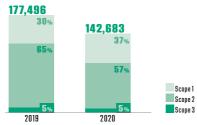
In 2020, we ramped up our decarbonisation initiatives as part of the Sonae Group commitment to the Paris Pledge for Action, limiting global temperature rise to 1.5° C. Thus, we plan to mitigate the risks associated with climate change and seize opportunities connected to integrating this agenda into our Businesses.



OUR PATHWAY

TO DECARBONISATION

GHG emissions († CO_,e)



In 2020, we posted total GHG emissions of 142,683 t CO $_2\mathrm{e}$. This represents a 20% reduction compared to 2019 (177,496 t CO $_2\mathrm{e}$), despite our organic growth.

The emissions under scope 1, associated with the use of fossil fuels (CO_2 , CH_4 , and $\mathrm{N}_2\mathrm{O}$) and the emissions resulting from fugitive emissions of refrigerant gases, represent 37% of our total carbon footprint. Under scope 2 (market—based), emissions mostly related to electricity consumption represent 57% of our carbon footprint. In 2020 we recorded a 20% reduction in emissions under scope 1 and 2 year—on—year. This is an incredibly positive outcome given the unprecedented year we faced and bodes well for our commitment to reduce emissions by 55% under scope 1 and 2 compared to 2018 figures. This significant reduction is mainly associated with the set of energy efficiency adopted measures, together with increased electricity consumption from our photovoltaic power plants and reduced emissions associated with the electricity acquired. Based on sales area, an analysis of scope 1 and 2 emissions indicates that these emissions amounted to 156 kg $\mathrm{CO}_2\mathrm{e}/\mathrm{sqm}$, corresponding to a 23% decrease year—on—year.

-230/0

OF GHG EMISSIONS (SCOPE 1 AND 2)
PER SOM OF SALES AREA



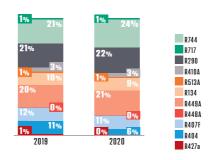
TOP SCORE AWARDED FOR THE CARBON DISCLOSURE PROJECT

The Sonae Group was awarded an "A" score for its Carbon Disclosure Project (CDP), underscoring our commitment, performance, and environmental reporting.

This score positions Sonae in the "Leadership" category. It is a select group consisting of only 3% of the more than 9 thousand companies that were assessed and awarded high scores regarding corporate environmental sustainability.

ADDRESS THE ISSUE OF FLUORINATED GASES

Fluorinated gases usage



In 2020, we remained on track with our efforts developed over the past 5 years to implement alternative solutions to those commonly used regarding the use of refrigerant gases.

We reduced R404 and R427 gases by 40% and increased R290, R744, and R717 natural gases by 17% compared to 2019 figures, despite the increase in our store network during the period. This is owed to the 2016 programme to replace fluorinated gases with high GWP (Global Warming Potential) for 100% natural refrigerant gases in cold service systems reaching the end of their lifespan. Or, when applicable, replace high GWP gases with lower GWP gases. Most of the cold production systems in our new stores run on gases with a GWP of 5 or less and are complemented by other less aggressive refrigerant gases.





We highlight that we continued to invest in our energy matrix's decarbonisation by generating electricity from renewable sources. This can be translated as the equivalent of 137 autonomous power plants, corresponding to an installed capacity of around 21.5 MWp and 18,874 MWh of energy produced in the whole year. Although it still represents a small portion of the energy consumed, we recorded a production increase of about 33% compared to

We highlight the investments made in 2020 in the new warehouse at our Azambuja logistic hub, where we installed the largest photovoltaic plant for self-consumption in the country, comprised of more than 6,900 photovoltaic modules. This plant corresponds to an installed capacity of circa 3 MWp and an annual production of about 46Wh.

The plant's production meets approximately 30% of the consumption needs of the Azambuja warehouse and generates circa 15% of surplus electricity which is injected into the national grid. For 2021 we forecast that the self-consumption power generation at the hub will be about 3,500 MWh.

RESTORE ECOSYSTEMS BY OFFSETTING EMISSIONS

Portugal's forests are highly exposed to climate risks and structural challenges; hence reforesting land burnt by forest fires is a serious issue for us in terms of restoring critical ecosystems and preventing the conversion of new ecosystems.

For this reason, we have taken on an active role in reforesting Portugal, namely via the Sonae Forest initiative. Alongside other Sonae Group companies, in 2020, we offset the emissions generated from the Employees' vehicle fleet and service vehicles in 2019 by planting trees in burnt and uncultivated areas. We offset emissions by planting circa 93 thousand trees across 75 hectares. Sonae Group companies financed this investment.

ENVIRONMENT

ENERGY

EFFICIENCY

OUR APROACH

In retail, we have an array of opportunities to increase energy efficiency due to the variety of natural and energy resources involved. This means we can reduce fossil fuel consumption and impact climate change while simultaneously developing a sound and competitive operating model.

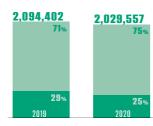
The *Trevo* (Clover) project was designed to put our energy policy into practice, promoting efficiency and the use of renewable energy sources by implementing measures to rationalise energy consumption and increase electrification levels to help improve energy efficiency, and install photovoltaic power plants for self-consumption.



OUR PATHWAY

ENERGY PERFORMANCE

ENERGY CONSUMPTION



Electricity
Fossil fuels

In 2020, Sonae MC accounted for a total of 2,029,557 GJ in energy consumption, which represented about 3% reduction year–on–year. This reduction is primarily related to events in 2020, whereby measures to combat the COVID–19 pandemic meant we had to close some of our operations temporarily. Electricity represented 75% of energy consumption, and fossil fuels the remaining 25%.

Electricity consumption increased by 1% (420,558 MWh in 2020).

Notwithstanding, specific electricity consumption (per sqm of sales area) stood at 487 kWh/sqm, corresponding to a circa 2% decrease compared to 2019 (497 kWh/sqm).

This means that, despite the increase in our store network, namely in the proximity format — with the inherent increase in associated consumption, as a result of a greater percentage occupied by fresh produce — we remained on—track with our plans to implement our energy efficiency policy. It is a crucial measure to improve our environmental and energy performance.

487 KWh/sqm

PER SOM OF SALES AREA (-2% COMPARED TO 2019)



E-MOBILITY "PLUG&CHARGE" AT CONTINENTE STORES

In 2020, we launched a new service: charging stations for electric cars, that enables our Customers go to and from our stores in electric vehicles, but also the electrification of Employees and last mile fleet consumption. This initiative promotes the decarbonized mobility through a simple and digital experience.

After the setup of the first "Continente Plug&Charge" hub in Matosinhos and Amadora Continente stores, we installed more than 60 points in the whole country and more than 220,000 Km were charged.

This initiative aims to attain a nationwide coverage guaranteeing a maximum distance between hubs of approximately 100 km, until 2021 year end. The installation of charging stations for electric cars is one of the investments covered by funding from the European Investment Bank (EIB) and the European Fund for Strategic Investments.

INVESTMENT IN ENERGY EFFICIENCY

In 2020, we remained on-track with our efforts to improve consumption efficiency, investing more than 8 million Euro. Besides installing photovoltaic power plants for self-consumption, we also installed more efficient equipment for cold output, lighting, and air conditioning.

To ensure a successful strategy, we must monitor and manage consumption, leveraging our investments via audits carried out across our facilities and our Environmental Information System (EIS). This tool reduces our legal risk and allows for the continuous improvement of environmental performance across our units. Using a telemetry device, the "Checkwatts" platform enables us to monitor in-store consumption at 15 min intervals.





The heavy logistics associated with our operations account for a significant portion of our energy consumption. To date, there are no technological alternatives available that enable us to significantly reduce this component of our footprint hence we developed initiatives to increase the efficiency of fossil fuel consumption.

The "Backhauling" project is a transportation service offered to Suppliers along the routes that our trucks would travel back empty (having completed their last delivery in-store). This project enabled a net saving of +33% in terms of kilometres, compared to 2019, spanning 81 Suppliers. Transportation under the "Backhauling" scope already accounts for 16% of the total journeys assured by our logistics activity.

In 2020, we maintained our initiatives to improve our Suppliers' vehicles ecoefficiency and to optimise their routes by reducing the distances covered, and increasing cargo capacity and the number of deliveries per Km covered.

Also, we have a system in place to return pallets and reusable boxes to our distribution centres. This system means the Suppliers do not have to collect on a store—by—store basis or transport between warehouses. In 2020, it allowed for direct savings of circa 280,000 Km by supplier companies.

ENVIRONMENTAL CERTIFICATION PROGRAMME

The continuous improvement of the environmental management system is guaranteed through the Environmental Certification Programme, according to the international standard NP EN ISO 14001:2015, which helps us identify and manage the environmental impact of our Businesses. In 2020, Sonae MC had 64 certified units (58 stores, 5 warehouses, and 1 manufacturing centre). With this, the Sonae Group renewed its Environmental Management System Certification for retail.

Owed to the initiatives developed to improve our buildings, the Sonae Tech Hub was awarded a "Platinum" certification for Leadership in Energy and Environmental Design (LEED) granted by the U.S. Green Building Council. The new Sonae Campus building was awarded the highest score ever achieved in Portugal, positioning it as one of the top 100 buildings worldwide. With a gross area of over 6,900 sqm, benefitting from 570 sqm of solar panels, enabling a 40% reduction in electricity consumption, this innovative space also features 100% low consumption LED lighting, automatic lighting control based on external lighting, efficient use of water and the reuse of rainwater.

AMBIENTE

USAGE AND MATERIALS

MANAGEMENT

OUR APPROACH

The excessive consumption of natural resources and the proliferation of single—use plastics have become urgent issues within our society. It is increasingly important to value resources.

Considering the nature of our business activity and the impact we have alongside different actors throughout the value chain, we remained on—course with redesigning our processes, products, and services for greater circularity. Our commitment to tackling the problem of single—use plastic has been published in our "Strategy for the Responsible Use of Plastics" and in the "Sonae Companies Charter of Principles for Plastics". We also raise awareness amongst the population, for example, via the "Responsible Plastic" digital platform, which combines informative and educational content.



OUR PATHWAY

MAP OUT AND REDUCE OUR PLASTIC FOOTPRINT

The amount of single—use plastics in our business is quite considerable, and for this reason, we remained on—course with our efforts to map out our plastic footprint and devised eco—friendly packaging. We made significant progress in this area throughout the year, having mapped out our plastic packaging footprint. We also pursued our scrutiny regarding our footprint on an operations and product level.

In 2020, our plastic footprint was circa 22,430 tonnes. Packaging and operations accounted for 78%. The remaining 22% stemmed from products we are responsible for putting on the market. With the goal of reducing (or even eliminating, when possible) the usage of fossil–based plastic materials, circa 21% of the plastic used in our packaging, operations, and products is recycled. This means we avoided the use of more than 4,860 tonnes of virgin plastic, which represents a 9% increase year–on–year.

GUARANTEE PACKAGING RECYCLABILITY

As an active agent in this sphere, we are committed to bringing forward to 2025 the ambition set by the EU 2030 Climate Target, ensuring that all Continente own brands products have reusable, recyclable, or compostable packaging. To this end, at the end of 2020, 74% of our packaging was recyclable, in line with the recycling matrix created in collaboration with Sociedade Ponto Verde (The Green Dot Society) and recyclable materials accounted for 11% of our packaging.

RECYCLABLE PACKAGING
IN OWN BRAND GOODS

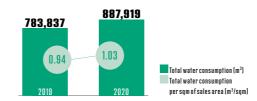


SUSTAINABLE WATER USE

In 2020 Sonae MC consumed 887,919 m³ of water. Although it represents a 13% increase year—on—year, it is not comparable with amount reported in 2019 given that for the first time this year, this figure includes the warehouses and production centers' consumption. With regards to specific consumption, the Company consumed 1.03 m³ per sqm of total sales area. This figure was driven by the organic growth, which focused namely on Continente Bom Dia stores — with higher associated specific consumption figures —, an increase in operations during a very demanding year owed to the pandemic, plus the expansion of our warehouse in Azambuja, which now houses the Seafood Processing Unit, and thus uses up plenty of drinking water.

Sonae MC is committed to reducing its water footprint, investing in initiatives focused on reducing consumption, reusing, and recycling water. For example, water reuse to supply some sanitary facilities or recycling the wastewater at the Meat Processing Centre. We also use "Checkwater", a platform to monitor water consumption in stores, thus enabling better water management across our operations.

Water usage



RESPONSIBLE WASTE MANAGEMENT

Within the scope of waste management, we assume the responsibility for the waste we generate in our Business activities and the waste our Customers drop off at our stores (+10% compared to 2019), promoting recycling and environmental citizenship. In 2020, our waste recovery rate decreased to 76% (–3pp compared to 2019). This figure was mainly impacted by a sharp reduction in waste volume sent for energy recovery owed to the pandemic caused by COVID–19.

Overall, we were responsible for managing 72,080 tonnes of waste, corresponding to a circa 1% growth compared to 2019. This figure is lower than Businesses growth (higher than 9%) and reflects our efforts to dissociate waste production from economic growth.

ECODESIGN TO INCREASE OUR PACKAGING RECYCLABILITY

In 2020 we made significant progress in terms of our packaging's ecodesign to eliminate the unnecessary use of plastic (or the problematic plastics) or replace it — whenever a different raw material proves it has a better life cycle performance, and if the various packaging components are compatible. Within this scope, we highlight the initiatives carried out regarding in—store consumables (fruit, bread, fish, and codfish bags), which avoided using 282 tonnes of plastic.

We also substituted non-recyclable materials in more than 1,300 private label and own brand goods packaging of non-food items.

A PILOT INCENTIVE FOR BOTTLE RECYCLING VIA A DEPOSIT-BASED RETURN SYSTEM

To test the bottle deposit—based return system, we participated in a pilot project lead by a consortium comprised of the Portuguese Association of Distribution Companies (Associação Portuguesa de Empresas de Distribuição —APED), the Portuguese Association of Natural and Spring Mineral Water Manufacturers (APIAM) and the Portuguese Association of Non—Alcoholic Refreshing Drinks (PROBEB). This system aims to increase the recycling rate of plastic packaging and maximise "material circularity" by incorporating recycled plastic into new packaging.

Within this pilot's scope, by the end of 2020, circa 12 million plastic drink bottles had been returned to the automatic collection machines located in superstores. The 14 machines installed in Continente stores accounted for 7.3 million plastic drink bottles, corresponding to circa 200 tonnes of plastic PET recycling.



FNVIRONMENT

FOOD

WASTE

A NOSSA ABORDAGEM

Global demand for food has increased; however, the amount of food that goes to waste throughout the world daily is worrying. According to the Food and Agriculture Organization of the United Nations (FAO), food waste represents circa 1/3 of all food produced annually worldwide. It occurs on a production, retail, and consumer level, hence the urgent need for a food system overhaul.

Thus, we implemented initiatives to recover shrinkage and promote consumption that is compatible with the planet's limits, namely by raising Customer awareness regarding the effects of their choices and the importance of a circular economy.



OUR PATHWAY

VALUE RECOVERY FROM LOCAL AGRO-FOOD WASTE



Aligned with the EU Farm to Fork strategy, in 2020, the CPC - Clube de Produtores do Continente (Continente Producer's Club) launched the "Waste Farmers' Market" (Feira do Desperdício). The programme promotes partnerships between producers, the industry, and distributors and aims to share good practices and develop products from the waste generated during the production stage of goods produced by CPC members.

In parallel, CPC members' food waste in producing fruit and vegetables was mapped out, enabling the identification of more than 15 thousand tonnes of agro-food waste that could be used for value recovery.

OF CPC PRODUCERS' FRUITS AND VEGETABLES



OPTIMISE SUPPLY TO MINIMISE SHRINKAGE

In terms of supply, we also sought to reduce food waste by including information on product sell-by dates into our replenishment algorithms, which, combined with demand forecasting, resulted in a decrease in shrinkage.

MORE EFFICIENCY, LESS FOOD SURPLUS

We recorded a reduction in our stores' food surplus thanks to efficient ways to minimise shrinkage, such as in-store stock management and sell-by date monitoring.

The "Single Banana" project was created to raise awareness amongst Customers regarding the waste generated by loose bananas. Banana purchases can be leveraged, and it is an excellent example of reducing shrinkage.

"We are food safety" is the slogan of the project aimed at making procedural changes in stores associated to integrating sell-by date information from the warehouses. This joint effort contributed to an improvement in controlling sellby dates across the value chain and resulted in reducing waste in stores (or at our Customers' homes) thus securing better quality and fresher products.



We know that the fight against waste is a cause shared by our Customers; therefore, we developed initiatives to accelerate the product flow of items reaching their expiry date and raised consumer awareness. Via Missão Continente, we joined the "United Against Waste" Movement.

The "Pink Stickers" are used to indicate items close to their expiry date, thus speed up product flow and alerts Customers that the items must be consumed within a short period. In 2020 alone, approximately 11.8 million products were sold, representing circa 20.1 million Euro of potential waste avoided.

The "ZERO% Waste Box" is a 5kg fruit and vegetable basket comprised of products nearing their optimum consumption date. With these baskets, we have enhanced our circular product range, and once the implementation plan is complete, we can potentially reduce waste by more than 1,000 tons/year.

Through the Too Good To Go app, we launched a Go Natural store pilot to sell products nearing their sell-by date. The results have been highly encouraging, and we hope to extend this partnership to other banners within Sonae MC.

We developed an innovative and pioneering project at a European level called "LIFEFood Cycle". It is a platform that enables us to manage shrinkage more digitally, optimising donations made to charitable institutions and food products at risk of shrinkage to our commercial partners.

Despite the pandemic and its numerous restrictions, we recorded a growth in waste avoided compared to the known shrinkage. This recovery is made possible by putting the surplus food out in the social areas in-store and our warehouses so that people can help themselves (circa. 3 million Euro in 2020), thus fulfilling the double goal of avoiding waste and providing our Employees with free food.

In 2020, we pursued our initiative to donate surplus food daily. More than 1,700 institutions benefitted from this initiative, totalling circa 11 million Euro.



KEY PILLARS OF ACTIVITY

COMMUNITIES

Proximity with the surrounding Community is essential for our Businessess' sustainable development and affords us significant responsibility as agents of change within families. Thus, we incite efforts to encourage our Customers to make conscientious choices and galvanise our Partners to take a more responsible stance.

SONAE MC INTEGRATED ANNUAL REPORT 2020



COMMUNITY

SUSTAINABLE AND LOCAL

SUPPLY CHAIN

OUR APPROACH

Mindful of the significant impact retail operations have on nature and biodiversity and the fact that it depends on natural capital, we seek to play an active role in creating a more responsible supply chain.

To this end, and in tandem with our Partners, we implemented several environmental, social, and ethical best practices as per our Supplier Code of Conduct¹, Sonae's Sustainable Fisheries Policy¹ and the Clube de Produtores Continente (Continente Producer's Club) Certification. We support "Portugality" and national products. Two out of every three Continente own brand food products are produced in Portugal. Alongside other companies within the Sonae Group, we are working on defining a transversal policy for Nature and Biodiversity.



OUR PATHWAY

SUPPORTING NATIONAL PRODUCTION

The CPC- Clube de Produtores Continente (Continente Producer's Club) promotes knowledge sharing and develops innovative projects in partnership with Portuguese producers. In 2020 alone, purchase volumes made to CPC members totalled circa 206 million tonnes (+30% compared to 2019, which corresponds to 365 million Euro).

The certification processes these producers must comply with are increasingly more demanding, and CPC ensures compliance with a set of quality indicators, in addition to food safety, environmental and social responsibility indicators. For example, in the case of meat producers, in 2020 the CPC strengthened its contract specifications to secure animal welfare, the preservation of biodiversity and the efficient use of natural resources amongst its members.

We also highlight (i) the support offered to national producers during the pandemic, to help them sell their products and the incorporation of an additional 40 members; (ii) the $4^{\rm th}$ edition of the *Academia do Clube de Produtores Continente*, a capacity-building programme for our producers which aims to accelerate innovation, competitiveness, and sustainability and (iii) the development of the BIO CPC which ensures the national supply of organic (BIO) vegetables.

206 KTON



INCENTIVES FOR PRODUCTIVE AND REGENERATIVE AGRICULTURE

To guarantee production and the responsible supply of raw material used in our private label goods, we have devised ambitious certificate of origin objectives:

1) We selected coffee, cocoa, and teas certified by programmes that convey best agricultural practices and how crops can be cultivated to ensure better quality, income, and sustainability. In 2020, we launched a Rainforest Alliance Certified range of aluminium coffee capsules. The frog seal was added to all chocolate—based seasonal product ranges, ice—creams, and confectionery.

11) We are committed to removing or substituting palm oil for other fats without detriment to the product's nutritional content. Since 2019, we have eliminated palm oil from more than 40 products. If it cannot be replaced, we make sure that the palm oil comes from a sustainable and certified source. III) We ensure that 100% of our paper contains raw material sourced from sustainable forests and that the Forest Stewardship Council (FSC) certification is clearly visible on the packaging.

QUALITY ENHANCEMENT AND CONTINUOUS IMPROVEMENT



In 2020, and under the NP EN ISO 9001:2015 standard, we renewed our certification for Sonae MC's food and non-food own brand development process. To ensure high-level quality and food safety, our equipment, facilities, and products were subjected to rigorous monitoring. We carried out 493,882 in-house and external compliance and product quality tests on food products. Our Suppliers also underwent a thorough assessment process and we ensured in-store monitoring regarding complying with best hygiene practices and food safety. Furthermore, we were the first food retailer in Portugal to be awarded international certificates from the Aquaculture Stewardship Council (ASC) and Marine Stewardship Council (MSC), meaning that the seafood sold at our counters by weight is certified. To be granted this certification, more than 1,000 Employees from our core structures, logistics, and operations received training in addition to various SDG audits to guarantee the traceability of sustainably sourced seafood.

With regards to non-food private label goods, we carried out 15,530 in-house and external quality assessments and defined a Chain of Custody Certification model, with the aim of supporting, in a sound and trustworthy manner, the processes involved in certifying the origin of raw materials used in the development of our own brand goods, such as Forest Stewardship Council (FSC) certifications and Ecolabel.

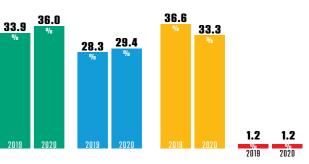


In 2010, Sonae MC was the first food retailer in Portugal to adopt a Sustainable Fisheries Policy, taking the lead amongst national players and drawing attention to this matter. Our position is backed by the implementation of several initiatives to promote sustainable fishing practices. We do not sell seafood which renowned NGOs such as Greenpeace, WWF, and IUCN consider to be "endangered" species.

As a result of these initiatives, in 2020, the proportion of fish originating from aquaculture or more sustainable fishing methods increased from 62% to 65%, based on the Traffic Light System (TLS). This tool enables us to assess purchases according to their sustainability. Thus, we can endorse Suppliers whose fishing methods have a minimal impact on marine biodiversity.

A successful example is that of the *Dourada* (gilthead seabream) from the Algarve coast. We added it to the Continente seafood counters in 2020, thanks to Portugal's largest aquaculture project developed with a national partner. The *Dourada* (gilthead seabream) from the Algarve coast ensures sustainability premises above and beyond those of the standards, such as not using any antibiotics in fishery production and not supplementing feed with animal by-products. This partnership contributed to a reduction in carbon footprint that is inherent to the retail sector and the over-exploitation of the seas, and the development of local communities. In parallel, we actively instilled a change in consumer habits and guaranteed fresh and good quality seafood, with incredibly positive sales results. In 2020, a total of 228 thousand Customers bought gilthead seabream from the Algarve coast, out of which 98 thousand did not usually buy aquaculture seabream, and 8 thousand were Customers who purchased gilthead seabream for the first time.

Fishery purchase volume



Traffic Light system legend

Fishery methods with reduced potential impact in biodiversity and in marine ecosystems Produced in aquaculture and certified according to Continente's quality standards.

Fishery methods with moderate potential impact in biodiversity and in marine ecosystems

Fishery methods with significant potential impact

COMMUNITY

HEALTHY NUTRITION AND SUSTAINABLE

CONSUMPTION

OUR APPROACH

To transform the global food system, it is crucial that the population follow a more sustainable diet because of its low environmental impact, contribution to food security, and because it aids overall health.

In line with the efforts carved out by the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO), and as the largest Portuguese retailer, we are very conscious of our critical role in promoting sustainable food choices and making sure healthy nutrition choices are made available to everyone. We are committed to driving a greater and better food literacy movement and offering our Customers healthier products.



OUR PATHWAY

RAISING AWARENESS VIA THE *MISSÃO CONTINENTE* SCHOOL



Missão Continente School is an educational programme to help raise awareness amongst primary school students (aged circa 6 to 9 years old) on topics such as healthy nutrition habits and conscientious consumption. It covers modules such as healthy diets, food waste, and the excessive use of plastic. The programme focuses on learning through educational activities, fun materials, field trips, and challenges that encourage the school Community to reflect and act upon the proposed topics.

For the 2020/21 edition, the program was adapted due to the pandemic, and on-topic classes and virtual field trips to Continente stores were hosted. The students were given challenges such as focusing on the topic of local/regional produce and sustainable shopping habits.

This edition included 437 schools nationwide and over 40,000 students, representing a circa 30% growth in the number of students compared to 2019.

STUDENTS IN 2020/2021
IN THE PROGRAM MISSÃO CONTINENTE SCHOOL



RELAUNCH OF THE *CONTINENTE EQUILÍBRIO* (BALANCE) AND *CONTINENTE ECO* RANGES

The Continente Equilíbrio range includes nutritionally balanced products at affordable prices so that everyone has access to healthier food options. The balance range underwent a transformation process in 2020 to better define its market positioning: clear nutritional criteria were defined, product inconsistencies that did not fulfil the brand criteria were eliminated, the visual identity was revamped, and an additional 60 new products were added to the range, with disruptive innovation in own brand products.



Regarding conscientious consumption, we launched the Continente Eco brand, an eco-product range for household cleaning products and personal hygiene. The brand combines (i) environmental sustainability via the formulation of eco-friendly raw materials, compact and concentrated products, recycled plastic packaging and labels with less ink printed surface area, (ii) effective results when compared to conventional products, and (iii) inexpensive price points to drive a change in consumption habits.



REFORMULATION OF FOOD PRODUCTS FOR IMPROVED NUTRITION

In 2020 we pursued our efforts to assess Continente own brand food products' nutritional content, to optimise and reduce salt, fat, and sugar content, and to eliminate hydrogenated fat and palm oil, thus minimising the impact on the organoleptic properties and avoiding sensory appeal through the addition of flavour enhancers, aromas, sweeteners, and preservatives. We simultaneously sought to introduce products containing more protein, fibre, fruit, and vegetables plus wholegrain and naturally healthy foods.

Thus, in the last two years, we nutritionally optimised more than 200 products. This equates to reducing 85 tonnes of salt, 650 tonnes of sugar, and 385 tonnes of saturated fats. Furthermore, the nutritional optimisation of more than 500 products is currently ongoing.

+650 † ON

OF SUGAR REDUCTION
IN CONTINENTE'S
OWN BRAND FOOD PRODUCTS

+85 †01

IN CONTINENTE'S
OWN BRAND FOOD PRODUCTS

COMMUNITY

SUPPORTING LOCAL

COMMUNITIES

OUR APPROACH

Establishing a close relationship with surrounding communities is essential to sustainable development. We believe that companies play a critical role in promoting the more autonomous and resilient Communities' prosperity and development.

In partnership with social economy organisations, we seek to contribute with our skills and direct our resources towards initiatives that support less favoured Communities, contributing to poverty eradication in its different formats.



OUR PATHWAY

HELPING THE MOST VULNERABLE

In 2020, via Missão Continente, Sonae MC donated circa 12 million euros to the Communities spanning over 1,100 social support institutions and animal welfare associations. This support was given to several entities that work closely with local Communities helping them with a diversified set of needs.

~ 12 VE

SOLIDARITY GROCERY BAGS

Missão Continente launched the reusable Solidarity Grocery Shopping Bags. Two editions were launched in 2020, raising enough funds to donate 30 thousand Euro to the Portuguese Association of Voluntary Firefighters (APBV) and 30 thousand Euro to Animalife, an association that works with abandoned pets in Portugal.





SOMOS ZULIDÁRIOS: SUPPORTING ANIMAL WELFARE

Under our ZU banner, which specialises in pet food, hygiene, and veterinary health care, we created the *Somos Zulidários* (We are "Zulidaric" – a play on words with solidaric) programme to help cats and dogs cared for by associations. The first initiative was launched in 2020 and consisted of selling "Zulidaric" shopping bags. Every time Customers reuse the ZU stores' shopping bag, on behalf of the ZU insignia, they donate to an animal welfare association. The ZU solidarity bags are made from 100% cotton, reusable, and reduce plastic bags in our stores.



NOTE! CREATING NEW STORIES

During the first lockdown, and to promote reading and support the Communities via educational, fun games, Note! created the "Tell me what you're reading" initiative. Through this initiative, public figures from different fields shared what they were reading and provided recommendations on books everyone should read at least once in their lives. The "Time for Digital Story Reading" was created on the Note! Instagram account, a social networking service, to share wonderful stories for little and big kids.

In parallel, Note! created a regular diary for "Conversations with Authors" consisting of live interviews on Instagram whereby authors would talk about themselves, their books, and interact with their readers.



Missão Continente endorses Continente's initiatives within the scope of social responsibility, and its purpose is to build a sustainable future. Throughout the year, we embraced and reinforced our transformation agent's role, acting daily to positively impact communities, raise awareness and engage with them to make better choices. We also worked increasingly closely with people in need of the most help and provided immediate support during hardship.

(MISSION CONTINENTE)

Missão Continente was very much impacted by the COVID-19 outbreak in 2020. Efforts were directed to those affected the most, namely offering support through food donations, hygiene, personal protective equipment to health services, civil protection, and others. Partnerships were also established to help and support food emergencies; donations were made to social support institutions, and animal welfare.



NEWBORN CARE BABY WELL'S HAMPER

In 2020, and for the third consecutive year, the Well's banner boosted its commitment to support birth rates in Portugal by pursuing its project "For a baby—filled Future". The banner has already donated more than 40,000 "Baby Well's Kits" nationwide. This means that more than 50% of babies born in Portugal benefited from the initiative during the period. Well's also granted assistance to circa 50 babies from underprivileged families, covering all their hygiene, food, and child—care product requirements from birth until their first birthday.



KEY PILLARS OF ACTIVITY

PEOPLE

Our Associates are at the heart of our business. Their motivation and commitment are determining factors for our success. Thus, we empower our associates personally and professionally, promote diversity and inclusion, and endeavour to ensure their safety and well—being.



PEOPLE

DIVERSITY AND

OUR APPROACH

Diversity in the workplace is the best way to deal with a constant, ever—changing world. As the benchmark employer, we play a fundamental role in job creation and promoting inclusion; thus, we value each and every contribution.

The continuous quest for making better decisions, innovating more, and achieving superior results by promoting a culture of diversity and inclusion, is patent in Sonae MC's daily business.

The foundations of our diversity and inclusion strategies are rooted in our way of being and conducting ourselves, and it is consistent and intentional. We care for our People and their individuality. Putting our People are at the heart of our success is an intrinsic part of our culture and abundantly clear in our corporate values. We endeavour to create a work environment based on a diverse employee profile, focused on uniqueness as one of the fundamental principles of this strategy and as a catalyst for the personal and professional development of each Employee. Thus ensuring that our People feel respected, valued for their skills, and trust the organisation.



OUR PATHWAY

KEY PILLARS OF DIVERSITY AND INCLUSION

The pandemic and the ensuing economic crisis worsened existing disparities, making even more compelling the existence of consistent inclusion policies.

Sonae MC's diversity and inclusion policy is divided into 5 pillars of action: i) Gender equality, ii) Disability, iii) Generations, iv) LGBTIQA+, v) Nationalities and Ethnicities, reflecting our ambition and investment in the pillars linked to the corporate strategy.



OUR PEOPLE

At the end of 2020, Sonae MC employed 35,900 Employees. This figure represents a net increase of 2.9% year-on-year. Out of this total, 73% are permanent employees, and 68% are women. In 2020, it is also important to highlight the diversity of nationalities, namely within our Logistic teams, that account more than 20 nationalities, representing 31% of the workforce.





WE ARE SONAE AND STAND AGAINST DOMESTIC VIOLENCE

In 2013, we created the Somos Sonae (We are Sonae) programme to help our Employees when they are at their most vulnerable.

We invested circa 1.2 million Euro into the programme, which has already helped 2,400 people, spanning our Employees and their families. All cases are dealt with privately and anonymously and are conducted by a multidisciplinary team from the Portuguese Red Cross.

In 2020, more than 150 support plans were structured, which meant aid was offered to circa 385 People (+42 compared to 2019). It was a record year in terms of investment, surpassing 234 thousand Euro. Furthermore, in 2020, under a rebranding initiative, in addition to the social, economic, legal, and oral health areas of intervention, a new action pillar against domestic violence was added to the programme. This programme aims to create awareness on the topic and intervene with a bespoke holistic approach regarding social, economic, and psychological aspects.

INFO SNACKS

The Diversity and Inclusion (D&I) Info Snacks area a permanent feature in SONAE MC's weekly newsletters. They include short accounts of the 5 axes which comprise our D&I strategy and aim to serve as an inspiration and challenge for our People.

In 2020, the Info Snacks achieved high levels of interaction. The videos were the most viewed on our digital platform.

O NOSSO COMPROMISSO 40% DE MULHERES EM CARGOS DE LIDERANÇA ATÉ 2023





LEADERSHIP É DE MULHER (IS FOR WOMEN)

Gender equality is one of the priority areas in our diversity and inclusion strategy. It is centred on 4 action lines: i) employment and education, ii) balancing personal and professional life, iii) social protection, and iv) visibility.

With regards to visibility, in 2020, we held briefing sessions with experts in the field of inequality in women's leadership; we launched two exclusive newsletters on the topic of diversity and inclusion, and we launched the first in-house campaign for gender equality, "Éde Mulher" (It's for Women) with 11 Employee-ambassadors based on hard evidence that showed that gender equality is not yet a reality. The campaign aimed to break gender stereotypes by providing a message of strength and triumph and mobilising all Employees to participate in this movement.

Throughout the year, we also reinforced our commitment regarding our 2023 objectives. We aim to have 40% of our senior management positions occupied by women. This includes new hires and promotions. By year—end, 37% of senior management positions were occupied by women (+1.6 pp compared to 2019).

370/0 **WOMEN**IN SENIOR MANAGEMENT POSITIONS

SONAE MC ANNIIAI REPORT 2020

HUMAN CAPITAL

DEVELOPMENT

OUR APPROACH

Confident of the fact that a fast pace and constant change will characterise the future, learning to learn is one of the primary skills that should be promoted within organisations. The construction of a mindset where everyone is encouraged to "learn, unlearn and learn again" is a competitive advantage in any corporation.

In this sense, training is an essential tool to develop our People and a means of implementing Sonae MC's strategy and responding efficiently to current and future Businesses challenges. In this sense, our learning & development strategy aims to increase the training digitalisation processes and offer future proof-skills training and promote self-learning.



OUR PATHWAY

DIGITAL TRANSFORMATION AND TRAINING

The year 2020 brought us the COVID-19 pandemic and an opportunity to step up our strategy regarding moving our face—to—face training model to a predominately digital one. This transformation was applied across more than 100 programmes, corresponding to 787,142 training hours. On the other hand, there was a 29% increase in the number of participants, bringing the total number to 44,671, thus reflecting Sonae MC's commitment to investing in developing and valuing its Associates.

Examples of digital training initiatives include: i) The "Learning Tips" newsletters launched in 2020 featuring learning tips on a variety of topics such as emotional intelligence or negotiation skills; ii) "LearningHubz", a platform to promote continuous professional development through short videos on topics such as leadership, productivity or personal development. In 2020, new users grew by 120% and active users by 345%; and iii) the "Tool Kits", an innovative way of addressing future skill sets which includes several training resources to read, watch, listen, interact, and practice. This tool serves to advance self-learning and is 100% online.

Currently, there are two "Tool Kits" available, one for problem-solving and the other for design thinking. They include different learning journeys with specific time intervals and levels of complexity.

787 K



INVESTING IN THE FUTURE OF RETAIL

Even within the context of a pandemic, we continued to develop programmes to identify high potential candidates. In 2020, the Future Leaders programme stood out for investing in in-house talent (38 Employees) and developing new channels and innovative methodologies such as: i) investment in digitalisation, be it in programme communication or assessment and training methodologies; ii) being in alignment with the new leadership development model known as Lead Better; iii) serving as an incentive for lifelong self-learning, taking ownership for individual learning requirements; and iv) focusing on social learning very much leveraged on mentor and buddy figures.

GO NATURAL CUSTOMER SERVICE EXCELLENCE

To revolutionise Customer service at our Go Natural stores, in 2020, we rolled out a project called Greeny. The aim was to provide our Employees with the following skills: i) technical skills, namely knowledge about the product ranges; ii) behavioural skills, helping Employees be more proactive, extrovert, and self-confident in Customer interactions; and iii) a monitoring system with means of measuring and incentivising to ensure optimal implementation for the Greeny programme.





The 4th edition of the Commercial Academy Day was held in 2020. Due to the pandemic, the format had to be adapted and brought together circa 800 sales Employees. The event was an opportunity for the sales teams to discuss

the pandemic's impacts and focus discussions on emerging trends such as e-commerce and remote working. In a 100% digital environment, more than 70 workshops were held simultaneously to address the main challenges of the Businesses.

800 +70 IN AN 100% DIGITAL TRAINING PROGRAM

IMPROVE EMPLOYEE EXPERIENCE

In 2020 we launched the Employee Experience project. The goal is to satisfy Employees' needs while simultaneously keeping up with the dynamic of the Businesses and the labour market. We mapped out our Employees' life cycle and obtained an overall view of the various professional journeys, and reflect on discrepancies that coexist within Sonae MC, ranging from store operations to logistics and corporate structures. This exercise served as a guiding tool to take a closer look at Employees' real experiences and activate cross-sectional or customised initiatives to provide solutions to the identified improvement opportunities.

SONAE MC ANNIIAI REPORT 2020

EMPLOYEE HEALTH, SAFETY, AND

WELL-BEING

OUR APPROACH

At Sonae MC, Employee health, safety, and well—being are a priority. To reduce the absenteeism rate, occupational accidents, and work—related illnesses while simultaneously increasing productivity and achieving excellent results, we must implement preventative measures which contribute towards a feeling of professional fulfilment amongst our Employees.

We are focused on fostering a "zero accidents" culture and promoting a healthy and safe working environment to ensure our Employees' physical, mental, and social well-being. Through the Improving Our Life (IOL) movement, we foster a balance between personal and professional life and value each of our Employees.



OUR PATHWAY

RESPONSE TO THE HEALTH CRISIS

In a year severely impacted by COVID–19 pandemic, the Occupational Health and Safety (OHS) and Occupational Health (OH) departments played a critical role in developing initiatives to fight the pandemic as listed below:

- > The production of a COVID-19 Contingency Plan and handbook
- > A reassessment of workplace risks and mitigation measures
- > The creation of a vaccination and COVID-19 monitoring observatories
- > Training sessions, coaching, quick—talks and content preparation
- > Quality checks and purchasing products, disinfectants, and protection equipment
- > A COVID-19 helpline was set-up, offering support tools
- > Keeping a close check on risk patients, regarding their COVID-19 risk infection
- > Boosting medical and nursing services
- 14,000 molecular tests (RT-PCR) within the Proactive Testing Plan
- > 1,500 hours dedicated to technical analysis, medical notification, and case follow-up in close collaboration with the Health Authorities
- > Development of the Trace COVID app, with predictive analysis of the incidence of the disease within Sonae MC

TRAINING HOURS GIVEN
WITHIN COVID-19 PANDEMIC CONTEX

A SAFE RETURN TO THE WORKPLACE

To ensure a safe return to our offices, appointments were set up to assess the health conditions of our Employees, and the buildings were adapted, having been carried out 20 audits, training sessions on returning to the workplace and 5 emergency drills

"*MODELO SEGURO*" (SAFE MODELO) PROGRAMME

This programme was designed for the Continente Modelo supermarkets, with the aim of reinforcing a safety culture, promoting continuous improvement and contributing to a reduction in incident indicators.

It was rolled out in 2020, and a taskforce was set up to assess, monitor and check that the procedures were being followed. The programme spanned a total of 2.300 trainees.

PROTECTION AND COMFORT IN THE WORKPLACE



Equally, in 2020 we pursued our investment in improving safety conditions in the workplace. The ergonomic conditions of our new Seafood Processing Centre in Azambuuja were assessed. Over 200 job functions were considered, covering 95% of the Employee population in interview format.

Regarding Personal Protective Equipment (PPE) we were able to reduce medical restrictions associated with foot pathologies within the scope of the "Foot Diseases" project by 90%. This was an important initiative to increase our Employees' comfort and safety levels without losing sight of our environmental footprint. In our logistics division, we introduced a shoe model made from 100% recyclable material.

PROTECTION AGAINST LEGIONNAIRE'S DISEASE

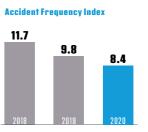
In 2020 we revised the Legionnaires' disease prevention programme to: i) simplify procedures; ii) create management tools; iii) update the registry and develop tools for equipment control; iv) design a training programme; and v) create a risk management procedure, applicable to the different banners.

WE LOOK AFTER OUR PEOPLE

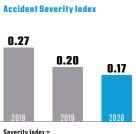
Several other initiatives were launched or enhanced in 2020 to promote Employee satisfaction. The following are worthy of note i) all permanent Employees were given a smartphone with the company's mobile plan, ii) the Logistics "Solidarity Bazaar", via which all proceeds revert to in-house solidarity initiatives. Products donated by Sonae MC banners for token amounts were made available to circa 2,300 Employees; and iii) we handed out 730 Baby Well's kits to new parents, containing essential items for their baby's first days.



In 2020, we transitioned from the Occupational Health and Safety Assessment Series (OHSAS) 18001:2007 to the new ISO 45001:18 standard. We obtained the renewal of the Health and Safety Management System certification for the Continente Cascais store, thus enabling us to roll out our best practices across the remaining stores. The Company organised more than 56,975 training hours and Occupational Health and Safety (OHS) awareness initiatives spanning circa 29,650 trainees. The results were reflected in 2020 results whereby the Frequency Index decreased by 14% and the Accident Severity Index at Sonae MC decreased by 15% compared to 2019. These results stem from an increasingly solid safety culture rooted in our Employees and the reduction in commuting accidents on journeys from home to the workplace due to containment measures.



Frequency Index =
(No. of total accidents occurred in the workplace
with injury x 106) / No. of total paid hours for total
Employees



Severity Index = (No. oftotal days off absence caused by a workpla accident with injury x 103) / No. oftotal paid hours fortotal Employees

OCCUPATIONAL HEALTH

With 180 consulting rooms located on Company sites, our Occupational Health Service is comprised of 82 healthcare professionals. In 2020, a total of 31,965 hours of health services were provided, and 41,265 medical examinations were carried out. Furthermore, Sonae MC's Seasonal Influenza Vaccination Programme hit record highs whereby 5,120 Employees were vaccinated. We held initiatives to mark World Mental Health Day and World Food Day. In 2020 we also carried out 383 emergency drills within the Automated External Defibrillator (AED) Programme and conducted 125 first responders training sessions for 638 Employees.









GRI DISC

GRI 102 - GENERAL DISCLOSURES

GRI STANDARDS

DISCLOSURES AND APPLICATIONS

ORGANISATION PROFILE

GRI 102

102-1

General Disclosures

Name of the organisation

SONAE MC, SGPS, S.A. (hereinafter referred to as Sonae MC).

102-

Activities, brands, products and services

See chapter "The year in review", subchapter "Sonae MC at a glance". More information available at: https://sonaemc.com/en/our-business

102-3

Location of headquarters

Sonae MC's headquarters are located at Rua João Mendonça, 529, 4464–501 Senhora da Hora, Matosinhos, Portugal.

102-4

Location of operations

Portugal and Spain.

102-5

Ownership and legal form

Sonae MC is a limited liability company, registered at the Porto Commercial Registry Office.

102-6

Markets served

See chapter "The year in review", subchapter "Sonae MC at a glance".

102-7

Scale of the organisation

See chapter "The year in review", subchapter "Sonae MC at a glance".

102-8

Information on Employees and other workers

See chapter "Sustainable Development", subchapter "People – Diversity and Inclusion".

Supplementary information pertaining to this indicator is detailed below:

TOTAL NUMBER OF EMPLOYEES PER TYPE OF EMPLOYMENT CONTR	ACT, PER GENDER	
TYPE OF EMPLOYMENT CONTRACT	GENDER	2020
PERMANENT CONTRACT	Male	7,971
	Female	18,360
	Subtotal	26,331
TEMPORARY CONTRACT	Male	3,393
	Female	6,176
	Subtotal	9,569
TOTAL		35,900
TOTAL NUMBER OF EMPLOYEES PER TYPE OF EMPLOYMENT CONTR	ACT, PER COUNTRY	
PERMANENT CONTRACT	Portugal	25,747
	Spain	584
	Subtotal	26,331
TEMPORARY CONTRACT	Portugal	9,225
	Spain	344
	Subtotal	9,569
TOTAL		35,900
TOTAL NUMBER OF EMPLOYEES PER TYPOLOGY OF NUMBER OF WO	RKING nours, PER GENDER	
FULL-TIME	Male	9,075
	Female	17,877
	Subtotal	26,952
PART-TIME	Male	2,289
	Female	6,659
	Subtotal	8,948
TOTAL		35,900

GRI 102 - GENERAL DISCLOSURES

GRI STANDARDS DISCLOSURES AND APPLICATIONS

ORGANIZATION PROFILE

AVERAGE NUMBER OF CONTRACTS BY TYPE, AGE GROUP AND GENDER

		PERMANENT			TEMPORARY		
JOB CATEGORY	AGE GROUP	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
	TOTAL	11,235	24,019	35,254	3,668	6,334	10,002
EXECUTIVES	< 30 years old	0	0	0	0	0	0
	From 30 to 50 years old	16	4	20	0	0	0
	≥ 50 years old	25	4	29	0	0	0
	TOTAL	41	8	49	0	0	0
SENIOR & MIDDLE MANAGERS	< 30 years old	1	3	4	0	0	0
	From 30 to 50 years old	270	182	452	0	0	0
	≥ 50 years old	133	64	197	0	0	0
	TOTAL	404	249	653	0	0	0
COORDINATORS & SUPERVISORS	< 30 years old	70	136	206	8	31	39
	From 30 to 50 years old	521	941	1,462	9	37	46
	≥ 50 years old	149	198	347	0	2	2
	TOTAL	740	1,275	2,015	17	70	87
TECHNICIANS & SPECIALISTS	< 30 years old	164	373	537	20	47	67
	From 30 to 50 years old	473	853	1,326	3	17	20
	≥ 50 years old	73	180	253	0	0	0
	TOTAL	710	1,406	2,116	23	64	87
REPRESENTATIVES	< 30 years old	2,033	3,411	5,444	2,643	4,533	7,176
	From 30 to 50 years old	3,111	8,803	11,914	654	1,344	1,998
	≥ 50 years old	903	3,091	3,994	45	124	169
	Total	6,047	15,305	21,352	3,342	6,001	9,343

Note: excludes Go Natural Restauração.

			FULL-TIME			PART-TIME	
JOB CATEGORY	AGE GROUP	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
	TOTAL	11,306	23,906	35,212	2,629	6,889	9,518
EXECUTIVES	< 30 years old	0	0	0	0	0	0
	From 30 to 50 years old	16	4	20	0	0	0
	≥ 50 years old	25	4	29	0	0	0
	TOTAL	41	8	49	0	0	0
SENIOR & MIDDLE MANAGERS	< 30 years old	1	3	4	0	0	0
	From 30 to 50 years old	270	179	449	0	3	3
	≥ 50 years old	133	63	196	0	1	1
	TOTAL	404	245	649	0	4	4
COORDINATORS & SUPERVISORS	< 30 years old	78	160	238	0	7	7
	From 30 to 50 years old	529	966	1,495	1	12	13
	≥ 50 years old	149	197	346	0	3	3
	TOTAL	756	1,323	2,079	1	22	23
TECHNICIANS & SPECIALISTS	< 30 years old	184	416	600	0	4	4
	From 30 to 50 years old	475	865	1,340	1	5	6
	≥ 50 years old	72	179	251	1	1	2
	TOTAL	731	1,460	2,191	2	10	12
REPRESENTATIVES	< 30 years old	2,842	4,377	7,219	1,834	3,567	5,401
	From 30 to 50 years old	3,380	7,934	11,314	385	2,213	2,598
	≥ 50 years old	881	2,378	3,259	67	837	904
	Total	7,103	14,689	21,792	2,286	6,617	8,903
Note: excludes Go Natural Restauração.							

GRI 102 - GENERAL DISCLOSURES

GRISTANDARDS

DISCLOSURES AND APPLICATIONS

ORGANIZATION PROFILE

GRI 102

102-9

General Disclosures

Supply chain

We consider the Sustainable Supply Chain a key dimension for our performance, as it has an impact on all the

activity pillars that we define. Together with our Suppliers and partners, we aim to progress on the principles of sustainable development. In this regard, throughout this report, in the various chapters we refer to the supply chain.

Additionally, see responses to the indicators: 204-1; 304-2; 308-1; 407-1; 408-1; 409-1 and 414-1.

102-10

Significant changes to the organization and its supply chain

No significant changes to report.

102-11

Precautionary principle approach

See chapter "Corporate Governance Principles and Practices", subchapter "Internal Control and Risk Management".

102-12

External initiatives

Over the years, we have subscribed to various independent policies and commitments (directly or through Sonae SGPS). We also developed internal benchmarks to support us in managing our businesses and achieving the goals we committed to, for example:

Туре	COMMITMENTS SUBSCRIBED TO AND POLICIES DEVELOPED
EXTERNAL	The United Nations Global Compact Principles
	The United Nations Universal Declaration of Human Rights
	WOMEN INITIATIVE DO EUROPEAN ROUNDTABLE OF INDUSTRIALS (ERT)
	Paris Pledge for Action
	The Charter of Principles of the BCSD Portugal
	CEO GUIDE TO HUMAN RIGHTS (WBCSD)
	The New Plastics Economy Global Commitment
	The National Pact For Plastic
INTERNAL	Sonae MC's Code of Ethics and Conduct
	The Sonae Group Code of Conduct for Suppliers
	The Sonae Group Sustainable Fisheries Policy
	The Sonae Group Environmental Policy
	Sonae MC's Gender Equality Plan
	Sonae Companies' Charter of Principles for CO2 & Climate Change
	Sonae Companies' Charter of Principles for Plastic
	Risk Management Policy

In June 2020, Sonae Group subsc., bed the Business for Nature's Call to Action, joined the Science Based Targets Network (SBTN) Corporate Engagement Program and endorsed the Future of Work Leadership Statement (WBCSD).

102-13

Membership of associations

APED (Portuguese Association of Distribution Companies); Consumer Goods Forum; APLOG (Portuguese Logistics Association); ACEPI (The Portuguese Digital Economy Association); GS1 Portugal; APAN (Portuguese Association of Advertisers) and AHRESP (The Portuguese Hotel and Restaurant Association).

STRATEGY

GRI 102 102-14

General Disclosures

Statement from the Senior decision-maker

See chapter "Message from the CEO".

102-15

Key impacts, risks, and opportunities

See chapter "Corporate Governance Principles and Practices", subchapter "Internal control and risk management".

GRI 102 - GENERAL DISCLOSURES

GRI STANDARDS DISCLOSURES AND APPLICATIONS

ETHICS AND INTEGRITY

GRI 102

102-16

General Disclosures Values, principles, standards, and norms of behaviour

Ensuring that all our activity is governed by the faithful application of the principles of ethics and trust is a concern common to the entire Sonae Group. With this purpose in mind, we have developed Sonae MC's Code of Ethics and Conduct which defines the ethical standard by which we are governed.

GOVERNANCE

102-18

General Disclosures Governance structure

All Governance indicators are answered in the chapter "Corporate Governance principles and practices".

STAKEHOLDER ENGAGEMENT

GRI 102

GRI 102

102-40

General Disclosures

List of stakeholder groups

The main stakeholders are:

- Customers
- > Employees
- Suppliers
- > Shareholder
- Society

See chapter "Sustainable Development", subchapter "Our stakeholders"

102 /1

Collective bargaining agreements

At Sonae MC, 100% of total Employees are covered by collective bargaining agreements.

102-42

Identifying and selecting stakeholders

See chapter "Sustainable Development", subchapter "Our stakeholders".

102-43

Approach to stakeholder engagement

See chapter "Sustainable Development", subchapter "Our stakeholders".

102-44

Key topics and concerns raised by stakeholders

In 2020, we registered, analysed and dealt with 159 thousand complaints and suggestions regarding Sonae MC's various businesses. We have in place a Suggestions and Complaints Management System that allows us to identify several areas and opportunities for development and to implement different improvements and changes both on the product and operation level. Additionally, we also provide our Employees, Customers, Suppliers and the general public access to the Sonae Ombudsman, that ensures and complements the interaction with the different business areas.

Moreover, with the purpose of extending our Customer knowledge, we use different types of tools and methodologies (Net Promoter Score measurement, e-mail satisfaction assessment surveys, SMS, and telephone contact, after the customer has had contact with the brand or post purchase, product reviews, market studies), that allow us to know to their opinion. The feedback collected through the different sources is in turn incorporated into the strategic decisions of each of our different businesses.

GRI 102 - GENERAL DISCLOSURES

GRISTANDARDS

DISCLOSURES AND APPLICATIONS

REPORTING PRACTICE

GRI 102

102-45

General Disclosures

Entities included in the consolidated financial statements

See chapter "Consolidated and individual financial statements".

102-46

Defining report content and topic Boundaries

See chapter "Appendix", subchapter "About this report".

102-47

List of material topics

See chapter "Sustainable development", subchaper "Our compromise with sustainability".

102_48

Restatements of information

Nothing to report.

102-49

Changes in reporting

Nothing to report.

102-50

Reporting period

This report covers the period from January 1st 2020 to December 31st 2020.

102-51

Date of most recent report

April 30th, 2020

102-52

Reporting cycle

Annual

102-53|

Contact point for questions regarding the report

See chapter "Appendix", subchapter "About this report".

102-54

Claims of reporting in accordance with the GRI Standards

"This report was prepared in accordance with the GRI Standards: Core Option."

102-55

GRI content index

Current table.

102-56

External assuranceSee chapter chapter "Appendix", subchapter "About this Report".

GRI 102 - GENERAL DISCLOSURES

GRI STANDARDS

Material aspects

DISCLOSURES AND APPLICATIONS

MATERIAL ASPECTS

GRI 103

103-1

Explanation of the material topic and its boundary

Over the years, we carried out a materiality analysis of the positive and negative impacts of our activity. It was a robust auscultation process that involved different stakeholders (Employees, Customers, Suppliers and partners, regulatory and sectoral entities, investors, media and community) and that reflected on our performance, structure and positioning, as well as in market best practices and the regulatory framework. Based on the material issues identified, the results of the previous strategic cycle, the areas highlighted at sector level, the commitments subscribed to by Sonae MC and in line with the United Nations Sustainable Development Goals, we defined three activity pillars, which will guide our activities in building a sustainable future: Environment, Community and People.

Cooperating and closely interacting with each one of our stakeholders is part of the day-to-day life through Sonae MC. For this purpose, we have created and maintain a diversified base of specific communication channels for each group of stakeholders, which allows us to continuously measure the needs and expectations of our stakeholders and, thus, understand whether the analysis performed remains updated and relevant. The exercise done in 2020 allowed us to conclude by the adequacy of the materiality analysis of our impacts.

Thus, in 2020 we continued to invest in the development of the identified three pillars of activity and material themes: Carbon emissions, Energy Efficiency, Usage and Materials Management, Food Waste, Sustainable and Local Supply Chain, Healthy Nutrition and Sustainable Consumption, Supporting Local Comunitties, Diversity and Inclusion, Human Capital Development, Employees' Health, Safety and Wellbeing

103-2

The management approach and its components

Sonae MC promotes several initiatives related to its material aspects, disclosed throughout this report.

103 - 3

Direct economic value generated and distributed

Sonae MC carries out the measurement and monitoring of the indicators associated with this topic and discloses them throughout this report.

GRI 200 - ECONOMIC DISCLOSURES

GRI STANDARDS

DISCLOSURES AND APPLICATIONS

ECONOMIC PERFORMANCE

GRI 201

201-1

Economic performance Direct economic value generated and distributed

See chapter "Consolidated and individual financial statements", subchapter "Consolidated financial statements" and "Individual financial statements"

201-2

Financial implications and other risks and opportunities due to climate change

In its response to Carbon Disclosure Project (CDP), Sonae group provided detailed information on the financial implications and other risks and opportunities associated with climate change. The (A) assessment obtained, places Sonae group companies, on a global level, in the group of companies that are leading the fight against climate change.

Our efforts regarding the adoption of the guidelines defined by the Task Force on Climate-related Financial Disclosure (TCFD) – an initiative that promotes the recommendations for the management and disclosure of financial risks associated with climate change – are still undergoing. The potential financial impacts of climate change will be estimated and mitigation actions for the prioritised risks will be defined in line with the framework developed by the Financial Stability Board.

Defined benefit plan obligations and other retirement plans

Sonae MC Sonae does not have a pension fund.

Financial assistance received from government

In 2020, Sonae MC received 33.8M€. This refers to the amount received within the scope of tax credits and represent our best estimate given that, at the closure date of this report, the SIFIDE applications were not yet completed. It is worth highlighting that the Government is not part of the Company shareholder structure.

MARKET PRESENCE

GRI 202

Market presence Proportion of senior management hired from the local community

67% of Sonae MC senior managers are hired locally.

INDIRECT ECONOMIC IMPACTS (MATERIAL TOPIC)

GRI 203

Indirect Economic Infrastructure investments and services supported

Impact

See response to indicator 413-1.

Significant indirect economic impacts

See response to indicator 413-1.

INDIRECT ECONOMIC IMPACTS (MATERIAL TOPIC)

GRI 204

Procurement practices Proportion of spending on local Suppliers

PERCENTAGE OF COSTS	2019	2020
PROPORTION OF SPENDING ON FOREIGN SUPPLIERS	18%	15%
PROPORTION OF SPENDING ON LOCAL SUPPLIERS	82%	85%

GRI 200 - ECONOMIC DISCLOSURES

GRI STANDARDS

DISCLOSURES AND APPLICATIONS

ANTI-CORRUPTION

Anti-corruption

GRI 205

205-1

Operations assessed for risks related to corruption

Sonae MC's risk management process follows the Enterprise Wide Risk Management – Integrated Framework (COSO) international methodology which enables the identification of different types of risks and threats to the development of the businesses, at both the strategic and operational level. As the risk of corruption was not identified as a priority risk for Sonae MC, no assessments were carried out in this regard. Sonae MC's Code of Ethic and Conduct establishes a set of principles and rules related to conflict of interest, offers or rewards to Employees, with the goal of ensuring decision-making is not unduly influenced. In 2020, no cases of corruption were reported.

205-2

Communication and training about anti-corruption policies and procedures

Sonae MC's Code of Ethic and Conduct, which includes anti-corruption policies, is communicated in the onboarding training to 100% of the Employees. Additionally, Sonae group has a Suppliers' Code of Conduct and Ethics, which is an appendix to the supply general contracts.

In 2020, 10,792 Employees received training in anti-corruption.

Confirmed incidents of corruption and actions taken

No corruption cases were recorded in 2020.

GRI 300 - ENVIRONMENTAL DISCLOSURES

GRI STANDARDS

DISCLOSURES AND APPLICATION

MATERIALS (MATERIAL TOPIC)

GRI 301

301-1

Materials Materials used by weight or volume

Sonae MC aims at a sustainable use of materials consumption associated with its value chain. To this end, we promote a series of initiatives with Suppliers to select materials with a reduced footprint, reduce unnecessary use of materials, promote its reincorporation in the value chain (by reusing or recycling), assure the origin of raw materials, among others. The materials reported are the most relevant in weight and volume.

Recycled input materials used

The response to this indicator is presented in the table below.

Reclaimed products and their packaging materials

MATERIALS USED TO PRODUCE AND PACKAGE PRODUCTS (T)

	MATERIALS USED	RECYCLE MATERIALS USED	RECOVERED PRODUCTS AND PACKAGING MATERIALS	
PLASTIC ¹	22,431	4,866		+

¹ Plastic present in packaging, operation and products, whose placement in the markets is Sonae MC's responsibility

ENERGY (MATERIAL TOPIC)

GRI 302 Energy

Energy consumption within the organization

ENERGY CONSUMPTION BY SOURCE (GJ)	2019	2020
FOSSIL FUELS - FLEET	565,499	487,849
FOSSIL FUELS - INSTALLATIONS	33,959	27,699
ELETRICITY CONSUMPTION	1,494,945	1,514,009
TOTAL	2,094,402	2,029,557
RENEWABLE ENERGY CONSUMPTION (GJ)	2019	2020
PRODUCED AND CONSUMED	23,591	41,752
PRODUCED AND SOLD	27,694	25,864
TOTAL	51,285	67,616

302-3

Energy intensity

ENERGY INTENSITY	2019	2020
TOTAL ENERGY CONSUMPTION (GJ)	2,094,402	2,029,557
SALES AREA (SQM)	835,000	864,000
Energy intensity ratio (GJ/sgm)	2,51	2,35

302-4

Reduction of energy consumption

In 2020, we have continued our efforts to promote efficient and flexible energy consumption by investing in the installation of more efficient equipment and systems, creating the conditions necessary to better monitor and manage energy consumption, and developing procedures to enhance the carried out investment.

Reductions in energy requirements of products and services

See chapter "Sustainable Development", subchapter "Key pillars of activity - Environment - Energy efficiency".

GRI 300 - ENVIRONMENTAL DISCLOSURES

GRI STANDARDS

WATER

GRI 303 Water

303-1

DISCLOSURES AND APPLICATION

Interactions with water as a shared resource

Most of the water consumed within the organization is related to human use.

With the aim of reducing the environmental impact of its businesses, the company is committed to reducing its water footprint, enhancing the efficiency of their operations, innovating and using technology to rethink the way water is used and managed throughout their infrastructure. The progressive installation of meters equipped with telemetry, which enable water consumption to be more accurately monitored is essential in this process.

There are some initiatives designed to reuse and recycle water. Among them, an initiative to highlight is Sonae MC's Meat Processing Centre, which has a facility to recover and recycle part of the liquid effluents produced

Sonae MC does not identify in its direct operations water stress areas, relevant for this report

Management of water discharge-related impacts

Sonae MC does not have quantitative measurements for wastewater in stores. For this reason, and in accordance with best Engineering practices, we operate on the basis that 80% of the consumed water results in wastewater, and the resulting 20% is consumed.

Regarding destinations, the vast majority of the liquid effluents produced are discharged into the public domestic wastewater networks, and all liquid effluent discharges to natural water lines are subjected to pretreatment in dedicated facilities (WWTPs) and respective quality monitoring is carried out.

303-3

Water withdrawal

WATER WITHDRAWAL BY SOURCE (M³)	2020
THIRD PARTY WATER	827,393
GROUNDWATER	60,527
SURFACE WATER AND RAINWATER	-
GREY WATER	-
MIXTURE OF WATER SOURCES	-
TOTAL	887,919

303-4

Water discharge

WATER DISCHARGE BY SOURCE (M³)	2020
THIRD PARTY WATER	663,904
GROUNDWATER	2,891
SURFACE WATER AND RAINWATER	-
GREY WATER	-
MIXTURE OF WATER SOURCES	-
TOTAL	666,795

Note: when data is not directly available. Sonae MC assumes that 80% of water withdrawal is discharged and 20% is consumed.

Water consumption

WATER CONSUMPTION BY SOURCE (M³)	2020
WATER CONSUMPTION	221,124
WATER CONSUMPTION IN AREAS WITH STRESS	
TOTAL	221,124

Note: When data is not directly available, Sonae MC assumes that 80% of water withdrawal is discharged and 20% is consumed,

GRI 300 - ENVIRONMENTAL DISCLOSURES

GRISTANDARDS

DISCLOSURES AND APPLICATION

BIODIVERSITY (MATERIAL TOPIC)

GRI 304

304-1

Biodiversity

Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Sonae MC does not hold facilities in areas classified as zones with habitats rich in biodiversity, in its direct operations.

304-2

Significant impacts of activities, products, and services on biodiversity

We are working with the Science Based Targets Network in the development of a common framework for action which can be used by companies from across different industries and geographical regions. Its implementation will help companies assess their impacts on nature, define priority areas of action and act in line with science.

304-3

Habitats protected or restored

The Forest is threatened by current development models and, particularly in Portugal, exposed to the effects of climate change. The Sonae Forest Project represents a collective effort from the Sonae companies regarding the restoration and conservation of the Portuguese Forest. Over the next 10 years, we will reforest more than 1,100 hectares. In 2020 our businesses financed the reforestation of 75 hectares, around 93,000 trees.

For more information see chapter "Sustainable Development", subchapter "Key pillars of activity – Environment – Carbon Emissions".

EMISSIONS (MATERIAL TOPIC)

GRI 305 Emissions

305-1

Direct (scope 1) GHG emissions

Response to this indicator indicator 305-3 table.

305-2

Indirect (scope 2) GHG emissions

Response to this indicator indicator 305–3 table.

305-3

Indirect (scope 3) GHG emissions

GHG EMISSIONS PER SCOPE AND SOURCE († $\mathrm{CO_2e}$)		2019	2020
SCOPE1	Total GHG direct (scope 1) emissions	52,849	53,401
SCOPE 2	Emissions associated with electricity consumption – market based	115,809	81,570
	Total GHG indirect (scope 2) emissions	115,809	81,570
SCOPE 3	Emissions related to energy recovery	119	35
	Emissions related to organic recovery	111	103
	Emissions related to sanitary landfill	8,608	7,574
	Total GHG indirect (scope 3) emissions	8,838	7,712
TOTAL EMIS	SIONS († CO ₂ e)	177,496	142,683

 $Note: Information\ regarding\ conversion\ and\ emission\ factors\ are\ at\ the\ end\ of\ the\ GRI\ table, in\ the\ methodological\ notes\ section.$

305-4

GHG emissions intensity

EMISSIONS INTENSITY	2019	2020
TOTAL GHG EMISSIONS († CO ₂ e) - MARKET BASED	177,496	142,683
SALES AREA ('000 SQM)	835	864
GHG EMISSIONS INTENSITY RATIO († CO ₂ e/SQM)	213	165

GRI 300 - ENVIRONMENTAL DISCLOSURES

GRI STANDARDS

DISCLOSURES AND APPLICATION

EMISSIONS (MATERIAL TOPIC)

GRI 305 Emissions

305-5

Reduction of GHG emissions To support the reduction of our own emissions Sonae MC developed a roadmap, tailored to its business context,

based on known best practices and best technological and scientific knowledge. Moving to cooling equipment that uses low-impact refrigerants, investing on on-site renewable energy production and supply of renewable energy, electrifying our vehicles fleet and advancing our efforts to promote the ecoefficiency of our operations are some of the measures planned to achieve our targets.

For more information see chapter "Sustainable Development", subchapter "Key Pillars of Activity –

Environment".

305-6

Emissions of ozone-depleting substances

In 2020, there were no emissions of ozone-depleting substances.

305-7

Nitrogen oxides (NOx), sulphur dioxides (SOx) and other significant air emissions

EMISSIONS (†)	2019	2020
TOTAL NOX EMISSIONS	455	316
TOTAL SO ₂ EMISSIONS	119	103
TOTAL CH ₄ EMISSIONS	-	10
TOTAL F-GASES EMISSIONS		24,051

WASTE

GRI 306 Waste

306-1

Waste generation and significant waste-related impacts

Most of Sonae MC's waste is associated with its stores activity. Waste management covers not only waste produced within the scope of its activity, but also waste deposited by the Customers. Some measures implemented include: 1) the creation of specific areas in stores and warehouses for waste management; 2) separation, temporary storage and shipment of different types of waste to licensed operators; 3) separation of the organic portion of the waste and sending it for organic recovery; 4) reduction of packaging material for own brand products; 5) reuse of transport packaging; and 6) training and awareness of Employees.

306-2

Management of significant waste-related impacts

We reinforce the principles of circularity in the way we manage our activity, how we design and develop our services and products, avoiding whenever possible, single—use plastics, prioritizng the reuse and repair of materials, and, when this is not possible, directing waste to recycling.

306-3

Waste generated

WASTE GENERATED (†)	2019	2020
HAZARDOUS WASTE	90	63
NON-HAZARDOUS WASTE	70,646	72,017
TOTAL WEIGHT OF WASTE GENERATED	70,736	72,080

GRI 300 - ENVIRONMENTAL DISCLOSURES

GRI STANDARDS

DISCLOSURES AND APPLICATION

WASTE

GRI 306

306-4

Waste diverted from disposal

WASTE DIVERTED FROM DISPOSAL (†)	2019	2020
HAZARDOUS WASTE RECYCLED	NA	63
HAZARDOUS WASTE PREPARED FOR REUSE	NA	0
OTHER RECOVERY OPERATIONS OF HAZARDOUS WASTE	NA	0
TOTAL HAZARDOUS WASTE DIVERTED FROM DISPOSAL	90	63
NON-HAZARDOUS WASTE RECYCLED	38,526	42,939
NON-HAZARDOUS WASTE PREPARED FOR REUSE	0	0
OTHER RECOVERY OPERATIONS OF NON-HAZARDOUS WASTE	10,838	10,129
TOTAL NON-HAZARDOUS WASTE DIVERTED FROM DISPOSAL	49,364	53,068

 ${\color{red}1}{\color{blue}Composting, an aerobic digestion and energetic valorization}$

306-5

Waste directed to disposal

WASTE DIRECTED TO DISPOSAL (†)	2019	2020
HAZARDOUS WASTE INCINERATED (WITH ENERGY RECOVERY)	0	0
HAZARDOUS WASTE INCINERATED (WITHOUT ENERGY RECOVERY)	0	0
HAZARDOUS WASTE DIRECTED TO LANDFILL	0	0
OTHER DISPOSAL OPERATIONS OF HAZARDOUS WASTE	0	0
TOTAL HAZARDOUS WASTE DIRECTED TO DISPOSAL	0	0
NON-HAZARDOUS WASTE INCINERATED (WITH ENERGY RECOVERY)	0	1,633
NON-HAZARDOUS WASTE INCINERATED (WITHOUT ENERGY RECOVERY)	0	0
NON-HAZARDOUS WASTE DIRECTED TO LANDFILL	14,676	17,316
OTHER DISPOSAL OPERATIONS OF NON-HAZARDOUS WASTE	0	0
TOTAL WEIGHT OF WASTE DIRECTED TO DISPOSAL	14,676	18,949

GRI 400 - SOCIAL DISCLOSURES

GRI STANDARDS

DISCLOSURES AND APPLICATIONS

EMPLOYMENT (MATERIAL TOPIC)

GRI 401 Employment 401-1

New Employee hires and Employee turnover

EMPLOYEES NEW HIRES AND DEPARTURES, IN 2020, BY GENDER, AGE GROUP AND COUNTRY

		NUMBER		RATE	
		NEW HIRES	DEPARTURES	NEW HIRES	DEPARTURES
TOTAL		16,861	16,163	47%	45%
BY GENDER	Male	6,454	6 114	18%	17%
	Female	10,407	10,049	29%	28%
BY GENDER	<30 years old	13,462	12,329	37%	34%
	From 30 to 50 years old	3,151	3,267	9%	9%
	≥50 years old	248	567	1%	2%
BY COUNTRY	Portugal	16,534	15,819	46%	44%
	Spain	327	344	1%	1%

TOTAL EMPLOYEES NEW HIRES AND DEPARTURES (NUMBER)	2019	2020
TOTAL EMPLOYEES (№)	34,898	35,900
TOTAL NEW HIRES (Nº)	18,935	16,861
NEW EMPLOYEES HIRES RATE (%)	54%	47%
DEPARTURES (Nº)	17,735	16,163
EMPLOYEES DEPARTURES RATE (%)	51%	45%

Note: does not include Go Natural restaurants

VOLUNTARY AND INVOLUNTARY EMPLOYEES DEPARTURES PER JOB CATEGORY AND AGE GROUP

		VOLUN	TARY DEPARTUR	VOLUNTARY DEPARTURES		INVOLUNTARY DEPARTURES	
JOB CATEGORY	AGE GROUP	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
EXECUTIVES	<30 years old	0	0	0	0	0	0
	From 30 to 50 years old	0	1	1	0	0	0
	≥50 years old	0	0	0	1	0	1
	Subotal	0	1	1	1	0	1
SENIOR & MIDDLE	<30 years old	0	0	0	0	MALE FEMALE 0 0 0 0 1 0 1 0	0
MANAGERS	From 30 to 50 years old	10	4	14	1		3
	≥50 years old	4	1	5	9	6	15
	Subotal	14	5	19	10	8	18
COORDINATORS	<30 years old	2	3	5	0	1	1
& SUPERVISORS		3	2	5			
	≥50 years old	3	3	6	1	1	2
	Subotal	8	9	17	4	4	8
TECHNICIANS	<30 years old	34	53	87	10	27	37
& SPECIALISTS	From 30 to 50 years old	42	64	1 5 9 6 5 19 10 8 3 5 0 1 3 6 3 2 3 6 1 1 9 17 4 4 3 87 10 27 4 106 17 28 2 4 3 15 9 197 30 70 15 3,807 3,306 5,086	28	45	
	≥50 years old	2	2	4	3	15	18
	Subotal	78	119	197	30	70	100
REPRESENTATIVES	<30 years old	1,592	2,215	3,807	3,306	5,086	8,392
	From 30 to 50 years old	368	816	1,184	586	1,317	1,903
	≥50 years old	26	75	101	91	324	415
	Subotal	1,986	3,106	5 092	3,983	6,727	10,710

GRI 400 - SOCIAL DISCLOSURES

GRISTANDARDS

DISCLOSURES AND APPLICATIONS

EMPLOYMENT (MATERIAL TOPIC)

GRI 401

401-3

Employment Parental leave

PARENTAL LEAVE 2020	MALE	FEMALE	TOTAL
TOTAL EMPLOYEES ENTITLED TO PARENTAL LEAVE (NO.)	11,364	24,536	35,900
TOTAL EMPLOYEES WHO BENEFITTED FROM PARENTAL LEAVE (NO.)	495	1,323	1,818
TOTAL EMPLOYEES WHO RETURNED TO WORK AFTER COMPLETION OF PARENTAL LEAVE (NO.)	495	1,316	1,811
TOTAL EMPLOYEES WHO RETURNED TO WORK AFTER COMPLETION OF PARENTAL LEAVE AND CONTINUED TO WORK FOR THE COMPANY			
12 MONTHS AFTER RETURNING (NO.)	381	1,031	1,412
TAKE-UP RATE (%)	4%	5%	5%
RATE OF RETURN (%)	100%	99%	100%

Note: Employees who benefitted from parental leave in 2019 and continued to work 12 months after returning are not included. For this reason, the retention rate may be over 100%, since the denominator refers to the take-up rate in 2020 and not in 2019.

OCCUPATIONAL HEALTH AND SAFETY

GRI 403

403-1

Occupational health and safety

Occupational health and safety management system

Sonae MC does not have a formal occupational health and safety management system.

403-2

Hazard identification, risk assessment, and incident investigation

In Sonae MC, the hazard identification and risk assessment procedures are carried out by the Occupational Health and Safety technicians' team. This procedure is periodically updated and analysed when new incidents occur or new procedures or machines are introduced, which may affect the level of risk. The incident investigation procedure is based on the 3 C's methodology (case analysis, identification of causes and implementation of countermeasures), which is then translated into an action plan.

We believe that awareness and communication of risks and measures that must be taken by Employees, to eliminate or reduce risks to controllable levels, are a decisive step towards the improvement of existing conditions, and thus, for the improvement of the work environment.

Therefore, besides OHS training and information shared with Employees, an annual Employee consultation on OHS matters is ensured through a questionnaire, in which workers comment on all issues related to OHS. Employees' responses are analysed as a way of assessing their perception of their working conditions. Workers can also report incidents through store audits, internal platforms and applications, or by directly contacting the OHS technicians or Safety animators.

For more information see chapter "Sustainable Development", subchapter "Key pillars of activity – People".

403-3

Occupational health services

Sonae MC has occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks, namely occupational health services. These services, mandated by law, include: an admission exam, upon company entry; periodic exams, every 2 years, for all Employees between 18 and 50 years old; and annual exams for Employees under 18 or over 50 years old; occasional exams are also carried out at the request of the Employee or the company, and an obligation for all Employees who are away for more than 30 days, on return, to carry out occasional examinations.

Other services include follow—up of remodelling and opening of stores, training, procedures and safety standards, annual audit plan for all units, monitoring of claims processes (cause, participation), and ergonomic studies. All services are provided by qualified OHS technicians.

For more information see chapter "Sustainable Development", subchapter "Key pillars of activity – People".

GRI 400 - SOCIAL DISCLOSURES

GRI STANDARDS

DISCLOSURES AND APPLICATIONS

OCCUPATIONAL HEALTH AND SAFETY

GRI 403

403-4

Occupational health and safety

In Sonae MC an annual employee consultation on OHS matters is ensured through a questionnaire, in which workers comment on all issues related to OHS. The consultation is adapted and updated, and in 2020 there was an increased focus on the current situation of COVID-19 nandemic. Additionally, a survey on the satisfaction of

Worker participation, consultation and communication on occupational health and safety

an increased focus on the current situation of COVID-19 pandemic. Additionally, a survey on the satisfaction of accident victims is carried out regarding the activity of the insurance company.

For more information see chapter "Sustainable Development", subchapter "Key pillars of activity - People".

403-5

Worker training on occupational health and safety

During the admission process, all workers have mandatory online training on workplace risks and emergency organization and response. In 2020, this training was focused on COVID–19 response and adaptation.

Sonae MC has an internal portal where workers can find various information related to Health and Safety at Work, such as Accidents at Work, Risks at the Workplace, Personal Protective Equipment, Emergency Plan, among others. Some OHS monitoring audits, carried out in the stores, are of pedagogical nature.

For more information see chapter "Sustainable Development", subchapter "Key pillars of activity - People".

4U3-

Promotion of worker health

When it comes to the facilitation of workers' access to non-occupational medical and healthcare services, Sonae MC has several initiatives available such as healing medicine, food and nutrition, massage, yoga and other related initiatives, that are available to all Employees.

403-7

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

The health and safety impacts attributable to commercial relations are not considered relevant.

403-

Workers covered by na occupational health and safety management system

Sonae MC does not have a formal occupational health and safety management system.

403-9

Work related injuries

NUMBER OF WORK RELATED INJURIES IN 2020

EMPLOYEES	MALE	FEMALE	TOTAL
WORKABLE HOURS	20,507,129	43,352,122	63,859,251
WORK-RELATED INJURIES	280	509	789
FATALITIES	0	0	0

WORKERS WHO ARE NOT EMPLOYEES BUT WHOSE WORK AND/OR WORKPLACE IS CONTROLLED BY THE ORGANIZATION

IS CONTROLLED BY THE ORGANIZATION	MALE	FEMALE	TOTAL
WORK-RELATED INJURIES	61	18	79
FATALITIES	0	0	0

GRI 400 - SOCIAL DISCLOSURES

GRISTANDARDS

DISCLOSURES AND APPLICATIONS

TRAINING AND EDUCATION (MATERIAL TOPIC)

GRI 404

404-1

Training and education Average hours of training per year per Employee

See chapter "Sustainable Development", subchapter "Key pillars of activity – People".

AVERAGE TRAINING HOURS PER EMPLOYEE PER YEAR	2019	2020
TOTAL EMPLOYEES (NO.)	34,606	44,671
TOTAL TRAINING HOURS (H)	889,881	787,142
AVERAGE NUMBER OF HOURS OF TRAINING (H/EMPLOYEE)	26	18

TOTAL NUMBER OF EMPLOYEES PER JOB CATEGORY AND GENDER IN 2020

JOB CATEGORY	MALE	FEMALE	TOTAL
EXECUTIVES	39	9	48
SENIOR & MIDDLE MANAGERS	423	255	678
COORDINATORS & SUPERVISORS	762	1,353	2,115
TECHNICIANS & SPECIALISTS	800	1,564	2,364
REPRESENTATIVES	12,955	26,511	39,466
TOTAL EMPLOYEES (NO.)	14,979	29,692	44,671

TOTAL TRAINIG HOURS PER JOB CATEGORY AND GENDER IN 2020

JOB CATEGORY	MALE	FEMALE	TOTAL
EXECUTIVES	463	129	592
SENIOR & MIDDLE MANAGERS	7,313	5,089	12,402
COORDINATORS & SUPERVISORS	14,917	18,952	33,869
TECHNICIANS & SPECIALISTS	20,976	45,229	66,205
REPRESENTATIVES	218,318	455,756	674,074
TOTAL TRAINING HOURS (H)	261,987	525,155	787,142

AVERAGE NUMBER OF HOURS OF TRAINING PER JOB CATEGORY AND BY GENDER IN 2020

JOB CATEGORY	MALE	FEMALE	TOTAL
EXECUTIVES	12	14	12
SENIOR & MIDDLE MANAGERS	17	20	18
COORDINATORS & SUPERVISORS	20	14	16
TECHNICIANS & SPECIALISTS	26	29	28
REPRESENTATIVES	17	17	17
AVERAGE TRAINING HOURS PER JOB CATEGORY AND BY GENDER (H/EMPLOYEE)	17	18	18

Note This includes all training participants, regardless of if they were active or not in December 31st, 2020. The average of hours per job category refers to Employees in Portugal.

GRI 400 - SOCIAL DISCLOSURES

GRISTANDARDS

DISCLOSURES AND APPLICATIONS

TRAINING AND EDUCATION (MATERIAL TOPIC)

GRI 404

404-2

Training and education

Programs for upgrading Employee skills and transition assistance programs See chapter "Sustainable Development", subchapter "Key pillars of activity – People".

INITIATIVES AND TRAINING HOURS BY PROGRAM IN 2020	INITIATIVES (NO.)	HOURS (NO.)
CONFERENCES & SEMINARS	0	0
SCHOOLS/ACADEMIES	1	50
MANAGEMENT	732	3,622
MANAGEMENT & LEADERSHIP	21,299	18,494
CONTINUOUS IMPROVEMENT	1,198	8,137
OCCUPATIONAL HEALTH AND SAFETY	22,062	54,090
SUSTAINABILITY	0	0
TECHNICAL	41,451	63,091
TRANSVERSAL	756	4,536
VALUES & PEOPLE	74,316	635,122
LEGAL & COMPLIANCE	0	0
TOTAL	161,815	787,141

Note: includes all participants in training sessions, regardless of whether they were actively employed on 31st December 2020.

Percentage of Employees receiving regular performance and career development reviews

At Sonae MC, 89.1% of the Employees received performance and career development reviews.

GRI 400 - SOCIAL DISCLOSURES

GRI STANDARDS

DISCLOSURES AND APPLICATIONS

DIVERSITY AND EQUAL OPPORTUNITIES (MATERIAL TOPIC)

GRI 405 405-1

Diversity Diversity of governance bodies and Employees

For more information see chapter "Sustainable Development", subchapter "Key pillars of activity - People". and equal

opportunities

PERCENTAGE OF EMPLOYEES BY JOB CATEGORY, AGE GROUP AND GENDER IN 2020

JOB CATEGORY	AGE GROUP	MALE	FEMALE	TOTAL
EXECUTIVES	<30 years old	0%	0%	0%
	From 30 to 50 years old	33%	8%	41%
	≥50 years old	51%	8%	59%
	Total	84%	16%	100%
SENIOR & MIDDLE MANAGERS	<30 years old	0%	0%	1%
	From 30 to 50 years old	41%	28%	69%
	≥50 years old	20%	10%	30%
	Total	62%	38%	100%
COORDINATORS & SUPERVISORS	<30 years old	4%	8%	12%
	From 30 to 50 years old	25%	47%	72%
	≥50 years old	7%	9%	17%
	Total	36%	64%	100%
TECHNICIANS & SPECIALISTS	<30 years old	8%	19%	27%
	From 30 to 50 years old	22%	39%	61%
	≥50 years old	3%	8%	11%
	Total	33%	67%	100%
REPRESENTATIVES	<30 years old	15%	26%	41%
	From 30 to 50 years old	12%	33%	45%
	≥50 years old	3%	10%	14%
	Total	31%	69%	100%

Note: data does not include Employees from GO NATURAL Restaurants, nor from the Executive Committee

NUMBER OF EMPLOYEES WITH DISABILITIES	2020
EMPLOYEES WITH DISABILITIES	157

NON-DISCRIMINATION

GRI 406

406-1

Non-discrimination Incidents of discrimination and corrective actions taken

> In 2020, 19 incidents of discrimination were raised. The inquiry processes carried out led to the filing of all cases.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

GRI 407

bargaining

407-1

Freedom of association and collective

Operations and Suppliers in which the right to freedom of association and collective

bargaining may be at risk

At Sonae MC there are no operations involving risks within the scope of the freedom of association and collective bargaining agreements. In accordance with the audit reports carried out, all of the Suppliers adopt the criteria "Freedom of association: they can be members of institutions/associations that represent their

riahts" accordinaly.

CHILD LABOUR

GRI 408

408-1 Child Labour Operations and Suppliers at significant risk for incidents of child labour

At Sonae MC, as a rule, minors are not admitted. Exceptionally, minors aged between 16 and 18 years of age are admitted, and always in compliance with the law. There are no operations at risk for incidents of child labour. If a Supplier is found to be at significant risk for incidents of child labour, he is put on stand-by, and is only

reaccepted after an SA8000 audit carried out by an accredited entity.

GRI 400 - SOCIAL DISCLOSURES

GRI STANDARDS

DISCLOSURES AND APPLICATIONS

FORCED OR COMPULSORY LABOUR

GRI 409

409-1

Forced Operations and Suppliers at significant risk for incidents of forced or compulsory labour

There is no forced labour at Sonae MC. If a Supplier is found to be at significant risk for incidents of forced or compulsory labour

or compulsory labour, he is put on stand-by, and is only reaccepted after an SA8000 audit carried out by an

accredited entity.

SECURITY PRACTICES

GRI 410

410-1

Security personnel trained in Human Rights policies or procedures Security practices

> Both in Portugal and Spain, all security staff who work through security companies must have a professional identification, which requires obtaining and renewing training that includes matters of constitutional/

fundamental rights, ethics and deontology.

HUMAN RIGHTS ASSESSMENT

GRI 412

412-1

Human rights Operations that have been subject to Human Rights reviews or impact assessments assessment

In 2020, no operation that has been subject to a Human Rights reassessment and/or impact assessment was registered in this regard.

412-2

Employee training on Human Rights policies or procedures

In 2020, Sonae MC Employees received training related to Human Rights policies

and practices as per the table:

FORMAL TRAINING IN COMPANY'S POLITICS

AND PROCEDURES RELATED TO HUMAN RIGHTS	2019	2020
TOTAL NUMBER OF EMPLOYEES THAT RECEIVED FORMAL TRAINING ON THE POLICIES AND PROCEDURES OF THE ORGANISATION REGARDING HUMAN RIGHTS ISSUES	15,502	42,020
TOTAL NUMBER OF TRAINING HOURS IN HUMAN RIGHTS POLICIES AND PROCEDURES THAT ARE RELEVANT TO OPERATIONS	294,519	368,532

Note: includes all participants in training sessions, regardless of whether they were actively employed on 31st December 2020.

Significant investment agreements and contracts that include Human Rights clauses or that underwent human rights screening

In Sonae MC supply contracts, there is a supplier obligation clause that states "Compliance with all applicable standards and legislation pertaining to work carried out by minors, human rights and the discrimination of its

Employees is prohibited, regardless of the reason".

LOCAL COMMUNITIES (MATERIAL TOPIC)

GRI 413 **Local Communities**

Operations with local community engagement, impact assessments,

and development programs

From the moment a new unit is installed, Sonae MC ensures it has the necessary conditions to cause minimal negative impact in the communities.

During its operation, the Company develops several initiatives to support the local community, meeting the different needs. Oftentimes the initiatives are carried out in partnership with local entities.

For more information see chapter "Sustainable Development", subchapter "Key pillars of activity - Community".

GRI 400 - SOCIAL DISCLOSURES

GRI STANDARDS

criteria

DISCLOSURES AND APPLICATIONS

SUPPLIER SOCIAL AND ENVIRONMENTAL ASSESSMENT (MATERIAL TOPIC)

GRI 414 and GRI 308 New Suppliers that we

414-1 e 308-1

New Suppliers that were screened using social and environmental NUMBER OF SUF

 $New \, Suppliers \, that \, were \, \\ Suppliers \, that \, were \, screened \, using \, social \, and \, environmental \, criteria \, \\$

NUMBER OF SUPPLIERS SCREENED BASED ON SOCIAL AND ENVIRONMENTAL CRITERIA	TOTAL	NOVOS
NATIONAL	180	31
FOREIGN	313	84
TOTAL SUPPLIERS	493	115
NATIONAL	113	3
FOREIGN	192	14
TOTAL QUALIFIED SUPPLIERS	305	17
NATIONAL (%)	63%	10%
FOREIGN (%)	61%	17%
TOTAL QUALIFIED SUPPLIERS (%)	62%	15%
NATIONAL	55	1
FOREIGN	209	14
TOTAL AUDITS PERFORMED TO SUPPLIERS	264	15

CUSTOMER HEALTH AND SAFETY

GRI 416

416-1

Customer health and safety

Assessment of the health and safety impacts of product and service categories

At Sonae MC, it is a priority to ensure the quality and safety of our own brands products, therefore we constantly control and monitor the development process. Thus, we strongly focus on four areas: (i) certification of the development of our own brand products, (ii) monitoring of quality and safety, (iii) labelling, and (iv) magement of Customers feedback.

In 2020, continuing our previous efforts, we ensured the certification processing of developing Sonae MC's own brands, according to the international standard for quality management NP EN ISO 9001:2008. We have a team of skilled internal and external professionals dedicated to carrying out periodic checks on products, including inspections, laboratory tests and audits, in order to ensure compliance with quality and safety standards based on the annual plans in place. In 2020, a total of 493,882 analysis for food products and 15,530 for noon food products (of which 14,080 took place in internal laboratories and 1,450 in external laboratories) were carried.

In indicator 102–44 we report the way we manage and integrate our customers' feedback.

MARKETING AND LABELLING

GRI 417

417-1

Marketing and labelling

Requirements for product and service information and labelling

We are committed to ensuring the provision of a wide range of responsible products in order to meet the expectations of consumers and promote the adoption of a sustainable lifestyle. At the same time, considering the need to access immediate information, inherent to the profile of today's consumers, we are concerned about ensuring that we provide the necessary information about our products, so that consumers can make an informed and appropriate choice according to their lifestyle.

For more information see chapter "Sustainable Development", subchapter "Key pillars of activity – Community".

GRI 400 - SOCIAL DISCLOSURES

GRISTANDARDS

DISCLOSURES AND APPLICATIONS

419-1 and 307-1

SOCIOECONOMIC AND ENVIRONMENTAL COMPLIANCE

GRI 419 Socioeconomic

SocioeconomicNon-compliance with laws and regulations in the social, economic and environmental areaComplianceThe Sonae Group considers that a significant fine is one in which the monetary value is higher than orand GRI 307equal to 12,000 Euro. This figure corresponds to the minimum administrative fine for committing a serious

Environmental Compliance environmental offense (Law number 114/2015, of 28 August).

NON-COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL, ECONOMIC AND ENVIRONMENTAL AREA	2020
TOTAL MONETARY VALUE OF SIGNIFICANT FINES — ECONOMIC AREA (€)	9,745
TOTAL NUMBER OF NON-MONETARY SANCTIONS	8
TOTAL MONETARY VALUE OF SIGNIFICANT FINES - SOCIAL AREA (LABOUR) (€)	0
TOTAL NUMBER OF NON-MONETARY SANCTIONS	0
TOTAL MONETARY VALUE OF SIGNIFICANT FINES — ENVIRONMENTAL AREA (€)	0
TOTAL NUMBER OF NON-MONETARY SANCTIONS	n

OBLINDIOAT	ODO MATOUTA DI C		
GRI INDICAL	ORS MATCH TABLE ODS	UNGC	SASB
102-8	**************************************	6	JAJD
102-1	16 mars.	19	
102-41	8 ************************************	3	Labour Practices – FB-FR-310a.2 (Food retailers & distributors)
201-1	2 5 7 8 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9		
201-2			
202-2	8 ************************************	6	
203-1	2 *** 5 *** 7 *** 8 *** ***		
203-2	1:		
204-1	12 mm.		
205-1	16	10	
205-2	16 man emer Y	10	
205-3	16 main. ••••••••••••••••••••••••••••••••••••	10	
301-1	8 minutes (20 minutes) (20 minu	7, 8	
301-3	8 *************************************	8	
302-1		7,8	Energy management – IF–RE–130a.2 (Real Estate) Energy management – FB–FR–130a.1 (Food retailers & distributors) Environmental Footprint of Hardware Infrastructure – TC–SI–130a.1 (Software & IT Services)
302-2	7 and 10	7, 8	
302-3		8	
302-4		8,9	
302-5		8,9	
303-1	₩	7, 8	
303-2	6 streets	7, 8	
303-3	8 Common 12 Comm	8	Water management – IF–RE–140a.2 (Real Estate) Environmental Footprint of Hardware Infrastructure – TC–SI–130a.1 (Software & IT Services)
303-4		8	
303-5		8	
304-1	6 more. A more.	8	
304-2	6 :::••••••	8	
304-3	5	8	
305-1	3 mm. 12 mm. 13 %h. 14 mm. 15 f	7, 8	Air emissions from refrigeration – FB-FR-110b.1 (Food retailers & distributors)
305-2	3 ===== 15 fm	7, 8	
305-3	3 mm. 18	7, 8	
305-4	13 Was 15 Can 15	8	

GRI INDICATO	IRS MATCH TABLE					
GRI	ODS	UNGC	SASB			
305-5	13 Sa. 14 Sa. 15 Sa. 4 Sa.	8,9			_	
305-6	3 manuse 12 manuse 13 mbp. 4 m	7,8				
305-7	3 mm 25 to 2 mm 25 to	7,8				
306-1	3 merch -₩• 6 merch 12 merch 12 merch 12 merch 12 merch 13 merch 14 merch 15 mer	8				
306-2	3 metals, 6 metals, 12 metals, 12 metals, 12 metals, 12 metals, 12 metals, 13 metals, 14	8				
306-3	3 mercen.	8				
306-4	3 metales	8				
306-5	3 minutes 6 minutes 12 minutes COD	8				
401-3	5	6				
403-1	3 mmm. -W*					
403-2	3					
403-3	3 ====== -\(\sigma^+\)					
403-4	3 mater. 8 mater					
405-5	3					
403-6	3					
403-7	3 === 1 -₩					
403-8	3					
403-9	3 ==== = = = = = = = = = = = = = = = =					
404-1		6				
404-2						
404-3	5 8	6				
405-2	8 mm. 8 mm. 10 mm.	6				
406-1	8 marine. 10 mm. (\$\frac{1}{4}\$)					
407-1	ส์					
408-1	M	5				
409-1	· m	4				
412-3	6 mens. 8 mense.	5, 8, 16				
416-1 417-1	16 months		Product Heal		th & Nutrition – FB–FR–	th & Nutrition – FB–FR–260a.2 (Food Retailers I
419–1 and	B mann					ices – FB–FR–310a.3 (Food retailers & distribui
307-1	16 man		200001110011	J	id ID IN Glou.c.	3 TD IN UIUU.0 (1000 101011010 0 0 010

METHODOLOGIC NOTES				
EMISSION FACTORS				
ENERGY	UNIT	2019	2020	SOURCE (2019 AND 2020)
Natural Gas	Kg CO ₂ /GJ	56,4	56,4	2019: APA (2019) Portuguese National Inventory Report on Greenhouse Gases 1990–2017 (p.187)
Propane Gas	Kg CO₂/Gı	63,1	63,1	2020: APA (2020) Portuguese National Inventory Report on Greenhouse Gases 1990–2018 (p.119)
Diesel	Kg CO₂/Gı	74,1	74,1	
Gasoline	Kg CO₂/Gı	69,3	69,3	
Electricity – Market Based	(Kg CO₂/Gı)	77	74,7	2019 e 2020: Elergone data: The calculation of annual values is based on the calculated monthly values, which in turn are calculated by weighting the emission factors reported by the various Suppliers and the percentage of consumption of the points that have a supply contract, with the respective Suppliers.
Eletricidade – Market Based (R Maxmat)	(Kg CO₂/Gı)	103,6	76,9	2019 e 2020: Elergone data: The calculation of annual values is based on the calculated monthly values, which in turn are calculated by weighting the emission factors reported by the various Suppliers and the percentage of consumption of the points that have a supply contract, with the respective Suppliers.
Electricity — Market Based (Sonae RP)	(Kg CO₂/Gı)	103,6	76,9	2019 e 2020: Elergone data: The calculation of annual values is based on the calculated monthly values, which in turn are calculated by weighting the emission factors reported by the various Suppliers and the percentage of consumption of the points that have a supply contract, with the respective Suppliers.
Electricity – Market Based Espanha	(Kg CO₂/Gı)	110,8	110,8	2019: it was assumed emission factor Endesa: 398,88 gCO2/kWh https://www.endesa.pt/negocios/quemsomos/Origem-de-Energia 2020: it was assumed emission factor Endesa: 398,88 gCO2/kWh https://www.endesa.pt/negocios/quemsomos/Origem-de-Energia
Electricity – Market Based – Arenal	(Kg CO ₂ /G _J)	109,4	79,1	2019: Mix energy Endesa, Repsol, Iberdrola, Aldro Energía and DLR Emergía Comercializadora.
Electricity — Location Based Portugal	(Kg CO₂/Gı)	78,2	59,2	2019: International Energy Agency (2015). CO ₂ Emissions from Fuel Combustion, 2015 Edition. 2020: APREN 2019 https://www.apren.pt/contents/publicationsreportcarditems/boletim-energias-renovaveis-dezembro-2019-vf.pdf?fbclid=lwAR2Q3hIAnJO_Pa7_073f0ci5dmcf46PTuH-aKI4HLuQYWEiig087g_Mfpkk
Electricity – Location Based Espanha	(Kg CO ₂ /G _J)	122,2	53,3	"2019: Defra (2018) UK Government GHG Conversion Factors for Company Reporting 2018. 2020: REE https://www.ree.es/es/datos/generacion/no-renovables-detalle- emisiones-CO2"
TYPE OF TREATMENT	UNIT	2019	2020	SOURCE
Landfill	t CO ₂ /t Resíduo	0,0214	0,0213	2019: DEFRA (2019). GREENHOUSE GAS REPORTING - CONVERSION FACTORS 2019
Energy recovery	t CO ₂ /t Resíduo	0,0102	0,0102	2020: DEFRA (2020). GREENHOUSE GAS REPORTING — CONVERSION FACTORS 2020
Organic recovery	t CO ₂ /t Resíduo	0,5865	0,4374	

Nitrogen oxides (NOx), sulfur oxides (SO2) and oter significant air emissions (305–7)
The values in the GRI table associated with indicator 305–7 were calculated using the following conversion factors:

ENERGY	UNIT	NOx	SO ₂	SOURCE
Diesel	kg/GJ	0,8	0,21	IPCC 2006
Gasoline	kg/GJ	0,6	0,075	IPCC 2006





Trust and Integrity People at the centre of our success **Ambition** Innovation CONSOLIDATED CONSOLIDATED

AND SEPARATED

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FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

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STATUTORY AUDIT REPORT



REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

FINANCIAL STATEMENTS

CONSOLIDATED

Corporate Responsibility

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 AND 2019

(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE. IN CASE OF DISCREPANCY THE PORTUGUESE VERSION PREVAILS)

. IRANSLATION OF CONSULIDATED FINANCIAL STATEMENTS ORIGINA	ITS URIGINALLY ISSUED IN PURTUGUESE. IN CASE OF DISCREPANCY THE PURTUGUESE VERSION PREVAILS) UNAUDITED AMOUNTS				
(AMOUNTS EXPRESSED IN EURO)	NOTES	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
ASSETS				PRO FORMA	PRO FORMA
NON-CURRENT ASSETS					
Property, plant and equipment	6	1,376,054,222	1,346,281,271	1,376,054,222	1,346,281,271
Intangible assets	7	257,794,885	261,231,849	257,794,885	261,231,849
Right-of-use assets	8	959,686,479	898,438,645	959,686,479	898,438,645
Goodwill	9	462,335,419	469,424,119	462,335,419	469,424,119
Investments in joint ventures and associates	10	4,067,808	4,437,916	4,067,808	4,437,916
Assets at fair value through profit and loss	5 and 11	15,583,705	17,247,851	15,583,705	17,247,851
Deferred tax assets	19	273,911,572	256,228,882	273,911,572	256,228,882
Income tax assets	17	4,489,601	4,489,601	4,489,601	4,489,601
Other non-current assets	5 and 12	9,035,366	10,763,959	9,035,366	10,763,959
Total Non-Current Assets		3,362,959,057	3,268,544,093	3,362,959,057	3,268,544,093
CURRENT ASSETS					
Inventories	13	395,898,596	407,431,039	395,898,596	407,431,039
Trade receivables	5 and 14	55,372,877	98,402,123	52,693,915	43,058,975
Other receivables	5 and 15	68,163,751	77,059,454	68,163,751	77,059,454
Income tax assets	17	31,070,269	43,121,953	31,070,269	43,121,953
Other tax assets	16	23,363,975	25,346,830	23,363,975	25,346,830
Other current assets	18	36,584,929	30,704,431	36,584,929	30,704,431
Other investments	5 and 11	2,663,026	394,309	2,561,812	117,866
Cash and bank balances	5 and 20	194,423,583	77,339,624	192,899,749	89,050,845
Total Current Assets		807,541,006	759,799,763	803,236,996	715,891,393 27,500,462
Assets classified as held for sale		-	27,500,462	-	
TOTAL EQUITY		4,170,500,063	4,055,844,318	4,166,196,053	4,011,935,948
EQUITY AND LIABILITIES					
EQUITY					
Share capital	21	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Legal reserve		186,480,406	177,949,491	186,480,406	177,949,491
Reserves and retained earnings		(536,028,499)	(590,179,221)	(536,028,499)	(590,179,221)
Profit/(Loss) for the period attributable to the equity holders		143,349,796	132,300,259	143,349,796	132,300,259
of the Parent Company					
Equity attributable to the equity holders of the Parent C		793,801,703	720,070,529	793,801,703	720,070,529
Equity attributable to non-controlling interests	22	49,963,472	54,735,349	49,963,472	54,735,349
TOTAL EQUITY		843,765,175	774,805,878	843,765,175	774,805,878
LIABILITIES					
NON-CURRENT LIABILITIES					
Loans	5 and 23	333,973,644	407,666,667	333,973,644	407,666,667
Bonds	5 and 23	321,021,071	252,163,176	321,021,071	252,163,176
Other loans	5 and 23	1 010 700 104	956	1 010 700 104	956
Lease liabilities	8 5 and 25	1,012,760,194	930,393,296	1,012,760,194	930,393,296
Other non-current liabilities Deferred tax liabilities	5 and 25 19	22,671,960	22,719,068	22,671,960	22,719,068
Provisions	30	356,491,211 6,334,819	330,530,672 9,418,605	356,491,211 6,334,819	330,482,265 9,418,605
Total Non-Current Liabilities	30	2,053,252,899	1,952,892,440	2,053,252,899	1,952,844,033
CURRENT LIABILITIES		2,033,232,633	1,932,092,440	2,033,232,633	1,932,044,033
Loans	5 and 23	3,840,276	16,847,781	3,840,276	16,847,781
Bonds	5 and 23	-	2,996,380	-	2,996,380
Other loans	5, 23 and 24	1,237,721	430,711	533,244	146,386
Lease liabilities	8	80,149,904	75,998,767	80,149,904	75,998,767
Trade payables	5 and 27	794,952,544	870,957,571	792,337,401	828,570,918
Other payables	5 and 28	85,785,832	76,568,322	85,785,832	76,568,322
Income tax liabilities	17	49,667,807	50,200,397	49,667,807	50,200,397
Other tax liabilities	16	70,551,250	73,346,098	70,545,798	73,340,631
Other current liabilities	29	185,935,107	160,238,232	184,956,168	159,054,715
Provisions	30	1,361,548	561,741	1,361,548	561,741
Total Current Liabilities		1,273,481,989	1,328,146,000	1,269,177,979	1,284,286,038
TOTAL LIABILITIES		3,326,734,888	3,281,038,440	3,322,430,878	3,237,130,070
TOTAL FOLITY AND LIABILITIES		4 170 500 063	4.055.844.318	A 166 196 053	4 011 935 948

CONSOLIDATED INCOME STATEMENTS

FOR THE PERIODS ENDED 31 DECEMBER 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	31 DEC 2020	31 DEC 2019
Sales	34	5,046,752,342	4,573,923,275
Services rendered	34	105,757,415	128,090,850
Gains and losses on investments		(466)	93,503
Other income	36	88,103,080	86,472,011
Cost of goods sold and materials consumed	13	(3,619,907,407)	(3,288,062,137)
External supplies and services	37	(442,879,013)	(399,530,587)
Employee benefits expense	38	(605,323,125)	(570,821,703)
Other expenses	39	(51,768,866)	(49,603,888)
Depreciation and amortisation expenses	6, 7 and 8	(253,599,798)	(243,764,969)
Impairment losses	30	(13,387,982)	(3,563,918)
Provisions	30	100,194	17,269
Profit from continuing operations before interests, dividends, share of profit or loss of joint ventures and associates and tax		253,846,374	233,249,706
Dividends received during the year		100,488	100,450
Share of profit or loss of joint ventures and associates	10.3	887,457	502,548
Financial income	35	11,551,523	4,798,602
Financial expense	35	(90,009,245)	(79,089,148)
Profit from continuing operations before tax		176,376,597	159,562,158
Income tax expense	40	(31,897,980)	(22,174,612)
Profit from continuing operations for the period		144,478,617	137,387,546
Profit/(Loss) from descontinued operations after taxation	4	3,955,455	504,843
CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD		148,434,072	137,892,389
ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Continuing operations		139,394,341	131,795,416
Discontinued operations		3,955,455	504,843
		143,349,796	132,300,259
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS:			
Continuing operations		5,084,276	5,592,130
Discontinued operations		-	_
		5,084,276	5,592,130
PROFIT/(LOSS) PER SHARE			
FROM CONTINUING OPERATIONS			
Basic	42	0.139394	0.131795
Diluted	42	0.139394	0.131795
FROM DESCONTINUED OPERATIONS			
Basic	42	0.003955	0.000505
Diluted	42	0.003955	0.000505
Th			

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIODS ENDED 31 DECEMBER 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	31 DEC 2020	31 DEC 2019
Net Profit / (Loss) for the period		148,434,072	137,892,389
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
Exchange differences arising on translation of foreign operations		6,205,496	776,207
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	10.3	_	4,730
Changes in hedge and fair value reserves		2,951,726	(575,833)
Income tax relating with other components of comprehensive income		118,855	80,199
Others		(40,386)	71,895
Other comprehensive income for the period		9,235,691	357,198
ITEMS THAT WERE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
Exchange differences arising on translation of foreign operations related to discontinued operations	4	(5,470,151)	-
		(5,470,151)	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD		3,765,540	357,198
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		152,199,612	138,249,587
ATTRIBUTABLE TO:			
Equity holders of parent company		146,322,794	132,747,518
Non controlling interests		5,876,818	5,502,069

The accompanying notes are part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED 31 DECEMBER 2020 AND 2019

(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE. IN CASE OF DISCREPANCY THE PORTUGUESE VERSION PREVAILS)

				RESERVES AND RETA	INED EARNINGS					
(AMOUNTS EXPRESSED IN EURO)	SHARE CAPITAL	LEGAL RESERVE	CURRENCY Translation Reserve	HEDGING RESERVE	OTHER RESERVES AND RETAINED EARNINGS	TOTAL OF RESERVES AND RETAINED EARNINGS	NET PROFIT/ (LOSS)	TOTAL	NON CONTROLLING CONTOLLING INTERESTS	TOTAL EQUITY
				ATTRIBUTABLE TO	DEQUITY HOLDERS OF PA	RENT COMPANY			(NOTE 22)	
Balance as at 1 January 2019 Published	1,000,000,000	174,887,958	6,494,942	110,162	(1,100,598,341)	(1,093,993,237)	648,954,594	729,849,315	31,145,956	760,995,271
Impact of IFRS 16 application	-	-	-	-	(58,940,863)	(58,940,863)	(6,955,069)	(65,895,932)	(2,137,597)	(68,033,529)
BALANCE AS AT 1 JANUARY 2019 RESTATED	1,000,000,000	174,887,958	6,494,942	110,162	(1,159,539,204)	(1,152,934,100)	641,999,525	663,953,383	29,008,359	692,961,742
Total compreensive income for the period	-	-	776,207	(425,789)	96,841	447,259	132,300,259	132,747,518	5,502,069	138,249,587
Appropriation of profit of 2018										
Transfer to legal reserves and retained earnings	-	3,061,533	-	-	638,937,992	638,937,992	(641,999,525)	-	-	-
Dividends distributed (Note 22)	-	-	-	-	(75,000,000)	(75,000,000)	-	(75,000,000)	(2,027,573)	(77,027,573)
Income distribution	-	-	-	-	-	-	-	-	(236,205)	(236,205)
Aquisitions of affiliated companies	-	-	-	-	-	-	-	-	20,442,727	20,442,727
Capital increase	-	-	-	-	-	-	-	-	127,506	127,506
Others	-	-	-	-	(1,630,372)	(1,630,372)	-	(1,630,372)	1,918,466	288,094
BALANCE AS AT 31 DECEMBER 2019	1,000,000,000	177,949,491	7,271,149	(315,627)	(597,134,743)	(590,179,221)	132,300,259	720,070,529	54,735,349	774,805,878
Balance as at 1 January 2020	1,000,000,000	177,949,491	7,271,149	(315,627)	(597,134,743)	(590,179,221)	132,300,259	720,070,529	54,735,349	774,805,878
Total comprehensive income for the period	-	-	735,327	2,275,504	(37,833)	2,972,998	143,349,796	146,322,794	5,876,818	152,199,612
Appropriation of profit of 2019										
Transfer to legal reserves and retained earnings	-	8,530,915	-	-	123,769,344	123,769,344	(132,300,259)	-	-	-
Dividends distributed (Note 22)	-	-	-	-	(75,000,000)	(75,000,000)	-	(75,000,000)	(5,224,091)	(80,224,091)
Income distribution	-	-	-	-	-	-	-	-	(424,368)	(424,368)
Aquisitions of affiliated companies	-	-	-	-	2,500,821	2,500,821	-	2,500,821	(2,900,821)	(400,000)
Capital decrease	-	-	-		-	-	-	-	(2,000,000)	(2,000,000)
Others	-	-	-	-	(92,441)	(92,441)	-	(92,441)	(99,415)	(191,856)
BALANCE AS AT 31 DECEMBER 2020	1,000,000,000	186,480,406	8,006,476	1,959,877	(545,994,852)	(536,028,499)	143,349,796	793,801,703	49,963,472	843,765,175

The accompanying notes are part of these consolidated financial statements.

SONAE MC ANNIIAI REPORT 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIODS ENDED 31 DECEMBER 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	31 DEC 2020	31 DEC 2019
OPERATING ACTIVITIES			
Receipts from customers		5,251,024,294	4,725,804,273
Payments to suppliers		(4,124,404,719)	(3,629,311,728)
Payments to employees		(597,495,389)	(560,885,046)
Cash flow generated by operations		529,124,186	535,607,499
Income taxes (paid) / received		(11,679,740)	2,492,870
Other cash receipts and (payments) relating to operating activities		(12,212,340)	(18,410,075)
NET CASH FLOW FROM OPERATING ACTIVITIES (1)		505,232,107	519,690,295
INVESTMENT ACTIVITIES			
CASH RECEIPTS ARISING FROM			
Investments		518,314	819,547
Property, plant and equipment		54,573,715	29,368,863
Intangible assests		7,311,560	4,211,695
Interests and similar income		1,446,484	1,638,422
Dividends		1,358,052	1,204,625
		65,208,125	37,243,152
CASH PAYMENTS ARISING FROM:			
Investments	43	(1,924,290)	(59,851,932)
Property, plant and equipment		(175,054,525)	(212,752,665)
Intangible assets		(23,309,999)	(24,049,166)
		(200,288,814)	(296,653,763)
NET CASH USED IN / GENERATED BY INVESTMENT ACTIVITIES (2)		(135,080,689)	(259,410,611)
FINANCING ACTIVITIES			
RECEIPTS ARISING FROM:			
Loans obtained	31	3,863,282,112	5,168,237,000
Capital increases, additional paid in capital and share premiums		_	3,956,767
		3,863,282,112	5,172,193,767
PAYMENTS ARISING FROM:			
Lease liabilities		(138,912,784)	(128,094,863)
Loans obtained	31	(3,883,097,333)	(5,214,529,877)
Interests and similar charges		(11,766,901)	(13,471,965)
Reimbursement of capital and paid in capital		(2,000,000)	-
Dividends		(80,648,460)	(77,263,778)
		(4,116,425,478)	(5,433,360,483)
NET CASH USED IN FINANCING ACTIVITIES (3)		(253,143,366)	(261,166,716)
Net increase (decrease) in cash and cash equivalents (5) = (1) + (2) + (3)+ (4)		117,008,052	(887,032)
Effect of foreign exchange rate		52,902	(343)
Effect of discontinued operations		24,695	_
Cash and cash equivalents at the beginning of the period	20	77,325,668	78,212,357
Cash and cash equivalents at the end of the period	20	194,280,818	77,325,668
The accompanying notes are part of these consolidated financial statements			

The accompanying notes are part of these consolidated financial statements

SONAE MC, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 AND 2019

(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE. IN CASE OF DISCREPANCY THE PORTUGUESE VERSION PREVAILS) (AMOUNTS STATED IN EUROS)

INTRODUCTION

Sonae MC, SGPS, S.A., formerly referred to as Sonae Investimentos, SGPS, S.A., has its head-office at Rua João Mendonca nº 529, 4464-501 Senhora da Hora, Portugal, and is the parent company of a group of companies, as detailed in Notes 10, 11 and 45 as Sonae MC Group ("Sonae MC").

COVID-19

2020 was a year marked by the covid-19 pandemic and the consequent restrictive measures on the mobility of people imposed by several governments around the world, which included lockdown measures, time restrictions and/or closure of commercial spaces.

This context had different impacts on the activity of each of the group's businesses, with different levels of intensity depending on the sector in which they operate, and which naturally required an adaptation of the respective operations.

At Sonae, from the very beginning, a specific governance model was implemented to manage this crisis, led by the Sonae SGPS Executive Committee in alignment with the CEO's of the various businesses. The impacts on each business were regularly monitored and contingency plans were implemented covering the entire organization, from the operational areas to the central structures.

Since mid-March 2020, mandatory actions have been defined and communicated to all employees regarding: work trips; participation in congresses, fairs, exhibitions and extended training sessions; among many others. With regards to operations, and in order to ensure the health of employees, partners and customers, essential measures have been implemented, such as the hygiene of the spaces, the use of personal protective equipment, or limiting the number of people per m2. In all functions when feasible, remote work was implemented, which impacted more than 6,000 employees. In addition, in all group companies fully controlled by Sonae in Portugal, it was decided not to use the simplified lay-off mechanism as a way of ensuring the full income of employees in this difficult context and to comply with the company's social mission. In the case of food retail, an extraordinary monetary amount was also awarded to store and warehouse employees, in recognition of their willingness to provide an essential service to Portuguese families (Note 37 and 38).

Throughout the year, several initiatives were carried out to provide general support to institutions (hospitals, municipalities, support centers) through the donation of food.

The following is a summary of the main impacts and initiatives by business.

Food retail registered a growing demand flow driven by an increase in in-home consumption (in detriment of restaurant visits).

- > Sonae MC maintained a close dialogue with all stakeholders in the supply chain in order to strengthen its response capacity during the crisis, including the activation of alternative suppliers, namely in national territory, promoting market liquidity especially for small producers. For these small domestic producers, an early payment program was also established to improve their cash flow conditions.
- > Since the beginning of the crisis, demand for the online channel has been very high, causing unprecedented pressure on the operation. In this context, Sonae MC expanded its daily order response capacity and established new partnerships, which allowed it to offer convenience solutions to its customers.
- > During part of the year, Sonae MC was forced to temporarily close the entire Arenal operation in Spain, as well as the Go Natural restaurants, the Bagga stores and most of the Dr. Wells clinics in Portugal. In this context, Sonae MC implemented several efficiency improvement measures and reviewed its investment plan very closely.

As for financing, in compliance with internal policies and given the context of enormous uncertainty, Sonae MC started to prioritize the increase of the Group's liquidity, the reduction of the amortizations foreseen for the coming years and the increase of the average maturity of the debt. In this sense, in 2020, more than 330 million euros in financing were formalized. Sonae currently has a strong liquidity position and no additional financing needs are foreseen for the next 18 months, nor is there any expectation of default in the current financial covenants existing in any company in the portfolio.

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- > The approval of the first vaccines for COVID—19 by the end of 2020 has renewed optimism about the end of the current health crisis, which could signal a faster economic recovery. However, the emergence of new waves of infection in several countries since the end of last year, associated with the discovery of new strains of the virus with a higher transmissibility rate and more aggressive, have put the health systems under pressure again, and in particular the Intensive Care Units, leading to the reintroduction of restrictions and new periods of generalized confinement of the population, in several parts of the world.
- In terms of projecting future impacts, in general, the macroeconomic context remains uncertain and intrinsically dependent on the control of the epidemiological situation and the intervention of Governments, both in terms of compliance with vaccination plans and in terms of the support made available to economic agents. Sonae MC will continue to implement all measures deemed appropriate to minimize its impacts, in line with the recommendation of the competent authorities and in the best interests of all our stakeholders.

2

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying consolidated financial statements are described below. These policies have been consistently applied in comparative periods.

2.1 BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable to economic periods beginning on 1 January 2020, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee ("IFRS – IC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as at the consolidated financial statements issuance date.

The accompanying consolidated financial statements have been prepared from the books and accounting records of the company and subsidiaries, joint ventures and associates companies, adjusted in the consolidation process, on a going concern basis. In preparing the consolidated financial statements, the Group used the historical cost adjusted, when applicable, to measure the fair value of i) financial assets at fair value through profit or loss, ii) financial assets at fair value through other comprehensive income and iii) investment properties measured at fair value.

The preparation of the consolidated financial statements according to IFRS requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies to be adopted by the Entity, with a significant impact on the book value of assets and liabilities, as well as income and expenses of the period.

Although these estimates are based on the best experience of the Board of Directors and their best expectations regarding current and future events and actions, current and future results may differ from these estimates.

Areas that involve a greater degree of judgment or complexity, or areas where assumptions and estimates are significant are presented in Note 2.21.

Additionally, for financial reporting purposes, fair value measurement is categorized in Level 1, 2 and 3, according to the level in which the used assumptions are observable and its significance for estimating the fair value, used in the measurement of assets/liabilities or for disclosure purposes.

Level 1 Fair value is determined based on active market prices for identical assets/liabilities:

Level 2 Fair value is determined based on other data other than market prices identified in Level 1, but they are possible to be observable; and

Level 3 Fair value measurements derived from valuation techniques, whose main inputs are not based on observable market data.

NEW ACCOUNTING STANDARDS AND THEIR IMPACT IN THESE CONSOLIDATED FINANCIAL STATEMENTS:

Up to the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during the year 2020:

NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS EFFECTIVE ON 1 JANUARY 2020	AMENDMENT	EFFECTIVE DATE (FOR FINANCIAL YEARS BEGINING ON OR AFTER)
IFRS 3 Business combinations	Amendments to improve the definition of a business	01-Jan-20
IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform	The amendments provide temporary and narrow exemptions to the hedge accounting requirements so that companies can continue to meet the requirements assuming that the existing interest rate benchmarks are not altered because of the interbank offered rate reform	01-Jan-20
IAS 1 and IAS 8 Definition of Material	The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards	01-Jan-20
References to the Conceptual Framework in IFRS Standards	Amendments to some IFRS regarding cross-references and clarifications on the application of the new definitions of assets / liabilities and expenses / income	01-Jan-20
IFRS 16 Leases Covid 19 - Related Rent Concessions	Covid-19-Related Rent Concessions exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications	01-Jun-20

These standards were applied by the Group in 2020. The Group carried out an analysis of the changes introduced and their impact on the financial statements and concluded that the application of those standards did not produce material effects in the financial statements. As for the amendment to IFRS 16, the Group has anticipated the adoption of the practical expedient provided in the standard, so the subsidies granted by the lessors under COVID-19 do not represent a modification to the accounting leases.

> Up to the date of approval of these consolidated financial statements, the following standards, interpretations, amendments and revisions have been endorsed by the European Union and are binding for future economic years:

AMENDMENTS TO STANDARDS THAT BECOME EFFECTIVE ON OR AFTER 1 JANUARY 2021, ALREADY ENDORSED BY THE UE	AMENDMENT	EFFECTIVE DATE (FOR FINANCIAL YEARS BEGINING ON OR AFTER)
IFRS 4 Insurance Contracts – deferral of IFRS 9	End of the deferral of the beginning of the application of IFRS 9 for entities with insurance activity, postponed to 1 January 2023	01-Jan-21
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	Additional exemptions related to the impacts of the reform of the reference interest rates ("IBOR"), and especially the replacement of a reference interest rate by another alternative in the financial instruments traded	01-Jan-21

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The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2020 due to the fact that their application is not mandatory. No significant impacts are expected on the financial statements resulting from their adoption.

The following standards, interpretations, amendments and revisions were not at to the date of approval of these consolidated financial statements endorsed by the European Union:

STANDARDS (NEW AND AMENDED) THAT BECOME EFFECTIVE ON OR AFTER 1 JANUARY 2021, NOT YET ENDORSED BY UE	AMENDMENT	EFFECTIVE DATE (FOR FINANCIAL YEARS BEGINING ON OR AFTER)
IFRS 16 Leases Covid 19 - Related Rent Concessions	Proposal to extend the application of the practical expedient on rental rents that affect payments originally due on or before June 2022.	01-Abr-21
IAS 16 Property, Plant and Equipment	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	01-Jan-22
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Clarification regarding the nature of costs a company should include when assessing whether a contract will be loss-making	01-Jan-22
Annual Improvements 2018-2020	Amendments to IFRS 1, IFRS 9, IFRS 16 e IAS 41	01-Jan-22
IFRS 3 Business Combinations	Update to references to the Conceptual Framework and clarification on the registration of provisions and contingent liabilities within the scope of a business combination	01-Jan-22
IAS 1 Presentation of Financial Statements	Classification of a liability as current or non-current, depending on the right that an entity has to defer its payment New definition of "settlement" of a liability	01-Jan-23
IAS 1 Presentation of Financial Statements; IAS 8 Accounting policies, Changes in Accounting Estimates and Errors	Amendments introduced a definition of 'accounting estimates' and included other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates	01-Jan <mark>-23</mark>
IFRS 17 Insurance Contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics	01-Jan-23
IFRS 17 Insurance Contracts (amendments)	Inclusion of changes to IFRS 17 in areas such as: I) scope; II) level of aggregation of insurance contracts; III) recognition; IV) measurement; V) modification and derecognition; VI) presentation of the Statement of Financial Position; VII) recognition and measurement of the Income Statement; and VIII) disclosures	01-Jan-23

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2020 due to the fact that their application is not mandatory, lying in the process of analysing expected effects of those standards.

2.2 CONSOLIDATION PRINCIPLES

The consolidation methods adopted by Sonae MC are as follows:

A) INVESTMENTS IN CONTROLLED COMPANIES

Investments in companies in which Sonae MC owns, directly or indirectly, control are included in the consolidated financial statements using the full consolidation method.

Sonae MC has control of the subsidiary when the company fulfils the following conditions cumulatively: i) has power over the subsidiary; ii) is exposed to, or has rights, to variable results from its involvement with the subsidiary; and iii) the ability to use its power to affect its returns.

When the Group has less than a majority of a subsidiary voting rights, it has power over the investee when the voting rights are sufficient to decide unilaterally on the relevant activities of its subsidiary. The Group considers all the facts and circumstances relevant to assess whether the voting rights in the subsidiary are sufficient to give it power.

The control is reassessed by Sonae MC whenever there are facts and circumstances that indicate the occurrence of changes in one or more of the control conditions mentioned above.

Equity and net profit attributable to minority shareholders are shown separately, under the caption "Non-controlling Interests", in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 45.

The comprehensive income of an associated is attributable to the Group owners and non-controlling interests, even if the situation results in a deficit balance at the level of non-controlling interests.

Assets and liabilities of each Sonae subsidiary are measured at their fair value at the acquisition date or control assumption, such measurement can be completed within twelve months after the date of acquisition. The excess of the consideration transferred plus the fair value of any previously held interests and non-controlling interests over the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.c.)). If the difference between the acquisition price plus the fair value of any interests previously held and the value of non-controlling interests and the fair value of identifiable net assets and liabilities acquired is negative, it is recognized as income for the year under "Other Income "after reconfirmation of the fair value attributed to the net assets acquired. The Sonae MC Group will choose on transaction—by—transaction basis, the fair measurement of non-controlling interests, I) according to the non-controlling interests share assets, liabilities and contingent liabilities of the acquired, or (II) according to their fair value.

Subsequent transactions in the disposal or acquisition of interests in non-controlling interests that do not imply a change in control do not result in the recognition of gains, losses or goodwill. Any difference between the transaction and book value of the traded interest is recognized in Equity, in other equity instruments.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of gain of control or up to the effective date of loss of control, as appropriate.

Adjustments to the financial statements of Sonae companies are performed, whenever necessary, in order to adapt accounting policies to those used by Sonae MC. All intra-group transactions, balances and distributed dividends are eliminated on the consolidation process. Unrealized losses are also eliminated if they do not show an impairment of the transferred asset.

B) INVESTMENTS IN THE JOINT VENTURES AND ASSOCIATES

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement instead of rights to the assets and obligations for the liabilities of the joint arrangement. Joint control is obtained by contractual provision and exists only when the associated decisions must be taken unanimously by the parties who share control.

In situations where the investment or financial interest and the contract concluded between the parties allows the entity holds joint control directly on the active or detention rights obligations inherent liabilities related to this agreement, it is considered that such joint agreement does not correspond to a joint venture but rather a jointly controlled operation. As at 31 December 2020 and 2019 the Group did not hold jointly controlled operations.

Financial investments in associates are investments where Sonae MC has significant influence, but in which it does not have control or joint control. Significant influence (presumed when contributions are above 20%) is the power to participate in the financial and operating decisions of the entity, without, however, holding control or joint control over those decisions.

The existence of significant influence is generally evidenced in one or more of the following ways:

- > representation on the board of directors or equivalent governing body of the investee;
- > participation in policy-making processes, including involvement in decisions about dividends and other distributions:
- > material transactions between the investor and the investee;
- > exchange of management personnel; or
- > providing critical technical information.

Financial investments in joint ventures and associated companies are recorded using the equity method, except in cases where the investments are held by a venture capital organization or equivalent, where the Group has chosen, at initial recognition, to measure at fair value through profit or loss in accordance with IFRS 9 (1g iii)).

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to Sonae MC in comprehensive income (including net profit for the period) of jointly controlled entities and associates, against the Group's comprehensive income or gains or losses for the year as applicable, and dividends received.

The differences between the acquisition cost and the fair value of the identifiable assets and liabilities of the joint ventures and associates on the acquisition date, if positive, are recognized as Goodwill and maintained at the value of financial investment in joint ventures and associates (Note 2.2.c.)). If these differences are negative, they are recorded as income for the year under the item "Income or losses from joint ventures and associates", after reconfirmation of the fair value attributed.

An assessment of investments in jointly controlled and associated companies is performed when there is an indication that the asset might be impaired being any impairment loss recorded in the income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

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When the proportion of Sonae MC in the accumulated losses of the associate and joint ventures exceeds the value by which the investment is registered, the investment is reported at zero value, except when Sonae MC has entered into commitments with the investee.

Sonae MC's share in not performed gains, not related to business activities arising from transactions with jointly controlled and associated companies are eliminated in proportion to Sonae MC's interest in the above-mentioned entities against the investment on the same entity. Unrealized losses are as well eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

When the not performed gains or losses on transactions correspond to business activities and taking into consideration the inconsistency existing between currently the requirements of IFRS 10 and IAS 28, Sonae MC, taking into account the defined in amendment to IFRS 10 and IAS 28 proceeds to full gain/loss recognition in situations where there is loss of control of that business activity as a result of a transaction with a joint venture.

If the financial holding in a joint venture or an associate is reduced, maintaining significant influence, only a proportionate amount of the amounts previously recognized in other comprehensive income is reclassified to the income statement.

The accounting policies of joint ventures and associates are amended, where necessary, to ensure that they are consistently applied by all Group companies.

Investments in jointly controlled and associates are disclosed in Note 10.

C) GOODWILL

The differences between the acquisition price of investments in Sonae MC companies, joint ventures and associates plus the value of the non-controlling interests (in the case of subsidiaries), the fair value of any interests held prior to the date of the concentration and the fair value of the identifiable assets, liabilities and contingent liabilities of these companies at the date of the concentration of business activities, when positive, are recorded under the heading "Goodwill" if they relate to acquisitions of business from subsidiaries (Note 9) or maintained under the heading "Investments in joint ventures and associated companies" (Note 10). The differences between the acquisition price of investments in subsidiaries headquartered abroad whose functional currency is not the Euro, the value of non-controlling interests (in the case of subsidiaries) and the fair value of the identifiable assets and liabilities of these subsidiaries at the date of their acquisition, are recorded in the functional currency of these subsidiaries, being converted into the functional and reporting currency of Sonae MC (Euro) at the exchange rate in force on the date of the statement of financial position. Exchange differences resulting from this conversion are recorded in the caption "Conversion reserves".

Future contingent consideration is recognized as a liability, at the acquisitiondate, according to its fair value, and any changes to its value are recorded as a change in the goodwill, but only as long as they occur during the measurement period (until 12 months after the acquisition—date) and as long as they relate to facts and circumstances prior to that existed at the acquisition date, otherwise these changes must be recognized in profit or loss on the income statement.

Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the shareholders' funds captions, and without giving rise to any additional goodwill and without any gain or loss recognised.

When a disposal transaction generates a loss of control, assets and liabilities of the entity are derecognised, any interest retained in the entity sold is be remeasured at fair value and any gain or loss calculated on the sale is recorded in results.

Goodwill is not amortised, but it is subject to impairment tests on an annual basis or whenever there are indications of impairment to check for impairment losses to be recognized. The analysis of the impairment losses is made based on the valuation of the accounting value of the cash generating unit ("UGC") to which the goodwill was allocated, which is compared to its recoverable value, i.e., the highest between fair value deducted from estimated costs of sale and the value of use of the UGC. Net recoverable amount is determined based on business plans used by Sonae management or on valuation reports issued by independent entities namely for real estate operations and related assets. Goodwill impairment losses recognized in the period are recorded in the income statement under the caption "Provisions and impairment losses".

When the Group reorganizes its activities, implying a change in the composition of its cash generating units, implying a to which goodwill has been imputed, a review of goodwill's allocation to the new cash-generating units is carried out, whenever there is a rational. The reallocation is done through a relative value approach, of the new cash-generating units that result from the reorganization.

Impairment losses relating to Goodwill recognized with the acquisition of subsidiaries business cannot be reversed, unlike Goodwill recognized with the acquisition of jointly controlled companies and associated companies.

The goodwill, if negative is recognized as income in the profit or loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

D) TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

Assets and liabilities denominated in foreign currencies in the financial statements of foreign companies are translated to euro using exchange rates at date of the statement of financial position. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under "Currency Translation Reserves" in "Other Reserves and Retained Earnings". Exchange rate differences that were originated prior to 1 January 2004 (date of transition to IFRS) were written-off through "Reserves and Retained Earnings".

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to euro using exchange rates at the statement of financial position

Whenever a foreign company is sold (totally or partially), accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption "Investment income", when there is a control loss; in the case where there is no control loss, it is transferred to non-controlling interests.

Exchange rates used on translation of foreign group, subsidiaries, jointly controlled and associated companies are listed below:

	31 DEC 2020		31 DE	C 2019
	END OF Exercice	AVERAGE OF EXERCISE	END OF Exercice	AVERAGE OF EXERCISE
US Dollar	0.81493	0.87704	0.89015	0.89342
British Pound	1.11231	1.12496	1.17536	1.14051
Turquish Lira	0.10973	0.12624	0.14960	0.15734
Mozambican Metical	0.01092	0.01268	0.01445	0.01430
Brazilian Real	0.15690	0.17198	0.22145	0.22676
Mexican Peso	0.04096	0.04103	0.04712	0.04642
Polish Zloty	0.21931	0.22511	0.23492	0.23275

2.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition or production cost, or revalued acquisition cost, in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Property, plant and equipment acquired after that date is recorded at acquisition cost, net of depreciation and accumulated impairment losses.

The acquisition cost includes the purchase price of the asset, the expenses directly attributable to its acquisition and the costs incurred with the nreparation of the asset so that it is placed in its condition of use. Qualified financial costs incurred on loans obtained for the construction of Property. plant and equipment assets are recognized as part of the construction cost of

Subsequent costs incurred with renewals and major repairs resulting in an increase in the useful life or the ability to generate economic benefits from the assets are recognized in the cost of the asset.

Depreciation is calculated on a straight line basis, according to the estimated life cycle for each group of goods, starting from the date the asset is available for use in the necessary conditions to operate as intended by the management, and recorded against the consolidated income statement caption "Depreciation and amortization expenses" in the consolidated income statements.

Impairment losses identified in the recoverable amounts of property, plant and equipment are recorded in the year in which they arise, by a corresponding charge against, the caption "Provisions and impairment losses" in the profit and loss statement.

The depreciation rates used correspond to the following estimated useful

	YEARS
Buildings	10 to 50
Plants and machinery	10 to 20
Vehicles	4 to 5
Tools	4 to 8
Fixture and fittings	3 to 10
Other property, plants and equipment	4 to 8

The useful lives of the assets are reviewed in each financial report so that the depreciations practiced are following the consumption patterns of the assets. Land is not depreciated. Changes in useful lives are treated as a change in accounting estimates and are applied prospectively.

Maintenance and repair costs are recorded directly as expenses in the year they are incurred.

Property, plant and equipment in progress represent fixed assets still under construction or development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or become ready for use.

Gains or losses on sale or disposal of property plant and equipment are computed as the difference between the selling price and the carrying amount of the asset at the date of its sale-disposal. Gains and losses are recorded in the consolidated income statement under either "Other income" or "Other expenses".

2.4 INTANGIBLE ASSETS

Intangible assets are stated at acquisition or production cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by Sonae MC and if their cost can be reasonably measured.

When individually purchased, intangible assets are recognized at cost, which comprises: i) the purchase price, including intellectual property costs and fees after deduction of any discounts; and ii) any costs directly attributable to the preparation of the asset for its intended use.

When acquired within the scope of a business combination, separable from goodwill, intangible assets are initially valued at fair value determined in the application of the purchase method, as provided by IFRS 3 - Business Combinations.

Research expenditure associated with new technical knowledge are recognized the income statement when incurred.

Expenditure on development, for which Sonae Sonae MC demonstrates the capacity to complete its development and start its commercialization and / or use and for which it is probable that the asset created will generate future economic benefits, are capitalized. Expenditure on development which does not fulfil these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software is recorded as an expense in the period in which they are incurred, except in the situation where these expenses are directly associated with projects for which future economic benefits are likely to be generated for Sonae MC. According to this assumption, the costs are initially accounted for as expenses, being capitalized as intangible assets by mean of "Own work capitalized" (Note 36).

The expenses incurred with the acquisition of client portfolio's (attributed value relating to the allocation of the purchasing price in business activity concentration) are stated as intangible assets and amortized on straight-line bases, during the average estimated period of portfolio's client retention.

Brands and patents with defined useful live are recorded at their acquisition cost and are amortized on a straight-line basis over their respective estimated useful life. In the case of brands and patents with indefinite useful lives, no amortization is calculated, and their value is tested for impairment on an annual basis, or whenever there are impairment signs.

Amortization is calculated on a straight-line basis, as from the date the asset is first used, over the expected useful life which usually is between 3 to 12 years and recorded in the caption of " Depreciations and Amortizations expenses", in the income statement.

The useful lives of the assets are reviewed in each financial report, so that the amortizations practiced are following the consumption patterns of the assets. Changes in useful lives are treated as a change in accounting estimates and are applied prospectively.

2.5 RIGHTS OF USE ASSETS AND LEASE LIABILITIES

A lease is defined as a contract, or part of a contract, that transfers the right to use an asset (the underlying asset), for a period, in exchange for a value. At the start of each contract, it is evaluated and identified whether it is or contains a lease. This assessment involves an exercise of judgment on whether each contract depends on a specific asset, whether the Sonae Group companies, as lessees, obtain substantially all the economic benefits from the use of that asset and whether they have the right to control the use of the asset.

All contracts constituting a lease are accounted for by the lessee based on a single model for recognition in the statement of financial position.

At the starting date of the lease, the Group recognises the liability related to the lease payments (i.e. the lease liability) and the asset that represents the right to use the underlying asset during the lease period (i.e. the right of use – "right-of-use" or "RoU"). The interest cost on the lease liability and the depreciation of the RoU are recognized separately.

The lease liability is remeasured when certain events occur (such as the change of lease period), a change in future payments resulting from a change in the reference index or rate used to determine those payments). This remeasurement of the lease liability is recognised as an adjustment to the RoU.

A) RIGHTS OF USE OF ASSETS

The Group recognizes the right to use the assets at the starting date of the lease (i.e. the date on which the underlying asset is available for use).

The right of use assets is recorded at acquisition cost, net of accumulated depreciation and impairment losses and adjusted for any new measurement of lease liabilities. The cost of the right to use the assets includes the initial value of the lease liability, any direct costs initially incurred, and payments already made before the date of commencement of the lease, deducted from any incentives received and plus restoration costs, if they exist.

Whenever the Group incurs an obligation to dismantle and remove a leased asset, restore it to its original location, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised in accordance with IAS 37. The expenses are included in the respective right of use.

Lease incentives (e.g. lease grace periods) are recognized as elements of the measurement of the right to use and lease liabilities. Variable rents that are not dependent on an index or rate are recognized as expenses in the year in which they are ascertained, or payment occurs.

The rights of use assets are depreciated over the lease term on a straight-line basis or over the estimated useful life of the asset under the right of use, when this is longer than the lease term and management intends to exercise the purchase option.

Unless it is reasonably certain that the Group will obtain ownership of the leased asset at the end of the lease term, the right to use the assets recognized is depreciated on a straight-line basis over the lease term.

The impairment of rights of use assets is tested in accordance with IAS-36 in substitution of the recognition of provisions for onerous lease contracts.

For low-value asset leases, the Group does not recognize the right of use assets or responsibility under lease liabilities, recognizing the expenses associated with these leases as expenses during the life of the contracts.

Lease-outs can contain rental and non-location components. However, the expedient rule of not separating the service components from the rental components by accounting for them as a single rental component has been considered.

B) LEASE LIABILITIES

At the starting date of the lease, the Group recognizes liabilities measured at the present value of future payments to be made until the end of the lease

Lease payments include fixed payments (including fixed payments in substance), deducted from any incentives to receive, variable payments, dependent on an index or a rate, and expected values to be paid under residual value quarantees. Lease payments also include the exercise price of a purchase option, if it is reasonably certain that the Group will exercise the option, and payments of penalties for termination of the contract, if it is reasonably certain that the Group will terminate the contract.

Payments for non-lease components are not recognised as lease liabilities. Variable payments that are not dependent on an index or a rate are recognised as an expense in the year in which the event giving rise to them occurs.

In calculating the present value of lease payments, the Group uses the incremental loan rate at the starting date of the lease if the implicit interest rate is not easily determinable.

Extension and termination options are provided for in various lease agreements and their application is based on operational maximization. In determining the term of the lease, the Board of Directors considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Most of the extension options were not included in the lease liability and, when exercised, are by the Group and not by the lessor.

The deadline is reviewed only if a significant event or a significant change in circumstances occurs that affects this assessment and is under the control of the tenant

After the rental start date, the value of the rental liability increases to reflect the accrued interest and reduces by the payments made. In addition, the book value of the lease liability is remeasured if there is a change, such as a change in the lease term, in the fixed payments or in the decision to purchase the underlying asset.

C) PRACTICAL EXPEDIENT

The amendment to IFRS 16 in the scope of Covid-19, allowed the use of a practical expedient for lessees, which exempts from the evaluation of the credits, attributed by the lessors, if they qualify as modifications to the leases.

The Group has opted to apply this exemption, accounting this change in rental payments as variable lease rentals in the periods in which the event or condition that led to the reduction in payment occurs.

The practical expedient is only applicable when the following cumulative conditions are met:

- a) the change in the lease payments results in a revised consideration for the lease that is substantially equal to, or less than, the consideration immediately prior to the change;
- b) any reduction in lease payments only affects payments due on or before 30
- c) there are no substantive changes to other terms and conditions of the lease.

D) THE ACCOUNTING TREATMENT OF SALE AND LEASEBACK OPERATIONS

The accounting treatment of Sale and Leaseback operations depends on the substance of the transaction by applying the principles explained in the revenue recognition (Note 2.16). According to IFRS 16, if the transfer of the asset complies with the requirements of IFRS 15, then it shall be accounted for as a sale of an asset, and the seller-lessee shall measure the right of use of the asset as a proportion of the previous book value of the asset that is related to the right of use, recognizing as gain and loss only that which relates to the rights transferred to the purchaser-leaser, i.e. those which run beyond the

In accordance with IFRS 16 the value of the right of use to be recognised (RoU) is lower than it would be if the lease contract were entered into without the previous sale transaction. In effect, the value of the Roll is calculated as the proportion of the value retained over the value of the asset sold.

In situations where the Group receives a price higher than its fair value as compensation for expenses to be incurred that are traditionally the responsibility of the owner, such amounts are deferred for the period of the

2.6 LEASES FROM THE PERSPECTIVE OF THE LESSOR

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

The leases where Sonae MC acts as lessor under operating leases, the values of the allocated assets are maintained in the statement of financial position of Sonae and income is recognised on a straight-line basis over the period of the lease contract.

2.7 NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

The non-current assets and liabilities classified as held for sale if it is expected that the book value will be recovered through the sale and not through the use in the operations. This condition is achieved only if the sale is highly probable and the asset is available for immediate sale in the actual conditions. In addition, there must be in progress actions that should allow conclude that is expectable that will be effective the sale within 12 months counting from the classification's date in this caption. The non-current assets and liabilities recorded as held for sale are booked at the lower amount of the historical cost of sell or the fair value deducted from costs, not being subject to depreciation or amortization after being classified as held for sale.

Regarding the classification of financial holdings as held for sale:

- I) in the case of subsidiaries they continue to be consolidated until the date of their disposal, but all their assets and liabilities must be classified as held for sale and recorded at the lowest between the book value and the fair value minus costs of selling, terminating the recording of depreciation/amortization;
- II) in the case of joint ventures and associates measured by the equity method, they are measured at the lower of book value and fair value less costs to sell, and the application of the equity method is terminated.

When, due to changes in the Group's circumstances, non-current assets, and/or Disposal Groups fail to comply with the conditions to be classified as held for sale, these assets and/or Groups for disposal shall be reclassified according to the underlying nature of the assets and shall be remeasured by the minor between i) the book value before they were classified as held for sale, adjusted for any depreciation/amortization expenses, or revaluation amounts that have been recognized, if those assets had not been classified as held for sale, and ii) the recoverable values of the items on the date on which they are reclassified according to their underlying nature. These adjustments will be recognized in the results of the financial year.

In the case of investments in joint ventures and associates measured under the equity method, the termination of the classification as held for sale implies the replacement of the equity method retrospectively.

2.8 GOVERNMENT GRANTS AND OTHER PUBLIC ENTITIES

Government grants are recorded at fair value when there is reasonable assurance that they will be received, and that Sonae MC will comply with the conditions attaching to them.

Grants received as compensation for expenses, namely grants for personnel training, are recognised as income in the same period as the relevant expense.

Investment grants related to the acquisition of fixed assets are included in "Other non-current liabilities" and are credited to the income statement on a straight-line basis over the estimated useful lives of the assets acquired.

2.9 IMPAIRMENT OF NON-CURRENT ASSETS, EXCEPT FOR GOODWILL

Assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement under "Provisions and impairment losses".

The recoverable amount is the highest of the net selling price and the value in use. The net selling price is the amount that would be obtained with the sale of the asset, in a transaction between independent and knowledgeable entities, less expenses directly attributable to the sale. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash—generating unit to which the asset belongs.

In situations where the use of the asset will be expectedly discontinued (stores to be closed or on the remodelling processes) the Group performs a review of the asset's useful life after considering its impact on the value of use of that asset far terms of impairment analysis, particularly on the net book value of the assets to derecoonise.

Reversal of impairment losses recognised in prior years is only recorded when it is concluded that the impairment losses recognised for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognised has been reversed. The reversal is recorded in the income statement as "Other income". However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for that asset in prior years.

2.10 FINANCIAL EXPENSES RELATING TO LOANS OBTAINED

Financial expenses related to loans obtained directly attributable to the acquisition, construction or production of property, plant and equipment and intangible assets, are capitalized as part of the cost of the qualifying asset. Financial expenses related to loans obtained are capitalized from the beginning of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset

development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the financial expenses that qualify for capitalization. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.11 INVENTORIES

The goods are recorded at acquisition cost, deducted from the value of commercial income and from the value of the quantity discounts granted by the suppliers and net realizable value of the two lowest, using as costing method the average cost.

Differences between cost and net realizable value, if negative, are shown as expenses under the caption "Cost of goods sold and materials consumed", as well as impairment reversals. Inventories is derecognised when it is considered obsolete by the Group, and its book value is derecognised by counterpart of "Other expenses".

2.12 PROVISONS

Provisions are recognised when, and only when, Sonae MC has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate as of that date.

Restructuring provisions are recorded by Sonae MC whenever a formal and detailed restructuring plan exists, and that plan has been communicated to the parties involved.

2.13 FINANCIAL INSTRUMENTS

Sonae MC classifies the financial instruments in the categories presented and conciliated with the combined statement of financial position disclosed in Note 5.

A) FINANCIAL ASSETS

Recognition

All purchases and sales of investments in financial assets are recognized on the trade date, the date when the Group commits to buy or sell the asset.

The classification of the financial assets depends on the business model followed by the Group in managing the financial assets (receipt of cash flows or appropriation of changes in fair value) and the contractual terms of the cash flows to be received

Changes in the classification of financial assets can only be made when the business model is changed, except for financial assets at fair value through other comprehensive income, which are equity instruments, which can never be reclassified to another category.

Financial assets may be classified in the following measurement categories:

- Financial assets at amortized cost: includes financial assets that correspond only to the payment of nominal value and interest and whose business model followed by the management is the receipt of contractual cash flows:
- II) Financial assets at fair value through other comprehensive income: this category may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual interest in an entity); a) the case of debt instruments, this category includes financial assets that correspond only to the payment of nominal value and interest, for which the business model followed by the management is the receipt of contractual cash flows or punctually their sale; b) in the case of equity instruments, this category includes the percentage of interest held in entities over which the group does not exercise control, joint control or significant influence, and that the group has irrevocably chosen, on the date of initial recognition, to designate the fair value through other comprehensive income;
- III) Financial assets at fair value through profit or loss: includes assets that do not meet the criteria for classification as financial assets at amortized cost or at fair value through other comprehensive income, whether they refer to debt instruments or equity instruments that were not designated at fair value through other comprehensive income.

Measurement

The group initially measures financial assets at fair value, added to the transaction costs directly attributable to the acquisition of the financial asset, for financial assets that are not measured at fair value through profit or loss. Transaction costs of financial assets at fair value through profit or loss are recorded in the income statement when incurred.

Financial assets at amortized cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income on these financial assets is included in "Interest income" on financial income.

Financial assets at fair value through other comprehensive income that constitute equity instruments, are measured at fair value on the date of initial registration and subsequently, and fair value changes are recorded directly in the other comprehensive income, in Equity, and there is no future reclassification even after derecognition of the investment.

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Impairment losses

Sonae MC assesses prospectively the estimated credit losses associated with financial assets, which are debt instruments, classified at amortized cost and at fair value through other comprehensive income. Impairment methodology applied considers the credit risk profile of the debtors, and different approaches are applied depending on the nature of the debtors.

With regard to the balances receivable under "Trade receivables", "Other trade receivables" and Assets of customer contracts, the Group applies the simplified approach allowed by IFRS 9, according to which estimated credit losses are recognized from the initial recognition of the balances receivable and for the entire period up to their maturity, considering an matrix of historical default rates for the maturity of the balances receivable, adjusted by prospective estimates.

Regarding to accounts receivable from related entities, which are not considered as part of the financial investment in these entities, credit impairment is assessed against the following criteria: i) if the receivable balance is immediately due ("on demand"); ii) if the balance receivable is low risk; or (iii) if it has a term of less than 12 months.

In cases where the amount receivable is immediately due and the related entity is able to pay, the probability of default is close to 0% and therefore the impairment is considered equal to zero. In cases where the receivable balance is not immediately due, the related entity's credit risk is assessed and if it is "low" or if the maturity is less than 12 months, then the Group only assesses the probability of a default occurring for the cash flows that mature in the next 12 months.

For all other situations and nature of receivables, Sonae MC applies the general approach of the impairment model, evaluating at each reporting date whether there has been a significant increase in credit risk since the date of the initial recognition of the asset. If there was no increase in credit risk, the Group calculates an impairment corresponding to the amount expected to be expected within 12 months. If there has been an increase in credit risk, an impairment is calculated corresponding to the amount equivalent to expected losses for all contractual flows until the maturity of the asset.

Derecognition of financial assets

Sonae MC derecognize financial assets when, and only when, the contractual rights to the cash flows have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of property of the asset.

B) LOANS GRANTED

Loans granted and non-current accounts receivables are measured at amortised cost using the effective interest method, deducted from any impairment losses and are recorded under IFRS 9 - Financial assets at amortized cost.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be

These financial investments arise when Sonae MC provides money, goods or services directly to a debtor with no intention of trading the receivable.

Balances are classified as current assets when collection is estimated within 12 months. The balances are classified as non-current if the estimated charge occurs more than 12 months after the reporting date. These financial assets are included in the caption presented in Note 5.

Impairment losses on loans and accounts receivable are recorded in accordance with the principles described in Note 2.13.a). As at 31 December 2020, when there was evidence that they were impaired, the corresponding adjustment to profit and loss was recorded.

C) TRADE RECEIVABLES AND OTHER RECEIVABLES

These captions mainly include the balances of customers resulting from services provided under the Group's activity and other balances related to operating activities.

"Trade receivables" and "Other receivables" captions are initially recognized at fair value and are subsequently measured at amortized cost, net of impairment adjustments.

Impairment losses of trade receivables and other receivables are recorded in accordance with the principles described in Note 2.13.a).

N) CASH AND BANK BALANCE

Amounts included under the caption "Cash and cash equivalents" correspond to cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption "Other loans", in the consolidated statement of financial position.

All the amounts included in this caption can be reimbursed at demand as there are no pledges or quarantees over these assets.

E) CLASSIFICATION AS EQUITY OR LIABILITIES

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

Equity instruments are contracts that evidence a residual interest in the assets of Sonae MC after deducting all its liabilities. Equity instruments issued by Sonae are recorded at the proceeds received, net of direct issue costs.

F) FINANCIAL LIABILITIES

Financial liabilities are classified into two categories: i) Financial liabilities at fair value through profit or loss; and ii) Financial liabilities at amortized cost.

The "Financial liabilities at amortized cost" category includes liabilities presented under "Loans", "Bonds", "Other loans", "Other non-current liabilities", "Trade payables" and "Other payable". These liabilities are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost at the effective interest rate.

As at 31 December 2020, Sonae MC has only recognized liabilities classified as "Financial liabilities at amortized cost".

Financial liabilities are derecognised when the underlying obligations are extinguished by payment, are cancelled or expire.

G) LOANS

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in caption "Financial income" and "Financial expenses" in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.17. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Funding on the form of commercial paper are classified as non-current, when they have guarantees of placing for a period exceeding one year and it is the intention of the group to maintain the use of this form of financing for a period exceeding one year.

H) TRADE PAYABLES AND OTHER PAYABLES

Trade payables and other payables generally include balances of suppliers of goods and services that the group acquired, in the normal course of its activity. The items that compose it will be classified as current liabilities if the payment is due within 12 months or less, otherwise the accounts of "Trade payables" will be classified as non-current liabilities.

These financial liabilities are initially recognized at fair value. Subsequent to its initial recognition, the liabilities presented under "Trade payables" are measured at amortized cost using the effective interest method. Accounts payable are stated at their nominal value, as they do not bear interests and the effect of discounting is considered immaterial.

I) CONFIRMING

Some subsidiaries within the retail business maintain agreements with financial institutions in order to enable its suppliers to an advantageous tool for managing its working capital by the confirmation by these subsidiaries

of the validity of invoices and credits that these suppliers hold over these companies.

Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries, after confirmation of the validity of such receivables by these subsidiaries.

These retail subsidiaries consider that the economic substance of these financial liabilities does not change, therefore these liabilities are kept as accounts payable to "Suppliers" until the normal maturity of these instruments under the general supply agreement established between the company and the supplier, whenever (i) the maturity corresponds to a term used by the industry in which the company operates, this means that there are no significant differences between the payment terms established with the supplier and the industry, and (ii) the company does not have net costs related with the anticipation of payments to the supplier when compared with the payment within the normal term of this instrument. In some situations, such subsidiaries receive a commission from the financial institutions.

In the due date of such invoice, the amount is paid by the subsidiaries to the financial institution regardless whether or not it anticipated those amounts to the suppliers.

I) DERIVATIVES

Sonae MC uses derivatives in the management of its financial risks to hedge such risks and-or to optimize the "funding costs", not being used with speculative purposes.

Derivative financial instruments are initially recorded at the fair value of the transaction date and subsequently measured at fair value. The method of recognizing fair value gains and losses depends on the designation of derivative financial instruments as trading or hedging instruments.

The criteria for classifying a derivative instrument as a cash flow hedge instrument is met when:

- 1) there is an economic relationship between the hedged item and the hedging instrument, the value of the hedged item and the hedging instrument move in opposite directions;
- II) as changes in fair value do not result mainly from credit risk; and
- III) the hedge ratio designated by Sonae MC, in each transaction is the amount of the hedged item and the amount of the hedging instrument that the entity effectively uses to cover that amount of the hedged item.

Derivatives classified as cash flow hedging instruments are used by Sonae MC mainly to hedge interest risks on loans obtained and exchange rate. Conditions established for these cash flow hedging instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The inefficiencies, if any, are accounted under "Financial income" or "Financial expenses" in the consolidated income statement.

Sonae MC also uses financial instruments with the purpose of cash flow hedging, that essentially refer to exchange rate hedging ("forwards") of loans and commercial operations. If they configure a perfect hedging relation, hedge accounting is used. In certain situations, such as loans and other commercial operations, they do not configure perfect hedging relations, and so do not receive hedge accounting treatment, although they allow in a very significant way, the reduction of the loan and receivablepayable exchange volatility, nominated in foreign currency.

In specific situations, Sonae MC may enter into derivatives on exchange rates in order to hedge the risk of fluctuations in future cash flows caused by changes in those exchange rates, which may not qualify as hedging instruments in accordance with IFRS 9, being the effect of revaluation at fair value of such derivatives recorded under "Financial income and gains" or "Financial expenses and losses" in the income statement.

Derivatives, although contracted for the purposes mentioned above (mainly foreign exchange forwards and derivatives in the form of or including interest rate options), for which the company has not applied hedge accounting, are initially recorded at cost, which corresponds to their fair value, if any, and subsequently revaluated at fair value, the changes in which, calculated using specific IT tools, directly affect the "Financial income " and "Financial expenses " items in the consolidated income statement.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics of the host contract, and these are not stated at fair value, gains and losses which are not realizable are recorded in the Income Statement.

Sonae MC may agree to become part of a derivative transaction in order to fair value hedge some interest rate exposure. In these cases, derivatives are recorded at fair value through profit or loss when the hedge instrument is not measured at fair value (namely loans recorded at amortised cost) the effective portion of the hedging relationship is adjusted in the carrying amount of the hedged instrument, through profit or loss.

K) OWN SHARES

Own shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in "Other reserves", included in "Others reserves and retained earnings".

2.14 CONTINGENT ASSETS AND LIABILITIES

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.15 INCOME TAX AND OTHER TAXES

The tax charge for the year is determined based on the taxable income of companies included on consolidation and considers deferred taxation.

Sonae MC is covered by the Special Taxation Regime for Groups of Companies (RETGS), of which Sonae, SGPS, SA is dominant society since 1 January 2014. The calculated balances of tax receivable or payable are included in the caption in the statement of financial position "Income tax".

Current income tax is determined based on the taxable income of companies included on consolidation, in accordance with the tax rules in force in the respective country of incorporation.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date, a review is made of the deferred tax assets recognized, being reduced whenever their future use is no longer probable.

Deferred tax liabilities are recognized on all taxable temporary differences, except those related to: i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities, which do not result from a business combination, and which at the date of the transaction do not affect the accounting or tax result.

Considering the accounting impacts resulting from the application of IFRS 16 – Leases, for a lessee, with the recognition of an asset under right of use not typified in the tax law and the recording of a lease liability that only has tax acceptance by the payment of rents, the management recognized the respective deferred tax asset (on the lease liability) and deferred tax liability (on the asset under right of use), on the date of initial and subsequent recognition of lease contracts. If the tax authorities change the tax law, the recognized deferred taxes may have to be reviewed/amended.

Deferred tax assets and liabilities are recorded in the income statement. except if they relate to items directly recorded in equity. In these cases, the corresponding deferred tax is recorded in equity.

The value of taxes recognised in the financial statements correspond to the understanding of Sonae on the tax treatment of specific transactions being recognised liabilities relating to income taxes or other taxes based on interpretation that is performed and what is meant to be the most appropriate.

In situations where such positions will be challenged by the tax authorities as part of their skills by their interpretation is distinct from Sonae MC, such a situation is the subject of review. If such a review, reconfirm the positioning of the Group concluded that the probability of loss of certain tax process is less than 50% Sonae treats the situation as a contingent liability, i.e. is not recognized any amount of tax since the decision more likely is that there will be no place for the payment of any tax. In situations where the probability of loss is greater than 50% is recognized a provision, or if the payment has been made, it is recognized the cost associated.

In situations in which payments were made to Tax Authorities under special schemes of regularization of debts, in which the related tax is Income Tax, and that cumulatively keep the respective lawsuits in progress and the likelihood of success of such lawsuits is greater than 50%, such payments are recognized as assets, as these amounts correspond to determined amounts, which will be reimbursed to the entity, (usually with interests) or which may be used to offset the payment of taxes that will be due by the group, in which case the obligation in question is determined as a present obligation. In situations where payments correspond to other taxes, such amounts are recorded as expenses, although the Group's understanding is that they will be reimbursed plus interest.

2.16 REVENUE

Revenue corresponds to the fair value of the amount received or receivable from transactions with customers in the normal course of the Group's activity. Revenue is recorded net of any taxes, commercial discounts and other costs inherent to its realization, at the fair value of the amount received or receivable.

In determining the value of revenue, Sonae MC evaluates for each transaction its performance obligations to the customers, the price of the transaction to be affected by each performance obligation identified in the transaction, and the existence of variable price conditions that may lead to future success to the value of the recorded revenue, and for which the group makes its best estimate.

Income from sales of products is recorded in the income statement when the control over the product or service is transferred to the customer, that is, at the moment when the customer becomes able to manage the use of the product or service and obtain all the remaining economic benefits associated with it.

The Group considers that, given the nature of the product or service that is associated with the assumed performance obligations, the transfer of control occurs mostly on a specific date, but there may be transactions in which the transfer of control occurs continuously over the defined contractual period.

Services rendered include the income from consulting projects, developed in the area of information systems, which are recognized, in each year, in accordance with the performance obligation to which they relate, according to the percentage of performance. The group recognizes revenue over time by measuring progress towards full compliance with that performance obligation.

Deferral of revenue associated with customer loyalty programs through the allocation of discounts on future purchases by the Food retail segment is quantified taking into account the probability of their exercise and are deducted from the revenue at the time they are generated, being corresponding liability in the caption "Other payables".

2.17 ACCRUAL BASIS

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

"Other current assets" and "Other current liabilities" include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognized in the income statement.

2.18 COMMERCIAL REVENUE

Commercial revenues, which includes amounts relating to supplier's agreements are based of carrying out an in-store service (flyers, product placement, advertising, etc. ...) or contribution in promotional campaigns for supplier's products. These amounts affect the value of goods inventories and are deducted from the "Cost of sales" as the respective goods are sold. Commercial revenues are to be formally agreed, with the identification of the dates of the service or for the promotional campaign and value agreement with the supplier, and their recognition depends on the fulfilment of performance obligations. Commercial revenue agreements lead to the issuance of financial document(s) to suppliers. which are discounted in future invoice payments or through direct collection to partners. The amounts that have not yet been invoiced to the supplier are recorded under "Other current assets".

2.19 BALANCES AND TRANSACTIONS EXPRESSED IN **FOREIGN CURRENCIES**

Transactions are recorded in the separate financial statements of the subsidiaries in the functional currency of the subsidiary, using the rates in force on the date of the transaction.

All monetary assets and liabilities expressed in foreign currency in the individual financial statements of the subsidiaries are translated into the functional currency of each subsidiary, using the exchange rates prevailing on the date of the statement of financial position for each period. Non-monetary assets and liabilities denominated in foreign currency and recorded at fair value are converted into the functional currency of each subsidiary, using the exchange rate in force on the date on which the fair value was determined.

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the statement of financial position, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity.

When Sonae MC wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.13.j)).

2.20 SUBSEQUENT EVENTS

Events after the statement of financial position date that provide additional information about conditions that existed at the statement of financial position date are reflected in the consolidated financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes to the consolidated financial statements when material.

2.21 JUDGEMENTS AND ESTIMATES

The estimates and judgments with impact on the Group's financial statements are continuously evaluated, representing at each reporting date the Management's best estimate, taking into account historical performance, accumulated experience and expectations about future events that, under the circumstances, if they believe they are reasonable.

The nature of the estimates may lead to the actual reflection of the situations that had been estimated, for the purposes of financial reporting, would differ from the estimated amounts. The most significant accounting estimates reflected in the financial statements include:

- a) Useful lives of the property, plant and equipment, intangible assets and right of use assets (Notes 2.3, 2.4 and 2.5):
- b) Terms of right of use assets (Note 2.5)
- c) Impairment analysis of goodwill in investments in associated companies and jointly controlled entities and of property, plant and equipment and intangible
- d) Recognition of adjustments on assets, provisions and contingent liabilities (Notes 30 and 32):

- e) Determining the fair value of derivative financial instruments (Notes 2.13 i)
- f) Recoverability of deferred tax assets (Note 19);
- a) Valuation at fair value of assets, liabilities and contingent liabilities in business combination transactions:
- h) Impairment of financial assets (Note 30):
- i) Recognition of contract revenue;
- j) Financial assets at fair value through other comprehensive income or profit and loss (Notes 2.13 a) and 10):
- k) Entities included in the consolidation perimeter:
- I) Incremental interest rate on lease contracts (Notes 2.5 and 8);
- m) Tax on profits from the Group's various geographies (Notes 2.15, 19 and 40)

Estimates used are based on the best information available during the preparation of consolidated financial statements and are based on best knowledge of past and present events. Although future events are neither controlled by Sonae MC nor foreseeable, some could occur and have impact on the estimates. Changes to estimates that occur after the date of these consolidated financial statements, will be recognized in net income, in accordance with IAS 8 - "Accounting policies, changes in accounting estimates and errors", using a prospective methodology.

Terms of rights of use assets

The Group determines the end of the lease as the non-cancellable portion of the lease term, together with any periods covered by an option to extend the lease if it is reasonably certain that it will be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain that it will not be exercised.

The Group has the option, under some of its lease contracts, to rent or leaseback its assets for additional periods. At the inception of the lease Sonae MC evaluates the reasonableness of exercising the option to renew the contract after the initial period. That is, it considers all relevant factors that create an economic incentive to exercise the renewal. After the start date, the Group reassesses the end of the contract if there is a significant event or changes in circumstances that are within its control and affect its ability to exercise (or not exercise) the renewal option (for example, a change in business strategy).

By the characteristics of the lease contracts negotiated, management assesses on the contract negotiation date whether it qualifies as a lease contract or a service contract.

Impairment analysis of goodwill in investments in associated companies and jointly controlled entities and of property, plant and equipment and intangible assets

The assessment of impairment in goodwill, investments in joint ventures and associates and other tangible and intangible assets involves significant judgments and estimates by Management, namely in projecting the cash flows of the assets included in the business plans, the rate of growth in perpetuity and the discount rate of those cash flows. The sensitivity analysis to changes in the assumptions of the impairment calculation is disclosed in Note 9.

Impairment of financial assets

Determining impairment on financial assets involves significant estimates. In making this estimate, Management evaluates, among other factors, the duration and extent of the circumstances in which the recoverable amount of these assets may be less than their carrying amount. The balances of "Clients", "Other Third Party Debtors" and "Other Current Assets" are evaluated for factors such as the history of default, current market conditions, and also estimated prospective information by reference to the end of each reporting period, as the most critical evaluation elements for the purpose of analysing estimated credit losses.

Recognition of provisions and analysis of contingent liabilities

Provisions are recognized when, and only when, the group has a present obligation (legal or constructive) as a result of a past event and it is probable that, to settle the obligation, an outflow of resources will be required and the amount of the obligation can be reasonably estimated.

Contingent liabilities estimated for each reporting period are disclosed in the notes to the financial statements, unless the possibility of an outflow of funds affecting future economic benefits is remote.

Recoverability of deferred tax assets

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used. At the end of each year the recorded and unrecorded deferred tax assets are revised and they are reduced whenever their realisation ceases to be probable, or increased if future taxable profits are likely enabling the recovery of such assets.

Tax impacts of applying IFRS 16

Considering the accounting impacts resulting from the application of IFRS 16 – Leases, for a lessee, with the recognition of an asset under right of use not typified in the tax law and the recording of a lease liability that only has tax acceptance by the payment of rents, the management recognized the respective deferred tax asset (on the lease liability) and deferred tax liability (on the asset under right of use), on the date of initial and subsequent recognition of lease contracts. In the event of a change in the tax law by the Tax Authorities, the recognized deferred taxes may have to be reviewed /

Recognition of contract revenue

In the recognition of revenue based on the percentage of completion, management reviews at each reporting date the total estimated costs, which correspond to the best estimate of the costs associated with the provision of the construction service and/or until its completion. When there are significant deviations in the performance of the contract that are not associated with changes that result in the right to additional revenue as agreed with the customer, management reviews the percentage of completion and margin associated with the contract, according to its best estimate of its completion, which may give rise to the recording of a provision (onerous contract) (Note 2.16).

Entities included in the consolidation perimeter

To determine the entities to be included in the consolidation perimeter, the Group assesses the extent to which it is exposed, or has rights, to variability in returns from its involvement with that entity and can take possession of them through the power it holds over that entity.

The decision that an entity has to be consolidated by the Group requires the use of judgment, assumptions and estimates to determine the extent to which the Group is exposed to variability of returns and the ability to seize them through

Other assumptions and estimates could lead to the Group's consolidation perimeter being different, with a direct impact on the consolidated financial

The remaining judgments and estimates are described in the corresponding notes, when applicable.

2.22 LEGAL RESERVES. OTHER RESERVES AND RETAINED EARNINGS

Legal reserves

Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve, until such reserve reaches at least 20% of the share capital. This reserve is not distributable, except in the case of liquidation of the company, but it may be used to absorb losses, after all the other reserves are exhausted, or to increase the share capital.

Cash flow hedging reserve

The Hedging reserve reflects the changes in fair value of "cash flow" hedging derivatives that are considered as effective (Note 2.13.j)) and is not distributable or used to cover losses.

Currency translation reserve

The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of the Sonae's foreign subsidiaries and joint ventures into Euro, in accordance with the accounting policy described in Note 2.2.d).

3.

FINANCIAL RISK MANAGEMENT

3.1 INTRODUCTION

The ultimate purpose of financial risk management is to support Sonae MC in the achievement of its strategy, reducing unwanted financial risk and volatility and mitigate any negative impacts in the income statement arising from such risks. Sonae MC's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae MC does not apply into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

3.2 CREDIT RISK

Credit risk is defined as the probability of a counterparty defaulting on its contractual obligations resulting in a financial loss. It is shown in two major ways:

3.2.1 CREDIT RISK ARISING FROM FINANCIAL INSTRUMENTS, FINANCIAL INVESTMENTS, DERIVATIVES AND LOADS TO RELATED ENTITIES

The credit risk management related to the Financial Instruments (investments and deposits in banks and other financial institutions or resulting from derivative financial instruments entered during the normal hedging activities) or loans to subsidiaries and associates, there are principles for all Sonae MC companies:

- In order to reduce the probability of counterparties defaulting on their payment contractual obligations, Sonae MC only enter into transactions (short term investments and derivatives) with counterparties that present a high degree of prestige and national and international recognition and are based on their rating notations, taking into consideration the nature, maturity and size of the transactions;
- Additionally, regarding the amounts considered in Note 20, cash and cash equivalents, reinforce that the applications made are always for short periods, coinciding whenever possible with scheduled payments and maximum exposure limits are defined for each of the counterparties in order to avoid significant concentration of counterparty risk;
- No financial instruments shall be contracted unless they have been authorised in advance. The definition of instruments eligible for both excess and derivatives has been defined on a conservative basis (mainly short– term money market instruments for treasury applications, and instruments which can be broken down into their integral parts and duly valued, with a maximum loss identifiable in the case of derivatives);

- In addition, in relation to treasury surpluses: i) these are preferably used, whenever possible and where it is most efficient, either in the repayment of existing debt, or invested preferably in relationship banks, thus reducing the net exposure these Institutions; and ii) can only be applied to previously authorized instruments:
- Any departure from the above-mentioned policies needs to be preapproved by the respective Board of Directors.

Regarding the policies and the minimum credit rating limits defined, Sonae MC does not foresee the possibility of any material non-compliance with the contractual payment obligations of its external counterparties, with respect to financial instruments. However, the exposure to each counterparty resulting from the financial instruments contracted and the credit ratings of the counterparties are regularly monitored and the deviations reported to the Board of Directors.

3.2.2 CREDIT RISK IN OPERATIONAL AND COMMERCIAL ACTIVITIES OF EACH BUSINESS

Credit risk is very low, considering that most transactions are made in cash. In the remaining, in the relationship with customers is controlled through a system of collecting quantitative and qualitative information, provided by high prestige and liable entities that provide information on risks by obtaining suitable guarantees, aimed at reducing the risk of granting credit. Credit risk arises in the relationship with suppliers as a result of advances or debits for discounts and is mitigated by the expectation to maintain the business relationship.

The group applies the simplified approach to calculate and record the estimated credit losses required by IFRS 9, which allows the use of estimated impairment losses for all "Trade receivables" and "Other receivables" balances. In order to measure estimated credit losses, the balances of "Trade receivables" and "Other receivables" were aggregated on the basis of shared credit risk characteristics, as well as on days of delay. The amount related to trade receivables and other receivables represents maximum Sonae MC exposure to credit risk of the assets included in these captions.

3.3 LIQUIDITY RISK

Sonae MC has a regular need to use external funds to finance its current activity and its expansion plans and has a diversified portfolio of long-term financing, consisting of inter alia loans and structured transactions, but which also includes a variety other short-term financing operations, in the form of commercial paper and credit lines. As at 31 December 2020, the total consolidated gross debt

(excluding supplies and lease liabilities) is 660.1 million euros (as at 31 December 2019 it was 680.1 million euros)

The objective of liquidity risk management is to ensure that, at all times, Sonae MC companies have the financial capacity to meet their monetary commitments on the dates when they are due, as well as to exercise their current activity and continue its strategic plans. Given the dynamic nature of its activities, Sonae MC needs a flexible financial structure, therefore using a combination of:

- Maintaining with its relationship banks, a combination of short and medium term committed credit facilities, with sufficiently comfortable previous notice cancellation periods with a range that goes (up to 360 days);
- Maintenance of commercial paper programs with different periods and terms, that allow, in some cases, to place the debt directly in institutional investors:
- > Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- > Diversification of financing sources and counterparties;
- Maintenance of an adequate average debt maturity, adjusted by the amount already pre-financed with available long-term lines and cash and cash equivalents, through the issuance of long-term debt in order to avoid the excessive concentration of programmed amortizations on dates next. In 2020, the average maturity of Sonae MC's debt is approximately 4.4 years [2019: 4.3 years];
- > Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination:
- > Where possible, by pre-financing forecasted liquidity needs, through transactions with an adequate maturity;
- Management procedures of short-term applications, assuring that the maturity of the applications will match with foreseen liquidity needs (or with a liquidity that allows to cover unprogrammed disbursements, concerning investments in assets), including a margin to hedge forecasting deviations. The margin of error needed in the treasury department prediction, will depend on the confidence degree and it will be determined by the business. The reliably of the treasury forecasts is an important variable to determinate the amounts and the periods of the market applications—borrowings.

The analysis of the maturity of each of the passive financial instruments is presented in Notes 23, 27 and 28, with undiscounted values and based on the most pessimistic scenario, that is, the shortest period in which the liability becomes due.

Sonae MC maintains a liquidity reserve in the form of credit lines together with the banks with which there are activities. This is to ensure the ability to meet its commitments without having to refinance itself in unfavourable terms. In 31 December 2020, as described in Note 23, the consolidated loan

amount maturing in 2021 is of 3.9 million euros (19.9 million euros maturing in 2020) and in 31 December 2020 Sonae MC had 94 million euros available in consolidated credit lines (124 million euros in 2019) with commitment less than or equal to one year and 265 million euros (284 million euros in 2019) with a commitment greater than one year (Note 23).

Additionally, as at 31 December 2020, Sonae MC had a liquidity reserve consisting of cash and cash equivalents of 194.4 million euros (77.3 million euros as at 31 December 2019) (Note 20).

In view of the above, despite the current liabilities being higher than the current assets, a natural situation due to the fact that the business has negative working capital needs, Sonae MC expects to satisfy all its treasury needs with the use of the flows of the operational activity and of the financial investments, as well as, if necessary, using existing available credit lines.

3.4 INTEREST RATE RISK

Business exposure to interest rates arises mainly from long term loans which bear interests at Euribor.

The interest rate sensitivity analysis is based on the following assumption:

- Sonae MC hedging activities do not constitute a profit—making activity and derivatives are entered into without any speculation purpose;
- > For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be consistent with the settlement dates of the hedging instruments to avoid any mismatch and hedging inefficiencies:
- > For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be a perfect match between the base rate: the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction;
- > Since the beginning of the transaction, the maximum cost of indebtedness, resulting from the hedging operation carried out, is known and limited, even in scenarios of extreme changes in market interest rates, trying to ensure that the resulting level of rates is compatible the cost of funds considered in the respective company's business plan, or at least in extreme interest rate hike scenarios does not exceed the cost of financing indexed to the underlying variable rate;
- > The counterparties of hedging instruments are limited to institutions of high prestige, national and international recognition and based on respective credit ratings, as described in 3.2. above. It is Sonae MC policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae MC's relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions:
- > In determining the fair value of hedging operations Sonae MC uses certain

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methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates, foreign exchange rates, volatility among others prevailing at the statement of financial position date. Comparative financial institution quotes for specific or similar instruments are used as benchmark for the valuation:

- > All transactions have to be documented under ISDA's Agreements (International Swaps and Derivatives Association);
- > All transactions which do not follow the rules mentioned above have to be individually approved by Board of Directors, namely transactions entered into with the purpose of optimizing the cost of debt when deemed appropriate according to prevailing financial market conditions.

Business exposure to interest rates arises mainly from long term loans which hear interests at Eurihor

The purpose of Sonae MC is to limit cash—flows volatility and results, considering the profile of its operational activity, by using an appropriate mix of fixed and variable interest rate debt. Sonae MC policy allows the use of interest rate derivatives to decrease the exposure to Euribor fluctuations but does not allow for trading purpose.

3.4.1 SENSITIVITY ANALYSIS

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest rate financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, these instruments are included in the calculation of income—related sensitivities;
- > Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- > Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IFRS 9 affect other financial income or expense (gain/loss in change of the derivatives fair value)

therefore it has taken into consideration in the sensitivity calculations for changes in interest rate;

- > Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- > For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if euro interest rate of denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax of Sonae MC for the period ended as at 31 December 2020 would decrease by approximately 4.4 million euros (5.4 million euros decrease as at 31 December 2019)

3.5 EXCHANGE RISK

3.5.1 POLICIES

Sonae MC's currency exposures are divided into two levels: transaction exposures (foreign exchange exposures relating to contracted cash flows and statement of financial position items where changes in exchange rates will have an impact on earnings and cash flows) and translation exposure (equity in foreign subsidiaries).

The impact on the financial statements of changes in exchange rate is immaterial, as the most part of the transactions are denominated in euro. Sonae MC is mainly exposed to exchange rate risk through transactions relating to acquisitions of goods in international markets, which are mainly in US Dollars.

Sonae MC aims to limit the risk of exposure to foreign currencies associated with operational transactions. The reduction of the exchange rate exposure risk can be obtained, among other ways, by contracting financial derivatives that allow replicating the natural hedge through financial movements, always in line with the existing exchange rate risk policy.

The exchange risk management purpose is to provide a stable decision platform when deciding and negotiating the purchases of inventories establishing fixed exchange rates. The hedging accompanies all the purchase process, since procurement up to the formal agreement of purchase.

The exchange risk exposure is monitored through the purchase of forwards with the goal of minimizing the negative impacts of volatility in exposure level as a consequence of changes of the amounts of imports denominated in other

currencies rather than euro.

3.5.2 EXPOSURE AND SENSITIVITY ANALYSES

As at 31 December 2020 and 2019 Sonae MC amounts of assets and liabilities (in euro) denominated in a currency different from the subsidiary functional currency were the following:

Acc	Te	LIADII	ITIES
ASSETS		LIADII	ITTES
31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
3,411	18,655	30,797	162,607
5,825,898	4,055,543	30,797	19,293,058
3,451	6,271	25	_
	31 DEC 2020 3,411 5,825,898	2020 2019 3,411 18,655 5,825,898 4,055,543	31 DEC 2020 31 DEC 2019 31 DEC 2020 3,411 18,655 30,797 5,825,898 4,055,543 30,797

The amounts presented above, only include assets and liabilities expressed in different currency than the functional currency used by the subsidiary or jointly controlled company. Therefore, it does not represent any risk of financial statements translation. Due to the short–term character of the majority of monetary assets and liabilities and the magnitude of its net value, the exposure to currency risk is immaterial and therefore a sensitivity analysis to changes in the exchange rate isn't disclosed.

3.6 CAPITAL RISK

The capital structure of Sonae MC, determined by the proportion of equity and net debt is managed in order to ensure continuity and development of its operations, maximize the return on shareholders and optimize financing costs.

Sonae MC periodically monitors its capital structure, identifying risks, opportunities and the necessary adjustment measures for the achievement of these objectives.

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4.

DISCONTINUED ACTIVITIES

As at 31 December 2020 discontinued activities include:

- » Modelo Continente International Trade, SA has economic activities related to businesses not related to food retail, so these activities were considered to be discontinued in the consolidated income statement for the year ended 31 December 2020; and
- > Some operations in the final phase of the liquidation process, which are being considered as discontinued operations, since 2018.

The discontinued activities can be analysed as follows:

	31 DEC 2020				
AMOUNTS EXPRESSED IN EURO	TURQUEY	MODELO CONTINENTE INTERNACIONAL TRADE	TOTAL DISCOUNTINUING OPERATIONS		
Other tax assets	188,412	-	188,412		
Cash and bank balances	24,696	-	24,696		
Trade payables	(487,918)	-	(487,918)		
PROFIT/(LOSS) BEFORE TAX	(274,810)	-	(274,810)		
Net income	(1,821,629)	32,123	(1,789,506)		
Conversion reserves	5,470,151	-	5,470,151		
PROFIT/(LOSS) FOR PERIOD FROM DISCOUNTINUING OPERATIONS	3,923,332	32,123	3,955,455		

		31 DEC 2020	
AMOUNTS EXPRESSED IN EURO	TURQUEY	MODELO CONTINENTE INTERNACIONAL TRADE	TOTAL DISCOUNTINUING OPERATIONS
Turnover	-	47,601,244	47,601,244
Other income	33	5,994,435	5,994,468
Cost of goods sold and materials consumed	-	(47,425,280)	(47,425,280)
External supplies and services	(9,165)	(3,888)	(13,053)
Other expenses	(21,185)	(6,122,938)	(6,144,123)
Financial Income and Expenses	(1,791,312)	(741)	(1,792,053)
PROFIT/(LOSS) BEFORE TAX	(1,821,629)	42,832	(1,778,797)
Income tax expense	-	(10,709)	(10,709)
PROFIT/(LOSS) AFTER TAX	(1,821,629)	32,123	(1,789,506)
Income or expenses related to loss control	5,744,961	-	5,744,961
PROFIT/(LOSS) FOR PERIOD FROM DISCOUNTINUING OPERATIONS	3,923,332	32,123	3,955,455

5.

FINANCIAL INSTRUMENTS BY CLASS

As at 31 December 2020 and 2019, the categories and fair value of the financial instruments were classified as follows:

FINANCIAL ASSETS	NOTES	FINANCIAL ASSETS RECORDED AT AMORTIZED COST	ASSETS AT FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME	ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT	OTHERS Non-Financial Assets	TOTAL
AS AT 31 DECEMBER 2020						
NON-CURRENT ASSETS						
Assets at fair value through results	11	_	_	15,583,705	_	15,583,705
Other non-current assets	12	9,035,366	-	-	-	9,035,366
		9,035,366	-	15,583,705	-	24,619,071
CURRENT ASSETS						
Trade receivables	14	55,372,877	_	_	_	55,372,877
Other receivables	15	64,726,308	_	_	3,437,443	68,163,751
Other investments	11	-	2,663,026	_	_	2,663,026
Cash and bank balances	20	194,423,583	-	_	_	194,423,583
		314,522,768	2,663,026	-	3,437,443	320,623,237
		323,558,134	2,663,026	15,583,705	3,437,443	345,242,308
		FINANCIAL	ASSETS AT FAIR			
FINANCIAL ASSETS	NOTES	ASSETS RECORDED AT	VALUE THROUGH THE OTHER COMPREHENSIVE	ASSETS AT FAIR VALUE THROUGH THE INCOME	OTHERS NON- FINANCIAL ASSETS	TOTAL
FINANCIAL ASSETS	NOTES	ASSETS	THE OTHER	VALUE THROUGH	FINANCIAL	TOTAL
AS AT 31 DECEMBER 2019	NOTES	ASSETS RECORDED AT	THE OTHER COMPREHENSIVE	VALUE THROUGH THE INCOME	FINANCIAL	TOTAL
AS AT 31 DECEMBER 2019 NON-CURRENT ASSETS		ASSETS RECORDED AT	THE OTHER COMPREHENSIVE	VALUE THROUGH THE INCOME STATEMENT	FINANCIAL	
AS AT 31 DECEMBER 2019 NON-CURRENT ASSETS Assets at fair value through results	11	ASSETS RECORDED AT AMORTIZED COST	THE OTHER COMPREHENSIVE	VALUE THROUGH THE INCOME	FINANCIAL	17,247,851
AS AT 31 DECEMBER 2019 NON-CURRENT ASSETS		ASSETS RECORDED AT AMORTIZED COST	THE OTHER COMPREHENSIVE	VALUE THROUGH THE INCOME STATEMENT 17,247,851	FINANCIAL	17,247,851 10,763,959
AS AT 31 DECEMBER 2019 NON-CURRENT ASSETS Assets at fair value through results Other non-current assets	11	ASSETS RECORDED AT AMORTIZED COST	THE OTHER COMPREHENSIVE	VALUE THROUGH THE INCOME STATEMENT	FINANCIAL	17,247,851
AS AT 31 DECEMBER 2019 NON-CURRENT ASSETS Assets at fair value through results Other non-current assets CURRENT ASSETS	11 12	ASSETS RECORDED AT AMORTIZED COST - 10,763,959 10,763,959	THE OTHER COMPREHENSIVE	VALUE THROUGH THE INCOME STATEMENT 17,247,851	FINANCIAL	17,247,851 10,763,959 28,011,810
AS AT 31 DECEMBER 2019 NON-CURRENT ASSETS Assets at fair value through results Other non-current assets CURRENT ASSETS Trade receivables	11 12	ASSETS RECORDED AT AMORTIZED COST - 10,763,959 10,763,959 98,402,123	THE OTHER COMPREHENSIVE	VALUE THROUGH THE INCOME STATEMENT 17,247,851	FINANCIAL ASSETS	17,247,851 10,763,959 28,011,810 98,402,123
AS AT 31 DECEMBER 2019 NON-CURRENT ASSETS Assets at fair value through results Other non-current assets CURRENT ASSETS Trade receivables Other receivables	11 12 14 15	ASSETS RECORDED AT AMORTIZED COST - 10,763,959 10,763,959	THE OTHER COMPREHENSIVE INCOME	VALUE THROUGH THE INCOME STATEMENT 17,247,851	FINANCIAL	17,247,851 10,763,959 28,011,810 98,402,123 77,059,454
AS AT 31 DECEMBER 2019 NON-CURRENT ASSETS Assets at fair value through results Other non-current assets CURRENT ASSETS Trade receivables Other receivables Other investments	11 12 14 15 11	ASSETS RECORDED AT AMORTIZED COST - 10,763,959 10,763,959 98,402,123 67,054,121 -	THE OTHER COMPREHENSIVE	VALUE THROUGH THE INCOME STATEMENT 17,247,851	FINANCIAL ASSETS	17,247,851 10,763,959 28,011,810 98,402,123 77,059,454 394,309
AS AT 31 DECEMBER 2019 NON-CURRENT ASSETS Assets at fair value through results Other non-current assets CURRENT ASSETS Trade receivables Other receivables	11 12 14 15	ASSETS RECORDED AT AMORTIZED COST - 10,763,959 10,763,959 98,402,123 67,054,121 - 77,339,624	THE OTHER COMPREHENSIVE INCOME	VALUE THROUGH THE INCOME STATEMENT 17,247,851	FINANCIAL ASSETS	17,247,851 10,763,959 28,011,810 98,402,123 77,059,454 394,309 77,339,624
AS AT 31 DECEMBER 2019 NON-CURRENT ASSETS Assets at fair value through results Other non-current assets CURRENT ASSETS Trade receivables Other receivables Other investments	11 12 14 15 11	ASSETS RECORDED AT AMORTIZED COST - 10,763,959 10,763,959 98,402,123 67,054,121 -	THE OTHER COMPREHENSIVE INCOME	VALUE THROUGH THE INCOME STATEMENT 17,247,851	FINANCIAL ASSETS	17,247,851 10,763,959 28,011,810 98,402,123 77,059,454 394,309

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S84,645,579 1,170,794 -	FINANCIAL LIABILITIES	NOTES	FINANCIAL LIABILITIES RECORDED AT AMORTIZED COST	LIABILITIES AT FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME	LIABILITIES AT FAIR VALUE THROUGH THE INCOME STATEMENT	OTHERS NON- FINANCIAL LIABILITIES	TOTAL
Bank loans 23 333,973,644 - - 333,973,644	AS AT 31 DECEMBER 2020						
Bonds 23 321,021,071 - - - 321,021,071 Other non-current liabilities 25 1,435,875 - - 21,236,085 22,671,960 CURRENT LIABILITIES Bank loans 23 3,840,276 - - - 3,840,276 Other loans 23 and 24 66,927 1,170,794 - - 1,237,721 Trade payables 27 794,952,544 - - - 794,952,544 Other payables 28 85,785,832 - - - 885,816,373 Other payables 28 85,785,832 - - - 885,816,373 Other payables 28 81,785,832 - - - 885,816,373 Other payables 1,541,076,169 1,170,794 - 21,236,085 1,563,483,048 Other payables 1,541,076,169 1,170,794 - 21,236,085 1,563,483,048 Other payables 2,541,076,169 1,170,794 -	NON-CURRENT LIABILITIES						
Other non-current liabilities 25 1,435,875 - - 21,236,085 22,671,960 CURRENT LIABILITIES Bank loans 23 3,840,276 - - - 21,236,085 677,666,675 Other loans 23 and 24 66,927 1,170,794 - - 1,237,721 Trade payables 27 794,952,544 - - - 794,952,544 Other payables 28 85,785,832 - - - 85,785,832 Bask,645,579 1,170,794 - - 85,785,832 Interpretation of the payables 1,541,076,169 1,170,794 - 21,236,085 1,563,483,048 Interpretation of the payables 1,541,076,169 1,170,794 - 21,236,085 1,563,483,048 Interpretation of the payables 1,541,076,169 1,170,794 - 21,236,085 1,563,483,048 Interpretation of the payables 1,541,076,169 1,170,794 - 21,236,085 1,563,483,048	Bank loans	23	333,973,644	-	-	-	333,973,644
CURRENT LIABILITIES	Bonds	23	321,021,071	-	-	-	321,021,071
Bank loans 23 3,840,276 - - - 3,840,276	Other non-current liabilities	25	1,435,875	-	-	21,236,085	22,671,960
Bank loans 23 3,840,276 - - - 3,840,276			656,430,590	-	-	21,236,085	677,666,675
Other loans 23 and 24 66,927 1,170,794 - - 1,237,721	CURRENT LIABILITIES						
Trade payables 27	Bank loans	23	3,840,276	-	-	-	3,840,276
Other payables 28	Other loans	23 and 24	66,927	1,170,794	-	-	1,237,721
S84,645,579 1,170,794 -	Trade payables	27	794,952,544	_	_	-	794,952,544
Tinancial Liabilities	Other payables	28	85,785,832	_	_	_	85,785,832
FINANCIAL LIABILITIES NOTES FINANCIAL LIABILITIES RECORDED AT AMORTIZED COST THE OTHER COMPREHENSIVE INCOME THE INCOM			884,645,579	1,170,794	-	-	885,816,373
FINANCIAL LIABILITIES NOTES RECORDED AT AMORTIZED COST FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME THROUGH THE INCOME STATEMENT OTHERS NON-FINANCIAL LIABILITIES			1,541,076,169	1,170,794	_	21,236,085	1,563,483,048
FINANCIAL LIABILITIES NOTES RECORDED AT AMORTIZED COST FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME THROUGH THE INCOME STATEMENT OTHERS NON-FINANCIAL LIABILITIES							
NON-CURRENT LIABILITIES Bank loans 23 407,666,667 - - - 407,666,667 Bonds 23 252,163,176 - - 252,163,176 Other non-current liabilities 25 1,823,388 - - 20,895,680 22,719,068 CURRENT LIABILITIES Bank loans 23 16,847,781 - - - 16,847,781 Bonds 23 2,996,380 - - - 2,996,380 Other loans 23 and 24 10,613 420,098 - - 430,711 Trade payables 27 870,957,571 - - 870,957,571 Other payables 28 76,568,322 - - - 76,568,322				LIADILITIES AT			
Bank loans 23 407,666,667 - - - 407,666,667 Bonds 23 252,163,176 - - 252,163,176 Other non-current liabilities 25 1,823,388 - - 20,895,680 22,719,068 CURRENT LIABILITIES Bank loans 23 16,847,781 - - - 16,847,781 Bonds 23 2,996,380 - - - 2,996,380 Other loans 23 and 24 10,613 420,098 - - 430,711 Trade payables 27 870,957,571 - - 870,957,571 Other payables 28 76,568,322 - - - - 76,568,322	FINANCIAL LIABILITIES	NOTES	LIABILITIES RECORDED AT	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE	FAIR VALUE THROUGH THE INCOME	FINANCIAL	TOTAL
Bonds 23 252,163,176 252,163,176 Other non-current liabilities 25 1,823,388 20,895,680 22,719,068 661,653,231		NOTES	LIABILITIES RECORDED AT	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE	FAIR VALUE THROUGH THE INCOME	FINANCIAL	TOTAL
Other non-current liabilities 25 1,823,388 - - 20,895,680 22,719,068 CURRENT LIABILITIES Bank loans 23 16,847,781 - - - - 16,847,781 Bonds 23 2,996,380 - - - - 2,996,380 Other loans 23 and 24 10,613 420,098 - - - 430,711 Trade payables 27 870,957,571 - - - 870,957,571 Other payables 28 76,568,322 - - - - 76,568,322	AS AT 31 DECEMBER 2019	NOTES	LIABILITIES RECORDED AT	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE	FAIR VALUE THROUGH THE INCOME	FINANCIAL	TOTAL
G61,653,231 - - 20,895,680 682,548,911 CURRENT LIABILITIES Bank loans 23 16,847,781 - - - 16,847,781 Bonds 23 2,996,380 - - - 2,996,380 Other loans 23 and 24 10,613 420,098 - - 430,711 Trade payables 27 870,957,571 - - 870,957,571 Other payables 28 76,568,322 - - - 76,568,322	AS AT 31 DECEMBER 2019 NON-CURRENT LIABILITIES		LIABILITIES RECORDED AT AMORTIZED COST	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE	FAIR VALUE THROUGH THE INCOME	FINANCIAL	
CURRENT LIABILITIES Bank loans 23 16,847,781 - - - 16,847,781 Bonds 23 2,996,380 - - - 2,996,380 Other loans 23 and 24 10,613 420,098 - - - 430,711 Trade payables 27 870,957,571 - - - 870,957,571 Other payables 28 76,568,322 - - - 76,568,322	AS AT 31 DECEMBER 2019 NON-CURRENT LIABILITIES Bank loans	23	LIABILITIES RECORDED AT AMORTIZED COST	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE	FAIR VALUE THROUGH THE INCOME	FINANCIAL	407,666,667
Bank loans 23 16,847,781 - - - 16,847,781 Bonds 23 2,996,380 - - - 2,996,380 Other loans 23 and 24 10,613 420,098 - - - 430,711 Trade payables 27 870,957,571 - - - 870,957,571 Other payables 28 76,568,322 - - - 76,568,322	AS AT 31 DECEMBER 2019 NON-CURRENT LIABILITIES Bank loans Bonds	23 23	LIABILITIES RECORDED AT AMORTIZED COST 407,666,667 252,163,176	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE	FAIR VALUE THROUGH THE INCOME	FINANCIAL LIABILITIES	407,666,667 252,163,176
Bonds 23 2,996,380 - - - 2,996,380 Other loans 23 and 24 10,613 420,098 - - - 430,711 Trade payables 27 870,957,571 - - - 870,957,571 Other payables 28 76,568,322 - - - 76,568,322	AS AT 31 DECEMBER 2019 NON-CURRENT LIABILITIES Bank loans Bonds	23 23	LIABILITIES RECORDED AT AMORTIZED COST 407,666,667 252,163,176 1,823,388	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE	FAIR VALUE THROUGH THE INCOME	FINANCIAL LIABILITIES 20,895,680	407,666,667 252,163,176 22,719,068
Other loans 23 and 24 10,613 420,098 - - - 430,711 Trade payables 27 870,957,571 - - - 870,957,571 Other payables 28 76,568,322 - - - - 76,568,322	AS AT 31 DECEMBER 2019 NON-CURRENT LIABILITIES Bank loans Bonds Other non-current liabilities	23 23	LIABILITIES RECORDED AT AMORTIZED COST 407,666,667 252,163,176 1,823,388	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE	FAIR VALUE THROUGH THE INCOME	FINANCIAL LIABILITIES 20,895,680	407,666,667 252,163,176 22,719,068
Trade payables 27 870,957,571 - - - 870,957,571 Other payables 28 76,568,322 - - - - 76,568,322	AS AT 31 DECEMBER 2019 NON-CURRENT LIABILITIES Bank loans Bonds Other non-current liabilities CURRENT LIABILITIES	23 23 25	LIABILITIES RECORDED AT AMORTIZED COST 407,666,667 252,163,176 1,823,388 661,653,231	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE	FAIR VALUE THROUGH THE INCOME	FINANCIAL LIABILITIES 20,895,680	407,666,667 252,163,176 22,719,068 682,548,911
Other payables 28 76,568,322 – – 76,568,322	AS AT 31 DECEMBER 2019 NON-CURRENT LIABILITIES Bank loans Bonds Other non-current liabilities CURRENT LIABILITIES Bank loans	23 23 25 23	407,666,667 252,163,176 1,823,388 661,653,231	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE	FAIR VALUE THROUGH THE INCOME	FINANCIAL LIABILITIES 20,895,680	407,666,667 252,163,176 22,719,068 682,548,911 16,847,781
	AS AT 31 DECEMBER 2019 NON-CURRENT LIABILITIES Bank loans Bonds Other non-current liabilities CURRENT LIABILITIES Bank loans Bonds	23 23 25 23 23 23	LIABILITIES RECORDED AT AMORTIZED COST 407,666,667 252,163,176 1,823,388 661,653,231 16,847,781 2,996,380	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH THE INCOME	FINANCIAL LIABILITIES 20,895,680	407,666,667 252,163,176 22,719,068 682,548,911 16,847,781 2,996,380
967.380.667 420.098 - 967.800.765	AS AT 31 DECEMBER 2019 NON-CURRENT LIABILITIES Bank loans Bonds Other non-current liabilities CURRENT LIABILITIES Bank loans Bonds Other loans	23 23 25 23 23 23 23 and 24	LIABILITIES RECORDED AT AMORTIZED COST 407,666,667 252,163,176 1,823,388 661,653,231 16,847,781 2,996,380 10,613	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH THE INCOME	FINANCIAL LIABILITIES 20,895,680	407,666,667 252,163,176 22,719,068 682,548,911 16,847,781 2,996,380 430,711
307,000,700	AS AT 31 DECEMBER 2019 NON-CURRENT LIABILITIES Bank loans Bonds Other non-current liabilities CURRENT LIABILITIES Bank loans Bonds Other loans Trade payables	23 23 25 23 23 23 and 24 27	LIABILITIES RECORDED AT AMORTIZED COST 407,666,667 252,163,176 1,823,388 661,653,231 16,847,781 2,996,380 10,613 870,957,571	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH THE INCOME	FINANCIAL LIABILITIES 20,895,680	407,666,667 252,163,176 22,719,068 682,548,911 16,847,781 2,996,380 430,711 870,957,571
1,629,033,898 420,098 - 20,895,680 1,650,349,676	AS AT 31 DECEMBER 2019 NON-CURRENT LIABILITIES Bank loans Bonds Other non-current liabilities CURRENT LIABILITIES Bank loans Bonds Other loans Trade payables	23 23 25 23 23 23 and 24 27	LIABILITIES RECORDED AT AMORTIZED COST 407,666,667 252,163,176 1,823,388 661,653,231 16,847,781 2,996,380 10,613 870,957,571	FAIR VALUE THROUGH THE OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH THE INCOME STATEMENT	FINANCIAL LIABILITIES	252,163,176 22,719,068 682,548,911 16,847,781 2,996,380 430,711 870,957,571

FINANCIAL INSTRUMENTS RECOGNIZED AT FAIR VALUE

In accordance with the requirements of IFRS 13, the fair value of financial assets and liabilities measured at fair value correspond to the following fair value hierarchy levels (see Note 2.1)):

	31 DEC 2020			31 DEC 2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
FINANCIAL ASSETS MEASURED AT FAIR VALUE						
Assets at fair value through profit and loss (Note 11)	-	-	15,583,705	-	-	17,247,851
Derivatives (Note 11 and 24)	-	2,663,026	-	-	394,309	-
	_	2,663,026	15,583,705	-	394,309	17,247,851
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE						
Derivatives (Note 24)	-	1,170,794	-	-	420,098	-
	-	1,170,794	-	-	420,098	-

6. PROPERTY, PLANT AND EQUIPMENT

During the periods ended as at 31 December 2020 and 2019, the movements in Property, plant and equipment as well accumulated depreciation and impairment losses are made up as follows:

PROPERTY, PLANT AND EQUIDMENS PLANT AND EQUIPMENT PLANT EQUIPMENT PLANT AND EQUIPMENT PLANT EQUIPMENT PLANT AND EQUIPMENT PLANT EQUIPMENT PLANT AND EQUIPMENT PLANT EQUIPMENT				1				
Pennic Balance Sat 1				VEHICLES		TANGIBLE	ASSETS IN	PROPERTY, PLANT AND
Investment 1,087,557,283 2,020,871,956 22,794,610 110,268,308 38,07,013 28,293,15 2,008,287,44 Investment 10,377,739 8,288,321 90,036 110,086,401 40,303,307 1868,398 48,955,951 Insposals (22,131,483) (51,518,401) (909,679) (11,068,401) (2,389,444) (2,798,229) (90,815,637) Exchange rate effect	GROSS ASSETS							
Investment 10,377,739 8,288,321 90,036 4,300,077 801,034 18,29,778 26,785,755 56,825 51,839,145 4,032,337 1,868,338 48,955,951 10,500,531 1,200,835 1,200,835,755 1,200,835 1,200,835,835								
Acquisitions of subsidiaries 5,740,925 20,906,921 568,225 15,839,145 4,032,337 1,868,396 20,801,816,357 1,008,801 2,289,444 2,798,229 30,815,637 2,281,820 2,2								
Disposals C2,131,483 C1,518,401 C1,090,679 C11,068,401 C2,389,444 C2,78,229 C10,6787 C10,678	Investment	10,377,739	8,288,321	90,036		801,034	182,927,738	
Exchange rate effect	Acquisitions of subsidiaries	5,740,925	20,906,921	568,225	15,839,145	4,032,337	1,868,398	, ,
Reserts available for sale (6,648,041) (27,413,094) (961,788) C C C C C C C C C	Disposals	(22,131,483)	(51,518,401)	(909,679)	(11,068,401)	(2,389,444)	(2,798,229)	(90,815,637)
Transfers C248,390 163,562,157 3,177,141 11,539,175 3,241,852 185,324,860 (4,052,925)	Exchange rate effect	-	-	-	(10,878)	-	-	(10,878)
OPENING BALANCE AS AT 1 JANUARY 2020 1,074,648,043 1,218,546 1,316,697,830 (719,372 24,758,536 (719,372 130,868,256 (11,534,071) 44,393,080 (916,688) 25,302,362 (2,616,668,107 2,616,668,107 Dissposals (10,556,011) (31,970,366) (478,493) (11,534,071) (916,688) (3,071,111) (58,472,740) Exchange rate effect — 6 — 7 — (1,251) — 7 (12,511) Transfers 16,768,523 116,389,833 1,882,858 9,728,888 2,649,744 (148,996,074) (1,576,228) CLOSING BALANCE AS AT 31 DECEMBER 2020 1,093,044,101 1,408,316,669 26,317,349 132,061,868 46,662,051 32,346,955 2,738,748,993 ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES OPENING BALANCE AS AT 1 JANUARY 2019 350,421,802 716,837,775 16,437,733 82,310,659 31,680,757 — 1,197,688,726 Depreciation of period 16,697,958 91,665,615 1,528,501 11,449,637 3,318,514 — 124,660,225 Impairment losses of the period (Note 30) (8,168,330) (44,422,314) (869,658)	Assets available for sale	(6,648,041)	(27,413,094)	(961,788)	-	-	-	(35,022,923)
Investment 12,183,546 7,199,372 154,448 3,000,046 539,915 159,057,778 182,131,105	Transfers	(248,390)	163,562,157	3,177,141	11,539,175	3,241,852	(185,324,860)	(4,052,925)
Disposals Cito Ci		1,074,648,043	1,316,697,830	24,758,536	130,868,256	44,393,080	25,302,362	2,616,668,107
Exchange rate effect —	Investment	12,183,546	7,199,372	154,448	3,000,046	535,915	159,057,778	182,131,105
Transfers 16,768,523 116,389,833 1,882,858 9,728,888 2,649,744 (148,996,074) (1,576,228) CLOSING BALANCE AS AT 31 1,093,044,101 1,408,316,669 26,317,349 132,061,868 46,662,051 32,346,955 2,738,748,993 ACCUMULATED DEPRECIATION AND IMPAIRMENT USSES	Disposals	(10,556,011)	(31,970,366)	(478,493)	(11,534,071)	(916,688)	(3,017,111)	(58,472,740)
CLOSING BALANCE AS AT 31 DECEMBER 2020 1,093,044,101 1,408,316,669 26,317,349 132,061,868 46,662,051 32,346,955 2,738,748,993 34,000 34,000 350,421,802 716,837,775 16,437,733 82,310,659 31,680,757 12,197,688,726 3,318,514 12,197,688,726 3,318,714 12,197,688,726 3,318,714 12,197,688,726 3,318,714 12,197,688,726 3,318,714 12,197,688,726 3,318,514 12,197,688,726 3,265,794 3,26	Exchange rate effect	_	-	-	(1,251)	-	-	(1,251)
December 2020 1,093,044,101 1,408,316,669 26,317,349 132,061,868 46,662,051 32,346,955 2,738,748,993	Transfers	16,768,523	116,389,833	1,882,858	9,728,888	2,649,744	(148,996,074)	(1,576,228)
OPENING BALANCE AS AT 1 JANUARY 2019 350,421,802 716,837,775 16,437,733 82,310,659 31,680,757 — 1,197,688,726 Depreciation of period 16,697,958 91,665,615 1,528,501 11,449,637 3,318,514 — 124,660,225 Impairment losses of the period (Note 30) 2,283,025 967,954 6,052 4,115 4,648 — 3,265,794 Acquisitions of subsidiaries — 8,327,153 396,916 9,288,901 2,025,410 — 20,038,380 Disposals (8,168,330) (44,422,314) (869,658) (10,725,849) (2,363,434) — (6,549,585) Exchange rate effect — — — — — — — — (8,943) — — — — — — (8,943) — — — — (7,522,461) Transfers — — (86,775,669) (646,792) — — — — — — — — — — — — — — — (7,522,461) Transfers — — (826,729) (12,148) (319,484) (26,939) — (11,185,300) OPENING BALANCE AS AT 1 JANUARY 2020 354,358,786 771,902,662 17,487,396 91,999,036 34,638,956 — 1,270,386,836 Depreciation 16,201,025 95,325,493 1,672,006		1,093,044,101	1,408,316,669	26,317,349	132,061,868	46,662,051	32,346,955	2,738,748,993
Depreciation of period 16,697,958 91,665,615 1,528,501 11,449,637 3,318,514 - 124,660,225 1,346,030 2,283,025 967,954 6,052 4,115 4,648 - 3,265,794 4,045,615 1,528,501 1,449,637 3,318,514 - 124,660,225 1,346,281,271 1,345,375 1,348,275 1,346,281,271 1,345,375 1,346,281,271 1,345,375 1,346,281,271 1,346,281,27	ACCUMULATED DEPRECIATION	N AND IMPAIRMEI	NT LOSSES					
Depreciation of period 16,697,958 91,665,615 1,528,501 11,449,637 3,318,514 - 124,660,225 Impairment losses of the period (Note 30) 2,283,025 967,954 6,052 4,115 4,648 - 3,265,794 Acquisitions of subsidiaries - 8,327,153 396,916 9,288,901 2,025,410 - 20,038,380 Disposals (8,168,330) (44,422,314) (869,658) (10,725,849) (2,363,434) - (66,549,585) Exchange rate effect - (8,943) - - (8,943) Depreciation of assets available for sale (6,875,669) (646,792) - - (7,522,461) Transfers - (826,729) (12,148) (319,484) (26,939) - (1,185,300) OPENING BALANCE AS AT 1 JANUARY 2020 354,358,786 771,902,662 17,487,396 91,999,036 34,638,956 - 1,270,386,836 Depreciation 16,201,025 95,325,493 1,672,006 12,071,527 3,469,910 - 128,739,961 Impairment losses of the period (Note 30) 1,859,002 2,478,424 6,456 46,892 13,787 - 4,404,561 Disposals (729,861) (27,502,438) (446,991) (111,193,343) (886,387) - (40,759,020) Exchange rate effect - - (459) - (459) Transfers 52,761 (66,203) (148) (63,164) (354) - (17,108) CLOSING BALANCE AS AT 31 DECEMBER 2019 720,289,257 544,795,168 7,271,140 38,869,220 9,754,124 25,302,362 1,346,281,271	OPENING BALANCE AS AT 1							
Impairment losses of the period (Note 30)	JANUARY 2019	350,421,802	716,837,775	16,437,733	82,310,659	31,680,757	-	1,197,688,726
(Note 30) 2,283,025 967,954 6,052 4,115 4,648 — 3,265,794 Acquisitions of subsidiaries — 8,327,153 396,916 9,288,901 2,025,410 — 20,038,380 Disposals (8,168,330) (44,422,314) (869,658) (10,725,849) (2,363,434) — (66,549,585) Exchange rate effect — — — (8,943) — — (8,943) Depreciation of assets available for sale (6,875,669) (646,792) — — — — — (7,522,461) Transfers — (826,729) (12,148) (319,484) (26,939) — (1,185,300) OPENING BALANCE AS AT 1 JANUARY 2020 354,358,786 771,902,662 17,487,396 91,999,036 34,638,956 — 1,270,386,836 Depreciation 16,201,025 95,325,493 1,672,006 12,071,527 3,469,910 — 128,739,961 Impairment losses of the period (Note 30) 1,859,002 2,478,424 6,456 46,892	Depreciation of period	16,697,958	91,665,615	1,528,501	11,449,637	3,318,514	-	124,660,225
Disposals (8,168,330) (44,422,314) (869,658) (10,725,849) (2,363,434) - (66,549,585)		2,283,025	967,954	6,052	4,115	4,648	-	3,265,794
Exchange rate effect — — — (8,943) — — (8,943) Depreciation of assets available for sale (6,875,669) (646,792) — — — — (7,522,461) Transfers — (826,729) (12,148) (319,484) (26,939) — (1,185,300) OPENING BALANCE AS AT 1 JANUARY 2020 354,358,786 771,902,662 17,487,396 91,999,036 34,638,956 — 1,270,386,836 Depreciation 16,201,025 95,325,493 1,672,006 12,071,527 3,469,910 — 128,739,961 Impairment losses of the period (Note 30) 1,859,002 2,478,424 6,456 46,892 13,787 — 4,404,561 Disposals (729,861) (27,502,438) (446,991) (11,193,343) (886,387) — (459) Transfers 52,761 (66,203) (148) (63,164) (354) — 7(77,108) CLOSING BALANCE AS AT 31 DECEMBER 2020 371,741,713 842,137,938 18,718,719 92,86	Acquisitions of subsidiaries	_	8,327,153	396,916	9,288,901	2,025,410	-	20,038,380
Depreciation of assets available for sale (6,875,669) (646,792) - - - - - (7,522,461)	Disposals	(8,168,330)	(44,422,314)	(869,658)	(10,725,849)	(2,363,434)	-	(66,549,585)
for sale (6,875,669) (646,792) — — — — (7,522,461) Transfers — (826,729) (12,148) (319,484) (26,939) — (1,185,300) OPENING BALANCE AS AT 1 JANUARY 2020 354,358,786 771,902,662 17,487,396 91,999,036 34,638,956 — 1,270,386,836 Depreciation 16,201,025 95,325,493 1,672,006 12,071,527 3,469,910 — 128,739,961 Impairment losses of the period (Note 30) 1,859,002 2,478,424 6,456 46,892 13,787 — 4,404,561 Disposals (729,861) (27,502,438) (446,991) (11,193,343) (886,387) — (40,759,020) Exchange rate effect — — — (459) — — (459) Transfers 52,761 (66,203) (148) (63,164) (354) — 1,362,694,771 CARRYING AMOUNT AS AT 31 DECEMBER 2019 720,289,257 544,795,168 7,271,140	Exchange rate effect	-	-	-	(8,943)	-	-	(8,943)
OPENING BALANCE AS AT 1 JANUARY 2020 354,358,786 771,902,662 17,487,396 91,999,036 34,638,956 - 1,270,386,836 Depreciation 16,201,025 95,325,493 1,672,006 12,071,527 3,469,910 - 128,739,961 Impairment losses of the period (Note 30) 1,859,002 2,478,424 6,456 46,892 13,787 - 4,404,561 Disposals (729,861) (27,502,438) (446,991) (11,193,343) (886,387) - (40,759,020) Exchange rate effect (459) (459) - (459) Transfers 52,761 (66,203) (148) (63,164) (354) - (77,108) CLOSING BALANCE AS AT 31 DECEMBER 2020 371,741,713 842,137,938 18,718,719 92,860,489 37,235,912 - 1,362,694,771 CARRYING AMOUNT AS AT 31 DECEMBER 2019 720,289,257 544,795,168 7,271,140 38,869,220 9,754,124 25,302,362 1,346,281,271	•	(6,875,669)	(646,792)	_	_	_	_	(7,522,461)
JANUARY 2020 354,358,786 771,902,662 17,487,396 91,999,036 34,638,956 — 1,270,386,836 Depreciation 16,201,025 95,325,493 1,672,006 12,071,527 3,469,910 — 128,739,961 Impairment losses of the period (Note 30) 1,859,002 2,478,424 6,456 46,892 13,787 — 4,404,561 Disposals (729,861) (27,502,438) (446,991) (11,193,343) (886,387) — (40,759,020) Exchange rate effect — — — (459) — — (459) — (459) Transfers 52,761 (66,203) (148) (63,164) (354) — (77,108) CLOSING BALANCE AS AT 31 DECEMBER 2020 371,741,713 842,137,938 18,718,719 92,860,489 37,235,912 — 1,362,694,771 CARRYING AMOUNT AS AT 31 DECEMBER 2019 720,289,257 544,795,168 7,271,140 38,869,220 9,754,124 25,302,362 1,346,281,271	Transfers	-	(826,729)	(12,148)	(319,484)	(26,939)	-	(1,185,300)
Impairment losses of the period (Note 30)		354,358,786	771,902,662	17,487,396	91,999,036	34,638,956	_	1,270,386,836
(Note 30) 1,859,002 2,478,424 6,456 46,892 13,787 - 4,404,561 Disposals (729,861) (27,502,438) (446,991) (11,193,343) (886,387) - (40,759,020) Exchange rate effect - - - (459) - - (459) Transfers 52,761 (66,203) (148) (63,164) (354) - (77,108) CLOSING BALANCE AS AT 31 DECEMBER 2020 371,741,713 842,137,938 18,718,719 92,860,489 37,235,912 - 1,362,694,771 CARRYING AMOUNT AS AT 31 DECEMBER 2019 720,289,257 544,795,168 7,271,140 38,869,220 9,754,124 25,302,362 1,346,281,271	Depreciation	16,201,025	95,325,493	1,672,006	12,071,527	3,469,910	-	128,739,961
Exchange rate effect - - - (459) - - (459) Transfers 52,761 (66,203) (148) (63,164) (354) - (77,108) CLOSING BALANCE AS AT 31 DECEMBER 2020 371,741,713 842,137,938 18,718,719 92,860,489 37,235,912 - 1,362,694,771 CARRYING AMOUNT AS AT 31 DECEMBER 2019 720,289,257 544,795,168 7,271,140 38,869,220 9,754,124 25,302,362 1,346,281,271		1,859,002	2,478,424	6,456	46,892	13,787	-	4,404,561
Transfers 52,761 (66,203) (148) (63,164) (354) — (77,108) CLOSING BALANCE AS AT 31 DECEMBER 2020 371,741,713 842,137,938 18,718,719 92,860,489 37,235,912 — 1,362,694,771 CARRYING AMOUNT AS AT 31 DECEMBER 2019 720,289,257 544,795,168 7,271,140 38,869,220 9,754,124 25,302,362 1,346,281,271	Disposals	(729,861)	(27,502,438)	(446,991)	(11,193,343)	(886,387)	_	(40,759,020)
Transfers 52,761 (66,203) (148) (63,164) (354) — (77,108) CLOSING BALANCE AS AT 31 DECEMBER 2020 371,741,713 842,137,938 18,718,719 92,860,489 37,235,912 — 1,362,694,771 CARRYING AMOUNT AS AT 31 DECEMBER 2019 720,289,257 544,795,168 7,271,140 38,869,220 9,754,124 25,302,362 1,346,281,271	-		_	_		_	_	
CLOSING BALANCE AS AT 31 DECEMBER 2020 371,741,713 842,137,938 18,718,719 92,860,489 37,235,912 - 1,362,694,771 CARRYING AMOUNT AS AT 31 DECEMBER 2019 720,289,257 544,795,168 7,271,140 38,869,220 9,754,124 25,302,362 1,346,281,271		52,761	(66,203)	(148)		(354)	_	
AS AT 31 DECEMBER 2019 720,289,257 544,795,168 7,271,140 38,869,220 9,754,124 25,302,362 1,346,281,271			842,137,938	18,718,719		37,235,912	_	
	CARRYING AMOUNT							
	AS AT 31 DECEMBER 2019	720,289,257	544,795,168	7,271,140	38,869,220	9,754,124	25,302,362	1,346,281,271
	AS AT 31 DECEMBER 2020	721,302,388	566,178,731	7,598,630	39,201,379	9,426,139	32,346,955	1,376,054,222

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CLOSING BALANCE AS AT 31 DECEMBER 2019

CARRYING AMOUNT

(8,168,330)

(44,422,314)

(311,948)

The investment includes the acquisition of assets of approximately 159 million euros (183 million euros in 2019), associated with the opening and remodelling of stores.

Disposal in the years 2020 and 2019 can be analysed as follow:

	LAND AND BUILDINGS	PLANT AND MACHINERY	VEHICLES	FIXTURES AND FITTINGS	OTHER TANGIBLE ASSETS	TANGIBLE ASSETS IN PROGRESS	TOTAL PROPERTY PLANT AND EQUIPMENT
GROSS ASSETS:							
Disposals	(1,329,218)	(30,328,872)	(478,493)	(11,534,071)	(879,916)	(3,017,111)	(47,567,681)
Sale and Leaseback	(9,226,793)	(1,641,494)	_	-	(36,772)	-	(10,905,059
CLOSING BALANCE AS AT 31 DECEMBER 2020	(10,556,011)	(31,970,366)	(478,493)	(11,534,071)	(916,688)	(3,017,111)	(58,472,740)
ACCUMULATED DEPRECIATION	N AND IMPAIRM	ENT LOSSES:					
Disposals	(387,134)	(27,060,414)	(446,991)	(11,193,343)	(860,619)	-	(39,948,501
Sale and Leaseback	(342,727)	(442,024)	_	_	(25,768)	-	(810,519)
CLOSING BALANCE AS AT 31 DECEMBER 2020	(729,861)	(27,502,438)	(446,991)	(11,193,343)	(886,387)	-	(40,759,020)
CARRYING AMOUNT							
Disposals	(942,084)	(3,268,458)	(31,502)	(340,728)	(19,297)	(3,017,111)	(7,619,180)
Sale and Leaseback	(8,884,066)	(1,199,470)	-	-	(11,004)	-	(10,094,540)
	LAND AND BUILDINGS	PLANT AND MACHINERY	VEHICLES	FIXTURES AND FITTINGS	OTHER Tangible Assets	TANGIBLE ASSETS IN PROGRESS	TOTAL PROPERTY, PLANT AND EQUIPMENT
GROSS ASSETS:							
Disposals	(3,666,645)	(50,752,555)	(909,679)	(11,068,401)	(2,389,444)	(2,798,229)	(71,584,953)
Sale and Leaseback	(18,464,838)	(765,846)	-	-	-	-	(19,230,684)
CLOSING BALANCE AS AT 31 DECEMBER 2019	(22,131,483)	(51,518,401)	(909,679)	(11,068,401)	(2,389,444)	(2,798,229)	(90,815,637)
ACCUMULATED DEPRECIATION	N AND IMPAIRM	ENT LOSSES:					
Disposals	(1,628,027)	(43,968,415)	(869,658)	(10,725,849)	(2,363,434)	-	(59,555,384)
Sale and Leaseback	(6,540,303)	(453,899)	_	_	_	_	(6,994,201)

(869,658)

(10,725,849) (2,363,434)

(342,552)

(66,549,585)

During the period ended at 31 December 2020 and 31 December 2019, several sale and leaseback transactions were accounted. The accounting values of the disposed assets, approximately, 37.6 million euros (12.2 million euros as at 31 December 2019), and these assets were classified in the above movement as divestment for the year 10.1 million euros and the rest were recorded as non–current assets held for sale at 31 December 2019. The sold assets correspond to 6 real estate food retail assets located in Portugal (2 real estate food retail assets located in Portugal in 2019). These operations resulted in a cash inflow of 51.4 million euros (24.4 million euros as at 31 December 2019) and generated a net capital gain of approximately, 2.9 million euros (3.2 million euros as at 31 December 2019) (Note 36) and a right to use of 28.0 million euros (8.5 million euros as at 31 December 2019).

As described in note 2.5.c.), with the adoption of IFRS 16 and if the transfer of the asset complies with the requirements of IFRS 15, the sale of the asset in a sale and leaseback transaction should be recognized and the asset "Rights of use", which must be measured by the proportion of the transferred asset. The gains or losses on these transactions should also be recognized only in proportion to the transferred rights.

These right of use assets have an initial period of 20 years, and the lease term can be extended, with market conditions, by four additional periods

of 10 years, and it was considered by the Board of Directors that only the initial which is less than the remaining useful life of the assets subject to the transaction. It was also considered that there is no type of obligation to repurchase the assets subject to leasing, and the Group's current call options are exercisable based on market prices, as well as the present value of the minimum lease payments location.

Most real estate assets from Sonae MC, as at 31 December 2020 and 2019, which are recorded at acquisition cost deducted of amortization and impairment charges, were evaluated by independent appraisers (Jones Lang LaSalle). These evaluations were performed using the income method, using yields between 6.75% and 9.00% (6.75% and 9,00% in 2019), where the fair value of the property is in "Level 3" hierarchy — according to the classification given by IFRS 13. Such assessments support the value of the assets as at 31 December 2020.

The most significant amounts included in the caption "Property, plant and equipment in progress" include about 27 million euros (22 million euros as at 31 December 2019) related to the remodelling and expansion of stores.

The caption "Impairment losses for Property, plant and equipment" can be detailed as follows:

	LAND AND BUILDINGS	PLANT AND MACHINERY	VEHICLES	FIXTURES AND FITTINGS	OTHER TANGIBLE ASSETS	TANGIBLE ASSETS IN PROGRESS	TOTAL PROPERTY, PLANT AND EQUIPMENT
IMPAIRMENT LOSSES							
OPENING BALANCE AS AT 1 JANUARY 2019	78,745,806	5,505,292	765	317,055	21,839	_	84,590,757
Impairment losses of the period (Note 30)	2,283,025	967,954	6,052	4,115	4,648	_	3,265,794
Disposals (Note 30)	(578,822)	(570,018)		(17,183)	(1,909)		(1,167,932)
OPENING BALANCE AS AT 1 JANUARY 2020	80,450,009	5,903,228	6,817	303,987	24,578	_	86,688,619
Impairment losses of the period (Note 30)	1,859,002	2,478,424	6,456	46,892	13,787	_	4,404,561
Disposals (Note 30)	(90,758)	(261,246)		(12,010)	(540)	-	(364,554)
CLOSING BALANCE AS AT 31 DECEMBER 2020 (NOTE 31)	82,218,253	8,120,406	13,273	338,869	37,825	-	90,728,626

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7. INTANGIBLE ASSETS

In the years ended at 31 December 2020 and 2019, the movement occurred in intangible assets and in the corresponding accumulated amortization and impairment losses, was as follows:

INTANGIBLE ASSETS	INDUSTRIAL PROPERTY	SOFTWARE	PREMIUM PAID FOR PROPERTY OCCUPATION	OTHER Intangible Assets	INTANGIBLE ASSETS IN PROGRESS	TOTAL Intangible Assets
GROSS ASSETS						
OPENING BALANCE AS AT 1 JANUARY 2019	93,678,549	338,002,049	8,090,803	827,922	25,815,572	466,414,895
Investment	204,000	494,912	_	_	25,515,766	26,214,678
Acquisitions of subsidiaries	50,903	2,681,526	157,485	_	42,482	2,932,396
Fair value of acquired assets	58,400,000	_	_	_	_	58,400,000
Disposals	(8,544)	(9,705,055)	(22,693)	_	(6,931,517)	(16,667,809)
Exchange rate effect	(9,917)	(8)	-	(2,943)	_	(12,868)
Transfers	(91,500)	23,769,808	-	(50,899)	(23,458,363)	169,046
OPENING BALANCE AS AT 1 JANUARY 2020	152,223,491	355,243,232	8,225,595	774,080	20,983,940	537,450,338
Investment	5,317	643,506	210,000	-	26,380,760	27,239,583
Disposals	(131,923)	(7,510,001)	-	-	(594,214)	(8,236,138)
Exchange rate effect	-	-	_	(4,348)	-	(4,348)
Transfers	87,533	22,292,851	_	3,580	(21,920,599)	463,365
CLOSING BALANCE AS AT 31 DECEMBER 2020	152,184,418	370,669,588	8,435,595	773,312	24,849,887	556,912,800
ACCUMULATED DEPRECIATION AND I	MPAIRMENT LOSSE	S				
OPENING BALANCE AS AT 1 JANUARY 2019	18,205,570	229,365,015	7,304,080	389,248		255,263,913
Depreciation of the period	240,427	27,456,808	579	142,776	_	27,840,590
Impairment losses of the period (Note 30)	-	171,142	-	-	-	171,142
Acquisitions of subsidiaries	39,868	1,928,113	1,981	-	-	1,969,962
Disposals	(8,544)	(8,778,28)	-	-	-	(8,786,826)
Exchange rate effect	(8,813)	(7)	-	(2,742)	-	(11,562)
Transfers	(179,842)	(2,103)	-	(46,785)	-	(228,730)
OPENING BALANCE AS AT 1 JANUARY 2020	18,288,666	250,140,686	7,306,640	482,497	_	276,218,489
Depreciation of the period	188,833	29,015,023	5,742	143,287	_	29,352,885
Impairment losses of the period (Note 30)	96,884	766,914	-	_	-	863,798
Disposals	(124,532)	(7,182,856)	-	_	-	(7,307,388)
Exchange rate effect	-	-	-	(4,348)	-	(4,348)
Transfers	(5,521)	-	-	-	-	(5,521)
CLOSING BALANCE AS AT 31 DECEMBER 2020	18,347,446	272,739,767	7,312,382	621,436	_	299,117,915
CARRYING AMOUNT						
AS AT 31 DECEMBER 2019	133,934,825	105,102,546	918,955	291,583	20,983,940	261,231,849
AS AT 31 DECEMBER 2020	133,836,972	97,929,821	1,123,213	151,876	24,849,887	257,794,885

As at 31 December 2020 the investment related to intangible assets in progress includes 26.3 million euros related to IT projects and development software (26 million euros at 31 December 2019). Within that amount it is included 10.6 million euros of capitalizations of personnel costs (about 10.8 million euros in 31 December 2019) (Note 36).

Additionally, the caption "Patents and other similar rights" include the acquisition cost of a group of brands with indefinite useful lives among which the "Continente"

brand, acquired in previous years, amounting to 75 million euros and Arenal brand amounting to 58.4 million euros, previously mentioned valued in the acquisition process.

Sonae MC performs annual impairment tests on the value of brands, supported by internal valuations based on the Royalty Relief methodology. As the related valuations more than support the carrying amount of the assets as at 31 December 2020, no impairment was booked during the year.

8.

RIGHT-OF-USE ASSETS

During the years ended on 31 December 2020 and 2019, the detail and the movement in the value of the rights of use assets, as well as in the respective depreciations, was as follows:

	LAND AND BUILDINGS	VEHICLES	OTHER TANGIBLE ASSETS	TOTAL TANGIBLE ASSETS
GROSS ASSETS				
OPENING BALANCE AS AT 1 JANUARY 2019	1,070,798,058	17,994,413	515,523	1,089,307,993
Acquisition of subsidiaries	46,019,214	-	-	46,019,214
Additions	103,473,063	69,395,813	99,243	172,968,119
Write-offs and decreases	(11,839,761)	(2,010,186)	(3,590)	(13,853,537)
OPENING BALANCE AS AT 1 JANUARY 2020	1,208,450,574	85,380,039	611,176	1,294,441,789
Additions	172,541,629	7,342,985	467,676	180,352,290
Write-offs and decreases	(43,786,331)	(8,302,338)	(126,308)	(52,214,977)
CLOSING BALANCE AS AT 31 DECEMBER 2020	1,337,205,872	84,420,686	952,544	1,422,579,102
ACCUMULATED AMORTIZATION AND IMPAIR	RMENT			
OPENING BALANCE AS AT 1 JANUARY 2019	301,662,959	7,231,014	312,628	309,206,601
Depreciation of the period	70,387,955	20,776,876	99,322	91,264,154
Write-offs and tranfers	(3,384,098)	(1,083,513)	-	(4,467,611)
OPENING BALANCE AS AT 1 JANUARY 2020	368,666,816	26,924,377	411,950	396,003,144
Depreciation of the period	74,590,699	20,828,777	87,476	95,506,952
Impairment losses of the period	208,871	25,806	-	234,678
Write-offs and tranfers	(21,526,291)	(7,249,125)	(76,734)	(28,852,150)
CLOSING BALANCE AS AT 31 DECEMBER 2020	421,940,095	40,529,836	422,692	462,892,623
CARRYING AMOUNT				
AS AT 31 DECEMBER 2019	839,783,758	58,455,662	199,225	898,438,645
AS AT 31 DECEMBER 2020	915,265,776	43,890,851	529,851	959,686,479

In the consolidated income statement, 95.5 million euros were recognized for depreciation of the period (91.3 million euros in 2019) and 65.5 million euros of interest relating to the adjusted debt (61.2 million euros in 2019) (Note 35).

The responsibilities related to Right of use assets were recorded under the caption "Non-Current and current Lease Liabilities" in the amount respectively of 1.013 million euros and 80 million euros (930 million euros and 76 million euros in 31 December 2019).

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The repayment plan for lease liabilities, as at 31 December 2020 and 2019, can be analysed as follows:

	31 DEC 2020				31 DEC 2019		
	CAPITAL	INTERESTS	UPDATED Liabilities	CAPITAL	INTERESTS	UPDATED Liabilities	
N+1	147,312,589	67,162,685	80,149,904	137,961,696	61,962,929	75,998,767	
N+2	138,909,080	63,291,695	75,617,385	132,670,795	58,199,665	74,471,130	
N+3	118,928,043	59,518,708	59,409,335	127,877,027	54,382,109	73,494,917	
N+4	114,846,046	55,780,002	59,066,044	106,764,683	50,677,904	56,086,779	
N+5	111,106,458	51,924,109	59,182,349	98,082,867	47,260,627	50,822,240	
After N+5	1,057,135,833	297,650,752	759,485,081	954,130,387	278,612,157	675,518,231	
	1,688,238,049	595,327,951	1,092,910,098	1,557,487,455	551,095,392	1,006,392,063	

9. GOODWILL

Goodwill is allocated to each of the homogeneous groups of cash generating units, namely to each of the insignia of the segment distributed by country and each of the properties.

As at 31 December 2020 and 2019, the caption "Goodwill" was made up as follows by country:

	31 DEC 2020	31 DEC 2019
Portugal	442,895,419	449,984,119
Spain	19,440,000	19,440,000
	462,335,419	469,424,119

During the year ended in 31 December 2020 and 2019, movements occurred in Goodwill as well as in the corresponding impairment losses, are as follows:

	31 DEC 2020	31 DEC 2019
GROSS VALUE:		
Opening balance	476,627,337	453,816,647
Goodwill generated in the period	-	22,810,690
CLOSING BALANCE	476,627,337	476,627,337
ACCUMULATED IMPAIRMENT		
Opening balance	7,203,218	7,203,218
Increases	7,088,700	-
CLOSING BALANCE	14,291,918	7,203,218
NET VALUE	462,335,419	469,424,119
Opening balance Increases CLOSING BALANCE	7,088,700 14,291,918	7,203,218

The evaluation of the existence, or not, of impairment losses in Goodwill is made by taking into account the cash–generating units, based on the most recent business plans duly approved by the Group's Board of Directors, which are made on an annual basis prepared with cash flow projections for periods of five years and ten years, carried out on an annual basis, except if there are signs of impairment, a situation in which the periodicity is greater.

For this purpose, the Sonae MC use internal valuation of its business concepts, using annual planning methodologies, supported in business plans that consider cash flow projections for each unit which depend on detailed and properly supported assumptions. These plans take into consideration the impact of the major actions that will be carried out by each business concept as well as a study of the resource's allocation of the company.

The recoverable value of cash generating units is determined based on its value in use, which is calculated taking into consideration the last approved business plans which are prepared using cash flow projections for periods of 5 years.

The case scenarios are elaborated with a weighted average cost of capital and with a growth rate of cash–flows in perpetuity that can be detailed as follows:

	31 DEC 2020	31 DEC 2019
Recoverable amount basis	Value in use	Value in use
Weighted average cost of capital	8% to 10%	9% to 10%
Growth rates in perpetuity	<=2%	<=2%
Composite rate of sales growth	- 0.8% to 1.7%	- 0.3% to 2.1%

Despite the context of uncertainty regarding the level of evolution and contagion of the virus and the economic slowdown caused by the pandemic context, as mentioned in the introductory note, some of the Group's business operations were significantly affected. However, the analysis of signs of impairment, the revision of the projections and the impairment tests led to the determination of losses, in the year ended 31 December 2020 in the amount of 7 million euros.

The sensitivity analysis performed, required by IAS 36 – Impairment of Assets, did not lead to material changes in the recoverable values, so that no material impairments would result.

10.

JOINT VENTURES AND ASSOCIATED COMPANIES

10.1 DETAIL OF BOOK VALUE OF INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Joint ventures and associates, their head offices, proportion of capital held and value in the statement of financial position as at 31 December 2020 and 2019 are as follows:

		PERCENTAGE OF CAPITAL HELD				STATEMENT OF FINANCIAL	
		31 DEC 2020		31 DEC 2019		POSITION	
COMPANY	HEAD OFFICE	DIRECT*	TOTAL*	DIRECT*	TOTAL*	31 DEC 2020	31 DEC 2019
Sohi Meat Solutions - Distribuição de Carnes, SA	Santarém	50.00%	50.00%	50.00%	50.00%	3,364,636	3,356,985
Maremor Beauty & Fragances, S.L.	Madrid	50.00%	30.00%	50.00%	30.00%	139,077	120,649
INVESTMENTS IN JOINT VENTURES						3,503,713	3,477,634
1) S2 Mozambique, SA	Maputo	-	-	30.00%	30.00%	-	-
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon	25.00%	25.00%	25.00%	25.00%	564,095	960,282
INVESTMENT IN ASSOCIATES COMPANIES						564,095	960,282
TOTAL						4,067,808	4,437,916

"the percentage of capital held "Total" is the total percentage of interest held by the parent company's shareholders; the percentage of capital held "Direct" corresponds to the percentage that subsidiary(s) which hold(s) a participation, hold(s) this participation directly in the share capital of that company.

1) Associate in liquidation process

Jointly controlled companies and associated companies were included in the consolidated financial statements by the equity method.

10.2 FINANCIAL INDICATORS OF PARTICIPATIONS

JOINT VENTURES

As at 31 December 2020 and 2019, summary financial information of joint ventures of the group can be analysed as follows:

	31 DEC	2020
JOINT VENTURES	SOHI MEAT	MAREMOR
Assets		
Property, plan and equipment	16,310,555	2,614
Intangible assets	179,587	169
Right of use	8,525,439	-
Investments in joint ventures and associates	-	21,954
Other non-current assets	353,969	-
NON-CURRENT ASSETS	25,369,550	24,737
Cash and cash equivalents	466,423	254,107
Other current assets	47,384,245	54,983
CURRENT ASSETS	47,850,668	309,090
Total assets	73,220,218	333,827

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	31 DEC 2020		
JOINT VENTURES	SOHI MEAT	MAREMOR	
LIABILITIES			
Other non-current liabilities	9,068,434	-	
NON-CURRENT LIABILITIES	9,068,434	-	
Loans	-	51	
Other current liabilities	58,167,447	55,622	
TOTAL CURRENT LIABILITIES	58,167,447	55,673	
TOTAL LIABILITIES	67,235,881	55,673	
Shareholders' funds excluding non-controlling interests	5,984,337	278,154	
Non-controlling interests	-	-	
TOTAL EQUITY	5,984,337	278,154	
TOTAL EQUITY AND LIABILITIES	73,220,218	333,827	

	31 DEC	2019
JOINT VENTURES	SOHI MEAT	MAREMOR
ASSETS		
Property, plan and equipment	18,832,996	3,740
Intangible assets	476,543	154
Right of use	2,708,727	_
Other non-current assets	656,974	3,326
NON-CURRENT ASSETS	22,675,240	7,220
Cash and cash equivalents	175,853	196,701
Other current assets	44,284,537	104,059
CURRENT ASSETS	44,460,390	300,760
TOTAL ASSETS	67,135,630	307,980
Liabilities		
Other non-current liabilities	1,921,427	-
NON-CURRENT LIABILITIES	1,921,427	_
Other current liabilities	58,331,987	66,681
TOTAL CURRENT LIABILITIES	59,331,987	66,681
Total liabilities	61,253,414	66,681
Shareholders' funds excluding non-controlling interests	5,882,216	241,299
Non-controlling interests	-	-
TOTAL EQUITY	5,882,216	241,299
TOTAL EQUITY AND LIABILITIES	67,135,630	307,980

		31 DEC 2020	
JOINT VENTURES	:	SOHI MEAT	MAREMOR
Total revenue	28	88,963,145	484,000
Other income		3,959,530	-
	29	2,922,675	484,000
Cost of goods sold and materials consumed	(25	9,946,803)	-
External supplies and services	(1	2,981,500)	-
Depreciation and amortisation	((5,164,583)	(1,170)
Other operating costs	(1	12,622,703)	(445,975)
	(290	0,715,589)	(447,145)
Financial results		(532,180)	-
Income taxation		(378,873)	-
CONSOLIDATED NET INCOME/(LOSS) FOR THE YEAR		1,296,033	36,855

	31 DE	C 2019
JOINT VENTURES	SOHI MEAT	MAREMOR
Total revenue	267,877,312	566,000
Other income	823,108	-
	268,700,420	566,000
Cost of goods sold and materials consumed	(241,235,444)	-
External supplies and services	(12,067,094)	-
Depreciation and amortisation	(5,113,810)	(1,599)
Other operating costs	(8,262,688)	(521,934)
	(266,679,036)	(523,533)
Financial results	(403,453)	-
Income taxation	(361,182)	(10,625)
CONSOLIDATED NET INCOME/(LOSS) FOR THE YEAR	1,256,749	31,842

The reconciliation of financial information with the joint ventures carrying amount can be analysed as follows:

	31 DEC 2020		31 DEC 2019	
JOINT VENTURES	SOHI MEAT	MAREMOR	SOHI MEAT	MAREMOR
Equity	5,984,337	278,154	5,882,216	241,299
Percentage of share capital held	50%	30%	50%	30%
Share of the net assets	2,992,169	83,446	2,941,108	72,390
Goodwill recognized in financial investments	-	-	-	-
Other effects	372,468	55,631	415,877	48,259
FINANCIAL INVESTMENT	3,364,636	139,077	3,356,985	120,649

ASSOCIATES

As at 31 December 2020 and 2019, summary financial information of associated companies can be analysed as follows:

	SEMPRE A POSTOS			
ASSOCIATED COMPANIES	31 DEC 2020	31 DEC 2019		
Non-current assets	227,002	298,816		
Current assets	9,975,298	10,974,667		
Total assets	10,202,300	11,273,483		
Non-current liabilities	30,000	30,000		
Current liabilities	7,915,919	7,402,356		
Total liabilities	7,945,919	7,432,356		
EQUITY	2,256,381	3,841,127		

	SEMPRE A POSTOS				
ASSOCIATED COMPANIES	31 DEC 2020	31 DEC 2019			
Turnover	60,095,783	61,105,462			
Other operational income	3,836,372	3,231,436			
Operational expenses	(62,538,096)	(60,829,223)			
Net finantial expense	(710)	1,085			
Income tax expense	(335,660)	(864,748)			
CONSOLIDATED NET INCOME/ (LOSS) FOR THE YEAR	1,057,689	2,644,012			
Other comprehensive income for the period	-	-			
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,057,689	2,644,012			

The reconciliation of financial information with the associates carrying amount can be analysed as follows:

	SEMPRE A	A POSTOS
ASSOCIATED COMPANIES	31 DEC 2020	31 DEC 2019
Equity	2,256,381	3,841,127
Percentage of share capital held	25.00%	25.00%
Share of the net assets	564,095	960,282
Other effects	-	-
FINANCIAL INVESTMENT	564,095	960,282

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10.3 MOVEMENTS OCCURED IN THE PERIOD

During the year ended at 31 December 2020 and 2019, movements in investments in joint ventures and associates are as follows:

		31 DEC 2020			31 DEC 2019	
	PROPOTION ON EQUITY	GOODWILL	TOTAL INVESTMENT	PROPOTION ON EQUITY	GOODWILL	TOTAL Investment
INVESTMENTS IN JOINT VENTURES						
Initial balance as at 1 January	3,477,635	-	3,477,635	3,006,331	-	3,006,331
Acquisitions during the period	-	-	-	100,000	-	100,000
Equity method:						
Effect in gain or losses in joint controlled and associated companies	623,034	-	623,034	691,544	-	691,544
Distributed dividends	(596,956)	-	(596,956)	(324,970)	-	(324,970)
Effect in equity capital	-	-	-	4,730	-	4,730
	3,503,713	-	3,503,713	3,477,635	-	3,477,635
INVESTMENTS IN ASSOCIATES COMPANIES						
Initial balance as at 1 January	960,281	-	960,281	1,078,483	-	1,078,483
Effect in gain/losses in associated companies	264,423	-	264,423	661,003	-	661,003
Distributed dividends	(660,609)	-	(660,609)	(779,205)	-	(779,205)
	564,095	-	564,095	960,281	-	960,281
TOTAL	4,067,808	-	4,067,808	4,437,916	-	4,437,916

11.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS AND OTHER INVESTMENTS

Financial assets at fair value through profit and loss, their registered offices, proportion of capital held and value of the statement of financial position as at 31 December 2020 and 2019 are as follows:

		PERCENTAGE OF CAPITAL HELD			STATEMENT		
			31 DEC 2020 31 DE		2019	OF FINANCIAL POSITION	
COMPANY	HEAD OFFICE	DIRECT	TOTAL	DIRECT	TOTAL	31 DEC 2020	31 DEC 2019
Dispar – Distrib, de Participações, SGPS, SA	Lisbon	14.28%	14.28%	14.28%	14.28%	9,976	9,976
Insco – Insular de Hipermerc, SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	4,748,744	5,345,040
Sportessence – Spor Retail, SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	595,964	-
Other financial assets						10,229,021	11,892,835
TOTAL						15,583,705	17,247,851

As at 31 December 2020 the caption "Other investments" related to "Assets at fair value through profit and loss", includes 7,282,500 euros (9,823,569 euros in 31 December 2019), related to deposited amounts on an Escrow Account which is applied in investment funds with superior rating, which is a guarantee for contractual liabilities assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Note 30 and 32).

As at 31 December 2020, with the exception of the Escrow Account, the remaining investments correspond to interests in unlisted companies and in which the Group has no significant influence, being measured at fair value through profit or loss in accordance with IFRS 9.

As at 31 December 2020 and 2019, the movements in "Other investments" made up as follows:

	31 DEC 2020		31 DE	2019
	NON CURRENT	CURRENT	NON CURRENT	CURRENT
ASSETS AT FAIR VALUE THROUGH PROFIT AND	LOSS			
Opening balance as at 1 January	17,247,851	-	16,589,032	-
Acquisitions in the period	1,751,575	-	1,215,982	_
Disposals in the period	(3,415,467)	-	(569,259)	-
Others	(254)	-	12,096	-
CLOSING BALANCE AS AT 31 DECEMBER	15,583,705	-	17,247,851	-
DERIVATIVE FINANCIAL INSTRUMENTS				
Fair value as at 1 January	-	394,309	-	1,231,414
Increase/(Decrease) in fair value	-	2,268,717	-	(837,105)
FAIR VALUE AS AT 31 DECEMBER (NOTE 24)	-	2,663,026	-	394,309
TOTAL OF OTHER INVESTMENTS (NOTE 5)	15,583,705	2,663,026	17,247,851	394,309

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OTHER NON-CURRENT ASSETS

As at 31 December 2020 and 2019, "Other non-current assets" are detailed as follows:

	31 DEC 2020	31 DEC 2019
OTHER RECEIVABLES		
Cautions	1,457,128	1,395,743
Sublease receivables	4,687,169	5,171,605
Legal deposits	2,436,445	3,446,508
Amount receivable for selling subsidiary companies	400,000	400,000
Others	54,624	350,103
	9,035,366	10,763,959
Accumulated impairment losses in other debtors	-	-
TOTAL TRADE ACCOUNTS RECEIVABLE AND OTHER DEBTORS	9,035,366	10,763,959
TOTAL FINANCIAL INSTRUMENTS (NOTE 5)	9,035,366	10,763,959
Other non-current assets	-	-
	9,035,366	10,763,959

The amounts related to judicial deposits made by a Brazilian subsidiary, for which the related liabilities are recorded under the heading "Other payables", these values do not have a defined maturity.

13.

INVENTORIES

As at 31 December 2020 and 2019, this caption was made up as follows:

	31 DEC 2020	31 DEC 2019
Raw materials and consumables	731,629	462,203
Goods for resale	407,063,711	421,598,557
	407,795,340	422,060,760
Accumulated adjustments in inventories	(11,896,744)	(14,629,721)
	395,898,596	407,431,039

Cost of goods sold as at 31 December 2020 and 2019 amounted to 3,619,907,407 euros and 3,288,062,137 euros, respectively, and may be detailed as follows:

	31 DEC 2020	31 DEC 2019
Opening balance	422,060,759	413,174,736
Exchange rate effect	-	(127)
Acquisitions of subsidiaries	-	24,825,606
Purchases	3,622,561,357	3,283,724,184
Adjustments	(14,186,392)	(9,479,952)
Closing balance	407,795,340	422,060,759
	3,622,640,384	3,290,183,688
Adjustments in inventories	(2,732,977)	(2,121,551)
	3,619,907,407	3,288,062,137

As at 31 December 2020 and 2019, the caption "Adjustments" refers essentially to regularizations resulting from offers to social solidarity institutions.

14.

TRADE RECEIVABLES

As at 31 December 2020 and 2019, "Trade receivables" are detailed as follows:

	31 DEC 2020	31 DEC 2019
Trade accounts receivable	55,372,877	98,407,591
Doubtful receivables	3,877,529	3,151,821
	59,250,406	101,559,412
Accumulated impairment losses on Trade accounts receivable (Note 30)	(3,877,529)	(3,157,289)
	55,372,877	98,402,123

The caption "Current customers" includes 21,340,560 euros (69,762,725 euros as at 31 December 2019), on wholesale sales to related companies.

		31 DEC 2020		3:	I DEC 2019
	EXPECTED CREDIT LOSS RATE	TRADE RECEIVABLES	ACCUMULATED IMPAIRMENT LOSSES ON TRADE ACCOUNTS RECEIVABLE	TRADE RECEIVABLES	ACCUMULATED IMPAIRMENT LOSSES ON TRADE ACCOUNTS RECEIVABLE
NOT DUE	0% - 0.44%	29,935,304	-	88,093,186	-
DUE BUT NOT IMPAIRED					
0 - 30 days	0% - 0.64%	18,245,748	3,504,671	5,204,352	33,019
30 - 60 days	0% - 2.44%	5,006,836	-	4,765,585	38,517
90 - 180 days	0% - 10.59%	2,748,334	-	756,618	510,658
180 - 360 days	0% - 35.21%	755,151	1,766	487,229	330,589
+ 360 days	0% - 100%	2,559,033	371,092	2,252,442	2,244,506
TOTAL		29,315,102	3,877,529	13,466,226	3,157,289
		59,250,406	3,877,529	101,559,412	3,157,289

At 31 December 2020, impairment losses are calculated based on the expected credit loss, the calculation of which results from the application of expected losses based on receipts from sales and services rendered and from historical credit losses. We also consider that there are amounts for which there is no credit risk and as such the expected credit loss is null, namely balances with letters of credit, sureties, credit insurance and balances with related entities. Current balances approximate their fair value.

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15.

OTHER RECEIVABLES

As at 31 December 2020 and 2019, Other receivables are detailed as follows:

	31 DEC 2020	31 DEC 2019
GRANTED LOANS AND OTHER RECEIVABLES TO RELATED COMPANIES	254,070	13,564
OTHER DEBTORS		
Trade creditors - debtor balances	37,366,558	38,064,859
Vouchers and gift cards	7,141,509	10,009,887
Accounts receivable resulting from promotional campaigns developed with partnerships	7,568,228	7,147,774
Disposal of intangible assets	-	6,987,272
Disposal of financial investments	400,000	500,000
Disposal of property, plant and equipment	126,563	383,139
Other current assets	14,802,965	7,804,561
	67,405,823	70,897,492
Accumulated impairment losses in receivables (Note 30)	(2,933,585)	(3,856,935)
TOTAL OF OTHER DEBTORS	64,472,238	67,040,557
TOTAL OF FINANCIAL INSTRUMENTS (NOTE 5)	64,726,308	67,054,121
VAT recoverable on real estate assets and vouchers discounts	2,469,475	5,160,490
Advances to suppliers of property, plant and equipment	967,968	4,844,843
OTHER CURRENT ASSETS	3,437,443	10,005,333
	68,163,751	77,059,454

The amounts disclosed as "Trade payables – debtor balances" relate with commercial discounts billed to suppliers, to be net settled with future

At 31 December 2020 impairment losses relating to other receivables are calculated based on the expected credit loss based on the non-existence of credit risk for balances with public sector entities, sureties, subsidies and related entities and as such the expected loss is considered null. Current balances approximate their fair value.

OTHER TAX ASSETS AND LIABILITIES

As at 31 December 2020 and 2019, "Other tax assets" and "Other tax liabilities" are made up as follows:

	31 DEC 2020	31 DEC 2019
DEBTORS VALUES		
VAT	22,611,814	24,222,476
Social security contributions	3,028	73,658
Other taxes	749,133	1,050,696
	23,363,975	25,346,830
CREDITORS VALUES		
VAT	55,482,988	58,115,130
Staff income taxes withheld	3,677,916	3,470,003
Social security contributions	11,286,524	11,580,102
Other taxes	103,822	180,863
	70,551,250	73,346,098

17. INCOME TAX

As at 31 December 2020 and 2019, "Income tax assets" and "Income tax liabilities" are made up as follows:

	31 DEC 2020	31 DEC 2019
DEBTORS VALUES		
Income taxation with participating entity	21,308,058	36,028,338
Income taxation	9,762,211	7,093,615
	31,070,269	43,121,953
CREDITORS VALUES		
Income taxation with participating entity	44,614,905	46,966,814
Income taxation	5,052,902	3,233,583
	49,667,807	50,200,397

As at 31 December 2020, the amounts in the credit amounts under the caption "Income tax with a participating entity" included about 44.6 million euros (46.9 million euros as at 31 December 2019) amount payable to Sonae SGPS, SA resulting from the inclusion of the companies of the Sonae MC group in the tax consolidation, of which Sonae SGPS, SA is the parent company.

The non-current "Income tax" item in the amount of 4.49 million euros, includes the amount related to the Special Regime for the Settlement of Debts to the Tax Authorities corresponding to taxes paid, voluntarily, related to tax assessments on corporate income (IRC) that were already in court, the court proceedings continued to proceed, however, the guarantees provided for those proceedings were cancelled. It is the understanding of the Board of Directors that the complaints presented will have a favourable outcome for Sonae MC, reason why they are not provisioned.

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OTHER CURRENT ASSETS

As at 31 December 2020 and 2019, "Other current assets" is made up as

	31 DEC 2020	31 DEC 2019
Commercial discounts	15,865,221	12,953,800
Insurance premiums paid in advance	2,555,508	2,437,740
Software licenses	3,157,752	2,597,754
Deferred costs - Rents	813,085	868,931
Interests to be received	381,408	302,773
Insurance indemnities	_	408,281
Other current assets	13,811,955	11,135,152
	36,584,929	30,704,431

The caption "Commercial discounts" refers to promotional campaigns carried out in the retail operating segment stores and reimbursed by Sonae MC suppliers and recognized under "Cost of sales".

DEFERRED TAXES

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

	DEFERRED 1	TAX ASSETS	DEFERRED TA	X LIABILITIES
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Difference between fair value and acquisition cost	3,922,217	4,310,278	18,912,605	18,877,011
Temporary differences on property, plant and equipment and intangible assets	7,354	8,113	82,654,776	77,467,323
Provisions and impairment losses not accepted for tax purposes	11,688,111	11,816,298	-	-
Valuation of hedging derivatives	196,852	107,507	38,128	67,639
Amortisation of goodwill for tax purposes in Spain	-	-	33,736,644	27,919,963
Revaluation of property, plant and equipment	-	-	593,714	683,776
Tax losses carried forward	9,018,676	6,664,266	-	-
Reinvested capital gains/(losses)	-	-	128,705	252,746
Rights of use	246,409,201	227,885,185	220,424,725	205,257,299
Tax Benefits	1,064,891	3,311,517	-	-
Others	1,604,270	2,125,718	1,914	4,915
	273,911,572	256,228,882	356,491,211	330,530,672

During the periods ended 31 December 2020 and 2019, movements in deferred tax assets and liabilities are as follows:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES		
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	
OPENING BALANCE	256,228,882	224,280,905	330,530,672	271,082,478	
EFFECTS IN NET INCOME:					
Difference between fair value and acquisition cost	(388,061)	412,499	35,594	213,087	
Temporary differences on property, plant and equipment and intangible assets	(759)	(754)	5,187,453	9,217,803	
Provisions and impairment losses not accepted for tax purposes	(128,187)	(364,047)	-	-	
Revaluation of tangible assets	-	-	(90,062)	(61,491)	
Constitution / reversal of deferred tax assets over tax losses	2,351,567	(249,305)	-	-	
Amortisation of goodwill for tax purposes in Spain	-	-	5,816,680	5,816,680	
Reinvested capital gains/(losses)	-	-	(124,041)	(24,271)	
Effect of change of tax rate	-	(42)	-	(93,133)	
Rights of use	18,512,241	34,062,949	15,167,425	29,091,669	
Tax Benefits	(2,246,626)	1,341,272	-	-	
Others	(697,976)	461,238	-	-	
	17,402,199	35,663,810	25,993,049	44,160,344	
EFFECTS IN EQUITY:					
Valuation of hedging derivatives	89,345	62,196	(29,510)	(18,003)	
Rights of use	-	566,922	-	642,817	
Fair value allocation on the acquition of subsidiaries (including tax losses carried forward) (Note 4)	-	-	-	14,600,000	
Others	-	(4,588,898)	(3,000)	(3,000)	
	89,345	(3,959,780)	(32,510)	15,221,814	
Others	191,146	243,947	_	66,036	
CLOSING BALANCE	273,911,572	256,228,882	356,491,211	330,530,672	

As at 31 December 2020, the tax rate to be used in Portuguese companies, for the calculation of the deferred tax assets relating to tax losses is 21%. The tax rate to be used to calculate deferred taxes in temporary differences in Portuguese companies is 22.5% increased by the state surcharge in companies in which the expected reversal of those deferred taxes will occur when those rates will be applicable. For companies or branches located in other countries, rates applicable in each jurisdiction were used.

In 2016 and in a new decision occurred in 2018, the Spanish Supreme Court decided in favour of Sonae MC considering that goodwill amortization for tax purposes in 2008 was applicable. During 2017, the Group recognized 17.5 million euro in deferred tax liabilities related to the tax deduction of the amortization of the years 2008, 2016, 2017 and in 2018, 2019 and 2020 the recognition of 5.8 million euros.

Taking into account the tax proceedings pending before the court in Spain for the financial years 2008 to 2011, as well as for the fact that the Group was prevented from recognizing the tax depreciation of goodwill for the financial years 2012 to 2015, the right of the entity to deduct tax depreciation of goodwill amounting to 69.8 million euros might be given in the future.

As at 31 December 2020 and 2019, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

		31 DEC 2020			31 DEC 2019		
		TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT	TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT
WITH LIMITED TIME USE							
Generated in 2014	Portugal	18,326	3,849	2028	130,539	27,413	2026
Generated in 2015	Portugal	69,903	14,679	2029	111,086	23,328	2027
Generated in 2016	Portugal	243,591	51,154	2030	877,197	184,211	2028
Generated in 2017	Portugal	335,279	70,409	2024	105,297	22,112	2022
Generated in 2018	Portugal	253,562	53,248	2025	452,749	95,077	2023
Generated in 2019	Portugal	-	-	2026	625,559	131,369	2024
Generated in 2020	Portugal	1,858,810	390,350	2032	-	-	2025
		2,779,471	583,689		2,302,427	483,510	
WITHOUT LIMITED TIME USE							
	Spain	33,739,949	8,434,987		24,723,024	6,180,756	
TOTAL		36,519,420	9,018,676		27,025,451	6,664,266	

As at 31 December 2020 and 2019, the deferred taxes to be recognized arising from tax losses were evaluated. In the cases in which they originated deferred tax assets, they were only recorded to the extent that it is probable that future taxable income will occur that could be used to recover the tax losses or tax differences that reverted in the same period and considering the limit of compensation existing by law in the applicable cases. This assessment was based on the business plans of Sonae MC companies, which are periodically reviewed and updated.

As at 31 December 2020, the Group had an amount of 8.4 million euros (6.2 million euro as at 31 December 2019) of deferred tax assets related to tax losses for this and previous years of the Spanish Tax Group and which can be recovered by it in Spain. The Modelo Continente Hipermercados, SA branch in Spain was, on 31 December 2020 and 2019, the representative entity of the Tax Group in Spain, whose dominant entity is Sonae SGPS, S.A.

The recoverability of the above mentioned deferred tax assets, regarding Sonae operations in Spain is supported by the analysis of the recoverable amount of the cash-generating units for the specialized retail formats in Spain based on their value in use, obtained from business plans with a 10-year projection period, assuming it is the most realistic and appropriate deadline for the implementation of the strategy of internationalization of Sonae in the specialized retail segment, taking into consideration not only the nature of the products in question (more discretionary character) but also the current macro-economic conditions.

Main assumptions used in the business plans of the retail companies and other companies in Spain, included in consolidation, are essentially based on a compound growth rate of 2.1% over a 10-year period (4.8% in 2019).

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Although these tax losses do not expire, the analysis of their recoverability was limited to a 10 years term, also considering the deferred tax liabilities recognized.

It is the Board of Directors understanding, considering the existing business plans for each of the companies, that such deferred tax assets are fully recoverable, including those which were reversed in previous years likely to be recoverable in a longer period than the 10 years of the business plan.

As at 31 December 2020, there are reportable tax losses in the amount of 84.4 million euros (75.5 million euros as at 31 December 2019), whose deferred tax assets are not recorded for prudence purposes.

		31 DEC 2020			31 DEC 2019		
		TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT	TAX LOSSES CARRIED FORWARD	DEFERRED TAX ASSETS	TIME LIMIT
WITH LIMITED TIME USE							
Generated in 2014	Portugal	112,213	23,565	2028	-	-	2018
Generated in 2015	Portugal	41,183	8,648	2029	-	-	2026
Generated in 2016	Portugal	633,610	133,058	2030	-	-	2027
Generated in 2017	Portugal	1,278,464	268,477	2024	1,199,079	251,807	2024
Generated in 2018	Portugal	1,429,325	300,158	2025	1,074,456	225,636	2025
Generated in 2019	Portugal	2,681,355	563,085	2026	2,392,392	502,402	2026
Generated in 2020	Portugal	460,178	96,637	2032	-	-	2032
		6,636,328	1,393,629		4,665,927	979,845	
WITHOUT LIMITED TIME USE							
	Brazil	15,013,794	5,104,690		18,853,767	6,410,281	
	Spain	62,754,178	15,688,545		51,952,463 12,988,116		
		77,767,972	20,793,235		70,806,230	19,398,397	
TOTAL		84,404,300	22,186,864		75,472,157	20,378,242	

In 2010 and 2011, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 and 2009 tax losses incurred, amounting to approximately 23.3 million euro, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados for each of the mentioned years. That branch appealed to the proper Spanish Authorities (Tribunal Economico Administrativo Central de Madrid) in 2010 and 2011 respectively, and it is the Board of Directors understanding that the decision will be favourable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities. In 2012 the Company interposed appeal to the National Court in Spain ("Audiencia Nacional España"), due to a decision opposite to the claims and estimates of the Company, by the Economic and Administrative Central Court of Madrid, for the notification for fiscal year of 2008. The same procedure was adopted in 2014 for the notification corresponding to the financial year 2009.

In 2014 following an additional inspection for fiscal years 2008 to 2011, Spanish Tax authorities corrected tax losses carried forward regarding goodwill depreciation and financial expenses that resulted from the acquisition of Continente Hipermercados S.A. Although in complete disagreement, Sonae carried out the tax returns correction and appealed, to the proper Spanish Authorities (Central Administrative Economic Court Spain). Tax reports for 2012 to 2015 were corrected. During 2018, as a result of the unfavourable decision of the Central Economic-Administrative Court of Madrid, an appeal was lodged against the National Audience in Spain.

In 2015 and 2016, the decision of the National Court in Spain regarding the reduction of tax losses arising from the tax depreciation of goodwill in the years ended at 31 December 2008 and 2009 respectively was contrary to the Group's claims, and despite the Branch appealing to the Supreme Court, the Group prudently annulled deferred tax assets from 2008 to 2011, recognized in the accompanying financial statements, amounting to 36 million euros, and the deferred tax liabilities corresponding to the amortization of goodwill for tax purposes amounting to 18.6 million euros.

In 2016 and in a new decision in 2018, the Supreme Court gave a positive opinion to the Group's pretensions regarding tax amortization of Goodwill, with reference to 2008, and the Group corrected the tax return for 2016, and it is its intention to also consider such amortization in the tax return for the next years. Consequently, it recognized the corresponding deferred tax liability for fiscal years 2008, 2016, 2017, 2018, 2019 and 2020.

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CASH AND CASH EQUIVALENTS

As at 31 December 2020 and 2019, Cash and cash equivalents are as follows:

	31 DEC 2020	31 DEC 2019
Cash at hand	10,381,745	10,793,121
Bank deposits	184,026,501	66,534,344
Treasury applications	15,337	12,159
CASH AND BANK BALANCES ON THE STATEMENT OF FINANCIAL POSITION (NOTE 5)	194,423,583	77,339,624
Bank overdrafts (Note 23)	(142,765)	(13,956)
CASH AND BANK BALANCES IN THE STATEMENT OF CASH FLOWS	194,280,818	77,325,668

Bank overdrafts include current account credit balances with financial institutions and are disclosed in the statement of financial position under "Loans".

CAPITAL

As at 31 December 2020, the share capital, which is fully subscribed and paid for, is made up of 1,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

As at 31 December 2020 and 2019, the subscribed share capital was held as follows:

COMPANY	31 DEC 2020	31 DEC 2019
Sonae, SGPS, S.A.	35.029%	35.029%
Sonae Holdings, SA 1)	51.827%	51.827%
Sonae Investments, BV	13.144%	13.144%
1) Former Sonaecenter Servicos, SA		

As at 31 December 2020 Efanor Investimentos, SGPS, SA and its subsidiaries held 52.85% of the shares representing the share capital of Sonae, SGPS, SA, which in turn, hold 100% of the remaining entities that hold the capital of Sonae MC.

NON-CONTROLLING INTERESTS

As at 31 December 2020 and 2019, "Non-controlling interests" are detailed as follows:

	31 DEC 2020					
	EQUITY	NET PROFIT/ (LOSS)	BOOK VALUE OF NON-CONTROLLING INTERESTS	PROPORTION IN INCOME ATTRIBUTABLE TO NON CONTROLLING INTERESTS	DIVIDENDS/ INCOME RECEIVED	
Elergone	15,083,310	4,285,609	3,719,181	1,071,402	-	
Gowell	(1,702,146)	(1,633,134)	-	(724,629)	-	
Arenal	70,926,515	110,507	28,386,237	51,574	-	
Tomenider	46,268,018	(301,055)	(6,478,973)	(120,422)	-	
Real Estate Investment Fund Imosonaedois	100,500,105	9,622,542	2,011,749	(48,173)	-	
Maxmat	44,496,926	8,995,424	22,325,286	4,854,545	(5,224,091)	
Others	(14,398,680)	(4,108,388)	(8)	(20)	-	
TOTAL	261,174,048	16,971,505	49,963,472	5,084,277	(5,224,091)	

		31 DEC 2019								
	EQUITY	NET PROFIT/ (LOSS)	BOOK VALUE OF NON-CONTROLLING INTERESTS	PROPORTION IN INCOME ATTRIBUTABLE TO NON CONTROLLING INTERESTS	DIVIDENDS/ INCOME RECEIVED					
Elergone	7,322,427	3,297,256	1,778,960	824,314	-					
Gowell	(36,475)	20,970	3,625,450	10,275	-					
Arenal	117,389,031	3,821,487	21,977,691	1,534,963	-					
Real Estate Investment Fund Imosonaedois	112,077,554	8,891,900	2,243,500	(71,026)	-					
Maxmat	50,099,237	5,884,316	25,109,815	3,293,611	(2,027,573)					
Others	(15,032,254)	(1,902,493)	(67)	(7)	-					
TOTAL	271,819,520	20,013,436	54,735,349	5,592,130	(2,027,573)					

Movements in non-controlling interests during the periods ended as at 31 December 2020 and 2019 are as follows:

		31 DEC 2020					
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
OPENING BALANCE AS AT 1 JANUARY	1,778,960	3,625,450	21,977,691	2,243,500	25,109,815	(67)	54,735,349
Dividends distributed	-	-	-	-	(5,224,091)	-	(5,224,091)
Income distribution from investment funds	-	-	-	(424,368)	-	-	(424,368)
Acquisition of the remaining 49% capital	-	(2,900,821)	-	-	-	-	(2,900,821)
Changes in hedging reserves	869,853	-	-		(74,776)	-	795,077
Decrease of capital	-	-	-		(2,000,000)	-	(2,000,000)
Others variations	(1,034)	-	(1,579)	240,790	(340,207)	79	(101,951)
Profit for the period attributable to non- controlling interests	1,071,402	(724,629)	(68,848)	(48,173)	4,854,545	(20)	5,084,277
CLOSING BALANCE AS AT 31 DECEMBER	3,719,181	-	21,907,264	2,011,749	22,325,286	(8)	49,963,472

				31 DEC 2019			
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
OPENING BALANCE AS AT 1 JANUARY	1,023,963	3,520,072	-	2,301,712	24,300,216	(7)	31,145,956
Effect of Restatment	(11,811)	(352,130)	-	509,203	(2,282,860)	1	(2,137,597)
OPENING BALANCE AS AT 1 JANUARY 2019 RESTATED	1,012,152	3,167,942	_	2,810,915	22,017,356	(6)	29,008,359
Dividends distributed	-	-	-	_	(2,027,573)	-	(2,027,573)
Income distribution from investment funds	-	-	-	(236,205)	-	-	(236,205)
Acquisition of subsidiaries	-	-	20,442,727	-	-	-	20,442,727
Capital inflow	-	127,506	-	-	-	-	127,506
Interest in other comprehensive income, net of tax, related to associates and joint ventures accounted for under the equity method	-	-	1,892	-	_	-	1,892
Changes in hedging reserves	(69,316)	-	-	-	(528)	-	(69,844)
Other variations	11,810	319,727	(1,891)	(260,184)	1,826,949	(54)	1,896,357
Profit for the period attributable to non- controlling interests	824,314	10,275	1,534,963	(71,026)	3,293,611	(7)	5,592,130
CLOSING BALANCE AS AT 31 DECEMBER	1,778,960	3,625,450	21,977,691	2,243,500	25,109,815	(67)	54,735,349

As at 31 December 2020 and 2019, the aggregate financial information of subsidiaries with non–controlling interests is as follows:

	31 DEC 2020						
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
Total Non-Current Assets	167,827	2,139,793	222,917,926	98,207,021	37,588,496	9,867,756	370,888,819
Total Current Assets	24,220,916	1,523,006	46,827,881	5,711,182	45,859,781	1,123,917	125,266,683
Total Non-Current Liabilities	(40,687)	1,826,824	110,044,199	_	4,895,302	25,346,949	142,072,587
Total Current Liabilities	9,346,120	3,538,121	42,507,075	3,418,098	34,056,049	43,404	92,908,867
EQUITY	15,083,310	(1,702,146)	117,194,533	100,500,105	44,496,926	(14,398,680)	261,174,048

	31 DEC 2019						
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
Total Non-Current Assets	307,650	2,319,998	215,799,461	114,149,781	38,594,645	13,465,355	384,636,890
Total Current Assets	13,515,303	2,536,915	46,744,817	124,443	46,309,176	1,111,750	110,342,404
Total Non-Current Liabilities	29,865	1,210,456	106,153,727	_	6,199,838	26,437,543	140,031,429
Total Current Liabilities	6,470,661	3,682,932	39,001,520	2,196,670	28,604,746	3,171,816	83,128,345
EQUITY	7,322,427	(36,475)	117,389,031	112,077,554	50,099,237	(15,032,254)	271,819,520

				31 DEC 2020			
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
Turnover	68,472,190	5,504,086	119,060,555	12,154,028	115,647,786	-	320,838,645
Other operating income	86,724	959,845	5,062,035	1,814,139	2,094,372	-	10,017,115
Operational expenses	(63,034,052)	(8,419,612)	(119,500,056)	(3,938,303)	,(105,162,590)	(987,889)	(301,042,502)
Net financial expenses	11,687	(53,736)	(4,757,874)	(19,261)	(519,326)	(3,120,499)	(8,459,009)
Income or expense relating to investment	-	(133)	-	-	-	-	(13)
Income tax expense	(1,250,940)	376,416	(55,208)	(388,061)	(3,064,818)	-	(4,382,611)
PROFIT/(LOSS) AFTER TAXATION	4,285,609	(1,633,134)	(190,548)	9,622,542	8,995,424	(4,108,388)	16,971,505
Other comprehensive income for the period	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,285,609	(1,633,134)	(190,548)	9,622,542	8,995,424	(4,108,388)	16,971,505

	31 DEC 2019						
	ELERGONE	GOWELL	ARENAL	IMOSONAEDOIS*	MAXMAT	OTHERS	TOTAL
Turnover	63,395,559	14,157,451	129,157,322	12,520,170	95,132,050	-	314,362,552
Other operating income	349,064	274,294	2,978,005	16	1,707,831	19	5,309,229
Operational expenses	(59,482,274)	(14,297,018)	(122,646,929)	(4,023,409)	(88,552,141)	(615,243)	(289,617,014)
Net financial expenses	(3,395)	(65,080)	(4,394,601)	(17,376)	(526,972)	(1,287,269)	(6,294,693)
Income or expense relating to investments	-	(465)	-	-	-	-	(465)
Income tax expense	(961,698)	(48,212)	(1,272,310)	412,499	(1,876,452)	-	(3,746,173)
Profit/(Loss) after taxation	3,297,256	20,970	3,821,487	8,891,900	5,884,316	(1,902,493,)	20,013,436
Other comprehensive income for the period	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,297,256	20,970	3,821,487	8,891,900	5,884,316	(1,902,493)	20,013,436

^{*} Real Estate Investment Fund Imosonaedois

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LOANS

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

	31 DEC	2020	31 DEC	2019
	OUTSTANDIN	NG AMOUNT	OUTSTANDIN	IG AMOUNT
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
BANK LOANS				
Sonae MC, SGPS, S.A commercial paper	-	140,000,000	13,500,000	266,000,000
Subsidiary of Sonae MC 2014/2023	-	50,000,000	_	50,000,000
Subsidiary of Sonae MC 2015/2023	-	20,000,000	_	20,000,000
Subsidiary of Sonae MC 2017/2025	3,333,333	13,333,333	3,333,333	16,666,667
Sonae MC 2018/2031	-	55,000,000	_	55,000,000
Subsidiary of Sonae MC / 2020/2025	-	55,000,000	-	-
Others	364,178	1,087,500	492	-
	3,697,511	334,420,833	16,833,825	407,666,667
Bank overdrafts (Note 20)	142,765	-	13,956	-
Up-front fees beard with the issuance of borrowings	-	(447,189)	_	-
BANK LOANS	3,840,276	333,973,644	333,973,644	407,666,667
BONDS				
1) and 2) Bonds Sonae MC / December 2015/2024	_	50,000,000	_	50,000,000
1) Bonds Sonae MC / May 2015/2022	-	75,000,000	_	75,000,000
1) and 2) Bonds Sonae MC / December 2019/2024	-	30,000,000	_	30,000,000
1) Bonds Sonae MC / June 2016/2021	-	-	-	95,000,000
Bonds Sonae MC / September 2016/2021	-	-	3,000,000	3,000,000
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	-	-
Up-front fees beard with the issuance of borrowings	-	(1,478,929)	(3,620)	(836,824)
BONDS	-	321,021,071	2,996,380	252,163,176
Other loans	66,927	-	_	-
Obligations under finance leases	-	-	10,613	956
Derivative (Note 24)	1,170,794	-	420,098	-
OTHER LOANS	1,237,721	-	430,711	956
	5,077,997	654,994,715	20,274,872	659,830,799

¹⁾ Formerly called Sonae Investimentos, SGPS; 2) Bond maturity extended to 2024.

2020 (1.20% as at 31 December 2019). Most of the bonds and bank loans have variable interest rates indexed to Euribor.

Bonds and bank loans bear an average interest rate of 1.13% as at 31 December
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 loans face value, maturities and interests are as follows (including obligations under financial leases):

	31 DEC	2020	31 DEC	2019
	CAPITAL	INTERESTS	CAPITAL	INTERESTS
N+1	3,907,204	7,281,905	19,858,394	6,350,719
N+2	189,420,833	6,822,483	251,334,289	5,043,919
N+3	99,444,444	5,449,975	138,333,333	3,296,450
N+4	99,444,444	4,325,124	115,444,444	2,433,442
N+5	155,944,444	2,808,276	109,444,444	1,530,870
After N+5	112,666,668	2,818,281	46,111,111	2,150,579
	660,828,037	29,506,044	680,526,017	20,805,979

The maturities above were estimated in accordance with the contractual terms of the loans and considering Sonae MC's best estimated regarding their reimbursement date.

As at 31 December 2020 and 2019, Sonae MC had as detailed in Note 20, "Cash and bank balance equivalents" in the amount of 194,280,818 euros (77.325.668 euros as at 31 December 2019) and available credit lines as follows:

As at 31 December 2020 there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are in regular compliance.

	31 DE	C 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 (Note 3.3)	94,000,000	265,000,000	124,000,000	284,000,000	
Agreed credit facilities	94,000,000	405,000,000	129,000,000	550,000,000	

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24. **DERIVATIVES**

EXCHANGE RATE DERIVATIVES

Sonae MC uses exchange rate derivatives, essentially to hedge future cash flows that will occur in the next 12 months.

Therefore, Sonae MC entered several exchange rates forwards in order to manage its exchange rate exposure.

The fair value of exchange rate derivatives hedging instruments based on current market values of equivalent exchange rate financial instruments is a liability of 1,170,794 euros euro and an asset of 159,480 euros (420,098 euros in liabilities and 394,309 euros in assets, as at 31 December 2019) (Note 11 and 23).

The accounting of the fair value for these financial instruments was made taking into consideration the present value at financial position statement date of the forward settlement amount in the maturity date of the contract. The settlement amount considered in the valuation, is equal to the currency notional amount (foreign currency) multiplied by the difference between the contracted forward exchange rate and the forward exchange market rate at that date as at the valuation date.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment were recorded directly in the income statement in the captions "Other financial income and gains" or "Financial expenses and losses".

Gains and losses associated with changes in the market value of derivative instruments are recorded under the caption "Cash-flow hedging reserves", when considered as cash flow hedges and under "Exchange rate differences" when considered to be fair value hedges. The change in market value of derivative instruments when considered speculation is recorded in the income statement under "Other expenses".

INTEREST RATE

As at 31 December 2020 no contracts existed, related to interest rate and exchange rate derivatives.

OTHER DERIVATIVES

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	ASSI	ETS	LIABILITIES		
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	
HEDGING DERIVATIVES					
Exchange rate	159,840	394,309	1,170,794	420,098	
Electricity	2,503,186	-	-	-	
	2,663,026	394,309	1,170,794	420,098	

OTHER NON-CURRENTS LIABILITIES

As at 31 December 2020 and 2019 "Other non-current liabilities" are made up as follows:

The amount included in the caption "Charges assumed on the sale of properties" is related to the expenses to be incurred, which are traditionally the responsibility of the owner, who in the case of Sale and Leaseback these amounts were paid at the time of the transaction and Sonae MC assumed future responsibility.

	31 DEC 2020	31 DEC 2019
Creditors for acquisition of financial investments	1,000,000	1,295,832
Fixed assets suppliers	97,521	-
Other non-current liabilities	338,354	527,556
TOTAL OF FINANCIAL INSTRUMENTS (NOTE 5)	1,435,875	1,823,388
Share based payments (Note 26)	1,551,057	1,358,081
Charges made on the sale of real estate (Note 2.6)	19,546,085	19,453,371
Other accruals and deferrals	138,943	84,228
OTHER NON-CURRENT LIABILITIES	22,671,960	22,719,068

26.

SHARE BASED PAYMENT

Sonae MC, SGPS granted, in 2020 and in previous years, in accordance with the remuneration policy described in the corporate governance report granted deferred performance bonus to its directors and eligible employees. These are either based on shares to be acquired at nil cost or with discount, three years after they were attributed to the employee, or based on share options with the period price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The company has the right to deliver, in lieu of shares, the equivalent amount

in cash. The exercise of rights only occurs if the employee is in the service of company of Sonae Group on the due date.

As at 31 December 2020 and 2019, the number of attributed shares related to the assumed responsibilities arising from share-based payments, which have not yet vested, can be detailed as follows:

				NUMBER 0	F SHARES	FAIR \	/ALUE
SHARES	GRANT YEAR	VESTING YEAR	NUMBER OF PARTICIPANTS	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
	2017	2020	43	_	1,969,703	-	1,057,172
	2018	2021	41	1,333,701	2,131,656	1,227,732	960,552
	2019	2022	42	1,813,151	2,319,597	1,438,053	1,122,856
	2020	2023	43	3,108,819	-	1,361,956	_
TOTAL				6,255,671	6,420,956	4,027,741	3,140,580

As at 31 December 2020 and 2019 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	31 DEC 2020	31 DEC 2019
Recorded in employee benefits expense in the current period	1,182,105	1,554,880
Recorded in previous years	1,211,470	1,113,746
	2,393,575	2,668,626
Recorded in other non-current liabilities (Note 25)	1,551,057	1,358,081
Recorded in other current liabilities (Note 29)	842,518	1,310,545
	2,393,575	2,668,626

Expenditures for stock plans are recognized over the period that mediates the attribution and exercise of these in personnel expenses.

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TRADE PAYABLES

As at 31 December 2020 and 2019 Trade payables are as follows:

		PAYABLE TO	
	31 DEC 2020	UP TO 90 DAYS	MORE THAN 90 DAYS
Trade payables - current account	739,355,687	739,353,656	2,031
Trade payables - Invoice Accruals	55,596,856	55,596,856	
	794,952,544	794,950,512	2,031

		PAYABLE TO	
	31 DEC 2019	UP TO 90 DAYS	MORE THAN 90 DAYS
Trade payables - current account	824,890,076	822,385,292	2,504,784
Trade payables - Invoice Accruals	46,067,495	46,067,494	-
	870,957,571	868,452,786	2,504,784

As at 31 December 2020 and 2019 this caption includes amounts payable to suppliers resulting from Sonae MC operating activity. Sonae MC believes that the book value of these balances is approximate to their fair value.

Sonae MC maintains cooperation agreements with financial institutions in order to enable the suppliers of retail segment, to access to an advantageous tool for managing their working capital, upon confirmation by Sonae of the validity of credits that suppliers hold on it. Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries, after confirmation of the validity of such receivables by these companies. These retail subsidiaries consider that the economic substance of these financial

liabilities does not change, therefore these liabilities are kept as accounts payable to Suppliers until the normal maturity of these instruments under the general supply agreement established between the company and the supplier, whenever (i) the maturity corresponds to a term used by the industry in which the company operates, this means that there are no significant differences between the payment terms established with the supplier and the industry, and (ii) the company does not have net costs related with the anticipation of payments to the supplier when compared with the payment within the normal term of this instrument.

28.

OTHER PAYABLES

As at 31 December 2020 and 2019, the caption "Other payables" is detailed as

			PAYABLE TO	
	31 DEC 2020	UP TO 90 DAYS	90 TO 180 DAYS	MORE THAN 180 DAYS
Fixed asset suppliers	55,394,882	55,242,720	18,869	133,293
Other payables	30,390,950	30,387,776	-	3,174
	87,785,832	85,630,496	18,869	136,467
Related undertakings	-			
	85.785.832			

		PAYABLE TO		
	31 DEC 2019	UP TO 90 DAYS	90 TO 180 DAYS	MORE THAN 180 DAYS
Fixed asset suppliers	53,542,714	50,807,922	1,412,096	1,322,696
Other payables	23,025,608	23,025,608	-	-
	76,568,322	73,833,530	1,412,096	1,322,696
Related undertakings	-			
	76,568,322			

The caption "Other payables" includes:

- > 12,234,546 euros (11,199,287 euros as at 31 December 2019) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";
- > 4,071,365 euros (391,200 euros as at 31 December 2019) relating to vouchers, gift cards and discount tickets not yet redeemed;

As at 31 December 2020 and 2019, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest. The Board of Directors understands that the fair value of these payables is similar to its book value and the result of discounting these amounts is immaterial.

OTHER CURRENT LIABILITIES

As at 31 December 2020 and 2019, "Other current liabilities" are made up as follows:

	31 DEC 2020	31 DEC 2019
Holiday pay and bonus	107,986,632	100,675,763
Software access licenses	9,911,200	-
Other external supplies and services	35,492,412	29,377,014
Marketing expenses	8,595,476	14,347,895
Rights of use	3,024,179	2,296,953
Municipal property tax	1,686,759	1,744,512
Charges made on the sale of real estate (Note 2.6 and Note 25)	1,287,002	1,176,326
Fixed income charged in advance	5,534,462	1,284,399
Share based payments obligations (Note 26)	842,518	1,310,545
Interests payable	1,311,689	892,991
Others	10,262,778	7,131,834
	185,935,107	160,238,232

This caption mainly includes Accruals of expenses incurred in the year to be settled in the following year.

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30.

PROVISIONS AND IMPAIRMENT LOSSES

Movements in "Provisions" and "Impairment losses" during the period ended 31 December 2020 and 2019 are as follows:

	BALANCE AS AT 1 JANUARY 2020	INCREASE	DECREASE	TRANSFERS AND OTHER MOVEMENTS	BALANCE AS AT 31 DECEMBER 2020
Accumulated impairment losses on investments	769,213	_	-	-	769,213
Impairment losses on property, plant and equipment (Note 6)	86,688,619	4,404,561	(364,554)	-	90,728,626
Impairment losses on intangible assets (Note 7)	6,839,207	863,797	(1,038,569)	-	6,664,435
Accumulated impairment losses on trade receivables (Note 14)	3,157,289	1,409,270	(689,030)	-	3,877,529
Accumulated impairment losses on other current debtors (Note 15)	3,856,935	527,790	(1,451,140)	-	2,933,585
Non current provisions	9,418,605	-	(2,725,277)	(358,509)	6,334,819
Current provisions	561,741	1,092,565	(292,758)	-	1,361,548
	111,291,609	8,297,983	(6,561,328)	(358,509)	112,669,755

	BALANCE AS AT 1 JANUARY 2019	INCREASE	DECREASE	TRANSFERS AND OTHER MOVEMENTS	BALANCE AS AT 31 DECEMBER 2019
Accumulated impairment losses on investments	3,401,434	15,000	(2,647,221)	-	769,213
Impairment losses on on property, plant and equipment (Note 6)	84,590,757	3,265,794	(1,133,310)	(34,622)	86,688,619
Accumulated impairment losses on intangible assets (Note 7)	6,921,736	171,142	(253,671)	-	6,839,207
Accumulated impairment losses on trade receivables (Note 14)	2,953,919	860,214	(663,555)	6,711	3,157,289
Accumulated impairment losses on other current debtors (Note 15)	3,765,016	503,527	(411,608)	-	3,856,935
Non current provisions	9,570,442	-	(151,837)	-	9,418,605
Current provisions	908,401	333,010	(679,670)	-	561,741
	112,111,705	5,148,687	(5,940,872)	(27,911)	111,291,609

As at 31 December 2020 and 2019 the amount of "increases" and "decreases" in Provisions and impairment losses are as follows:

	31 DEC 2020	31 DEC 2019
Increase/(Decrease) on provisions and impairment losses in the income statement	13,287,788	3,546,649
Use of the provision for the disposal of Ulabox	-	(2,384,956)
Uses and reversions recorded in property, plant and equipment and intangible assets	(1,174,922)	(820,070)
Direct use of impairments on accounts receivable	(3,090,504)	(454,433)
Closing of Turkey	-	(378,000)
Goodwill impairment (Note 9)	(7,088,699)	-
Exchange rate changes	-	(151,838)
Others	(197,008)	(149,537)
	1,736,655	(792,185)

The caption "Non-current provisions" and "Current provisions" includes 6,334,819 euros (9,418,665 euros as at 31 December 2019) relating to noncurrent contingencies assumed by the Company, when selling its subsidiary Sonae Distribuição Brasil, S.A. in 2005. The evolution of the provision between years is associated with the evolution of the real against the euro. This provision is being used in the moment at the liabilities are materialized, being

constituted based on the best estimate of the expenses to be incurred with such liabilities and that result from a significant set of processes of a civil and labour nature and of small value.

Impairment losses are deducted from the book value of the corresponding

31.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at 31 December 2020 the reconciliation of liabilities arising from financing activities are as follows:

	BANK LOANS (NOTE 23)	DERIVATIVE FINANCIAL INSTRUMENTS (NOTE 24)	RIGHTS OF USE (NOTE 8)
BALANCE AS AT 1 JANUARY 2020	679,674,004	25,789	1,006,392,063
CASH FLOWS:			
Receipts relating to financial debt	3,863,282,112	-	-
Payments relating to financial debt	(3,883,097,333)	-	(138,912,784)
Bank overdrafts	128,809	-	-
Financial Debt Update	-	-	65,471,602
Increase/(decrease) in fair value	-	(1,518,021)	-
Costs of setting up the financing	(1,085,674)	-	-
Unpaid rents	-	-	(4,389,310)
Rental discounts related to the impact of the pandemic (Note 36)	-	-	(3,353,130)
Increases/(decrease) in leases	-	-	167,701,657
BALANCE AS AT 31 DECEMBER 2020	658,901,918	(1,492,232)	1,092,910,098

CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2020 and 2019, contingent liabilities to which Group is exposed can be detailed as follows:

GUARANTEES AND SURETIES GIVEN

	31 DEC 2020	31 DEC 2019
GUARANTEES AND SECURITIES GIVEN:		
On tax claims	900,887,077	918,933,032
On judicial claims	155,256	121,808
On municipal claims	5,966,077	6,771,833
For proper agreemnt fulfillment	17,088,947	14,669,245
Other guarantees	354,876	2,992,770
GUARANTEES AND SECURITIES GIVEN IN FAVOUR OF CARVE-OUT ENTITIES:		
On tax claims	26,622,020	26,622,020

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TAX CLAIMS

The main tax claims with bank quarantees given or sureties associated are as

- > Tax claims for additional VAT payment for which quarantees, or sureties were provided in the amount of 514.1 million euros (509.8 million euros as at 31 December 2019). The most significant value amounts to 480.5 million euros (480.5 million euros as at 31 December 2019) is related for the periods from 2004 to 2013 and is related to the Retail Units to which the Group presented or intends to present a tax appeal. The tax claims result from the Tax Administration's understanding that the Group should have invoiced VAT related to promotional discounts granted by suppliers, based on purchases amounts, since Tax Authorities claims it corresponds to alleged services rendered to those entities. Tax authorities also claim that the Group should not have deducted VAT from discount vouchers used by its non-corporate clients.
- > Sureties in the amount of, approximately, 60 million euros as a result of a tax appeal presented by the Company Sonae MC SGPS, S.A. concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, corresponding to a prior coverage of tax losses accrued by the company held, which was taken to the cost of the participation, moreover, as is already understood by the Tax Administration itself, it was understood that now and in the concrete case it should not consider the amount of the cost of participation, including, therefore, the coverage of losses, upon the liquidation of the company held;
- > Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 10.2 million euros (65.3 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 42.8 million euros (272.6 million Brazilian real). The difference between the value of the contingency and the value of the quarantee relates with the update of the related responsibility.

CONTINGENT ASSETS AND LIABILITIES RELATED TO TAX CLAIMS PAID UNDER REGULARIZATION PROGRAMS OF TAX DEBT

Within the framework of regularization of tax debts to Tax Authorities, (Outstanding Debts Settlement of Tax and Social Security - (Decree of law 67/2016 of 3/11, 151-A/2013 of 31/10 and 248-A/2002 of 14/11), the Group made tax payments in the amount of, approximately, 20.1 million euros, having the respective quarantees been eliminated. The related tax appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts, having recorded as an asset the amounts related with income taxes paid under those plans.

OTHER CONTINGENT LIABILITIES

Contingent liabilities related to subsidiaries sold in Brazil

Following the disposal of a subsidiary in Brazil, Sonae guaranteed to the buyer of the subsidiary all the losses incurred by that company arising on

unfavourably decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euros. The amount claimed by the Brazilian Tax Authorities, concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss, plus the amounts already paid 17.2 million euros (24.2 million euros at 31 December 2019) related to programs for the Brazilian State of tax recovery, amount to near 15 million euros at 31 December 2020 (21.2 million euros at 31 December 2019). Furthermore, there are other tax assessments totalling 77.9 million euros (41.5 million euros as at 31 December 2019) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

Procedure for contesting fines imposed by the Competition

In 2016, the Competition Authority (AdC) notified Sonae MC SGPS, SA (ex -Sonae Investimentos), Modelo Continente SGPS (Ex Sonae MC) and Modelo Continente Hipermercados, for the purpose of presenting a defence, in the context of a misconduct proceeding under the agreement entered into between Modelo Continente and EDP Comercial campaign known as the "EDP Continente Plan". It should be noted that the Edo / Continent Plan took place during 2012 and was extended in the first months of 2013 to allow the use of discounts that had been allocated to customers until 31 December 2012. The development of this type of business promotion agreement is a common practice in the Portuguese market. In 2017, the AdC imposed fines of 2.8 million euros on Sonae Investimentos and 6.8 million euros on Modelo Continente. AdC also condemned Sonae MC, but it did not impose any fine on it since that company does not present any turnover. These companies challenged the decision in court. As at 30 September 2020 a decision was handed down that confirmed the AdC's understanding of the illegality of the behaviour in question, while reducing the amounts of the fine to, respectively, 2.52 million euros and 6.12 million euros. The Board of Directors expects, based on the opinion of their legal advisors, maintains the expectation that there will be no liability for these companies in this proceeding.

Research in progress by the Competition Authority

In 2017, a Modelo Continente Hipermercados, S.A. was subject to search and seizure of documents by the Competition Authority (AdC), as part of an investigation publicly reported by AdC as involving 21 entities in the retail sector of consumer goods (for example, hypermarkets, supermarkets, harddiscounts and its suppliers).

In the context of that investigation, the AdC initiated several administrative offense proceedings. To date, 8 Notes of Illegality have been issued in 8 of these cases, with the right of defence having been exercised, with the exception of the last two Notes of Illegality made public, in which the term has been suspended since 22.01.2021, under the regime suspension of procedural deadlines resulting from the measures adopted in the context of the COVID-19 disease pandemic. During the year 2020, the AdC issued sentencing decisions in two of these cases, having fixed a "tender fine" for MCH in the amount of 121.9 million euros. Condemnatory decisions can and will be challenged before the Competition Authority, and the period has also been suspended since 22.01.2021, due to the regime of suspension of procedural deadlines resulting from the measures adopted in the context of the disease pandemic COVID-19.

Based on the assessment of its lawyers and economic consultants, the Board

of Directors disagrees with the understanding and decision of the Competition Authority, which it considers to be totally unfounded, with the result that the competent appeals will be presented, and for this reason, no provision was set up.

OPERATIONAL LEASE - LESSOR

Minimum lease payments (fixed income) arising from operational leases, in which the Sonae MC acts as a lessor, recognized as income during the period ended 31 December 2020 and 2019 amounted to 25,279,742 euros and 29,785,863 euros, respectively.

Additionally, at 31 December 2020 and 2019, Sonae MC had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 DEC 2020	31 DEC 2019
DUE IN:		
N+1 automatically renewal	568,543	741,235
N+1	27,822,614	29,084,549
N+2	24,304,520	25,181,628
N+3	20,313,364	20,735,005
N+4	17,233,285	17,117,925
N+5	15,833,567	14,432,222
Após N+5	13,983,460	37,278,317
	120,059,353	144,570,881

REVENIIE

As at 31 December 2020 and 2019, Revenue is made up as follows:

	31 DEC 2020	31 DEC 2019
Sale of goods	5,046,752,342	4,573,923,275
Services rendered	105,757,415	128,090,850
	5,152,509,757	4,702,014,125

35. NET FINANCIAL EXPENSES

As at 31 December 2020 and 2019, Net financial expenses are as follows:

	31 DEC 2020	31 DEC 2019
EXPENSES		
INTERESTS PAYABLE		
Related with bank loans and overdrafts	(3,863,730)	(4,194,699)
Related with non convertible bonds	(3,562,275)	(3,839,788)
Related with leases (Note 8)	(65,471,602)	(61,205,055)
Others	(602,465)	(821,236)
	(73,500,072)	(70,060,778)
Foreign exchange losses	(10,377,673)	(4,777,439)
Foreign exchange losses related to loans	(2,451,990)	-
Up front fees and commissions related to loans	(2,801,810)	(2,927,014)
Others	(877,700)	(1,323,917)
	(90,009,245)	(79,089,148)
INCOME		
INTERESTS RECEIVABLE		
Related with bank deposits	3,991	14,311
Others	1,500,017	476,404
	1,504,008	490,715
Foreign exchange gains	10,026,404	3,829,882
Other financial income	21,111	478,005
	11,551,523	4,798,602
NET FINANCIAL EXPENSES	(78,457,722)	(74,290,546)

36. OTHER INCOME

As at 31 December 2020 and 2019, the caption "Other Income" is made up as

	31 DEC 2020	31 DEC 2019
Supplementary income	28,315,266	29,397,686
Prompt payment discounts received	24,233,343	24,034,759
Own work capitalised (Note 7)	10,625,203	10,813,167
Exchange differences	10,287,879	9,072,446
Gains on sales of assets	4,236,695	7,048,307
Rental discounts (Note 31)	3,353,130	-
Subsidies	2,966,378	1,035,584
Others	4,085,186	5,070,062
	88,103,080	86,472,011

As at 31 December 2020, under the caption "Gains on sales of assets" are included gains related to the operation "Sale & Leaseback" amounting $2.9\,$ million euros (3.2 million euros as at 31 December 2019) (Note 6).

37.

EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2020 and 2019, "External supplies and services" are as follows:

	31 DEC 2020	31 DEC 2019
Services	68,895,655	61,777,202
Electricity	65,699,269	64,289,516
Advertising expenses	56,480,333	60,007,628
Transports	39,514,304	34,826,701
Cleaning up services	39,421,165	25,767,665
Maintenance	29,329,510	26,555,712
Rents	25,526,393	25,642,181
Security	21,509,744	17,519,821
Costs with automatic payment terminals	13,612,469	10,996,664
Home delivery	12,687,870	8,316,454
Consumables	10,244,561	10,068,041
Communications	5,273,895	5,248,906
Insurances	5,268,369	4,837,299
Travel expenses	3,543,603	6,012,952
Subcontracts	2,465,260	3,791,121
Others	43,406,613	33,872,724
	442,879,013	399,530,587

As mentioned in the introductory note, some of the Group's business operations were significantly affected by the pandemic context, which implied a significant increase in spending on space cleaning and personal protective equipment, as well as an increase in logistics expenses. (home deliveries).

The amount included in rents and rentals is related to variable rents from lease agreements.

EMPLOYEE BENEFIT EXPENSE

As at 31 December 2020 and 2019, Employee benefits expense are as follows:

	31 DEC 2020	31 DEC 2019
Salaries	474,307,954	448,922,190
Social security contributions	97,388,323	91,946,780
Insurance	9,796,277	8,982,274
Welfare	6,234,678	3,232,295
Other staff costs	17,595,893	17,738,164
	605,323,125	570,821,703

As mentioned in the introductory note, in the case of food retail, an extraordinary monetary award was also given to employees of stores and warehouses, as a way of recognizing their availability to provide an essential service to Portuguese families.

OTHER EXPENSES

As at 31 December 2020 and 2019, "Other expenses" are as follows:

	31 DEC 2020	31 DEC 2019
Galp/Continente loyalty program	12,126,184	13,700,877
Exchange differences	11,826,229	9,904,310
Donations	11,739,270	8,913,604
Other taxes	7,037,167	6,733,005
Losses on the disposal of assets	4,535,283	6,186,349
Municipal property tax	2,053,141	2,224,105
Others	2,451,592	1,941,638
	51,768,866	49,603,888

40. INCOME TAX EXPENSE

As at 31 December 2020 and 2019, income tax is made up as follows:

	31 DEC 2020	31 DEC 2019
Current tax	(23,307,130)	(13,678,078)
Deferred tax (Note 19)	(8,590,850)	(8,496,534)
	(31,897,980)	(22,174,612)

The reconciliation between the profit before Income tax and the tax charge for the years ended 31 December 2020 and 2019 is as follows:

	31 DEC 2020	31 DEC 2019
Profit before income tax	176,376,597	159,562,158
Income tax rate in Portugal (21%)	37,039,085	33,508,053
Effect of different income tax rates in other countries	(12,730,362)	(7,012,508)
Difference between capital (losses)/gains for accounting and tax purposes	(2,569,604)	(1,091,616)
Gains or losses in jointly controlled and associated companies (Note 10)	(186,366)	(105,535)
Provisions and impairment losses not accepted for tax purposes	1,488,627	-
Use of tax losses that have not originated deferred tax assets	96,637	502,402
Amortization of goodwill for tax pruposes in Spain (Note 19)	5,816,679	5,816,679
Effect of constitution or reversal of deferred taxes	2,354,411	-
Donations unforeseen or beyond the legal limits	1,082,910	110,166
Use of tax benefits	(8,031,786)	(6,555,907)
Under/(over) Income tax estimates	1,376,467	(4,950,830)
Autonomous taxes and tax benefits	1,095,960	1,320,855
Municipality surcharge	4,506,869	2,708,870
Others	558,453	(2,076,017)
INCOME TAX	31,897,980	22,174,612

41. RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2020 and 2019 are as follows:

	PARENT C	PARENT COMPANY		LED COMPANIES
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Sales & Services rendered	2,646,165	1,446,388	2,601,816	2,828,107
Other income	178,797	90,177	161,545	256,229
Financial income	-	-	-	-
Cost of goods sold and materials consumed	-	-	280,821,018	268,546,594
External supplies and services	5,682,296	2,608,702	1,230,493	1,728,181
Other expenses	5	145	1	5
Financial expense	339,927	312,843	-	_
	8,847,190	4,458,255	284,814,873	273.359.116

	ASSOCIATED COMPANIES		OTHER RELA	TED PARTIES
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Sales & Services rendered	42,631,262	46,224,664	94,683,563	95,762,316
Other income	166,004	386,551	18,254,215	10,760,101
Financial income	-	-	-	-
Cost of goods sold and materials consumed	-	22,272	35,839,408	24,931,567
External supplies and services	-	13,104	27,171,068	35,158,623
Other expenses	1	11,482	984,166	744,531
Financial expense	-	-	6,522,323	6,817,146
	42,797,268	46,658,073	183,454,742	174,174,284

	PARENT (PARENT COMPANY		LLED COMPANIES
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Trade receivables	308,931	410,300	720,912	564,183
Other receivables	64,077	26,647	356,299	516,005
Income tax assets	14,321,505	32,915,209	-	-
Other current assets	40,467	40,352	-	169,086
Trade payables	2,227,723	1,722,869	78,954,260	74,436,005
Other payables	1,401,946	281,156	-	106,409
Income tax liabilities	13,761,526	20,886,901	-	-
Other current liabilities	710,839	1,021,018	154,932	137,426
	37,039,085	33,508,053	80,186,403	75,929,114
Property, plant and equipment acquisitions	173	3,507	-	-
Property, plant and equipment disposals	4,557	1,762	8,615	-
	4,731	5,269	8,615	_

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	ASSOCIATED	COMPANIES	OTHER RELA	TED PARTIES
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Other non-current assets	-	_	-	259,783
Trade receivables	3,220,747	2,261,161	21,340,560	69,762,725
Other receivables	9,261	24,553	10,721,681	21,267,534
Income tax assets	-	-	6,911,074	3,113,129
Other current assets	-	111,067	3,468,847	3,876,244
Other non-current liabilities	-	-	347,197	391,535
Trade payables	2,097	6,573	7,867,024	9,665,997
Other payables	-	1,546	9,241,595	10,983,698
Income tax liabilities	-	55,660	30,755,419	23,022,914
Other current liabilities	-	197,443	14,800,700	4,694,032
	3,232,106	2,658,003	105,454,097	147,037,591
Property, plant and equipment acquisitions	-	4,126	4,297,981	23,086,634
Property, plant and equipment disposals	-	277,996	611,265	1,174,788
Intangible Assets acquisitions	-	-	1,388,496	3,081,313
Intangible Assets disposals	-	-	10,570	7,712,623
	-	282,122	6,308,311	35,055,358

The remuneration of the members of the Board of Directors of the parent company and of the employees with strategic management responsibility, earned in all Sonae MC companies for the years ended at 31 December 2020 and 2019, is composed as follows:

	31 DEC	2020	31 DEC 2019		
	ADMINISTRATIVE Council	DIRECTION Strategic (a)	ADMINISTRATIVE Council	DIRECTION Strategic (a)	
Short-term benefits	202,500	2,861,460	375,000	2,579,425	
Share Benefits	-	1,032,900	-	911,200	
	202,500	3,894,360	375,000	3,490,625	

⁽a) Includes personnel responsible for the strategic management of the companies of Sonae MC (excluding members of the Board of Directors of Sonae MC).

42.

EARNINGS PER SHARE

Earnings per share for the periods ended 31 December 2020 and 2019 were calculated taking into consideration the following amounts:

	31 DEC	2020	31 DEC	2019
	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)	139,394,341	3,955,455	131,795,416	504,843
Net profit taken into consideration to calculate diluted earnings per share	139,394,341	3,955,455	131,795,416	504,843
NUMBER OF SHARES				
Weighted average number of shares used to calculate basic earnings per share	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Effect of dilutive potential ordinary shares from convertible bonds	-	-	-	-
Weighted average number of shares used to calculate diluted earnings per share	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
EARNINGS PER SHARE				
Basic	0.139394	0.003955	0.131795	0.000505
Diluted	0.139394	0.003955	0.131795	0.000505

As at 31 December 2020 and 2019, there are no dilutive effects on the number of shares outstanding.

CASH RECEIPTS AND CASH PAYMENTS OF INVESTMENTS

As at 31 December 2020 and 2019, cash receipts and cash payments related to investments can be detailed as follows:

PAYMENTS	31 DEC 2020	31 DEC 2019
Acquisition of participation on Arenal Perfumarias, S.L.U. and Tomenider, S.L.	-	47,039,289
Acquisition da Chão Verde - Sociedade de Gestão Imobiliária, S.A.	-	2,472,365
Acquisition MCCARE - serviços de Saude, S.A.	-	4,632,682
Acquisition SK - Skin Health Cosmetics	-	2,245,899
Price adjustment on disposal of subsidiary	-	1,526,103
Capital increase in Movvo	-	850,000
Compensation Fund Work	1,275,612	1,085,594
Others	648,678	-
	1,924,290	59,851,932

APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and authorized for issue on 6 April 2021, however, they are still subject to approval at the Shareholders Annual General Meeting.

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45.

GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by Sonae MC as at 31 December 2020 and 31 December 2019 are as follows:

			PERCENTAGE OF CAPITAL HELD			
			31 DECEMB	ER 2020	31 DECEMB	ER 2019
COMPANY		HEAD OFFICE	DIRECT*	TOTAL*	DIRECT*	TOTAL*
Sonae MC SGPS, S.A.		Matosinhos	HOLDING	HOLDING	HOLDING	HOLDING
Amor Bio, Mercado Biológico, Lda	a)	Maia	100.00%	100.00%	100.00%	100.00%
Arenal Perfumerias SLU	a)	Lugo (Spain)	100.00%	60.00%	100.00%	60.00%
Asprela — Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
BB Food Service, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Bertimóvel — Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Bom Momento — Restauração, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Brio — Produtos de Agricultura Biológica, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Canasta — Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Chão Verde — Sociedade de Gestão Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Citorres — Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Contimobe — Imobiliária de Castelo de Paiva, S.A.	a)	Castelo de Paiva	100.00%	100.00%	100.00%	100.00%
Continente Hipermercados, S.A.	a)	Oeiras	100.00%	100.00%	100.00%	100.00%
Cumulativa — Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Elergone Energias, Lda	a)	Matosinhos	75.00%	75.00%	75.00%	75.00%
Farmácia Selecção, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Fozimo — Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Imosonae Dois	a)	Maia	98.00%	98.00%	98.00%	98.00%
Go Well — Promoção de Eventos, Catering e Consultoria, S.A.	a)	Lisbon	100.00%	100.00%	51.00%	51.00%
Igimo — Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
lginha — Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
lmoestrutura — Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imomuro — Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00%
Imoresultado — Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Imosistema — Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00%
Closer Look Design, Lda	a)	Maia	100.00%	100.00%	100.00%	100.00%

			PEF	RCENTAGE OF	CAPITAL HELD	
			31 DECEMB	ER 2020	31 DECEMB	ER 2019
COMPANY		HEAD OFFICE	DIRECT*	TOTAL*	DIRECT*	TOTAL
Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00
MCCARE — Serviços de Saúde, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00
MJLF — Empreendimentos Imobiliários, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00
Modelo — Distribuição de Materiais de Construção, S.A.	b)	Maia	50.00%	50.00%	50.00%	50.00
Modelo Continente Hipermercados, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00
Modelo Continente International Trade, S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00
Modelo Hiper Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00
Pharmacontinente — Saúde e Higiene, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00
Pharmaconcept — Atividades em Saúde, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00
Ponto de Chegada — Sociedade Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00
Predicomercial — Promoção Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00
Predilugar — Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00
SCBrasil Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00
Selifa — Empreendimentos Imobiliários de Fafe, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00
Sempre à Mão — Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00
SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00
SK Skin Health Cosmetics, S.A.	a)	Oeiras	100.00%	100.00%	100.00%	100.00
Socijofra — Sociedade Imobiliária, S.A.	a)	Gondomar	100.00%	100.00%	100.00%	100.00
Sociloures — Sociedade Imobiliária, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00
Soflorin, BV	a)	Amesterdam (Netherlands)	100.00%	100.00%	100.00%	100.00
Sonae MC S2 Africa Limited	a)	La Valeta (Malta)	100.00%	100.00%	100.00%	100.00
Sonae MC — Serviços Partilhados, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00
Sonaerp — Retail Properties, S.A.	a)	Oporto	100.00%	100.00%	100.00%	100.00
Sondis Imobiliária, S.A.	a)	Maia	100.00%	100.00%	100.00%	100.00
Sonvecap, BV	a)	Amesterdam (Netherlands)	100.00%	100.00%	100.00%	100.00
Sport Zone Sport Maiz.Per.Satis Ith.Ve tic Ltd Sti	a)	Istambul (Turkey)	-	-	-	
Tomenider	a)	Lugo (Spain)	60.00%	60.00%	60.00%	60.00
Valor N, S.A.	a)	Matosinhos	100.00%	100.00%	100.00%	100.00
Zíppy Cocuk Maiz.Dag.Satis Ith.Ve Tic Ltd Sti	a)	Istambul (Turkey)	-	-	-	

^{*} The percentage of capital held "Total" is the total percentage of interest held by the parent company's shareholders; the percentage of capital held "Direct" corresponds to the percentage that subsidiary(s) which hold(s) a participation directly in the share capital of that company.

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a) Control held by majority of voting rights which gives power of relevant activities; b) Control held by majority of Board members.

¹ Former Make Notes Design, Lda
2 Subsidiary settled in the period, which is why it is classified in discontinued operations in the period.

These entities are consolidated using the full consolidation method.

46. SUBSEQUENT EVENTS

At the date of presentation of these consolidated financial statements, there are no subsequent events that should be disclosed.

Approved at the Board of Directors meeting on 6 April 2021.

The Board of Directors,

Maria Cláudia Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

João Pedro Magalhães da Silva Torres Dolores

António Carlos Merckx de Menezes Soares

Ricardo Emanuel Mangana Monteiro

Luís Miguel Mesquita Soares Moutinho

Rui Manuel Teixeira Soares de Almeida

Isabel Sofia Bragança Simões Barros

José Manuel Cardoso Fortunato

FINANCIAL STATEMENTS

People at the centre of our success



SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 AND 2019

(TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE. IN CASE OF DISCREPANCY THE PORTUGUESE VERSION PREVAILS)

5 8	2,164,753,787 2,916,832	2 142 569 520
		2 142 569 520
		2 1/2 560 520
8	2 916 832	2,143,568,529
	2,310,032	2,916,832
	1,135	10,43
4, 6	370,969,603	412,306,030
	2,538,641,357	2,558,801,822
4, 7	378,853,296	351,970,389
8	9,255,600	21,136,537
4, 9	3,522,274	3,451,025
4, 10	79,699,248	10,358,816
	471,330,418	386,916,76
	3,009,971,775	2,945,718,589
11	1,000,000,000	1,000,000,000
	186,480,406	177,949,49
11	112,100,730	25,013,34
	237,729,816	170,618,29
	1,536,310,952	1,373,581,13
4, 12	321,021,071	252,163,176
4, 12	194,599,695	321,000,000
	50,021	294,52
	515,670,787	573,457,69
4, 12	_	2,996,38
4, 12	-	13,500,00
4	96,516	192,41
4, 14	952,593,786	977,345,46
8	2,101,152	2,101,15
4, 15	3,198,582	2,544,34
	957,990,036	998,679,75
	3,009,971,775	2,945,718,589
	8 4, 9 4, 10 11 11 11 4, 12 4, 12 4, 12 4, 12 4, 14 8	4, 7 378,853,296 8 9,255,600 4, 9 3,522,274 4, 10 79,699,248 471,330,418 3,009,971,775 11 1,000,000,000 186,480,406 11 112,100,730 237,729,816 1,536,310,952 4, 12 321,021,071 4, 12 194,599,695 50,021 515,670,787 4, 12 - 4, 12 - 4, 12 - 4, 12 - 4, 14 96,516 4, 14 952,593,786 8 2,101,152 4, 15 3,198,582

The accompanying notes are part of these separate financial statements

SEPARATE PROFIT AND LOSS STATEMENTS

FOR THE PERIODS ENDED IN 31 DECEMBER 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	31 DEC 2020	31 DEC 2019
Gains or losses from investments	18	244,613,180	175,037,856
Financial income	19	10,020,210	16,212,066
Other income		1,363,816	1,956,787
External supplies and services	20	(2,767,213)	(2,835,924)
Staff costs	21	(303,564)	(502,076)
Provisions and impairment losses		_	378,363
Financial expenses	19	(18,045,515)	(22,168,356)
Other income		(38,559)	(41,293)
Profit before income tax		234,842,355	168,037,423
Income tax	8	2,887,461	2,580,875
PROFIT FOR THE PERIOD		237,729,816	170,618,298
EARNINGS PER SHARE (BASIC AND DILUTED)	22	0.2377	0.1706

The accompanying notes are part of these separate financial statement

SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED IN 31 DECEMBER 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	SHARE CAPITAL	LEGAL RESERVES	OTHER RESERVES	RETAINED EARNINGS	PROFIT FOR THE PERIOD	TOTAL EQUITY
Balance at 1 January 2019		1,000,000,000	174,887,958	778,740,908	-	61,230,652	2,014,859,518
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		_	_	_	_	170,618,298	170,618,298
Appropriation of the previous year net profit							
Transfer to reserves	11	-	3,061,533	-	-	(3,061,533)	-
Dividends	11	-	-	(16,830,881)	-	(58,169,119)	(75,000,000)
Merger		-	-	(736,896,680)	-	-	(736,896,680)
BALANCE AT 31 DECEMBER 2019	11	1,000,000,000	177,949,491	25,013,347	-	170,618,298	1,373,581,136
Balance at 1 January 2020	11	1,000,000,000	177,949,491	25,013,347	-	170,618,298	1,373,581,136
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		_	_	_	_	237,729,816	237,729,816
Appropriation of the previous year net profit							
Transfer to reserves	11	-	8,530,915	87,087,383	-	(95,618,298)	-
Dividends	11	-	-	-	-	(75,000,000)	(75,000,000)
Transfers	11	-	-	(7,080,512)	7,080,512	-	_
BALANCE AT 31 DE DECEMBER 2020	11	1,000,000,000	186,480,406	105,020,218	7,080,512	237,729,816	1,536,310,952

The accompanying notes are part of these separate financial statements

FINANCIAL STATEMENTS 168 169

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED 31 DECEMBER 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	31 DEC 2020	31 DEC 2019
OPERATING ACTIVITIES			
Cash paid to suppliers		(2,883,073)	(3,354,854)
Cash paid to employees		(309,951)	(545,127)
CASH FLOWS FROM OPERATIONS		(3,193,024)	(3,899,981)
Income tax (paid)/received		14,784,120	(51,776)
Other proceeds/(payments) related to operating activities		1,313,506	850,190
CASH FLOWS FROM OPERATING ACTIVITIES (1)		12,904,602	(3,101,567)
INVESTING ACTIVITIES			
PROCEEDS FROM:			
Investments	5, 10	2,011,350	46,000
Interest and similar income		9,972,049	36,797,177
Dividends	18	248,313,288	176,252,543
Other		18,859	10,743
Loans granted		3,418,398,087	4,229,368,633
		3,678,713,633	4,442,475,096
PAYMENTS FOR:			
Investments	5, 10	(23,266,680)	(356,772,711)
Loans granted		(3,408,188,050)	(3,741,125,925)
		(3,431,454,730)	(4,097,898,636)
CASH FLOW FROM INVESTING ACTIVITIES (2)		247,258,903	344,576,460
FINANCING ACTIVITIES			
PROCEEDS FROM:			
Loans obtained	13	6,883,510,000	8,637,165,483
		6,883,510,000	8,637,165,483
PAYMENTS FOR:			
Interest and similar costs		(18,126,090)	(40,169,536)
Dividends		(75,000,000)	(75,000,000)
Loans obtained	13	(6,981,206,983)	(8,870,507,273)
		(7,074,333,073)	(8,985,676,809)
CASH FLOW FROM FINANCING ACTIVITIES (3)		(190,823,073)	(348,511,326)
NET INCREASE IN CASH AND CASH EQUIVALENTS (4) = (1) + (2) + (3)		69,340,432	(7,036,433)
Cash and cash equivalents at the beginning of the financial year	10	10,358,816	17,382,396
Cash and cash equivalents from mergers		-	12,853
CASH AND CASH EQUIVALENTS YEAR END	10	79,699,248	10,358,816

The accompanying notes are part of these separate financial statements,

SONAE MC, SGPS, SA

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN PORTUGUESE. IN CASE OF DISCREPANCY THE PORTUGUESE VERSION PREVAILS) [AMOUNTS EXPRESSED IN EURO]

1. INTRODUCTION

Sonae MC, SGPS, SA (hereon "the Company" or "Sonae MC") is a Portuguese company, with head-office in Rua João Mendonça nº 529, 4464-501 Senhora da Hora, Matosinhos, Portugal, with management of shareholdings as main activity (note 5).

Consolidated financial statements are also presented pursuant to applicable legislation.

KEY EVENTS DURING THE YEAR

2020 was a year influenced by the Covid–19 pandemic and the consequent restrictive measures on the mobility of people imposed by several governments worldwide, which included lockdown measures, opening hours restrictions and/or closure of commercial spaces.

It had different impacts on the activity of each of the group's businesses, with different levels of intensity depending on their sector, and naturally required an adaptation of their respective operations.

At Sonae MC, from the very beginning, a specific governance model was implemented to manage this crisis, led by Sonae Executive Committee in alignment with the several businesses CEO's. The impacts on each business were regularly monitored and contingency plans were implemented throughout the entire organisation, from operations to central structures.

Since mid-March 2020, mandatory actions were defined and communicated

to all employees regarding: work trips; participation in congresses, fairs, exhibitions and extended training sessions; among many other. With regards to operations, and to ensure the health of employees, partners and customers, essential measures were implemented, such as spaces hygiene, use of personal protective equipment, or limiting the number of people per m2. When feasible remote work was implemented. In addition, in all group companies fully controlled by Sonae in Portugal, it was decided not to use the simplified lay—off mechanism as a way of ensuring full income to employees in this difficult context and to comply with the Company's social mission. In food retail, an extraordinary monetary amount was also awarded to store and warehouse employees, in recognition of their willingness to provide an essential service to Portuguese families.

Throughout the year, several initiatives were carried out to provide general support to institutions (hospitals, municipalities, support centres) through the donation of food.

The main impacts and initiatives for each business are detailed in the management report.

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2. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in preparing the accompanying separate financial statements are as follows:

2.1 BASIS OF PREPARATION

The accompanying separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) in force as at 1 January 2020 and as adopted by the European Union (EU).

The preparation of the separate financial statements in accordance with the IFRS requires use of estimates, assumptions and critic judgements in the process of determination of accounting policies with significant impact in the accounting value of the assets and liabilities, as in the income and expenses of the year. Despite these estimates being based in the best experience of the Board of Directors and in their best expectations related to current and future events and actions, the actual and future results may differ. Areas with the highest degree of judgement or complexity, or areas where assumptions and estimates are significant are presented in note 2.7.

Management assessed the Company's ability to operate on a going concern basis, taking into consideration all relevant information, facts and circumstances of financial, commercial or other nature, including subsequent events to the date of these separate financial statements. As a result,

management concluded that the Company has adequate resources to maintain its activities, having no intention to cease activities in the short term, and deemed the use of the going concern assumption appropriate.

Additionally, for financial reporting purposes, fair value measurement is categorised in Level 1, 2 and 3 according to the level in which the used assumptions are observable and its significance for the fair value estimation used to measure of assets/liabilities or for disclosure purposes:

Level 1 Fair value is determined based on active market prices for identical assets/liabilities:

Level 2 Fair value is determined based on other data other than market prices identified in Level 1 but that are observable; and

Level 3 Fair value measurements derived from valuation techniques, whose main inputs are not observable in the market.

NEW ACCOUNTING STANDARDS AND THEIR IMPACT ON THE SEPARATE FINANCIAL STATEMENTS

The following standards, interpretations, amendments and revisions were endorsed by EU and became effective as of 1 January 2020:

STANDARDS (NEW AND AMENDMENTS) EFFECTIVE AS AT 1 JANUARY 2020	CHANGES	EFFECTIVE DATE
IFRS 3 Business combinations	Revision of the definition of business	01-Jan-20
IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark (IBOR) reform – phase 1	Provide certain reliefs in connection with hedge accounting, so that the interest rate benchmark reform does not affect hedge accounting	01-Jan-20
IAS 1 Presentation of financial statements; and IAS 8 Accounting policies, changes in accounting estimates and errors	Revision of the definition of "material", and the implication on the preparation of financial statements as a whole	01-Jan <mark>-2</mark> 0
Conceptual framework Amendments to references to other IFRS	Amendments to some IFRS regarding cross reference and clarification about the application of the new definitions of asset/liability and expense/income	01-Jan-20

There was no significant impact on the financial statements resulting from their application on the year ended on 31 December 2020.

STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS THAT WILL BECAME EFFECTIVE ON OR AFTER 1 JANUARY 2020

The following standards, interpretations, amendments and revisions were endorsed by EU and are mandatory for future years:

STANDARDS (NEW AND AMENDMENTS) THAT WILL BECOME EFFECTIVE, ON OR AFTER 1 JANUARY 2020, ALREADY ENDORSED BY THE EU	CHANGES	EFFECTIVE DATE
IFRS 16 Leases – COVID-19 related rent concessions	Application of exemption in the recognition of rent concessions granted by lessors related to COVID-19, as modifications	01-Jun-20
IFRS 4 Diferimento da aplicação da IFRS 9	The end of the exemption of applying IFRS 9 by the entities with insurance activity was deferred to 1 January 2023	01-Jan-21

The Company did not proceed with the early adoption of any of these standards on the separate financial statements for the year ended 31 December 2020. There are no significant impacts estimated on the separate financial statements resulting from their application.

STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS NOT YET ENDORSED BY EU

The following standards, interpretations, amendments and revisions, mandatory for future years, have not been endorsed by EU, until the approval of these separate financial statements:

STANDARDS (NEW AND AMENDMENTS) THAT WILL BECOME EFFECTIVE, ON OR AFTER 1 JANUARY 2020, NOT YET ENDORSED BY THE EU	CHANGES	EFFECTIVE DATE
IAS 1 Presentation of financial statements – classification of liabilities	Classification of a liability as current or non-current, depending on an entity's right to defer its payment. New definition of "settlement" of a liability	01-Jan-23
IAS 16 Proceeds before intended use	Prohibition of deducting the proceeds obtained from the sale of items produced during the testing phase, to the acquisition cost of property, plant and equipment	01-Jan-22
IAS 37 Onerous contract – cost of fulfilling a contract	Clarification about the nature of the expenses to be considered in determining whether a particular contract has become onerous	01-Jan-22
Annual improvement 2018 – 2020	Specific amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	01-Jan-22
IFRS 3 Reference to the Conceptual framework	Update to references to the Conceptual Framework and clarification on the registration of provisions and contingent liabilities within the scope of a business combination	01-Jan-22
IFRS 9, IAS 39, IFRS 7, IFRS 4 e IFRS 16 Interest rate benchmark (IBOR) reform – phase 2	Provide practical expedients to address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one	01-Jan-21
IFRS 17 Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participating features	01-Jan-23
IFRS 17 Insurance contracts (amendments)	The amendments to IFRS 17 relate to changes in areas such as: I) scope; II) level of aggregation of insurance contracts; III) recognition; IV) measurement; V) modification and derecognition; VI) presentation of the Statement of Financial Position; VII) recognition and measurement of the Income statement; and VIII) disclosures	01-Jan-23

These standards have not been endorsed by European Union and, therefore, the Company did not implement them for the year ended 31 December 2020.

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2.2 INVESTIMENTS

Equity investments in subsidiaries and associated companies are accounted for accordingly with IAS 27, at acquisition cost net of potential impairment

Subsidiaries are companies over which Sonae MC has control, i.e., when it is exposed to, or has rights over the variable returns of its involvement with the companies and has the ability of affecting them through the control exercised over them.

Associated companies are entities over which the Company exerts significant influence, i.e., over which the Company has the power to take part in operational and financial decisions, but that power does not correspond to control or joint control over them.

Dividends are recognised as investment gains when determined.

Sonae MC performs impairment tests of the investments in subsidiaries and associated companies when events or any changes evidence that the net book value in the separate financial statements is not recoverable.

Besides recognising an impairment loss in such investments, the Company recognises additional losses in other liabilities or payments made in these companies benefit.

Impairment losses are calculated by comparison between the recoverable investment amount and the net book value of the investment.

Investments value-in-use estimate is based on the valuation of the subsidiary using discounted cash flow models. Subsidiaries or joint ventures which main assets are real estate companies or assets are valued with reference to the market value of the real estate assets owned by such companies.

It is the Board of Directors understanding that the use of the methodology mentioned above is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

If subsequently the impairment amount decreases, and the decrease results objectively of a certain event occurred after the initial impairment recognition, the amount register therein is reverted up to the limit of the amount that would be recognised should there never have been any impairment loss.

2.3 FINANCIAL INSTRUMENTS

The Company classifies financial instruments in the categories presented and reconciled with the separate statement of financial position as detailed in note 4.

FINANCIAI ASSETS

All purchases and sales of financial assets investments are recognised on the trade date, the date when the Company commits to buying or selling the asset.

Classification

Financial assets classification depends on the business model followed by the Company in their management (receipt of cash flows or appropriation of fair value changes) and on the contractual terms of the receivable cash flows.

Changes in a financial asset classification can only be made when the business model changes, except for financial assets at fair value through other comprehensive income, that constitute equity instruments, which can never be reclassified to another category.

Financial assets may be classified in the following measurement categories:

- I) Financial assets at amortised cost include financial assets that correspond only to the payment of nominal value and interest and whose business model followed by management is receiving contractual cash flows;
- II) Financial assets at fair value through other comprehensive income may include financial assets that qualify as debt instruments (contractual obligation to deliver cash flows) or equity instruments (residual stake in an entity):
- a) for debt instruments this category includes financial assets that correspond only to the payment of nominal value and interest, for which the business model followed by the management is receiving contractual cash flows or eventually their sale proceeds;
- b) for equity instruments this category includes the percentage held in entities over which the Company does not exercise control, joint control or significant influence, and that the Company has irrevocably chosen, at initial recognition, to register the fair value through other comprehensive income:
- III) Financial assets at fair value through profit or loss includes assets that do not meet the criteria for classification as financial assets at amortised cost or at fair value through other comprehensive income, whether they refer to debt instruments or equity instruments that were not designated at fair value through other comprehensive income.

Measurement

The Company initially measures financial assets at fair value, added of transaction costs directly attributable to the acquisition of the financial asset, for financial assets that are not measured at fair value through profit or loss. Transaction costs of financial assets at fair value through profit or loss are recorded in the separate income statement when incurred.

Financial assets at amortised cost are subsequently measured by the effective interest rate method and deducted of impairment losses. Interest income on these financial assets is included in "Interest income" on financial income.

Financial assets at fair value through other comprehensive income that constitute equity instruments, are measured at fair value on the initial record date and subsequently, and their fair value changes are recorded directly in the other comprehensive income, in equity, without any future reclassification even after derecognition of the investment.

Impairment losses

The Company assesses prospectively estimated credit losses of financial assets, which are debt instruments, classified at amortised cost and at fair value through other comprehensive income. The applied impairment methodology considers the debtors credit risk profile and different approaches are applied depending on the nature of the debtors.

Regarding "Loans granted to related entities", which are not considered as part of the financial investment in these entities, credit impairment is assessed against the following criteria: i) if the receivable balance is immediately due ("on demand"); ii) if it is low risk; or (iii) if it has a term of less than 12 months.

If the amount receivable is immediately due and the related entity is able to pay, the probability of default is close to 0% and therefore impairment is considered equal to zero. If the receivable balance is not immediately due, the related entity's credit risk is assessed and if it is "low" or if maturity is less than 12 months, then the Company only assesses the probability of a default occurring for the next 12 months cash flows.

For all other cases and natures of receivables, namely "Other debtors", the Company applies the impairment model general approach, evaluating at each reporting date whether there has been a significant increase in credit risk since the date of the asset initial recognition. If there was no increase in credit risk, the Company calculates an impairment corresponding to the amount expected to be loss within 12 months. If there has been an increase in credit risk, an impairment is calculated corresponding to the amount equivalent to expected losses for all contractual flows until the asset maturity.

Derecognition of financial assets

The Company derecognises financial assets when, and only when, the contractual rights to the cash flows have expired or have been transferred. and the Company has substantially transferred all the risks and rewards of the asset ownership.

a) Loans and accounts debtors

Loans are recorded at amortised cost, using the effective rate method, net of potential impairment losses.

Interest income is recognised applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

These financial investments arise when the Company provides money or

services directly to a related entity with no intention of trading the receivable.

Loans granted are recorded as current assets, except when its maturity is more than 12 months after the statement of financial position date, in which case they are classified as non-current assets.

Other receivables are recorded at face value net of potential impairment losses, recognised under the caption "Impairment losses in receivables", reflecting their net realisable value.

Impairment losses of loans granted and account receivable are recognised according to the accounting polices described on the note 2.3.a).

Impairment losses recorded equal the difference between the recorded receivable balance and the present value of estimated future cash flows, discounted at the effective interest rate, when the receivable is expected to be in less than a year the discount is nil since its impact is considered immaterial.

b) Cash and cash equivalents

"Cash and cash equivalents" include cash on hand, cash at banks, term deposits and other treasury applications, which mature in less than three months, and can be withdrawn immediately with insignificant risk of change in value.

In the senarate cash flows statement "Cash and cash equivalents" also includes bank overdrafts, which are included in the separate statement of financial position current liabilities caption "Bank loans".

CLASSIFICATION AS EQUITY OR LIABILITY

Financial liabilities and equity instruments are classified according with their contractual substance, independently from the legal form they assume.

FINANCIAL LIABILITIES

Financial liabilities are classified into two categories:

- I) Financial liabilities at fair value through profit or loss; and
- II) Financial liabilities at amortised cost.

"Financial liabilities at amortised cost" category includes liabilities presented under "Loans", "Trade payables" and "Other creditors". These liabilities are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost with the effective interest rate.

As at 31 December 2020, the Company has only recognised liabilities classified as "Financial liabilities at amortised cost".

Financial liabilities are derecognised when the underlying obligations are extinguished by payment, cancelled or expire.

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments, which constitutes their fair value at transaction date.

Financial expenses are calculated based on the effective interest rate and are recorded in the separate income statement on an accruals basis, in accordance with the accounting policy defined in note 2.5. The portion of the effective interest charge relating to up-front fees and commissions is added to the book value of the loan, if it is not paid in the year.

Commercial paper loans are classified as non-current when they have placement for a period of over one year and the Company intends to use this form of financing for a period of over one year.

d) Trade accounts payable and other creditors

Trade accounsts payable and other creditors are stated at their nominal value since it relates to short term debt and its discount effect is estimated to be immaterial.

e) Effective interest rate method

The effective interest rate method is the method used to calculate the amortised cost of a financial asset or liability and to allocate interest income or expense until the financial instrument maturity.

2.6 CONTINGENT ASSETS AND LIABILITIES

Contingent assets are not recorded in the separate financial statements but disclosed when future economic benefits are likely.

Contingent liabilities are not recorded in the separate financial statements. Instead they are disclosed in the notes to the separate financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made

2.7 ACCRUAL BASIS

Dividends are recognised as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, regardless the date of the corresponding payment or receipt. Income and expenses for which the real amount is not known are estimated.

"Other current assets" and "Other current liabilities" include income and expenses of the reporting year which will only be received or paid in the future. Those captions also include payments and receipts that have already occurred but relate to income or expenses of future years, which will be duly recognised in the separate income statement.

2.8 SUBSECUENT EVENTS

Events after the statement of financial position date that provide additional

information about conditions that existed at the statement of financial position date (adjusting events), are reflected in the separate financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

2.9 JUDGEMENTS AND ESTIMATES

Estimates and judgements with impact on the separate financial statements are continuously evaluated, representing at each reporting date the management's best estimate, taking into consideration historical performance, accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable.

The intrinsic nature of estimates may lead to the actual situations that had been estimated, for the purposes of financial reporting, differing from the estimated amounts. The most significant accounting estimates reflected in the separate financial statements include:

- a) Impairment analysis of investments (notes 2.2 and 5);
- b) Recognition of adjustments to asset values and provisions and contingent liabilities analysis (notes 2.4 and 17).

Estimates used were based on the best available information during the preparation of these separate financial statements and on the best knowledge of past and present events. However, in subsequent years situations may occur that, due to their unpredictability as at this date, were not considered in those estimates. Therefore, and due to this uncertainty, the outcome of the transactions being estimated may differ from the initial estimate. Changes to estimates used by management that occur after the approval date of these separate financial statements, will be recognised in net income prospectively, in accordance with IAS 8.

2.8 LEGAL RESERVE

The Portuguese Companies Code establishes that, at least 5% of annual net profit must be used to increase "Legal reserves" until they represent at least 20% of the share capital. This reserve is not distributable, except in the case of the Company liquidation, but can be used to absorb losses, after all other reserves have been depleted, and for incorporation in capital.

2.9 INCOMETAX

Current income tax is determined based on the Company's taxable income, pursuant to current Portuguese tax rules.

Sonae MC is included in the taxable group of companies dominated by Sonae, SGPS, SA, and it is taxed in accordance with the Special Regime of Taxing Groups of Companies (RETGS). Consequently, the calculated income tax to be received or paid by the Company is recorded against that entity and included in the separate statement of financial position under the caption "Income tax".

Tax losses from RETGS' dominated companies determine their allowance to group tax losses. With exception of 2017, in which only the dominant company recorded the group tax losses, the companies that contribute with tax losses record the correspondent tax amount in their separate accounts, equally under the caption "Income tax" of the separate statement of financial position.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their amounts used for taxable purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted to be in force when the temporary differences are expected to reverse.

Deferred tax assets are recognised only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognised and expected to reverse in the same period. At each statement of financial position date, an assessment of the deferred tax assets recognised is made, being reduced whenever their future use is no longer probable.

Deferred tax liabilities are recognised on all taxable temporary differences. However, regarding subsidiary investments' taxable temporary differences, these should not be recognised since: i) the shareholder does not have the ability to control the temporary difference reversal period, and ii) it is likely that the temporary difference reversal does not occur in the near future.

Deferred tax assets and liabilities are recorded in the separate income statement, except if they relate to items directly recorded in equity. In those cases, the corresponding deferred tax is also recorded in equity.

Taxes recognised in the separate financial statement correspond to Sonae MC's understanding of the tax treatment applicable to the specific transactions, being the income tax, or other taxes, liabilities recognised based on its interpretation that is believed to be the most appropriate.

In cases where such tax treatment is challenged by tax authorities, being their interpretation distinct from Sonae MC's, a review is performed. If such review, reconfirms the group's tax treatment and it is determined that the loss probability of certain tax process is less than 50%, Sonae MC treats the case as a contingent liability, i.e. it does not recognise any tax amount since the more likely decision will lead to no tax payment. When the loss probability is greater than 50%, a provision is recognised or, if the payment has been made, an expense is recognised.

When payments are made to tax authorities under special schemes of debt regularisation, related to income tax, in which both the respective lawsuit continues in progress and the likelihood of success of such lawsuit is greater than 50%, they are recognised as assets, as these determined amounts are expected to be reimbursed to the entity (usually with interest) or used to offset tax payments that will be due by the group, in which case the obligation is determined as a present obligation. When payments relate to other taxes, such amounts are recorded as expenses, although Sonae MC's understanding is that they will be reimbursed with interest.

2.10 TRANSACTIONS WITH RELATED ENTITIES

Transactions with related entities are at arm's length conditions and gains or losses from those transactions are recognised and disclosed in note 18.

RISK MANAGEMENT

Risk management general principles are approved by the Board of Directors, and its implementation is supervised by Sonae MC's management and treasury department.

3.1 MARKET RISK - INTEREST RATE RISK

Interest rate risk has a significant importance regarding market risk management. Sonae MC exposure to interest rate arises mainly from longterm loans which bear interest indexed to Euribor.

The Company's goal is to reduce cash flows and income volatility, considering its operational activity profile, by using an appropriate mix of fixed and variable interest rate debt. Sonae MC's policy allows the use of interest rate derivatives to decrease the exposure to Euribor fluctuations but not for speculation purposes.

Derivatives used to hedge interest risks are classified as cash flow hedging instruments because they qualify as perfect hedging. Conditions established for these cash flow hedging instruments match those of the corresponding loans in terms of base rate, calculation rules, rate setting dates and repayment schedules and therefore qualify as perfect hedges.

SENSITIVITY ANALYSIS:

The interest rate sensitivity analysis is based on the following assumptions:

- > Changes in market interest rates affect interest income or expense of variable interest financial instruments (interest payments which are not designated as hedged cash flow for interest rate risk). Consequently, they are included in the calculation of income related sensitivities:
- > Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at fair value. As such, all financial instruments with fixed interest rate that are carried at amortised cost are not subject to interest rate risk as defined in IFRS

- > In the case of fair value hedges of interest rate risk, changes in the fair value of the hedging item and the hedged financial instrument related to interest rate movements are almost completely offset in the separate income statement in the same year, therefore these financial instruments are also not exposed to interest rate risk:
- > Changes in market interest rate of financial instruments designated as cash flow hedging instruments (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the sensitivity analysis with impact in equity (other reserves);
- > Changes in fair value of derivative financial instruments and other financial assets and liabilities are estimated by discounting future cash flows to the present value using appropriate market rates prevailing at year end and assuming a parallel shift in interest rate curves;
- > For sensitivity analysis purposes all financial instruments outstanding during the year are considered.

Under these assumptions, Sonae MC exposure to this risk is deemed insignificant, since if Euro interest rates had been 75 basis points higher, the Company separate profit before tax for the year ended 31 December 2020 would decrease by approximately 4.1 million euro (1.2 million euro increase in 2019), considering the contractual fixing dates and excluding other effects arising on the Company operations.

3.2 LIQUIDITY RISK

The main purpose of liquidity risk management is to ensure, at all times, that the Company and related entities, have the necessary financial resources to fulfil its commitments with third parties as they become due and to carry on their strategy, through proper management of financing costs and maturity.

The Company conducts an active refinancing policy, with the objective of maintaining a high level of free financial resources immediately available to deal with short-term needs, increasing or maintaining debt maturity in accordance with expected cash flows, and the ability to leverage its financial position. As at 31 December 2020 Sonae MC's average debt maturity was 4.7 years (4.5 years as at 31 December 2019).

Another important liquidity risk management method is the negotiation of contractual terms with reduced possibility of lenders triggering early termination prepayment of loans. The Company also quarantees a high level of diversification in its relationships with financial institutions which facilitates contracting new loans and limits the negative impact of any relationship discontinuation.

The Company maintains a liquidity reserve in the form of credit lines with its relationship banks to ensure the ability to meet its commitments without having to refinance itself in unfavourable terms. In 31 December 2020, there were no loans with maturity in 2021 (in 20219, 17 million with maturity in 2020) and the Company had 94 million euro committed credit facilities for a period of one year (94 million euro in 31 December 2019), and 265 million euro committed for a period of over one year (249 million euro in 31 December 2019) (note 12). Furthermore, Sonae MC maintains as at 31 December 2019 a liquidity reserve that includes cash and cash equivalents as described on note 10. Although current assets are lower than current liabilities, Sonae MC expects to meet all its obligations using its operacional cash flows, its financial assets, and, if needed, drawing existing available credit lines.

The liquidity analysis' for financial instruments is disclosed next to each class of financial liabilities note.

3.3 CREDITRISK

Sonae MC is primarily exposed to credit risk in its financing dealings with related entities.

"Loans granted to related entities" balances are considered to have low credit risk and, therefore, impairment losses recognised during the year were limited to estimated credit losses at 12 months. These financial assets are considered "low credit risk" when they have a low impairment risk and the borrower has a high capacity to meet its contractual cash flow liabilities in the

Sonae MC is also exposed to credit risk in its relationship with financial institutions, regarding bank deposits, debt instruments available facilities, among other.

Credit risk arising from financial institutions is limited by risk concentration management and by selecting counterparties which have a high national and international prestige and based on their rating notations considering the nature, maturity and size of the operations.

3.4 CAPITAL RISK

Sonae MC's capital structure, determined by the proportion of equity and net debt, is managed to ensure continuity and development of its operations, maximise shareholders return and optimise financing costs.

Sonae MC periodically monitors its capital structure, identifying risks, opportunities and necessary adjustment measures to achieve these goals.

4

FINANCIAL INSTRUMENTS BY CLASSES

According to the accounting policies disclosed in note 2.3 financial instruments were classified, as at 31 December 2020 and 2019, as shown below:

		31 DEC 2020				31 DEC 2019	
	NOTES	FINANCIAL ASSETS AT AMORTISED COST	OTHER NON FINANCIAL ASSETS	TOTAL	FINANCIAL ASSETS AT AMORTISED COST	OTHER NON FINANCIAL ASSETS	TOTAL
NON-CURRENT ASSETS							
Other non-current assets	6	370,969,603	-	370,969,603	412,306,030	-	412,306,030
		370,969,603	-	370,969,603	412,306,030	-	412,306,030
CURRENT ASSETS							
Other debtors	7	378,200,259	653,037	378,853,296	351,317,352	653,037	351,970,389
Other current assets	9	2,243,242	1,279,032	3,522,274	1,845,778	1,605,247	3,451,025
Cash and cash equivalents	10	79,699,248	-	79,699,248	10,358,816	-	10,358,816
		460,142,749	1,932,069	462,074,818	363,521,946	2,258,284	365,780,230
		831,112,352	1,932,069	833,044,421	775,827,976	2,258,284	778,086,260

			31 DEC 2020			31 DEC 2019	C 2019	
	NOTES	FINANCIAL LIABILITIES AT AMORTISED COST	OTHER NON FINANCIAL LIABILITIES	TOTAL	FINANCIAL LIABILITIES AT AMORTISED COST	OTHER NON FINANCIAL LIABILITIES	TOTAL	
NON-CURRENT LIABILITIES								
Bonds	12	321,021,071	-	321,021,071	252,163,176	-	252,163,176	
Bank loans	12	194,599,695	-	194,599,695	321,000,000	-	321,000,000	
Other non-current liabilities		50,021	-	50,021	294,521	-	294,521	
		515,670,787	-	515,670,787	573,457,697	-	573,457,697	
CURRENT LIABILITIES								
Trade payables		96,516	-	96,516	192,417	-	192,417	
Other payables	14	952,584,370	9,416	952,593,786	977,319,101	26,363	977,345,464	
Other current liabilities	15	3,190,097	8,485	3,198,582	2,544,343	-	2,544,343	
		955,870,983	17,901	955,888,884	996,552,241	26,363	996,578,604	
		1,471,541,770	17,901	1,471,559,671	1,570,009,938	26,363	1,570,036,301	

5. INVESTMENTS

Throughout 2020 and 2019 the movement in investments was as follows:

31 DEC 2020								
			ACQUISIT	ION	COST		ACCUMULATED	DAL ANGE IN THE
ENTITY	% OWNED	OPENING BALANCE	INCREASE		DECREASE	CLOSING BALANCE	IMPAIRMENT (NOTE 16)	BALANCE IN THE BALANCE SHEET
Modelo Continente Hipermercados, SA	100%	1,331,763,096	14,000,000	a)	-	1,345,763,096	-	1,345,763,096
Sonaerp – Retail Properties, SA	100%	354,563,564	4,800,000	a)	-	359,363,564	-	359,363,564
Sonvecap BV	100%	155,573,113	-		-	155,573,113	-	155,573,113
Marcas MC, zRT	100%	146,943,000	-		-	146,943,000	-	146,943,000
Sonae MC – Serviços Partilhados, SA	100%	62,032,319	-		-	62,032,319	-	62,032,319
Pharmacontinente – Saúde e Higiene, SA	100%	50,082,875	4,000,000	a)	-	54,082,875	-	54,082,875
Modelo – Dist.de Mat. de Construção, SA	50%	24,790,614	_		(2,000,000)	d) 22,790,614	-	22,790,614
Farmácia Selecção, SA	100%	13,940,377	-		-	13,940,377	(3,860,377)	10,080,000
Go Well, SA	100%	4,059,657	400,000	b)	-	4,459,657	-	4,459,657
Sohi Meat Solutions – Dist. de Carnes, SA	50%	2,340,000	-		-	2,340,000	-	2,340,000
Elergone Energias, Lda	75%	1,196,862	-		-	1,196,862	-	1,196,862
Fundo Invest. Imobiliário Imosonae Dois	0.09%	143,429	-		-	143,429	(14,742)	f) 128,687
SCBrasil Participações, Ltda	37%	19,600,308	-		-	19,600,308	(19,600,308)	-
Soflorin BV	100%	8,342,933	-		-	8,342,933	(8,342,933)	-
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	100%	3,591,619	-		-	3,591,619	(3,591,619)	_
Sonae MC S2 Africa Limited	100%	1,200	66,680	c)	-	67,880	(67,880)	-
MOVVO, SA	-	3,632,843	-		(3,632,843)	e) –	-	-
Sport Zone spor malz.per.satis ith.ve ti	-	396,395	-		(396,395)	e) –	-	-
		2,182,994,204	23,266,680		(6,029,238)	2,200,231,646	(35,477,859)	2,164,753,787

- a) Share capital increases;
- b) Acquisition of the remaining stake;
- c) Voluntary capital contributions and respective impairment loss, since the company is in liquidation (note 18);
- d) Voluntary capital contributions reimbursement;
- e) Conclusion of the liquidation of MOVVO, SA and Sport Zone spor malz.per.satis ith.ve ti, which were fully impaired in previous years;
- f) During 2020 an impairment loss was recorded in relation to the investment in Fundo de Investimento Imobiliário Imosonae Dois (note 18).

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ENITY	31 DEC 2019								
Modelo Continente Mode		0/			ACQUISITIO	N COST		ACCUMULATED	BALANCE IN
Hippermerados	ENTITY			INCREASE	DECREASE	MERGER/CISION			
Properties, SA	Hipermercados,	100%	-	296,640,000	a) –	d) e) f) 1,035,123,096	1,331,763,096	-	1,331,763,096
Marcas MC		100%	-	52,000,000	a) –	302,563,564	d) 354,563,564	-	354,563,564
Sonae MC	Sonvecap BV	100%	-	-	-	155,573,113	d) 155,573,113	_	155,573,113
Partillandos, SA	Marcas MC, zRT	100%	-	_	-	146,943,000	d) 146,943,000	_	146,943,000
Salide e Higlene, Andrea e Higlene, Salide e Higlene, Salide e Higlene, Andrea e Higlene, Salide e Higlene, Salide e Higlene, Andrea e Higlene, Salide e Higlene, Andrea e H	 Serviços 	100%	60,032,319	2,000,000	a) –	-	62,032,319	-	62,032,319
Construção, SA SO% 24,790,614	– Saúde e Higiene,	100%	_	2,000,000	a) –	48,082,875	d) f) 50,082,875	_	50,082,875
Selecção, SA 100% — 4,000,000 a) — - 9,940,377 d) 13,940,377 (3,860,377) 10,080,000 Go Well, SA 51% — 132,711 b) — - 3,926,946 d) 4,059,657 — 4,059,657 Sohi Meat Solutions Dist. de Carnes, SA — 50% — - 2,340,000 — 2,340,000 — 2,340,000 Elergone Energias, Lda 75% 1,196,862 — - 2 — - 1,196,862 — 1,196,862 Fundo Invest. Imobiliário Imosonae Dois 0.09% 143,429 — - 2 — - 143,429 — - 143,429 Modelo Continente, SGPS, SA 100% 1,438,804,276 — - 2 — 143,829 — - 2 — - 2 SCBrasil Participações, Ltda 37% 19,600,308 — - 2 — - 2 19,600,308 — - 2 — - 2 MOVVO, SA 25,58% 3,632,843 — - 2 — - 2,360,000 (19,600,308) — - 2 Zippy cocuk malz, dag. thive tic. Itd.sti 100% — - 2 — - 2,359,1619 (3,832,843) — - 2 — - 2,369,1619 (3,591,619) (3,591,619) — - 2 Sport Zone spor malz, per-satisi thive ti <td< td=""><td>de Mat. de</td><td>50%</td><td>24,790,614</td><td>_</td><td>-</td><td>-</td><td>24,790,614</td><td>_</td><td>24,790,614</td></td<>	de Mat. de	50%	24,790,614	_	-	-	24,790,614	_	24,790,614
Sohi Meat Solutions - Dist. de Carnes, SA SO%		100%	-	4,000,000	a) –	9,940,377	d) 13,940,377	(3,860,377)	10,080,000
Solutions - Dist. de Carnes, SA 50% - - - 2,340,000 2,340,000 - 2,340,000 Elergone Energias, Lda 75% 1,196,862 - - - - 1,196,862 - 1,196,862 Fundo Invest. Imobiliário Imosonae Dois 0.09% 143,429 - - - 143,429 - 143,429 Modelo Continente, SGPS, SA 100% 1,438,804,276 - - - 19,600,308 - - - SCBrasil Participações, Lida 37% 19,600,308 - - - - 19,600,308 (19,600,308) - MOVVO, SA 25.58% 3,632,843 - - - 8,342,933 (8,342,933) - Sollorin BV 100% - - - 8,342,933 (8,342,933) - Zippy cocuk malz, dag, thi-ve tic. Itd. stic. 110,500 - - - 727,256 0) 9, 3,591,619 (3,591,619) - - Sport Zone spor malz, per	Go Well, SA	51%	-	132,711	b) –	3,926,946	d) 4,059,657	_	4,059,657
Lda 75% 1,196,862 - - - - 1,196,862 - 1,143,429 - 1,143,429 - 1,143,429 - - 1,143,429 - <t< td=""><td>Solutions -Dist. de</td><td>50%</td><td>_</td><td>_</td><td>-</td><td>2,340,000</td><td>2,340,000</td><td>-</td><td>2,340,000</td></t<>	Solutions -Dist. de	50%	_	_	-	2,340,000	2,340,000	-	2,340,000
Imbóliário Imosonae Dois 0.09% 143,429 143,429 - 143,429 - 143,429 143,429		75%	1,196,862	-	_	-	1,196,862	-	1,196,862
Continente, SGPS, SA 100% 1,438,804,276 (1,438,804,276) d) SCBrasil Participações, Ltda 37% 19,600,308 19,600,308 (19,600,308) MOVVO, SA 25.58% 3,632,843 3,632,843 (3,632,843) - Soflorin BV 100% 8,342,933 d) 8,342,933 (8,342,933) - Zippy cocuk malz. dag.ith.ve tic. Itd.sti 100% (727,256) c) 727,256 d) e) Sport Zone spor malz.per.satis ith.ve ti 100% 396,395 d) 396,395 (396,395) - Sonae MC S2 Africa Limited 100% 1,200 d) 1,200 (1,200) -	Imobiliário	0.09%	143,429	-	-	_	143,429	-	143,429
Participações, Ltda 37% 19,600,308 19,600,308 (19,600,308) - MOVVO, SA 25.58% 3,632,843 3,632,843 (3,632,843) - Soflorin BV 100% 8,342,933 d) 8,342,933 (8,342,933) - Zippy cocuk malz. dag.ith.ve tic. Itd.sti 100% 3,591,619 d) 3,591,619 (3,591,619) - Bom Momento - Restauração, SA (727,256) c) 727,256 d) e) Sport Zone spor malz.per.satis ith.ve ti 100% 396,395 d) 396,395 (396,395) - Sonae MC S2 Africa Limited 100% 1,200 d) 1,200 (1,200) -	Continente, SGPS,	100%	1,438,804,276	-	-	(1,438,804,276)	d) –	-	_
Soflorin BV 100% 8,342,933 d) 8,342,933 (8,342,933) - Zippy cocuk malz. dag.ith.ve tic. Itd.sti 100% 3,591,619 d) 3,591,619 (3,591,619) - Bom Momento - Restauração, SA (727,256) c) 727,256 d) e) Sport Zone spor malz.per.satis ith.ve ti 100% 396,395 d) 396,395 (396,395) - Sonae MC S2 Africa Limited 100% 1,200 d) 1,200 (1,200) -	Participações,	37%	19,600,308	_	_	_	19,600,308	(19,600,308)	_
Zippy cocuk malz. dag.ith.ve tic. Itd.sti 100% 3,591,619 d) 3,591,619 (3,591,619) - Bom Momento - Restauração, SA (727,256) c) 727,256 d) e) Sport Zone spor malz.per.satis ith.ve ti 100% 396,395 d) 396,395 (396,395) - Sonae MC S2 Africa Limited 100% 1,200 d) 1,200 (1,200) -	MOVVO, SA	25.58%	3,632,843	_	_	-	3,632,843	(3,632,843)	_
dag.ith.ve tic. Itd.sti 100% - - - 3,591,619 d) 3,591,619 (3,591,619) - Bom Momento – Restauração, SA - - - (727,256) c) 727,256 d) e) - - - - Sport Zone spor malz.per.satis ith.ve ti 100% - - - 396,395 d) 396,395 (396,395) - Sonae MC S2 Africa Limited 100% - - - 1,200 d) 1,200 (1,200) -	Soflorin BV	100%	-	-	-	8,342,933	d) 8,342,933	(8,342,933)	_
Restauração, SA (727,256) c) 727,256 d) e) Sport Zone spor malz.per.satis ith.ve ti 100% 396,395 d) 396,395 (396,395) - Sonae MC S2 Africa Limited 100% 1,200 d) 1,200 (1,200) -	dag.ith.ve tic.	100%	_	_	-	3,591,619	d) 3,591,619	(3,591,619)	_
malz.per.satis ith.ve ti 100% - - - 396,395 d) 396,395 (396,395) - Sonae MC S2 Africa Limited 100% - - - 1,200 d) 1,200 (1,200) -		-	-	-	(727,256) c)	727,256	d) e) –	-	_
Africa Limited 100% – – 1,200 d) 1,200 (1,200) –	malz.per.satis	100%	-	-	-	396,395	d) 396,395	(396,395)	_
1,548,200,651 356,772,711 (727,256) 278,748,098 2,182,994,204 (39,425,675) 2,143,568,529		100%	-	_	_	1,200	d) 1,200	(1,200)	_
			1,548,200,651	356,772,711	(727,256)	278,748,098	2,182,994,204	(39,425,675)	2,143,568,529

a) Share capital increases;

The Company's investments main financials as at 31 December 2020 were the following:

	31 DEC 2020							
	ENTITY	% OWNED	ASSETS	LIABILITIES	EQUITY	INCOME	PROFIT/(LOSS) FOR THE PERIOD	
	Elergone Energias, Lda	75%	24,270,923	9,134,078	15,136,845	68,449,220	4,338,964	
a)	Farmácia Selecção, SA	100%	10,579,980	777	10,579,203	-	411,692	
b)	Fundo Invest: Imobiliário Imosonae Dois	0.09%	-	-	-	-	-	
a)	Go Well, SA	100%	2,909,396	4,394,563	(1,485,167)	5,454,746	(1,611,115)	
	Marcas MC, zRT	100%	368,611,917	6,325,089	362,286,828	68,468,094	62,293,525	
a)	Modelo Continente Hipermercados, SA	100%	4,052,005,959	3,307,767,963	744,237,996	4,344,041,820	2,458,851	
a)	Modelo – Distribuição de Materiais de Construção, SA	50%	83,761,229	39,280,724	44,480,505	115,647,785	9,008,007	
a)	Pharmacontinente – Saúde e Higiene, SA	100%	104,011,978	79,574,698	24,437,280	189,855,504	128,338	
	SCBrasil Participações, Ltda	37%	69,986,801	161,329,337	(91,342,536)	-	(23,700,708)	
	Soflorin BV	100%	77,444,536	71,788,290	5,656,246	-	(2,214)	
a)	Sohi Meat Solutions – Distribuição de Carnes, SA	50%	72,383,179	66,398,841	5,984,338	285,604,981	1,295,033	
a)	Sonae MC – Serviços Partilhados, SA	100%	165,380,584	58,705,961	106,674,623	92,432,037	11,901,205	
b)	Sonae MC S2 Africa Limited	100%	-	-	-	-	-	
a)	SonaeRP – Retail Properties, SA	100%	800,866,352	480,203,639	320,662,713	21,391,319	7,736,368	
	Sonvecap BV	100%	172,483,316	159,733	172,323,583	-	8,329,405	
b)	Zippy cocuk malz.dag.ith.ve tic.ltd.sti	100%	-	-	-	-	-	

a) Financials from the financial statements included in Sonae MC SGPS, SA consolidated accounts, which are prepared according to IFRS

The Company's investments main financials as at 31 December 2019 are shown below:

	31 DEC 2019								
	ENTITY	% OWNED	ASSETS	LIABILITIES	EQUITY	INCOME	PROFIT/(LOSS) FOR THE PERIOD		
a)	Elergone Energias, Lda	75%	13,780,329	6,457,722	7,322,607	63,395,559	3,297,437		
a)	Farmácia Selecção, SA	100%	10,168,422	911	10,167,511	-	102,519		
b)	Fundo Invest. Imobiliário Imosonae Dois	0.09%	-	-	-	-	-		
a)	Go Well, SA	51%	3,829,782	3,671,296	158,486	14,235,987	32,986		
	Marcas MC, zRT	100%	536,578,660	7,250,000	529,328,660	63,122,680	56,344,457		
a)	Modelo Continente Hipermercados, SA	100%	3,889,294,811	3,161,524,205	727,770,606	3,989,023,040	10,376,321		
a)	Modelo - Distribuição de Materiais de Construção, SA	50%	84,962,940	34,892,707	50,070,233	95,132,050	5,908,998		
b)	Movvo, SA	25.58%	-	-	-	-	-		
a)	Pharmacontinente - Saúde e Higiene, SA	100%	99,675,531	77,154,095	22,521,436	203,142,593	2,453,437		
	SCBrasil Participações, Ltda	37%	91,356,016	90,867,548	488,468	-	(8,484,144)		
	Soflorin BV	100%	27,062,397	21,403,937	5,658,460	-	(308,200)		
a)	Sohi Meat Solutions - Distribuição de Carnes, SA	50%	67,135,630	61,253,414	5,882,216	267,877,312	1,256,749		
a)	Sonae MC – Serviços Partilhados, SA	100%	154,910,367	49,192,559	105,717,808	93,498,458	13,528,103		
b)	Sonae MC S2 Africa Limited	100%	-	-	-	-	-		
a)	SonaeRP – Retail Properties, SA	100%	809,923,369	501,797,024	308,126,345	22,490,734	38,534,997		
	Sonvecap BV	100%	190,170,080	26,175,902	163,994,178	-	8,398,823		
b)	Sport Zone spor malz.per.satis ith.ve ti	100%	-	-	-	-			
b)	Zippy cocuk malz.dag.ith.ve tic.ltd.sti	100%	-	-	-	-			

a) Financials from the financial statements included in Sonae MC SGPS, SA consolidated accounts, which are prepared according to IFRS

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b) Voluntary capital contributions;

c) Disposal to related entities;

d) Merger by incorporation of the subsidiary Modelo Continente, SGPS, SA;

e) Split from Modelo Continente Hipermercados, SA for incorporation in Bom Momento - Restauração, SA;

f) Split from Modelo Continente Hipermercados, SA for incorporation in Pharmacontinente - Saúde e Higiene, SA.

b) Not available

b) Not available

Investments are tested for impairment according to the accounting policy described in note 2.2 and to the discounted cash flows model valuation.

The main assumptions used in the Sonae MC's investments valuation can be summarised as follows:

SonaeRP - Retail Properties, S.A. impairment test was based on real estate valuations at the reporting date performed by independent specialised entities and Marcas MC, zRT investment was based on the "Royalty Relief Method" with a royalty rate from similar activities.

	31 DEC 2020	31 DEC 2019
Basis of recoverable amount	Value of use	Value of use
Weighted average cost of capital	8.3%-10%	10%
Perpetuity growth rate	1.50%	1.50%
Income compounded growth rate	-0.9% to 32.1%	0.2% to 43.9%

	31 DEC 2020	31 DEC 2019
Basis of recoverable amount	Value of use	Value of use
Weighted average cost of capital	8.3%-10%	10%
Perpetuity growth rate	1.50%	1.50%
Income compounded growth rate	-0.9% to 32.1%	0.2% to 43.9%

OTHER NON-CURRENT ASSETS

As at 31 December 2020 and 2019 the non-current assets were as follows:

	31 DEC 2020	31 DEC 2019
Loans granted to related parties (Note 23)	394,347,009	431,796,798
Impairment on loans granted (Note 16)	(23,427,427)	(19,834,376)
Other debtors	50,021	343,608
	370,969,603	412,306,030

Loans granted have long-term maturity, render interest at market rates indexed to Euribor and their fair value is similar to their carrying amount. Impairment of loans granted to group companies is assessed in accordance with note 2.3.a).

OTHER DEBTORS

As at 31 December 2020 and 2019 this caption is as follows:

	31 DEC 2020	31 DEC 2019
Loans granted to related parties (Note 23)	372,168,000	344,984,087
Interest charged but not received	6,020,064	6,193,142
Other	860,921	1,030,165
Accumulated impairment losses (Note 16)	(195,689)	(237,005)
	378,853,296	351,970,389

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity of less than one year. There were no past due assets as at 31 December 2020 and 2019. The fair value of granted loans is similar to their carrying amount.

Impairment of loans granted to group companies is assessed in accordance with note 2.3.a).

INCOME TAX

As at 31 December 2020 and 2019 "Income tax" in the separate statement of financial position is composed of:

	31 DEC 2020	31 DEC 2019
Additional tax payment	17,721	17,721
Special program of debt reduction to the state (DL 67/2016, 3 November)	1,002,114	1,002,114
Special regime for payment of tax and social security debts (DL 248-A/2002, 14 November)	1,108,699	1,108,699
Special regime for payment of tax and social security debts (DL 151-A/2013, 31 October)	788,298	788,298
NON-CURRENT ASSETS	2,916,832	2,916,832
Income tax for the year	4,289,425	16,170,362
Income tax from previous years	4,966,175	4,966,175
CURRENT ASSETS	9,255,600	21,136,537
Income tax from previous years	2,101,152	2,101,152
CURRENT LIABILITIES	2,101,152	2,101,152

Amounts related to "Special regime for payment of tax and social security debts" and "Special program of debt reduction to the state" (DL 248-A/2002, of 14 November, DL 151–A/2013, of 31 October and DL 67/2017 of 3 November) correspond to amounts paid, related to settlements of income tax that are already in court. Legal proceedings are still being processed, however the guarantees provided for those proceedings have been cancelled. It is Sonae MC understanding that the result of the complaints made will be favourable, therefore no adjustments were recorded for possible losses.

Current assets caption "Income tax for the year" includes the income tax estimate and withholding tax. It also includes recoverable income tax for previous years. These amounts were recorded against Sonae, SGPS, SA, since the company is taxed under RETGS dominated by this entity.

"Income tax from previous years" balance is made of receivables amounts related to the periods when the company was the dominant company of RETGS.

"Income tax" recognised in the separate income statement in 2020 and 2019 is detailed as follows:

	31 DEC 2020	31 DEC 2019
Current tax	(2,896,757)	(2,577,790)
Deferred tax	9,296	(3,085)
INCOME TAX	(2,887,461)	(2,580,875)

Reconciliation of income tax for the years ended at 31 December 2020 and 2019 is as follows:

	31 DEC 2020	31 DEC 2019
Profit before income tax	234,842,355	168,037,423
Income tax rate	21.00%	21.00%
TAX	49,316,895	35,287,859
NON TAXABLE PROFIT OR LOSS:		
Dividends	(52,145,790)	(37,013,034)
Impairment (reversal)/loss	(84,768)	114,285
(Gains)/losses in investment sales	-	143,064
Reversal of taxable impairments	-	(79,389
Impairment loss on assets	10,267	-
Excess/(insufficient) tax estimate	44	(1,038,376)
Other	15,891	4,716
INCOME TAX	(2,887,461)	(2,580,875)
EFFECTIVE INCOME TAX RATE	-1.23%	-1.54%

9.

OTHER CURRENT ASSETS

As at 31 December 2020 and 2019 "Other current assets" can be detailed as follows:

	31 DEC 2020	31 DEC 2019
Guarantees	1,313,001	1,327,421
Interest receivable	743,211	331,327
Indemnity interest	187,030	187,030
ACCRUED INCOME	2,243,242	1,845,778
Cost with credit facilities	1,181,182	1,577,066
Insurance	97,850	28,181
PREPAYMENTS	1,279,032	1,605,247
	3,522,274	3,451,025
	0,022,27	0,102,020

10.

CASH FLOW STATEMENT

As at 31 December 2020 and 2019 "Cash and cash equivalents" can be detailed as follows:

	31 DEC 2020	31 DEC 2019
Bank deposits	79,699,248	10,358,816
CASH AND CASH EQUIVALENTS ON THE BALANCE SHEET	79,699,248	10,358,816
CASH AND CASH EQUIVALENTS ON THE STATEMENT OF CASH FLOWS	79,699,248	10,358,816

During 2020 and 2019 the following collections and payments related with investments occurred:

	31 DEC 2020			31 DEC 2019		
	INVESTMENTS/ (DIVESTMENTS)	RECEIVED AMOUNT	PAID AMOUNT	INVESTMENTS/ (DIVESTMENTS)	RECEIVED AMOUNT	PAID AMOUNT
Modelo Continente Hipermercados, SA	14,000,000	_	14,000,000	296,640,000	-	296,640,000
Sonae Retail Properties SA	4,800,000	_	4,800,000	52,000,000	_	52,000,000
Pharmacontinente – Saúde e Higiene, SA	4,000,000	_	4,000,000	2,000,000	-	2,000,000
Go Well – Promoção de Eventos, Catering e Consultoria, SA	400,000	-	400,000	132,711	-	132,711
Sonae MC S2 Africa Limited	66,680	-	66,680	-	_	-
Modelo – Distribuição de Materiais de Construção, SA	(2,000,000)	2,000,000	-	-	-	-
MOVVO, SA	(11,350)	11,350	-	_	_	-
Farmácia Selecção, SA	_	_	-	4,000,000	_	4,000,000
Sonae MC – Serviços Partilhados, SA	-	_	-	2,000,000	-	2,000,000
Bom Momento – Restauração, SA	-	_	-	(46,000)	46,000	-
	21,255,330	2,011,350	23,266,680	356,726,711	46,000	356,772,711

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SHARE CAPITAL

As at 31 December 2020 and 2019 the share capital, which is fully subscribed and paid for, was made up by 1,000,000,000 ordinary shares, with a nominal value of 1 euro each.

As at 31 December 2020 and 2019 the subscribed share capital was held as follows:

	31 DEC 2020	31 DEC 2019
Sonae Holdings. SA	51.8269%	51.8269%
Sonae. SGPS. SA	35.0287%	35.0287%
Sonae Investments BV	13.1444%	13.1444%

As at 31 December 2020 Efanor Investimentos, SGPS, SA and its affiliated companies held 52.4817% of Sonae, SGPS, SA's share capital, which held, directly and indirectly, 100% of the Company.

OTHER RESERVES

During the year ended 31 December 2020 reserves of 7,080,512 euro, mostly related with the transition to IFRS, were transferred to retained earnings.

On 17 September 2019 the subsidiary Modelo Continente, SGPS, SA sold 100,000,000 shares of Sonae MC, SGPS, SA to Sonae, SGPS, SA. Therefore, the unavailable reserves of 320,000,000 euro became available, pursuant to article 324 of the Portuguese Company's Code.

The movements that occurred in 2020 and 2019 in these reserves are detailed in the separate statement of changes in equity.

12.

BONDS AND BANK LOANS

As at 31 December 2020 and 2019, this caption included the following loans:

	31 DEC	2020	31 DEC 2019		
	OUTSTANDING AMOUNT		OUTSTANDING AMOUNT		
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT	
Bonds Sonae MC / December 2015/2024	-	50,000,000	-	50,000,000	
Bonds Sonae MC / May 2015/2022	-	75,000,000	-	75,000,000	
Bonds Sonae MC/ December 2019/2024	-	30,000,000	-	30,000,000	
Bonds Sonae MC / June 2016/2021	-	-	-	95,000,000	
Bonds Sonae MC / September 2016/2021	-	-	3,000,000	3,000,000	
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	-	_	
Up-front fees not yet charged to statement of profit or loss	-	(1,478,929)	(3,620)	(836,824)	
Bond loans	-	321,021,071	2,996,380	252,163,176	
Commercial paper	-	140,000,000	13,500,000	266,000,000	
Sonae MC 2018/2031	-	55,000,000	-	55,000,000	
Up-front fees not yet charged to statement of profit or loss	-	(400,305)	-	_	
Bank loans	-	194,599,695	13,500,000	321,000,000	
	-	515,620,766	16,496,380	573,163,176	

The carrying amount of all loans does not differ significantly from their fair value. The calculation method used for estimating the fair value of loans is based on the discounted cash flows model. Most above detailed loans bear interest at variable rates indexed to market benchmarks.

Bonds and bank loans and interest shall be reimbursed as follows:

	31 DEC 2020		31 DE0	2019
	CAPITAL	INTEREST	CAPITAL	INTEREST
N+1	-	5,917,775	16,500,000	5,487,099
N+2	185,000,000	5,500,669	248,000,000	4,217,989
N+3	26,111,111	4,077,568	135,000,000	2,504,315
N+4	96,111,111	3,740,087	42,111,111	1,589,340
N+5	97,611,111	2,667,870	106,111,111	1,479,944
after N+5	112,666,667	2,818,281	42,777,778	2,133,542
	517,500,000	24,722,250	590,500,000	17,412,229

The aforementioned maturities were estimated according to the loans contractual clauses and considering Sonae MC's expectation of its amortisation

Interest amounts were calculated considering financing rates as at 31 December 2020 and 2019.

As at 31 December 2020 and 2019 there were financial covenants included in borrowing agreements, negotiated as per market practices, which were in regular compliance as at the date of this report.

As at 31 December 2020 and 2019 in addition to "Cash and cash equivalents" (note 10) the Company has 359 million euro of available credit facilities (343 million as at 31 December 2019) that can be summarised as follows:

	31 DEC 2020		31 DEC	2019
	LESS THAN 1 YEAR COMMITMENTS	MORE THAN 1 YEAR COMMITMENTS	LESS THAN 1 YEAR COMMITMENTS	MORE THAN 1 YEAR COMMITMENTS
Agreed credit facilities	94,000,000	405,000,000	99,000,000	515,000,000
Unused credit facilities	94,000,000	265,000,000	94,000,000	249,000,000

The 2020 average interest rate of bonds and bank loans was 1.16% (1.23% in 2019).

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13.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation of liabilities arising from financing activities during 2020 and 2019 is as follows:

	FINANCIAL INSTITUTIONS	RELATED ENTITIES
OPENNING BALANCE AS AT 1 JANUARY 2019	587,500,000	547,974,423
Merger by incorporation	-	665,602,350
Receipts from bank loans	2,942,000,000	-
Payments of bank loans	(2,936,000,000)	-
Payments of bond loans	(3,000,000)	-
Receipts from related entities	-	5,695,165,483
Payments to related entities	-	(5,931,507,273)
CLOSING BALANCE AS AT 31 DECEMBER 2019	590,500,000	977,234,983
OPENNING BALANCE AS AT 1 JANUARY 2020	590,500,000	977,234,983
Receipts from bank loans	1,533,500,000	_
Payments of bank loans	(1,673,000,000)	-
Receipts from bond loans	167,500,000	-
Payments of bond loans	(101,000,000)	-
Receipts from related entities	-	5,182,510,000
Payments to related entities	-	(5,207,206,983)
CLOSING BALANCE AS AT 31 DECEMBER 2020	517,500,000	952,538,000

14. OTHER CREDITORS

As at 31 December 2020 and 2019 this caption is detailed as follows:

	31 DEC 2020	31 DEC 2019
Loans from related entities (Note 23)	952,538,000	977,234,983
Fixed assets suppliers	33,800	82,887
Other payables	21,986	27,594
	952,593,786	977,345,464

Loans obtained bear interest at market rates indexed to Euribor and have maturities of less than a year.

15.

OTHER CURRENT LIABILITIES

As at 31 December 2020 and 2019 "Other current liabilities" were composed as follows:

	31 DEC 2020	31 DEC 2019
Accrued interest	2,173,347	1,617,064
Guarantees	862,647	860,196
Other	162,588	67,083
ACCRUALS	3,198,582	2,544,343

16.

PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

During the years ended 31 December 2020 and 2019 movements in "Provisions and accumulated impairment losses" were as follows:

	BALANCE AS AT 31 DEC 2019	INCREASES	DECREASES	BALANCE AS AT 31 DEC 2020
Investments impairment (Note 5 and 18)	39,425,675	81,422	(4,029,238)	35,477,859
Other non-current assets impairment (Note 6)	19,834,376	3,648,891	(55,840)	23,427,427
Other debtors impairment (Note 7)	237,005	-	(41,316)	195,689
	59,497,056	3,730,313	(4,126,394)	59,100,975

	BALANCE AS AT 31 DEC 2018	INCREASES	DECREASES	MERGER	BALANCE AS AT 31 DEC 2019
Investments impairment (Note 5 and 18)	23,233,151	-	_	16,192,524	39,425,675
Other non-current assets impairment (Note 6)	14,375,871	487,044	-	4,971,461	19,834,376
Other debtors impairment (Note 7)	41,316	57,172	(41)	138,558	237,005
Other current liabilities provisions	-	-	(378,363)	378,363	_
	37,650,338	544,216	(378,404)	21,680,906	59,497,056

The increases and decreases in other non-current assets were recorded in the separate income statement under the caption "Gains or losses on investments" (note 18).

The amounts included in the column "merger" were recognised in the caption "Other reserves" and refer to the effect of the merger by incorporation of the subsidiary Modelo Continente, SGPS, SA occurred in 2019.

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17. CONTINGENT LIABILITIES

As at 31 December 2020 and 2019 guarantees in favour of third parties are as follows:

GUARANTEES AND SECURITIES GIVEN:	31 DEC 2020	31 DEC 2019
On tax claims awaiting outcome:		
Financial institutions guarantees	90,696,508	91,944,064
Parent company guarantees	245,070,150	245,070,150
Other	8,250,000	1,770,000
Guarantees on tax claims given in favour of subsidiaries a)	373,326,019	373,006,292

- a) Guarantees given to tax authorities in favour of subsidiaries to defer tax claims:
- > Includes guarantees granted to tax authorities regarding previous years income tax. The most significant amounts relate to an additional tax assessment made by tax authorities, relating to 2005 taxable result, regarding losses covered by the Company in a subsidiary, having tax authorities not considered the usage of taxable losses on this operation and subsequent liquidation of the Company's subsidiary, which is not in accordance with previous assessments made by tax authorities.

 The Company has appealed against these tax claims, being the Board of Directors' understanding, based on its adviser's assessment, that such appeal will be favourable.
- No provision has been recorded for these additional tax assessments, to which some guarantees were provided, as the Board of Directors considers that their outcome will be favourable, therefore with no additional liabilities to the Company.
- > Within the framework of tax debts regularisation ("Special regime for payment of tax and social security debts" DL 248–A/2002, DL 151–A/2013 and DL 67/2017) in previous years the Company made tax payments. As at 31 December 2020 the outstanding amount is 5,099,431,000 euro (5,099,431,000 as at 31 December 2019), having the respective guarantees been cancelled and the related tax appeals continued in courts.
- > Following the disposal of a Brazilian subsidiary, the group guaranteed to the buyer all losses arising from additional tax assessments as it is described in the contingent assets and liabilities note in the appendix to the consolidated financial statements.

18. RELATED ENTITIES

Main transactions with related entities during the years ended 31 December 2020 and 2019 can be summarised as follows:

	EXTERNAL SERVICES AND SUPPLIES		OTHER IN	ICOME
TRANSACTIONS	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Parent company	996,957	1,002,125	42,077	42,320
Subsidiaries	323,309	442,792	1,267,899	1,275,767
Other related parties	133,356	31,128	44,756	97,810
	1,453,622	1,476,045	1,354,732	1,415,897

	INTEREST INCOME		INTEREST	EXPENSES
TRANSACTIONS	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Parent company	-	-	339,927	312,528
Subsidiaries	10,018,871	16,132,672	8,783,724	12,180,223
	10,018,871	16,132,672	9,123,651	12,492,751

Main outstanding balances with related entities as at 31 December 2020 and 2019 can be summarised as follows:

	ACCOUNTS RECEIVABLE		ACCOUNTS	PAYABLE
BALANCES	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Parent company	4,229,272	16,210,715	994,312	991,786
Subsidiaries	7,806,643	7,761,433	1,170,247	1,067,449
Other related parties	154,146	120,771	65,412	66,080
	12,190,061	24,092,919	2,229,971	2,125,315

	LOANS			
	OBTA	INED	GRAI	NTED
BALANCES	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Subsidiaries	952,538,000	977,234,983	766,515,008	776,780,885
	952,538,000	977,234,983	766,515,008	776,780,885

All Efanor, SGPS, SA's subsidiaries, associated companies and joint ventures are considered related parties namely: all companies of Sonae MC, SGPS, SA Group (group in which the company operates and that account for most reported balances and transactions); the companies of Sonae, SGPS, SA Group (including, in addition to the Sonae MC Group, companies belonging to Sonae Holdings, SA, Sonae Sierra, SGPS, SA and SonaeCom, SGPS, SA); and the companies of Sonae Indústria, SGPS, SA Group and of Sonae Capital, SGPS, SA Group. The Board of Directors members are also considered related parties.

In 2020 and 2019 no transactions occurred, nor loans were granted to the Company's Directors. Additionally, as at 31 December 2020 and 2019, there were no balances with the Company's Directors.

The Board of Directors compensation for the years ended 31 December 2020 and 2019 is detailed as follows:

	31 DEC 2020	31 DEC 2019
Short term benefits	236,235	398,500

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GAINS OR LOSSES ON INVESTMENTS

In 2020 and 2019 gains or losses on investments are detailed as follows:

	31 DEC 2020	31 DEC 2019
DIVIDENDS:		
Marcas MC, zRT	229,335,356	100,000,000
Sonae MC - Serviços Partilhados, SA	10,944,390	7,300,000
Modelo - Dist.de Mat. de Construção,SA	5,224,092	2,027,573
Pharmacontinente - Saúde e Higiene, SA	2,212,494	15,000,000
Sohi Meat Solutions -Dist. de Carnes, SA	596,956	324,970
Sonvecap BV	-	32,000,000
Sonaerp - Retail Properties, SA	-	11,600,000
Modelo Continente Hipermercados, SA	-	8,000,000
	248,313,288	176,252,543
FINANCIAL INVESTMENTS INCOME:		
Fundo de Investimento Imobiliário Imosonae Dois	18,764	10,744
	18,764	10,744
IMPAIRMENT REVERSAL/(LOSSES):		
SCBrasil Participações, Ltda.	(3,600,000)	_
Fundo de Investimento Imobiliário Imosonae Dois	(14,742)	-
Sonae MC S2 Africa Limited	(66,680)	-
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	(48,890)	(544,023)
Sport Zone spor malz.per.satis ith.ve ti	-	(193)
Sonae MC S2 Africa Limited	-	41
	(3,730,312)	(544,175)
INVESTMENT SALES INCOME/(LOSSES)		
Sport Zone spor malz.per.satis ith.ve ti	11,440	-
Bom Momento - Restauração, S.A.		(681,256)
	11,440	(681,256)
	244,613,180	175,037,856

During 2020 the Company recorded an impairment loss on Fundo de Investimento Imobiliário Imosonae Dois and Sonae MC S2 Africa Limited (note 5), but also reinforced the impairment loss in SCBrasil Participações, Ltda. shareholder's loans and Zippy cocuk malz.dag.ith.ve tic.ltd.sti supplementary capital (note 6).

19.

FINANCIAL INCOME AND EXPENSES

During the years ended 31 December 2020 and 2019 financial income and expenses were as follows:

	31 DEC 2020	31 DEC 2019
Interest expenses related to		
loans to related entities	(9,123,651)	(12,492,751)
non convertible bonds	(3,562,275)	(3,839,788)
bank loans and overdrafts	(2,591,138)	(2,951,520)
Up-front fees and commissions related to loans	(2,762,332)	(2,875,283)
Stamp duty tax over loans	(6,119)	(9,014)
FINANCIAL EXPENSES	(18,045,515)	(22,168,356)
Interest income from		
loans to related entities	10,018,871	16,132,672
bank deposits	1,339	7,561
Other financial income	-	71,833
FINANCIAL INCOME	10,020,210	16,212,066
NET FINANCIAL RESULTS	(8,025,305)	(5,956,290)

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20. EXTERNAL SERVICES AND SUPPLIES

External services and supplies in 2020 and 2019 are as follows:

	31 DEC 2020	31 DEC 2019
Bank fees and services	1,027,075	1,116,423
Guarantees fees	896,957	902,920
Specialised services	684,274	741,360
Insurance	133,817	61,339
Other	25,090	13,882
	2,767,213	2,835,924

21. STAFF COSTS

Staff costs for the years ended 31 December 2020 and 2019 are as follows:

	31 DEC 2020	31 DEC 2019
Salaries	241,235	403,499
Payroll charges	52,154	92,545
Other staff costs	10,175	6,032
	303,564	502,076

22. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2020 and 2019 were calculated considering the following amounts:

	31 DEC 2020	31 DEC 2019
EARNINGS		
Earnings used to calculate basic and dilluted earnings per share (profit for the period)	237,729,816	170,618,298
NUMBER OF SHARES		
Number of shares used to calculate basic and dilluted earnings per share	1,000,000,000	1,000,000,000
BASIC AND DILLUTED EARNINGS PER SHARE	0.2377	0.1706

23.

INFORMATION REQUIRED BY LAW

DECREE-LAW Nº 318/94 ART.º 5º Nº 4

During the year ended 31 December 2020 the Company entered shareholders' long-term loan agreements with the following entities:

- > SCBrasil Participações, Ltda
- > SonaeRP Retail Properties, SA
- > Zippy Cocuk Maiz.Dag.Satis Ith. Ve Tic Ltd Sti

During the year ended 31 December 2020 Sonae MC entered into short-term loan agreements with the following entities:

- > Amor Bio Mercado Biológico Lda
- > Asprela Sociedade Imobiliária, SA
- > Azulino Imobiliária, SA
- > BB Food Service, SA
- > Bertimóvel Sociedade Imobiliária, SA
- > Bom Momento Restauração, SA
- > Brio Produtos de Agricultura Biológica, SA
- > Canasta Empreendimentos Imobiliários, SA
- > Chão Verde Sociedade de Gestão Imobiliária, SA
- > Citorres Sociedade Imobiliária. SA
- > Closer Look Design, Lda
- > Contimobe Imobiliária do Castelo de Paiva, SA
- > Continente Hipermercados, SA
- > Cumulativa Sociedade Imobiliária, SA
- > Elergone Energia, Lda
- > Farmácia Selecção, SA
- > Fozimo Sociedade Imobiliária, SA
- > Go Well, SA
- > Igimo Sociedade Imobiliária, SA
- > Iginha Sociedade Imobiliária, SA
- > Imoestrutura Sociedade Imobiliária, SA
- > Imomuro Sociedade Imobiliária. SA
- > Imoresultado Sociedade Imobiliária, SA
- > Imosistema Sociedade Imobiliária, SA
- > Marcas MC, ZRT
- > MCCare, Serviços de Saúde, SA
- > MJLF Empreendimentos Imobiliários, SA
- > Modelo Continente Hipermercados, SA
- > Modelo Hiper Imobiliária, SA
- > Pharmaconcept Actividades em Saúde, SA
- > Pharmacontinente Saúde e Higiene, SA
- > Ponto de Chegada Sociedade Imobiliária, SA
- > Predicomercial Promoção Imobiliária, SA
- > Predilugar Sociedade Imobiliária, SA
- > Selifa Sociedade de Empreendimentos Imobiliários, SA
- > Sempre à Mão Sociedade Imobiliária, SA
- > SK Skin Health Cosmetics, SA
- > Socijofra Sociedade Imobiliária, SA
- > Sociloures Sociedade Imobiliária, SA
- > Sonae MC Serviços Partilhados, SA
- > Sonae SGPS, SA
- > SonaeRP Retail Properties, SA
- > Sondis Imphiliária, SA
- Sonvecap BV
- > Valor N, SA

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As at 31 December 2020 balances payable related to these agreements can be detailed as follows:

LOANS GRANTED	BALANCE AS AT 31 DEC 2020
Continente Hipermercados, SA	407,562,000
Marcas MC, zRT	278,544,000
Contimobe - Imobiliária de Castelo de Paiva, SA	50,615,000
Sonae MC – Serviços Partilhados, SA	28,938,000
Sonvecap BV	28,282,000
Predicomercial - Promoção Imobiliária, SA	17,431,000
Modelo Hiper Imobiliária, SA	12,780,000
Bertimóvel - Sociedade Imobiliária, SA	12,177,000
Elergone Energias, Lda	7,987,000
Iginha - Sociedade Imobiliária, SA	7,577,000
Socijofra - Sociedade Imobiliária, SA	7,025,000
Selifa - Empreendimentos Imobiliários de Fafe, SA	6,740,000
Citorres - Sociedade Imobiliária, SA	6,595,000
Imosistema - Sociedade Imobiliária, SA	6,415,000
Farmácia Selecção, SA	6,155,000
Imoestrutura - Sociedade Imobiliária, SA	5,972,000
Fozimo - Sociedade Imobiliária, SA	5,889,000
Imoresultado - Sociedade Imobiliária, SA	5,636,000
MJLF - Empreendimentos Imobiliários, SA	5,539,000
Valor N - Sociedade Imobiliária, SA	5,367,000
Canasta - Empreendimentos Imobiliários, SA	4,812,000
Pharmaconcept – Atividades em Saúde, SA	4,079,000
Closer Look Design, Lda	3,966,000
Azulino Imobiliária, SA	3,472,000
Ponto de Chegada – Sociedade Imobiliária, SA	3,214,000
Sondis Imobiliária, SA	3,135,000
Imomuro - Sociedade Imobiliária, SA	2,891,000
Igimo - Sociedade Imobiliária, SA	2,493,000
BB Food Service, SA	2,431,000
Cumulativa - Sociedade Imobiliária, SA	2,168,000
SK Skin Health Cosmetics, SA	2,045,000
Brio – Produtos de Agricultura Biológica, SA	1,822,000
Amor Bio, Mercado Biológico, Lda	1,373,000
Bom Momento - Restauração, SA	795,000
Sociloures - Sociedade Imobiliária, SA	467,000
Predilugar - Sociedade Imobiliária, SA	149,000
	952,538,000

As at 31 December 2020 balances receivable related to these agreements were the following:

LOANS RECEIVED	BALANCE AS AT 31 DEC 2020
SonaeRP – Retail Properties, SA	458,025,731
Modelo Continente Hipermercados, SA	262,105,000
SCBrasil Participações, Ltda,	18,357,722
Pharmacontinente - Saúde e Higiene, SA	10,672,000
MCCare – Serviços de Saúde, SA	9,656,000
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	5,448,616
Go Well, SA	1,150,000
Asprela – Sociedade Imobiliária, SA	780,000
Sempre à Mão - Sociedade Imobiliária, SA	317,000
Sonae MC S2 Africa Limited	2,939
	766,515,008

ART.º 66º-A OF THE PORTUGUESE COMPANIES CODE

As mentioned on note 1 the Company also presents consolidated financial statements.

Information regarding the remuneration paid to the Statutory External Auditor is included in the Management report.

24. SUBSEQUENT EVENTS

There were no significant events after 31 December 2020 and until this date that need disclosure.

25. APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

The accompanying separate financial statements were approved by the Board of Directors and authorised for issue on 6 April 2021. These separate financial statements will be presented to the Shareholders' General Meeting for final approval.

The Board of Directors,

Maria Cláudia Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

João Pedro Magalhães da Silva Torres Dolores

António Carlos Merckx de Menezes Soares

Ricardo Emanuel Mangana Monteiro

Luís Miguel Mesquita Soares Moutinho

Rui Manuel Teixeira Soares de Almeida

Isabel Sofia Bragança Simões Barros

José Manuel Cardoso Fortunato

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STATUTORY



Cooperation and Independence



Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Sonae MC, SGPS, SA (the Group), which comprise the consolidated statement of financial position as at 31 December 2019 (which shows total assets of Euros 4,170,500,063 and total shareholders' equity of Euros 843,765,175 including a profit for the period attributable to the equity holders of the parent company of Euros 143,349,796), the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Sonae MC, SGPS, SA as at 31 December 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' report in accordance with the applicable law and regulations;

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- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error:
- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion; and
- g) communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article Nº 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

9 April 2021

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. represented by:

Joaquim Miguel de Azevedo Barroso, R.O.C.

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Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Sonae MC, SGPS, SA (the Entity), which comprise the separate statement of financial position as at 31 December 2020 (which shows total assets of Euros 3,009,971,775 and total shareholders' equity of Euros 1,536,310,952, including a net profit of Euros 237,729,816), the separate statement of income, the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Sonae MC, SGPS, SA as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law, we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

- the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- the preparation of the Directors' report in accordance with the applicable law and regulations;

the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error:

- d) the adoption of appropriate accounting policies and criteria; and
- the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure process of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or, in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control:
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

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- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- f) communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

9 April 2021

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. represented by:

Joaquim Miguel de Azevedo Barroso, R.O.C.

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REPORT AND OPINION OF THE STATUTORY

AUDITBOARD

REPORT AND OPINION OF STATUTORY AUDIT BOARD Sonae MC SGPS, S.A.

(Translation of a Report and Opinion originally issued in Portuguese.

In case of discrepancy the Portuguese version prevails)

To the Shareholders

1 – Report

1.1 - Introduction

In compliance with the applicable legislation and statutory regulations, as well in accordance with the terms of our mandate, the Statutory Audit Board presents its report over the supervision performed and its Report and Opinion on the Report of the Board of Directors and the remaining individual and consolidated documents of accounts for the year ended 31 December 2020, which are the responsibility of the Board of Directors.

1.2 - Supervision

During the year, the Statutory Audit Board, in accordance with its competence and in accordance with its Regulations, accompanied the strategic lines and risk policy approved by the management of the Company and its subsidiaries, from which didn't arises any issue, and has oversaw, with the required scope, the activity of the Board of Directors and its committees, evolution of the operations, the adequacy of accounting records, the quality and appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies and valuation criteria used, as well as verified compliance with legal and statutory regulatory requirements.

In the exercise of its competences, the Statutory Audit Board obtained from the Board of Directors, the necessary information to carry out its supervision activity and proceeded with the necessary interactions to fulfil the competencies listed in the law and its Internal Regulation.

The Audit Board verified the effectiveness of the risk management and internal control systems, analyzed the planning and results of the external and internal auditors' activity, accompanied the system involving the reception and follow up of reported irregularities and oversaw the reports issued by Sonae's Ombudsman, assessed the process of preparing the individual and consolidated accounts, provided the Board of Directors with information on the conclusions and quality of the financial statements audit and its intervention in this process, approved, previously, the rendering of non-audit services by the Statutory and External Auditor permitted under the law, and also having exercised its mandate in what concerns

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the evolution of the competence and independence of the Statutory and External Auditor, as well as to the supervision of the establishment of their remuneration.

During the year, the Statutory Audit Board accompanied, with special care, the accounting treatment of transactions that materially influenced the evolution of the activity expressed in the consolidated and individual financial position of Sonae MC, SGPS, S.A. and, in this point of view, highlights the positive evolution of the businesses segments and the main partnerships, whose effects are evident in Group's salutary economic and financial development.

The Statutory Audit Board, observed Recommendation I.5 of the IPCG Corporate Governance Code, in accordance with the criteria established by it in numbers 3 to 5 of article 4 of its Regulations, with the objective of characterizing the relevant level of transactions concluded with qualified shareholders or with or with entities with them in any of the relationships stipulated in paragraph 1 of article 20 of the Portuguese Securities Market Code, having not identified the materialization of relevant transactions in the light of those criteria, nor identified the presence of conflicts of interest .

The Statutory Audit Board complied with the Recommendations of the Corporate Governance Code of the IPCG I.2.2, I.2.3, I.2.4, I.3.1, I.3.2, I.5.1, I.5.2, III.1.1 (with incidence on the risk policy in accordance with and within its competence), VII.1.1, VII.2.1., VII.2.2., VII.2.3..

As a body fully composed by independent members in accordance with the legal criteria and all professionally qualified to perform their duties, the Statutory Audit Board developed its competences and interrelations with the other statutory bodies and Company's services in accordance with the principles and conduct recommended in the terms of legal and recommendations, and did not receive from the Statutory and External Auditor any report relating to irregularities or difficulties in the performance of its duties.

In the fulfilment of its duties, the Statutory Audit Board held regular quarterly meetings, in addition to other extraordinary ones, with the presence of, depending on the matters in the agenda, the Board of Directors, the officers in charge of Management Planning and Control, Administrative and Accounting Services, Treasury and Finance, Tax, Internal Audit, Risk Management, the Statutory and External Auditor and Sonae's Ombudsman. Additionally, the Statutory Audit Board participated in the Board of Directors' meeting where the Report of the Board of Directors and the financial statements for the year were approved and, during the year, had access to all the documental or personal information that appeared appropriate to the exercise of its audit action.

Still, in the fulfilment of its duties, the Statutory Audit Board reviewed the Report of the Board of Directors, and remaining individual and consolidated documents of account prepared by the Board of Directors, concluding that these information was prepared in accordance with the applicable legislation and that it is appropriate to the understanding of the financial position and results of the Company and the consolidation perimeter, and has reviewed the Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with its content.

2 - Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

- a) the Report of the Board of Directors.
- b) the individual and consolidated statements of financial position, profit and loss by natures, comprehensive income, changes in equity and of cash flows and related notes for the year ended 31 December 2020.
- c) the proposal of net profit appropriation presented by the Board of Directors.

3 - Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nr. 5/2008 and with the terms defined in paragraph c) nº 1 of the article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained in the individual and consolidated financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of the Sonae MC, SGPS, S.A. and companies included in the consolidation. Also, it is their understanding that the Board of Directors Report faithfully describes the business evolution, performance and financial position of Sonae MC, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 09 April 2021

The STATUTARY AUDIT BOARD

António Augusto Almeida Trabulo

Maria José Martins Lourenço da Fonseca

Carlos Manuel Pereira da Silva

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RIGORATHE BASIS OF OPERATION

Precision, transparency, and ethics are the fundamental principles of our Business activity and guide our management practices and corporate governance. Our ambition is to be the leader in the Business segments in which we operate, creating value for our Shareholder.

CORPORATE GOVERNANCE



Good corporate governance practices at Sonae MC ensure effective decision-making processes and increase the chances of Business success. The Company's robust governance model is based on a clear separation of responsibilities between management and control mechanisms, rigorous internal control systems, and transparent communication practices with the Shareholder and capital markets.

The Board of Directors at Sonae MC is focused on the Company's long-term growth and development, with a view to generating value for its stakeholders, supported by a sound corporate social responsibility. This governing body is comprised of a balanced team, which is highly skilled and has in-depth knowledge of food retail. It has defined, with truly clear intentions and focus, Sonae MC's terms for operational and financial sustainable success. It has also defined its mission in the retail industry and the way in which its activities benefit Customers, Employees, and society as a whole.

A resolute control and monitoring of the various Businesses is carried out via risk management and internal control systems.

The Sonae MC corporate governance model is aligned with the best national and international practices and has evolved by incorporating the Portuguese Institute of Corporate Governance (IPCG) recommendations regarding the Corporate Governance Code.

This model aims at transparency and the total effective functioning of Sonae MC, based on a clear separation of powers between the different governing bodies. Furthermore, it also seeks to establish an independent operating framework based on defining management quidelines, policies, and procedures suited to the development of the Company's businesses, with a view to minimising the inherent risks to its Business.

Sonae MC follows a one-tier governance model, where the Board of Directors oversees the management structure, and the supervisory structure comprises the Audit Committee and the Statutory Auditor.

It is incumbent upon the Board of Directors to manage the Company's Businesses, perform all management acts related to its corporate purpose, set strategic quidelines, and appoint and supervise the Executive Committee's activity and of its specialised committees.

The Board of Directors believes that the corporate governance model adopted is commensurate with the duties to be performed by each of the governing bodies, thus ensuring a balance between their respective functional independence and interaction. Moreover, the specialised committees assigned to matters of particular importance optimise the Board's performance, ensuring the effectiveness of its decision-making process.

SONAE MC'S GOVERNING BODIES AND COMMITTEES

GENERAL ASSEMBLY

- > Manuel Cavaleiro Brandão. President
- Maria da Conceição Cabaços, Secretary

SHAREHOLDERS REMUNERATION COMMITTEE

- Cláudia Azevedo. Chair
- José Côrte-Real

BOARD NOMINATION AND REMUNERATION COMMITTEE

- Cláudia Azevedo.
- António Soares
- Ricardo Monteiro

BOARD AUDIT AND FINANCE COMMITTEE

- · Ângelo Paupério,
- João Dolores
- António Soares
- Ricardo Monteiro

RNARN OF DIRECTORS

- > Cláudia Azevedo, Chairman
- > Ângelo Paupério
- > João Dolores
- > António Soares
- > Ricardo Monteiro
- > Luís Moutinho
- > Rui Almeida > Isabel Barros
- > José Fortunato

EXECUTIVE COMMITTEE

- > Luís Moutinho,
- > Rui Almeida
- > Isabel Barros
- > José Fortunato

LEADERSHIP COMMITTEE

- > Luís Moutinho
- > Rui Almeida
- > David Alves
- Isabel Barros
- João Afonso
- José Fortunato
- Miguel Moreira
- Miguel Águas

SUPERVISORY STRUCTURE

STATUTORY AUDIT BOARD

- > António Trabulo,
- Maria José Fonseca. Memher
- Carlos Manuel Silva, Member

STATUTORY EXTERNAL **AUDITOR**

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Represented by: António Brochado Correia, or Joaquim Miquel Barroso José Miguel Marques, Alternate External Statutory Auditor

COMPANY'S SECRETARY

- > Alice Castanho, Secretary
- > Andreia Gouveia. Substitute

¹ The governing bodies and committees composition refers to this report publication date

REMUNERATION

POLICY

PRINCIPLES OF THE REMUNERATION AND COMPENSATION POLICY FOR THE GOVERNING BODIES¹

The Remuneration and Compensation Policy for the governing bodies and executive directors of the Company is in line with Community guidelines, Portuguese law, and the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG), published in 2018 per the agreement established between the IPCG and the Portuguese Securities Market Commission (CMVM), on 13 October 2017, which introduced a selfregulation model under the recommendations of the regulation on corporate governance, which repealed the CMVM Corporate Governance Code (2013) and promoted the implementation of a single code, drawn up by the IPCG, which is responsible for the interpretation and implementation thereof, and conducting an annual qualitative assessment of the governance structures and practices of companies listed on the stock exchange. The Policy is based upon the premise that initiative, competence, and commitment are essential factors to perform well, and these should be in line with the medium and long-term interests of the Company, with a view to sustainability, based on the following principles:

COMPETITIVENESS

When designing the Remuneration and Compensation Policy for members of the Company's governing bodies, the primary goal is to attract high-performance talent that can make a relevant and material contribution to the sustainability of the Company's businesses. The Policy is defined by benchmarking against global markets and comparable companies' practices, based on information provided by the key studies conducted for Portuguese and European markets, namely market studies conducted by Mercer and Korn Ferry.

Accordingly, the remuneration parameters for members of the governing bodies are determined and periodically reviewed in line with the pay practices of comparable Portuguese and international companies, aligning the potential maximum amounts to be paid to the members of the governing bodies, in both individual and aggregate terms, with market practices. When doing so, the members of the governing bodies are individually and positively differentiated specifically taking into account, among other factors, the profile and experience of the member, the nature and description of the role and competencies of the governing body concerned and that of the particular member, and the degree of direct correlation between individual and business performance.

To determine the amounts paid in the global market, the median of the market values applicable to the fixed remuneration and the third quartile for the variable pay of Europe's top—tier executives are taken into account. Furthermore, for remuneration purposes, the remuneration practice of peer companies is considered, i.e., companies deemed comparable businesses for the purposes of remuneration are those whose securities are traded on the Euronext Lisbon Stock Exchange.



GOVERNING BODIES		BREAK DOWN		IN RELATION TO THE MARKET	CIRCUMSTANCES UNDER WHICH AMOUNTS ARE OWED
Board of Directors	Executive Directors	Fixed	Basic comp	Median	N/A
		Variable	Short-term variable comp	Third quartile	Subject to fulfilling short-term objective and subjective KPI requirements
		Variable	Medium-term variable comp	Third quartile	Subject to fulfilling medium-term objective and subjective KPI requirements
	Non-Executive Directors	Fixed	Compensation	Median	N/A
Statutory Aud	Statutory Audit Board Fixe		Compensation	Median	N/A
Statutory Exte	Statutory External Auditor Fix		Compensation	Median	N/A
Officers of the Shareholders' General Meeting		Fixed	Compensation	Median	N/A

PERFORMANCE-ORIENTED

The Policy envisages the award of bonuses calculated based on the Company's level of success. The variable pay component is structured in a way that establishes a link between bonuses awarded and the levels of individual and collective performance. If predefined goals are not achieved, measured using individual and business KPIs, the amount of short and medium—term incentives will be partially or totally reduced.

ALIGNED WITH SHAREHOLDER INTERESTS

A portion of the variable bonus for executive directors is deferred for a period of 3 years, and the amount depends on the following during the deferral period: (i) gains in share price, (ii) the dividend adjustment factor applied, and (iii) the extent to which medium—term goals are achieved. This ensures that directors align their interests with those of the Shareholder and medium—term performance, thus ensuring business sustainability.

TRANSPARENCY

Every aspect of the remuneration structure is clear and openly disclosed both within and outside of the company by publishing documents on the Company's website. This communication process helps promote fairness and independence.

REASONABLENESS

The Policy aims to ensure a balance between Sonae MC's interests, market positioning, the expectations and motivation of the members of the governing bodies, and the need to retain talent.

The company's Remuneration and Compensation Policy upholds the principle of not paying compensation to executive directors or the members of the other governing bodies upon the termination of their duties, whether as a result of their term in office ending or early termination for any reason or on any grounds, without prejudice to the Company's obligation to comply with legal provisions in force on such matters.

The Remuneration and Compensation Policy does not include any additional benefit schemes, namely pension schemes, for the members of the governing bodies, supervisory bodies, or other executive directors.

When applying the Remuneration Policy, the duties performed in companies that are in a parent–subsidiary or group relationship with Sonae MC are taken into account.

To ensure the effectiveness and transparency of the principles of the Remuneration and Compensation Policy, executive directors must not enter into contracts with the Company or with third parties aimed at mitigating the risks inherent to the variability of the remuneration they receive from the Company.

1 As approved at the Sonae MC's Shareholders General Assembly meeting, held on April 30th, 2020.

INTERNAL CONTROL

ANII KISK MANAGEMENT

DESCRIPTION OF THE PROCESS FOR IDENTIFICATION. ASSESSMENT. MONITORING. CONTROL. AND RISK MANAGEMENT

Risk Management is integrated into Sonae MC's entire planning process as a structured and disciplined approach that aligns strategy, processes, People, technologies, and knowledge. Its goal is to identify, assess and manage opportunities and threats that Sonae MC businesses face in the pursuit of their business objectives and value creation.

Management and monitoring of Sonae MC's main risks is achieved through different approaches, including:

- I. As part of strategic planning, risks of the existing business portfolio, as well as the development of new businesses and relevant projects are identified and evaluated, and strategies to manage those risks are defined;
- II. At the operational level, business risks and planned actions to manage those risks are identified and assessed, and are included and monitored within the realm of the business units and functional unit parts;
- III. For risks of a more transversal nature, namely, large-scale organisational changes, contingency, and business continuity plans and structured risk management programmes are developed involving all those responsible for the relevant units and functions:
- IV. As far as risks to tangible assets and People are concerned, audits are carried out at the main business units. Preventive and corrective actions are implemented for the risks identified. The financial cover of insurable risks is reassessed on a regular basis;

- v. Financial risk management is carried out and monitored as part of the Company activities and those of its businesses. The outcome is reported, coordinated with, and monitored by the Corporate Finance and Treasury Committee and the Audit and Finance Committee of the Board of Directors;
- VI. Management of legal, tax, and regulatory risks is carried out and monitored by the legal and tax departments.

The risk management process is supported by a consistent and systematic methodology, based on international standards, including the following:

- I. Defining risk management focus (risk dictionary, the definition of a business risk matrix and a common language);
- II. Systematically identifying the risks that can potentially affect the organisation (risk sources);
- III. Evaluating the level of importance and managing the prioritisation of risks as a function of their impact on the objectives of the business, and the likelihood of the risks occurring:
- IV. Identifying the causes for the most critical risks;
- v. Evaluating strategic risk management options (e.g., accept, avoid, mitigate,
- VI. Developing and implementing a risk management action plan to be integrated into the management and planning procedures of the units and functions of Sonae MC businesses:
- VII. Monitoring and reporting on how risks evolve and on the progress made in the implementation of action plans.

1. RISK MANAGEMENT CONFIGURATION

- > Policies and objectives
- Organisation
- > Risk taxonomy
- > Tools and processes
- > Resources

Risk monitorina

(Action plan and KRIs)

> Annual Report of Risk Management

2. IDENTIFICATION AND ASSESSMENT

- Risk identification > Risk responsibilities
- Risk assessment Risk matrix

5. MONITORING AND REPORTING

ENTREPRISE WIDE RISK MANAGEMENT (EWRM)

Identification of determinants (Risk Drivers)

Selection of appropriate treatment (accept, avoid, transfer, or mitigate)

4. MITIGATION

- Risk mitigation action plan
- > Key Risk Indicators (KRIs)

RISK TAXONOMY

The risk **identification** process encompasses internal and external sources

RISK MATRIX

Senior management carried out calibration and risk assessments. taking into consideration the probability of an event and its impact based on a predefined scale of risk criticality (lowmedium-high-critical)

RISK REGISTRATION

OPTIONS

TREATMENT

m

The risk **treatment** should be performed by the risk owner, who

- > Identify the most critical risk triggers
- Assess strategic risk management options (e.g., acceptance, avoidance, treatment, or transferal)
- Develop and implement risk management action plans
- Monitor and report on progress made in the implementation of action plans and risk evolution

INDIVIDUALS, BODIES OR COMMITTEES RESPONSIBLE FOR INTERNAL AUDIT AND / OR IMPLEMENTATION OF INTERNAL **CONTROL SYSTEMS**

Risk Management is deeply rooted in Sonae MC's culture and is one of its key Corporate Governance practices. It forms part of all management processes and is the responsibility of all Company Employees throughout the various levels within the organisation.

The main goal of Risk Management is to create value by managing and controlling opportunities and threats that can affect business objectives from a perspective of Sonae MC businesses continuity.. Risk Management, alongside Environmental Management and Social Responsibility, are Company pillars of sustainable development. As it contributes to continued business development by way of greater awareness and more effective management of the risks which they are subjected.

Risk Management is the responsibility of all Sonae MC's managers and Employees and is supported by the Risk Management, Internal Audit, and Strategy, Planning and Control Departments, at all levels of the organization, and through specialized teams, which report directly to their respective Board of Directors.

The Risk Management department's mission is to help companies reach their business objectives via a systematic and structured approach in identifying and managing risks and opportunities.

The Internal Audit department identifies and evaluates the effectiveness and efficiency of management and control of business processes and information systems and reports to the Statutory Audit Board.

The Strategic Planning and Management Control department promotes and supports the integration of risk management into the management and planning control processes of the Company's businesses.

Reliability and integrity risks of financial and accounting information are also assessed and reported by the Statutory External Auditor.



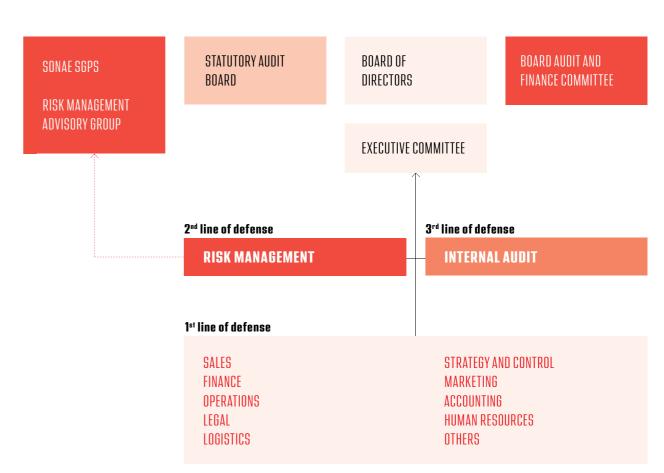


SUBORDINATE RELATIONSHIPS HIERARCHY AND/OR FUNCTIONAL RELATIONSHIPS WITH OTHER COMPANY BODIES

The Statutory Audit Board monitors the internal control and risk management systems, supervises its activity plan, receives periodic reports on the work performed, assesses the results and conclusions drawn, and provides quidelines as it deems necessary.

The Statutory External Auditor verifies the effectiveness and functioning of internal control procedures in accordance with the work plan agreed upon by the Statutory Audit Board, to whom it reports its findings.

The Board of Directors, through the Board Audit and Finance Committee and the Risk Management Consulting Group monitors the Internal Audit and Risk Management activities.



IDENTIFICATION AND DESCRIPTION OF THE MAIN TYPES OF RISK

Critical Risks

Sonae MC's risk management process, denominated Enterprise Wide Risk Management, follows a top-down logic and is anchored in three steps that quide the process from the initial risk identification, the impact and likelihood evaluation (Risk matrix) and the assignment of a risk owner subsequently responsible for implementing the necessary risk treatment options and its evolution (Risk Registry).

As a result of this Enterprise Wide Risk Management exercise, the following critical risks were identified (higher probability and impact), being underway the implementation of specific mitigation actions that envisage its exposition:

- > Rapid and massive spread of Infectious Diseases
- > Failure of climate-change mitigation and adaptation
- > Rising legal and regulatory negative consequences
- > Lack of organisational agility and simplicity
- > Inability to recruit and retain talent and insufficent workforce for main commercial activities

For all the risks classified as critical, Sonae MC has assigned a responsible and a representative to define the mitigation action plan as well as the mains

RISK DESCRIPTION

Rapid and massive spread of Infectious Diseases

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

TREND

COVID-19

MITIGATION ACTIONS



- > Operational adjustments to the new measures of the Portuguese legislation
- > Flu vaccination plan
- > COVID-19 test plan
- > COVID-19 vaccination plan
- > Evolutionary updated documentation and distribution
- > Better Return project

Legionella

- > Definition of governance and risk management model
- > Internal procedures adjustment to new legislation
- > Skills and training programs for all of those involved in the process
- > Key-risk indicators definition and implementation

Failure of climate-change mitigation and adaptation

Failure to enforce or enact effective measures to mitigate climate change, protect populations and help businesses impacted by climate change to adapt can affect the Business's image.



- > Assessment of the degree our businesses is exposed to climate change and integrate the quidelines defined by the Task Force on Climate-related Financial Disclosure
- > GHG Target monitoring and Roadmap execution
- > Annual review of the established roadmap, considering regulatory and technologic
- > Contingency actions identification

Rising legal and regulatory negative consequences

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



- > Focus on upcoming legal initiatives, national and European, regulation, regarding data protection, products health and safety, commercial, communication and competition, health and wellness, energy, real estate, others
- > Focus on upcoming national and european legal initiatives and regulation regarding corporate governance and its transposition to local market
- > Focus on upcoming legal initiatives, national and european, regulation, regarding labour law follow-up of the negotiations of the APED, ARESP Collective Labor Contract
- > Ensure a day-to-day legal support (the current controls) to the businesses











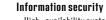
RISK DESCRIPTION

Cvber-attacks

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

TREND

MITIGATION ACTIONS





- > Network infrastructure redundancy
- > Quality control flows between apps
- > Profile and access management
- Reinforcement of the network perimeter protective mechanisms

Legal compliance and level and maturity revision of RGPD

- > Update on the treatments' activity records
- > Improvement of the exercise of rights response process
- > Analysis, evaluation and writing of the legal documentation, in what concerns personal data protection
- Implementation of awareness and sensitivity procedures in different business areas
- > Authentication mechanisms reinforcement
- > Consolidation and reinforcement of the protection mechanism of the technological perimeter infrastructure
- > Strengthening of the detection capacity with the adoption of continuous security audits program
- Audits to management processes and information systems governance

Personal data protection

- > Compliance with exercise of rights requests
- > Personal data violation evaluation
- > Response to control authority contacts
- > Training content elaboration
- > Statements and recommendations development

Cyber risks management

- > Cybersecurity governance model consolidation
- > Main security policies revision
- > Cyber risk management process definition, in articulation with other Sonae Group
- > Systematic vulnerability remediation, improving the main external indicators of Sonae's cybersecurity, rating Bitsight, compared to previous year

RISK DESCRIPTION

Cyber-attacks

TREND

MITIGATION ACTIONS

Risks associated with behaviours

> Training and awareness measures focused on risks arising from COVID-19 pandemic that led to remote work (e.g. ethical phishing campaigns)

Lack of organisational agility and simplicity

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



- Reskilling (new roles)
- > Digitization, automation and Artificial Intelligence (AI)
- > Reinforcement of operational efficiency and new ways of working
- > Development of predictive HR churn models
- > Strategic Workforce Planning implementation, focusing in future trends of work and reskilling
- > Leadership transformation
- > Development of collaborative IT tools
- > Cross organization collaboration to reduce silos
- > Kaizen/agile methodologies implementation

Inability to recruit and retain talent and insufficient workforce for main commercial activities



Operating in an increasingly competitive labour market, associated with the lack of attractive career plans, mismatched compensation and training programs, may compromise the ability to retain the key human resources of the company with a consequent impact on the execution of the business's objectives and strategy.

The insufficiency of available candidates may affect the company's capacity to execute its mains activities, leading the interruption of the businesses.



- Reinforce Sonae MC's brand as an Employer and the value proposition for the Employee, through a greater emphasis given to internal and external communication and through the promotion talent attraction programs and new work models (on site, hybrid and remote)
- > Follow up and revision of key indicators on People development
- > Training and fast development programs implementation for high potential employees
- > Strategic workforce planning implementation, focusing on future work trends and
- > Support international recruitment through diplomatic and governmental contacts
- > Training pivots closer to business areas, so that training is more aligned with the

N New risk





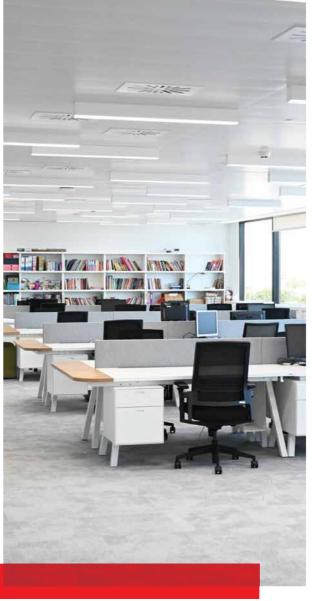


□ Decreasing risk

COVID-19 PANDEMIC

- > Besides the critical risks, in 2020, Sonae MC followed in detail and with great concern all the developments regarding COVID-19 pandemic, keeping up with the international competent authorities position, namely the ones of the World Health Organization, the European Centre for Disease Prevention and Control, as well as of the national Health Organization (Direção Geral de
- > Under this scope, and still during the stage when the virus was circumscribed to China, a Crisis Committee was constituted, putting in practice the prevention / contingency plans defined for similar situations, comprehending all the organization, from the operations to the central structure.
- > The Company has been implementing all the measures considered to be adequate in order to minimize potential adverse consequences, in line with the recommendation of the competent authorities and in the stakeholders' best interest.
- > Resulting from the SARS-COV-2 pandemic context, in 2020, our priority was to quarantee the safety of our Customers and Employees. The Safety and Occupational Health departments have been collaborating, since then, in a set of preventive and informative measures, such as:

- > COVID-19 contingency plan definition, with several possible scenarios, and that is being put in place in accordance with the evolution of the situation in Portugal, for everyone's safety
- > Operation manuals elaboration, for each banner, with the preventive measures to implement
- Workplacement risk evaluation in what concerns contamination risk and mitigation actions implementation
- > Creation of an Observatory for following the disease evolution
- > Training content development
- > Training programs, coaching and quick-talks were put in place
- > Procurement, certificate and product quality validation, equipment and disinfectant solutions acquisition in order to quarantee the safety of our Customers and Employees
- > Definition of instructions and acting procedures
- > Creation of an internal line of support for COVID-19 doubts clarification
- > Reports and indicators development
- > Monitoring visits to the sites in order to support the preventive measures
- Permanent connection with the national Health and Work Conditions external authorities



- > Support to the independent audit (APCER) processes to the warehouses; SOHI: Continente, Continente Modelo, Continente Bom Dia, Wells, Go Natural and Maxmat stores; e-commerce and commercial galleries.
- > Creation of a work taskforce for the Logistics where 9 safety technicians were allocated in order to reinforce COVID-19 safety and prevention
- > Development of the Better Return project aiming to prepare the central offices and the return of the Employees
- During this period several management support tools were developed, namely: the "Power app" for registers in COVID-19 support line; management indicators in MicroStrategy; Trace Covid, a tool comprising a risk model that allows to predict the disease incidence in Portugal and in Sonae MC; audit tools such as the Logistics Active Supervision app; Microsite COVID; among others.

Although the activity in 2020 was significantly affected by this situation, Sonae MC kept the priority of guaranteeing the safety of our Employees and keep offering the essential products and services to our Customers.

ACTIONS DEVELOPED IN 2020

The year of 2020 was particularly marked by the COVID-19 Crisis Management through the creation of a Crisis Committee, aiming to guarantee the corporate alignment, the establishment of a risk common language and the acknowledgement and sharing of best practices. From the main implemented activities, we highlight the definition of a crisis management model with 4 risk levels and respective contingency plans; the definition of common rules among businesses to be regularly evaluated and calibrated based on the risk evaluation evolution; the sharing of initiatives and critical matters.

Still during the year, we pursued the Enterprise Wide Risk Management exercise, driven by the risk management corporate function of the Society, which guaranteed the alignment of methodologies, practices and risk management calendar.

On the year's first quarter, the Society risks were identified, based on the 2020 EWRM exercise, and a new dictionary and new risk taxonomy were elaborated. Still during this period, an inquiry to support the risk evaluation was developed.

During the second quarter, we followed risk evaluation, which is under Sonae MC' Executive Committee responsibility. After the individual completion of the evaluation inquiry, a calibration session was established which resulted on the approval of Sonae MC's risk matrix, on the identification of the critical risks and correspondent owners' nomination.

On the third and fourth quarter, a collective work was developed with each risk "owner", where the mitigation actions were identified and implemented. and the risk indicators monitored. These activities, at Sonae Group level, were supported by an applicational tool, internally developed and based on COSO international standard.

The Risk Management department kept supporting the risk management of the organization main projects, as well as in crisis management and in business continuity plans.







GLOSSARY

Absenteeism rate

Number of absenteeism hours by the number of workable hours of the total number of direct Employees

Acquisitions capital expenditure ("Acquisitions CAPEX")

Integration of companies/businesses acquired in the period, including the assumed financial debt

Cash conversion

(Underlying EBITDA less fixed rents, less maintenance and optimisation CAPEX) as a percentage of (underlying EBITDA less fixed rents)

Change in working capital

Working capital variation from one period to another

N&Δ

Depreciations, amortisations, provisions and impairments

Direct community support

Voluntary contributions to the community (internally and externally), via financial support or in-kind donations. Financial support does not include making food products available at Company social areas to be consumed by the Employees

EBI1

Profit before interest, tax, dividends, and share of profit/loss of joint ventures and associates

EBITDA

EBIT before depreciation and amortisation expenses, provisions and impairments losses, gains/losses on the disposal of subsidiaries and property, plant and equipment, excluding non-recurring items

Expansion capital expenditure ("Expansion capex")

Investments to open new stores in the period (including associated real estate investments)

Fish sourced from sustainable methods or aquaculture

Quantity of fish caught using methods/type of fishing gear with reduced potential impact on biodiversity or marine ecosystems or produced in aquaculture, certified according to Continente quality standards, divided by the total purchase value for fresh fish

Fixed rents

Rental costs from leased real estate assets

Free cash flow (FCF)

Underlying EBITDA, less fixed rents, less income tax expense and net capital expenditure, less change in working capital, plus other items (non-recurring items, the share of profit or loss of joint ventures and associates, non-controlling interests and dividends received during the year)

Freehold

Stores sales area ownership in the percentage of total stores sales area (end of period figures)

Frequency index for work-related accidents

Number of occupational accidents with sick leave per million hours x number of hours worked

Fresh produce acquired from local suppliers

Ghe amount of fresh produce acquired from local suppliers divided by the total purchase value for fresh produce

GHG emissions (scope 1 and 2) per sqm of sales area

Greenhouse gas emissions (GHG) of scope 1 and scope 2, per Sonae MC sales area (Company operated stores)

GHG

Greenhouse Gas emissions

GJ

Gigajoule

Goodwill and financial investments

Goodwill, investments in joint ventures and associates and other non-current investments

GRI

Global Reporting Initiative

Gross capital expenditure ("Gross CAPEX")

Maintenance capex, plus optimisation capex, plus expansion capex, plus acquisitions capex

GWP

Global Warming Potential

Hypermarkets (segment)

Namely Continente and Continente Online banners

LFL (Like for Like) sales

Sales from Company operated stores that operated under similar conditions in comparable months, both in the current period and the prior comparable period. Excludes stores opened, closed, or those which underwent significant remodelling in one of the periods.

Maintenance capital expenditure ("Maintenance CAPEX")

Investments to maintain and refurbish existing stores, and investments in areas such as IT, warehousing, logistics and e-commerce

MWh

Megawatt hour

Net capital expenditure ("Net CAPEX")

Gross capex less sale-and-leaseback divestments

Net financial debt

Loans, bonds and other loans, leases and derivatives less cash and bank halances and other current investments

Net fixed assets

Property, plant and equipment and intangible assets

Net invested capital

Net financial debt plus Shareholder funds

New growth businesses & Others (segment)

Namely Meu Super, Well's, Go Natural, Bagga, Note!, Zu, and Maxmat banners. From 2019, it includes Arenal and Dr. Well's banners. It also includes the real estate component that owns the assets and rents them out to third parties

Non-recurring items

Net capital gains/losses on the sale $\boldsymbol{\theta}$ leaseback transactions of real estate assets

Optimisation capital expenditure ("Optimisation CAPEX")

Investments to significantly change stores or optimise customer experience This type of investment goes beyond a typical store refurbishment.

Recycled plastic

Quantity of recycled plastic divided by the total quantity of virgin plastic mapped out

Sale-and-leaseback divestments

Net book value of retail properties sold in sale-and-leaseback transactions

Scope 1

Direct GHG emissions from sources that are owned or controlled by the Company

Scope 2

Indirect GHG emissions from electricity acquired by the Company

Scope 3

Other indirect emissions, includes all other indirect emissions generated from business activities which occur at sources that are not owned or not controlled by the Company

SDG

Sustainable Development Goals

Severity Index

Number of lost days per thousand hours x number of hours worked

Shareholders' funds

Equity attributable to owners of the Company and non-controlling interests

Specific electricity consumption

The total quantity of electricity consumed at Sonae MC per sales area (Company operated stores)

Sgm.

Square metres

Supermarkets (segment)

Mainly Continente Modelo and Continente Bom Dia banners

Total net debt

Net financial debt plus lease liabilities

Turnover

Total revenue from sales and services rendered

Underlying EBIT margin

Underlying EBIT as a percentage of the turnover

Underlying EBIT

EBIT excluding non-recurring items

Underlying EBITDA margin

Underlying EBITDA as a percentage of the turnover

Underlying EBITDA

EBITDA excluding non-recurring items

Working capital

Inventories, trade creditors and trade debtors and other current assets and current liabilities (excluding loans obtained from non-controlling interests, items included in the computation of net debt and Shareholder attributed dividends)

ABOUT THIS

REPORT

In its Integrated Annual Report, Sonae MC sought to compile in a single document financial and non-financial disclosures, thus offering its stakeholders a holistic overview of the Company and its capacity to create value. The Report was prepared in accordance with the International Integrated Reporting Council (IIRC) principles and structure.

SCOPE AND PERIOD OF THE REPORT

Sonae MC, SGPS, SA (hereinafter designated Sonae MC), is part of the Sonae Group. The Company aggregates the food—based retail activity of the group along with the management and operation of its respective real estate assets.

Sonae MC operates throughout Portuguese territory and northern Spain.
The Company is present across various sectors via a diversified portfolio of banners and formats which include: Continente (urban hypermarkets),
Continente Modelo (large supermarkets), Continente Bom Dia (proximity supermarkets), Continente Online (e-commerce) and Meu Super (franchise proximity stores) on the food-based retail side of the business and Well's (health, well-being, cosmetics and eye-care) and Arenal (para-pharmacy and perfumery), Dr. Wells (dental and aesthetic medicine), Go Natural (organic supermarkets and restaurants), Bagga (coffee shops), Note! (stationary, books and gifts), ZU (pet care and veterinary services), Maxmat (DIY retail), Washy (self-service laundries), and Home Story (home furnishings and accessories) on the complementary growth side of the business.

This Report refers to activities carried out during the 2020 financial year (1 January to 31 December 2020).

DISCLOSURE OF FINANCIAL INFORMATION

The consolidated and individual financial statements included in this report, required by law, were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

DISCLOSURE OF NON-FINANCIAL INFORMATION

The disclosure of information within the sustainability scope was prepared in accordance with the guidelines contained in the Global Reporting Initiative (GRI standards), under the "Core" option. The aim is to report, in a transparent manner, the Company's performance throughout the year across three priority action pillars focusing on material aspects.

This report also highlights the Company's performance in terms of the Principles of the United Nations Global Compact (UNGC) and the United Nations Sustainable Development Goals (SDGs).

Notwithstanding, it is important to highlight that the Company is exempted from the obligation to present an individual or consolidated non–financial statement. This information is included in the consolidated report and sustainability report presented by its parent Company Sonae, SGPS, SA.

INFORMATION REVIEW

The financial statement included in this report is part of the Financial Statements approved by the Executive Committee under the legal terms, and audited by PwC, that has developed an independent report and issued a Statutory External Audit report. Both documents can be analyzed in the Financial Statements section, within this report.

The information regarding sustainability was based on the information gathered on the chapter "5.3 Environmental and Social Performance", from the Annual Report of Sonae SGPS, S.A. and the respective Appendix "GRI Sunnlement"

On this scope, the information included on the Annual Report of Sonae SGPS, S.A., was externally verified by KPMG.

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