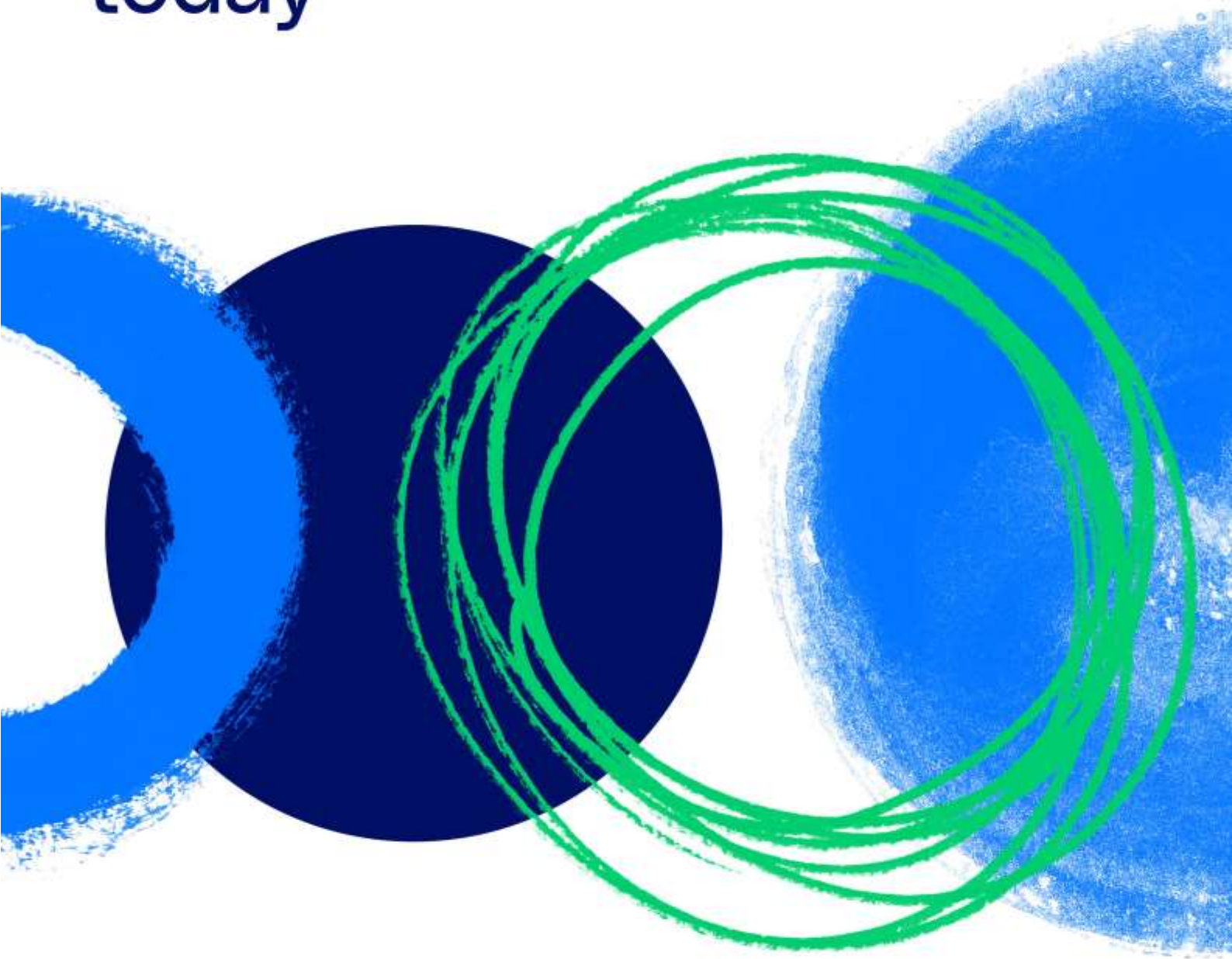


Shaping tomorrow, today



Sonda



This report is a translation of the Portuguese original version of the Sonae's official accountability document, submitted at the CMVM website and Sonae's institutional website on April 6th, 2022, in ESEF format. In case of discrepancies between this version and the official ESEF version, the latter prevails.

About this report

This annual integrated report reflects Sonae's new identity, with eyes set on the future. A future that respects people, communities, and the planet. To achieve this, we break new ground to make a lasting impact on a rapidly changing world. Additionally, as a portfolio of diverse businesses, we harness our expertise and challenge ourselves to create a better future, every day.

Sonae renewed its values and reinforced its commitment to people and the planet, upholding its mission of creating long-term economic and social value. We exist to actively shape the future we all want and need.

We create today a better tomorrow for all.

Sonae's annual integrated report demonstrates our commitment to communicate with full transparency and it provides an overview of our strategy and performance in 2021. This report aims to provide a fair, balanced and understandable assessment of our business model, strategy, performance and prospects in relation to material financial, economic, social, environmental and governance issues. In fact, this integrated report demonstrates how our value creation approach is aligned with the six capitals of the Integrated Reporting (IR) framework – financial, human, social, manufactured, intellectual and natural capitals.

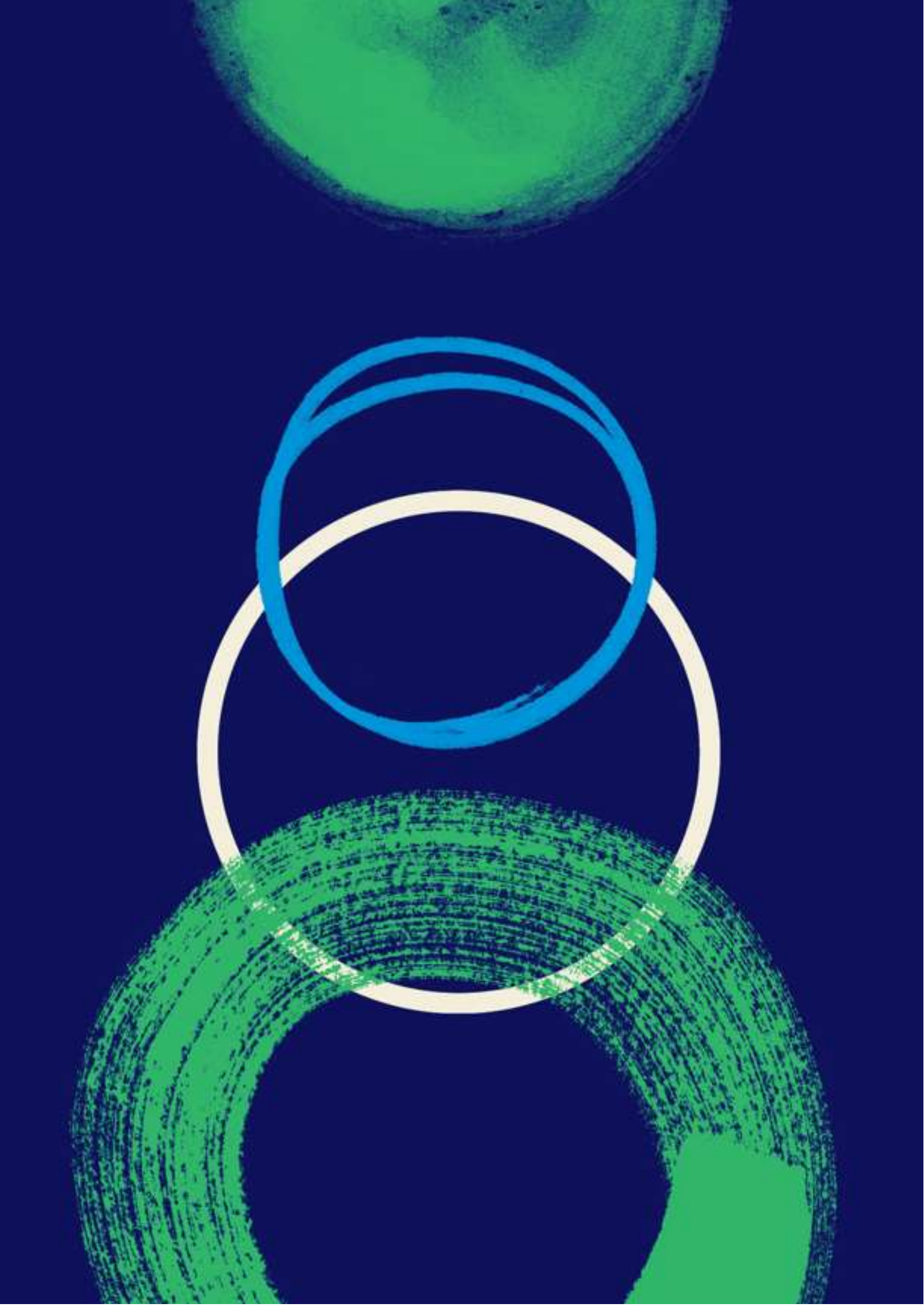
It is prepared in accordance with the legislative requirements outlined in the Portuguese Companies Act, the Portuguese Securities Code, the Integrated Reporting framework proposed by the International Integrated Reporting Council (IIRC), the International Financial Reporting Standards (IFRS), the Global Reporting Initiative Standards (GRI Standards) - Core Option, and the EU Taxonomy Regulation. Moreover, and for the first time, we report the results of our assessment according to the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) Recommendations. This report highlights our performance at the level of the United Nations Global Compact (UNGC) Principles and the Sustainable Development Goals (SDG), in addition to responding to the requirements of Portuguese Decree-Law no. 89/2017, published on the 28th of July 2017 and Spanish law no. 11/2018, published on the 28th of December 2018.

The scope of our annual report includes the Integrated Management Report, the Corporate Governance Report (including the Remuneration Report), the Financial Statements and the annexes. These annexes include, apart from legal requirements: (i) the Global Reporting Initiative (GRI) Standards: Core option, subjected to verification by an external entity (KPMG); (ii) the report about the climate-related risks assessment according to the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) Recommendations; and (iii) in compliance with the EU Taxonomy Regulation, the report about the specific Key Performance Indicators on the eligibility of environmental activities

Sonae

Shaping tomorrow,
today

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Shaping tomorrow with all we stand for

Integrated Management Report

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Highlights of our year

61% TSR

Total Shareholder Return*

€4.0bn NAV

Net Asset Value
+4.5% yoy

€97m Dividends

Dividends paid
+5% proposed for 2022

€681m FCF

Free Cash Flow before
dividends paid

+8.8% EBITDA

Proportional underlying EBITDA
(vs 2020)

8.4% RoIC

Return on Invested Capital

*Source: Bloomberg.

Note: RoIC (Return on Invested Capital) is calculated with proportional figures and with Sierra and Bright Pixel at historical cost.



-16% tCO_{2e}

Emissions (Scope 1+2) vs 2018
Carbon neutral operations by 2040

74% Recyclability

Reusable, Recyclable or Compostable
Plastic packaging
Target of 100% by 2025

+2.2x Energy
production

Effective production of energy
from renewable sources

82,088 Trees

Donated trees

47thsd. Employees

Employees in our companies
+754 vs 2020

37% Women

Women in leadership positions
Target 39% by 2023

€21m Support

Community support
+58% yoy

1.2m Hours

Hours of training
+12% yoy

Note: Number of employees includes all the companies fully consolidated in Sonae accounts (does not include NOS and ISRG).



Letter from the Chairman

In last year's letter, I expressed my belief that, facing an unprecedented pandemic crisis, we would stand up to the challenge. It was a message of hope for the new year, but it was also an important belief in our teams. Over the last twelve months, I was humbled by the continuous and relentless dedication of our people, who not only understood the limitations imposed on us by the pandemic, but also realised their critical role in such a context. Sonae has overcome every challenge that last year presented to us. Our success was only possible due to the outstanding and unparalleled dedication of everyone.



There was no sense of normality during 2021. It was a year of resilience, change and hope. COVID-19 continued to cause disruption around the world, shaking societies to their roots, with the appearance of new variants casting a cloud of insecurity. Families, friends, and colleagues were under frequent pressure as their social pillars were drastically impacted and the way they worked and fulfilled basic needs were dramatically changing and difficult to predict. In this context, technology reshaped our lives and businesses, accelerating trends that now seem to be here to stay. At the end of the day, science, common sense and cooperation prevailed, and, despite the impacts and the losses, we are now gradually returning to a new normal. I believe it will be a better normal.

Despite this belief, we are well aware of the significant challenges of the aftereffects of the pandemic. Even in the best scenarios of no further viral waves with high mortality rates, we will still have to deal with the disruptions in supply chains, soaring costs of energy, a continuous rise of extremism, and mounting political pressure and instability in some regions of the globe.

At Sonae, we remain prudent long-term optimists as we are stronger and more resilient. We are more capable today of seizing the many opportunities ahead and continuing our growth journey. We are more ready to extend a hand to the most vulnerable. We are more aware of the impact of our actions on the fragile ecosystem that supports us and of the urgent additional effort we must make to protect it. A young generation has been given the opportunity to observe scientific development as a game changer, while also witnessing the emptiness of the false hopes of science deniers. I believe that this will be the beginning of a tremendous generation of science-driven sustainability innovators.

In the face of uncertainty caused by the pandemic, Sonae's continuous and boundless urge to do better, to create and share Natural, Social and Economic value remains the same. Sonae never shies away from leading with impact and doing what is right in the path towards a better tomorrow. Sonae will continue to reconcile the interests of all our stakeholders and, collectively, unlocking the value creation potential of opportunities that bring together these three value dimensions.

Natural Capital

Look around at the nature that surrounds us. The ecosystem that supports us is in distress and the symptoms are becoming more frantic and more frequent. The devastation of biomes and biodiversity and the disruption of the water cycle are mostly driven by humans and, combined, they have a spiralling effect on climate change. We have reached a point where slowing down the effects is not enough, we need to promote the reconstruction of the ecosystem.

In fact, Sonae has been a strong advocate of more urgent, demanding and comprehensive strategies to protect Nature. We made a public commitment to achieve **carbon neutral operations by 2040**, ten years ahead of the European Union's target. The whole of our portfolio is active in pursuing this ambitious goal, and I believe we are well on track. Considering the target defined for 2030 to reduce our scope 1+2 emissions by 54%, in three years, out of twelve, we have achieved a decrease of 16%. We are thus ahead of a linear progression to the 2030 target but remain aware that this is necessary to reach our anticipated carbon neutrality goal in 2040.

The new MC logistics hub in Azambuja was designed with sustainability at its core and will avoid the production of over 1,000 tonnes of CO₂ annually. An example that brings together the creation of both natural and economic value. Additionally, our portfolio is moving fast towards the decarbonisation of its activities. Worten is an excellent example and has developed SATO, an innovation-driven project which through an Artificial Intelligence based solution evaluates and optimises energy consumption. In 2022, 100% of Worten's energy consumption will come from renewable sources, significantly ahead of the initial plan.

Regarding **Plastics**, we are also continuing our progress despite the increasingly challenging problems that we encounter after solving the simpler ones. Sonae has the commitment to use only reusable, recyclable or compostable plastic in all packaging of its products by 2025. Important achievements across the portfolio have been made towards this goal. Several initiatives are in place: our fashion brands have been particularly active on this front, removing most of the plastic from their store packaging and reducing the use of plastic packaging across the supply chain. Worten introduced a pilot project in one store where its furniture is entirely produced from recycled and recyclable material derived from the old equipment collected from its stores. Furthermore, MC is involved in several very promising and innovative research projects to find alternatives to plastic and has integrated a national pilot to prepare the Deposit Refund Schemes (DRS). Machines for depositing plastic packaging have been installed in 25 Continente stores, and more than 12.4 million packages were collected for recycling. In fact, MC's efforts to ensure a more circular economy for plastics were recognised by the Ellen MacArthur Foundation with the third place amongst global retail companies.

Concerning Biodiversity, humankind still has a long way to go. Sonae is committed to doing its part. Last year, **Sonae Forest** was announced, an initiative that involves planting thousands of hectares of trees and combining wood production with high carbon sequestration, while promoting local biodiversity. Additionally, in 2021, **Sonae joined act4nature**, a natural step for us as we have been a strong advocate for immediate actions. By joining this initiative, Sonae put forward a set of specific commitments to promote biodiversity with precise targets and timeframes. I have no doubt that Sonae will deliver on each one of them and will then push forward to the next set of commitments.

All our actions towards the creation of **Natural Value** are based on a comprehensive understanding of our environmental footprint, including managing its risk. Our risk management approach has implemented rigorous processes to understand climate-related risk and metrics that continuously enable us to make informed decisions. This is critical to design our ambitious targets and to measure our performance, and we are committed to full transparency and accountability. To support us on this path, we have implemented the TCFD (Task Force on Climate-related Financial Disclosures) framework, aware that it can help us on our sustainability journey, as we transform metrics into action.

Social Value

At Sonae, we believe in a humane future with tolerant and supportive societies capable of bringing out the best in everyone. We have been particularly active in promoting more diversity and inclusiveness in Sonae as well as supporting efforts in society to reduce the inequality of access to education and health care.

Sonae is in the process of implementing the **“People with a difference”** project across the whole group, an initiative aiming at recruiting people with disabilities, as we believe that everyone has a role to play and can make a difference. I am particularly proud of this project. Sonae reached out to the community of experts for advice in this area, we looked at best practices worldwide and we designed a process with the potential to add more diversity and value to our human capital.

Our progress in **gender equality** was recognised, for the second consecutive year, with the Leading Together Index Award. Moreover, Sonae was included in the 2022 Bloomberg Gender Equality Index with a score well above the index average and above any other consumer staples company or any other company headquartered in Portugal. We have defined and communicated clear targets on gender equality, aiming to achieve 39% of women in leadership positions by 2023. In 2021, Sonae made important improvements, reaching 37%, +3pp compared to 2019.

However, there are still significant challenges coming our way, as the pace of technological evolution is shaping the job market with millions of jobs at risk. A more inclusive future depends on what we do today to promote equal job opportunities tomorrow. Sonae is proud to be playing a leading role in the **“Reskill 4 Employment”** from the European Round Table (ERT) for Industry. An initiative that aims at requalifying (re-skilling) and placing one million professionals in Europe by 2025 and five million by 2030, corresponding to approximately 25% of Europe’s requalification needs. Pilots are currently being implemented in Portugal, Spain and Sweden, as we harness inter-European know-how and expertise, this project is a huge but inspiring challenge that we hope will pave the way on this front.

Sonae has also been particularly active in promoting **community engagement**. We mobilised internal resources and worked together with several associations and organisations to help our communities at such a trying time. Across the whole group there were innovative and impactful initiatives. At MC, *Escola Missão Continente* is seeding a better future by working with more than 70,000 children in Portugal to raise awareness of the importance of a healthier lifestyle. Sierra, through its *Consciência Somos Nós* movement, is helping vulnerable families by working hand-in hand with local associations. At Worten, under the recycling programme “*Worten Transforma*”, we have already supported over 2,600 institutions, by donating 24,000 home appliances and €2.3m in new technological products. These are just a few examples of what we are doing together with our communities, but there are plenty more. The health and sustainability of our communities is also a measure of our success and I am proud that, at a time of unprecedented social distress, we recognised that now more than ever help was and is needed. We stepped up and increased our total donations by 58% reaching €21m, boosting our long-lasting impact towards a better society.

Since the start of the pandemic, we have supported our suppliers, customers, communities, shareholders, but we put our people first. Despite some of our businesses being forced to close, we did not implement any layoff initiatives in our controlled businesses in Portugal. Instead, we kept our teams active and together and we created over 750 jobs in 2021. We also stood by our most vulnerable people through the “*Somos Sonae*” project and already supported around 3,000 colleagues with different personal needs.

Economic value

Sonae delivered a significant economic performance increase in a difficult context, albeit heterogenous across our portfolio due to the COVID-19-related restrictions that forced many of our businesses to stay closed for a significant part of the year, even longer than in 2020. The pandemic once again highlighted the strength of our portfolio and our teams, demonstrating their ability to better understand the social and business landscapes and act quickly, mitigating risks and seizing opportunities.

Our portfolio management was particularly active during 2021. Worten restructured its Spanish operation and further strengthened its role in the services and marketplace arenas. Our financial services business partnered with Banco CTT and sold its stake in MDS. MC sold its stake in MaxMat and we welcomed CVC (Strategic Opportunities fund) as our partner in the shareholding structure of this sub-holding. We acquired an additional 10% of Sierra. ISRG made several acquisitions to accelerate its internationalisation and digitalisation paths. Additionally, we made our first investment in our newly created area – Food & AgTech dedicated to invest in businesses that are at the forefront of improving the sustainability of food production– with the acquisition of Gosh!, a best-in-class plant-based food company in the UK. Finally, our technology portfolio continued to increase in value with two of our invested companies - Arctic Wolf and Feedzai –having the latter achieved the ‘unicorn status’ this year, following the same achievement by Arctic Wolf in 2020 and OutSystems in 2018.

Overall, our businesses grew stronger and reinforced their already leading market shares. Our consolidated turnover increased 5.3% to €7.0bn, EBITDA reached €738m (+18.4%) and our free cash-flow generation before dividends paid was €681m. This positive performance enabled us to continue our policy of a gradual annual dividend increase, leading to a historically low level of consolidated net debt

at €563m. Total NAV reached €4.0bn, a year-on-year increase of €172m, a clear demonstration of value creation.

Return on equity in the year improved to 13% despite the lower gearing ratios.

Our performance was well recognised by the equity market with Sonae shares increasing 52%, representing a **Total Shareholder Return of 61%** - the highest of a large company in the Portuguese stock exchange, which resulted in the 2021 “Equity Champion Award”. Despite this growth, I continue to hold that the discount to NAV and book value at which our share trades is at odds with the recurrent demonstration of the management team to improve the value of the businesses and generate additional value in portfolio management.

Final note

It remains indisputable to me that our future must be anchored on strong sustainability values that promote the creation of Natural, Social and Economic value. A future driven by the collective will to do better, which is now pushing governments to address sustainability as a key driver towards a better future, a better society. The European Union is leading the way by setting the political agenda on sustainability and Sonae has played an active role, namely through its participation in the ERT, the World Business Council for Sustainable Development (WBCSD) and the World Economic Forum (WEF) initiatives, to ensure that organisations across the globe reach a shared vision of how business can drive the transformation the world needs.

It was a year of resilience and hard work under tremendous pressure. Our work is recognised daily by our customers, who year after year elect our brands as the most trusted brands in each sector and reward us with their preference.

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

We are now engaged in renewing our identity. After much work, we feel we have found a new and better way to feel, live and express our values, our culture, our beliefs, and our ambition that fully respects our legacy. We are renewing a commitment to ourselves, to all stakeholders and to society at large to strive to leave a positive mark in the present and play a significant role in creating a better future. A future that needs a balance between the human touch and technology, creativity and objectivity, talent and discipline. A humane future where the imperative of considering the needs of all people, communities and nature is understood and respected.

Paulo Azevedo,
Chairman

Post scriptum: As this letter goes to print, we are living unimaginable events as a peaceful and democratic European nation has suffered a massive and extremely violent military invasion costing thousands of lives and widespread suffering.

There are and will be many adverse effects to the economic environment in which we operate but there is no doubt in our minds that our priorities are to cooperate with the EU in every way we can to ensure this conflict does not spread to a full European war and is halted as soon as possible as well as to help families in suffering.

Our values and our public commitment to ensure human rights are observed by all entities we deal with have meant that we have stopped all trading with any company related with the political regimes of Russia and Belarus.

The wounds of war will take decades to heal and now is the time to work together with all our stakeholders to mitigate these effects and deal with the immediate consequences. Sonae will always stand by its values and will not cease to work every day to heal these wounds and prepare for a better tomorrow.

CEO Letter

2021 was a remarkable year for Sonae. A year in which we thrived under very challenging circumstances. Still facing severe restrictions caused by the pandemic and operating under extremely competitive environments, we continued to strengthen market shares across our portfolio of leading businesses. We did this by excelling in our dedication and attention to detail, by innovating the way we serve our customers, by boosting digitalisation across the group and, above all, by working together with a renewed sense of energy and ambition.

Overall, we continued to grow, surpassing €7 billion in consolidated turnover for the first time in our history, having also exceeded €600 million in aggregated online sales. We achieved this growth level while maintaining our strong operating profitability, with consolidated EBITDA increasing 18% yoy to over €730 million.

I am naturally proud of these results. But I am also proud of how we kept our focus on the future. Collectively, we invested more than €1 billion throughout the year to improve store networks, revamp digital touchpoints, future-proof logistical facilities, ensure the best next generation digital networks, and expand our portfolio of companies in new growth areas.

As part of this effort, we also maintained a disciplined and recurring approach to M&A activity, completing important strategic portfolio moves. These included the restructuring of our operation in Worten Spain, the disposals of both Maxmat and MDS, the sale of a 25% stake of MC to CVC, and the acquisitions of Gosh! (plant-based food) and Deporvillage (sports e-commerce). Bright Pixel continued to invest in leading-edge technology companies while showing impressive valuation increases in its portfolio, namely in its three unicorn investments. The ability we have shown in the last few years to actively manage our portfolio of companies gives me great confidence that we are being capable of better preparing the group for the future.

Despite the high level of investment, we were able to significantly deleverage the group. Total free cash flow reached €681 million and net debt decreased more than €500 million to €563 million. More importantly, in 2021 we significantly increased the value of the company. Total NAV increased 4.5% to over €4 billion and total shareholder returns reached 61%, a remarkable result when compared to most European market indexes.

Notably, we achieved these results without ever compromising on our sustainability efforts. In fact, we are well on track to achieve our ambitious goal of carbon neutrality by 2040. In 2021, Sonae doubled the use of renewable energy and cut down scope 1 + 2 emissions by 16% (vs 2018). We also continued to



make progress on gender diversity with 37% of leadership positions now occupied by women, closing in on our target of 39% by 2023. And, during difficult times, when people needed us most, we significantly increased the contributions to our communities (+58% yoy to €21m). Our commitment to-wards sustainability is evident in the significant increase of credit facilities linked to our ESG performance, which already represent over 60% of our long-term funding.

During 2021, we also undertook a thorough exercise to reflect on our purpose, our values and, our identity. It was a truly collaborative process, with contributions from dozens internal and external stakeholders. The outcome, announced in 2022, show a reinforced belief in our purpose, a reinvigoration of our values and a new corporate identity. Personally, it was inspiring to see how our legacy continues to resonate so strongly with people from all generations across different activities and geographies. And it was also very powerful to collectively acknowledge how this legacy must be projected into the future with renewed energy and drive.

As I write these words, Europe is facing war. A war inflicted on a sovereign country with no legitimate reason. A war causing suffering and casualties among millions of innocent people. Faithful to our principles and to the pledges made by multiple international organisations we belong to, we will do our part in upholding the values of democracy and peace, while helping those most affected by this conflict.

2022 will bring no less uncertainty and challenge than the last couple of years. But more than ever, I am confident that we are well prepared for the future. We have very strong companies with leading positions, managed by top-quality people. We also have a very stable financial position, enabling us to act on attractive opportunities that come our way. And we have a moral compass which will be key to drive a more sustainable future for the coming generations. We have our eyes set on the future, a future we want to lead, a future which celebrates and respects people, communities and the planet. We will continue on this path. Always shaping tomorrow, today.

Cláudia Azevedo,
CEO

Sonae

Our legacy is in our DNA

1950s

1980s

- 1959:** Sonae Foundation
- 1965:** Hiring of Belmiro de Azevedo
- 1983:** Listing of Sonae SGPS
- 1985:** Start up of the food retail business with the opening of the 1st hypermarket
Sonae's first culture letter describing Sonae's DNA
- 1987:** 7 IPOs for particleboard, food retail, tourism, media, robotics, shopping centres, electricity and cooling
- 1989:** Start-up of Sonae Imobiliária (now Sierra) with the opening of the first shopping centre, AlbufeiraShopping, in Portugal

1990s

- 1990:** Launch of Público newspaper
- 1991:** Opening of CascaíShopping in Portugal
- 1995:** Start up of non-food stand-alone brands: Worten, Modalfa, Zippy and Maxmat
Sonae joins WBCSD (World Business Council for Sustainable Development)
- 1996:** Sonae's food retail business opens its first proximity supermarket format (currently Continente Bom Dia)
- 1997:** Listing of Sonae Imobiliária (now Sierra) and partnership with Grosvenor
Launch of SportZone (sports retailer)
- 1998:** Launch of Optimus (telco operator) and listing of Modelo-Continente (food retail)
Sonae's real estate company opens NorteShopping, a shopping centre adjacent to the Matosinhos hypermarket (Porto) in Portugal

2000

2006

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

2007

2014

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

2015
2018

- 2015:** Paulo Azevedo becomes Chairman and Co-CEO
Ángelo Paupério becomes Co-CEO
Launch of Universo card
Sonae subscribes the "Paris Pledge for Action"
- 2016:** Sonae Fashion (now Zeitreel) acquires 50% of Salsa
Sonae IM (now Bright Pixel) acquires a stake of Armilar Venture Partners (former ES Ventures)
- 2017:** JV with JD Sports and Sprinter to create Iberian Sports Retail Group
- 2018:** Sonae acquires an additional 20% stake in Sierra (real estate)
MC acquires 51% of Go Well and 60% of Arenal Perfumaries

2019
2020

- 2019:** Cláudia Azevedo becomes CEO and Paulo Azevedo continues as Chairman
Sierra agrees to merge Sonae Sierra Brasil with Alliansce Shopping Centres
Sonae's 1st Capital Markets Day
- 2020:** Sonae joins the Portuguese Plastics Pact
Sierra creates Sierra Prime, a leading retail real estate
JV with APG, Allianz and Elo
Signature of the BCSD Manifest "Seize the crisis to launch a new paradigm of sustainable development"
Sonae Fashion (now Zeitreel) acquires the remaining 50% stake in Salsa
Endorsement of the Future of Work Leadership Statement (WBCSD)
Early support of the worldwide initiative "Business for Nature's Call to Action"
Sonae joins group of donors in Coronavirus Global Response Initiative
Sonae integrates the Champions for Nature Community of the WEF and co chairs the Food, Land and Ocean Use stream
Sonae reinforces its position in NOS and agrees to dissolve ZOPT
Sonae signs the manifest supporting the European Green Deal
Launch of the Sonae Forest Project
Sonae IM (now Bright Pixel) announces its second unicorn (Arctic Wolf) after Outsystems
Sonae Tech Hub is distinguished as the most sustainable building in Portugal and is in the world's top 100
Sonae is among the world's top ranking for tackling climate change recognised by CDP with an A rating
Commitment towards carbon neutrality (scope 1+2 GHG emissions) by 2040
Sonae refinances operations of €170m linked to ESG indicators
Sonae joins the Science Based Targets Network (SBTN) Corporate Engagement Program

2021

Sonae announces the reorganisation of Worten's Spanish operation (sale of 17 stores to Media Markt and closure of 14 stores)



Sonae participates in the World Economic Forum's Davos Conference and Cláudia Azevedo, as one of the speakers, stands for and reinforces companies' increased Focus on People and Planet

Sonae companies subscribe to the act4nature Portugal commitments, promoted by BCSD Portugal within the scope of act4nature International (launched in France in 2018, with the aim of mobilizing companies to protect, promote and restore biodiversity)

Sonae integrates and co-leads the Nature-based Solutions Guidance working group of the WBCSD



Sonae acquires an additional 10% stake of Sierra, following the exercise of a put option by Grosvenor

Sonae together with other private companies launches PRO_MOV programme, the first pilot project of the Reskilling 4 Employment (R4E) programme, an innovative European initiative that aims to enable one million unemployed and 'at-risk' workers to reskill by 2025



Universeo and Banco CTT sign a partnership agreement in the financial services area for the next 5 years



MC sells its 50% stake of Maxmat

Sonae sells 24.99% of MC and partners with CVC Strategic Opportunities



In Bright Pixel's portfolio, 3 unicorn valuations and several divestments with significant capital gains

Sonae acquires 95.4% of Gosh Food Limited, a UK-based player in the natural and plant-based food industry

Sonae remains in the restricted group of leading companies in the fight against climate change recognized by CDP Climate with a A- rating

Sonae participates in the 1st Progress Report of the Portuguese Plastics Pact, with results above the national average

Financial services arm reaches an agreement to sell its 50% stake in MDS

Sonae reinforces its refinancing operations linked to ESG indicators (28% YE21 and 62% as of the date of this report).



Sonae was selected to be included in the 2022 Global Stock Exchange Index on Gender Equality



Mission

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



Shaping tomorrow, today

With new leadership, growth ambitions and an appetite to improve performance, the group embarked on an ambitious project to future-proof the Sonae brand. The senior management identified 3 main objectives: Diversification and Expansion, Autonomy and Connection and Next Generation Workforce to achieve brand and business success, the challenge was to see how this could be fulfilled. The branding exercise was centred on these objectives following an analysis of the overall brand strategy and how the existing one might need to evolve, how the brand architecture could influence the unity of the businesses and a clear definition of an EVP (Employee Value Proposition) to strengthen the acquisition of talent for the future.

Foundations for the Future

The extensive research and diagnostics carried out deepened the understanding of the brand and additional input from industry experts and external thought leaders helped refine the outputs. The work focused on understanding the relationship between the Group brand and the businesses (subholdings), while redefining the definition of the brand platform, values and personality of the organisation.

The articulation of how Sonae differentiates itself in the business world was based on three pillars: The first; **'Putting our collective to work'** epitomises the diversity of sectors in which Sonae operates as proof that there is no limit to what can be achieved.

The second; **'Building lasting impact'**

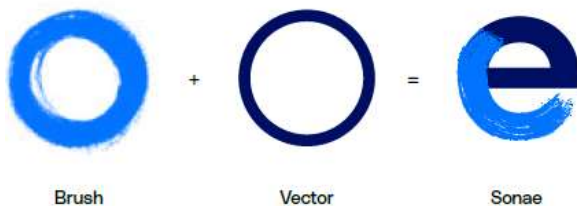


demonstrates how Sonae is always looking for immediate results balanced with a long-term view to accelerate what can be achieved collectively. And the final pillar; **'Grow responsibly'** means the company strives for a better way of life for people and a more sustainable planet, while always aiming to create economic value, never delivering one at the expense of the other. It is these pillars that help to distinguish the organisation and lead to a clearer definition of its values. The brand values were refined from the original seven, which primarily focused on business behaviours, to five meaningful and actionable brand values. Therefore, helping employees grasp what it means to be part of Sonae. The outcome is the definition of an actionable set of brand principles and attributes which act as a roadmap for organisational decisions, business objectives and corporate character. The simple interpretation of this is captured in the brand's promise; **'We create today, a better tomorrow for all'**. It is a simple phrase that summarises the forward-looking, entrepreneurial and socially responsible ambition of the organisation.

We create today a better tomorrow for all

A visual language to bring strategy to life

A natural impact of the new strategy was the change to the visual identities of the Group and its businesses (subholdings). The new Sonae logo was created to build on the visual heritage of the previous logo but demonstrates the new strategic direction of the group. The combination of the brush stroke and vector letterforms reflects the duality of a human organisation in pursuit of performance and rigour.



The subholding's logos share this same ethos but each has its own colour palette and composition to unify but differentiate. A consistent ring symbol, representing the community of holdings, is combined with a unique name for each one, which provides independence, underpinned by the Sonae name as a clear endorsement. It is this new logo system that illustrates the transformation from a monolithic brand architecture model to an endorsed model, providing greater independence but connected by a common visual language.

Beyond the logos, a completely new design system has been developed to express the brand strategy through communications, marketing activities and physical spaces. A new colour palette, typeface, icons, images and other design assets work together to build a new expression for the Sonae brand. The new corporate visual language is testimony to the continually evolving, future facing character of Sonae as an organisation.

Putting Talent First

An impact of the new strategy was to redefine the EVP to help engage employees and attract new talent through a unique and competitive proposition. An EVP platform consisting of pillars, values and behaviours guides the messaging, strategies and approach to talent management at Sonae.

Moving forward

The impact of the change was launched across the organisation on the 17th of February 2022. The entire organisation was given a thorough immersion to the new brand definition and what the future ambition for Sonae looks like.

With the new brand strategy and updated visual identity the Group is even more prepared for **shaping tomorrow, today.**



Sonae

Our Business Model

We are driven by our purpose

Who we are

We are a long-living group, driven by our mission to create long-term economic and social value, taking the benefits of progress and innovation to an ever-increasing number of people. We exist to actively shape the future we all want and need

Our brand promise

We create today a better tomorrow for all

Our values

- Lead with impact
- Own what's next
- Go further together
- Make things simple
- Do what's right

What we want to achieve

It is crucial to maintain our growth track record and achieve best-in-class profitability, keeping a solid cash flow generation and maintaining a solid balance sheet. Impact our decisions by social value concerns, attracting and retaining talent, pursuing diversity, contributing to our communities and cherishing our Planet

Best practice corporate governance

Non-Executive 80%

Independent 40%

10 Board Members

Women 30%

How we invest to achieve our ambitions

Our portfolio management is steered by a disciplined approach to capital allocation and a structured assessment methodology. As an investment holding, we must ensure each business unit is more autonomous and independent, drive talent allocation and challenge in key areas, encouraging a more agile and bold mindset

Our Resources



Human Capital

47thsd. 37% women in leadership positions
employees



Financial Capital

Shareholders & debtholders

Shareholder's funds €3.2bn
Bank loans €1.0bn



Intellectual Capital

Linkages between businesses

Our portfolio of leading businesses with a digital focus

We create long-term value for all our stakeholders

in 2021



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

+26% yoy online sales growth



Fully integrated real estate player

Building omnichannel solutions for retail spaces



A leading convergent player in the Portuguese telecoms market

Leading position in the 5G revolution in Portugal



Leading omnichannel retailer, for products and services, with electronics and appliances at the core

Leading e-commerce player in Portugal (17.5% of total sales)



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

Acquisition of the 2nd largest online player in Iberia



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

Online sales represent 12.6% of turnover



Fast growing digital financial services player in Portugal

61% of Universo clients are digital



Active and specialised Investor focused on Retail Tech, Digital Infrastructure and Cybersecurity

26% of active NAV growth and €48m of gross cash in

Our Businesses

€6.5bn proportional turnover
€734m proportional underlying EBITDA
€681m FCF before dividends paid

Our Shareholders

61% of TSR
€97.2m dividends paid
€0.0486 per share dividend

Our Debtholders

€32m of interest and similar charges paid
62%* (28% YE21) of long-term facilities with green or ESG framework

Our People

1.2m hours of training
37% of women in leadership positions
€905m personnel costs

Our Community

€21m community support
1,271 institutions supported
€192m taxes paid

Our Planet

-16% GHG emissions (scope 1+2) vs 2018
+2.2x effective production of energy from renewable sources
82,088 trees donated for planting

* As of the date of this report

Who we are and what we stand for

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



We are a trust-based organisation

with deep rooted values and beliefs which emerged early on in our history and have stood the test of time – they have remained consistent and have shaped our unique culture. We have lived by them and we have constantly grown in scope and value whilst contributing to society beyond the economic wealth created.



We are a long-living group

with an ambitious quest for superior and sustainable growth and value creation. We continuously plan and optimise our strategy, analysing new investment options, both in current and in new sectors and geographies, and considering divestment opportunities. We manage our portfolio in order to ensure an appropriate level of diversification which provides a balanced exposure in terms of geographies, sectors and trends.



We are an active parent company

always striving to ensure that our businesses have the ability to reinvent themselves through future-proof business models and evolving geographical footprints. We promote a constant search for new business models and concepts, nurturing our entrepreneurial spirit and accepting considerable risk in the implementation of new ventures.

Sonae is committed to pursuing superior and sustainable growth as well as to create both economic and social value. Sonae has a strong portfolio of leading businesses, a clear and proven governance model, an extensive team of top-quality professionals, considerable financial flexibility, and a distinctive relationship with its stakeholders.

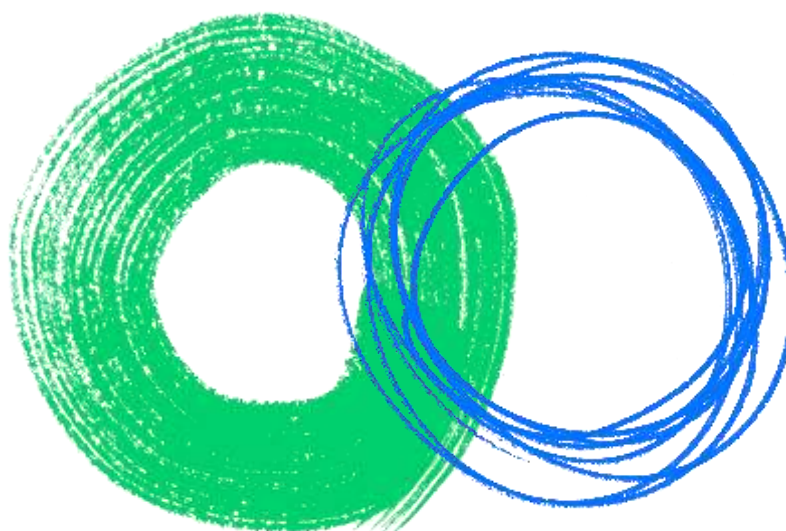
We believe that the future is human. A future that respects people, communities and the planet. To achieve this, we break new ground to make a lasting positive impact on a rapidly changing world. Additionally, as a portfolio of diverse businesses, we harness our expertise and challenge ourselves to create a better future every day.

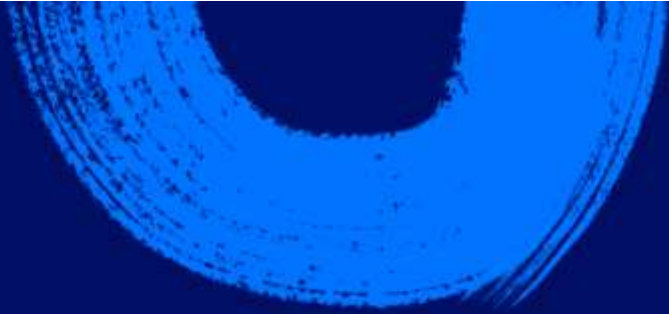
For this reason, we strive to be uniquely present in the many areas that touch people's lives. That is how we balance a lasting impact with serving people at scale. When it comes down to it, we exist to actively shape the future we all want and need. **We create today a better tomorrow for all.**

Our corporate values and beliefs are shared by our businesses and are a fundamental and structural element of many of our distinctive competences. They are the glue that holds us together and guarantees our collective strength and common future. We have a set of positive corporate culture attributes that guides our action.

Our values and beliefs have stood the test of time and while today these may be understood and translated differently from the past, we need to guarantee that they remain consistent and shared across the group.

All in all, we believe that our founding motives to 'contribute to economic development' and 'promote overall social well-being' are as valid today as they were in the past.





Our values

Lead with impact

We turn ambition into action.
We strive to have a meaningful
impact today and tomorrow.

Own what's next

We act as entrepreneurs first and foremost.
We challenge the status quo
and drive what's next.

Go further together

We champion our diverse talent.
We bring our skills, knowledge, and point
of view to learn from one another
and put it into action.

Make things simple

We move fast and make things simple.
We are continuously improving to be
more efficient, adaptive, and nimble.

Do what's right

We commit to doing good business.
We act independently and transparently
to make the right choices.



What we want to achieve

Continuous growth and best-in-class performance are what drives Sonae, as it creates opportunities for its stakeholders and ensures superior economic, social and natural value.

We continue to explore different growth avenues and actively welcome new opportunities, both within our portfolio, by creating synergies or by applying our competencies in other areas, and in new businesses that can add value. Sonae continuously reveals its strong profile, always driven by the ambition to achieve more. **To fulfil our mission in society, we strive to create value by increasing our profitability and the cash generated by our businesses, at the same time as demonstrating the most profound care for our stakeholders, upholding the highest standards towards the development of society and showing the strictest care for our planet.**

Superior Economic Value

Our economic performance plays a pivotal role in our strategy towards a long-living sustainable company. It is crucial to maintain our growth track record and achieve best-in-class profitability in our main businesses, keeping a solid cash flow generation. Together with a structured approach to capital allocation and active portfolio management, always supported by a strong balance sheet, we aim to increase the value of our portfolio in a medium-term horizon.

To assess our economic value performance, we monitor and set long-term targets for a set of metrics.



The **Return on Invested Capital (RoIC)** is one of our main KPIs and one of the bases of our portfolio management strategy. This performance ratio measures the percentage return that the company manages to generate on its invested capital. **Sonae set up a long-run target of delivering a RoIC above 10%.**

The evolution of **our portfolio Net Asset Value (NAV)** shows that Sonae has a long-standing history of value creation.

This results from a combination of the improved profitability of our businesses, a favourably balanced portfolio (geographically and sector-wise), coupled with positive market conditions. Sonae's NAV reflects what we believe is the best market value approach to each business in our portfolio.



A **solid capital structure** supported by the strong cash-generating capacity of our portfolio is essential to take us forward and to finance our growth prospects. The right equilibrium of Equity and Debt is a KPI that we carefully monitor. The combination of our strong balance sheet with the NAV evolution is also measured in our tracked Loan to Value (LTV) at the holding level and for which Sonae established a cap of 15%.

Positive Impact on People and the Planet

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

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

This assessment took into consideration:

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

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



Natural Capital
Planet

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



Social Capital
People

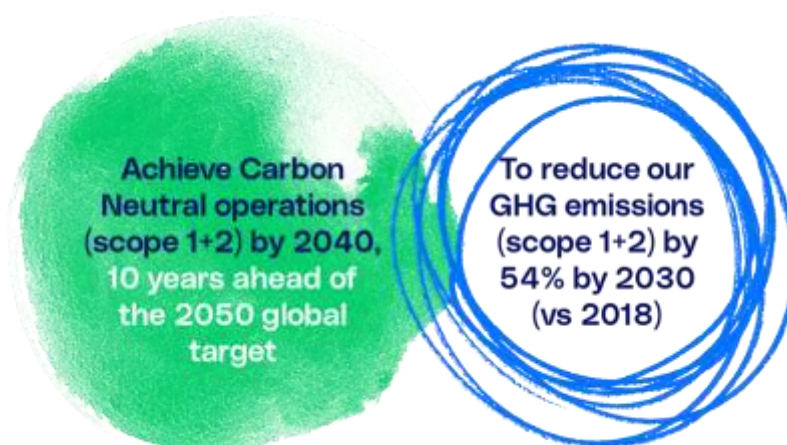
- 4 - Inequalities and Inclusive Development
- 5 - Community Support

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



CO₂ and Climate Change

Climate change, due to the threat it poses to our ability and the ability of future generations to live and grow in a peaceful and prosperous world and a biodiverse planet, is a central topic on our agenda. Since 2015, **Sonae has subscribed to the Paris Pledge for Action**, defining our positioning, **commitments and approach to respond to climate change, and establishing ambitious targets.**



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

Recognising that failure to mitigate and adapt to climate change is a critical risk for our businesses, we adopted the framework and recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, **reported for the first time in this report**. We aim to enable a systematic and methodical understanding of climate change impacts on our businesses and incorporate it into our financial planning, influencing the Group's strategy and investment approach. It is a clear demonstration of our commitment to the transparency and accountability of our decisions and an essential tool to facilitate Sonae's ability to adapt to the future.



Nature and Biodiversity

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

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

While actively developing this effort, Sonae has defined a set of commitments and subscribed to the act4nature Portugal, a French-based initiative, aiming to mobilise companies to protect, promote and restore biodiversity.



Plastic

We are aware of the escalating environmental catastrophe surrounding plastic, considering society's dependence mainly due to widespread usage of single-use plastics and the ineffectiveness of recycling policies. Given its utmost relevance across most of Sonae's portfolio, we have written the **Sonae Companies' Charter of Principles for Plastic**, a policy that encompasses our vision towards the more responsible use of plastic and we have joined the Portuguese Pact for Plastics.

We have **ambitious targets**:





Inequalities and Inclusive Development

We see inequality as one of the most complex and urgent social problems of our times, considering the evolution of technology, the new industrial revolution, and consequently the emerging risks regarding inequality and inclusion. As a reference employer, this is a challenge to which we can contribute and be part of the solution.

Since 2019, **we have joined referenced standards and assumed commitments to reinforce our strategy and our action plans to contribute to this social challenge.**

Commitments:

- In 2019, Sonae subscribed to the **CEO Guide for Human Rights**, developed by the World Business Council for Sustainable Development (WBCSD)
- In 2020, Sonae endorsed the **Future of Work Leadership Statement**, developed by the World Business Council for Sustainable Development (WBCSD)
- **Gender Equality Plan** published and updated every year
- **Human Rights Policy** published



Community support

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

With the objective to increase the positive impact of our actions to promote more strengthened and resilient communities, we continued to develop our social responsibility strategies and projects with social institutions and together with local communities.

How we invest to achieve our ambitions

We actively manage our portfolio

Sonae is a holding company with a diverse portfolio of businesses and it has a history of active portfolio management underpinned by a disciplined approach to capital allocation. This has continuously required (i) the establishment of a comprehensive understanding of each business and sector, enabling the strategies and financial plans of our businesses to be challenged to deliver above market performances, long-term sustainability and value creation, and (ii) consider new investment opportunities.



This approach is based on 3 main principles:

- **Business logic**: Is the industry attractive and do we hold a strong position? To assess the structural attractiveness of a business, namely the sector or market each business competes in and the strength of its competitive position in that market.
- **Value added logic**: How likely is Sonae to add value to the business? To assess if Sonae is the best parent or right owner for a given business, i.e., to assess the value it adds to a business, stemming from both the relationship between the parent company and the business and from the linkages/synergies established between sister businesses.
- **Capital markets logic**: How much is the business worth to Sonae vs. the market? To understand the state of the capital markets, namely how the market values Sonae's assets in comparison to the net present value of future cash flows that Sonae estimates for the business.

In parallel, a **Portfolio Balance analysis** is carried out, providing Sonae with a holistic view of the portfolio and enabling an understanding of its capital exposure to specific trends and factors (e.g., sector, growth, geography, technology disruption...). All in all, this approach allows Sonae to establish the best “options” for the businesses in its portfolio, which are ultimately the basis for (re)shaping the portfolio over time in the search for continuous sustainable value creation in the long run.

Our governance model: we clearly define our role as a parent company

Sonae’s approach to business is embedded in our Governance model, rooted in solid corporate values focused on sustainability and a complete commitment to transparency. **As a holding company, we ensure that these core Governance values resonate throughout the portfolio through such mechanisms as our Governance framework, which is flexible, allows fast decision-making and effective oversight.** Over the last year, our Governance structure was particularly active in monitoring new risks arising from the current pandemic and keeping open permanent communication channels, not only within the portfolio, but across our network of stakeholders.

Sonae is a natural leader and, in this context, it is paramount to make sure that the whole portfolio and our stakeholders were strategically aligned to face the emerging challenges and swift changes brought by the evolution of the pandemic.

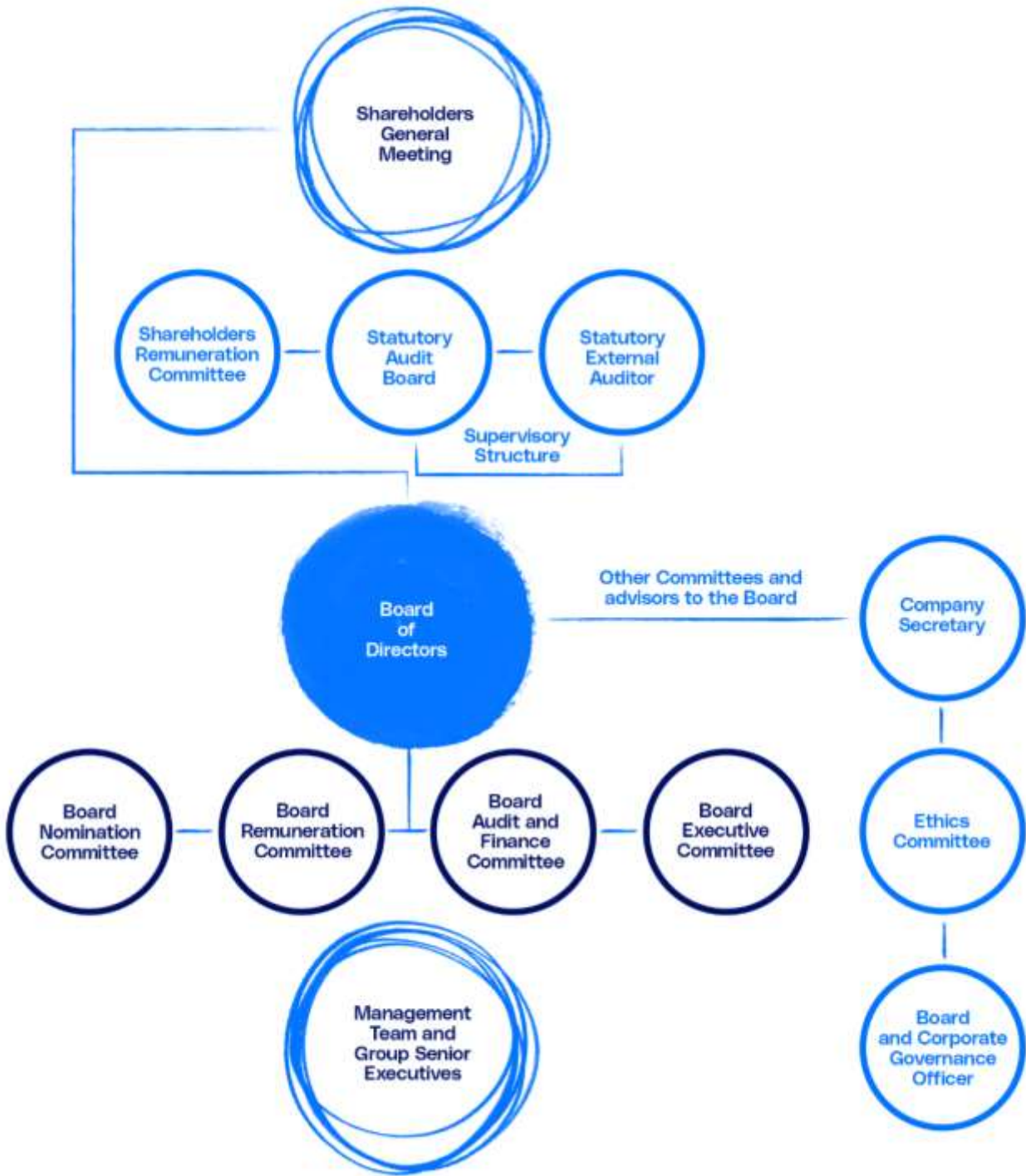
Designed to be agile and efficient, Sonae’s Governance Framework, under an engaging leadership, nurtures the idea that everyone counts, everyone can innovate, and everyone can make a difference towards a better society.

Our model is a one-tier governance model structured around the Board of Directors, which includes the Executive Committee. In addition to the legal and by-law committees¹, Sonae established several committees, management and advisory groups.

This governance model, supported by all the functions at the holding level, guarantees that we are an active parent company, always looking to ensure that our businesses have greater levels of autonomy, and inherent accountability with full transparency, but also the ability to reinvent themselves, thus creating the conditions to respond more rapidly to the rising challenges of ever-changing competitive landscapes. In fact, through the participation of Sonae’s Executive Committee members on the Board of each business unit, we foster and encourage faster and innovative decision-making. These mechanisms are critical to ensure that all relevant information channels are put in place to facilitate effective and informed decisions in a fast-changing context.

The Board establishes four Committees – the Executive Committee, the Board Audit and Finance Committee, the Board Remuneration Committee and the Board Nomination Committee. The Board interacts closely with the Board and Corporate Governance Officer, the Ethics Committee and the Company Secretary.

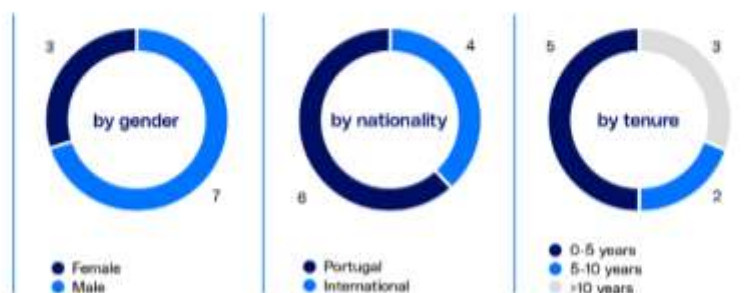
¹ For more information, please refer to our Corporate Governance Report.



The Board of Directors, Management Team and Group Senior Executives

Sonae's Board of Directors was designed to include the passion, knowledge and experience essential to drive Sonae towards the sustainable creation of long-term economic and social value. The Board includes a majority (8 out of 10) of Non-Executive Directors, of which four are independent, and are central to our corporate governance structure. All Board members are renowned for their expertise both as individuals and as a team. Each member's expertise in a specialised area is essential, and their combined know-how is unique and a strong management asset. Non-Executive and Independent Directors make up the majority reflecting a diversity of genders, nationalities, experience and expertise. Board members are elected by the shareholders at the Shareholders' General Meeting to serve a mandate (currently, it is a four-year mandate 2019-2022).

Board diversity



The **Board's role involves** policymaking and planning exercises, providing independent oversight and acting with the best interests of Sonae and its stakeholders at heart. This enables the Board to make valuable decisions that are independent, objective and well-founded, guaranteeing the monitoring of the executive management whilst remaining committed to Sonae's success. Above all, the Board's values uphold and foster Sonae's corporate values.

The **Executive Committee** is formed by the two Executive Directors of the Board: the CEO and the CFO. The remuneration of these Executive Directors is aligned with Sonae's strategy and includes both a fixed and a variable component. The latter depends on financial Key Performance Indicators (KPIs) like turnover and direct result, as well as non-financial KPIs related to portfolio management, people (talent retention, representation of women in leadership positions and, employee Net Promoter Score) and planet (reduction of CO₂ emissions and use of plastics). The KPIs closely related to the reduction of CO₂ emissions and the increased number of women in leadership positions are aligned with Sonae's targets of achieving carbon neutrality (scope 1+2 GHG emissions) by 2040 and 39% of women in leadership positions by 2023².

Sonae's Management Team is led by Cláudia Azevedo and all members were appointed in April 2019. Sonae's Management Team is driven by its mission and is fully focused on the execution of the strategy set out by Sonae's Board of Directors.

² For more information please refer to our Corporate Governance Report.

Sonae

Board of Directors



Paulo Azevedo

Chair
Non-Executive

Appointed in 2000
and as Chair in 2015

- Board Nomination Committee (Chair)
- Board Remuneration Committee
- Sustainability Advisory group



Ângelo Paupério

Non-Executive

Appointed in 2000

- Board Remuneration Committee
- Board Audit and Finance Committee



José Neves Adelino

Non-Executive

Appointed in 2007

Membership

- Board Audit and Finance Committee (Chair)
- Ethics Committee (Chair)



Lorraine Trainer

Non-Executive
Independent

Appointed in 2015

- Board Remuneration Committee (Chair)
- Board Nomination Committee
- Board Audit and Finance Committee



Marcelo Faria de Lima

Non-Executive
Independent

Appointed in 2015

- Board Nomination Committee
- Board Audit and Finance Committee

Main Areas of Expertise (not exhaustive)

ESG, Retail, Telco
and Strategy

Finance, Retail,
Telco, Real Estate

Finance, International
and Corporate Governance

Change Management,
International and
Corporate Governance

International, Finance,
Portfolio Management
and Digital



Carlos Moreira da Silva

Non-Executive

Appointed in 2019

- Board Nomination Committee
- Board Audit and Finance Committee



Fuencisla Clemares

Non-Executive
Independent

Appointed in 2019

- Board Remuneration Committee
- Board Audit and Finance Committee



Philippe Haspeslagh

Non-Executive
Independent

Appointed in 2019

- Board Nomination Committee
- Board Remuneration Committee
- Board Audit and Finance Committee



Cláudia Azevedo

CEO
Executive

Appointed in 2019

- Board Executive Committee
- Sustainability Advisory group
- Human Resources Advisory group



João Dolores

CFO
Executive

Appointed in 2019

- Board Executive Committee
- Risk Advisory group

Main Areas of Expertise (not exhaustive)

Portfolio Management,
Industry and
Entrepreneurship

Digital, Retail
and Strategy

International,
Portfolio Management,
ESG and HR

Strategy, Portfolio
Management,
Digital and ESG

Finance, Strategy
and International

Sonae

Management Team



Cláudia Azevedo

CEO

Appointed to the Executive Committee
April 2019

Qualifications

BA in Management from Universidade Católica Portuguesa, MBA from INSEAD and completion of several management courses from Harvard University and Stanford University.

Experience

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



João Dolores

CFO

Appointed to the Executive Committee
April 2019

Qualifications

BA in Economics from the University of Porto, MBA from London Business School and completion of several management courses at New York University, Wharton School of Business and Chicago Booth.

Experience

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



João Günther Amaral

CDO

Appointed Deputy to the Executive Committee
April 2019

Qualifications

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

Experience

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

As a holding company, Sonae understands the value creation opportunities that can be leveraged in the richness and uniqueness of its portfolio and, concurrently, each portfolio unit faces different market dynamics, challenges and opportunities that are best identified and addressed by its own governance, management and services structures.

The **Group Senior Executives** bring together Sonae's Management Team and the CEO of each business unit. Sonae's portfolio rests in the hands of this group of senior executives as they play a pivotal role in managing and developing its course.

Group Senior Executives Portfolio companies



Luis Moutinho

MC
Sonae
CEO
Since 2010



Fernando Oliveira

Sierra
Sonae
CEO
Since 2010



Miguel Almeida

NOS
Sonae
CEO
Since 2013



Miguel Mota Freitas

Worten
Sonae
**IBERIAN SPORTS
RETAIL GROUP**
CEO
Since 2015
and 2018,
respectively



Luis Reis

Universo
Sonae
Zeitree
Sonae
CEO
Since 2013
and 2018,
respectively



Eduardo Piedade

BrightPixel
Sonae
CEO
Since 2018

Group Platforms

Effectiveness is key for good Governance and with this purpose in mind, Sonae has set up different platforms that foster increased collaboration and participation between businesses and the holding company. These platforms promote value creation, but also play an important role in talent development and promotion.

	Mission	Scope
Commissions	○ Coordinate business executive actions ○ Implement corporate policies	- Executive Enforcement - Knowledge, Networking and Synergies - Policy definition ○ Audit ○ Finance
Advisory groups	○ Produce, recommend and consolidate the implementation of corporate policies across businesses. ○ Coordinate transversal group projects.	- Policy Definition - Knowledge, Networking and Synergies ○ Human resources ○ Risk management ○ Sustainability ○ Improving our Work
Forums	○ Share functional knowledge ○ Promote networking among different businesses ○ Explore relevant synergies	- Knowledge, Networking and Synergies ○ Administrative & tax ○ Finco (IT solutions) ○ Legal ○ Planning & control ○ E-commerce ○ Finov (innovation) ○ International ○ Digital

Sonae's Commissions are in place to coordinate and implement business executive actions and corporate policies in the areas of Finance and Audit. The Corporate Finance and Treasury Committee brings together board members and all the finance directors of Sonae's businesses and the holding company to continuously monitor the Group's and each business's capital structure and the evolution in debt and equity markets. The Audit Co-Ordination Committee includes board members and the internal audit managers of Sonae's business units and holding company. It monitors the internal audit systems and policies and the external audit activities, aiming at improving the effectiveness of the control levels across the portfolio.

Sonae's Advisory Groups were put in place as a natural extension of our approach to effective and open Governance that nurtures an environment of knowledge sharing. During the current pandemic, our Advisory Groups have taken on increased significance and adopted leading roles in their areas of expertise, bringing together the unique diversity and richness of our team. Not only do the four advisory groups stem from our strategy, but they are a perfect fit for today's world as they focus on the three cornerstones of sustainable success: sustainability, our people and risk.

The **Sustainability Advisory Group**: reinforces our ongoing commitment to sustainable development and has two main levels of action: a cross-sectional group of core members who meet quarterly, representing the different Sonae companies, and a set of working groups, formed according to their strategic action axes. This advisory group is sponsored by Sonae's Chair and CEO.

Risk Management Advisory Group: Sonae's rich portfolio enables us to benefit from a complete and unique overview of the business landscape. This allows the risks and opportunities of the business world to be carefully considered and is an essential part of our strategy. The Risk Management Consultation Group meets quarterly and coordinates the process always ensuring an integrated view across the whole portfolio. This advisory group is sponsored by Sonae's CFO.

Human Resources Advisory Group: Each person in our team is valuable, together our people are one of our biggest assets. Therefore, this Human Resources Advisory Group is designed to ensure the close, considerate and active management of Sonae's team. This group meets monthly and is sponsored by Sonae's CEO and CDO, who are responsible for oversight human rights policies and processes.

The **Improving Our Work Advisory Group** brings together all the CEOs and the people responsible for the implementation of best practices and continuous improvement across the portfolio. The Group shares best practices and the feedback on continuous improvement measures across the portfolio, allowing for a more efficient improvement process. The Group works at different corporate levels with the intention of adding small but efficiency-inducing changes to Sonae's processes.

In addition, Sonae has a number of other **Forums** focused on specific topics that bring together functional leaders to promote knowledge sharing, networking opportunities and capture synergies across the whole portfolio.

All these are a relevant part of our business model, creating linkages and synergies between our businesses, opening communication channels and knowledge sharing that provides Sonae with a wide and more comprehensive view of the business landscape. The diversity and richness of our portfolio is in itself a strong competitive advantage that allows us to understand risks and opportunities ahead of our competitors. More importantly, these systems protect the integrity of our brand – Sonae. Sonae is a trusted brand around the world and we take the same commitments and the same values to every business, every partnership and every initiative.



Intellectual Capital
**Linkages
between
businesses**

Holding Company

Sonae's corporate centre is composed of young, dynamic and talented teams. Sonae has been actively working on changing the Group's corporate structure in order to ensure that each business unit is more autonomous and independent, evolving the role of the holding company to be more focused on portfolio management, capital and talent allocation activities while maintaining central coordination in a few key areas such as talent, sustainability, digital and M&A to further future-proof our companies and strengthen competitiveness in their markets.



As a Holding company our role includes:

- Understanding the market dynamics and developing an independent and comprehensive long-term view on each sector,
- Ensuring businesses develop strategies and business plans that translate into above average sustainable returns and future-proof business models,
- Assessing significant capital reallocations and investment into new business areas,
- Ensuring the balance of capital employed, exposure and debt provided for the desired risk and return levels,
- Certifying that businesses live by Sonae's values and high ethical standards,
- Ensuring businesses invest in the development of human capital and produce outstanding managers,
- Managing top talent across the Group, promoting internal mobility and ensuring the right skill set and diversity across all senior leadership teams,
- Ensuring transparent reporting and attracting the best investors,
- Supporting group coordinating platforms in key areas.

Risk, Opportunities and Impact Management

As we think of business as a global ecosystem of stakeholders, then it is easy to understand that our risks are becoming increasingly more interconnected. Our risk management framework is designed to identify and evaluate risks and/or opportunities that can arise from potential risks as early as possible and to take appropriate measures to ensure long-term value creation. Sonae recognises risk as an event that can undermine our business model and ability to achieve our strategic goals. We define opportunities as potential successes that are a result of the conversion of risks into opportunities.

Sonae's risk management system is directly under the supervision of the Board of Directors supervision and, due to its dynamic nature, it is supported by the Risk Management Advisory Group, which coordinates the process and ensures an integrated view across the whole portfolio and guarantees that risk management is applied in the context of our strategy.

Sonae's risk managing system is a continuous process, closely monitored and regularly reviewed and fine-tuned that works in two dimensions, at the individual business level and the group level.

How we manage Risk

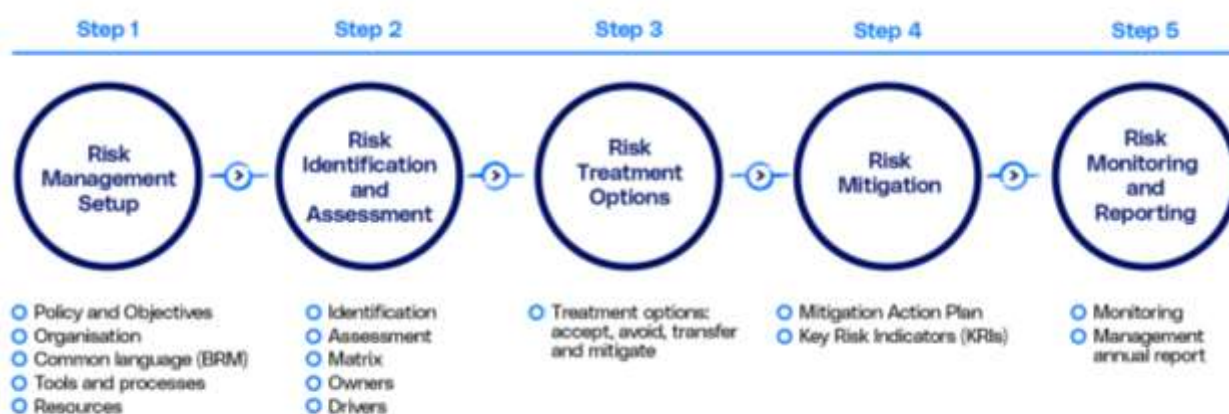
Manage Risk as part of Our Strategy

The Board of Directors is responsible for monitoring the effectiveness of the risk management system and has implemented procedures for identifying, evaluating, and managing the risks with a potential impact on the company and its stakeholders.

Based on three principal steps, Sonae's risk management approach informs the initial risk identification (Risk Taxonomy), the impact and likelihood assessment (Risk Matrix) and the assignment of a risk owner subsequently responsible for implementing the necessary risk treatment options (Risk Registry). Our

Risk Registry includes all Critical Risks, in addition to all new and emerging risks that could become Critical Risks.

The risk rating matrix takes into consideration both the likelihood of the risk event occurring and the magnitude of the impact if the risk event occurs.



Critical Risks

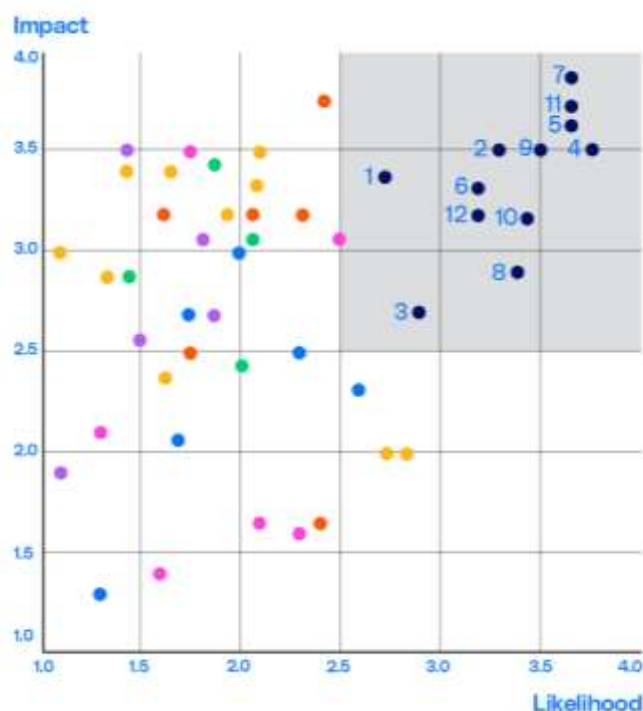
Sonae monitors its critical risks on an ongoing basis. In-depth experience and understanding of Sonae's operations and the exact nature of the risks encountered are crucial to negate any potential impact. Concerning all risks classified as critical (increased likelihood and impact), Sonae appoints a risk owner and a deputy to identify and outline a mitigation action plan and the key risk indicators determined to be pertinent and critical to the Group.

The assessment of the critical risks is updated annually and normally does not tend to change. The critical risks tend to be long term in nature and in general do not change materially in the short term. Nevertheless, during 2021, Sonae identified a new critical risk related to Severe Mental Health Deterioration. The pandemic evolution created a wave of shock that shattered many of our social habits and wreaked havoc across society. Everyone was affected and it exacerbated many of the existing social problems and inequalities. The compounding trends of lower intergenerational mobility and widening socio-economic inequalities, worsened by the COVID-19 crisis, have markedly deteriorated mental health. In order to mitigate the potential negative impact on employees of quarantine, social isolation, fear of contagion and uncertainty, Sonae fosters a supportive environment in the workplace, through the implementation of a mental health and psychosocial programme.

Additionally, the Risk Management System continued to closely monitor the risk of Infectious Diseases classified as a critical. Sonae reinforced its surveillance mechanisms and attentively followed the evolution of the pandemic and the informational and regulatory developments. Sonae has been deploying a wide set of measures to mitigate the impact and acting with the interest of its stakeholders close to its heart, in particular its team and customers.

The following pages present an outline of our critical risks and summarise our mitigating actions for each risk. The information presented is by no means exhaustive and may be adapted during the year in line with how the risk landscape develops.

Risk Matrix 2021



Category	Critical Risk	2021	
1	Reputational	Corporate Reputation	=
2	Human Resources	Lack of organisational agility and simplicity	↑
3	Human Resources	Severe Mental Health Deterioration	New
4	Strategic	Country concentration	=
5	Strategic	Failure to address Digital Transformation	↑
6	Strategic	Failure to adjust business portfolio	=
7	Technological	Cyber-attacks	=
8	External	Failure of Climate-Change mitigation and adaptation	↑
9	External	Rapid and massive spread of Infectious Diseases	=
10	External	Rising legal and regulatory negative consequences	=
11	External	Unfavourable Macroeconomic Conditions	↑
12	Financial	Restrictions in access to capital	↓

↓ Decreased risk in 2021
 = Risk with no change in 2021
 ↑ Increased risk in 2021

1. Reputational Risk | Corporate Reputation

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

Drivers

- **Legal:** regulatory and legal compliance
- **Environment/sustainability:** waste management, emissions, and food miles
- **Public health:** COVID-19 outbreaks, legionella outbreaks and the contamination of offices
- **Personnel:** significant lay-offs, work accidents, and discrimination
- **Financial:** poor performance, rating downgrade, and financing constraints
- **Consumer related:** product safety and compliance

How we address it

- Code of Ethics and Ethics committee
- Code of Business Principles
- Ombudsman
- Sustainability Advisory Group
- Human Resources Advisory Group
- Improving Our People system
- All In programme (diversity & inclusion)
- Sonae management system
- Monitoring of financial ratios
- Quarterly investor calls and reports
- Health & safety procedures
- Brand reputation study

2. Human Resources Risk | Lack of Organisational Agility and Simplicity

Risk description: A company's size and business diversity can lead to overly complex and rigid organisation structures that can hinder agile decision-making processes and result in the loss of opportunities.

Drivers	How we address it
Vertical and hierarchical organisational design can lead to: • Non-empowered and siloed self-centred teams • Long decision-making processes affecting market responsiveness • Sub-optimal team climate and consequently increased talent turnover and replacement costs • Low stimuli for creativity and experimentation	• Sonae Academy Training Programmes focused on empowerment, decision-making, agility and organisation simplicity • Review of Sonae values within the Brand Project • Monitoring the agile ways of working through Advisory Groups and other Forums • Lead by example, rethinking our processes and ways of working at the corporate centre • Monitor e-NPS (Employee Net Promotor Score) to assess evolution on morale

3. Human Resources Risk | Severe Mental Health Deterioration

New

Risk description: The rise of mental diseases as a direct consequence of high levels of stress and anxiety due to social disparities, prolonged lockdown loneliness, reskilling pressure, among other factors, can negatively impact the well-being and productivity of workers, especially those in critical functions, adversely affecting the company's business performance.

Drivers	How we address it
• High levels of stress and anxiety rising from: lockdown, social disparities, reskilling pressure and sudden change of daily routines and habits • Lack of motivation: Productivity levels decrease due to lack of motivation and loss of social interaction and negative impact caused by prolonged periods of time at home • Mental Health stigma: Lack of awareness and visibility inside the company and lack of support for employees	• Launching surveys focused on continuous feedback • Focus Leadership Programme • Webinar series with experts • Psychological support during the pandemic, through Multicare Health Insurance • Benefits/Partnerships with medical care providers, through the '+Sonae' programme • Workplace refurbishment, providing an improved atmosphere at the office • Flex-it up –more flexibility to accommodate different aspirations of work/life balance • Executive Committee internal messages to reassure employees about the future, particularly in difficult times • E-Learning Onboarding - Health, Safety & Well-Being - to foster a culture of health, safety and well-being amongst Sonae employees, disseminating information and providing them with the knowledge necessary to adopt these practices in their daily lives

4. Strategic Risk | Country Concentration

Risk description: The concentration of the company's activity in Portugal can create excessive exposure to specific country market risks.

Drivers	How we address it
• Deterioration of the Portuguese macro conditions • Reduction of private consumption in Portugal • Increased levels of competition across sectors	• Diversification of categories and retail formats • Internationalisation efforts of different businesses • Continuous monitoring of macroeconomic conditions, competitive environment and trends

5. Strategic Risk | Failure to address Digital Transformation

Risk description: Changes in the consumer profile (from bricks to clicks) and the inability to ensure digital transformation of traditional business models can jeopardise the company's sustainability.

Drivers	How we address it
• Dimension, maturity and success of brick operations can limit the urgency to implement a relevant digital business footprint • Consider the P&L of e-commerce separately, rather than as part of a total contribution • Digital talent scarcity • IT Legacy limiting the speed of innovation • Experimental, client-centric and data-driven culture	• Common language and understanding of the critical elements of Digital Transformation • Keep challenging mid- and long-term digital business growth • Follow IT architecture transformation programmes • Follow and challenge Cultural transformation programmes • Digital and E-commerce forums as vehicles to stimulate sharing and learning

6. Strategic Risk | Failure to adjust the business portfolio

Risk description: The inability to adjust our portfolio and business formats may prevent the Group's long-term sustainability and maximisation of stakeholder value.

Drivers	How we address it
• Deterioration of the Portuguese macroeconomic conditions • Reduction of private consumption in Portugal • Increased competition and new disruptive entrants • Increased speed of digital disruption and failure to adapt business models at the same pace	• Diversification of categories and retail formats • Internationalisation efforts of different businesses • Capital allocation to identified growth avenues and close monitoring of strategy execution • Continuous monitoring of macroeconomic conditions, competitive environment and trends

7. Technological Risk | Cyber-attacks

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

Drivers	How we address it
• Data breach - Compromise of information systems • DDoS attacks - Use multiple compromised information systems to attack, causing a denial of service • Phishing - Coordinate attempts to acquire specific information or achieve the desired outcome • Malicious Code - Malicious code delivery to internal information systems • Structured Query Language injection - Malicious code insertion into a SQL server to reveal access information • Ransomware - Malware that cyphers data blocking access to it unless a ransom is paid	• Cybersecurity Governance Policy and Model • Dedicated cybersecurity teams • Cybersecurity awareness programme • Incident management procedure • Cyber threat intelligence (with the National Cyber Security Centre Portugal) • Bitsight Cybersecurity rating • Network security perimeter • Periodic ethical hacking tests to internet websites • Disaster recovery for critical systems • Identity and Access Management • Critical data encryption • Antivirus, anti-spam and malware detection

8. External Risk | Failure of Climate-Change mitigation and adaptation

Risk description: 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 image of the business. Climate change has the potential to affect our businesses in very different ways, and while these may not be important in the short-term, we believe that these risks are likely to have a medium to long-term impact on our businesses.

Drivers	How we address it
Transition risks: • Policy and legal: Carbon and energy taxes and levies are likely to lead to increased costs for our operating companies in the next few years • Reputation: Sonae may face reputational risks if stakeholders do not perceive that the company is responding adequately to climate change, by adapting its business to a low-carbon economy and acting proactively in tackling climate change • Market: Changes in consumer behaviour, with a growing concern for sustainability issues, and the potential increased cost of raw materials and inputs, such as electricity and water • Technology: Dependency on the development and adoption of low carbon technologies Physical risks • Acute: Increased severity of extreme weather events such as cyclones and floods • Chronic: Rising mean temperatures	• Foster the development and adoption of sustainability policies, under the coordination of the Sustainability Advisory Group • Definition of priority action axes towards a low carbon economy and act proactively in tackling climate change as outlined in the Sonae Companies' Charter of Principles for CO₂ and Climate Change • Each business set its CO₂ reduction targets, aligned with the Science Based Targets Network and continued target monitoring for each business unit • Improve and update the climate change risks and opportunities exposure and the determination of financial impact by each business, considering the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) methodology and recommendations • Enhance the presentation, discussion and dissemination of emerging regulations that may have a potential impact • Reputation studies, PR monitoring, and Climate Action Disclosure • Continue investment in the Sonae Forest project to compensate for the car fleet GHG emissions • Adaptation of existing buildings and developing/acquiring new buildings under strict environmental criteria

In 2021, the Risk Management Advisory Group, launched an initiative to implement the adoption of the TCFD framework and to manage this critical risk by all Sonae Companies. This group wide TCFD project focused on the identification and assessment of material climate risks and opportunities and their potential financial impacts by all Sonae companies, with the support of third-party experts. This implementation enables us to better understand the actual and potential impact of climate-related risks and opportunities on our business, strategy and financial planning³.

9. External Risks | Rapid and massive spread of Infectious Diseases

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

Drivers	How we address it
Globalisation and Environment - Natural environment damage - Migration and travel - International animal trade	- Human Resources and Risk Management dedicated teams - Crisis Management Manual - Crisis Management Committee
Sociodemographic - Population density, ageing and social contacts - Vulnerable groups - Terrorism via release or dissemination of biological agents	- Dedicated support line for employees - Surveillance and reporting team - Evolution and monitoring of internal cases
Public Health Systems - Healthcare system inequalities - Animal health and intensive livestock practices - Food and water quality - Surveillance and reporting failure	

During 2021, Sonae continued to monitor in detail and with great concern all developments related to the COVID-19 pandemic, closely following the position of the competent international authorities, namely the World Health Organization and the European Centre for Disease Prevention and Control, as well as the Portuguese Directorate General of Health. Sonae has been implementing all the measures it deems appropriate to minimize potential adverse consequences, in line with the recommendation of the competent authorities and in the best interest of all stakeholders, of which the safety of Customers and Employees stands out.

10. External Risks | Rising Legal and Regulatory Negative Consequences

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

³ For further information please see to the Annexes – section TCFD.

Drivers	How we address it
- Legal and regulatory changes in corporate governance - Political instability and hostility towards big businesses - Climate, health and social risks resulting in regulatory measures	- Dedicated teams for addressing legal and regulatory areas in corporate governance and public affairs - Contribution towards public consultations aiming to achieve the most suitable legal and regulatory framework - Supporting the company's legal and regulatory views - Contribution and coordination with Sectorial Associations in areas of relevance for Sonae's lobbying interests - Monitoring of political and legislative initiatives and actions

11. External Risks | Unfavourable Macroeconomic Conditions

Risk description: The unfavourable macroeconomic conditions in which we operate, as well as developments in regional and global economic conditions (i.e., austerity, purchasing power, investment capacity, demographic factors, cost of raw materials and essential services, among others) may have a material adverse effect on the company's financial performance.

Drivers	How we address it
- Unfavourable epidemiological evolution leading to prolonged social restrictions and additional confinement measures - Headwinds to consumption rebound following slower economic growth - General price increase leading to upward pressure on wages and high inflation - ECB stopping the assets purchase programme and increasing interest rates - High levels of debt stock - Slow and inefficient application of European funds - Political instability in Portugal	- Publication of MarketWatch report quarterly, an economic and political analysis of the Iberian Economies - Following the main global economic and political events and producing internal research notes - Monitoring of high-frequency economic indicators - Following the publication of economic forecasts - Produce and regularly update internal economic forecasts - Monitoring the main economic and political developments

12. Financial Risk | Restrictions in Access to Capital

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

Drivers	How we address it
- Lack of liquidity - Excessive indebtedness - Businesses performance - Crisis in the debt capital markets (and/or the overall economy) - Negative change in bank supervision rules - Major increase in the interest rates or credit spreads - Downgrade in ratings of the Portuguese Republic - Market sentiment towards sector(s) the company operates in - Lack of sufficient Environmental Social and Governance compliance to ensure sustainable finance requirements	- Corporate use of public equity and debt capital markets - Monetisation of Real Estate assets - Prefund existing needs with adequate buffer - Diversification of sources of financing (current debt size is limitative today due to minimum economic size) - Working capital, improvement initiatives - Maintain a diversified pool of lenders

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

Geopolitical Risk

In early 2022, the world witnessed an unexpected Geopolitical risk with the invasion of Ukraine by Russia. This conflict has already impacted economic activity as the situation escalates and as the world reacts with growing and heavy sanctions imposed on Russia and Belarus. The macroeconomic and trade environment has become increasingly volatile and forecasts and outlooks are clouded by uncertainty with economic activity already experiencing the mounting effects of this crisis.

The immediate impacts foreseen are inducing a strong economic effect as the effective reduction in gas supply is driving the cost of energy to record highs, significantly increasing production and transportation costs and disrupting supply chains. These effects are aggravated by the decrease in the supply of certain products and services that is expected due to the halt in Ukrainian production and the commercial embargo placed on Russia. Additionally, capital markets are reacting to this uncertainty with an increased cost of capital and scarcer funds.

The world is reacting to the humanitarian and social chaos as they bear witness to people's lives being shattered and the forced migration of millions of people. The impact of these effects will undoubtedly persist in the long term, but they need to be urgently addressed by providing the Ukrainian people with humanitarian support.

Faithful to our principles, we have already taken action with the deployment of an immediate set of measures, under the following dimensions:

- **Identification of all trade relations with Russia and Belarus as well as organisations from these two countries.**

The exposure of our portfolio to Russia and Belarus is insignificant. In any case, we immediately suspended all current and potential direct relationships with entities from those countries, and are actively working with our partners and suppliers to ensure they act in the same manner.

- **Continuous risk monitoring and impact assessment of the direct and indirect risks.**

As soon as the situation was flagged, our Risk Management system immediately started to define possible scenarios. Unfortunately, the most grievous of all was the one that became real – the violent invasion of Ukraine by Russia. Under such a scenario, the direct impact on Sonae (and Portugal) is limited. Nevertheless, Sonae is alert and monitoring the indirect impacts, as these will ripple across the globe, mostly driven by the rising cost of energy and food prices that will place growing pressure on the already visible upward inflationary trend. All our businesses are already implementing measures to mitigate the negative impacts on the Group and on our stakeholders.

- **Helping Ukrainians.**

Sonae has immediately set up a task force that brings together the whole portfolio aiming at defining quick and highly effective measures to help refugees that come to Portugal. Sonae wants to put forward solutions that promote the full integration of individuals and respect their heritage. We want each person to feel that their value is understood and respected.

- **Reinforce our cybersecurity monitoring.**

In the last few months, the number of cyberattacks in the headlines has significantly increased and there are signals that cybersecurity risk might become more prevalent as the war moves to the online battlefield.

Creating Opportunities

Sonae's unique and diverse portfolio and our stronghold around retail allow us to understand and act quickly on market trends, by leveraging these growth opportunities on our solid experience and strong asset base. Sonae has had an influential voice when it comes to promoting change towards a better future in the continuous search for opportunities presented by the external and internal environment while managing and mitigating risks in order to deliver long-term stakeholder value and protect our businesses, our people, our capital and our reputation. Sonae's approach towards risk management is designed and executed to identify and manage risks as well as to transform risk into opportunities whenever possible.

The pandemic disrupted all social dimensions, creating social havoc that spans and impacts all organisations. The impact was particularly strong on traditional business models, forcing an accelerated digital transformation that would otherwise have taken decades. The way forward must be anchored in strong sustainability values that promote the creation of social and economic value, while protecting biodiversity and ensuring that development reaches everyone, as exemplified in the examples below.

Opportunities	Projects examples
Environmental challenges as efficiency drivers	Project Dive® Sierra
Technological disruptions driving innovation	NOS as an example
Cybersecurity enhancing growth	Bright Pixel's investment in the sector
Digitalisation and e-commerce as growth platforms	Online sales evolution
Consumer behaviour supporting strategy	Loyalty cards of our brands
Seizing opportunities from market trends	Acquisition of Gosh!

Environmental challenges as efficiency drivers

According to the World Economic Forum Global Risks the water crisis is ranked in the Top 5 and the Top 10 in terms of impact and likelihood. All businesses will have to deal with the effects of water constraints, and early adopters will not only benefit from the costs avoided by a reduction in water consumption, but will also bypass the increased prices of related technologies and services when the water crisis becomes an even more common reality. With this risk looming on the horizon, Sierra developed Dive®. An innovative tool that allows actual water consumption to be assessed against a theoretical optimal model, thereby identifying technical and management-level improvement measures. Dive® has significant potential to improve water efficiency and reduce costs for Sierra's clients, creating financial, reputational, social and environmental value. In 2021, €300 thousand in costs were avoided due to water savings initiatives implemented throughout the years (including Dive® measures), and water consumption dropped 13%, compared to the previous year.



Technological disruptions driving innovation

Technology is a critical driver of success, not only as it facilitates new business models and opens new markets, but as it also transforms the efficiency levels of everyday actions, which in business often translates to increased profitability. Technological expertise is a valuable commodity and NOS is a market leader, with a remarkable track record of offering tailor-made solutions to organisations that want to move forward faster with increased agility and efficiency.

Taking advantage of IoT and from its in-house expertise, NOS has created a portfolio of services focusing on cost control (electricity, water and gas) based on digital technologies. These solutions offer the possibility of adapting to the needs of each organisation and allowing the ongoing monitoring that equates to savings and reputational gains from significant reductions in the environmental footprint.

Cybersecurity enhancing growth

Technological development is paramount to more inclusive social development by widening the services offered to the community while facilitating access to information. A new world of opportunities comes with the critical risk of cyber threats that evolve as quickly as technology. Cybersecurity risk is a perpetual security risk that is continuously evolving imposing a relentless challenge to society.



Bright Pixel has been building a leading cybersecurity portfolio and has become a relevant player in the international arena creating significant growth opportunities through its companies, namely Maxive Group, Arctic Wolf and Feedzai, among others.

Maxive Cybersecurity Group, is currently positioned as one of the largest MSSPs (Managed Security Services Provider) pure players in Europe, both in terms of business and specialised personnel, offering its customers a wide set of services combining best practices and know-how from both S21sec and Excellium.

Arctic Wolf is the market leader in security operations working as a concierge service and is delivered by security experts who work as an extension of internal teams to provide all-round monitoring, detection and response, as well as ongoing risk management to proactively protect organisations while continually strengthening their security profile.

Feedzai is the market leader in fighting financial crime using artificial intelligence, offering the most advanced risk management platform powered by big data and machine learning and shaping the future of e-commerce.

Arctic and Feedzai recently achieved the valuation status of unicorn, following their excellent performances and high levels of growth.

Digitalisation and e-commerce as growth platforms

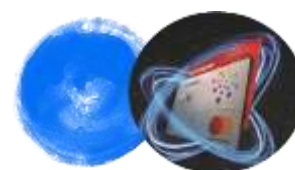
Digitalisation continues to impose significant risks, forcing business models to adapt. The COVID-19 pandemic has dramatically accelerated the digitalisation of economies with the mass adoption of remote working and learning, creating disruptions and opportunities for those with knowledge and agile business models. Sonae seized this significant opportunity to grow its market shares and explore new revenue sources by moving faster and more efficiently towards the digitalisation of our businesses. Our businesses have become even more digital, accelerating transformations, always targeting customer needs.



In 2021, our aggregated online sales reached €640m.

Consumer behaviour supporting strategy

Sonae's diverse portfolio exposes our business to different market landscapes, with different trends and different risks, and gives us the unique opportunity to understand consumer behaviour to support our strategy. Sonae's privileged market position allows our businesses to anticipate and understand emerging consumer and market trends.



Our clients value that we are there when they need Sonae and their loyalty is unparalleled. In 2021, the Continente Card continued to be the most used loyalty card in Portugal with 4 million active subscribers, of which 1.7 million use the App. Worten Resolve already has 3.8 million active clients in Iberia and Universo reached 965 thousand clients at the end of 2021.

The richness of the information provided by our loyalty cards allows Sonae to quickly adapt to market trends and individual consumer behaviour, offering new loyalty benefits and adding value proposition that will share the value created from these new opportunities. Our innovative approach to loyalty platforms defines this benchmark.

Seizing opportunities from market trends

Consumers' decisions are more informed and more selective, as we move towards a society that is increasingly aware of its environment and the impact of its decisions. This is clearly a risk that Sonae understands as an opportunity that speaks directly to our sustainability values.



The acquisition of Gosh! is a clear demonstration of Sonae's capacity to seize opportunities from market trends. Gosh! is a UK-based brand with notable dynamism recognised by its unique product development based on naturally sourced ingredients and its exclusive clean label and allergy-free manufacturing facilities.

This is an investment that follows Sonae's active portfolio management strategy of unlocking value creation through innovative projects in growth sectors around our core businesses, allowing Sonae to pursue a more sustainable society while simultaneously expanding our international footprint.

Our portfolio welcomes the best in class!

Our Impact

Tracking our footprint to improve our future

Our risk management framework includes another layer of analysis focusing on the active management of our social and environmental footprint, which is closely related to our ESG purpose, embedded in our strategy and business model. We work every day to protect biodiversity, become carbon neutral and ensure that social value creation is inclusive with everyone benefitting from the same opportunities.

Sonae understands the growth potential of unlocking value creation through sustainable business models. Our portfolio is designed and actively managed to promote synergies and to develop business models that encompass the interest of all our stakeholders and have a positive impact on society and natural ecosystems. We want a better and sustainable future for our people and our planet.

As already mentioned, Sonae's Board of Directors has established the Sustainability Advisory Group to foster the development and adoption of common policies and principles of action through clearly defined goals and targets in the priority areas identified, across the whole portfolio and together with our stakeholders.



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



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



CO₂ and Climate change

CO₂ emissions are one of the main drivers of climate change and it is imperative to reduce emissions further than initially anticipated as the ecosystems we rely on as humans are under severe threat, even if there is a mere increase of half a degree Celsius. Organisations must assume a leading role and act as drivers of change towards a new paradigm based on carbon neutrality.

Sonae was at the forefront of the subscription to the Paris Agreement, in line with the developments of the COPs, namely COP21 and COP26. We pledge to ensure the effective transition to a low-emission and climate-resilient future and we made a public commitment to cut down our own GHG emissions (scope 1 + 2) by 54% by 2030 (when compared to 2018) and achieve carbon neutral operations by 2040, meeting this target ten years ahead of the deadline.

Our portfolio's stronghold around retail implies that our activities have an impact on climate change – not only through the energy consumption throughout the different stages of the production cycle, but also due to the greenhouse gas (GHG) emissions resulting from different activities. In order to reduce our carbon footprint, we first analysed the scope of our activities, assessed our exposure to climate risks (according to the TCFD - Task Force on Climate-related Financial Disclosure recommendations⁴),

⁴ For more information please see the Annexes – section TCFD.

and we defined targets that results in the deployment of several projects across the portfolio, with the aim of: promoting energy efficiency consumption; decarbonising our energy matrix by changing to electricity-based consumption systems; producing and acquiring electricity effectively produced from renewable sources; implementing carbon-offsetting actions; and developing low-carbon products and services and encouraging consumers to make a well-informed choice.

Additionally, we make use of our social footprint to foster education and awareness initiatives on climate change aimed at our employees, customers and partners.

In addition to the energy efficiency **projects** underway at our companies' facilities, we would like to highlight our most relevant projects in 2021:

- **MC** invested in the largest photovoltaic plant for self-consumption purposes in Portugal
- **Worten**: The SATO Project – Optimising the energy consumption of buildings
- **Sierra**: a Bright Future
- **MC | Continente** | Plug&Charge for a better future
- **Sonae** – Fast forward to Green Energy
- **MC** innovating for a better future

MC invested in the largest photovoltaic plant for self-consumption purposes in Portugal

Efficient production of electricity from renewable sources plays an important role in the decarbonisation of our energy matrix. Between 2020 and 2021, MC invested in the expansion of its Distribution Centre in Azambuja and reinforced its investment in renewable energy. The new building was built with sustainable concerns at the forefront, from design to maintenance, through to construction and operation. It is equipped with innovative, more energy-efficient and environmentally friendly refrigeration and insulation systems and its forward-looking design also caters for the possible implementation of automated systems in the very near future.

With 6,900 solar panels, with a total capacity of 3MWp of power and an annual production of 4GWh, the company, through Elergone Energia ensures 30% of the Azambuja Campus power needs. Spanning an area of 20,000 m², this is one of the largest photovoltaic plants for self-consumption purposes in Portugal and as a result, it avoids the production of around 1,000 tonnes of CO₂ annually, contributing towards addressing the challenges of climate change and environmental degradation.

In 2020, the energy produced by the plant was 108 MWh, which corresponds to an effective reduction of 30 tonnes of CO₂. In 2021, we had the first full year of implementation of this, achieving very important results: the energy produced and self-consumed by the panels was 3,753 MWh (8% above the forecast in the project phase), which **corresponds to an effective reduction of 993 tonnes of CO₂**.



MC Distribution Centre in Azambuja is a clear demonstration of creating social and economic value and of our commitment to make a change towards a better environment. Our efforts towards sustainability were recognised with the award of the **LEED Gold (Leadership in Energy & Environmental Design) certification by the United States Green Building Council**, one of the most prestigious certification entities worldwide in sustainable real estate projects. Its location was strategically selected to shorten the delivery of fresh products that allows for 20% fewer deliveries to stores, the equivalent of a reduction of 1,400,000 km travelled per year and savings of 1,100 tonnes of CO₂ per year.

Worten: Optimising the energy consumption of buildings

Sonae's portfolio encompasses an extensive network of stores that creates a unique environment to develop innovative projects that can then be leveraged across the portfolio as a solid contribution to our value creation proposal. The SATO project is just one example of innovation-driven value creation through the development of an Artificial Intelligence based solution to evaluate and optimise energy consumption.



Worten's involvement in the SATO project covers two different dimensions. Firstly, Worten is implementing this innovative tool in its stores throughout the country to perform an autonomous analysis and optimise the use of equipment, reducing energy consumption, optimising maintenance operations and increasing the sustainability of its operation. Secondly, Worten is also approaching the project from a consumer-centric perspective, the project offers an AI solution that records, monitors and predicts the operation of electronic and household appliances in the homes of customers. This process provides additional information that can drive the consumer decision (e.g., energy efficiency and certification) and includes targeted after-sales services, such as insurance or equipment replacement.

Worten is the only retail brand in this European consortium supported by the European Union. Through this partnership, Worten can strengthen its sustainability commitments, namely reducing its, and the communities, carbon footprint and the inherent decrease in electricity consumption.

A Bright Future by Sierra

Energy consumption is one of the most significant environmental and economic concerns for retail real estate owners and investors, which led Sierra to the development of a process that defines an optimal energy consumption target, the **Bright® Programme**, a structural programme created in 2012.

Bright® uses a modelling tool that allows Sierra to reduce the energy consumption and the carbon footprint of real estate assets. The tool comprises an integrated programme incorporating five phases: Portfolio analysis and benchmarking; Specialised audits; Technical support and delivery; Performance monitoring; and Energy management, to identify energy inefficiencies and improvement plans.



The **results are remarkable**. These specialized audit and delivery phases have enabled Sierra to identify a possible 306 optimisation measures across 29 buildings with total potential yearly savings of €4.9m. 218 (71%) have been implemented, 9 (3%) are currently under way, and 40 are being assessed. **The potential yearly savings of implemented and ongoing actions to date arise to 22,158 MWh in electricity consumption, equivalent to 32% of Sierra's electricity consumption in 2021 or €2.9m in costs.**

The actions implemented and ongoing required an investment of €2.8m. 48% of those actions were quick-wins with no or little investment required: €212 thousand invested on these quick-wins generated €1,091 thousand, 38% of all potential yearly savings of the project. In terms of CO₂ emissions avoided, implemented and ongoing actions equate to around 4,709 tonnes CO₂e.

In 2018 Bright® was awarded a Silver Stevie® Award in the "Energy Industry Innovation of the Year" at the 15th Annual International Business Awards®.

MC | Continente | Plug&Charge for a better future

Sonae's businesses are also committed to offering renewable based solutions to its customers and blending them with our current offer to facilitate and improve the shopping experience. The last year was marked by steep increases in energy prices and the continued strengthening of a one-way market trend towards electric vehicles. MC continues to lead this trend with **its Plug&Charge network established throughout the country**, bringing together these two ends of the deal: offering a network of convenient and competitive prices equal in all locations to customers so that they charge their vehicles using renewable energy while shopping at our Continente supermarkets.



Launched in 2020, the Plug&Charge network now has 110 charging points, aiming to create a network with a maximum distance between hubs of less than 100km. Since the project began, it has boosted a daily average of 10,000km charged from the network, the rollout of this sustainable infrastructure has already prevented the release of 586 tonnes of CO₂.

Leveraging on its unique experience in creating Cards that simplify the shopping experience and share value with our customers, Plug&Charge is a simple and innovative service, where customers just need to download the Continente Plug&Charge app and take it from there.

Sonae - Fast forward to Green Energy

Sonae made a strong public commitment to achieve the carbon neutrality of its operations in 2040, 10 years before the deadline stipulated by the EU. To ensure that this ambitious target is met, Sonae constantly challenges its portfolio to opt for greener energies.



With this goal in mind, **MC, through Elergone Energia, established a long-term purchase agreement with Shell Energy Europe Limited of 100 GWh per year of renewable energy.** It is estimated that the PPA will ensure that 20% of MC's electricity consumption comes from renewable sources. In the case of MC, this energy will enable almost all the entire Bom Dia store network to use exclusively green energy. This initiative is aligned with many others that MC has implemented across the portfolio, such as the Azambuja Photovoltaic Plant, the network of photovoltaic panels placed in various warehouses and stores throughout the country, the electrification of the vehicle fleets or the Plug&Charge network.

MC innovating for a better future

The reduction of Sonae's carbon footprint must also be achieved through targeted measures focused on more efficient energy consumption that requires active monitoring of the critical operations of its portfolio in terms of energy use.



MC started 2 pilot projects in its stores - **InterConnect** (12 stores) and **POCITYF** (1 store) – the first aims to develop an integrated Energy Management System for retail stores and take advantage of existing flexibility in energy management. The latter, aims to validate freezer storage and bidirectional charging of electric vehicles, V2G as well as the concept of Renewable Energy Communities. Both projects rely on state-of-the-art technology to collect data from the operational systems such as air conditioning, refrigeration units, lighting, photovoltaics and electric mobility.

The aim is to manage the use of this equipment to improve self-consumption, energy efficiency and reduce the associated energy costs while sharing some of the advantages with MC customers, namely through the loyalty card programme, *Cartão Continente*.



Nature and Biodiversity

The natural world has incredible healing capacities, but habitat loss, invasive species, overexploitation, pollution, and climate change, are the primary drivers for biodiversity loss and are threatening our ecosystems close to the point of no return. The decline in biodiversity is not only a consequence but also a major driver of climate change, in a circular effect of catastrophic consequences. Organisations must urgently acknowledge their impact on nature and play a key role in the transition to a nature-positive economy. It is not enough to slow down the process, we need to revert it by taking decisive actions to restore the balance of ecosystems and promote projects that nurture the reconstruction of biodiversity loss.

Sonae's portfolio has been active in understanding and quantifying, whenever possible, the dependence, direct and indirect, of our businesses on natural capital to measure the impacts of our activities on

nature. So that therefore, we can trigger the necessary actions to ensure that we contribute, to the extent necessary, to halt and reverse biodiversity loss.

We are participating in the **Science Based Targets Network Corporate Engagement Program** to collaborate in the development of a methodology that will allow our companies to set measurable, actionable, and time-bound objectives aligned with the Earth's limit across four key areas: freshwater, biodiversity, land and oceans. Our approach, is to define and implement a set of quick-wins and no regret actions and, at the same time, to have an active role in terms of advocacy and awareness reinforcing our knowledge, positioning and recognition among our main stakeholders.

We continuously promote innovative ideas to reinforce healthier ecosystems and we support a wide range of initiatives, in particular, by facilitating more informed and more sustainable choices for our customers. Our range of projects is very wide and focused on the promotion of biodiversity and restoration of ecosystems, namely supporting the transition to regenerative agriculture and promoting healthy oceans through sustainable management of marine resources, and also reinforcing the combat to food waste.

Our **most relevant projects in 2021**:

- Reinventing **fashion** for a better planet: Salsa's and MO's valuable projects
- **MC**: Valuing wheat crops by preserving biodiversity
- **MC**: Combating Food waste - Sustainability and value creation through innovation
- **act4nature**
- **Sonae Forest**

Reinventing fashion for a better planet



Zeitreeel is committed with sustainability and with diminishing its impacts across its value chain. Zeitreeel continues raising awareness on the urgent need to adopt a nature-friendly approach and is focused on reaching innovative solutions to improve its processes and reduce its environmental footprint.

Salsa: Be a STAR!

Salsa is a widely recognised brand with an impressive dynamic, clearly demonstrated by several initiatives centred on quality and their unique approach to the market. In 2021, Salsa took significant steps towards eliminating plastic bags from its jeans supply chain replacing them with an elastic band.



Zeitreeel is also innovation. **Salsa's water reduction project** is a cutting-edge initiative designed to reduce water consumption in the denim laundry process.

By 2023, Salsa Jeans will use up to 80% less water in the finishing process. Via cutting-edge technology and know-how, we will continue to deliver the same beautifully textured indigo denim with less than one third of a litre of water per pair of jeans. The goal of this programme is to **save more than 82 million liters of water between 2021 and 2023**. This water reduction will be achieved through

improved efficiency and new technologies in our laundry processes. For Salsa, fashion is not only about looking good, but also about feeling good about Nature.

MORE Sustainable Fashion

The MORE project outlines the sustainability initiatives and actions the brand is committed to in order to become more sustainable. Aware of the significant impact that the fashion industry has on the environment, MO is dedicated to sustainable principles throughout its value chain - **MORE for sustainable fashion, a responsible choice, nature, our planet, our clothes and for everyone**. Under the MORE for Sustainable Fashion campaign, **30% of the collection will be sustainable by 2025**. MO is committed to increasing the use of organic and recycled raw materials, as well as other raw materials from sustainable sources. A special label, made from recycled paper, has also been created, allowing customers to easily identify sustainable items.



Within the scope of the circular economy project, MO launched a special campaign, in which customers are invited to exchange their MOxad-tech mask for a new one for €1. Through the **MORE project**, MO wants to build a MORE sustainable future. **MORE Fashion, MORE Environment!**

MC: Valuing Wheat Crops by preserving biodiversity

Sonae is constantly interacting with its network of stakeholders either in the search for a more sustainable approach to business or to raise awareness of the need to care for nature and protect biodiversity. MC takes this approach a step further through its partnership with **Continente Producers Club (CPC) in a continuous search for innovative ways to improve the quality and sustainability of its products**. The project *“Searas de trigo com biodiversidade: salvemos a Águia-caçadeira”* (Wheat farming and biodiversity: Saving the Montagu’s Harrier) is a statement to our commitment.



This project serves several purposes, which all focus on sustainability. **The project aims at boosting wheat production in Portugal (approximately 90% of Portugal’s wheat is imported) and ensuring that 100% of the wheat used in MC’s bakeries is produced in Portugal**. This will allow local wheat production to be valued together with local producers and will have a direct impact on local communities, while reducing the carbon footprint associated with transportation. However, the focus is not only on wheat production, the project also involves the protection of local ecosystems. In particular, wheat fields are critical for biodiversity and the preservation of several endangered bird species, such as the Montagu’s Harrier, a migratory bird of prey.

Working hand-in-hand with 26 national producers, covering 1,500 hectares of land in the Alentejo region, 13 harvests have been monitored thus far, corresponding to 7 tonnes of flour used daily in Continente’s bakeries. This fields are monitored to support the conservation of endangered birds. Awareness raising initiatives are also carried out with producers to understand the added value of preserving these birds. The project has been extended for two more years.

The project is carried out within a partnership with Continente Producers Club (CPC), the National Association of Cereal, Protein Crop and Oilseed Producers (ANPOC), the Research Centre in Biodiversity and Genetic Resources (CIBIO), Palombar – the association for Nature and Rural Heiritage Conservation (*Conservação da Natureza e do Património Rural*), along with the collaboration of the Institute for the Conservation of Nature and Forests (ICNF). MC's CPC promotes sustainable production and consumption, and a food system that respects the environment, in line with UN SDG 12 - Sustainable consumption and production patterns, as well as with the European Farm to Fork strategy (fair, healthy and environmentally friendly food systems) and the Roadmap for Carbon Neutrality 2050 (RNC2050).

Combating Food waste - Sustainability and value creation through innovation

Food waste is a major problem in today's society and, by definition, is closely related to our impact on nature and biodiversity as it represents a waste of valuable resources. For that reason, MC has defined a comprehensive set of initiatives that span across the value chain throughout consumer habits.

The food surplus programme has been taking place for over 27 years, daily and throughout the year, in more than 300 Continente stores, from the north to the south of mainland Portugal and the archipelagos.

Donated items are considered surplus when they lose their commercial character, but they preserve all the necessary conditions for safe consumption, avoiding food waste in a circular economy logic. In 2021, through this program, *Missão Continente* reused the equivalent of €19.2m of food products that were donated to more than 1,400 institutions.

At the forefront of innovation, **MC is part of a consortium with Phenix (a European anti-waste startup)**, a ground-breaking initiative, 55% co-financed by the EU's LIFE programme (the European funding instrument for the environment and climate action). The project is supporting the creation of a digital marketplace that allows Continente, to manage its surplus products nearing their expiry date via a user-friendly digital tool.

This pioneering platform to fight food waste allows Continente to manage their stock surplus, that otherwise would be wasted, via three alternative channels: donation, selling B2B or selling at a lower price than in the physical stores. This project embraces several of our sustainability goals, creating social and economic value. In addition to the revenue associated with the selling of excess products, with shared value for clients, it allows us to be more efficient and reach higher levels of community support through the donation of goods.



act4nature – Acting for a better environment

act4nature Portugal is an initiative promoted by BCSD Portugal within the scope of the international act4nature initiative (launched in France, in 2018) which aims to mobilise companies to protect, promote and restore biodiversity.



Companies that adhere to act4nature, subscribe to the 10 act4nature Common Commitments and define a set of SMART individual commitments, aligned with their activity. This initiative has the support of an Advisory Board comprising scientific partners, public and private entities and NGOs, which review and propose improvements in the commitment proposals presented by each company.

Sonae, has joined the **act4nature in 2021 as a reflects of Sonae's commitment to a better Planet**, but also as the result of Sonae's long-standing record of promoting a better world⁵.

Sonae Forest – Foresteering for a better planet

Forests are the predominant biome of Earth, a supporting ecosystem of fauna and flora that play an absolutely critical role in climate change. Forests are threatened by current development models and, particularly in Portugal, are exposed to the effects of climate change through the risk of fires, creating a spiral effect.

True to its Mission, Sonae companies created Sonae Forest, a project that represents a collective effort towards the restoration and conservation of Portuguese Forests. Over a period of 10 years, Sonae Forest will reforest more than 1,000 hectares. In 2021, our companies financed 56 hectares, corresponding to more than 82,000 trees and the equivalent of compensating for more than 7,000 tonnes of CO₂ associated with the emission of greenhouse gases from our fleet of vehicles for employees and services in 2020. **Since 2019, Sonae has invested in a total of 131 hectares in the Sonae Forest project.**



However, Sonae Forest is not only about trees and several ongoing actions are in place to promote relevant outcomes in promoting sustainable wood production, high levels of carbon sequestration, local biodiversity, restoration of water lines and fire risk reduction. Ultimately, Sonae Forest will be at the heart of a better local ecosystem that will eventually propagate to surrounding areas and passing wildlife.

⁵ https://bcdsptugal.org/wp-content/uploads/2021/10/act4naturePortugal_Compromissos2021_EN_compressed.pdf



Plastic

Plastics and the waste generated by our consumer generation impose a significant burden on our environment. The problem is exacerbated by the use of single-use plastic and inefficient product recycling policies in place. It has been tackled at the regulation level (e.g., the creation of taxes on plastic, prohibiting new single-use plastics in the market), but it is far from being under control. It is imperative that organisations and consumers forge a balanced behaviour and a sustainable circular economy on the road ahead.

This is a particularly relevant challenge for Sonae, as our portfolio is anchored around retail and, therefore, the use of plastic is present in a significant part of our activity, including our direct contact with producers, operators and consumers, across our organisations. Sonae is mapping the use of plastic in packaging, operations and product, rethinking and redesigning its processes, products and services in relation to circularity, and raising awareness of the impact of single-use plastic and responsible use of plastic, and advocating to improve plastic circularity regulation.

Sonae pledges that by 2025, 100% of the plastic packaging of its products will be reusable, recyclable or compostable and to incorporate, on average, 30% recycled plastic into new plastic packaging. Our targets and ambitions are demanding, but we are determined to lead the change, by bringing together all our relevant stakeholders, and by continuously improving our monitoring methodologies, from the supply chain to clients.

Our most relevant projects in 2021:

- **MC:** Plastics project - Deposit Refund Schemes (DRS)
- **Zeitreel** brands says no to unnecessary plastic
- **Worten:** Sustainable Furniture (Re)Using Plastic for New Solutions
- **Sierra:** Circular Economy

MC: Plastics project - Deposit Refund Schemes (DRS)

In line with the EU single use plastic targets, depositing plastic beverage packaging through the Deposit and Return System (DRS) not only allows for rapid results in increasing beverage packaging recycling rates but also contributes to improving the environment.

MC, through its Continente stores, as become part of a national pilot project “*Quando do Velho se Faz Novo, todos ganham. Ganha o Planeta!*”, promoted by the Ministry of the Environment and Climate Action, through the installation of Reverse Vending Machines (RVM's), geographically distributed throughout the country, which guarantees the automatic deposit of beverage packaging. Alongside this project, MC also collaborated on 4 more pilot



projects, through the installation of automatic collection machines in 25 Continente stores, from north to south of the country.

The balance could not have been more positive for the planet, the machines at the Continente stores led to the collection of more than 12.4 million plastic packages, which will be sent for recycling to be incorporated into new bottles. These initiatives have also been an opportunity to acquire knowledge and experience, before implementing the future deposit system in Continente stores. These machines represent a simple, convenient and quick solution and use for consumers. Consumers deposit plastic water, juice or soft drink beverage packages of up to 2 liters in the machines and receive a voucher for the total amount corresponding to the bottles returned, between 2 and 5 cents for each package, depending on its size. Vouchers issued by the machines can then be discounted on purchases at any Continente store.

Some projects also have a social aspect, and the client can choose to donate the amount received to institutions that develop initiatives in the social or environmental areas. In this way the system has a double positive impact – for the environment and for social causes. Through these initiatives, consumers are encouraged to adopt sustainable behaviours, so that the material collected is recycled and incorporated into the production of new packaging, thus contributing to a more circular economy.

EU Targets for Single-Use Beverage Plastic Containers by 2030: 90% collection of plastic packaging and 30% recycled plastic embedded in packaging.

Zeitreeel brands says no to unnecessary plastic

With the aim of ensuring that 100% of the plastic packaging will be reusable, recyclable or compostable by 2025, all of our fashion brands are focused on implementing solutions to achieve that objective. **This is in accordance with the Portuguese Plastics Pact to which Sonae is a signatory.** Those efforts resulted in a 17% reduction of plastic packing used versus 2020. With this goal in mind, MO's and Zippy's packaging has been redesigned, in order to, minimize plastic use. Furthermore, aligned with the 2018 European Strategy for Plastics, the EU Green Deal, and the Circular Economy Action Plan, **by 2025, 30% of recycled plastic will be incorporated into new packaging.**

As of March 2021, e-commerce packaging has been remodelled to contain 100% recycled plastic and be 100% recyclable. The brand is also gradually replacing in-store plastic bags in line with its 2025 target. Nonetheless, the plastic bags currently used in-store are 100% recyclable and incorporate 80% recycled plastic.

Salsa is also joining this initiative and, by 2023, 100% of plastic packaging and 50% of paper packaging will be removed from its supply chain through innovative reusable packaging combined with reverse logistics flow. Our objective is to eliminate the use of more than 1.5 million single-use plastic polybags per year, ensuring the sustainability and circularity of plastic throughout our fashion brands.



Worten: Sustainable Furniture (Re)Using Plastic for New Solutions

Worten has a long-standing reputation for its initiatives promoting the recycling of Waste from Electric and Electronic Equipment (WEEE) and has been taking this a



step further. 'Together we will transform the planet' is Worten's promise to its customers. In partnership with Prodelix® and co-financed by the European Recycling Platform Portugal, Worten has developed furniture made from recycled and recyclable material, from the old electrical equipment given by customers under *Worten's Transforma* project.

This project was launched to develop a more sustainable store concept, leveraging the circular economy as a way to benefit from part of the WEEE generated, replacing metal, wood and stone and use a more sustainable production method. As a result, a pilot project was developed at Worten's Amoreiras store to test this new furniture entirely produced from recycled and recyclable material. In this pilot project, 1,322 kg of recycled plastic was used, out of which 25% came from the WEEE, with the objective to increase it to 35%.

This project strengthens Worten's position in terms of its social and environmental responsibility towards its clients. It also ensures that the concept is immediately shared with consumers so that everyone can be a part of this effort, creating a sense of shared responsibility.

Sierra: Circular Economy



In 2021, Sierra began to implement the **Circulytics** framework to support it in further integrating circular economy solutions into its business, aiming at aligning its business model with circular economy principles. Circulytics is an assessment tool developed by the Ellen MacArthur Foundation that is helping more than 1,250 companies worldwide to become more circular. More specifically, Sierra is now able to measure its circularity performance and support informed decision making, by better understanding its strengths and weaknesses, Sierra can now unlock new value creation opportunities around the circular economy.

By the end of 2021, Sierra had completed its first assessment to understand the current level of circularity of its business. This commitment to the circular economy, which will be translated into a roadmap, will force changes in different business units.

Specifically, regarding plastic, Sierra continued implementing its roadmap to tackle plastic waste, and is actively contributing to the Problematic and Unnecessary Single-Use Plastics working group from the Portuguese Plastic Pact.



Inequalities and Inclusive development

The current pandemic highlighted the inequalities gap and the detrimental effect it has on economic and social development. The problem is not new but is now exacerbated in a time where technology is pushing forward a new industrial paradigm – Industry 4.0, with a strong impact on the inequalities gap. The problem must be addressed now with a comprehensive approach that promotes the reskilling and upskilling of those at risk and guarantees that social and economic development is shared across society.

Sonae is the largest private employer in Portugal and it is at the forefront of fighting inequalities and promoting a more diverse, equal and inclusive society. Every business is committed to its stakeholders, in particular to its team and communities.

It is Sonae's priority to create qualified employment by implementing policies that enable the development of each individual and promote diversity in all its various dimensions. Sonae promoting an agile and innovative work environment with transparent guidelines for careers and talent retention that offers the same opportunities to everyone and focuses on encouraging a healthy work-life balance.

In terms of community, we see education as an important and powerful tool to combat inequalities and to develop a more non-discriminatory and inclusive society.

Our most relevant projects in 2021:

- **Re-skill** for employment
- **People with a difference**
- **Gender** means **Equality**

Preparing the future to include everyone: Re-skill for employment (R4E)

The technological transformation is drastically changing the job market landscape putting at risk millions of professionals around Europe. The COVID-19 pandemic exacerbated this trend, leading to an urgent need for a joint approach to reskill a huge number of people around the globe/Europe.

Sonae is leading the "Reskill 4 Employment" (R4E) initiative, which aims at requalifying one million professionals who are either unemployed or with jobs at risk in Europe by 2025. It will enable the development of skills in some of the areas where they are most needed in the job market. R4E helps to mobilise public, private and social institutions to reach this target. Once it is fully working, the project will have the potential to requalify and prepare up to five million people for new jobs by 2030. This number corresponds to approximately 25% of Europe's requalification needs, as a consequence of the changes that are occurring due to automation and the digital and ecological transition.

During the first year, the project focused on mobilising partners, benchmarking and defining the requalification model. The European-wide programme R4E will start pilot projects in Portugal, Spain and Sweden in 2022. In Portugal, the **"PRO_MOV by Reskilling 4 Employment"** initiative is led by Sonae, SAP and Nestlé and is co-led by the Institution for Employment and Vocational Training. It works in close

cooperation with the Ministry of Labour, Solidarity and Social Security and other private companies. In 2022, PRO_MOV will launch several requalification laboratories, the first of which will be for professionals for the industry sector, such as maintenance technicians, in the Porto Metropolitan Area. This pilot project in Portugal aims to test a new retraining model that supports apprentices throughout their retraining process, which will be critical for the project to scale in the future.

The R4E programme aims to extend its influence to include more countries and encourage the engagement of an ever-increasing number of companies, requalification institutions, start-ups and employment agencies, inviting more organisations to join this initiative. To scale, it is necessary to deepen the relationships with key ecosystem players and get their commitment to co-design initiatives. R4E is a valuable vehicle to mobilise multi-stakeholder partnerships and share best practices to reskill for employment.

In a short period of time, R4E secured 20 partnerships (ongoing or being developed), engaged 20 key ecosystem players and 10 training providers, 25 employers in training design and 7 ERT champions, targeted 35 occupations, included 2,000 candidates in programmes under development and involved 50 people from ERT and McKinsey.

People with a difference

At Sonae everyone counts, our team has no differences, and everyone makes the difference. The **People with a difference project encompassed the development of an effective policy for recruiting and integrating people with disabilities**. It included a comprehensive and technical analysis of all alternatives and a benchmark of good practices put in place in the market. Sonae brought in experts and involved the leading associations in the sector, as well as reference companies to learn from successful cases.

The initiative was supported by the development of relevant tools, such as a Communication Concept and Campaign, a Disability Matrix, and a Communication and Integration Manual used to create awareness and share knowledge across all Sonae teams. Furthermore, Sonae mapped its needs, and additional frameworks were created to support the recruitment and integration process, namely a training module on Accessibility at the Workplace and respective work tools, both physical and technological.

The project is now being deployed and new employees have already been recruited for the Holding team. Sonae is currently developing a pilot scheme with an Association for the integration of additional people in MC's operation. These new team members will join the Sonae companies, that are working together to promote the integration of more people with disabilities.

Nonetheless, this is not enough, Sonae is constantly driven to be at the vanguard of change. Therefore, the company has also formally joined Nova SBE's Inclusive Community Forum, which gives Sonae access to the Leadership for Impact Knowledge Centre and Nova SBE's resources to achieve inclusive recruitment and to share its experience.

Sonae: Gender means equality

Sonae has a long-standing tradition of gender equality and we actively promote an environment that has no place for inequalities. Our portfolio is rich and diverse in initiatives that aim at raising awareness of this problem and actively tackling it.



MC: Offer a seat to every woman

Gender inequality is a silent problem in our society that was amplified when the President of the European Commission – Ursula von der Leyen was not offered a seat at a public reception in Ankara. Sonae speaks out against any discrimination and, together with *Plataforma Portuguesa para os Direitos das Mulheres* (PPDM), an association that fosters equal opportunities for women and men, MC's brand Kasa launched the initiative **Chair Úrsula by Kasa** and for each chair sold *Missão Continente* donated 10 euro to the Portuguese Platform for Women's Rights.



Worten: Women in tech

One of the best ways to encourage long term positive effects is by inspiring younger generations to follow the steps of successful individuals that overcome barriers and became references in their fields of expertise. **Worten participates in the initiative “Women in tech Portugal” that has the very simple goal of encouraging by sharing.** Worten promotes this sharing and also invites female employees to be part of the programme through mentorship initiatives, inspiring other female students and recent graduates (tech, design and data science) to follow their path.

Sonae: Empowering future generations of women

Girl Move Academy is a social project aiming at empowering young Mozambican women, enhancing their personal and professional development, so that they can shape and improve their communities. Girl Move programme is based on an innovative education model that amplifies talent, fights gender inequality and promotes sustainable transformation of communities, inducing more profound changes and creating a more effective way to fight poverty. For the third year in a row, Sonae is sponsoring the Girl Move programme by welcoming young women for an internship and helping them to develop their entrepreneurial projects and to learn valuable skills that will, undoubtedly, make a difference.



Community support

Stronger communities are paramount to a more sustainable society. Our communities are a relevant stakeholder and a direct measure of our success, as organisations, and as being part of society as a whole. The perils of stressed communities can directly impact social and economic development and, more importantly, it may indicate that there are families who are in a vulnerable position and need some support. The recent COVID-19 outbreak has accentuated the pressure on our communities as the result of a sharp contraction in economic activity, which led to one of the worst public health and economic crises in a century. It has resulted in soaring unemployment rates and has left the labour market on the brink of collapse.

Sonae is committed to increasing the resilience and autonomy of the communities in which we operate, contributing to the elimination of poverty in all its different forms. It is a key aspect of Sonae's culture and we continue to focus on an integrated and sustained approach aiming at enhancing the impact of our actions, in favour of more empowered and resilient communities. Our goals are ambitious and we use a multitude of approaches to address them, which involve local authorities, local groups and NGOs to identify opportunities to collaborate, the development of internal processes to facilitate the dissemination of opportunities to help local communities and the involvement of our teams through the volunteering programme, looking to establish methodologies to assess our impact.

Our most relevant projects in 2021:

- **MC:** *Escola Missão Continente*
- **Sierra:** *Consciência Somos Nós*
- **Worten** *Transforma*
- **Zippy** nurturing the future: Gil Foundation (Fundação Gil)
- **Universo** and *Cartão Dá* campaign

MC: *Escola Missão Continente*

Sonae has a mission that aims at creating and sharing economic and social value. **MC and *Escola Missão Continente* are an example of how to plan for a better future, shaping the minds today of those that hold our future.**

The *Escola Missão Continente* is a programme that targets the younger generation and aims to raise awareness of the importance of healthy eating, conscious consumption and an active lifestyle, using various recreational activities, special classes, challenges and other initiatives for the students and teachers involved. More than 70 thousand students from 655 schools across Portugal are enrolled in the 6th edition of the *Escola Missão Continente*.



For this year's edition, the *Escola Missão Continente* programme, which has already covered the first cycle of basic education since 2016, has been extended to pre-school and the second cycle of basic education. From the first cycle, a total of 557 schools (57,232 students) registered, 28% more than last year, this year pre-school classes joined, represented by 109 schools (4,365 students), and from the second cycle, 56 schools now participate (9,107 students) in the programme.

Furthermore, for the first time, the *Escola Missão Continente* will assess the impact of this educational programme for healthy eating in 44 schools from the first cycle, for 4 consecutive years (2021-2025). It is the first scientific study of a nutrition and community health programme of this size in Portugal. The Directorate-General of Health, CEIDSS – Centre for Studies and Research in Social Dynamics and Health, the São João University Hospital Centre, the Abel Salazar Biomedical Sciences Institute of the University of Porto and the Portuguese Football Federation are the institutional partners of the *Escola Missão Continente*, which also has the support of the Directorate-General for Education.

The numbers are a testimony to our mission: since the beginning of the programme (2016/17), more than 100,000 children from the first cycle of basic education from schools across the country have been involved and have benefitted from this programme promoting a healthy lifestyle – a healthy generation, a healthy future ahead of us!

Sierra: *Consciência Somos Nós*



As our founder once defined us, Sonae is a living organisation made by the people for the people. **His words resonate in Sierra's project *Consciência Somos Nós* (in Portugal) and *Juntos Sumamos* (in Spain), a social and environmental awareness movement and platform of its shopping centres.** This initiative strives towards building a more sustainable future and a more conscious world through collective work, the sharing of best practices, perceptions, challenges and discoveries. The movement is promoted through partnerships with NGOs experienced in delivering positive impact. Sierra firmly believes that we all have a role to play in changing and building a more sustainable world and encouraging conscious consumption.

The Sustainability Awareness project is structured around two pillars: Social Consciousness ("People Care") and Environmental Consciousness ("Planet Care").

The **Social Consciousness pillar** aims to strengthen Sierra's support for local and national culture, with an emphasis on institutions whose mission is social solidarity. Under the banner "People Care", Sierra works with shopping centres and tenants to promote fundraising and donation locations and leverages them as social promoters that support the cultural sector. Sierra collaborated with consumers by fostering actions to raise goods donations and blood collection initiatives through the creation of partnerships with national and local institutions, such as *Rede de Emergência Alimentar*, *Entrajuda*, *Instituto Português do Sangue* and support artists from local communities.

The **Environmental Consciousness pillar** focuses on improving shopping centres' environmental impact, with particular emphasis on the reduction of food waste and promotion of more sustainable consumption. The "Planet Care" initiatives focused on encouraging tenants to improve practices towards tackling food waste and disseminating the best environmental practices and results (e.g., recycling rate and water savings) and promoting practices and initiatives based on the environment (e.g., the installation of water refill stations in four of our shopping centres to encourage the use of

reusable water bottles instead of single-use ones). In 2021 Sierra created partnerships with influencers and movements for endorsement by cooperating with national and local institutions like *Unidos Contra o Desperdício* and Too Good To Go.

By bringing together different stakeholders, Sierra amplified the reach of its actions, which is reflected in its astounding performance. As an example, in Portugal:

- 73,000 meals donated to underprivileged families in a national food collection campaign with *Rede de Emergência Alimentar* from *Banco Alimentar*,
- 115 litres of blood collected in partnership with *Português do Sangue*,
- 4,500 underprivileged children equipped with school materials in partnership with *Banco de Bens Doados* from the *Rede de Emergência Alimentar Entrajuda*,
- 67,500 people impacted by the campaign about food waste prevention in partnership with *Unidos Contra o Desperdício*.

Worten Transforma

The *Worten Transforma* programme is one of those projects that keeps delivering. Year after year, *Worten Transforma* reinvents itself, with a fantastic new performance and continues to be successful. It embraces two dimensions that are at the core of our purpose. An environmental and social responsibility programme that aims to help the environment and transform the lives of those who need it most.



As a retailer of home appliances and consumer electronics, Worten is responsible for the environmental impact of the equipment it sells, therefore it promotes the recycling of this equipment when it reaches the end of its life cycle. The collection of waste from electrical and electronic equipment (WEEE) for recycling, delivered in-store or through collection at customers' homes, when purchasing large new appliances, allows Worten to donate new products to those who need them most. With the increase of requests for help during the ongoing pandemic, Worten redirected the programme to support healthcare professionals and patients, as well as to reduce asymmetries in access to distance learning.

Zippy nurturing the future: Gil Foundation (Fundação Gil)

Children are our future and mental illness is a silent disease that is slowly spreading across our society and particularly affecting children. It is critical that the problem is addressed at its early stages and with that in mind, Zippy launched its **Imaginary**

Collection with the aim of raising €150 thousand, the amount needed to bring to life a project dedicated to children's mental health – *Clínica do Gil*. *Clínica do Gil* is a child development project of



the Gil Foundation, which promotes children's mental health, and aims to support children and families with difficulties in social integration, due to physical, emotional or behavioural problems.

The issue of children's mental health is increasingly important. According to data published by the World Health Organization, more than 50% of mental illnesses start during adolescence and Portugal is the second country in Europe with the highest prevalence of psychiatric illnesses. *Clinica do Gil* will provide therapies in the areas of Clinical Psychology, Psychopedagogy, Speech Therapy, Special Education, Occupational Therapy and Early Intervention.

The net sales of the Imaginary Collection will go entirely towards the construction of the clinic. Zippy developed this collection inspired by a very common reality amongst young children: imaginary friends, who often appear to help solve problems. It is made up of items of clothing that do not actually exist, but that will help make this clinic a reality. The Imaginary Collection is on sale in physical stores and online at zippyonline.com, and includes socks (€1), a scarf (€2), a cap (€5), a babygrow (€10), a backpack (€15), sneakers (€20), a dress (€25) and a jacket (€30)... all imaginary items!

Through Sonae's involvement, the imaginary became real. **The target goal of raising €150 thousand was achieved and the *Clinica do Gil* will become a reality in the near future!** Making an imaginary better future come to life!

Universo and Cartão Dá campaign



Social development can also be defined as how and what we do to help the most vulnerable in times of need. Sonae's portfolio is rich in initiatives that nurture caring for others. **Working in partnership with the Red Cross, Universo launched a co-branded *Cartão Dá*/Red Cross card designed to support vulnerable families.**

Designed to approach a problem that is a daily reality for many in our society, the co-branded *Cartão Dá*/Red Cross is an innovative card that supports the food donations scheme managed by the red cross. This new card besides offering the vulnerable families the possibility of choosing the essential goods they need the most instead of receiving a standard food basket, also reduces the logistical expenses of Redcross. Leaning on the hands-on approach and field experience of the Red Cross, vulnerable families are identified and offered a pre-paid solidarity card, with an amount based on the number of household members. The card can be used to make purchases at Continente stores, choosing between a wide range of groceries, perishable goods and hygiene products. So far, more than 1.300 vulnerable families selected by the Red Cross have benefitted from this card. Overall, 91% of the amount allocated has been spent on food products, 8% on non-food products and 1% on other products. This card impacted 3.000 individuals. This initiative offers the freedom to choose, which is a right that is often neglected.

How we engage with our Stakeholders

Sonae strives to bring together the interests of all our stakeholders and promote stakeholder-based governance while promoting a long-term perspective of sustainability. We continuously and actively engage with our stakeholders following a systematic process of identification, analysis, planning and implementation of actions that give purpose to Sonae's mission to create long-term economic and social value. Regular engagement ensures that we and our business companies operate in a balanced and responsible way, both in the short and longer term.

Sonae's strategy towards its stakeholders focuses on identifying the opportunities to grow and develop together, which highlights the importance of proactively and effectively engaging with its key stakeholders by upholding a dialogue based on mutual trust and transparency. With this responsibility comes the chance to foster Sonae's values and leverage value creation opportunities. Success is hard to come by, but Sonae wants to benefit from it together.

Sonae operates on a global level, its diversified portfolio leads to an extensive network of stakeholders, however each stakeholder group is unique and is nurtured using a distinct method. Engagement and collaboration with each and every stakeholder are essential. Below we have included an outline of the most relevant stakeholder groups in terms of their bearing on our business models, their high level of engagement and the extent to which they are affected by our business portfolio.



Our Employees

Why they matter to us

Our people are in the centre and are the cornerstone of our success. Sonae has developed a team that stands out for its talent and commitment to its stakeholders. Sonae is dedicated to a culture of inclusion, diversity, equal opportunities, work-life balance, fair and transparent compensation structures that provide everyone with the conditions to reach their full potential.

What matters to them	How we engage
• Remuneration and reward • Opportunities for personal and career development • Personal objectives and performance reviews • Enhancing leadership coaching capacity • Work-life balance • Agile working practices • An environment that nurtures innovation • Diversity and inclusion • Talent attraction and retention • Safe working environment and conditions • Training and reskilling • Effective communication and engagement • Communication, knowledge sharing and best practices across the different businesses • Impacts of COVID-19	• €905m of personnel costs, including 10% yoy growth in the variable component • Employee Net Promoter Score based on satisfaction surveys • 37% of women in leadership positions • Specific actions to “Stay together” during remote work • “Internal recruitment policy” is in place • Implementation of the “People with a Difference” framework • Several meetings with representative groups • Human Resources Advisory Group meetings • Internal communication on the evolution of the group performance in a pandemic context • Guarantee both digital and IT infrastructure were updated to maintain our people connected, with many employees still working remotely in 2021 • 1.2m hours of training • Onboarding days to welcome new employees to our group

Our Customers

Why they matter to us

The satisfaction of our customers is a direct measure of our success. Sonae manages a unique and diverse portfolio. The richness of our portfolio plays a vital role in our success by allowing us to understand and anticipate evolving consumer preferences and increasing demands, particularly in terms of value proposition, quality and sustainability. With this goal in mind, it is important to nurture close cooperation with our customers to understand their needs and anticipate market trends across the whole portfolio, offering quality innovative sustainable solutions and improving our customer service.

What matters to them	How we engage
• Quality and safety of products and services • Product and services sustainability performance • Personalised propositions • Clear communication • Improve lifestyle • Value proposition (value for money) • Innovation of our products and services • Mitigation of complaints • Data protection • Excellent customer service • Quality of after-sales services	• More than €1bn of investments to improve store networks, revamp digital touchpoints, future-proof logistical facilities, ensure the best next generation digital networks, and expand our portfolio of companies in new growth areas • More than 2 thousand stores of different brands • +375k complaints and suggestions analysed • Strengthening of our online offer with significant improvements in the delivery options • Development of new products designed to meet our sustainability commitments • Enlarge our offer of products and services that promote a healthier lifestyle • Acquisition of the best-in class of healthy food – Gosh! • Continuous awareness campaigns

Our Communities

Why they matter to us

For Sonae sustainable success can only be achieved with sustainable communities. Community engagement and social value creation are key aspects of our ESG strategy. Sonae is aware of the impact of its presence on society and is committed to making a positive difference to its communities safeguarding the principles of corporate social responsibility, good corporate citizenship and transparency. Sonae maintains an ongoing and transparent dialogue with local communities and addresses challenges in a collaborative way, understanding and managing risks, generating employment and business opportunities, improving performance and building trust.

What matters to them	How we engage
• Impact on the local economy • Employment • Respect local values and traditions • Dynamics of the local job market • Community engagement • Sustainability and the local environment • Adoption of healthier lifestyles • Equal opportunities • Reduction of plastics • Protection of biodiversity • Efficient energy consumption • Improved community infrastructure	• €21m of community support • 1,271 institutions supported • 82,088 trees donated • 16% reduction in tCO₂e vs 2018 • Organisation and sponsorship of social events • 779 hours of employee volunteering through Activeshare programme • Collaboration with NGOs • Team dedicated to sustainability • Community engagement and investments • Local partnerships • Local recruitment • Local suppliers

Our Suppliers

Why they matter to us

Sonae recognises the key role our suppliers as our partners to help us managing our business and deliver quality services to our customers. The approach of Sonae businesses to their suppliers is based on the idea that we walk a common path and, therefore, we aim at building partnerships that foster solid corporate responsibility principles. Sonae continuously works together with its supplies in the quest for sustainable ways of using resources as efficiently as possible and to provide innovative solutions to the social and environmental challenges we collectively face across the value chain.

What matters to them	How we engage
• Good working relationships • Access to opportunities • Financials conditions • Long-term partnerships • Collaborative approach • Open terms of business • Fair payment terms • Product quality, sustainability, origin and traceability • Working environment and ethics • Innovation of products and services	• 1,589 suppliers • €279m of operational capex • Supplier code of conduct • Reinforce strategic supplier partnerships • MC “Clube de Produtores Continente” • Performance assessments • Supplier portals • 421 total audits performed on suppliers

Our Investors

Why they matter to us

Sonae is a partnership between a family majority shareholder and long-term investors that share and have the same focus on the strong and long-term creation of economic and social value. Sonae's capital structure is actively managed to bring together the interests of all shareholders, including small shareholders, and debt providers. The support of our equity and debt investors and continued access to capital is vital to long-term success. Sonae nurtures a relationship characterised by openness and transparency. We actively and regularly engage with our investors and analysts of the capital and debt markets to communicate our performance and use the feedback to inform our strategy and decision-making.

What matters to them	How we engage
• Strategy and business development • Financial and operational performance • ESG performance • Creation of economic, social and natural value • Active and balanced capital structure • Dividend policy • Financial and non-financial reporting • Transparency of communication • Governance and management • Risk management • Responsible investment • Reputation and brand management • Credit rating • Independence	• 5% increase in dividend per share • +100 meetings with investors • +200 contacts with sell-side analysts • Continuous interaction with investors via the dedicated IR team • More than €995m refinanced in long-term facilities • More than 60% of ESG and green-linked loans • More than 30 announcements at the CMVM, including 1 annual integrated report and 4 quarterly earnings reports disclosed • Annual general meeting • Adoption of Task Force on Climate-Related Financial Disclosures (TCFD)

Our partners, industry associations and regulators

Why they matter to us

Sonae engages with national and local governments and regulators openly and transparently to share our intentions, understand their concerns and priorities, and find mutually beneficial solutions. Sonae maintains positive and constructive relationships with regulators in order to be able to operate, help shape policy in our markets and better position Sonae's portfolio for future opportunities.

What matters to them	How we engage
• Regulations, policies and standards • Governance and transparency • Trust and ethics • Compliance • Sustainability • Proactive engagement • Share experience to drive change • Lead by example	• National and local governments • Industry organisations • International and national institutions, associations, forums and thinktanks, such as the World Economic Forum, World Business Council for Sustainable Development, EuroCommerce for Retail and Wholesale, European Round Table for Industry, United Nations of Global Impact and European Cyber Security Organisation • Briefing on key issues • Dedicated compliance teams • Response to direct queries • Periodic meetings • Audits and inspections • Institutional website

⁶ As of the date of this report.

Sonae

Our Portfolio

			% Ownership	
		The undisputed leader in the Portuguese food retail market (both offline and online)	75%	
		Fully integrated real estate player	80%	
		A leading convergent player in the Portuguese telecoms market	33.5%*	
		Leading omnichannel retailer, for products and services, with electronics and appliances at the core	100%	
		One of the largest and fastest growing sports retailers in Iberia (Sprinter, SportZone, JD and Size?)	30%	
		Largest Portuguese fashion group (Salsa, MO, Zippy and Losan)	100%	
		Fast growing digital financial services player in Portugal	100%	
		Active and specialised Investor focused on Retail Tech, Digital Infrastructure and Cybersecurity	90%	

* NOS voting rights 59.52%.



The undisputed leader in the Portuguese food retail market



MC continues to be the clear market leader in the Portuguese food retail sector and its ambition is to continue the solid path of consistent growth while maintaining benchmark profitability levels. MC opened the first hypermarket in Portugal, the first format of the Continente brand. In 1989, some of these hypermarkets were converted to large supermarkets surrounded by non-food stores inside a gallery. Later in 1996, MC started entering the proximity

area with Continente Bom Dia stores.

Now with more than 1,340 stores, MC focus on the customer is the key driver of its business model, continuously offering an engaging and comfortable shopping experience, increasingly focused on a healthier lifestyle. MC is present in several business areas through a multiformat and omnichannel portfolio of diversified and innovative banners and formats, which are complementary to each other, and are an integral part of the daily lives of millions of families.

In 2021, and after almost two years of the pandemic, MC's reinforced its commitment to its customers by continuously monitoring and adjusting to changes in consumer habits. MC enhanced its omnichannel ambition and adapted the business portfolio and processes to further accelerate its digital transformation and achieve higher levels of efficiency. MC is the first European retailer to open a cashierless store, Continente Labs. 2021 was in fact an important year for the digital transformation of MC, as Continente and Wells revamped their e-commerce platforms, MC upgraded several solutions in favour of better shopping journeys and also modernized its IT architecture and data capabilities, while expanding its online capacity and instant delivery partnerships.

MC's ambition is to continue to be the market leader in the business areas in which it operates, aware of the fact that it can always do more and better. The company continues to develop its store network, particularly in the proximity segment, leveraged by digital assets and the expansion of the HW&B (health, wellness and beauty) business as a pillar of future growth. MC's unique capacity to deliver success will be further enhanced by our new equity partner – CVC.





A fully integrated real estate company



Sierra's mission is to actively contribute to urban regeneration and the creation of the cities of the future, focusing on the development of mixed-use assets, integrated real estate service provision and the management of investment vehicles.

Sierra was launched in 1989 as a shopping centre developer and investor in Portugal, achieving significant growth with projects across the country. This drove the company to the international arena, in Europe, South America and Northern

Africa, both as a developer and as a service provider to third parties.

In 2020, Sierra's capital recycling strategy was completed with the creation of the Sierra Prime, a strategic JV with APG, Allianz and Elo that owns core shopping centres in the Iberian Peninsula. This JV was a turning point for the Company. Sierra's strategy is now focused on 4 pillars: i) expanding the investment fund management business, widening its offer; ii) developing sustainable urban spaces that can integrate multiple real estate uses; iii) strengthening real estate services, in the context of bringing new concepts to city life; and iv) preparing the Shopping Centre portfolio for the future.

Despite the obvious setbacks brought by COVID-19, Sierra is already achieving significant milestones on this renewed path. Among the most relevant are the expansion of investment vehicles to new geographies, the acquisition of existing fund managers, the creation of a significant development pipeline that includes mixed-use, offices and residential projects, and the diversification of its services' offer to urban food markets.

During 2021, to better support its renewed growth path, Sierra accelerated the refreshment of its team, with new and diversified profiles. The company's new Executive Committee encompasses an excellent mix of recognised experience and proven track-record in the real estate and asset management markets, increased expertise in the management of investment vehicles and a strong set of business and digital transformation skills.

A transformation programme was put in place to deliver the vision for Sierra in 2026: a younger and diverse team, with enhanced leadership skills; more engaged, collaborative, and agile in decision making; with digitalised ways of working and value creation; and commercially savvy, with a clear client focus across the organisation.





A leading convergent player in the Portuguese telecoms market



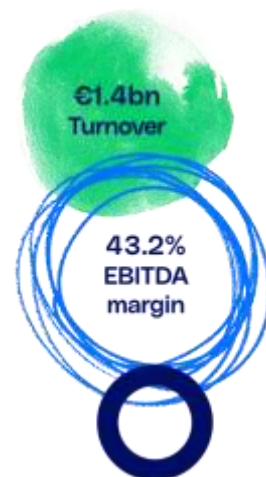
NOS was founded in August 2013 and since then it has become a reference player in the Portuguese market, defining market trends and delivering operational and financial performances that consistently exceed expectations, with the company achieving strong market share gains and materialising identified synergies.

The pandemic placed significant pressure on NOS, both in the core telco business and in the media & entertainment segment.

Nonetheless NOS rose to the challenge and was able to ensure a superior quality of service across customer segments, while continuing to invest in its future.

2021 was a very important year for NOS. The company recovered well from the very challenging context of 2020 and secured the largest share of spectrum in the 5G auction. NOS will be at the forefront of shaping the future of communications in Portugal, aiming to become the partner of reference in a society in which everyone and everything will be connected in extraordinary ways. In 2021, NOS already launched the first 5G stadium, the first 5G hospital, the first 5G beach and the first 5G school. Additionally, the company created a fund to invest in 5G-related companies which will facilitate the creation of a 5G ecosystem.

The future of NOS will be defined by 5G, but that is not the only front in which the company is working to ensure continuous growth. NOS will continue to improve its connectivity experience, making sure that communications are seamless, and will further finetune the operating model to a more network-shared model. NOS is expected to benefit from new sources of revenue such as advertising platforms, insurance, smart cities (in partnership with Sierra), and the public cloud.





Leading omnichannel retailer, for products and services, with electronics and appliances at the core



Worten is the uncontested leader in the Portuguese electronics market, supported by a strong omnichannel presence that brings together a footprint of 260 stores, a powerful online presence and a complete set of services. Worten is focused on consolidating its market leadership in Portugal and preparing itself for a different future, progressively shaped by digitalisation. Worten omnichannel strategy is offering an increasingly wider

range of products based on a dynamic marketplace and with a growing presence in services.

Worten's strategy is anchored on three vectors: wider and deeper product ranges, increased offer and quality of its services and shopping convenience complemented with a professional human side that will provide each customer with expert on-site advice. Worten has become a digital company, with physical stores and a human touch.

2021 was a very important year for Worten on several levels. Firstly, Worten completed the reorganisation of its activities in Spain mainland with a complete repositioning to online; a vital step to achieve higher levels of efficiency, as Worten is seeking to consolidate and protect its leading footprint in the Portuguese market. Secondly, Worten's omnichannel strategy along with the company's unique agility to adapt to current challenging times, has resulted in growing sales, that led to market share gains and sound financial results in 2021. It is worth highlighting the increasing relevance of the online channel, which continues to gain significance as a contributor to total sales. Finally, Worten strengthened its position in the services sector with the acquisition of relevant players, leading to increase expertise and market gain, while providing Worten with a solid basis to upscale.

To face a competitive and permanently changing market landscape, Worten continues to be focused on reinforcing its omnichannel ecosystem of products and services, aiming to become a one stop shop and to promote solid growth of its marketplace.



**IBERIAN SPORTS
RETAIL GROUP**

One of the largest and fastest growing sports retailers in Iberia



The Iberian Sports Retail Group (ISRG) results from a solid partnership with players of reference (JD, Sprinter and Sport Zone) and is focused on growing and expanding. Leveraging the capabilities and assets of its shareholders, ISRG has adapted the value propositions of its brands to different customer needs. With a portfolio of brands with increased exposure to sports lifestyle and fashion segments, ISRG has

expanded both online and offline channels and achieved very encouraging results.

The operational activity over the last 2 years was significantly impacted by the lockdown measures with a direct impact on revenues from physical stores, albeit some recovery was observed in 2021 and some sales also had migrated to the online channel. 2021 shows some recovery and ISGR, despite the pandemic, supply chain constraints and Brexit, still delivered the targets defined in 2018 and should end its fiscal year with a total turnover above €1bn, EBITDA above €100m and a network of more than 500 stores.

However, these achievements were fuelled by some relevant acquisitions during 2021. To be better prepared for its future, ISGR acquired three relevant players during 2021: Sports Unlimited Retail (SUR - Netherlands), Deporvillage (pure online player in Spain) and Bodytone (Spain). The latter represents a strategic move to a new product segment with the purpose of learning and accelerating growth.

ISRG is now better positioned on the path to becoming a European reference in sports retail which it aims to achieve through four vectors of action, namely, international expansion, omnichannel leadership, brand and category elevation and a social and sustainability based business model.





A fashion retail group with a global presence



Zeitreeel is a fashion retail specialist that manages a portfolio of brands (Salsa, MO, Zippy and Losan) with a strong international footprint, representing more than 40% of its total turnover. Currently, Zeitreeel is present in more than 80 countries with more than 5,000 points of sale (including around 400 own and franchised stores).

Salsa is a denim expert brand, focused on designing the best-fitting jeans in the world, and with a solid international footprint. **MO** is a leading Portuguese retailer, with a family-oriented value proposition, operating a wide store network and hypermarket category management partnerships. **Zippy** is a specialist in the children and nursery retail segment, offering products that

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

Zeitreeel faced two challenging years, with the pandemic significantly affecting its operating activity, albeit showing increasingly positive signs of recovery during 2021 (in spite of the more severe restrictions to retail operations when compared with 2020). The focus on sales and the resilient attitude of all teams, allowed Zeitreeel to grow sales in all its key channels, not only due to a strong performance in its domestic markets, but also to a promising international growth (adding multiple new sales points in different geographies) which combined delivered considerable improved profitability.

Looking ahead, all Zeitreeel brands have clear growth strategies under implementation. Salsa will keep leveraging a digitally integrated model to strengthen its core markets and further pursue international growth, focusing on becoming the reference denim player for women. MO will keep expanding its textile category management business model, leveraging its strong family-oriented value proposition. Zippy and Losan will advance together, focusing on expanding their international wholesale network, through a winning childrenswear-oriented value proposition.





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

Universo resulted from an opportunity that emerged within our portfolio to offer a comprehensive set of financial services anchored around the Universo Card and some complementary services such as Cartão Dá (pre-paid card), Moneygram (money transfers) and all credit products at Sonae's points of sale both in Portugal and Spain. The success of Universo card, the core product, is based on the offer of inclusive and personalised financial solutions to a growing number of families, leveraging Sonae's unique ecosystem and applying strong analytics over exclusive data, while fostering the core retail business.

2021 was a key year for Universo as it changed its business model towards a model that gives it more strategic freedom. After several years working with BNPP PF as a partner for granting credit, Universo decided to take on the role of credit grantor for its card and signed a partnership agreement with Banco CTT. With this partnership, Universo remains as single point of contact concerning customer management, while Banco CTT is responsible for financing the credit associated with the credit card and for the respective inherent credit risk (through a securitisation programme in which Banco CTT is the only subscribing entity). This was a profound change in Universo's support and operating system, which required building new teams and developing new competencies.

The pandemic context had an impact in consumption and, therefore, on credit usage. Among the turmoil of the pandemic and the profound organisational changes, Universo's performance was impacted, but the company is now better prepared for the future.

The future is already being shaped by services launched in 2021, such as health insurance, the Light Plan of Cartão Universo (Universo card) that allows subscribers to use all functionalities without any fees, and Uniflex, an e-commerce solution for several payment methods.





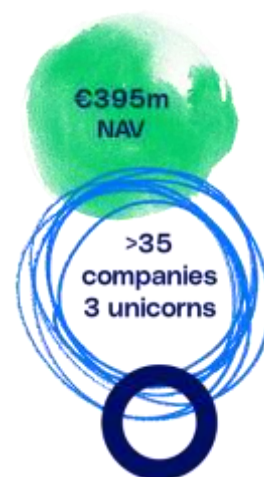
Active investor in the cyber security and tech scene on a global scale

Bright Pixel is the technology investment arm of Sonae that invests mainly in technology for retail, in digital infrastructure and in cybersecurity, with the ambition to build a portfolio of world class tech-based companies.

Bright Pixel's portfolio now has more than 35 direct investments, both in early and growth stages and with more than €240m cash invested. The portfolio under management presented another strong year in terms of valuation with the highest NAV growth since 2016, returning relevant amounts of cash and keeping the high levels of IRR and cash-on-cash. In fact, in 2021, Bright Pixel achieved the outstanding mark of three unicorns in its portfolio, with Feedzai joining Outsystems and Arctic Wolf.

The outstanding performance of Bright Pixel's portfolio is the natural outcome of a carefully designed mandate to be an active investor, minority or majority, in tech companies all over the world where it can also explore relationships with Sonae's core businesses.

The future will be focused on continuing to strengthen its search for investment opportunities leveraged on Sonae's uniquely diversified portfolio that provides unparalleled knowledge of market trends. More specifically, Bright Pixel will focus on reinforcing its value proposition as an active and specialised investor in the three verticals (retail tech, digital infrastructure and cybersecurity).



Our response to COVID-19

2021 continued to be a year marked by the COVID-19 pandemic. Nevertheless, the increase in vaccination rates across Europe resulted in the reduction in hospitals' admissions, which in turn allowed to easing lockdowns and other restrictions, leading to a measured recovery throughout the year of our businesses.

Despite the positive trend, during this last year, the impacts on the activity of each of the group's businesses was not homogeneous, with different levels of intensity depending on the sector in which they operate. This naturally required the respective operations to continually adapt to the prevailing circumstances.

Taking care of our people

At Sonae, we have continued to put the health and safety of our people first. All the essential measures remained in place, such as hygiene measures in the workplace, the use of personal protective equipment, temperature checks and limiting the number of people per sqm (when applicable). The impacts on each business were continuously and regularly monitored and plans were constantly finetuned across the entire organisation, from the operational areas to the central structures. Some internal procedures were defined in the case of a suspected or confirmed COVID-19 infection, including an internal helpline.

Additionally, with a significant number of people working remotely (at least 3 days per week), ensuring that our people were safe, informed and supported, resulted in the creation of several initiatives throughout the year: at the holding company, the management team increased the frequency and types of internal communication, encouraged regular team meetings to support people, digital learning channels, and internal digital or hybrid events to bring our people together.

Moreover, during 2021 Sonae continued to decisively contribute to the normal functioning of the country under severe circumstances by guaranteeing that consumers had access to the products they needed, always in a safe environment; supporting institutions through food donations, appliances, laptops and services and protecting our employees.

In relation to the development of the vaccination against COVID-19 which allowed a gradual recovery in the advanced economies in 2021, Sonae contributed monetarily (c.€500k) to the development of the vaccine.

The following is a summary of the main impacts on some of our businesses:

MC

Apart from its continued support to its customers, such as the implementation of hygiene measures in workplaces/spaces, the use of personal protective equipment, or limitations the number of people per m², the company maintained its close dialogue with all stakeholders across the supply chain, 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 programme was also established to improve their cash flow conditions.



In terms of operations, during the year, the company was once again forced to temporarily close some formats. The online channel continued to be an important source of growth but with higher demand in lockdown periods.

Sierra

Covid-19 related measures in shopping centres (full lockdown, opening and closing hours limits, footfall restrictions) varied across geographies and throughout the year.

Below is a summary⁷ of the main restrictions directly affecting shopping centres during 2021, in the main regions where Sierra operates:

Country	Closures	Time restrictions	Capacity restrictions
Portugal	Non-essential services and stores - until 15 March; Restaurants and cultural institutions - until 5 April.	Gradual reopening with some time restrictions.	Gradual reopening with some capacity restrictions.
Spain	Services in some regions - until the beginning of May.	Services, in some regions - until the beginning of May; and Restaurants and cultural institutions.	Non-essential stores, restaurants and cultural institutions.
Brazil	Temporary closures, for some regions - until April. Gradual easing of operational restrictions since April.	Until April for some regions. Gradual easing of operational restrictions since April.	Until April for some regions. Gradual easing of operational restrictions since April.
Italy	Linked to the risk area: services, restaurants and cultural institutions.	Linked to the risk area: services, restaurants and cultural institutions; and until the beginning of October for shopping centres and non-essential stores.	For restaurants in some periods.
Romania	Linked to the infection rate during 1H: Cultural institutions.	Non-essential stores; services - between May and Aug; and restaurants - linked to the infection rate.	Linked to the infection rate: services - after Aug; restaurants; and cultural institutions - during 2H.

In this challenging context, Sierra continued to broadcast effective communication throughout the year. It developed new services to deliver the easiest, most stress-free, and convenient shopping experience (e.g., delivery and pick-up services, booking systems, lockers, mobile app, fashion advisor, visit planning tools, “Your car is here”, “Click and collect”, and concierge services); offered extensive leisure activities, giving visitors an interactive experience in which the entire environment played an important role; embraced technology capitalising on digital tools to maximise productivity; and created experiences that are dynamic and engaging (e.g., Robot “Pepper”, Garçon at Cook Book).

⁷ source <https://www.ecsp.eu/covid-19-tracker-20220128/>

In 2021 in Portugal, Sierra's activity and results continued to be affected by the Portuguese rental law that eliminated part of the fixed component of rents.

In 2020, the Portuguese Parliament approved a waiver of fixed rents for tenants from the 13th of March until the end of the year. Therefore, only variable rents linked to turnover and service charges were due in that period. This led to a total discount in Portugal of 54% of total rents, in 2020, vs. 26% for the European average.

In the 1H21, the Portuguese law enforced a rental discount of up to 50%, linked to a decrease in tenants' sales when compared to 2019. In 2021, this resulted in a total discount in Portugal of 26%, which far exceeds Spain (11%) and Italy (14%) levels but remains close to the European discount average of 22%.



NOS

NOS continued to significantly support remote work and throughout 2021 in conjunction with all the operational partners, NOS ensured the proper operation of its services. In operational terms, the pandemic continued to impact part of its activity namely the cinema and audio-visuals revenues due to the closure of all cinemas until mid-April. NOS launched several promotional campaigns to promote loyalty and a steady and safe return to the movie theatres.

Additionally, in the health care sector, namely telemedicine that became increasingly important during the pandemic, NOS, through its 5G fund reinforced its collaboration with the Portuguese start up, Knok.

Worten

In Portugal, the sector continued to be classified as an essential service by the Portuguese Government. Stores remained open throughout 2021 although with reduced opening hours or restrictions to the range of products allowed to be purchased within stores. Moreover, at the end of the year, given the high incidence of COVID-19, all promotional actions were forbidden.

In Spain, Worten carried out its strategic repositioning towards a more online business, under which it divested its physical operation in Spain Mainland, becoming less susceptible to restrictive measures imposed on stores.

In both geographies, the online channel continued to record a very strong growth, particularly during lockdown periods. To address this peak demand, Worten continued to adapt its online operation increasing its logistics capacity and expanding its delivery options, thus ensuring faster delivery, greater convenience and overall enhanced customer satisfaction.

Zeitreel and ISRG

As regards the fashion and sport retail businesses (Zeitreel and ISRG), in 1H21, all stores were forced to close for 11 weeks in Portugal (an even longer lockdown period than the one enforced in 2020 – 7 weeks), and also with strong limitations in other geographies. The stores opened gradually, starting with high street stores, with shopping centres stores closed for c.2 more weeks in 2021 (4 in 2020).

Additionally, even after stores were allowed to open, several restrictions were in place throughout the year, like limitations to the capacity of stores and shopping centres, or cancellation of sales periods in

December. This scenario had a strong impact on performance and led the teams to implement several actions to preserve both sales and profitability. In fact, the negative impacts were partially mitigated by the teams' efforts, namely regarding improved and more effective communication with customers, a focus on sales and increasing conversion rates, and also improved collection planning and inventory control.



Our Performance

Context

In 2021, we continued to observe high levels of uncertainty regarding the evolution of the epidemiological situation and its economic and social consequences. The pandemic drastically changed the landscape and pushed environmental, social and governance (ESG) issues to the very forefront of the agendas of most regulators and governments, which were lagging compared to the leading economic players. Unfortunately, the reason for this pressure is the aggravation of extreme scenarios of biodiversity loss and climate change, now more evidently associated with repercussions for humans, such as the current pandemic.

There were other drivers of uncertainty. The tension between Ukraine and Russia, the expectations around the potential impacts and its consequences on the price of natural gas and electricity, which reached record and unexpected highs. The disruption in distribution chains created a layer of instability and contributed to inflation, rapidly accelerating to levels unparalleled in recent decades, remaining at high levels for longer than anticipated by Central Banks and putting pressure on them to act. The year was also marked by a rise in public debt levels due to reduced tax revenue and increased public expenditure since the beginning of the pandemic and, in the Eurozone, by the approval of the European Commission's Recovery and Resilience Plan, the NextGenerationEU, which is expected to reduce some of the pressure on pandemic-stressed economies.

Nevertheless, COVID-19 continued to be the critical driver of economic evolution, during 2021. The impact is not only asymmetric, as the gap between advanced and developing economies is widening. In advanced economies, the accelerated pace of vaccination programmes against COVID-19 and the increasing inoculation of populations have reduced the pressure on health systems, allowing the gradual reduction of restrictions on mobility and the resumption of economic activity, despite a new wave of infections at an unrivalled rate that was observed at the end of the year. Nevertheless, a better understanding of the virus allowed for communities and economic agents to adjust more effectively to this pandemic context, which coupled with the maintenance of monetary and government support to both companies and families made possible the lessening of the restrictions and a strong, albeit asymmetric, economic recovery.

Overall, the World Economy has fully recovered from the biggest contraction in real GDP in recent history (+5.9% in 2021 vs. -3.1% in 2020). However, and once again, the economic performance proved to be profoundly diverse with Advanced Economies (GDP: +5.0% vs -4.9% in 2020) recovering slower than Emerging or Developing Economies (GDP: +6.5% vs -2.0% in 2020) and with significant disparity within each group. In particular, the Eurozone GDP recorded only a partial, and very heterogeneous, recovery. Still, it surpassed expectations (GDP: shall have grown +5.3% vs -6.4% in 2020) with Portugal and Spain experiencing growth rates of 4.9% (vs -8.4% in 2020) and 5.0% (vs -10.8% in 2020), respectively.

The easing of restrictions had a direct impact on the job market, with a severe declining trend in the unemployment rate across the globe, shaped by strong regional effects induced by the evolution of the pandemic and the economic recovery. Consequently, in the US the unemployment rate continued its downward momentum and closed the year at 3.9% (vs 6.7% in 2020), approaching the lowest value in the last 52 years (3.5% in 2019). The Eurozone labour market was also a surprise on the positive side, with employment indicators ending 2021 close to pre-pandemic benchmarks, benefitting from the maintenance of exceptional labour protection measures to overcome the forced activity stoppages. The overall unemployment rate in the Eurozone reached 7.7% (vs 8.0% in 2020). In the Iberian economies: (i) Portugal's unemployment rate showed some resilience during the pandemic and is in line with the 2019 level, standing at 6.6% at the end of 2021 (7.0% in 2020), and (ii) the unemployment rate in Spain was more impacted by the pandemic in 2020 but declined in 2021 closing the year at 14.8%, compared with 14.1% in 2019 and 15.5% in 2020.

Our Economic performance

Key Data

€m	31.12.20	31.03.21	30.06.21	30.09.21	31.12.21
NAV	3,843	3,868	3,695	3,967	4,015
Market capitalization	1,323	1,557	1,600	1,817	2,006
Net Debt	1,103	1,519	1,496	857	563

€m	4Q20 R	FY20 R	1Q21 R	2Q21	3Q21	4Q21	FY21
Turnover	1,884	6,673	1,608	1,614	1,792	2,009	7,023
Underlying EBITDA	183	576	110	136	169	187	603
Direct Result	75	114	-1	55	115	88	258
Net result group share	75	71	1	62	96	109	268
Sale of assets	0	335	5	39	606	14	663
M&A capex	-27	-237	-85	-6	-82	-22	-195
Free cash flow before dividends paid	169	252	-324	-5	715	295	681
Dividends paid	0	-166	0	-96	0	0	-96

	1Y	3Y	5Y	10Y
Total Shareholder return ¹	61%	14%	8%	13%

¹ Source: Bloomberg.

Note: R - Restated figures as Maxmat from MC and Bizdirect from Bright Pixel were considered as assets held for sale and all periods in 2020 and 2021 were restated to consider these assets as discontinued operations in the P&L.

Sonae's NAV is based on market references, such as trading multiples of comparable peers, external valuations, funding rounds and market capitalisations. Valuations methods and details per business unit are available in Sonae's Investor Kit at www.sonae.pt.

At the end of 2021, Sonae's NAV amounted to €4.0bn, 1.2% above the NAV at the end of the previous quarter and 4.5% above the end of 2020, which apart from each BU's operational performance, reflects the portfolio management activity over the last 12 months. Total Shareholder Return (TSR) amounted to 61% in 2021, with a strong share price performance of more than 50% in a year marked by uncertainty and volatility in the capital markets.

Sonae maintained a very active portfolio management activity throughout 2021, with a significant impact on our NAV:

- Sonae sold 24.99% of MC to CVC funds for an initial upfront value of €528m;
- in Spain, Worten sold 17 stores to Media Markt and closed another 14 stores;
- Sonae acquired an additional 10% of Sierra;
- Sonae acquired 95.4% of Gosh Food, a reference UK player in the plant-based food sector;
- MC sold its 50% stake in Maxmat, with significant capital gains;
- Bright Pixel completed the sale of Bizdirect and CB4, while recognizing already 3 unicorn valuations in its portfolio;
- ISRG expanded its international and digital footprint with several acquisitions, and
- Universo reached an agreement to sell its 50% stake in MDS for €100m.

NAV detail

Company (€m)	Ownership	30.09.21	31.12.21	Var.	Major drivers
MC	75%	1,781	1,870	5.0%	Higher multiples and earnings
Worten	100%	318	244	-23.3%	Lower multiples and earnings
Zeitreel	100%	123	124	1.2%	Higher earnings and lower multiples
Sierra	80%	730	740	1.4%	Increased INREV NAV
ISRG	30%	210	213	1.4%	Higher earnings
Universo	100%	56	51	-9.3%	Lower multiples
Bright Pixel	90%	291	356	22.0%	Increased NAV
NOS	31%	551	538	-2.5%	Lower share price
Other investments		196	175	-11.1%	MDS transaction valuation
Holding Real Estate		171	176	3.0%	
Holding Structure		-125	-131	4.9%	
Holding Net Debt		-314	-318	1.2%	
Minorities		-22	-23	2.5%	
Total		3,967	4,015	1.2%	

Notes: Other investments include Gosh and MDS (transaction to be completed in 1H22); Holding net debt in Sept.21 is equal to the EoP figure and in Dec.21 is equal to a normalized average net debt.

Almost all our consolidated businesses registered top line and underlying EBITDA growth, in spite of a year still impacted by lockdowns and restrictions, especially in the 1H. At the end of 2021, our consolidated turnover surpassed €7bn and the underlying EBITDA stood at €603m, mainly anchored on the performances of MC and Worten in Portugal. This positive operational performance, coupled with a recovery of our equity accounted businesses, as well as significant capital gains from the portfolio

activity, led to a Direct result well above last year of €258m. Indirect result stood at €73m in 2021, mainly driven by the upward evolution in the value of Bright Pixel's portfolio, and Sonae's Net result (group share) reached €268m, above both 2020 and 2019 figures.

In terms of operational cash flow, Sonae's portfolio released €155m during 2021. In relation to portfolio management activities, Sonae invested €195m and received €663m of cash proceeds from asset sales mainly related with the minority stake sale in MC. All in all, **Sonae's FCF (before dividends paid) in 2021 stood at €681m**, which after the dividend payment (in May 2021), led to a more than €500m decrease in consolidated net debt, to €563m. At the end of 2021, Sonae held c.€1,400m of available liquidity (cash and available credit facilities), a low cost of debt (1.0%) and a solid debt maturity profile (with an average maturity above 4 years). Additionally, during 2021 and up to the date of this report, a significant amount of refinancing operations (€995m) were completed with improved pricing conditions and longer tenors.

It is also worth highlighting that the company's commitment to its sustainability strategy is also reflected in its ability to raise ESG-linked debt. At the end of 2021, 28% of its Total Long-Term credit facilities were linked to Sustainable, Green or ESG indicators, proportion which, has at the date of this report, reached the mark of 62% (92% Sonae SGPS, 56% MC and 18% Sierra), and illustrates the recognition of such strategy by our lenders, which are also committed to the same purpose.

Portfolio performance | Fully consolidated companies

2021 was another year marked by COVID-19, but Sonae's businesses performed well above their respective markets. Vaccination programs across geographies allowed for a significant recovery in activity, especially in the second half of the year.

€m	Turnover			UnEBITDA margin		Turnover			UnEBITDA margin	
	2020 R	2021	yoy	2020 R	2021	4Q20 R	4Q21	yoy	4Q20 R	4Q21
MC	5,044	5,362	6.3%	10.1%	10.0%	1,358	1,479	8.9%	10.9%	10.3%
Worten	1,161	1,175	1.2%	6.4%	6.6%	386	372	-3.6%	8.8%	7.1%
Sierra	94	98	4.6%	12.2%	15.8%	21	26	22.0%	5.1%	14.7%
Zeitreeel	344	345	0.5%	3.8%	7.9%	112	115	2.6%	10.2%	15.3%
Universo	35	31	-11.1%	23.8%	-23.3%	9	11	28.0%	22.4%	6.6%
Bright Pixel	55	61	11.5%	-2.7%	-3.7%	15	18	25.5%	2.4%	-2.8%
Total	6,673	7,023	5.3%	8.6%	8.6%	1,884	2,009	6.7%	9.7%	9.3%

Note: R - Restated as Maxmat from MC and Bizdirect from Bright Pixel were considered as assets held for sale and all periods in 2020 and 2021 were restated to consider these assets as discontinued operations.

€m	2020	2021	var.
EBITDA (inc. rents and taxes)	399	402	0.8%
Working cap. and others	38	32	-16.8%
Operational capex	-264	-279	-5.8%
Operational cash flow	173	155	-10.7%
Net financial activity	-32	-32	-2.0%
M&A capex	-237	-195	17.8%
Sale of assets	335	663	98.0%
Dividends received	13	91	-
FCF bef. dividends paid	252	681	-

MC – food retail⁸

MC published its trading performance for the full year of 2021 on January 25th. In a year still marked by the uncertainty of the pandemic, but with a gradual normalization of consumption, the company was once again able to deliver a strong top line performance, while reinforcing its leadership position.

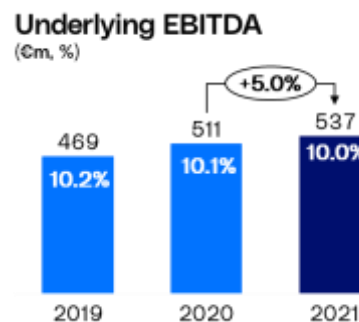
In fact, MC's efforts to address changing consumer needs and preferences throughout the different phases of the pandemic continued to pay off, with consumers recognizing the distinctiveness of the company's value proposition. Overall, **total turnover** grew c.6.3% yoy with a 3.4% LfL figure, reaching €5,362m at the end of 2021, underpinned both by the food and non-food formats, including the successful online business. This solid performance was achieved in an environment of low food inflation (below 1%), although with some acceleration at the end of the year (1.6% in the 4Q21). Looking at the quarter, total turnover grew 8.9% yoy with a 6.3% LfL figure, impacted by a good holiday season period.



In cumulative terms and over the last 2 years, which were severely impacted by the pandemic, MC strengthened its role in the Portuguese food retail market and grew more than 16%. Online sales grew 2.3 times in two years, representing already 3.0% of total turnover.

In terms of **expansion plan**, MC opened 64 new company-operated stores (including 12 additional Continente Bom Dia stores), representing an additional 25k square meter of sales area, and refurbished 17 food retail units. Overall, in 2021, total capex stood at €200m.

Regarding **profitability**, underlying EBITDA improved 5.0% yoy to €537m, with a broadly stable margin of 10%, despite some cost pressure of specific inputs, such as energy, backed by the company's continuous efficiency efforts and productivity gains.



In terms of **free cash flow**, the strong operating results and the €68m cash received from the sale of the 50% stake in Maxmat led to a cash flow generation of €243m, an increase of €42m when compared to 2020. Therefore, even after the dividend payment of €140m in the 2Q21, the company reduced its net financial debt by €103m to €379m, reaching an all-time low total net debt / underlying EBITDA of 2.7x.

Worten – electronics retail

2021 was another positive year for Worten. After an impressive response to the pandemic in 2020, and a restructuring process in Spain mainland in the beginning of the year, the company delivered solid results on the back of its leading omnichannel proposition, which includes the leading marketplace in Portugal and growing services business.

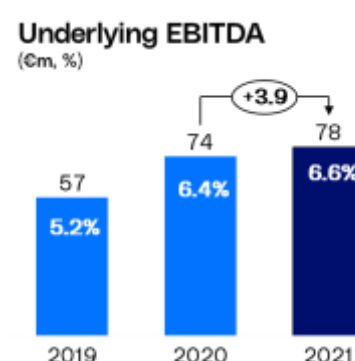
⁸ Please note that Maxmat was sold in 3Q21 and, for comparison purposes, it was excluded from 2019, 2020 and 2021 figures. For more information please see MC FY21 results in www.sonae.pt

In 2021, **Worten was able to deliver a strong LfL growth of 8.8%** (+3.1% in 4Q21), fuelled by the operations in both Portugal and Spain across all channels. Total online sales were the main driver of growth, recording an extraordinary performance, reaching more than €200m, growing almost 3x in 2 years and representing already 17.5% of total turnover.

In terms of **top line performance**, it is also important to note a 1.2% increase, when compared to 2020 (a year with 32 stores still operating in Spain mainland) and 8.0.% growth compared to 2019 (a year with no pandemic impact and 38 stores still operating in Spain mainland).

Worten has been making an important journey with its marketplace by entering in new retail categories and plans to keep growing. Moreover, its services area has been expanding and, after the acquisition of iServices in 2020, Worten acquired, in 2021, Zaask, an online platform for contracting home services and Satfiel, a specialist in repair household appliances, electronic and informatic devices.

In terms of profitability, Worten's positive sales performance and the repositioning process in Spain contributed to an **improved underlying EBITDA in 2021 of €78m**, €4m above last year and €21m above 2019, with a margin of 6.6%.

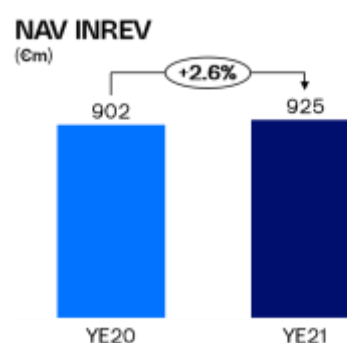


Sierra – real estate

In 2021, Sierra continued to be impacted by the pandemic context. However, the ease of lockdowns and other restrictions throughout the year, in most of the European geographies where it operates, and the consequent improvement of consumer confidence, enabled Sierra's activity to start recovering, with different initiatives implemented to attract visitors to shopping centres. As a result, Sierra registered operational progresses in this recovery path, with both tenant sales and footfall, at the end of the year, reaching levels close to 2019, and occupancy maintaining a high rate of 96.2% (in Portugal 98.7%).

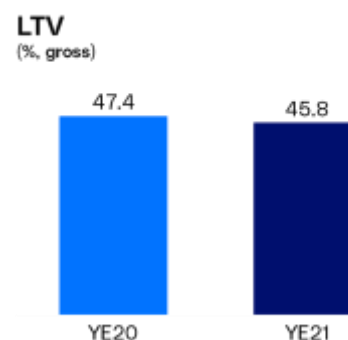
On a proportional accounting basis, **Sierra net results reached a positive value of €15m in 2021** (vs. -€42m in 2020), with a €9m contribution from 4Q21. This net result is split between a positive €30.4m Direct result (€7.1m in the 4Q21) and a -€15.3m Indirect Result (€1.7m in the 4Q21).

Proportional basis - Management accounts						
€m	2020	2021	yoy	4Q20	4Q21	yoy
Total income	129	151	16.8%	26	43	67.7%
Direct result	3	30	-	-3	7	-
Indirect result	-44	-15	-	-19	2	-
Net result	-42	15	-	-22	9	-



As a result, **Sierra's NAV** at the end of 2021, according to the INREV methodology, **stood at €925m, +2.6% when compared to the end of 2020**, fuelled by its Net Result and a favourable FX impact.

In what concerns the leverage profile, Sierra's **loan-to-value (gross)** **decreased 1.6 pp**, when compared to the last year, to 45.8%, in line with financial targets defined.

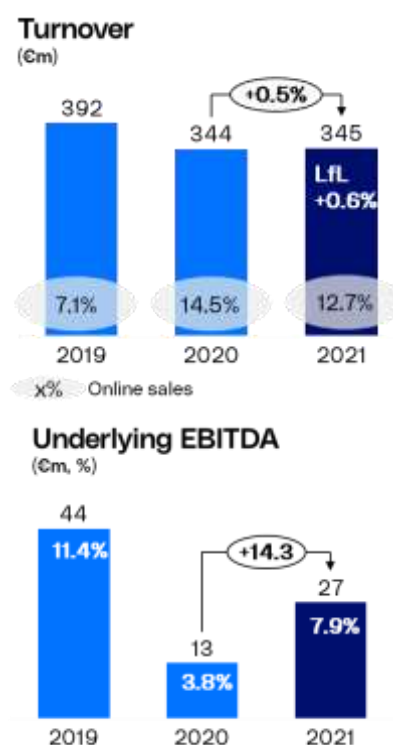


Zeitreel – fashion

After a challenging 2020, and contrary to initial expectations, 2021 was still a year in which the pandemic had a relevant impact in the fashion business (with our fashion brands facing more severe restrictions to retail operations than in the previous year).

Looking back, 2021 was comprised by two distinct periods: a challenging 1H with stores closed in Portugal for 11 weeks (and multiple constraints in international markets) and a slowly improving 2H with COVID-19 related restrictions (namely, store capacity and trading hours) being gradually, but not completely, lifted.

4Q21 showed a solid recovery across all brands and key channels (even compensating for the delay of fall-winter sales season to 2022 in the Portuguese market) leading total turnover to increase 2.6% yoy (+7.2% LfL) to €115m. This last quarter's performance enabled the company to reach **total turnover** of €345m in 2021, slightly above 2020 figures. These results had a specially positive contribution of the international B2B business (wholesale and franchising) that delivered a strong growth and showed relevant developments across all brands – Salsa opened several “woman jeans corner” concepts at leading multibrand partners; MO managed to secure a new international category management partner; and Zippy and Losan leveraged a joint wholesale approach with two brands and stronger value proposition, reaching double-digit growth vs. 2020.



In terms of **profitability**, Zeitreel was able to deliver a solid underlying EBITDA of €27m, an increase of €14m when compared to last year. It is important to highlight that this profitability improvement was achieved in a challenging context, namely with increases in relevant cost lines such as utilities and wages, and with serious disruptions across the supply chain.

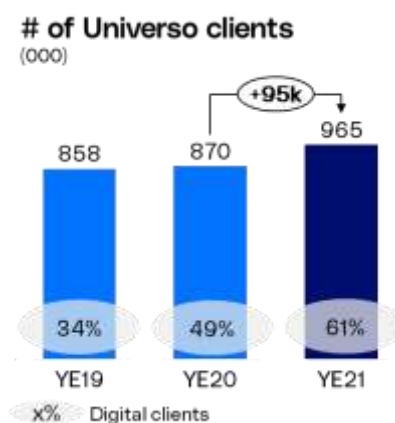
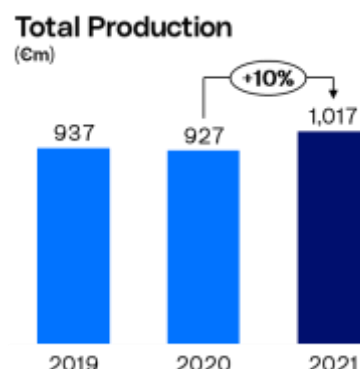
Universo – financial services

2021 was an important year for Universo, as it marked the change of its business model, from commission-based to an interest driven model. Additionally to this structural change and its impact in revenue recognition, 2021 was also the second year of impact of the pandemic, with reduction of consumer confidence, the increase in savings rates, and the lower than expected production volume, especially in the first months of the year. Nevertheless, the gradual easing of the restrictions and some macro recovery throughout the year led to improved levels of production and activity.

In 2021, the **production** level increased 10% yoy, reaching €1bn, fuelled by a recovery of the private consumption that affected positively business lines such as stores purchases, transfers, payments and personal loans. As in what concerns client base, Universo has been making a positive journey, with an increase of 95k, vs. 2020, reaching 965k at the end of 2021. Moreover, the company continued to expand its digital footprint, reinforcing the weight of **digital clients** to c. 61% of the total customer base.

Regarding the **business unit performance**, it continues to show a discontinuity when compared to previous years, due to the change in the business model, that requires a credit portfolio to be built. During the 4Q21, Universo's **turnover** already surpassed by 28.0% last year's figures, mainly due to the improvement of the macroeconomic context. At the end of 2021, total turnover reached €31m, still €4m below 2020.

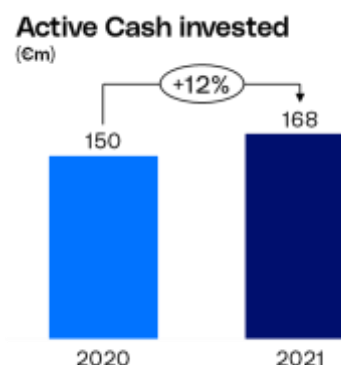
Finally, in December 2021, the company reached an agreement (completion expected during the 1H22) to sell its 50% stake in MDS to The Ardonagh Group, generating total proceeds of €100m and an estimated capital gain of €74m.



Bright Pixel – investment in technology

During 2021, and in a challenging investment context, Bright Pixel was able to: invest in a group of new minority stakes (namely from retail tech and cybersecurity sectors), make some follow-on investments, make 3 exits and some partial sales, and witness a third company in the portfolio reach a unicorn status.

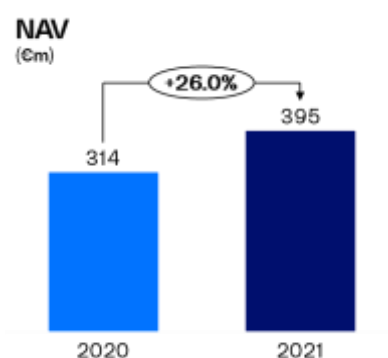
Bright Pixel **acquired** minority stakes in Sellforte, Portainer.io and Citcon, as already announced in previous quarters, and, in the 4Q21, entered in SafeBreach, a cybersecurity company pioneer in the Breach and Attack Simulation market and a globally widely used continuous security validation platform.



In terms of **divestments**, and during 2021, Bright Pixel sold part of its stake in Arctic Wolf, the entire stake in Bizdirect, CB4 and Case on It, resulting in total gross proceeds of €48m and a gross capital gain of €23m.

Overall, **cash invested in active portfolio**, at the end of 2021, stood at €168m and the corresponding NAV reached €395m, representing a strong improvement during the year which reflects the new investments made, coupled with the impressive achievements in minority stake companies, namely Arctic Wolf, Feedzai and Safetypay.

In terms of **operational performance**, Bright Pixel continues to record an improved top line (+11.5% yoy), fuelled by the performance of the cybersecurity portfolio.



Portfolio performance | Equity consolidated companies

NOS – telecommunications

NOS published its FY21 results on March 3rd. The results of the year were marked by a solid performance across all segments.

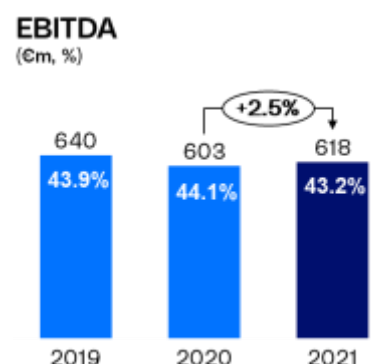
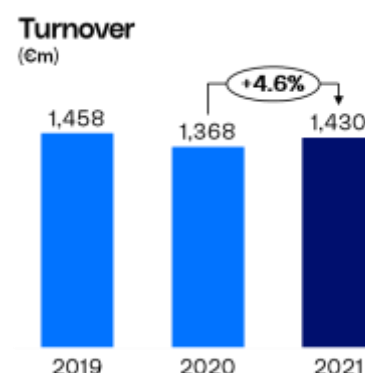
It is important to highlight that, in the 4Q21, NOS was able to acquire the largest fraction of the 5G spectrum released in Portugal, further reinforcing its position as a leader in the digital revolution. In November, NOS was the first operator to launch a commercial 5G offering in the country.

In 4Q21, **turnover** increased 8.8% yoy. For the Media & Entertainment segment this was the best quarter since the beginning of the pandemic due to less restrictions and more successful movies exhibited and distributed. This resulted in a turnover increase of 4.6% yoy, in 2021, to €1.4bn.

In terms of **profitability**, in 4Q21 EBITDA increased 6.3% yoy, being the second consecutive quarter with yoy EBITDA growth since 4Q19. Overall, EBITDA reached €618m in 2021, representing a 2.5% yoy increase, with a 43.2% margin.

Net income totalled €24m in 4Q21 and €144m in the FY21, 57% above last year, implying a higher equity contribution to Sonae's results.

FCF (ex-dividend, financial investments and own shares) in the quarter stood at -€140m, mainly due to the payment of the 5G license of €151m. In 2021, FCF showed a yoy decline impacted by two non-recurrent events: the cash-in from the tower sale deal to Cellnex in the 3Q20, and the cash-out relating to the license spectrum payment in 4Q21. After adjusting for these two items, FCF increased by 1% to €71.5m.



Regarding the company's **capital structure**, in 2021 Net financial debt/EBITDA after lease payments was slightly below 2.0x, a conservative leverage profile. In addition, the company's Board of Directors approved a proposal to the next AGM of a dividend payment of 27.8 euro cents per share, in line with the last year.

ISRG – sports retail⁹

For ISRG, the 3Q21 (Aug-Oct) was another strong quarter in terms of operational performance reflecting the progressive relief of restrictions related with the pandemic.

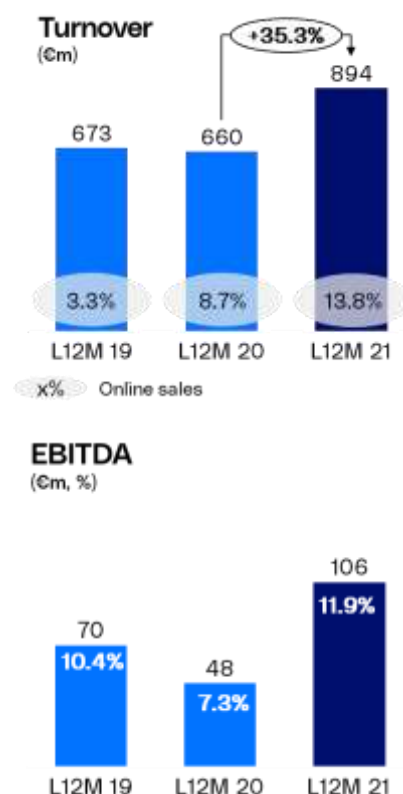
As previously reported, by the end of June, ISRG acquired 80% of Deporvillage, an online sports equipment retailer, and, in July, expanded into a new geography by acquiring Sports Unlimited Retail that operates in the Netherlands under the Perry Sport and Aktiesport banners. Additionally, in August, ISRG acquired 50.1% of Bodytone International Sport, a Spanish producer and international distributor of fitness equipment.

Over the last 12 months, ISRG delivered an impressive performance in another challenging context: **top line** grew 35% yoy, mainly due to a strong recovery of store sales and footfall from a 2020 significantly affected by the pandemic. A key driver of growth was the company's online channel which already represents c. 14% of total turnover, backed by the contribution of newly acquired businesses and a double-digit yoy increase in the original banners.

In terms of **profitability**, ISRG also displayed a strong performance, with EBITDA already surpassing €100m, one of the group's medium-term targets announced back in 2018.

Overall, ISRG's performance resulted in a better equity method contribution to Sonae's results, with a positive value in the L12M'21 of €17m (€7m in the quarter).

The company's performance in the last quarter of its fiscal year maintained this trend and drove total revenues above €1bn for the first time ever.



⁹ Due to calendar reporting dates of JD Sports (the main shareholder of the JV), ISRG figures for the L12M 21 ended last October 30th.

Consolidated P&L

€m	2020 R	2021	yoy	4Q20 R	4Q21	yoy
Turnover	6,673	7,023	5.3%	1,884	2,009	6.7%
Underlying EBITDA	576	603	4.5%	183	187	2.2%
<i>margin</i>	<i>8.6%</i>	<i>8.6%</i>	<i>-0.1 p.p.</i>	<i>9.7%</i>	<i>9.3%</i>	<i>-0.4 p.p.</i>
Equity method results*	41	84	102.4%	11	20	78.5%
Sierra	14	29	107.4%	2	9	-
NOS	27	32	19.0%	6	3	-38.3%
ISRG	2	17	-	6	7	23.1%
Non-recurrent items	6	52	-	-2	1	-
EBITDA	624	738	18.4%	193	208	7.9%
<i>margin</i>	<i>9.3%</i>	<i>10.5%</i>	<i>1.2 p.p.</i>	<i>10.2%</i>	<i>10.3%</i>	<i>0.1 p.p.</i>
D&A	-213	-211	0.9%	-55	-54	2.0%
D&A - RoU	-126	-127	-1.1%	-32	-33	-0.8%
Prov and imp.	-72	-31	56.7%	-17	-13	23.5%
EBIT	213	369	73.5%	88	108	23.0%
Net Financial results	-106	-106	-0.1%	-24	-27	-13.4%
Taxes	8	-6	-	11	7	-34.6%
Direct result	114	258	125.3%	75	88	17.8%
Indirect result	-59	73	-	-5	49	-
Net result	56	331	-	70	137	96.7%
Non-controlling int.	15	-63	-	5	-28	-
Net result group share	71	268	-	75	109	45.6%

Notes: R - Restated figures as Maxmat from MC and Bizdirect from Bright Pixel were considered as assets held for sale and all periods in 2020 and 2021 were restated to consider these assets as discontinued operations.

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

Consolidated Balance Sheet

€m	31.12.20	30.09.21	31.12.21
TOTAL ASSETS	8,149	8,164	8,317
Non current assets	6,328	6,385	6,420
Net fixed assets	2,108	2,096	2,124
Net Rights of Use	1,054	1,014	1,020
Goodwill	671	729	732
Investment properties	319	317	320
Other investments	1,776	1,830	1,831
Deferred tax assets	358	359	359
Others	41	39	34
Current assets	1,821	1,779	1,897
Stocks	636	587	634
Trade debtors	148	139	131
Liquidity	767	774	832
Others ⁽¹⁾	271	279	300
SHAREHOLDERS' FUNDS	2,440	3,008	3,145
Equity holders	1,993	2,428	2,541
Attributable to minority interests	447	580	604
LIABILITIES	5,709	5,156	5,172
Non-current liabilities	3,404	2,765	2,786
Bank loans	1,007	709	781
Lease liabilities	1,100	1,082	1,075
Other loans	690	368	317
Deferred tax liabilities	479	477	495
Provisions	47	18	21
Others	81	110	97
Current liabilities	2,305	2,391	2,386
Bank loans	177	251	226
Lease liabilities	107	97	106
Other loans	16	323	91
Trade creditors	1,339	1,154	1,347
Others ⁽²⁾	666	565	616
SHAREHOLDERS' FUNDS + LIABILITIES	8,149	8,164	8,317

(1) includes assets classified as held for sale. (2) includes liabilities directly associated with assets classified as held for sale.

Our Environmental and Social performance

Up against an unprecedented social and economic crisis, coupled with political upheaval, which added to the continuous worsening of climate change and biodiversity loss, Sonae remains focused and strengthened in its commitments towards the development of our people, communities and the Planet. Sonae's companies worked jointly to find the best possible solution to all the challenges that appeared, without being deterred from its strategic targets. This is a commitment that Sonae assumes, together with its stakeholders. We are actively engaged in this ambitious goal and continuously monitor and mitigate climate-related risks and seize opportunities to create natural, social and economic value. In this chapter, we briefly present Sonae's environmental and social performance.

CO₂ and Climate Change

GHG emissions

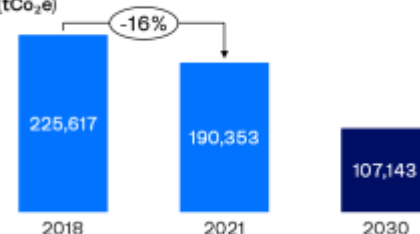
Sonae was at the forefront of the signatories to the Paris Pledge for Action, pledging our support to ensure that the target set out by the agreement to limit the global temperature rise by 1.5°C is met or surpassed. We have committed to adapting and transforming operations and cutting down greenhouse gas emissions, mitigating climate risks and contributing to building a low-carbon economy, while identifying opportunities related to the climate change agenda. Our plan has two **important targets**: i) **to cut down our GHG emissions (scope 1+2) by 54% by 2030 compare to 2018;** and ii) **to have carbon-neutral operations in 2040 (scope 1+2 GHG emissions).**

Over the last years, the whole portfolio was very active in the pursuit of this goal and we are also designing new initiatives and investments to further enhance our performance in the decarbonisation of our activities.

Considering the target reduction defined for 2030, we recorded a decrease of 16% compared to 2018 (scope 1+2).

Nevertheless, it is important to note that when drawing a comparison with 2020, one must consider the abnormally low level of economic activity in that year. Furthermore, this yearly evolution of Scope 1 and Scope 2 emissions also reflects the impact of changes in the: i) national mix of electricity production; ii) a reduction in the levels of remote work with increased traffic associated with commuting to work; and iii) changes in consumer behaviour that resulted in the increased pressure in the infrastructures (e.g. Worten's increased activity and increased focus on

GHG emissions against 2030 target
(tCO₂e)



GHG emissions by scope
(tCO₂e)



services had an impact on the number of vehicles and distance covered). Finally, Scope 3 emissions were also impacted by consumer behaviour, considering that currently this scope mainly reflects the other indirect emissions from Sierra's operations. The easing of restrictions and the opening of shopping centres resulted, not only in an increase in the number of visitors with a direct impact on energy consumption, but also a trend in favour of private transportation to the detriment of public transport.

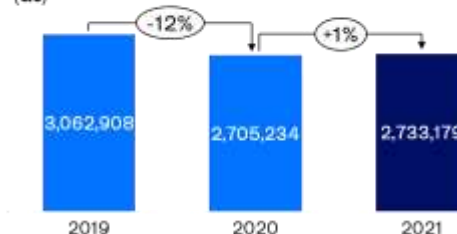
All these factors led to Sonae's portfolio of companies 642,845 tCO_{2e} emissions representing an increase of 34.6% yoy. Scope 1 emissions represented 9.3%, Scope 2 emissions represented 20.3% and, finally, Scope 3 emissions represented 70.4% of Sonae's carbon footprint.

Energy consumption

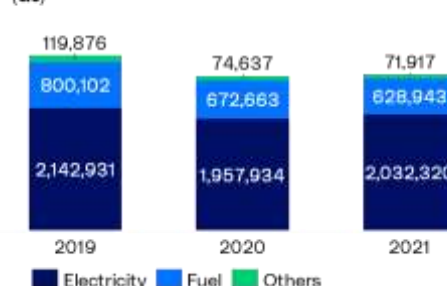
Regarding **energy consumption**, comparisons to 2020 are also difficult, as last year was impacted by a significant contraction in economic activity, due to the pandemic context. In 2021, the Group's total energy consumption was 2,733,179 GJ, which represents an increase of 1.0% yoy, but this increase follows a reduction of 12% from 2020 compared with the previous year. Overall, we have considerably reduced energy consumption when compared to the pre-pandemic scenario. Furthermore, a granular analysis of energy consumption by source and a breakdown of Sonae's production of energy from renewable sources show the results of our initiatives towards the decarbonisation of our activities.

Electricity consumption represents 74.4% of total energy consumption and has increased by 3.8% yoy, while the consumption of energy from fossil fuels (23.0%) decreased 6.5% yoy and consumption of energy from other sources (2.6%) decreased 3.6% yoy. This evolution shows a trend towards more sustainable sources of energy, which is part of our strategy and it is further confirmed by Sonae's performance related to the production of renewable energy. The effective production of energy from renewable sources increased 123.0% to 114,391 GJ, out of which 76.2% (87,216 GJ) was consumed and the remaining 23.8% was injected into the grid (27,175 GJ). This positive performance benefits from the results of a comprehensive set of actions implemented within the scope of our CO₂ roadmaps that directly target more sustainable and efficient energy consumption. This is exemplified by the increase of photovoltaic infrastructure company-wide, in particular, it is worth highlighting the construction of the Azambuja Distribution Centre with an annual production capacity of 4GWh, the monitoring and optimisation of equipment usage, the electrification of the vehicle fleets, the strengthening of the backhaul programme and the establishment of Power Purchase Agreements with Shell that benefits from the emissions associated with the electricity of MC.

Energy consumption
(GJ)



Energy consumption by source
(GJ)



Nature and Biodiversity

Nature is our life support and it is in deep distress, with impacts that cannot always be predicted, but that will significantly affect our lives. Our ecosystem is severely unbalanced, and it is vital to act, and to act now! Sonae is a strong and determined advocate of a more ambitious and comprehensive approach towards Nature and Biodiversity. We need to protect the biomes, biodiversity and natural water cycles. Our roadmap focuses on a long-term perspective and we are working to define our goals aligned with leading scientific knowledge, and centred not only on the preservation, but also on the restoration of Nature and Biodiversity. A better Planet cannot be about preserving what we have, it also has to be about rebuilding some of what we have lost, this is the only possible scenario if we want to accelerate restoring balance to our ecosystem.

Sonae's performance on Nature and Biodiversity can be measured in three areas:

- engaging in global collaborative networks to support nature-positive agendas;
- using its voice as an instrument to promote change by disseminating information and raising awareness; and
- the establishment of specific targets and the deployment of the necessary actions and resources to achieve them.

Sonae endorses several pledges towards the protection of Nature and Biodiversity, in addition to the Paris Pledge for Action, which directly relate to Nature, we subscribed to the **Business for Nature's Call to Action** (WEF, UN Global Compact, WBSCD) and to the **act4nature (Business Council for Sustainable Development Portugal)**. Also, we collaborate with several working groups including the **Champions for Nature Community (World Economic Forum)**, **Corporate Engagement Program (Science Based Targets Network)**, **Nature Action (World Business Council for Sustainable Development, WBCSD)**.

In 2021, we subscribed to the **act4nature** and we defined an ambitious set of commitments for the 2021-2030 period that will inevitably shape our future performance. The goal for our participation in these forums is twofold. On one hand, we share and acquire knowledge and expertise, which allows us to speed up and increase the impact of our efforts and, on the other hand, we have the opportunity to actively contribute to shaping the international agenda towards a better Planet.

When Sonae speaks, we speak to be heard and we boldly push forward our agenda for a better Planet. We use all opportunities to engage our stakeholders about the need to actively care for Nature and Biodiversity. In 2021, Sonae participated in a wide and diverse range of events. It is worth mentioning the "How to strengthen SMART corporate commitments for biodiversity? Lessons learned from the "act4nature frameworks" at the European Business & Nature Summit 2021 and the "UNDP Nature for Life Hub 2021 - Toward a Nature-Positive Future", an event in which, according to the organisers, our message was expected to reach more than 150,000 people. Sonae also actively participates in several public consultation initiatives by governments and regulators. To name but a few, "Business for Nature's position on the CBD's First Draft of the Post-2020 Global Biodiversity Framework", through the WBCSD and Business for Nature, "Public Consultation on the Proposal for the Revision of the Land Use, Land Use Change and Forestry Directive", and "Call for feedback by the Platform on Sustainable Finance on the draft report on the preliminary recommendations for technical screening criteria for the EU taxonomy". Furthermore, Sonae promoted several training initiatives for its team members directly

working in this area of action, including specific training on deforestation, biodiversity and the preservation of water resources. In 2021, Continente's fruit and vegetable supply chain is the first and only in the world to obtain the GLOBALG.A.P. Certification, the global reference for best agricultural practices, certified by independent entities. This certification guarantees total transparency in the commercialisation of fruits and vegetables from responsible and sustainable agriculture, which ensures the well-being of workers and the application of the best production methods, guaranteeing food security and the preservation of natural resources. MC has 69 fruits and vegetables producers certified.

In terms of actions, **Sonae Forest** is our flagship project. It connects several dimensions of nature protection and fosters the restoration of Biodiversity, helping to reverse the impact on our ecosystem. Sonae Forest aims at reforesting 1,000 hectares by planting thousands of selected species of native trees that will promote sustainable wood production, high levels of carbon sequestration, local biodiversity and restoration of water lines. In 2021, 56 hectares were invested representing more than 82 thousand trees, the equivalent to 7,000 tonnes of CO₂ emissions compensated. Sonae Forest is a project that brings together all Sonae companies and will impact our environmental performance for years to come, giving true meaning to our motto of shaping the future, today for tomorrow's generations.



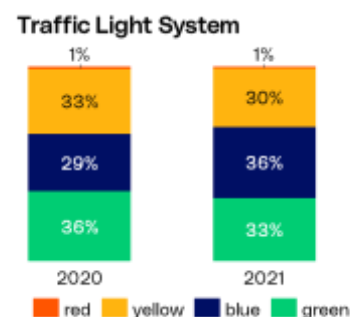
MC implemented the project “*Searas de trigo com biodiversidade: salvemos a Águia-caçadeira*” (Wheat farming and biodiversity: Saving the Montagu's Harrier), which is now working with 26 national producers, covering 1,500 hectares of land. All fields are monitored for the conservation of biodiversity and, specifically, the conservation of endangered birds. This project has monitored 13 harvests, corresponding to 7 tonnes of flour used daily in Continente's bakeries.

Our retail activities also impact Nature and Biodiversity through the consumption habits of our customers. On this front, our actions focus on raising awareness of the impact on the ecosystems where goods are being sourced and by promoting more nature-friendly alternatives both as an option to the consumer and by carefully selecting our sources and suppliers. We believe that an informed customer can make a better choice.

As an example, we monitor the implementation of our Fishing Policy and we adjust our offer to protect vulnerable species.

Simultaneously, we communicate to our customers the source and risk associated with each fish species via our colour code, the **Traffic Light System**, that publicly discloses the environmental impact of fisheries on species sold. Between 2020 and 2021, we verified a reduction of the consumption of species in the yellow and red categories of 3.3pp (to 30.0%) and 0.3pp (to 0.9%), respectively.

The consumption of species in green and blue categories now represents 69.0%, compared to 65.4% in 2020.



We are also in the process of carefully validating the sustainability of product sources, particularly concerning the risk of deforestation, usually associated with the origin of several raw materials such as

palm oil, soy, wood, cattle, tea, coffee and cocoa. Ultimately, we want to ensure that our own brand products we offer come from sustainable sources.

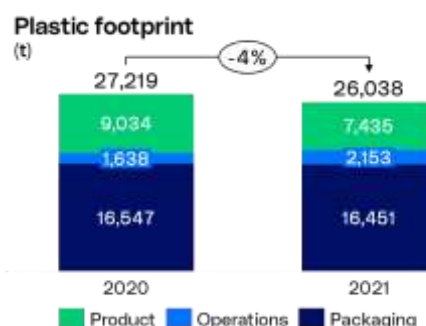
Finally, we continued to combat food waste, which has a direct impact on the use of natural resources. Our actions aim at reducing food waste, both through adjusting consumption habits and by promoting a more circular economy with minimum waste. The LifeFoodCycle project is at its initial state, but it will be a significant tool in tackling food waste by allowing better management of surplus food and by targeting, through a marketplace, the most appropriate channel for surplus food: client, business or as a donation. In 2021, through our food donation programme, Pink Labels, which labels items that are close to their expiration date, and *Caixas Zero% Desperdício* we avoided around €37.1m of food waste.

The protection of water resources is also a core component of protecting Nature and Biodiversity and Sonae also contributes positively to this field. Salsa has introduced an innovative solution that will reduce water consumption by 80% in the production of its jeans (saving more than 82 million litres) between 2021 and 2023, and the Sierra Dive® programme continues to deliver a stellar performance. Dive® is an innovative tool to measure and optimise water consumption in shopping centres. In 2021, €300 thousand in costs were avoided due to water savings initiatives implemented throughout the years (including Dive® measures), and water consumption dropped 13%, compared to the previous year.

Plastic

Sonae's stronghold in retail exposes our operations to the intensive use of plastic and we are actively and continuously monitoring the use of plastic and committed to finding solutions to reduce the use of plastic and to ensure its recyclability. Additionally, Sonae has partnered with several research institutions to identify innovative sustainable alternatives to plastic. Our plan towards plastic is ambitious as it involves not only Sonae but all our partners across the supply chain and our customers. We have to work together to reduce the use of plastic upstream, we need to adapt our activities towards plastic-free operations, and we have to raise the awareness of our customers towards the responsible use of plastic and its correct disposal. Reduce, reuse and recycle is a motto that must become intrinsic to today's society.

Sonae joined the **Portuguese Pact for Plastics in 2020 and has pledged that by 2025, 100% of the plastic packaging of its own products will be reusable, recyclable or compostable and to incorporate, on average, 30% recycled plastic into new plastic packaging.** Our efforts to improve a circular economy for plastic were recognised by the Ellen MacArthur Foundation with MC ranking 3rd worldwide amongst retail operators in recycling and use of recycled or compostable packaging.



In 2021, Sonae used 26,038 tonnes of plastic, **a reduction compared with 27,219 tonnes (-4.3%) in 2020.** Taking a closer look at our plastic footprint, packaging represents 63.2%, product 28.6% and operations 8.3%. In packaging and at the product level the use of plastic was reduced by 0.6% and 17.7%, respectively. Additionally, we increased the **packaging recyclability rate from 73.0% to 73.6%**, considering the recyclability matrix of *Sociedade Ponto Verde* (SPV, Eco Point Society).

All these trends, considering the significant recovery of economic activity, represent a very relevant performance. Although, by source, the use of virgin plastic increased to 22,807 tonnes (+2.3%), while the use of recycled plastic decreased 34.3% yoy. Nonetheless, the use of recycled plastic now represents 11.9% (vs 11.1% in 2020) in packaging, meaning that this avoided almost 2 tonnes of virgin material.

Sonae continues to be determined to increase the level of recyclability of the plastic packaging of its products. At Worten the most representative volume of plastics is associated with large household equipment that currently does not have a recyclability solution available on the market. Zeitreel made significant progress with the elimination of plastic bags and product packaging (both recycled plastic).

Worten Transforma continues its path of remarkable achievements and, in 2021, it collected more than 5,156 tonnes of Waste from Electrical and Electronic Equipment (WEEE) to a total of more than 66,000 tonnes in 12 years, which translates to more than 24,000 new pieces of donated equipment. Worten has initiated a pilot project that uses the plastic WEEE collected to manufacture furniture for its stores, this furniture is 100% recycled and recyclable.

Additionally, in terms of projects with potential future impact, MC is introducing Deposit Refund Schemes (DRF) with the installation of Reverse Vending Machines for the collection of used bottles and cans and it is involved in several research initiatives to find alternatives to plastic packaging, like the YPACK project exploring biodegradable and compostable packaging made from food waste. Sierra is part of a project that is developing a tool to assess and understand the current level of circularity of its businesses focusing on creating opportunities that can be implemented across the whole of its portfolio.

Our companies are continuously committed to being part of the world's solution for the plastic issue.

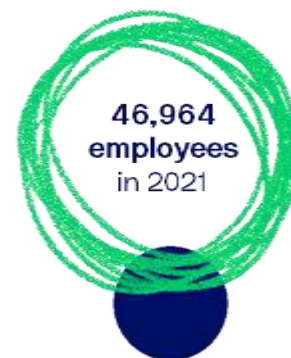


Inequalities and Inclusive Development

Sonae's performance towards a more inclusive society goes well beyond measuring the number of people. Across the whole portfolio, there were significant developments that demonstrate our commitment to offering equal opportunities to everyone.

In the middle of this pandemic context, Sonae stood by its people and, during 2021, our team increased in terms of size, diversity and qualifications. Sonae now employs 46,964 people, an increase of 754 new positions. **Women prevail as the dominant gender**, representing 66% of our total workforce, a proportion that has remained stable since 2020.

Sonae also **reinforced the inclusive recruitment policy** with the new "People with a Difference" project, a comprehensive strategy implemented across the Group. As part of this new approach, we are now monitoring the number of employees with a disability, to screen the Group's performance. In 2021, 0.5%



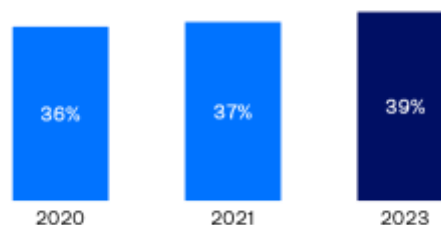
of our workforce were people with disabilities (251 employees) and increasing this number will be a key priority for the upcoming years.

In parallel, we improved our **team's qualification and skills by increasing the total of training hours by 12.4%** (2021: 1,214,414 hours vs 2020: 1,080,117 hours) and our merit-based system recognised the potential of 8,912 (19%) colleagues with promotions. Sonae's unique and diverse portfolio offers relevant opportunities for people to develop their skills and experience as they are exposed to different sectors and different environments. In 2021, 10% (4,399 colleagues) of our team was involved in internal mobility programmes across the portfolio.



Sonae continuously monitors its performance in **gender equality** and in 2021, **women in leadership positions represented 37%** compared to 36% in 2020. **Sonae is on track to achieve the commitment of having 39% women in leadership positions by 2023.** Our efforts were recognised for the second year in a row with the **Leading Together Index Award** (30% of the Board of Directors are women) and, for the first time, Sonae has integrated the

Women in leadership positions
Performance against 2023 target



Bloomberg Gender Equality Index with a score above average. Our performance in gender equality also encompasses several projects that are addressing this social issue at different levels. Amongst these projects, we have the Girl Move initiative, which offers internships to young female Mozambicans so that they can be better prepared to thrive in their careers and to fight inequality and poverty and the Chair ÚRSULA by KASA that raises awareness about discrimination and directs funds to the *Plataforma Portuguesa para os Direitos das Mulheres*.

Sonae is actively involved and leading several initiatives that will shape tomorrow's job market and will significantly contribute to the creation of social value. The speed of technological evolution and digitalisation is deeply widening the gap between skills on offer and in demand, with a significant social and economic impact associated to unemployment. We are leading the Re-skill for employment (R4E) of the European Round Table for Industry (the PRO_MOV project in Portugal) and **we actively contribute towards the reskilling of 1 million European people by 2025 and 5 million by 2030.**

Sonae is particularly focusing on the wellbeing and safety of its team. The programme *Somos Sonae* is focused on supporting colleagues and their families that found themselves in a vulnerable social or economic situation. This programme was reinforced during the pandemic to extend our support in such challenging times. In 2021, *Somos Sonae* attended 205 requests, an increase of 35.8% compared to 2020, reaching 496 people (vs 385 in 2020, an increase of 28.8%) and proving support in the amount of €244 thousand, an increase of 8.9% from €224 thousand of the previous year.

Community Support

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

Sonae's community support efforts during 2021 were strongly driven by the pandemic context that spread waves of social disruption with many members of our community suddenly finding themselves in a vulnerable situation. Sonae stood up and worked together with several organisations to be more efficient and reach more people.

In 2021, we invested €21.3m in our communities, an increase of 57.6% from €13.5m, reaching 1,271 organisations (vs 1,208 in 2020, +5.2%yoy).

In-kind support increased by 72.7%, to a total of €19.4m, which is complemented with an additional €1.9m in financial support (vs €2.3m in 2020). These contributions cover five distinct areas: social solidarity, health and sport, raising environmental awareness, culture, education and science and innovation.

Considering that the health and safety of our team must come first, during the pandemic context, we did not promote high-contact volunteering initiatives amongst our team. However, our entire portfolio was still active in supporting and promoting initiatives with a direct impact on our communities. BAGGA joined Mastercard to collect funds for the United Nations World Food Programme. Universo launched a campaign to support restaurants, an industry particularly affected by the pandemic. MC launched *Pasta Caju* to support basic nutrition to children in Guinea-Bissau. Zeitreel supported the Breast Cancer initiative *Movimento Rosa*.

As remarkable as these numbers may be, there is still work to be done as we constantly strive to reach higher.



Our share performance

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

Sonae's shares increased 52% from €0.66 to €1.03, an outperformance when compared to PSI and reached a Total Shareholder Return (TSR) of 61%. TSR measures the total return to Sonae's shareholders, including both share price appreciation and dividends paid and is the market-related measure of our progress against our goal of delivering long-term economic value for our shareholders. In fact, Sonae was an **Equity Champion** in the Portuguese Stock exchange in 2021.



Shareholder Structure

Sonae is a company controlled by a main shareholder with a stable shareholder structure, which is reflected in a focus on long-term performance. At the end of 2021¹⁰, free-float represented 41% and the average daily volume stood at 3.4 million shares during 2021, clearly above 2020.



Sell side and buy side: a close dialogue with analysts

At the end of 2021, seven analysts from international banks and brokers were covering Sonae's shares with a "Buy" recommendation and average target price of €1.34.

¹⁰ The information above refers to the dates of the latest qualified shareholding notifications received from the respective shareholders.

During this year, and given the travel restrictions and social distancing, the investor relations department maintained its connection with the market, and participated in nine virtual conferences and roadshows (most of them virtual), with a total of more than 380 interactions with investors and analysts.

Individual net income

Sonae, SGPS, SA operations, on a stand-alone basis, are essentially associated with the management of the shareholdings in its subsidiaries. In 2021, the individual net income of Sonae, SGPS, SA stood at 362,639,732.16 euro, which compared with 75,265,295.02 euro last year.

The amount of 1,315,538.05 euro is already reflected in the net profit for the year, as variable remuneration of the Company's executive directors and employees, paid as distribution of net profit, pursuant to paragraph 2 of article 31 of the Articles of Association. The variable remuneration of the executive directors is determined by the proposal from the Shareholders' Remuneration Committee, as the body responsible for the execution of the remuneration policy approved at the Shareholders' General Meeting held on April 30th, 2021.

Dividend Policy and appropriation of the financial year net income

Sonae's dividend distribution policy guarantees a 5% increase of dividend per share every year, except in exceptional years, such as during a crisis, when Sonae decides to protect liquidity and the Board of Directors can propose to keep the same amount as distributed in the previous year.

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

The net profit, in the amount of 362,639,732.16 euro, are allocated as follows:

- Legal Reserves: 18,131,986.61 euro
- Dividends: 102,200,000.00 euro
- Free Reserves: 242,307,745.55 euro

The Board of Directors accordingly proposes that a gross dividend of €0.0511 per share is paid to the shareholders, excluding from the total dividends of €102.2m, the amount of dividends that would be attributable to the shares that, at the dividends distribution date, are held by the Company or by any of its subsidiaries, which should be added to the Free Reserves.

The proposed dividend corresponds to a dividend yield of 5.1% based on the closing price as at December 31st, 2021 (which stood at €1.003), and a payout ratio of 38%¹¹ of the consolidated direct income attributable to equity holders of Sonae.

¹¹ Assuming own shares as of 31.12.2021 totalling 85,146,422.

Awards and recognitions during the year



Sonae was recognised **Leadership A+** for its environmental reporting policy, recognising **Sonae as one of the World Leaders**.



Sonae was an **Equity Champion** in the Portuguese Stock exchange in 2021, with a Total Shareholder Return of 61%.



Sonae's **gender equality performance was recognised for the 2nd consecutive year** with the Leading Together Index Award and was included in the 2022 Bloomberg Gender Equality Index



As of December 2021, Sonae was recognised with the **highest rating in the Environmental and Governance pillars of the ISS ESG Rating**, and with a classification of 2 in the social pillar in a scale from 1 (higher disclosure) to 10 (lower disclosure)



The Ellen MacArthur Foundation recognised MC as the **3rd best retail company worldwide** in recycling and use of recycled or compostable packaging.



Sierra has been recognised by **GRESB Real Estate Assessment as Green Star** for 13 consecutive years, achieving the highest possible rating of 5 Stars for both Sierra Prime and Iberia Coop funds in 2021.



Sierra has been named as the **winner of a Bronze Stevie® Award in the "COVID-19 Response Categories – Most Valuable Corporate Response"** for its "Coronavirus Pandemic - Rise-up and Reinvent retail real estate operations"

Main announcements in 2021

January 13th: Sonae informed on the reorganisation of the Spanish operation of its subsidiary Worten – Equipamentos do Lar, S.A.

January 29th: Sonae informed on Sonae MC 2020 Trading Statement.

March 1st: Sonae informed about the completion of the transaction by its subsidiary Worten Equipamentos do Lar, S.A. with Media Markt Saturn S.A.U.

March 5th: Sonae informed about communication received from Grosvenor Investments (Portugal) S.Àr.L.

March 17th: Completion of the purchase of 10% of the share capital of Sonae Sierra held by Grosvenor Investments (Portugal) S.Àr.L, for the price of €82.16 million, following the exercise by Grosvenor of its put option right, as announced to the market on March 5th. The main impact of this transaction on the Group's consolidated financial statements will be the transfer of Reserves from "Non-Controlling Interests" to "Equity Holders of the Parent Company", since Sonae already holds a controlling shareholding of 70% in Sonae Sierra.

April 1st: Sonae informed on partnership between Sonae Financial Services and Banco CTT and informed on Annual Report 2020.

April 30th: Sonae informed on resolutions taken at Sonae's AGM and about dividend payment.

Sonae also informed about Sonae MC Annual Report 2020.

May 25th: Sonae informed that Sonae MC has reached an agreement to sell its 50% in Modelo – Distribuição de Materiais de Construção S.A. ("Maxmat").

June 1st: Sonaecom, a Sonae subsidiary, informed that Sonae IM, together with the remaining shareholders, reached an agreement with Claranet Portugal, S.A. to sell the entire share capital and voting rights of Digitmarket – Sistemas de Informação S.A. ("Bizdirect").

July 15th: The Portuguese Competition Authority concluded the analysis of the sale of 50% Modelo – Distribuição de Materiais de Construção S.A. to an entity fully owned by BME Group, having adopted the decision of non-opposition regarding the respective merger control operation.

July 16th: Sonaecom, a Sonae subsidiary, informed that the transaction between Sonae IM and Claranet, regarding the sale of the entire share capital and voting rights of Digitmarket – Sistemas de Informação S.A. ("Bizdirect"), has been completed, following the approval from the competent competition authority and the verification of the conditions precedent agreed between the parties.

July 31st: Sonae informed that it has reached an agreement to sell 24.99% of the share capital of Sonae MC, SGPS.

August 18th: Sonae informed about the completion of the transaction regarding the sale of 24.99% of the share capital of Sonae MC. Sonae MC, SGPS, S.A. informed about the recomposition of the Board of Directors.

September 1st: Sonae informed about the completion of the sale, by its subsidiary Sonae MC, SGPS, S.A., of its 50% stake in the share capital of Modelo – Distribuição de Materiais de Construção S.A. ("Maxmat").

September 6th: Sonae informed about the acquisition, by its subsidiary Sonae Food4Future, SA, of 95.4% of the share capital and voting rights in Claybell Limited (owner of 100% of Gosh Food Limited).

September 15th: Sonae informed on plan for gender equality 2022.

September 24th: Sonae announced the appointment of the Substitute Secretary of the Company.

September 28th: Sonae informed on cash settled equity swap termination.

September 30th: Sonae informed on qualified shareholding.

October 27th: Sonae MC informed about the recomposition of the Board of Directors.

NOS SGPS, SA informed about the end of 5G auction.

November 3rd: Sonae informed on Portuguese Competition Authority decision.

December 23rd: Sonae informs that its subsidiary SFS – Gestão e Consultoria, SA has reached an agreement to sell its 50% share capital in MDS SGPS, SA

December 28th: Sonae informs on transaction by Person Discharging Managerial Responsibilities

Subsequent events

January 25th: Sonae informs on Sonae MC 2021 Trading Statement

February: Sonaecom received a gross amount of €35.2m from Armilar Ventures Funds III, following the conclusion of the sale of Safetypay to Paysafe, which was pending some regulatory approvals.

March 16th: Completion of the purchase of 10% of the share capital of Sierra held by Grosvenor Investments (Portugal) S.Àr.L, for the price of €83.5 million, which represents an implicit discount of c.10% over Sierra's NAV at the end of 2021, following the exercise by Grosvenor of its put option right. Following completion of this transaction, Sonae now holds 90% of the share capital and voting rights in Sierra. The main impact of this transaction on the Group's consolidated financial statements will be the transfer of Reserves from "Non-Controlling Interests" to "Equity Holders of the Parent Company", since Sonae already holds a controlling shareholding in Sierra.

March 30th: MC was the target of a cyberattack which affected some in-store services and the availability of its e-commerce websites. However, store operations were never interrupted, and at the approval date of this report, the situation is normalised. This incident had no impact on the financial statements as of 31 December 2021 and did not prevent the company's operations going forward.

Outlook

2022 is expected to be a year of clear recovery from the pandemic, given all the progress made in vaccination programs around the World. However, another unforeseen event is now having a severe impact on the lives of millions of people and will undoubtedly have serious consequences for the global economy. The war in Ukraine is already producing multiple effects in the macroeconomic and trade environment, which has become increasingly volatile as the situation escalates and as the World reacts with heavy sanctions imposed on Russia and Belarus. This will certainly be another challenging year.

MC

MC will remain focused on exceeding customer expectations and winning in the Portuguese food retail market. The company's retail ecosystem will continue its path of solid growth, adjusting to changes in consumer purchasing behaviour, balancing competitive pressures, and mitigating potential incremental cost burdens, always anchored by a balanced capital structure.

Worten

After a quite successful year, marked by the restructuring of the operations in Spain, an acceleration of digital and a reinforcement of market leadership, Worten will continue strengthening its omnichannel ecosystem of products and services.

Sierra

During 2021 Sierra reinforced its teams, initiated a transformation program and built a significant pipeline of opportunities to be seized during 2022, including the expansion of its investment management activity, the execution of its development pipeline, the expansion of its services coverage, and future-proofing its shopping centre portfolio.

Zeitreel

Zeitreel should turn the page after two challenging years. The beginning of 2022 delivered positive signs, showing sales and profitability already at (or even surpassing) 2019 levels. The rest of the year should reinforce this trend, with all Zeitreel banners executing their growth strategies across all channels and geographies.

Universo

Universo will keep working towards the complete stabilization of its partnership with Banco CTT, while maintaining its focus on the development of value-added products towards a more liberalized access to financial services in the Portuguese market.

Bright Pixel

Bright Pixel will continue to follow its investment strategy anchored on its active and specialized approach being always aware of market opportunities in retail-tech, digital infrastructure and cybersecurity, while leveraging on the successful track record of recent years.

NOS

NOS is in a solid position to lead the 5G revolution in Portugal and unlock the potential of this technology to improve people's lives and the innovation and productivity of businesses. The company will maintain its strategic focus on growing market share while moving forward in its transformation plan. As a shareholder, Sonae remains committed to ensuring the conditions NOS needs to develop its ambitious strategy.

ISRG

Looking forward, ISRG will consolidate its recent acquisitions and maintain the very positive trading performance of recent months, by focusing on its distinctive value proposition and operating model, with the goal of becoming a sporting goods leader in Europe.

Closing remarks and acknowledgements

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

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

Approved at the meeting of the Board of Directors held on April 4th 2022.

The Board of Directors

Duarte Paulo Teixeira de Azevedo, Chairman

Ângelo Gabriel Ribeirinho dos Santos Paupério, Non-Executive Director

José Manuel Neves Adelino, Non-Executive Director

Margaret Lorraine Trainer, Non-Executive Director

Marcelo Faria de Lima, Non-Executive Director

Carlos António Rocha Moreira da Silva, Non-Executive Director

Fuencisla Clemares, Non-Executive Director

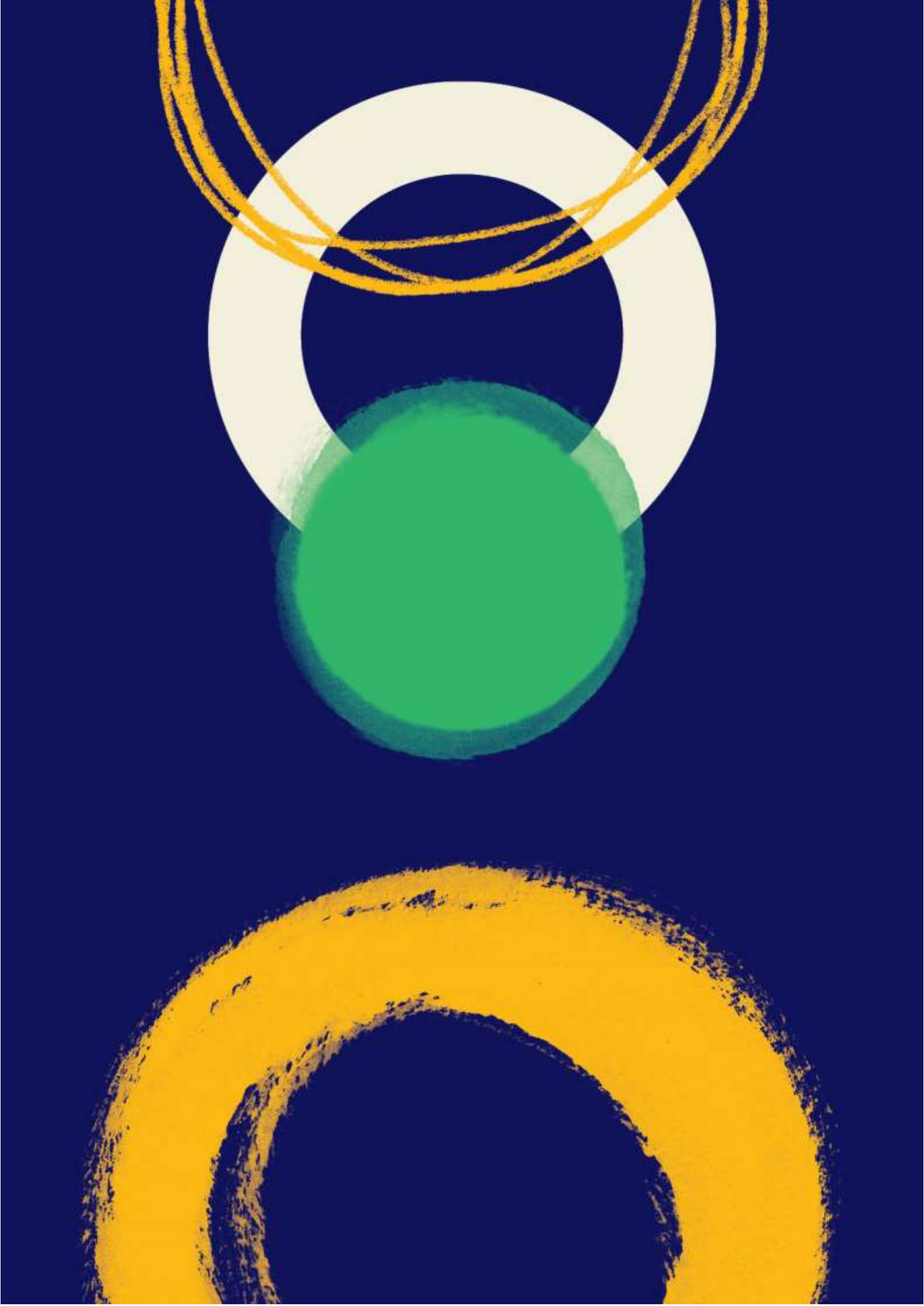
Philippe Cyriel Elodie Haspeslagh, Non-Executive Director

Maria Cláudia Teixeira de Azevedo, Executive Director (CEO)

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

Glossary

Aggregated online sales	Online sales including marketplaces, considering 100% ownership of all Sonae's businesses (fully and equity consolidated).
Capex	Investments in tangible and intangible assets and investments in acquisitions.
Direct results	Results before non-controlling interests excluding contributions to indirect results.
(Direct) EBIT	Direct EBT - financial results.
EBITDA	Underlying EBITDA + equity method results + non-recurrent items.
EBITDA margin	EBITDA / turnover.
(Direct) EBT	Direct results before taxes.
EoP	End of period.
Indirect results	Includes Sierra's results, net of taxes, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses of non-current assets (including goodwill) and (iv) provision for assets at risk. Additionally and concerning the remaining Sonae's portfolio, it incorporates: (i) impairments in retail real estate properties; (ii) reductions in goodwill; (iii) provisions (net of taxes) for possible future liabilities and impairments related with non-core financial investments, businesses, assets that were discontinued (or in the process of being discontinued/repositioned); (iv) results from mark to market methodology of other current investments that will be sold or exchanged in the near future and from other related income (including dividends); and (v) other non-relevant issues.
Investment properties	Shopping centres in operation owned and co-owned by Sierra.
Lease Liabilities	Net present value of payments to use the asset.
Like for Like sales (LfL)	Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods.
Loan to Value (LTV) - Holding	Holding net debt (average) / NAV of the investment portfolio plus Holding net debt (average).
Loan to Value (LTV) – Sierra	Total debt / (Investment properties + properties under development), on a proportional basis.
INREV NAV Sierra	Open market value attributable to Sierra - net debt -minorities + deferred tax liabilities.
Net asset value (NAV) of the investment portfolio	Market value of each Sonae's businesses – average net debt – minorities (book value)
Net debt	Bonds + bank loans + other loans + shareholder loans - cash - bank deposits - current investments - other long-term financial applications.
Net financial debt	Net debt excluding shareholders' loans.
Net invested capital	Total net debt + total shareholders' funds.
Other loans	Bonds and derivatives.
Right of use (RoU)	Lease liability at the beginning of the lease adjusted for, initial direct costs, advance rent payments and possible lease discounts.
RoIC	Return on invested capital. Calculated with proportional figures and with Sierra and Bright Pixel at historical cost.
Total Net Debt	Net Debt + lease liabilities
Total Shareholder Return (TSR)	Profit or loss from net share price change, plus any dividends received over a given period.
Underlying EBITDA	Recurrent EBITDA from the businesses consolidated using the full consolidation method.
Underlying EBITDA (uEBITDA) margin	Underlying EBITDA / turnover.



Shaping tomorrow with true leadership

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Part I

Shareholders' Structure,
Organisation and
Corporate Governance

PART I

A. SHAREHOLDERS' STRUCTURE

I. Share Capital Structure

1. Share Capital Structure

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

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

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

2. Restrictions on the transfer of ownership of shares

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

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

On 31st December 2021, the Company held 85,146,422 own shares, representing 4.2573% of the Company's share capital, which would correspond to the same percentage of voting rights.

4. Significant agreement with ownership clauses

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

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

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

Sonae has, as well, contractual protection mechanisms, including a call-option right on Grosvenor shareholding in case the latter ceases to be controlled by its current reference shareholder. This is a standard clause in this type of agreements, having been disclosed to the market for several years in this

Report, and it is not considered as suitable to harm the economic interest in the transferability of shares.

5. Defensive measures in case of change of control

No defensive measures were adopted by the Company.

6. Shareholders' agreements

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

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

7. Qualified shareholdings

Qualified shareholding, by reference to 31st December 2021, consistent with the definitions in force at the date of article 16 of the Portuguese Securities Code, relying on the notices received by the Company, the respective attributable share capital and voting rights, as well as the source and the grounds for such attribution, calculated according to article 20 of the Portuguese Securities Code, as required by article 8 paragraph 1, subparagraph c), of the Portuguese Securities Market Commission (CMVM) Regulation no. 05/2008:

Shareholder	Nr. of shares	% Share capital and voting rights*	% of exercisable voting rights**
Efanor Investimentos, SGPS, S.A. (I)			
Directly	200,100,000	10.0050%	10.4499%
By Pareuro, BV (controlled by Efanor Investimentos, SGPS, S.A.)	849,533,095	42.4767%	44.3654%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, S.A.)	14,901	0.0007%	0.0008%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, S.A.)	724,707	0.0362%	0.0378%
By Duarte Paulo Teixeira de Azevedo (Director of Sonae, SGPS, S.A. and Efanor Investimentos, SGPS, S.A.)	30,000	0.0015%	0.0016%
By Ângelo Gabriel Ribeirinho dos Santos Paupério (Director of Sonae, SGPS, S.A. and Efanor Investimentos, SGPS, S.A.)	444,625	0.0222%	0.0232%
By Migracom, S.A. (company controlled by Efanor Investimentos, SGPS, S.A.. and Sonae, SGPS, S.A.'s Director Duarte Paulo Teixeira de Azevedo)	4,221,599	0.2111%	0.2205%
By Linhacom, SGPS, S.A. (company controlled by Efanor Investimentos, SGPS, S.A.. and Sonae, SGPS, S.A.'s Director Maria Cláudia Teixeira de Azevedo)	189,314	0.0095%	0.0099%
By Enxomil - Consultoria e Gestão, SA (company controlled by Efanor Investimentos, SGPS, S.A.. and Sonae, SGPS, S.A.'s Director Ângelo Gabriel Ribeirinho dos Santos Paupério)	2,021,855	0.1011%	0.1056%
By Enxomil - Sociedade Imobiliária, SA (company controlled by Efanor Investimentos, SGPS, S.A.. and Sonae, SGPS, S.A.'s Director Ângelo Gabriel Ribeirinho dos Santos Paupério)	662,987	0.0331%	0.0346%
By Carlos António Rocha Moreira da Silva (Director of Efanor Investimentos, SGPS, S.A.)	50,000	0.0025%	0.0026%
Total attributable to Efanor Investimentos, SGPS, S.A.	1,057,993,083	52.8997%	55.2519%
Criteria Caixa, S.A.	40,019,035	2.0010%	2.0899%
Total attributable to Criteria Caixa, S.A.	40,019,035	2.0010%	2.0899%

Source: communications received by the Company regarding qualified shareholdings up to 31st December 2021.

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

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

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

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

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

Article 447 of the Portuguese Companies Act

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, by the members the statutory managing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 29- R of the Portuguese Securities Code:

Date	Acquisitions		Sale		Position on 31.12.2021	Balance on 31.12.2021
	Number of shares	Aver. Price (€)	Number of shares	Aver. Price (€)		Number of shares
Duarte Paulo Teixeira de Azevedo (*) (**) (***)						
Efanor Investimentos, SGPS, SA (1)					Minority	
Migracom, SA (3)					Dominant	
Sonae - SGPS, SA						30.000
Sale	23/12/2021		1.023.075	0,955		
Ângelo Gabriel Ribeirinho dos Santos Paupério (*) (**) (***)						
Enxomil - Consultoria e Gestão, SA (6)					Dominant	
Enxomil - Sociedade Imobiliária, SA (7)					Dominant	
Sonae - SGPS, SA						444.625
Maria Margarida Carvalhais Teixeira de Azevedo (**)						
Efanor Investimentos, SGPS, SA (1)					Minority	
Sonae - SGPS, SA						14.901
Maria Cláudia Teixeira de Azevedo (*) (**) (***)						
Efanor Investimentos, SGPS, SA (1)					Minority	
Sonae - SGPS, SA (****)						724.707
Linhacom, SGPS, SA (5)					Dominant	
Carlos António Rocha Moreira da Silva (*) (**) (***)						
Sonae - SGPS, SA						50.000
Philippe Cyriel Elodie Haspeslagh (*)						
Sonae - SGPS, SA						112.300
João Pedro Magalhães da Silva Torres Dolores (*)						
Sonae - SGPS, SA						10.306

	Date	Acquisitions		Sale		Position on 31.12.2021	Balance on 31.12.2021
		Number of shares	Aver. Price €	Number of shares	Aver. Price €		Number of shares
(1) Efanor Investimentos, SGPS, SA							
Sonae - SGPS, SA							200.100.000
Pareuro, BV (2)						Dominant	
(2) Pareuro, BV							
Sonae - SGPS, SA							849.533.095
(3) Migracom, SA							
Sonae - SGPS, SA							4.221.599
Aquisition		1.023.075	0,955				
Imparfin - Investimentos e Participações Financeiras, SA (4)						Minority	
(4) Imparfin - Investimentos e Participações Financeiras, SA							
Sonae - SGPS, SA							5.398.465
(5) Linhacom, SGPS, SA							
Sonae - SGPS, SA							189.314
Imparfin - Investimentos e Participações Financeiras, SA (4)						Minority	
(6) Enxomil - Consultoria e Gestão, SA							
Sonae - SGPS, SA							2.021.855
(7) Enxomil - Sociedade Imobiliária, SA							
Sonae - SGPS, SA							662.987

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

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

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

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

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

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

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

B. GOVERNING BODIES AND COMMITTEES

I. Shareholders' General Meeting

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

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

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

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

Board of the Shareholders' General Meeting

Carlos Manuel de Brito do Nascimento Lucena, Chair

Maria Daniela Farto Baptista Passos, Secretary

b. Exercising Voting Rights

12. Restrictions on voting rights

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

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

12.2. Representation

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

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

A shareholder can nominate different proxies for each group of shares held in different securities accounts, without prejudice to the principle of one share one vote, in accordance with article 385 of the Portuguese Companies Act. Shareholders who professionally own shares in their own name but which are held on behalf of their respective clients can vote in different ways.

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

12.3. Voting in writing

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

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

12.4. Voting by electronic means

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

The Shareholders' Annual General Meeting held on 30th April 2021, considering the restrictions arising from the public health situation related to the COVID-19 pandemic and the CMVM recommendations concerning general meetings ("Recommendations in the context of holding General Meetings" published on 20th March 2020), was held by telematic resources, in compliance with subparagraph b) of paragraph 6 of article 377 of the Portuguese Securities Act and with article 24 of the Company's Articles of Association, having the Chair of the Board of the Shareholders' General Meeting encouraged the shareholders to use of the vote through electronic means. For that purpose, shareholders were provided all the necessary means which were verified in order to ensure authenticity and confidentiality. The shareholders were also provided with the all the requested information concerning their participation.

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

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

14. Deliberative Quorum

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

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

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

II. Management and Supervision

a. Composition

15. Identification of the adopted governance model

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

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

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

At the Shareholders' General Meeting held on 30th April 2021 the Selection and Suitability Assessment Internal Policy for Membership of the Management and Audit Bodies was approved, replacing the previous Selection and Assessment Policy for Membership of the Statutory Governing Bodies, this one approved while the Company was subject to the legal framework of Articles 30 to 32 of the General Regime of Credit Institutions and Financial Companies ("Regime Geral das Instituições de Crédito e Sociedades Financeiras" - RGICSF) and in light of which the members of the Board of Directors and of the Statutory Audit Board appointed for the 2019-2022 mandate were evaluated.

The Policy is available at the Company's website, <https://sonae.pt/en/investors/shareholder-s-general->

[meeting/](#) referred to as Proposal number four, presented and approved at the Shareholders' General Meeting held on 30th April 2021.

This policy is guided by underlying principles, including regarding diversity, herewith transcribed:

1. SCOPE OF THE POLICY

The candidates for membership of the Company's management and audit bodies of Sonae – SGPS, S.A. (hereinafter “Sonae” or the “Company”) shall be appointed through clear selection processes that objectively assess their individual and collective suitability, considering the legal and statutory competences of the statutory governing body they will be part of and, if applicable, the executive or non- executive nature of the role to be performed, as well as the scope of the respective functional area. In the selection processes, criteria of meritocracy and diversity in the overall composition of the body shall be taken into account, including gender, to maximise the overall performance of the body and the balance of its respective composition, in accordance with the best market practices and the applicable legal and recommendatory framework.

2. INDIVIDUAL MERIT CRITERIA

2.1. Experience

The candidate's profile should demonstrate experience in the performance of sufficiently senior roles required for the evaluation and challenging of the senior top management of the Group, and the respective attributes of the candidate constituting a relevant contributing towards the definition of the Group's corporate strategy, as well as that of its main subsidiaries.

In the suitability assessment it should be considered the candidate's former experience in complex decision- making processes, subject to time and intricacy constraints, which confirms the candidate's clarity of purpose guided by resilience and perseverance, analytical capacity and communication skills.

2.2. Competence

The candidates should have specialised knowledge in fields of activity, markets and geographies relevant for Sonae's businesses or purposeful technical competences that allow the board, as a whole, to unequivocally identify and evaluate the strategic surrounding and the risk factors associated with the Group's activity.

The candidates should undertake to consistently maintain an updated knowledge, adjusted to a high level of excellence in order to, at each given moment, being qualified, according to the profile of the respective role, to implement, supervise and challenge the Group's strategy and policies.

2.3. Independence and integrity

In the selection process of each candidate consideration should be given to a profile that ensures reliability, loyalty and transparency in the timely fulfilment of the respective fiduciary duties, which is also materially aligned with the best corporate governance practices and with Sonae's values and ethical principles. The candidates' profile should attest his/her capacity for performance of his/her role guided by impartiality, critical thinking, autonomy and independence.

2.4. Availability

The assessment should value a suitable availability for the appropriate performance of the candidate's role and respective responsibilities.

3. REQUIREMENTS FOR THE COLLECTIVE COMPOSITION OF THE BODY

3.1. Complementarity

The body's composition should ensure complementarity between the candidates' profiles in order to maximise the performance of the body, in compliance with the respective legal and statutory role across all relevant areas of performance.

3.2. Diversity

In the selection process of the candidates for the management and audit bodies, it should be promoted the diversity in the composition considering, among other factors, the gender, nationality, education and professional background, to the extent suitable and proportional to the particular competences of the body. The composition of the governing bodies shall always comply with the gender diversity imposed by the applicable law.

3.3. Conflicts of Interests

The Board of Directors and the Statutory Audit Board shall define the internal procedures on the prevention of conflicts of interests, and the required actions to be taken when a conflict of interest or an incompatibility for the performance of the role arises, in line with the best corporate governance practices and the applicable legal requirements.

3.4. Representativeness of Independent Members

The Board of Directors should include a suitable number of independent non-executive members, considering the recommendations of the corporate governance code adopted by Sonae.

3.5. Particular rules for the Statutory Audit Board

The Statutory Audit Board shall, in its composition, respect the legal framework in force at each moment, both with regards to professional qualifications, gender diversity, as well as representativeness of independent members.

4. RESPONSIBILITY FOR THE ASSESSMENT

The responsibility for the assessment of the suitability of the candidates to be appointed as members of the Board of Directors and the Statutory Audit Board, subject to election at the Shareholders' General Meeting, belongs to the proponent shareholder, or shareholders, or, at the request of the proponent shareholder or shareholder, to the Shareholders' Remuneration Committee, whose competences comply with article 399 of the Portuguese Companies Act.

The responsibility for the assessment of the suitability of candidates to be co-opted as members of the Board of Directors pertains, under the applicable legal framework, to the Board of Directors, which can, if it so deems necessary, ground its decision on a proposal from the Board Nomination Committee, as foreseen in the Board of Directors' Internal Regulation and in the Board Nomination Committee's Terms of Reference, available at <https://sonae.pt/en/>. The co-option process described above is nevertheless subject to ratification at the next Shareholders' General Meeting, as required by paragraph 4 of article

393 of the Portuguese Companies Act.

The responsibility for the assessment of the suitability and independence of the Statutory External Auditor and the proposal of the member to be elected for this role lies exclusively with the Statutory Audit Board, under the mandatory legal provisions.”

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

Additionally, the Company approves, since 2019, an annual Plan for Gender Equality, applicable to the employees and members of the governing bodies of the Group, the full content of which is available at <https://www.sonae.pt/en/media/publications/>.

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

16. Rules for nominating and replacing board members

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

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

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

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

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

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

17. Composition of the Board of Directors

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

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

Board of Directors

Duarte Paulo Teixeira de Azevedo, Chair

Ângelo Gabriel Ribeirinho dos Santos Paupério

José Manuel Neves Adelino

Margaret Lorraine Trainer

Marcelo Faria de Lima

Carlos António Rocha Moreira da Silva

Fuencisla Clemares

Philippe Cyriel Elodie Haspeslagh

Maria Cláudia Teixeira de Azevedo

João Pedro Magalhães da Silva Torres Dolores

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

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

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

Board of Directors

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

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

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

In line with the best corporate governance practices and in compliance with paragraph 3 of article 1 of the Board of Directors' Internal Regulation, the Board of Directors, in its meeting held on the 14th May 2019, has appointed the director Margaret Lorraine Trainer as Senior Independent Non-Executive Director ("SID Director") and the director José Manuel Neves Adelino as Lead Non-Executive Director ("Lead Director").

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

- The coordination, in accordance with the Corporate Governance best practices, of the effective performance of the Non-Executive Directors' duties, whether within the Board of Directors or within the Board's specialised committees, granting therefore the existence of strengthened conditions for the independent and informed exercise of such directors' duties;

- The existence of an adequate and time-efficient flow of information to be provided by the Executive Committee, through the compliance with the established transparent information-sharing procedures;
- The compliance with an information disclosure process which ensures a time-efficient access of the remaining governing bodies and committees to the necessary information for the execution of their legal and statutory duties, with the particular disclosure of all convening notices, minutes and documentation supporting the decision-making process;
- The achievement of the scope and mission of the Ethics Committee, which is Chaired by the Lead Non-Executive Director ("Lead Director").

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

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

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

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

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

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

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



The corporate structure is supported by the following corporate areas:



General Counsel and Corporate Governance

Main responsibilities:

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

Tax

Main responsibilities:

- Develop, provide training for and share tax skills;
- Take part in defining tax strategy and objectives, in particular by giving support to the international expansion;
- Provide tax support to the Mergers and Acquisitions activity as well as to restructuring operations;

- Manage Institutional Relations, namely the proactive management of tax matters;
- Optimise tax efficiency, namely by:
 - Controlling and monitoring tax procedures;
 - Ensuring compliance with all tax requirements;
 - Controlling all group Companies' fiscal consolidation.
- Manage the price transfer dossier and the country by country financial and tax declaration (CBCR: country by country report);
- Monitor all open litigation with the tax authorities;
- Provide tax consultancy by analysing several tax matters.

Internal Audit

Main responsibilities:

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

Communication and Brand

Main responsibilities:

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

Corporate Finance and Corporate Treasury

Main responsibilities:

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

Mergers and Acquisitions

Main responsibilities:

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

Risk Management

Main responsibilities:

- Promote a culture of risk awareness throughout the organisation;
- Develop the risk management policy and keep it up to date;
- Develop, implement and maintain the Company's risk management processes and methodologies;

- Coordinate the risk management activities and report its results;
- Identify the critical risks and monitor the development and implementation of risk indicators and risk reduction measures;
- Support the development of procedures for assessing risks, particularly contingency and business succession planning;
- Support Sonae's Risk Management Consulting Group.

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

Main responsibilities:

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

Digital

Main responsibilities:

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

Group Strategy, Planning and Control

Main responsibilities:

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

People and Leadership

Main responsibilities:

- Lead the People function, actively shaping the Group's Culture, leadership mindset and EVP;
- Ensure that Sonae's businesses have competitive edge and future-proof capabilities through activating and deploying collaboratively among the Group's Companies Talent Management, Performance Management, People Development, Total Rewards, Employee Experience and DE&I strategies;
- Drive Sonae's future by challenging status-quo, acting as a change agent and encouraging transformational thinking and creating a culture of continuous learning;
- Define the people strategy overarching principles across the Group, and key people processes that will ensure consistency across different Companies within the Group, whilst respecting our decentralised operating model;
- Steward the Human Resources Advisory Group to guarantee alignment among the Group's Companies and that our People practices remain on strategy;
- Support the Board of Directors in ensuring that conduct and behaviour are consistent with Sonae's values and culture.

Investor Relations

Main responsibilities:

- Lead the People function, actively shaping the Group's Culture, leadership mindset and EVP;
- Ensure that Sonae's businesses have competitive edge and future-proof capabilities through activating and deploying collaboratively among the Group Companies' Talent Management, Performance Management, People Development, Total Rewards, Employee Experience and DE&I strategies;
- Drive Sonae's future by challenging status-quo, acting as a change agent and encouraging transformational thinking and creating a culture of continuous learning;
- Define the people strategy overarching principles across the Group, and key people processes that will ensure consistency across different Companies within the Group, whilst respecting our decentralized operating model;
- Steward the Human Resources Advisory Group to guarantee alignment among Group's Companies and that our People practices remain on strategy;
- Support the Board of Directors in ensuring that conduct and behaviour are consistent with Sonae's values and culture.

Public Affairs

Main Responsibilities:

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

Sustainability

Main Responsibilities:

- Support the Executive Committee in the definition, implementation and monitoring of Sonae's corporate sustainability strategy;
- Ensure compliance with the Sustainability Principles and Commitments assumed externally;
- Coordinate the Sustainability Advisory Group's activity, aiming to pursue the sustainability purpose of Efanor's companies;
- Challenge, advise and monitor each of Sonae's companies in the construction of their sustainability path, through the:

- Monitoring and sharing of internal and external knowledge, trends, solutions and best practices;
 - Fostering of internal and external networking;
 - Capturing synergies between the different companies of the Group,
- Coordinate the consolidation of Sonae companies' sustainability management information for reporting;
- Contribute to the information's consolidation to be reported within the scope of financial markets ESG rating;
- Promote sustainability culture and knowledge, and Sonae companies' practices, internally and externally.

Accounting & Business Solutions (ABS)

Main responsibilities:

- Efficiently and effectively manage all administrative processes of the Company and its retail businesses units, including in the following areas:
 - Accounts Payable;
 - Accounts Receivable;
 - Accounting;
 - Consolidation
- Ensure the effective control of the accounting processes, records and transactions, and also the accuracy and timely reporting of financial, tax and management information;
- Preparation of the individual and consolidates Sonae companies' financial statements.

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

Corporate Finance and Treasury Committee

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

- Analyse and discuss all financial matters considered relevant to Sonae's businesses;
- Keep track of the evolution of debt markets and bank relationships;
- Keep track of the evolution of capital markets;

- Keep track of developments in financial markets;
- Develop reports regarding the financial status of Sonae Group and budget execution;
- Share experiences in the financial areas and best practices and coordinate approach to the financial markets;
- Monitor the financial evolution of the Group and funding policies of each business.

Audit Co-Ordination Committee

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

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

Sonae's Risk Management Consulting Group

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

- Review existing policies and propose new guidelines on risk management;
- Revise the risk management plans for each Sonae company;
- Monitor risk management activities execution, namely through the revision of periodic reports and proposal of recommendations;

- Propose unplanned risk management activities;
- Recommend the acquisition, development and implementation of new risk management systems and methodologies for the Group;
- Foster specialised knowledge in risk management issues.

Human Resources Consulting Group

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

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

IOW Consulting Group

The Improving Our Work Consulting Group is attended by the CEO's of the main businesses of the Group as well as by the persons responsible for the implementation of the best practices of continuous improvement.

This Group meets quarterly and has the following main tasks:

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

Sustainability Consulting Group

The Sustainability Consulting Group is composed of the directors and the heads of functional teams of the Company and of its main businesses with roles in environmental and corporative responsibility. This

consulting group meets quarterly, having the following main goals:

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

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

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

b. Functioning the Board of Directors

22. Internal regulation of the Board of Directors

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

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

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

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

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

Minutes are recorded in a minutes book.

During 2021, 11 (eleven) Board meetings were held, with an attendance rate of 100%.

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

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

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

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

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

25. Predetermined Criteria for evaluating the performance of Executive Directors

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

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

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

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

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

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

The Remuneration Policy was approved at the Shareholders' General Meeting held on the 30th April 2021, and is available at: <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

26. Availability of the members of the Board of Directors

Information on other positions held, whether or not in Sonae Group, by members of the Board of Directors in other entities, as well as information on other relevant activities exercised during 2021, is disclosed in Appendix II to the present Report.

c. Committees within the Board of Directors

27. Identification of committees created by the Board of Directors

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

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

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

27.1 Role and Duties of the Executive Committee

The Executive Committee has all the necessary powers to manage the Company on a day-to-day basis,

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

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

28. Composition of the Executive Committee

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

Management Team

Maria Cláudia Teixeira de Azevedo, CEO

João Pedro Magalhães da Silva Torres Dolores, CFO

28.1. Operating Rules of the Executive Committee

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

The Executive Committee consistently reports to the Board of Directors the content of its main decisions and submits its activities to that body and the supervisory bodies' assessment, making available, in a timely manner, all information, required clarifications, including, if deemed adequate, with the participation of employees from the Group, in order to ensure the thorough clarifications required to the fulfillment of those bodies' competencies.

The Executive Committee can set up internal committees, which will operate dependently to the Executive Committee, to monitor particular matters.

Whenever deemed convenient, the Executive Committee may submit to the consideration of the Board

of Directors any matter within its competencies.

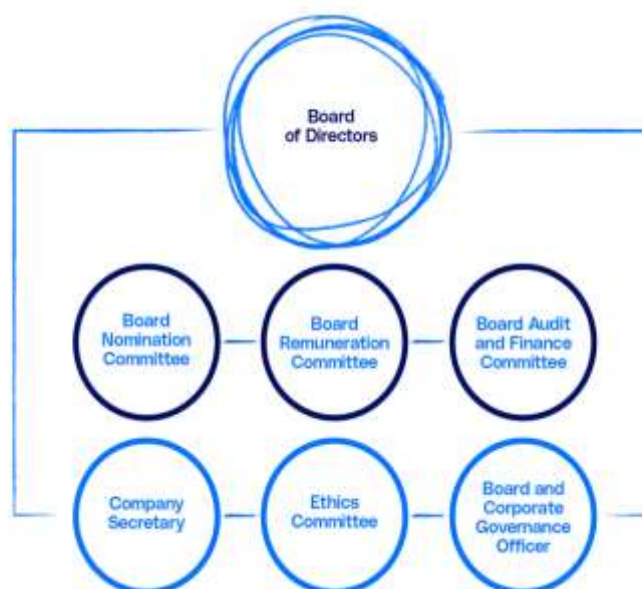
Whilst carrying out its general duty of ensuring access to fully adequate information regarding the correct assessment of its own overall performance, the Executive Committee must deliver periodic reports on its activity to the remaining members of the statutory governing bodies. The Committee must provide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

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

Minutes are recorded in the respective minutes book.

During 2021, 20 (twenty) Executive Committee meetings were held with an overall attendance rate of 100%.

29. Board committees and other advisors to the Board



Board Audit and Finance Committee (“BAFC”)

Role

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

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

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

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

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

- k) Receive and report to the Board of Directors notice made by any director regarding a potential conflict of interest or a limitation on his or her independence as required by the approved policy on conflicts of interest;
- l) Give an opinion on significant relevant transactions made by the Company with related parties, pursuant to the rules set forth in this Regulation and on the regulation of the Statutory Audit Board;
- m) Review and approve the half-year report on related parties' transactions, in light of the legal framework and the Internal Policy on Related Parties' Transactions.

The terms of reference of the Board Audit and Finance Committee regulate the performance of its duties and the respective time schedule for their execution, and is available at

<https://www.sonae.pt/en/investors/government-of-society/>.

Composition

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

Board Audit and Finance Committee

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

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

Operating Rules

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

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

During 2021, 6 (six) meetings of the BAFC were held with an overall attendance rate of 100%.

Board Nomination Committee (“BNC”)

Role

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

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

The terms of reference of the Board Nomination Committee regulate the performance of its duties and the respective time schedule for their execution, and is available at

<https://www.sonae.pt/en/investors/government-of-society/>.

Composition

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

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

Operating Rules

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

During 2021, 1 (one) meeting of the BNC was held, with an overall attendance rate of 100%.

Board Remuneration Committee (“BRC”)

Role

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

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

The terms of reference of the Board Remuneration Committee regulate the performance of its duties and the respective time schedule for their execution, and is available at

<https://www.sonae.pt/en/investors/government-of-society/>.

Composition

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

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

Operating Rules

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

During 2021, 4 (four) meetings of the BRC were held, with an overall attendance rate of 100%.

Ethics Committee

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

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

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

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

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

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

Employees are also made aware internally of Sonae's Code of Ethics and Conduct. During 2021, and in line with the previous practices the Company promoted e-learning internal training courses to employees and members of the statutory governing bodies, concerning business ethics, covering whistleblowing policies and procedures, clarifying staff responsibilities as well as those of the Company's management bodies, and presenting practical examples of situations involving: conflicts of interest, privacy, information confidentiality and integrity, staff relationships and those with the suppliers and business partners.

The Ethics Committee has the following main tasks:

- Foster the existence of means to disseminate the Code of Ethics and Conduct to its main target audience;
- Consider and answer questions sent by the members of the statutory governing bodies of the

Group' companies, as well as those sent by employees, partners or third parties which fall within its scope, making recommendations it deems appropriate to the nature of each case;

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

Any report of irregularities must be sent to the email address of the Ethics Committee:

comissaoetica@sonae.pt.

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

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

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

Composition

Ethics Committee

José Manuel Neves Adelino (Chair)	Lead Non-Executive Director ("Lead Director")
João Günther Amaral	Head of Human Resources
Marta Cordeiro Cunha	Ombudsperson
Luzia Gomes Ferreira	Head of General Counsel and Corporate Governance
David Graham Shenton Bain (Secretary)	Board and Corporate Governance Officer

Operating Rules

The Ethics Committee meets at least twice every year and whenever its Chairman or two of its members convene a meeting. In addition to formal meetings, and if deemed necessary, the Ethics Committee members keep in touch through various forms of long-distance communication. Minutes are kept of all the Committee's meetings and are distributed to all Board Members.

During 2021, 2 (two) meetings of the Ethics Committee were held, with an overall attendance rate of 100%.

Board and Corporate Governance Officer ("BCGO")

Main duties of the BCGO:

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

Company Secretary

The Company Secretary is responsible for:

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

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

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

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

Non-Executive Directors have been performing, in an independent and permanent fashion, the continuous monitoring of the activity of the Executive Committee, influencing the decision-making process of strategic and structural decisions, particularly in the development of the corporate strategy and the main policies, including the risk management policy, monitoring the respective compliance thereof and taking action in the preparation and disclosure of the financial reports, as described in section 55 of this Report.

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

During 2021, the Executive Committee managed the Company on a day-to-day basis, monitoring the business activity under the terms of the delegation of powers to the Executive Committee, and executed the strategic decisions of the Board of Directors, implementing the policies approved by this body.

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

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

III. Audit

a. Composition

Statutory Audit Board

Maria José Martins Lourenço da Fonseca, Chair

Daniel Bessa Fernandes Coelho, Member

Manuel Heleno Sismeiro, Member

Sara Manuel Carvalho Teixeira Mendes, Substitute

30. Identification of the Supervisory Bodies

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

31. Composition

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

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

If the Shareholders' General Meeting fails to elect the members of the Statutory Audit Board, the Board of Directors must, and any shareholder may, petition the courts for the necessary appointment.

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

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

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

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

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

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

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

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

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

32. Independence

The majority of the members of the Statutory Audit Board are independent as required by article 414 paragraph 5 and are not in breach of any of the criteria for incompatibility as set out in article 414 A, paragraph 1, both of the Portuguese Companies Act. The Chairman of the Statutory Audit Board is independent, fulfilling thereby the requirement of Article 3, paragraph 2, subparagraph c) of Law no. 148/2015 of 9th September.

The Statutory Audit Board has carried out an assessment of the independence of its members by reference to the year ended 31st December 2021, by obtaining written information on an individual basis.

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

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

b. Functioning

34. Internal regulation of the Statutory Audit Board

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

35. Statutory Audit Board Meetings

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

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

During 2021, 27 (twenty-seven) meetings were held, with an overall attendance rate of 100%. Minutes of all meetings of the Statutory Audit Board were recorded.

36. Availability of the Statutory Audit Board Members

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

c. Duties and competencies

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

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

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

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

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

- the hiring of non-audit services has not affected the independence of the External Auditor;
- the non-audit services have represented a balanced consideration vis-à-vis the services provided;
- the non-audit services, duly framed, did not constitute forbidden services pursuant to the applicable European legislation;
- the non-audit services were provided with high quality and autonomy, as well as with independence from the ones executed under the audit process;
- the quality system used by PWC (internal control), according to the information provided to the

Company, monitors the potential risks of a loss of independence and possible conflicts of interest with Sonae, while also ensuring that the quality of the services provided are in compliance with the rules of ethics and independence.

38. Other duties carried out by the Statutory Supervising Bodies

38.1. Statutory Audit Board

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

- i. Supervising the management of the Company;
- ii. Ensuring that the law, the Company's Articles of Association and internal procedures are observed;
- iii. Verifying the regularity of all books, accounting registers and supporting documents;
- iv. Verifying, whenever deemed convenient, and in the manner deemed appropriate, the extension of cash and of stock of any kind of goods or other values that belong to the Company or that were received by the Company as a guarantee, deposit or otherwise;
- v. Verifying the accuracy of the financial statements, monitoring the process of preparation and disclosure of financial information and presenting recommendations aimed at ensuring their integrity;
- vi. Verifying if the accounting policies and the valuation criteria adopted by the Company provide a correct evaluation of its assets and results;
- vii. Drawing up an annual report for shareholders on the supervision of the Company, which shall include a description of audit work carried out, possible restrictions encountered in the course of that work, and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
- viii. Convening the Shareholders' General Meeting, whenever the Chairman of the Board of the Shareholders' General Meeting fails to do this in circumstances when it was necessary;
- ix. Supervising the efficiency of the risk management system, the internal control system and the internal audit function;
- x. Receiving notification of irregularities presented by shareholders, Company's employees or others;
- xi. Appointing and hire services from experts to help one or more of its members in the exercise of their duties. The hiring and fees of these experts should take in consideration the importance of the underlying matters and the financial situation of the Company;
- xii. To oversee the process of preparation and disclosure of the financial information by the Board of Directors, including the suitability of the accounting policies, estimates, judgements, relevant disclosure and its consistent application between financial years in a duly documented and communicated form;

- xiii. Acting as the primary interface of the Company with the External Auditor and the Statutory External Auditor, approving the criteria for the selection of the Statutory External Auditor, and proposing the appointment or replacement of the External Auditor and the Statutory External Auditor, as well as their remuneration to the Shareholders' General Meeting, as well as the review of their performance, while ensuring that the right conditions exist within the Company for the appropriate carry out their work, being the first point of contact and the first to receive audit reports, without prejudice of the duties and competencies of the Board of Directors on this subject;
- xiv. Supervising the auditing of the Company's financial statements;
- xv. Supervising the existence and maintenance of the Statutory External Auditor's and the External Auditor's independence;
- xvi. Approving, beforehand, the External Auditor's provision of services, and the additional audit services provided as well as approving the respective remuneration, ensuring that the provision of services is permitted by law, not overstepping reasonable limits and in a manner that does not jeopardise the Statutory External Auditor's independence;
- xvii. Issuing a specific and well-sustained report that supports the decision of non-replacement of the External Auditor, giving due consideration to the degree of independence of the auditor under these circumstances and the advantages and costs of replacing them;
- xviii. Supervising the activity carried out by the internal audit;
- xix. Giving a prior opinion about transactions with related parties and analyse the half-year report in the terms set forth in the internal Policy on Related Parties Transactions, in compliance with articles 29-S to 29-V of the Portuguese Securities Code;
- xx. The supervisory governing body is subject to compliance with the competencies and duties established by Law no. 148/2015, of 9th September, in its current wording, which approves the Legal Framework of Auditing Supervision, transposing into national law the Directive 2014/56/EC of the European Parliament and of the Council, of 16th April 2014, amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, ensuring the execution into national law of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16th April 2014, on specific requirements regarding statutory audit of public interest entities, namely those under article 3 of the preamble decree and article 24 of the Legal Framework of Auditing Supervision;
- xxi. Comply with any other attributions defined by the applicable law or the Company's Articles of Association.

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

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

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

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

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

C- information on irregularities (whistleblowing):

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

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

38.2. Statutory External Auditor

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

- i. Verifying the accuracy of all books of account, accounting transactions and supporting documents;
- ii. Whenever it deems convenient and by the means that it considers to be appropriate, verifying the accuracy of cash and stocks of any kind, of the assets or securities belonging to the Company or received by it by way of guarantee, deposit or other purpose;
- iii. Verifying the accuracy of the financial statements, and expressing an opinion on them in the Accounts Legal Certification and in the Audit Report;

- iv. Verifying whether the accounting policies and valuation criteria used lead to a fair valuation of the assets and results of the Company;
- v. Carrying out any examinations and checks necessary to the audit and legal certification of the accounts and carrying out all procedures required by law;
- vi. Verifying the application of remuneration policies and systems, and the effectiveness and working of internal control procedures, reporting any weaknesses to the Statutory Audit Board in accordance with, and within the limits of its legal and procedural duties;
- vii. Attesting if the Company's Corporate Governance Report includes the information referred to in article 245-A of the Portuguese Securities Code.

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

IV. Statutory External Auditor

39. Identification

The Company's Statutory External Auditor is PricewaterhouseCoopers & Associados, SROC, S. A., represented on 31st December 2021 by the statutory auditor António Joaquim Brochado Correia.

40. Permanence in functions

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

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

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

At the Shareholders' Annual General Meeting held on 30th April 2019, the Statutory External Auditor, PricewaterhouseCoopers & Associados, SROC, S. A., represented by the statutory auditor Herminio António Paulos Afonso or by the statutory auditor António Joaquim Brochado Correia, was re-elected, by proposal of the Statutory Audit Board, for the 2019-2022 mandate.

41. Other services provided to the Company

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

External Auditor¹²

42. Identification

The Company's External Auditor is, in compliance with the article 8 of the Portuguese Securities Code, PricewaterhouseCoopers & Associados, SROC, SA, represented on 31st December 2021 by António Joaquim Brochado Correia (ROC no. 1076).

43. Permanence in functions

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

44. Policy and frequency of rotation of the external auditor

The Statutory Audit Board has adopted the recommended principle on the rotation of the External Auditor.

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

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

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

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

The Non-audit services provided by the External Auditor to the Company, and to Sonae Group companies, were previously approved by the Statutory Audit Board, which, after evaluation, concluded that the performance of additional services did not affect the independence of the External Auditor, which constitutes the main feature for weighting the provision of said services. Once ensured this first criteria, the Statutory Audit Board authorised the provision of services considering that the same were in the general interests of the Company, given the expertise of the service provider and the quality of the services provided in the areas concerned as well as the provider's knowledge of the Company and

¹² Referred to as "Auditor" pursuant to Regulation (EU) no. 537/2014, of the European Parliament and the Council of 16th April 2014.

the Group.

As an additional safeguard, the following measures were taken:

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

In compliance with subparagraph a) of paragraph 2 of article 6 of EU Regulation no.537/2014, the External Auditor confirmed in writing to the Statutory Audit Board that its partner, the external auditor which represent it, as well as its top management and managers executing the accounts certification are independent in relation to the audited entity.

47. Remuneration of the External Auditor

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

Remuneration paid by the Company	2020*		2021*	
Statutory Audit and Accounts Certification	67,100	100%	58,800	46.2%
Other Compliance and Assurance Services	-	-	500	0.4%
Other Services	-	-	68,000	53.4%
Total	67,100	100%	127,300	100%

*Amounts in euro.

Remuneration paid by the Group's Companies**	2020*		2021*	
Statutory Audit and Accounts Certification	676,544	82%	655,513	81.8%
Other Compliance and Assurance Services	66,000	8%	67,810	8.5%
Tax Consultancy Services	67,020	8%	56,896	7.1%
Other Services	20,350	2%	20,891	2.6%
Total	829,914	100%	801,110	100%

*Amounts in euro.

**Controlling companies or in a Group relationship.

C. INTERNAL ORGANISATION

I. Articles of Association

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

Amendments to the Company's Articles of Association follow the terms set out in the Portuguese Companies Act, requiring a majority of two thirds of the votes cast for such a resolution to be approved at a Shareholders' General Meeting.

For a Shareholders' General Meeting to be held, in the first occasion it is convened, the Company's Articles of Association require that a minimum of 50% of the issued share capital should be present or represented at the meeting.

II. Reporting of irregularities (whistleblowing)

49. Policy on reporting irregularities

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

<https://www.sonae.pt/en/sonae/culture/>.

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

III. Internal Control and Risk Management

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

Risk Management is deeply rooted in Sonae's culture and is one of its key Corporate Governance

practices. It forms part of all management processes and is the responsibility of all employees of Sonae, at all levels of the organisation.

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

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

The Risk Management department's mission is to help companies reach their objectives via a systematic and structured approach in identifying and managing risks and opportunities.

The Internal Audit department identifies and evaluates the effectiveness and efficiency of management and control of business processes and information systems. The Internal Audit department is supervised by the Statutory Audit Board.

The Strategy, Planning and Control department promotes and supports the integration of risk management into the management and planning control processes of the Company's businesses.

Financial and accounting information reliability and integrity risks are also evaluated and reported upon by the External Audit activity.

51. Hierarchy and/or functional relationships with other company's bodies

The Statutory Audit Board monitors the internal control and risk management systems, supervises its activity plan, receives periodic reports on the work performed, assesses the results and conclusions drawn and gives guidelines as it deems necessary.

The External Auditor verifies the effectiveness and functioning of internal control procedures in accordance with the work plan appointed by the Statutory Audit Board, to which it reports the conclusions drawn.

The Board of Directors, through the Board Audit and Finance Committee, monitors the Internal Audit and Risk Management activities.

52. Other functional areas with risk control competencies

Each one of the Group's functional structures takes responsibility in controlling and monitoring risks related with their duties, namely the Strategy, Planning and Control, Legal Advisory and Corporate Governance, Finance, Tax, People and Leadership, Communication, Brand and Sustainability, Institutional Relations, Investor Relations and Administrative Services departments.

53. Identification and classification of main risks

Macro-economic:

Sonae is highly exposed to the state of the Portuguese and global economies. In the macroeconomic scenario, where there is a slowdown in economic activity, an increase of public, private and external debt, an increase in the interest rates in the euro zone following a rapid and prolonged increase in general prices and/or the political instability or war with a consequent increase in the price of commodities, Sonae would be significantly impacted.

In 2021, the reinstatement of restriction to the economic activity following new waves of the SARS-CoV-2 pandemic, the significant disruption in global supply chains, and the drastic increase in overall price level, notably for energy products, this risk increased its relevance.

Notwithstanding, Sonae has several ongoing initiatives to mitigate these risks, namely the internationalisation of its businesses, an active portfolio management, the constant improvement of value propositions across businesses, a conservative approach to financial leverage and the diversification of funding sources. In the past 2 years it was wholly demonstrated that these initiatives can minimise these risks due to Sonae's resiliency as shown throughout the year.

Competition:

The main competition risks are the entrance of new competitors, mergers and acquisitions, the repositioning of current competitors or the actions they might take to reposition themselves to win new markets and gain market share (eg. promotional activity, new businesses and assets, innovation). The inability to be competitive in areas such as pricing, offering range, quality and service can have a negative impact on Sonae's financial results. In order to minimize this risk, Sonae constantly benchmarks competitor's actions and invests in improved or new formats, businesses and products/services in order to always offer its customers innovative proposals.

Customers:

One of the fundamental risk factors is the possibility of changes in consumer behaviour, especially as a consequence of economic and social factors. Customers frequently change their expectations and preferences, which imply a continuous adaptation and optimization of business concepts and offers.

To anticipate consumer needs and market trends, Sonae companies analyse information about consumer behaviour on a regular basis with more than 400,000 customers interviewed per year. The introduction of new products, concepts and technologies is always tested using pilot schemes before being rolled out. The Group also invests in the refurbishment of stores and of shopping centers and in launching IT services (including transactional sites) to ensure that they retain their attractiveness for customers and cope with the pace of technological innovation challenges.

In this topic, Sonae also shown great agility throughout 2021, by adapting stores, ranges, schedules, services and channels to meet the changes in Sonae's companies relation with their clients caused by the pandemic and the social distancing measures adopted.

Brand:

Sonae and its affiliated companies own several high value brands, and they are one of its main assets.

The risks associated with brands come from the negative impacts arising from extraordinary events affecting image and reputation. Sonae periodically monitors brands' image value, their attributes and their reputation through customer opinion surveys, research by specialist entities and market studies. Sonae also performs continuous follow-up of brand reputation, namely through press analysis, opinion articles issued by the media and social media. Sonae's brands are regularly granted national and international awards, which recognise excellence in specific products/services, business processes and innovation achievements.

Tangible asset risks:

In 2021, preventive and safety audits were conducted in different locations. In the main business units, tests and simulations were made to emergency and preventive systems and plans, usually in the presence of civil protection services, security forces and fire brigades.

Taking in consideration the pandemic context and the restrictions in force, safety and prevention audits, within the scope of risk engineering (Loss Prevention), were performed in a hybrid mode documentation consultation. Technical analysis were carried out in a remote way and the sites inspection was local. The monitoring and risk assessment processes continued, following the best market practices.

People Safety risks:

The Safety and Health of our staff is a key management concern. Every year, several Safety and Health initiatives and actions are launched, namely training, exceeding 70,000 hours of training, with the aim of increasing the commitment and involvement of all our staff in preventing and reducing professional risks, as well as promoting healthy behaviour, which may contribute to the well-being of our staff.

We promote a culture of zero accidents, investing in our business units to make them safe and healthy environments and whose effort is reflected in the results of our Safety Performance Indicator, both in the terms of frequency and severity, which are rated at the highest level according to the World Health Organization (WHO).

The year of 2021, continued to be focused on the management of COVID-19 Pandemics' Crisis whose objectives were to ensure Corporate alignment, settle a common risk language and the share and learning of best practices through the Crisis Management Committee lead by the Human Resources and Risk Management Consulting Groups.

Business continuity management:

Projects and programmes continued to be developed in order to guarantee the continuity of operations and information systems, through defining, revising and implementing procedures and processes to prepare for crisis and catastrophic scenarios, particularly through developing emergency, contingency and recovery plans for business and information systems.

Environmental risks:

Sonae recognises its dependence and influence, directly and indirectly, upon natural ecosystems, and seeks to manage the risks that arise from them in an active approach that encompasses the various environmental variables, through policies, objectives, management practices and environmental performance metrics.

In this sense, it invests significantly in the continuous improvement of Sonae's environmental management, assumes the commitment to minimise the impact of its activities on the environment, namely through the Environmental Certification Program, according to the internal standard NP EN ISO 14001:2015, certified by Lloyds Register Quality Assurance, which promotes the environmental performance improvement of infrastructures and operations and strengthens compliance with legal obligations.

As in the previous year, in 2021, Sonae companies remain committed to the implementation of initiatives aiming at promoting the environment, reducing the carbon and water footprint, promoting the circularity of materials and the management of critical waste, and the protection of biodiversity. These measures include actions to optimise water and energy consumption by installing more efficient equipment, increase local production and supply of renewable energy, fleet electrification, increase waste recycling, exclude single-use plastics whenever possible, review packaging material of own brand products, among other measures.

Project risks:

Risks associated with critical business processes and major change projects, especially the introduction of new processes and major changes to information systems, were assessed and monitored, both as part of Risk Management work as well as Internal Audit activity.

Insurable risks:

In relation to the transfer of insurable risks (technical and operational), the objective of rationalising the financial transfer of these types of risk continued, either by searching to establish a tailored insurance capital structure for the capital sums at risk, based on the constant changes in the businesses involved, or by reaching even greater critical mass for the kinds of risks involved. Insurance coverage and retention levels have also been optimised in accordance with the needs of each business, ensuring internally effective insurance management worldwide, using Brokers Link, Sonae's worldwide insurance brokerage network, coordinated by MDS, Sonae's insurance consultants.

In 2021, the Company pursued the objective of ensuring the best coverage for each business, considering the different appetites and retention levels.

To achieve this objective we launched an Insurance Risk Program Review. The objectives of this consulting service are:

- Verify the degree of suitability of the current international insurance program.
- Identify any gap that can be incorporated in the current insurable risk transfer program and then obtain for the future, a more robust insurance program.

Information, information systems and communication risks:

Sonae businesses Information Systems are characterised as being broad ranging, distributed and heterogeneous. From the information security point of view, several risk reduction actions have been developed to ensure confidentiality, availability and integrity of information, including: implementing high availability systems and network infrastructure redundancy; controlling the quality of flows between applications; managing accesses and profiles; and strengthening mechanisms for data network perimeter protection, performance of intrusion tests to the website and protection of mobile devices and computers.

Throughout 2021, we focused our activity on consolidating the processes developed to ensure compliance with GDPR, promoting their continuous improvement in order to achieve a higher level of maturity. Among the activities carried out, we highlight the update of the records of processing activities, the improvement of the response process of data subject's rights, seeking to be even more transparent with our clients, the analysis, evaluation and writing of legal documentation, in matters of protection of personal data and raising awareness within the different business areas. It is also worth mentioning the implementation of actions related to the monitoring and control of personal data protection activities, the response to the contacts of the supervisory authority, the elaboration of training content and the drafting of legal advices and recommendations.

Regarding cyber risks' management, several activities were carried out, promoting the establishment of a computer incident response team (CSIRT SONAE) and its adherence to the National Network of CSIRTs, reinforcing collaboration with other entities with an interest in the area, as well as the development of a cybersecurity incident management procedure. In order to reinforce the awareness, training and assessment of the awareness level, the Company subscribed the Knowbe4 service.

In the component of mitigating risks associated with user behaviors, we developed awareness and training actions, highlighting the #StayCyberSecured live event, held in a hybrid environment, promoting the sharing of the main cyber threats to business and lessons learned from EDP cyber-attack in 2020, good cyber hygiene practices, as well as six clues to identifying a phishing email. In order to evaluate the effectiveness of the actions, we conducted four ethical phishing campaigns and saw an improvement in key indicators.

In a preventive way, systematic work was carried out to correct vulnerabilities, improving Sonae's main external cybersecurity indicators (BitSight), following up the platform asset management, reviewing the structure and resolving findings.

In 2021, and in the protection category, the authentication process has been strengthened with the adoption of multi factor schemes, as well as improve the detection and mitigations capabilities both internally and at the network perimeter. Detection capacity has also been strengthened with the adoption of a program of continuous security audits. The audits of the information systems management and governance processes were also maintained in order to identify and correct potential non-conformities.

As a preventive measure, a systematic vulnerability correction work was carried out, improving Sonae's main external cybersecurity indicators, that led to an improvement of Bitsight rating, compared to the previous year.

Financial risks:

The Group is exposed to a variety of financial risks (detailed and analysed in the Notes to the Consolidated Financial Statements of Sonae) that may impact its equity value. Synthetically, we can group such risks by their nature:

1. Interest Rate Risks;
2. Exchange Rate Risks;
3. Liquidity Risks;
4. Credit Risks;
5. Market Risks;
6. Equity Risks.

In abstract, a financial risk shall be understood as a possibility of obtaining different results from the ones expected, and with a material impact in the Group. Sonae seeks, as much as possible, to control this volatility in order to protect its equity value.

Considering the multiple nature of the various businesses of the Group there isn't an individual policy for the management of these risks. There are generic principles that arise from the practices of good management, being, however, privileged an individual approach, well adapted to the characteristics of each business unit.

The Group's approach to financial risk management is conservative and prudent. Sonae does not assume any economically speculative positions, and therefore all operations carried out within the scope of financial risk management are solely for the purpose of controlling the risks to which the Group is already exposed.

Due to the nature of its business, the Group is particularly active in covering the exchange rate risk that arises essentially from the international sourcing activity, through purchases denominated for the most part in USD. These transactions are generally performed by the hiring of derivative financial instruments, with Sonae's reporting banks and the objective of permitting stable sourcing negotiations and decision making, by fixing exchange rates. Although with a smaller incidence, in the management of interest rate risk, whenever coverages are contracted, the proceedings are the same. Some companies of the Group have their operation in countries operating a currency different from the Euro, being the risk, in any such cases, managed by the policies defined by each of the businesses.

A substantial part of the Group's resources is obtained from relational banks and, occasionally from the capital markets and, accordingly, Sonae is, inevitably, exposed to its intrinsic volatility. In order to ensure that, at any moment, the Group has financial ability to honor its commitments, it follows financing policies that recommends that the Group's needs are refinanced over a period of 18 months, plus predetermined prudential buffers, thus reducing the impact of a sudden disruption of the capital markets, in the activity of the Group. Additionally, Sonae seeks to reduce liquidity risk, by negotiating contractual clauses that disable the possibility of counterparties to demand unilaterally the anticipated repayment of financing and by negotiating with a diversity of counterparties to reduce the impact that any specific events, in any bank or country, may have in the Group's ability to access funds at the intended amounts and conditions.

Coverage of the clients' risks is an area that has been gaining expression over the past years, considering the growth of the sales channels of the various business units. Although this risk is

relatively small, in consolidated terms, the expansion of the wholesale and franchising activities of the business units has forced Sonae to give particular attention to the management of such risks, either throughout the creation of policies suitable to the characteristics and nature of the different businesses, defining credit risk limits, either throughout credit insurance, bank guarantees and stand-by letters of credit, among other similar instruments. Additionally, the Group has created individualised credit committees per business with a multidisciplinary participation so that the risk of defaults by client is mitigated and monitored systematically and in a timely manner.

Still regarding management of credit risk associated with financial instruments (financial applications and deposits in banks and other financial institutions or resulting from financial derivative instruments executed during the normal course of hedging operations) or loans to related entities, there are principles applicable to all the Sonae companies aiming at reducing the probability of violation of obligations, including, among others, the execution of operations with prestigious and nationally and internationally recognised counterparties, based on their credit rating, considering the nature, the maturity and the dimension of the operations.

The Group is exposed to share price risks arising from the strategic investments made in listed companies. The Group may use derivative instruments associated with its listed financial investments, and these risks are monitored on a recurring basis up to maturity.

The objectives of capital structure management (defined as the proportion between equity and net debt) are to safeguard the Group's ability to ensure the continuity and development of its operating activities, at the same time maximising shareholder returns and optimising financing cost.

The financial risk management policy is determined by each board of directors of each company within the Group, with the support of the Corporate Finance and Corporate Treasury team, being the risks identified and monitored in each of the Financial and Treasury departments of the businesses. This ensures a consistent and aggregated approach to the various risks that, at the end, impact on the Group.

Exposure to risks is also monitored by the Corporate Finance and Treasury Committee, where a consolidated risk analysis is reviewed and reported on a monthly basis, and guidelines on risk management policies are analysed and reviewed regularly.

The implemented system ensures that, in each moment, appropriate policies to manage financial risks are adopted, to avoid that such risks impair the achievement of the strategic objectives of the Sonae Group.

The Group is also exposed, considering the particular nature of its activity, to the risk of price fluctuation of some commodities, such as energy and some food and non-food raw materials (incorporated, among others, in the products sold) and, therefore, we have closely monitored the evolution of the respective prices, and future perspectives consistently resorting, for their management, in the cases they exist, to derivative contracts or forward purchases, in the same patterns as followed for interest rate and exchange rate risks.

Legal, tax and regulatory risks:

Sonae and its businesses have the support of legal and tax departments permanently dedicated to the

respective activities and under management's supervision and exercising their competencies in interaction with other functions and departments, in order to pre-emptively ensure the protection of Sonae's and its businesses interests in compliance with their legal obligations and best corporate governance practices.

The teams in these departments have specialised training and participate in in-house and external training courses to update their knowledge.

Legal and tax advice is also provided, nationally and internationally, by outsourced resources selected from firms with established reputation and which have the highest standards of competency, ethics and experience.

The Company's more relevant pending litigation is identified in the notes to Sonae's consolidated financial statements.

Sonae and its businesses are obliged to comply with national and international laws and regulations for each market in which they operate, aiming to ensure: consumer safety and protection, employees' rights, environmental protection and compliance with local and country planning regulations, compliance with sector regulations and the maintenance of open and competitive markets. Due to this fact, Sonae is naturally exposed to the risk of changes in law and regulations that may impact business as usual and consequently affect or impede the achievement of its strategic objectives.

The Sonae Group acts in constant collaboration with the authorities in order to comply with laws and regulations. Such collaboration takes in some cases the form of comments on public consultation launched by national or international authorities. Moreover, the growing international presence of Sonae's companies involves specific risks related to the different nature of local legal frameworks managed with the support of local specialised teams.

Human Resources risks:

The year 2021 was still marked by the continuation of the pandemic situation. Therefore, it was another challenging year, but that also brought a great deal of innovation, reinvention and achievement.

Sonae's priority was still the protection of the health of all employees and their families while, in parallel, measures were implemented to, steadily and cautiously, go back to a new normal.

Simultaneously, Sonae kept making available to all its employees permanent support of technical teams focused on the protection of the health of all, who worked in close and permanent coordination with the General Health Directorate and ensured the adoption of all recommendations and suggested procedures.

There is still a challenge of attracting, developing and retaining high potential whilst there is an increasing storage of critical skills. Therefore, Sonae continued to focus on the implementation of programs oriented towards young talent (Contact, Future Leaders@Retail, Play your Future), the review of its remuneration policies, the management and improvement of the performance and potential of employees (Improving Our People), the design of upskilling and requalification programs (Qualifica), as well as the development of career accelerators for employees with high potential (Advanced Development Program). In 2021, particularly, there was an innovation in terms of training focused on improving Digital savviness, with the launching of the Boosting Digital Transformation course.

This year was also marked by the focus on the Diversity, Equity and Inclusion agenda. One project that stood out aimed to onboard people with a degree of disability, namely through a trainee program for customer facing positions within our food retail operation.

In this second year of the pandemic, there was the consolidation of practices that paved the way for the creation of a more agile and effective organization. There were projects delivered by mixed and multidisciplinary teams, often including colleagues from different Companies within the Group working collaboratively, mitigating the risk of lack of agility due to an organizational silo effect. New hybrid ways of working facilitated the focus on collaborative IT solutions, digitalisation of human resources processes, implementing new team management models and the consolidation of flexible working policies. Sonae's Academy (Sonae's Corporate Academy) partially returned to its classroom based activity, with courses such as General Management Program (PGG) or Strategic Management And Value Creation (GECV) that yielded extraordinary eNPS results (above 90), pinpointing itself as a relevant platform for the Group's EVP.

54. Description of risk management processes: identification, assessment, monitoring, control and management

Risk Management is integrated into Sonae's entire planning process, as a structured and disciplined approach that aligns strategy, processes, people, technologies and knowledge. Its goal is to identify, evaluate and manage uncertainties and threats that Sonae's business units face in the pursuit of their business objectives and value creation.

Sonae's management and monitoring of its main risks are achieved through different approaches, including:

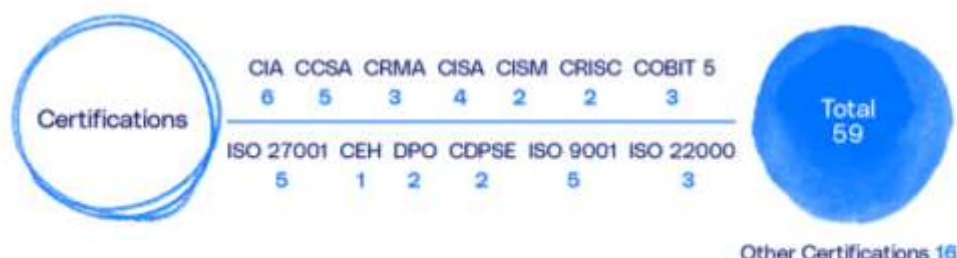
- As part of strategic planning, risks of the existing business portfolio, as well as those of new businesses and of relevant projects, are identified and evaluated, and strategies to manage those risks are defined;
- At the operational level business risks, and planned actions to manage those risks, are identified and evaluated, and are included and monitored in business unit and functional unit parts;
- For risks that cross business unit boundaries, such as large-scale organisational changes and contingency and business continuity plans, structural risk management programmes are developed involving all those responsible for the relevant units and functions;
- As far as risks to tangible assets and people are concerned, audits are carried out at the main business units. Preventive and corrective actions are implemented for the risks identified. The financial cover of insurable risks is reassessed on a regular basis;
- Financial risk management is carried out and monitored as part of the activity of the Company's and its businesses. Their work is reported to, coordinated with, and reviewed by the Corporate Finance and Treasury Committee and the Audit and Finance Committee of the Board of Directors;
- Management of legal risks is carried out and monitored by the legal and tax departments.

The risk management process is supported by a consistent and systematic methodology, based on international standards, including the following:

- Defining and grouping risks (risk dictionary, definition, business risk matrix and a common language);
- Systematically identifying the risks that can potentially affect the organisation (risk sources);
- Evaluating the level of importance and managing the prioritisation of risks as a function of their impact on the objectives of the business, and the likelihood of the risks occurring;
- Identifying the causes for the most important risks;
- Evaluating strategic risk management options (e.g. accept, avoid, treat, and transfer);
- Developing and implementing a risk management action plan to be integrated into the management and planning procedures of the units and functions of Sonae's businesses;
- Monitoring how risks evolve and report on progress made in the implementation of action plans.

Internal audit and risk management training and development

1. With regards to the Internal Audit and Risk Management functions, Sonae continues to encourage employees to obtain certification in several areas: internal audit, risk management, data protection, cybersecurity and food safety. At the end of 2021, there were 59 certifications, of which we highlight the following:



Certification	Institute / Association
CIA	Certified Internal Auditor
CCSA	Certified in Control Self-Assessment
CRMA	Certified Risk Management Assurance
CISA	Certified Information Systems Audit
CISM	Certified Information Security Management
CRISC	Certified in Risk and Information System Control
COBIT 5	
ISO 27001	Lead Auditor Certification
CEH	Certified Ethical Hacker
DPO	Certified DPO
CDPSE	Certified Data Privacy Solutions Engineer
ISO 9001	Quality management
ISO 22000	Food safety
IIA	Institute of Internal Auditors
IIA	Institute of Internal Auditors
IIA	Institute of Internal Auditors
ISACA	Information System Audit and Control Association
ISACA	Information System Audit and Control Association
ISACA	Information System Audit and Control Association
ISACA	Information System Audit and Control Association
EIPA	European Institute of Public Administration
ISACA	Information System Audit and Control Association
APCER	
APCER	

2. The importance of continuous training, and the existence within the Group of people with knowledge and skills to train others (some of whom teach regularly outside the Group) were the basis for the establishment of the Internal Audit Academy, which has the following guidelines: definition of functional job descriptions; listing of core skills required for each function (technical

and behavioural) and the training strategy for each function. In 2021, 16 training sessions were carried out, involving multidisciplinary teams and a total of 648 hours.

Sonae is one of the organisations with the most certified employees in internal audit and risk management in Portugal. In 2022, Sonae will continue to support this important training programme, and the international development and qualification of its internal audit and risk management staff, in line with international best practices.

Actions undertaken in 2021

In 2021, we continued focused on the COVID-19 Pandemic Crisis Management, ensuring corporate alignment, the establishment of a common risk language and the sharing of good practices.

Among the main activities carried out, we highlight the continuous monitoring of the evolution of the pandemic, the implementation of measures to ensure legal compliance, the implementation of preventive measures to protect employees, customers and other stakeholders based on the evolution of the risk assessment, the update of contingency plans and the definition of rules and procedures, among others.

Throughout 2021 we continued the implementation and operationalisation of an Enterprise Wide Risk Management exercise, coordinated by Sonae's corporate risk management department, which ensured the alignment of risk management methodologies, practices and calendar throughout all Sonae companies.

In the first quarter of the year, Sonae SGPS's risks were identified, taking in consideration 2020 exercise, and a new dictionary and risk taxonomy was developed. During this period, a questionnaire was prepared to support the risk assessment.

During the second quarter, risk assessment was carried out by Sonae SGPS's Executive Committee. After the individual assessment, a calibration session was held with all board members, which lead to the approval of Sonae SGPS risk matrix, the identification of critical risks and the appointment of the respective owner.

In the third and fourth quarters, joint work was carried out with each risk owner, where mitigation actions were identified and implemented, and risk indicators started to be monitored. These activities were supported by an application tool, developed internally and based on the international COSO standard.

Regarding the execution of projects, we emphasize:

- The adoption of the Climate-Related Finance Disclosures Framework (TCFD), to support the management of climate risks, namely the risks of transition to a low carbon economy and physical risks, as well as providing investors with the financial information necessary to make informed decisions regarding future investments;
- The preparation of the Crisis Management Manual caused by Legionella (Crisis management team, roles and responsibilities, crisis scenarios, escalation matrix, contingency actions and contacts).

Throughout the year, events were held to share and exchange experiences in the field of Risk

Management, of which we highlight the participation in a Portuguese Risk Management Think Tank and the sharing of global risk perspective 2021 by a speaker from the World Economic Forum.

The Risk Management Department continued to support risk management in the main projects of the organisation, as well as in crises management and business continuity plans.

55. Description of the main features of Sonae's risk management and internal control systems in relation to the preparation and disclosure of financial information

The existence of an effective internal control environment, particularly with regard to financial reporting, is a commitment of the Sonae Board of Directors by way of identifying and improving the critical processes in terms of preparing and reporting financial information, keeping in mind the objectives of transparency, consistency, simplicity, reliability and materiality. The objective of the internal control system is to obtain reasonable assurance relating to the preparation of financial statements, complying with accounting principles and adopted policies, and warranting the quality of financial reporting.

The accuracy of financial information is assured by the clear segregation of duties between the preparers and its users, and the execution of several control procedures during the process of preparing and disclosing financial information.

The internal control system for the accounting department and the preparation of financial statements includes several key controls, namely:

- The process of reporting financial information is documented, the risks and key controls are identified. The criteria used in the process of preparing and reporting financial information is established and periodically reviewed;
- There are three types of control: High-level controls (entity level controls), information system controls and process controls. Those include a group of procedures related to the execution, supervision, monitoring and improvement of processes, with the main objective of preparing the financial reporting of the Company;
- Accounting principles used are disclosed in the notes to the financial statements and are fundamental bases for the internal control system;
- The business plans and budgets, and procedures and records of Group companies allow a reasonable assurance that the transactions executed are properly approved by management, and accounted for in compliance with accounting principles, ensuring that the financial statements respect accounting principles. It also ensures that the Company maintains proper record of its assets with their existence reconciled with the accounting records and adopting appropriate measures whenever differences are detected;
- Financial information is reviewed regularly, by the management of each business unit and by the persons in charge of the profit centres, ensuring continuous monitoring and related budget control;
- During the process of preparing and reviewing financial information, detailed schedules are established and shared with the areas involved, and all documents are reviewed in detail,

including the review of principles used, verifying the accuracy of the information and its consistence with principles and policies defined and followed in previous periods;

- With regard to the separate entities, accounting records and financial statements are prepared by the different functions of administrative and accounting services, which warrant the recording of business processes transactions and the recording of balances of assets, liabilities and equity captions. Financial statements are prepared by certified accountants of each company, and reviewed by the Planning and Control and Tax departments;
- Consolidated financial statements are prepared quarterly by the departments of the administrative services (consolidation team) of each sub-holding and holding corporate centre. This process represents an additional control of the reliability of financial information, as regards the consistent application of accounting principles, cut-off procedures and control of related parties' transactions and balances;
- The Management Report is prepared by the Investor Relations department and contributed to, and reviewed by, several business and support departments. The Corporate Governance Report is prepared by the General Counsel and Corporate Governance department;
- The Group financial statements are prepared under the supervision of the Executive Committee. The documents that constitute the Annual Report and Accounts are sent for review and approval by the Sonae Board of Directors. Once approved, the documents are sent to the External Auditor who issues the accounts legal certification and its report;
- The process of preparing separate and consolidated financial information and the Management Report is also supervised by the Statutory Audit Board and by the Board Audit and Finance Committee of the Board of Directors. These bodies meet quarterly to review the individual and consolidated financial statements and the management report. The Statutory External Auditor presents the main conclusions of the work carried out regarding the yearly financial information, directly to the Statutory Audit Board and to the Board Audit and Finance Committee;
- All the persons involved in analysis of company financial information are included in the list of persons with access to inside information, and are informed about the nature of their obligations, as well as possible sanctions resulting from the inappropriate use of such information;
- Internal rules applicable to the disclosure of financial information aim to warrant that information is disclosed to the market in a timely manner, in order to prevent information asymmetry.
- Among the risks that may materially affect the financial and accounting report, the following are worth highlighting:
 - Accounting estimates – major accounting estimates are described in the Appendix to the financial statements. Estimates are based on information available during the preparation of the financial statements and in the best knowledge and experience of past and present events;
 - Balances and transactions with related parties – balances and transactions with related parties are disclosed in the notes to the financial statements. These transactions are related mainly to the operational activities of the Group, and to the granting and

obtaining of loans under arm's length conditions. As determined in the internal Policy on Related Parties Transactions, approved in 2020 by the Board of Directors with the prior favourable opinion of the Statutory Audit Board, to the latter are reported on a half-year basis all related parties transactions;

- In the Appendix to the financial statements additional information is disclosed regarding the abovementioned risks among others, as well as how they were mitigated.
- Sonae adopts several principles related to continuous improvement of the system of internal control of financial risks, including:
 - Improvement in the documentation of controls – following action taken in previous years, Sonae continued to improve the documentation and systematization of risks and internal control system related to the preparation of financial information in 2018. This includes the identification of risk causes (inherent risk), the identification of processes of higher material importance, the documentation of controls, and the analysis of residual risk after the execution and implementation of the potential control improvements;
 - Compliance analysis – the General Counsel and Corporate Governance department, working together with the Administrative Services, Investor Relations, Internal Audit and Risk Management departments, and, if necessary, other departments, coordinate the periodic analysis of compliance with legal requirements and regulations regarding governance processes and corresponding financial information that are reported on the Management Report and in the Company's Corporate Governance Report.

IV. Investor Relations

56. Investor Relations

Investor Relations is responsible for managing Sonae's relationship with the financial community – current and potential investors, analysts and market authorities – with the goal of enhancing their knowledge and understanding of Sonae by providing relevant, timely and reliable information.

In strict compliance with law and regulations, the Company keeps its shareholders and the market informed on all relevant facts concerning its activities, minimising delays between their occurrence and disclosure. The Company has fulfilled this commitment to the market over many years.

Investors Relations regularly prepares presentations to the financial community. Earning announcements covering the quarterly, half-year and annual results, as well as important announcements disclosing or clarifying any relevant event that could influence the share price, are issued to the market. On request, Investor Relations provides clarification about the Company's activities, by answering questions sent by email or by taking phone calls.

In addition to the existence of the Investors Relations team, all information is made publicly available on the Internet via the Portuguese Securities Market Commission site

(<http://www.cmvm.pt/en/Pages/homepage.aspx>) and on the Company's own website

(<http://www.sonae.pt/en/investors/releases-to-the-market/>). Additionally, at the website

http://www.sonae.pt/en/investors_general_information is provided about Sonae, as required by article 3

of the CMVM Regulation no. 4/2013 and recommended by the IPCG Corporate Governance Code (2018), but also other relevant information, including:

- Institutional and other presentations of Sonae to the financial community;
- Quarterly, half yearly and annual results for the last five years;
- Management Reports;
- Corporate Governance Reports;
- Internal Regulation of the Board of Directors, and committees created by the Board, and Internal Regulation of the Statutory Audit Board;
- Names of managers in the investor relations team, as well as their contact details;
- The Company's share performance on the Portuguese Stock Exchange;
- Notices of Shareholders' Annual General Meetings;
- Annual financial calendars, including Shareholders' General Meetings and the dates of disclosure of annual, half-yearly and quarterly results.

To further enhance effective communication with the capital market and guarantee the quality of information provided, the Investor Relations team organises road shows covering the most important financial centres of Europe and United States and participates in a number of conferences either in person as well as, in the last years, due to the pandemic, using virtual platform. A large number of investors and analysts also have the opportunity to talk to senior management in one-on-one meetings or conference calls.

In recent years, the investor relation teams has been also in contact with ESG rating agencies, that publish information related to environmental, social and governance issues, so that the information provided by them is as reliable as possible. However, the information published is these agencies' responsibilities having no reliability control on Sonae's part.

Any interested party may contact Investor Relations via the following means:

Patrícia Vieira Pinto

Investor Relations Manager

Tel: (+351) 22 010 47 24

Fax: (+351) 22 948 77 22

Email: investor.relations@sonae.pt / pavpinto@sonae.pt

Address: Lugar do Espido Via Norte 4471-909 Maia Portugal

Site: <https://www.sonae.pt/en/>

The Company believes that the procedures described above ensure continuous contact with the market, respecting the principles of equal treatment of all shareholders and equal access to information for investors.

57. Legal Representative for capital market relations

The legal representative for Capital Market Relations is Luzia Leonor Borges e Gomes Ferreira, with the following contacts:

Tel: (+351) 22 010 47 06

Fax: (+351) 22 948 77 22

Email: investor.relations@sonae.pt

Address: Lugar do Espido, Via Norte, 4471-909 Maia Portugal

58. Information requests

During 2021, Investor Relations received 378 information requests.

The average response time was of 1 business day. Notwithstanding, the complexity of the matter may determine an extended response time in some cases.

V. Website

59. Address

Company's website: <http://www.sonae.pt/en/>.

60. Location of the information mentioned in article 171 of the Portuguese Companies Act

Website: <https://www.sonae.pt/en/investors/government-of-society/>.

61. Location for the provision of the articles of association, bodies and committees' regulations

Website: <https://www.sonae.pt/en/investors/government-of-society/>.

62. Location for the provision of information about the identity of the statutory governing bodies, the representative for market relations, the investor relations, respective functions and contact details

Website: <https://www.sonae.pt/en/investors/government-of-society/> and at <http://www.sonae.pt/en/contacts>.

63. Location for the provision of accounting documents and calendar of corporate events

Accounting documents - <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/> and <https://www.sonae.pt/en/investors/financial-information/financial-data/>.

Calendar of corporate events - <http://www.sonae.pt/en/investors/financial-calendar/>.

64. Location for the provision of the notices for shareholders' general meetings and all related information

Website - <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

65. Location where the historical archives are available with resolutions adopted at the shareholders' general meeting, the represented share capital and the voting results, with reference to the previous 3 years

Website - <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

D. REMUNERATION

I. Power to establish

66. Responsibility for approving the remuneration of the company's statutory governing bodies, executive directors and persons discharging managerial responsibilities ("dirigentes")

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

The Board Remuneration Committee, composed of Non-Executive Directors, as described in section 29, supports the Shareholders' Remuneration Committee in carrying out its duties.

II. Remuneration committee

67. Composition of the Remuneration Committee, identification of other individuals and entities hired to provide support and advisors' statement of independence

The Shareholders' Remuneration Committee is composed of three members, elected at the Shareholders' General Meeting for the 2019-2022 four-year mandate. The Shareholders' Remuneration Committee has the following composition:

Shareholders' Remuneration Committee
Artur Eduardo Brochado dos Santos Silva, Chair
Francisco de La Fuente Sánchez
Ramon O'Callaghan

All members of the Shareholders' Remuneration Committee are independent from the Board of Directors and are not connected to any other interests' group.

The Shareholders' Remuneration Committee obtains annual benchmarking studies on remuneration levels and practices prepared by the internationally renowned consultants Korn Ferry and Mercer, in order to ensure that the statutory governing bodies' remuneration policy, to be submitted for the approval of the Shareholders' Annual General Meeting, is in line with the market comparable companies.

The Shareholders' Remuneration Committee did not contract any third-party consultants during 2021.

68. Knowledge and experience of the members of the Remuneration Committee

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee allows them to carry out their duties in a rigorous and competent manner, each of them having the appropriate skills to carry out their duties. Their qualifications can be consulted at <https://www.sonae.pt/en/investors/government-of-society/>.

The amount of fixed annual remuneration for the members of the Shareholders' Remuneration Committee for the 2019-2022 mandate is as follows:

Members of the Shareholders' Remuneration Committee	2021*
Artur Eduardo Brochado dos Santos Silva	10,000
Francisco de La Fuente Sánchez	7,000
Ramon O'Callaghan	7,000
Total	24,000

*Amounts in euro.

During 2021, 1 (one) meeting of the Shareholders' Remuneration Committee was held, with an overall attendance rate of 100%.

III. Remuneration Structure

69. Description of the Remuneration Policy of the Board of Directors and other Statutory Governing Bodies

At the Shareholders' Annual General Meeting held on 30th April 2021 it was approved the Remuneration Policy for the remainder years of the current mandate 2021-2022, in compliance with articles 26-A to 26-F of the Portuguese Securities Code, and in line with the principles previously in force, which is available at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>. The report on the remunerations set forth in article 26-G, paragraphs 1 and 2 do the Portuguese Securities Code is attached to this Report as Appendix I and embodies the information pertaining to the Remuneration Policy structure.

The Policy assumes that initiative, competence, commitment and ethics are the essential foundations of good performance, which must be aligned with the Company's medium and long-term strategy, aimed at its sustainability, and based on the following principles:

- i. **Competitiveness:** In designing the Remuneration Policy of the members of the statutory governing bodies and other managers, the main objective is to attract and retain the best professionals with high potential talent and proven experience, ensuring stability and representing a relevant and material contribution to the sustainability of the Company's businesses.

The Policy and its positioning are defined by comparison with the national and international markets, according to the main reference studies carried out for Portugal and the European markets by consultants Mercer and Korn Ferry, including comparison with the practice of the companies with securities admitted to trading on Euronext Lisbon.

To that extent, the remuneration parameters of the members of the statutory governing bodies and other managers are set and periodically reviewed, taking into account the market conditions, the activity carried out and the responsibilities inherent to their positions. The profile and curriculum of the members, their experience, the job nature and description, the competency framework of the body in question and that of the member, as well as the degree of the direct correlation between the individual's performance and the performance of the business, among other factors, shall be considered.

The general market positioning and competitiveness guidelines recommended by the organisation are considered to determine the remuneration values of this segment within the framework of the Group's general Remuneration Policy.

- ii. **Performance Orientation:** Concerning the Executive Directors the Policy provides for the attribution of short and medium-term bonuses, calculated according to the Company's results and the level of performance, both individual and collective, to encourage the sustainable growth of its businesses, as well as individual commitment to pre-defined objectives. If these objectives, measured through Key Performance Indicators (KPIs), are not achieved, the value of the short and medium-term Bonus is appropriately partially or totally reduced.
- iii. **Alignment of interests:** An alignment between the Director's and the Shareholders' interests and medium-term performance is ensured to promote the sustainability of the business. Part of

the Executive Directors' variable bonus is deferred for three years after its attribution. The deferred component is affected by the following factors: (i) the share price; (ii) the dividend adjustment factor; and (iii) the degree of achievement of medium-term objectives. The remuneration of Non-Executive Directors, members of the supervisory bodies and members of the Board of the Shareholders' General Meeting consists exclusively of fixed remuneration. In the event non-independent non-executive directors of the Company perform executive roles in subsidiary companies, their remuneration in the latter will be determined by the respective Shareholders' Remuneration Committee and disclosed pursuant to the legal and recommendatory framework.

- iv. **Transparency:** All aspects of the remuneration structure are clear and disclosed internally and externally through documents published on the Company's website and are in line with the Group's general Remuneration Policy.
- v. **Reasonableness:** the Company's Remuneration Policy aims to ensure a balance between Sonae's long-term interests, the market positioning and best practices, the expectation and motivations of the members of the statutory governing bodies and other managers, as well as the objective of attracting and retaining talent.
- vi. **Consistency and equity:** The employment and remuneration conditions of the Group's employees are taken into consideration in determining the remuneration of each member of the statutory governing bodies and other managers.
- vii. For this purpose, the employment and remuneration conditions of full-time equivalent employees in the Company are taken into account to ensure consistency and equity in terms of remuneration, by reference to the importance of the respective qualifications, responsibilities, experience, availability and the specific nature of the risk associated with the job. In turn, the framework of the global Remuneration Policy adopted by the Company is benchmarked against comparable peers, adjusted for its particular market conditions, to balance the objectives of sustainability and talent retention. In the architecture of the Remuneration Policy for statutory governing bodies, other managers and the remaining Company employees, and to determine the applicable remuneration, the jobs are considered under an evaluation system that includes differentiation criteria as to complexity, qualification, experience required, autonomy and responsibilities. This system is based on Korn Ferry's international methodology to promote equity in remuneration and employment conditions, in the light of the differentiation criteria described above, applicable to the various jobs, and to allow comparability/ benchmarking with equivalent jobs in the market.
- viii. As a result, Sonae's overall benchmark in terms of competitive positioning against the comparable market, for each job, is normally the median for the fixed remuneration and the third quartile for the variable component of remuneration, notwithstanding the necessary adaptations under market conditions and the Company's particular situation.

Other Conditions

The term of office of the members of the management and supervisory bodies and the members of the Board of the Shareholders' General Meeting is established under the articles of association and the decisions of the Shareholders' General Meeting, and the rules prescribed by law apply to the termination of duties. There are no contracts or agreements between the Company and these members, namely establishing the duration period of their terms or the attribution of any compensation for their cessation.

If, by definitive decision, with no right to appeal, it is found that the variable remuneration was based, totally or partially, on information fraudulently provided by the Director in question and on which the variable remuneration was based, the Board of Directors, at the request of the Shareholders' Remuneration Committee, shall take the appropriate steps to recover the variable remuneration unduly awarded.

70. Remuneration of the members of the Board of Directors**70.1. Non-Executive Directors**

The remuneration of Non-Executive Directors of the Company is established according to market benchmarks, under the following principles: (i) attribution of a fixed remuneration; (ii) attribution of an annual responsibility allowance.

For the role performed in the company by the Non-Executive Directors, there is no remuneration by way of a variable bonus, or that depends on the Company's performance.

70.2. Executive Directors

The remuneration of Executive Directors includes two components: fixed remuneration and variable remuneration.

Concerning the variable component of the remuneration, it should be noted that it incorporates control mechanisms in its structure, considering the link to individual and collective performance to prevent and dissuade excessive risk taking behavior. This objective is further ensured because each Key Performance Indicator (KPI) is limited to a maximum value.

The following table presents the architecture of the Remuneration Policy for Sonae's Executive Directors and how it contributes to the Company's business strategy, its long-term interests, and sustainability:

Type of Remuneration	Fixed Remuneration	Variable Remuneration		Benefits
		Short-term	Medium-term	
Purpose	Attracting, retaining and motivating outstanding executives needed to deliver strategy and drive business performance.	Drive annual strategy and results, as well as individual performance, in line with the business plan. Recognise and reward individual contributions to the business.	Deferral of payment to ensure alignment with Shareholders' long-term interests following the successful delivery of short-term targets.	Provide appropriate and market-competitive benefits that drive engagement and motivation.
Characteristics	It consists of base salary and a responsibility allowance, paid in 14 monthly instalments.	It is equivalent to a maximum of 50% of the total variable bonus. Paid in cash in the first half following the year to which it relates; may be paid, within the same period, in shares under the terms and conditions established for the Medium-Term Performance Bonus.	Corresponds, at least, to 50% of the total variable bonus; payment deferred for three years, after its attribution. The Medium-Term Performance Bonus may consist of attributing the right to acquire shares; the number of shares is determined by reference to the value attributed and the share price at the grant date.	Health and Life Insurance / Personal Accident Insurance.
Definition	Annual, depending on the level of responsibility of the job and the positioning defined concerning the comparable market.	Payment subject to compliance with pre-established targets at the beginning of the year, approved by the Board Remuneration Committee.	The bonus depends on the increase in the share price and is adjusted throughout the deferral period by the degree of compliance with the medium-term KPI.	Under the Company's general benefits Policy.
Target	Not applicable	The target value of the bonus may vary between 30% and 60% of the Total Remuneration, determined according to the job performed		
Performance Conditions	Not applicable	Collective KPIs (70%) - Financial KPI (40%) - Turnover - Direct Profit - Strategic KPI (30%) : e.g. People, Planet and Portfolio Management Individual KPIs (30%)	Return on invested capital	Not applicable
Maximum	Although there is no set maximum, any increments usually are made in line with the Company's overall increments.	Maximum of 68% of the Total Remuneration, depending on the job level		There is no set maximum, but an estimated value; any benefit updates are carried out according to general Policy.

The criteria for awarding and maintaining variable remuneration in shares are described below in section 73.

Concerning the two components of the remuneration:

The Fixed Remuneration includes a base salary and a responsibility allowance, which are established annually and defined according to personal skills, the level of responsibility of the job, and the recommended positioning concerning the comparable market.

The Variable remuneration aims to guide and reward Executive Directors for achieving predetermined objectives based on the Group's performance indicators and their own individual performance.

It will be awarded after the accounts for the financial year have been finalised, and the performance assessment has been carried out and it is divided in two parts:

- a) Short Term Performance Bonus (STPB), equivalent to a maximum 50% of the total variable remuneration is paid in cash in the first half of the year following the year to which it relates although it may, at the discretion of the Shareholders Remuneration Committee, be paid, within the same period, in shares, under the terms and conditions set forth below for the Medium Term Performance Bonus – see section 71 for further details;
- b) Medium Term Performance Bonus (MTPB), aimed at strengthening the Executive Directors' commitment to the Company, aligning their interest with those of the shareholders and increasing awareness of the importance of their performance to the Company's overall and sustainable success. The amount corresponds, at least, to 50% of the total variable bonus, with payment deferred for years after its attribution year - see sections 71, 72 and 73 for further details.

On the maturity date, the Company has the option to deliver the corresponding value of shares, in cash instead.

Payment in cash of the variable bonus may be made by any means of extinguishing the obligation provided for in the law and the articles of association.

71. Variable Remuneration of the Executive Directors

The Short-Term Performance Bonus results from the degree of achievement of collective and individual KPIs. Collective KPIs represent about 70% of the variable bonus and include business and strategic KPIs. The remaining 30% derives from individual KPIs, which can combine subjective and objective indicators.

The variable bonus is not guaranteed since the attribution is dependent upon the achievement of objectives. Considering the two variable components, the value of the pre-set target varies between 30% and 60% of the total annual remuneration (made up of the sum of the fixed remuneration and the target value of the variable remuneration), depending on the level of responsibility of each member's job. The calculation of the value attributed includes a minimum limit of 0% and a maximum of 140%, concerning the objective value previously defined.

The weight of the variable component awarded in the total annual remuneration depends on two factors: (i) weight of the pre-defined target value of the variable component in the total remuneration and (ii) degree of compliance with the associated objectives.

Combining these two factors results in the attribution of a variable bonus whose weight on the total actual annual remuneration may vary between 0% and 68%.

72. Deferred payment of the remuneration's variable component

The payment of at least 50% (fifty percent) of the remuneration's variable component is deferred after a 3 (three) year period, being settled in the fourth year by reference to the performance year, under the terms described in the previous section 70.2 and in the Remuneration Policy.

73. Criteria that underlies the allocation of variable remuneration in shares and their maintenance

1. Main features of the Medium Term Performance Bonus (MTPB)

MTPB is one of the components of the Executive Directors remuneration.

The MTPB attributed is converted in Sonae shares, at the award date using the average price of Sonae shares on the Portuguese stock market. Once attributed, the amount in euro will be divided by the medium Sonae SGPS SA share' price, to determine the number of shares it corresponds to.

In order to ensure the continuing alignment with the medium term sustainability objectives of the Company, the value of the bonus will be corrected, during the deferral period, by the degree of compliance with the medium-term KPI (return on invested capital with a pre-defined annual target) and adjusted using the variations in the share capital or dividends (Total Shareholder Return).

2. MTPB Scheme

MTPB aligns the interest of Executive Directors with the organisation's objectives, reinforcing their commitment and strengthening their understanding of the importance of their performance for Sonae, as expressed in Sonae share market capitalisation. The Company does not execute agreements with the members of the Board of Directors by reference to the shares attributed, namely hedging or risk transferring contracts, or any other that aim at undermining the purpose of the MTPB scheme.

3. Duration of the MTPB plan

The MTPB plan contemplates a four-year period, which includes the performance year and a subsequent three-year deferral period. As from the third consecutive deferred plan, it will occur in each moment the overlapping of three three-year plans.

4. Delivery by the Company

At the moment of the exercise of the share acquisition right under MTPB, the Company reserves itself the right of delivering, in substitution of the shares, the cash equivalent amount to the share market value at the date of the exercise of the right.

5. Termination of the MTPB plan

The Company is not required to comply with MTPB plan if the beneficiary ceases to work with Sonae before the end of the vesting period following its attribution, without prejudice to the provisions set forth in the following paragraphs. The right to receive payment may however remain in case of permanent disability or decease, with the due amount being paid to the member of the Board of Directors or to his/her heirs at the normal time for payment at the vesting period.

If the beneficiary retires, any right to awards can be exercised on the due date of payment.

74. Criteria that underlies the allocation of variable remuneration in options

The Company did not establish any variable remuneration in options.

75. Main parameters and reasoning concerning annual bonuses and any other non-cash benefits

Main parameters and reasoning about variable remuneration are detailed in the above section 71.

The Executive Directors are also granted health insurance, life insurance and personal accidents' insurance, in line with the Group's policy applicable to the Company's employees, and which terms are in line with the market practice.

76. Main characteristics of complementary pension or early retirement schemes for the directors approved at the shareholders' general meeting

No company specific system of retirement benefits or supplementary pensions for members of the management and supervisory bodies and other managers is part of the Remuneration Policy.

IV. Disclosure of Remuneration

77. Indication of the annual remuneration earned, in aggregate and individual amount, by the company's members of the Board of Directors

Directors' remuneration, awarded by the Company during the years 2020 and 2021, is summarised in the tables below:

Individual Detail		2020*				2021*			
EXECUTIVE DIRECTORS	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL	
Maria Cláudia Teixeira de Azevedo	493,800	372,700	372,700	1,239,200	505,600	551,000	551,000	1,607,600	
João Pedro Magalhães da Silva Torres Dolores	294,650	163,500	163,500	621,650	280,294	283,700	283,700	847,694	
Sub-total	788,450	536,200	536,200	1,860,850	785,894	834,700	834,700	2,455,294	
NON-EXECUTIVE DIRECTORS									
Duarte Paulo Teixeira de Azevedo	320,500	-	-	320,500	321,100	-	-	321,100	
Ângelo Gabriel Ribeiro dos Santos Paupério (1)	141,604	-	-	141,604	142,204	-	-	142,204	
José Manuel Neves Adelino	71,200	-	-	71,200	71,200	-	-	71,200	
Margaret Lorraine Trainer	61,600	-	-	61,600	61,600	-	-	61,600	
Marcelo Faria de Lima	52,700	-	-	52,700	52,700	-	-	52,700	
Carlos António Rocha Moreira da Silva	53,200	-	-	53,200	53,800	-	-	53,800	
Fuencisla Clemares	53,200	-	-	53,200	53,200	-	-	53,200	
Philippe Cyriel Elodie Haspeslagh	55,500	-	-	55,500	55,500	-	-	55,500	
Sub-Total	809,504	-	-	809,504	811,304	-	-	811,304	
TOTAL	1,597,954	536,200	536,200	2,670,354	1,597,198	834,700	834,700	3,266,598	

Amounts in euro.

(1) Also received remuneration from subsidiaries of the Company, as reported in section 78.

Open MTPB plans attributed to the Executive Directors:

	Plan	Award Date	Vesting Date	Amount Vested and Paid off	Oepn Plans Value	Open Plans Value
	(Performance year)			In 2021*	At award date* **	At 31 st December 2021* **
Maria Cláudia Teixeira de Azevedo	2017	Mar/18	Mar/21	136,747		
	2018	Mar/19	Mar/22		177,900	279,370
	2019	Mar/20	Mar/23		248,200	628,981
	2020	Mar/21	Mar/24		372,700	711,063
			Total	136,747	798,800	1,619,414
João Pedro Magalhães da Silva Torres Dolores	2017	Mar/18	Mar/21	10,077		
	2018	Mar/19	Mar/22		33,900	53,235
	2019	Mar/20	Mar/23		132,300	335,272
	2020	Mar/21	Mar/24		163,500	311,936
			Total	10,077	329,700	700,443
TOTAL			TOTAL	146,824	1,128,500	2,319,857

*Amounts in euro.

** Calculated considering the share marketing closing price of 2021 last trading day.

Open MTPB plans corresponding to vested rights of former Executive Directors:

	Plan	Award Date	Vesting Date	Amount Vested and paid off	Open Plans Value	Open Plans Value
	(Performance year)			In 2021*	At award date* **	31 st December 2021* **
Duarte Paulo Teixeira de Azevedo	2017	Mar/18	Mar/21	144,676		
	2018	Mar/19	Mar/22		209,800	329,464
	2019	Mar/20	Mar/23		70,400	178,407
			Total	144,676	280,200	507,871
Ângelo Gabriel Ribeirinho dos Santos Paupério	2017	Mar/18	Mar/21	270,383		
	2018	Mar/19	Mar/22		370,200	536,357
	2019	Mar/20	Mar/23		211,700	439,698
	2020	Mar/21	Mar/24		123,900	168,606
			Total	270,383	705,800	1,144,661
			TOTAL	415,059	986,000	1,652,532

*Amounts in euro.

** Calculated considering the share marketing closing price of 2021 last trading day.

78. Any amounts paid by other controlled or group companies, or those under shared control

The information on the Directors that are awarded remuneration by other controlled or group companies, and the respective amounts, during the years 2020 and 2021, is summarised in the table below:

Individual Detail	2020*				2021*			
	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
Maria Cláudia Teixeira de Azevedo (1)	36,250	-	-	36,250	-	-	-	-
João Pedro Magalhães da Silva Torres Dolores (1)	11,250	-	-	11,250	-	-	-	-
Ângelo Gabriel Ribeirinho dos Santos Paupério (2)	193,900	123,900	123,900	441,700	183,900	113,700	113,700	411,300
TOTAL	241,400	123,900	123,900	489,200	183,900	113,700	113,700	411,300

*Amounts in euro.

(1) Executive Director at Sonae SGPS, SA - Remuneration reported in subsidiary companies exclusively for performing non-executive roles.

(2) Non-Independent Non-Executive Director at Sonae SGPS, SA – Remuneration reported in subsidiary companies for performing both executive and non-executive roles.

79. Remuneration paid in the form of profit sharing and/or bonus payments

The variable remuneration of the Executive Directors was determined in accordance with the performance assessment and the remuneration policy approved at the Shareholders' General Meeting held on 30th April 2021, as detailed in section 71 above and in the remuneration table in section 77 above.

The remuneration paid in the form of profit sharing is included in the Short-Term Performance Bonus (STPB), as disclosed in section 77 above.

80. Compensation paid or owed to former Executive Directors as a result of term of office

During 2021, no compensation was paid or owed to former Executive Directors in relation to term of office.

81. Remuneration of the Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the Company's financial situation and market practice, and does not include any variable remuneration.

The amount of fixed annual remuneration for members of this body in 2021 was as follows:

Members of the Statutory Audit Board	2020*	2021*
Maria José Martins Lourenço da Fonseca	16,900	16,900
Daniel Bessa Fernandes Coelho	13,900	13,900
Manuel Heleno Sismeiro	13,900	13,900
Sara Manuel Carvalho Teixeira Mendes (1)	-	-
Total	44,700	44,700

*Amounts in euros.

(1) Substitute Member

82. Remuneration of the Chairman of the Board of the Shareholders' General Meeting

The remuneration of the members of the Board of the Shareholders' General Meeting is made up of a fixed fee, as follows:

Members of the Board of the Shareholders' General Meeting	2020*	2021*
Carlos Manuel de Brito do Nascimento Lucena	8,250	8,250
Maria Daniela Farto Baptista Passos	2,750	2,750
Total	11,000	11,000

*Amounts in euro.

V. Agreements with remuneration implication

83. Contractual mitigations on compensations to be paid upon the director's dismissal without due cause and its relation with the variable component of remuneration

The Remuneration Policy maintains the principle of not contemplating the allocation of compensation to Directors or members of other statutory governing bodies in connection with the termination of their mandate, whether such termination occurs at the end of the respective term of office or in advance, notwithstanding, in the latter case, to the Company's obligation to comply with the legal provisions in force on this matter.

During 2021 the Company did not grant any such compensations.

84. Reference to the existence and description, stating the sums involved, of the agreements between the Company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the Company

There are no agreements made between the Company and members of the Board of Directors, that

provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in the Company's control.

VI. Share Attribution Plans or Stock Options

85. Identification of the plan and the recipients

The medium-term variable remuneration is detailed in section 73 above and the main recipients are the Executive Directors as well as the employees of group companies, in the latter case in accordance with the terms and conditions determined by the respective Boards of Directors.

86. Plan features

A thorough description of the share attribution plan is detailed in sections 71, 72 and 73 above.

The Remuneration Policy for the statutory governing bodies, as well as the current share attribution plan, was approved at the Company's Shareholders' Annual General Meeting, held on 30th April 2021, as per the terms of the proposal presented by the Shareholders' Remuneration Committee, in compliance with articles 26-A to 26-F of the Portuguese Securities Code as well as with Recommendations V.2.1 to V.2.10 of the IPCG Corporate Governance Code 2018, as amended in 2020.

Information on resolutions taken at the Shareholders' Annual General Meeting can be found in <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

The movements in the open MTPB plans of the Company's Executive Directors, during 2021, can be summarised as follows:

	Aggregated number of plans	Number of shares	Euro
Outstanding at 31.12.2020	12	2,232,205	1,476,604
Movements in the year:	-2	1,128,969	1,894,656
Awarded	2	685,677	536,200
Vested	-4	-573,405	-446,395
Cancelled/Lapsed/Adjustments (1)	0	1,016,697	1,804,851
Outstanding at 31.12.2021	10	3,361,174	3,371,258

(1) Changes in the number of shares due to dividends paid and to the effects of the Medium Term KPIs. Changes to the values are for the same reason, as well as from the effect of changes in the Sonae Share price.

The present chart does not include information regarding share plans that may be attributed to the directors of Sonaecom and Sonae Sierra.

Summary of the MTPB Plans of the Company's Executive Directors, including the MTPB Plans of Sonae Business Units' executive directors, by reference to the year ended on 31st December 2021:

Sonae SGPS Share Plans Outstanding during 2021	Vesting Period			At 31 st December 2021	
	Share Price at Award Date	Award Date	Vesting Date	Aggregate number of participants	Number of shares
Plan 2017-2021	1.124	Mar/18	Mar/21	-	-
Plan 2018-2022	0.952	Mar/19	Mar/22	21	3,269,956
Plan 2019-2023	0.627	Mar/20	Mar/23	21	5,130,596
Plan 2020-2024	0.782	Mar/21	Mar/24	19	4,124,046

The present chart does not include information regarding share plans that may be attributed to the directors of Sonaecom and Sierra.

Ongoing plans include the ones of former Executive Directors, currently exercising non-executive roles.

87. Option rights granted to acquire shares ("stock options") where the beneficiaries are company employees

No option rights to acquire shares were granted.

88. Control mechanisms in any system of employee participation in the share capital

There are no control mechanisms established to control employee participation in the Company's capital.

E. RELEVANT TRANSACTIONS WITH RELATED PARTIES

I. Mechanism of control procedures

89. Mechanisms for monitoring transactions with related parties

Carrying out transactions with related parties is subject to principles of rigour and transparency, and in strict observance of the applicable legal framework and of rules of market competition. Such transactions are subject to specific internal procedures based on mandatory legal framework, in particular article 29-S to 29-V of the Portuguese Securities Code, as well as transfer pricing rules, or on voluntarily adopted internal systems of checks and balances – for example, formal validation or reporting processes, depending on the value of the transaction in question.

In this regard, the Company historically adopted and had in force a specific control procedure for transactions executed between the Company and the holders of qualified shareholdings pursuant to article 20 of the Portuguese Securities Code, with the intervention, if their amount was higher than 100 million euro, of the Statutory Audit Board and the Board Audit and Finance Committee, being those transactions reported to these bodies if their amount was higher than 10 million euro, in order to ensure transparency in the transactions, that they were carried on arms' length conditions, as well as the

respect for the corporate interests and the Company's stakeholders.

In 2020, following the entry into force of Law no. 50/2020 that transposed to national law the EU Directive 2017/828 of the European Parliament and the Council, the Board of Directors approved, with the prior favorable opinion of the Statutory Audit Board, an internal Policy on Related Parties' Transactions, in accordance with the set forth in articles 29-S to 29-V of the Portuguese Securities Code.

The policy is embodied in the Internal Regulations of both the Board of Directors and the Statutory Audit Board and is publicly available at <https://www.sonae.pt/en/investors/government-of-society/>.

90. Transactions subject to control during 2021

The transactions with related parties or qualified shareholders were executed within the Company's usual business, on arms' length and in line with other transactions executed between the Company and other national and international entities. The control mechanisms set forth in the Internal Policy on Related Parties' Transactions, referred in section 89 above, and available at <https://sonae.pt/en/investors/government-of-society/>, were duly enforced.

The abovementioned transactions were assessed by the Statutory Audit Board, being the related parties' transactions, as defined in IAS24, described in the Appendix to the Consolidated Financial Statements according to the information provided in section 92.

91. Description of the procedures and criteria for intervention of the statutory audit board, for the purpose of preliminary assessment of the business carried out between the Company and holders of qualified shareholdings or entities that are in a relation with them, under the terms of article 20 of the Portuguese Securities Code

Transactions of a value exceeding 100 million euro with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, were, until the approval of the Policy on Related Parties' Transactions, subject to a formal prior opinion by the Board Audit and Finance Committee and the Statutory Audit Board.

Transactions with related parties are, within the applicable legal framework, framed in the procedure described above in section 89 of this Report, in accordance with the set forth in articles 29-S to 29-V of the Portuguese Securities Code. The Statutory Audit Board intervenes, in light of the Internal Policy approved by the Board of Directors, with its previous favorable opinion, which is available at <https://sonae.pt/en/investors/government-of-society/>.

II. Elements related to Transactions

92. Information on transactions with related parties

Information on transactions with related parties, in accordance with IAS 24, within the scope of the applicable legal framework, can be found in note 45 of the 2021 Consolidated Financial Statements' Appendix.

Part II
Statement of Compliance

1. Identification of the adopted Corporate Governance Code

The Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by the Company under the terms of article 29-H of the Portuguese Securities Code and information duties required by the Portuguese Securities Commissions (CMVM) Regulation no. 4/2013, of the 1st of August. The Report additionally discloses, in light of the principle of comply or explain, the terms of compliance by the Company with the Recommendations contained in the 2018 IPCG Corporate Governance Code (revised in 2020).

The Report should be read as an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the financial year of 2021.

The requirements for the provision of information as per articles 447 of the Portuguese Companies Act and 29-H of the Portuguese Securities Code and of CMVM Regulation no. 7/2018, have also been fulfilled.

All of the rules and regulations mentioned in this Report are publicly available at www.cmvm.pt and at <https://cgov.pt/>.

Unless otherwise expressly stated, all remissions shall be read as being made to the Report itself.

2. Analysis of compliance with the adopted Corporate Governance Code

I. General Provisions

General Principle:

Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.

I.1. Company's relationship with investors and disclosure

Principle:

Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.

Recommendations:

I.1.1. The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.

RECOMMENDATION FULLY ADOPTED

The Company has, in its corporate structure, departments with specific competencies for the production, treatment and, in particular, timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, to the financial analysts and the market in general: the Investor Relation Department and the Communication and Brand Department, more detailed in section 21 of this Report. The Investor Relations' Department has the main following tasks: i) ensure the symmetry of the information disclosed to the market and the correspondent equal treatment of the shareholders, investors and other stakeholders with the production and immediate disclosure to the market of inside information; ii) ensure the compliance with the mandatory periodic disclosure of financial information; iii) analyse, actively and in a timely manner, the information publicly disclosed by the financial analysts that assess the Company's performance, acting, whenever necessary, by providing clarifications regarding inaccurate or outdated information disclosed by any such analysts. The Communication and Brand Department permanently follows-up the information disclosed in any media about the Company, promoting a transparent, up to date and consistent line of communication with the activity developed by the Company addressed to the public in general.

1.2. Diversity in the composition and functioning of the company's governing bodies

Principles:

1.2.A. Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.

1.2.B. Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.

1.2.C. Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and opinions expressed by their members.

Recommendations:

1.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.

RECOMMENDATION FULLY ADOPTED

At the Shareholders' General Meeting held on 30th April 2021 the Selection and Suitability Assessment

Internal Policy for Membership of the Management and Audit Bodies was approved, replacing the previous Selection and Assessment Policy for Membership of the Statutory Governing Bodies, this one approved while the Company was subject to the legal framework of Articles 30 to 32 of the General Regime of Credit Institutions and Financial Companies (“Regime Geral das Instituições de Crédito e Sociedades Financeiras” - RGICSF) and in light of which the members of the Board of Directors and of the Statutory Audit Board appointed for the 2019-2022 mandate by the Shareholders’ General Meeting held on 30th April 2019 were evaluated. The Policy in force is available at <https://sonae.pt/en/investors/shareholder-s-general-meeting/> and is described in section 15 of this Report.

Additionally, as described in section 15 of this Report, among all of the diversity requirements, the Company has given particular consideration to gender equality by having in place a Plan for Gender Equality which is applicable to the employees and members of the Group’s statutory governing bodies, available at <https://www.sonae.pt/en/sonae/culture/>.

I.2.2. The company’s managing and supervisory boards, as well as their committees, should have internal regulations – namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members –, disclosed in full on the company’s website. Minutes of the meetings of each of these bodies should be drawn out.

RECOMMENDATION FULLY ADOPTED

The Board of Directors and its internal committees, as well as the Statutory Audit Board have internal regulations governing the exercise of their respective competencies and the framework of the duties of its members, as well as their internal functioning. Minutes of all the meetings are recorded. The composition of these governing bodies and committees, including the chairmanship, are permanently available at the Company’s website at <https://www.sonae.pt/en/investors/government-of-society/>, and is described in sections 17, 18, 29, III a) and 31 of this Report.

The Board of Directors’ Internal Regulation, where it is included the regulation of its internal committees, and the Statutory Audit Board’s Internal Regulation are available, both in the Portuguese and in the English versions, at the Company’s website at <https://www.sonae.pt/en/investors/government-of-society/>, being also drawn up minutes of all the meetings held..

I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company’s website.

RECOMMENDATION FULLY ADOPTED

The composition and the number of annual meetings of the Board of Directors, including the internal committees created by the Board, and the composition and number of annual meetings of the Statutory Audit Board are permanently available, both in the Portuguese and the English versions, available at the

Company's website at <https://www.sonae.pt/en/investors/government-of-society/>, including in the corporate governance reports approved at the Shareholders' General Meetings also available for consultation at <https://www.sonae.pt/en/investors/government-of-society/>.

I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.

RECOMMENDATION FULLY ADOPTED

The Ethics Committee, appointed by the Board of Directors, and chaired by the Lead Non-Executive Director ("Lead Director"), has as one of its main duties, to verify the existence of internal mechanisms for the communication of irregularities, ensuring that any such mechanisms comply with the applicable law, namely regarding confidentiality, treatment of the information and the non-existence of reprisals against the whistleblower (as detailed in section 29 of this Report and at <https://www.sonae.pt/en/investors/government-of-society/>).

The Statutory Audit Board, in line with its competencies and with its Internal Regulation available at <https://www.sonae.pt/en/investors/government-of-society/>, receives the claims of irregularities presented by, among others, shareholders and employees of the Company, and keeps record of the claims of irregularities sent to it, promoting, whenever it deems convenient, the necessary proceedings with the Board of Directors, the internal and/or external audit or with any other body and prepares a report about such irregularities, adopting the measures it deems convenient in light of the Statutory Audit Board's duties. With the same purpose, the Statutory Audit Board receives and analyses the quarterly report of the Ombudsperson, requesting from the Ombudsperson all the necessary information for its clarification, also receiving the reports made to the Company's Ethics Committee, that constitute irregularities subject to its competency in accordance with the legal and recommendatory applicable framework.

The Ombudsperson has the duty, in accordance with the terms set forth in the Board of Directors' Internal Regulation, available at <https://www.sonae.pt/en/investors/government-of-society/> to receive, analyse and reply to any irregularity claims involving employees, customers, suppliers and other service providers, as well as to forward any such claims to the competent bodies.

The Company has permanent contacts available for the communication of irregularities to the Statutory Audit Board (see section 49 of this Report), to the Ethics Committee and to the Ombudsperson (see section 29 of this Report). The contacts are available at <https://www.sonae.pt/en/sonae/contacts-80/>.

In order to ensure that the detection and prevention of irregularities is conducted in a permanent and proactive manner, the Company has put in place suitable mechanisms for risk identification and prevention, being such mechanisms monitored by the Internal Audit Department, as well as by all the departments responsible for the prevention of irregularities. The setting and monitoring of these systems and mechanisms are consistently made by the management and supervisory bodies of the Company.

I.3 Relationship between the company bodies

Principle:

Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.

Recommendations:

I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.

RECOMMENDATION FULLY ADOPTED

The Chair of the Board of Directors, the Chairmen of the internal committees created by the Board, and the Senior Non-Executive Directors (Lead Director and SID Director), ensure, in a timely fashion, the flow of information necessary for the execution of the legal and statutory duties of the remaining bodies and committees, providing the necessary resources for the disclosure of all convening notices, minutes and documentation supporting the decision-making process, in accordance with the set forth in the Board of Directors' Internal Regulation available at <https://www.sonae.pt/en/investors/government-of-society/>.

I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.

RECOMMENDATION FULLY ADOPTED

All the information mentioned in this recommendation is made available to all members of the Board of Directors and the Chair of the Statutory Audit Board.

The Board of Directors has appointed two Senior Non-Executive Directors (Lead Director and SID Director) whom, under the terms of the Board of Directors' Internal Regulation and Corporate Governance best practices, ensure, in a timely and suitable manner, the proper flow of information for the exercise of the legal and statutory role of all the remaining governing bodies and committees, as described in section 18 of this Report.

I.4 Conflict of interest

Principle:

The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.

Recommendations:

I.4.1. The members of the managing and supervisory boards and internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.

RECOMMENDATION FULLY ADOPTED

The Conflict of Interest' Policy approved by the Company and the Board of Directors' Internal Regulation establish internal mechanisms regarding potential conflict of interests involving members of the Board of Directors, including internal committees and employees. The policy sets out an obligation to immediately notify to the competent governing body any situation of real or potential conflict of interest.

The Board of Directors' Internal Regulation, available at <https://www.sonae.pt/en/investors/government-of-society/>, imposes the immediate notification to the Board of Directors of any fact that may constitute or give rise to a conflict of interest, as well as any circumstance that may affect the Directors' independence and impartiality.

The Statutory Audit Board's Internal Regulation imposes, in article 5, paragraph 3, subparagraph a), the obligation of the members of the Statutory Audit Board to inform the Chair of this governing body and the Company of any circumstance that affects his/her independence and impartiality or that determines a legal incompatibility for the exercise of his/her role.

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

I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.

RECOMMENDATION FULLY ADOPTED

The Conflict of Interest' Policy adopted by the Company and the Board of Directors' Internal Regulation, available at <https://www.sonae.pt/en/investors/government-of-society/>, determine that any member who has a conflict of interest regarding any item of the agenda of any meeting of a governing body or internal committee, shall not intervene in the decision-making process, without prejudice to the duty to

provide information and clarifications to the body, the committee or the other members, if required to do so.

The measures in place for prevention of conflicts of interest of members of the Statutory Audit Board are described above in recommendation 1.4.1., without prejudice to the mandatory legal framework that remains applicable, in particular regarding ineligibility on any of the grounds for incompatibility, incapacity or other prohibitions established by the applicable law.

I.5. Related parties' transactions

Principle:

Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.

Recommendations:

I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.

RECOMMENDATION FULLY ADOPTED

In 2020, the Board of Directors approved, with the prior favourable opinion of the Statutory Audit Board, an internal Policy on Related Parties' Transactions, which is in force and is attached both to the Board of Directors' Internal Regulation and to the Statutory Audit Board's Internal Regulation, both available at <https://www.sonae.pt/en/investors/government-of-society/>, as described in sections 89 and 91 of this Report.

I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.

RECOMMENDATION NOT APPLICABLE*

**In accordance with the Interpretation Note of the 2018 IPCG Corporate Governance Code (revised in 2020), issued by CAEM (Comissão de Acompanhamento e Monitorização).*

The internal Policy on Related Parties' Transactions, available at <https://www.sonae.pt/en/investors/government-of-society/> embodies the rules determined by article 249-A of the Portuguese Securities Code.

II. Shareholders and General Meetings

Principles:

II.A. As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.

II.B. The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees and also of reflection about the company itself.

II.C. The company should implement adequate means for the participation and remote voting by shareholders in meetings.

Recommendations:

II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.

RECOMMENDATION FULLY ADOPTED

The Company encourages its shareholders to participate in General Meetings, in particular by assigning to each share one vote and by not limiting the number of votes that may be held or exercised by each shareholder.

II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.

RECOMMENDATION FULLY ADOPTED

The Company's Articles of Association do not set a resolution-fixing quorum that exceeds that fixed by law.

II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its side.

RECOMMENDATION ADOPTED ACCORDING TO THE BELOW EXPLANATION

The Company historically considered that the participation means made available to its shareholders were suitable to its behaviors and preferences in light of the percentage of attendance to the General Meetings.

The exceptional circumstances related to the pandemic situation and the consequent health restrictions imposed the hold of Shareholders' General Meetings through telematic resources having the Company ensured their smooth operation, warranting the authenticity of the declarations and the safety of the communications, adopting a procedure pursuant to the legal applicable framework and the CMVM orientations.

The implementation of the adequate means for remote participations of the shareholders at the General Meetings will be ensured whenever the Company deems it as necessary and adequate to ensure effective shareholders' attendance.

II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.

RECOMMENDATION FULLY ADOPTED

The Company makes available to shareholders the means necessary to exercise written voting and voting by electronic means.

Additionally, the Company publishes on its website, from the date of notice for convening each Shareholders' General Meeting, standard documentation for attending the Shareholders' General Meeting, thereby facilitating the shareholders' compliance with the applicable legal attendance requirements. To this effect, the Company also makes available a specific email address to answer shareholders' enquiries. The Company allocates, as well, a work team especially dedicated to providing assistance to the Chair of the Board of the Shareholders' General Meeting as well as to the shareholders.

II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution – without increased quorum in comparison to the legally established – and in that resolution, all votes cast will be counted without observation of the imposed limits.

RECOMMENDATION NOT APPLICABLE

The Company's Articles of Association do not establish any limitation on the number of votes that may be held or exercised by a shareholder.

II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.

RECOMMENDATION FULLY ADOPTED

The Company does not adopt policies leading to any of the restrictions mentioned in this recommendation. The contracts executed by the Company reflect the defence of the Company's corporate purpose, bearing in mind the long-term sustainability of the business within the market conditions' context, and not embodied by measures suitable to harm the economic interest in the transferability of shares and the assessment of the performance of the members of the managing body.

III. Non-Executive Management, Monitoring and Supervision

Principles:

III.A. The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.

III.B. The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.

III.C. The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.

Recommendations:

III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.

RECOMMENDATION FULLY ADOPTED

The Board of Directors, in compliance with the set forth in article 1, paragraph 3 of its Internal Regulation, has appointed two Senior Non-Executive Directors, to ensure the objectives described in this recommendation are fulfilled, as detailed in section 18 of this Report.

For this purpose, it was appointed the Director Margaret Lorraine Trainer as Senior Independent Non-Executive Director (“SID Director”) who also chairs the Remuneration Committee (which is responsible for the performance assessment, as described in this recommendation) and is, as well, member of both the Board Nomination Committee and the Board Audit and Finance Committee. It was also appointed the Director José Manuel Neves Adelino as Lead Non-Executive Director (“Lead Director”) who also chairs the Board Audit and Finance Committee and Ethics Committee.

Thus, the means required for the coordination of the work of the Non-Executive Directors are ensured, both at Board level as well at the Board’s specialised committees, to guarantee the existence of the necessary conditions to underpin an independent and informed performance of their non-executive role, being provided the continuous and timely flow of information and being ensured the quality and fairness of the performance assessment.

III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.

RECOMMENDATION FULLY ADOPTED

The number of non-executive members of the Board of Directors, as well as the number of members of the Statutory Audit Board both comply with this recommendation, as detailed in sections 18 and III, a) of this Report, respectively.

III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.

RECOMMENDATION FULLY ADOPTED

The Board of Directors is composed of ten members, eight of which are non-executive, as described in section 18 of this Report.

III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of

interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:

- i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;
- ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;
- iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;
- iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;
- v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or
- vi. having been a qualified holder or representative of a shareholder of qualifying holding.

RECOMMENDATION FULLY ADOPTED

The Board of Directors is composed of ten members, eight of which are Non-Executive directors, being composed of a number of independent Non-Executive directors that fulfil the independence criteria of this recommendation, as described in section 18 of this Report.

The maintenance of the independence criteria is periodically assessed, having the independent directors the duty to immediately notify any fact or situation that may determine the loss of their independence.

III.5. The provisions of paragraph (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).

RECOMMENDATION NOT APPLICABLE

By reference to the mandate ended on 31st December 2018, there is no member of the Board of Directors subject to the cooling-off period established in this recommendation (see sections 17 and 18 of this Report)..

III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.

RECOMMENDATION FULLY ADOPTED

The Board of Directors, as the body responsible for deciding the strategy and the main policies of the Company, proactively ensures the working of the internal control and risk management systems. The Statutory Audit Board evaluates the effectiveness of these systems, proposing measures to optimise performance, issuing guidelines and recommendations and giving its opinion, as it deems necessary, about the risk policy and strategic guidelines reported by the Board of Directors including, if deemed necessary, previously to their final approval, as provided in the Statutory Audit Board's Internal Regulation available at <https://www.sonae.pt/en/investors/government-of-society/>.

The Board of Directors ensured the interaction with the Statutory Audit Board in the terms set forth in this recommendation according to the Statutory Audit Board's annual report and opinion, as attached to the Company's Annual Management Report and accounts available <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has set-up three specialised committees that continuously exercised their attributions during the mandate, to ensure the effectiveness and the quality of the work performed. The Committees currently in existence are the Board Audit and Finance Committee, the Board Remuneration Committee and the Board Nomination Committee, that, although independently, exercise all the duties set forth in this recommendation, being their respective competencies detailed in section 29 of this Report and their terms of reference available at <https://www.sonae.pt/en/investors/government-of-society/>.

IV. Executive Management

Principles:

IV.A. As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.

IV.B. In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.

Recommendations:

IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.

RECOMMENDATION FULLY ADOPTED

The Board of Directors delegated in the Executive Committee the day-to-day management of the Company, and approved its internal regulation, being the Executive Committee's competencies described in the Company's Annual Corporate Governance Report (see sections 27 and 28 of this Report).

The Board of Directors' Internal Regulation available at

<https://www.sonae.pt/en/investors/government-of-society/>, and the Conflict of Interests Policy in force determine that the acceptance of any roles, by any member of the Board of Directors, either as a member of a governing body or for the exercise of any other significant activity in a Company outside Sonae Group, not authorised by the Shareholders' General Meeting, shall be previously approved by the Board of Directors, with the opinion of the Board Nomination Committee as described in section 29 of this Report and in the Board of Directors' Internal Regulation available at <https://www.sonae.pt/en/investors/government-of-society/>.

IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i) the definition of the strategy and main policies of the company; ii) the organisation and coordination of the business structure; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.

RECOMMENDATION FULLY ADOPTED

The Board of Directors delegated in the Executive Committee the day-to-day management of the Company, being the Executive Committee's competencies described in the Company's Annual Corporate Governance Report (see sections 27 and 28 of this Report). The matters excluded from the terms of the delegation of powers by the Board of Directors are also described in this Report and comply with the rules set forth in this recommendation (see section 27.1 of this Report).

IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.

RECOMMENDATION FULLY ADOPTED

The Board of Directors, in its Annual Report, complies with this recommendation.

V. Evaluation of Performance, Remuneration and Appointment

V.1. Annual evaluation of performance

Principle:

The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.

Recommendations:

V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.

RECOMMENDATION ADOPTED ACCORDING TO THE BELOW EXPLANATION

The appraisal of the performance of the individual members of the Board of Directors is carried out in line with the principles, valuation criteria and processes set out in the Remuneration and Compensation Policy proposed by the Shareholders' Remuneration Committee and approved on an annual basis by the Shareholders' General Meeting.

The Shareholders' Remuneration Committee, which is appointed at the Shareholders' General Meeting, is responsible for the approval of the remuneration of the individual members of the Board of Directors and other statutory governing bodies, in representation of the shareholders and in accordance with the Remuneration and Compensation Policy approved by the Shareholders' General Meeting.

The Board Remuneration Committee supports the Shareholders' Remuneration Committee in carrying out its duties in relation to the assessment of the performance and remuneration of the Executive Members of the Board of Directors (see sections 24, 29, 66 and 67 of this Report).

The Board of Directors, as set out in its Internal Regulation, periodically self-assesses its performance and the performance of its committees. A full formal assessment is made about half-way through each mandate, which is considered the most suitable frequency and timing for a full self-assessment of the performance of the Board of Directors as a whole, and of the contribution of individual members of the Board of Directors. In the remaining years of the mandate, other than the year where the full formal assessment is executed, there is always, at least, one meeting of the Board of Directors and one meeting of each of its committees which respectively include an agenda item covering a brief and informal self-assessment to be carried out. If deemed necessary to improve performance, internal regulations are accordingly amended.

V.2. Remuneration

Principles:

V.2.A The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders – taking into account the wealth effectively created by the company, its financial situation and the market's – and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit and transparency within the company.

V.2.B Directors should receive compensation:

- i) that suitably remunerated the responsibility taken, the availability and the expertise placed at the disposal of the company;*
- ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and*
- iii) that rewards performance.*

Recommendations:

V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.

RECOMMENDATION FULLY ADOPTED

The remunerations are set by the Shareholders' Remuneration Committee, appointed by the Shareholders' General Meeting held on 30th April 2019. The three appointed members of the Shareholders' Remuneration Committee are independent and act in that capacity, thus fulfilling the necessary conditions for the body's independent performance and decision-making process. All the members of the Shareholders' Remuneration Committee have relevant and sufficient knowledge and experience in the field of remuneration policies.

V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.

RECOMMENDATION FULLY ADOPTED

The remuneration is determined by the Shareholders' Remuneration Committee, appointed by the Shareholders' General Meeting. The remuneration is determined based on the Remuneration Policy. The Remuneration Policy was approved at the Shareholders' Annual General Meeting held on 30th April 2021.

V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of compensation payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.

RECOMMENDATION FULLY ADOPTED

The Company decided not to grant any compensation to any member of the Company's governing bodies and committees for dismissal or termination, without prejudice to the Company's obligation to comply with the legal applicable framework, as determined in the Remuneration Policy presented by the Shareholders Remuneration Committee to the Shareholders' General Meeting held on 30th April 2021.

During 2021 the Company did not grant any such compensations.

V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.

RECOMMENDATION FULLY ADOPTED

The Shareholders' Remuneration Committee is aligned with this recommendation and appoints, among its members, the one that shall represent the Committee at the Shareholders' General Meeting, which could be either the Chair or any of its two members.

V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.

RECOMMENDATION FULLY ADOPTED

The Board Remuneration Committee supports the Shareholders' Remuneration Committee in the performance of its duties. For their performance thereof, these committees may decide to hire external consultants of recognised competency and with international activity and expertise (see section 24 of this Report).

V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.

RECOMMENDATION FULLY ADOPTED

The principles applicable to the hiring of consulting services are described in section 24 of this Report. The Committee has the undertaking to ensure that the specialists hired have the level of independence necessary to carry out the specific scope of services, and that their independence is not jeopardised by the provision of significant other services to the Company or to any related parties.

V.2.7. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.

RECOMMENDATION FULLY ADOPTED

The remuneration components are disclosed in the Company's Remuneration and Compensation Policy, which was approved at the Shareholders' Annual General Meeting, being available at the Company's website at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>, and further described in sections 69-76 of this Report.

The Remuneration policy provides for solid a relationship between the fixed and variable components of the remuneration, which is suitable to the Company and Group profiles, as perceived by the shareholders who approve it at the Shareholders' General Meeting and that, during 2021, was applied without any derogation.

V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.

RECOMMENDATION FULLY ADOPTED

The Remuneration Policy, proposed by the Shareholders' Remuneration Committee and approved at the Shareholders' Annual General Meeting held on 30th April 2021, respects the deferral period contained in this recommendation and its vesting value is dependent upon the Company's performance during said period, as detailed in sections 69-76 of this Report, and is available at <https://sonae.pt/en/investors/shareholder-s-general-meeting/>.

V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.

RECOMMENDATION NOT APPLICABLE

The approved remuneration policy does not include the allocations of options.

V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.

RECOMMENDATION FULLY ADOPTED

The remuneration of the non-executive members of the Board of Directors consists solely of a fixed amount, without any connection to the Company's performance or its value.

The Remuneration Policy is available at <https://sonae.pt/en/investors/shareholder-s-general-meeting/> and described in sections 69 to 76 of this Report.

V.3. Appointments

Principle:

V.3. Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.

Recommendations:

V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.

RECOMMENDATION FULLY ADOPTED

The members of the Company's Statutory Governing Bodies elected for the four-year mandate 2019-2022, and currently in office, were appointed under the Selection and Assessment Policy for Membership of the Statutory Governing Bodies, approved at the Shareholders' Extraordinary General Meeting held on 16th December 2015 available at <https://sonae.pt/en/investors/shareholder-s-general-meeting/> having the respective proposals been presented together with the respective justification concerning profile, knowledge and background by reference to the role to be exercised by each proposed member. At the Shareholders' General Meeting held on 30th April 2021 a Selection and Suitability Assessment Internal Policy for Membership of the Management and Audit Bodies was approved, in line with the previous policy in force, and embodying the principles set forth in this recommendation, being available at <https://sonae.pt/en/investors/shareholder-s-general-meeting/>.

V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.

RECOMMENDATION FULLY ADOPTED

The Board of Directors created an internal committee specialised in this matter, the Board Nomination Committee, with the nomination competencies described in section 29 of this Report and with the assignments established in the Board of Directors' Internal Regulation, which comply with this recommendation and further widening its scope, considering the performance range of this committee extends to all the senior directors of the Group, despite them being regarded as persons discharging managerial responsibilities pursuant to the European and national legal framework.

V.3.3. This nomination committee includes a majority of non-executive, independent members.

RECOMMENDATION FULLY ADOPTED

The Board Nomination Committee is composed of a majority of non-executive independent members, as detailed in section 29 of this Report.

V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.

RECOMMENDATION FULLY ADOPTED

The internal regulation of the Board Nomination Committee is included in the Board of Directors' Internal Regulation and is further detailed, in its main features and procedure schedule in the Board Nomination Committee's Terms of Reference, available at the Company's website at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

The Board Nomination Committee can engage the services of external specialised consultants with market recognised international experience and reliability.

VI. Internal Control

Principle:

Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.

Recommendations:

VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk taking.

RECOMMENDATION FULLY ADOPTED

The Board of Directors determines the strategy and risk policy of the Company, defining and monitoring the existence of acceptable risk levels. The Board Audit and Finance Committee (BAFC) regularly reports to the Board of Directors about its work, the conclusions that it has reached and proposes plans of action with the goal of proactively ensuring internal control and the functioning of the Company's risk management system (see section 29 of this Report).

VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board, in the terms set forth in its Internal Regulation available at <https://sonae.pt/en/investors/government-of-society/> evaluates the effectiveness of the internal control and risk management systems, proposing measures to optimise their performance, as deemed necessary, acting in coordination with the Board of Directors, through its Board Audit and Finance Committee, and giving its opinion on these systems in its annual report and opinion, as attached to the Company's Annual Management Report and accounts available at <https://sonae.pt/en/investors/government-of-society/> (see sections 31 and 38 of this Report).

VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.

RECOMMENDATION FULLY ADOPTED

The risk management, internal control, compliance and internal audit fully comply with this recommendation, as detailed in sections 21 and 50 to 55 of this Report.

The Statutory Audit Board, in the terms set forth in its Internal Regulation available at <https://sonae.pt/en/investors/government-of-society/> evaluates the effectiveness of all these systems, supervising and proposing, as deemed necessary, measures to optimise performance, acting, in particular, in coordination with the Board of Directors, through its Board Audit and Finance Committee, and giving its opinion in its annual report and opinion, as attached to the Company's Annual

Management Report and accounts available at <https://sonae.pt/en/investors/government-of-society/> (see sections 31 and 38 of this Report).

VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose adjustments deemed to be necessary.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board establishes, together with the internal audit department, a plan of action, supervises its activities, receives periodic reports on the work performed, namely with regards to financial information and legal reporting, conflict of interests' prevention and checks for possible irregularities, further assessing the results and conclusions drawn, and gives guidelines as it deems necessary, as described in section 38 of this Report.

VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's Internal Regulation includes these responsibilities and is available at <https://sonae.pt/en/investors/government-of-society/>.

VI.6. Based on its risk policy, the company should establish a system of risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their accompaniment.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has established internal risk control systems with appropriate components (please refer to sections 50 to 55 of this Report).

VI.7. The company should establish procedures for the supervision, periodic evaluation and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as future perspectives for amendments of the risk structure previously defined.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has established an ongoing assessment system of the risk management system performance, aiming to adapt it to new circumstances and contingencies (see sections 38.1 A and B, 50 to 52 and 54 to 55 of this Report).

VII. Financial Information

VII.1. Financial Information

Principles:

VII.A. The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.

VII.B. The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.

Recommendations:

VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's Internal Regulation includes these responsibilities and is available at <https://www.sonae.pt/en/investors/government-of-society/>.

VII.2. Statutory audit of accounts and supervision

Principle:

The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.

Recommendations:

VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory auditor.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's Internal Regulation, available at the Company's website at <https://www.sonae.pt/en/investors/government-of-society/> defines the Statutory Audit Board's competencies and work plan, including the supervision of Statutory External Auditor's independence, both concerning its existence and its maintenance, as attested in the Statutory Audit Board's annual report and opinion.

VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board is responsible for proposing the appointment and dismissal of the Statutory External Auditor and of the External Auditor, approving the remuneration, overseeing the work performed and verifying its independence. The Statutory Audit Board is also primarily responsible for receiving the Statutory External Auditor and the External Auditor's reports and for the direct interaction with both of them, pursuant to Statutory Audit Board's competencies and its respective Internal Regulation, available at the Company's website <https://www.sonae.pt/en/investors/government-of-society/>.

VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause..

RECOMMENDATION FULLY ADOPTED

The assessment of the work performed by the Statutory External Auditor can be checked in the Statutory Audit Board's annual report and opinion.

The Statutory Audit Board has the competencies described in this recommendation, in accordance with the applicable law and as described in its Internal Regulation.



APPENDIX I

APPENDIX I

REMUNERATION REPORT

(prepared in accordance with the terms of subparagraphs 1 and 2 of article 26-G of the Portuguese Securities Code)

1. Remuneration Policy Principles

At the Shareholders' General Meeting held on 30th April 2021 it was approved, in compliance with articles 26-A to 26-F of the Portuguese Securities Code, a Remuneration Policy for the remainder years of the current mandate, 2021-2022, prepared in line with the principles that governed the previous remuneration policy.

The Shareholders' General Meeting resolution is available at <https://sonae.pt/en/investors/shareholders-general-meeting/>.

Sonae's remuneration policy is structured in order to find a balance between different essential features aiming at the sustainability of the business and the performance of the members of the Board of Directors, following, namely:

- The overall national and international market comparisons in order to ensure the attraction, motivation and retention of high qualified and high-performance talent;
- The practices of comparable companies, including other business areas of Sonae that are in comparable situations;
- The compromise, individual responsibility, experience and performance of each Executive Director for the achievement of short and long-term results, in accordance with the Company's strategy and long-term sustainability;
- The alignment with the principles set forth in the overall remuneration policy of the Company;
- A management oriented for the long-term interests of the Company and its shareholders, as well as for the adoption of behaviors that weighted the risks incurred.

The Remuneration Policy lays on the fulfillment of the following principles, duly complied with throughout 2021:

Competitiveness: In designing the Remuneration Policy of the members of the statutory governing bodies and other managers, the main objective is to attract and retain the best professionals with high potential talent and proven experience, ensuring stability and delivering a relevant and material contribution to the sustainability of the Company's businesses.

The Policy and its positioning are defined by comparison with national and international

markets, according to the main reference studies carried out for Portugal and the European markets by consultants Mercer and Korn Ferry, including comparison with the practice of the companies listed on Euronext Lisbon.

To that extent, the remuneration parameters of the members of the statutory governing bodies and other managers are set and periodically reviewed, considering the market conditions, activity carried out and the responsibilities involved in their respective roles. The profile and curriculum of each individual member, their experience, the nature and description of their role, the competency framework of the governing body in question and that of each member, as well as the degree of the direct correlation between each individual's performance and the performance of the business, among other factors, shall be considered.

The general market positioning and competitiveness guidelines recommended by the organisation are considered when determining the remuneration values of each segment within the framework of the Group's general Remuneration Policy.

Performance Orientation: Concerning the Executive Directors the Policy provides for the attribution of short and medium-term bonuses, calculated according to the Company's results and the level of performance, both individual and collective, to encourage the sustainable growth of its businesses, as well as individual commitment to pre-defined objectives. If these objectives, measured using Key Performance Indicators (KPIs), are not achieved, the value of the short and medium-term bonuses are appropriately partially reduced or totally eliminated.

Alignment of interests: An alignment between the Director's and the Shareholders' interests and medium-term performance is ensured to promote the sustainability of the business. Part of the Executive Directors' variable bonus is deferred for three years after its attribution. The deferred component is affected by the following factors: (i) the share price; (ii) the dividend adjustment factor; and (iii) the degree of achievement of medium-term objectives (KPIs). The remuneration of Non-Executive Directors, members of the supervisory bodies and members of the Board of the Shareholders' General Meeting consists exclusively of fixed remuneration. In the event non-independent non-executive directors of the Company perform executive roles in subsidiary companies, their remuneration in the latter will be determined by the respective Shareholders' Remuneration Committee and disclosed pursuant to the legal and recommendatory framework.

Transparency: All aspects of the remuneration structure are clear and disclosed internally and externally through documents published on the Company's website and are in line with

the Group's general Remuneration Policy.

Reasonableness: the Company's Remuneration Policy aims to ensure a balance between Sonae's long-term interests, the market positioning and best practices, the expectation and motivations of the members of the statutory governing bodies and other managers, as well as the objective of attracting and retaining talent.

Consistency and equity: The employment and remuneration conditions of the Group's employees are taken into consideration in determining the remuneration of each member of the statutory governing bodies and other managers.

For this purpose, the employment and remuneration conditions of full-time equivalent employees in the Company are taken into account to ensure consistency and equity in terms of remuneration, by reference to the importance of the respective qualifications, responsibilities, experience, availability and the specific nature of the risk associated with the job. In turn, the framework of the global Remuneration Policy adopted by the Company is benchmarked against comparable peers, adjusted for its particular market conditions, to balance the objectives of sustainability and talent retention. In the architecture of the Remuneration Policy for statutory governing bodies, other managers and the remaining Company employees, and to determine the applicable remuneration, the jobs are considered under an evaluation system that includes differentiation criteria as to complexity, qualification, experience required, autonomy and responsibilities. This system is based on Korn Ferry's international methodology to promote equity in remuneration and employment conditions, in light of the differentiation criteria described above, applicable to the various jobs, and to allow comparability/ benchmarking with equivalent jobs in the market.

As a result, Sonae's overall benchmark in terms of competitive positioning against the comparable market, for each job, is normally the median for the fixed remuneration and the third quartile for the variable component of remuneration, notwithstanding the necessary adaptations under market conditions and the Company's particular situation.

Legal and regulatory framework: The Remuneration Policy applicable to the members of the governing bodies and persons discharging managerial responsibilities within the Company is in line with European guidelines, national law and IPCG Corporate Governance Code Recommendations.

2. Determination of remuneration of the statutory governing bodies

The Shareholders' Remuneration Committee is responsible for approving remunerations, in particular of the members of the Board of Directors and the Statutory Audit Board in representation of the shareholders and in accordance with the Remuneration Policy approved at the Shareholders' General Meeting.

The Shareholders' Remuneration Committee is composed of three independent members, with recognised qualification and experience, appointed at the Shareholders' General Meeting for the four year mandate 2019-2022, having determined, as well, the remuneration of each of its members (see section 67 of the Corporate Governance Report).

With regards to the determination of the remuneration for the members of the Board of Directors for 2021, the Shareholders' Remuneration Committee was supported by the Board Remuneration Committee, composed of Non-Executive Directors (see section 29 of the Corporate Governance Report) which presented proposals to the former. These proposals were drawn without the presence of the concerned members, as described in the Board Remuneration Committee's Terms of Reference, available at the Company's website, as well as in its procedure.

By reference to 2021 accounting year, the Shareholders' Remuneration Committee and the Board Remuneration Committee complied with the annual procedure described in the Terms of Reference of the Board Remuneration Committee as follows:

Month	Remuneration Cycle
January	Reception of market surveys and benchmarking of remuneration trends and expectations using external benchmarking studies.
	Board Remuneration Committee (BRC) Meeting in mid-March:
	Closing of prior year in preparation for the current year, reviewing:
	- Annual Appraisal Process;
	- Remuneration Policy Proposal (if applicable);
March	- Proposals for the award of variable remuneration for previous year, including the deferred component;
	- Proposals for fixed remuneration for the current year;
	- Proposals for variable remuneration target values for performance in the current year.
	Shareholders' Remuneration Committee (SRC) Meeting later in March, after the BRC has met, for approval and decision on the proposals presented by the Board Remuneration Committee.
April	Shareholders' Annual General Meeting in late April: Shareholders vote on Remuneration Policy proposed by the SRC, if applicable.
May	SRC Meeting in early May:
	Only if Board membership or responsibility changed at the Shareholders' Annual General Meeting.
June to October	BRC Reporting: Update on current year KPIs (if necessary)
	SRC Meeting: only if there are any Board membership or responsibility changes.
November	Board Nomination Committee (BNC) Meeting:
	- Progress on the current year KPIs (if required);
	- Review status of Medium-Term Incentive Plan and shares retained;
	- Review of Talent Management, and Contingency and Succession Planning;
	- Review Nomination Process (if required);
	- Review the BNC and the BRC action plans for the following year;
	- Review the proposed Remuneration Policy, including the share attribution plan.
December	BNC Reporting and BRC Reporting: Update on current year KPIS (if necessary)
	SRC Meeting: Only if there are any Board membership changes.

The Remuneration of the Statutory External Auditor was supervised by the Statutory Audit Board, having the Statutory External Auditor being appointed at the Shareholders' General Meeting by proposal of the former.

3. Remuneration Components

One of the fundamental principles of the Remuneration Policy is the adoption of a structure promoting the long-term alignment of interests, discouraging excessive risk taking and optimising the conditions

for the promotion of a sustainability culture, merit promotion and transparency.

3.1. Non-Executive Directors

The remuneration of Non-Executive Directors of the Company is established according to market benchmarks, under the following principles: (i) attribution of a fixed remuneration; (ii) attribution of an annual responsibility allowance. For the role performed in the company by the Non-Executive Directors, there is no variable remuneration, or remuneration that depends on the Company's performance.

3.2. Executive Directors

The Remuneration Policy for Executive Directors includes two components: fixed remuneration and variable remuneration, as described below.

The fixed remuneration includes a base salary and a responsibility allowance, which are established annually and defined according to personal skills, the level of responsibility of the job, and the recommended positioning in relation to the comparable market.

Concerning the variable component of the remuneration, it incorporates control mechanisms in its structure, considering the link to individual and collective performance to prevent and dissuade excessive risk taking behavior. This objective is further ensured because i) each Key Performance Indicator (KPI) is limited to a maximum value, ii) the settlement and award of the Medium Term Performance Bonus, corresponding to 50% of the total variable remuneration, is deferred for a period of 3 years, being settled in the fourth year by reference to the performance year; iii) its amount is subject to the evolution of the Company's performance throughout the deferral period.

The following table presents the architecture of the Remuneration Policy for Sonae's Executive Directors and how it contributes to the Company's business strategy, its long-term interests, and sustainability:

Type of Remuneration	Fixed Remuneration	Variable Remuneration		Benefits
		Short-term	Medium-term	
Purpose	Attracting, retaining and motivating outstanding executives needed to deliver strategy and drive business performance.	Drive annual strategy and results, as well as individual performance, in line with the business plan. Recognise and reward individual contributions to the business.	Deferral of payment to ensure alignment with Shareholders' long-term interests following the successful delivery of short-term targets.	Provide appropriate and market-competitive benefits that drive engagement and motivation.
Characteristics	It consists of base salary and a responsibility allowance, paid in 14 monthly instalments.	It is equivalent to a maximum of 50% of the total variable bonus. Paid in cash in the first half of the following year to which it relates; may be paid, within the same period, in shares under the terms and conditions established for the Medium-Term Performance Bonus.	Corresponds, at least, to 50% of the total variable bonus; payment deferred for three years, after its attribution. The Medium-Term Performance Bonus may consist of attributing the right to acquire shares; the number of shares is determined by reference to the value awarded and the share price at the attribution date.	Health and Life Insurance / Personal Accident Insurance.
Definition	Annual, depending on the level of responsibility of the job and the positioning defined concerning the comparable market.	Payment subject to compliance with pre-established targets at the beginning of the year, approved by the Board Remuneration Committee.	The bonus depends on the increase in the share price and is adjusted throughout the deferral period by the degree of compliance with the medium-term KPI.	Under the Company's general benefits Policy.
Target	Not applicable	The target value of the bonus may vary between 30% and 60% of the Total Remuneration, determined according to the job performed		
Performance Conditions	Not applicable	Collective KPIs (70%) - Financial KPI (40%) - Turnover - Direct Profit - Strategic KPI (30%): e.g. People, Planet and Portfolio Management Individual KPIs (30%)	Return on invested capital	Not applicable
Maximum	Although there is no set maximum, any increments usually are made in line with the Company's overall increments.	Maximum of 68% of the Total Remuneration, depending on the job level		There is no set maximum, but an estimated value; any benefit updates are carried out according to general Policy.

The variable remuneration aims to guide and reward Executive Directors for achieving predetermined objectives based on the Group's key performance indicators and their own individual performance. Since the attribution of the variable remuneration's respective value depends on the achievement of objectives, its payment is not guaranteed. The variable remuneration will be awarded after the accounts for the financial year have been finalised, and the performance assessment has been carried out and can consider the necessary adjustments that may be necessary due to external factors and/or unforeseen conditions, being composed of:

- Short Term Performance Bonus (STPB)**, equivalent to a maximum of 50% of the total variable bonus. This bonus is paid in cash in the first half of the year following the year to which it

relates, although it may, at the discretion of the Shareholders' Remuneration Committee, be paid within the same period in shares, under the terms and conditions of the Medium Term Performance Bonus;

- b) **Medium-Term Performance Bonus (MTPB)**, aimed at strengthening the Executive Directors' commitment to the Company, aligning their interests with those of the Shareholders and increasing awareness of the importance of their performance to the Company's overall and sustainable success. The amount corresponds, at least, to 50% of the total variable bonus. Payment of the MTPB referring to the relevant year is deferred for a three-year period, being settled in the fourth year by reference to the performance year.

The Short-Term Performance Bonus results from the degree of achievement of collective and individual KPIs. Collective KPIs represent about 70% of the variable bonus and include business and strategic KPIs. The remaining 30% derives from individual KPIs, which can combine subjective and objective indicators.

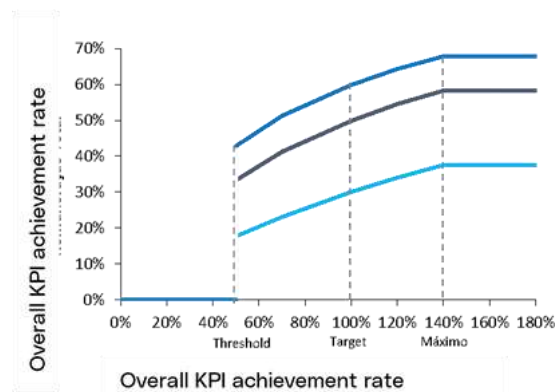
Considering the two variable components, the value of the pre-set target varies between 30% and 60% of the total annual remuneration (made up of the sum of the fixed remuneration and the target value of the variable remuneration), depending on the level of responsibility of each member's role.

The calculation of the value attributed includes a minimum limit of 0% and a maximum of 140%, concerning the objective value previously defined.

The weight of the variable component awarded in the total annual remuneration depends on two factors: (i) weight of the pre-defined target value of the variable component in the total remuneration and (ii) degree of achievement with the associated targets.

Combining these two factors results in the award of a variable bonus whose weight compared to the total actual annual remuneration may vary between 0% and 68%. The table below shows the possible weighting against the total actual remuneration.

Overall KPI achievement rate	% of Variable Remuneration over Total Remuneration		
	30%	50%	60%
0%	0%	0%	0%
50%	18%	33%	43%
70%	23%	41%	51%
100%	30%	50%	60%
140%	38%	58%	68%



Formula: Variable Remuneration target * Degree of achievement of global KPIs / Total Annual Remuneration (composed of Fixed Remuneration and Variable Remuneration Awarded).

The MTPB attributed is converted in Sonae shares, at the award date at the Sonae share prices on the Portuguese stock market, using the average price of Sonae shares. Once attributed, the amount in euros will be divided by the aforementioned Sonae SGPS SA average shares' price, to determine the number of shares it corresponds to.

In order to ensure the continuing alignment with the medium term sustainability objectives of the Company, the value of the bonus will be corrected, during the deferral period, by the degree of compliance with the medium-term KPI (return on invested capital with a pre-defined annual target) and adjusted using the variations in the share capital or dividends (Total Shareholder Return).

Pursuant to the idea of adopting a Policy that reinforces the alignment of the Executive Directors with the Company's medium and long-term interests, the Shareholders' Remuneration Committee may, at its discretion, determine a percentage of discount granted to the Executive Directors for the acquisition of shares, determining a contribution in their acquisition, to be borne by them, in an amount corresponding to a percentage of the listed value of the shares, with a maximum limit of 5% of their listed value at the date of the share transmission. On the maturity date, the Company has the option to deliver the corresponding value of shares, in cash instead.

The determination of the variable remuneration for the year ended 31st December 2021 was made by the Shareholders' Remuneration Committee, following a proposal of the Board Remuneration Committee, by reference to each of the executive directors, in compliance with the principles abovementioned, after being known the results of the Company and made the evaluation of the performance.

3.3. Members of the Statutory Audit Board

The remuneration of the members of the Company's Statutory Audit Board during 2021, and in compliance with the Remuneration Policy, was composed of solely a fixed annual amount, that was not dependent upon the Company's performance or its value.

3.4. Statutory External Auditor

The remuneration of the Company's Statutory External Auditor is determined by standard fees for similar services, and in line with comparable market practices.

3.5. Other Benefits and Conditions

The Company granted the Executive Directors a health insurance, a life insurance and personal accidents' insurance, in line with the Group's policy, applicable to the Company's employees, and which terms and amounts are in line with the market practice.

The Remuneration Policy does not embody the principle of allocation of compensation to Directors or members of other statutory governing bodies in connection with the termination of their mandate,

whether such termination occurs at the end of the respective mandate or at an early stage, without prejudice to the Company's obligation to comply with the legal provisions in force on this matter. In 2021 no termination of mandate occurred.

The Remuneration Policy determines the taking of appropriate measures to recover the variable remuneration unduly awarded if by a definitive and unappealable decision, it is determined that the variable remuneration was based, totally or partially, on information fraudulently provided by the Director. No such event has taken place in 2021.

4. Disclosure of Remuneration

During 2021 the Remuneration Policy was applied without any derogation.

The remuneration of each of the members of the Board of Directors, awarded by the Company, during 2021, in compliance with the principles set forth in the Remuneration Policy is described in the following tables:

Individual Detail				2021*		
EXECUTIVE DIRECTORS	Fixed Remuneration	STPB	MTPB	TOTAL	Proration Fixed Remuneration	Proratio Variable Remuneration (STPB and MTPB)
Maria Cláudia Teixeira de Azevedo	505,600	551,000	551,000	1,607,600	32%	68%
João Pedro Magalhães da Silva Torres Dolores	280,294	283,700	283,700	847,694	33%	67%
NON-EXECUTIVE DIRECTORS						
Duarte Paulo Teixeira de Azevedo	321,100	-	-	321,100	-	-
Ângelo Gabriel Ribeiro dos Santos Paupério (1)	142.204	-	-	142.204	-	-
José Manuel Neves Adelino	71,200	-	-	71,200	-	-
Margaret Lorraine Trainer	61,600	-	-	61,600	-	-
Marcelo Faria de Lima	52,700	-	-	52,700	-	-
Carlos António Rocha Moreira da Silva	53,800	-	-	53,800	-	-
Fuencisla Clemares	53,200	-	-	53,200	-	-
Philippe Cyriel Elodie Haspeslagh	55,500	-	-	55,500	-	-

*Amounts in euro.

(1) Also received remuneration from subsidiaries of the Company, as reported in section 78 of the Corporate Governance Report.

MTPB plans attributed to the Directors during 2021

	Plan (Performance year)	Award Date	Vesting Date	Amount Vested and Paid off In 2021*
Maria Cláudia Teixeira de Azevedo	2017	Mar/18	Mar/21	136,747
João Pedro Magalhães da Silva Torres Dolores	2017	Mar/18	Mar/21	10,077

*Amounts in euro.

	Plan (Performance year)	Award Date	Vesting Date	Amount Vested and Paid off In 2021*
Duarte Paulo Teixeira de Azevedo**	2017	Mar/18	Mar/21	144,676
Ângelo Gabriel Ribeirinho dos Santos Paupério**	2017	Mar/18	Mar/21	270,383

*Amounts in euro.

**These plans paid off in 2021 correspond to vested rights of former Executive Directors.

The Company exercised its option, in the terms set forth in the Remuneration Policy, to deliver the corresponding value of shares attributed to the Executive Directors, in cash.

The remuneration of the members of the Board of Directors awarded by other controlled or group companies, during 2021, is summarised in the table below:

Individual detail		2021*		
DIRECTOR	Fixed Remuneration	STPB	MTPB	TOTAL
Ângelo Gabriel Ribeirinho dos Santos Paupério (1)	183,900	113,700	113,700	411,300

*Amounts in euro.

(1) Non-Independent Non-Executive Director at Sonae SGPS, SA – Remuneration reported in subsidiary companies for performing both executive and non-executive roles.

The remuneration of the members of the Statutory Audit Board during 2021, in compliance with the principles set forth in the Remuneration Policy was as follows:

Member of the Statutory Audit Board	2021*	Remuneration awarded by other controlled or Group Companies (2021)*
Maria José Martins Lourenço da Fonseca	16,900	13,900
Daniel Bessa Fernandes Coelho	13,900	-
Manuel Heleno Sismeiro	13,900	-

*Amounts in euro.

The remuneration of the Statutory External Auditor during 2021, in compliance with the principles set forth in the Remuneration Policy was as follows:

Remuneration paid by the Company	2021*	
Statutory Audit and Accounts Certification	58,800	46.2%
Other Compliance and Assurance Services	500	0.4%
Other Services	68,000	53.4%
Total	127,300	100%

*Amounts in euro.

Remuneration paid by the Group's Companies**	2021*	
Statutory Audit and Accounts Certification	655,513	81.8%
Other Compliance and Assurance Services	67,810	8.5%
Tax Consultancy Services	56,896	7.1%
Other Services	20,891	2.6%
Total	801,110	100%

*Amounts in euro.

**Controlling companies or in a Group relationship.

The variation between the annual remuneration, the Company's performance and the medium remuneration of the full-time equivalent employees, excluding the members of the management and supervisory bodies, during the previous five years was as follows:

Total remuneration Executive directors	Role/ Position	2017/ 2016	2018/ 2017	2019/2018 (appointment of a new Executive Committee)	2020/ 2019	2021/ 2020	Five-Year Average Variation (2021/2017)
Duarte Paulo Teixeira de Azevedo ⁽¹⁾	Chair	5%	1%	-	-	-	
Ângelo Gabriel Ribeirinho dos Santos Paupério ⁽¹⁾	NED	4%	1%	-	-	-	
Maria Cláudia Teixeira de Azevedo ⁽²⁾	CEO			-	9%	26%	
João Pedro Magalhães da Silva Torres Dolores ⁽²⁾	CFO			-	11%	34%	
Total		4%	1%	-6%	10%	29%	7%

(1) Non-Executive Director who ceased the performance of an executive role following the Shareholders' General Meeting held on 30th April 2019

(2) Executive Directors appointed at the Shareholders' General Meeting held on 30th April 2019

(3) At the Shareholders' Annual General Meeting held on 30th April 2019, the Board of Directors was appointed for a new mandate 2019-2022. In this table it is reported, by reference to the year 2019, the variation of the total remuneration of the members of the Executive Committee that held office in the mandate 2015-2018 compared with the remuneration of the members of the Executive Committee appointed for the mandate 2019-2022.

To analyse the remuneration evolution of the members of the Executive Committee who are in office in the current mandate, it is relevant to compare the remuneration since 2019, their appointment year, with the remuneration of the members of the Executive Committee who held office in the 2015-2018 mandate, which allows us to conclude for a 6% reduction. The remuneration plan of the Executive Directors currently in office was subject to an incremental evolution in terms of positioning, between 2019 and 2021, in line with the responsibilities assumed, the individual role performed by each of them in the Company, and the benchmark against the national and international market. Thereby, the average variation of the Executive Directors' remuneration during the five-year period in analysis is 7%, in line with the consolidated turnover, for the same period.

Total remuneration Non-Executive directors	Role/ Position	2017/ 2016	2018/ 2017	2019/ 2018	2020/ 2019	2021/ 2020	Five-Year Average Variation (2021/2017)
Duarte Paulo Teixeira de Azevedo ⁽¹⁾	NED	-	-	-	0%	0%	0%
Ângelo Gabriel Ribeirinhos dos Santos Paupério ⁽¹⁾	NED	-	-	-	-1%	0%	0%
Jose Manuel Neves Adelino	NED	0%	0%	4%	2%	0%	1%
Margaret Lorraine Trainer	NED	11%	0%	9%	4%	0%	5%
Marcelo Faria Lima	NED	0%	0%	2%	1%	0%	1%
Carlos António Rocha Moreira Silva ⁽¹⁾	NED	-	-	-	0%	1%	1%
Fuencisla Clemares ⁽¹⁾	NED	-	-	-	0%	0%	0%
Phillipe Cyriel Elodie Haspeslagh ⁽¹⁾	NED				0%	0%	0%

(1) Annualised amounts

Statutory Audit Board (Role)	2017/2016	2018/2017	2019/2018	2020/2019	2021/2020	Five-Year Average Variation (2021/2017)
Maria José Martins Lourenço Fonseca ⁽¹⁾	0%	0%	37%	13%	0%	10%
Daniel Bessa Fernandes Coelho (vogal)	0%	0%	0%	0%	0%	0%
Manuel Heleno Sismeiro (vogal)	0%	0%	18%	8%	0%	5%
Total	0%	0%	17%	7%	0%	5%

(1) Appointed as Chair of the Statutory Audit Board at the Shareholders' Annual General Meeting held on 30th April 2019

Statutory Audit and Accounts Certification	2017/2016	2018/2017	2019/2018	2020/2019	2021/2020	Five-Year Average Variation (2021/2017)
External Auditor ⁽¹⁾	13%	-19%	65%	28%	-12%	22%

(1) Deloitte & Associados, SROC, SA until 2017 and PriceWaterHouseCoopers & Associados, SROC, SA since 2018.

	2017/2016	2018/2017	2019/2018	2020/2019	2021/2020
Consolidated Turnover ⁽¹⁾	3%	7%	9%	4%	5%
Average Employees' Remuneration	3%	1%	6%	3%	4%

(1) Restated



APPENDIX II

Board of Directors

Professional qualifications and curricular references

Duarte Paulo Teixeira de Azevedo	
Date of Birth	
31 st December 1965	
Education	
1986	Graduate Degree in Chemical Engineering – Federal Polytechnic School of Lausanne
1989	Master in Business Administration - Porto Business School
Executive Education	
1994	Executive Retailing Program - Babson College
1996	Strategic Uses of Information Technology Program - Stanford Business School
2002	Breakthrough Program for Senior Executives - IMD Lausanne
2008	Proteus Programme - London Business School
2012	Corporate Level Strategy – Harvard Business School
Professional Experience	
Efanor Group	
1988-1990	Project manager and analyst of new investments at Sonae Tecnologias de Informação
1990-1993	Organisational Development Project Manager and New Business Commercial Manager for Portugal at Sonae Indústria SGPS, SA
1993-1996	Head of Strategic Planning and Control Organisational Development of Sonae Investimentos - SGPS, SA
1996-1998	Executive Member of the Board of Directors of Modelo Continente Hipermercados, SA (with the responsibilities in Merchandising, IT and Marketing Retail)
1998-2000	CEO of Optimus - Telecomunicações, SA
2000-2018	Member of the Board of Directors of Efanor Investimentos - SGPS, SA
2000-2007	Member of the Executive Committee of Sonae – SGPS, SA
2000-2007	CEO of Sonaecom, SGPS, SA
2002-2007	Chair of the Supervisory Board of Público - Comunicação Social, SA
2003-2007	Chair of the Supervisory Board of Glunz, AG
2004-2007	Chair of the Board of Directors of Tableros de Fibras, SA
2007-2014	Chair of the Board of Directors of Sonaecom, SGPS, SA
2007- 2015	CEO of Sonae - SGPS, SA
2007-2015	Vice-Chair of the Board of Directors of Sonae Indústria, SGPS, SA
2007-2019	Chair of the Board of Directors of Sonae Sierra, SGPS, SA
2007-2018	Chair of the Board of Directors of Sonae Investimentos, SGPS, SA (currently Sonae MC, SGPS, SA)
2008-2014	Chair of the Board of Directors of MDS, SGPS, SA
2009-2013	Chair of the Board of Directors of Sonaegest – Sociedade Gestora de Fundos de Investimento, SA
2010-2016	Chair of the Board of Directors of Sonae – Specialized Retail, SGPS, SA
2010-2019	Chair of the Board of Directors of Sonae MC – Modelo Continente, SGPS, SA
2015-2019	Chair of the Board of Directors and Co-CEO of Sonae SGPS SA
Since 2015	Chair of the Board of Directors of Sonae Capital, SGPS, SA
Since 2015	Chair of the Board of Directors of Sonae Indústria, SGPS, SA
Since 2016	Chair of the Board of Directors of Sonae Arauco, SA

Since 2018	Chair of the Board of Directors of Efanor Investimentos, SGPS, SA
Since 2019	Chair of the Board of Directors of Sonae SGPS, SA
Since 2020	Chair of the Executive Committee of Fundação Belmiro de Azevedo
Since 2021	Chair of the Board of Directors of Tafina Canadá, Inc
Since 2021	Chair of the Board of Directors of BA – Capital SGPS, SA

Other Entities

1989-1990	Member of the Executive Committee of APGEI – Associação Portuguesa de Gestão e Engenharia Industrial
2001-2002	Chair of Apritel - Associação dos Operadores de Telecomunicações
Since 2016	Member of the Founding Board of the Casa da Música Foundation
Since 2007	Member of the Founders Council of Serralves
2008-2009	Member of the Supervisory Board of AEP - Associação Empresarial de Portugal
2009-2014	Member of the Board of Curators of AEP - Associação Empresarial de Portugal
2009-2015	Chair of the Board of Curators of Oporto University
2012-2015	Director of COTEC Portugal
2019-2021	Chair of the Installation Committee of Project BIOPOLIS
Since 2008	Member of ERT - European Round Table of Industry. Additionally, since 2019, Member of the Steering Committee and Chair of the Work Group “Jobs, Skills and Impact”
Since 2012	Member of the International Advisory Board of Allianz SE
Since 2020	Chair of the Board of Directors of BA Glass I – Serviços de Gestão e Investimentos, S.A.
Since 2020	Chair of the Board of Directors of BA Glass Portugal, SA
Since 2020	Chair of the Direction of Viridia Association – Conservation in Action

Ângelo Gabriel Ribeirinho dos Santos Paupério

Date of Birth

14th September 1959

Education

1982	Graduate Degree in Civil Engineering – FEUP
1988-1989	Master in Business Administration – Porto Business School

Professional Experience

1982-1984	Structural Design Project Manager at Tecnopor (Civil Engineering)
1984-1989	Manager at EDP (Energy)
1989-1991	Leader of the Television Project Team at Sonae Tecnologias de Informação, SA
1991-1994	Head of Planning and Management Control at Sonae Investimentos – SGPS, SA (currently Sonae –SGPS, SA)
1994-1996	Director of several companies within Sonae Distribuição, SGPS, SA (currently Sonae MC, SGPS, SA) – Retail
1994-2007	Member of the Board of Directors of Modelo Continente Hipermercados, S.A.
1996-2007	CFO of Sonae Distribuição, SGPS, SA (currently Sonae MC, SGPS, SA) and director of many of its subsidiaries (Retail)
1996-2007	Executive Member of the Board of Directors of Sonae Capital, SGPS, SA
2000-2007	Executive Vice-Chair of the Board of Directors, CFO and Chair of the Finance Committee of Sonae – SGPS, SA
2004-2009	Member of the Board of Directors of MDS – Corretor de Seguros, SA

2005-2016	Member of the Board of Directors of Sonae Investments BV
2006-2016	Member of the Board of Directors of Sontel BV
2007- April 2015	Executive Vice-Chair of Sonae – SGPS, SA
2007- March 2018	Member of the Board of Directors of MDS, SGPS, SA (Chair of the Board of Directors since October 2014)
2009-2019	Member of the Board of Directors of Modelo Continente, SGPS, SA (Chair of the Board of Directors since January 2019)
2010-2016	Vice-Chair of the Board of Directors of Sonae – Specialized Retail, SGPS, SA
2010-2016	Vice-Chair of the Board of Directors of Sonaerp – Retail Properties, SA
2010-2016	Chair of the Board of Directors of MDS Auto, Mediação de Seguros, SA
2010-2016	Member of the Supreme Counsel of Universidade Católica Portuguesa
2010-2018	Member of the Board of Directors Sonae Center Serviços II, SA (currently Sonae MC – Serviços Partilhados)
2011-2015	Member of the Supreme Counsel of Porto Business School
2012-2016	Chair of the Board of Directors of Sonaecom – Serviços Partilhados, SA
2013-2016	Chair of the Board of Directors of Sonae RE, SA
2013-2016	Chair of the Board of Directors of Sonaegest – Sociedade Gestora de Fundos de Investimento, SA (currently named SFS – Gestão de Fundos, SGFI, SA)
2014-2019	Chair of the Board of Directors of Sonae Financial Services, SA
2015-2019	Co-CEO of Sonae – SGPS, SA
2016-2019	Chair of the Board of Directors of SFS, Gestão e Consultoria, SA
2018-2019	Member of the Board of Directors of Sonae Corporate, SA
2018-2020	Vice-Chair of the Board of Directors of Iberian Sports Retail Group, S.L.
Since 2007	Member of the Board of Directors of Sonae Sierra, SGPS, SA
Since 2007	Member of the Board of Directors of Sonae MC, SGPS, SA
Since 2007	Chair of the Board of Directors of Sonaecom, SGPS, SA
Since 2007	Chair of the Board of Directors of Sonae Investment Management – Software and Technology, SA
Since 2007	Chair of the Board of Directors of Público – Comunicação Social, SA
Since 2012	Member of the Board of Directors of ZOPT, SGPS, SA
Since 2013	Chair of the Board of Directors of NOS, SGPS, SA (from 2013-April 2020 - Member of the Board of Directors)
Since 2018	Chair of the Board of Directors of Sonae Holdings, SA
Since 2018	Member of the Board of Directors of Efanor Investimentos, SGPS, SA
Since April 2019	Member of the Board of Directors of Sonae – SGPS, SA
Since 2019	Chair of the Board of Directors of Sonae FS, SA
Since 2019	Member of the Board of Directors of Sonae Capital, SGPS, SA
Since 2019	Member of the Board of Directors of Fundação Manuel Cargaleiro
Since June 2021	Member of the Board of Directors of Sonae Indústria, SGPS, SA

José Manuel Neves Adelino

Date of Birth

19th March 1954

Education

1976 Graduate Degree in Finance, Universidade Técnica de Lisboa

1981 DBA, Finance, Kent State University

Professional Experience

1978-1981 Assistant Professor, Kent State University

1981-1986 Member of the Director Council, Faculty of Economics, Universidade Nova de Lisboa

1981-2012 Professor, Faculty of Economics, Universidade Nova de Lisboa

1986-1989 Assistant Professor, Universidade Católica Portuguesa

1987-1989 Assistant Professor, Bentley College

1988 Assistant Professor, ISEE

1990-1996 Dean, MBA Program and Executive Program, Faculty of Economics, Universidade Nova de Lisboa

1992-1994 Non-Executive Member of the Board of Directors, BPA

1994-2002 Member of the Management Board of the Deposit Guarantee Fund

1999-2002 Director, Faculty of Economics, Universidade Nova de Lisboa

1999-2004 Member of the Global Advisory Board of Sonae – SGPS, SA

2003-2006 Non-Executive Member of the Board of Directors and Chair of the Audit Committee of EDP

2003-2006 Member of the Strategy Advisory Board of PT

2003-2007 Member of the Remuneration Committee of Sonae – SGPS, SA

2003-2010 Member of the Investment Committee of Fundo Caravela

2008-2014 Member of the Statutory Audit Board of BPI

2010-2014 Non-Executive Member of the Board of Directors of Cimpor

2012-2014 Finance and Investment Director – Calouste Gulbenkian Foundation

Margaret Lorraine Trainer

Date of Birth

13th March 1952

Education

1970-1971 Diplome Supérieur, Sorbonne Paris

1971-1975 M.A. (2i) Francês, St Andrews University

Professional Experience

1975-1990 Citibank NA

1975-1986 HR roles of both specialist and generalist natures

1986-1988 Chief of Staff to Head of UK Treasury

A non-HR role including assignments in capital hedging, risk assessment, speech writing, and foreign exchange and funding limits management

1988-1989 Head of HR UK and N.Europe, London

1989-1990 Head of HR for EMEA based in Frankfurt

London Stock Exchange

1990-1994 Head of Human Resources and member of the Executive Board, responsible for formulating strategy and leading the Exchange from being a trade association to an organisation using current commercial practices

1994-2000	Coutts Natwest Group Head of Human Resources and Organisation Development responsible for all HR activities in International Private Banking
2001-2006	De Beers LV Ltd Member of the start-up team for this joint venture created in 2001 between LVMH and De Beers to launch a global retail diamond jewelry business, advising on organisation and people strategy
2005-2013	Aegis PLC Non-Executive Member of the Board of Directors and Chair of the Remuneration Committee (since 2010)
2006-2008	Manchester Square Partners Working with the founding partners to support them in developing a search-based business mentoring practice at board level
2008-2015	Sonae – SGPS, SA Advisor to the Chair Providing board level succession plan services, and director development
2013-2015	Colt SA Non-Executive Member of the Board of Directors and since 2014 Chair of the Remuneration Committee Member of the Nomination Committee. After Fidelity purchased all the independent shareholdings, the independent directors stood down
2010-2018	Jupiter Fund Management PLC Non-Executive Member of the Board of Directors and Member of the Audit Committee and the Nomination Committee. Chair of the Remuneration Committee
2018-March 2020	TP ICAP Non-Executive Member of the Board of Directors, Chair of the Nomination and Remuneration Committee and Member of the Audit Committee
2013 – May 2020	Essentra PLC Non-Executive Member of the Board of Directors and, since 2014, Chair of the Remuneration Committee and Member of the Audit Committee

Marcelo Faria de Lima

Date of Birth

1st December 1961

Education

1981-1985 Graduate Degree in Economics, Pontifical Catholic University of Rio de Janeiro, Rio de Janeiro, Brazil

Professional Experience

1988-1989	Professor, Pontifical Catholic University of Rio de Janeiro, Rio de Janeiro, Brazil
1989-1996	Commercial Banker of ABN AMRO Bank, São Paulo, Brazil/Chicago, United States
1996-1998	Manager of Banco Garantia, São Paulo, Brazil Investment Bank
1998-2000	Manager of Donaldson, Lufkin & Jenrette, São Paulo, Brazil Investment Bank
2000	Co-founder and CEO of Areautil, São Paulo, Brazil Internet gateway for property business
2000-2003	Co-founder and CEO of Eugênio WG, São Paulo, Brazil Advertising Agency
2002-2005	Member of the Board of Directors of Neovia Telecomunicações, SA, São Paulo, Brazil Wi-Fi Company/WiMax at São Paulo State
2007-2016	Vice-Chair of the Board of Directors of Produquímica Indústria e Comércio, SA, São Paulo, Brasil Leadership company in the solutions for the production in micronutrient for agriculture and animal food, which also produces ingredients for the treatment of water for industrial processes

	Member of the Board of Directors of C1 Financial Inc., Saint Petersburg, Florida, United States
2009-2016	Public company registered in the Securities and Exchange Commission of the United States, being its shares admitted to trading at NYSE under the ticker BNK. Commercial Bank acting in Florida, United States, with total assets in an amount higher than US\$ 1.500 million. This company was incorporated by another bank in 2016
Feb/2003-present	Shareholder and Co-Founder of Artesia Gestão de Recursos, SA, São Paulo, Brazil Company authorised by CVM – Securities and Exchange Commission of Brazil for the professional exercise of the Management of the Securities Investors Portfolio
Jan/2004-present	Chair of the Board of Directors of Metalfrio Solutions SA, São Paulo, Brazil Public company, with shares admitted to trading at BM&FBovespa under the ticker FRI03, it is a Brazilian multinational company, and one of the world's largest manufacturers of commercial refrigeration equipment Plug-In-type, operating in Brazil, United States of America, Mexico, Denmark, Turkey, Russia, Ukraine, Indonesia and India
Jan/2008-present	Chair of the Board of Directors of Restoque Comércio e Confecções de Roupas SA, São Paulo, Brazil (since June 2018 Chair of the Board of Directors) Public company, with shares admitted to trading at BM&FBovespa under the ticker LLIS3, it is one of the largest retail companies in the high pattern apparel and accessories sector, cosmetics and decoration articles, in Brazil, with annual income of over R\$ 1.000 million
Mar/2008-present	Chair of the Board of Directors of Klimasan Klima Sanayi ve Ticaret A.Ş. Izmir, Turkey Public company, duly registered in Turkey's Capital Markets Board, being its shares negotiated at Instambul Stock Exchange under the ticker KLMSN. Company controlled by Metalfrio Solutions SA, Klimasan operates in the commercial refrigeration sector, Plug-In type

Carlos António Rocha Moreira da Silva

Date of Birth

12th September 1952

Education

1975	Graduate Degree in Mechanical Engineering, University of Oporto
1978	MSc in Management Sci. and Operation Research (University of Warwick – UK)
1982	Ph in Management Sciences (University of Warwick – UK)

Professional Experience

1975-1987	Assistant Professor at Faculty of Engineering, University of Porto
1987-1988	Member of the Board of Directors of EDP, Eletricidade de Portugal, E.P.
1993-1996	Chair of the Board of Directors of Sonae Indústria, SGPS, S.A. and Chief Executive Officer of Tafisa – Tableros de Fibras, SA
1993-1998	Chair of the Board of Directors of Sonae Tecnologias de Informação
1997-1998	Chair of the Board of Directors of Sonae Retalho Especializado, SGPS, SA
1998-1998	Chair of the Board of Directors of TVI – Televisão Independente, SA
1998-2000	Chair of the General Council of Público – Comunicação Social, SA
1998-2003	Chair of the Board of Directors of BA Vidro
2003-2005	Chair of the Executive Committee of Sonae Indústria, SGPS, SA
2005-2012	Member of the Advisory Board of 3i Spain
2006-2014	Member of the Board of Directors of Banco BPI
2009-2012	Member of the Advisory Board of Jerónimo Martins Dystrybucja, SA
2010-2014	Chair of the Board of Directors of La Seda Barcelona

1998-2020 Chair of the Board of Directors of BA Glass I – Serviços de Gestão e Investimentos, SA

Fuencisla Clemares

Date of Birth

7th January 1974

Education

1992-1996	Bachelor in Business Administration, European Business Program
1999	Exchange Program at the MBA of Kellogg Graduate School of Management, Chicago, USA
2000	MBA – IESE Business School, Universidad de Navarra, Barcelona

Professional Experience

2000-2007	Senior Associate at McKinsey & Company
2007-2009	Manager of Carrefour Spain
2009-2009	Head of Retail at Google Spain
2010-2011	Head of Retail and FMCG of Google Spain
2012-2015	Member of the Board of Directors of Adigital
2013-2016	Sales Director at Google Spain
2013-2016	Leader of “Mobile Initiative” at Google Spain
2013-2018	Member of the Advisory Council of McKinsey Alumni Advisory Council
2015-2016	Member of the Board of Directors of MMA (Mobile Marketing Association) in Spain
2015-2017	Mentor at the Impact Program: a mobile start-up accelerator program in Madrid
2016-2016	Member of the Board of Directors of Adolfo Dominguez
2016-2020	Member of the Academic Advisory Council of the Internet Academy, the ISDI training platform
2013-2020	Teacher of Digital Marketing of ISDI (Instituto Superior para el Desarrollo de Internet) with participation at MIB.DIBEX and In-Company Programs
Since 2015	Member of the Junta Territorial de Madrid (Alumni Council) at IESE
Since 2015	Visiting Teacher at IESE
Since 2016	Country Manager for Spain and Portugal of Google LLC
Since 2018	Advisor to the Board of Consentino, SA
Since 2021	Italy Interim Director of Google LLC

Philippe Cyriel Elodie Haspeslagh

Date of Birth

11th May 1950

Education

1968-1972	Commercial Engineer, Management, Distinction – University of Leuven
1972-1973	Master, General Management, High Distinction – Vlerick Business School
1975-1977	Master of Business Administration (MBA), Baker Scholar, Highest Distinction – Harvard Business School
1977-1979	Doctor of Business Administration (MBA) (1983), Highest Distinction – Harvard Business School
2008-2009	Consulting and Coaching for Change – INSEAD

Professional Experience

1973-1975	Management Consultant, PA Management Consulting, Belgium
1979-1984	Assistant Professor of Business Policy, INSEAD, Fontainebleau, France
1984-1985	Visiting Professor of Business Strategy, Stanford Business School, Palo Alto, CA, USA
1986-1990	Associate Professor of Business Policy, INSEAD, Fontainebleau,
1990	Visiting Professor of Strategy, Harvard Business School, Boston, MA, USA
1991-2000	Full Professor of corporate Strategy, INSEAD, Fontainebleau, France and Singapore
1997-1999	On leave as Chief of Cabinet of the Federal Minister of Agriculture and SME's in Belgium
2001-2008	Paul Desmarais Chaired Professor of "Active Ownership" INSEAD, Fontainebleau and Singapore
2008-2016	Dean at Vlerick Business School
Since 2016	Professor and Honorary Dean at Vlerick Business School
1985-2006	Co-founder, Non-Executive Partner and Chair of Procuritas, AB, Stockholm, Sweden
1985-2014	Chair of the Board of Directors of Dujardin Foods, NV
Since 1993	Co-founder and Non-Executive Chair of the Board of Directors of Capricorn Partners
1998-2000	Chair of the Board of Directors of Pieters Visbedrijf
1998-2015	Co-Founder and Member of the Board of Directors of Quest for Growth NV
2001-2008	Independent Director of Kinopolis NV, Belgium
2006-2020	Non-Executive Director of Vandemoortele NV
2010-2013	Independent Director of Governance for Owners Ltd, London, UK
2011-2014	Independent Director of Sioen Industries
2015-2018	Member of the Board of Directors of MyMicroInvest
Since 2008	Member of the Board of Directors of Awacs3 Enterprises NV and Deltronic NV
Since 2015	Non-Executive Chair of the Board of Directors of Ardo NV
Since 2019	Non-Executive Member of the Board of Directors of Strongroots Limited, Ireland

Other Non-Profit Activities

2008-2015	Member of the Board of Directors of EABIS – European Academy of Business in Society
2009-2015	Member of the Board of Directors of Koffi Anan Business School
2008-2015	Member of the Board of Directors of Vlerick Business School
2008-2021	Member of the Board of Directors of Guberna, the Belgian Institute of Directors
Since 2016	Non-Executive Chair of the Board of Directors of FBN Belgium – The Family Business Network

Maria Cláudia Teixeira de Azevedo**Date of Birth**

13 de janeiro de 1970

Education

Graduate Degree in Management, Universidade Católica do Porto

MBA, INSEAD, Fontainebleau, França

Professional Experience

Since 1990	Chair of the Board of Directors Imparfin – Investimentos e Participações Financeiras, SA
Since 1992	Member of the Board of Directors of Efanor Investimentos, SGPS, SA
Since 2000	Chair of the Board of Directors of Linhacom, SGPS, SA
Since 2000	Member of the Board of Directors of Sonaecom – SGPS, SA
Since 2000	Member of the Board of Directors of Sonae Investment Management – Software and Technology, SGPS, SA
Since 2002	Chair of the Board of Directors of Praça Foz – Sociedade Imobiliária, SA
Since 2008	Member of the Board of Directors of Efanor – Serviços de Apoio à Gestão, SA
Since 2009	Member of the Board of Directors Público – Comunicação Social, SA
Since 2011	Member of the Board of Directors of Sonae Capital, SGPS, SA
Since 2011	Sole Director of Sekiwi, SGPS, SA
Since 2012	Member of the Board of Directors of ZOPT, SGPS, SA
Since 2013	Non-Executive Member of the Board of Directors of NOS, SGPS, SA
Since 2018	Chair of the Board of Directors of Sonae MC, SGPS, SA
Since 2018	Member of the Board of Directors of Sonae Holdings, SA
Since 2018	Chair of the Board of Directors of Sonae Sierra, SGPS, SA
Since 2018	Member of the Board of Directors of Setimanale, SGPS, SA
Since 2018	Member of the Board of Directors of Casa Agrícola de Ambrões, SA
Since 2018	Member of the Board of Directors of Realejo – Sociedade Imobiliária, SA
Since April 2019	CEO da Sonae – SGPS, SA
Since 2019	Member of the Board of Directors of Sonae FS, SA
Since 2020	Manager Tangerine Wish, Lda.
Since June 2021	Member of the Board of Directors of Sonae Indústria, SGPS, SA
Since July 2021	Chair of the Board of Directors of Sonae Food4Future, SA

João Pedro Magalhães da Silva Torres Dolores**Date of Birth**21st December 1980**Education**

1998-2003	Degree in Economics, FEP – Faculdade de Economia (University of Oporto)
2004-2004	Postgraduate Program in Business Management – New York University, New York
2007-2009	MBA – London Business School, London (United Kingdom)

Professional Experience

2003-2004	Brand manager – JW Burmester, S.A., New York (United States)
2005-2007	Business Analyst at McKinsey & Company
2009-2011	Associate at McKinsey & Company
2011-2013	Deputy manager of Innovation management at Portugal Telecom
2013-2014	Head of Cloud Business Unit at Portugal Telecom
2014-2015	Head of Corporate Strategy at Sonae – SGPS, SA
2015-2018	Head of Group Strategy, Planning and Control at Sonae – SGPS, SA
2016-2018	Professor of the Strategy Course at Porto Business School's Executive MBA
2018-2019	Director of Sonae – SGPS, SA Corporate Center
Since 2016	Non-Executive Member of the Board of Directors of NOS, SGPS, SA
Since 2018	Non-Executive Member of the Board of Directors of Sonae MC, SGPS, SA
Since 2018	Chair of the Board of Directors of Sonae Corporate, SA (from 2018 until December 2019, join this body as member)
Since 2018	Member of the Board of Directors of Sonae Holdings, SA
Since 2018	Executive Member of the Board of Directors of Sonae Investments, BV
Since 2018	Executive Member of the Board of Directors of Sontel, BV
Since 2018	Non-Executive Chair of the Board of Directors of MKTPlace – Comércio Eletrónico, SA
Since 2019	Member of the Board of Directors of Sonaecom, SGPS, SA
Since April 2019	Member of the Board of Directors and Member of the Executive Committee of Sonae – SGPS, SA
Since 2019	Non-Executive Member of the Board of Directors of Sonae Sierra, SGPS, SA
Since 2019	Member of the Board of Directors of Sonae FS, SA
Since 2020	Member of the Board of Directors of Iberian Sports Retail Group, S.L.
Since 2021	Member of the Board of Directors of Sonae RE, SA
Since July 2021	Member of the Board of Directors of Sonae Food4Future, SA

Positions held in other entities**Duarte Paulo Teixeira de Azevedo****Offices held in other companies within Sonae**

None

Offices held in other companies outside Sonae

Chair of the Board of Directors of Efanor Investimentos, SGPS, SA

Chair of the Executive Committee of Fundação Belmiro de Azevedo

Member of the Board of Directors of Efanor – Serviços de Apoio à Gestão, SA

Chair of the Board of Directors of Migracom, SA

Member of the Board of Directors of Imparfin – Investimentos e Participações Financeiras, SA

Chair of the Board of Directors of BA – Capital, SGPS, SA

Member of the Board of Directors of Pareuro BV

Chair of the Board of Directors of Sonae Indústria, SGPS, SA

Chair of the Board of Directors of Sonae Arauco, SA

Chair of the Board of Directors of Tafisa Canadá, Inc

Chair of the Board of Directors of Sonae Capital, SGPS, SA

Chair of the Board of Directors of BA Glass I – Serviços de Gestão e Investimentos, SA

Chair of the Board of Directors of BA Glass, Portugal, SA

Member of ERT - European Round Table for Industry and Member of the Steering Committee of this entity. Chair of the work group “Jobs, Skills & Impact”

Member of the International Council Board of Allianz SE

Chair of the Management of Associação Viridia – Conservation in action

Ângelo Gabriel Ribeirinho dos Santos Paupério

Offices held in other companies within Sonae

Chair of the Board of Directors of Sonaecom, SGPS, SA

Chair of the Board of Directors of Sonae Investment Management – Software and Technology, SA

Chair of the Board of Directors of Público - Comunicação Social, SA

Member of the Board of Directors of ZOPT, SGPS, SA

Chair of the Board of Directors of NOS, SGPS, SA

Member of the Board of Directors of Sonae MC, SGPS, SA

Chair of the Board of Directors of Sonae Holdings, SA

Member of the Board of Directors of Sonae Sierra, SGPS, SA

Chair of the Board of Directors of Sonae FS, SA

Offices held in other companies outside Sonae

Member of the Board of Directors of Sonae Capital, SGPS, SA

Member of the Board of Directors of Sonae Indústria, SGPS, SA

Member of the Board of Directors of Efanor Investimentos, SGPS, SA

Member of the Board of Directors of Love Letters -Galeria de Arte, SA

Chair of the Board of Directors of Enxomil - Consultoria e Gestão, SA

Chair of the Board of Directors of Enxomil – Sociedade Imobiliária, SA

Chair of the Board of Directors of APGEI (Associação Portuguesa de Gestão e Engenharia Industrial)

Member of the Board of Directors of Fundação Cargaleiro

José Manuel Neves Adelino

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

Member of the Board of Directors of Fundação Calouste Gulbenkian

Margaret Lorraine Trainer**Offices held in other companies within Sonae**

None

Offices held in other companies outside Sonae

Director at The Caledonian Club Trust Limited – London – UK, appointed on July 2021

Marcelo Faria de Lima**Offices held in other companies within Sonae**

None

Offices held in other companies outside Sonae

Partner and Co-founder of Artesia Gestão de Recursos SA

Member of the Board of Directors of Amber Internacional LLC

Manager of Baixo Augusta Hotel Ltda

Manager of Barroquinha Estacionamentos SA

Managing Partner of CBM Holding Qualified Family, LP (Canada)

Member of the Board of Directors of CBM Holding Qualified Family, LP (New Zealand)

Managing Partner of CBM Holding Subsidiary, LP (Canadá)

Chair of Colfax Participações, SA

Manager of Dover Participações, SA

Manager of GCR Administração e Participações Ltda

Manager of Hotéis Design, SA

Chair of the Board of Directors of Klimasan Klima Sanayi ve Ticaret AŞ

Managing Partner of Lima & Smith Ltda

Chair of the Board of Directors of Metalfrio Servicios SA de CV

Member of the Board of Directors of Metalfrio Solutions AS

Chair of the Board of Directors of Metalfrio Solutions SA

Chair of the Board of Directors of Metalfrio Solutions SA Sogutma Sanayi Ve Ticaret AS

Manager of Nova Bahia Empreendimentos

Member of the Board of Directors of Peach Tree LLC

Chair of the Board of Directors of Restoque Comércio e Confeções de Roupas SA

Chair of Rio Verde Consultoria e Participações Ltda

Manager of Tira-Chapéu Empreendimentos Ltda

Manager of Hibiscus Participações, SA

Chair of Winery Participações Ltda

Chair of Zimbrow Participações, SA

Carlos António Rocha Moreira da Silva**Offices held in other companies within Sonae**

None

Offices held in other companies outside Sonae

Member of the Board of Directors of Efanor Investimentos, SGPS, SA

Non-Executive Vice-Chair of the Board of Directors of Sonae Indústria, SGPS, SA

Non-Executive Member of the Board of Directors of Sonae Arauco, SA

Non-Executive Chair of the Board of Directors of Fim do Dia, SGPS, SA

Member of the Board of Directors of Teak BV

Member of the Board of Directors of Sonae Capital, SGPS SA (since May 2021)

Member of the Board of Directors of Fundação de Serralves

Member of the Board of Directors of Teak Floresta, SA

Member of the Board of Directors of Hakuturi, SA

Chair of the Board of Directors of Cerealis, SGPS, SA

Chair of the Remuneration Committee of Cerealis, SGPS, SA

Chair of the Board of Directors of Cerealis Produtos Alimentares, SA

Chair of the Board of Directors of Cerealis Moagens, SA

Fuencisla Clemares

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

Teacher of Digital Marketing at ISDI (Instituto Superior para el Desarrollo de Internet)

Visiting Teacher at IESE

Country Manager for Spain and Portugal of Google LLC

Advisor to the Board of Directors of Cosentino, SA

Italy interim Manager of Google LLC

Philippe Cyriel Elodie Haspeslagh

Offices held in other companies within Sonae

None

Offices held in other companies outside Sonae

Co-Founder and Non-Executive Chair of the Board of Directors of Capricorn Partners

Professor e and honorary Dean of Vlerick Business School

Non-Executive Chair of the Board of Directors of Ardo NV

Non-Executive Chair of the Board of Directors of FBN Belgium - The Family Business Network

Member of the Board of Directors of Guberna, the Belgian Institute of Directors

Member of the Board of Directors of Strongroots Limited, Ireland

Member of the Board of Directors of Awacs3 Enterprises NV

Member of the Board of Directors of Deltronic NV

Maria Cláudia Teixeira de Azevedo

Offices held in other companies within Sonae

Member of the Board of Directors of Sonaecom – SGPS, SA

Member of the Board of Directors of Público – Comunicação Social, SA

Member of the Board of Directors of ZOPT, SGPS, SA

Non-Executive Member of the Board of Directors of NOS, SGPS, SA

Member of the Board of Directors of Sonae Investment Management – Software and Technology, SGPS, SA

Chair of the Board of Directors of Sonae MC, SGPS, SA

Member of the Board of Directors of Sonae Holdings, SA

Member of the Board of Directors of Sonae FS, SA

Chair of the Board of Directors of Sonae Sierra, SGPS, SA

Chair of the Board of Directors of Sonae Food4Future, SA

Offices held in other companies outside Sonae

Member of the Board of Directors of Sonae Capital, SGPS, SA

Member of the Board of Directors of Sonae Industria, SGPS, SA

Chair of the Board of Directors of Imparfin – Investimentos e Participações Financeiras, SA

Member of the Board of Directors of Efanor - Investimentos, SGPS, SA

Chair of the Board of Directors of Linhacom, SGPS, SA

Chair of the Board of Directors of Praça Foz – Sociedade Imobiliária, SA

Member of the Board of Directors of Efanor – Serviços de Apoio à Gestão, SA

Sole Director of Sekiwi, SGPS, SA

Member of the Board of Directors of Setimanale, SGPS, SA

Member of the Board of Directors of Casa Agrícola de Ambrões, SA

Member of the Board of Directors of Realejo – Sociedade Imobiliária, SA

Manager of Tangerine Wish, Lda.

João Pedro Magalhães da Silva Torres Dolores

Offices held in other companies within Sonae

Non-Executive Member of the Board of Directors of NOS, SGPS, SA

Non-Executive Member of the Board of Directors of Sonae MC, SGPS, SA

Chair of the Board of Directors of Sonae Corporate, SA

Member of the Board of Directors of Sonae Holdings, SA

Executive Member of the Board of Directors of Sonae Investment, BV

Executive Member of the Board of Directors of Sontel, BV

Non-Executive Chair of the Board of Directors of MKTPlace - Comércio Eletrónico, SA

Member of the Board of Directors of Sonaecom, SGPS, SA

Non-Executive Member of the Board of Directors of Sonae Sierra, SGPS, SA

Member of the Board of Directors of Sonae FS, SA

Member of the Board of Directors of Iberian Sports Retail Group, S.L.

Member of the Board of Directors of Sonae RE, SA

Member of the Board of Directors of Sonae Food4Future, SA

Offices held in other companies outside Sonae

None

Statutory Audit Board

Professional qualifications and curricular references

Maria José Martins Lourenço da Fonseca	
Date of Birth	
4 th September 1957	
Education	
1984	Graduate Degree in Economics at Oporto University, Faculty of Economics – Prize Doutor António José Sarmento
1987	Postgraduate Program in European Studies at European Studies Center, Universidade Católica Portuguesa (Centro Regional do Porto)
1992	Participation in Young Managers Programme at INSEAD – European Institute of Business Administration, Fontainebleau
2002	Master in Business Administration, with specialisation in Accounting and Management Control at Oporto University, Faculty of Economics
2015	PhD in Business Administration, with specialisation in Accounting and Management Control at Oporto University, Faculty of Economics
Professional Experience	
1984-1985	Invited Assistant at Oporto University, Faculty of Economics - Microeconomics
1985-1990	Technician in the Department of Economics Studies and Planning of BPI – Banco Português de Investimentos, SA
1990-1992	Senior Analyst at the Corporate Banking Department of BPI – Banco Português de Investimento, SA
1991-1999	Invited Assistant at Oporto University, Faculty of Economics, in the Accounting area
1992-1996	Vice-manager at the Corporate Banking Department of BPI – Banco Português de Investimento, SA
1996-2006	Cooperation with the Portuguese Institute of Statutory Auditors (OROC), as trainer for the External Auditor Preparatory Course
2002-2008	Cooperation with the Certified Public Accountant Association (OTOC), in the field of professional formation
2008-2009	Cooperation with the Portuguese Institute of Statutory Auditors (OROC), in the field of professional formation
2015	Member of the Selection Board of the Oral Test for External Auditor (ROC)
2015-2021	Cooperation with the Portuguese Institute of Statutory Auditors (OROC), as trainer for the External Auditor Preparatory Course
Since 1996	Lecturer at Católica Porto Business School (Universidade Católica Portuguesa), in the Accounting area Responsible for the Master Course Degree in Auditing and Taxation
Since 2008	Consulting activity through the Centro de Estudos de Gestão e Economia Aplicada (CEGEA) of Católica Porto Business School (Universidade Católica Portuguesa)
Since 2016	Member of the Statutory Audit Board of Sonaecom, SGPS, SA
Since 2017	Chair of the Statutory Audit Board of AEGE – Associação para a Escola de Gestão Empresarial
Since 2017	Member of the Statutory Audit Board of Ibersol, SGPS, SA
Since 2018	Member of the Statutory Audit Board of Sonae MC, SGPS, SA
Since 2018	Chair of the Statutory Audit Board of SDSR – Sports Division SR, SA
Daniel Bessa Fernandes Coelho	
Date of Birth	
6 th May 1948	
Education	
1970	Graduate Degree in Economics – University of Oporto

1986 PhD in Economics – Universidade Técnica de Lisboa

Professional Experience

1970-2009	Lecturer at the University of Oporto:
1970-1999	- Faculty of Economics
1988-2000	- ISEE (Institute for Entrepreneurship Studies)
1989-2002	- Faculty of Engineering
2000-2008	- EGP – Escola de Gestão do Porto (currently Porto Business School)
2008-2009	- EGP – University of Porto Business School (currently Porto Business School)
2009-2009	- Faculty of Economics
1978-1979	Dean of the Faculty of Economics of the University of Oporto
1983-2022	Economist – liberal profession
1990-1995	Vice-Dean for the Financial Management Guidance of the University of Oporto
1995-1996	Minister of Economy of the Portuguese Government
1996-2000	Executive Director of AURN – Associação das Universidades da Região Norte
1996-2006	Non-Executive Member of the Board of Directors of Celulose Beira Industrial (Celbi), SA
1997-1999	Non-Executive Member of the Board of Directors of INPARSA – Indústrias e Participações, SGPS, SA
1997-2007	Chair of the Statutory Audit Board of SPGM – Sociedade de Investimentos
1997-2008	Member of the Board of Directors of Finibanco, SA
1999-2002	Chair of the Board of the Shareholders' General Meeting of APDL – Administração dos Portos do Douro e Leixões
1999-2006	Member of the advisory boards of Sonae – SGPS, SA and Sonae Indústria, SGPS, SA
2000-2012	Chair of the Advisory Board of IGFCSS – Instituto de Gestão de Fundos de Capitalização da Segurança Social
2001-2003	Member of the Advisory Board of Indústrias de Condutores Elétricos e Telefónicos F. Cunha Barros, SA
2001-2011	Member of the Board of Directors of Finibanco Holdings, SGPS, SA
2003-2014	Responsible for the Mission PRASD – Program for the rehabilitation of sectors within the Ministry of Economics, Ministry of Social Security and Ministry of Labour of the Portuguese Government
2003-2022	Member of the Board of Directors and Member of the Executive Committee of Fundação Bial
2006-2009	Chair of the Statutory Audit Board of Galp Energia, SGPS, S.A.
2007-April 2019	Chair of the Statutory Audit Board of Sonae – SGPS, SA
2008-2022	Chair of the Statutory Audit Board of Bial - Portela e Companhia, SA
2008-2022	Member of the Investment Committee of PVCI – Portuguese Venture Capital Initiative, entity created by FEI – European Fund for Investment
2010-2022	Chair of the Board of the Shareholders' General Meeting of Amkor Technology Portugal, S.A. (ex-Nanium, S.A.)
2011-2012	Member of the Supervisory Board of Banco Comercial Português, SA
2016-2019	Non-Executive Member of the Board of Directors of Amorim Turismo, SGPS, SA
2016-2019	Non-Executive Member of the Board of Directors of Sociedade Figueira Praia, SA
2017-2019	Non-Executive Member of the Board of Directors of SFP OnLine, SA
2017-2022	Chair of the Statutory Audit Board of GGND – Galp Gás Natural Distribuição, SA
2017-2022	Chair of the Curators Board of Fundação Belmiro de Azevedo. Previously, (January 2014 to November 2017) joined this body as a member

2019-2020	Member of the Statutory Audit Board of Banco L. J. Carregosa, SA
2019-2021	Member of the Statutory Audit Board of Sonae – SGPS, SA
2019-2022	Non-Executive Member of the Board of Directors of SPI – Sociedade Portuguesa de Inovação, Consultoria Empresarial e Fomento da Inovação, SA
2020-2021	Chair of the Statutory Audit Board of RACE – Refrigeration & Air Conditioning Engineering, SA
2021-2022	Chair of the Statutory Audit Board of Cerealis – SGPS, SA

Manuel Heleno Sismeiro

Date of Birth

5th January 1945

Education

1964	Accountant, ICL – Lisboa
1971	Graduate Degree in Finance, ISCEF – Lisboa

Professional Experience

1965-1966	Industrial and Commercial School of Leiria: Accounting and Commercial Calculus teacher in the general commerce course
1970-1971	Banco da Agricultura: Technician at the Organisation and Methods division
1971-1981	Instituto Superior de Economia de Lisboa: assistant, having lectured Mathematics, Statistics, Econometry and Operational Investigation
1974-1975	Arthur Young & Co: Statutory Auditor and audit assistant
1974-1976	Universidade Católica Lisboa: assistant (first year) and regente (second year) of Accountancy in the Business Administration course
1976-1977	Banco Borges & Irmão: performed functions at the Economics Studies Department and at the Control Department of Associated Companies
1977-1980	CTT – Correios e Telecomunicações de Portugal: Responsible for the Warehouse Management and Control division. Responsible for stock management of central warehouses and of a project aimed at implementing a computer tool for stock management and control Partner of Coopers & Lybrand and of Bernardes, Sismeiro & Associados, since 1998 PricewaterhouseCoopers - auditors and statutory auditors Responsible for the audit and statutory audit in several industries. Most importante companies:
1980-2008	Sonae (group); Amorim (group); Unicer (group); Sogrape (group); Barros (group); TMG (group); Lactogal (group); Aveleda (group); RAR (group); Cires; Ford; REN Responsible for the management of the Oporto office of the mentioned companies – since 1982 and until 2008 Manager of the Audit department in the period 1998-2002 and member of the management board of PricewaterhouseCoopers, in the same period
2009-2017	Chair of the Statutory Audit Board of Sonae Indústria, SGPS, SA
2010-2017	Chair of the Statutory Audit Board of Segafredo Zanetti (Portugal) – Comercialização e Distribuição de Café, SA
2014	Chair of the Statutory Audit Board of Sonae Investimentos, SGPS, SA (currently Sonae MC, SGPS, SA)
2015	Chair of the Statutory Audit Board of Banif – Banco de Investimento, SA
Since 2008	Consultant in internal audit and internal control fields
Since 2009	Chair of the Statutory Audit Board of OCP Portugal – Produtos Farmacêuticos, SA
Since 2009	Member of the Statutory Audit Board of Sonae Capital, SGPS, SA
Since 2018	Chair of the Statutory Audit Board of Sonae Arauco, SA

3. Positions held in other entities

Maria José Martins Lourenço da Fonseca**Offices held in other companies within Sonae**

Chair of the Statutory Audit Board of SDSR – Sports Division, SR, SA

Member of the Statutory Audit Board of Sonae MC, SGPS, SA

Member of the Statutory Audit Board of Sonaecom, SGPS, SA

Offices held in other companies outside Sonae

Member of the Statutory Audit Board of Ibersol, SGPS, SA

Chair of the Statutory Audit Board of AEGE – Associação para a Escola de Gestão Empresarial

Professor at Católica Porto Business School (Universidade Católica Portuguesa)

Consultant at CEGEA – Centro de Estudos de Gestão e Economia Aplicada, Universidade Católica Portuguesa – CRP

Daniel Bessa Fernandes Coelho**Offices held in other companies within Sonae**

None

Offices held in other companies outside Sonae

Chairman of the Statutory Audit Board of GGND - Galp Gás Natural Distribuição, SA

Chairman of the Statutory Audit Board of Bial – Portela e Companhia, SA

Chairman of the Statutory Audit Board of Cerealis, SGPS, SA

Member of the Board of Directors of SPI – Sociedade Portuguesa de Inovação, SA

Chairman of the Shareholders' General Meeting of Amkor Technology Portugal, SA

Member of the Investment Committee of PVCI – Portuguese Venture Capital Initiative

Chairman of the Board of Trustees of Fundação Belmiro de Azevedo

Member of the Board of Directors and Member of the Executive Committee of Fundação Bial

Manuel Heleno Sismeiro**Offices held in other companies within Sonae**

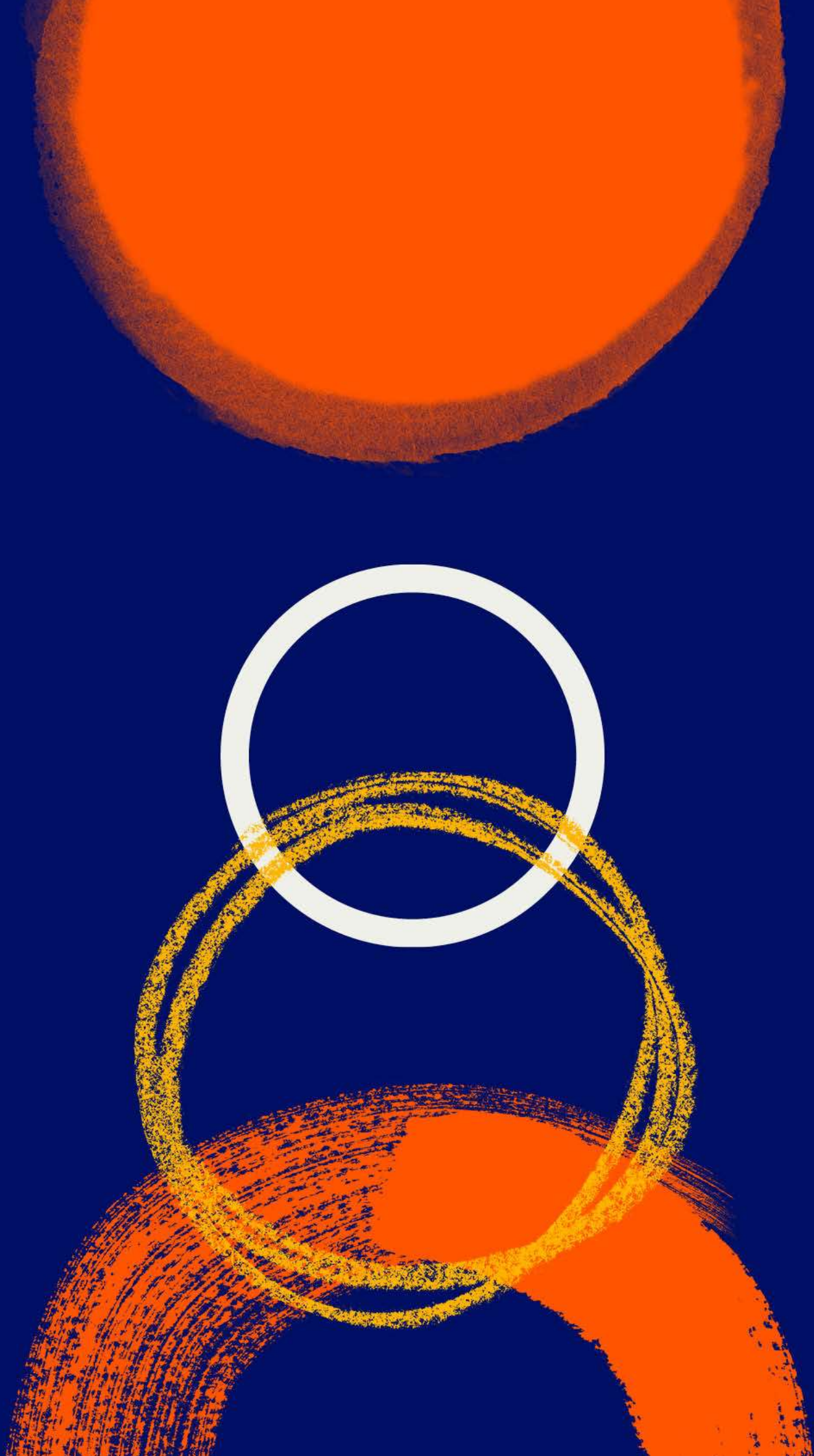
None

Offices held in other companies outside Sonae

Member of the Statutory Audit Board of Sonae Capital, SGPS, SA

Chairman of the Statutory Audit Board of Sonae Arauco, SA

Chairman of the Statutory Audit Board of OCP Portugal – Produtos Farmacêuticos, SA



Shaping tomorrow with the will to grow

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER OF 2021 AND 2020

(Amounts expressed in euro)

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

	Notes	31 Dec 2021	31 Dec 2020
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	8	1,681,657,450	1,695,077,660
Intangible assets	9	442,752,572	413,375,902
Right of use assets	10	1,019,952,622	1,053,829,561
Investment properties	11	319,872,797	319,417,528
Goodwill	12	732,295,344	670,816,144
Investments in joint ventures and associates	13	1,514,650,086	1,548,383,214
Assets at fair value through profit and loss	14	164,269,283	97,668,772
Assets at fair value through other comprehensive income	14	137,578,854	115,903,789
Other investments	7 and 15	14,984,400	14,266,208
Deferred tax assets	22	358,580,253	358,072,804
Other non-current assets	7 and 16	33,694,609	41,232,738
Total Non-Current Assets		6,420,288,270	6,328,044,320
CURRENT ASSETS:			
Inventories	17	633,566,900	636,072,241
Trade receivables	7 and 18	131,077,669	147,594,934
Other receivables	7 and 19	112,239,982	102,619,195
Income tax assets	44	35,193,981	37,711,054
Other tax assets	20	39,176,930	42,016,611
Other current assets	21	90,585,614	80,218,791
Investments	7 and 15	7,107,031	3,345,882
Cash and bank balances	7 and 23	825,063,052	763,302,610
Total Current Assets		1,874,011,159	1,812,881,318
Assets classified as held for sale	24	22,813,863	8,001,633
Total Assets		8,317,113,292	8,148,927,271
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	25	2,000,000,000	2,000,000,000
Own shares	25	(88,539,491)	(93,340,758)
Legal reserve	2.25	281,215,564	277,452,299
Reserves and retained earnings	25	80,890,373	(262,266,902)
Profit/(Loss) for the period attributable to the equity holders of the Parent		267,652,127	70,944,578
Equity attributable to the equity holders of the Parent Company		2,541,218,573	1,992,789,217
Equity attributable to non-controlling interests	26	604,175,944	447,063,129
TOTAL EQUITY		3,145,394,517	2,439,852,346
LIABILITIES			
NON-CURRENT LIABILITIES:			
Loans	7 and 27	780,726,925	1,006,897,412
Bonds	7 and 27	315,415,828	687,699,113
Other loans	7 and 27	1,217,654	1,806,789
Lease liabilities	7 and 10	1,074,782,608	1,100,459,060
Other non-current liabilities	7 and 29	96,920,514	80,942,994
Deferred tax liabilities	22	495,286,636	479,103,073
Provisions	34	21,476,976	47,032,991
Total Non-Current Liabilities		2,785,827,141	3,403,941,432
CURRENT LIABILITIES:			
Loans	7 and 27	226,101,339	177,139,325
Bonds	7 and 27	90,254,637	9,849,955
Other loans	7 and 27	813,617	6,367,713
Lease liabilities	7 and 10	106,409,731	107,387,576
Trade payables	7 and 31	1,346,554,627	1,338,556,811
Other payables	7 and 32	162,666,324	206,835,175
Income tax liabilities	44	20,903,844	16,148,599
Other tax liabilities	20	100,846,896	96,992,405
Other current liabilities	33	327,170,353	325,647,099
Provisions	34	4,170,266	16,344,127
Total Current Liabilities		2,385,891,634	2,301,268,785
Liabilities directly associated with assets classified as held for sale	24	-	3,864,708
Total Liabilities		5,171,718,775	5,709,074,925
TOTAL EQUITY AND LIABILITIES		8,317,113,292	8,148,927,271

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER OF 2021 AND 2020

(Amounts expressed in euro)

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

	Notes	31 Dec 2021	31 Dec 2020 Restated Note 5
Sales	6	6,697,614,239	6,367,492,726
Services rendered	6	325,668,340	305,117,170
Value created on investment properties	11	(2,468,068)	(27,908,838)
Gains and losses on investments	38	(924,990)	21,762,373
Gains and losses on investments recorded at fair value through results	14	85,171,323	21,709,652
Other income	40	146,207,772	133,673,330
Cost of goods sold and materials consumed	17	(4,795,518,364)	(4,607,326,888)
Changes in inventories of finished goods and work in progress	17	636,916	(2,866,528)
External supplies and services	41	(796,937,885)	(698,654,054)
Employee benefits expense	42	(905,208,525)	(864,460,007)
Other expenses	43	(88,753,762)	(81,672,668)
Depreciation and amortisation expenses	6, 8, 9 and 10	(338,156,953)	(338,813,103)
Impairment losses	34	(23,168,152)	(47,661,472)
Provisions	34	(5,285,180)	(28,952,666)
Profit from continuing operations before interests, dividends, share of profit or loss of joint ventures and associates and tax		298,876,711	151,439,027
Dividends received during the year	14	10,764,537	100,648
Share of profit or loss of joint ventures and associates	13	100,586,887	(3,641,782)
Financial income	39	41,465,805	40,523,980
Financial expense	39	(147,698,726)	(140,401,908)
Profit from continuing operations before tax		303,995,214	48,019,965
Income tax expense	44	(26,592,321)	(1,252,337)
Profit from continuing operations for the period		277,402,893	46,767,628
Profit/(Loss) from discontinued operations after taxation	4.2	53,210,616	8,891,529
Consolidated profit/(Loss) for the period		330,613,509	55,659,157
Attributable to owners of the Company:			
Continuing operations		230,338,916	66,649,496
Discontinued operations		37,313,211	4,295,082
		267,652,127	70,944,578
Attributable to non-controlling interests:			
Continuing operations		47,063,977	(19,881,868)
Discontinued operations		15,897,405	4,596,447
	26	62,961,382	(15,285,421)
Profit/(Loss) per share			
From continuing operations			
Basic	46	0.12070	0.03489
Diluted	46	0.12002	0.03466
From discontinued operations			
Basic	46	0.01955	0.00225
Diluted	46	0.01944	0.00223

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER OF 2021 AND 2020

(Amounts expressed in euro)

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

	Notes	31 Dec 2021	31 Dec 2020 Restated Note 5
Net Profit / (Loss) for the period		330,613,509	55,659,157
Items from other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		1,277,376	16,880,066
Participation in other comprehensive income, net of tax, related to associates and joint ventures accounted for under the equity method	13.3	4,417,324	(93,483,023)
Changes in cash flow hedging reserve	28	21,800,682	2,311,427
Income tax relating to items that may be reclassified subsequently to profit or loss		(5,495,755)	(112,665)
Others		(12,519)	(315,732)
Items from other comprehensive income that may be reclassified subsequently to profit or loss		21,987,108	(74,719,927)
Items from other comprehensive income that were reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations related to discontinued operations		–	(5,470,151)
Items from other comprehensive income that were reclassified to the income statement:		–	(5,470,151)
Items from other comprehensive income that will not be reclassified subsequently to profit or loss:			
Changes value of financial assets at fair value	14.3	21,675,065	(28,192,640)
Tax related to the components of other comprehensive income		1,539,000	–
Items from other comprehensive income that will not be reclassified subsequently to profit or loss		23,214,065	(28,192,640)
Total other comprehensive income for the period		45,201,173	(108,382,718)
Total comprehensive income for the period		375,814,682	(52,723,561)
Attributable to:			
Equity holders of parent company		306,109,135	(15,788,516)
Non-controlling interests		69,705,547	(36,935,045)

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER OF 2021 AND 2020

(Amounts expressed in euro)

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

Notes	Reserves and Retained Earnings										Total Reserves and Retained Earnings	Net Profit/(Loss)	Total	Non-controlling Interests (Note 26)	Total	Equity
	Share Capital	Own Shares	Legal Reserve	Currency Translation Reserve	Investments Fair Value Reserve	Cash-flow Hedging Reserve	Other Reserves and Retained Earnings *									
Attributable to Equity Holders of Parent Company																
Balance as at 1 January 2020	2,000,000,000	(99,806,645)	268,028,145	(7,400,437)	2,681,458	(673,747)	(196,759,207)	(202,151,933)	165,779,633	2,131,849,200	974,714,342	3,106,563,542				
Total comprehensive income for the period	-	-	-	8,273,742	(28,251,089)	1,317,493	(68,073,240)	(86,733,094)	70,944,578	(15,788,516)	(36,935,045)	(52,723,561)				
Appropriation of consolidated net profit of 2019																
Transfer to legal reserves and retained earnings		-	-	9,424,154	-	-	156,355,479	156,355,479	(165,779,633)	-	-	-				
Dividends distributed	25 and 26	-	-	-	-	-	(88,463,006)	(88,463,006)	-	(88,463,006)	(82,475,010)	(170,938,016)				
Income distribution from investment funds		-	-	-	-	-	-	-	-	-	(424,368)	(424,368)				
Obligation fulfilled by share attribution to employees		-	-	-	-	-	560,938	560,938	-	560,938	13,124	574,062				
Partial cancellation of Cash Settled Equity Swap	25	-	6,465,887	-	-	-	(2,800,319)	(2,800,319)	-	3,665,568	-	3,665,568				
Variation in percentage of subsidiaries		-	-	-	-	-	(38,865,359)	(38,865,359)	-	(38,865,359)	(24,610,238)	(63,475,597)				
Capital increase		-	-	-	-	-	-	-	-	-	140,000	140,000				
Capital decrease		-	-	-	-	-	-	-	-	-	(27,221,946)	(27,221,946)				
Lose of control of subsidiaries		-	-	-	-	-	-	-	-	-	(356,173,784)	(356,173,784)				
Others		-	-	-	-	-	(169,608)	(169,608)	-	(169,608)	36,054	(133,554)				
Balance as at 31 December 2020	2,000,000,000	(93,340,758)	277,452,299	873,305	(25,569,631)	643,746	(238,214,322)	(262,266,902)	70,944,578	1,992,789,217	447,063,129	2,439,852,346				
Total comprehensive income for the period	-	-	-	(1,057,284)	23,196,585	12,469,054	3,848,653	38,457,008	267,652,127	306,109,135	69,705,547	375,814,682				
Appropriation of consolidated net profit of 2020																
Transfer to legal reserves and retained earnings		-	-	3,763,265	-	-	67,181,313	67,181,313	(70,944,578)	-	-	-				
Dividends distributed	25 and 26	-	-	-	-	-	(92,922,670)	(92,922,670)	-	(92,922,670)	(3,403,317)	(96,325,987)				
Income distribution from investment funds		-	-	-	-	-	-	-	-	-	(120,102)	(120,102)				
Obligation fulfilled by share attribution to employees		-	-	-	-	-	1,454,281	1,454,281	-	1,454,281	229,469	1,683,750				
Partial cancellation of Cash Settled Equity Swap	25	-	4,801,267	-	-	-	(1,184,790)	(1,184,790)	-	3,616,477	-	3,616,477				
Variation in percentage of subsidiaries	4	-	-	-	-	-	330,110,539	330,110,539	-	330,110,539	117,495,488	447,606,027				
Aquisitions of affiliated companies	4.1	-	-	-	-	-	-	-	-	-	621,013	621,013				
Lose of control of subsidiaries	4.2	-	-	-	-	-	221,446	221,446	-	221,446	(27,522,857)	(27,301,411)				
Others		-	-	-	-	-	(159,851)	(159,851)	-	(159,851)	107,574	(52,278)				
Balance as at 31 December 2021	2,000,000,000	(88,539,491)	281,215,564	(183,979)	(2,373,046)	13,112,800	70,334,598	80,890,373	267,652,127	2,541,218,573	604,175,944	3,145,394,517				

* "Other reserves and retained earnings" includes an unavailable reserve relating to own shares in the amount of 76,248,621 euro (Note 25).

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 31 DECEMBER OF 2021 AND 2020

(Amounts expressed in euro)

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

	Notes	31 Dec 2021	31 Dec 2020
OPERATING ACTIVITIES			
Receipts from customers		7,173,012,836	6,786,247,491
Payments to suppliers		(5,615,725,538)	(5,333,256,270)
Payments to employees		(904,689,760)	(872,508,445)
Cash generated from operations		652,597,538	580,482,776
Income taxes (paid) / received		(12,242,291)	(2,424,014)
Other cash receipts and (payments) relating to operating activities		(17,536,841)	(31,077,960)
Net cash generated from operating activities (1)		622,818,406	546,980,802
INVESTMENT ACTIVITIES			
Receipts arising from:			
Investments	47	637,367,482	270,072,870
Property, plant and equipment and intangible assets		22,869,542	55,194,713
Interests and similar income		2,329,876	3,337,216
Loans granted		5,920,652	1,193,305
Dividends	13	85,313,034	11,637,935
Others	25	24,287,593	93,849,674
		778,088,179	435,285,713
Payments arising from:			
Investments	47	(215,532,326)	(231,328,205)
Property, plant and equipment and intangible assets		(240,975,555)	(256,138,891)
Loans granted		(2,977,145)	(2,676,742)
Others	25	(3,776,247)	(92,626,338)
		(463,261,273)	(582,770,176)
Net cash used in/ generated by investment activities (2)		314,826,906	(147,484,463)
FINANCING ACTIVITIES			
Receipts arising from:			
Loans, bonds and finance leases	35	4,102,604,585	5,702,176,307
Capital increases, additional paid in capital and share premiums		244,000	19,190,000
		4,102,848,585	5,721,366,307
Payments arising from:			
Lease liabilities	35	(188,319,259)	(168,675,507)
Loans, bonds and finance leases	35	(4,577,409,927)	(5,612,412,997)
Interests and similar charges		(31,989,129)	(31,926,376)
Reimbursement of capital and paid in capital		(427,203)	(3,269,062)
Dividends		(96,097,597)	(175,471,392)
Purchase of own shares		(76,248,621)	-
		(4,970,491,736)	(5,991,755,334)
Net cash used in financing activities (3)		(867,643,151)	(270,389,027)
Net increase (decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		70,002,161	129,107,312
Effect of exchange rate changes on the balance of cash held in foreign currencies		(514,440)	203,469
Cash and cash equivalents at the beginning of the period	23	752,173,451	623,269,608
Cash and cash equivalents at the end of the period	23	822,690,051	752,173,451

The accompanying notes are part of these financial statements.

SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

(Amounts stated in euro)

1. Introduction

SONAE, SGPS, SA has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal, and is the parent company of a group of companies, as detailed in Notes 53 and 54 as Sonae Group ("Sonae"). In the year ending 31 December 2021, there was no change in the name of Sonae, SGPS, SA. Sonae's operations and operating segments are described in Note 6.

Shares representing the share capital of Sonae, SGPS, SA are listed on the Euronext Lisbon stock exchange. At 31 December 2021, Sonae, SGPS, SA is majority owned by Pareuro BV and Efanor Investimentos SGPS, SA, the latter being the ultimate controlling company.

Sonae has in its portfolio 8 operating segments:

- MC is the undisputed leader in the Portuguese food retail market (offline and online);
- Sierra is the fully integrated operator in the real estate sector;
- NOS is the leading convergent operator in the Portuguese telecommunications market;
- Worten is a leading omnichannel retailer of products and services, with a focus on household appliances and consumer electronics;
- Iberian Sports Retail Group (ISRG) is one of the largest and fastest growing Iberian sports retailers (Sprinter, SportZone, JD and Size?);
- Zeitreel is the largest Portuguese fashion group (Salsa, Mo, Zippy and Losan);
- Universo is a fast-growing digital financial services operator in Portugal; and
- Bright Pixel is an active and specialized investor with a focus on retail technology, digital infrastructure and cybersecurity.

Sonae SGPS, SA operates in Portugal, but the Group's business areas also operate internationally.

Key events during the year

Disposal of 24.99% of the shares Sonae MC, SGPS, SA

In August 2021, Sonae SGPS, S.A. reached an agreement to sell 24.99% of the share capital of Sonae MC, SGPS ("Sonae MC") to Camoens Investments S, á r. l, an entity indirectly held by funds managed by CVC Advisers Company (Luxembourg) S, á r. l ("CVC Funds") for the amount of 528 million euro.

This transaction allows Sonae SGPS to partner with a top-tier investor to support the growth plan of Sonae MC, while retaining a controlling position in a pivotal asset in its portfolio. This partnership is part of Sonae SGPS's active portfolio management strategy, aiming to put in place the optimal shareholder structure for each of its businesses and joining forces with highly experienced partners.

Reorganization of the Worten operation in Spain

On 13 January 2021, Sonae announced the reorganization of the operation of its subsidiary Worten - Equipamentos do Lar, S.A. in Spain. The company reached an agreement with Media Markt Saturn S.A.U. for the sale of 17 stores in mainland Spain, having decided to close 14 additional stores. This initiative is part of the plan announced by Worten to optimize its operation in Spain, maintaining a successful strategy in the Canary Islands - where it is a leading omnichannel operator with an incomparable presence and a strong financial profile - and focusing its efforts on the channel in mainland Spain. The reorganization plan was designed to create a financially sustainable operation in Spain, while safeguarding jobs and minimizing the social impact of these initiatives.

On 1 March 2021, this transaction was completed following approval by the competent competition authority. This transaction generated 5 million euro in cash for Worten.

Disposal of shareholding in Modelo - Distribuição de Materiais de Construção, SA

On 1 September 2021 Sonae MC, SGPS, S.A. reached an agreement to sell its 50% share capital of Modelo - Distribuição de Materiais de Construção, SA (Maxmat) to Cimentos Estrada e Pedra SGPS, Lda, an entity fully owned by Building Materials Europe (BME Group), which already owns the remaining 50% of the share capital of Maxmat.

Gosh Acquisition

On 6 September 2021, Sonae, through its subsidiary Sonae Food4Future, has completed the acquisition of 95.4% of the share capital and voting rights of Calybell Limited, which holds 100% of Gosh Food Limited, which it commercialises under the brand "Gosh!", for a consideration of approximately 64 million pounds (75 million euro). Gosh is a leading company in the UK in the production and marketing of plant-based food products.

COVID-19

The year 2021 continued to be marked by the COVID-19 pandemic. However, with the acceleration of the vaccination process in Europe and the USA, we have witnessed the progressive deconfinement and reopening of the economy, allowing business to recover throughout the year.

Despite the positive trend, during this last year, this context had different impacts on the activity of each of the Group's businesses, with different intensity levels according to the sector in which they operate, and which naturally required an adaptation of the respective operations.

Sonae continued to follow in detail and with great concern all developments related to the pandemic, closely following the position of the international and national competent authorities, namely the World Health Organization, the European Centre for Disease Prevention and Control and the Portuguese General Directorate of Health.

Aligned with the Group's Risk Management Policies, the contingency plans and respective mitigation measures were constantly updated and activated in all companies and departments, allowing all employees to be protected and to face this period of turbulence mitigating the maximum loss of value.

In the year ended 31 December 2021, the financial and operational impacts were distinct between the different segments:

MC

In addition to the continued support to its customers, such as the implementation of hygiene measures in the workplace/spaces, the use of individual protection equipment or limiting the number of people per m², MC maintained a close dialogue with all stakeholders throughout the supply chain, 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 programme was also established to improve their cash flow conditions. In terms of operations, during the year, the company was again forced to temporarily close some formats. The online channel continued to be an important source of growth but with greater demand in confinement periods.

Sierra

Shopping centres still had to face some periods of lockdown and with non-core shops closed in some countries for part of the year.

In Portugal, Sierra's business and results continued to be affected by higher rent discounts due to Portuguese legislation and Sierra's proactive support for its tenant base.

In 2020, the Portuguese Parliament approved an exemption of the fixed component of tenants' rents from 13 March until the end of the year. Therefore, only the variable component of the rents associated to the sales and service fees were due during that period. This led to a discount in Portugal of 54% of the total rents in 2020, vs. 26% for the European average.

In the first half of 2021, the Portuguese legislation considered a discount on rents of up to 50%, calculated based on the decrease in tenants' sales when compared to 2019. Thus, in 2021, the total discounts in Portugal were 26%, which far exceeds the levels in Spain (11%) and Italy (14%), although close to the European average discount of 22%.

NOS

NOS continued to significantly support remote working and in 2021, together with all operational partners, ensured the proper functioning of its services. In operational terms, the pandemic continued to affect part of its activity, namely revenues from the cinema and audiovisual segments, due to the closure of all cinemas until mid-April. NOS launched several promotional campaigns to promote loyalty and a consistent and safe return to the cinemas.

Worten

In Portugal, the sector continued to be classified as an essential service by the Government. The shops remained open throughout 2021, although with reduced opening hours or with restrictions on the range of products for sale authorised in the shops. Additionally, at the end of the year, given the high incidence of COVID-19, all promotional actions were prohibited.

In Spain, Worten completed its strategic repositioning towards a more online business, having divested from the physical operation in mainland Spain, and thus being less susceptible to the restrictive measures imposed on shops.

In both geographies, the online channel continued to register very strong growth, particularly during the confinement periods. To respond to this peak in demand, Worten continued to adapt its online

operation, increasing its logistics capacity and expanding its delivery options to ensure faster, more convenient deliveries and greater overall customer satisfaction.

Zeitreel and ISRG

With regard to the fashion and sports retail businesses (Zeitreel and ISRG), in the first half of 2021, all shops were forced to close for 11 weeks in Portugal (an even longer period of confinement than in 2020 (7 weeks) and in other geographies, strong restrictions were imposed. Shops opened gradually, starting with high street shops, with shopping centre shops closing for around 2 more weeks in 2021 (compared to 4 in 2020).

In addition, even after the opening of the shops, several restrictions remained in place during the year, such as capacity limitations of shops and shopping centres, or the banning of sales periods in December. This scenario had a strong impact on our business performance and led the teams to implement several actions in order to preserve both sales and profitability. In fact, the negative impacts were partially mitigated by this team effort, namely regarding a better and more effective communication with customers, focus on sales and on increasing conversion rates, but also a better collection planning and inventory control.

In terms of projecting future impacts, these will depend on the extent, namely the timeframe, of the spread of the virus and the respective measures to control the epidemiological situation and the intervention of Governments, whether in terms of complying with vaccination plans or in terms of the support made available for economic agents.

However, given Sonae's capital structure, it will continue to implement all measures deemed appropriate to minimise 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 2021, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee ("IFRS - IC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as at the consolidated financial statements issuance date.

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

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

Although these estimates are based on the best experience of the Board of Directors and their best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas that involve a greater degree of judgment or complexity, or areas where assumptions and estimates are significant are presented in Note 2.22.

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

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

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

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

New accounting standards and their impact in these consolidated financial statements:

- Up to the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during the year 2021:

Standards (new and amendments) effective as at 1 January 2021	Change	Effective date (for financial years beginning on or after)
IFRS 4 – Deferral of 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 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark (IBOR) reform – phase 2	Additional exemptions related to the impacts of the reform of reference interest rates ("IBOR"), and especially the replacement of a reference interest rate with an alternative in traded financial instruments. Disclosure requirement on exposure to changes in benchmark interest rates.	01 jan 2021
IFRS 16 – Leases – COVID-19 related rent concessions beyond 30 June 2021	Extension of the application period for the exemption in the recognition of rent concessions granted by lessors related to COVID-19, as modifications, until 30 June 2022.	01 apr 2021

These standards were first applied by the Group in 2021. The Group carried out an analysis of the changes introduced and their impact on the financial statements and concluded that the application of these standards did not produce materially relevant effects on the financial statements, in particular as regards the reform of the reference interest rates ("IBOR") that refer to reference interest rates used in several financial instruments, such as loans, bank deposits or derivative financial instruments, for example Euribor and Libor. Some IBOR are being reformed, however, regarding Euribor, to which Sonae group financial instruments are indexed, there are no indications that it will be replaced in the near

future, after its restructuring in 2019.

- The following standards, interpretations, amendments and revisions have been endorsed by the European Union, until the date of approval of these financial statements and are mandatory for future economic years:

Standards (new and amendments) that will become effective, on or after 1 January 2022, already endorsed by the EU	Change	Effective date (for financial years beginning on or after)
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 2022
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 2022
Annual Improvements 2018-2020	Specific amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	01 jan 2022
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 2022
IFRS 17 – Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participating features.	01 jan 2023
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 2023
IAS 1 - Disclosure of accounting policies	Requirement to disclose material accounting policies, rather than significant accounting policies	01 jan 2023
IAS 8 - Disclosure of accounting estimates	Definition of accounting estimate. Clarification on the distinction between changes in accounting policies and changes in accounting estimates.	01 jan 2023

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2021 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 amendments) that will become effective, on or after 1 January 2022, not yet endorsed by the EU	Change	Effective date (for financial years beginning on or after)
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 2023
IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	Requirement to recognise deferred tax on the recognition of assets under right of use / lease liability and provisions for decommissioning / related asset, when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences, because of not being relevant for tax purposes.	01 jan 2023
IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information	This amendment allows to avoid temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented, when first applying IFRS 17. This amendment allows the application of a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information.	01 jan 2023

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2021 due to the fact that their application is not mandatory, lying in the process of analysing expected effects of those standards.

2.2. Consolidation Principles

The consolidation methods adopted by Sonae are as follows:

(a) *Investments in controlled companies*

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

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

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

Sonae reassesses both whether it controls an entity or not if facts and circumstances indicate that there are changes to one or more of the control conditions listed above.

Equity and net profit attributable to minority shareholders are shown separately, under the caption non-controlling interests, in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 53.

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

Assets and liabilities of each Sonae subsidiary are measured at their fair value at the acquisition date or

control assumption, such measurement can be completed within twelve months after the date of acquisition. The excess of the consideration transferred plus the fair value of any previously held interests and non-controlling interests over the fair value of the identifiable net assets acquired is recognised 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 recognised as income for the year under "Other Income "after reconfirmation of the fair value attributed to the net assets acquired. The Sonae Group will choose on transaction-by-transaction basis, the fair measurement of non-controlling interests, (i) according to the non-controlling interests share assets, liabilities and contingent liabilities of the acquired, or (ii) according to their fair value.

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

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

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

(b) Investments in the joint ventures and associates

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

In situations where the investment or financial interest and the contract concluded between the parties allows the entity holds joint control directly on the active or detention rights obligations inherent liabilities related to this agreement, it is considered that such joint agreement does not correspond to a joint venture but rather a jointly controlled operation. As at 31 December 2021 and 2020 the Group did not hold jointly controlled operations.

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

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

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including involvement in decisions about dividends and other distributions;
- material transactions between the investor and the investee;

- exchange of management personnel; or
- providing critical technical information.

Financial investments in joint ventures and associated companies are recorded using the equity method, except in cases where the investments are held by a venture capital organization or equivalent, where the Group has chosen, at initial recognition, to measure at fair value through profit or loss in accordance with IFRS 9 (2.14.a iii)).

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

The excess of cost of acquisition over the fair value of identifiable assets and liabilities of each joint venture and associate at the acquisition date is recognised as goodwill and is kept under which is included in the caption Investment in joint ventures and associates companies (Note 2.2.c)). Any excess of Sonae's share in the fair value of the identifiable net assets acquired over cost are recognised as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired under the caption "Share of results of joint ventures and associates".

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

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

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

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

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

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

Investments in jointly controlled and associates are disclosed in Note 54.

(c) *Goodwill*

The differences between the acquisition price of investments in Sonae companies, joint ventures and

associates plus the value of the non-controlling interests (in the case of subsidiaries), the fair value of any interests held prior to the date of the concentration and the fair value of the identifiable assets, liabilities and contingent liabilities of these companies at the date of the concentration of business activities, when positive, are recorded under the heading "Goodwill" if they relate to acquisitions of business from subsidiaries (Note 12) or maintained under the heading "Investments in joint ventures and associated companies" (Note 13). The differences between the acquisition price of investments in subsidiaries headquartered abroad whose functional currency is not the Euro, the value of non-controlling interests (in the case of subsidiaries) and the fair value of the identifiable assets and liabilities of these subsidiaries at the date of their acquisition, are recorded in the functional currency of these subsidiaries, being converted into the functional and reporting currency of Sonae (Euro) at the exchange rate in force on the date of the statement of financial position. Exchange differences resulting from this conversion are recorded in the caption "Conversion reserves".

Future contingent consideration is recognised as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the goodwill, but only as long as they occur during the measurement period (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances prior to that existed at the acquisition date, otherwise these changes must be recognised 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 recognised. 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 recognised in the period are recorded in the income statement under the caption "Impairment losses".

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

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

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

liabilities acquired.

(d) Translation of financial statements of foreign companies

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

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

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

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

	31 Dec 2021		31 Dec 2020	
	End of exercise	Average of exercise	End of exercise	Average of exercise
US Dollar	0.88292	0.84602	0.81493	0.87704
Swiss Franc	0.96796	0.92506	0.92575	0.93431
Pound Sterling	1.19008	1.16366	1.11231	1.12496
Brazilian Real	0.15848	0.15694	0.15690	0.17198
Australian Dollar	0.64041	0.63516	0.62909	0.60463
Mexican Peso	0.04321	0.04171	0.04096	0.04103
Turkish Lira	0.06564	0.09753	0.10973	0.12624
Mozambican Metical	0.01377	0.01302	0.01092	0.01268
Angolan Kwanza	0.00159	0.00135	0.00125	0.00154
Polish Zloty	0.21754	0.21906	0.21931	0.22511

2.3. Property, plant and equipment

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

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

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

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

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

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

The depreciation rates used correspond to the following estimated useful lives:

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

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

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

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

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

2.4. Investment properties

The Group’s investment properties are mainly property held by Sierra and its subsidiaries which are recorded under the equity method (Note 13).

Investment properties consist, mainly, in buildings and other constructions held to earn rentals or capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or for sale in the ordinary course of business.

Assets which qualify as investment properties are recognised as such when they start being used or, in the case of the investment properties in progress, when their development is considered irreversible, as mentioned in the above conditions. Until the moment the asset is qualified as investment property, the same asset is booked at acquisition or production cost, under the caption “Investment properties under development”, in the same way as a property plant and equipment (Note 2.3), less any impairment losses. Since that moment, the investment properties in progress are recorded at their fair value. The difference between cost (of acquisition or production) and the fair value at that date is recorded directly in the income statement under the caption “Variation in fair value of investment properties”.

Investment properties are recorded at their fair value based on appraisals made by independent specialised entities (fair value model). Changes in fair value of investment properties are accounted for in the directly in the income statement caption “Value created on investment properties”.

Expenses incurred with investment properties in use, namely maintenance, repairs, insurance and property taxes are recognised as an expense in the statement of profit and loss for the year to which they relate. The improvements estimated to generate additional economic benefits are capitalised.

Fit-out contracts are contracts under which the Group supports part of the expenses incurred with the fit-out expenses of the tenant. As a counterpart the tenant assumes the responsibility to reimburse the Group by the amount invested, over the period of the respective contract, in terms and conditions that vary from contract to contract. The amounts paid by the Group on each fit-out contract are initially recorded at cost under the caption “Investment properties”, being subsequently adjusted to the corresponding fair value, at each reporting date, as determined by specialised independent entities. The methodology used to determine the fair value of the fit-out contracts is identic to the one used in determining the fair value of the investment property to which these contracts relates. Variations in fair value of the fit-out contracts are recorded in the income statement under the caption “Value created on investment properties”.

2.5. Intangible assets

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

When individually purchased, intangible assets are recognised 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 recognised the income statement when incurred.

Expenditure on development is recognised as an intangible asset if Sonae demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the asset will generate future economic benefits, are capitalized. Expenditure on development which does not fulfil these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software is recorded as an expense in the period in which they are incurred, except in the situation where these expenses are directly associated with projects for which future economic benefits are likely to be generated for Sonae. According to this assumption, the costs are initially accounted for as expenses, being capitalized as intangible assets by mean of "Own work capitalized" (Note 40).

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

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

Amortisation 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 Amortisations expenses", in the income statement.

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

2.6. Right 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 recognised 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.

Right of use

The Group recognises 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 recognised 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 recognised 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 recognised 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.

In leases of low value assets, the Group does not recognise the assets under right of use asset or lease liability, recognising the expenses associated with these leases as expenses for the period during the life of the contracts.

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

Lease Liabilities

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

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

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

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

Extension and termination options are provided for in various lease agreements and their application is based on operational maximization. In determining the term of the lease, the Board of Directors

considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Most of the extension options were not included in the lease liability and, when exercised, are by the Group and not by the lessor.

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

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

Practical expedient

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

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

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

- a) the change in the lease payments results in a revised consideration for the lease that is substantially equal to, or less than, the consideration immediately prior to the change;
- b) any reduction in lease payments only affects payments due on or before 30 June 2022; and
- c) there are no substantive changes to other terms and conditions of the lease.

The accounting treatment of Sale and Leaseback operations

The accounting treatment of Sale and Leaseback operations depends on the substance of the transaction by applying the principles explained in the revenue recognition (Note 2.17). According to IFRS 16, if the transfer of the asset complies with the requirements of IFRS 15, then it shall be accounted for as a disposal of an asset, and the seller-lessee shall measure the right of use (RoU) of the asset as a proportion of the previous book value of the asset that is related to the right of use, recognising as gain and loss only that which relates to the rights transferred to the purchaser-leaser, i.e. those which run beyond the lease period.

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

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

2.7. Leases from the perspective of the lessor

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

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

2.8. Assets and liabilities associated with non-current assets held for sale

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

With regard to the classification of financial holdings as held for sale:

- i) In the case of subsidiaries they continue to be consolidated until the date of their disposal, but all their assets and liabilities must be classified as held for sale and recorded at the lowest between the book value and the fair value minus costs of selling, terminating the recording of depreciation/amortisation;
- 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/amortisation expenses, or revaluation amounts that have been recognised, 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 recognised in the results of the financial year.

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

2.9. Government grants and other public entities

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

Grants received as compensation for expenses, namely grants for personnel training, are recognised in the income statement in accordance with expenses incurred.

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

2.10. Impairment of non-current assets, except for Goodwill

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

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

The recoverable amount is the higher of an asset's fair value deducted from costs to sell and its value in use. Fair value deducted from costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction deducted from the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

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

Reversal of impairment losses recognised in prior years is only recorded when it is concluded that the impairment losses recognised for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognised has been reversed. The reversal of impairment losses is recognised in the income statement under the caption "Impairment losses". However, reversal of the impairment loss is recognised only up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior years.

2.11. Financial expenses relating to loans obtained

Financial expenses related to loans obtained directly attributable to the acquisition, construction or production of property, plant and equipment or real estate projects classified in inventories, are capitalised as part of the cost of the assets. Capitalisation of these charges begins once preparations are started for the construction or development of the asset and is suspended when production or construction is complete or when the respective project is suspended. Any financial income generated by loans obtained that are directly related to a specific investment is deducted from financial costs eligible for capitalisation. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.12. Inventories

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

Finished goods and intermediate and work in progress are stated at the lower of cost of the weighted average production cost or net realizable value. Production cost includes cost of raw materials, labour costs and overheads based on the normal level of production. The difference in capitalised charges

recognised in this nature of inventories during the year is recognised as a change in production in the income statement.

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

2.13. Provisions

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

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

2.14. Financial instruments

Sonae classifies the financial instruments in the categories presented and conciliated with the consolidated statement of financial position disclosed in Note 7.

(a) Financial assets

Recognition

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

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

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

Financial assets may be classified in the following measurement categories:

- (i) Financial assets at amortised 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 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.

Also classified under this heading are investments in associates, held by a venture capital organization or equivalent, which the Group has opted, on initial recognition, to measure at fair value through profit or loss in accordance with IFRS 9. The Group makes this option separately for each associate.

Measurement

Financial assets are recognised in the Group's statement of financial position on the trade or contracting date, which is the date on which the Group commits to purchase the asset. Financial assets are initially recognised at fair value plus directly attributable transaction costs, except for assets at fair value through profit or loss where transaction costs are recognised immediately in the income statement.

Gains and losses arising from changes in the fair value of assets measured at fair value through profit or loss are recognised in the income statement in the year in which they arise under "Gains and losses on assets carried at fair value through profit or loss", including interest and dividend income.

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

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

Impairment losses

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

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

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

In cases where the amount receivable is immediately due and the related entity is able to pay, the probability of default is close to 0% and therefore the impairment is considered equal to zero. In cases

where the receivable balance is not immediately due, the related entity's credit risk is assessed and if it is "low" or if the maturity is less than 12 months, then the Group only assesses the probability of a default occurring for the cash flows that mature in the next 12 months.

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

Derecognition of financial assets

Financial assets are derecognised when: (i) the Group's contractual rights to receive their cash flows expire or are transferred; (ii) the Group has transferred substantially all risks and rewards associated with holding them; or (iii) despite the fact that it retains part, but not substantially all, of the risks and rewards associated with holding them, the Group has transferred control over the assets

(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 amortised cost.

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

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

Balances are classified as current assets when collection is estimated within 12 months. The balances are classified as non-current if the estimated charge occurs more than 12 months after the reporting date. These financial assets are included in the caption presented in Note 7.

Impairment losses on loans and accounts receivable are recorded in accordance with the principles described in Note 2.14.a).

(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 recognised at fair value and are subsequently measured at amortised cost, net of impairment adjustments.

Impairment losses of trade receivables and other receivables are recorded in accordance with the principles described in Note 2.14.a).

(d) Cash and bank balances

Amounts included under the caption "Cash and bank balances" correspond to cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and that can be immediately mobilized with insignificant risk of change in value.

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

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

(e) Classification as equity or liabilities

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

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

(f) Financial liabilities

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

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

As at 31 December 2021, Sonae has only recognised liabilities classified as "Financial liabilities at amortised cost".

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

(g) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in caption "Financial income" and "Financial expenses" in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.18. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

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

(h) Loans convertible into shares

The component parts of compound instruments, namely convertible bonds, issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market

interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option is classified as Equity and its value is estimated by deducting from the value of the instrument the amount allocated to the liability component, this amount being recognised directly in equity. This amount will remain in Equity until the end of the contract being transferred to retained earnings in the situation where the instrument reaches maturity without the conversion option being exercised.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

(i) Trade payables and other payables

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

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

(j) Confirming

Some subsidiaries within the retail business maintain agreements with financial institutions in order to enable its suppliers to an advantageous tool for managing its working capital by the confirmation by these subsidiaries of the validity of invoices and credits that these suppliers hold over these companies.

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

These retail subsidiaries consider that the economic substance of these financial liabilities does not change, therefore these liabilities are kept as accounts payable to "Trade Payables" 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 trade payables.

(k) Derivatives

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

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

Coverage requirements are deemed to be met when:

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

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

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

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

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

Sonae also uses financial instruments with the purpose of cash flow hedging related to the energy price. These hedges tend to be perfect hedges and, therefore, receive hedge accounting treatment. In some situations, they may not configure perfect hedging relations, so they do not receive hedge accounting treatment, but they effectively allow the mitigation, in a very significant way, of the effect of energy price variations.

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

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

(l) Own shares

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

2.15. Contingent assets and liabilities

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

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

2.16. Income tax and other tax

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

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

Sonae is the dominant company of the group covered by the Special Regime for Taxation of Groups of Companies. Tax losses generated by subsidiaries within the Group are partially offset by the dominant entity of the Group. As regards tax losses generated by subsidiaries not compensated in the year, they will be compensated as the Group recovers them, taking into account the Group's future taxable profits, and the amount to be compensated will be recorded in non-current assets in an account receivable from the Group. Each company records income tax in its individual accounts and the tax calculated is recorded against the caption "Group companies". The special regime for the taxation of groups of companies covers all companies in which the group has a direct or indirect participation, even if through companies resident in another Member State of the European Union or European Economic Area, provided that, in the latter case there is an obligation of administrative cooperation, in at least 75% of the capital, provided that such a holding confers more than 50% of the voting rights, provided that certain requirements are met.

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 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, a review is made of the deferred tax assets recognised, being reduced whenever their future use is no longer probable.

Deferred tax liabilities are recognised 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.

Deferred taxes are recorded as expense or income for the year, except if they result from amounts recorded directly under equity, in which case deferred tax is also recorded under the same caption.

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

In situations where such positions will be challenged by the tax authorities as part of their skills by their interpretation is distinct from Sonae, such a situation is the subject of review. If such a review, reconfirm the positioning of the Group concluded that the probability of loss of certain tax process is less than 50% Sonae treats the situation as a contingent liability, i.e. is not recognised 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 recognised a provision, or if the payment has been made, it is recognised 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 recognised as assets, as these amounts correspond to determined amounts, which will be reimbursed to the entity, (usually with interests) or which may be used to offset the payment of taxes that will be due by the group, in which case the obligation in question is determined as a present obligation. In situations where payments correspond to other taxes, such amounts are recorded as expenses, although the Group's understanding is that they will be reimbursed plus interest.

2.17. Revenue

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

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

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

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

Revenue associated with extended warranties operations, which are granted for a period of 1 to 3 years, after the legally binding warranty of 2 years, by the Worten Segment, and are recognised in a straight-line basis over the warranty lifetime period. The revenue associated with warranties sold but for which the legal binding warranty hasn't yet expired is accounted under the captions of the Statement of Financial Position "Other non-current liabilities" and "Other current liabilities" (Notes 29 and 33).

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

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

2.18. Accrual basis

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

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

2.19. Commercial revenues

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

2.20. Balances and transactions expressed in foreign currencies

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

At each statement of financial position date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign subsidiary at the exchange rates as at that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each subsidiary, using the exchange rate at the date the fair value was determined.

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

When Sonae wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.14.k)).

2.21. Subsequent events

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

2.22. Judgements and estimates

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

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

- a) Amortisations and depreciations of the property, plant and equipment, intangible assets and right of use assets (Notes 2.3, 2.5 and 2.6);
- b) Terms of right of use assets (Note 2.6);
- c) Impairment analysis of goodwill in investments in associated companies and jointly controlled entities and of property, plant and equipment and intangible assets (Note 12);
- d) Recognition of adjustments on assets, provisions and contingent liabilities (Notes 34 and 37);
- e) Determining the fair value of derivative financial instruments (Notes 2.14.k and 28);
- f) Recoverability of deferred tax assets (Note 22);
- g) Valuation at fair value of assets, liabilities and contingent liabilities in business combination transactions;

- h) Impairment of financial assets (Note 34);
- i) Financial assets at fair value through other comprehensive income or profit and loss (Note 2.14.a) and 14);
- j) Classification of investments of the venture capital portfolio (Note 14);
- k) Entities included in the consolidation perimeter;
- l) Fair value of investment properties (Notes 2.4 and 11);
- m) Incremental interest rate on lease contracts (Notes 2.6 and 10);
- n) Tax on profits from the Group's various geographies (Notes 2.16, 22 and 44).
- o) Presentation of financing granted to subsidiaries as loans granted or part of the investment;
- p) Evaluation of the application of the criteria for aggregation of operational segments;
- q) Assessment of the ability to measure investment properties under development at fair value;
- r) Recognition of contract revenue

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

Terms of rights of use assets

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

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

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

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

The assessment of impairment in goodwill, investments in joint ventures and associates and other tangible and intangible assets involves significant judgments and estimates by Management, namely in

projecting the cash flows of the assets included in the business plans, the rate of growth in perpetuity and the discount rate of those cash flows. The sensitivity analysis to changes in the assumptions of the impairment calculation is disclosed in Note 12.

Impairment of financial assets

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

Recognition of provisions and analyse contingent liabilities

Provisions are recognised 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 recognised 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 recognised 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 recognised deferred taxes may have to be reviewed / amended.

Recognition of contract revenue

In the recognition of revenue based on the percentage of completion, management reviews at each reporting date the total estimated costs, which correspond to the best estimate of the costs associated with the provision of the construction service and/or until its completion. When there are significant deviations in the performance of the contract that are not associated with changes that result in the right to additional revenue as agreed with the customer, management reviews the percentage of completion and margin associated with the contract, according to its best estimate of its completion, which may give rise to the recording of a provision (onerous contract) (Note 2.17).

Classification of investments of the venture capital portfolio

When classifying investments, the Group determines whether the purpose of the investment is to provide financial resources to the investees with a return through medium- to long-term capital gains and evaluates whether or not, based on the contracts and agreements, it is able to influence the decisions and policies of its investees.

Different judgments regarding these matters could lead to investments being classified and measured differently, with direct impact on the consolidated financial statements.

Entities included in the consolidation perimeter

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

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

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

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

2.23. Insurance and reinsurance contracts

In order to optimise insurance costs, Sonae, through a wholly owned subsidiary, enters into reinsurance operations over non-life insurance contracts entered into by subsidiaries and related of the Efanor Group.

The subsidiary of Sonae acts like an intermediate in the assurance operations as a way to optimise insurance coverage and retention levels in accordance with the needs of each business, ensuring effective insurance management worldwide. The retained risk is immaterial in the context of reinsurance.

Premiums written on non-life insurance contracts and associated acquisition costs are recognised as income and cost on a prorata basis over the term of the related risk periods, through changes in the provision for unearned premiums.

The provision for unearned premiums reflects the portion of non-life insurance premiums written attributable to future years, namely the portion corresponding to the period between the statement of financial position date and the end of the period to which the premium refers. It is calculated, for each contract in force.

In Provision for claims (Note 34) is recorded the estimated amounts payable for claims, including claims that have been incurred but not reported and future administrative costs to be incurred on the settlement of claims under management. Provisions for claims recorded by Sonae are not discounted.

Reinsurer's share of technical provisions are determined by applying the above described criteria for direct insurance, taking into considering the percentages ceded, in addition to other clauses existing in the treaties in force.

At each statement of financial position date, Sonae assess the existence of evidence of impairment on assets originated by insurance or reinsurance contracts.

2.24. Segment information

An operating segment is a component of the Group:

- a) that carries out business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- b) those operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- c) for which separate financial information is available.

Information regarding operating segments identified is included in Note 6.

2.25. Legal reserves, other reserves and retained earnings

Legal reserves

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

Cash flow hedging reserve

The Hedging reserve reflects the changes in fair value of “cash flow” hedging derivatives that are considered as effective (Note 2.14.k)) and is not distributable or used to cover losses.

Currency translation reserve

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

Fair value reserve

This reserve includes the positive and negative effects of the revaluation on the fair value of available-for-sale as mentioned in Notes 2.22 and 14.

Reserves for the medium-term incentive plan are included in “other reserves”

According to IFRS 2 – “Share-based Payments”, responsibility with the medium-term incentive plans settled through delivery of own shares is recorded, the credit, under the caption “Reserves for the medium-term incentive plan” and is not distributable or used to cover losses.

2.26. Share-based payments

Share-based payments result from deferred performance bonus plans that are referenced to Sonae SGPS share price and vest within a period of 3 years after being granted.

When the plans set out by Sonae are settled through the delivery of treasury shares, the value of this responsibility is determined at the time of assignment based on the fair value of shares allotted and recognised during the period of deferment of each plan. The responsibility is posted in equity, in the caption “Other reserves and retained earnings” against “Employee benefits expense”.

When the settlement is made in cash, the value of these responsibilities are determined on the grant date (usually in April of each year) and subsequently remeasured at the end of each reporting period, based on the number of shares or options granted and the corresponding fair value at the closing date. These obligations are stated as “Staff costs” and “Other liabilities” on a straight-line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates.

3. Financial risk management

3.1. Introduction

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

Due to its diversified nature Sonae is exposed to a variety of financial risks, consequently each Sub-holding is responsible for, where applicable, setting its own financial risk management policies, to monitor their own exposure and to implement their approved policies. Therefore, for some risks there are not Sonae global risk management policies, but rather, where appropriate, customized risk management policies at Sub-holding level, existing, however, common guiding principles. Financial risk management policies are approved by each Executive Committee and exposures are identified and monitored by each Sub-holding Finance Department. Exposures are also monitored by the Finance Committee as mentioned in the Corporate Governance Report.

The Finance Committee coordinates and reviews, amongst other responsibilities, global financial risk management policies. The Finance Department of Sonae is responsible for consolidating and measuring the Company's financial risk exposure, being also responsible for assisting each Sub-holding in managing their own currency, interest rate, liquidity and refinancing risks through the Corporate Dealing Desk. Exposures are recorded in a main system (Treasury Management System). Risk control and reporting is carried out both at Sub-holding level, on a daily basis and on a consolidated basis for the monthly Finance Committee meeting.

3.2. Credit risk

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

3.2.1. Credit risk associated with financial instruments, financial investments, derivatives, loans to related parties and other receivables

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

- In order to reduce the probability of counterparties defaulting on their payment contractual obligations, Sonae companies only enter into transactions (short term investments and derivatives) with counterparties that present a high degree of prestige and national and international recognition and are based on their rating notations, taking into consideration the nature, maturity and size of the transactions;
- Additionally, regarding the amounts considered in Note 23, cash and cash equivalents, reinforce that the applications made are always for short periods, coinciding whenever possible with scheduled payments and maximum exposure limits are defined for each of the counterparties in order to avoid significant concentration of counterparty risk;
- No financial instruments shall be contracted unless they have been authorised in advance. The definition of instruments eligible for both excess and derivatives has been defined on a conservative basis (mainly short-term money market instruments for treasury applications, and instruments which can be broken down into their integral parts and duly valued, with a maximum loss identifiable in the case of derivatives);
- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by existing relationships banks in order to reduce exposure on a net basis, and ii) may only be applied in pre-approved instruments;
- In some cases, Sub-holdings can define more strict rules regarding counterparty exposure or more conservative policies;
- Any departure from the above-mentioned policies needs to be pre-approved by the respective Executive Committee/Board of Directors.

Regarding to the policies and minimum credit rating, Sonae does not expect any material failure in contractual obligation from its external counterparties nevertheless exposure to each counterparty resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Sub-holding Finance Department and any departure is promptly reported to the respective Executive Committee/Board of Directors and to the Sonae Finance Committee.

"Loans granted to related entities" balances are considered to have low credit risk and, therefore, impairment losses recognised during the period were limited to estimated credit losses at 12 months. These financial assets are considered to have "low credit risk" when they have a low impairment risk and the borrower has a high capacity to meet its contractual cash flow liabilities in the short term. The gross accounting value of the items classified as "Loans granted to related entities", included in other third party debts (Note 16 and 19), reflects the Company's maximum credit risk relative to this item, totaling 20.2 million euro as at 31 December 2021 (27.3 million euro as at 31 December 2020).

3.2.2. Credit risk in operational and commercial activities of each business

In this case due to each business characteristics and consequently of different credit risk typology, each sub-holding determines the most appropriate policy, as described below. However, the policies follow the same wide principles of prudence, conservatism, and the implementation of control mechanism.

- MC, Worten e Zeitreel

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.

- Sierra

The credit risk results essentially of the risk of credit of the tenants of the commercial centers managed by Sub holding and of the other debtors. Shopping Centre storekeepers credit risk monitoring is made by the adequate assessment of risk before the storekeepers are accepted and by the establishment of conservative credit limits for each storekeeper.

- Bright Pixel

The technology business exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk management purpose is to guarantee that the amounts owed by debtors are effectively collected within the periods negotiated without influencing the financial health of the Sub-holding. Sonaecom uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, which all contribute to the mitigation of credit risk.

- Universo

During most of 2020, Universo adopted a strategy of not granting credit to its clients. Until December 16, 2020, this activity was assured by its business partner BNP Paribas, Personal Finance, so the credit to customers during this period did not represent any risk to the Company.

From 17 December 2020, Universo became responsible for granting and managing credit to customers on Universo Card originated from that date onwards, having carried out that activity in accordance with the Risk Management Policies and Credit Policies, defined and approved by the Executive Committee.

It should also be noted that, since the end of March 2021, the Universo loan portfolio is sold to Banco CTT through a daily securitisation operation. Thus, the credit operations originated by Universo are subsequently sold and derecognised from the statement of financial position, and the respective Credit Risk is fully assumed by Banco CTT, as from the securitisation date.

Therefore, as at 31 December 2021, the credit operations recorded in the statement of financial position are originated during the year and have not yet been sold, but due to the structure of the securitisation, were sold within the following 3 working days or are expected to be sold during 2022.

Even so, and to better reflect the quantification of Credit Risk, the amounts of impairment were recorded in accordance with IFRS9.

- NOS – Joint ventures

NOS is subject to credit risk in its operating and treasury activities. The credit risk associated with operations is essentially related to services provided to customer's credits. This risk is monitored on a regular basis business, with the goal of management is: i) limit the credit granted to customers, considering the average collection period of each client; ii) monitor the evolution of the level of credit granted; and iii) perform impairment tests to receivables on a regular basis.

- Sonae SGPS

Sonae SGPS does not have any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities in accordance with the principles mentioned in note 3.2.1).

Additionally, Sonae SGPS may also be exposed to credit risk as a result of its portfolio manager activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis under the supervision of the Executive Committee (requesting bank guarantee, escrow accounts, obtaining collaterals, amongst others).

The group applies the simplified approach to calculate and record the estimated credit losses required by IFRS 9, which allows the use of estimated impairment losses for all "Trade receivables" and "Other receivables" balances. In order to measure estimated credit losses, the balances of "Customers" and "Other receivables" were aggregated on the basis of shared credit risk characteristics, as well as on days of delay as mentioned in note 2.14.c). The amount related to customers and other debtors represents maximum Sonae exposure to credit risk of the assets included in these captions.

3.3. Liquidity risk

Sonae has the need, regularly, to raise external funds to finance its activities and investing plans. It holds a long-term diversified portfolio, essentially made of, loan's and structured facilities, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2021, the total gross debt (excluding shareholders loans) was 1,415 million euro (on 31 December 2020 was 1,890 million euro) excluding the contributions of excluding contributions from joint ventures measured by the equity method.

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy. Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining with its relationship banks, a combination of short and medium term committed credit facilities, with sufficiently comfortable previous notice cancellation periods with a range that goes (up to 360 days);
- Maintenance of commercial paper programs with different periods and terms, that allow, in some cases, to place the debt directly in institutional investors;

- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- Diversification of financing sources and counterparties;
- Ensuring an adequate average debt maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. In 2021, Sonae's average debt maturity was approximately 4.4 years (2020: 4.4 years) excluding the contributions of the joint ventures which consolidated by the equity method;
- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;
- Where possible, by pre-financing forecasted liquidity needs, through transactions with an adequate maturity;
- Management procedures of short-term applications, assuring that the maturity of the applications will match with foreseen liquidity needs (or with a liquidity that allows to cover unprogrammed disbursements, concerning investments in assets), including a margin to hedge forecasting deviations. The margin of error needed in the treasury department prediction, will depend on the confidence degree and it will be determined by the business. The reliability of the treasury forecasts is an important variable to determinate the amounts and the periods of the market applications-borrowings.

The maturity of each major class of financial liabilities is disclosed in Notes 27, 31, and 32, based on the undiscounted cash flows of financial liabilities based on the earliest date on which Sonae can be required to pay ("worst case scenario").

Sonae maintains a liquidity reserve in the form of credit lines together with the banks with which there are activities. This is to ensure the ability to meet its commitments without having to refinance itself in unfavourable terms. In 31 December 2021, as described in Note 27, the consolidated loan amount maturing in 2022 is of 318 million euro (193 million euro maturing in 2021) and in 31 December 2021 Sonae had 226 million euro available in consolidated credit lines (258 million euro in 2020) with commitment less than or equal to one year and 350 million euro (472 million euro in 2020) with a commitment greater than one year, (400 million euro considering the lines already contracted at the beginning of 2022).

Additionally, Sonae held, as at 31 December 2021, cash and cash equivalents and current investments amounting to 825 million euro (763 million euro as at 31 December 2020) (Note 23).

Consequently, although current liabilities are higher than current assets, a natural situation due to the fact that its main business has negative working capital requirements, Sonae expects to meet all its obligations by means of its operating cash flows and its financial assets as well as from drawing existing available credit lines, if needed.

3.4. Interest rate risk

3.4.1. Policies

As each business operates in different markets and in different business environments, there is no single policy applicable to Sonae, but rather policies adjusted to each Sub-holding exposure which one described below. As previously mentioned, Sonae exposure is regularly monitored by the Finance

Committee, at a group level, and at each Sub-holding level. Although there is no wide risk management interest rate policy in what concerns the derivatives negotiation, there are principles that have to be followed by all the companies and that are referred below:

- Sonae hedging activities do not constitute a profit-making activity and derivatives are entered into without any speculation purpose;
- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be consistent with the settlement dates of the hedging instruments to avoid any mismatch and hedging inefficiencies;
- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be a perfect match between the base rate: the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction;
- Since the beginning of the transaction, the maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);
- The counterparties of hedging instruments are limited to institutions of high prestige, national and international recognition and based on respective credit ratings, as described in 3.2. above. It is Sonae policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;
- In determining the fair value of hedging operations Sonae uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates, foreign exchange rates, volatility among others prevailing at the statement of financial position date. Comparative financial institution quotes for specific or similar instruments are used as benchmark for the valuation;
- All transactions have to be documented under ISDA's Agreements (International Swaps and Derivatives Association);
- All transactions which do not follow the rules mentioned above have to be individually approved by the respective Executive Committee Board of Directors, and reported to Finance Committee, namely transactions entered into with the purpose of optimizing the cost of debt when deemed appropriate according to prevailing financial market conditions.

- [MC, Worten e Zeitreel](#)

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

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

- [Sierra](#)

Sonae Sierra's income and operating cash-flows are substantially independent of changes in market

interest rates, as its cash and cash equivalents and its financing granted to other companies of the Group are dependent only of the evolution of the interest rates in Euro, which have had a minimum change.

In relation to long-term borrowings and in order to hedge the volatility of long-term interest rates, Sonae Sierra uses, whenever appropriate, cash flow hedge instruments (swaps or zero cost collars), which represent perfect hedges of those long-term borrowings. In certain long-term borrowings Sonae Sierra chose to have a fixed interest rate in the first years of the financing agreement and will study afterwards the possibility to negotiate interest rate swaps or zero cost collars for the remaining period.

- Bright Pixel

In the technology business total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group result or on its shareholders' equity is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility of using interest rate hedging derivative instruments, as mentioned below; (iii) possible correlation between the market interest rates levels and economic growth, the latter having a positive effect on other lines of the Sub-holding consolidated results (namely operational), thus partially offsetting the increase of financial costs ("natural hedge"); and (iv) the availability of consolidated liquidity or cash, also bearing interests at variable rates.

- NOS – Joint Ventures

The borrowings of NOS, except bonds, have variable interest rates, which exposes the group to the risk of cash flows interest rates. NOS has adopted a hedging policy by hiring "swap" interest rate to cover future payments of interest bonds and other loans

- Sonae SGPS and others

Sonae SGPS is exposed to interest rate risk in relation to the statement of financial position (loans and short-term investments) and the fair value of interest rate derivatives (swaps and options). A significant part of Sonae SGPS's debt is indexed at variable rates, and interest rate derivatives can be used to convert part of the fixed rate floating rate debt (generally using interest rate swaps), or to limit the rate maximum to pay (usually using cap's).

Sonae SGPS mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve, since hedging interest rate risk usually has an opportunity cost associated. Therefore, a more flexible approach is considered preferable to a stricter traditional approach. Part of the risk is also mitigated by the fact that Sonae SGPS grants loans to its subsidiaries as part of its normal activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae SGPS hedging activities do not constitute a profit-making activity and derivatives are deemed to be without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into.

3.4.2. Sensitivity analysis

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

- Changes in market interest rates affect the interest income or expense of variable interest rate financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, these instruments are included in the calculation of income-related sensitivities;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity;
- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense (gain/loss in change of the derivatives fair value) therefore it has taken into consideration in the sensitivity calculations for changes in interest rate;
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if euro interest rate of denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax of Sonae for the period ended as at 31 December 2021 would decrease by approximately 10.4 million euro (14.2 million euro decrease as at 31 December 2020).

3.5. Exchange rate risk

3.5.1. Policies

Sonae operates at an international level, having subsidiaries that operate in different jurisdictions, and so it is exposed to foreign exchange rate risk. As each Sub-holding operates in different markets and in different business environments, there is no standard policy for Sonae, but rather individual policies for each Sub-holding which are stated below. Sonae's currency exposures are divided into two levels: transaction exposures (foreign exchange exposures relating to contracted cash flows and statement of financial position items where changes in exchange rates will have an impact on earnings and cash flows) and translation exposure (equity in foreign subsidiaries). Although there is not global management exchange rate risk policy in what concerns hiring derivatives to managing exchange interest risk, it also applies to all group companies, with the necessary adaptations, the principles

referred at 3.4.1).

- MC, Worten e Zeitreel

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

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

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

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

- Sierra

The main activity of each company included in consolidation is developed inside its country of origin and consequently the majority of the company transactions are maintained in its functional currency. The policy to hedge this specific risk is to avoid, if possible, the contracting of services in foreign currency.

- Bright Pixel

The Technologies business operates internationally and has subsidiaries operating in countries with currencies other than the euro, namely, in the United Kingdom and Mexico, thus being exposed to exchange rate risk.

Foreign exchange risk management seeks to minimize the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of Sonaecom results to changes in foreign exchange rates.

Whenever possible, Sonaecom uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, Sonaecom adopts derivatives financial hedging instruments.

Sonaecom exposure to exchange rate risk results mainly from the fact that some of its subsidiaries report in currencies other than the euro, the risk relating to the operations being insignificant.

- NOS – Joint Venture

The risk of exchange rate is mainly related to exposure resulting from payments made to terminal equipment suppliers and producers of audio-visual content for the TV business by subscription and audio-visual, respectively. Commercial transactions between NOS and these suppliers are denominated mostly in US Dollars.

Considering the balance of accounts payable resulting from transactions denominated in currencies other than the functional currency of the group, NOS hires or can hire financial instruments such as

short-term currency forwards to hedge the risk associated with these balances.

- Sonae SGPS

Due to the nature of holding company, Sonae SGPS, has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise foreign exchange risk management seeks to minimize the volatility of such transactions made in foreign currency and to reduce the impact on the Profit and loss of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae SGPS hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to previous approval from the company's Executive Committee. Exposure and sensitivity analyses

As at 31 December 2021 and 2020 Sonae amounts of financial assets and liabilities (in euro) denominated in a currency different from the subsidiary functional currency were the following:

	Assets		Liabilities	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
British Pound	22,286,503	7,693,432	454,427	68,253
US Dollar	124,897,016	83,913,929	20,564,808	41,221,874
Other Currencies	1,735,179	2,485,033	6,768	422,466

The amounts presented above, only include assets and liabilities expressed in different currency than the functional currency used by the subsidiary or jointly controlled company. Therefore, it does not represent any risk of financial statements translation.

The Group's sensitivity to changes in exchange rates, considering a variation of 5%, can be analysed as follows:

	Impact on results		Impact on equity	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
British Pound	1,091,606	381,257	326	521
US Dollar	5,216,612	2,134,602	-	-
Other Currencies	86,421	103,128	-	(287,555)
	6,394,639	2,618,987	326	(287,034)

3.6. Price risk

3.6.1. Energy Price

Sonae is an electricity consumer in its various businesses and holds an affiliated company which buys electricity in the organised market (OMIE) and sells it to third parties. Each business has different exposure and risk in relation to the price of energy so that there is no uniform policy for all of Sonae.

Sonae's exposure to energy price risk is present at transaction level, through changes in the price of energy related to future cash flows. Although there is no wide risk management policy in what concerns hiring derivatives to manage energy price risk, the principles referred to in 3.4.1 also apply to all of Sonae's companies, with the necessary adaptations.

The impact on the financial statements of the different holding companies of changes in the energy price is limited, considering the weight that energy costs have on the total sales of the holding companies. These holdings are mainly exposed to energy price risk, through their consumption in the

several businesses.

These holdings can limit the risk of exposure to the energy price associated with operational transactions. The reduction of the energy price risk exposure can be achieved by contracting transactions, with financial or physical settlement, in the forward energy markets. The financial instruments traded may include bilateral agreements and futures to fix prices.

3.6.2. Value of Investments

Sonae is exposed to equity price risk arising from value of assets at fair value through profit or loss and other comprehensive income (disclosed in Note 13, 14 and 15). These investments are generally made with strategic objectives in mind. To manage the price risk of these investments in equity instruments, the Group diversifies its portfolio.

Sonae is exposed to risks arising from changes in Sonae SGPS share price due responsibilities related with the remuneration policy described in Sonae Corporate Governance report, as explained in Note 30.

3.7. Capital risk

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

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

Sonae presented in 2021 an average gearing (countable) of 0.4x (0.5x in 2020).

4. Changes in the consolidation perimeter

4.1. Acquisition of subsidiaries in the period ended at 31 December 2021:

The detail of the acquisitions of subsidiaries can be analysed as follows:

COMPANY	Head Office	Proportion of voting equity interests acquired	
		At the date of acquisition	
		Direct	Total
MC			
Portimão Ativo-Sociedade Imobiliária, S.A.	Portimão/Portugal	100.00%	75.01%
Worten			
Satfiel – Serviços de Assistência Técnica a Eletrodomésticos, Lda	Porto/Portugal	100.00%	100.00%
Zaask – Plataforma Digital, S.A.	Matosinhos/Portugal	100.00%	100.00%
Sierra			
La Galleria Srl	Milan/Italy	80.00%	64.00%
Others			
Claybell Limited	Milton Keynes/England	95.40%	95.40%
GOSH! Food Ltd	Norfolk/England	95.40%	95.40%
GOSH! Food Ireland Ltd	Dublin/Ireland	95.40%	95.40%

MC

In 2021, MC completed the acquisition of Portimão Ativo, an entity that holds the assets of a shop operated by MC.

Worten

During 2021, Worten acquired two companies:

- Zaask, owner of an online platform with the name and brand ZAASK, has the objective and functionality to put in commercial connection service providers and users who need them;
- Satfiel, a Portuguese company that provides repair services for home appliances and consumer electronics, which additionally sells parts and accessories through several channels.

Sierra

Sierra acquired 80% of the share capital of La Galleria, Srl in November 2021, this company holds an investment property;

Others

Sonae in 2021, completed the acquisition of 95.4% of the share capital and voting rights of Claybell Limited, which owns 100% of Gosh Food Limited, which it markets under the brand "Gosh!"

Based in the UK, Gosh is a leading producer and marketer of plant-based food products, an attractive, high growth sector. The Company offers a range of clean label and allergen-free products - distributed either under the Gosh! brand or under its own brand name through the UK's leading retailers and food service operators.

The acquisitions of the above companies generated provisional goodwill of approximately 68 million euro which will be reviewed within one year on completion of the "purchase price allocation exercise", as required by IFRS 3 (Note 12).

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

	MC				Worten		Sierra		Others	
	At the disposal date	Fair Value	Total	31 Dec 21	At the disposal date	31 Dec 21	At the disposal date	31 Dec 21	At the disposal date	31 Dec 21
Net assets acquired										
Property, plant and equipment and intangible assets (Notes 8 and 9)	18,757,752	1,945,120	20,702,872	20,483,341	584,619	586,877	-	-	9,767,787	10,098,314
Rights-of-use assets (Note 10)	-	-	-	-	-	-	-	-	2,860,930	2,956,246
Investments Properties (Note 11)	-	-	-	-	-	-	3,450,602	3,450,602	-	-
Inventories (Note 17)	-	-	-	-	172,130	117,276	-	-	754,356	743,256
Deferred tax assets (Note 22)	14,330	-	14,330	14,330	-	-	-	-	643,709	666,552
Trade receivables and other assets	4,411	-	4,411	3,868	458,837	395,379	1,925	1,925	3,832,543	3,537,901
Other assets	15,567	-	15,567	15,567	106,503	285,927	176,967	176,967	277,843	310,667
Cash and bank balances	4,448	-	4,448	104,448	241,711	53,642	8,457	8,457	2,606,629	3,087,324
Loans	-	-	-	-	(487,898)	(781,538)	(3,258,891)	(3,258,891)	(3,224,982)	(3,337,766)
Deferred tax liabilities (Note 22)	-	-	-	-	-	-	-	-	(1,587,722)	(1,651,400)
Trade payables and other current liabilities	(1,246)	-	(1,246)	-	(383,786)	(366,051)	(65,412)	65,412	(1,764,465)	(1,764,694)
Other liabilities	(520,926)	-	(520,926)	(116,232)	(283,800)	(306,863)	(313,647)	314,512	(658,422)	(748,554)
Total net assets acquired	18,274,335	1,945,120	20,219,455	20,505,321	408,313	(15,352)	1	758,984	13,508,204	13,897,846
Goodwill (Note 12)	-	-	-		6,543,879		-		61,694,452	
Non-controlling interests (Note 26)	-	-	-		-		-		(621,013)	
Acquisition cost	18,274,335	1,945,120	20,219,455		6,952,192		1		74,581,643	
Cash payment			20,219,455		5,167,192		1		74,581,643	
Consideration to be paid			-		1,785,000		-		-	
			20,219,455		6,952,192		1		74,581,643	
Net cash flow arising from acquisition (Note 47)										
Cash payment			20,219,455		5,167,192		1		74,581,643	
Cash and bank balances acquired			4,448		241,711		8,457		2,606,629	
			20,215,007		4,925,481		(8,456)		71,975,014	

4.2. Main disposals of subsidiaries occurred during the period ended at 31 December 2021

The detail of disposals of subsidiaries can be analysed as follows:

COMPANY	Head Office	At the disposal date	
		Direct	Total
MC			
Modelo - Distribuição de Materiais de Construção, S.A.	Maia (Portugal)	50.00%	50.00%
Zeitreel			
Bright Brands SportsGoods, S.A.	Matosinhos (Portugal)	100.00%	100.00%
Bright Pixel			
Digitmarket - Sistemas de Informação, S.A.	Maia (Portugal)	75.00%	67.47%
S21 Sec, S.A. de CV	Mexico city (Mexico)	100.00%	72.78%

MC

In 2021, MC concluded the sale of 50.00% of the share capital of Modelo-Distribuição de Materiais de Construção S.A. ("Maxmat") to Cimentos Estrada Pedra, SGPS, Lda, an entity wholly owned by Building Materials Europe ("BME Group") with a net cash inflow of 68 million euro.

Bright Pixel

In July 2021, with effect from 30 June 2021, Digitmarket - Sistemas de Informação S.A. was sold for 9 million euro to Claranet Portugal, S.A. The effects of these disposals on the consolidated financial statements as at 31 December 2021 can be analysed as follows:

At the disposal date			
Amounts in euro	MC	Zeitreel	Bright Pixel
Net assets			
Property, plant and equipment and intangible assets (Note 8 and 9)	32,664,549	-	141,869
Rights of use assets (Note 10)	2,100,582	-	826,330
Deferred tax assets (Note 22)	1,242,213	-	155,564
Trade Receivables and Other assets	24,751,357	-	11,964,139
Cash and bank balance	28,290,609	-	7,880,649
Loans	(4,513,472)	-	-
Trade payables	(24,021,818)	-	(8,404,796)
Other current liabilities	(8,161,368)	-	(7,735,893)
Assets and liabilities held for sale	-	2,161,274	-
Total net assets disposed	52,352,652	2,161,274	4,827,861
Non Controlling Interests (Note 26)	(26,326,524)	-	(1,196,333)
Currency Translation Reserve	-	-	(764)
Gain/(Loss) on disposal	42,008,352	(2,161,273)	5,581,342
Disposal price	68,034,480	1	9,212,106
Amounts received	68,034,480	1	9,212,106
Cash and bank balances to be received	-	-	-
	68,034,480	1	9,212,106
Net cash flow arising from the disposal (Note 47)			
Amounts received	68,034,480	1	9,212,106
Cash and bank balances disposed	(28,290,609)	-	(7,880,649)
	39,743,871	1	1,331,457

31 Dec 2021				
Amounts expressed in euro	MC	Zeitreel	Bright Pixel	Total discounting operations
Turnover	81,767,708	-	22,479,039	104,246,747
Other income	834,616	-	10,861	845,477
Cost of goods sold and materials consumed	(51,101,435)	-	(18,945,887)	(70,047,322)
External supplies and services	(9,561,806)	-	(1,746,696)	(11,308,502)
Employee benefits expense	(8,753,719)	-	(1,780,393)	(10,534,112)
Depreciation and amortisation expenses	(2,510,801)	-	(150,359)	(2,661,160)
Impairment losses	(2,927)	-	-	(2,927)
Other expenses	(718,503)	-	(5,822)	(724,325)
Financial Income and Expenses	(58,440)	-	3,110	(55,330)
Profit/(Loss) before tax	9,894,693	-	(136,147)	9,758,546
Income Tax Expense	(1,960,677)	-	27,562	(1,933,115)
Profit/(Loss) after tax	7,934,016	-	(108,585)	7,825,431
Income or expenses related to loss control	42,008,352	(2,161,273)	5,538,106	45,385,185
Profit/(Loss) for period from discounting operations	49,942,368	(2,161,273)	5,429,521	53,210,616

5. Restatement of consolidated income statements

Classification of Digitmarket and Maxmat as discontinued operations

As required by IFRS 5, changes have been made to the consolidated income statements by nature for the year ended 31 December 2020 to reflect in a single line item (Consolidated net profit for the period from discontinued operations), on the face of the income statement, the profit or loss after tax of the discontinued operations, Digitmarket Sistemas de Informação S.A. and Modelo Distribuição-Materiais de Construção, S.A. (Maxmat).

Resulting from the sale of the shareholdings in Digitmarket Sistemas de Informação S.A. (previously held 75% by Sonae Investment Management - Software and Technology, SGPS, S.A, 15% by AITEC Capital, SGPS, S.A and 10% by Banco BPI, S.A.), and in Modelo Distribuição-Materiais de Construção S.A. (previously owned 50% by Sonae MC, SGPS, S.A and 50% by Cimentos Estrada Pedra SGPS Lda), the contributions of these companies to the consolidated financial statements were presented as discontinued operations.

Changes in accounting policies

In addition to the restatement resulting from the discontinued operations, the Group has changed the structure of the income statement for 2021, so that the net value of provisions and impairment losses and dividends received are presented in a separate line.

The impacts on the consolidated financial statements as at 31 December 2020 are as follows:

31 Dec 2020	Before the restatement	MC	Bright Pixel	After the restatement
Sales	6,523,913,672	(115,177,876)	(41,243,070)	6,367,492,726
Services rendered	303,110,407	6,739,290	(4,732,527)	305,117,170
Changes in value of investment properties	(27,908,838)	-	-	(27,908,838)
Income or expense relating to investments	21,762,373	-	-	21,762,373
Gains and losses on investments recorded at fair value through results	21,709,652	-	-	21,709,652
Other income	135,809,388	(2,086,053)	(50,005)	133,673,330
Cost of goods sold and materials consumed	(4,728,423,274)	73,119,693	47,976,693	(4,607,326,888)
(Increase) / Decrease in production	(2,866,528)	-	-	(2,866,528)
External supplies and services	(700,434,916)	7,972,897	(6,192,035)	(698,654,054)
Employee benefits expense	(880,085,704)	12,373,847	3,251,850	(864,460,007)
Other expenses	(83,324,563)	1,644,620	7,275	(81,672,668)
Depreciation and amortisation expenses	(342,146,400)	3,011,815	321,482	(338,813,103)
Impairment losses	(47,717,293)	8,155	47,666	(47,661,472)
Provisions	(28,931,719)	(20,947)	-	(28,952,666)
Consolidated net profit before financial results, dividends, results of joint ventures and associates and income tax from continuing operations	164,466,257	(12,414,559)	(612,671)	151,439,027
Dividends received	100,648	-	-	100,648
Gains or losses related to joint ventures and associates	(3,641,782)	-	-	(3,641,782)
Financial income	40,535,551	(2,828)	(8,743)	40,523,980
Financial expenses	(140,805,510)	376,410	27,192	(140,401,908)
Profit/(Loss) before taxation from continuing operations	60,655,164	(12,040,977)	(594,222)	48,019,965
Income tax	(4,453,179)	3,074,699	126,143	(1,252,337)
Profit/(Loss) after taxation from continuing operations	56,201,985	(8,966,278)	(468,079)	46,767,628
Profit after tax from discontinued operations	(542,828)	8,966,278	468,079	8,891,529
Consolidated profit/(Loss) for the period	55,659,157	-	-	55,659,157

6. Segment information

Sonae has in its portfolio 8 operating segments as defined in Note 1.

These segments were identified taking into account the following criteria/conditions: the fact that they are units of the group that develop activities where income and expenses can be separately identified, in relation to which financial information is developed separately, their operating results are regularly reviewed by management and on which it makes decisions about, for example, allocation of resources, the fact that they have similar products/services and also taking into account the quantitative threshold (as provided for in IFRS 8).

Sonae in 2021 developed an ambitious project to prepare the Sonae brand for the future, as described in the Management Report. Having identified 3 main objectives: diversification and expansion, autonomy and connection, and a focus on the next generation of talent driving the success of the brand and the business. The challenge was to define how the brand strategy could contribute to these objectives. This project resulted in the rebranding of the group's various businesses.

The list of Group companies and their respective businesses are detailed in Notes 53 and 54.

6.1. Financial information per business segment

The main operating segment information as at 31 December 2021 and 2020 can be detailed as follows:

31 Dec 2021	Turnover	Depreciation and amortisation ⁽³⁾	Provisions and impairment losses ⁽³⁾	EBIT ⁽³⁾	Financial results ⁽²⁾	Income tax ⁽²⁾
MC	5,361,631,946	(252,585,789)	(17,851,579)	306,635,103	(76,867,180)	(21,256,356)
Worten	1,174,932,630	(33,802,262)	(3,096,356)	26,021,044	-	-
Sierra	98,047,163	(3,041,745)	682,063	42,474,776	(7,502,476)	(921,527)
Zeitreel	345,380,951	(34,146,978)	(1,902,603)	(24,227,808)	-	-
Universo	30,746,603	(1,565,339)	(1,216,892)	(11,630,641)	-	-
Bright Pixel	61,191,829	(6,268,989)	(285,450)	13,093,817	809,377	(3,412,194)
NOS	-	-	-	32,061,868	-	-
ISRG	-	-	-	17,106,682	-	-
Other, eliminations and adjustments ⁽¹⁾	(48,648,543)	(6,731,071)	352,108	(32,453,709)	(22,672,643)	20,076,573
Total consolidated - Direct	7,023,282,579	(338,142,173)	(23,318,709)	369,081,132	(106,232,922)	(5,513,504)

31 Dec 2020 Restated	Turnover	Depreciation and amortisation ⁽³⁾	Provisions and impairment losses ⁽³⁾	EBIT ⁽³⁾	Financial results ⁽²⁾	Income tax ⁽²⁾
MC	5,043,993,611	(245,449,105)	(12,221,316)	251,215,937	(77,510,553)	(28,481,615)
Worten	1,161,289,364	(39,643,627)	(24,551,986)	(6,393,596)	-	-
Sierra	93,774,918	(3,031,525)	(12,601,345)	29,793,717	(7,966,336)	11,359,852
Zeitreel	343,813,768	(36,354,026)	(4,039,150)	(55,292,452)	-	-
Universo	34,598,639	(926,631)	(197,358)	3,467,262	-	-
Bright Pixel	54,895,865	(7,193,534)	(245,097)	(19,983,928)	(673,219)	1,179,931
NOS	-	-	-	26,953,848	-	-
ISRG	-	-	-	2,343,552	-	-
Other, eliminations and adjustments ⁽¹⁾	(59,756,269)	(6,150,430)	540,584	(19,391,412)	(19,959,302)	23,570,076
Total consolidated - Direct	6,672,609,896	(338,748,878)	(53,315,667)	212,712,928	(106,109,410)	7,628,244

	31 Dec 2021			31 Dec 2020 Restated		
	Investment (CAPEX)	Invested capital	Financial net debt ^{(2) (4)}	Investment (CAPEX)	Invested capital	Financial net debt ^{(2) (4)}
MC	200,131,496	2,434,002,503	1,461,904,681	203,370,134	2,453,988,584	1,558,795,471
Worten	50,527,750	(74,638,008)	-	32,328,473	(67,969,422)	-
Sierra	5,017,806	921,495,986	21,315,044	2,730,389	913,074,783	34,312,057
Zeitreel	13,931,634	276,012,881	-	76,240,193	302,332,103	-
Universo	2,961,591	1,122,502	-	17,176,333	47,476,171	-
Bright Pixel	32,234,898	298,897,822	2,659,055	23,625,791	221,912,212	(496,619)
NOS	-	752,588,290	-	-	771,587,284	-
ISRG	-	101,011,800	-	-	83,905,118	-
Other, eliminations and adjustments ⁽¹⁾	169,686,211	179,011,488	258,231,948	146,050,115	24,630,517	718,474,074
Total consolidated	474,491,386	4,889,505,264	1,744,110,728	501,521,428	4,750,937,350	2,311,084,983

1) Includes Sonae separate accounts;

- 2) These captions are accompanied by management in more aggregated form, and not allocated to individual operating segments identified above;
- 3) Reconciled information in note 51;
- 4) Include lease liabilities.

The intercompany of the turnover can be analysed by following:

Turnover	31 Dec 2021 Inter-segment	31 Dec 2020 Inter-segment Restated
MC	(48,506,489)	(48,557,001)
Worten	(3,731,067)	(3,056,136)
Zeitreeel	(18,851,094)	(29,858,429)
Bright Pixel	(1,729,889)	(1,498,140)
Universo	(5,308,176)	(2,116,080)
Other, eliminations and adjustments	(6,013,263)	(2,585,026)
Total consolidated	(84,139,978)	(87,670,812)

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

	Turnover		EBIT	
	31 Dec 2021	31 Dec 2020 Restated	31 Dec 2021	31 Dec 2020 Restated
Inter-segment intra-groups	(84,139,978)	(87,670,812)	(14,568,241)	(7,794,094)
Contributions of entities not included in the segments	35,491,435	27,914,543	(17,885,468)	(11,597,318)
Other, eliminations and adjustments	(48,648,543)	(59,756,269)	(32,453,709)	(19,391,412)

	Investment		Invested capital	
	31 Dec 2021	31 Dec 2020 Restated	31 Dec 2021	31 Dec 2020 Restated
Inter-segment intra-groups and contributions of entities non-individualized entities as segments	12,945,293	9,630,115	179,011,488	85,086,364
Other investments	-	136,420,000	-	-
Acquisition of an additional 10% share of Sierra	82,159,275	-	-	-
Cash settled equity swap (1)	-	-	-	(60,455,847)
Acquisitions of affiliated companies (Note 4.1)	74,581,643	-	-	-
	169,686,211	146,050,115	179,011,488	24,630,517

- 1) Financial Instrument reported in Note 25.

All performance measures (APM's) are reconciled to the financial statements in Note 51.

Non-current assets and sales and services by geographic segment are detailed as follows:

Destination market	31 Dec 2021		31 Dec 2020 Restated	
	Non-current assets	Sales and services rendered by destination market	Non-current assets	Sales and services rendered by destination market
Portugal	4,804,504,576	6,476,202,219	5,033,307,222	6,080,742,762
Netherlands	607,948,622	3,018,694	329,084,073	3,786,531
Spain	277,298,984	385,515,055	300,773,628	446,557,739
Romania	270,636,694	19,990,442	275,033,034	18,499,053
Italy	89,477,139	23,027,204	84,143,569	22,036,453
United Kingdom	76,009,477	11,634,426	-	1,783,167
Brazil	9,706,925	72,373	9,725,472	141,054
Germany	336,003	14,284,468	471,126	15,797,728
Mexico	144,522	3,946,993	250,637	3,238,430
France	-	27,717,703	-	27,444,377
Rest of the world	284,225,330	57,873,003	295,255,559	52,582,602
	6,420,288,271	7,023,282,580	6,328,044,320	6,672,609,896

Glossary:

Net Invested capital = Net debt + Shareholder funds;

Total Net Debt = Bonds + bank loans + other loans + supplies - cash - bank deposits - current investments - other long-term investments + lease liabilities.;

Others, eliminations and adjustments = Intra-groups + consolidation adjustments + contributions from other companies not included in the disclosed segments by do not fit in any reportable segment, i.e. are included in addition to Sonae SGPS companies identified as "Others" in Note 53;

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

6.2. Zopt financial information

The consolidated financial statements of Zopt (joint venture that controls NOS) and NOS as at 31 December 2021 and 2020, incorporated into the financial statements of Sonae through Zopt by the equity method (Note 13.2).

The value of Zopt's income statement arises from the net income for the year of NOS, the net income for the year of the Zopt and the impacts on the results of the process of allocation of the fair value of the assets and liabilities acquired by Zopt.

The consolidated financial statements of NOS as at 31 December 2021 and 2020, incorporated in the consolidated financial statements of Sonaecom through Zopt by the equity method can be summarized as follows:

Amounts in thousands of euro	31 Dec 2021	31 Dec 2020 Restated
Assets		
Property, plant and equipment	1,041,100	991,613
Intangible assets	1,205,031	1,041,087
Rights of use	236,063	260,097
Deferred tax assets	81,390	82,782
Other non-current assets	189,328	181,889
Non-current assets	2,752,912	2,557,468
Trade receivables	323,934	290,652
Cash and bank balances	10,902	153,285
Other current assets	171,648	171,238
Current assets	506,484	615,175
Total assets	3,259,396	3,172,643
Liabilities		
Loans	1,275,541	1,363,514
Provisions	82,516	73,345
Other non-current liabilities	48,388	50,964
Non-current liabilities	1,406,445	1,487,823
Loans	301,068	167,126
Trade payables	279,993	252,607
Other current liabilities	308,890	308,853
Total current liabilities	889,951	728,586
Total liabilities	2,296,396	2,216,409
Shareholders' funds excluding non-controlling interests	956,621	949,549
Non-controlling interests	6,379	6,685
Total Equity	963,000	956,234
Total equity and liabilities	3,259,396	3,172,643

Amounts in thousands of euro	31 Dec 2021	31 Dec 2020 Restated
Total revenue	1,430,299	1,367,886
Costs and losses		
Direct costs and External supplies and services	(476,398)	(449,318)
Depreciation and amortisation	(419,467)	(409,842)
Other operating costs	(345,776)	(371,416)
	(1,241,641)	(1,230,576)
Share of results of joint ventures and associates	3,601	(9,099)
Financial results	(36,623)	(26,633)
Income tax expense	(11,783)	(16,342)
Consolidated net income/(loss) for the period	143,853	85,236
Profit/(Loss) after taxation from discontinued operations	–	(6,407)
Attributed to non-controlling interests	(306)	(357)
Attributed to shareholders of parent company	144,159	92,000

7. Financial instruments by class

As at 31 December 2021 and 2020, the categories and fair value of the financial instruments were classified as follows:

Financial assets	Notes	Financial assets recorded at amortised cost	Assets at fair value through the other comprehensive income	Assets at fair value through the income statement	Derivatives	Others non-financial assets	Total
As at 31 December 2021							
Non-current assets							
Financial assets at fair value	14	–	137,578,854	164,269,283	–	–	301,848,137
Other investments	15	7,745,484	–	7,238,916	–	–	14,984,400
Other non-current assets	16	32,768,785	235,535	–	–	690,289	33,694,609
		40,514,269	137,814,389	171,508,199	–	690,289	350,527,146
Current assets							
Trade receivables	18	131,077,669	–	–	–	–	131,077,669
Other receivables	19	87,533,911	–	–	24,706,071	–	112,239,982
Other Investments	15	483	–	–	7,106,548	–	7,107,031
Other current assets	21	47,360,456	–	–	–	43,225,158	90,585,614
Cash and cash equivalents	23	825,063,052	–	–	–	–	825,063,052
		1,091,035,571	–	–	31,812,618	43,225,158	1,166,073,347
		1,131,549,840	137,814,389	171,508,199	31,812,618	43,915,447	1,516,600,493

Financial assets	Notes	Financial assets recorded at amortised cost	Assets at fair value through the other comprehensive income	Assets at fair value through the income statement	Others non-financial assets	Total
As at 31 December 2020						
Non-current assets						
Financial assets at fair value	14	-	115,903,789	97,668,772	-	213,572,561
Other investments	15	6,983,708	-	7,282,500	-	14,266,208
Other non-current assets	16	39,820,677	179	-	1,411,882	41,232,738
		46,804,386	115,903,968	104,951,272	1,411,882	269,071,507
Current assets						
Trade receivables	18	147,594,934	-	-	-	147,594,934
Other receivable	19	102,619,195	-	-	-	102,619,195
Other Investments	15	42,512	3,303,370	-	-	3,345,882
Other current assets	21	40,548,499	-	-	39,670,292	80,218,791
Cash and cash equivalents	23	763,302,610	-	-	-	763,302,610
		1,054,107,750	3,303,370	-	39,670,292	1,097,081,412
		1,100,912,136	119,207,338	104,951,272	41,082,173	1,366,152,919

Financial liabilities	Notes	Liabilities at amortised cost	Liabilities recorded at fair value through other comprehensive income	Liabilities recorded at fair value through profit or loss	Other non-financial liabilities	Total
As at 31 December 2021						
Non-current liabilities						
Loans	27	780,726,925	-	-	-	780,726,925
Bonds	27	315,415,828	-	-	-	315,415,828
Other loans	27 and 28	1,218,089	(435)	-	-	1,217,654
Other non-current liabilities	29	12,090,174	-	-	84,830,340	96,920,514
		1,109,451,017	(435)	-	84,830,340	1,194,280,922
Current liabilities						
Loans	27	226,101,339	-	-	-	226,101,339
Bonds	27	90,254,637	-	-	-	90,254,637
Other loans	27	813,617	-	-	-	813,617
Trade payables	31	1,346,554,627	-	-	-	1,346,554,627
Other payables	32	162,666,324	-	-	-	162,666,324
Other current liabilities	33	-	-	-	327,170,353	327,170,353
		1,826,390,544	-	-	327,170,353	2,153,560,897
		2,935,841,561	(435)	-	412,000,693	3,347,841,819

Financial liabilities	Notes	Liabilities at amortised cost	Liabilities recorded at fair value through other comprehensive income	Liabilities recorded at fair value through profit or loss	Other non-financial liabilities	Total
As at 31 December 2020						
Non-current liabilities						
Loans	27	1,006,897,412	-	-	-	1,006,897,412
Bonds	27	687,699,113	-	-	-	687,699,113
Other loans	27 and 28	1,806,789	-	-	-	1,806,789
Other non-current liabilities	29	11,444,671	-	-	69,498,323	80,942,994
		1,707,847,985	-	-	69,498,323	1,777,346,308
Current liabilities						
Loans	27	177,139,325	-	-	-	177,139,325
Bonds	27	9,849,955	-	-	-	9,849,955
Other loans	27 and 28	701,251	5,666,462	-	-	6,367,713
Trade payables	31	1,338,556,811	-	-	-	1,338,556,811
Other payables	32	206,835,175	-	-	-	206,835,175
Other current liabilities	33	-	-	-	325,647,099	325,647,099
		1,733,082,517	5,666,462	-	325,647,099	2,064,396,078
		3,440,930,502	5,666,462	-	395,145,422	3,841,742,385

Financial Instruments recognised 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 2021			31 Dec 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Financial Assets at fair value (Note 14)	129,580,000	-	172,268,137	108,640,000	-	104,968,561
Derivatives (Notes 19 and 28)	-	32,048,153	-	-	3,303,549	-
	129,580,000	32,048,153	172,268,137	108,640,000	3,303,549	104,968,561
Financial liabilities measured at fair value						
Derivatives (Notes 27 and 28)	-	435	-	-	5,666,462	-
	-	435	-	-	5,666,462	-

8. Property, plant and equipment

During the periods ended as at 31 December 2021 and 2020, the movements in Property, plant and equipment as well accumulated depreciation and impairment losses are made up as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Tangible assets in progress	Total tangible assets
Gross Assets							
Opening balance as at 1 January 2020	1,348,619,669	1,648,025,471	29,323,375	177,190,491	53,871,263	28,714,268	3,285,744,537
Investment	14,349,659	8,478,050	167,045	3,634,678	967,228	179,615,586	207,212,246
Disposals	(11,388,844)	(49,197,360)	(646,443)	(13,498,923)	(1,188,182)	(2,921,977)	(78,841,729)
Exchange rate effect	(330)	(6,954)	-	(52,900)	(736)	-	(60,920)
Assets available for sale	(14,022)	(358,720)	-	(129,299)	(48,026)	(60,872)	(610,939)
Transfers	17,941,505	125,970,483	2,386,519	12,049,310	2,923,125	(163,090,566)	(1,819,624)
Opening balance as at 1 January 2021	1,369,507,637	1,732,910,970	31,230,496	179,193,357	56,524,672	42,256,439	3,411,623,571
Investment	20,738,721	5,675,442	55,481	2,627,409	1,041,544	151,216,549	181,355,146
Acquisitions of subsidiaries (Note 4.1)	29,362,117	7,156,825	224,495	194,546	13,719	-	36,951,702
Disposals	(2,506,095)	(71,213,457)	(1,476,711)	(5,592,046)	(1,613,990)	(6,233,837)	(88,636,136)
Disposals of subsidiaries (Note 4.2)	(34,250,319)	(23,863,363)	(1,839,627)	(1,501,461)	(1,210,549)	(25,963)	(62,691,282)
Exchange rate effect	504,279	499,220	-	19,626	125	-	1,023,250
Assets available for sale (Note 24)	(1,951,795)	(2,818)	-	-	-	-	(1,954,613)
Transfers	6,530,331	126,628,958	2,971,595	13,094,346	1,859,110	(153,829,185)	(2,744,845)
Closing balance as at 31 December 2021	1,387,934,876	1,777,791,777	31,165,729	188,035,777	56,614,631	33,384,003	3,474,926,793
Accumulated Depreciation and Impairment Losses							
Opening balance as at 1 January 2020	431,417,270	977,594,714	20,789,316	126,236,295	41,245,484	177,319	1,597,460,398
Depreciation of period	23,200,227	119,652,593	2,035,098	16,301,881	4,477,684	-	165,667,483
Impairment losses of the period (Note 34)	2,447,248	10,080,607	17,327	285,643	80,078	31,711	12,942,614
Disposals	(1,167,443)	(42,394,373)	(609,912)	(13,170,904)	(1,116,823)	-	(58,459,455)
Exchange rate effect	(98)	(4,293)	-	(35,732)	(423)	-	(40,546)
Depreciation of assets available for sale (Note 24)	-	(254,677)	-	(97,110)	(106)	-	(351,893)
Transfers	491,843	(783,808)	15,339	(404,841)	8,777	-	(672,690)
Opening balance as at 1 January 2021	456,389,047	1,063,890,763	22,247,168	129,115,232	44,694,671	209,030	1,716,545,911
Depreciation of the period	22,985,409	119,122,061	2,125,524	16,276,916	4,251,369	-	164,761,279
Impairment losses of the period (Note 34)	5,840,612	6,550,854	-	66,440	406,580	22,213	12,886,699
Reversals of impairment losses (Note 32)	(583,933)	(163,504)	-	-	(10,550)	-	(757,987)
Acquisitions of subsidiaries (Note 4.1)	2,445,617	3,196,759	101,413	144,182	13,720	-	5,901,691
Disposals	(1,342,863)	(62,776,373)	(1,344,959)	(5,419,762)	(2,269,921)	(1,282)	(73,155,160)
Disposals of subsidiaries (Note 4.2)	(9,966,874)	(16,280,316)	(1,312,611)	(1,163,830)	(978,501)	-	(29,702,132)
Exchange rate effect	105,879	226,571	-	14,684	131	-	347,265
Depreciation of assets available for sale (Note 24)	(974,009)	(650)	-	-	-	-	(974,659)
Transfers	(98,640)	(1,477,579)	114,366	(1,364,074)	250,629	(8,266)	(2,583,564)
Closing balance as at 31 December 2021	474,800,245	1,112,288,586	21,930,901	137,669,788	46,358,128	221,695	1,793,269,343
Carrying Amount							
As at 31 December 2020	913,118,590	669,020,207	8,983,328	50,078,125	11,830,001	42,047,409	1,695,077,660
As at 31 December 2021	913,134,631	665,503,191	9,234,828	50,365,989	10,256,503	33,162,308	1,681,657,450

The investment includes the acquisition of assets of approximately 151 million euro (177 million euro in 2020), associated with the opening and remodelling of stores of Sonae Group retail operating segments.

The caption "Depreciation for the year" of Property, plant and equipment and intangible assets includes 1.3 million euro (0.2 million euro as at 31 December 2020) transferred to discontinued operations.

Disposal in the year 2021 amounted to approximately 15.5 million euro and mainly includes the disposal of 17 stores and the closure of 14 stores of Worten Spain arising from the optimisation plan of Worten's Spanish operation (Note 1).

Disposal in the year 2020 can be analysed as follow:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Tangible assets in progress	Total tangible assets
Gross Assets							
Disposals	(2,298,606)	(47,555,866)	(646,443)	(13,498,923)	(1,151,410)	(2,921,977)	(68,073,225)
Sale and Leaseback	(9,090,238)	(1,641,494)	-	-	(36,772)	-	(10,768,504)
Closing balance as at 31 December 2020	(11,388,844)	(49,197,360)	(646,443)	(13,498,923)	(1,188,182)	(2,921,977)	(78,841,729)
Accumulated Depreciation and Impairment Losses							
Disposals	(866,619)	(41,952,349)	(609,912)	(13,170,904)	(1,091,055)	-	(57,690,839)
Sale and Leaseback	(300,824)	(442,024)	-	-	(25,768)	-	(768,616)
Closing balance as at 31 December 2020	(1,167,443)	(42,394,373)	(609,912)	(13,170,904)	(1,116,823)	-	(58,459,455)
Carrying Amount							
Disposals	(1,431,987)	(5,603,517)	(36,531)	(328,019)	(60,355)	(2,921,977)	(10,382,386)
Sale and Leaseback	(8,789,414)	(1,199,470)	-	-	(11,004)	-	(9,999,888)

Divestment in 2020 also includes around 6.6 million euro related to the restructuring process of the Worten and Zeitreel stores.

During the period ended 31 December 2020 several sale and leaseback transactions were accounted by the Group. The book values of the assets sold, amounting to approximately 37 million euro, are classified in the above movement as divestment of the 2020 financial year, 10.1 million euro and the remaining were recorded as non-current assets held for sale. The disposal assets correspond to 6 food retail assets located in Portugal. Such transactions resulted in a cash inflow of 51.4 million euro and generated a net capital gain of approximately 2.9 million euro (Note 40) and a right of use of 28 million euro.

Most real estate assets from MC, as at 31 December 2021 and 2020, which are recorded at acquisition cost deducted of amortisation 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 2020), where the fair value of the property is in "Level 3" hierarchy - according to the classification given by IFRS 13. These assessments resulted in the recording of 5.3 million euro of impairments in the year ended 31 December 2021.

The most significant amounts included in the caption "Property, plant and equipment in progress" include about 24.6 million euro (35 million euro as at 31 December 2020) related to the remodelling and expansion of stores of the retail units in Portugal.

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

Impairment Losses	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Total tangible assets
Opening balance as at 1 January 2020	97,852,817	15,401,761	23,828	487,858	114,081,041
Impairment losses of the period (Note 34)	2,447,248	10,080,607	17,327	285,643	12,942,613
Decreases of the period (Note 34)	(272,166)	(3,988,545)	(6,241)	(90,453)	(4,367,935)
Opening balance as at 1 January 2021	100,027,899	21,493,823	34,914	683,048	122,655,719
Impairment losses of the period (Note 34)	5,840,612	6,550,854	-	66,440	12,886,699
Decreases of the period (Note 34)	(1,211,955)	(12,865,893)	(15,682)	(188,455)	(14,344,413)
Disposal of subsidiaries (Note 4.2)	(562,338)	(3,394)	-	(4)	(565,736)
Depreciation of assets held for sale (Note 24)	(115,012)	-	-	-	(115,012)
Closing balance as at 31 December 2021	103,979,206	15,175,390	19,232	561,029	120,517,257

The reinforcement of impairments in the year ended 31 December 2021, mainly includes the impairment of buildings and other constructions of 5.3 million euro as mentioned above and impairments of shop equipment in the MC segment.

The decreases in the period ended 31 December 2021 include approximately 11.7 million euro resulting from the reorganisation of Worten Spain (Note 1).

The reinforcement of impairments in the period ended 31 December 2020 includes approximately 7.5 million euro relating to assets that will not be recoverable through the reorganisation of the Worten operation in Spain mentioned in Note 1.

9. Intangible Assets

In the years ended at 31 December 2021 and 2020, the movement occurred in intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

	Patents and other similar rights	Software	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross Assets					
Opening balance as at 1 January 2020	232,156,153	466,224,251	87,451,740	32,889,599	818,721,743
Investment	14,749	2,128,885	13,723,854	54,090,871	69,958,359
Disposals	(60,512)	(17,241,482)	-	(628,566)	(17,930,560)
Exchange rate effect	(96,801)	(3,700)	(1,159)	(705)	(102,365)
Assets available for sale	(313,954)	(919,429)	-	(37,404)	(1,270,787)
Transfers	2,025,264	42,055,824	378	(43,910,429)	171,037
Opening balance as at 1 January 2021	233,724,899	492,244,349	101,174,813	42,403,366	869,547,427
Investment	967,341	988,042	452,870	75,277,156	77,685,409
Acquisitions of subsidiaries (Note 4.1)	349	5,000	15,000	-	20,349
Disposals	(4,711)	(32,978,887)	(6,815)	(519,908)	(33,510,321)
Disposals of subsidiaries (Note 4.2)	(1,518,248)	(2,159,476)	-	(4,310)	(3,682,034)
Exchange rate effect	-	(476)	-	-	(476)
Transfers	22,597,299	51,619,258	8	(73,379,255)	837,310
Closing balance as at 31 December 2021	255,766,929	509,717,810	101,635,876	43,777,049	910,897,664
Accumulated Depreciation and Impairment Losses					
Opening balance as at 1 January 2020	50,033,645	323,803,172	43,217,545	-	417,054,362
Depreciation of the period	2,824,759	41,212,767	4,976,361	-	49,013,887
Impairment losses of the period	96,884	7,017,606	126,783	-	7,241,273
Disposals	(114,888)	(15,708,459)	-	-	(15,823,347)
Exchange rate effect	(96,801)	(3,160)	(1,159)	-	(101,120)
Depreciation of assets available for sale	(288,710)	(463,411)	-	-	(752,121)
Transfers	(4,225,621)	(879,755)	4,643,967	-	(461,409)
Opening balance as at 1 January 2021	48,229,268	354,978,760	52,963,497	-	456,171,525
Depreciation of the period	3,724,411	38,673,217	4,828,812	-	47,226,440
Impairment losses of the period (Note 34)	-	435,569	1,323,192	-	1,758,761
Acquisitions of subsidiaries (Note 4.1)	-	83	15,000	-	15,083
Disposals	(4,591)	(32,705,424)	-	-	(32,710,015)
Disposals of subsidiaries (Note 4.2)	(1,517,277)	(2,047,093)	-	-	(3,564,370)
Exchange rate effect	-	301	-	-	301
Transfers	16,782,868	(17,535,509)	8	-	(752,633)
Closing balance as at 31 December 2021	67,214,679	341,799,904	59,130,509	-	468,145,092
Carrying Amount					
As at 31 December de 2020	185,495,631	137,265,589	48,211,316	42,403,366	413,375,902
As at 31 December de 2021	188,552,250	167,917,906	42,505,367	43,777,049	442,752,572

As at 31 December 2021 the Investment related to intangible assets in progress includes 52 million euro related to IT projects and development software (42 million euro at 31 December 2020). Within that amount it is included 19.7 million euro of capitalizations of personnel costs related to own work (about 16.7 million euro in 31 December 2020) (Note 40).

Additionally, the caption "Patents and other similar rights" include the acquisition cost of a group of brands with indefinite useful lives among which the "Continente" brand, acquired in previous years, amounting to 75 million euro, the Salsa brand amounting to 51 million euro and Arenal brand amounting to 58.4 million euro, previously mentioned valued in the acquisition process.

Sonae performs annual impairment tests on the value of brands, supported by internal valuations according to the Royalty Relief methodology, and the values of these more than support the value of the assets as at 31 December 2021. No impairment was recorded in the year.

10. Right of use assets

During the years ended on 31 December 2021 and 2020, the detail and the movement in the value of the rights of use assets, as well as in the respective depreciations, was as follows:

	Land and Buildings	Vehicles	Others tangible assets	Total tangible assets
Gross Assets				
Opening balance as at 1 January 2020	1,435,043,434	99,076,537	1,072,141	1,535,192,112
Additions	147,282,283	10,099,679	2,165,378	159,547,340
Effect of foreign currency exchange differences	(108,829)	(6,036)	(73)	(114,938)
Write-offs and decreases	(36,172,793)	(12,137,257)	(450,163)	(48,760,213)
Opening balance as at 1 January 2021	1,546,044,095	97,032,923	2,787,283	1,645,864,301
Additions	106,343,594	11,508,194	1,580,834	119,432,622
Acquisition of subsidiaries (Note 4.1)	2,547,150	-	313,780	2,860,930
Effect of foreign currency exchange differences	203,796	24,153	2,334	230,283
Disposal of subsidiaries (Note 4.2)	(6,846,912)	(792,827)	-	(7,639,739)
Write-offs and decreases	(98,077,348)	(6,568,133)	(1,193,384)	(105,838,865)
Closing balance as at 31 December 2021	1,550,214,375	101,204,310	3,490,847	1,654,909,532
Accumulated amortisation and impairment losses				
Opening balance as at 1 January 2020	441,004,351	33,252,081	744,430	475,000,862
Depreciation of the period	103,383,665	23,620,761	535,898	127,540,324
Effect of foreign currency exchange differences	(74,400)	(5,607)	(30)	(80,037)
Write-offs and transfers	(28,753,955)	(9,812,456)	126,161	(38,440,250)
Impairment losses of the period	27,988,035	25,806	-	28,013,841
Opening balance as at 1 January 2021	543,547,696	47,080,585	1,406,459	592,034,740
Depreciation of the period	102,791,824	24,015,920	648,337	127,456,081
Effect of foreign currency exchange differences	26,156	784	1,491	28,431
Disposal of subsidiaries (Note 4.2)	(4,241,190)	(471,637)	-	(4,712,827)
Write-offs and transfers	(47,861,567)	(2,791,131)	(516,528)	(51,169,226)
Impairment losses of the period	(28,680,289)	-	-	(28,680,289)
Closing balance as at 31 December 2021	565,582,630	67,834,521	1,539,759	634,956,910
Carrying Amount				
As at 31 December 2020	1,002,496,399	49,952,338	1,380,824	1,053,829,561
As at 31 December 2021	984,631,745	33,369,789	1,951,088	1,019,952,622

As described in note 2.6, with the adoption of IFRS 16 and if the transfer of the asset complies with the requirements of IFRS 15, the sale of the asset must be recognised in a "Sale and Leaseback" transaction and the asset "Right of Use" must be measured by the proportion of the transferred asset. The capital gains or losses on these transactions should also be recognised only in proportion to the rights transferred.

These assets under right of use have, generally, an initial period of 20 years, and the lease term can be extended, with market conditions, for four additional periods of 10 years, and it was considered by the Board of Directors that it was only considered probable that the initial lease period would be maintained, which is shorter than the remaining useful life of the assets subject to transaction. It was also considered that there is no obligation to repurchase the leased assets and the present value of the minimum lease payments was also analysed.

In the consolidated income statement, 127.5 million euro were recognised for depreciation of the period (127.5 million euro in 2020) and 73.9 million of euro of interest relating to the adjusted debt (74.3 million euro in 2020).

The movement in the caption "Impairment losses of the period" in 2021 is related to the direct use of the impairment recorded in 2020 regarding the remeasurement of the lease liability against the assets under right of use of the shops that were disposed or closed in the reorganisation of the Worten operation in Spain mentioned in Note 1.

The responsibilities related to right of use assets were recorded under the caption Non-Current and current Lease Liabilities, in the amount respectively of 1,075 million euro and 106 million euro (1,100 million euro and 107 million euro in 31 December 2020).

The repayment plan for lease liabilities, as at 31 December 2021 and 2020, can be analysed as follows:

	31 Dec 2021			31 Dec 2020		
	Capital	Interest	Present Value	Capital	Interest	Present Value
N+1	176,488,865	70,079,134	106,409,731	179,098,484	71,710,908	107,387,576
N+2	147,718,127	65,392,490	82,325,638	163,595,268	66,820,627	96,774,641
N+3	139,642,871	60,918,834	78,724,037	138,337,256	62,353,715	75,983,541
N+4	131,795,014	56,416,299	75,378,715	130,235,887	57,969,396	72,266,491
N+5	126,100,059	51,833,510	74,266,550	121,857,409	53,625,963	68,231,446
After N+5	1,036,777,639	272,689,971	764,087,669	1,089,370,127	302,167,186	787,202,941
	1,758,522,576	577,330,236	1,181,192,339	1,822,494,431	614,647,795	1,207,846,636

11. Investment Properties

During the years ended 31 December 2021 and 2020, movements in investment properties, accumulated depreciation and impairment losses were as follows:

	Investment properties				
	In Operation	"Fit Out"	under development		Total
			at cost	Advances	
Balance as at 1 January 2020	332,268,000	-	13,866,459	1,725,000	347,859,459
Increases	318,838	-	369,049	-	687,887
Impairments and write-off	-	-	(1,202,000)	-	(1,202,000)
Disposals	-	-	(18,980)	-	(18,980)
Variation in fair value of the investment properties between years:					
- Gains	-	-	-	-	-
- Losses	(27,908,838)	-	-	-	(27,908,838)
Balance as at 1 January 2021	304,678,000	-	13,014,528	1,725,000	319,417,528
Increases	1,688,800	-	83,935	-	1,772,735
Impairments and write-off	-	-	(2,300,000)	-	(2,300,000)
Variation in fair value of the investment properties between years:					
- Gains	1,882,000	-	-	-	1,882,000
- Losses	(4,350,068)	-	-	-	(4,350,068)
Acquisition of subsidiaries (Note 4.1)	-	-	3,450,602	-	3,450,602
Closing balance as at 31 December 2021	303,898,732	-	14,249,065	1,725,000	319,872,797

At 31 December 2021 and 2020 investment properties in operation and the information about the fair value assessment are as follows:

	31 Dec 2021	31 Dec 2020
	Other European Countries	Other European Countries
10 yr discount rate		
<i>Floor</i>	8.90%	8.95%
<i>Weighted average</i>	9.04%	9.00%
<i>Cap</i>	9.40%	9.15%
10 yr cap rate		
<i>Floor</i>	6.90%	7.15%
<i>Weighted average</i>	7.02%	7.20%
<i>Cap</i>	7.35%	7.35%
Average monthly rent per sqm (€)		
<i>Floor</i>	15	14
<i>Weighted average</i>	17	15
<i>Cap</i>	19	16
Fair value (Level 3)	303,898,732	304,678,000

The fair value of each investment property was determined by means of a valuation as of the reporting date made by independent specialised entities (Cushman & Wakefield).

The valuation of these investment properties was made in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors ("Red Book"), located in England.

The methodology used to compute the market value of the investment properties consists in preparing 10 years' projections of income and expenses of each shopping centre added to the residual value, corresponding to a projected net income at year 11 and a return market rate ("Exit yield" or "cap rate"). These projections are then discounted to the valuation date using a discount market rate.

Projections are intended to reflect the actual best estimate of the valuer regarding future revenues and costs of each shopping centre. Both the return rate and discount rate are defined in accordance to the local real estate and institutional market conditions, being the reasonableness of the market value obtained in accordance to the methodology referred above, tested also in terms of initial return using the estimated net income for the first year of projections.

In the valuation of investment properties, some assumptions, that in accordance with the Red Book are considered to be special, were in addition considered, namely in the case of recently inaugurated shopping centres, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

Considering the above hierarchy investments properties of the Group are all within Level 3.

The relationship of unobservable inputs to fair value can be described as follows:

- a decrease in the estimated annual rent will decrease the fair value;
- an increase in the discount rates and the capitalization rates will decrease the fair value.

As mentioned in the valuation reports of the investment properties prepared by independent specialised entities, the assessment of their fair value considered the definition of fair value in IFRS 13, which is

consistent with the definition of market value defined by the investment properties valuation international standards.

During the years ended on 31 December 2021 and 2020, the income (fixed rents net of discounts, turnover rents, mall income, key income and transfer fees) and the corresponding direct operating expenses (property tax, insurance expense, maintenance expense, management fee and asset management fee and other direct operating expenses), relating to the investment properties of the Group, was as follows:

	31 Dec 2021		31 Dec 2020	
	Rents	Direct operating expenses	Rents	Direct operating expenses
Portugal / Spain	-	-	-	-
Other European Countries	17,698,524	2,254,996	16,606,642	2,463,160
	17,698,524	2,254,996	16,606,642	2,463,160

At 31 December 2021 and 2020, the investment properties of Gli Orsi and Parklake had been presented as collateral for bank loans taken out.

At 31 December 2021 and 2020 there were no material contractual obligations to purchase, construct or develop investment properties or for repairs or maintenance, other than those referred to above, except for the obligations mentioned in notes 37 and 48.

Investment properties under development at 31 December 2021 and 2020 are made up as follows:

	31 Dec 2021	31 Dec 2020
Investment properties at cost:		
Portugal / Spain	12,858,158	12,858,158
Other European Countries	72,839,843	69,305,306
	85,698,001	82,163,464
Impairment for assets at risk	(69,723,936)	(67,423,936)
	15,974,065	14,739,528

The amounts of 69.7 million euro and 67.4 million euro at 31 December 2021 and 2020, respectively, recorded under the caption "Impairment for assets at risk" relates to the estimate made by the Board of Directors for losses that may occur as a result of delays in the development of its projects, given the uncertainties of the market in relation to them.

12. Goodwill

Goodwill is allocated to each operating segment and within each segment to each of the homogeneous groups of cash generating units as follows:

- MC, Worten and Zeitreel - Goodwill is allocated to each operating segment, being afterwards distributed by each homogenous group of cash generating units, namely to each insignia within each segment distributed by country and each of the properties in case of operating segment MC;

- Sierra - the value of the Goodwill of this segment is allocated to the assets held and the operation of management property; and

- Bright Pixel - In this segment the Goodwill is mainly related to the technology business.

As at 31 December 2021 and 2020, the caption “Goodwill” was made up as follows by segment and country:

31 Dec 2021					
Insignia	Portugal	Spain	United Kingdom	Other countries	Total
MC	486,369,406	19,440,000	-	-	505,809,406
Worten	78,185,304	-	-	-	78,185,304
Sierra	18,159,949	-	-	-	18,159,949
Zeitree	53,097,133	-	-	-	53,097,133
Bright Pixel	2,059,740	1,641,824	-	10,971,314	14,672,878
Outros	-	-	62,370,674	-	62,370,674
	637,871,532	21,081,824	62,370,674	10,971,314	732,295,344

31 Dec 2020					
Insignia	Portugal	Spain	United Kingdom	Other countries	Total
MC	493,804,759	19,440,000	-	-	513,244,759
Worten	71,641,425	-	-	-	71,641,425
Sierra	18,159,949	-	-	-	18,159,949
Zeitree	53,097,133	-	-	-	53,097,133
Bright Pixel	2,059,740	1,641,824	-	10,971,314	14,672,878
	638,763,006	21,081,824	-	10,971,314	670,816,144

During the year ended in 31 December 2021 and 2020, movements occurred in Goodwill as well as in the corresponding impairment losses, are as follows:

	31 Dec 2021	31 Dec 2020
Gross value:		
Opening balance	690,068,076	689,116,464
Recalculation of goodwill as a result of changes in the fair value of assets acquired	-	3,066
Acquisition of subsidiaries (Note 4.1)	68,238,331	(385,070)
Other variations	-	1,333,616
Effect of foreign currency exchange difference	676,222	-
Closing balance	758,982,629	690,068,076
Accumulated impairment		
Opening balance	19,251,932	10,220,952
Increases	7,435,353	9,416,050
Other changes	-	(385,070)
Closing balance	26,687,285	19,251,932
Carrying amount	732,295,344	670,816,144

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, these are performed on an annual basis unless there are indications of impairment, in which case the periodicity is greater.

Despite the positive trend, during the last year, the pandemic context had different impacts on the activity of each of the Group's businesses, with different intensity levels according to the sector in which they operate, and which naturally required an adaptation of the respective operations. However, analysis of evidence of impairment, review of projections and impairment tests led to the determination of losses, for the year ended 31 December 2021 amounting to 7.4 million euro (9.4 million euro at 31 December 2020).

The main assumptions used in the above-mentioned business plans are detailed as follows for each of Sonae operating segments.

MC, Worten and Zeitreel

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

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

The case scenarios are elaborated with a weighted average cost of capital, compound annual growth rate for sales and growth rate of cash-flows in perpetuity:

	Basis of recoverable amount	31 Dec 2021			31 Dec 2020		
		Average capital cost	Growth rate in perpetuity	Compound growth rate sales	Average capital cost	Growth rate in perpetuity	Compound growth rate sales
MC	Value of use	10.0%	<=2%	-0.1% to 9.6%	8% to 10%	<=2%	-0.8% to 1.7%
Worten	Value of use	11%	<=1%	3.3% to 11%	11.0%	<=1%	1.8%
Zeitreel	Value of use	11%	<=2%	8.8% to 17%	11.0%	<=2%	10.8%

Sierra

For purposes of the impairment test made to Goodwill, Sierra uses the Net Asset Value (NAV) at the reporting date, of the participations held supported in the valuations of investment properties as described in Note 11.

Bright Pixel

For this purpose the Bright Pixel segment in Technologies and Media uses business plans prepared using cash flow projections for 3 years periods (Cybersecurity - Excellium Group) or 5 years periods (Retail, Media and Cybersecurity - S21 Group).

As at 31 December 2021 and 2020, the assumptions used are based on the various businesses of this segment and the growth of the various geographic areas where it operates:

31 Dec 2021				
	Basis of recoverable amount	Discount rates	Growth rate in perpetuity	Average sales growth rate
Technology				
Retail	Value of use	6.25%	3%	11.70%
Cybersecurity	Value of use	6% - 6.25%	3%	12.80%
Media	Value of use	7.25%	0.01%	4.20%

31 Dec 2020				
	Basis of recoverable amount	Discount rates	Growth rate in perpetuity	Average sales growth rate
Technology				
Telecommunications	Value of use			
Retail	Value of use	6.50%	3.00%	16.08%
Cybersecurity	Value of use	5.5% - 9.75%	3.00%	16.08%
Others	Value of use	6.50%	0.45%	16.08%
Media	Value of use	7.25%	0.01%	4.05%

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

13. Joint ventures and associated companies

13.1. Detail of book value of investments in joint ventures and associates

The value of investments in joint ventures and associates can be analysed as follows (Note 54):

Investments in joint ventures and associates	31 Dec 2021	31 Dec 2020
Investments in joint ventures	744,565,681	803,076,597
Investments in associates	770,084,405	745,306,617
Total	1,514,650,086	1,548,383,214

Detail of joint ventures is as follows:

COMPANY	31 Dec 2021	31 Dec 2020
MC		
Maremor Beauty & Fragances, S.L.	170,499	139,077
Sohi Meat Solutions - Distribuição de Carnes, SA	3,639,130	3,364,636
	3,809,630	3,503,713
Sierra		
Arrábidasshopping- Centro Comercial, S.A.	27,555,861	24,706,808
GaiaShopping I- Centro Comercial, S.A.	28,854,515	26,089,855
L.C. Malheiro II, SGPS, SA	2,097,775	2,097,775
Madeirashopping- Centro Comercial, S.A.	19,170,362	15,730,334
North Tower B.V.	2,660,275	2,689,711
Pantheon Plaza B.V.	2,845,449	3,030,384
Park Avenue Development of Shopping Centres S.A.	(422,732)	(440,471)
Parque Atlântico Shopping - Centro Comercial, S.A.	17,843,797	14,915,927
Proyecto Cúcuta S.A.S.	2,430,667	3,910,624
1) Pud Srl	-	5,743,385
SC Aegean B.V.	3,433,293	3,929,667
Sierra Balmain Asset Management sp. zo.o.	(102,046)	(345,912)
Sierra Central S.A.S.	30,122	50,898
Sierra LM, SGPS, S.A.	1,154,083	886,785
Via Catarina- Centro Comercial, S.A.	9,704,074	9,116,612
	117,255,495	112,112,382
Universo		
2) MDS SGPS, S.A. (consolidated)	-	20,863,149
	-	20,863,149
Bright Pixel		
Unipress - Centro Gráfico, Lda	492,267	528,871
	492,267	528,871
NOS		
ZOPT, SGPS, SA (consolidated)	623,008,290	662,983,284
	623,008,290	662,983,284
Sonae SGPS		
3) Mktplace- Comércio Eletrónico, SA	-	3,085,198
	-	3,085,198
Investments in joint ventures	744,565,681	803,076,597

- 1) Company disposed in May 2021;
- 2) Company classified as held for sale;
- 3) Following the agreement between Sonae and CTT during 2022 for the acquisition of the 50% owned by CTT, the company was valued at fair value (Level 3).

The detail of Investments in Associates is as follows:

COMPANY	31 Dec 2021	31 Dec 2020
MC		
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	910,322	564,095
	910,322	564,095
Sierra		
3shoppings - Holding, SGPS, S.A.	12,911,514	11,766,625
Aliance Sonae Shopping Centers, S.A.	82,144,399	79,756,902
Area Sur Shopping, S.L.	7,609,420	6,608,184
Fundo Investimento Imobiliário Parque Dom Pedro Shopping Center ("FIIPDPSH")	10,045,075	10,656,984
Fundo Investimento Imobiliário Shop. Parque Dom Pedro ("FIISHPDP")	96,256,931	103,727,336
Iberia Shop.C. Venture Coöperatief U.A. ("Iberia Coop")	14,409,364	15,165,196
Le Terrazze - Shopping Centre 1 Srl	6,444,258	6,352,246
Mercado Urbano – Gestão Imobiliária, S.A.	1,225,393	1,211,277
Olimpo Real Estate Portugal, SIGI, S.A.	2,747,985	2,517,550
Olimpo Real Estate SOCIMI, S.A.	7,808,294	7,767,842
Serra Shopping- Centro Comercial, S.A.	1,063,010	981,615
Sierra European Retail Real Estate Assets Holdings, BV ("Sierra BV")	229,957,073	219,242,750
Sierra Portugal Feeder 1	2,167,043	2,052,163
Sierra Portugal Real Estate ("SPF")	20,949,774	19,742,422
1) Signal Alpha Republica I, S.A.	325,425	-
1) Signal Alpha Republica II, Lda.	61,658	-
Trivium Real Estate Socimi, S.A.	25,935,782	25,515,219
Zenata Commercial Project	2,117,099	2,015,742
	524,179,497	515,080,053
Bright Pixel		
Alfaros SARL	13,970	9,975
Fundo de Capital de Risco Armilar Venture Partners II (Armilar II)	76,854,019	96,578,405
Fundo de Capital de Risco Armilar Venture Partners III (Armilar III)	51,583,976	31,302,286
Fundo de Capital de Risco Espirito Santo Ventures Inovação e Internacionalização (AVP I+I)	15,362,845	16,025,832
Probe.ly - Soluções de Cibersegurança, Lda	108,771	133,897
2) Secucloud GMBH	-	1,671,708
Suricate Solutions	25,997	15,520
Others	33,207	19,728
	143,982,785	145,757,351
Sonae SGPS		
Iberian Sports Retail Group (ISRG)	101,011,800	83,905,118
	101,011,800	83,905,118
Investment in associates companies	770,084,404	745,306,617

1) Company acquired in 2021; and

2) Company disposed in April 2021.

In situations of investments in associates which are venture capital organizations, IAS 28 contains an option to keep these investments held by them measured at fair value. The Group made this option, in applying the equity method in the Armilar Funds.

13.2. Financial indicators of participations

13.2.1. Joint ventures

As at 31 December 2021 and 2020, summary financial information of joint ventures of the group can be analysed as follows:

Joint ventures	31 Dec 2021				
	Joint ventures of Sierra (Note 54.1)	ZOPT, SGPS, SA (consolidated)	MDS,SGPS,SA (consolidated)	Sohimeat, SA	Others
Assets					
Investment properties	463,312,770	621,000	314,617	-	32,751
Property, plant and equipment	-	1,070,660,000	3,557,450	15,272,162	255,149
Intangible assets	-	2,332,010,000	16,978,995	4,829	2,269,776
Right of use assets	-	236,063,000	3,921,315	7,379,196	-
Goodwill	-	-	49,955,229	-	-
Investments in joint ventures and associates	-	51,367,000	1,231,550	-	21,954
Other non-current assets	14,754,764	258,160,000	4,606,266	1,833,962	3,488,637
Non-current assets	478,067,534	3,948,881,000	80,565,422	24,490,149	6,068,267
Cash and bank balances	42,035,208	86,299,000	30,816,119	359,175	2,030,387
Other current assets	16,108,971	495,585,000	24,741,412	42,003,320	1,511,971
Current assets	58,144,179	581,884,000	55,557,531	42,362,495	3,542,358
TOTAL ASSETS	536,211,713	4,530,765,000	136,122,953	66,852,644	9,610,625
Liabilities					
Loans	167,979,968	1,275,541,000	29,474,934	-	-
Other non-current liabilities	80,178,508	164,720,000	17,459,214	9,407,653	22,785
Non-current liabilities	248,158,476	1,440,261,000	46,934,148	9,407,653	22,785
Loans	22,701,696	301,068,000	10,733,834	-	15
Other current liabilities	35,036,001	663,664,000	48,138,933	50,911,666	2,764,783
Total current liabilities	57,737,697	964,732,000	58,872,767	50,911,666	2,764,798
Total liabilities	305,896,173	2,404,993,000	105,806,915	60,319,319	2,787,583
Equity attributable to the equity holders of the Parent Company	230,315,540	1,103,571,000	28,115,296	6,533,326	6,823,042
Non-controlling interests	-	1,022,201,000	2,200,743	-	-
Total equity	230,315,540	2,125,772,000	30,316,039	6,533,326	6,823,042
TOTAL EQUITY AND LIABILITIES	536,211,713	4,530,765,000	136,122,954	66,852,644	9,610,625

31 Dec 2020

Joint ventures	Joint ventures of Sierra (Note 54.1)	ZOPT, SGPS, SA (consolidated)	MDS,SGPS,SA (consolidated)	Sohimeat, SA	Others
Assets					
Investment properties	537,261,814	637,000	322,549	-	20,320
Property, plant and equipment	-	1,023,622,000	3,288,284	16,310,555	465,246
Intangible assets	-	2,174,673,000	12,083,350	179,587	1,684,652
Right of use assets	-	260,097,000	5,653,616	8,525,439	-
Goodwill	-	-	28,826,565	-	-
Investments in joint ventures and associates	-	52,461,000	949,212	-	21,954
Other non-current assets	17,663,135	259,291,000	5,532,389	353,969	2,653,858
Non-current assets	554,924,949	3,770,781,000	56,655,965	25,369,550	4,846,030
Cash and bank balances	22,778,840	228,783,000	24,152,830	466,423	3,498,233
Other current assets	19,053,854	461,896,000	19,894,078	47,384,245	2,789,965
Current assets	41,832,694	690,679,000	44,046,908	47,850,668	6,288,198
TOTAL ASSETS	596,757,643	4,461,460,000	100,702,873	73,220,218	11,134,228
Liabilities					
Loans	196,328,210	1,363,514,000	19,541,183	-	-
Other non-current liabilities	105,271,968	160,724,000	9,785,306	9,068,434	224,192
Non-current liabilities	301,600,178	1,524,238,000	29,326,489	9,068,434	224,192
Loans	31,760,238	167,126,000	11,202,278	-	51
Other current liabilities	45,117,285	561,531,000	36,569,752	58,167,447	3,864,629
Total current liabilities	76,877,523	728,657,000	47,772,030	58,167,447	3,864,680
Total liabilities	378,477,701	2,252,895,000	77,098,519	67,235,881	4,088,872
Equity attributable to the equity holders of the Parent Company	218,279,942	1,182,821,000	21,800,365	5,984,337	7,045,356
Non-controlling interests	-	1,025,744,000	1,803,989	-	-
Total equity	218,279,942	2,208,565,000	23,604,354	5,984,337	7,045,356
TOTAL EQUITY AND LIABILITIES	596,757,643	4,461,460,000	100,702,873	73,220,218	11,134,228

31 Dec 2021

Joint ventures	Joint ventures of Sierra (Note 54.1)	ZOPT, SGPS, SA (consolidated)	MDS,SGPS,SA (consolidated)	Sohimeat, SA	Others
Turnover	58,494,600	1,404,434,000	77,767,014	299,888,852	3,915,707
Changes in value of investment properties	13,301,527	-	-	-	-
Other operating income	1,209,554	25,865,000	1,123,282	6,692,288	131,760
Total revenue	73,005,681	1,430,299,000	78,890,296	306,581,140	4,047,467
Cost of sales	-	-	-	(271,291,380)	(447,069)
External supplies and services	(28,394,180)	(101,067,000)	(30,688,097)	(13,080,195)	(4,869,215)
Amortisation	(134,858)	(428,523,000)	(6,268,044)	(4,675,350)	(521,119)
Other operating costs	(11,303,637)	(721,238,000)	(29,563,392)	(14,868,284)	(3,666,765)
Expenses and losses	(39,832,675)	(1,250,828,000)	(66,519,533)	(303,915,208)	(9,504,169)
Financial income	38,234	-	1,309,617	-	-
Financial expense	(5,881,634)	(36,623,000)	(2,180,023)	(899,121)	(1,907)
Financial results	(5,843,400)	(36,623,000)	(870,406)	(899,121)	(1,907)
Results of joint ventures and associated companies	(1,089,082)	(14,191,000)	(644,705)	-	-
Income tax expense	(5,226,885)	(8,522,000)	(3,297,853)	(105,654)	1,351,992
Consolidated net income/(loss) for the year	21,013,639	120,135,000	7,557,799	1,661,157	(4,106,617)
Profit/(Loss) from discontinued operations	-	-	-	-	-
Consolidated net income/(loss) for the year	21,013,639	120,135,000	7,557,799	1,661,157	(4,106,617)
Attributable to:					
Equity holders of the Parent Company	21,013,639	62,747,000	6,883,086	1,661,157	(4,106,617)
Non-controlling interests	-	57,388,000	674,713	-	-
	21,013,639	120,135,000	7,557,799	1,661,157	(4,106,617)

31 Dec 2020

Joint ventures	Joint ventures of Sierra (Note 54.1)	ZOPT, SGPS, SA (consolidated)	MDS,SGPS,SA (consolidated)	Sohimeat, SA	Others
Turnover	45,251,728	1,349,289,000	66,198,875	288,963,145	3,647,932
Changes in value of investment properties	(38,121,644)	-	-	-	-
Other operating income	796,728	18,597,000	1,568,818	3,959,530	29,823
Total revenue	7,926,812	1,367,886,000	67,767,693	292,922,675	3,677,755
Cost of sales	-	-	-	(259,946,803)	(506,145)
External supplies and services	(25,055,905)	(100,648,000)	(26,629,743)	(12,981,500)	(4,909,290)
Amortisation	(159,809)	(418,904,000)	(5,611,584)	(5,164,583)	(435,722)
Other operating costs	(14,104,418)	(706,614,000)	(26,933,147)	(12,622,703)	(3,800,552)
Expenses and losses	(39,320,132)	(1,226,166,000)	(59,174,474)	(290,715,589)	(9,651,709)
Financial income	88,159	-	438,771	-	-
Financial expense	(6,157,439)	(26,633,000)	(1,891,108)	(532,180)	(4,155)
Financial results	(6,069,280)	(26,633,000)	(1,452,337)	(532,180)	(4,155)
Results of joint ventures and associated companies	(1,392,493)	(5,541,000)	14,186	-	-
Income tax expense	7,980,751	(16,541,000)	(2,208,813)	(378,873)	1,299,922
Consolidated net income/(loss) for the year	(30,874,342)	93,005,000	4,946,255	1,296,033	(4,678,187)
Profit for the period from discontinued operations	-	6,407,000	-	-	-
Consolidated net income/(loss) for the year	(30,874,342)	99,412,000	4,946,255	1,296,033	(4,678,187)
Attributable to:					
Equity holders of the Parent Company	(30,874,342)	52,333,000	4,506,035	1,296,033	(4,678,187)
Non-controlling interests	-	47,079,000	440,220	-	-
	(30,874,342)	99,412,000	4,946,255	1,296,033	(4,678,187)

As at 31 December 2021 and 2020, the summary financial information of the joint ventures of Sonae Sierra can be analysed as follows:

			31 Dec 2021		
			Joint Ventures of Sierra (Note 54.1)		
Joint Ventures	Investment		Developments	Services	Total
	Companies owned by Sierra BV	Others			
Assets					
Investment properties	443,723,933	12,439,000	7,149,837	–	463,312,770
Other non-current assets	106,127	2,870	13,888,276	757,491	14,754,764
Non-current assets	443,830,060	12,441,870	21,038,113	757,491	478,067,534
Trade account receivables					
Cash and bank balances	37,026,651	1,012,032	1,317,393	2,679,132	42,035,208
Other current assets	11,028,474	941,583	577,120	3,561,794	16,108,971
Current assets	48,055,125	1,953,615	1,894,513	6,240,926	58,144,179
TOTAL ASSETS	491,885,185	14,395,485	22,932,626	6,998,417	536,211,713
Liabilities					
Loans	160,377,752	6,633,878	887,943	80,395	167,979,968
Other non-current liabilities	78,224,437	165,453	1,095,029	693,589	80,178,508
Non-current liabilities	238,602,189	6,799,331	1,982,972	773,984	248,158,476
Loans	22,330,259	389,468	–	(18,031)	22,701,696
Other current liabilities	19,374,966	1,515,791	10,006,854	4,138,390	35,036,001
Total current liabilities	41,705,225	1,905,259	10,006,854	4,120,359	57,737,697
Total liabilities	280,307,414	8,704,590	11,989,826	4,894,343	305,896,173
Equity attributable to the equity holders of the Parent Company	211,577,771	5,690,895	10,942,800	2,104,074	230,315,540
Non-controlling interests	–	–	–	–	–
Total equity	211,577,771	5,690,895	10,942,800	2,104,074	230,315,540
TOTAL EQUITY AND LIABILITIES	491,885,185	14,395,485	22,932,626	6,998,417	536,211,713

31 Dec 2020					
Joint Ventures of Sierra (Note 54.1)					
Joint ventures	Investment		Developments	Services	Total
	Companies owned by Sierra BV	Others			
Assets					
Investment properties	430,674,000	13,009,000	93,578,814	–	537,261,814
Other non-current assets	183,082	2,870	16,831,237	645,946	17,663,135
Non-current assets	430,857,082	13,011,870	110,410,051	645,946	554,924,949
Trade account receivables					
Cash and cash equivalents	12,591,040	1,206,488	3,388,717	1,867,609	19,053,854
Other current assets	15,973,464	799,349	1,912,871	4,093,156	22,778,840
Current assets	28,564,504	2,005,837	5,301,588	5,960,765	41,832,694
TOTAL ASSETS	459,421,586	15,017,707	115,711,639	6,606,711	596,757,643
Liabilities					
Loans	151,654,510	6,952,349	37,626,589	94,762	196,328,210
Other non-current liabilities	75,066,759	142,132	29,100,002	963,075	105,271,968
Non-current liabilities	226,721,269	7,094,481	66,726,591	1,057,837	301,600,178
Loans	31,396,704	229,281	148,365	(14,112)	31,760,238
Other current liabilities	14,805,116	1,633,179	24,197,752	4,481,237	45,117,284
Total current liabilities	46,201,820	1,862,460	24,346,117	4,467,125	76,877,522
Total liabilities	272,923,089	8,956,941	91,072,708	5,524,962	378,477,700
Equity attributable to the equity holders of the Parent Company	186,498,497	6,060,766	24,638,931	1,081,749	218,279,943
Non-controlling interests	–	–	–	–	–
Total equity	186,498,497	6,060,766	24,638,931	1,081,749	218,279,943
TOTAL EQUITY AND LIABILITIES	459,421,586	15,017,707	115,711,639	6,606,711	596,757,643

31 Dec 2021

Joint Ventures of Sierra (Note 54.1)

Joint ventures	Investment		Developments	Services	Total
	Companies owned by Sierra BV	Others			
Turnover	41,734,777	2,249,142	42,846	14,467,835	58,494,600
Value created on investment properties	13,880,111	(551,496)	(27,088)	–	13,301,527
Other operating income	179,782	432,753	2,979	594,040	1,209,554
	55,794,670	2,130,399	18,737	15,061,875	73,005,681
External supplies and services	(19,813,978)	(1,866,479)	(309,522)	(6,404,201)	(28,394,180)
Amortisation	(4,047)	–	–	(130,811)	(134,858)
Other operating costs	(1,166,123)	(327,978)	(2,085,619)	(7,723,917)	(11,303,637)
	(20,984,148)	(2,194,457)	(2,395,141)	(14,258,929)	(39,832,675)
Financial results	(4,495,281)	(345,069)	(988,816)	(14,234)	(5,843,400)
Results of joint ventures and associated companies	–	–	(1,089,082)	–	(1,089,082)
Income tax expense	(5,235,969)	(5,744)	452,454	(437,626)	(5,226,885)
Consolidated net income/(loss) for the year	25,079,272	(414,871)	(4,001,848)	351,086	21,013,639
Attributable to:					
Equity holders of the Parent Company	25,079,272	(414,871)	(4,001,848)	351,086	21,013,639
Non-controlling interests	–	–	–	–	–
	25,079,272	(414,871)	(4,001,848)	351,086	21,013,639

31 Dec 2020

Joint Ventures of Sierra (Note 54.1)

Joint ventures	Investment		Developments	Services	Total
	Companies owned by Sierra BV	Others			
Turnover	31,317,613	2,049,343	26,941	11,857,831	45,251,728
Value created on investment properties	(34,533,644)	(3,588,000)	–	–	(38,121,644)
Other operating income	10,561	197,073	149,313	439,781	796,728
	(3,205,470)	(1,341,584)	176,254	12,297,612	7,926,812
External supplies and services	(17,972,846)	(2,079,415)	(358,391)	(4,645,253)	(25,055,905)
Amortisation	(4,113)	–	(9,212)	(146,484)	(159,809)
Other operating costs	(815,210)	(374,498)	(6,431,563)	(6,483,147)	(14,104,418)
	(18,792,169)	(2,453,913)	(6,799,166)	(11,274,884)	(39,320,132)
Financial results	(4,708,629)	(384,813)	(915,228)	(60,610)	(6,069,280)
Results of joint ventures and associated companies	–	–	(1,392,493)	–	(1,392,493)
Income tax expense	8,333,973	(6,325)	–	(346,897)	7,980,751
Consolidated net income/(loss) for the year	(18,372,295)	(4,186,635)	(8,930,633)	615,221	(30,874,342)
Attributable to:					
Equity holders of the Parent Company	(18,372,295)	(4,186,635)	(8,930,633)	615,221	(30,874,342)
Non-controlling interests	–	–	–	–	–
	(18,372,295)	(4,186,635)	(8,930,633)	615,221	(30,874,342)

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

31 Dec 2021							
Joint Ventures	Equity	Percentage of share capital held	Share of the net assets	Goodwill recognised in financial investment	Transfer to assets held for sale	Other effects	Financial investment
Sierra's joint ventures (Note 54.1)	230,315,540	50%	115,157,770	3,812,580	-	(1,714,855)	117,255,495
ZOPT, SGPS, SA (consolidated)	1,103,571,000	50%	551,785,500	86,413,582	-	(15,190,792)	623,008,290
MDS,SGPS,SA (consolidated) (Note 24)	28,115,296	50%	14,057,648	-	(21,107,879)	7,050,231	-
Sohimeat, SA	6,533,326	50%	3,266,663	-	-	372,467	3,639,130
Others	6,823,042	50%	3,411,521	123,736	-	(2,872,491)	662,766
							744,565,681

	31 Dec 2020					
Joint Ventures	Equity	Percentage of share capital held	Share of the net assets	Goodwill recognised in financial investment	Other effects	Financial investment
Sierra's joint ventures (Note 54.1)	218,279,943	50%	109,139,972	4,687,266	(1,714,856)	112,112,382
ZOPT, SGPS, SA (consolidated)	1,182,821,000	50%	591,410,500	86,413,582	(14,840,798)	662,983,284
MDS,SGPS,SA (consolidated)	21,800,365	50%	10,900,183	–	9,962,967	20,863,149
Sohimeat, SA	5,984,337	50%	2,992,169	–	372,468	3,364,636
Others	7,045,356	50%	3,522,678	123,736	106,732	3,753,146
						803,076,597

At 31 December 2021, the amount included in caption "Other effects" in MDS, SGPS, SA included the write-off of goodwill recognised in the share of net assets amounting to 15.1 million euro when the fair value of these assets was attributed to the client portfolio at 31 December 2018 and the respective fair value of this client portfolio amounting to 21.8 million euro (24.8 million euro at 31 December 2020) which is being amortised over 12 years.

13.2.2. Associates

As at 31 December 2021 and 2020, summary financial information of associated companies of the Group can be analysed as follows:

[illegible]

	31 Dec 2020							
Associates	Participation %	Assets	Liabilities	Equity	Revenue	Fair value of investment properties	Operational profit	Net profit
MC								
Sempre a Postos	18.75%	10,202,300	7,945,919	2,256,381	63,932,155	-	1,394,059	1,057,689
Sonae SGPS								
ISRG	30.00%	468,602,450	309,845,122	158,757,328	663,679,042	-	24,877,923	9,186,264
Associates of Sierra		5,929,665,884	2,567,629,869	3,362,036,015	289,628,995	(343,517,408)	(231,822,365)	(201,469,734)
Bright Pixel								
Armilar II	44.33%	267,582,111	49,730,462	217,851,649	92,399,368	-	72,584,503	72,584,515
Armilar III	42.80%	83,372,304	10,236,122	73,136,182	2,315,180	-	(3,346,304)	(3,555,092)
Armilar I+I	38.25%	53,811,354	11,911,528	41,899,826	669,960	-	(2,689,557)	(2,679,840)
Others		3,532,751	5,726,746	(2,193,995)	3,532,412	-	(507,808)	(795,001)

As at 31 December 2021 and 2020, the summary financial information of the associates of Sonae Sierra can be analysed as follows:

31 Dec 2021								
Sierra's Associates	Participation %	Assets	Liabilities	Equity	Revenue	Fair value of investment properties	Operational profit	Net profit
3shoppings	20.00%	118,020,642	53,463,070	64,557,572	10,724,479	3,325,445	7,848,849	5,724,446
Área Sur	15.00%	121,104,046	70,374,577	50,729,469	10,035,431	1,643,320	7,235,839	4,029,184
Le Terrazze	10.00%	130,119,557	71,117,487	59,002,070	9,642,284	(1,894,450)	3,319,075	920,117
Iberia Coop	10.00%	195,574,476	55,508,973	140,065,503	19,984,642	(297,806)	11,031,753	8,041,685
SPF	22.50%	76,800,472	270,243	76,530,229	-	-	(330,362)	5,365,773
Feeder	7.45%	30,079,518	995,448	29,084,070	-	-	1,968,247	1,541,807
SIGI	5.13%	79,119,956	25,547,604	53,572,352	2,807,412	2,944,704	4,768,478	4,286,703
ORES	3.75%	389,647,223	181,416,564	208,230,659	22,823,222	5,482,130	22,327,134	16,844,993
Serra Shopping	5.00%	36,138,642	14,878,438	21,260,204	3,919,993	442,609	2,341,969	1,627,894
Trivium	12.40%	540,072,654	330,942,035	209,130,619	31,828,117	3,549,165	21,819,399	17,391,131
Aliansce	6.30%	1,966,637,071	662,757,733	1,303,879,338	151,035,578	(36,599,699)	55,110,932	34,445,114
FIIPDPS	7.97%	126,505,843	425,484	126,080,359	3,400,839	(3,787,269)	(4,607,943)	(4,560,503)
FIIPSDP	31.52%	318,632,499	13,209,533	305,422,966	16,884,357	(30,877,271)	(16,697,655)	(16,576,543)
Sierra Cevital	49.00%	-	-	-	-	-	-	-
Zenata	11.00%	53,484,840	34,239,323	19,245,517	3,687,385	-	1,049,547	190,038
Sierra Fund	25.10%	1,877,160,481	1,114,582,502	762,577,979	103,664,337	9,779,221	73,374,147	40,813,463
Mercado Urbano	20.00%	15,310,298	9,183,339	6,126,959	1,457,195	-	216,187	70,574
Signal Alpha Republica I, S.A.	5.00%	27,558,836	21,050,348	6,508,488	2,055,071	-	1,023,908	(42,964)
Signal Alpha Republica II, S.A.	5.00%	5,227,566	3,994,401	1,233,165	448,040	-	195,448	(6,257)

31 Dec 2020								
Sierra's Associates	Participation %	Assets	Liabilities	Equity	Revenue	Fair value of investment properties	Operational profit	Net profit
3shoppings	20.00%	110,039,652	51,206,526	58,833,126	8,301,981	(8,538,948)	(5,697,635)	(4,913,464)
Área Sur	15.00%	113,400,121	69,345,558	44,054,563	8,595,741	(7,707,244)	(3,812,250)	(4,383,592)
Le Terrazze	10.00%	128,300,793	70,218,841	58,081,952	8,989,622	(8,083,689)	(3,073,297)	(4,087,829)
Iberia Coop	10.00%	201,112,937	53,489,119	147,623,818	14,761,063	(12,607,639)	(4,412,887)	(3,473,138)
SPF	22.50%	71,239,421	74,967	71,164,454	21,958	-	(116,675)	(7,964,173)
Feeder	7.45%	28,103,743	561,480	27,542,263	-	-	(3,252,596)	(3,655,158)
SIGI	5.13%	66,322,468	17,242,467	49,080,001	939,035	(500,855)	(24,484)	(179,451)
ORES	3.75%	394,955,610	187,813,306	207,142,304	21,682,600	(5,289,570)	10,291,994	5,565,425
Serra Shopping	5.00%	33,977,300	14,344,991	19,632,309	3,116,483	(2,612,041)	(1,517,984)	(1,368,431)
Trivium	12.40%	509,681,017	303,941,529	205,739,488	28,624,192	(43,626,715)	(29,342,758)	(34,753,974)
Aliansce	6.30%	1,924,434,151	658,451,557	1,265,982,594	104,647,483	(143,037,724)	(93,994,388)	(71,352,491)
FIIPDPS	7.97%	134,194,891	434,169	133,760,722	2,564,501	(3,553,135)	(3,788,412)	(3,739,680)
FIIPSDP	31.52%	330,147,618	1,021,079	329,126,539	12,731,891	(17,640,133)	(8,592,742)	(8,504,969)
Sierra Cevital	49.00%	-	-	-	-	-	-	-
Zenata	11.00%	51,200,886	32,876,823	18,324,063	2,907,475	-	491,454	51,858
Sierra Fund	25.10%	1,817,545,058	1,097,653,624	719,891,434	70,508,150	(90,319,715)	(84,963,160)	(58,482,194)
Mercado Urbano	20.00%	15,010,218	8,953,833	6,056,385	1,236,820	-	(16,545)	(228,473)

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

31 Dec 2021

Associates	Equity	Percentage of share capital held	Share of the net assets	Goodwill recognised in financial investment	Other effects	Financial investment
MC						
Sempre a Postos	3,638,259	25.00%	909,565	–	755	910,320
Sonae						
ISRG	231,013,609	30.00%	69,304,083	36,016,741	(4,309,024)	101,011,800
Sierra's associates	3,443,237,518		485,629,497	43,746,495	(5,196,495)	524,179,497
Bright Pixel						
Armillar II	264,993,466	44.33%	76,854,019	–	–	76,854,019
Armillar III	150,649,836	42.80%	51,583,976	–	–	51,583,976
AVP I+I	62,760,052	38.25%	15,362,845	–	–	15,362,845
Others	561,257		(148,435)	297,168	33,215	181,947
						770,084,404

31 Dec 2020

Associates	Equity	Percentage of share capital held	Share of the net assets	Goodwill recognised in financial investment	Other effects	Financial investment
MC						
Sempre a Postos	2,256,381	25.00%	564,095	–	–	564,095
Sonae						
ISRG	158,757,328	30.00%	47,627,198	36,016,741	261,179	83,905,118
Sierra's associates	3,362,036,015		476,530,053	43,746,495	(5,196,495)	515,080,053
Bright Pixel						
Armillar II	217,851,649	44.33%	96,573,636	–	4,767	96,578,403
Armillar III	73,136,182	42.80%	31,302,286	–	–	31,302,286
AVP I+I	41,899,826	38.25%	16,026,683	–	(850)	16,025,833
Others	(2,193,995)		(640,120)	2,796,890	(305,941)	1,850,829
						745,306,617

13.3. Movements occurred in the period

13.3.1. Joint ventures

During the year ended at 31 December 2021 and 2020, movements in investments in joint ventures are as follows:

Investments in joint ventures	31 Dec 2021			31 Dec 2020		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Balance as at 1 January	711,852,013	91,224,584	803,076,597	846,513,516	129,767,245	976,280,761
Transfer to Associates	-	-	-	(125,984,115)	(38,550,000)	(164,534,115)
Transfer to held for sale (Note 24)	(21,107,879)	-	(21,107,879)	-	-	-
Increases during the period	2,634,380	-	2,634,380	3,335,946	-	3,335,946
Acquisitions during the period	-	-	-	2,714,067	7,339	2,721,406
Period disposals	(4,868,699)	(874,686)	(5,743,385)	-	-	-
Return of capital invested	(5,765,485)	-	(5,765,485)	-	-	-
Equity method:						
Effect in gains or losses in joint controlled	41,784,231	-	41,784,231	5,554,862	-	5,554,862
Distributed dividends	(69,473,780)	-	(69,473,780)	(9,910,233)	-	(9,910,233)
Effect in equity capital and non-controlling interests	2,038,194	-	2,038,194	(10,372,029)	-	(10,372,029)
Impairment	(2,877,193)	-	(2,877,193)	-	-	-
	654,215,783	90,349,898	744,565,681	711,852,013	91,224,584	803,076,597

The caption "Transfer to held for sale" results from the agreement to sell 50% of MDS, SGPS, SA to Ardonagh Services Limited, an entity wholly owned by The Ardonagh Group Limited (Note 24).

The caption "Dividends distributed" in 2021 includes the amount of 68.9 million euro relating to the distribution of profits from ZOPT.

In the year ended 31 December 2021, the caption 'Return on invested capital', amounting to 5.7 million euro relate to the return of part of Zopt's share premium.

The effect in equity and non-controlling interests results mainly from the exchange translation effect of the equity associated companies of Sonae Sierra with functional currency different from euro.

Sierra

In May 2021, the subsidiary Sierra Parma Project B.V., disposed the totality of the capital (50%) and the loans granted (including interest) of the jointly controlled entity PUD, Srl ("PUD") for 9 million euro. This transaction generated a gain amounting to 0.1 million euro (net of the provision made in 2020 amounting to 9 million euro).

On 29 February 2020, the Group signed and finalized an agreement with APG, Allianz and Elo for the creation of a leading joint venture in the Iberian Peninsula real estate market (Sierra BV - "Sierra Prime"). The companies included in this transaction were classified as held for sale in 2019. After the transaction, in the amount of 126 million euro, these companies are now classified as associates.

Zopt

Regarding the stake owned in ZOPT, despite the communication made in 2020 regarding the intention to liquidate the company, detailed below, the Board of Directors believes that the market price of the shares representing the share capital of NOS, S.A., a subsidiary of ZOPT, on 31 December 2021, does not reflect their fair value. The Board of Directors considers that the value in use of the company represents, at this date, the best estimate of the fair value of that company. In this way, the assessment of the existence, or not, of impairment for the values of investments including Goodwill recorded in the consolidated financial statements attached for the telecommunications sector (Zopt), is determined taking into consideration various information such as the business plan approved by the Board of Directors of NOS for 5 years, whose implicit average growth rate of the operating margin amounts to 2.8% (2.9% in 2020).

Assumptions	NOS SGPS	
	31 Dec 2021	31 Dec 2020
Basis of recoverable amount	Value of use	Value of use
Discount rates	5.3% - 8.0%	5.7% - 8.3%
Growth rate in perpetuity	1.40%	1.50%

The analysis of the projections and impairment tests resulted in a recoverable amount higher than the book value of around 10%. No impairment losses were determined for the years ended 31 December 2021 and 2020.

In the sensitivity analysis carried out, by changing the discount rate or the perpetuity growth rate by 0.1 p.p., the recoverable amount would be higher than the book value by about 6.3% and 6.7%, respectively.

ZOPT's consolidated financial statements show significant exposure to the African market, namely through financial investments that the group holds in entities operating in the Angolan and Mozambican markets, which are essentially dedicated to the provision of satellite and fibre television services. The net book value of the African subsidiaries in the company's financial statements as at 31 December 2021, recognised as equity method, amounts to approximately 44 million euro (43 million euro at 31 December 2020).

The group carried out impairment tests for those assets, considering the business plans approved by the Board of Directors for a period of 5 years, with average revenue growth rates of 2.7% in Angola and 4.7% in Mozambique (9.7% and 4.7% in 2020, respectively). The business plans also consider a growth rate in perpetuity of 7% in Angola and 6% in Mozambique (6% in Angola and Mozambique in 2020) and a discount rate ("WACC") in perpetuity of 14.4% in Angola and 14.3% in Mozambique (17.10% and 20.30% in 2020, respectively).

The impairment tests performed, based on the assumptions identified above, led to a impairment losses (in the Zopt financial statements) of 14.9 million euro (circa 6.5 million euro of impairment reversal in 2020).

Regarding Zopt's financial holdings in Finstar and ZAP Media (consolidated Finstar), it is the belief of the Board of Directors of NOS and Zopt that the seizure of assets to Mrs. Eng^a Isabel dos Santos, in the specific case of the holdings held by her in Finstar and ZAP Media (where it holds 70% of the capital) does not change the control profile, in this case joint control as defined in IFRS 11.

In January 2022, the Public Prosecutor's Office (MP) with the National Asset Recovery Service of the OPG, representing the Angolan State, requested, at the Luanda District Court, i) the replacement of the current trustees of the companies Finstar and ZAP Media (current Boards of Directors of the companies) (Note 12) by the Ministry of Telecommunications, Information Technologies and Social Communication (MTTICS), as well as, ii) the inhibition of voting rights by Isabel dos Santos, requests that the Court granted. The Board of Directors of NOS is currently convinced - based on the statements that have been made by the new trustee, MTTICS - that the activity of the companies will continue to develop normally.

On 4 April 2020, Sonaecom was informed by its subsidiary Zopt of the communication it received from the Central Criminal Investigation Court of Lisbon ('Court') to proceed with the preventive seizure of 26.075% of NOS share capital, corresponding to half of the shareholding in NOS held by Zopt and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited, controlled by Mrs. Isabel dos Santos. Under the terms of that communication, the foreclosed shares (134,322,268.5 shares) would be deprived of the exercise of voting rights and the right to receive dividends, the latter of which should be deposited with Caixa Geral de Depósitos, S.A. at the order of the Court. The other half of Zopt's participation in NOS share capital, corresponding to an identical percentage of 26.075% - and which, at least in line with the criterion used by the Court, embodies the 50% held in Zopt by Sonaecom - was not subject to seizure, nor the rights inherent to it have been subject to any limitation.

It is the understanding of the boards of directors of Zopt and Sonaecom that the forfeiture measure enacted is illegitimate and offends several fundamental rights of Zopt - third in relation to the enacted seizure -, having no legal basis, and is not legally liable to determine the deprivation of voting rights, not even to inhibit the holder of the arrested shares from continuing to exercise those rights, a deprivation that is understood for that reason, to be null and of no effect. In this regard, Zopt has deducted third party embargoes.

On 12 June 2020, Zopt was notified of the order issued by the Lisbon Central Criminal Investigation Court, which authorizes it to exercise the voting right corresponding to the 26.075% of NOS share capital preemptively held to the order of that Court. This notification reinforces the understanding of the Boards of Directors of Zopt and Sonaecom, according to which the conditions of control of Zopt over NOS are fulfilled, and that that measure will have no material effect on the control of this company.

Still in June 2020, the Investigating Judge rejected the third-party embargoes deducted by Zopt on the grounds of incompetence of the Portuguese courts to assess and decide, a decision that, having been appealed by Zopt, was revoked by the Court of Justice. Relationship, already in 2021. In a decision dated 25.11.2021, the investigating judge dismissed the objections and maintained the preventive seizure. Zopt appealed against this decision to the Lisbon Court of Appeal.

On 19 August, Sonaecom communicated the intention of the shareholders of Zopt (Sonaecom itself, Unitel International Holdings, BV and Kento Holding Limited) to liquidate the company, maintaining Sonaecom as the reference shareholder of NOS. To date, the efforts to dissolve the Zopt have not yet been carried out.

During 2020 and 2021, Zopt was notified of a number of court decisions concerning the ZOPT shares held by KENTO and Unitel International Holdings and the respective right to receive dividends, specifically the following: (i) preventive preservation in case no. 210/20.4TELSB, of the Central Criminal Court, Single Section, concerning 32.65% of Zopt's share capital held by Unitel International Holdings

and 124,234,675 Zopt shares held by KENTO, with the deprivation of the exercise of voting rights and the right to receive dividends; (ii) seizure decreed in process no. 14012/20.4T8PRT, by Judge 6 of the Central Civil Court of Póvoa de Varzim, over the shares of ZOPT held by Unitel International Holdings, with all the respective rights of patrimonial nature, including the right to receive dividends; (iii) pledge decreed in process no. 7418/21.3T8LSB, by Judge 2 of the Lisbon Execution Court, of 124,234,675 Zopt shares held by Kento in ZOPT's capital and of the dividends of those shares; (iv) preservation decreed in process no. 17561/21.3T8LSB-A, by Judge 12 of the Lisbon Central Civil Court, over the Zopt shares held by KENTO and Unitel International Holdings and over the dividends that have not yet been distributed or that may be deliberated. In relation to the pledge, identified in (iii), Zopt was also notified by Caixa Geral de Depósitos (CGD), as the beneficiary of the pledge of the shares held by Kento in Zopt, stating that it was vested with the power to exercise the voting rights attached to the Shares, and all other inherent rights, and that Kento was deprived of exercising such rights without the prior express written consent of CGD. It is the understanding of the Zopt Board of Directors that, whenever the economic value of the shares is not at stake, CGD, as a pledging creditor of Kento, should act in accordance with Kento's instructions when exercising its voting rights, which means voting in the direction defined by Kento.

Despite the facts described above considering that, no steps have yet been taken to wind up Zopt, that there has been no change in the board of directors of Zopt and that decisions on the operating activity of the investee company continue to be taken in accordance with what was being done, we concluded that the profile of joint control over the Zopt has not changed.

Liquidity and interest rate risk

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

As at 31 December 2021, the average maturity of NOS group financing is 2.2 years, with no expectation of any non-compliance with the covenants resulting from the reduction in results projected for the current year.

Credit risk

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

The impacts on Zopt through participation in NOS were felt in the results for the year ended 31 December 2020, with a drop in Revenue, EBITDA and consolidated operating cash flow of -6.2% (-90.5 million euro); -5.7% (-36.8 million euro) and -33.8% (-65.2 million euro), respectively, which show a reduction in activity in:

- i. Cinemas and Audio-visuals: reduction in the turnout to theatres and closing from 16 March to 2 July 2020, with the postponement of the premiere of several titles, slightly offset by negotiations on cinema rents;
- ii. Roaming and international traffic: reflecting travel restrictions and the way the virus is spread in some regions, NOS had a negative impact, both in revenues, in roaming and international traffic costs;

- iii. Equipment sales: with the closure of shopping centers and travel restrictions, there was a reduction in the sale of mobile phones and equipment, which is partially offset by the increase in online sales (in the long run there may be a positive effect in the evolution of customer adherence to digital channels);
- iv. Mobile data revenues: quarantine and isolation situations imply an increase in the use of wireless networks, reducing the use of mobile data; and
- v. Drop in revenue related to premium sports content during the period in which the national championship was suspended and advertising.

On the other hand, the projections made for the Portuguese economy, led to a reassessment of projections and estimates, which resulted in the reinforcement, in the year ended 31 December 2020, of impairment of accounts receivable (28.2 million euro) and recording of other costs, related to onerous contracts (10.8 million euro), as well as the recording of impairments in the item “Losses / (Gains) in subsidiaries”, in the amount of 8.6 million euro.

In the period ended 31 December 2021, the impacts on NOS were felt particularly in the Cinemas and Audiovisuals activity with the closure of cinemas between mid-January and April 2021 and in the Telco segment with impacts at the level of roaming revenues. At the end of the year, with the relief of some physical distancing measures, there was a recovery in the cinema exhibition activity.

Over the 2 years as a whole, the segment most affected by COVID-19 was the cinemas segment, with activity estimated to recover to near pre-pandemic levels in 2023.

In terms of projection of future impacts, these will depend on the extent, namely time, the spread of the virus and the respective containment measures, being difficult to predict the scale of the impact, knowing, however, that it will occur in the areas identified above. Despite this uncertainty, and taking into account the most recent projections about the evolution of the pandemic and the Portuguese economy, the activity of the various business segments of NOS is projected to improve in the coming quarters. Additionally, the capital structure of NOS is within the threshold of 2x Net Financial Debt / EBITDA After Leasing Payments (EBITDA - Leasing Payments (Capital and Interest)), so it is the understanding of the Board of Directors of NOS that the company will overcome the negative impacts caused by this crisis, without compromising the continuity of the business, a conviction demonstrated by the maintenance of the shareholder remuneration policy.

13.3.2. Investment in associates

During the year ended at 31 December 2021 and 2020, movements in the value of investments in associates was as follows:

Investments in associated companies	31 Dec 2021			31 Dec 2020		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Initial balance as at 1 January	660,608,261	84,698,356	745,306,617	585,031,454	46,269,161	631,300,615
Restructuring of Brazil						
Transfer from joint ventures	-	-	-	125,984,115	38,550,000	164,534,115
Method change by percentage dilution	-	-	-	69,591,683	-	69,591,683
Increases during the period	1,191,871	-	1,191,871	-	-	-
Acquisitions during the period	389,543	13,051	402,594	1,256,971	-	1,256,971
Capital reduction in associated	(3,701,493)	-	(3,701,493)	(2,504,746)	-	(2,504,746)
Period disposals	2,308,027	(4,419,742)	(2,111,715)	(40,955)	-	(40,955)
Return of capital invested	(581,368)	-	(581,368)	-	-	-
Equity method:						-
Effect in gains or losses in associated companies	61,679,848	-	61,679,848	(4,108,906)	(120,805)	(4,229,711)
Distributed dividends	(5,074,766)	-	(5,074,766)	(5,065,422)	-	(5,065,422)
Effect in equity capital and non-controlling interests	2,379,130	-	2,379,130	(83,110,994)	-	(83,110,994)
Others	(29,406,313)	-	(29,406,313)	(26,424,939)	-	(26,424,939)
	689,792,740	80,291,665	770,084,405	660,608,261	84,698,356	745,306,617

In the year ended 31 December 2021, the Armilar Funds Regulation, started to incorporate the contractual incentive (Incentive Scheme), payable to the Management Company. Accordingly, the company now recognises a net asset of the contractual incentive in the appropriation of the results of Armilar. The accumulated value of this incentive previously recorded under 'Provisions', in the amount of 28,781,304 euro, was reclassified with effect in the caption 'Others'.

In the year ended 31 December 2020, the variation in "Others" is essentially related to the payment received from Fundo Armilar II in the amount of 21 million euro, net of contractual commission (about 5 million euro), regarding the amortisation of participation units owned in this fund. This amount was subject to withholding tax, being about 18.9 million euro, the value effectively received.

In 2020, the movement included in the caption "Restructuring of Brazil" results from the completion of the agreement signed with APG, Allianz and Elo to create a leading joint venture in the Iberian Peninsula real estate market (Sierra Prime). The companies included in this transaction were classified as held for sale in 2019.

As regards to the investments held in Fundo de Capital de Risco Armilar II, Armilar III and Armilar I+I, these relate to investment entities that measure their investment portfolios at fair value. The portfolios held by these entities are classified in the corresponding fair value hierarchy defined in IFRS 13 - Fair Value, as shown in the table below:

(Amounts in thousand euro)	31 Dec 2021			31 Dec 2020		
	Armilar II	Armilar III	Armilar I+I	Armilar II	Armilar III	Armilar I+I
Level 1	-	-	-	2,520	-	-
Level 3	264,887	158,050	61,849	264,817	80,445	53,132

Level 1 valuation techniques are based on prices, identified with quotations in active markets and officially quoted.

Level 3 valuation techniques are essentially supported by:

The business plans of the subsidiaries, in which discount rates ranging from 5% and 12% were used, revenue growth rates over the projection period (CAGR) ranging between 44% and 53% and where the terminal value was estimated by a mix of multiples applied mainly on Revenue and EBITDA. It should be noted that the implied appreciation of the investments held by the Fund results from a set of sensitivities applied to the original parameters of the Business Plans made available by the management of the Subsidiaries; and comparable market multiples of Revenues (LTM - "Last twelve months" and NTM - "Next twelve months") in the range of 11.0x to 17.6x for the Information Technology sector.

The Armilar II Fund includes an Information Technology stake falling within level 3 with a book value of approximately 264 million euro (unchanged from 2020). At year end, the company was valued using comparable market multiples of Revenues and ARR (Annual Recurring Revenue), LTM and NTM, between 11.0x and 18.1x.

The Armilar III and Armilar I+I Funds include a participation under level 3 with a book value of approximately 46 million euro and 61 million euro, respectively (40 million euro and EUR 52 million euro in 2020). In this case the valuation was made based on relevant transactions occurred in the period. The Armilar III Fund also includes a holding of approximately 103 million euro (29 million euro in 2020) classified in level 3 whose valuation was calculated using as reference the valuation of the transaction in the secondary market which was concluded at the beginning of 2022.

14. Financial assets at fair value

14.1. Trought profit or loss

The value of financial assets at fair value through profit and loss can be analysed as follows:

		Statment of financial position	
Company	Head Office	31 Dec 2021	31 Dez 2020
MC			
Insco - Insular de Hipermerc., SA	Ponta Delgada	4,748,744	4,748,744
Sportessence - Sport Retail, SA	Ponta Delgada	595,964	595,964
		5,344,708	5,344,708
Bright Pixel			
Arctic Wolf Networks, Inc	Delaware	74,168,202	46,129,113
1) Case on IT	Madrid	-	4,402,087
1) CB4	Israel	-	3,278,059
CelliWise	Singapore	8,641,595	7,976,142
Citcon	San Jose (USA)	4,414,600	-
ciValue	Yokneam (Israel)	1,977,741	1,825,443
Daisy Intelligence	Canada	1,153,213	1,050,496
Jscrambler	Oporto	3,828,724	1,550,000
Ometria, Ltd.	London	22,016,495	7,664,992
Reblaze	St. Louis	2,428,030	2,241,058
Replai	Oporto	1,800,887	-
Sales Layer	Valência	2,500,358	2,500,358
Safebreach	Oporto	13,315,160	-
Sellforte	Finland	2,500,003	-
Sixgill Ltd	Israel	5,297,520	4,889,580
Taikai	Oporto	1,836,895	-
ViSenze	Singapore	4,078,034	2,378,620
Weaveworks	San Francisco (USA)	4,414,599	4,074,649
Other financial assets		4,552,520	2,363,467
		158,924,575	92,324,064
Financial assets at fair value through profit or loss		164,269,283	97,668,772

1) Companies disposed in 2021;

Investments not irrevocably designated as investments at fair value through profit or loss on initial recognition as investments at fair value through other comprehensive income are classified as 'Investments at fair value through profit or loss' in accordance with IFRS 9. Also classified under this heading are investments in associated companies held by a venture capital organisation or equivalent, where the group has elected, on initial recognition, to measure at fair value through profit or loss in accordance with IFRS 9. For investments with less than 1 year, their acquisition cost was considered a reasonable approximation of their fair value. For investments older than 1-year, subsequent changes in fair value are shown through profit or loss. The fair value of the investments is determined in the currency of the country of the investment and converted to euro at the end of the reporting year.

The investments described above are stated at fair value and classified within Level 3 of the corresponding fair value hierarchy defined in IFRS 13 - Fair Value. Of the total value of financial assets at fair value through profit or loss, around 109.8 million euro correspond to subsidiaries valued on the basis of the last transaction in a non-active market during 2021 (54.1 million euro during 2020).

Acquisitions in the year of new subsidiaries correspond to about 22.5 million euro (7.2 million euro in 2020). The amount of 26.6 million euro corresponds to shareholdings valued on the basis of the last transaction which, despite having taken place more than a year ago, still represents the best estimate of the company's fair value (31 million euro in 2020).

Bright Pixel's most significant Investments in terms of value are:

- Arctic Wolf is a US company, a global pioneer in the SOC-as-a-Service market with cutting-edge technology for detection management and response (MDR), a unique combination of technology and services that rapidly detect and contain threats. Bright Pixel, along with US tech investors Lightspeed Venture Partners and Redpoint went into the equity of the company in 2017 during a Series B funding round. Since then, the company has closed a 45 million dollar Series C funding round in 2018, a 60 million dollar Series D round in late 2019, a 200 million dollar Series E round in October 2020 with a valuation of 1.3 billion dollars, and in 2021 a 150 million dollar round held by existing and new investors with an underlying valuation of 4.3 billion dollars.
- Ometria is a British company that owns a marketing platform based on Artificial Intelligence and with the ambition of centralising all communications between retailers and their customers. This investment was made by Bright Pixel in a Series A funding round, along with several strategic investors (including Summit Action, the Summit Series VC fund) and was subsequently reinforced during Series B and C funding rounds.

During the year ended 31 December 2021, the most significant acquisitions of shareholdings made by Bright Pixel were as following:

- Safebreach, a pioneer in the Breach and Attack Simulation (BAS) market, is one of the world's most widely used continuous security validation solutions. The patented platform automatically and securely executes thousands of attack methods for validating network, endpoint, cloud, container and email security controls. The company has one of the largest attack databases in the world broken down by methods, tactics and threat actors. Safebreach announced a 53.5 million dollars Series D funding round led by Bright Pixel and Israel Growth Partners (IGP), with additional participation from Sands Capital, Bank Leumi and ServiceNow.
- US-based Citcon is a leading provider of mobile wallet payments through a fintech platform that drives commerce on a global scale by connecting retailers around the world with over 100 different payment methods, including digital wallets and local alternative payment systems. Citcon has raised a 30 million dollars Series C funding round led by Norwest Venture Partners and Cota Capital with participation from Bright Pixel and Sierra Venture.

14.2. Through other comprehensive income

The value of financial assets at fair value through other comprehensive income can be analysed as follows:

		Statment of financial position	
Company	Head Office	31 Dec 2021	31 Dec 2020
Sonae			
NOS SGPS, SA	Lisbon	129,580,000	108,604,000
Bright Pixel			
Deepfence	California	2,207,300	2,037,325
Eat Tasty	Vila Nova Famalicão	259,696	259,696
IriusRisk	Zaragoza	1,416,514	1,416,514
Nextail Labs, SL	Madrid	1,628,759	1,628,759
Sensei	Castelo Branco	405,900	405,900
StyleSage, Inc.	Delaware	1,868,807	1,378,547
Other financial assets		211,877	173,048
		7,998,854	7,299,789
Financial assets at fair value through other comprehensive income		137,578,854	115,903,789

As at 31 December 2021, the investments held through Bright Pixel correspond to stakes in unlisted companies and in which the Group does not have significant influence.

Under IFRS 9, these investments are classified as 'Investments at fair value through other comprehensive income' as they are held as long-term strategic investments that are not expected to be sold in the short or medium term and, therefore, they were irrevocably designated as investments at fair value through other comprehensive income. For investments less than 1 year, their acquisition cost was considered a reasonable approximation of their fair value. For investments greater than 1-year, subsequent changes in fair value are presented through other comprehensive income. The fair value of investments is determined in the currency of the country of the investment and converted into euro at the end of the reporting year.

The investment in NOS identified above is valued at fair value classified at level 1 of the corresponding hierarchy of fair value defined in IFRS 13 - Fair Value, based on the quotation on 31 December 2021.

The above described investments of the Bright Pixel segment are valued at fair value classified under level 3 of the corresponding fair value hierarchy defined in IFRS 13 - Fair Value. The vast majority of financial assets at fair value through income correspond to participations valued based on the last transaction which, despite having occurred more than one year ago, still represents the best estimate of fair value of the company.

14.3. Movement during the period

During the years ended at 31 December 2021 and 2020, the movement in the value of financial assets at fair value, was as follows:

	31 Dec 2021	31 Dec 2020
Investments recorded at fair value through other comprehensive income and through profit or loss		
Fair value (net of impairment losses) as at 1 January	213,572,561	63,712,062
Acquisitions in the period	28,921,670	156,870,708
Disposals in the period	(29,794,611)	-
Increase/(decrease) in fair value through profit and loss	67,473,452	21,709,652
Increase/(decrease) in fair value through other comprehensive income	21,675,065	(28,192,640)
Others	-	(527,221)
	301,848,137	213,572,561

At 31 December 2021, the caption "Disposals" refers to the partial disposal of Bright Pixel's participation in Arctic Wolf for the amount of 36.4 million euro, which generated a capital gain of 12.3 million euro, the sale of Bright Pixel 's entire shareholding in CB4 for the amount of 8.5 million euro which generated a capital gain of 5.1 million euro, and the sale of Bright Pixel's entire shareholding in Case on It for the amount of 2.6 million euro which generated a capital gain of 312 thousand euro. These gains were recorded under the item "Gains and losses on investments recorded at fair value through profit or loss" in the consolidated profit and loss statement.

15. Other investments

As at 31 December 2021 the caption "Other investments" totals 14,984,399 euro (14,266,208 euro at 31 December 2020) includes 7,238,916 euro (7,282,500 euro at 31 December 2020), related to deposited amounts on an Escrow Account which is applied in units of participation in investment funds with superior rating, which is a guarantee for contractual liabilities assumed in the disposal of a Brazil MC business and for which provisions were recorded in the applicable situations (Note 34 and 37).

During the years ended 31 December 2021 and 2020, the movement occurred in the value of other current and non-current investments, was as follows:

	31 Dec 2021		31 Dec 2020	
	Non current	Current	Non current	Current
Other investments:				
Other Investments as at 1 January	14,266,208	-	15,536,724	-
Acquisitions in the period	2,346,863	-	2,175,764	-
Disposals in the period	(950,516)	-	(3,430,758)	-
Transfer to held for sale	(128,614)	-	(15,853)	-
Others	(549,541)	-	331	-
Other Investments as at 31 December	14,984,400	-	14,266,208	-
Derivative financial instruments (Note 28)				
Fair value as at 1 January	-	3,303,370	-	588,747
Increase/(decrease) in fair value	-	3,803,177	-	2,714,623
Fair value as at 31 December	-	7,106,548	-	3,303,370
Other financial instruments				
Fair value as at 1 January	-	42,512	-	76,466
Increase/(decrease) in fair value	-	(42,029)	-	(33,954)
Fair value as at 31 December	-	483	-	42,512
	14,984,400	7,107,031	14,266,208	3,345,882

At 31 December 2021 the caption "Derivative financial instruments" relates to a derivative to hedge the exchange rate risk of a financing in USD. This financial instrument was valued at fair value classified in level 2 of the corresponding fair value hierarchy defined in IFRS 13 - Fair Value.

16. Other non-current assets

As at 31 December 2021 and 2020, "Other non-current assets" are detailed as follows:

	31 Dec 2021			31 Dec 2020		
	Gross Value	Accumulated impairment losses (Note 34)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 34)	Carrying Amount
Loans granted to related parties (Note 45)	11,392,130	-	11,392,130	20,965,257	(9,411,112)	11,554,145
Trade accounts receivable and other debtors						
Receivables from disposal of financial investments	4,000,000	-	4,000,000	4,400,000	-	4,400,000
Amounts receivable related to sublease	2,394,939	-	2,394,939	8,578,973	-	8,578,973
Cautions	4,253,201	-	4,253,201	5,520,184	-	5,520,184
Special regime for payment of tax and social security debts	4,480,205	-	4,480,205	4,489,601	-	4,489,601
Legal deposits	2,460,981	-	2,460,981	2,436,445	-	2,436,445
Debt to receive related to Armilar Funds	2,552,773	-	2,552,773	1,253,558	-	1,253,558
Rent deposits from tenants	410,783	-	410,783	327,834	-	327,834
Others	823,773	-	823,773	1,259,937	-	1,259,937
	32,768,785	-	32,768,785	49,231,789	(9,411,112)	39,820,677
Non-current derivatives (Note 28)	235,535	-	235,535	179	-	179
Total financial instruments (Note 7)	33,004,320	-	33,004,320	49,231,968	(9,411,112)	39,820,856
Reinsurer's share of technical provisions	434	-	434	398,471	-	398,471
Other non-current assets	689,855	-	689,855	1,013,411	-	1,013,411
	33,694,609	-	33,694,609	50,643,850	(9,411,112)	41,232,738

The amount included in "Loans to related companies" relates almost entirely to supplies granted to joint ventures and associates of the Sierra. These supplies bear interest at normal market rates.

The amount disclosed as Special Regime for Payment of Tax and Social Security Debts corresponds to taxes paid, voluntarily, related to settlements of income tax on corporate income, which were already in judicial process. The judicial processes are still in progress, however the guarantees provided for the said processes were cancelled. It is the Board of Directors understanding that the claims presented will have a favourable end to Sonae, reason why they were not object of provision (Note 37).

17. Inventories

As at 31 December 2021 and 2020, "Inventories" are detailed as follows:

	31 Dec 2021	31 Dec 2020
Raw materials and consumables	5,636,245	1,852,757
Goods	640,846,086	665,657,017
Finished and intermediate products	9,613,712	9,481,877
Work in progress	839,930	663,731
	656,935,973	677,655,382
Accumulated adjustments in inventories	(23,369,073)	(41,583,141)
	633,566,900	636,072,241

Cost of goods sold as at 31 December 2021 and 2020 amounted to 4,795,518,364 euro and 4,607,326,888 euro, respectively, and may be detailed as follows:

	31 Dec 2021	31 Dec 2020 Restated
Opening balance	667,509,774	683,776,829
Acquisitions of subsidiaries (Note 4.1)	926,485	-
Exchange rate effect	14,693	(70,300)
Changes in consolidation perimeter	(23,458,671)	(775,578)
Purchases	4,842,419,974	4,598,731,313
Adjustments	(25,981,409)	(11,665,238)
Closing balance	646,482,331	667,509,774
	4,814,948,514	4,602,487,252
Adjustments in inventories	(19,430,150)	4,839,636
	4,795,518,364	4,607,326,888

As at 31 December 2021 and 2020, the caption “Adjustments” of inventories refers essentially to regularizations resulting from offers to social solidarity institutions carried out by retail.

The Caption Increase/decrease in Production, as at 31 December 2021 and 2020 amounted to 636,916 euro and (2,866,528) euro, respectively, and may be detailed as follows:

	31 Dec 2021	31 Dec 2020 Restated
Opening balance	10,145,609	11,386,088
Changes in consolidation perimeter	-	(1,013,014)
Adjustments	(479,468)	596,237
Closing balance	10,453,642	10,145,609
	787,501	(823,702)
Adjustments in inventories	(150,585)	(2,042,826)
	636,916	(2,866,528)

18. Trade Receivables

As at 31 December 2021 and 2020, “Trade receivables” are detailed as follows:

Trade receivable and doubtful accounts	31 Dec 2021			31 Dec 2020		
	Gross Value	Impairment losses (Note 34)	Carrying Amount	Gross Value	Impairment losses (Note 34)	Carrying Amount
MC	51,690,414	(3,140,846)	48,549,568	49,894,803	(3,877,530)	46,017,273
Worten	14,810,609	(489,927)	14,320,682	7,278,776	(479,290)	6,799,486
Sierra	20,908,805	(8,736,376)	12,172,429	23,427,797	(11,164,545)	12,263,252
Zeitreel	28,220,192	(3,557,673)	24,662,519	28,419,718	(2,123,836)	26,295,882
Bright Pixel	12,196,534	(236,093)	11,960,441	18,714,742	(1,079,140)	17,635,602
Universo	14,338,772	(89,028)	14,249,744	36,422,611	(197,358)	36,225,253
Others	6,701,885	(1,539,599)	5,162,286	4,095,855	(1,737,669)	2,358,186
	148,867,211	(17,789,542)	131,077,669	168,254,302	(20,659,368)	147,594,934

The activity of Universo (subsidiary SFS - Financial Services, IME, SA (SFS IME)) was materially impacted in 2020 by the structural transformation that had to operate to guarantee, as of 17 December, the activity of granting credit to Universe customers, ending to the relationship maintained, since the beginning of its activity, in October 2015, with Banco BNP Paribas Personal Finance, SA (BNPP PF). As

at 31 December 2020, the amount recorded in Universo's "Trade receivables" caption refers mainly to credit granted to customers as a result of SFS IME having assumed the allocation and management of credit to the customer, through own funds, thus concentrating its integral relationship with the client after the end of the contractual relationship with BNPP PF.

On 1 April 2021, Universo (IME, SA) - manager of a portfolio of financial products and services under the Universo brand - and Banco CTT, S.A. ("Banco CTT") signed a Financial Services Partnership Agreement for the next five years.

Banco CTT will be responsible for financing the credit associated with the Universo Card and for the respective inherent credit risk (initially through a securitization programme of which Banco CTT will be the sole subscriber), with Universo continuing to pursue its mission of providing a set of innovative and competitive financial solutions, while remaining the sole interlocutor in the management and follow-up of all its clients throughout their life cycle and the operation's value chain.

The securitization transaction implied the sale of a loan portfolio constituted by Universo in the initial amount of 104 million euro, and the subsequent sale of the loan portfolio to be constituted, being expected that this portfolio will evolve to amounts higher than 300 million euro in a 12 months period. This operation did not have any impact in terms of capital gains or losses in the Group's consolidated financial statements.

31 Dec 2021	Trade receivables						Total
	Not due	0 - 30 days	30 - 90 days	90 - 180 days	180 - 360 days	+ 360 days	
	0% - 1,02%	0% - 1,46%	0% - 12,62%	0% - 18,12%	0% - 83,43%	0% - 100%	
MC	15,375,306	27,574,798	4,596,093	1,517,936	201,751	2,424,530	51,690,414
Worten	6,248,712	2,681,549	960,337	4,656,603	10,497	252,911	14,810,609
Sierra	-	9,964,640	-	3,075,393	928,491	6,940,281	20,908,805
Zeitreel	16,345,248	5,042,147	2,659,977	1,084,316	417,829	2,670,675	28,220,192
Bright Pixel	9,466,566	350,798	1,702,138	234,746	200,103	242,183	12,196,534
Universo	165,985	13,564,938	351,870	74	1,250	254,655	14,338,772
Others	3,703,727	1,357,667	121,392	237,832	29,297	1,251,970	6,701,885
Total	51,305,544	60,536,537	10,391,807	10,806,900	1,789,218	14,037,205	148,867,211
Impairment losses							
MC	-	(2,767,213)	(4,519)	-	(2,374)	(366,740)	(3,140,846)
Worten	-	(36,611)	-	(4,695)	(722)	(447,899)	(489,927)
Sierra	-	(309,653)	(193,894)	(364,057)	(928,491)	(6,940,281)	(8,736,376)
Zeitreel	-	(1,235,893)	-	(164,119)	(80,855)	(2,076,806)	(3,557,673)
Bright Pixel	-	(7,261)	(5,950)	-	(29,340)	(193,542)	(236,093)
Universo	-	(89,028)	-	-	-	-	(89,028)
Others	-	(1,251)	-	-	-	(1,538,348)	(1,539,599)
Total	-	(4,446,910)	(204,363)	-	(1,041,782)	(11,563,616)	(17,789,542)
	51,305,544	56,089,627	10,187,444	10,806,900	747,436	2,473,589	131,077,669

31 Dec 2020	Trade receivables						Total
	Not due	0 - 30 days	30 - 60 days	90 - 180 days	180 - 360 days	+ 360 days	
	0% - 1,48%	0% - 2,16%	0% - 29,70%	0% - 41,54%	0% - 100%		
MC	20,581,353	18,245,748	5,006,835	755,151	2,559,033	-	29,313,450
Worten	6,609,426	222,716	121,806	8,844	280,374	-	669,350
Sierra	2,137,935	5,173,962	3,239,749	569,304	7,175,441	-	21,289,862
Zeitreel	16,131,645	4,421,838	2,953,910	805,213	2,882,525	-	12,288,073
Bright Pixel	7,250,370	4,976,236	3,070,712	521,049	1,791,370	-	11,464,372
Universo	32,620,366	1,322,269	2,456,657	9,352	2,690	-	3,802,245
Others	1,310,573	68,499	534,042	400	1,485,831	-	2,785,282
Total	86,641,668	34,431,268	17,383,711	2,669,313	16,177,264	-	81,612,634
Impairment losses							
MC	-	(3,504,672)	-	(1,766)	(371,092)	-	(3,877,530)
Worten	-	(20,325)	-	(10,189)	(422,924)	-	(479,290)
Sierra	-	(1,164,911)	(729,426)	(569,304)	(7,175,441)	-	(11,164,545)
Zeitreel	-	-	(6,839)	(113,250)	(1,938,905)	-	(2,123,836)
Bright Pixel	-	(30,036)	-	(54,601)	(994,503)	-	(1,079,140)
Universo	-	(197,358)	-	-	-	-	(197,358)
Others	-	-	-	-	(1,736,169)	-	(1,737,669)
Total	-	(4,917,302)	(736,265)	(749,110)	(12,639,034)	-	(20,659,368)
		29,513,966	16,647,446	1,920,203	3,538,230	-	60,953,266

At 31 December 2021, impairment losses are calculated based on the expected credit loss, the calculation of which results from the application of expected losses based on receipts from sales and services rendered and from historical credit losses. We also consider that there are amounts for which there is no credit risk and as such the expected credit loss is null, namely balances with letters of credit, sureties, credit insurance and balances with related entities. Current balances approximate their fair value.

19. Other receivables

As at 31 December 2021 and 2020, Other debtors are detailed as follows:

	31 Dec 2021	31 Dec 2020
Granted loans to related companies (Note 45)	8,764,198	9,104,016
Other debtors		
Trade creditors - debtor balances	32,388,889	40,552,658
Derivative contracts associated to commercial activity (Note 28)	24,706,071	-
Advances to suppliers	13,780,498	14,193,573
Accounts receivable resulting from promotional campaigns developed with partnerships	6,680,648	7,568,228
VAT recoverable on real estate assets and vouchers discounts	1,606,448	2,840,588
Advances to suppliers of tangible assets	1,869,712	992,391
Escrow account	2,224,081	2,224,081
Disposal of financial investments	400,000	3,400,000
Vouchers and gift cards	1,744,959	2,489,924
Subsidies	1,759,424	1,360,118
Other current assets	26,507,927	31,790,199
	113,668,657	107,411,760
Accumulated impairment losses in receivables (Note 34)	(10,192,873)	(13,896,581)
	103,475,784	93,515,179
Total of financial instruments (Note 7)	112,239,982	102,619,195

The amount included in the caption "Granted Loans to related companies" relates almost entirely to supplies granted to joint ventures and associates of Sierra. These supplies bear interest at normal market rates.

The amounts disclosed as "Trade payables - debtor balances" are relate with commercial discounts billed to suppliers, to be net settled with future purchases - mainly in the retail segment

At 31 December 2021, impairment losses relating to other receivables are calculated based on the expected credit loss based on the non-existence of credit risk for balances with public entities, sureties, subsidies and related entities and as such the expected loss is considered null. Current balances approximate their fair value.

20. Income tax

As at 31 December 2021 and 2020, "Other tax assets" and "Other tax liabilities" are made up as follows:

	31 Dec 2021	31 Dec 2020
Debtors values		
VAT	33,806,318	40,774,800
Other taxes	5,370,612	1,241,811
Other tax assets	39,176,930	42,016,611
Creditors values		
VAT	72,552,367	70,303,188
Staff income taxes withheld	6,575,222	6,725,958
Social security contributions	18,475,057	17,555,064
Other taxes	3,244,250	2,408,195
Other tax liabilities	100,846,896	96,992,405

21. Other current assets

As at 31 December 2021 and 2020, "Other current assets" is made up as follows:

	31 Dec 2021	31 Dec 2020
Commercial discounts	40,740,025	32,137,192
Deferred costs - supplies and services	26,720,631	25,408,555
Invoices to be issued	6,620,431	8,411,308
Operating subsidies	1,741,243	1,054,577
Deferred costs - rents	1,302,116	1,260,264
Other current assets	13,461,168	11,946,895
	90,585,614	80,218,791

The caption "Commercial discounts" refers to promotional campaigns carried out in the retail operating segment stores and reimbursed by Sonae suppliers and recognised under "Cost of sales".

22. Deferred taxes

Deferred tax assets and liabilities as at 31 December 2021 and 2020 may be described as follows considering the different natures of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Difference between fair value and acquisition cost	4,494,615	4,080,627	86,686,900	86,948,484
Temporary differences on property, plant and equipment and intangible assets	498,601	878,819	87,102,196	83,639,246
Temporary difference of negative goodwill and equity method	-	-	44,707,041	27,782,492
Provisions and impairment losses not accepted for tax purposes	16,928,014	20,038,528	-	-
Impairment of assets	-	-	639,053	639,053
Valuation of hedging derivatives	740,886	844,932	5,508,153	137,828
Amortisation of Goodwill for tax purposes in Spain	-	-	39,553,323	33,736,643
Tax losses carried forward	23,526,318	22,098,962	-	-
Reinvested capital gains/losses	-	-	113,833	137,055
Tax Benefits	39,762,334	26,121,341	-	-
Right of use	263,770,237	277,241,211	230,277,839	245,406,220
Others	8,859,248	6,768,384	698,298	676,052
	358,580,253	358,072,804	495,286,636	479,103,073

As at 31 December 2021 in deferred tax assets, under the caption "Others" are included 1,539,000 euro related to deferred taxes related to the fair value of financial assets (NOS) recorded in other comprehensive income (Note 14.2).

The caption "Valuation of hedging derivatives " includes 4,611,288 euro in deferred tax liabilities in 2021 related to the energy derivative mentioned in Note 28.

During the periods ended 31 December 2021 and 2020, movements in deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Opening balance	358,072,804	331,385,376	479,103,073	472,289,494
Effects in net income: (Note 44)				
Difference between fair value and acquisition cost	413,988	(388,061)	(274,522)	(4,128,222)
Temporary differences on property, plant and equipment and intangible assets	(155,921)	(329,317)	4,352,967	5,515,508
Temporary difference of negative goodwill and equity method	-	-	16,924,549	5,762,367
Provisions and impairment losses not accepted for tax purposes	(2,949,380)	4,447,602	-	-
Write-off of deferred accrued costs	-	-	21,451	5,433
Revaluation of tangible assets	-	-	(61,609)	(90,569)
Constitution / reversal of deferred tax assets over tax losses	1,518,160	(9,596,258)	-	-
Amortisation of goodwill for fiscal purposes in Spain	-	-	5,816,680	5,816,680
Reinvested capital gains/(losses)	-	-	(23,222)	(124,041)
Tax Benefits	14,193,403	19,388,484	-	-
Right of use	(13,625,367)	9,214,478	(15,344,647)	5,088,649
Others	142,269	5,420,947	(1,126,641)	1,163,884
	(462,848)	28,157,875	10,285,006	19,009,689
Effects in other comprehensive income:				
Valuation of hedging derivatives	(100,768)	737,295	5,394,987	70,184
Exchange rate effect	54,284	(23,186)	111,275	(11,058,840)
Changes in fair value of financial assets	1,539,000	-	-	-
Others	217,520	(2,380,303)	263,037	(1,400,722)
	1,710,036	(1,666,194)	5,769,299	(12,389,378)
Acquisitions of subsidiaries (Note 4.1)	658,039	-	1,587,722	-
Loss control in subsidiaries (Note 4.2)	(1,397,777)	195,747	(1,458,464)	193,268
CLOSING BALANCE	358,580,253	358,072,804	495,286,636	479,103,073

During the year of 2020, the group subscribed units of participation in the private investment fund Bright Tech Innovation I. This fund aims to invest in companies dedicated to research and development, which, in particular, have a technological or underlying basis for their activity an innovative business concept. In compliance with the Investment Tax Code (CFI) and, as usual in the scope of obtaining SIFIDE, the group will present, by the end of May 2021, an application to SIFIDE under the terms of paragraph f), paragraph 1 of article 37 of CFI.

In the year ended 31 December 2020, the group recorded deferred tax assets in the amount of 24.7 million euro related to this benefit. Expenses that, due to insufficient collection, cannot be deducted in 2021, may be deducted until 2030.

As at 31 December 2021, the tax rate to be used in Portuguese companies, for the calculation of the deferred tax assets relating to tax losses is 21%. The tax rate to be used to calculate deferred taxes in temporary differences in Portuguese companies is 22.5% increased by the state surcharge in companies in which the expected reversal of those deferred taxes will occur when those rates will be applicable. For companies or branches located in other countries, rates applicable in each jurisdiction were used.

In 2016 and in a new decision occurred in 2018, the Spanish Supreme Court decided in favour of Sonae considering that goodwill amortisation for tax purposes in 2008 was applicable. During 2017, the Group recognised 17.5 million euro in deferred tax liabilities related to the tax deduction of the amortisation of the years 2008, 2016, 2017 and 2018 the recognition of 5.8 million euro relating to this exercise.

Taking into account the tax proceedings pending before the court in Spain for the financial years 2008 to 2011, as well as for the fact that the Group was prevented from recognizing the tax depreciation of goodwill for the financial years 2012 to 2015, the right of the entity to deduct tax depreciation of goodwill amounting to 69.8 million euro might be given in the future.

As at 31 December 2021 and 2020, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

Country	31 Dec 2021			31 Dec 2020		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2014	Portugal	1,194,236	250,790	2028	1,194,236	250,790
Generated in 2015	Portugal	174,872	36,723	2029	174,872	36,723
Generated in 2016	Portugal	25,239,435	5,300,281	2030	18,171,151	3,815,942
Generated in 2017	Portugal	-	-	2024	370,059	77,712
Generated in 2018	Portugal	1,268,075	266,296	2025	257,394	54,053
Generated in 2019	Portugal	1,148,264	241,135	2026	291,069	61,124
Generated in 2020	Portugal	8,505,504	1,786,156	2032	8,384,736	1,760,794
Generated in 2021	Portugal	7,452,693	1,565,066	2033	-	-
		44,983,079	9,446,447		28,843,517	6,057,138
With a time limit different from the above mentioned						
	Spain	3,681,124	926,767	2021 to 2031	3,681,124	926,767
	Netherlands	896,655	214,164	2021 to 2026	896,655	214,164
	Luxemburg	296,817	66,695	2021 to 2038	296,817	66,695
		4,874,596	1,207,626		4,874,596	1,207,626
Without limited time use						
	Spain	51,336,829	12,834,207		59,016,626	14,796,160
	Italy	41,445	9,947		41,445	9,947
	Luxemburg	125,014	28,091		125,014	28,091
		51,503,288	12,872,245		59,183,085	14,834,198
		101,360,963	23,526,318		92,901,198	22,098,962

As at 31 December 2021 and 2020, the deferred taxes to be recognised arising from tax losses were evaluated. In the cases in which they originated deferred tax assets, they were only recorded to the extent that it is probable that future taxable income will occur that could be used to recover the tax losses or tax differences that reverted in the same period and considering the limit of compensation existing by law in the applicable cases. This assessment was based on the business plans of Sonae's companies, which are periodically reviewed and updated. The main assumptions used in those business plans are described in Note 12.

As at 31 December 2021, the Group had an amount of 8.4 million euro (8.4 million euro as at 31 December 2020) in the Retail segment of deferred tax assets related to tax losses for this and previous years of the Spanish Tax Group and which can be recovered by it in Spain. The Modelo Continente Hipermercados, SA branch in Spain was, on 31 December 2021 and 2020, the representative entity of the Tax Group in Spain, whose dominant entity is Sonae SGPS, S.A.

The recoverability of the deferred tax assets mentioned above, related to the Group's operations in Spain, is based on the analysis of the recoverable value of the cash generating units for the specialised retail formats in Spain, as well as for the other companies included in the tax perimeter, which are based on their value in use obtained from business plans with a projection period of 5 years.

Main assumptions used in the business plans of the retail companies and the other companies in Spain, included in the Fiscal Group, are based essentially on a compounded 5-year sales growth rate of 2.7% (2.1% in 2020).

Although these tax losses do not expire, the analysis of their recoverability was limited to a 5-year term, also considering the deferred tax liabilities recognised.

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 5 years of the business plan.

As at 31 December 2021, there are reportable tax losses in the amount of 617.3 million euro (613.7 million euro as at 31 December 2020), whose deferred tax assets are not recorded for prudence purposes.

		31 Dec 2021			31 Dec 2020		
	Country	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use							
Generated in 2014	Portugal	8,321,199	1,747,452	2028	8,377,327	1,759,239	2028
Generated in 2015	Portugal	1,288,174	270,516	2029	598,005	125,581	2029
Generated in 2016	Portugal	1,365,079	286,666	2030	754,853	158,519	2030
Generated in 2017	Portugal	2,175,629	456,882	2024	1,885,754	396,008	2024
Generated in 2018	Portugal	1,779,381	373,670	2025	1,582,435	332,311	2025
Generated in 2019	Portugal	3,347,227	702,918	2026	2,782,230	584,268	2026
Generated in 2020	Portugal	9,194,891	1,930,928	2032	7,447,368	1,563,947	2032
Generated in 2021	Portugal	5,923,307	1,243,895	2033	-	-	-
		33,394,887	7,012,927		23,427,972	4,919,873	
With a time limit different from the above mentioned							
	Spain	5,611,123	1,449,156		6,187,538	1,600,877	
	Greece	1,882,986	414,257	2021 to 2026	1,445,030	346,807	2021 to 2026
	Netherlands	35,422,524	7,350,174	2021 to 2027	37,117,211	7,774,339	2021 to 2027
	Luxemburg	4,163,566	1,053,339	2021 to 2038	3,403,004	580,620	2021 to 2038
	Marocco	-	-	-	284,909	28,491	2020 to 2024
	Mexico	-	-	-	3,521,740	1,056,522	2020 to 2030
	Romania	44,896,777	7,183,485	2021 to 2028	35,762,172	5,721,949	2021 to 2028
		91,976,976	17,450,411		87,721,604	17,109,605	
Without limited time use							
	Germany	13,379,970	4,177,321		35,471,372	11,032,954	
	Brazil	25,177,595	8,560,382		15,013,794	5,104,690	
	Belgium	3,339,371	834,843		-	-	
	Spain	412,696,385	103,174,097		407,205,583	101,801,396	
	France	716,232	238,505		2,407,792	802,517	
	Italy	5,581,331	1,339,519		3,933,861	944,127	
	Luxemburg	3,804,763	1,010,597		6,400,901	1,792,205	
	United Kingdom	3,998,112	759,641		3,708,397	704,595	
	Romania	23,220,499	3,715,280		28,471,099	4,555,376	
		491,914,258	123,810,185		502,612,799	126,737,860	
		617,286,121	148,273,523		613,762,375	148,767,338	

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 S.A. for

each of the mentioned years. That branch appealed to the proper Spanish Authorities (Central Administrative Economic Court Madrid) in 2010 and 2011 respectively, and it is the Board of Directors understanding that the decision will be favourable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities. In 2012 the Company interposed appeal to the National Court in Spain ("Audiencia Nacional España"), due to a decision opposite to the claims and estimates of the Company, by the Economic and Administrative Central Court of Madrid, for the notification for fiscal year of 2008. The same procedure was adopted in 2014 for the notification corresponding to the financial year 2009.

In 2014 following an additional inspection for fiscal years 2008 to 2011, Spanish Tax authorities corrected tax losses carried forward regarding goodwill depreciation and financial expenses that resulted from the acquisition of Continente Hipermercados S.A.. Although in complete disagreement, Sonae carried out the tax returns correction and appealed, to the proper Spanish Authorities (Central Administrative Economic Court Spain). Tax reports for 2012 to 2015 were corrected. During 2018, as a result of the unfavourable decision of the Central Economic-Administrative Court of Madrid, an appeal was lodged against the National Audience in Spain.

In 2015 and 2016, the decision of the National Court in Spain regarding the reduction of tax losses arising from the tax depreciation of goodwill in the years ended at 31 December 2008 and 2009 respectively was contrary to the Group's claims, and despite the Branch appealing to the Supreme Court, the Group prudently annulled deferred tax assets from 2008 to 2011, recognised in the accompanying financial statements, amounting to 36 million euro, and the deferred tax liabilities corresponding to the amortisation of goodwill for tax purposes amounting to 18,6 million euro.

In 2016 and in a new decision in 2018, the Supreme Court gave a positive opinion to the Group's pretensions regarding tax amortisation of Goodwill, with reference to 2008, and the Group corrected the tax return for 2016, and it is its intention to also consider such amortisation in the tax return for the next years. Consequently, it recognised the corresponding deferred tax liability for fiscal years 2008, 2016, 2017, 2018 and 2019.

23. Cash and cash equivalents

As at 31 December 2021 and 2020, Cash and cash equivalents are as follows:

	31 Dec 2021	31 Dec 2020
Cash at hand	12,300,586	11,760,910
Bank deposits	801,254,890	749,626,050
Bank deposits - shopkeepers deposits	2,622,702	1,895,483
Treasury applications	8,884,874	20,167
Cash and bank balances on the statement of financial position	825,063,052	763,302,610
Bank overdrafts (Note 27)	(2,373,001)	(11,129,160)
Cash and bank balances in the statement of cash flows	822,690,051	752,173,450

As at 31 December 2021, the amount included in bank deposits, guarantees made by tenants, correspond to the guarantees provided by tenants in the Sonae Sierra segment. These amounts received from tenants are classified under "Other non-current liabilities" (Note 29).

Bank overdrafts include credit balances on current accounts with financial institutions, included in the statement of financial position in the caption "Loans".

24. Non-current assets and liabilities held for sale

As at 31 December 2021 the caption "Non-current assets held for sale" is detailed as follows:

- 21,107,879 euro resulting from the reclassification of the financial investment in MDS SGPS, SA, based on the agreement for the disposal of 50% to Ardonagh Services Limited, an entity wholly owned by The Ardonagh Group Limited (Note 13.1);
- 979,955 euro relating to a property of MC located in Portugal, which was disposed of in January 2022; and
- 726,029 euro relating to a Zeitreel property located in Spain.

As at 31 December 2020, the assets of Bright Brands SportsGoods, S.A., a subsidiary sold in February 2021, are included in non-current assets held for sale.

25. Equity

Share Capital

As at 31 December 2021 and 2020, the share capital, which is fully subscribed and paid for, is made up of 2,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

Cash Settled Equity Swap

On 15th November 2007, Sonae sold 132,856,072 Sonae SGPS shares directly owned by the Company. The shares were sold in a market operation at the unit price of 2.06 euro per share and resulted on a cash inflow (net of brokerage commissions) of 273,398,877 euro.

On the same date, Sonae Investments, BV wholly owned by Sonae entered into a derivative financial instrument - Cash Settled Equity Swap - over a total of 132,800,000 Sonae shares, representative of 6.64% of its capital.

This transaction has strictly financial liquidation, without any duty or right for the Company or any of its associated companies in the purchase of these shares. This transaction allows Sonae Investments BV to totally maintain the economic exposure to the sold shares.

In this context, although legally all the rights and obligations inherent to these shares have been transferred to the buyer, Sonae did not derecognize their own shares, recording a liability in the caption "Other current liabilities" (Note 32), according to the interpretation made by Sonae of the IAS 39, applied by analogy to own equity instruments, the derecognition of own shares is not allowed as the group maintains the risks and rewards arising on the instruments sold.

Consequently, Sonae maintains in its capital acquisition cost of the shares that remain covered by the contract.

In November 2014, was made a renewal for an additional period of one-year renewable automatically, keeping the remaining conditions unchanged. During the year of 2021 the Group requested the partial termination of the Cash Settled Equity Swap for 4,617,270 Sonae SGPS shares, which resulted receipts of 394,186 euro (9,327 euro as at 31 December 2020), included in the "Other" caption of the Investment Activities in the consolidated statement of cash flows. Additionally, the price variations of this instrument represented in 2021 receipts of 22,787,678 euro and payments of 3,729,260 euro

(26,704,698 euro of receipts and 51,003,876 euro in payments as at 31 December 2020) included also in the Investment Activities as "Others". On 28 September 2021, Sonae terminated the Cash Settled Equity Swap covering a total of 85,146,422 shares.

On the same day Sonae agreed to acquire the Sonae share portfolio held by BPI in order to hedge its position in that instrument, totalling 85,146,422 shares, at a price of 0.8955 euro per share, and from that date onwards it directly held those treasury shares by amount of 76,248,621 euro.

The receivable amount calculated based on dividends and reserves distributed by the Company is credited in equity in order to offset the negative variation caused by its distribution. During the year of 2021 the amount of dividends attributed by Sonae SGPS, SA amounted to 97,200,000 euro (92,600,000 euro at 31 December 2020) and 4,277,300 euro (4,156,058 euro at 31 December 2020) were attributed to Sonae SGPS, SA shares under the Cash Settled Equity Swap, existing at the time of the distribution of the dividends, which were credited to equity. The value of dividends distributed less shares in cash settled swap was 92.922.670 euro.

Reserves and retained earnings

Reserves relating to own shares

Under Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of the company, presented in accordance with IFRS. Additionally, increases resulting from the application of the equity method, fair value through other comprehensive income or profits can only be distributed when the items that originated them are disposed of, exercised or liquidated.

During the year ended 31 December 2021, Sonae held 85,146,422 own shares representing 4.26% of its share capital, at a price of 0.8955 euro.

In accordance with legislation the company must maintain as unavailable a reserve in the amount of 76,248,621 euro relating to its own shares for as long as it holds them.

Main changes in the period

On 5 March 2021 Grosvenor exercised a put option over 10% of the shares held in Sierra for an estimated amount of 82.2 million euro. Following the completion of this transaction, Sonae now owns 80% of the share capital and voting rights of Sierra. The main impact of this operation on the Group's consolidated financial statements is the transfer of Reserves from "Non-controlling Interests" to "Group Equity", given that Sonae already owned a controlling interest of 70% in Sierra.

On 18 August 2021, Sonae SGPS concluded the sale of 24.99% of the share capital of MC to Camoens Investments S, á r. l, an entity indirectly held by funds managed by CVC Advisers Company (Luxembourg) S, á r. l ("CVC Funds") for the amount of Euro 528 million euro. Besides the financial proceeds of this transaction, the main impact of this operation on the Group's consolidated financial statements is a reduction of reserves in "Group Equity" of 334 million euro and an increase in "Non-controlling interests" of 194 million euro, since Sonae continues to hold the control of MC.

Capital Structure

As at 31 December 2021, the following entities held more than 20% of the subscribed share capital:

Entity	%
Efanor Investimentos, SGPS, SA and its subsidiaries	56.74

26. Non-controlling interest

As at 31 December 2021 and 2020, “Non-controlling interests” are detailed as follows:

31 Dec 2021					
	Equity ⁽¹⁾	Profit/(Loss) for the period ⁽¹⁾	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
MC	1,040,429,576	216,174,871	265,712,374	42,795,669	-
Worten	2,304,572	1,008,564	921,827	403,425	-
Sierra	839,753,486	20,663,731	220,767,054	9,172,798	(427,203)
Zeitreel	35,349,576	(9,160,025)	(1,816,156)	(1,134,640)	-
Bright Pixel	1,207,696,937	120,167,827	118,529,358	11,868,589	(2,976,114)
Others	15,684,487	159,546	61,487	(144,460)	-
Total	3,141,218,634	349,014,515	604,175,944	62,961,382	(3,403,317)

- 1) Contribution to the consolidated financial statements of the Group;

31 Dec 2020					
	Equity ⁽¹⁾	Profit/(Loss) for the period ⁽¹⁾	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
MC	214,978,801	9,931,994	50,116,945	5,073,903	(5,231,349)
Worten	12,644,172	8,195,312	518,402	40,299	-
Sierra	818,977,013	(46,475,088)	286,810,588	(17,094,522)	(74,522,088)
Zeitreel	51,421,209	(11,660,221)	(774,070)	(8,084,221)	-
Bright Pixel	1,095,404,141	58,919,126	111,100,688	4,753,603	(2,721,572)
Others	12,307,644	725,726	(709,424)	25,517	-
Total	2,205,732,980	19,636,849	447,063,129	(15,285,421)	(82,475,009)

- 1) Contribution to the consolidated financial statements of the Group;

Movements in non-controlling interests during the periods ended as at 31 December 2021 and 2020 are as follows:

31 Dec 2021							
	MC	Worten	Sierra	Zeitreef	Bright Pixel	Others	Total
Opening balance as at 1 January	50,116,945	518,402	286,810,588	(774,070)	111,100,688	(709,424)	447,063,129
Distributed dividends	-	-	(427,203)	-	(2,976,114)	-	(3,403,317)
Distributed income of Investment Funds	(120,102)	-	-	-	-	-	(120,102)
Delivery and attribution of shares to employees due to the extinction of the obligation	228,338	-	1,131	-	-	-	229,469
Change in percentage of subsidiaries	193,136,884	-	(75,388,565)	-	(252,831)	-	117,495,488
Change in currency translation reserve	2,212,175	-	(94,294)	-	(39,446)	31,804	2,110,239
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	-	-	420,776	-	265,537	(107,093)	579,220
Acquisition of subsidiaries (4.1)	-	-	-	-	-	621,013	621,013
Disposal of subsidiaries (Note 4.2)	(26,326,524)	-	-	-	(1,196,333)	-	(27,522,857)
Changes in hedging reserves	3,502,044	-	249,173	-	-	-	3,751,217
Others	166,945	-	22,650	92,554	(240,732)	369,647	411,064
Profit for the period attributable to non-controlling interests	42,795,669	403,425	9,172,798	(1,134,640)	11,868,589	(144,460)	62,961,382
Closing balance as at 31 December	265,712,374	921,827	220,767,055	(1,816,156)	118,529,358	61,487	604,175,944

31 Dec 2020							
	MC	Worten	Sierra	Zeitreef	Bright Pixel	Others	Total
Opening balance as at 1 January	54,885,160	478,103	782,072,434	28,838,691	109,174,875	(734,921)	974,714,342
Distributed dividends	(5,231,349)	-	(74,522,088)	-	(2,721,572)	-	(82,475,009)
Distributed income of Investment Funds	(424,368)	-	-	-	-	-	(424,368)
Change in percentage of subsidiaries	(2,900,821)	-	-	(21,709,417)	-	-	(24,610,238)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	-	-	(25,277,435)	-	(621,609)	-	(25,899,044)
Change in fair value of investments available for sale	-	-	-	-	45,610	-	45,610
Capital increase	-	-	-	140,000	-	-	140,000
Capital decrease	(2,000,000)	-	(25,221,946)	-	-	-	(27,221,946)
Loss of control of subsidiaries	-	-	(356,173,784)	-	-	-	(356,173,784)
Changes in hedging reserves	795,077	-	100,462	-	-	-	895,539
Others	(80,657)	-	(364,356)	40,877	625,432	(20)	221,277
Profit for the period attributable to non-controlling interests	5,073,903	40,299	(17,094,522)	(8,084,221)	4,753,603	25,517	(15,285,421)
Closing balance as at 31 December	50,116,945	518,402	286,810,588	(774,070)	111,100,688	(709,424)	447,063,129

As at 31 December 2021 and 2020, the aggregate financial information of subsidiaries with non-controlling interests is as follows:

31 Dec 2021							
	MC	Worten	Sierra	Zeitree	Bright Pixel	Others	Total
Total Non-Current Assets	3,399,888,207	18,323,426	954,629,864	138,172,862	988,781,001	14,643,906	5,514,439,266
Total Current Assets	765,187,528	12,832,959	274,634,083	45,555,785	318,898,449	10,197,875	1,427,306,679
Total Non-Current Liabilities	1,849,740,135	16,892,046	287,578,213	49,475,368	54,526,254	4,984,462	2,263,196,478
Total Current Liabilities	1,275,885,979	11,959,767	101,932,248	98,903,703	45,456,259	4,172,832	1,538,310,788
Assets classified as held for sale	979,955	-	-	-	-	-	979,955
Equity	1,040,429,576	2,304,572	839,753,486	35,349,576	1,207,696,937	15,684,487	3,141,218,634

31 Dec 2020							
	MC	Worten	Sierra	Zeitree	Bright Pixel	Others	Total
Total Non-Current Assets	296,014,636	19,277,617	952,510,760	152,265,010	951,137,534	8,021,457	2,379,227,014
Total Current Assets	87,723,608	126,278,787	285,837,820	41,132,390	264,326,903	13,294,034	818,593,542
Total Non-Current Liabilities	89,993,148	18,810,579	284,053,547	70,909,753	68,880,626	3,030,881	535,678,534
Total Current Liabilities	78,766,295	114,101,653	135,318,020	71,066,438	51,179,670	5,976,966	456,409,042
Equity	214,978,801	12,644,172	818,977,013	51,421,209	1,095,404,141	12,307,644	2,205,732,980

31 Dec 2021							
	MC	Worten	Sierra	Zeitree	BrightPixel	Others	Total
Turnover	5,310,440,884	60,729,822	97,244,747	113,734,504	74,532,448	7,002,622	5,663,685,027
Change in fair value in Investment Properties	-	-	(2,468,068)	-	-	-	(2,468,068)
Other operating income	101,462,611	467,777	3,946,222	3,280,194	4,806,308	869,974	114,833,086
Operating expenses	(5,169,749,408)	(59,523,852)	(92,917,831)	(123,535,684)	(90,220,353)	(7,541,051)	(5,543,488,179)
Financial results	(76,867,180)	(757,295)	(7,502,476)	(1,889,807)	777,828	(51,115)	(86,290,045)
Gains or losses on joint ventures and associates	1,208,228	-	24,220,463	-	62,348,630	-	87,777,321
Investment results	(889,917)	-	99,083	-	85,237,591	-	84,446,757
Income tax expense	627,285	92,112	(1,958,409)	(749,232)	(22,744,145)	(120,885)	(24,853,274)
Consolidated profit/(Loss) for the period	166,232,503	1,008,564	20,663,731	(9,160,025)	114,738,307	159,545	293,642,626
Profit/(Loss) from discontinuing operations	49,942,368	-	-	-	5,429,520	-	55,371,889
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	216,174,871	1,008,564	20,663,731	(9,160,025)	120,167,827	159,545	349,014,514

31 Dec 2020

	MC	Worten	Sierra	Zeitreel	BrightPixel	Others	Total
Turnover	259,329,303	57,665,595	93,043,318	102,211,283	100,543,791	13,678,636	626,471,926
Change in fair value in Investment Properties	-	-	(27,908,838)	-	-	-	(27,908,838)
Other operating income	59,523,880	146,149,742	457,153	62,223,834	12,152,977	869,204	281,376,790
Operating expenses	(299,288,148)	(192,974,369)	(118,072,182)	(176,897,766)	(121,882,937)	(17,178,215)	(926,293,617)
Financial results	(5,193,132)	207,772	(7,966,336)	(1,306,583)	21,018,316	(7,511)	6,752,526
Gains or losses on joint ventures and associates	18,428	-	(47,517,655)	-	46,066,977	(5,332)	(1,437,582)
Investment results	(133)	-	59,010,181	-	(33,786)	2,885	58,979,147
Income tax expense	(4,458,204)	(2,853,428)	2,479,271	2,109,011	1,053,788	3,366,059	1,696,497
Consolidated profit/(Loss) for the period	9,931,994	8,195,312	(46,475,088)	(11,660,221)	58,919,126	725,726	19,636,849
Profit/(Loss) from discontinued operations	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	9,931,994	8,195,312	(46,475,088)	(11,660,221)	58,919,126	725,726	19,636,849

27. Loans

As at 31 December 2021 and 2020, loans are made up as follows:

Bank loans

	31 Dec 2021		31 Dec 2020	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae, SGPS, SA - commercial paper	147,600,000	270,000,000	67,865,000	380,000,000
Sonae SGPS, SA 2016/2023	30,000,000	-	10,000,000	30,000,000
Sonae SGPS, SA 2020/2025	-	25,000,000	-	25,000,000
Sonae SGPS, SA 2020/2027	-	-	-	30,000,000
Sonae MC, SGPS, SA - commercial paper	-	105,950,402	-	140,000,000
Sonae MC affiliated / 2014/2023	-	50,000,000	-	50,000,000
Sonae MC affiliated / 2015/2023	-	-	-	20,000,000
Sonae MC affiliated / 2017/2025	-	-	3,333,333	13,333,333
Sonae MC / 2018/2031	-	55,000,000	-	55,000,000
Sonae MC affiliated / 2020/2025	-	55,000,000	-	55,000,000
Sonae MC affiliated / 2021/2028	-	20,000,000	-	-
Sonae Holding affiliated / 2014/2021	-	-	20,000,000	-
Sonae Holding affiliated / 2019/2026	-	50,000,000	-	50,000,000
Sonae Holding affiliated - commercial paper	-	-	5,000,000	15,000,000
Sonae Sierra SGPS, SA - commercial paper	25,000,000	-	10,000,000	15,000,000
Sonae Sierra / 2018/2022	10,000,000	-	-	10,000,000
Sonae Sierra affiliated / 2016/2026	-	36,300,000	41,300,000	-
Sonae Sierra affiliated / 2015/2023	5,200,000	107,900,000	5,200,000	113,100,000
Others	6,336,240	6,396,905	3,614,637	7,052,922
	224,136,240	781,547,307	166,312,970	1,008,486,255
Bank overdrafts (Note 23)	2,373,001	-	11,129,160	-
Up-front fees	(407,902)	(820,382)	(302,805)	(1,588,843)
Bank loans	226,101,339	780,726,925	177,139,325	1,006,897,412

Bonds and other loans

	31 Dec 2021		31 Dec 2020	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bonds				
Bonds Sonae SGPS/ 2019/2026	-	-	-	50,000,000
Bonds Sonae SGPS/ 2020/2027	-	-	-	160,000,000
Bonds ESG Sonae SGPS/ 2020/2025	-	-	-	50,000,000
Bonds ESG Sonae SGPS/ 2020/2025	8,000,000	12,000,000	-	20,000,000
Bonds Sonae MC/ December 2015/2024	-	-	-	50,000,000
Bonds Sonae MC/ May 2015/2022	-	-	-	75,000,000
Bonds Sonae MC/ December 2019/2024	-	30,000,000	-	30,000,000
Bonds Sonae MC/ April 2020/2027	-	95,000,000	-	95,000,000
Bonds Sonae MC/ July 2020/2025	50,000,000	-	-	50,000,000
Bonds Sonae MC/ July 2020/2025	22,500,000	-	-	22,500,000
Bonds ESG MC December/ 2021/2024	-	40,000,000	-	-
Bonds ESG MC November/ 2021/2026	-	60,000,000	-	-
Bonds Sonae Sierra / 2018/2025	10,000,000	30,000,000	10,000,000	40,000,000
Bonds Sonae Sierra / 2018/2023	-	25,000,000	-	25,000,000
Bonds Sonae Sierra / 2018/2023	-	25,000,000	-	25,000,000
Up-front fees	(245,363)	(1,584,172)	(150,045)	(4,800,887)
Bonds	90,254,637	315,415,828	9,849,955	687,699,113
Other loans	813,617	1,218,089	701,251	1,806,789
Derivative instruments (Note 28)	-	(435)	5,666,462	-
Other loans	813,617	1,217,654	6,367,713	1,806,789

The interest rate at 31 December 2021 on bond loans and bank loans averaged approximately 1.01% (1.24% at 31 December 2020). Most of the bond loans and variable-rate bank loans are indexed to Euribor.

In April 2021 MC issued 120,000,000 USD of commercial paper under Sonae MC 2019/2024 programme (above valued at 105,950,400 euro) and simultaneously acquired a derivative to hedge the exchange rate risk. This derivative constituted, at 31 December 2021, an asset shown as "Other investments" in the financial statement position for 7,106,548 euro (Note 28).

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.

Derivatives are recorded at fair value (Note 28) and in 2021 the operational hedge derivatives were reclassified to the captions "Other investments" or "Other receivables" depending on whether they are current or non-current assets.

The loans face value, maturities and interests are as follows:

	31 Dec 2021		31 Dec 2020	
	Capital	Interests	Capital	Interests
N+1 ^{a)}	317,822,859	15,616,576	188,143,381	21,483,762
N+2	330,746,020	11,212,336	331,971,676	19,527,004
N+3	268,243,617	6,789,078	530,727,265	14,425,013
N+4	125,365,234	4,905,689	234,987,237	8,380,072
N+5	279,887,302	2,935,458	341,020,193	5,756,385
After N+5	95,523,224	1,508,856	264,086,672	4,372,551
	1,417,588,256	42,967,993	1,890,936,425	73,944,787

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

The maturities above were estimated in accordance with the contractual terms of the loans and considering Sonae's best estimated regarding their reimbursement date.

As at 31 December 2021 there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are in regular compliance.

As at 31 December 2021, Sonae has, as detailed below, cash and bank balances equivalents in the amount of 825 million euro (763 million euro in 2020) and available credit lines as follows:

	31 Dec 2021		31 Dec 2020	
	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				
MC	96,000,000	190,000,000	94,000,000	265,000,000
Sierra	54,969,346	-	54,969,346	-
Sonae	75,150,000	160,240,452	109,266,276	207,161,129
	226,119,346	350,240,452	258,235,622	472,161,129
Agreed credit facilities				
MC	96,000,000	290,000,000	94,000,000	405,000,000
Sierra	54,969,346	-	54,969,346	-
Sonae	171,400,000	315,900,000	137,000,000	607,650,000
	322,369,346	605,900,000	285,969,346	1,012,650,000

Considering the lines already contracted at the beginning of 2022, in addition to what is detailed in the Cash and cash equivalents note, Sonae had additional credit lines available in the amount of 50 million euro, with a commitment of more than one year, totalling 400 million euro.

28. Derivatives

Exchange rate derivatives

Sonae uses exchange rate derivatives, essentially to hedge future cash flows that will occur in the next 12 months.

Therefore, Sonae entered several exchange rates forwards in order to manage its exchange rate exposure.

The fair value of the hedging exchange rate derivatives calculated based on the current market values of equivalent exchange rate financial instruments is nil in liabilities, and 11,318,006 euro in assets (5,666,462 euro in liabilities and 800,185 euro in assets, at 31 December 2020).

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 reference currency multiplied by the difference between the contracted foreign exchange rate and the market rate for the settlement date as at the valuation date.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment were recorded directly in the income statement in the captions "Financial income" or "Financial expenses" (Note 39).

Gains and losses associated with changes in the market value of derivative instruments are recorded under the caption "Cash-flow hedging reserves", when considered as cash flow hedges and under "Exchange rate differences" when considered to be fair value hedges. The change in market value of derivative instruments when considered speculation is recorded in the income statement under "Other expenses".

Interests rates derivatives

Sonae uses "swaps", "Caps" and "zero cost collars" of interest rate to form the interest rate risk. Interest rate "swaps", "caps" and "zero cost collars" are valued at fair value at the reporting date, determined by the valuation performed by the banking entities with which these derivatives were contracted.

The determination of the fair value of these financial instruments was based on the update for the reporting date of the future cash-flows corresponding to the difference between the interest rate to be paid by the Group to the counterparty of the derivative and the variable interest rate to be received by the Derivative counterparty group where this variable interest rate corresponds to the indexed interest rate contracted with the entity that granted the financing. In addition, tests were performed on the fair value of these derivative financial instruments, in order to revalidate the fair value determined by those entities.

The hedging principles used by the Group in contracting these hedging instruments are as follows:

- Matching between cash-flows paid and received, i.e., there is a coincidence between the dates of the interest flows paid in the loans contracted and exchanged with the bank;
- Matching between indexers and the reference index in the hedging instrument and in the financing to which the underlying derivative is related;
- In a scenario of interest rates extreme rise or fall, the maximum cost of financing is perfectly limited and calculated.

The fair value of efficient hedging instruments was recorded against the Group's hedging reserve (235,535 euro and 435 euro at 31 December 2021 and 2020, respectively).

Interest rate and Exchange rate derivatives

As at 31 December 2021 no contracts existed, related to interest rate and exchange rate derivatives simultaneously.

Energy price derivatives

As part of its operations in the Iberian electricity market, Sonae buys electricity in an organized market (OMIE), sells it to third parties and is a consumer of electricity in its various businesses.

Electricity price management can be carried out using contracting operations, with financial and physical settlements, in the forward energy markets. These operations aim to reduce the volatility of the economic impact arising from the variation in the price of electricity within the trading limits defined by the risk policy of the companies involved. The financial instruments traded may include bilateral and future price-fixing agreements.

The fair value of efficient hedging financial instruments was recorded against the Group's hedging reserves (20,494,613 euro and 2,503,186 euro at 31 December 2021 and 2020, respectively).

Fair value of derivative financial instruments

The fair value of derivatives is detailed as follows:

	Assets (Note 19)		Liabilities (Note 27)	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Derivatives not qualified as hedging				
Exchange rate	4,211,458	800,185	-	5,666,462
Electricity	20,494,613	2,503,186	-	-
	24,706,071	3,303,370	-	5,666,462

	Assets (Note 15)		Liabilities (Note 27)	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Derivatives not qualified as hedging				
Exchange rate (Note 27)	7,106,548	-	-	-
Interest rate	235,535	179	435	-
	7,342,083	179	435	-

The derivative instruments described above are stated at fair value classified under level 2 of the corresponding fair value hierarchy defined in IFRS 13 - Fair Value.

29. Other non-current liabilities

As at 31 December 2021 and 2020 "Other non-current liabilities" are made up as follows:

	31 Dec 2021	31 Dec 2020
Shareholders loans	660,000	-
Creditors for acquisition of financial investments	5,491,000	4,539,333
Transaction tax	2,239,400	4,030,919
Rents deposits from tenants	2,297,499	1,732,919
Other non-current liabilities	1,402,275	1,141,500
Financial instruments (Note 7)	12,090,174	11,444,671
Deferral of the disposal of the extended warranties in the Worten segment (Note 2.17)	51,459,588	49,682,529
Commissions to be received (D&G Insurance)	14,580,011	-
Charges made on the sale of real estate (Notes 2.6 and 8)	18,538,982	19,390,392
Other accruals and deferrals	251,759	425,402
Other non-current liabilities	96,920,514	80,942,994

The caption "Commissions receivable (D&G Insurance)" relates to the initial commission received from Domestic & General Insurance Europe AG for the renewal of the D&G (domestic and general) contract for marketing these non-life insurance products in the Group's shops. This amount is being recognised over the term of the referred contract which ends on 1 June 2026.

In 2021, the caption "Creditors for the acquisition of financial investments" includes 2.5 million euro (3.3 million euro at 31 December 2020) relating to the debt value of the acquisition of Iservices.

The amount payable related to Transaction Tax refers to the amount to be pay by Gli Orsi to the tax authorities.

The carrying amount of "Other non-current liabilities" is estimated to be approximately its fair value.

30. Share based payment

In 2021 and in previous years, Sonae in accordance with the remuneration policy described in the corporate governance report granted deferred performance bonus to its directors and eligible employees. These are either based on shares to be acquired at nil cost or with discount, three years after they were attributed to the employee, or based on share options with the period price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third year after of the grant date and the end of that year.

As At 31 December 2021, all Sonae SGPS's share plans are recorded, in the statement of financial position, under the caption "Other reserves" against "Staff expenses" at fair value of the shares determined at the grant date of the 2021, 2020 and 31 December 2019 plans attributed until then. Share plan costs are recognised in the accounts over the year between the award and the vesting date of those shares.

As at 31 December 2021 and 2020, 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:

Year of attribution	Vesting year	Sonae SGPS		Number of shares	
		Number of participants	Share price on date of assignment	31 Dec 2021	31 Dec 2020
2018	2021		0.810	–	3,279,647
2019	2022	63	0.952	4,069,312	4,171,778
2020	2023	64	0.662	6,452,575	6,919,305
2021	2024	75	1.003	5,472,453	–
				15,994,340	14,370,730

During the period ending 31 December 2021 the movements on the above-mentioned share based plans were the following:

	Sonae Shares	
	Aggregate number of participants	Number of shares
Balance as at 31 December 2020	217	14,370,730
Grant	75	5,560,225
Vesting	(69)	(3,445,418)
Canceled / extinct / corrected / transferred ⁽¹⁾	(21)	(491,197)
Closing balance as at 31 December 2021	202	15,994,340

(1) Corrections are made on the basis of the dividend paid and the changes of share capital and other equity adjustments.

As at 31 December 2021 and 2020, the total fair value of shares attributed arising from these outstanding deferred performance plans can be summarized as follows:

Year of attribution	Vesting year	Fair value *	
		31 Dec 2021	31 Dec 2020
		Sonae SGPS	Sonae SGPS
2018	2021	–	2,169,486
2019	2022	4,081,520	1,839,754
2020	2023	4,314,622	1,525,707
2021	2024	1,829,623	–
Total		10,225,765	5,534,947

* Share market value as of 31 December 2021 and 2020.

As at 31 December 2021 and 2020 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 2021	31 Dec 2020
Recorded in employee benefits expense in the current	6,677,576	5,036,939
Recorded in previous years	2,640,984	3,153,858
	9,318,560	8,190,797
Recorded value in Other reserves	9,318,560	8,190,797
	9,318,560	8,190,797

31. Trade payables

As at 31 December 2021 and 2020 Trade payables are as follows:

	31 Dec 2021	Payable to	
		up to 90 days	more than 90 days
Trade payables - current account			
MC	730,561,732	730,488,357	73,375
Worten	441,165,867	441,165,867	-
Sierra	6,082,882	4,907,892	1,174,990
Zeitreel	45,769,694	41,404,090	4,365,604
Bright Pixel	9,248,212	9,248,212	-
Universo	5,012,801	5,012,801	-
Others	3,900,352	3,900,352	-
	1,241,741,540	1,236,127,571	5,613,969
Trade payables - Invoice Accruals	104,813,087	104,813,087	-
	1,346,554,627	1,340,940,658	5,613,969

	31 Dec 2020	Payable to	
		up to 90 days	more than 90 days
Trade payables - current account			
MC	730,689,313	730,687,282	2,031
Worten	438,700,827	438,406,129	294,698
Sierra	4,380,390	3,205,400	1,174,990
Zeitreel	48,973,124	47,086,442	1,886,682
Bright Pixel	10,800,574	10,257,933	542,641
Universo	7,121,000	7,121,000	-
Others	1,216,296	1,186,399	29,897
	1,241,881,524	1,237,950,585	3,930,939
Trade payables - Invoice Accruals	96,675,287	96,675,287	-
	1,338,556,811	1,334,625,872	3,930,939

As at 31 December 2021 and 2020 this caption includes amounts payable to suppliers resulting from Sonae operating activity. The Board of Directors believes that the fair value of these balances does not differ significantly from its book value and the effect of discounting these amounts is not material.

The company maintains cooperation agreements with financial institutions in order to enable the suppliers of retail segment, to access to an advantageous tool for managing their working capital, upon confirmation by Sonae of the validity of credits that suppliers hold on it. Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries. These retail subsidiaries consider that the economic substance of these financial liabilities does not change, therefore these liabilities are kept as accounts payable to Suppliers until the normal maturity of these instruments under the general supply agreement established between the company and the supplier, whenever (i) the maturity corresponds to a term used by the industry in which the company operates, this means that there are no significant differences between the payment terms established with the supplier and the industry, and (ii) the company does not have net costs related with the anticipation of payments to the supplier when compared with the payment within the normal term of this instrument.

32. Other payables

As at 31 December 2021 and 2020, the caption “Other payables” is detailed as follows:

	31 Dec 2021	Payable to		
		up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	82,261,277	81,909,150	133,122	219,005
Other payables	80,405,047	80,126,067	100,262	178,718
	162,666,324	162,035,217	233,384	397,723
Related undertakings	-	-	-	-
	162,666,324	162,035,217	233,384	397,723

	31 Dec 2020	Payable to		
		up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	75,233,474	74,822,791	-	410,683
Other payables	131,601,701	67,209,174	237,819	64,154,708
	206,835,175	142,031,965	237,819	64,565,391
Related undertakings	-	-	-	-
	206,835,175	142,031,965	237,819	64,565,391

The caption “Other payables” includes:

- 33,825,874 euro (32,125,939 euro as at 31 December 2020) relating to vouchers, gift cards and discount tickets not yet redeemed;
- 9,472,532 euro (12,427,738 euro at 31 December 2020) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente"; and
- 60,604,289 euro at 31 December 2020 related to the fair value of Sonae SGPS, SA shares covered by the financial derivative referred to in Note 25, which was cancelled in 2021.

As at 31 December 2021 and 2020, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest. The Board of Directors understands that the fair value of these payables is similar to its book value and the result of discounting these amounts is immaterial.

33. Other current liabilities

As at 31 December 2021 and 2020, “Other current liabilities” are made up as follows:

	31 Dec 2021	31 Dec 2020
Holiday pay and bonus	166,891,933	159,735,951
Other external supplies and services	59,035,469	59,330,716
Marketing expenses	19,904,213	15,994,834
Deferred Revenue of warranty extension (Note 2.17)	22,097,301	21,410,769
Advance receipts from trade receivables	13,294,344	13,171,489
Expenses on purchases	7,701,213	9,851,896
Fixed rents charged in advance	3,190,175	3,467,412
Financial charges payable	2,641,799	4,092,156
Rentals	4,681,760	8,621,776
Rights of use	1,432,822	3,976,281
Municipal property tax	1,910,309	1,997,960
Others	24,389,015	23,995,857
	327,170,353	325,647,099

34. Provisions and impairment losses

Movements in “Provisions and impairment losses” during the period ended 31 December 2021 and 2020 are as follows:

Caption	Balance as at 01 Jan 2021	Increase	Decrease	Discontinued operations (Note 4.2)	Transfer to held for sale	Balance as at 31 Dec 2021
Accumulated impairment losses on investments (Note 13 and 14)	3,577,791	2,877,193	(1,908,713)	–	–	4,546,271
Impairment losses on property, plant and equipment (Note 8)	122,655,719	12,886,699	(14,344,413)	(565,736)	(115,012)	120,517,257
Impairment losses on intangible assets (Note 9)	34,342,007	1,758,761	(1,134,691)	–	–	34,966,077
Accumulated impairment losses on non-current assets (Note 16)	9,411,112	–	(9,411,112)	–	–	–
Accumulated impairment losses on non-current assets held for sale	51,375	–	–	–	–	51,375
Accumulated impairment losses on trade receivables (Note 18)	20,659,368	5,951,885	(8,462,965)	–	(358,746)	17,789,542
Accumulated impairment losses on other current debtors (Note 19)	13,896,581	430,435	(4,129,988)	–	(4,155)	10,192,873
Total of impairments	204,593,953	23,904,973	(39,391,882)	(565,736)	(477,913)	188,063,395
Non - current provisions	47,032,991	3,280,974	(28,669,690)	–	(167,299)	21,476,976
Current provisions	16,344,127	3,307,944	(15,481,805)	–	–	4,170,266
Total of provisions	63,377,118	6,588,918	(44,151,495)	–	(167,299)	25,647,242
	267,971,071	30,493,891	(83,543,377)	(565,736)	(645,212)	213,710,637

Caption	Balance as at 01 Jan 2020	Increase	Decrease	Perimeter changes	Transfer to held for sale	Balance as at 31 Dec 2020
Accumulated impairment losses on investments (Note 13 and 14)	4,501,208	1,920,020	–	(2,843,437)	–	3,577,791
Impairment losses on property, plant and equipment (Note 8)	114,081,043	12,942,611	(4,201,199)	–	(166,736)	122,655,719
Impairment losses on intangible assets (Note 9)	30,008,630	7,241,272	(2,660,986)	–	(246,909)	34,342,007
Accumulated impairment losses on non-current assets held for sale (Note 16)	–	9,411,112	–	–	–	9,411,112
Accumulated impairment losses on non-current assets held for sale	–	–	51,375	–	–	51,375
Accumulated impairment losses on trade receivables (Note 18)	16,657,878	8,051,989	(3,381,193)	–	(669,306)	20,659,368
Accumulated impairment losses on other current debtors (Note 19)	9,972,859	6,249,103	(2,325,381)	–	–	13,896,581
Total of impairments	175,221,618	45,816,107	(12,517,384)	(2,843,437)	(1,082,951)	204,593,953
Non - current provisions	42,652,254	11,439,059	(7,058,322)	–	–	47,032,991
Current provisions	4,405,596	14,895,359	(2,956,828)	–	–	16,344,127
Total of provisions	47,057,850	26,334,418	(10,015,150)	–	–	63,377,118
	222,279,468	72,150,525	(22,532,534)	(2,843,437)	(1,082,951)	267,971,071

As at 31 December 2021 and 2020 the net amount of "Increases" and "Decreases" in provisions and impairment losses can be detailed as follows:

	31 Dec 2021	31 Dec 2020
Impairment losses in the income statement	23,168,152	47,661,472
Provisions in the income statement	5,285,180	28,952,666
Impairment losses on "Goodwill" (Note 12)	(7,435,353)	(9,416,050)
Provisions in "Investment properties"	(2,300,000)	-
Provisions for the reorganization Worten Spain	(7,751,853)	(5,919,686)
Impairment losses recorded under "Share of profit or loss of joint ventures and associates" (Note 13.1)	2,877,193	-
Incentive for Armilar Fund (Note 13.3.2)	-	4,990,035
Direct use of impairments on accounts receivable	(5,184,232)	(6,086,607)
Uses and reversals recorded in tangible and intangible fixed assets	(9,286,373)	(5,256,924)
Direct use of impairments on investments disposals	(1,807,086)	-
Direct use of impairments on "Non current assets"	(9,411,112)	-
Direct uses of litigation provisions in Brazil	-	(2,725,277)
Currency translation	-	(2,731,503)
Reclassification of the provision for Armilar funds to reduce the investment value (Note 13.3.2)	(28,781,304)	-
Uses of provisions for restructuring	(9,722,804)	-
Others	(2,699,894)	149,865
	(53,049,486)	49,617,991

As at 31 December 2021 and 2020, the caption "Non-current provisions" and "Current provisions" for other risks and charges can be analysed current and non-current details are as follows:

	31 Dec 2021	31 Dec 2020
Incentive for the Armilar Fund (b)	-	28,781,304
Future liabilities relating to retail subsidiaries operations sold in Brazil (c)	6,753,035	6,334,819
Judicial claims	3,457,483	3,701,261
Provisions for restructuring resulting from the pandemic effect	5,063,000	19,285,310
Indemnities	858,000	865,391
Clients guarantees	2,251,509	636,269
Contingency in Brazil related to withholding tax on dividends	4,708,490	2,286,813
Restructuring	716,924	-
Technical provisions on reinsurance (a)	380,603	796,997
Others responsibilities	1,458,198	688,954
	25,647,242	63,377,118

- Amounts included in "Technical provisions on reinsurance" relate to a group's company that operates in the non-life reinsurance industry in which the amount of the provision is related to provisions for outstanding claims. The amount to be recovered from the reinsurance companies is recorded in the captions "Reinsurer's share of technical provisions" and "Other Debtors";
- The incentive in favour of the Armilar Fund is related to the Group's liability as at 31 December 2020 for the funds having exceeded the defined return barrier, which was deducted from gains in associated companies (Note 13.3.2), and was reclassified as a reduction of the investment value; and
- The caption "Non-current provisions" includes 6,753,035 euro (6,334,819 euro as at 31 December 2020), relating to non-current contingencies assumed by the Company, when it sold its subsidiary Sonae Distribuição Brasil, S.A. in 2005. This provision is being used as the liabilities are materialized, being constituted based on the best estimate of the expenses to be incurred with such liabilities and that result from a significant set of processes of a civil and labour nature and of small value.

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

35. Reconciliation of liabilities arising from financing activities

As at 31 December 2021 the reconciliation of liabilities arising from financing activities are as follows:

	Obligations under finance leases (Note 10)	Bank loans (Note 27)	Derivative financial instruments (Note 28)
Balance as at 01 January 2021	1,207,846,636	1,883,433,709	2,362,912
Cash flows:			
Receipts relating to financial debt	-	4,102,604,585	-
Payments relating to financial debt	(188,319,259)	(4,577,409,927)	-
Bank overdrafts	-	(8,756,159)	-
Financial debt update	73,830,545	-	-
Unpaid rents	(2,636,000)	-	-
Increase/(decrease) in fair value	-	-	4,979,654
Change in consolidation method	(14,613,325)	-	-
Income discounts related to the impact of the pandemic (Note 40)	(4,540,144)	-	-
Lease contract increases	119,432,620	-	-
Up-front fees beard with the issuance of borrowings	-	3,784,761	-
Acquisition of subsidiaries	-	3,248,860	-
Exchange differences	-	6,682,501	-
Others	(9,808,734)	942,105	-
Balance as at 31 December 2021	1,181,192,339	1,414,530,435	7,342,566

36. Operational lease - Lessor

Minimum lease payments (fixed income) arising from operational leases, in which the Group acts as a lessor, recognized as income during the period ended 31 December 2021 and 2020 amounted to 23,417,487 euro and 22,725,361 euro, respectively.

Additionally, at 31 December 2021 and 2020, Sonae had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 Dec 2021	31 Dec 2020
Due in:		
N+1 automatically renewal	880,271	2,140,387
N+1	33,552,603	27,600,106
N+2	26,566,362	20,298,919
N+3	20,237,833	15,953,711
N+4	16,009,632	11,718,238
N+5	12,660,865	8,615,352
After N+5	36,172,640	12,153,414
	146,080,206	98,480,127

37. Contingent assets and liabilities

As at 31 December 2021 and 2020, contingent liabilities to which Group is exposed can be detailed as follows:

Guarantees and Sureties given

	31 Dec 2021	31 Dec 2020
Guarantees given:		
on tax claims	1,087,587,345	1,165,587,854
on judicial claims	243,203	226,022
on municipal claims	7,915,231	5,969,577
contractual guaranties by proper compliance	21,988,625	22,032,002
others guaranties	8,241,891	8,703,947

(a) Tax Claims

The main tax claims with bank guarantees given or sureties associated are as follows:

- Tax claims for additional VAT payment for which guarantees, or sureties were provided in the amount of 463 million euro (534 million euro as at 31 December 2020). The most significant value amounts to 429 million euro (498.4 million euro as at 31 December 2020) is related for the periods from 2004 to 2013 and is related to the Retail Units for which the Group presented the respective tax appeal. The tax claims result from the Tax Administration's understanding that the Group should have invoiced VAT related to promotional discounts granted by suppliers, based on purchases amounts, since Tax Authorities claims it corresponds to alleged services rendered to those entities. Tax authorities also claim that the Group should not have deducted VAT from discount vouchers used by its non-corporate clients.
- Proceedings related to income tax of legal entities of Sonae SGPS, SA, for which guarantees, sureties or insurance were provided in the amount of 198.8 million euro (198.8 million euro in 2020) in favour of the Management Tax for the years 2007 to 2015 and 2017. In these guarantees or sureties, the most relevant amount is associated with a positive equity variation due to the sale of own shares to a third party in 2007, as well as the disregard of reinvestment regarding more capital gains on the sale of shares, or the tax neutrality associated with spin-off operations. The company proceeded with the judicial challenge of these additional assessments, and the Board of Directors believes, based on the opinion of its advisors, that the aforementioned legal challenges will be upheld.
- Sureties in the amount of, approximately, 60 million euro 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, 10.3 million euro (65.3 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 44.8 million euro (282.7 million

Brazilian real), the difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

(b) Contingent assets and liabilities related to tax claims paid under regularization programs of tax debt

Within the framework of regularization of tax debts to Tax Authorities, (Outstanding Debts Settlement of Tax and Social Security (Decree of law 67/2016 of 3/11, 151-A/2013 of 31/10 and 248-A/2002 of 14/11), the Group made tax payments in the amount of, approximately, 29.6 million euro, having the respective guarantees been eliminated. The related tax appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

As established in the support diplomas to the referred programs, the Group maintains the respective legal proceedings in progress, and expects that the situations in question will be ruled in favour. The amount paid under the mentioned plans regarding income tax was recognised as an asset (Note 16 and 44).

(c) Other contingent liabilities

- Contingent liabilities related to discontinued activities in subsidiaries in Brazil

Following the disposal of a subsidiary in Brazil, Sonae guaranteed to the buyer of the subsidiary all the losses incurred by that company arising on unfavourably decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. 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 16.4 million euro (17.2 million euro at 31 December 2020) related to programs for the Brazilian State of tax recovery, amount to near 15.2 million euro at 31 December 2021 (15 million euro at 31 December 2020). Furthermore, there are other tax assessments totalling 76.3 million euro (77.9 million euro as at 31 December 2020) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

- Procedure for contesting fines imposed by the Competition Authority

In 2016, the Competition Authority (AdC) notified Sonae MC SGPS, SA (ex - Sonae Investimentos), Modelo Continente SGPS (Ex Sonae MC) and Modelo Continente, for the purpose of presenting a defence, in the context of a misconduct proceeding under the agreement entered into between Modelo Continente and EDP Comercial campaign known as the "EDP Continente Plan". It should be noted that the Edp/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 euro on Sonae Investimentos and 6.8 million euro 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 euro and 6.12 million euro. The companies appealed this decision to the Lisbon Court of Appeal (TRL), where it is pending. On 5 April 2021 this Court stayed the proceedings and referred a dozen or so questions to the

Court of Justice of the European Union (CJEU) for a preliminary ruling. The companies have already submitted their written observations to the CJEU and are awaiting the scheduling of the oral hearing. The Board of Directors expects, based on the opinion of their legal advisors, that there will be no liability for these companies in this proceeding.

- Research in progress by the Competition Authority

In 2017, a Modelo Continente Hipermercados, S.A. was subject to search and seizure of documents by the Competition Authority (AdC), as part of an investigation publicly reported by AdC as involving 21 entities in the retail sector of consumer goods (for example, hypermarkets, supermarkets, hard-discounts and its suppliers).

In the context of an investigation the AdC has opened several administrative offence proceedings. Until 31 December 2021 9 Notes of Illegality have been issued in 9 of those proceedings. In the course of 2020, the AdC issued condemnation decisions in two of these cases, setting a "competition fine" to MCH in the amount of 121.9 million euro. In the course of 2021, the AdC issued conviction decisions in three more of these cases, setting a total fine of 38.95 million euro for MCH. Condemnatory decisions can, have been and will be challenged before the Competition Court, within the due legal time limits.

Based on the assessment of its lawyers and economic consultants, the Board of Directors disagrees with the understanding and the decision of the Competition Authority, which it considers to be totally unfounded, for which the competent appeals will be filed, and for this reason no provision has been made.

(d) Contingent liabilities related to subsidiaries of Sierra

As at 31 December 2021 and 2020, Sierra's main contingent liabilities related to the following situations:

- In 2020, Sierra agreed with the bank that granted the loan to Mercado Urbano - Gestão Imobiliária, S.A. ("Mercado Urbano") to fulfill the obligations arising from that loan in proportion to its 20% stake.
- In 2020 the Group provided a comfort letter in favour of a bank, by which the Group guarantees in the proportion of its stake of 20%, the fulfilment of certain obligations of Mercado Urbano arising from the contract between Mercado Urbano and the bank whereby the bank issued a bank guarantee of 685 thousand euro in benefit of City Council of Porto ("CCP") in order to secure the obligations assumed towards CCP under the surface right contract in force between the Mercado Urbano and CCP related to the surface right over Mercado do Bom Sucesso.
- In 2020 the Group agreed with the bank that granted the loan to Proyecto Cúcuta S.A.S., for the construction of the shopping centre Jardín Plaza Cúcuta, the payment of any amount requested by the bank in the maximum amount 3,400 thousand euro in case the company is not able to comply with its obligations.
- With regard to the payment of tax in the amount of 3.7 million euro as a result of the 2005 fiscal inspection, the Company under the Exceptional Debt Settlement Regime paid the referred tax in full. The amount paid is recorded under the heading "Other non-current assets" as a result of the corrections found to have been contested by the Company in court, and the Company's Board of Directors is convinced that the court's decision will be favourable.

- Contingent liabilities related to joint ventures are disclosed in Note 49.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for Sonae.

38. Gain and losses on investments

As at 31 December 2021 and 2020, Gain and losses on investment is made up as follows:

	31 Dec 2021	31 Dec 2020
Loss of control of Sierra Prime	-	20,462,064
Others	(878,004)	1,455,921
Gains / (losses) on the sale of investments in subsidiaries, joint ventures and associates	(878,004)	21,917,985
Gains and losses on investments recorded at fair value through results	-	-
Others	(46,986)	(158,497)
Impairment reversal on financial investments	-	2,885
Impairment reversal/(losses) on investments	-	2,885
TOTAL INCOME AND (EXPENSES) RELATED TO INVESTMENTS	(924,990)	21,762,373

The amount relating to the caption "Loss of control of Sierra Prime" in 2020 is related to the partial sale of Sierra BV to two new investors, Allianz Finance IX Luxembourg, S.A. and Elo Mutual Pension Insurance Company, increasing the percentage of ownership to 25.1%.

39. Net financial expenses

As at 31 December 2021 and 2020, net financial expenses are as follows:

	31 Dec 2021	31 Dec 2020 Restated
Expenses		
Interest payable		
related with bank loans and overdrafts	(13,184,275)	(13,334,928)
related with non convertible bonds	(8,038,672)	(8,114,277)
related with operational leases (Note 10)	(73,907,919)	(74,346,694)
others	(1,652,427)	(2,098,633)
	(96,783,293)	(97,894,532)
Foreign exchange losses	(38,672,922)	(24,575,882)
Fair value of financial derivatives	-	(9,742,763)
Up front fees and commissions related to loans	(8,708,352)	(5,912,532)
Others	(3,534,159)	(2,276,199)
	(147,698,726)	(140,401,908)
Income		
Interest receivable		
related with bank deposits	11,072	5,183
others	1,999,188	3,716,105
	2,010,260	3,721,288
Foreign exchange gains	31,695,951	20,777,719
Fair value of financial derivatives (Note 28)	7,106,985	15,879,841
Other financial income	652,609	145,132
	41,465,805	40,523,980
NET FINANCIAL EXPENSES	(106,232,921)	(99,877,928)

40. Other income

As at 31 December 2021 and 2020, the caption "Other Income" is made up as follow:

	31 Dec 2021	31 Dec 2020 Restated
Supplementary income	47,527,049	38,242,182
Prompt payment discounts obtained	26,745,286	26,331,842
Own work capitalised (Note 9)	19,675,163	16,729,740
Foreign currency exchange gains	18,459,976	23,440,892
Gain on derivate financial investment (Note 28)	12,095,993	–
Gains on sales of assets (Note 8 and 10)	4,051,495	5,137,739
Subsidies	3,884,439	3,371,260
Rent discounts relating to pandemic impact	3,829,951	13,136,946
Others	9,938,420	7,282,729
	146,207,772	133,673,330

The amount related to rent discounts related to the impact of the pandemic, is mainly related to a discount on rents of up to 50% in the first semester of 2021, calculated based on the decrease in tenants' sales when compared to 2019, in accordance with Portuguese law.

As at 31 December 2020 under the caption of "Gains on sales of assets" are included gains related to the operation of "Sale & Leaseback" amounting to 2.9 million euro (Note 8)

41. External supplies and services

As at 31 December 2021 and 2020, External supplies and services are as follows:

	31 Dec 2021	31 Dec 2020 Restated
Services	147,493,661	120,761,010
Publicity	102,230,183	89,042,002
Electricity	97,171,480	69,257,303
Travel expenses and transports	79,375,153	73,345,079
Cleaning up services	45,623,491	43,131,978
Rents	42,342,397	45,251,231
Maintenance	34,626,174	32,703,613
Security	25,806,492	25,323,494
Commissions	21,373,388	19,455,168
Subcontracts	20,872,959	17,067,618
Costs with automatic payment terminals	20,069,142	18,298,807
Consumables	17,291,742	14,439,887
Home delivery	14,798,970	13,412,474
Communications	11,792,350	9,998,178
Insurances	8,876,362	7,542,102
Travel stay and transport	6,448,390	6,753,389
Others	100,745,551	92,870,721
	796,937,885	698,654,054

As mentioned in the introductory note, some of the Group's business operations were significantly affected by the pandemic context, which implied a significant increase in spending on space cleaning and personal protective equipment, as well as an increase in logistics expenses.

The amount included in rents and leases relates to variable rents from lease contracts.

42. Employee benefits expenses

As at 31 December 2021 and 2020, Employee benefits expense are as follows:

	31 Dec 2021	31 Dec 2020 Restated
Salaries	720,213,625	683,333,547
Social security contributions	146,218,909	139,908,359
Insurance	14,021,780	13,579,742
Social action expenses	5,854,987	6,411,442
Other staff costs	18,899,224	21,226,917
	905,208,525	864,460,007

43. Other expenses

As at 31 December 2021 and 2020, other expenses are as follows:

	31 Dec 2021	31 Dec 2020 Restated
Donations	20,948,098	13,278,677
Exchange differences	17,857,793	25,203,151
Indirect taxes and fees	17,787,194	13,389,749
Galp/Continente loyalty program	12,075,604	12,126,184
Losses on the sale and write-off of assets	6,722,489	8,154,910
Municipal property tax	4,387,879	4,355,502
Other expenses	8,974,705	5,164,495
	88,753,762	81,672,668

44. Incomes tax expense

As at 31 December 2021 and 2020, income tax is made up as follows:

	31 Dec 2021	31 Dec 2020
Debtors values		
Income taxation	30,840,934	33,333,319
Income taxes recoverable from parent company	611,766	636,454
Special regime for payment of tax and social security debts	3,741,281	3,741,281
Income taxation	35,193,981	37,711,054
Creditors values		
Income taxation	18,691,609	14,436,360
Income tax with participated entities	2,212,235	1,712,239
Income taxation	20,903,844	16,148,599

Income tax expense recognized for the periods ended 31 December 2021 and 2020 are detailed as follows:

	31 Dec 2021	31 Dec 2020 Restated
Current tax	15,844,467	10,748,096
Deferred tax	10,747,854	(9,495,759)
	26,592,321	1,252,337

The reconciliation between profit before Income tax and “Income tax expense” for the periods ended 31 December 2021 and 2020 is as follows:

	31 Dec 2021	31 Dec 2020 Restated
Profit before income tax	303,995,214	48,019,963
Income tax (21%)	63,838,995	10,084,192
Effect of different income tax rates in other countries	(9,676,117)	(2,528,760)
Difference between capital (losses)/gains for accounting and tax purposes	(19,952,283)	(7,139,702)
Gains or losses in jointly controlled and associates companies (Note 13)	(14,755,932)	(3,261,894)
Provisions and impairment losses not accepted for tax purposes	1,522,364	6,895,361
Use of tax losses that have not originated deferred tax assets	-	96,637
Recognition of tax losses that have not originated deferred tax assets	3,254,299	6,513,708
Amortisation of goodwill for tax purposes in Spain	5,816,680	5,816,679
Effect of constitution or reversal of deferred taxes	1,703,095	5,176,239
Use of tax benefits	(14,822,601)	(30,201,982)
Under/(over) Income tax estimates	(2,446,818)	2,259,360
Autonomous taxes and tax benefits	3,400,401	1,786,800
Municipality surcharge	7,957,299	6,393,129
Others	752,939	(637,431)
Income tax	26,592,321	1,252,337

45. Related parties

Balances and transactions with related parties during the periods ended 31 December 2021 and 2020 are as follows:

	Parent Company		Jointly controlled companies		Associated companies		Other related parties	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Other non-current assets	-	-	1,627,900	2,967,983	9,888,743	9,841,246	1,178,067	114,287
Trade receivables	30,797	31,470	2,928,730	3,050,795	6,594,780	10,328,033	17,263,704	15,004,658
Other receivables	8,270	9,943	6,186,738	6,216,147	4,551,254	7,701,950	1,279,971	1,487,013
Trade payables	-	3,225	69,605,733	81,337,372	1,793,596	1,524,399	988,412	978,377
Other payables	-	-	3,889,536	3,317,485	2,870,278	3,919,650	2,197,036	1,233,132
	39,067	44,638	84,238,637	96,889,782	25,698,651	33,315,278	22,907,190	18,817,467

	Parent Company		Jointly controlled companies		Associated companies		Other related parties	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Sales & Services rendered	302,391	280,176	17,279,600	13,510,418	94,241,326	88,633,864	60,002,070	56,023,389
COGS and materials consumed	-	-	290,114,124	281,869,782	23	6,145	1,305,846	1,827,528
External supplies and services	1,002	15,560	18,592,101	14,109,101	4,757,905	4,957,561	9,561,959	8,258,977
Financial income	-	-	575,720	474,587	419,021	609,588	43,638	-
Financial expense	-	-	130,983	119,444	6,515,232	5,806,679	1,081	118,046
Others	-	8,245	1,582,535	934,862	1,348,974	9,906,307	4,939,654	1,967,546
	303,393	303,981	328,275,063	311,018,194	107,282,481	109,920,144	75,854,248	68,195,486

The related parties include subsidiaries and jointly controlled companies or associated companies of Sierra SGPS, SA, ZOPT SGPS, SA, Sonae Indústria, SGPS, SA and Sonae Capital, SGPS, SA, as well as other shareholders of subsidiaries or jointly controlled companies by Sonae, and other subsidiaries of the parent company Efanor Investimentos, SGPS, SA.

The remuneration of the members of the Board of Directors of the parent company and of the employees with strategic management responsibility, earned in all Sonae companies for the years ended at 31 December 2021 and 2020, is composed as follows:

	31 Dec 2021		31 Dec 2020	
	Board of Directors	Strategic Direction	Board of Directors	Strategic Direction
Short-term benefits	2,431,898	9,417,226	2,134,154	9,051,644
Share-based benefits	834,700	3,409,556	536,200	3,267,280
	3,266,598	12,826,782	2,670,354	12,318,924

- (a) Includes personnel responsible for the strategic management of the companies of Sonae (excluding members of the Board of Directors of Sonae).

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

46. Earnings per share

Earnings per share for the periods ended 31 December 2021 and 2020 were calculated taking into consideration the following amounts:

	31 Dec 2021		31 Dec 2020 Restated	
	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations
Net profit				
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	230,338,916	37,313,211	66,649,496	4,295,082
Net profit taken into consideration to calculate diluted earnings per share	230,338,916	37,313,211	66,649,496	4,295,082
Number of shares				
Weighted average number of shares used to calculate basic earnings per share	1,908,434,638	1,908,434,638	1,910,236,308	1,910,236,308
Outstanding shares related with share based payments	15,994,340	15,994,340	14,370,730	14,370,730
Shares related to performance bonus that can be bought at market price	(5,176,121)	(5,176,121)	(1,717,950)	(1,717,950)
Weighted average number of shares used to calculate diluted earnings per share	1,919,252,857	1,919,252,857	1,922,889,088	1,922,889,088
EARNINGS PER SHARE				
Basic	0.120695	0.019552	0.034891	0.002248
Diluted	0.120015	0.019442	0.034661	0.002234

The average number of shares for the year ended 31 December 2021 considers 85,146,422 shares as own shares (89,763,692 shares in 31 December 2020) (Note 25).

47. Cash receipts and cash payments of investments

As at 31 December 2021 and 2020, cash receipts and cash payments related to investments can be detailed as follows:

- Investments activities

Receipts	31 Dec 2021	31 Dec 2020
Receipt related to the disposal of 249,900,000 shares of Sonae MC	528,000,000	-
Receipt related to the disposal of Maxmat (Note 4.2)	39,743,871	-
Receipt related to the disposal of Artic Wolf	36,417,920	-
Receipt related to the disposal of Imosonaell UP's	3,839,497	-
Receipt related to the disposal of Parma (Put option)	3,308,654	-
Receipt related to the disposal of Sport Zone	3,000,000	-
Receipt related to the disposal of CB4	8,509,593	-
Receipt related to the disposal of Case On It	2,556,837	-
ZOPT Shares Premium Decrease	5,765,485	-
Trivium Shares Premium Decrease	1,736,232	-
Disposal of Sierra BV	-	246,042,240
Sierra BV Shares Premium Decrease	-	21,706,762
Others	4,489,394	2,323,868
	637,367,482	270,072,870

Payments	31 Dec 2021	31 Dec 2020
Acquisition of Sonae Sierra SGPS shares	82,159,275	-
Acquisition of Claybell shares (Note 4.1)	71,975,014	-
Acquisition of Portimativo (Note 4.1)	20,215,007	-
Acquisition of Safebreach	12,943,308	-
Acquisition of Citycon shares	4,239,813	-
Acquisition of Ometria shares	3,752,188	-
Acquisition of Zaask (Note 4.1)	2,960,439	-
Acquisition of Selfforte shares	2,500,003	-
Acquisition of Satfiel shares (Note 4.1)	1,965,042	-
Supplementary Payments of MKTPLACE	1,789,528	2,678,382
Acquisition of the remaining 25% of the share capital of Elergone	1,500,000	-
Acquisition of Visenze shares	1,467,541	-
Acquisition of Jscrambler shares	1,000,000	-
Acquisition of NOS SGPS shares	-	136,420,000
Acquisition of the remaining 50% of SALSA	-	63,075,597
Acquisition / Increase of Capital Artic Wolf (Note 14)	-	7,798,765
Acquisition of shares in Weaveworks	-	4,231,907
Acquisition of North Tower BV shares	-	2,721,406
Acquisition of Sales Layer shares	-	2,500,358
Acquisition of Deepfence shares	-	2,085,593
Acquisition of stake in CELLWISE	-	695,942
Acquisition of shares in Daisy Intelligence	-	480,307
Others	7,065,166	8,639,948
	215,532,326	231,328,205

48. Commitments not reflected in the statement of financial position

As part of the restructuring of Sierra BV's portfolio, the holding of secondary assets was transferred to Sierra Retail Ventures BV ("SRV") (whose shareholders are the same shareholders that held Sierra BV before the restructuring). The commitments assumed in 2003 with the sale of 49.9% of Sierra BV's

shares to a group of investors, were transferred to SRV. In accordance with these commitments, Sierra was bound to ensure the revision of the transmission price of these shares in the event of a sale to third parties of some of the shopping centers owned by Sierra BV subsidiaries (now SRV), if certain circumstances are verified.

This sale may take the form of selling the asset or selling the shares of the company that directly or indirectly owns the asset.

The price revision will be made by Sonae Sierra to the investors in Sierra Fund or to SRV if, in a relevant sale, discounts related to deferred taxes on capital gains have been made.

The price revision will be dependent on the percentage ownership in the company that owns the asset, the investors' ownership percentage in SRV (and in case of a sale of shares adjusted by a 50% discount) and is limited to:

- in the case of the asset sale, a maximum amount of 16.5 million euro;
- in the case of a sale of shares of the company that directly or indirectly owns the asset, a maximum amount 8.2 million euro;
- in the case of a sale of shares of the company that directly or indirectly owns the asset, the price revision plus the selling price, cannot result in a revised price that is greater than the proportion of the NAV ("Net Asset Value").

These commitments are valid while the current agreements with the other stockholders of Sierra BV are maintained.

Furthermore, Sierra has the right to make a proposal for the acquisition of the asset or the shares at stake before they are offered for sale to a third party.

The agreements between the shareholders of Sierra BV, at the time of its incorporation in 2003, were transferred to SRV, applying mutatis mutandis to SRV; in these agreements it was defined that Sierra BV would exist for a period of 10 years, which was subsequently extended; on 15 September 2021, the shareholders of SRV BV approved an extension until 10 October 2022 with the objective of agreeing and implementing a strategy for the exit of the non-core assets.

In accordance with the agreements made between the shareholders of SPF at the time of its incorporation in 2008, it was agreed that SPF should exist for a period of 10 years (that ended in 2018), with the shareholders having the option to redeem its shares after 2014, provided that some conditions are met. However, Group is not aware of any intention in this regard by the SPF shareholders. Additionally, in 2015 shareholders agreed to extend the term of the fund until 2020. On 18 September 2020 it was agreed between the shareholders to extend the fund until 31 December 2021. On 6 June 2021 it was agreed between the shareholders to extend the fund until 31 December 2022.

The Group believes that the direct sale of an asset in Portugal is not attractive as it is subject to certain liabilities that are not supported in the event of a sale of the shares of the company that holds the asset.

49. Provision and contingent liabilities relating to joint ventures

Zopt Group

(a) Zopt Group provision's

The processes described below are provisioned in the consolidated accounts of Zopt, given the level of risk identified.

1. Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU)

The extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU) is legislated in Articles 17 to 22 of Law no 35/2012, of 23 August. From 1995 until June 2014, MEO, SA (former PTC) was the sole provider for the universal service of electronic communications, having been designated administratively by the Portuguese government, i.e. without a tender procedure, which constitutes an illegality, by the way acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3 million euro. In accordance with Article 18 of the abovementioned Law 35/2012, of 23 August, the net costs incurred by the operator responsible for providing the universal service, approved by ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. ZOPT is therefore within the scope of this extraordinary contribution given that MEO has been requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. In accordance with law, the compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned.

In 2013, ANACOM deliberated to approve the final results of the CLSU audit presented by MEO, relative to the period from 2007 to 2009, in a total amount of 66.8 million euro, a decision that was contested by NOS. In January 2015, ANACOM issued the settlement notes in the amount of 18.6 million euro related to NOS, SA, NOS Madeira and NOS Açores which were object of judicial challenge and for which a bail was presented by NOS SGPS to avoid Tax Execution Proceedings. The guarantees have been accepted by ANACOM.

In 2014, ANACOM deliberated to approve the final results of the CLSU audit by MEO, relative to the period from 2010 to 2011, in a total amount of 47.1 million euro, a decision, as in previous years, contested by NOS. In February 2016, ANACOM issued the settlement notes in the amount of 13 million euro, related to NOS, SA, NOS Madeira and NOS Açores which were also contested and for which it was before also presented bail by NOS SGPS in order to avoid the promotion of respective tax enforcement processes, guarantees that have been accepted by ANACOM.

In 2015, ANACOM deliberated to approve the final results of the audit to CLSU presented by MEO relative to the period from 2012 to 2013, in the amount of 26 million euro and 20 million euro, respectively, and as the others, it was contested by NOS. In December 2016, the notices of settlement

were issued relating to NOS, SA, NOS Madeira and NOS Açores, corresponding to that period, totalling 13.6 million euro that were contested by NOS and for which guarantees have been already presented by NOS SGPS in order to avoid the promotion of the respective proceedings of tax execution. The guarantees were also accepted by ANACOM.

In 2016, ANACOM approved the results of the audit to the CLSU presented by MEO related with the period between January and June 2014, for a total amount of 7.7 million euro that was contested by NOS, in standard terms.

In 2017, NOS, SA, NOS Madeira and NOS Açores were notified of the decision of ANACOM concerning the entities that are obliged to contribute toward the compensation fund and the setting of the values of contributions corresponding to CLSU that have to be compensated and relating to the months of 2014 in which MEO still remained as provider of the Universal Service, which establishes for all these companies a contribution totalling close to 2.4 million euro. In December 2017, the settlement notes relating to NOS, SA, NOS Madeira and NOS Açores, concerning that period, were issued in the amount of approximately 2.4 million euro, which were challenged by NOS and for which guarantees have also been presented by NOS SGPS, in order to avoid the promotion of their tax enforcement procedures. The guarantees were also accepted by ANACOM.

It is the opinion of the Board of Directors of NOS that these extraordinary contributions to Universal Service (not designated through a tender procedure) flagrantly violate the Directive of Universal Service. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognised on a legal and constitutional level in Portuguese domestic law. For these reasons, NOS will continue judicially challenge either the approval of audit results of the net cost of universal service related to the pre-competitive period, and the liquidation of each extraordinary contribution. In September 2021, the Lisbon Administrative Court of Appeal judged unfounded the action relating to the administrative challenge of the results of the audit of the 2007-2009 CLSU, which NOS appealed in October 2021. The Board of Directors is convinced that both challenges and appeals will be successful.

(b) Legal actions and contingent assets and liabilities of Zopt Group

1. Legal actions with regulators and Competition Authority (“Autoridade da Concorrência”- AdC)

NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ANACOM’s decisions in respect of the payment of the Annual Fee of Activity (for 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020) as Electronic Communications Services Networks Supplier, and furthermore the refund of the amounts that meanwhile were paid within the scope of the mentioned acts of settlement was requested. For the year 2020, also NOS Wholesale has judicially challenged the settlement of the Activity Fee.

The settlement amounts are, respectively, as follows:

- NOS SA: 2009: 1,861 thousand euro, 2010: 3,808 thousand euro, 2011: 6,049 thousand euro, 2012: 6,283 thousand euro, 2013: 7,270 thousand euro, 2014: 7,426 thousand euro, 2015: 7,253 thousand euro, 2016: 8,242 thousand euro, 2017: 9,099 thousand euro, 2018: 10,303 thousand euro, 2019: 10,169 thousand euro and 2020: 10,184 thousand euro.
- NOS Açores: 2009: 29 thousand euro; 2010: 60 thousand euro, 2011: 95 thousand euro, 2012: 95 thousand euro, 2013: 104 thousand euro, 2014: 107 thousand euro, 2015: 98 thousand euro,

2016: 105 thousand euro, 2017: 104 thousand euro, 2018: 111 thousand euro, 2019: 107 thousand euro and 2020: 120 thousand euro.

- NOS Madeira: 2009: 40 thousand euro, 2010: 83 thousand euro, 2011: 130 thousand euro, 2012: 132 thousand euro, 2013: 149 thousand euro, 2014: 165 thousand euro, 2015: 161 thousand euro, 2016: 177 thousand euro, 2017: 187 thousand euro, 2018: 205 thousand euro, 2019: 195 thousand euro and 2020: 202 thousand euro.
- NOS Wholesale: 2020: 36 thousand euro.

This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. NOS SA, NOS Açores, NOS Madeira and NOS Whosale claim, namely: i) addition to defects of unconstitutionality and illegality, related to the inclusion in the cost accounting of ANACOM of the provisions made by the latter, due to judicial proceedings against the latter (including these appeals of the activity rate) and ii) that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded. Five judgments were handed down on the matter, from which ANACOM appealed to the Central Administrative Court. To date, no judgment has been delivered by the TCA in any of these cases.

The remaining proceedings are awaiting trial and/or decision.

During the first quarter of 2017, NOS was notified by ANACOM of the initiation of an infraction process related to communications of prices update at the end of 2016, beginning of 2017. In the end of the last trimester of 2020, ANACOM notified NOS of the accusation, with the practice of 4 very severe offences and 1 severe offence related, respectively, with i) the non-communication to customers of the right to rescind the contract with no charges, with (ii and iii) the supposed non-communication of pricing update and with (iv) the adequate advance and, yet, (v) the lack of information to be communicated to ANACOM. However, ANACOM did not present any value for a fine, except in relation to the severe offence. In this case, NOS is given the possibility to settle the fine by the minimum, the amount of 13 thousand euro. NOS presented a Written Defense on 29 January 2021. ANACOM is awaiting the delivery of a Final Decision.

On 17 July 2020, NOS was notified by the AdC of an illegality note (accusation) related to digital marketing without a google search engine, which accuses the operators MEO, NOS, NOWO and Vodafone of concertation, for a period ranging from between 2010 and 2018, failing to identify a concrete fine. It is not possible, at this moment, to estimate the value of an eventual fine. NOS presented its written defence and after its presentation, AdC will decide on a conviction or acquittal, being the Board of Directors' conviction, taking into account the elements it knows, that will be able to demonstrate the various arguments in favour of its defence.

On 15 December 2021, NOS was notified by the AdC of a note of illegality (accusation) regarding practices related to the advertising service in automatic recordings, in which it accuses NOS, other operators and a consultancy, of concerted behavior in the advertising market in television recordings. It is currently not possible to estimate the amount of a possible fine. Within the legal period that is still in progress, NOS will present its written defense and, after presenting this, the AdC will decide on a conviction or acquittal. It is the conviction of the Board of Directors of NOS and ZOPT, taking into

account the elements it knows, that it will be able to demonstrate the various arguments in favor of its defence.

2. Tax Authorities

During the course of the 2003 to 2021 financial years, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2020 financial years. Following these inspections, NOS SGPS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications unpaid is about 36 million euro, added interest, and charges. These settlement notes, which totally were contested, are the respective lawsuits in progress.

Based on the advice obtained from the process representatives and tax consultants, the Board of Directors maintains the belief in a favourable outcome, which is why these proceedings are maintained in court. However, in accordance with the principle of prudence, an assessment of the Group's level of exposure to these proceedings is made periodically, in the light of the evolution of case law, and consequently the provisions recorded for this purpose are adjusted. The NOS' Group provided the guarantees demanded by the Tax Authorities, related to these processes.

3. Actions by MEO against NOS S.A., NOS Madeira and NOS Açores and by NOS S.A. against MEO

In 2011, MEO brought against NOS S.A., in the Judicial Court of Lisbon, a claim for the compensation of 10.3 million euro, as compensation for alleged unauthorized portability of NOS S.A. in the period between March 2009 and July 2011. NOS S.A. contested, and the Court ordered an expert opinion, meanwhile, deemed without effect. The discussion and trial hearing took place at the end of April and beginning of May 2016, and a judgment was rendered in September of the same year, which considered the action to be partially justified, based not on the occurrence of improper portability, which the Court has determined to restrict itself to those which do not correspond to the will of the proprietor. In that regard, it sentenced NOS to the payment of approximately 5.3 million euro to MEO, a decision of which NOS appealed to the Lisbon Court of Appeal. MEO, on the other hand, was satisfied with the decision and did not appeal against the part of the sentence that acquitted NOS. This Court, in the first quarter of 2018, upheld the decision of the Court of First Instance, except for interests, in which it gave reason to the claims of NOS, in the sense that interests should be counted from the citation to the action and not from the due date of the invoices. NOS filed an extraordinary appeal with the Supreme Court of Justice (SCJ), which found that the facts established by the Lower Courts were insufficient to resolve on the substance of the case. Consequently, the SCJ ordered that the court under appeal should amplify the facts. The case was transferred to the Court of First Instance for the extension of the facts. In November 2019, the Court of First Instance granted the parties the possibility of requesting the production of supplementary evidence on the subject of the extension, with NOS requesting an expert examination and the repetition of testimonial evidence. In February 2020, the Court considered that the expansion of the matter of fact leads to the need to obtain new evidence, which requires the analysis of the information relating to all portability's that serve as the basis for the process, determining the carrying out of expert evidence for that purpose. The expert was appointed in October 2021, and the expected date for the conclusion of the diligence is unknown.

In 2011, NOS S.A. brought an action in Lisbon Judicial Court against MEO, claiming payment of 22.4 million euro, for damages suffered by NOS S.A., arising from violations of the Portability Regulation by

MEO, in particular, the large number of unjustified refusals of portability requests by MEO in the period between February 2008 and February 2011. The court ordered the carrying out of expert evidence of a technical and economic-financial nature, and the expert reports were completed in February 2016 and June 2018, respectively. MEO claimed the nullity of the economic and financial expert report, which was deferred. In October 2020, a conciliation attempt was made. Since the parties did not reach conciliation, the trial was scheduled, which took place at the end of 2021 and which has closing arguments scheduled for the first quarter of 2022. It is the understanding of the Board of Directors, corroborated by the lawyers accompanying the case, that there are, in formal and substantive terms, a good chance that NOS SA will be able to win the lawsuit, not least because MEO has already been convicted of the same offenses by ANACOM.

It is the understanding of the NOS and ZOPT' Board of Directors, corroborated by the attorneys accompanying the process, that it is, in formal and substantive terms, likely that NOS S.A. will be able to win the lawsuit, due to MEO already having been convicted for the same offences by ANACOM.

4. Interconnection tariffs

As at 31 December 2021, there are outstanding balances with national operators, recorded under the headings of customers and suppliers, in the amount of 37 million euro and 43.5 million euro, respectively, which result from a dispute between the subsidiary, NOS SA and essentially MEO – Serviços de Comunicações e Multimédia, SA (formerly known as TMN-Telecomunicações Móveis Nacionais, SA), concerning the uncertainty of interconnection prices for 2001. In the part of this dispute with MEO that was in court, the result was totally favorable to NOS SA, having already become final. In March 2021, MEO brought a new lawsuit against NOS, in which it claims the fixing of the price of interconnection services between TMN and Optimus for 2001 at 55\$00 (0.2743 euro) per minute. NOS filed a defense at the beginning of June challenging the petition by MEO, and the deadline for carrying out the other procedural steps is currently running.

(c) Other commitments Zopt Group

In December 2015, NOS signed a contract with Sport Lisboa e Benfica - Futebol SAD and Benfica TV, SA of television rights of home matches of football NOS' league, broadcasting rights and distribution of Benfica TV Channel. The contract began in 2016/2017 sports season, had an initial duration of three years, and might be renewed by decision of either party up to a total of 10 sports seasons, with the overall financial consideration reaching the amount of 400 million euro, divided into progressive annual amounts.

Also in December 2015, NOS signed a contract with Sporting Clube de Portugal - Futebol SAD and Sporting and Communication Platforms, S.A. which includes the following rights:

- 1) TV broadcasting rights and multimedia home games of Sporting SAD;
- 2) The right to explore the static and virtual advertising at Stadium José Alvalade;
- 3) The right of transmission and distribution of Sporting TV Channel;
- 4) The right to be its main sponsor.

The contract will last 10 seasons, concerning the rights indicated in 1) and 2) above, starting in July 2018, 12 seasons in the case of the rights stated in 3) starting in July 2017 and 12 and a half seasons in the case of the rights mentioned in 4) beginning in January 2016, with the overall financial consideration

amounting to 446 million euro, divided into progressive annual amounts.

Also in December 2015, NOS SA has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

- 1) Associação Académica de Coimbra – Organismo Autónomo de Futebol, SDUQ, Lda
- 2) Os Belenenses Sociedade Desportiva, SAD
- 3) Clube Desportivo Nacional Futebol, SAD
- 4) Futebol Clube de Arouca – Futebol, SDUQ, Lda
- 5) Futebol Clube de Paços de Ferreira, SDUQ, Lda
- 6) Marítimo da Madeira Futebol, SAD
- 7) Sporting Clube de Braga – Futebol, SAD
- 8) Vitória Futebol Clube, SAD

The contracts will begin in the 2019/2020 sports season and last up to 7 seasons, with the exception of the contract with Sporting Clube de Braga - Futebol, SAD which lasts 9 seasons

During the year of 2016, NOS SA has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

- 1) C. D. Tondela – Futebol, SDUQ, Lda
- 2) Clube Futebol União da Madeira, Futebol, SAD
- 3) Grupo Desportivo de Chaves – Futebol, SAD
- 4) Sporting Clube da Covilhã – Futebol, SDUQ, Lda
- 5) Clube Desportivo Feirense – Futebol, SAD
- 6) Sport Clube de Freamunde – Futebol, SAD
- 7) Sporting Clube Olhanense – Futebol, SAD
- 8) Futebol Clube de Penafiel, SDUQ, Lda
- 9) Portimonense Futebol, SAD

The contracts will begin in the 2019/2020 sports season and last up to 3 seasons.

In May 2016, NOS and Vodafone have agreed on reciprocal availability, for several sports seasons, of sports content (national and international) owned by the companies, in order to assure to both companies, directly by the assigning party or indirectly through the transfer to third party content distribution channels or models, the availability of broadcasting rights of the sports clubs home football games, as well as the broadcasting and distribution rights of sports and sports clubs channels, whose rights are owned by each of the companies in each moment. The agreement came into force from the beginning of the sports season 16/17, assuring access to Benfica's channel and Benfica's home football games to NOS' and Vodafone's clients, independent from the channel where these football games are broadcast.

Considering that the contract signed allowed for the possibility of extending the agreement to the other operators, in July 2016 MEO and Cabovisão joined the agreement, ending the lack of availability of Porto Canal in the NOS's channel grid, assuring that every Pay TV client can have access to every relevant sports content, regardless of which operator they use.

Following the agreement signed with the remaining operators, as a counterpart of the reciprocal provision of rights, the global costs are shared according with retailer telecommunications revenues and Pay TV market shares.

The estimated cash flows are estimated as follows:

	2021/22	Following
Estimated cash flows with the contracts signed by NOS with the sports entities*	123,8 million euro	629,3 million euro
NOS estimated cash flows for the contracts signed by NOS (net of the amounts charged to the operators) and for the contracts signed by the remaining operators	52,1 million euro	336,2 million euro

* Includes games and channels broadcasting rights, advertising and others.

Network sharing contract with Vodafone

NOS and Vodafone Portugal celebrated on 29 September 2017 an agreement of infrastructure development and sharing with a nationwide scope. This partnership allows the two Operators providing their commercial offers under a shared network at the beginning of 2018.

The agreement covers the reciprocal sharing of dark fibre in approximately 2.6 million homes in which each of the entities shares with the other an equivalent investment value, in other words, they share similar goods. It is assumed that both companies retain full autonomy, independence, and confidentiality concerning the design of the commercial offers, the management of the customers' database and the choice of technological solutions they might decide to implement, that did not originate any impact on the consolidated financial statements (according to IAS 16, this exchange of similar non-monetary assets will be presented on a net basis).

The partnership has also been extended to mobile infrastructure sharing, where it is agreed a minimum sharing of 200 mobile towers.

Celebrated agreements regarding the sharing of mobile network support infrastructure

At 22 October 2020, NOS Comunicações S.A. and NOS Technology, on the one hand, and Vodafone Portugal, Comunicações Pessoais, S.A., on the other hand, celebrated a set of agreements regarding the sharing of mobile network support infrastructure (passive infrastructures such as towers and poles) and activemobile network elements (active radio equipment such as antennas, amplifiers and remaining equipment).

These agreements have the following characteristics:

- a) the agreements have a nationwide scope with diverse geographical application according to the higher or lower level of population density. In higher density geographies, typically larger urban areas,

the parties will pursue synergies by sharing support infrastructure. In lower density areas, typically rural and interior locations, in addition to shared use of support infrastructure, the parties will also share active mobile network.

b) the agreements focus on assets currently held, or that may be held by each party in the future, and on existing 2G, 3G and 4G technology. Incorporation of 5G technology in these agreements will depend on each operator to deploy this technology.

c) the agreements do not encompass spectrum sharing between the operators and each party will maintain exclusive strategic control of its networks, thus ensuring full competitive, strategic and commercial independence and the ability to differentiate in terms of customer service and provision.

Each party retains the ability to develop its mobile communications network independently.

These agreements will enable NOS to invest more efficiently by capturing value through synergies. NOS will also be able to deploy its mobile network faster and in a more environmentally responsible way, thus benefitting customers and remaining stakeholders.

Sharing of mobile infrastructure represents an important contribution towards greater geographical cohesion and digital inclusion, both of which are essential to the sustainable development of the country.

Another subjects

Disposal of NOS Towering, S.A.

At 14 April 2020, NOS Comunicações, SA and Cellnex Telecom, SA entered into an agreement whose purpose is to transfer to Cellnex the shares representing the entire share capital of NOS Towering, SA, encompassing the disposal of approximately 2,000 sites (towers and rooftops).

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

The potential value of the agreements to be reached over a 6-year period is 600 million euro, being dependent on the sale of additional sites and configuration alteration of the sites.

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

At 30 September 2020, the operation was materialized with Cellnex payment of 398.6 million euro. The received value for the sale of NOS Towering decomposes on the following way:

- Assets sale: 374 million euro;
- Cash deducted from the debt sold with the company: 45 million euro;
- Working capital and others: - 20.4 million euro.

The operation of the sale of NOS Towering configures, from an accounting point of view and for the purposes of consolidated accounts, a sale and lease back, on which the asset under right of use, resulting from the lease, is equal to the carrying amount of the sold asset, so the operation, in the initial moment, did not generate impacts on the results.

50. Subsequent events

Disposal of Safetypay

In February 2022, a gross amount of 35.2 million euro was received from Armilar Venture Funds III, following the completion of the sale of Safetypay to Paysafe, which was pending some regulatory approvals.

War in the Ukraine

On 24 February, Russian troops invaded Ukraine starting a war that is having a severe impact on the lives of millions of people and will certainly have serious consequences for the global economy. The growing wave of reactions with the imposition of sanctions on Russian and Belarusian entities, the volatility and uncertainty of capital markets, the increase in fuel prices are some of the effects that already make us foresee a very challenging year of 2022.

Ongoing investigation by the Competition Authority

In the context of the investigation of the Competition Authority ("AdC"), initiated in 2017, between 31 December 2021 and the present date, Modelo Continente Hipermercados, S.A. ("MCH") was notified: i) of a new Notice of Illicit, which represents only a provisional stage, still subject to the exercise of the right of defence of the parties involved; and of ii) a new decision of conviction and application of a fine in the amount of 24 million euro to MCH, which will be challenged before the Competition Court, within the due legal time limits.

Reinforced position in Sierra

On 16 March 2022, Sonae has acquired 10% of the share capital of Sierra from Grosvenor, for a price of 83.5 million euro, representing an implicit discount of approximately 10% on Sierra's NAV at end 2021, following the exercise by Grosvenor of the put option right. Following this transaction, Sierra now owns 90% of the share capital and voting rights of Sierra. The main impact of this transaction on the Group's consolidated financial statements will be the transfer of reserves from "Non-controlling interests" to "Group equity", since Sonae already owns a controlling stake in Sierra.

MC cyber attack

On 30 March 2022, MC was the target of a cyber attack that affected some in-store services and the availability of its commercial websites. However, there was no interruption in its physical retail operations and, at the date of approval of this report, the situation is now normal. This incident had no impact on the financial statements of 31 December 2021 and did not affect the continuity of the Group's operations.

51. Presentation of consolidated income statements

In the Management Report, and for the purposes of the purposes of calculating financial indicators as EBIT, EBITDA and Underlying EBITDA the consolidated income statement is divided between Direct Income and Indirect Income.

The Indirect Income includes the contribution of Sonae Sierra, net of taxes that result from: (i) valuation of investment properties; (ii) gains (losses) with the sale of financial investments, joint ventures or associates; (iii) impairment losses relating to non-current assets (including Goodwill); (iv) gains (losses) resulting from obtaining/losing control and corresponding recycling of conversion reserves; and (v) provisions for assets at risk. Additionally and with regard to the portfolio of Sonae, it includes: (i) impairment of real estate assets for retail, (ii) decreases in Goodwill, (iii) negative Goodwill (net of taxes) related to acquisitions in the financial year, (iv) provisions (net of tax) for possible future liabilities, and impairments related to noncore investments, businesses and discontinued assets (or to be discontinued / repositioned), (v) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (vi) other irrelevant issues.

The value of EBITDA, Underlying EBITDA and EBIT are calculated in the Direct Income component, i.e. excluding the indirect contributions.

The reconciliation between the two presentation formats for the consolidated income statement for the periods ended 31 December 2021 and 2020 can be summarized as follows:

	31 Dec 2021			31 Dec 2020 Restated		
	Consolidated	Indirect Income	Direct Income	Consolidated	Indirect income	Direct income
Turnover	7,023,282,579	-	7,023,282,579	6,672,609,896	-	6,672,609,896
Value created on investment properties	(2,468,068)	(2,468,068)	-	(27,908,838)	(27,908,838)	-
Investment income						
Dividends and others adjustments	10,764,537	10,564,000	200,537	100,648	-	100,648
Others	(924,990)	(49,703,999)	48,779,009	21,762,373	-	21,762,373
Others income						
Others	146,207,773	-	146,207,773	133,673,331	-	133,673,331
Total income	7,176,861,831	(41,608,067)	7,218,469,898	6,800,237,410	(27,908,838)	6,828,146,248
Total expenses	(6,630,675,937)	-	(6,630,675,937)	(6,242,447,743)	1,454,793	(6,243,902,536)
Depreciation and amortisation	(338,142,173)	-	(338,142,173)	(338,748,879)	-	(338,748,879)
Provisions for inventories	(4,753,286)	-	(4,753,286)	(14,272,083)	-	(14,272,083)
Gains and Losses on property, plant and equipment and intangible assets	(2,661,945)	-	(2,661,945)	(4,167,655)	-	(4,167,655)
Non-recurring impairment losses over inventories	(1,108,350)	-	(1,108,350)	(509,465)	-	(509,465)
Impairment losses and provisions	12,704,613	-	12,704,613	4,028,978	-	4,028,978
Unusual provisions and impairments	535,908	-	535,908	431,814	-	431,814
Others	(40,600,284)	(4,041,054)	(36,559,230)	(80,629,691)	(22,853,231)	(57,776,460)
Profit before financial results and results of joint ventures and associates and non-recurrent items	172,160,377	(45,649,121)	217,809,498	123,922,687	(49,307,276)	173,661,777
Non-recurring items of continued operations	52,309,548	-	52,309,548	5,907,337	-	5,907,337
Gains and losses on investments recorded at fair value through results	85,171,323	69,630,993	15,540,330	21,709,652	29,345,075	(7,635,423)
Financial profit/(loss)	(106,232,922)	-	(106,232,922)	(99,877,928)	6,231,482	(106,109,410)
Share of results of joint ventures and associated undertakings						
Associates and joint ventures of Sierra	24,220,463	(4,744,087)	28,964,550	(48,517,655)	(62,243,373)	13,725,718
Armlar Venture Funds	30,250,030	30,250,030	-	21,234,711	21,234,711	-
Zopt	32,061,868	-	32,061,868	26,953,848	-	26,953,848
Others	14,054,526	(2,877,192)	16,931,718	(3,312,684)	-	(3,312,684)
Profit before income tax	303,995,213	46,610,623	257,384,590	48,019,966	(54,739,382)	103,191,162
Income Tax	(26,592,321)	(21,078,817)	(5,513,504)	(1,252,337)	(8,880,581)	7,628,244
Profit/(Loss) from continued operations	277,402,892	25,531,806	251,871,085	46,767,629	(63,619,963)	110,819,406
Profit/(Loss) from discontinued operations	53,210,616	47,546,458	5,664,158	8,891,529	4,946,710	3,944,819
PROFIT((LOSS) FOR THE PERIOD	330,613,508	73,078,265	257,535,243	55,659,158	(58,673,252)	114,764,224
Attributable to equity holders of Sonae	267,652,127	67,159,125	200,493,002	70,944,578	(54,375,096)	125,319,674
Non-controlling interests	62,961,383	5,919,140	57,042,243	(15,285,422)	(4,298,157)	(10,987,265)
"Underlying" EBITDA (b)			602,561,312			576,429,990
EBITDA (a)			738,493,153			623,649,026
EBIT (c)			369,081,132			212,712,928

(a) EBITDA = total direct income - total direct expenses - reversal of direct impairment losses + results by the equity method

(direct results from joint ventures and associates of Sierra, Zopt and other subsidiaries) + provisions for extensions of guarantee + unusual results;

(b) Underlying EBITDA = EBITDA – effect of equity method – non-recurrent results;

(c) EBIT = EBT - financial results - dividends;

(d) EBT = Direct profit before taxes;

(e) Direct income = Results excluding contributions to indirect results;

(f) Indirect income = Includes Sonae Sierra's results, net of taxes, arising from: (i) investment properties valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses for non-current assets (including Goodwill) and; (iv) provision for assets at risk. Additionally and with regard to the portfolio of Sonae, it includes: (i) impairment of real estate assets for retail, (ii) decrease in goodwill, (iii) provisions (net of tax) for possible future liabilities and impairments related with non-core financial investments, businesses, discontinued assets (or be discontinued/ repositioned);(iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues.

The indirect results can be analysed as follows:

Indirect income	31 Dec 2021	31 Dec 2020 Restated
Indirect income of Sierra	(12,290,091)	(103,707,819)
Dividends received from NOS	10,564,000	-
Recycling through profit and loss of currency translation reserves	-	5,470,151
Impairments in discontinued assets or in restructuring	-	(4,105,421)
Indirect income from the Funds and financial assets at fair value of Bright Pixel	77,681,547	39,356,025
Others	(2,877,192)	4,313,812
TOTAL	73,078,265	(58,673,252)

Direct Underlying EBITDA and the unusual results can be analysed as follows:

	31 Dec 2021	31 Dec 2020 Restated
Direct EBITDA	738,493,153	623,649,026
Share of results of joint ventures and associated companies accounted by equity method and others	(77,958,135)	(37,366,881)
Discontinued operations (Note 4.2)	(5,664,158)	(3,944,819)
Unusual results		
Gains / losses on disposal of fixed assets	-	(537,218)
Gain on the sale of companies	(62,397,501)	(12,461,593)
Other costs and gains considered as non recurrent	10,087,954	7,091,474
	(52,309,548)	(5,907,337)
UNDERLYING DIRECT EBITDA	602,561,312	576,429,990

52. Approval of financial statements

The accompanying consolidated financial statements were approved by the Board of Directors on 04 April 2022. Nevertheless, they are still subject to approval at the Shareholders Annual General Meeting.

53. Group companies included in the Consolidated financial statements

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by Sonae as at 31 December 2021 and 31 December 2020 are as follows:

		Percentage of capital held			
		31 Dec 2021		31 Dec 2020	
COMPANY	Head Office	Direct*	Total*	Direct*	Total*
Sonae - SGPS, S.A.	Maia	HOLDING	HOLDING	HOLDING	HOLDING
MC					
1) Amor Bio. Mercado Biológico. Lda	a) Lisbon (Portugal)	-	-	100.00%	100.00%
Arenal Perfumerias SLU	a) Lugo (Spain)	100.00%	45.01%	100.00%	60.00%
Asprela Sociedade Imobiliária. S.A.	a) Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
Azulino Imobiliária. S.A.	a) Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
BB Food Service. S.A.	a) Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária. S.A.	a) Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%
Bom Momento - Restauração. S.A.	a) Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
Brio - Produtos de Agricultura Biológica. S.A.	a) Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%
Canasta - Empreendimentos Imobiliários. S.A.	a) Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária. S.A.	a) Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
Citorres - Sociedade Imobiliária. S.A.	a) Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
Closer Look Design. Lda	a) Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva. S.A.	a) Castelo de Paiva (Portugal)	100.00%	75.01%	100.00%	100.00%
Continente Hipermercados. S.A.	a) Oeiras (Portugal)	100.00%	75.01%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária. S.A.	a) Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
Elergone Energias. Lda	a) Matosinhos (Portugal)	100.00%	75.01%	75.00%	75.00%
Farmácia Seleção. S.A.	a) Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%
Fozimo - Sociedade Imobiliária. S.A.	a) Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
Fundo de Investimento Imobiliário Imosonae Dois	a) Maia (Portugal)	95.31%	71.49%	98.00%	98.00%
Go Well - Promoção de Eventos. Caterings e Consultoria. S.A.	a) Lisbon (Portugal)	100.00%	75.01%	100.00%	51.00%
2) H&W - Mediadora de Seguros. S.A.	a) Matosinhos (Portugal)	100.00%	75.01%	-	-
Igimo - Sociedade Imobiliária. S.A.	a) Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
Iginha - Sociedade Imobiliária. S.A.	a) Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%

	Imoestrutura – Sociedade Imobiliária. S.A.	a)	Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
	Imomuro – Sociedade Imobiliária. S.A.	a)	Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%
	Imoresultado – Sociedade Imobiliária. S.A.	a)	Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
	Imosistema – Sociedade Imobiliária. S.A.	a)	Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
	Marcas MC. zRT	a)	Budapest (Hungary)	100.00%	75.01%	100.00%	100.00%
	MCCARE – Serviços de Saúde. S.A.	a)	Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%
	MJLF - Empreendimentos Imobiliários. S.A.	a)	Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
3)	Modelo - Distribuição de Materiais de Construção. S.A.	b)	Maia (Portugal)	-	-	50.00%	50.00%
	Modelo Continente Hipermercados. S.A.	a)	Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%
	Modelo Continente International Trade. S.A.	a)	Madrid (Spain)	100.00%	75.01%	100.00%	100.00%
	Modelo Hiper Imobiliária. S.A.	a)	Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
	Pharmaconcept – Actividades em Saúde. S.A.	a)	Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%
	Pharmacontinente - Saúde e Higiene. S.A.	a)	Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%
	Ponto de Chegada – Sociedade Imobiliária. S.A.	a)	Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
4)	Portimão Ativo – Sociedade Imobiliária. S.A.	a)	Maia (Portugal)	100.00%	75.01%	-	-
	Predicomercial - Promoção Imobiliária. S.A.	a)	Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
	Predilugar- Promoção Imobiliária. S.A.	a)	Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
	SCBRASIL Participações. Ltda	a)	São Paulo (Brazil)	100.00%	75.01%	100.00%	100.00%
	Selifa - Empreendimentos Imobiliários de Fafe. S.A.	a)	Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
	Sempre à Mão - Sociedade Imobiliária. S.A.	a)	Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%
	SIAL Participações. Ltda	a)	São Paulo (Brazil)	100.00%	75.01%	100.00%	100.00%
5)	SK – Skin Health Cosmetics	a)	Oeiras (Portugal)	-	-	100.00%	100.00%
	Socijofra - Sociedade Imobiliária. S.A.	a)	Gondomar (Portugal)	100.00%	75.01%	100.00%	100.00%
	Sociloures - Sociedade Imobiliária. S.A.	a)	Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%
	Soflorin. B.V.	a)	Amsterdam (Netherlands)	100.00%	75.01%	100.00%	100.00%
	Sonae MC – Serviços Partilhados. S.A.	a)	Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
6)	Sonae MC S2 Africa Limited	a)	La Valetta (Malta)	-	-	100.00%	100.00%
	Sonae MC. SGPS. S.A.	a)	Matosinhos (Portugal)	75.01%	75.01%	100.00%	100.00%
	Sonaerp - Retail Properties. S.A.	a)	Porto (Portugal)	100.00%	75.01%	100.00%	100.00%
	Sondis Imobiliária. S.A.	a)	Maia (Portugal)	100.00%	75.01%	100.00%	100.00%
	Sonvecap. B.V.	a)	Amsterdam (Netherlands)	100.00%	75.01%	100.00%	100.00%
	Tomenider SL	a)	Lugo (Spain)	60.00%	45.01%	60.00%	60.00%
	Valor N. S.A.	a)	Matosinhos (Portugal)	100.00%	75.01%	100.00%	100.00%

Worten						
	HighDome PCC Limited (Cell Europe)	a)	La Valetta (Malta)	100.00%	100.00%	100.00%
7)	Infocfield – Informática. S.A.	a)	Maia (Portugal)	-	-	100.00%
	Iservices. Lda	a)	Lisbon (Portugal)	100.00%	100.00%	100.00%
4)	Satfiel – Serviços de assistência técnica a eletrodomésticos. Lda	a)	Porto (Portugal)	100.00%	100.00%	-
4)	WAD LAB. S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	-
	Worten Canárias. SL	a)	Tenerife (Spain)	60.00%	60.00%	60.00%
	Worten - Equipamento para o Lar. S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%
	Worten España Distribución. S.L.	a)	Madrid (Spain)	100.00%	100.00%	100.00%
	Worten International Trade. S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%
	Worten Malta Holding Limited	a)	La Valetta (Malta)	100.00%	100.00%	100.00%
4)	Zaask – Plataforma Digital. S.A. -	a)	Matosinhos (Portugal)	100.00%	100.00%	-
Sierra						
	ARP Alverca Retail Park. S.A.	a)	Maia (Portugal)	100.00%	80.00%	100.00%
	Axnae Spain Holdings. S.L.	a)	Madrid (Spain)	100.00%	80.00%	100.00%
	BrightCity. S.A.	a)	Maia (Portugal)	100.00%	80.00%	100.00%
	CCCB Caldas da Rainha - Centro Comercial. S.A.	a)	Maia (Portugal)	100.00%	80.00%	100.00%
	Coimbrashopping- Centro Comercial. S.A.	a)	Maia (Portugal)	100.00%	40.08%	100.00%
6)	Dos Mares - Shopping Centre B.V.	a)	Amsterdam (Netherlands)	-	-	100.00%
	Gli Orsi Shopping Centre 1 Srl	a)	Milan (Italy)	100.00%	80.00%	100.00%
	Iberian Holdings Spain. S.L.	a)	Madrid (Spain)	100.00%	80.00%	100.00%
	Ioannina Development of Shopping Centres. S.A.	a)	Athens (Greece)	100.00%	80.00%	100.00%
4)	La Galleria Srl	a)	Milan (Italy)	80.00%	64.00%	-
	Living Markets I. S.A.	a)	Porto (Portugal)	100.00%	80.00%	100.00%
	Microcom Doi. Srl	a)	Bucharest (Romania)	100.00%	80.00%	100.00%
	Paracentro - Gestão de Galerias Comerciais. S.A.	a)	Maia (Portugal)	100.00%	80.00%	100.00%
	Parklake Business Centre Srl	a)	Bucharest (Romania)	100.00%	80.00%	100.00%
	Parklake Shopping. S.A.	a)	Bucharest (Romania)	100.00%	80.00%	100.00%
	Parque D. Pedro 1. SARL	a)	Luxembourg	100.00%	80.00%	100.00%
	Parque de Famalicão - Empreendimentos Imobiliários. S.A.	a)	Maia (Portugal)	100.00%	80.00%	100.00%
	Plennerg Srl	a)	Bucharest (Romania)	100.00%	80.00%	100.00%
	Project Sierra 10 B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%
	Project Sierra 11 B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%

	Project Sierra 12 B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%	70.00%
	Project Sierra Cúcuta B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%	70.00%
	Project Sierra Four. Srl	a)	Bucharest (Romania)	100.00%	80.00%	100.00%	70.00%
	Project Sierra Germany 4 (four) - Shopping Centre. GmbH	a)	Dusseldorf (Germany)	100.00%	80.00%	100.00%	70.00%
6)	Project Sierra Spain 2- Centro Comercial S.A.	a)	Madrid (Spain)	-	-	100.00%	70.00%
	River Plaza B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%	70.00%
8)	SFS- Gestão de Fundos. SGOIC. S.A.	a)	Maia (Portugal)	100.00%	80.00%	100.00%	94.00%
	Sierra Brazil 1. Sarl	a)	Luxembourg	100.00%	80.00%	100.00%	70.00%
2)	Sierra Colombia Investments. S.A.S.	a)	Bogota (Colombia)	100.00%	80.00%	-	-
	Sierra Developments Holding B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%	70.00%
	Sierra Developments. SGPS. S.A.	a)	Maia (Portugal)	100.00%	80.00%	100.00%	70.00%
	Sierra Germany GmbH	a)	Dusseldorf (Germany)	100.00%	80.00%	100.00%	70.00%
	Sierra GP Limited	a)	Guernesey (U.K.)	100.00%	80.00%	100.00%	70.00%
	Sierra Iberian Assets Holding. S.A.U.	a)	Madrid (Spain)	100.00%	80.00%	100.00%	70.00%
2)	Sierra IG. SGOIC. S.A.	a)	Maia (Portugal)	100.00%	80.00%	-	-
	Sierra Investments (Holland) 1 B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%	70.00%
	Sierra Investments (Holland) 2 B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%	70.00%
	Sierra Investments Holdings B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%	70.00%
	Sierra Investments SGPS. S.A.	a)	Maia (Portugal)	100.00%	80.00%	100.00%	70.00%
	Sierra Italy Agency Srl	a)	Milan (Italy)	100.00%	80.00%	100.00%	70.00%
	Sierra Italy Srl	a)	Milan (Italy)	100.00%	80.00%	100.00%	70.00%
	Sierra Management. SGPS. S.A.	a)	Maia (Portugal)	100.00%	80.00%	100.00%	70.00%
	Sierra Maroc. SARL	a)	Casablanca (Morocco)	100.00%	80.00%	100.00%	70.00%
	Sierra Maroc Services. SARL	a)	Casablanca (Morocco)	100.00%	80.00%	100.00%	70.00%
	Sierra Parma Project B.V.	a)	Amesterdão (Netherlands)	100.00%	80.00%	100.00%	70.00%
	Sierra Portugal. S.A.	a)	Lisbon (Portugal)	100.00%	80.00%	100.00%	70.00%
	Sierra Real Estate Greece B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%	70.00%
	Sierra Retail Ventures B.V.	a)	Amsterdam (Netherlands)	100.00%	40.08%	100.00%	35.07%
	Sierra Romania Shopping Centers Services. SRL	a)	Bucharest (Romania)	100.00%	80.00%	100.00%	70.00%
	Sierra Services Holland B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%	70.00%
	Sierra Solingen Holding GmbH	a)	Dusseldorf (Germany)	100.00%	80.00%	100.00%	70.00%
	Sierra Spain. Shopping Centers Services. S.A.	a)	Madrid (Spain)	100.00%	80.00%	100.00%	70.00%
6)	Sierra Turkey Gayrimenkul Yönetim Pazarlama ve Danışmanlık Anonim Şirket	a)	Istanbul (Turkey)	-	-	100.00%	70.00%

3)

Sierra Zenata Project B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%	70.00%
Sonae Sierra Brazil Holdings S.à r.l.	a)	Luxembourg	100.00%	80.00%	100.00%	70.00%
Sonae Sierra. SGPS. S.A.	a)	Maia (Portugal)	80.00%	80.00%	70.00%	70.00%
SPF - Sierra Portugal	a)	Luxembourg	100.00%	80.00%	100.00%	70.00%
Weierstadt Shopping B.V.	a)	Amsterdam (Netherlands)	100.00%	80.00%	100.00%	70.00%
Zeitreel						
Bright Brands SportsGoods. S.A.	a)	Matosinhos (Portugal)	-	-	100.00%	100.00%
Comercial Losan. S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
Fashion Division. S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Fashion International Trade. S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Irmãos Vila Nova. S.A.	a)	Vila Nova de Famalicão (Portugal)	100.00%	100.00%	100.00%	50.00%
Irmãos Vila Nova III - Imobiliária. S.A.	a)	Vila Nova de Famalicão (Portugal)	100.00%	100.00%	100.00%	50.00%
IVN – Serviços Partilhados. S.A.	a)	Vila Nova de Famalicão (Portugal)	100.00%	100.00%	50.00%	50.00%
IVN Asia Limited	a)	Hong Kong (China)	100.00%	100.00%	100.00%	50.00%
Losan Colombia. S.A.S	a)	Bogota (Colombia)	100.00%	100.00%	100.00%	100.00%
Losan Overseas Textile. S.L.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
Losan Logística. S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Losan Rusia	a)	Moscow (Russia)	100.00%	100.00%	100.00%	100.00%
Modalfa - Comércio e Serviços. S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Modalfa Canarias. SL	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	60.00%
Salsa Canarias	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	30.00%
Salsa DE GmbH	a)	Dusseldorf (Germany)	100.00%	100.00%	100.00%	50.00%
Salsa Distribution USA LLC	a)	New York (USA)	100.00%	100.00%	100.00%	50.00%
Salsa France. S.A.R.L.	a)	Paris (France)	100.00%	100.00%	100.00%	50.00%
Salsa Luxembourg. Sàrl	a)	Luxembourg	100.00%	100.00%	100.00%	50.00%
SLS Salsa – Comércio e Difusão de Vestuário. S.A.	a)	Vila Nova de Famalicão (Portugal)	100.00%	100.00%	100.00%	50.00%
SLS Salsa España – Comercio y Difusión de Vestuario. S.A.U.	a)	Pontevedra (Spain)	100.00%	100.00%	100.00%	50.00%
8) SONAESR – Serviços e Logística. S.A.	a)	Matosinhos (Portugal)	-	-	100.00%	100.00%
Usebti Textile México S.A. de C.V.	a)	City of Mexico (Mexico)	100.00%	100.00%	100.00%	100.00%
Zippy - Comércio e Distribuição. S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Zippy - Comércio Y Distribución. S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Bright Pixel						
Bright Development Studio. S.A.	a)	Lisbon (Portugal)	100.00%	89.97%	100.00%	89.97%

	Bright Ventures Capital SCR. S.A.	a)	Lisbon (Portugal)	100.00%	89.97%	100.00%	89.97%
	Bright Tech Innovation I	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
3)	Digitmarket - Sistemas de Informação. S.A.	a)	Maia (Portugal)	-	-	75.10%	67.56%
	Excellium Group. S.A.	a)	Contem (Luxembourg)	59.20%	53.26%	59.20%	53.26%
	Excellium Services. S.A.	a)	Contem (Luxembourg)	100.00%	53.26%	100.00%	53.26%
	Excellium Services Belgium. S.A.	a)	Wavre (Belgium)	100.00%	53.26%	100.00%	53.26%
6)	Excellium Factory SARL	a)	Raouad Ariana (Tunisia)	-	-	80.00%	42.61%
	Fundo Bright Vector I	a)	Lisbon (Portugal)	50.13%	45.10%	50.13%	45.10%
	Inovretail. S.A.	a)	Porto (Portugal)	100.00%	89.97%	100.00%	89.97%
	Inovretail España. S.L.	a)	Madrid (Spain)	100.00%	89.97%	100.00%	89.97%
	Maxive-Cyber Security. SGPS. S.A.	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
6)	Mxtel SA de CV	a)	City of Mexico (Mexico)	-	-	99.93%	72.78%
	Praesidium Services Limited	a)	Berkshire (U.K.)	100.00%	89.97%	100.00%	89.97%
	S21SEC Portugal – Cybersecurity and Intelligence Services. S.A.	a)	Maia (Portugal)	100.00%	72.78%	100.00%	72.78%
	S21 Sec Gestion. S.A.	a)	Navarra (Spain)	80.90%	72.78%	80.90%	72.78%
	S21 Sec Information Security Labs. S.L.	a)	Navarra (Spain)	100.00%	72.78%	100.00%	72.78%
3)	S21 Sec. S.A. de CV	a)	City of Mexico (Mexico)	-	-	100.00%	72.78%
	Sonaecom - Serviços Partilhados. S.A.	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	Sonaecom. SGPS. S.A.	a)	Maia (Portugal)	90.15%	89.97%	90.15%	89.97%
	Sonae Investment Management -Software and Technology. SGPS. S.A.	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	Universo						
	SFS – Gestão de Fundos. SGFI. SA	a)	Maia (Portugal)	-	-	100.00%	80.00%
	SFS Gestão e Consultoria. S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Sonae FS. SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
10)	Universo IME. S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Others						
	Arat Inmuebles. S.A.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
4)	Claybell Limited	a)	Norfolk (U.K)	95.40%	95.40%	-	-
	Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
4)	Gosh! Food Limited	a)	Norfolk (U.K)	100.00%	95.40%	-	-
4)	Gosh! Food Ireland Limited	a)	Ireland	100.00%	95.40%	-	-
	Halfdozen Real Estate. S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Libra Serviços. Lda	a)	Funchal (Portugal)	100.00%	100.00%	100.00%	100.00%

PCJ-Público. Comunicação e Jornalismo. S.A.	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
Público - Comunicação Social. S.A.	a)	Porto (Portugal)	100.00%	89.97%	100.00%	89.97%
Sesagest - Proj.Gestão Imobiliária. S.A.	a)	Porto (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Corporate. S.A.	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Holdings. S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Investments. B.V.	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae RE. S.A.	a)	Luxembourg	99.92%	99.92%	99.92%	99.92%
Sontel. B.V.	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%

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

a) Control held by majority of voting rights which gives power of relevant activities;

b) Control held by majority of Board members;

- 1) Subsidiary merged into Brio - Produtos de Agricultura Biológica. S.A.
- 2) Subsidiary created during 2021;
- 3) Subsidiary sold during the year;
- 4) Subsidiary acquired during the year;
- 5) Subsidiary merged into Pharmacontinente - Saúde e Higiene. S.A.
- 6) Subsidiary liquidated during the year;
- 7) Subsidiary merged into Worten - Equipamento para o Lar. S.A.
- 8) In December 2021. the remaining 80% of the share capital of this entity was acquired by Sierra. the company now owns 100% of it;
- 9) Subsidiary merged into Fashion Division. S.A;
- 10) Ex- SFS - Financial Services IME. S.A.

These entities are consolidated using the full consolidation method.

54. Joint ventures and associates included in the Consolidated financial statement

Joint ventures and associates. their head offices and percentage of share capital held by Sonae as at 31 December 2021 and 31 December 2020 are as follows:

54.1. Joint ventures

		Percentage of capital held			
		31 Dec 2021		31 Dec 2020	
COMPANY	Head Office	Direct*	Total*	Direct*	Total*
MC					
Sohi Meat Solutions – Distribuição de Carnes. S.A.	Santarém (Portugal)	50.00%	50.00%	50.00%	50.00%
Sierra					
Aegean Park Constructions Real Estate and Development. S.A.	Athens (Greece)	100.00%	40.00%	100.00%	35.00%
Arrábidasshopping - Centro Comercial. S.A.	Maia (Portugal)	100.00%	20.04%	100.00%	17.54%
Gaiashopping I - Centro Comercial. S.A.	Maia (Portugal)	100.00%	20.04%	100.00%	17.54%
Gaiashopping II - Centro Comercial. S.A.	Maia (Portugal)	100.00%	20.04%	100.00%	17.54%
Larissa Development of Shopping Centres. S.A.	Athens (Greece)	50.00%	40.00%	50.00%	35.00%
LMSA - Engenharia de Edifícios. S.A.	Lisbon (Portugal)	100.00%	40.00%	100.00%	35.00%
LMGE - Gestão de Edifícios Lda	Lisbon (Portugal)	100.00%	40.00%	100.00%	35.00%
LMIT - Innovation & Technology. Lda	Lisbon (Portugal)	100.00%	40.00%	100.00%	35.00%
Madeirashopping - Centro Comercial. S.A.	Funchal (Portugal)	50.00%	20.04%	50.00%	17.54%
North Tower B.V	Amsterdam (Netherlands)	50.00%	20.04%	50.00%	17.54%
Pantheon Plaza B.V.	Amsterdam (Netherlands)	50.00%	40.00%	50.00%	35.00%
Park Avenue Developement of Shopping Centers. S.A.	Athens (Greece)	50.00%	40.00%	50.00%	35.00%
Parque Atlântico Shopping - Centro Comercial. S.A.	Ponta Delgada (Portugal)	50.00%	20.04%	50.00%	17.54%
Proyecto Cúcuta S.A.S	Santiago de Cali (Colombia)	50.00%	40.00%	50.00%	35.00%
1) PUD Srl	Parma (Italy)	-	-	50.00%	35.00%
SC Aegean. B.V.	Amsterdam (Netherlands)	50.00%	40.00%	50.00%	35.00%
Sierra Balmain Asset Management Spółka Z ograniczoną odpowiedzialności	Warsaw (Poland)	50.00%	20.04%	50.00%	17.54%
Sierra Balmain Property Management Spółka z ograniczoną odpowiedzialnością	Warsaw (Poland)	50.00%	20.04%	50.00%	17.54%
Sierra Central. S.A.S.	Santiago de Cali (Colômbia)	50.00%	40.00%	50.00%	35.00%
Sierra LM. SGPS. S.A.	Lisboa (Portugal)	50.00%	40.00%	50.00%	35.00%
Torre Norte. S.A.	Maia (Portugal)	50.00%	20.04%	50.00%	17.54%

	Via Catarina - Centro Comercial. S.A.	Maia (Portugal)	50.00%	20.04%	50.00%	17.54%
	Universo					
	838 Soluções. Ltda	São Paulo (Brazil)	51.00%	25.50%	51.00%	25.50%
	Accive Insurance – Corretor de Seguros. S.A.	Porto (Portugal)	80.00%	40.00%	80.00%	40.00%
	Bens Consultoria Ltda	Rio de Janeiro (Brazil)	100.00%	50.00%	100.00%	50.00%
	Brokerslink Management AG	Zug (Switzerland)	20.00%	10.00%	20.00%	10.00%
	BUZZEE Insure. Lda	Porto (Portugal)	70.00%	35.00%	70.00%	35.00%
	Duobens – Corretora de Seguros Ltda	Rio de Janeiro (Brazil)	100.00%	50.00%	100.00%	50.00%
	Filhet Allard EspañaCorreduria de Seguros S.L.	Madrid (Spain)	35.00%	17.50%	35.00%	17.50%
1)	Flexben. Lda	Porto (Portugal)	-	-	45.00%	22.50%
2)	Gracinda e Graça – Mediação de Seguros. Lda	Ourém (Portugal)	100.00%	50.00%	-	-
	RCG – Risk. Consulting Group Ltda	Santa Catarina (Brazil)	100.00%	50.00%	100.00%	50.00%
	RCG – Risk. Consulting Group. S.A.	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	HighDome PCC Limited	La Valetta (Malta)	100.00%	50.00%	100.00%	50.00%
	Iberosegur – Sociedade Ibérica de Mediação de Seguros. Lda	Porto (Portugal)	60.00%	30.00%	60.00%	30.00%
	MDS Insurance – Corretora de seguros e resseguros. S.A.	Lisbon (Portugal)	50.00%	25.00%	50.00%	25.00%
	Larim Corretora de Resseguros Ltda	Rio de Janeiro (Brazil)	99.99%	50.00%	99.99%	50.00%
	Lazam/mds Correctora Ltda	São Paulo (Brazil)	100.00%	50.00%	100.00%	50.00%
	MDS África. SGPS. S.A.	Porto (Portugal)	100.00%	50.00%	50.00%	25.00%
	MDS - Corretor de Seguros. S.A.	Porto (Portugal)	100.00%	50.00%	100.00%	50.00%
	MDS Auto - Mediação de Seguros. S.A.	Porto (Portugal)	50.00%	25.00%	50.01%	25.00%
	MDS Link Solutions. Lda	Porto (Portugal)	50.02%	25.01%	50.02%	25.01%
	MDS Malta Holding Limited	La Valetta (Malta)	100.00%	50.00%	100.00%	50.00%
	MDS MG Corretora e Administradora de Seguros. Ltda	Minas Gerais (Brazil)	100.00%	25.00%	50.00%	25.00%
	MDS Partners Corretor de Seguros. S.A.	Porto (Portugal)	100.00%	50.00%	100.00%	50.00%
	MDS RE – Mediador de resseguros. SGPS. S.A.	Porto (Portugal)	100.00%	25.00%	100.00%	25.00%
	MDS. SGPS. S.A.	Maia (Portugal)	50.00%	25.00%	50.00%	25.00%
2)	Media Mais – Mediação de Seguros. Lda	Marinha Grande (Portugal)	50.00%	32.50%	-	-
	Moneris Correctores de Seguros Limitada	Maputo (Mozambique)	50.00%	25.00%	50.00%	25.00%
	Moneris. Seguros - Mediação de Seguros. Lda	Oeiras (Portugal)	60.00%	30.00%	60.00%	30.00%
	Process Assessoria e Corretora Seg..Ltda	São Paulo (Brazil)	100.00%	50.00%	100.00%	50.00%

2)	QH – Consultoria e Corretagem de Seguros. Ltda	São Paulo (Brazil)	100.00%	50.00%	-	-
	Reinsurance Solutions. Soc. Corretora de Resseguros. S.A.	Luanda (Angola)	66.66%	33.33%	66.66%	33.33%
2)	Segurtime – Mediação de Seguros. Lda	Porto Mós (Portugal)	100.00%	50.00%	-	-
	Win Broker. S.A.	Porto (Portugal)	60.00%	30.00%	60.00%	30.00%

ZOPT (NOS)

	Big Picture 2 Films. S.A.	Oeiras (Portugal)	20.00%	6.17%	20.00%	6.17%
	Big Picture Films. SL	Madrid (Spain)	100.00%	6.17%	100.00%	6.17%
	Dreamia Holding B.V.	Amsterdam (Netherlands)	50.00%	15.42%	50.00%	15.42%
	Dreamia Serviços de Televisão. S.A.	Lisbon (Portugal)	100.00%	15.42%	100.00%	15.42%
	Dreamia Servicios de Televisión. S.L.	Madrid (Spain)	50.00%	15.42%	50.00%	15.42%
	Dualgrid - Gestão de Redes Partilhas. S.A.	Lisbon (Portugal)	50.00%	30.84%	50.00%	30.84%
	Empracine – Empresa Promotora de Atividades Cinematográficas. Lda	Lisbon (Portugal)	100.00%	30.84%	100.00%	30.84%
	FINSTAR – Sociedade de Investimentos e Participações. S.A.	Luanda (Angola)	30.00%	9.25%	30.00%	9.25%
	Fundo de Capital de Risco NOS 5G	Lisbon (Portugal)	100.00%	30.84%	100.00%	30.84%
	Lusomundo – Sociedade de Investimentos Imobiliários. SGPS. S.A.	Lisbon (Portugal)	99.87%	30.80%	99.87%	30.80%
	Lusomundo Imobiliária 2. S.A.	Lisbon (Portugal)	99.87%	30.80%	99.87%	30.80%
	Lusomundo Moçambique. Lda	Maputo (Mozambique)	100.00%	30.84%	100.00%	30.84%
	MSTAR. S.A.	Maputo (Mozambique)	30.00%	9.25%	30.00%	9.25%
	NOS Açores Comunicações. S.A.	Ponta Delgada (Portugal)	83.82%	25.85%	83.82%	25.85%
	NOS Audio - Sales & Distribution. S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	30.84%
	NOS Comunicações. S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	30.84%
	NOS Corporate Center. S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	30.84%
	NOS Inovação. S.A.	Matosinhos (Portugal)	100.00%	30.84%	100.00%	30.84%
	NOS Internacional. SGPS. S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	30.84%
	NOS Lusomundo Audiovisuais. S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	30.84%
	NOS Lusomundo Cinemas. S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	30.84%
	NOS Mediação de Seguros. S.A.	Lisbon (Portugal)	100.00%	30.84%		
	NOS Madeira Comunicações. S.A.	Funchal (Portugal)	77.95%	24.04%	77.95%	24.04%
	NOS Property. S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	30.84%
	NOS SGPS. S.A.	Lisbon (Portugal)	59.53%	30.84%	59.53%	30.84%

NOS Sistemas España. SL	Madrid (Spain)	100.00%	30.84%	100.00%	30.84%
NOS Sistemas. S.A.	Maia (Portugal)	100.00%	30.84%	100.00%	30.84%
NOS Technology – Conceção Construção e Gestão de Redes de Comunicação. S.A.	Matosinhos (Portugal)	100.00%	30.84%	100.00%	30.84%
NOS Wholesale. S.A.	Lisbon (Portugal)	100.00%	30.84%	100.00%	30.84%
Per-Mar – Sociedade de Construções. S.A.	Maia (Portugal)	100.00%	30.84%	100.00%	30.84%
Sontária – Empreendimentos Imobiliários. S.A.	Maia (Portugal)	100.00%	30.84%	100.00%	30.84%
Sport TV Portugal. S.A.	Lisbon (Portugal)	25.00%	7.71%	25.00%	7.71%
Teliz Holding. B.V.	Amstelveen (Netherlands)	100.00%	30.84%	100.00%	30.84%
Upstar Comunicações. S.A.	Vendas Novas (Portugal)	30.00%	9.25%	30.00%	9.25%
ZAP Media. S.A.	Luanda (Angola)	100.00%	9.25%	100.00%	9.25%
ZOPT. SGPS. S.A.	Porto (Portugal)	50.00%	44.99%	50.00%	44.99%

Others

MKTPLACE – Comércio Eletrónico. S.A.	Porto (Portugal)	50.00%	50.00%	50.00%	50.00%
Unipress - Centro Gráfico. Lda	Vila Nova de Gaia (Portugal)	50.00%	44.99%	50.00%	44.99%
SIRS – Sociedade Independente de Radiodifusão Sonora. S.A.	Porto (Portugal)	50.00%	44.99%	50.00%	44.99%

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

- 1) Joint venture sold in 2021;
- 2) Joint venture acquired in 2021;

54.2. Associates

		Percentage of capital held			
		31 Dec 2021		31 Dec 2020	
COMPANY	Head Office	Direct*	Total*	Direct*	Total*
MC					
Sempre a Postos – Produtos Alimentares e Utilidades. Lda	Lisbon (Portugal)	25.00%	18.75%	25.00%	25.00%
1) Sonae S2 Africa Limited	La Valetta (Malta)	-	-	30.00%	30.00%
1) S2 Mozambique. S.A.	Maputo (Mozambique)	-	-	30.00%	30.00%
Sierra					
3shoppings - Holding. SGPS. S.A.	Maia (Portugal)	20.00%	16.00%	20.00%	14.00%
Aliansce Sonae Shopping Centers. S.A.	Brazil	7.03%	5.62%	7.03%	4.92%

Area Sur Shopping. S.L	Madrid (Spain)	15.00%	12.00%	15.00%	10.50%
Arrábidasshopping - Centro Comercial. S.A.	Maia (Portugal)	50.00%	9.00%	50.00%	7.88%
Candotal Spain S.L.U.	Madrid (Spain)	100.00%	8.00%	100.00%	7.00%
Cascaishopping. Centro Comercial. S.A.	Maia (Portugal)	100.00%	20.08%	100.00%	17.57%
Centro Colombo- Centro Comercial. S.A.	Maia (Portugal)	50.00 %	10.05%	50.00 %	8.79%
Centro Vasco da Gama - Centro Comercial. S.A.	Maia (Portugal)	50.00 %	10.05%	50.00 %	8.79%
Doc Malaga Holdings S.L.	Madrid (Spain)	50.00 %	20.08%	50.00 %	17.57%
DOC Malaga Siteco Phase 2. S.L.	Madrid (Spain)	50.00 %	10.05%	50.00 %	8.79%
DOC Malaga Siteco. S.L.U.	Madrid (Spain)	50.00 %	10.05%	50.00 %	8.79%
Estação Viana - Centro Comercial. S.A.	Viana do Castelo (Portugal)	100.00%	8.00%	100.00%	7.00%
Fundo de Investimento Imobiliário Parque Dom Pedro Shopping Center	Rio de Janeiro (Brazil)	58.07%	8.90%	58.07%	7.79%
Fundo de Investimento Imobiliário Shopping Parque Dom Pedro	Rio de Janeiro (Brazil)	100.00%	28.94%	100.00%	25.32%
Gaiashopping I - Centro Comercial. S.A.	Maia (Portugal)	100.00%	9.00%	100.00%	7.88%
Gaiashopping II - Centro Comercial. S.A.	Maia (Portugal)	100.00%	9.00%	100.00%	7.88%
Guimarãesshopping - Centro Comercial. S.A.	Maia (Portugal)	100.00%	16.00%	100.00%	14.00%
Iberia Shopping Centre Venture Cooperatief UA	Amsterdam (Netherlands)	10.00%	8.00%	10.00%	7.00%
Iberian Assets. S.A.	Madrid (Spain)	50.00%	9.92%	50.00%	8.68%
Land Retail B.V.	Amsterdam (Netherlands)	100.00%	20.08%	100.00%	17.57%
Le Terrazze – Shopping Centre 1. Srl	Milan (Italy)	10.00%	8.00%	10.00%	7.00%
Luz del Tajo - Centro Comercial. S.A.	Madrid (Spain)	100.00%	8.00%	100.00%	7.00%
Maiashopping - Centro Comercial. S.A.	Maia (Portugal)	100.00%	16.00%	100.00%	14.00%
Mercado Urbano – Gestão Imobiliária. S.A.	Porto (Portugal)	20.00%	16.00%	20.00%	14.00%
Norte Shopping Retail and Leisure Centre B.V.	Amsterdam (Netherlands)	50.00 %	10.05%	50.00 %	8.79%
Norteshopping- Centro Comercial. S.A.	Maia (Portugal)	50.00 %	10.05%	50.00 %	8.79%
Olimpo Asset 1. S.A.	Maia (Portugal)	100.00%	3.01%	100.00%	2.63%
Olimpo Asset 2. S.A.	Maia (Portugal)	100.00%	3.01%	100.00%	2.63%
Olimpo Asset 3. S.A.	Maia (Portugal)	100.00%	3.01%	100.00%	2.63%
Olimpo Asset 4. S.A.	Maia (Portugal)	100.00%	3.01%	100.00%	2.63%
Olimpo Asset 5. S.A.	Maia (Portugal)	100.00%	3.01%	100.00%	2.63%
Olimpo Asset 6. S.A.	Maia (Portugal)	100.00%	3.01%	100.00%	2.63%
Olimpo Asset 7. S.A.	Maia (Portugal)	100.00%	3.01%	100.00%	2.63%

Olimpo Asset 8. S.A.	Maia (Portugal)	100.00%	3.01%	100.00%	2.63%
Olimpo Real Estate SGI. SA	Maia (Portugal)	100.00%	3.01%	100.00%	2.63%
Olimpo Real Estate Socimi. S.A.	Madrid (Spain)	3.75%	3.01%	3.75%	2.63%
Olimpo SIGI España. S.A.	Madrid (Spain)	100.00%	3.01%	100.00%	2.63%
Plaza Mayor Parque de Ócio B.V.	Amsterdam (Netherlands)	100.00%	20.08%	100.00%	17.57%
Plaza Mayor Shopping. S.A.	Madrid (Spain)	100.00%	20.08%	100.00%	17.57%
Serra Shopping – Centro Comercial. S.A.	Lisbon (Portugal)	5.00%	3.50%	5.00%	3.50%
Shopping Centre Colombo Holding B.V.	Amsterdam (Netherlands)	50.00 %	10.05%	50.00 %	8.79%
Sierra European Retail Real Estate Assets Holdings B.V.	Amsterdam (Netherlands)	25.10 %	20.08%	25.10 %	17.57%
Sierra Spain Malaga Holdings. S.L.	Madrid (Spain)	100.00%	20.08%	100.00%	17.57%
SPF - Sierra Portugal Feeder 1. S.C.A.	Luxembourg	7.45%	5.97%	7.45%	5.22%
SPF - Sierra Portugal Feeder 2. S.C.A.	Luxembourg	100.00%	5.97%	100.00%	5.22%
SPF - Sierra Portugal Real Estate. SARL	Luxembourg	70.48%	20.33%	61.67%	17.79%
Trivium Real Estate Socimi. S.A.	Madrid (Spain)	12.40%	9.92%	12.40%	8.68%
VdG Holding BV	Amsterdam (Netherlands)	50.00 %	10.05%	50.00 %	8.79%
Zenata Commercial Project. S.A.	Mohammedi (Morocco)	11.00%	8.3%	11.00%	7.7%
Bright Pixel					
Alfaros SRAL	Tunisia	40.00%	21.30%	40.00%	21.30%
Fundo de Capital de Risco Armilar Venture Partners II	Lisbon (Portugal)	44.33%	39.88%	44.33%	39.88%
Fundo de Capital de Risco Armilar Venture Partners III	Lisbon (Portugal)	42.80%	38.51%	42.80%	38.51%
Fundo de Capital de Risco Espírito Santo Venture Partners Inovação e Internacionalização	Lisbon (Portugal)	38.25%	34.41%	38.25%	34.41%
Probe.ly	Lisbon (Portugal)	17.07%	15.36%	21.21%	19.08%
2) Secucloud Network GmbH	Hamburg (Germany)	-	-	27.45%	24.70%
Suricate Solutions	Luxembourg	20.00%	10.65%	20.00%	10.65%
ISRG - Iberian Sports Retail Group. SL	Alicante (Spain)	30.00%	30.00%	30.00%	30.00%

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

- 1) Associated liquidated during the year;
- 2) Associated sold during the year;

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

The Board of Directors.

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

José Manuel Neves Adelino

Margaret Lorraine Trainer

Marcelo Faria de Lima

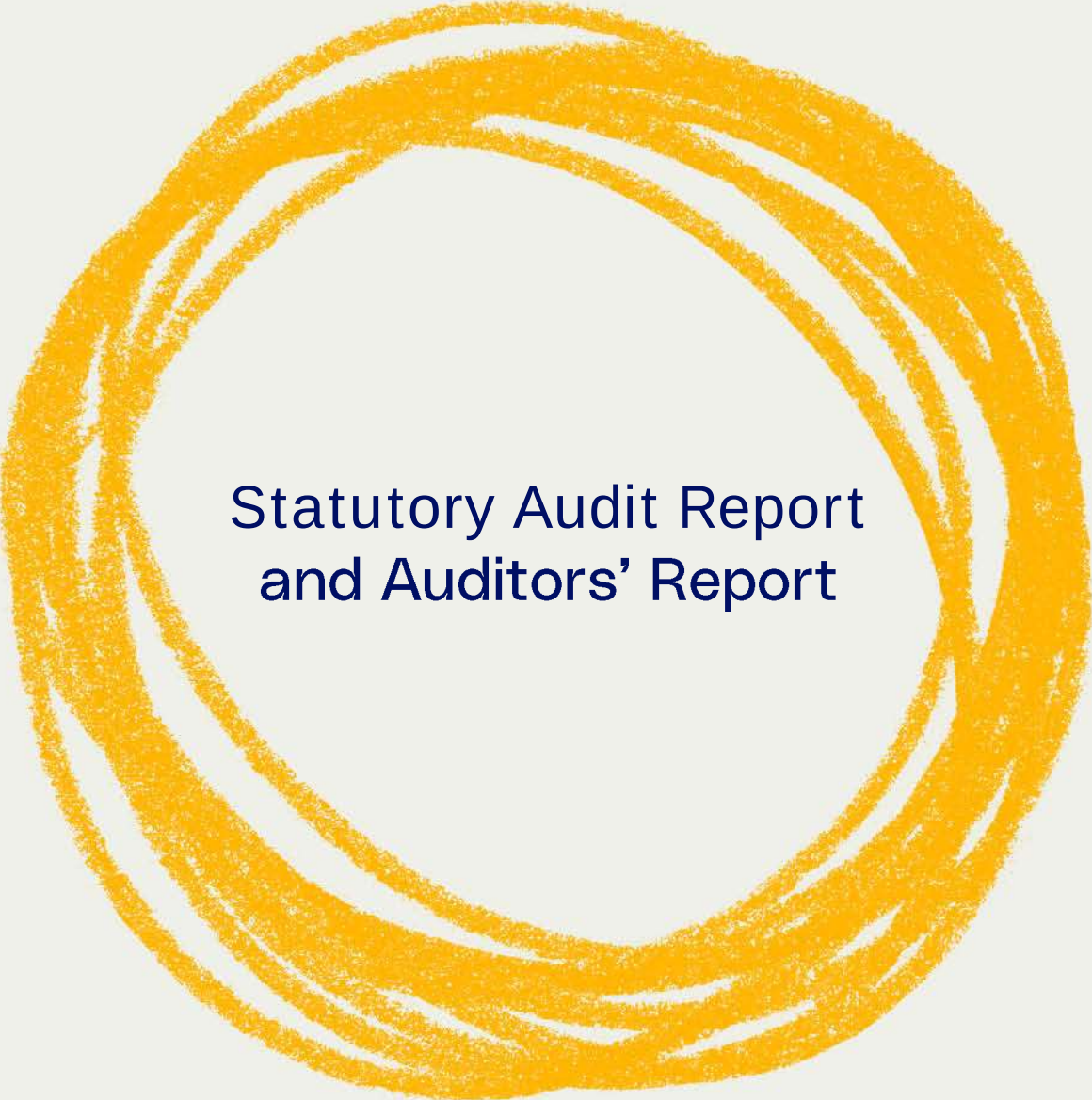
Carlos António Rocha Moreira da Silva

Fuencisla Clemares

Philippe Cyriel Elodie Haspeslagh

Maria Cláudia Teixeira de Azevedo

João Pedro Magalhães da Silva Torres Dolores



Statutory Audit Report and Auditors' Report



Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Sonae, SGPS, S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 (which shows total assets of Euro 8,317,113,292 and total shareholders' equity of Euro 3,145,394,517 including a profit for the period attributable to the equity holders of the parent company of Euro 287,852,127), the consolidated statement of income, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Sonae, SGPS, S.A. as at 31 December 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	Summary of the Audit Approach
Measurement of investment in ZOPT, SGPS, SA The caption, Investments in Joint Ventures and Associates, includes an investment measured by the equity method amounting to Euro 623.0 million in the joint venture, ZOPT, that controls NOS, SGPS, SA, which in turn holds investments in the Angolan entities, Finstar and ZAP Media (consolidated Finstar), as well as in the Mozambican entity, MSTAR, amounting to approximately Euro 44 million. Regarding Finstar, shares representing 70% of its capital, held by the other shareholder, are currently seized, and in January 2022, the replacement of the trustees of the companies was required. As disclosed in the note 13.3.1, during 2020 and 2021 and until the closing date, the following facts involving ZOPT were known: i) preventive seizure of shares representing 26.075% of the NOS' equity held by ZOPT, with limitation of exercising the voting rights (subsequently reversed) and receipt of dividends, in the context of a judicial proceeding involving the partners in the joint venture; ii) seizures of shares representing up to 50% of the share capital of ZOPT, held by the partners in the joint venture, in the context of three legal proceedings; iii) pledge of shares representing 17.35% of the share capital of ZOPT, held by one of the partners in the joint venture; iv) notification of a banking entity to ZOPT stating that it is vested with the right to exercise the voting rights of shares representing 17.35% of the capital of ZOPT; and v) in August 2020, the Group announced to the market that the shareholders intend to promote the liquidation of the joint venture, however, up to this date, the necessary steps to dissolve ZOPT and share proportionally its assets were not yet taken. As prescribed in IAS 36, impairment testing to the related assets is performed whenever impairment indicators exist, and business plans are prepared for the determination of the recoverable amount. Considering the inherent subjectivity of the valuation model and the estimation uncertainty	As the financial statements of the joint venture are audited by another auditor, we have: i) sent audit instructions; ii) interacted with the respective auditor; iii) evaluated the strategy and the audit plan, as well as the procedures performed for the significant areas and the conclusions reached; iv) also reviewed the equity accounting application; and v) obtained the related financial statements and the audit report. Regarding the facts involving the joint venture, we have also performed the following audit procedures: (i) assessing the impacts of the seizure of Finstar's interest in the measurement of ZOPT's investment in the Angolan entities and the reasonableness of the assumptions used in its measurement; (ii) assessing the impacts related to the preventive seizure of the shares representing 26.075% of NOS' equity by ZOPT in the measurement of the investment in the joint venture, namely through obtaining and analyzing opinions of the joint venture's legal advisors; (iii) assessing the impacts of the seizures and pledge of the shares representing the capital of ZOPT held by the partners in the joint venture, and of the notification received from the bank, in the classification and measurement of this investment in the consolidated financial statements; (iv) following the decision to dissolve ZOPT and the difference between the book value and NOS market capitalization, assessing the adequacy of the value in use to determine the recoverable amount of the joint venture; and v) obtaining and analyzing the impairment test of the aforementioned joint venture. The analysis of the joint venture's impairment test, involving internal experts, when considered relevant, includes the following procedures: (i) assessing the models used to determine the recoverable amount and their compliance with the accounting standards; (ii) assessing the

<i>Key Audit Matter</i>	<i>Summary of the Audit Approach</i>
associated with the assumptions involved in determining the recoverable amount of the joint venture, we consider the determination of the recoverable amount of that asset as a key audit matter. The related disclosures are presented in notes 2.2 b), 2.22 and 13 to the consolidated financial statements.	reasonableness of the assumptions used in the forecasted figures, considering the market conditions and the historical forecasting and budgeting accuracy; (iii) reperforming the calculations of the models; and (iv) sensitivity analysis of the most significant assumptions in the model. We also reviewed the disclosures related to investments in joint ventures in the notes to the consolidated financial statements.
<i>Impairment of goodwill, tangible and intangible assets</i>	
The consolidated statement of financial position includes a carrying amount of goodwill of Euro 732.3 million, as well as tangible and intangible assets amounting to Euro 1,881.7 million and Euro 442.8 million, respectively, including indefinite-life intangible assets of Euro 184.4 million. Goodwill and indefinite-life intangible assets (brands) are not amortized and are tested for impairment, annually or whenever impairment indicators exist. In what concerns tangible fixed assets and the remain intangible assets, impairment tests are carried out whenever impairment indicators exist. The determination of the recoverable amount of these assets, based on discounted cash flows, was considered a key audit matter, due to the high degree of judgment involved in the determination of its value, which is based on the definition by Management of a set of estimates and assumptions, based on strategic business plans. For most of its real estate assets, the Group determines its fair value through external expert valuations. The assessment of the fair value of these assets was also considered as a key audit matter because there is no active market and, therefore, a high degree of judgment is required. The related disclosures are presented in Notes 2.2 c), 2.3, 2.5, 2.10, 2.22, 8, 9, 12 and 34 to the	Our audit procedures included, among others, when applicable: (i) evaluating the criteria used to determine the cash generating units for valuation models prepared for impairment tests; (ii) assessing the reasonableness of the relevant assumptions and methodology used in the respective calculations, in particular discount rates, growth rates and royalty rates for trademarks; (iii) reperforming the calculations of the models; and (iv) scenarios and performing sensitivity analysis around the most relevant variables. Regarding real estate assets, the audit procedures on this key matter included, among others: (i) obtaining external valuations; (ii) assessment of the criteria used by the external consultant in the measurement of the fair value of real estate assets, namely rents and yields used and comparison with the previous year, namely involving our internal experts; and (iii) verifying the adequacy of using the referred criteria in determining the recoverable amount for consolidated financial statements' purposes. We also reviewed the disclosures related to these impairment tests.

Key Audit Matter	Summary of the Audit Approach
consolidated financial statements.	
Measurement of investment properties at fair value	
The group owns Investment properties amounting to Euro 319.9 million, as well as a significant portfolio of investments in joint ventures and associates held through the subsidiary, Sierra, amounting to Euro 117.3 million and Euro 524.2 million, respectively, which hold directly or indirectly investment properties.	The investment properties presented in the consolidated statement of financial position refer to the subsidiary, Sierra, whose consolidated financial statements are audited by another auditor. We have sent audit instructions, interacted with the respective auditors and reviewed Sierra's auditors working papers, focusing on the procedures performed and conclusions reached regarding the measurement of investment properties as at 31 December 2021, namely in what concerns the impact of the Covid 19 pandemic on the assumptions used on the valuations and the assessment of the technical competence of the appraisers and independence requirements, and verified that written confirmations of this fact were obtained. We have also obtained the audit report and the related consolidated financial statements.
The investment properties are measured at fair value determined by appraisals performed by independent specialized entities. On the other hand, the realizable value of the investments in joint ventures and associates is determined by reference to the estimated sale price, based on the fair value of their investment properties, held directly or indirectly, determined by valuations performed by specialized entities or, internally by Sonae Sierra, in which concerns the assets located in Brazil held by the associate Aliance Sonae Shopping Centres, SA, whose contribution to the consolidated financial statements amounts to Euro 82.1 million.	Additionally, for a sample of investment properties, we have performed the following audit procedures: (i) obtaining the valuations made by the entities hired by the Group for this purpose and the valuations performed internally by Sierra, regarding some investment properties located in Brazil; (ii) analyzing the main assumptions included in those valuations, namely discount rates, exit cap rates, revenue growth rate, change of the ratio of operational result to revenue and implicit yields in the valuation, involving internal experts; and (iii) validating the equity method accounting for joint ventures and associates.
Fair value is determined through property valuation methodologies based on relevant assumptions, amongst which the discount rate and future projections of the shopping centres operations.	We have also reviewed the disclosures presented in the notes to the consolidated financial statements.
The fair value measurement of investment properties was considered a key audit matter, taking into account the high degree of judgment and the complexity associated with such measurement due to the uncertainty of its future realization.	
The related disclosures are presented in Notes 2.2.b), 2.4, 11 and 13 to the consolidated financial statements.	

Key Audit Matter	Summary of the Audit Approach
Financial assets measured at fair value	
The Group holds equity instruments not traded in an organized market, measured at fair value and classified in level 3 of the fair value hierarchy, and recognised as Financial assets at fair value through profit or loss, amounting to Euro 164.3 million, as well as Financial assets at fair value through other comprehensive income amounting to Euro 8 million. The change in the fair value of these instruments represented a gain in the consolidated income statement of Euro 67.5 million booked as Gains and losses on investments recorded at fair value through profit and loss.	The audit procedures included, among others: i) assessing the methodologies, data and assumptions used by management in the determination of the fair value of the referred financial assets; ii) regarding the equity instruments of entities that were subject to recent transactions, reviewing the documentation that supports those transactions, in order to corroborate the fair value determined as at 31 december 2021; iii) for those equity instruments with no such transactions, management inquiry about the existence of significant changes, facts and circumstances that may have occurred since the acquisition date and may indicate the need to change the valuation, as well as reviewing, on a sampling basis, the latest financial information available in order to assess the performance of the assets since the acquisition and validate their valuation.
Furthermore, the Group holds investments measured by equity method in the associates, Armilar I, Armilar II and Armilar I+I, amounting to Euro 143.8 million, which are investment entities and have their financial investments measured at fair value. These associate investees are measured in the Group's consolidated financial statements, using the equity method, resulting in the recognition of a gain of Euro 30.3 million in the consolidated income statement, booked as Share of profit or loss of joint ventures and associates.	With regards to the associated investees, Armilar II, Armilar III and Armilar I+I, as these entities are audited by another auditor, we have sent audit instructions, interacted with the respective auditor and evaluated the procedures carried out and conclusions reached, focusing on the determination of the fair value of the respective financial investments. We have also reviewed the equity accounting application and obtained the financial statements and their statutory audit reports.
The determination of the fair value of equity instruments involves the application of valuation methodologies that use relevant assumptions and requires the use of significant judgments by management.	
The fair value measurement of equity instruments classified at level 3 of the fair value hierarchy was considered a key audit matter, due to its high degree of judgment and the uncertainty associated with such measurement.	We have also reviewed the disclosures presented in the notes to the consolidated financial statements
The related disclosures are presented in Notes 2.2 b), 2.14.a), 13 and 14..	

Key Audit Matter	Summary of the Audit Approach
Litigations and Contingencies Contingent liabilities disclosed by the Group as at 31 December 2021 include, among others, uncertain tax positions in Portugal being disputed in tax courts, for which were granted warranties in the amount of Euro 1,087.6 million, part of which related to additional Value Added Tax settlements (Euro 463 million) and income tax (Euro 269 million). There are also several ongoing proceedings to challenge fines imposed by the Competition Authority amounting to Euro 160.9 million, as well as another administrative proceeding initiated by the same entity without a sentencing decision issued at the closing date of the accounts. The classification of the litigations as contingent liabilities (only disclosed in the notes) or provisions (when there is a present obligation and a probable outflow of resources), as well as its measurement were considered a key audit matter, considering the materiality, the high degree of judgement by the Management, the fact that the assessment of those proceedings is complex and have uncertain outcomes, which depend upon potential future developments. The related disclosures are presented in Notes 2.13, 2.15, 34 and 37 to the consolidated financial statements.	The audit procedures regarding contingency assessment and tax litigation with the support of our internal tax experts included, among others: (i) obtaining the list of ongoing tax disputes and its probability outcome assessment prepared by the corporate tax department, which includes significant group subsidiaries; (ii) obtaining and reviewing the confirmations of the claims received from external legal consultants, when applicable; having also met the lawyer in charge of the proceedings initiated by the Competition Authority, (iii) for a sample of undergoing tax processes, analysis of the related documentation and evaluation of complaints and disputes made by the Group, in the applicable cases; (iv) discussion of the assumptions and arguments that support the management position regarding a sample of tax proceedings; and (v) assessing the assumptions assumed by the Group in the classification of the contingency. We also reviewed the disclosures presented in the notes to the consolidated financial statements.
Commercial income from suppliers The Group has a significant set of agreements with suppliers from which obtains commercial income. This commercial income is related to purchase volume-based discounts or amounts related to services rendered in stores, such as placement of articles in brochures and tops, as well as the participation on promotional campaigns for partner products, indirectly associated with purchase processes. That income constitutes a deduction to the purchase price, and as such are recorded as a deduction to Cost of sales or to Inventories.	The audit procedures included, among others: (i) the analysis of the design, implementation and assessment of relevant controls over commercial income (approval of agreements with suppliers, information systems supporting such operations and their calculations, data interfaces); (ii) analytical procedures, namely the analysis of ratios of income to purchases and comparisons with the previous year; (iii) for a sample of agreements, the analysis of the supporting documentation in order to check whether it was properly contracted and agreed

<i>Key Audit Matter</i>	<i>Summary of the Audit Approach</i>
The recognition of the commercial income related to the aforementioned service component depends on the fulfillment of the performance obligation agreed with the supplier, which requires a detailed review of the contractual terms, supported on specific information systems with defined categories of commercial income. The commercial income from suppliers was considered a key audit matter based on its materiality, the volume of transactions and the fact that the allocation to inventories of the service component is based on manual processes more susceptible to the occurrence of errors. The related disclosures are presented in Notes 2.12, 2.19, 17 and 21 to the consolidated financial statements.	with the suppliers and the validation of the adequacy of the accounting treatment of such agreements; (iv) testing the allocation of obtained discounts and commercial income to inventories as at 31 December 2021; (v) testing whether amounts were recorded in the correct period, namely through subsequent events procedures in 2022, and (vi) circularising a sample of suppliers, and reviewing its reconciliation, when applicable. We also reviewed the disclosures presented in the consolidated financial statements.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- d) the adoption of appropriate accounting policies and criteria; 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;
- g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements, the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters and verifying that the consolidated non-financial statement and the remunerations report were presented.

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 Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the corporate governance report includes the information required under article No. 29-H of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs 1. c), d), f), h), i) and l) of that article.

European Single Electronic Format (ESEF)

The Entity's consolidated financial statements for the year ended on 31 December 2021 must comply with the applicable requirements established in Commission Delegated Regulation (EU) 2019/815, of 17 December 2018 (ESEF Regulation).

The management is responsible for the preparation and disclosure of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements included in the annual report are presented in accordance with the requirements of the ESEF Regulation.

Our procedures took into account the OROC Technical Application Guide on ESEF reporting and included, among others:

- a) obtaining an understanding of the financial reporting process, including the annual report presentation in valid XHTML format; the identification and assessment of the risks of material misstatement associated with the tagging of information in the consolidated financial statements, in XBRL format using iXBRL technology. This assessment was based on an understanding of the process implemented by the entity to tag the information.

In our opinion, the consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

Consolidated non-financial statement

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Group prepared a separate report of the Directors' report that includes the consolidated non-financial statement set forth in article No. 508-G of the Portuguese Company Law, which was disclosed together with the Directors' report.

Remunerations report

In compliance with paragraph 6 of article No. 26-G of the Portuguese Securities Market Code, we hereby inform that the Entity included in a separate section, in its corporate governance report, the information set forth in paragraph 2 of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters referred to above, we also provide the following information:

- a) We were first appointed auditors of Sonae, SGPS, S.A. in the Shareholders' General Meeting of 3 May 2018 until the end of the mandate 2015 to 2018, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 30 April 2019 for the period from 2019 to 2022.
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of 5 April 2022.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 1 of article No. 5 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014 and that we remain independent of the Group in conducting our audit.

5 April 2022

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António Joaquim Brochado Correia, ROC nº 1076
Registered with the Portuguese Securities Market Commission under nº 20160688



Separate Financial Statements

SEPARATE STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021 AND 2020

(Amounts expressed in euro)

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

	Notes	31 Dec 2021	31 Dec 2020
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment		203,485	166,138
Intangible assets		1,868	284
Right of use assets		546,756	546,492
Investments in subsidiaries, associates and joint ventures	6	4,482,354,149	4,590,857,253
Assets at fair value through profit or loss	7	3,000,000	3,000,000
Assets at fair value through other comprehensive income	7	129,580,000	108,604,000
Other investments		49,880	49,880
Deferred tax assets	8	10,057,513	6,669,288
Other non-current assets	4 and 9	33,712,156	33,706,727
Total Non-Current Assets		4,659,505,807	4,743,600,062
CURRENT ASSETS:			
Trade receivables	4 and 10	1,437,486	4,294,728
Other receivables	4 and 11	174,470,306	160,396,513
Income tax assets	12	8,109,612	16,422,098
Other tax assets		-	983
Other current assets	4 and 13	2,699,396	2,450,312
Cash and bank balances	4 and 14	26,240,166	147,902
Total Current Assets		212,956,966	183,712,536
TOTAL ASSETS		4,872,462,773	4,927,312,598
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	15	2,000,000,000	2,000,000,000
Own shares	16	(76,248,621)	-
Legal reserve	17	281,215,564	277,452,299
Other reserves	18	1,321,694,274	1,324,558,649
Retained earnings		101,167,432	101,167,432
Profit/(Loss) for the period		362,639,732	75,265,295
TOTAL EQUITY		3,990,468,381	3,778,443,675
LIABILITIES			
NON-CURRENT LIABILITIES:			
Bonds	4 and 20	11,930,286	277,156,160
Loans	4 and 20	294,823,769	464,563,178
Lease liabilities	4	347,213	354,497
Deferred tax liabilities	8	123,020	122,961
Total non-current liabilities		307,224,288	742,196,796
CURRENT LIABILITIES:			
Bonds	4 and 20	8,000,000	-
Loans	4 and 20	177,600,000	87,733,724
Lease liabilities	4	202,108	194,148
Trade payables	4 and 21	1,466,103	1,575,023
Loans obtained from group companies	4 and 22	340,790,000	270,991,557
Other payables	4 and 23	40,513,799	40,523,871
Other tax liabilities		504,947	402,771
Other current liabilities	4 and 24	5,693,147	5,251,033
Total Current Liabilities		574,770,104	406,672,127
TOTAL LIABILITIES		881,994,392	1,148,868,923
TOTAL EQUITY AND LIABILITIES		4,872,462,773	4,927,312,598

The accompanying notes are part of these separate financial statements.

SEPARATE INCOME STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in euro)

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

	Notes	31 Dec 2021	31 Dec 2020
Revenue	27	6,628,828	6,888,058
Gains and losses on investments recorded at fair value through results	28	314,745,932	(74,642,934)
Other income		1,582,136	1,406,128
External supplies and services	29	(15,975,544)	(7,191,394)
Employee benefits expense	30	(8,349,317)	(7,768,754)
Depreciation and amortisation expenses		(243,400)	(490,689)
Provisions and impairment losses		-	(591)
Other expenses		(1,007,138)	(1,206,094)
Profit from continuing operations before interests, dividends, share of profit or loss of joint ventures and associates and tax		297,381,497	(83,006,270)
Dividends received	26	70,692,157	157,296,765
Financial income	31	2,338,358	18,366,072
Financial expense	31	(14,764,883)	(20,362,591)
Profit/(Loss) before taxation		355,647,129	72,293,976
Income tax expense	12	6,992,603	2,971,319
Profit/(Loss) after taxation		362,639,73	75,265,295
Earnings per share			
Basic	32	0.18333	0.03763
Diluted	32	0.18314	0.03761

The accompanying notes are part of these separate financial statements.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in euro)

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

	Notes	31 Dec 2021	31 Dec 2020
Net Profit / (Loss) for the period		362,639,732	75,265,295
Other integral income items that won't be reclassified subsequently to profit or loss:			
Change in the fair value of financial assets net of tax	7	22,515,000	(27,816,000)
Total other comprehensive income for the period		22,515,000	(27,816,000)
Total comprehensive income for the period		385,154,732	47,449,295

The accompanying notes are part of these separate financial statements.

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in euro)

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

	Notes	Share Capital	Own Shares	Legal Reserve	Investments Fair Value Reserve	Other Reserves		Free Reserves	Total Other Reserves	Retained Earnings	Net Profit/(Loss)	Total
						Share based payments reserve	Unavailable reserves related to own shares					
Balance as at 1 January 2020		2,000,000,000	–	268,028,145	–	1,142,589	–	1,264,245,548	1,265,388,13	101,174,851	188,483,086	3,823,074,219
Total comprehensive income for the year		–	–	–	(27,816,000)	–	–	–	(27,816,000)	–	75,265,295	47,449,295
Appropriation of profit of 2019:												–
Transfer to legal reserves		–	–	9,424,154	–	–	–	–	–	–	(9,424,154)	–
Transfer to free reserves		–	–	–	–	–	–	86,458,931	86,458,931	–	(86,458,931)	–
Dividends distributed		–	–	–	–	–	–	–	–	–	(92,600,000)	(92,600,000)
Medium and long-term variable remuneration policy - reclassification of equity to liabilities	19	–	–	–	–	(536,354)	–	258,980	(277,374)	–	(1)	(277,375)
Share-based payments	19	–	–	–	–	797,536	–	–	797,536	–	–	797,536
IFRS 16 impact		–	–	–	–	–	–	7,419	7,419	(7,419)	–	–
Balance as at 31 December 2020		2,000,000,000	–	277,452,299	(27,816,000)	1,403,771	–	1,350,970,878	1,324,558,64	101,167,432	75,265,295	3,778,443,67
Total comprehensive income for the year		–	–	–	22,515,000	–	–	–	22,515,000	–	362,639,732	385,154,732
Appropriation of profit of 2020:												–
Transfer to legal reserves		–	–	3,763,265	–	–	–	–	–	–	(3,763,265)	–
Transfer to free reserves		–	–	–	–	–	–	(25,697,970)	(25,697,970)	–	–	(25,697,970)
Dividends distributed		–	–	–	–	–	–	–	–	–	(71,502,030)	(71,502,030)
Own share acquisition	16	–	(76,248,621)	–	–	–	76,248,621	(76,248,621)	–	–	–	(76,248,621)
Medium and long-term variable remuneration policy - reclassification of equity to liabilities	19	–	–	–	–	–	–	255,429	255,429	–	–	255,429
Share-based payments	19	–	–	–	–	63,166	–	–	63,166	–	–	63,166
Balance as at 31 December 2021		2,000,000,000	(76,248,621)	281,215,564	(5,301,000)	1,466,937	76,248,621	1,249,279,716	1,321,694,27	101,167,432	362,639,732	3,990,468,381

The accompanying notes are part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 2020

(Amounts expressed in euro)

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

	Notes	31 Dec 2021	31 Dec 2020
OPERATING ACTIVITIES			
Receipts from customers		9,486,057	3,779,191
Payments to suppliers		(16,414,552)	(6,118,726)
Payments to employees		(8,063,119)	(7,351,110)
Cash generated from operations		(14,991,614)	(9,690,644)
Income taxes (paid) / received		7,819,921	3,804,668
Other cash receipts and (payments) relating to operating activities		1,081,259	1,594,203
Net cash generated from operating activities (1)		(6,090,434)	(4,291,773)
INVESTMENT ACTIVITIES			
Receipts arising from:			
Loans granted		3,601,888,999	2,934,203,000
Investments	33	530,187,840	195,508,331
Property, plant and equipment and intangible assets		1,910	1,143
Interests and similar income		1,810,573	2,432,168
Dividends		70,692,157	157,296,765
Others		-	5,036
		4,204,581,479	3,289,446,444
Payments arising from:			
Loans granted		(3,609,642,999)	(2,702,986,000)
Investments	33	(107,448,804)	(403,266,493)
Property, plant and equipment and intangible assets		(65,347)	(150,179)
Others		(5,427)	(9,600)
		(3,717,162,577)	(3,106,412,271)
Net cash used in/generated by investment activities (2)		487,418,902	183,034,172
FINANCING ACTIVITIES			
Receipts arising from:			
Loans, bonds and finance leases	34	5,290,985,687	4,826,373,057
		5,290,985,687	4,826,373,057
Payments arising from:			
Loans, bonds and finance leases	34	(5,551,452,244)	(4,908,023,500)
Interests and similar charges		(11,238,387)	(12,638,379)
Dividends		(97,178,125)	(92,579,160)
Purchase of own shares	16	(76,248,621)	-
Lease Liabilities		(235,790)	(473,501)
		(5,736,353,167)	(5,013,714,540)
Net cash used in financing activities (3)		(445,367,480)	(187,341,482)
Net increase (decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		35,960,988	(8,599,083)
Cash and cash equivalents at the beginning of the period		(9,720,822)	(1,121,739)
Cash and cash equivalents at the end of the period	14	26,240,166	(9,720,822)

The accompanying notes are part of these separate financial statements.

SONAE, SGPS, SA

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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

(Amounts stated in euro)

1. Introduction

SONAE, SGPS, SA ("the Company" or "Sonae"), has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal.

Sonae is controlled by Efanor Investimentos SGPS, S.A. which holds, directly and indirectly, 56.74% of its share capital. All shares representing Sonae's share capital are admitted to trading on the regulated Euronext Lisbon market.

Key events during the year

Disposal of 24.99% of the Sonae MC, SGPS, SA shares

In August 2021, Sonae SGPS, S.A. sold 24.99% of the share capital of Sonae MC, SGPS ("Sonae MC") to Camoens Investments S, á r. l, an entity indirectly held by funds managed by CVC Advisers Company (Luxembourg) S, á r. l ("CVC Funds") for the amount of 528 million euro.

This transaction allows Sonae SGPS to partner with a top-tier investor to support the growth plan of Sonae MC, while retaining a controlling position in a pivotal asset in its portfolio (indirect control through Sonae Holdings, S.A.). This partnership is part of Sonae SGPS's active portfolio management strategy, aiming to put in place the optimal shareholder structure for each of its businesses and joining forces with highly experienced partners. After this transaction, Sonae maintains indirect control of MC.

Increase of Sierra stake

On 5 March 2021 Grosvenor exercised a put option over 10% of the shares held in Sierra for an estimated amount of 82.16 million euro, which represents an implicit discount of around 11% on Sierra's NAV. Following the completion of this transaction, Sonae now owns 80% of the share capital and voting rights of Sierra.

COVID-19

The year 2021 continued to be marked by the COVID-19 pandemic. However, with the acceleration of the vaccination process in Europe and the USA, we have witnessed the progressive deconfinement and reopening of the economy, allowing business to recover throughout the year.

Despite the positive trend, during this last year, this context had different impacts on the activity of each of the Group's businesses, with different intensity levels according to the sector in which they operate, and which naturally required an adaptation of the respective operations.

Sonae continued to follow in detail and with great concern all developments related to the pandemic, closely following the position of the international and national competent authorities, namely the World Health Organization, the European Centre for Disease Prevention and Control and the Portuguese General Directorate of Health.

Aligned with the Group's Risk Management Policies, the contingency plans and respective mitigation measures were constantly updated and activated in all companies and departments, allowing all employees to be protected and to face this period of turbulence mitigating the maximum loss of value.

Throughout the year, various initiatives were carried out to provide general support to institutions (hospitals, municipalities, support centres) through the donation of food goods, electrical appliances, laptops, physical spaces, telecommunications and services.

The main impacts and initiatives by business are detailed in the consolidated financial statements.

The separate financial statements are presented as required by Commercial Companies Code. According to Decree-Law 158/2009 of 13 July, the company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS – EU).

Consolidated financial statements are also presented in accordance with applicable legislation.

2. Principal Accounting Policies

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

2.1. Basis of preparation

The attached separate financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union. These correspond to the International Financial Reporting Standards, issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) or the previous Standing Interpretations Committee (“SIC”), which have been adopted by European Union and are effective on 1 January 2021.

The separate financial statements were prepared from the Company's accounting books and records, on the assumption of continuity of operations and based on historical cost, except for the measurement of “Financial assets at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income” that are measured at fair value.

The preparation of the separate financial statements in accordance with IFRS requires the use of estimates, assumptions and critical judgments in the process of determining accounting policies with a significant impact on the book value of assets and liabilities, as well as income and expenses for the period.

Although these estimates are based on the best experience of the Board of Directors and their best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas that involve a greater degree of judgment or complexity, or areas where assumptions and estimates are significant are presented in Note 2.8.

Management has assessed the Company's ability to operate on a going concern basis, taking into consideration all relevant information, facts and circumstances of financial, commercial and other nature, including subsequent events to the date of the financial statements. As a result of this evaluation, Management concluded that the Company has adequate resources to maintain its activities, having no intention to cease activities in the short term, and considered the use of the going concern assumption as appropriate.

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

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

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

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

New accounting standards and their impact in these financial statements:

- Up to the date of approval of these financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during the year 2021:

Standards (new and amendments) effective as at 1 January 2021	Changes	Effective date (for financial years beginning on or after)
IFRS 4 – Deferral of 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 2021
IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark (IBOR) reform – phase 2	Additional exemptions related to the impacts of the reform of reference interest rates ("IBOR"), and especially the replacement of a reference interest rate with an alternative in traded financial instruments. Disclosure requirement on exposure to changes in benchmark interest rates.	01 Jan 2021
IFRS 16 – Leases – COVID-19 related rent concessions beyond 30 June 2021	Extension of the application period for the exemption in the recognition of rent concessions granted by lessors related to COVID-19, as modifications, until 30 June 2022.	01 Apr 2021

These standards were applied by the Company in 2021. Sonae carried out an analysis of the changes introduced and their impact on the financial statements and concluded that the application of those standards did not produce material effects in the financial statements, in particular as regards the reform of the reference interest rates ("IBOR") that refer to reference interest rates used in several financial instruments, such as loans, bank deposits or derivative financial instruments, for example Euribor and Libor. Some IBOR are being reformed, however, regarding Euribor, to which Sonae group financial instruments are indexed, there are no indications that it will be replaced in the near future, after its restructuring in 2019.

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

Standards (new and amendments) that will become effective, on or after 1 January 2022, already endorsed by the EU	Changes	Effective date (for financial years beginning on or after)
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 2022
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	01 Jan 2022
Annual Improvements 2018-2020	Specific amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	01 Jan 2022
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 2022
IFRS 17 – Insurance contracts	New accounting for insurance contracts, reinsurance contracts and investment contracts with discretionary participating features.	01 Jan 2023
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 2023
IAS 1 – Disclosure of accounting policies	Disclosure requirement for material accounting policies, rather than significant accounting policies.	01 Jan 2023
IAS 8 – Disclosure of accounting estimates	Definition of accounting estimate. Clarification as to the distinction between changes to accounting policies and changes to accounting estimates.	01 Jan 2023

Company did not proceed with the early application of any of these standards in the financial statements for the year ended 31 December 2021. There are no estimated significant impacts on the financial statements resulting from their adoption.

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

Standards (new and amendments) that will become effective, on or after 1 January 2022, not yet endorsed by the EU	Changes	Effective date (for financial years beginning on or after)
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 2023
IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	Requirement to recognize deferred tax on the recognition of assets under right of use / lease liability and provisions for decommissioning / related asset, when their initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences, because of not being relevant for tax purposes.	01 Jan 2023
IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information	This amendment allows to avoid temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented, when first applying IFRS 17. This amendment allows the application of a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information.	01 Jan 2023

These standards have not yet been endorsed by the European Union and, as such, have not been applied for the year ended 31 December 2021.

2.2. Investments in subsidiaries, associates and joint ventures

Equity investments in subsidiaries, associates and joint ventures are accounted for in accordance with IAS 27, hence at acquisition cost less impairment losses.

Subsidiaries are all entities (including structured entities) over which Company has control. Company controls an entity when it is exposed to, or has rights to, the variable returns from its involvement with Company, and has the ability to affect those returns through its power exercised over Company.

Joint Ventures correspond to joint arrangements whereby the venturers exercising joint control over the arrangement with the aim of sharing the return obtained from the activity of the Joint Venture.

Associates correspond to entities over which the Company has significant influence, that is, over which the Company has the power to participate in decisions on the investee's operational and financial policies, but this power does not correspond to control or joint control over them.

Associates are investments in which the Company has significant influence, but does not have control or joint control. Significant influence (presumed when voting rights are equal to or greater than 20%) is the power to participate in the financial and operating policy decisions of the entity, without, however, exercising control or joint control over those policies.

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

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

The excess of the acquisition cost in relation to the fair value of the identifiable assets and liabilities acquired, goodwill, is recognized as part of the financial investment in investments in subsidiaries, associates and joint ventures. If the acquisition cost is less than the fair value of the assets and liabilities of these acquired entities, the difference is recognized as a gain directly in the separate income statement.

Dividends received are registered as income related to investments, when attributed.

Company carries out impairment assessments related to the investments in subsidiaries, associates and joint ventures whenever events or changes in circumstances indicate that the amount at which the asset is recorded in the separate financial statements may not be recoverable.

In addition to the recognition of impairment in these investments, Company recognises additional losses if it has assumed obligations, or if it has made payments for the benefit of these entities.

Impairment losses are calculated by comparing the recoverable amount of the investment, corresponding to the higher of the fair value less costs to sell and the value in use, and the book value of the financial holdings.

The above-mentioned estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models in order to estimate the value in use of such investments.

Subsidiaries or joint ventures which main assets are investments in real estate companies or real estate assets are valued with reference to the fair value of the real estate assets owned by such companies.

It is the Board of Directors understanding that the use of the above mentioned methodology is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

If, on a subsequent date, it is found that the impairment amount has decreased, and the decrease is objectively the result of a certain event that occurred after the initial recognition of the impairment, the amount then recorded is reversed up to the limit of the amount that would have been recognized, had it not been recognized. any impairment loss is recorded.

2.3. Financial Instruments

The Company classifies the financial instruments in the categories presented and conciliated with the statement of financial position disclosed in note 4.

(a) Financial Assets

Recognition

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

Classification

Financial assets classification depends on the business model followed by the Company in the management of financial assets (receipt of cash flows or appropriation of fair value changes) and the contractual terms of the cash flows receivable.

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

Financial assets may be classified in the following measurement categories:

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

(iii) Financial assets at fair value through profit or loss: Includes assets that do not meet the criteria for classification as financial assets at 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 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 amortised cost are subsequently measured in accordance with the effective interest rate method and deducted from impairment losses. Interest income on these financial assets is included in "Interest income" on financial income.

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

Impairment losses

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

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

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

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

Impairment losses calculated for financial assets at amortised cost are recorded in the income statement under the caption "Provisions and impairment losses" when estimated. When it is estimated that the impairment losses recognized in previous years no longer exist or have decreased, the reversal of impairment is recorded in the caption "Provisions and impairment losses".

Derecognition of financial assets

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

(b) Loans granted and other receivables

Loans granted are measured at amortised cost using the effective interest method, deducted from any impairment losses.

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

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

Loans are classified as current assets, except when their maturity is greater than 12 months from the statement of financial position date, which are classified as non-current assets.

Other receivables are recorded at their nominal value less any impairment losses, recognized under the impairment losses item in accounts receivable, so that they reflect their net realizable value.

Impairment losses on loans and accounts receivable are recorded in accordance with the principles described in Note 2.3 a).

Impairment losses recognized correspond to the difference between the carrying amount of the balance receivable and the respective current value of estimated future cash flows, discounted at the initial effective interest rate which, in cases where a receipt is expected within a period of less than one year, is considered null because the discount effect is considered immaterial.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the statement of financial position caption of current bank loans.

(d) Classification as equity or liability

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

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

(e) Financial liabilities

Financial liabilities are classified into two categories:

- i) Financial liabilities at fair value through profit or loss; and
- ii) Financial liabilities at amortised cost.

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

As at 31 December 2021, Company has only recognized liabilities classified as "Financial liabilities at amortised cost".

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

(f) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments which corresponds to their fair value at transaction date.

Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in note 2.6. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Borrowings on the form of commercial paper are classified as non-current, when the Company has guarantees of placing for a period exceeding one year and it is its' intention to maintain the use of this form of financing for a period exceeding one year.

(g) Trade and other payables

Trade accounts payable are stated at their nominal value, since it relates to short term debt, and its discount effect is estimated to be immaterial.

(h) Derivatives

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

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

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

The effectiveness of the hedge is assessed based on the critical criteria (amount, interest rate, interest settlement dates, currency and maturity date) of the hedged item and hedging instrument which tend to be similar. This results in a hedge rate close to 100%. Changes in the critical criteria of the hedge and the hedged item will be continuously monitored. Inefficiencies, if any, are recorded under the headings "Financial income" and "Financial expenses" in the income statement.

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

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

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

(i) Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period.

(j) Impairment of financial assets

The determination of impairment on financial assets involves significant estimates. In calculating this estimate, Company assesses, among other factors, the duration and extent of the circumstances under which the recoverable value of these assets may be less than their book value. The balances of "Loans granted to related entities", "Trade receivables" and "Other current assets" are evaluated for factors such as the history of default, current market conditions, plus prospective information estimated by reference at the end of each reporting period as the most critical assessment elements for the purpose of analysing estimated credit losses.

2.4. Contingent assets and liabilities

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

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

2.5. Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of services arising from debits of management fees to group companies. Revenue is recognized net of value added tax.

2.6. Recognition and accrual basis

Dividends are recognised as income in the year they are attributed to the shareholders.

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

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

2.7. Subsequent events

Events after the date of the statement of financial position that provide additional information about conditions that existed at the date of the statement of financial position are reflected in the financial statements. Events after the date of the statement of financial position that provide information on conditions that occur after the date of the statement of financial position are disclosed in the notes to the financial statements, if material.

2.8. Judgements and estimates

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

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

- a) Determination of the recoverable value of investments in subsidiaries, joint ventures and associates (Note 6);
- b) Adjustments to assets, provisions and analysis of contingent liabilities;
- c) Recoverability of deferred tax assets;
- d) Determination of the fair value of financial assets through comprehensive income and profit and loss (Note 7).
- e) Classification of investments of the venture capital portfolio.

Estimates used are based on the best information available during the preparation of these financial statements and are based on the best knowledge of past and present events. Although future events are not controlled by the Company and are not foreseeable, some could occur and have impact on the estimates. Therefore, and due to this uncertainty the outcome of the transactions being estimated may differ from the initial estimate. Changes to the estimates used by management that occur after the approval date of these separate financial statements, will be recognised in net income prospectively, in accordance with IAS 8.

2.9. Share-based payments

Share-based payments result from deferred performance bonus plans that are referenced to Sonae share price and/or that of its publicly listed affiliated companies and vest within a period of 3 years after being granted.

Share-based payments are measured at fair value on the date they are granted (usually in March of each year).

The settlement of plans is made by the delivery of Company shares, with the option to settle the plans in cash, and the value of each plan is determined as at the grant date based on fair value of shares granted and cost is recognized rateably during the period of each plan. Liability is recorded in equity, with a corresponding entry to personnel expenses, linearly throughout the liability maturity period.

2.10. Income tax and other taxes

Since 2014, Sonae is taxed in accordance with Special Regime of Taxing Groups of Companies (Parent company). Each company included in the perimeter records income tax for the year in its financial statements by recognizing a liability to group companies.

Except in 2017 where only the parent company recognized the effect of tax losses generate by the group, the companies that contribute with tax losses register the corresponding tax amount in the individual financial statements by counterpart of the intercompany caption.

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

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

Deferred tax liabilities are recognized on all taxable temporary differences, except those related to: i) the initial recognition of goodwill; or ii) the initial recognition of assets and liabilities, which do not result from a concentration of business activities, and which at the date of the transaction do not affect the accounting or tax result. However, with respect to taxable temporary differences related to investments in subsidiaries, these should not be recognized to the extent that: i) the parent company has the capacity to control the period of the reversal of the temporary difference; and ii) it is likely that the temporary difference will not be reversed in the near future.

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

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

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

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

2.11. Transactions with related parties

Transactions with related parties are performed at arm's length conditions, and the gains or losses arising on those transactions are recognized and disclosed in note 26.

3. Financial risk management

3.1. Introduction

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

Financial risk management policies are approved by the Sonae Executive Committee. Exposures are identified and monitored by the Finance Department. Exposures are also monitored by the Finance Committee as noted in the Corporate Governance Report.

3.2. Credit risk

Credit risk is defined as the probability of a counterparty defaulting on its payment contractual obligations resulting in a financial loss. Sonae is a holding company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalent instruments, deposits with banks and financial institutions or resulting from derivative financial

instruments entered into in the normal course of its hedging activities) or from its lending activities to subsidiaries. Loans to related entities are considered to have low credit risk and, therefore, impairment losses recognized during the period were limited to estimated credit losses at 12 months. These financial assets are considered to have "low credit risk" when they have a low impairment risk and the borrower has a high capacity to meet its contractual cash flow liabilities in the short term.

Additionally, Sonae may sometimes also be exposed to credit risk as a result of its portfolio management activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis (bank guarantees, escrow accounts, collaterals, among others) under the supervision of the Executive Committee.

In order to reduce the probability of counterparties default Sonae transactions (short term investments and derivatives) are only concluded in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have been selected based on its high national and international reputation, and taking, into account its rating notations and the nature, maturity and extension of the operations;
- Sonae should only invest in previously authorized financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made with a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);
- Additionally, in relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by relationship banks in order to reduce exposure on a net basis, and ii) may only be applied on pre-approved instruments;
- Any departure from the above mentioned policies needs to be pre-approved by the Executive Committee.

Given the above mentioned policies and the credit ratings restrictions imposed management does not expect any material failure in contractual obligations from its external counterparties. Nevertheless, exposure to individual counterparties resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Financial Department and any departure is promptly reported to the Executive Committee and Finance Committee.

Settlement risk is also a risk faced by Sonae, which is managed through the rigorous selection of its brokers which must be highly rated counterparties.

In relation to credit risk resulting from loans granted to subsidiaries, there is no specific risk management policy as the financing of its subsidiaries is part of the main operations of a holding company.

3.3. Liquidity Risk

Sonae needs to raise external funds to finance its activities and investing plans. It holds a diversified loan portfolio, essentially made up of long term bond financing, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2021 the total gross debt was 492 million euro (829 million euro as at 31 December 2020) (Note 20) excluding the loans obtained from group companies.

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy.

Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining, with its relationship banks, a combination of short and medium term committed credit facilities, commercial paper programme with sufficiently comfortable previous notice cancellation periods within a range between 60 and 360 days;
- Maintenance of commercial paper with different periods, that allow, in some cases, to place the debt directly in institutional investors;
- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- Diversification of financing sources and counterparties;
- Ensuring an adequate debt average maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. As at 31 December 2021 Sonae debt average life maturity, adjusted by the amount of committed long-term facilities and cash equivalents, was 3.3 years (3.8 years as at 31 December 2020);
- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;
- Where possible, by pre-financing forecasted liquidity needs, through transactions with an adequate maturity;
- Management procedures for short-term investments ensuring that the maturity of the investments to be made must coincide with the expected payments (or be sufficiently liquid, in the case of investments in assets, to allow urgent and unscheduled settlements), including a margin to cover eventual forecasting errors. The reliability of treasury forecasts is a determining variable for calculating the amounts and terms of the borrowing / investing operations in the market.

Sonae maintains a liquidity reserve in the form of credit lines with its relationship banks, in order to ensure the ability to meet its commitments, without having to refinance itself under unfavourable conditions. Sonae has 352.0 million euro of credit lines contracted (647.0 million euro as at 31 December 2020). As at 31 December 2021, the amount of loans with maturity in 2022 is 185.6 million euro (87.7 million euro with maturity in 2021). Additionally, considering the credit lines used at 31 December 2021, 117.0 million euro are available (at 31 December 2020, there were credit lines available in the amount of 239.3 million euro). In view of the above, Sonae expects to satisfy all its treasury needs by resorting to the flows of its investments, as well as, if necessary, using existing available credit lines. Additionally, as at 31 December 2021, Sonae had a liquidity reserve consisting of cash and cash equivalents and current investments as described in note 14.

Sonae believes that within the short term, it has access to all the necessary financial resources to meet its commitments and investments.

3.4. Interest rates risks

3.4.1. Policies

Sonae is exposed to cash flow interest rate risk in respect of items in the statement of financial position (loans and short term investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps, FRA's and options). Most of Sonae debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps or forward rate agreements), or to limit the maximum rate payable (usually through zero cost collars or the purchased caps).

Sonae mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve since hedging interest rate risk usually has an opportunity cost associated. Therefore, a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae grants loans bearing interest at variable interest rates to its subsidiaries as part of its usual activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into:

- For each derivative or instrument used to hedge the risk associated with a given financing, there must be a coincidence between the dates of interest flows paid on the hedged financing and the settlement dates under the hedging instrument to avoid any inefficiency in the hedging;
- For each derivative or instrument used to hedge the risk associated with a given financing, there must be a perfect equivalence between the base rates: the index used in the derivative or hedging instrument must be the same as that applicable to the financing / transaction that is being covered;
- Since the beginning of the transaction, the maximum cost of indebtedness, resulting from the hedging operation carried out, is known and limited, even in scenarios of extreme changes in market interest rates, trying to ensure that the resulting level of rates fits into the cost of funds considered in the Company's business plan, or at least in extreme interest rate hike scenarios should not be higher than the cost of financing indexed to the underlying variable rate;
- The counterparties of the hedging instruments are limited to credit institutions of high credit quality, in accordance with the credit risk management considerations referred to in chapter 3.2, and it is Sonae's policy to privilege the contracting of these instruments with Sonae's relationship banking entities, nevertheless, requesting the submission of proposals and indicative prices to a representative number of banks in order to guarantee the adequate competitiveness of these operations;
- The determination of the fair value of hedging operations was based, for swaps, on the update to the date of the statement of financial position of future cash flows resulting from the difference between the fixed interest rate of the fixed leg of the instrument derivative and the variable interest rate indexing the variable leg of the derivative instrument. For options, fair value is determined based on the "Black-Scholes" model and its variants. The estimate of future cash flows is made based on the forward quotes implicit in the market curve and the respective discount for the present, is performed

using the most representative interest rate curve in the market, constructed based on information from credible sources conveyed by Bloomberg, among others. Comparative quotes from financial institutions, for specific or similar instruments, are used as an evaluation benchmark. This analysis assumes that all other variables remain constant;

- All transactions must be contracted following ISDA contracts;
- All operations that do not follow the aforementioned rules will have to be individually approved by the Executive Committee and reported to the Finance Committee, namely operations contracted with the purpose of optimizing the cost of debt when deemed appropriate according to the conditions in force at that time in the financial markets.

3.4.2. Sensivity analysis

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

- Changes in interest rates affect interest receivable or payable on financial instruments indexed to variable rates (interest payments, associated with financial instruments not designated as hedged instruments under interest rate risk cash flow hedges) . As a consequence, these instruments are included in the calculation of the sensitivity analysis to the results;
- Changes in market interest rates only affect gains and losses in relation to financial instruments with fixed interest rates if they are recognized at their fair value. As such, all financial instruments with fixed interest rates recorded at amortised cost are not subject to interest rate risk, as defined in IFRS 7;
- In the case of instruments designed to hedge the fair value of interest rate risk, when changes in the fair value of the hedged instrument and the hedging instrument attributable to interest rate movements are almost completely offset in the income statement for the same period, these financial instruments are also not considered to be exposed to interest rate risk;
- Changes in the market interest rates of financial instruments that have been designated as cash flow hedging instruments to cover fluctuations in payments resulting from changes in interest rates affect the equity reserve items and are therefore included in the calculation of the sensitivity analysis to equity (other reserves);
- Changes in the market interest rate of interest rate derivatives that are not designated as part of a hedging relationship, as defined in IAS 39, affect the Company's results (net gain / loss resulting from the revaluation of the fair value of the instruments financial), and are therefore included in the calculation of the sensitivity analysis to results;
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are estimated by discounting future cash flows at the market interest rates existing at the end of each year and assuming a parallel variation in the interest rate curves;
- For the purposes of the sensitivity analysis, this analysis is performed based on all financial instruments existing during the year.

Under the previously mentioned assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the company net profit before taxes as at 31 December 2021 (separate statements) would decrease by approximately 4.7 million euro (as at 31 December 2020 the net profit would have decrease by 5 million euro). The increase in interest rate in 75 basis points

would not have an impact over total equity on 31 December 2021 (no impact on 31 December 2020) not considering the impact over net profit.

3.5. Foreign exchange risk

As a holding company, Sonae has very limited exposure to exchange rate transaction risk arising from commercial transactions. Usually, when such exposures arise, foreign exchange risk management is carried out with the objective of minimizing the volatility of the value of such transactions carried out in foreign currency and reducing the impact on the results of exchange rate fluctuations. When materially significant exposures arise with a high degree of certainty, Sonae covers such exposures mainly with the use of forward exchange rate contracts. For exposures with some degree of uncertainty, you can resort to the use of exchange rate options, subject, however, to the prior approval of the Executive Committee.

Sonae does not have any material foreign exchange rate exposure at holding level, since almost all equity and loans to subsidiaries are denominated in euro.

3.6. Price risk and market risk

The Group is exposed to equity price risks arising from equity investments, maintained for strategic rather than for trading purposes as the group does not actively trade these investments. These investments are presented in note 7.

3.7. Capital risk

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

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

4. Financial instruments by class

The categories of financial instruments, according to the policies described in note 2.3, on 31 December 2021 and 2020, were classified as follows:

31 Dec 2021						
	Notes	Financial assets/ liabilities at amortised cost	Assets / liabilities recorded at fair value through other comprehensive income	Assets / liabilities recorded at fair value through profit or loss	Other non- assets/ liabilities	Total
Assets at fair value through profit or loss	7	-	-	3,000,000	-	3,000,000
Assets at fair value through other comprehensive income	7	-	129,580,000	-	-	129,580,000
Other non-current assets	9	33,700,000	-	-	12,156	33,712,156
Non-current assets		33,700,000	129,580,000	3,000,000	12,156	166,292,156
Trade accounts receivables	10	1,437,486	-	-	-	1,437,486
Other debtors	11	174,470,306	-	-	-	174,470,306
Other current assets	13	1,963,325	-	-	736,071	2,699,396
Cash and cash equivalents	14	26,240,166	-	-	-	26,240,166
Current assets		204,111,283	-	-	736,071	204,847,354
Financial Assets		237,811,283	129,580,000	3,000,000	748,227	371,139,510
Bonds	20	11,930,286	-	-	-	11,930,286
Bank loans	20	294,823,769	-	-	-	294,823,769
Non-current liabilities		306,754,055	-	-	-	306,754,055
Bonds	20	8,000,000	-	-	-	8,000,000
Bank loans	20	177,600,000	-	-	-	177,600,000
Trade accounts payable	20	1,466,103	-	-	-	1,466,103
Loans obtained from group companies	22	340,790,000	-	-	-	340,790,000
Other payables accounts	23	40,513,799	-	-	-	40,513,799
Other current liabilities	24	-	-	-	5,693,147	5,693,147
Current liabilities		568,369,902	-	-	5,693,147	574,063,049
Financial Liabilities		875,123,957	-	-	5,693,147	880,817,104

31 Dec 2020

	Notes	Financial assets/ liabilities at amortised cost	Assets/ liabilities recorded at fair value through other comprehensive income	Assets/ liabilities recorded at fair value through profit or loss	Other non- assets/ liabilities	Total
Assets at fair value through profit or loss	7	-		3,000,000	-	3,000,000
Assets at fair value through other comprehensive income	7	-	108,604,000	-	-	108,604,000
Other non-current assets	9	33,700,000	-	-	6,727	33,706,727
Non-current assets		33,700,000	108,604,000	3,000,000	6,727	145,310,727
Trade receivables	10	4,294,728	-	-	-	4,294,728
Other receivables	11	160,396,513	-	-	-	160,396,513
Other current assets	13	1,747,456	-	-	702,856	2,450,312
Cash and bank balances	14	147,902	-	-	-	147,902
Current assets		166,586,599	-	-	702,856	167,289,455
Financial Assets		200,286,599	108,604,000	3,000,000	709,583	312,600,182
Bonds	20	277,156,160	-	-	-	277,156,160
Loans	20	464,563,178	-	-	-	464,563,178
Non-current liabilities		741,719,338	-	-	-	741,719,338
Loans	20	87,733,724	-	-	-	87,733,724
Trade payables	20	1,575,023	-	-	-	1,575,023
Loans obtained from group companies	22	270,991,557	-	-	-	270,991,557
Other payables	23	40,523,871	-	-	-	40,523,871
Other current liabilities	24	-	-	-	5,251,033	5,251,033
Current liabilities		400,824,175	-	-	5,251,033	406,075,208
Financial Liabilities		1,142,543,513	-	-	5,251,033	1,147,794,546

5. Changes in accounting policies

During the year, there were no changes in accounting policies with a material impact on the financial statements or material errors from previous years. However, Sonae changed the structure of the income statement in 2021, starting to present the net values of reversals and Dividends received in an individual line under the Provisions and Impairment Losses headings, as well as the Net Income before financial results, dividends, results relating to joint ventures and associates and taxes.

6. Investments in subsidiaries, associates and joint ventures

As at 31 December 2021 and 2020, the details of investments in subsidiaries, associates and joint ventures (net of impairments) were as follows:

31 Dec 2021

Companies	% Held	Opening balance	Increase	Decrease	(Impairment)/ reversal of the period (Note 28)	Closing balance
Sonae Holdings, SA	100.00%	1,739,055,090	-	-	161,852,455	1,900,907,545
Sonae Investments, BV	100.00%	978,869,000	-	-	-	978,869,000
Sonae Sierra SGPS, SA	80.00%	619,765,919	82,159,275	-	38,093,446	740,018,640
Sonae MC, SGPS, SA a)	10.04%	630,473,741	-	(449,789,828)	-	180,683,913
Sontel, BV b)	35.87%	378,172,154	-	-	44,442,367	422,614,521
Sonaecom, SGPS, SA c)	26.02%	111,098,825	-	-	-	111,098,825
Universo, IME, SA	100.00%	60,700,000	23,500,000	-	-	84,200,000
SFS, Gestão e Consultoria, SA	100.00%	52,203,468	-	-	-	52,203,468
Mktplace Comércio Eletrónico, SA	50.00%	7,693,506	1,789,529	-	(9,483,035)	-
Sonae Corporate, SA	100.00%	6,062,634	-	-	-	6,062,634
Sonae FS, SA	100.00%	4,049,800	-	-	-	4,049,800
Sonae RE, SA	99.92%	1,739,901	-	-	(94,098)	1,645,803
SFS - Gestão de Fundos, SGFI, SA	80.00%	973,215	-	(973,215)	-	-
		4,590,857,253	107,448,804	(450,763,043)	234,811,135	4,482,354,149

31 Dec 2020

Companies	% Held	Opening balance	Increase	Decrease	(Impairment)/ reversal of the period (Note 28)	Closing balance
Sonae Holdings, SA	100.00%	1,742,696,545	21,626,000	-	(25,267,455)	1,739,055,090
Sonae Investments, BV	100.00%	835,700,000	143,169,000	-	-	978,869,000
Sonae Sierra SGPS, SA	70.00%	746,049,989	-	(49,681,292)	(76,602,778)	619,765,919
Sonae MC, SGPS, SA	35.03%	630,473,741	-	-	-	630,473,741
Sontel, BV	35.87%	333,792,099	31,284,000	-	13,096,055	378,172,154
Sonaecom, SGPS, SA	26.02%	111,098,825	-	-	-	111,098,825
Fundo de Investimento Imobiliário Fechado Imosede	50.00%	76,047,995	7,999,505	(84,047,500)	-	-
Universo, IME, SA	100.00%	45,700,000	15,000,000	-	-	60,700,000
SFS, Gestão e Consultoria, SA	100.00%	52,203,468	-	-	-	52,203,468
Mktplace Comércio Eletrónico, SA	50.00%	5,015,127	2,678,379	-	-	7,693,506
Sonae Corporate, SA	100.00%	6,062,634	-	-	-	6,062,634
Sonae FS, SA	100.00%	4,049,800	-	-	-	4,049,800
Sonae RE, SA	99.92%	1,159,739	-	-	580,162	1,739,901
SFS - Gestão de Fundos, SGFI, SA	80.00%	973,215	-	-	-	973,215
		4,591,023,178	221,756,884	(133,728,792)	(88,194,016)	4,590,857,253

The increase in Sierra investment in 2021 is explained by the acquisition of an additional 10% of the share capital of this subsidiary, as mentioned in Note 1.

The decrease occurred in the investment of Sonae MC, SGPS, SA in 2021 corresponds to the agreement for the sale of 24.99% of the share capital of Sonae MC, SGPS to Camoens Investments S, á r. l, an entity indirectly held by funds managed by CVC Advisers Company (Luxembourg) S, á r. l for the amount of 528 million euro.

The impairment of Mktplace results from the agreement between a subsidiary of Sonae and CTT in 2022 for the acquisition of the 50% belonging to CTT, the company was valued considering the expected sale value.

The decrease occurred at 31 December 2020 in the investment in Sierra results from the recognition as return on invested capital of the share of dividends attributable to the participation acquired in 2019.

The main financial indicators of subsidiaries, associates and joint ventures can be summarized as follows:

31 Dec 2021				
Company	Assets	Liabilities	Equity	Net profit
Sonae Holdings, SA	2,320,701,727	286,685,585	2,034,016,142	293,015,004
Sonae Investments, BV b)	1,249,291,047	100,439,051	1,148,851,996	46,428,041
Sonae Sierra SGPS, SA a)	1,236,008,416	396,451,108	839,557,308	21,396,357
Sonae MC, SGPS, SA a)	4,161,286,301	3,239,474,919	921,811,383	228,013,012
Sontel, BV b)	1,324,668,055	235,977,224	1,088,690,832	29,655,960
Sonaecom, SGPS, SA a)	1,316,873,454	110,121,694	1,206,751,759	119,779,372
Universo, IME, SA	55,678,958	29,143,157	26,535,800	(18,961,086)
SFS, Gestão e Consultoria, SA	90,472,497	52,501,571	37,970,926	1,043,602
Mktplace Comércio Eletrónico, SA	8,157,626	2,403,242	5,754,384	(4,096,254)
Sonae Corporate, SA	13,666,782	189,214	13,477,569	107,684
Sonae FS, SA	4,263,217	946	4,262,272	(8,359)
Sonae RE, SA	2,455,208	808,087	1,647,121	(94,173)
SFS - Gestão de Fundos, SGFI, SA	1,816,577	388,884	1,427,693	177,250

a) Consolidated statements.

b) Provisional accounts for 2021.

31 Dec 2020				
Company	Assets	Liabilities	Equity	Net profit
Sonae Holdings, SA	1,924,822,981	285,281,890	1,639,541,090	(56,381,757)
Sonae Investments, BV	792,629,721	27,411,213	765,218,508	210,665,228
Sonae Sierra SGPS, SA a)	1,231,032,290	414,837,747	816,194,545	(46,394,332)
Sonae MC, SGPS, SA a)	4,170,500,063	3,326,734,888	843,765,175	148,434,072
Sontel, BV	1,219,553,842	190,653,540	1,028,900,302	22,963,749
Sonaecom, SGPS, SA a)	1,247,490,793	132,990,511	1,114,500,282	58,718,828
Universo, IME, SA	62,519,727	40,522,840	21,996,887	300,047
SFS, Gestão e Consultoria, SA	76,093,679	36,120,169	39,973,510	3,227,172
Mktplace Comércio Eletrónico, SA	9,564,986	3,608,053	5,956,933	(4,633,969)
Sonae Corporate, SA	14,483,180	1,113,445	13,369,735	10,044,601
Sonae FS, SA	4,270,930	300	4,270,630	192,508
Sonae RE, SA	2,363,340	622,046	1,741,294	475,247
SFS - Gestão de Fundos, SGFI, SA	1,906,306	427,602	1,478,704	228,260

a) Consolidated statements.

Impairment tests on financial investments are carried out in accordance with the accounting policy referred to in 2.2 and based on the assessment of the assets of the subsidiaries carried out using discounted cash flow models.

The main assumptions used for the valuation of the financial holdings can be summarized as follows:

31 Dec 2021					
Company	Assumptions	Period	Discount rate	Growth rate in perpetuity	Average sales growth rate
Universo, IME, SA	Value in use	2022-2026	10%	0%	19%
Sonae FS, SA	Equity	---	---	---	---
31 Dec 2020					
Company	Assumptions	Period	Discount rate	Growth rate in perpetuity	Average sales growth rate
SFS, Gestão e Consultoria, SA	Value in use	2021-2025	10%	0%	10%
Universo, IME, SA	Value in use	2021-2025	10%	0.50%	25%
Sonae FS, SA	Equity	---	---	---	---

The assumptions used, for the remaining financial investments, generally correspond to those used for the purposes of impairment tests of goodwill and for the evaluation of real estate assets that are disclosed in the consolidated financial statements.

Accumulated impairment losses as at 31 December 2021 and 2020 are as follows:

	31 Dec 2021	31 Dec 2020
Sonae Holdings, SA	-	161,852,455
Sonae Sierra, SGPS, SA	38,509,332	76,602,778
Sontel, BV	14,310,578	58,752,945
Mktplace Comércio Eletrónico, SA	9,483,035	-
Sonae RE, SA	2,425,936	2,331,838
	64,728,881	299,540,016

Sonae Holdings, SA is a company whose corporate purpose is the management of shareholdings, and its portfolio consists of companies operating in the electronics, fashion and retail sectors.

ZOPT measurement held indirectly through Sonaecom and Sontel BV

In January 2022, the Public Prosecutor's Office (MP) with the National Asset Recovery Service of the OPG, representing the Angolan State, requested, at the Luanda District Court, i) the replacement of the current trustees of the companies Finstar and ZAP Media (current Boards of Directors of the companies) (Note 12) by the Ministry of Telecommunications, Information Technology and Media (MTTICS), as well as, ii) the inhibition of voting rights by Isabel dos Santos, requests that the Court granted. The Board of Directors of NOS is currently convinced - based on the statements that have been made by the new trustee, MTTICS - that the activity of the companies will continue to develop normally.

On 4 April 2020, Sonaecom was informed by its subsidiary Zopt of the communication it received from the Central Criminal Investigation Court of Lisbon ('Court') to proceed with the preventive seizure of

26.075% of NOS share capital, corresponding to half of the shareholding in NOS held by Zopt and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited, controlled by Mrs. Eng.^a Isabel dos Santos. Under the terms of that communication, the foreclosed shares (134,322,268.5 shares) would be deprived of the exercise of voting rights and the right to receive dividends, the latter of which should be deposited with Caixa Geral de Depósitos, S.A. at the order of the Court. The other half of Zopt's participation in NOS share capital, corresponding to an identical percentage of 26.075% - and which, at least in line with the criterion used by the Court, embodies the 50% held in ZOPT by Sonaecom - was not subject to seizure, nor the rights inherent to it have been subject to any limitation.

It is the understanding of the boards of directors of Zopt and Sonaecom that the forfeiture measure enacted is illegitimate and offends several fundamental rights of Zopt - third in relation to the enacted seizure -, having no legal basis, and is not legally liable to determine the deprivation of voting rights, not even to inhibit the holder of the arrested shares from continuing to exercise those rights, a deprivation that is understood for that reason, to be null and of no effect. In this regard, Zopt has deducted third party embargoes.

On 12 June 2020, Zopt was notified of the order issued by the Lisbon Central Criminal Investigation Court, which authorizes it to exercise the voting right corresponding to the 26.075% of NOS share capital preventively held to the order of that Court. This notification reinforces the understanding of the Boards of Directors of Zopt and Sonaecom, according to which the conditions of control of Zopt over NOS are fulfilled, and that that measure will have no material effect on the control of this company.

Still in June 2020, the Investigating Judge rejected the third-party embargoes deducted by Zopt on the grounds of incompetence of the Portuguese courts to assess and decide, a decision that, having been appealed by Zopt, was revoked by the Court of Justice. Relationship, already in 2021. In a decision dated 25.11.2021, the investigating judge dismissed the objections and maintained the preventive seizure. Zopt appealed against this decision to the Lisbon Court of Appeal.

On 19 August, Sonaecom communicated the intention of the shareholders of Zopt (Sonaecom itself, Unitel International Holdings, BV and Kento Holding Limited) to liquidate the company, maintaining Sonaecom as the reference shareholder of NOS. To date, the efforts to dissolve the Zopt have not yet been carried out.

During 2020 and 2021, Zopt was notified of a number of court decisions concerning the Zopt shares held by KENTO and UNITEL INTERNATIONAL HOLDINGS and the respective right to receive dividends, specifically the following: (i) preventive preservation in case no. 210/20.4TELSB, of the Central Criminal Court, Single Section, concerning 32.65% of ZOPT's share capital held by UNITEL INTERNATIONAL HOLDINGS and 124,234,675 ZOPT shares held by KENTO, with the deprivation of the exercise of voting rights and the right to receive dividends; (ii) seizure decreed in process no. 14012/20.4T8PRT, by Judge 6 of the Central Civil Court of Póvoa de Varzim, over the shares of Zopt held by UNITEL INTERNATIONAL HOLDINGS, with all the respective rights of patrimonial nature, including the right to receive dividends; (iii) pledge decreed in process no. 7418/21.3T8LSB, by Judge 2 of the Lisbon Execution Court, of 124,234,675 Zopt shares held by Kento in ZOPT's capital and of the dividends of those shares; (iv) preservation decreed in process no. 17561/21.3T8LSB-A, by Judge 12 of the Lisbon Central Civil Court, over the Zopt shares held by KENTO and UNITEL INTERNATIONAL HOLDINGS and over the dividends that have not yet been distributed or that may be deliberated. In relation to the

pledge, identified in (iii), Zopt was also notified by Caixa Geral de Depósitos (CGD), as the beneficiary of the pledge of the shares held by Kento in Zopt, stating that it was vested with the power to exercise the voting rights attached to the Shares, and all other inherent rights, and that Kento was deprived of exercising such rights without the prior express written consent of CGD. It is the understanding of the ZOPT Board of Directors that, whenever the economic value of the shares is not at stake, CGD, as a pledging creditor of Kento, should act in accordance with Kento's instructions when exercising its voting rights, which means voting in the direction defined by Kento.

Despite the facts described above considering that, no steps have yet been taken to wind up Zopt, that there has been no change in the board of directors of Zopt and that decisions on the operating activity of the investee company continue to be taken in accordance with what was being done, we concluded that the profile of joint control over the Zopt has not changed.

7. Financial assets at fair value

7.1. Fair value through other comprehensive income

As at 31 December 2021 and 2020, the caption Financial Investments at Fair Value through Other Comprehensive Income is related to the acquisition of 38,000,000 shares representing 7.38% of the share capital and voting rights of NOS for the value of 136,420,000 euro. As at 31 December 2021 and 2020, this interest was measured based on the quotation at the date (3.41€ and 2.858€ respectively), with the difference in value being recorded in "Other comprehensive income". This investment is valued at fair value classified at level 1 of the corresponding fair value hierarchy defined in IFRS 13 - Fair Value in accordance with the policy described in Note 2.1.

7.2. Fair value through profit or loss

As at 31 December 2021 and 2020, the caption Financial Investments at Fair Value through profit or loss includes the investment of 3,000,000 euro representing 10% of the capital in the investment fund Bright Tech Innovation I, created in June 2020.

8. Deferred tax assets and liabilities

The details of deferred tax assets and liabilities as at 31 December 2021 and 2020, according to the temporary differences that generated them, are as follows:

	31 Dec 2021		31 Dec 2020	
	Assets	Liabilities	Assets	Liabilities
Tax losses carried forward	5,690,701	-	3,754,994	-
Tax Benefits	2,403,477	-	2,475,000	-
Impairments/provisions not accepted for tax purposes	1,539,000	-	-	-
Rights of use	123,597	123,020	123,445	122,961
Others	300,738	-	315,849	-
Closing balance	10,057,513	123,020	6,669,288	122,961

The amount included in Tax benefits is dependent on the maintenance of the investment units in the technology fund for a period of 4 years (5 years in 2020).

During the periods ended 31 December 2021 and 2020, movements in deferred tax assets and liabilities are as follows:

	31 Dec 2021		31 Dec 2020	
	Assets	Liabilities	Assets	Liabilities
Opening balance	6,669,288	122,961	10,702,669	167,456
Effects in net income:				
Tax losses	182	-	(626,257)	-
Share-based payments	(15,112)	-	58,766	-
Lease liabilities	153	59	(39,317)	(44,495)
Tax Benefits (Note 12)	(71,523)	-	2,475,000	-
	(86,300)	59	1,868,192	(44,495)
Effects in balance:				
Impairments/provisions not accepted for tax purposes	1,539,000	-	-	-
	1,539,000	-	-	-
Effects in balance:				
Constitution / reversal of deferred tax assets over tax losses	1,935,525	-	(5,901,573)	-
	1,935,525	-	(5,901,573)	-
Closing balance	10,057,513	123,020	6,669,288	122,961

According to Portuguese tax legislation, fiscal group deferred tax on assets and liabilities are as follows:

	31 Dec 2021		31 Dec 2020	
	Tax losses carried forward	Time limit	Tax losses carried forward	Time limit
Generated in 2016	24,949,211	2030	17,880,924	2026
Generated in 2017	-	-	-	-
Generated in 2018	1,001,101	2025	-	-
Generated in 2019	1,148,264	-	-	-
	27,098,576		17,880,924	

9. Other non-current assets

As at 31 December 2021 and 2020, the details of “Other non-current assets” are as follows:

	31 Dec 2021	31 Dec 2020
Loans granted to group companies:		
Sonae Investments, BV (Nota 26)	32,700,000	32,700,000
Other receivables:		
MDS, SGPS, SA (Nota 26)	1,000,000	1,000,000
Fundo de compensação do Trabalho	12,156	6,727
	33,712,156	33,706,727

As at 31 December 2021 the loans granted to group companies, bear interest at market rates indexed to Euribor, have a long-term maturity and its fair value is similar to its carrying amount.

There are no past due or impaired receivable balances as at 31 December 2021 and 2020. The eventual impairment of loans granted to group companies is assessed in accordance with note 2.3 j).

10. Trade receivables

Trade accounts receivables as at 31 December 2021 and 2020 relates exclusively to technical administration and management services to companies in which the Company has an equity interest (Note 26).

As at the statement of financial position dates there are no accounts receivable past due, and no impairment loss was recorded.

11. Other receivables

As at 31 December 2021 and 2020, the details of “Other receivables”, are as follows:

	31 Dec 2021	31 Dec 2020
Group companies		
Fashion Division, SA	97,053,000	72,334,000
Sonae Holdings, SA	28,272,000	27,037,000
Universo, IME, SA	7,810,000	26,230,000
Worten - Equipamento para o Lar, SA	1,590,000	-
Bright Brands SportsGoods, SA	-	1,246,000
Infocfield - Informática, SA	-	839,000
Halfdozen Real Estate, SA	368,000	80,000
Sonae Corporate, SA	130,000	-
Sonae Food4Futures, SA	194,000	-
Wad Lab, S.A.	103,000	-
Loans (Note 26)	135,520,000	127,766,000
Special regime for taxation of group companies	37,709,878	32,130,400
Other debtors:		
Sierra Investments SGPS,SA	510,000	-
Others	730,428	500,113
	174,470,306	160,396,513

The amount recorded in the caption taxes-special regime for taxation of groups corresponds to the tax estimate calculated by the companies taxed under the Special Regime for Taxation of Corporate Groups, of which the Company is the dominant company.

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity of less than one year.

There were no assets impaired or past due as at 31 December 2021 and 2020. The fair value of loans granted is similar to its carrying amount.

12. Income tax

On 31 December 2021 and 2020, the caption Income tax refers to the tax estimate for the year deducted from payments on account, additional payments on account, special payments on account and withholding tax on corporate income tax. Collective Persons (IRC). The caption Tax from previous years refers to tax recoverable related to previous years, which has not yet been reimbursed by the tax authority.

The amount of income tax for the year recorded in the income statement for the years ended 31 December 2021 and 2020 can be detailed as follows:

	31 Dec 2021	31 Dec 2020
Current tax	(7,078,962)	(1,058,632)
Deferred tax	86,359	(1,912,687)
	(6,992,603)	(2,971,319)

Reconciliation between the profit before taxes and the tax charge for the years ended 31 December 2021 and 2020 are summarized as follows:

	31 Dec 2021	31 Dec 2020
Profit before taxes	355,647,129	72,293,976
(Decrease) / Increase to net income for tax purposes	21%	21%
Taxable income	74,685,897	15,181,735
Untaxed results		
Dividends not subject to tax	(14,845,353)	(33,032,320)
Capital (losses)/gains untaxed	(16,786,307)	(328,883)
(Reversal)/Impairment losses	(49,310,338)	18,520,743
Effect of constituting / reversing deferred taxes (Note 8)	71,523	(2,475,000)
Excess tax estimate	(904,128)	(785,219)
Municipal surcharge	-	(115,175)
Autonomous taxes and tax benefits	66,704	(35,570)
Others	29,399	98,370
Tax charge	(6,992,603)	(2,971,319)

13. Other current assets

As at 31 December 2021 and 2020, the amount recorded in the caption other current assets corresponds essentially to income accruals related to the specialization of interest on loans granted and commissions on sureties provided to subsidiaries.

14. Cash and bank balances

As at 31 December 2021 and 2020, cash and cash equivalents are as follows:

	31 Dec 2021	31 Dec 2020
Cash in hand	2,769	2,004
Bank deposits	26,237,397	145,898
Cash and cash equivalents on the statement of financial position	26,240,166	147,902
Bank overdrafts	-	(9,868,724)
Cash and cash equivalents on the cash flow statement	26,240,166	(9,720,822)

Bank overdrafts include current account credit balances with financial institutions, included in the statement of financial position under "Loans", note 20.

15. Equity

As at 31 December 2021 and 2020 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each. As at 31 December 2021 and 2020 Efanor Investimentos, SGPS, SA and affiliated companies held 56.74% of Sonae's share capital.

16. Own shares

Sonae SGPS, SA and Banco BPI, SA have agreed on the acquisition, in an over the counter transaction, of the Sonae share portfolio held by BPI, totalling 85,146,422 shares, at a price of 0.8955 euro per share, as authorised by the Shareholders' General Meeting held on 30 April 2021.

After this operation Sonae SGPS, SA now holds 85,146,422 own shares, corresponding to 4.26% of its share capital.

17. Legal reserves

Portuguese commercial legislation establishes that at least 5% of the annual net income must be used to reinforce the “legal reserve” until it represents at least 20% of the share capital. This reserve is not distributable, except in case of liquidation of the Company, but it can be used to absorb losses, after all other reserves have been exhausted, and for incorporation into the capital.

18. Others reserves

As at 31 December 2021 and 2020 other reserves are detailed as follows:

	31 Dec 2021	31 Dec 2020
Free reserves	1,249,279,716	1,350,970,878
	76,248,621	-
Share-based payments reserve (Note 18)	1,466,937	1,403,771
Fair value of NOS shares (Note 7.1)	(5,301,000)	(27,816,000)
	1,321,694,274	1,324,558,649

Movements occurred in 2021 and 2020 in these reserves are detailed in the Company statement of changes in equity.

Based on Portuguese legislation, the amount of distributable reserves is determined in accordance with the company's individual financial statements, presented in accordance with IFRS.

Additionally, increments arising from fair value through other comprehensive income or results can only be distributed when the elements that gave rise to them are sold, exercised or liquidated.

During 2021, Sonae holds 85,146,422 own shares, corresponding to 4.26% of its share capital, at 0.8955 euro.

According to the legislation, the company must keep a reserve in the amount of 76,248,621 euro related to own shares as unavailable as long as it holds them.

Share-based payments reserve relates to equity-share based payments under the deferred performance bonuses to be settled by delivery of shares, measured based on shares fair value at grant date.

19. Share-based payments

In 2021 and in previous years, Sonae granted, in accordance with the remuneration policy described in the corporate governance report and note 2.9, deferred performance bonuses in the form of shares, to be purchased at a discount, three years after their allocation. The exercise of rights only occurs if the employee is employed on the due date.

As at 31 December 2021 and 2020, the outstanding plans were as follows:

	Vesting period		31 Dec 2021		31 Dec 2020	
	Year of grant	Vesting year	Number of participants	Number of shares	Number of participants	Number of shares
Plan 2017	2018	2021	–	–	5	470,374
Plan 2018	2019	2022	6	745,692	6	727,415
Plan 2019	2020	2023	6	954,227	7	916,109
Plan 2020	2021	2024	5	805,114		

The fair values of the attributed shares for the outstanding plans can be detailed as follows:

	Year of grant	Vesting year	Grant date	31 Dec 2021	31 Dec 2020
Plan 2018	2019	2021	–	–	311,152
Plan 2019	2020	2022	467,549	747,929	481,185
Plan 2020	2021	2023	742,866	957,090	606,006
Plan 2021	2022	2024	629,599	807,529	–

During the year the movements occurred can be detailed as follows:

Number of shares	31 Dec 2021	31 Dec 2020
Opening balance	2,113,898	1,879,817
Changes during the year:		
Attributed	854,208	1,065,388
Vested	(654,240)	(592,002)
Canceled/ extinct/ corrected/ transferred	191,167	(239,305)
Closing balance	2,505,033	2,113,898

Amount	31 Dec 2021	31 Dec 2020
Recorded as staff cost in the year	668,204	772,683
Recorded as staff cost in previous year	798,733	631,088
	1,466,937	1,403,771

20. Loans

As at 31 December 2021 and 2020 this caption included the following loans:

	31 Dec 2021	31 Dec 2020
Bonds Sonae 2019/2026	-	50,000,000
Bonds Sonae 2020/2027	-	160,000,000
Bonds ESG Sonae SGPS 2020/2025	-	50,000,000
Bonds ESG Sonae SGPS 2020/2025	12,000,000	20,000,000
Up-front fees beard with the issuance of borrowings	(69,714)	(2,843,840)
Bonds	11,930,286	277,156,160
Sonae SGPS - commercial paper	270,000,000	380,000,000
Sonae SGPS - bank loans	25,000,000	85,000,000
Up-front fees beard with the issuance of borrowings	(176,231)	(436,822)
Bank loans	294,823,769	464,563,178
Non-current loans	306,754,055	741,719,338
Bonds	8,000,000	-
Bonds	8,000,000	-
Bank overdrafts (Note 14)	-	9,868,724
Sonae SGPS - commercial paper	147,600,000	67,865,000
Sonae SGPS - bank loans	30,000,000	10,000,000
Up-front fees not yet charged to income statement	-	-
Bank loans	177,600,000	87,733,724
Current loans	185,600,000	87,733,724

Loans estimated fair value is considered to be near its carrying amount. Loans fair value was determined by discounting estimated future cash flows. The major part of loans bears interests at variable interest rates indexed to market benchmarks.

Maturity of Loans

As at 31 December 2021 and 2020 the details of the maturity of loans excluding derivatives is as follows:

	31 Dec 2021		31 Dec 2020	
	Nominal value	Interests	Nominal value	Interests
N+1	185,600,000	4,303,895	87,733,724	7,071,620
N+2	99,000,000	2,273,671	93,000,000	6,749,883
N+3	101,500,000	1,826,442	202,000,000	5,125,445
N+4	31,500,000	1,085,361	124,500,000	3,682,484
N+5	75,000,000	307,083	174,500,000	2,824,352
after N+5	-	-	151,000,000	1,553,176

The maturities shown above were estimated in accordance with the contractual clauses of the loans and considering Sonae's expectations regarding their amortisation date.

The interest amount was calculated considering the applicable interest rates for each loan at 31 December 2021.

As at 31 December 2021 and 2020, there were financing transactions with financial covenants whose conditions were negotiated in accordance with applicable market practices and which, at the date of this report, are in regular compliance

As at 31 December 2021 and 2020, in addition to the amounts referred to in the caption cash and cash equivalents (Note 14), Sonae held 117 million euro available to meet its treasury needs, as follows:

	31 Dec 2021		31 Dec 2020	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities	157,000,000	195,000,000	127,000,000	520,000,000
Unused credit facilities	62,000,000	55,000,000	99,266,276	140,000,000

Interest rate as at 31 December 2021 of the bonds and bank loan was, in average, 0.79% (0.98% as at 31 December 2020).

21. Trade payables

As at 31 December 2021 and 2020 the details of trade payables are as follows:

	31 Dec 2021	31 Dec 2020
Trade payables - current account		
Related parties	706,388	1,189,304
Others	759,715	385,719
	1,466,103	1,575,023

22. Loans obtained from group companies

As at 31 December 2021 and 2020 loans obtained from group companies are as follows:

	31 Dec 2021	31 Dec 2020
Worten - Equipamentos para o Lar, SA	134,003,000	147,696,000
Sontel, BV	104,487,000	31,317,000
SFS, Gestão e Consultoria, SA	43,073,000	29,119,000
Sesagest - Projectos e Gestão Imobiliária, SA	36,285,000	41,692,100
Sonae Corporate, SA	13,055,000	14,135,957
Sonae FS, SA	4,128,000	4,065,000
Arat Inmuebles, SAU	3,806,000	2,000,000
Sonae RE, SA	1,436,000	966,500
Zaask - Plataforma Digital, SA	517,000	-
	340,790,000	270,991,557

Loans obtained from group companies bear interest at rates indexed to the Euribor.

23. Other payables

As at 31 December 2021 and 2020, the details of other payables are as follows:

	31 Dec 2021	31 Dec 2020
Group companies		
Taxes - Special regime for taxation of groups	40,219,858	40,204,860
Shareholders	116,802	111,356
Others	177,139	207,655
	40,513,799	40,523,871

The amount recorded in the tax heading - RETGS corresponds to the tax payable calculated by the companies taxed by the Special Taxation Regime for Groups of Companies, net of payments on

account, of additional payments on account, of special payments on account and of withholding taxes, of which the Company is the dominant company.

24. Other current liabilities

As at 31 December 2021 and 2020 other current liabilities are as follows:

	31 Dec 2021	31 Dec 2020
Accruals:		
Salaries	2,209,046	1,979,026
Interests	1,783,791	1,442,717
External supplies and services	1,284,116	1,667,185
Others	416,194	162,105
	5,693,147	5,251,033

25. Contingent liabilities

As at 31 December 2021 and 2020, contingent liabilities were guarantees given are as follows:

	31 Dec 2021	31 Dec 2020
Guarantees given:		
on tax claims	198,778,341	198,791,334
on judicial claims	70,766	70,766
Guarantees given in the name of subsidiaries (a)	345,265,302	354,018,498

a) Guarantees given to Tax authorities in favour of subsidiaries to defer tax claims. The main tax claims for which guarantees were issued are disclosed in consolidated financial statements.

The caption guarantees provided by tax proceedings in progress includes guarantees provided in favour of the Tax Administration relating to corporate income tax for the years 2007 to 2017. Regarding these guarantees, the most relevant amount is associated with a positive equity variation by the sale of own shares to a third party in 2007, as well as by disregarding either reinvestment as capital gains due to the sale of shares, or the tax neutrality associated with spin-off operations. The Company proceeded with the judicial challenge of these additional assessments, and the Board of Directors believes, based on the opinion of its advisors, that the aforementioned legal challenges will be upheld.

No provision has been accounted to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for the Company.

26. Related parties

Balances and transactions with related parties are as follows:

Transactions	Parent company		Subsidiaries companies		Associated companies		Jointly controlled companies		Other related parties	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Services rendered and other income (Note 26)	1,829	-	6,406,106	8,054,835	2,522	-	88,295	84,180	142,629	129,028
Purchases and services obtained	479,734	481,937	2,506,200	2,816,637	-	-	223,064	217,615	13,186	177,782
Interest income (Note 28)	-	-	2,332,475	2,485,594	-	-	-	-	-	-
Interest expenses (Note 28)	-	-	2,878,904	2,357,162	-	-	-	-	-	-
Dividend income	-	-	60,128,157	157,296,764	-	-	10,564,000	-	-	-
Income from investment fund participation units (Note 28)	-	-	-	10,373,442	-	-	-	-	-	-
Acquisition of investments (Note 33)	-	-	105,659,275	222,078,505	-	-	1,789,528	139,098,381	-	-
Disposal of investments (Note 33)	-	-	450,763,043	133,728,792	-	-	-	-	-	-
	481,563	481,937	630,674,160	539,191,731	2,522	-	12,664,887	139,400,176	155,815	306,810

Balances	Parent company		Subsidiaries companies		Associated companies		Jointly controlled companies		Other related parties	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Accounts receivable (Note 9, 10 and 11)	1,656	-	41,498,172	37,743,840	352,724	387,464	1,060,996	1,184,801	153,093	151,988
Accounts payable (Note 21 and 23)	461,334	462,648	41,723,895	41,011,414	726,530	726,530	61,350	11,648	3,545	108,738
Loans granted (Note 9 and 11)	-	-	168,220,000	160,466,000	-	-	-	-	-	-
Loans obtained (Note 22)	-	-	340,790,000	270,991,557	-	-	-	-	-	-
	462,990	462,648	592,232,067	510,212,811	1,079,254	1,113,994	1,122,346	1,196,449	156,638	260,726

“Other related parties” are considered to be all subsidiaries, jointly controlled companies or associates of Efanor Investimentos, SGPS, SA, namely: the companies of Grupo Sonae, SGPS, SA (which includes, among others, companies belonging to the dominated subgroups Sonae MC, SGPS, SA, Sonae Holdings, SA, Sonae Sierra, SGPS, SA and Sonaecom, SGPS, SA); the companies of the Sonae Indústria group; and the companies of the Sonae Capital group. The members of the Board of Directors are also considered to be related parties.

The remuneration attributed to the Board of Directors for the years ended 31 December 2021 and 2020 is detailed as follows:

	31 Dec 2021	31 Dec 2020
Short-term benefits	1,813,426	2,044,695
Share-based benefits	588,027	737,234
	2,401,453	2,781,929

In 2021 and 2020 no loans were granted to the Company's Directors.

As at 31 December 2021 and 2020 no balances existed with the Company's Directors.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

27. Revenue

The services provided during 2021 in the amount of 6.6 million euro (6.9 million euro as of 31 December 2020) correspond to shared services and fee's related to brands provided to the group's companies.

28. Gains and losses on investments recorded at fair value through results

As at 31 December 2021 and 2020, gain or losses Investment is made up as follows:

	31 Dec 2021	31 Dec 2020
Gains/(Losses) on sale of investments	79,934,797	3,177,640
Impairment losses (Note 6)	(9,577,133)	(101,870,233)
Impairment reversal (Note 6)	244,388,268	13,676,217
Income from investment fund participation units (Note 26)	-	10,373,442
	314,745,932	(74,642,934)

The caption "Gains / (losses) on the sale of financial investments" includes 78.2 million euro related to the gain on the sale of 24.99% of the share capital of sonae MC, SGPS, SA (Note 6).

29. External supplies and services

As at 31 December 2021 and 2020, external supplies and services are as follows:

	31 Dec 2021	31 Dec 2020
Services	14,480,330	5,930,050
Others	1,495,214	1,261,344
	15,975,544	7,191,394

As at 31 December 2021 and 31 December 2020, the amount registered in services obtained are mainly related to shared services provided by subsidiaries and to consultancy rendered by external entities. The increase in this caption relates to financial consultancy services provided by external entities in the current financial year, in the amount of 6.5 million euro, to support the Group in taking a decision on the sale of 24.99% of Sonae MC, SGPS (Note 6).

As at 31 December 2021 and 31 December 2020, the amounts registered in others are mainly related to expenses with guarantees given by the parent company, insurances costs and travel expenses.

30. Employee benefits expense

As at 31 December 2021 and 2020, Employee benefits expense are as follows:

	31 Dec 2021	31 Dec 2020
Salaries	6,252,199	6,081,002
Social security contributions	1,063,008	967,515
Other staff costs	1,034,110	720,237
	8,349,317	7,768,754

31. Net financial expenses

As at 31 December 2021 and 2020, net financial expenses are as follows:

	31 Dec 2021	31 Dec 2020
Interest expenses		
related with bank loans	(3,809,807)	(3,232,881)
related with non convertible bonds	(2,371,090)	(2,370,961)
Other	-	-
Others	(2,879,360)	(2,478,408)
Interest of lease liabilities	(5,602)	(10,191)
Changes in fair value a)	-	(9,740,989)
Up front fees and commissions related to loans	(5,113,386)	(2,338,590)
Other financial expenses	(585,638)	(190,571)
Financial expenses	(14,764,883)	(20,362,591)
Interest income	2,338,349	2,486,229
Changes in fair value a)	-	15,879,841
Others	9	2
Financial income	2,338,358	18,366,072

a) In 2020, a financial derivative on NOS company shares was contracted and Sonae was exposed to changes in the security during the contract period. Changes in the value of this derivative are recorded in the accounts as changes in fair value. This derivative is closed as at 31 December 2020.

32. Earnings per share

Earnings per share for the periods ended 31 December 2021 and 2020 were calculated taking into consideration the following amounts:

	31 Dec 2021	31 Dec 2020
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	362,639,732	75,265,295
Net profit taken into consideration to calculate diluted earnings per share	362,639,732	75,265,295
Number of shares		
Weighted average number of shares used to calculated basic earnings per share	1,978,071,880	2,000,000,000
Outstanding shares related with deferred performance bonus (Note 19)	2,505,033	2,113,898
Shares related to performance bonus that can be bought at market price	(447,771)	(926,402)
Weighted average number of shares used to calculated diluted earnings per share	1,980,129,142	2,001,187,496
Earnings per share		
Basic	0.18333	0.03763
Diluted	0.18314	0.03761

33. Cash receipts and cash payments of investments

As at 31 December 2021 and 2020, cash receipts and cash payments related to investments can be detailed as follows:

Companies	31 Dec 2021		
	Acquisitions / (disposals) for the year	Amount received	Amount paid
Sonae Sierra SGPS, SA	82,159,275	-	82,159,275
Sonae MC, SGPS, SA (Nota 28)	(449,789,828)	528,000,000	-
Universo, IME, SA	23,500,000	-	23,500,000
Mktplace Comércio Eletrónico, SA	1,789,529	-	1,789,529
SFS - Gestão de Fundos, SGFI, SA	(973,215)	2,187,840	-
	(343,314,239)	530,187,840	107,448,804

Companies	31 Dec 2020		
	Acquisitions / (disposals) for the year	Amount received	Amount paid
Sonae Holdings, SA	21,626,000	-	21,626,000
Sonae Investments, BV	143,169,000	-	143,169,000
Sonae Sierra SGPS, SA	(49,681,292)	49,681,291	-
Sontel, BV	31,284,000	-	31,284,000
NOS, SGPS, SA	136,420,000	-	136,420,000
Universo, IME, SA	15,000,000	-	15,000,000
Marketplace - Comércio Eletrónico, SA	2,678,381	-	2,678,381
Fundo de Investimento Imobiliário Fechado Imosede - Compras UP's	7,999,505	-	7,999,505
Fundo de Investimento Imobiliário Fechado Imosede - Rendimento UP's	-	10,373,442	-
Fundo de Investimento Imobiliário Fechado Imosede	(84,047,500)	87,225,141	-
Bright Vector I - Fundo Capital de Risco	3,000,000	-	3,000,000
TRS NOS	-	48,228,457	42,089,607
	227,448,094	195,508,331	403,266,493

34. Reconciliation of liabilities arising from financing activities

The reconciliation of liabilities arising from financing activities during 2021 and 2020 is as follows:

	Loans	Group companies
Opening balance as at 1 January 2020	688,350,000	487,157,000
Receipts / (payments) arising from bank loans	230,000,000	-
Receipts / (payments) arising from bonds	(170,000,000)	-
Receipts / (payments) arising from bank loans	3,510,975,000	-
Receipts / (payments) arising from bank loans	(3,436,460,000)	-
Receipts / (payments) arising from group companies	-	1,085,398,057
Receipts / (payments) arising from group companies	-	(1,301,563,500)
Opening balance as at 1 January 2021	822,865,000	270,991,557
Receipts / (payments) arising from bank loans	-	-
Receipts / (payments) arising from bonds	(260,000,000)	-
Receipts / (payments) arising from bank loans	2,154,948,000	-
Receipts / (payments) arising from bank loans	(2,225,213,000)	-
Receipts / (payments) arising from group companies	-	3,136,037,687
Receipts / (payments) arising from group companies	-	(3,066,239,244)
Closing balance as at 31 December 2021 *	492,600,000	340,790,000

* Does not include "Up-front fees beard with the issuance of borrowings", as Note 20.

35. Dividends

For the year 2021, the Board of Directors will propose a gross dividend of 0.0511 euro per share, in the total amount of 102,200,000 euro. This dividend is subject to the approval by shareholders of the Company in the Shareholders Meeting.

36. Approval of financial statements

The accompanying separate financial statements were approved by the Board of Directors on 4 April 2022. Nevertheless, they are still subject to approval at the Shareholders Annual General Meeting.

37. Subsequent events

War in Ukraine

In late February 2022 the war in Ukraine began which is having a severe impact on the lives of millions of people and will certainly have serious consequences for the global economy. The growing wave of reactions with the imposition of sanctions on Russian and Belarusian entities, the volatility and uncertainty of capital markets, the increase in fuel prices are some of the effects that already make us anticipate a very challenging year 2022.

Strengthening of the position in Sierra

On 16 March 2022, Sonae has acquired 10% of the share capital of Sierra from Grosvenor, for a price of 83.5 million euro, which represents an implicit discount of approximately 10% on Sierra's NAV at end 2021, following the exercise by Grosvenor of the put option right. Following this transaction, Sonae now owns 90% of the share capital and voting rights of Sierra. The main impact of this transaction on the Group's consolidated financial statements will be the transfer of reserves from "Non-controlling interests" to "Group equity", since Sonae already owns a controlling stake in Sierra.

MC cyber-attack

On 30 March 2022, MC was the target of a cyber-attack that affected some in-store services and the availability of its commercial websites. However, there was no interruption in its physical retail operations and, on the date of approval of this report, the situation is back to normal. The incident had no impact on the financial statements as of 31 December 2021 and did not jeopardize the continuity of the company's operations.

38. Information required by law

Decree-Law nº 318/94 art.º 5º nº 4

During the year ended 31 December 2021, financial operations contracts were signed with the following companies:

Arat Inmuebles, SAU

Fashion Division, SA

Halfdozen Real Estate, SA

Sesagest – Projectos e Gestão Imobiliária, SA

Universo, IME, SA

SFS, Gestão e Consultoria, SA

Sonae Corporate, SA

Sonae Food4futures, SA

Sonae FS, SA

Sonae Holdings, SA

Sonae Investments, BV

Sonae RE, SA

Sontel, BV

Wad Lab, SA

Worten - Equipamentos para o Lar, SA

Zaask – Plataforma Digital, SA

As at 31 December 2021, the accounts receivables in respect of these transactions are as follows:

	Closing Balance
Fashion Division, SA	97,053,000
Sonae Investments, BV	32,700,000
Sonae Holdings, SA	28,272,000
Universo, IME, SA	7,810,000
Worten - Equipamento para o Lar, SA	1,590,000
Halfdozen Real Estate, SA	368,000
Sonae Corporate, SA	130,000
Sonae Food4Futures, SA	194,000
Wad Lab, S.A.	103,000
	168,220,000

As at 31 December 2021, the accounts payables in respect of these transactions are as follows:

	Closing Balance
Worten - Equipamentos para o Lar, SA	134,003,000
Sesagest – Projectos e Gestão Imobiliária, SA	36,285,000
Sontel, BV	104,487,000
SFS, Gestão e Consultoria, SA	43,073,000
Sonae Corporate, SA	13,055,000
Sonae FS, SA	4,128,000
Arat Inmuebles, SAU	3,806,000
Sonae RE, SA	1,436,000
Zaask - Plataforma Digital, SA	517,000
	340,790,000

Article 66 A of the Commercial Companies Code

As at 31 December 2021, fees Statutory Auditor amounted to 58,800 euro related with audit fees and 68,500 euro related with other services.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

José Manuel Neves Adelino

Margaret Lorraine Trainer

Marcelo Faria de Lima

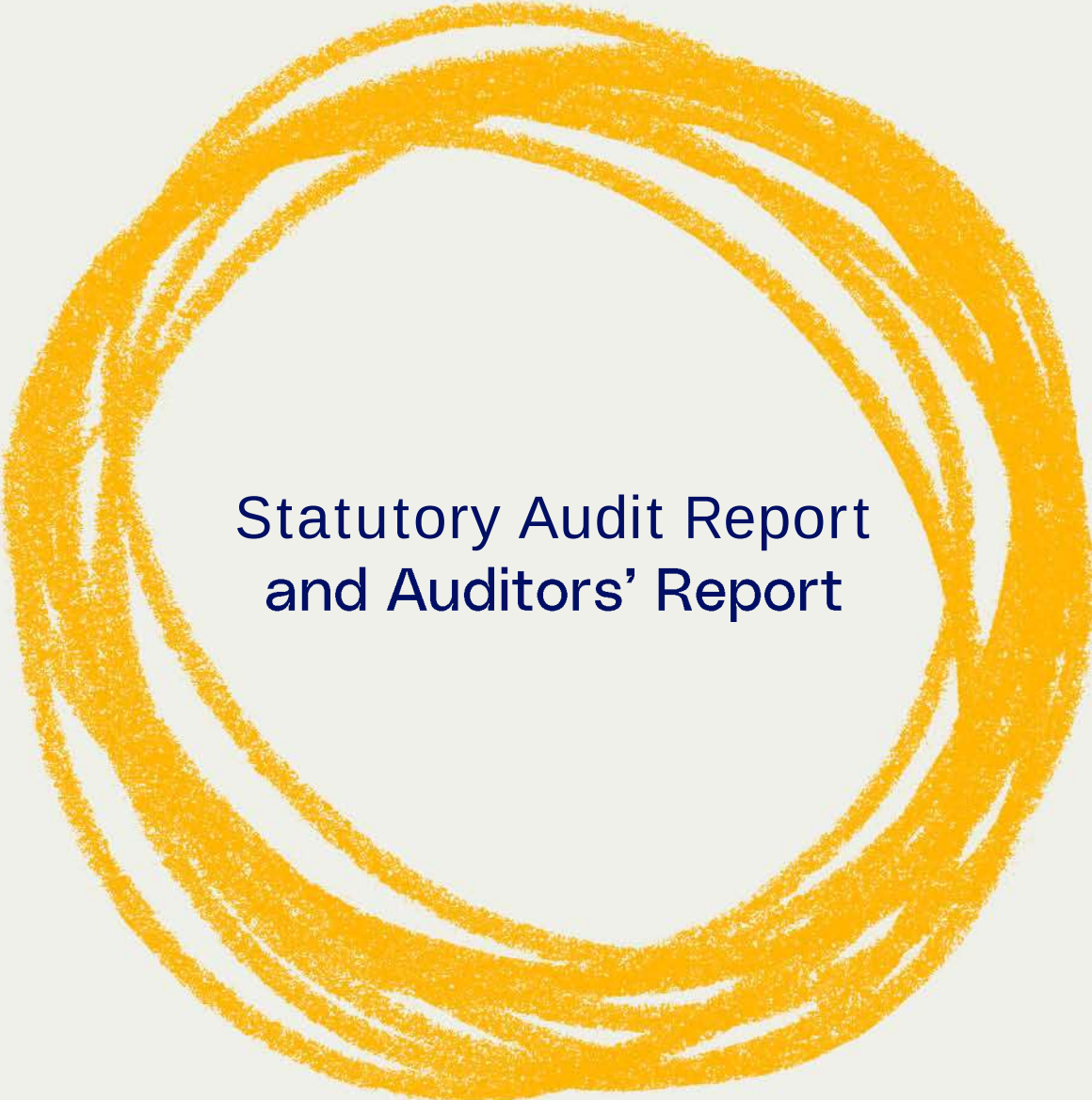
Carlos António Rocha Moreira da Silva

Maria Fuencisla Clemares Sempere

Philippe Cyriel Elodie Haspeslagh

Maria Cláudia Teixeira de Azevedo

João Pedro Magalhães da Silva Torres Dolores



Statutory Audit Report and Auditors' Report



Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sonae, SGPS, S.A. (the Entity), which comprise the separate statement of financial position as at 31 December 2021 (which shows total assets of Euro 4,872,462,773 and total shareholders' equity of Euro 3,990,468,381 including a net profit of Euro 362,639,732), the separate statement of income by nature, the separate statement of other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Sonae, SGPS, S.A. as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Summary of the Audit Approach
Measurement of Investments in Subsidiaries and Joint Ventures	
Sonae SGPS, S.A. holds financial investments in subsidiaries, associates and joint ventures amounting to Euro 4,482.4 million, measured at acquisition cost net of impairment losses, which are assessed at each reporting date to identify indicators of possible impairment losses. Those financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and are based on discounted cash flows models and valuation of real estate assets for investees holding such assets.	
As disclosed in the note 6, between 2020 and 2021 and until the closing date, the following facts involving the joint venture, ZOPT held directly and indirectly by the subsidiaries, Sonaeocom, SGPS, SA and Sontel, BV were known: i) preventive seizure of shares representing 26.075% of the NOS' equity held by ZOPT, with limitation of exercising the voting rights (subsequently reversed) and receipt of dividends, in the context of a judicial proceeding involving the partners in the joint venture; ii) seizures of shares representing up to 50% of the share capital of ZOPT, held by the partners in the joint venture, in the context of three legal proceedings; iii) pledge of shares representing 17.35% of the share capital of ZOPT, held by one of the partners in the joint venture; iv) notification of a banking entity to ZOPT stating that it is vested with the right to exercise the voting rights of shares representing 17.35% of the capital of ZOPT; and v) in August 2020, the Group announced to the market that the shareholders intend to promote the liquidation of the joint venture, although, up to this date, the necessary steps to dissolve ZOPT and share proportionally its assets were not yet taken.	Our auditing procedures included, among others, the assessment of impairment indicators in financial investments, and in case they exist: (i) assessing the methodology used for the determination of the realizable value of the interest in subsidiaries and joint ventures; (ii) assessing the reasonableness of the key assumptions in the calculation, namely, discount rate and growth rate; (iii) evaluating the criteria used by the external consultant in the quantification of the fair value of real estate assets, in the case of the investees with real estate assets, namely rents and yields used and comparison with the previous year; (iv) assessing the impact of potential contingent liabilities on the quantification of the recoverable value, (v) reviewing scenarios and performing sensitivity analysis around the key variables, and (vi) comparing the recoverable amount obtained with the carrying amount of the investment, when applicable, as well as reviewing the reasonableness of the impairment losses and reversals booked.
The determination of the recoverable value of those assets were considered a key audit matter, due to their value and their impact in the	Regarding the facts involving the joint venture, ZOPT, we have performed the following audit procedures: (i) assessing the impacts of the seizure of the Finstar's interest in the measurement of ZOPT's investment in the Angolan entities and the reasonableness of the assumptions used in its measurement; (ii) assessing the impacts related to the preventive seizure of the shares representing 26.075% of NOS in the measurement of the investment in the joint venture, namely through obtaining and analyzing opinions of the joint venture's legal advisors; (iii) assessing the impacts of the seizures and pledge of the shares representing the capital of ZOPT held by the partners in the joint venture, and of the notification received from the bank, in the classification and measurement of this investment; (iv) following the decision to dissolve ZOPT and the difference between the book value and NOS market

<i>Key Audit Matter</i>	<i>Summary of the Audit Approach</i>
separate financial statements (impairment losses and reversal of impairment losses of Euros 9.6 million and 244.4 million euros) and because the assessment process is highly judgmental, as it is based on estimations and assumptions defined by the management that are affected by uncertain economic conditions with an impact on the projected cash flows, on the assessment of the impacts of potential liabilities arising from contingent liabilities with high unpredictability, and on fair value adjustments on assets owned by some investees with real estate assets. The related disclosures are presented in notes 2.2, 6 and 28 to the separate financial statements.	capitalization, assessing the adequacy of the value in use to determine the recoverable amount of the joint venture; and v) obtaining and analyzing the impairment test of the aforementioned joint venture. We also reviewed the disclosures in the notes to the consolidated financial statements.

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

- a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of 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 Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure;

h) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

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 understanding that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 29-H of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs 1. c), d), f), h), i) and l) of that article.

European Single Electronic Format (ESEF)

The Entity's financial statements for the year ended on 31 December 2021 must comply with the applicable requirements established in Commission Delegated Regulation (EU) 2019/815, of 17 December 2018 (ESEF Regulation).

The management is responsible for the preparation and disclosure of the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the financial statements included in the annual report are presented in accordance with the requirements of the ESEF Regulation.

Our procedures took into account the OROC Technical Application Guide on ESEF reporting and included, among others, obtaining an understanding of the financial reporting process, including the annual report presentation in valid XHTML format.

In our opinion, the financial statements included in the annual report are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

Remunerations report

In compliance with paragraph 6 of article No. 26-G of the Portuguese Securities Market Code, we hereby inform that the Entity included in a separate section, in its corporate governance report, the information set forth in paragraph 2 of that article

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters referred to above, we also provide the following information:

- a) We were first appointed auditors of Sonae, SGPS, S.A. in the Shareholders' General Meeting of 3 May 2020 until the end of the mandate 2015 to 2018, having remained in functions until the current period. Our last appointment was in the Shareholders' General Meeting of 30 April 2020 for the period from 2020 to 2022.
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud.
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Entity's supervisory board as of 5 April 2022.
- d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 1 of article No. 5 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16 April 2014 and that we remain independent of the Entity in conducting our audit.

5 April 2022

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António Joaquim Brochado Correia, ROC n° 1078
Registered with the Portuguese Securities Market Commission under n° 20160688

Report and Opinion of
Statutory Audit Board

REPORT AND OPINION OF STATUTORY AUDIT BOARD**Sonae SGPS, S.A.**

(Translation of a Report and Opinion originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

To the Shareholders

1 – Report**1.1 – Introduction**

In compliance with the applicable legislation and statutory regulations, as well as in accordance with the terms of our mandate, the Statutory Audit Board presents its report on the supervision performed and its opinion on the management report and on the individual and consolidated financial statements for the year ended on 31 December 2021, 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 with its regulations, accompanied the strategic lines and risk policy approved by the management, in compliance with the process described in the Recommendation III.6 of the IPCG Corporate Governance Code (hereinafter “CGS IPCG”) from which did not arise any issue, and supervised, with the required scope, the activity of the Board of Directors and its committees, evolution of the businesses operations, the adequacy of the accounting records, the quality and appropriateness regarding the process of preparation and disclosure of the financial information, accounting policies and valuation criteria used, and also verified the compliance with legal regulatory requirements.

In the exercise of its competences, the Statutory Audit Board obtained from the Board of Directors, in particular from the Board Audit and Finance Committee, the necessary information to carry out its supervision activity and proceeded with the necessary interactions to fulfill the competencies listed in the law and in its Internal regulations.

The Statutory Audit Board verified the effectiveness of internal control system, including its risk management, compliance and internal audit functions, in accordance with is described in CGS IPCG in its recommendations VI.2 to VI.5 and VI.7, in accordance with and within the scope of its competencies, analyzed the planning and results of the external and internal auditors' activities, accompanied the reception and follow up of reported irregularities activities and oversaw the reports issued by Sonae's Ombudsman, assessed the process of preparing the individual and consolidated accounts, provided information to the Board of Directors on the conclusions and quality of the financial statements audit and its intervention in this process, approved, previously, non-audit services permitted by law rendered by the external auditor, and exercised its mandate in what concerns to the evolution of the competence and independence of the External Auditor, as well as to the supervision of their remuneration.

The Statutory Audit Board, through the elements made available to it regularly throughout the year, became aware of and appreciated the presentations of the quarterly accounts as well as the respective earnings announcements, which agreed with. Regarding the annual, individual and consolidated accounts for the year ended 31 December 2021, the Statutory Audit Board monitored the process of preparing and disclosing financial information through the information regularly provided by Management and the company's corporate services, as well as through the audit work carried out by the external auditor, in order to ensure the integrity of the process. This monitoring included the approval of the audit plan for the accounts, the appreciation and discussion of the audit process methodology and approach, the analysis and discussion of the preliminary and final presentations of the audit results, the monitoring of the independence of the External Auditor, the appreciation of the Additional Report to the Statutory Audit Board and the analysis of the audit report and legal certification issued by the external auditor, which does not include any emphases or audit reserves.

During the year, the Statutory Audit Board closely monitored the accounting treatment of operations that materially influenced the evolution of the activity expressed in the consolidated and individual financial position of Sonae, SGPS, S.A. and, from this point of view, highlights the positive evolution of the business segments and the main partnerships, whose effects are evident in the healthy economic and financial development of the Group.

Within the scope of its duties, the Statutory Audit Board examined the individual and consolidated balance sheets, the individual and consolidated statements of income by nature, cash flows, comprehensive income, changes in equity and the corresponding annexes, for the year 2021, having received from the external auditor all the information and clarifications requested, as well as the Additional Report to the Statutory Audit Board provided for in article 24 of Law 148/2015, of 9 September.

The Statutory Audit Board, in compliance with article 299-S, paragraph 1 of the Portuguese Securities Market Code and in compliance with the Internal Policy on Transactions with Related Parties, proceeded to the appraisal of such transactions. During the year, transactions with related parties or qualified shareholders that are within the scope of the Company's current activity, were carried out under market conditions, complying with the applicable legal and regulatory requirements, with no conflicts of interest identified.

The Statutory Audit Board complied with the Recommendations of the CGS IPCG I.2.2, I.2.3, I.2.4, I.3.1, I.3.2, I.4.1, I.4.2, I.5.1, III.6 (with incidence on the risk policy in accordance with and within its competence), VI.2., VI.3, VI.4, VI.5, VI.7, VII.1.1, VII.2.1., VII.2.2., VII.2.3.

As a Statutory Board, under the terms of al. c) of no. 2 of Article 3 of Law 148/2015, mainly composed by independent members, and being the President an independent member in accordance with the legal criteria, and all professionally qualified to perform their duties, the Statutory Audit Board developed its competences and interrelations with the other statutory bodies and Company's services in accordance with the principles and conduct recommended in the terms of legal and recommendations, and did not receive from the Statutory and External Auditor any report relating to irregularities or difficulties in the performance of its duties.

In the fulfilment of its duties, the Statutory Audit Board held twenty-seven meetings, with the presence of, depending on the matters in the agenda, the Board of Directors, the officers in charge of management planning and control, accounting, treasury and finance, tax, internal audit, risk management, external auditor and Sonae's ombudsman, as well as maintained the appropriate interactions with legal and corporate governance teams. Additionally, the Statutory Audit Board participated in the Board of Directors' meeting where the Board of Directors Report and the financial statements were approved and, during the year, had access to all the documental or personal information that appeared appropriate to the exercise of its audit action.

The Statutory Audit Board reviewed the corporate governance report, enclosed to the Management Report on the consolidated financial statements, in accordance with nr. 5 of article 420º of Commercial Companies Code, having verified that it includes the elements referred to in article 29º-H of the Portuguese Securities Market Code.

Still, in the fulfilment of its duties, the Statutory Audit Board reviewed the Board of Directors Report, including the corporate governance report and remaining individual and consolidated statements prepared by the Board of Directors, concluding that these information is in accordance with the applicable legislation and appropriate to the understanding of the financial position and results of the Company and the consolidation perimeter, and has reviewed the external auditors' Report and agreed with its content.

2 – Opinion

Considering the above, it is the Statutory Audit Board opinion that all the necessary conditions are fulfilled in order to be approved in the Shareholders' General Meeting:

- a) The Board of Directors Report.
- b) The individual and consolidated financial statements, including the Company's financial position, profit and loss by natures, comprehensive income, changes in equity and in cash flows, and the related notes for the year ended 31 December 2021.
- c) The proposal of net profit appropriation presented by the Board of Directors.

3 – Responsibility Statement

In accordance with article 8º, number 1 paragraph a) of the CMVM nr. 5/2008 Regulation and with the terms defined in the article 29º-G, paragraph c) nº 1 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 Sonae, SGPS, S.A. and companies included in the consolidation perimeter. Also, it is our understanding that the Board of Directors Report faithfully describes the business evolution, performance and financial position of Sonae, S.G.P.S., S.A. and companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face. It is also declared that the Corporate Governance Report complies with article 29º-H A of the Portuguese Securities Market Code.

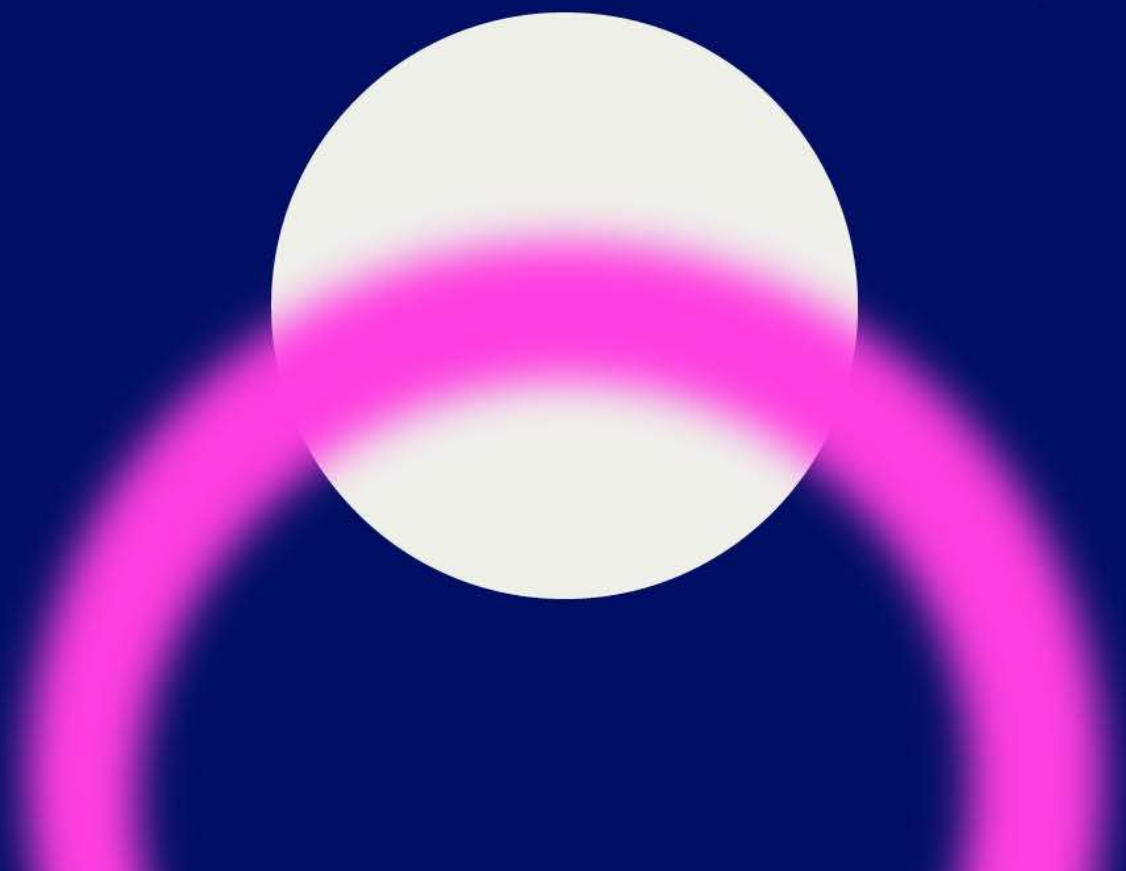
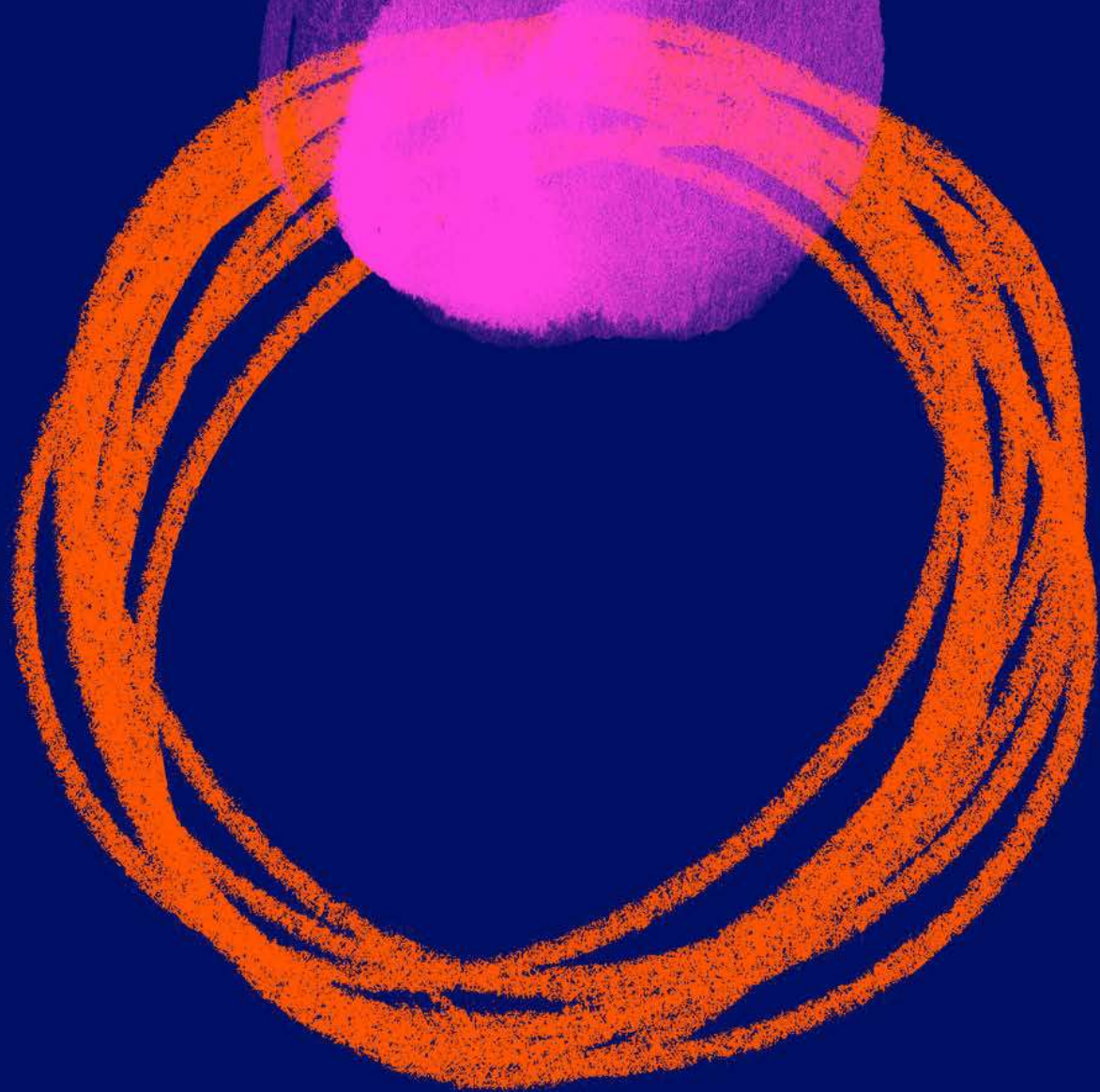
Maia, 5 April 2022

THE STATUTORY AUDIT BOARD

Maria José Martins Lourenço da Fonseca

Daniel Bessa Fernandes Coelho

Manuel Heleno Sismeiro



Shaping tomorrow with every single detail

Annexes

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GRI supplement

This supplement complements the information reported in the Management Report

About GRI supplement

The information published on the GRI Supplement focuses on the period of activity from the 1st January to the 31st December 2021 of Sonae SGPS, MC (which includes Continente's different formats, Note, Make Notes, Well's, Dr. Wells, Bagga, Go Natural, Maxmat (until Sep'21), Arenal and Sonae RP), Zeitreel (MO, Zippy, Salsa and Losan), Worten (Portugal, Spain (Canary Islands, Warehouse and store in Madrid)), Universo, Sonaecom, (which includes Bright Pixel and the Media area) and Sierra.

This Supplement does not consolidate NOS non-financial data, a company in which Sonae holds, directly and indirectly 33.5% and Iberian Sports Retail Group (which encompasses SportZone, Sprinter, JD and Size?) in which Sonae holds 30%. It consolidates information in relation to Arenal (Tomenider), Worten, Losan and Salsa and their activities in Portugal and Spain. Whenever applicable and possible, Worten information includes the recently acquired companies iServices and Zaask.

As in the previous year, the Report was developed in accordance with the GRI Sustainability Reporting Guidelines (GRI Standards) for the option "In accordance – Core". The report highlights our performance at the level of the United Nations Global Compact (UNGC) Principles and the Sustainable Development Goals (SDG), in addition to responding to the requirements of the Portuguese Decree-Law no. 89/2017, published on 28th July 2017 and to the Spanish law no. 11/2018, published on 28th December 2018.

This Supplement complements the information reported in the "Our Performance" chapter of the Integrated Management Report that is structured around the five axes of action that we identified as priorities. For each one of the axes, the Group's performance and some of the initiatives developed are presented. For each of the axes, the Group's performance and some of the initiatives developed are presented. This GRI Supplement complements the report made, in response to the respective indicators of this standard.

The information reported in the table GRI, included in the GRI supplement, was subject to verification by an external entity – KPMG, in accordance with Independent Limited Assurance Report at the end of this document.

Our Portfolio

% Ownership



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

75%



Fully integrated real estate player

80%



A leading convergent player in the Portuguese telecoms market

33.5%*



Leading omnichannel retailer, for products and services, with electronics and appliances at the core

100%



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

30%



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

100%



Fast growing digital financial services player in Portugal

100%



Active and Specialized Investor focused on Retail Tech, Digital Infrastructure and Cybersecurity

90%



* NOS voting rights 59.52%.

GRI table

GRI 102 - General disclosures

Organisational profile

102-1	Name of the organisation	verified	-

Sonae SGPS

102-2	Activities, brands, products and services	verified	-

[The Group and our businesses](#)

102-3	Location of headquarters	verified	-

Sonae SGPS headquarters are located in Lugar de Espido, Via Norte Maia – Portugal.

102-4	Location of operations	verified	-

The most significant operations are in Portugal. More information about our operations available [here](#)

102-5	Ownership and legal form	verified	-

[Corporate Governance](#)

102-6	Markets served	verified	-

[Where we are](#)

102-7	Scale of the organisation	verified	

GRI Supplement | 2. Sonae

102-8	Information on employees and others	verified	-

2021 N.º of contracts by type	Holding, MC, Zeitreel, Universo and Worten			Sonaecom (Bright Pixel & Media)			Sierra		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	10,838	22,494	33,332	554	257	811	370	432	802
Temporary	4,228	7,632	11,860	45	14	59	60	38	98
Fixed Term	-	-	-	-	-	-	0	2	2
TOTAL	15,066	30,126	45,192	599	271	870	430	472	902
Full-Time	12,228	22,298	34,526	599	271	870	429	455	884
Part-Time	2,852	7,814	10,666	0	0	0	-	-	-
Permanent	-	-	-	-	-	-	0	14	14
Temporary	-	-	-	-	-	-	1	3	4
TOTAL	15,080	30,112	45,192	599	271	870	430	472	902

Note: The average number of contracts by type does not include Go Natural *Restauração*. At Sierra direct employees are considered.

2021 Average n.º of contracts by type												
Holding, MC, Zeitreel, Universo and Worten												
Age Group	Permanent			Temporary			Full-time			Part-time		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives												
TOTAL	60	12	72	0	1	1	60	12	72	0	1	1
< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
From 30 to 50 years old	30	7	37	0	0	0	30	7	37	0	0	0
≥ 50 years old	30	5	35	0	1	1	30	5	35	0	1	1
Senior & Middle Managers												
TOTAL	595	404	999	1	1	2	596	402	998	0	3	3
< 30 years old	6	4	10	0	0	0	6	4	10	0	0	0
From 30 to 50 years old	424	304	728	0	0	0	424	302	726	0	2	2
≥ 50 years old	165	96	261	1	1	2	166	96	262	0	1	1
Coordinators & Supervisors												
TOTAL	1,143	1,806	2,949	12	94	106	1,155	1,868	3,023	10	90	100
< 30 years old	116	177	293	8	50	58	124	234	358	7	47	54
From 30 to 50 years old	870	1,381	2,251	4	38	42	876	1,392	2,268	3	37	40
≥ 50 years old	157	248	405	0	6	6	155	242	397	0	6	6
Technicians & Specialists												
TOTAL	1,157	2,190	3,347	47	150	197	1,201	2,314	3,515	3	26	29
< 30 years old	351	629	980	39	112	151	389	738	1,127	1	3	4
From 30 to 50 years old	698	1,314	2,012	8	37	45	705	1,33	2,035	1	21	22
≥ 50 years old	108	247	355	0	1	1	107	246	353	1	2	3
Representatives												
TOTAL	7,861	17,980	25,841	4,166	7,382	11,548	9,178	17,614	26,792	2,849	7,748	10,597
< 30 years old	2,837	4,537	7,374	3,478	5,749	9,227	4,062	5,977	10,039	2,253	4,322	6,575
From 30 to 50 years old	3,995	9,984	13,979	653	1,494	2,147	4,124	8,949	13,073	524	2,525	3,049
≥ 50 years old	1,029	3,459	4,488	35	139	174	992	2,688	3,68	72	901	973

Note: The average number of contracts by type does not include Go Natural *Restauração*.

2021 Average n.º of contracts by type												
Sonaecom (Bright Pixel & Media)												
Age Group	Permanent			Temporary			Full-time			Part-time		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives												
TOTAL	3	2	5	0	0	0	3	2	5	0	0	0
< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
From 30 to 50 years old	3	2	5	0	0	0	3	2	5	0	0	0
≥ 50 years old	0	0	0	0	0	0	0	0	0	0	0	0
Senior & Middle Managers												
TOTAL	123	28	151	3	1	4	126	29	155	0	0	0
< 30 years old	1	0	1	0	0	0	1	0	1	0	0	0
From 30 to 50 years old	96	25	121	2	1	3	98	26	124	0	0	0
≥ 50 years old	26	3	29	1	0	1	27	3	30	0	0	0
Coordinators & Supervisors												
TOTAL	428	227	655	42	13	55	470	240	710	0	0	0
< 30 years old	169	48	217	27	8	35	196	56	252	0	0	0
From 30 to 50 years old	216	135	351	14	5	19	230	140	370	0	0	0
≥ 50 years old	43	44	87	1	0	1	44	44	88	0	0	0
Technicians & Specialists												
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0
< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
From 30 to 50 years old	0	0	0	0	0	0	0	0	0	0	0	0
≥ 50 years old	0	0	0	0	0	0	0	0	0	0	0	0
Representatives												
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0
< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
From 30 to 50 years old	0	0	0	0	0	0	0	0	0	0	0	0
≥ 50 years old	0	0	0	0	0	0	0	0	0	0	0	0

Note: Sierra does not report this indicator.

2021 Countries with operation by n° of employees				
	Holding, MC, Zeitreel, Universo and Worten	Sonaecom (Bright Pixel & Media)	Sierra	Total
Portugal	43,173	381	548	44,102
Spain	1,949	331	77	2,357
Rest of the world	70	158	277	505

2021	Holding, MC, Zeitreel, Universo and Worten			Sonaecom (Bright Pixel & Media)		
Country with operation by nº of type of contracts	Permanent contract	Temporary contract	Total	Permanent contract	Temporary Contract	Total
Portugal	32,054	11,119	43,173	360	21	381
Spain	1,221	728	1,949	296	35	331
Rest of the world	57	13	70	155	3	158

Note: Sierra does not report this indicator.

102-9	Supply chain	verified	-

We consider the Sustainable Supply Chain a key dimension for our performance, as it has an impact on all the action axes that we define. Together with our suppliers and partners, we aim to progress on the principles of sustainable development. In this regard, throughout the report, in the various chapters we refer to the supply chain. Additionally, vide responses to the indicators: 204-1; 304-2; 308-1; 407-1; 408-1; 409-1 and 414-1.

102-10	Significant changes to the organisation and its supply chain	verified	-

No significant changes to report.

102-11	Precautionary principle or approach	verified	-

Corporate governance report 2021

102-12	External initiatives	verified	-

Sonae subscribes to the following policies and commitments: United Nations Universal Declaration of Human Rights; The United Nations Global Compact Principles; The Paris Pledge for Action; Women Initiative of the European Roundtable of Industrials (ERT); BCSD Portugal Charter of Principles; WBCSD's CEO Guide For Human Rights; National Plastics Pact; Code of Ethics and Conduct for Sonae Employees; Code of Conduct for Sonae Suppliers; Environmental Policy; Fish Sustainability Policy; Sonae Companies' Charter of Principles for CO2 & Climate Change; Sonae Companies' Letter of Principles for Plastic; Plan for Gender Equality; Business for Nature's Call to Action; act4nature Portugal, promoted by BCSD Portugal; Science Based Targets Network (SBTN) Corporate Engagement Program; and Future of Work Leadership Statement developed by the World Business Council for Sustainable Development (WBCSD). In 2021, Sonae published its Human Rights Policy, reinforcing its commitment to the United Nations Guiding Principles on Business and Human Rights.

102-13	Membership of associations	verified	-

[Partner Organisations](#)

Strategy

102-14	Message from the senior decision maker	verified	-

Integrated Management Report 2021 | Letter from the Chairman and CEO Message

102-15	Key impacts, risks and opportunities	verified	-

Integrated Management 2021 | Value management through "Risk, Opportunities and Impact management" chapter

Ethics

102-16	Values, principles, standards and norms of behaviour	verified	-

Ensuring that all our activity is governed by the faithful application of the principles of ethics and trust is a concern common to the entire Sonae Group. With this purpose in mind, we have developed Sonae's [Code of Ethics and Conduct](#) which defines the ethical standard by which we are governed. To ensure its implementation, compliance and monitoring, an Ethics Committee was appointed by the Board of Directors. More information on Sonae's values, codes and principles is available at www.sonae.pt.

Governance

102-18	Governance structure	verified	-

All Governance indicators are answered in Sonae's Governance Report. An overview is presented in the Integrated Management Report 2021 in the "How we invest to achieve our ambitions chapter".

102-38	Annual total compensation ratio	verified	-

In 2021, the ratios between the total annual compensation of the highest paid individual to the median of the average annual compensation of all employees, except the highest paid, was 43.4 at Worten and 4.9 at Universo.

102-39	Percentage increase in annual total compensation ratio	verified	-

In 2021, the ratio of the percentage increase in the total annual compensation of the highest paid individual of the organisation to the average percentage increase in total compensation for all employees was 1.3 at Worten and 0 at Universo.

Involvement with stakeholders

102-40	List of stakeholders groups	verified	-

Customers and Visitors; Employees; Investors; Suppliers; Regulatory and Governmental Entities; Community; Media; Shop Tenants.

102-41	Collective bargaining agreements	verified	-

In MC, Zeitreel and Worten 96% of employees are covered by collective bargaining agreements. The same does not apply in Sierra.

102-42	Identifying and selecting stakeholders	verified	-

The management of our activities is based on the premises of sustainable development, whose contribution goes beyond the economic value generated by our businesses and comes directly from a set of values and principles that guide our way of operating. This vision is only possible by establishing long-term relationships with our main stakeholders. For this purpose, we have implemented tools and processes in our companies that allow us to identify and understand their current and future needs and concerns.

102-43	Approach to stakeholder engagement		verified	-
Shop Tenants	Media	Investors	Customers and Visitors	
- Written Communications	- Conferences	- General Meetings	- Websites	
- Meetings	- Interviews	- Quarterly Financial Reports	- Call Centres	
- Training	- Response to specific questions	- Participation in indexes and ratings	- Suggestions and Complaints Systems	
- Surveys	- Press Releases	- Response to specific questions	- Sonae Ombudsman	
			- Surveys	
			- Stores and shopping centres	
Suppliers	Community	Employees	Regulatory and Governmental Entities	
- Suppliers' Portals	- Partnerships with Representative Institutions	- Social Climate Studies	- Participation in several meetings and forums	
- Visits and Audits	- Community Engagement Projects	- Sonae Ombudsman	- Sector-Specific Associations	
- Reciprocal Training	- Surveys	- Surveys	- Response to inquiries	
- Surveys	- Websites	- Intranet News		
- Performance Assessment		- Internal Publications		
- Meetings		- Knowledge Sharing Platforms and Groups		
- Sonae Ombudsman				

102-44	Key topics and concerns raised by stakeholders	verified	-

In 2021, we registered, analysed and dealt with approximately 357 thousand complaints and suggestions regarding Sonae's various businesses. We have in place a Suggestions and Complaints management System that allows us to identify several areas and opportunities for development and to implement different improvements and changes both on the product level and operation level.

Additionally, we also provide our employees, customers, suppliers and the general public access to the [Sonae Ombudsman](#), that ensures and complements the interaction with the different business areas.

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

Sierra regularly measures the satisfaction index of shop tenants and visitors. In 2021, shop tenants showed a satisfaction level of 5, on a scale of 1 to 6, and visitors of 4 on a scale of 1 to 5.

Reporting practice

102-45	Entities included in the consolidated financial statements	verified	-
GRI Supplement 1. About the GRI Supplement			
102-46	Defining the report content and topic boundaries	verified	-
GRI Supplement 1. About the GRI Supplement			
102-47	List of material topics	verified	-
Vide responses to the indicator 103-1			
102-48	Restatements of information	verified	-
Nothing to report.			

102-49	Changes in reporting	verified	-

The current report focuses on the activity of Sonae SGPS, MC (which includes Continente's different formats, Note, Make Notes, Well's, Dr. Wells, Bagga, Go Natural, Maxmat (until Sep'21), Arenal and Sonae RP), Zeitreel (MO, Zippy, Salsa and Losan), Worten (Portugal, Spain (Canary Islands, Warehouse and store in Madrid)), Universo, Sonaecom, (which includes Bright Pixel and the Media area) and Sierra.

This Supplement does not consolidate NOS non-financial data, a company in which Sonae holds, directly and indirectly 33.5% and Iberian Sports Retail Group (which encompasses SportZone, Sprinter, JD and Size?) in which Sonae holds 30%. It consolidates information in relation to Arenal, Worten, Losan and Salsa and their activities in Portugal and Spain. Whenever applicable and possible, Worten information includes the recently acquired companies iServices and Zaask.

The scope of the indicator "Women in Leadership positions" in the chapter "Our Performance" has a different scope than that reported in indicator 405-1. It only covers Sonae and its subsidiaries that have defined gender equality targets and are governed by the segmentation of functions defined for the Group. The following companies are excluded: Go Natural Restauração, Arenal, Worten Canarias and iServices, MDS, Público & Media, Luis Malheiro and Sierra Poland.

102-50	Reporting period	verified	-

The current report focuses on the period of activity between January 1st and December 31st, 2021.

102-51	Date of most recent report	verified	-

April 01, 2021

102-52	Reporting cycle	verified	-

Annual

102-53	Contact point for questions regarding the report	verified	-

For additional clarifications on the information published in the GRI Supplement, please check the website or contact through the Contact Form (<https://www.sonae.pt/en/sonae/contacts/>) or Phone number: +351 220 104 000

102-54	Claims of reporting "in accordance" with the GRI standards	verified	-

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

102-55	GRI content index	verified	-

Present table

102-56	External assurance	verified	-

The non-financial information reported in the "GRI table", included in the GRI Supplement was subject to verification by an external entity – KPMG.

Specific disclosures

Material aspects

103-1	Explanation of the material topic and its boundary	verified	-

The application of the materiality principle to identify and analyse the positive and negative impacts of our activity took place in 2018. It was a robust auscultation process that involved the inclusion of different stakeholders vision (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 on the best practices and market trends and the regulatory framework in force and planned.

Based on the material issues identified, the results of the previous strategic cycle, the areas highlighted at sector level, the commitments subscribed to by Sonae and in line with the United Nations Sustainable Development Goals, and with the Group's Top Management review lens, we defined five action axes, that have been guiding our positioning and action towards a sustainable future: CO₂ and climate change, nature and biodiversity, plastic, inequalities and inclusive development and community support. For more information on defining material topics, see the [2018 Sustainability Report](#).

Additionally, cooperating and closely interacting with each one of our stakeholders is part of the day-to-day life through Sonae. For this purpose, we have created and maintain a diversified base of specific communication channels for each group of stakeholders (see indicator 102-43), complemented with the interaction with the main responsible for these channels and who follow the related topics, allowed 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 2021, we continued to invest in the development of the 5 axes of action identified under our sustainability strategy and the material themes identified, namely: Responsible Investment, Sustainable Supply Chain, Human Capital Development, Diversity, Inclusion and Equality Opportunities, Community Involvement, Energy Consumption, Renewable Energy and Energy Efficiency, Eco-efficiency, Biodiversity Protection, Impact of Plastic Bags and Packaging, Waste Management, Combating Food Waste and Sustainable Agriculture and Fishing.

103-2	The management approach and its components	verified	-

Sonae manages and promotes several initiatives that aim to contribute to its material aspects, which are disclosed throughout the 2021 Integrated Report.

103-3	Direct economic value generated and distributed	verified	-

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

200 – Economic disclosures

201: Economic performance

201-1	Direct economic value generated and distributed	-	-

The direct economic value generated and distributed encompasses the following: generated economic value (revenue), distributed economic value (operational costs, remuneration and employees' benefits, payments to investors, payments to the State, donations and other community investments) and accumulated economic value.

Vide Consolidated Income Statements for the periods ended in the 31st December of 2021 and 2020.

201-2	Financial implications and other risks and opportunities for the organisation due to climate change	verified	-

Sonae has been evolving its processes to assess climate-related risks and opportunities and assess direct financial impacts. Once again, we submitted our climate management and performance practices to the Carbon Disclosure Project (CDP) scrutiny and maintained our recognition as a leading company in this domain.

Recognizing the importance of being aligned with the global recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), a framework developed by the Financial Stability Board, in 2021 the Risk Management Consulting Group launched an initiative to implement the adoption of the TCFD framework and to manage the critical risk "Failure to mitigate and adapt to climate change" by all Sonae Companies. This group-wide TCFD project focused on the identification and assessment of material climate risks and opportunities and their potential financial impacts by all Sonae companies, with the support of third-party experts. For more information read the "TCFD section".

201-3	Defined benefit plan obligations and other retirement	-	-

Sonae does not have a pension fund.

201-4	Financial assistance received from government	verified	-

In 2021, Sonae Group received a total of around €84.3m (of which €13.4m by Sonaecom and €0.9m by Sierra). The figures indicated refer to amounts received under tax credits. It should be noted that the Government is not part of the company's shareholder structure.

202: Market presence

202-2	Proportion of senior management hired from the local community	verified	-

92% of Sonae, MC, Zeitreel, Universo, Worten and Sonaecom senior management are hired from the local community.

Note: Sierra does not report this indicator.

203: Indirect economic impacts [material aspect]

203-1	Infrastructure investments and services supported	verified	-

Vide responses to the indicator 413-1

203-1	Significant indirect economic impacts	verified	-

Vide responses to the indicator 413-1

204: Procurement practices [material aspect]

204-1	Proportion of spending on local suppliers	verified	-
		2020	2021
	Proportion of spending on foreign suppliers	17%	15%
	Proportion of spending on local suppliers	83%	85%

205: Anti-corruption

205-1	Operations assessed for risk related to corruption	verified	-

Sonae SGPS implements the International Enterprise Risk Management Integrated Framework (COSO) methodology in its risk management process, which allows the identification of types of risks and threats to business development, both at a strategic and operational level.

As the risk of corruption was not identified as a priority risk for Sonae SGPS, no assessments were carried out in this regard.

Sonae SGPS' governance model manages the risk of corruption through three levels, with the business units responsible for the first level of defence, being responsible for identifying and assessing risks and implementing controls to mitigate them.

For the operationalization of the second level of defence, Sonae SGPS provides 2 channels for employees to become aware of i) any irregularity, immediately inform the Ombudsman via the following e-mail: provedoria@sonae.pt or form on the website of Sonae SGPS, and ii) any possible violation of the Code of Ethics and Conduct, immediately inform the Ethics Committee via the following email: comissaodeetica@sonae.pt.

Within the scope of training, the Code of Ethics and Conduct is made available to all employees, which includes a set of principles that govern the activity of the Sonae Group companies, and a set of rules of an ethical and deontological nature to be observed by the members of the governing bodies and by all employees, in their relationship with customers, suppliers and other stakeholders.

Compliance with Sonae's Code of Ethics and Conduct by Sonae SGPS employees is mandatory. All employees must declare their promotion through an individualized declaration.

Sonae's Ombudsman also provides a privileged contact channel for its Customers, Employees and Suppliers, welcoming compliments, suggestions, requests for information, complaints and denouncements about corrupt practices.

It should be noted that Universo, IME, S.A. is an entity regulated by the Bank of Portugal and has annual reporting requirements within the scope of Money Laundering and Terrorism Financing and Internal Control.

In the case of Worten, within the scope of the risk management exercise (EWRM) for the 2019-2021 period, the risk of "Illegal Acts and Fraud" was prioritized. Due to the prioritization of critical risks, the risk sheet will remain open in 2022, for the conclusion of the Policy, which will already include the obligations of the new Regimes for the Prevention of Corruption and "Whistleblowing", communicated at the end of 2021. All companies of the Worten Group will be considered in this action.

In 2021, no cases of corruption were reported.

205-2	Communication and training about anti-corruption policies and procedures	verified	-

Sonae's Code of Conduct and Ethics, which includes anti-corruption policies, is communicated in the onboarding training to 100% of the employees. Additionally, Sonae has a Suppliers' Code of Conduct and Ethics, which is an annex to the general supply contracts. The codes are available on Sonae's website.

In 2021, 2 Governance Bodies and 14,297 employees received training in anti-corruption.

At Sierra, "The Anti-Corruption Guidelines" has enabled the development of anti-corruption awareness through the provision of staff training, carried out under a program named BEST – Behaviour with Ethics Sierra Training.

205-3	Confirmed incidents of corruption and actions taken	verified	-

In 2021, no cases of corruption were reported.

300 – Environmental disclosures

301: Materials [material aspect]

301-1	Materials used by weight or volume	verified	chapter our performance

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

301-2	Recycled input materials used	verified	chapter our performance

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

301-3	Reclaimed products and their packaging materials	verified	chapter our performance

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

2021	Holding, MC, Zeitreel, Universo and Worten			Sonaecom (Bright Pixel & Media)	
Materials used to produce and package products	Materials used	Recycled materials used	Recovered products and packaging materials	Materials used	Recycled materials used
Plastic (t) ¹	23,886	3,027	2,656*	-	-
Plastic (number of DRS packaging) ²	-	-	5,100,000	-	-
Paper (t) ³	7,730	586	-	1,364	0
WEEE (t) ⁴	-	-	6,290	-	-
EEE (number of equipment) ⁵	-	-	49,465	-	-
Recovered clothing (t) ⁶	-	-	597	-	-
Cotton (t) ⁷	4,369	0	-	-	-

Notes:

1 Plastic present in packaging and products whose placement on the market is the responsibility of the Group companies.

2 Plastic from MC's Deposit and Reimbursement System (DRS).

3 At Sonaecom, the reported paper comes from Público.

4 This indicator refers to the amount of Waste from Electrical and Electronic Equipment (WEEE) sent for recycling, received at Worten's Azambuja Warehouse.

5 This indicator refers to the number of equipment from the UTRAD (Depreciated Items Treatment Unit), which accepts electrical and electronic equipment with small defects and breakdowns, which are later recovered/repared and resold in stores at more affordable prices.

6 This indicator refers to the recycling of textile waste from Losan and reuse of uniforms at MC.

7 This indicator is applied to Zeitreel.

* This value refers to the amount of plastic recovered in the MC, sent for recycling.

302: Energy [material aspect]

302-1	Energy consumption within the organisation	verified	chapter our performance

Energy consumption by source	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021	2020	2021
Fossil fuels - Fleet (GJ)	506,321	446,127	8,490	9,598	8,692	8,655
Fossil fuels - Installations (GJ)	30,251	38,041	2	0	118,908	126,522
Heating and cooling consumption (Shopping centers) (GJ)	0	0	0	0	74,637	71,917
Electricity consumption (GJ)	1,684,561	1,754,303	3,838	3,222	297,840	304,426
Electricity produced and sold by local cogeneration (GJ) - subtracted from total consumption	-	-	-	-	28,305	29,631
TOTAL	2,221,133	2,238,471	12,330	12,820	471,772	481,888

Renewable Energy Production	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021	2020	2021
Produced and consumed (GJ)	42,914	87,216	0	0	0	0
Produced and sold (GJ)	30,344	27,175	0	0	0	0
TOTAL	73,258	114,391	0	0	0	0

302-3	Energy intensity	verified		chapter our performance		
Energy Intensity	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021*	2020	2021
Total energy consumption (GJ)	2,221,133	2,238,471	12,330	9,901	471,772	481,888
Business Volume (€m)	6,692	6,913	129.1	61.2	-	-
Energy Intensity Ratio (GJ/€m)	332	324	96	162	-	-
Shopping centres - Energy intensity ratio (kWh/m ² of common areas)	-	-	-	-	445	450

Notes: *Data refers to Bright Pixel

302-4	Reduction of energy consumption	verified		chapter our performance		

In 2021, the promotion of efficient and flexible energy consumption continued, through the investment and installation of more efficient equipment and the development of tools for monitoring and optimizing consumption. Within the scope of the roadmap to reduce greenhouse gas emissions, the companies of the Sonae group maintained their efforts not only in the continuity of their energy efficiency projects, but also in the replacement of lighting in stores, offices and parks with LED lighting and the optimization of HVAC systems, as in the implementation of projects that contribute to the consumption of energy from renewable sources. As an example, Salsa's Laundry Unit has been continuously improving its processes, as a result of investment in cutting-edge technologies to reduce electricity consumption and improve energy efficiency. In 2021, 2 capacitive purges were installed in the compressed air tanks at the Laundry Unit, under the approved Energy Rationalization Agreement (ARCE).

It is also worth mentioning the development of initiatives focused on the production of electricity from renewable sources at MC. In 2021, we had 213 Autonomous Electricity Production Plants installed, corresponding to an installed capacity of around 25.1 MWp and, consequently, the production of 31,349,777 kWh, a growth of 66% compared to the production recorded in 2020 (18,874,107 kWh). These initiatives allowed the reduction of 14,734.4 tons of CO₂e. At Arenal, the investment of €294 in optimizing the contracted power resulted in savings of around €5,842.

302-5	Reductions in energy requirements of products and services	verified		chapter our performance		

In the retail area, our concern also extends to our products and how we can encourage more sustainable consumption by our customers. In 2021, in partnership with DECO and Autoconsumo (Italian association), in line with the regulations in force, Worten developed several campaigns to promote the acquisition of more efficient equipment and promoted the sharing of information on the new energy efficiency label to its customers, consumers in Portugal and Spain, through the "Belt Project" initiative, which aims to raise awareness of the advantages of purchasing more energy efficient appliances and equipment.

303: Water and effluents

303-1	Interactions with water as a shared resource	verified	-

Most of the water consumed in Sonae's operations comes from the public supply network and is related to human use. However, with the aim of reducing the environmental impact of their businesses, the companies of the Sonae Group are committed to reducing their water footprint, increasing the efficiency of their operations, innovating and taking advantage of technology to rethink the way water is used, used and managed in its infrastructures.

As an example, Salsa has implemented the "Become" Project, one of the objectives of which is to reduce water consumption by improving the efficiency of the denim washing processes, including green chemicals, by upgrading machines in the eflow process, using laser technology instead of traditional processes, and the use of ozone machines (used since 2020). By 2023, Salsa Jeans will use up to 80% less water in the finishing process. The goal is to save more than 82 million litres of water between 2021 and 2023.

Some initiatives are also implemented to monitor and control water consumption. Among them, Dive® stands out, a Sierra tool that allows the assessment of the real water consumption of a building against an optimal theoretical simulation, identifying measures for technical and management improvement. This model was built to consider the different climatic and geographic configurations, water consuming systems and accessories, occupancy patterns and visitor behaviour that a building may have, etc. It also identifies the least efficient operational systems and routines, as well as the environmental and financial benefits of the implemented improvement measures.

In 2021, approximately 15% of the volume of water abstracted from Sierra's direct operations was in areas of water stress. Based on the World Resource Institute (WRI) Aqueduct reference tool, Sierra carried out an assessment of the water risk of its operations, mapping the following basins according to water stress: Andalusia (Área Sur and Plaza Mayor; score: extreme high), Castilla-La Mancha (Luz del Tajo; score: extremely high), Tessália (Fashion City Outlet; score: extremely high), Portimão (Portimão Retail Center; score: extremely high), Funchal (MadeiraShopping; score: high) and Bucharest (ParkLake; score: high), Sierra is committed to reducing water consumption by increasing the efficiency of its operation and by integrating systems for water reuse/recycling (increased consumption of grey water, rainwater, etc.). In the Plaza Mayor (located in an area of water stress) the vegetation was altered by natives, as they demonstrate a better adaptation to climate conditions, are more resistant and require less water consumption.

303-2	Management of water discharge-related impacts	verified	chapter our performance

Wastewater from the Sonae Group's activity is routed to the public sanitation network, where it undergoes adequate treatment in dedicated facilities (Wastewater Treatment Stations - WWTP). Monitoring and control of wastewater quality parameters are guaranteed by the responsible entities, in order to comply with established legal requirements. With the exception of some Warehouses, namely those located in the Azambuja area, and the Meat Processing Center (CPC), whose effluents are subjected to pre-treatment in the facilities' own WWTPs, and are subsequently discarded into the Natural Environment. Also some stores (#8) are equipped with WWTP in order to comply with the VLE imposed by the respective Municipal Services.

Regarding the recycling/reuse of effluents, the CPC has a recycling system for liquid effluents intended for consumption in less demanding situations from the point of view of water quality, above all to complement the water consumption of the cooling towers. To this end, the effluent, after being treated at the WWTP, is then subjected to a new treatment, with the aim of improving the quality of water to be reused in the aforementioned cooling towers. In 2021, the total recycled water used in the cooling towers is around 19,457 m³, corresponding to an increase of 48% compared to 2020.

Additionally, on Sonae Campus there are two buildings certified by the LEED (Leadership in Energy and Environmental Design) system – the Sonae Business Center and the Sonae Tech Hub buildings. These buildings incorporate state-of-the-art mechanisms in terms of water efficiency, which allow a marked reduction in water consumption compared to a reference building, such as the collection of rainwater for reuse inside the buildings or the pre-treatment of rainwater that is discharged into the network, avoiding contamination of water courses. Sanitary flushing is ensured by recycled water from washbasins and showers.

In accordance with best engineering practices, we assume that 80% of the water consumed ends up being rejected as liquid effluent, and the remaining 20% is used.

303-3 Water withdrawal verified -

2021 Water withdrawal by source	Holding, MC, Zeitreel, Universo and Worten	Sonaecom (Bright Pixel & Media)	Sierra
Third party water (m ³)	800,636	1,791	528,086
Groundwater (m ³)	235,722	-	100,933
Surface water and rainwater (m ³)	210,276	-	10,374
Greywater (m ³)	-	-	11,906
Mixture of water sources (m ³)	-	-	7,096
TOTAL (m ³)	1,246,634	1,791	658,395

303-4 Water discharge verified -

2021 Water discharge by source	Holding, MC, Zeitreel, Universo and Worten	Sonaecom (Bright Pixel & Media)	Sierra
Third party water (m3)	961,810	1,433	422,469
Groundwater (m3)	2,761	-	80,746
Surface water and rainwater (m3)	0	-	8,299
Greywater (m3)	-	-	9,525
Mixture of water sources (m3)	-	-	5,677
TOTAL (m3)	964,571	1,433	526,716

Note: When data is not directly available, the retail area of Sonae uses an assumption of 80% of water withdrawal is discharged and 20% is consumed.

303-5 Water consumption verified -

2021 Water consumption	Holding, MC, Zeitreel, Universo and Worten	Sonaecom (Bright Pixel & Media)	Sierra
Water consumption (m ³)	282,063	358	111,346
Water consumption in areas with water stress (m ³)	-	-	20,333
TOTAL (m ³)	282,063	358	131,679

Note: The estimated water consumption resulted from the difference between the volume of water captured by the volume of effluent discharged.

304: Biodiversity [material aspect]

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	verified	chapter our performance

Sonae does not own any facilities in areas classified as habitats rich in biodiversity, in its direct operations.

304-2	Significant impacts of activities, products and services on biodiversity	verified	chapter our performance

At the end of 2020, Sonae Group companies integrated the Corporate Engagement Program of the Science Based Targets Network (SBTN), with the aim of actively participating in the co-creation of the tool and methodology, which will allow the corporate sector to define goals for Nature, including the water, land, biodiversity and the oceans, goals aligned with Science, recognizing the limits of the Earth. Its implementation will help companies to assess their impacts on nature, define priority areas of action and carry out actions in line with science.

During 2021, Sonae collaborated with the Program in developing the methodology and templates through the technical review of the various documents produced and shared by the SBTN. At the same time, prospective work was carried out with Sonae companies to identify a set of actions that could be adopted in the short-medium term and that would have a positive impact on nature and biodiversity, and formalized the Group's commitments to act4nature Portugal. This is an initiative promoted by BCSD Portugal within the scope of the international act4nature (launched in France, in 2018) and which aims to mobilize companies to protect, promote and restore biodiversity.

304-3 Habitats protected or restored verified chapter our performance

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 by Sonae Companies in the restoration and conservation of the Portuguese Forest. In the period of 10 years, we will reforest 1,000 hectares. Between 2019 and 2020, Sonae companies reforested more than 130ha of area.

In 2021, our businesses financed the reforestation of around 56 hectares, corresponding to more than 82 thousand trees, referring to the compensation of more than 7 thousand tCO₂ related to the emission of greenhouse gases from the fleet of vehicles of employees and service vehicles in the year 2020.

In addition to this project, Sonae reinforces its efforts to conserve habitats through other initiatives focused on reforestation, such as Worten's "Troca Eficiente" campaign. In 2021, the campaign was reinforced again through which a tree is planted for each customer who buys an A++ or A+++ appliance, as well as for any end-of-life equipment for recycling that is delivered to the store (or collected from homes). As a result of the action, Worten will plant 15,000 trees, adding to the 16,000 already planted in previous years.

Additionally, MC's *Águia Caçadeira* (Montagu's Harrier) Project, started in March 2021, stands out, which aims to enhance the contribution of national wheat fields to the promotion of bird biodiversity, including for a species that is in danger of extinction, the Montagu's Harrier. Within the scope of this project, a set of highly important initiatives for the conservation of the species will be implemented over the next 2 years, in strict articulation with ICNF and framed in the Montagu's Harrier Emergency Plan, including the following aspects: Coordination of the national census; Implementation of rescue measures and awareness of farmers; Studies on the issue of conservation and the importance of crops for bird biodiversity.

For the third consecutive year, Sonae Companies joined the campaign "Portugal Chama, Por si, Por todos," which was designed to raise awareness of the care and requirements to be followed to minimize the risk of fire and how to improve the response to fires.

305: Emissions [material aspect]

305-1 Direct (scope 1) GHG emissions verified chapter our performance

Scope 1 Emissions	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021	2020	2021
Total GHG emissions (Scope 1) (t CO ₂ e)	54,920	51,665	622	699	7,938	7,511

305-2 Indirect (scope 2) GHG emissions verified chapter our performance

Scope 2 emissions by source (t CO ₂ e)	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021	2020	2021
Emissions associated with electricity consumption (t CO ₂ e) – market based	93,124	123,703	227	184	4,329	4,681
Emissions associated with electricity consumption (t CO ₂ e) – location based	96,825	59,571	227	115	14,785	14,924
Emissions associated with electricity consumption for the cooling of water (t CO ₂ e)	-	-	-	-	2,145	1,914
Emissions associated with electricity consumption for the heating of water (t CO ₂ e)	-	-	-	-	0	0
Total GHG emissions (Scope 2) (t CO ₂ e)	93,124	123,703	227	184	6,475	6,595

305-3 Indirect (scope 3) GHG emissions **verified** **chapter our performance**

Scope 3 emissions by source	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021	2020	2021
Emissions related with waste (t CO ₂ e)*	7,741	10,178	-	-	-	-
Emissions from tenant's electricity consumption (t CO ₂ e)	-	-	-	-	60,118	57,833
Emissions related to air travel (t CO ₂ e)	-	-	-	-	317	438
Emissions related to train travel (t CO ₂ e)	-	-	-	-	2	0.8
Emissions related to hotel stays (t CO ₂ e)	-	-	-	-	20	20
Emissions related to employees' business trips (t CO ₂ e)	-	-	-	-	382	380
Emissions related to materials (t CO ₂ e)	-	-	-	-	19,687	0
Emissions from shopping centre visitors (t CO ₂ e)	-	-	-	-	221,419	382,288
Emissions from waste (t CO ₂ e)	-	-	-	-	2,870	1,351
Emissions related to distribution (t CO ₂ e)	1,614	0	-	-	-	-
Total GHG emissions (Scope 3) (t CO ₂ e)	9,355	10,178	0	0	304,813	442,311

* Emissions associated with energy recovery, organic recovery and sanitary landfill.

Total emissions by scope	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021	2020	2021
Scope 1 (t CO ₂ e)	54,920	51,665	622	699	7,938	7,511
Scope 2 (t CO ₂ e)	93,124	123,703	227	184	6,475	6,595
Scope 3 (t CO ₂ e)	9,355	10,178	0	0	304,813	442,311
Total emissions (t CO ₂ e)	157,399	185,546	849	883	319,226	456,417

Notes: The GHG emissions calculation (scope 1, 2, 3) are based on the methodology established under the GHG International Protocol.

Information regarding conversion and emission factors are at the end of the GRI table, in the methodological notes section, For further information on Sierra's 2020 and 2021 emission factors, please refer to Sierra's Sustainability Report for the respective years.

305-4 GHG emissions intensity **verified** **chapter our performance**

Emissions intensity	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021*	2020	2021
Total GHG emissions (t CO ₂ e) (market based)	157,399	185,546	849	687	319,226	456,417
Business turnover (€m)	6,692	8,913	129.1	61.2	-	-
GHG emissions intensity ratio (t CO ₂ /€m)	24	27	6.6	11	-	-
Excluding tenants (t CO ₂ e/m ²)	-	-	-	-	0.044	0.043
Including tenants (t CO ₂ e/m ²)	-	-	-	-	0.262	0.250

Notes: *Data refers to Bright Pixel

305-5 Reduction of GHG emissions **verified** **chapter our performance**

To support the reduction of our own emissions (54% by 2030 compared with 2018) each company developed their own roadmaps, tailored to its business context, based on known best practices and best technological and scientific knowledge. Moving to cooling equipment that uses low-impact refrigerants, investing on on-site renewable energy production and supply of renewable energy, electrifying our vehicles fleet and advancing our efforts to promote the ecoefficiency of our operations are some of the measures planned to achieve our targets, as also reported in indicator 302-4.

305-6 Emissions of ozone-depleting substances **verified** **-**

Ozone-depleting substances	2021
R407C	167Kg
R410A	125Kg

305-7	Nitrogen oxides (NOx), sulphur oxides (SO2) and other significant air emissions	verified	-		
Nitrogen oxides (NOx), sulphur oxides (SO ₂) and other significant air emissions		Holding, MC, Zeitreel, Universo and Worten	Sonaecom (Bright Pixel & Media)		
		2020	2021	2020	2021
Total NOx emissions (t)		330.47	344.39	6.49	7.18
Total SO ₂ emissions (t)		106.2	85.46	1.58	1.68
Total CH ₄ emissions (t)		10.35	12.91	-	-
Total F-gases emissions (t)		24.051	17.918	-	-

306: Waste

306-1	Waste generation and significant waste-related impacts	verified	-

Sonae has implemented initiatives focused on the management of waste produced by its operations, as well as waste reduction and/or reuse, which include: creation of specific areas in stores and warehouses for waste management; separation, temporary storage and shipment of different types of waste to licensed operators; separation of the organic portion of waste and sending for organic recovery; reduction of packaging material for private label products; reuse of transport packaging; and training and awareness of employees.

As an example of a relevant initiative in the management and reduction of waste, Worten's UTRAD (Depreciated Items Treatment and Recovery Unit) stands out, focused on the recovery of Electrical and Electronic Equipment (EEEs) items and Worten Transforma, which promotes the correct forwarding of WEEE. At UTRAD there is a specialized technical team to allow a higher recovery rate since only non-recoverable items are sent for recycling. This unit receives items from stores, repairmen, warehouses and customers, and the recovered items are then integrated into the sales flow of the Worten outlet store. Worten Transforma is a program that receives WEEE from customers and sends them for treatment. The referral process results in an incentive, which is used to donate new equipment to institutions.

With regard to food waste, MC has implemented management strategies that are translated into initiatives to reduce its impact. LIFEFOODCYCLE, led by MC, intends to develop and test a marketplace to value the break. This platform will add a set of features for a more effective management of breakage recovery processes that will support the operational and commercial areas in the optimization of the respective recovery channels. In the channels to be developed, we witnessed the entry of new digital players in Portugal, in the B2C component.

306-2	Management of significant waste-related impacts	verified	-

We reinforce the principles of circularity in the way we manage our activity, as we design and develop our services and products, avoiding single-use plastics whenever possible, favouring the reuse and repair of materials, and, when this is not possible, forwarding waste for recycling. Sonae Group companies are committed to integrating these principles into their activity. At Sierra, for example, the Circulytics structure is being implemented, which aims to support the even greater integration of circular economy solutions in our operations. Circulytics is an assessment tool developed by the Ellen MacArthur Foundation that is supporting more than 1,250 companies worldwide to become more circular. More specifically, we intend to use this tool to: measure our circularity performance; support decision making; identifying strengths and improving; identification of opportunities.

Aware of the impact of the fashion industry on the environment, Zeitreel has launched more sustainable collections, with the aim of increasingly incorporating sustainable materials and reducing the production of textile waste. These collections include recycled cotton fibres, which come from waste and clothing that would no longer be used, preventing unused fibres from being reused and not ending up in landfills.

The management of the impacts of waste generated by our activity also involves cooperation and participation in projects that encourage its collection and proper routing. The Deposit and Reimbursement System (DRS) pilot project aims to collect plastic, glass and beverage can packaging through a consumer incentive system, ensuring its forwarding for recycling and the production of high quality recycled. MC's participation in this project is helping us to have more and better quality of recycled material available, in order to achieve 30% integration of recycled material.

306-3 Waste generated verified -

Waste Generated	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021	2020	2021
Hazardous waste (t)	2,865	2,538	0	0	47	28
Non-hazardous waste (t)	77,102	77,917	0	0.05	15,542	16,707
Total weight of waste generated (t)	80	80,455	0	0.05	15,589	16,735

306-4 Waste diverted from disposal verified -

Waste diverted from disposal	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021	2020	2021
Hazardous waste recycled (t)	2,865	2,508	0	0	35	26
Hazardous waste prepared for reuse (t)	0	0.4	0	0	0	0
Hazardous waste incinerated (with energy recovery) (t)	0	0	0	0	0	0
Other recovery operations of hazardous waste (t)*	0	9.1	0	0	8	0
Total hazardous waste diverted from disposal (t)	2,865	2,518	0	0	43	26
Non-hazardous waste recycled (t)	47,919	50,114	0	0.05	7,450	8,330
Non-hazardous waste prepared for reuse (t)	0	0	0	0	0	0
Non-hazardous waste incinerated (with energy recovery) (t)	1,633	6,257	0	0	1,745	1,705
Other recovery operations of non-hazardous waste (t)*	10,129	9,391	0	0	4,208	4,353
Total non-hazardous waste diverted from disposal (t)	59,681	65,762	0	0.05	13,403	14,388

*Compost and anaerobic digestion

306-5 Waste directed to disposal verified -

Waste directed to disposal	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021	2020	2021
Hazardous waste incinerated (without energy recovery) (t)	0	0	0	0	0	0
Hazardous waste directed to landfill (t)	0	0	0	0	0.1	0.3
Other disposal operations of hazardous waste (t)*	0	20.5	0	0	3.4	2.3
Total hazardous waste directed to disposal (t)	0	20.5	0	0	3.5	2.6
Non-hazardous waste incinerated (without energy recovery) (t)	0	0	0	0	0	9.2
Non-hazardous waste directed to landfill (t)	17,383	12,028	0	0	2,123	2,303
Other disposal operations of non-hazardous waste (t)*	37	127.1	0	0	22	7.2
Total weight of waste directed to disposal (t)	17,420	12,155	0	0	2,145	2,319

*Includes storage option

GRI 400 - Social disclosures

401: Employment [material aspect]

401-1	New employee hires and employee turnover				verified	chapter our performance	
2021	Holding, MC, Zeitreel, Universo and Worten			Sonaecom (Bright Pixel & Media)		Sierra	
Number	New hires	Departures	New hires	Departures	New hires	Departures	
Men	8,937	8,144	153	118	68	56	
Women	15,178	13,769	27	29	63	58	
TOTAL	24,115	21,913	180	147	131	114	
<30 years old	19,517	16,359	104	54			
From 30 to 50 years old	4,275	4,871	67	86			
>50 years old	323	683	9	7			
TOTAL	24,115	21,913	180	147			
< 35 years old					69	60	
From 35 to 44					30	33	
From 45 to 54					27	13	
From 55 to 64					4	3	
> 64 years old					1	5	
TOTAL					131	114	
Portugal	23,057	20,540	51	44	76	77	
Spain	1,012	1,338	95	75	8	9	
Rest of the world	46	35	34	28	47	28	
TOTAL	24,115	21,913	180	147	131	114	
2021	Holding, MC, Zeitreel, Universo and Worten			Sonaecom (Bright Pixel & Media)		Sierra	
	New hires	Departures	New hires	Departures	New hires	Departures	
Men	19.8%	18.0%	17.6%	13.6%	7.5%	6.2%	
Women	33.6%	30.5%	3.1%	3.3%	7.0%	6.4%	
TOTAL	53.4%	48.5%	20.7%	16.9%	14.5%	12.6%	
<30 years old	43.2%	36.2%	12.0%	6.2%			
From 30 to 50 years old	9.5%	10.8%	7.7%	9.9%			
>50 years old	0.7%	1.5%	1.0%	0.8%			
TOTAL	53.4%	48.5%	20.7%	16.9%			
< 35 years old					7.6%	6.7%	
From 35 to 44					3.3%	3.7%	
From 45 to 54					3.0%	1.4%	
From 55 to 64					0.4%	0.3%	
> 64 years old					0.1%	0.6%	
TOTAL					14.5%	12.6%	
Portugal	51.0%	45.5%	5.9%	5.1%	8.4%	8.5%	
Spain	2.2%	3.0%	10.9%	8.6%	0.9%	1.0%	
Rest of the world	0.1%	0.1%	3.9%	3.2%	5.2%	3.1%	
TOTAL	53.4%	48.5%	20.7%	16.9%	14.5%	12.6%	
	Holding, MC, Zeitreel, Universo and Worten			Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021	2020	2021	
Total Employees	44,409	45,062	916	870	885	902	
New hires	21,183	24,115	156	180	91	131	
Percentage of new employee hires (%)	48%	53%	17%	21%	10%	15%	
Departures	20,941	21,913	187	147	100	114	
Percentage of employee departures (%)	47%	48%	20%	17%	11%	13%	

Note: The new employee hires and employee turnover does not include Go Natural Restauração.

Functional category	Holding, MC, Zeitreel, Universo and Worten						Sonaecom (Bright Pixel & Media)					
	Voluntary Departures			Involuntary Departures			Voluntary Departures			Involuntary Departures		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives												
TOTAL	4	1	5	0	2	2	0	0	0	0	0	0
< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
From 30 to 50 years old	2	1	3	0	2	2	0	0	0	0	0	0
≥ 50 years old	2	0	2	0	0	0	0	0	0	0	0	0
Senior & Middle Managers												
TOTAL	26	13	39	29	9	38	14	6	20	3	0	3
< 30 years old	0	0	0	0	0	0	0	0	0	0	0	0
From 30 to 50 years old	26	11	37	15	3	18	14	5	19	2	0	2
≥ 50 years old	0	2	2	14	6	20	0	1	1	1	0	1
Coordinators & Supervisors												
TOTAL	11	20	31	58	38	96	95	19	114	6	4	10
< 30 years old	1	3	4	3	2	5	40	7	47	4	3	7
From 30 to 50 years old	10	17	27	46	29	75	51	12	63	2	0	2
≥ 50 years old	0	0	0	9	7	16	4	0	4	0	1	1
Technicians & Specialists												
TOTAL	231	329	560	74	132	206	0	0	0	0	0	0
< 30 years old	110	157	267	18	40	58	0	0	0	0	0	0
From 30 to 50 years old	119	169	288	37	68	105	0	0	0	0	0	0
≥ 50 years old	2	3	5	19	24	43	0	0	0	0	0	0
Representatives												
TOTAL	2,974	5,105	8,079	4,739	8,118	12,857	0	0	0	0	0	0
< 30 years old	2,322	4	6,058	3,841	6,140	9,981	0	0	0	0	0	0
From 30 to 50 years old	619	1,280	1,899	794	1,613	2,407	0	0	0	0	0	0
≥ 50 years old	33	89	122	104	365	469	0	0	0	0	0	0

Note: Sierra does not report this indicator

401-3	Parental leave	verified	chapter our performance			
2021 Number	Holding, MC, Zeitreel, Universo and Worten			Sonaecom (Bright Pixel & Media)		
	Men	Women	Total	Men	Women	Total
Total employees entitled to parental leave (no.)	15,068	30,127	45,195	599	271	870
Total employees who benefitted from parental leave (no.)	546	1,484	2,030	20	19	39
Total employees who returned to work after completion of parental leave (no.)	521	1,436	1,957	20	19	39
Total employees who returned to work after completion of parental leave and continued to work for the Company 12 months after returning (no.)	517	1,251	1,768	18	18	36
Take-up rate (%)	4%	5%	4%	3%	7%	4%
Rate of return (%)	95%	97%	96%	100%	100%	100%

Notes: Employees who benefitted from parental leave in 2020 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 2021 and not in 2020.

403: Occupational health and safety

403-1	Occupational health and safety management system	verified	-

Sonae does not have a formal occupational health and safety management system. Only Sierra applies an occupational health and safety management system (see indicator 403-8).

403-2	Hazard identification, risk assessment, and incident investigation	verified	-

In Sonae, although we do not have a transversal health and safety system, we have hazard identification and risk assessment procedures carried out by the Occupational Health and Safety (OSH) team. These procedures are periodically updated and analyzed when new incidents occur or new procedures or machines are introduced that may affect the level of risk. The OSH technicians who accompany the units update and constantly monitor them. The incident investigation procedure is based on the 3C's methodology (case analysis, identification of causes and implementation of countermeasures), which is then translated into an action plan. Annually, in the strategic review of the system, the results of these evaluations are taken into account.

In 2021, MC started to develop a model that covers 3 dimensions - Safety, Ergonomics and Operational Efficiency. The project is based on two main phases: phase 1, of diagnosis and characterization of the activities carried out in the stores, with a total mapping of the tasks and a rigorous, comprehensive, solid and scientifically based assessment of each of these tasks in each of the three axes, in which we were able to evaluate each one of them over time and in their surroundings. Consequently, phase 2 of implementation of a significant set of improvement solutions, based on four transformational programs: o P1 – transversal quickwins; o P2 – development of improvement projects; o P3 – collaborative robotic solutions; o P4 – comprehensive design of the most demanding jobs.

We believe that raising awareness and communicating the risks and measures that employees must take to eliminate or reduce risks to controllable levels are a decisive step towards improving existing conditions and, consequently, improving the working environment.

Thus, in addition to training in OSH, the information shared with employees and made available in the workplace, through communication tools such as “MyWorten” or “Safety Alerts” at Zeitreel, an annual consultation with employees on OSH issues is ensured, through a questionnaire in which employees comment on all topics related to OSH. Employees' responses are analyzed as a way of assessing their perception of working conditions. Workers can also report incidents through store audits, platforms (“Sonae Circle” at Sonae and MC and “W-Talk” IT Platform at Worten) and internal applications, or through direct contact with OSH technicians or security animators.

403-3	Occupational health services	verified	-

Sonae provides occupational health service functions that contribute to the identification and elimination of hazards and risk minimization, namely occupational health services. These services, provided for by law, include: an entrance exam at the time of joining the company; periodic examinations and every 2 years for all employees between the ages of 18 and 50; and annual exams for employees under the age of 18 or over 50; Occasional exams are also carried out at the request of the employee or the company, and it is the obligation of all employees who have been absent for more than 30 days, after returning, to carry out any exams.

The type of organization of the Occupational Safety and Health services is ensured by mixed services (internal and external), to support all units in the various areas.

Other services include monitoring of remodeling initiatives and store openings, training, procedures and safety standards, annual audit plan for all establishments, monitoring of claims processes (cause, participation) and ergonomic studies. All services are provided by qualified OSH technicians.

403-4	Worker participation, consultation, and communication on occupational health and safety	verified	-

In Sonae, employees are consulted annually on OSH issues, through a questionnaire, in which employees comment on all issues related to OSH. The questionnaire is adapted and updated periodically and the responses of employees are analyzed as a way of assessing their perception of working conditions. In addition, a survey is carried out on the satisfaction of the victims about the health activity carried out by the insurance company. During the process of integrating new employees, a set of information related to SS is communicated, raising awareness of this topic.

As in the previous year, in 2021, there was a greater focus on the current situation of the COVID-19 pandemic.

403-5	Worker training on occupational health and safety	verified	-

During the admissions process, workers complete mandatory online training on workplace hazards and emergency organization and response. As in the previous year, and in the context of the COVID-19 pandemic, training had a great focus on response and adaptation through the contingency plan.

Most Sonae companies have an internal portal where workers can find various information related to Safety and Health at Work, such as Accidents at Work, Risks at Work, Personal Protective Equipment, Emergency Plan, among others. Some OH&S monitoring audits carried out in stores are of an educational nature.

403-6	Promotion of worker health	verified	-

When it comes to the facilitation of workers' access to medical and non-occupational health services, Sonae has several initiatives available such as curative medicine, food and nutrition, massage, yoga and other related initiatives, that are available to all employees. Communication programs and campaigns dedicated to health are also promoted, such as: combating obesity, smoking, heart disease, flu vaccination, COVID-19, among others.

403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	verified	-

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

403-8	Workers covered by an occupational health and safety management system	verified	-

Sonae does not have a formal occupational health and safety management system. As such, this indicator is only applicable to Sierra.

2021	Sierra		
	Direct Employees	Supervised Workers	Independent contractors
Total workforce and independent contractors (no.)	902	23	10
Total number of direct employees, supervised workers and independent contractors, externally verified to be operating in compliance with OHSAS 18001/ISO 45001	650	23	7
Percentage of direct employees, supervised workers and independent contractors, externally verified to be operating in compliance with OHSAS 18001/ISO 45001 (%)	72%	100%	70%
Total number of direct employees, supervised workers and independent contractors, internally verified to be operating in compliance with the safety and health management system (S&HMS)	650	23	7
Percentage of direct employees, supervised workers and independent contractors, internally verified to be operating in compliance with the safety and health management system (S&HMS) (%)	72%	100%	70%

403-9	Work-related injuries	verified	-

2021 Employees	Holding, MC, Zeitreel, Universo and Worten			Sonaecom (Bright Pixel & Media)		
	Men	Women	Total	Men	Women	Total
Workable hours	26,144,510	51,200,584	77,345,094	1,106,952	500,808	1,607,760
Work-related injuries	285	669	954	14	76	90
Fatalities	0	0	0	0	0	0
Workers who are not employees but whose work and/or workplace is controlled by the organization						
Work-related injuries	76	53	129	0	0	0
Fatalities	0	0	0	0	0	0

Notes: No accidents were registered in the Corporate Center.

404: Training and education [material aspect]

404-1	Average hours of training per year per employee	verified	chapter our performance

	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)		Sierra	
	2020	2021	2020	2021	2020	2021
Total Employees (no.)	54	56,357	1,103	514	885	902
Total training hours (h)	1,063,576	1,184,119	6,332	15,395	10,076	14,900
Average number of hours of training (h/Employee)	20	21	6	30	11	17

2021	Holding, MC, Zeitreel, Universo and Worten			Sonaecom (Bright Pixel & Media)		
	Men	Women	Total	Men	Women	Total
Executives	58	13	71	1	2	3
Senior & Middle Managers	1,271	1,402	2,673	90	21	111
Coordinators & Supervisors	504	1,279	1,783	296	104	400
Technicians & Specialists	1,159	2,463	3,622	0	0	0
Representatives	15,878	32,330	48,208	0	0	0
Total employees (n°)	18,870	37,487	56,357	387	127	514
Executives	892	177	1,069	4	13	17
Senior & Middle Managers	30,191	35,677	65,868	3,275	1,202	4,477
Coordinators & Supervisors	12,458	17,285	29,742	7,913	2,988	10,901
Technicians & Specialists	20,006	45,054	65,060	0	0	0
Representatives	407,650	614,730	1,022,380	0	0	0
Total training hours (h)	471,196	712,923	1,184,119	11,192	4,203	15,395
Executives	15.4	13.6	15.1	4.0	6.5	5.7
Senior & Middle Managers	23.8	25.4	24.6	36.4	57.2	40.3
Coordinators & Supervisors	24.7	13.5	16.7	26.7	28.7	27.3
Technicians & Specialists	17.3	18.3	18.0	0.0	0.0	0.0
Representatives	25.7	19.0	21.2	0.0	0.0	0.0
Average number of hours of training per category and by gender (h/employee)	25.0	19.0	21.0	28.9	33.1	30.0

Notes: This includes all training participants, regardless of if they were active or not in December 31, 2021

2021	Sierra	
	Number of employees	Average hours of training per category
Executives	21	498
Senior & Middle Managers	233	4,715
Coordinators & Supervisors	126	2,542
Technicians & Specialist	272	4,582
NA	250	2,564

Notes: In this indicator, there are 250 employees who do not follow the company's organizational structure, expressed in the table above by "NA".

404-2	Programmes for upgrading employee skills and transition assistance programmes		verified	chapter our performance
2021	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)	
	Total Actions (no.)	Total Hours (h)	Total Actions (no.)	Total Hours (h)
Conferences & Seminars	78	1,631	2	47
Schools/Academies	836	16,423	19	931
Management	681	5,808	3	133
Management & Leadership	9,716	29,121	7	315
Continuous Improvement	1,679	11,271	12	48
Occupational Health and Safety	15,681	64,521	13	42
Sustainability	29	200	0	0
Technical	42,028	282,679	189	10,141
Transversal	1,036	30,246	74	999
Others	177,371	742,221	44	3
TOTAL	249,135	1,184,120	363	15,395

Notes: This includes all training participants, regardless of if they are active on December 31, 2021.

404-3	Percentage of employees receiving regular performance and career development reviews	verified	chapter our performance

In 2021, at Sonae, MC, Zeitreel, Universo and Worten, 82.4% of the employees received performance assessment and career development reviews. At Sonaecom (Bright Pixel) the value was 58.4%. At Sierra, 100% of the employees received performance assessment and career development reviews.

405: Diversity and equal opportunities [material aspect]

405-1	Diversity of governance bodies and employees	verified	chapter our performance

The scope of the indicator "Women in Leadership Positions" in the chapter "Our Performance" has a different scope than that reported in this indicator. Women in leadership functions includes the functional category of "Executives" and "Senior & Middle Managers". It only covers Sonae and its subsidiaries that have defined gender equality targets and are governed by the segmentation of functions defined for the Group.

Percentage of employees by functional category (%)	Holding, MC, Zeitreel, Universo and Worten			Sonaecom (Bright Pixel & Media)		
	Men	Women	Total	Men	Women	Total
Age Group						
Executives (%)						
< 30 years old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
From 30 to 50 years old	41.1%	9.6%	50.7%	60.0%	40.0%	100.0%
≥ 50 years old	41.1%	8.2%	49.3%	0.0%	0.0%	0.0%
TOTAL	82.2%	17.8%	100.0%	60.0%	40.0%	100.0%
Senior & Middle Managers (%)						
< 30 years old	0.6%	0.4%	1.0%	0.6%	0.0%	0.6%
From 30 to 50 years old	42.3%	30.3%	72.6%	63.2%	16.8%	80.0%
≥ 50 years old	16.7%	9.7%	26.4%	17.4%	1.9%	19.4%
TOTAL	59.6%	40.4%	100.0%	81.3%	18.7%	100.0%
Coordinators & Supervisors (%)						
< 30 years old	4.5%	7.4%	11.9%	27.6%	7.9%	35.5%
From 30 to 50 years old	28.1%	46.6%	74.7%	32.4%	19.7%	52.1%
≥ 50 years old	5.1%	8.3%	13.4%	6.2%	6.2%	12.4%
TOTAL	37.7%	62.3%	100.0%	66.2%	33.8%	100.0%
Technicians & Specialists (%)						
< 30 years old	11.1%	20.9%	32.0%	0.0%	0.0%	0.0%
From 30 to 50 years old	19.9%	38.1%	58.0%	0.0%	0.0%	0.0%
≥ 50 years old	3.0%	7.0%	10.0%	0.0%	0.0%	0.0%
TOTAL	34.0%	66.0%	100.0%	0.0%	0.0%	0.0%
Representatives (%)						
< 30 years old	16.9%	27.5%	44.4%	0.0%	0.0%	0.0%
From 30 to 50 years old	12.4%	30.7%	43.1%	0.0%	0.0%	0.0%
≥ 50 years old	2.8%	9.6%	12.5%	0.0%	0.0%	0.0%
TOTAL	32.2%	67.8%	100.0%	0.0%	0.0%	0.0%
Governance bodies (%)						
< 30 years old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
From 30 to 50 years old	50.0%	0.0%	50.0%	50.0%	33.3%	83.3%
≥ 50 years old	0.0%	50.0%	50.0%	0.0%	16.7%	16.7%
TOTAL	50.0%	50.0%	100.0%	50.0%	50.0%	100.0%
Percentage of employees by functional category						
Age Group			Sierra			
	Men		Women		Total	
Executives (%)						
< 35 years old	0%		0%		0%	
From 35 to 44 years old	5%		0%		5%	
From 45 to 54 years old	48%		5%		52%	
From 55 to 64 years old	29%		14%		43%	
> 64 years olds	0%		0%		0%	
TOTAL	81%		19%		100%	
Senior & Middle Managers (%)						
< 35 years old	3%		1%		5%	
From 35 to 44 years old	17%		16%		33%	
From 45 to 54 years old	25%		18%		43%	
From 55 to 64 years old	13%		5%		18%	
> 64 years olds	1%		0%		1%	
TOTAL	59%		41%		100%	
Coordinators & Supervisors (%)						
< 35 years old	13%		11%		25%	
From 35 to 44 years old	17%		21%		37%	
From 45 to 54 years old	18%		13%		32%	
From 55 to 64 years old	3%		3%		6%	
> 64 years olds	0%		0%		0%	
TOTAL	52%		48%		100%	
Technicians & Specialists (%)						
< 35 years old	10%		19%		29%	
From 35 to 44 years old	6%		24%		30%	
From 45 to 54 years old	6%		25%		31%	
From 55 to 64 years old	2%		8%		10%	
> 64 years olds	0%		0%		0%	
TOTAL	24%		76%		100%	

Note: With respect to this indicator, there are two groups of employees who do not follow the company's organisational structure, corresponding to a total of 250 employees not reflected in the table above. The same happens with 130 employees in MC.

2021	Holding, MC, Zeitreel, Universo and Worten	Sonaecom (Bright Pixel & Media)	Sierra
Employees with disabilities			
Employees with disabilities (n°)	224	9	18

405-2	Ratio of basic salary and remuneration of women to men	verified	chapter our performance
Ratio of average basic salary by functional category (Women/Men)	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)
	2020	2021	2020 2021
Executives	0.82	0.84	0.47 1.47
Senior & Middle Managers	0.93	0.91	0.91 2.08
Coordinators & Supervisors	0.92	0.92	0.96 0.89
Technicians & Specialists	0.86	0.90	0.00 0.00
Representatives	1.01	1.01	0.00 0.00
TOTAL	0.86	0.88	0.62 1.50

Average pay ratio by functional category (Women/Men)	Holding, MC, Zeitreel, Universo and Worten		Sonaecom (Bright Pixel & Media)
	2020	2021	2020 2021
Executives	0.83	0.91	0.47 1.33
Senior & Middle Managers	0.90	1.14	0.90 1.95
Coordinators & Supervisors	0.88	0.91	0.94 0.90
Technicians & Specialists	0.85	0.89	0.00 0.00
Representatives	1.01	1.02	0.00 0.00
TOTAL	0.85	0.95	0.58 1.36

Notes: the monthly base salary (converted to full-time equivalent) includes all fixed remuneration as of December 31, 2021. Based on 12 months. Total remuneration included (converted to full-time equivalent) the Monthly base salary; Performance bonus, discrepancy allowance and shift allowance as of December 31, 2021 Variable components calculated based on the last 12 months (January to December 2021).

Average remuneration	Holding, MC, Zeitreel, Universo and Worten			Sonaecom (Bright Pixel & Media)		
Age Group	Men	Women	Total	Men	Women	Total
Executives						
Total	17,777	15,181	17,315	19,617	5,064	13,796
< 30 years old	0	0	0	0	0	0
From 30 to 50 years old	14,005	14,193	14,041	19,617	10,152	15,831
≥ 50 years old	21,548	16,334	20,679	0	0	0
Senior & Middle Managers						
Total	5,895	5,376	5,686	5,227	3,481	4,900
< 30 years old	4,735	4,072	4,470	0	0	0
From 30 to 50 years old	5,756	5,320	5,574	5,103	3,602	4,788
≥ 50 years old	6,290	5,606	6,039	6,039	4,316	5,867
Coordinators & Supervisors						
Total	1,942	1,807	1,858	2,001	1,815	1,939
< 30 years old	1,405	1,519	1,476	1,691	1,415	1,629
From 30 to 50 years old	1,956	1,824	1,873	2,108	1,986	2,062
≥ 50 years old	2,347	1,971	2,114	2,555	2,220	2,387
Technicians & Specialist						
Total	1,991	1,865	1,908	0	0	0
< 30 years old	1,551	1,671	1,629	0	0	0
From 30 to 50 years old	2,133	1,974	2,029	0	0	0
≥ 50 years old	2,669	1,853	2,101	0	0	0
Representatives						
Total	845	859	855	0	0	0
< 30 years old	805	840	827	0	0	0
From 30 to 50 years old	873	871	871	0	0	0
≥ 50 years old	958	879	897	0	0	0

406: Non-discrimination

406-1	Incidents of discrimination and corrective actions taken	verified	-

In 2021, a total of 35 cases of discrimination were reported. The analysis and investigation processes carried out led to the filing and resolution of all cases.

407: Freedom of association and collective bargaining

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	verified	-

At Sonae there are no operations with risk within the scope of exercising freedom of association and entering into collective bargaining agreements.

In the specific case of MC and Worten, according to the audit reports carried out, all suppliers have the criterion "Freedom of association: they can be members of institutions/associations that represent their rights" accordingly.

According to Zeitreel's code of ethics and conduct "Is the right of workers to form and join trade unions and free workers' associations recognized by management and workers?", this topic became mandatory for all suppliers of Zeitreel, regardless of origin.

At Sonaecom, both because of the geographies in which it is present and because of the technical/technological complexity of the type of activities performed by employees and partners, Sonaecom has residual risks in terms of limiting freedom of association and collective bargaining.

Sierra does not report this indicator.

408: Child labour

408-1	Operations and suppliers at significant risk for child labour incidents	verified	-

At Sonae, as a rule, minors are not admitted. Minors between the ages of 16 and 18 are only allowed exceptionally, and always in compliance with the law. There are no operations with risk of incidents of child labor.

At MC and Worten, if a supplier is found to have a significant risk of incidents of child labor, the supplier is placed on stand-by and only re-enters after an SA8000 audit by an accredited entity.

According to Zeitreel's code of ethics and conduct "No person should be employed under the age of 15 (or 14 when national legislation allows) or under the legal working age if this age is over 15".

At Sonaecom, both in terms of the geographies in which it is present and due to the technical/technological complexity of the type of activities carried out by employees and partners, there are residual risks in terms of child labour.

Sierra does not report this indicator.

409: Forced or compulsory labour

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	verified	-

At Sonae, there is no forced labor.

At MC and Worten, if a supplier is found to have a significant risk of incidents of forced or compulsory labor, the supplier is placed on stand-by and only re-enters after an SA8000 audit by an accredited entity.

At Zeitreel there is no type of forced labor.

At Sonaecom, both because of the geographies in which it is present and because of the technical/technological complexity of the type of activities performed by employees and partners, there are residual risks in terms of forced labor analogous to slavery.

Sierra does not report this indicator.

410: Security practices

410-1	Security personnel trained in human rights policies or procedures	verified	-

For retail companies, in both Portugal and Spain, all security staff who work through security companies must have a professional identification, which requires obtaining and renewing training that includes matters of constitutional/fundamental rights, ethics and deontology.

412: Human rights assessment

412-1	Operations that have been subject to human rights reviews or impact assessments	verified	-

In 2021, no operation that has been subject to a Human Rights reassessment and/or impact assessment was registered in this regard.

412-2	Security personnel trained in human rights policies or procedures	verified	-

In 2021, employees received training related to human rights practices and policies, according to the following table:

	2020	2021
Total employees that received formal training on the policies and procedures of the organisation regarding Human Rights issues (no.)	42,093	33,862
Total hours dedicated to training on policies and procedures relative to Human Rights aspects that are relevant to operations (no.)	369,635	408,916

Note: this includes all training participants, regardless of if they were active on the 31 December 2021 in Portugal.

412-3	Significant investment agreements and contracts that include human right clauses or that underwent human rights screening	verified	-

In MC and Worten supply contracts include a supplier obligation clause that mentions "Comply with all applicable standards and legislation on work carried out by minors, human rights and prohibition of discrimination against their workers, for whatever reason."

At Sonaecom, regardless of the total number and percentage of investment agreements and significant contracts reported that do not expressly include Human Rights clauses, they include the provision of guarantees and general obligations to comply with the legislation that is applicable to the invested entity, which necessarily includes any Human Rights legislation that is applicable to it; The definition of significant investment agreements is divided into two definitions, depending on the Sonaecom entity that is involved in the investment and the respective investment agreement:

i) Bright Pixel: A significant investment agreement is one that involves an investment amount for Bright Pixel equal to or greater than €3,500,000.00;

ii) Bright Pixel / Bright Ventures: A significant investment agreement is one that involves an investment amount for Bright Pixel / Bright Ventures equal to or greater than €600,000.00.

413: Local communities [material aspect]

413-1	Operations with local community engagement, impact assessments and development programmes	verified	chapter our performance

From the moment a new unit is installed, Sonae ensures the necessary conditions so that it has the minimum negative impact on communities. During operation, it develops numerous activities of support to the local community, meeting their different needs. The activities are often carried out in partnership with local entities.

414-1 and 308-1	New suppliers that were screened using social and environmental criteria	verified	-

Screened suppliers based on social and environmental criteria - labour practices, human rights, with an impact on society and the environment

	MC		Zeitreel		Worten	
	Total	New	Total	New	Total	New
National	582	58	79	0	5	0
Foreign	529	72	286	18	108	5
Total suppliers (no.)	1,111	130	365	18	113	5
National	501	30	12	0	5	0
Foreign	410	33	67	1	103	0
Total qualified suppliers (no.)	911	63	79	1	108	0
National (%)	86%	52%	15%	0%	100%	0%
Foreign (%)	78%	46%	23%	6%	95%	0%
Percentage of qualified suppliers (%)	82%	48%	22%	6%	96%	0%
National	155	6	0	0	0	0
Foreign	219	13	6	1	41	0
Total audits performed on suppliers (no.)	374	19	6	1	41	0

416: Customer health and safety

416-1	Assessment of the health and safety impacts of products and services	verified	-

At Sonae, it is a priority to guarantee the quality and safety of our own brand products, which is why we constantly control, monitor and develop the development process. Therefore, we focus our activities on four areas: (i) certification of the development of our own brand products, (ii) quality and safety monitoring, (iii) labeling and (iv) customer feedback management. In 2021, continuing the efforts of previous years, we ensured the certification process for the development of MC and Worten's own brands, in accordance with the international quality management standard NP EN ISO 9001: 2015.

We have a team of qualified internal and external professionals who are dedicated to carrying out periodic product verifications, including inspections, laboratory tests and audits, in order to guarantee compliance with quality and safety standards based on the annual plans in force.

In indicator 102-44 we report on how we manage and integrate feedback from our customers.

417: Marketing and labeling

417-1	Requirements for product and service information and labelling	verified	-

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

419: Socioeconomic compliance

419-1 and 307-1	Non-compliance with laws and regulations in the social and economic and environmental area	verified	-

Sonae considers a fine to be significant when the total monetary value is higher than or equal to €12,000, which corresponds to the minimum fine of a serious environmental offense (Law no.114/2015, of 28 August).

2021	Holding, MC, Zeitreel, Universo and Worten	Sonaeacom (Bright Pixel & Media)	Sierra
Non-compliance with laws and regulations in the social and economic area			
Total monetary value of significant fines - Economic area (€)	27,095.31	0	0
Total number of non-monetary sanctions (no.)	3	0	0
Total monetary value of significant fines - Social area (labour) (€)	16,000	0	0
Total number of non-monetary sanctions (no.)	0	0	0
Total monetary value of significant fines - Environmental area (€)	0	0	0
Total number of non-monetary sanctions (no.)	0	0	0

Methodologic notes

Emission factors:

Energy	Unit	2020	2021	Source (2020 and 2021)
Natural Gas	kg CO ₂ /GJ	56.4	56.4	
Propane Gas	kg CO ₂ /GJ	63.1	63.1	2020: APA (2020) Portuguese National Inventory Report on Greenhouse Gases 1990-2018 (p.119)
Diesel	kg CO ₂ /GJ	74.1	74.1	2021: APA (2021) Portuguese National Inventory Report on Greenhouse Gases 1990-2018 (p.117)
Gasoline	kg CO ₂ /GJ	69.3	69.3	
Electricity - Market Based (MC, Zeitreel, Worten)	(kg CO ₂ /GJ)	74.7	71.5	2020 and 2021: 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 (MC)	(kg CO ₂ /GJ)	-	71.4	2021: 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, taking into account the various energy sources (ERSE Calculation for the Base Mix from the Continente System, RAA and RAM and Elergone Calculation for the PPA)
Electricity - Market Based (Zeitreel)	(kg CO ₂ /GJ)	-	70.7	
Electricity - Market Based (Worten)	(kg CO ₂ /GJ)	-	73.6	
Eletricidade - Market Based (Maxmat)	(kg CO ₂ /GJ)	76.9	71.4	2020 and 2021: 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 CO ₂ /GJ)	76.9	71.4	
Electricity - Market Based (Sonaecom)	(kg CO ₂ /GJ)	59.1	57.0	2020: SU Electricity - https://sueletricidade.pt/pt-pt/page/541/origens-da-eletricidade 2021: EDP - https://www.edp.pt/origem-energia/
Electricity - Market Based Spain	(kg CO ₂ /GJ)	110.8	110.8	2020 and 2021: it was assumed emission factor Endesa: 398.88 gCO ₂ /kWh https://www.endesa.pt/negocios/quemsomos/Origem-de-Energia
Electricity - Market Based - Arenal	(kg CO ₂ /GJ)	79.1	55.6	2020 and 2021: Electricity Labelling Agreement Related to Energy Produced In 2019, issued by the CMNC.
Electricity - Location Based Portugal	(kg CO ₂ /GJ)	59.2	35.8	2020: https://www.apren.pt/contents/publicationsreportcarditems/boletim-renovaveis-dezembro-2020.pdf 2021: https://www.apren.pt/contents/publicationsreportcarditems/boletim-renovaveis-dezembro-2021.pdf
Electricity - Location Based Spain	(kg CO ₂ /GJ)	53.3	31.7	2020 and 2021: https://www.ree.es/es/datos/generacion/no-renovables-detalle-emisiones-CO2
Electricity - Location Based - Other geographies (Europe)	(kg CO ₂ /GJ)	82.2	82.2	2020 and 2021: European Environment Agency, CO ₂ emission intensity. It was considered as value the European average
Type of treatment	Unit	Fator 2020	Fator 2021	Source
Landfill	t CO ₂ /t Waste	0.0213	0.0213	2020: DEFRA (2020). Greenhouse gas reporting - Conversion factors 2020
Energy recovery	t CO ₂ /t Waste	0.0102	0.0213	
Organic recovery	t CO ₂ /t Waste	0.4374	0.4462	2021: DEFRA (2021). Greenhouse gas reporting - Conversion factors 2021

Nitrogen oxides (NOx), sulfur oxides (SO₂), and other significant air emissions (305-7)

The values in the GRI table associated with indicator 305-7 were calculated using the following conversion factors:

Energy	Unit	NOx	SO ₂	Source
Diesel	kg/GJ	0.8	0.21	IPCC 2006
Gasoline	kg/GJ	0.6	0.075	IPCC 2006

GRI indicators match table

GRI	ODS	UNGC	SASB ¹³
102-8		6	
102-1		19	
102-41		3	Labour Practices - FB-FR-310a.2 (Food retailers & distributors)
201-1	     		
201-2			
202-2		6	
203-1	     		
203-2	     		
204-1			
205-1		10	
205-2		10	
205-3		10	
301-1	 	7, 8	
301-3	 	8	
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, 8	
302-3	   	8	
302-4	   	8, 9	
302-5	   	8, 9	
303-1		7, 8	
303-2		7, 8	
303-3	  	8	Water management - IF-RE-140a.2 (Real Estate) Environmental Footprint of Hardware Infrastructure - TC-SI-130a.1 (Software & IT Services)
303-4	  	8	
303-5	  	8	
304-1	  	8	
304-2	  	8	
304-3	  	8	
305-1	   	7, 8	Air emissions from refrigeration - FB-FR-110b.1 (Food retailers & distributors)
305-2	   	7, 8	

¹³ Sectoral SASB indicators reported in the Investor Kit.

GRI	ODS	UNGC	SASB ¹⁴
305-3	   	7, 8	
305-4	   	8	
305-5	   	8, 9	
305-6	   	7, 8	
305-7	   	7, 8	
306-1	   	8	
306-2	   	8	
306-3	   	8	
306-4	   	8	
306-5	   	8	
401-3	   	6	
403-1	   		
403-2	   		
403-3	   		
403-4	   		
403-5	   		
403-6	   		
403-7	   		
403-8	   		
403-9	   		
404-1	   	6	
404-2	   		
404-3	   	6	
405-1	   	6	
405-2	   	6	
406-1	   	6	
407-1	   	3	
408-1	   	5	
409-1	   	4	
412-3	   	5, 8, 16	
416-1			Management of Chemicals in Products - CG-AA-250a.2 (Apparel, accessories & footwear)
417-1			Product Health & Nutrition - FB-FR-260a.2 (Food Retailers & distributors)
419-1 and 307-1			Labour Practices - FB-FR-310a.3 (Food retailers & distributors)

¹⁴ Sectoral SASB indicators reported in the Investor Kit.



Non-financial statement

Non-financial statement

The activity report responds to the legal requirements imposed by the Portuguese Decree-Law no. 89/2017, published on 28 July 2017 and to the Spanish law no. 11/2018, published on 28 December 2018 as shown below.

Table of correspondence to portuguese decree-law 89/2017 of July 28

Art. no. 3 (refers to Art. no. 66-B and 508-G of the CSC):

The non-financial statement must contain enough information for an understanding of the development, performance, position and impact of its activities, relating at least to environmental, social and worker-related issues, equality between men and women, non-discrimination, respect for human rights, combating corruption and bribery, including:

Information	Correspondence GRI	Correspondence Integrated report
A brief description of the company's business model	GRI 102-1 to 102-15	Supplement GRI GRI table
A description of the company's policies in relation to these issues, including the due diligence procedures duly applied	GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419	Supplement GRI GRI table
The results from these policies	GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419	Supplement GRI GRI table
The main risks associated to these issues, related to the company's activities, including, if relevant and proportionate, its business relations, its products or services that may have negative impacts on these areas and how these risks are managed by the company	GRI 102-15, 103	Supplement GRI GRI table
Key performance indicators relevant to its specific activity	GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419	Supplement GRI GRI table
Description of the diversity policy applied by the company with respect to its management and supervisory bodies, namely, in terms of age, sex, Qualifications and professional background, the objectives of this diversity policy, how it was applied and the results in the period of reference.	GRI 102-22, 102-24, 103, 401, 405	Supplement GRI GRI table

Table of correspondence to the Spanish Law 11/2018 of December 28

Information	Correspondence GRI	Correspondence Integrated report
Global The consolidated statement of non-financial information should include the information necessary to understand: - the development, - the results and situation of the group and - the impact of its activity; In relation to: - environmental issues, - social issues, - respect for human rights, - respect for combating corruption and bribery, As well as regarding employees, including measures that, if applicable, have been adopted to comply with the principle of equal treatment and opportunities for women and men, non-discrimination and the inclusion of people with disabilities and universal accessibility.	GRI 103, 205, 301, 302, 303, 304, 305, 306, 307, 308, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 412, 413, 414, 416, 417, 419	Management report: - Chapter Who we are and what we stand for - Chapter Risk, Opportunities and Impact Management - Chapter Our performance Supplement GRI
Business model Brief description of the group's business model, which should include: 1.) The business environment, 2.) The organisation and structure, 3.) The markets in which it operates, 4.) The goals and strategies, 5.) The main factors and trends that could affect its future development.	GRI 102-1, 102-2, 102-4, 102-7, 102-14	Management report: - Chapter Our Business Model Supplement GRI
Policies A description of the policies that the group applies to these issues, including: 1.) Due diligence procedures applied to the identification, assessment, prevention and mitigation of significant risks and impacts. 2.) Verification and control procedures including the measures that have been adopted.	GRI 102-15, 103, 201-2, 205-1, 205-2, 406-1, 407-1, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3, 414-1 and 308-1, 416-1, 417-1, 419-1 and 307-1	Management report: - Chapter Risk, Opportunities and Impact Management Corporate governance report: - Part I: Shareholders' structure, organization and Corporate Governance Supplement GRI
Results of the policies and key performance indicators The results of those policies, including key performance indicators of relevant non-financial results that allow: 1.) The monitoring and assessment of progress and 2.) That favour comparability between sectors, according to the national, european or international benchmarks used for each area.	GRI 102-15, 103, 201-2, 205-1, 205-2, 406-1, 407-1, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3, 414-1 and 308-1, 416-1, 417-1, 419-1 and 307-1 Environmental policy	Management report: - Chapter Our performance Supplement GRI

Information	Correspondence GRI	Correspondence Integrated report
Risks The main risks related to these issues with respect to the activities of the group, including, when relevant, their business relations, products or services that may have negative effects on them, and - How the group manages these risks; - Explaining the procedures used to detect and assess risks, according to the national, european or international benchmark structures for each area; - Information should be included on the impacts detected, detailing the main risks in the short, medium and long-term.	GRI 102-15, 201-2, 205-1, 407-1, 408-1, 409-1, 413-1	Management report: - Chapter Risk, Opportunities and Impact Management Corporate Governance Report: - Part I: Shareholders' structure, organization and Corporate Governance Supplement GRI TCFD section
key performance indicators key non-financial performance indicators that are relevant to the business activity and that meet the comparability, materiality, relevance and reliability criteria. in order to allow the comparison of information, both over time and across entities, standard key non-financial indicators will be used that can be generally applied and that comply with the european commission's guidelines on this subject and the standards of the global reporting initiative, mentioning in the report the national, european or international scope used for each area. the main indicators of non-financial results should be applied to each of the non-financial information topics. these indicators should be useful, taking into consideration the circumstances, and consistent with the parameters used in their internal assessment and risk management procedures. In any event, the information presented must be accurate, comparable and verifiable.	GRI 102-54	Management report: - Chapter Our Performance Supplement GRI

Environmental issues

Information	Correspondence GRI	Correspondence Integrated report
Global environment 1.) Detailed information on the current and possible effects of the company's activities on the environment and, when applicable, health and safety procedures, environmental assessment or certification; 2.) Resources dedicated to the prevention of environmental risks; 3.) The application of the precautionary principle, the quantity of provisions and guarantees for environmental risks.	GRI 102-11,103, 201-2, 308-1 Environmental Policy Sonae companies have an environmental responsibility policy, and environmental management systems implemented.	Management report: - Chapter Risk, Opportunities and Impact Management - Chapter Our Performance Corporate Governance Report: - Part I: Shareholders' structure, organization and Corporate Governance Supplement GRI TCFD section

Information	Correspondence GRI	Correspondence Integrated report
Contamination 1.) Measures to prevent, reduce or repair damage from carbon emissions, which seriously affect the environment; 2.) Taking into consideration any form of air pollution, which is activity-specific, including noise and light pollution.	GRI 103, 305-5, 305-6, 305-7 Due to its nature, Sonae's activity has no significant impact on noise and light pollution.	Management report: - Chapter Risk, Opportunities and Impact Management - Chapter Our Performance Supplement GRI
Circular economy and waste management and prevention Circular economy; Waste: prevention, recycling, reuse, other forms of waste recovery and disposal; actions to combat food waste.	GRI 103, 301-2, 301-3, 306-1, 306-2, 306-3, 306-4, 306-5	Management report: - Chapter Risk, Opportunities and Impact Management - Chapter Our Performance Supplement GRI
Sustainable use of resources [material issue] Water consumption and water supply according to local restrictions; Consumption of raw materials and the measures adopted to improve the efficiency of use; Energy consumption, direct and indirect, measures adopted to improve energy efficiency and the use of renewable energy.	GRI 103, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5	Management report: - Chapter Risk, Opportunities and Impact Management - Chapter Our Performance Supplement GRI

We invest significantly in the continuous improvement of Sonae's environmental management, aiming to minimise the impact of our activities on the environment. In order to do so, we are determined to ensure the efficient use of our resources, optimising water and energy consumption, and minimising GHG (greenhouse gas) emissions, without neglecting the effective management of the waste generated.

Sonae invests significantly in continuous improvement of its companies environmental management, namely through an environmental certification programme, according to the international standard NP EN ISO 14001:2015. The implementation of this programme allows us to minimise our environmental impact, improve our infrastructure and strengthen our compliance to legal obligations from an environmental perspective.

Climate change [material issue] The important elements of greenhouse gas emissions released as a result of the company's activities, including the use of goods and services it produces; Measures taken to adapt to the consequences of climate change; The voluntary medium and long-term reduction targets set to reduce greenhouse gas emissions and the measures implemented to achieve this.	GRI 103, 201-2, 305-1, 305-2, 305-3, 305-4, 305-5 Environmental Policy Sustainable Fishing Policy	Management report: - Chapter Risk, Opportunities and Impact management - Chapter Our Performance Supplement GRI TCFD section

Combating climate change is a central topic in the sonae group's sustainable development agenda. We believe that the companies can and should play an important role in this regard.

In 2019, Sonae and its portfolio of companies advanced with the definition of their greenhouse gases emissions (GHG) reduction targets, of direct and indirect emissions scopes. As a result Sonae and its portfolio of companies pledged to reduce their Scope 1+2 emissions by 54% in 2030, compared to 2018.

In 2019 in terms of actions in this area, we have continued our efforts to promote efficient and flexible energy consumption by investing in the installation of more efficient equipment and systems, creating the conditions necessary to better monitor and manage consumption, and developing procedures to enhance the investment carried out. In addition, we decarbonise our energy matrix by producing electricity actually produced from renewable sources.

Furthermore, the group strove to integrate the guidelines defined by the task force on climate-related financial disclosure (TCFD), having launched a project in 2021 to ensure its transposition. This project focused on the identification and assessment of material climate risks and opportunities and their potential financial impacts by all Sonae companies, with the support of third-party experts.

Information	Correspondence GRI	Correspondence Integrated report
Biodiversity protection [material issue] Measures taken to preserve and restore biodiversity; Impacts caused by the activities or operations in protected areas.	GRI 103, 304-1, 304-2, 304-3	Management report: - Chapter Risk, Opportunities, and Impact Management - Chapter Our Performance Supplement GRI

The dependence of our companies on natural capital, and the way in which they directly or indirectly have the potential to alter or contribute to the destruction of natural habitats, leads us to consider issues related to the protection of Nature and biodiversity as strategic for the Group. Among other initiatives, it created a dedicated working group to monitor and promote the development of this topic with representatives from the various Sonae companies.

Sonae does not own any facilities in areas classified as habitats rich in biodiversity. In 2021, there were no operations carried out leading to changes in the surrounding habitats that would result in their restoration.

Social and worker-related issues

Information	Correspondence GRI	Correspondence Integrated report
Employment [material issue] Total number and distribution of employees by gender, age, country and professional category; Total number and distribution of work contract modalities; Annual average of undefined contracts, temporary contracts and part-time contracts by gender, age and professional category; Dismissal numbers by gender, age and professional category; The average remuneration and its evolution disaggregated by gender, age and professional category or equal value; Salary difference, the remuneration of equal or average positions in the company; The average remuneration of managers and executives, including variable remuneration, allowances, compensation, payment to systems for forecasting long-term savings and any other situation disaggregated by gender; Implementation of labour disconnection policies; Employees with disabilities.	GRI 102-8 (table: contracts by type), 102-35, 102-38, 102-39, 103, 401-1 (table: departures), 405-1, 405-2 (table average remuneration)	Management report: - Chapter Risk, Opportunities, and Impact Management - Chapter Our Performance Corporate Governance Report: - Part I: Shareholders' structure, organization and Corporate Governance Supplement GRI

When employees disconnect, compliance to the legal requirements applicable to these situations is ensured.

Organisation of work Organisation of workable hours; Number of hours of absence; Measures to facilitate parental leave and encourage joint responsibility by both parents.	GRI 103, 401-3, 403-2	Supplement GRI

Sonae has been developing flexible work initiatives, boosting internal investment in training, technological development, and innovation knowledge. Among the benefits provided by Sonae are extra vacation days, flexible hours, unpaid leave and reduced working hours or remote work. These initiatives are the result of an analysis carried out on an international level, identifying best practices in businesses to maximise the productivity and work-life balance of our people.

Health and safety Health and safety conditions at work; Work accidents, their frequency and severity; Occupational diseases; disaggregated by gender.	GRI 103, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9	Supplement GRI

The health and safety impacts attributable to commercial relations are not considered relevant in Sonae companies' operations and activity context.

Information	Correspondence GRI	Correspondence Integrated report
Social relations Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them; Percentage of employees covered by collective bargaining agreements by country; The balance of collective bargaining agreements, especially in the field of health and safety at work.	GRI 102-41, 103, 403-1, 407-1	Supplement GRI

More information can be found on [Sonae's Code of Ethics and Conduct for Employees](#).

Training [material issue] The policies implemented in the field of training; Total number of hours of training by professional category.	GRI 103, 404-1, 404-2	Management report: - Chapter Risk, Opportunities, and Impact Management - Chapter Our Performance Supplement GRI

Universal accessibility for people with disabilities	Table of Employees with disabilities	Supplement GRI

At Sonae, we continuously work to provide an inclusive, non-discriminatory work environment, and the inclusive development is one of our strategic axes. Our facilities are developed to ensure universal accessibility.

Equality [material issue] Measures taken to promote equal treatment and opportunities between men and women; Equality plans (chapter iii of the organic law 3/2007, of March 22, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender harassment, integration and universal accessibility for people with disabilities; The policy against all types of discrimination and, when appropriate, the management of diversity.	GRI 103, 405-1, 405-2, 406-1	Management report: - Chapter Risk, Opportunities, and Impact Management - Chapter Our Performance Supplement GRI

More information can be found on [Sonae's Plan for Gender Equality](#).

Information	Correspondence GRI	Correspondence Integrated report
Human rights Application of the due diligence procedures in the field of human rights; Prevention of the risks of human rights violations and, when appropriate, measures to mitigate, manage and repair possible abuses committed; Reports on cases of human rights violations; Promotion and enforcement of the provisions of the fundamental conventions of the international labour organization concerning the respect for freedom of association and the right to collective bargaining; The elimination of employment and occupational discrimination; The elimination of forced or compulsory labour; The effective abolition of child labour.	GRI 102-16, 102-17, 103, 406-1, 407-1, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3	Supplement GRI

More information can be found on [Sonae's Code of Ethics and Conduct for Employees](#) and on [Sonae's Human Rights Policy](#).

Corruption and bribery Measures taken to prevent corruption and bribery; Measures taken to combat money laundering; Contributions to foundations and non-profit entities.	GRI 102-16, 102-17, 205-1, 205-2, 205-3, 413-1, 419-1	Supplement GRI

More information can be found on [Sonae's Code of Ethics and Conduct for Employees](#).

Society issues

Information	Correspondence GRI	Correspondence Integrated report
The company's commitment to sustainable development The impact of the company's activity on employment and local development; The impact of the company's activity on the local population and territory; The relations maintained with the representatives of the local communities and the modalities of dialogue with them; Association and sponsorship actions.	GRI 102-12, 102-13, 102-43, 102-44, 103, 203-1, 203-2, 413-1	Supplement GRI

More information can be found on [Sonae's Code of Ethics and Conduct for Employees](#) and on [Sonae's Human Rights Policy](#).

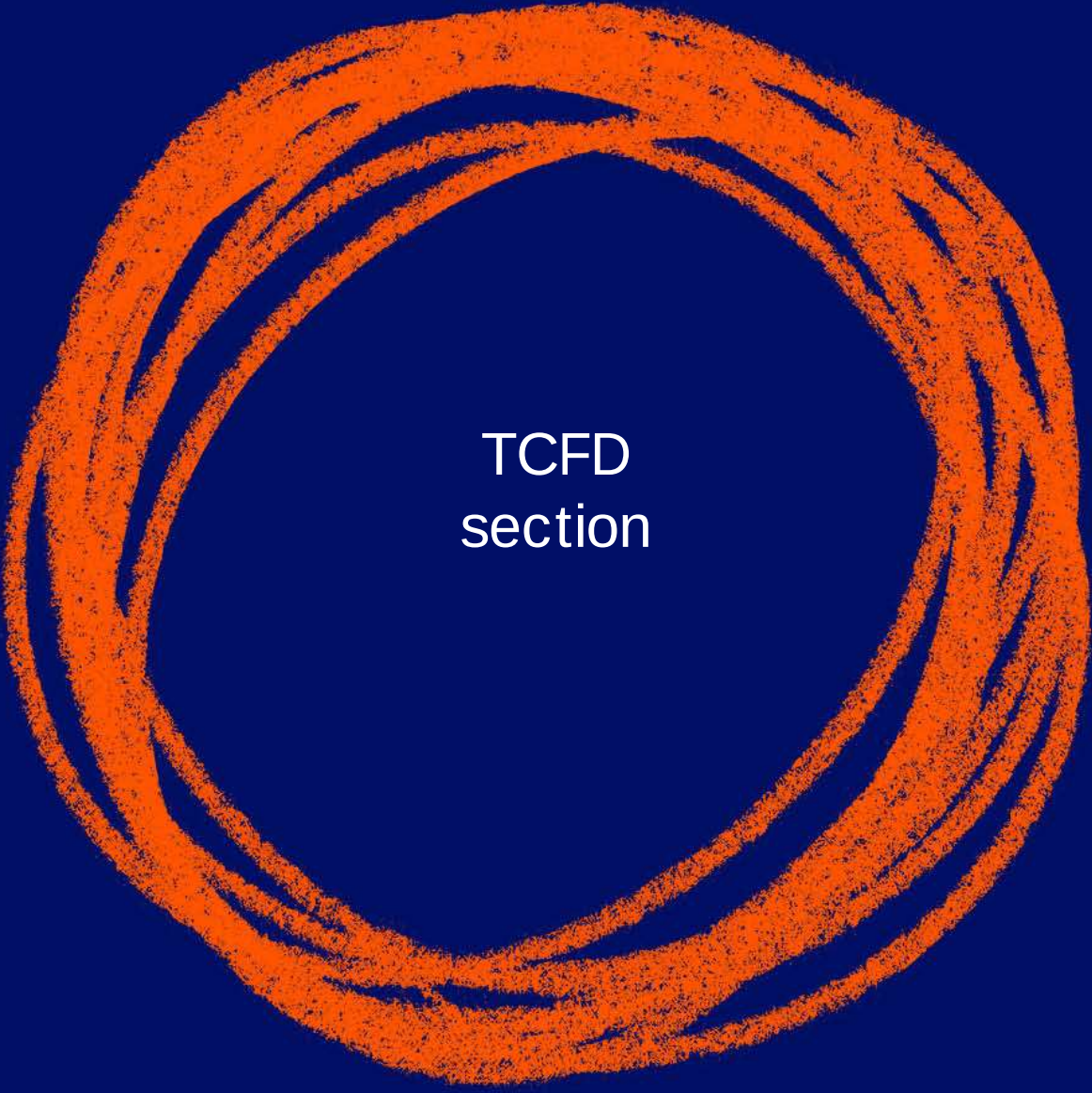
Sonae's Code of Conduct for Suppliers: Sonae endorses the Universal Declaration of Human Rights and recognizes the rights of Indigenous Peoples. Principles that are incorporated into the qualification and evaluation processes of suppliers and partners.

Information	Correspondence GRI	Correspondence Integrated report
Subcontracting and suppliers The inclusion in the purchasing policy of social issues, gender equality and environmental issues; Consideration in relations with suppliers and subcontractors of their social and environmental responsibility; Supervisory systems and audits and their results.	102-9, 103, 308-1, 414-1	Supplement GRI

More information can be found [Sonae's Code of Ethics and Conduct for Employees](#) and [Sonae's Suppliers' Code of Conduct](#).

Consumers Measures for the health and safety of consumers; Complaints systems, complaints received and their resolution.	102-43, 102-44, 103, 416-1, 417-1	Supplement GRI
Tax information Benefits obtained by country Taxes on benefits paid.	103, 201-1, 201-4	Supplement GRI

The amounts received by Sonae in Portugal are reported in the 201-4 indicator.



TCFD
section

TCFD section

Introduction

“Climate change is one of the greatest challenges facing the world today and is a critical risk for our direct operations and supply chain. In this regard, TCFD is a key mechanism through which Sonae can provide transparency to stakeholders on how we are managing climate risk and addressing the global shift to a low carbon transition within our business.”, João Dolores, Sonae SGPS CFO.

The Paris Agreement adopted at COP 21, pledged to ensure the effective transition to a low-emission and climate resilient future, is even more relevant given the climate change challenges the world is currently facing and today is supported by the UN Climate Change Conference of the Parties (COP26) summit. The ecosystems we rely on as humans are under severe threat, even if there is a mere increase of half a degree Celsius. Recognising this, “failure of Climate-Change mitigation and adaptation” has been identified as a critical risk for Sonae in both the 2020 and 2021 EWRM (Enterprise-Wide Risk Management) exercises, as set out in the “How we manage Risk” section of the Integrated Management Report.

Our business is impacted - to varying degrees - by risks and opportunities related to climate change. We believe that organisations and the private sector must play a unique dual role as they are: i) on the frontline of the problem and ii) their viability depends on their ability to mitigate and adapt to climate risks. Hence, they should act as drivers of change towards this new paradigm.

With this stance in mind, we support the aims of the Task Force on Climate-related Financial Disclosures (TCFD) and believe that businesses should disclose the climate-related risks and opportunities they face. This framework facilitates transparency to investors, lenders and insurance underwriters regarding the climate-related risk to which businesses are exposed.

This is the first year that we are reporting in accordance with the TCFD, in order to systematically and methodically enable the understanding of the impacts of climate change on our businesses. Beyond this report, in order to advance our implementation of the TCFD recommendations and to manage the critical risk of ‘Failure of climate change mitigation and adaptation’, the Risk Management Advisory Group is overseeing and leading a group wide TCFD project whereby material climate risks and opportunities and their potential financial impacts are being identified and assessed by each of the Group’s companies, with the support of third-party experts. The findings thus far are reported at a qualitative level in the ‘Strategy’ part of this TCFD section. We integrate climate-related disclosures throughout the Annual Report (see the final section of this TCFD content for reference to additional disclosures). In this section, we discuss in detail the risks and opportunities arising from climate change, the potential impact on our business, and the actions we are taking to mitigate these risks. As recommended by the TCFD, we structured our report in four separate areas: governance, strategy, risk management, metrics and targets.

Governance

There are three Board-level bodies that have oversight of climate-related issues. The Board of Directors oversees all the risks posed to Sonae, including the risks and opportunities related to climate change. The Board of Directors is supported by the Board Audit and Finance Committee (BAFC) and Remuneration Committee, whereby the former has oversight of Sonae's overall Enterprise-Wide Risk Management (EWRM) process, which includes climate-related risks, and the latter oversees climate-related metrics and targets that influence the variable remuneration of employees.

Our Chairman, Paulo Azevedo, and CEO, Cláudia Azevedo, supervise the Sustainability Advisory Group (SAG), a management-level Committee that leads specific working groups related to the sustainability strategic pillars, one of these is focused on 'CO₂ and climate change.' In this working group, there is at least one representative from each of the Group's companies, to share the actions that are being defined and conducted to meet our Group-level climate and carbon reduction targets. In two of the four SAG meetings held each year, the CO₂ and climate change working group presents the progress made towards the achievement of the targets to the SAG. The CEO and Chairman attend all quarterly SAG meetings, thus maintaining oversight of the progress made toward the climate target actions of each Sone companies. As mentioned previously, the TCFD implementation project is being led by the Risk Management Advisory Group, which is supervised by the CFO, João Dolores, and maintains oversight of the climate risk assessment exercises currently being performed by each of the Group's companies.

See the section "Our governance model: we clearly define our role as a parent company" at the chapter "How we invest to achieve our ambitions" of the Integrated Management Report for further detail on these bodies.

Strategy

'Failure of climate change mitigation and adaptation' is a critical risk to our businesses, according to the EWRM system in place, which has the potential to impact our businesses in the short (1-3 years), medium (3-5 years) and long term (more than 5 years), to varying degrees. With oversight from the Risk Management Advisory Group, an initial climate risk assessment was carried out across each of the Group's companies to understand the specific risks they face. Relevant risks to each company were identified through collaboration with internal/external climate risk experts, where judgement was used to identify which climate risks are relevant to that specific business context based on a predefined list of climate risk and opportunity categories, aligned with the TCFD climate risk and opportunity categories. Relevance was also based on an assessment of the 'likelihood of occurrence' and 'magnitude of impact' of each risk, whereby the former is the probability of the risk materialising, and the latter is the amount of damage that the risk could cause. In summary, we face potential physical risks from the effects of climate change on our business, including extreme weather and an increase in average temperatures as well as potential transition risks associated with the shift to a low-carbon economy including changing consumer preferences and future policies and regulations. However, these also present opportunities to be addressed.

Below are the relevant climate-related risks and opportunities impacting our business and strategy,

identified from the initial climate risk assessment. The next step includes a climate scenario analysis, which is currently being performed by each of the Group's companies to understand and determine the potential financial impact of these risks and opportunities. The analysis currently underway, assesses the present-day financial impacts, and the financial impacts of climate risks that will materialise in 2030 and 2050, under scenarios aligned with temperature increases of 1.5°C (Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 2.6) and 4°C (IPCC RCP 8.5). These two warming scenarios and three time horizons were chosen based on their relevance to our different businesses, considering good practice in the industry and stemming from the adoption of the benchmarks outlined in the TCFD recommendations. They also facilitate the understanding of climate impacts on our business in two very different worlds; the former is consistent with the ambitious reduction of GHG emissions (in which transition climate risks materialize), and the latter is consistent with a future whereby there are no policy changes to reduce emissions - business as usual - and characterised by increasing GHG emissions that lead to high atmospheric GHG concentrations (in which physical climate risks prominently materialize).

Climate risk category	Risk	Impacts on our sectors	Management or mitigation action	Time horizon
Transition risk	Policy and Legal: Increased pricing of GHG emissions	For all the sectors in which we operate, compliance with new carbon price legislation and potential implementation of a global carbon tax would result in increased operating costs, particularly if emissions of operations cannot be neutralised or reduced.	We have established a Group-level carbon reduction target (to reduce our own emissions by 54% by 2030) and a carbon neutrality target to be achieved by 2040. Specific roadmaps have been defined by each of the Group's companies that will result in energy savings and a reduction in CO₂ emissions. The roadmaps include the diversified actions, namely: • Implementation of an energy optimisation programme which includes installation of more efficient equipment and systems (e.g. LED lighting) • Conducting energy audits to identify energy efficiency improvements for our stores, buildings and logistic hubs. • Autonomous production of solar PV energy and sourcing of electricity through renewable sources • Electrification of our fleet of service vehicles • Inclusion in the rental policy for new buildings and stores of the requirement of a Building Energy Performance Certificate • Development of an intelligent energy management platform using AI to automate electricity consumption.	Short - Medium term
	Policy and Legal: Mandates on and regulation of existing products and services	For the retail real estate sector, building renovation to increase energy efficiency and reduce emissions, required under the EU Renovation Wave, could lead to increased capital costs.	• Performance of energy audits to identify energy efficiency improvements for our buildings.	Short term
	Technology: Costs to transition to lower emissions technologies	For all the sectors in which we operate, creating and implementing technological solutions that allow the reduction/capture of CO ₂ emissions, and adopting lower carbon practices can lead to an increase in investment costs.	• Autonomous production of solar PV energy and sourcing of electricity through renewable sources • Annual feasibility assessment of new and cost-effective solutions available	Short term

Climate risk category	Risk	Impacts to our sectors	Management or mitigation action	Time horizon
Transition risk	Reputation: Shifts in consumer preferences and increased stakeholder concern	For the electronic, food and fashion retail sectors, an inadequate offering to customers with more environmentally conscious preferences, if our products or practices are not climate friendly or low carbon, could lead to a loss of revenue.	- Adapting our products to new consumer requirements in relation to sustainability. For example, electronic products that are energy efficient (e.g. Energy Star certified), diversification into a wider range of plant-based food products, use of certified commodities and use of more sustainable fibres in our fashion collections. - Provision of training to retail store employees to effectively communicate climate initiatives implemented (e.g. carbon reduction targets and energy efficient products). - Communication of our Group-wide carbon neutrality commitment and new products to customers via our website and social media channels. - Sponsoring research by NGOs and academics on understanding changing consumer behaviour.	Medium term
	Market: Changing customer behaviour	For the real estate retail sector, as market demand for electrical vehicle charging stations at the buildings and shopping centres increases, we will incur capital investments in implementing EV facilities. Not adapting may lead to a loss of visitors.	Conducting a feasibility study for the expansion of EV parking spaces and charging points on our sites.	Short term
	Market: Increased cost of raw materials	Due to a potential increase in carbon prices, impacting energy prices, and the introduction of a global carbon tax on products with a higher carbon footprint, all sectors will face increased production costs. For example, incurring higher energy prices to operate stores and warehouses. The eventual introduction of the Carbon Border Adjustment Mechanism (CBAM) may also impact the electronic retail sector, through an increase in the acquisition costs of products and materials imported from outside the EU, such as China, where we source the majority of our private label electronic products.	- Implementation of an energy optimisation programme which includes installation of more efficient equipment and systems (e.g. LED lighting) - Requirement of a Building Energy Performance Certificate included in the rental policy for new buildings and stores - Development of an intelligent energy management platform using AI to automate electricity consumption - Development of a tool to calculate the carbon footprint of food products, throughout the supply chain. Producers can access the tool to assess their footprint for products sold to us, and identify carbon emission reductions - Establishment of a Sustainability Declaration for our Continente Producers Club (CPC), with the aim of promoting more sustainable agricultural practices among our producers, such as carbon sequestration practices or ensuring the certification of raw materials, to enable the reduction of the carbon footprint of products. - Engagement with the supply chain on the environmental and economic impacts of emerging legislation, such as CBAM, and establishment of a procurement policy for purchases outside the EU.	Short - Medium term
	Chronic: Rising mean temperatures	For the food and fashion retail sectors, rising mean temperatures could lead to a reduction in revenues from reduced production capacity (logistical difficulties; interruptions in the supply chain; lower agricultural yield due to associated water scarcity) and increases in the price of raw materials in our supply chain (e.g. higher cost of water and cotton due to water scarcity). For the real estate sector, water scarcity associated with rising temperatures could lead to increased costs of capital due to a higher water price in our operations.	- Implementation of a footprint calculation tool to assess the water footprint of food products throughout the supply chain and develop efficiency measures for better water management. - Use of fibres of sustainable origin, such as sustainably produced or recycled cotton, polyester and polyamide, certified with the Global Recycle Standard (GRS) or Recycled Claim Standard (RCS). - Development of circularity projects that reduce the need for virgin fibres. - Measures to improve water efficiency, such as increasing water tank capacity, wastewater treatment and reuse, or replacing water cooled chillers with air cooled chillers.	Medium - Long term Short term
Physical risk	Acute: Increased severity of extreme weather events such as cyclones and floods	For all sectors, extreme weather could lead to a loss of sales revenue from business disruption due to building/store closures, costs to repair the buildings/stores, operational costs resulting from impacted health and safety of the workforce, and increased insurance costs.	- Insurance coverage for employees, to provide wellbeing support - Geographic spread of our human capital and establishment of flexible working arrangements whereby employees can work remotely - Continuous assessment of the potential operational impact of extreme weather events under our Risk Management. - Inclusion of more enhanced analysis of flood risk and exposure to extreme weather events in the location assessment of future expansion plans - Inclusion of an emergency response (training, drills and an early warning system) for heavy precipitation in business continuity and emergency preparedness plans of the real estate sector - Evaluation of the establishment of a Business Continuity team, responsible for preparing and responding to extreme weather events, for the fashion retail sector.	Short term
		For the fashion and food retail sectors, extreme weather can lead to reduced yield of raw materials and product availability of suppliers, thus increasing our production costs. Suppliers may also need to relocate.	Development of a contingency plan for high risk countries, in the event of production disruptions. The plan includes development of a strategy to identify alternative suppliers and routes in low-risk regions.	Short term

Climate opportunity category	Opportunity	Impacts on our sectors	Management action	Time horizon
Resource efficiency	Use of more efficient modes of transport	For the food retail sector, a more efficient fleet could lead to reduced operating costs, in terms of fuel, vehicle replacement and maintenance costs.	Promote electrification of service vehicle fleet until 2030	Long term
	Use of more efficient production and distribution processes in our direct operations and supply chain	For the fashion and food retail sector, more efficient use of production factors such as water, electricity and chemicals in our direct operations could result in significant cost savings. Further, local sourcing of raw materials and products in our supply chain could lead to lower lead times and the ability to provide a more agile response to sales opportunities, as well as mitigate the direct impact of a disruption in the supply chain. It could also lower our overall carbon footprint.	- Reduction of water consumption of denim jeans laundry process through improved use of green chemicals and equipment upgrades (e.g. e-Flow process, laser technology and Ozone machines). - Sourcing of contracts with nearshoring textile producers. - Implementation of an energy optimisation programme, which includes installation of more efficient equipment and systems (e.g. LED lighting).	Short term
	Increased efficiency of our buildings	For the real estate sector, improved energy efficiency of our buildings and shopping centres could result in reduced operating costs and therefore a reduction of common charges for tenants. More energy efficient buildings of our fashion, electronic and food retail stores could also lead to reduced operating costs.	Conducting specialized energy audits to explore potential improvements to energy efficiency and improve the Energy Performance Certificate (EPC) rating.	Medium term
Energy Source	Use of lower emission sources of energy	For the food, fashion and electronic retail sectors there is the opportunity to use lower emission sources of energy to power stores, reducing operating costs and exposure to fossil fuel price increases.	Definition of carbon reduction and neutrality targets, with a roadmap supported by each of our companies to reduce emissions in line with the carbon reduction target. This includes investment in autonomous production of renewable energy and the purchase of renewable energy through a power purchasing agreement.	Medium - Long term
Markets	Shift in consumer preferences	For the food retail sector, consumers' growing awareness of the climate emergency and the environmental impact of their individual purchasing choices in terms of food, represents a financial opportunity that could lead to increased associated revenue and market share. It could also have a positive impact on our brand reputation.	Diversification of our food product range with the aim of providing a more sustainable basket.	Medium term
Products and Services	Development of new products or services through R&D and innovation	For the fashion retail sector, the impact of increasing prices of traditional raw materials, like cotton, could be mitigated through use of alternative production materials.	- Increased use of recycled fibres and more sustainable raw materials such as hemp. - Selection of suppliers developing sustainable raw materials production processes such as hydroponic or in vitro cotton.	Medium term

Further detail and specific case studies on carbon reduction and energy efficiency initiatives undertaken by the Group's companies are provided in the "What we Want to Achieve" section of the Integrated Annual Report.

Climate-related issues also impact and are incorporated into our financial planning, specifically regarding access to capital, in order to finance investments that have the aim of reducing our carbon emissions; we issued our first ESG-linked bond in December 2020, linked to our performance on Environmental, Social and Governance (ESG) indicators, and we completed refinancing operations linked to our performance on ESG indicators in 2021; 62%¹⁵ of Sonae's total medium and long-term facilities are now sustainable, green or ESG-linked. Our process for screening and acquiring new companies is increasingly incorporate environmental considerations through comprehensive environmental due diligence exercises. As we look to expand our portfolio, we are exploring different ways to integrate climate-related considerations into our portfolio management and acquisition strategies, including financing, due diligence and monitoring of key

¹⁵ As of the date of this report, and 28% at the end of 2021.

metrics. We also have an internal policy - Position Paper on Climate Change – outlining our commitments and approach to respond to climate change, which is used to guide our actions.

Risk Management

The Enterprise-Wide Risk Management (EWRM) process, an annual process aligned with the strategic planning cycle of our business, considers a broad range of internal risks domains (i.e. financial, operational, strategic, technological, reputational and human resources) as well as external risks, where we include climate change risks. The identification, assessment and management of climate change risks follows our established EWRM process, of which the key elements and details of the process are set out in the “How we manage Risk” section of the Integrated Management Report. As reported, the review cycle for this year concluded that the “failure of climate change mitigation and adaptation” is assessed as a standalone critical risk for our business, similar to last year.

Under the EWRM process and as a critical risk, ‘failure of climate change adaptation and mitigation’ is managed in the same way as all other critical risks. It has been assigned to Risk Owners, João Pedro Dolores (CFO and executive Board Member of Sonae) and João Gunther Amaral (Chief Development Officer and deputy to Sonae’s Executive Committee); they oversee and monitor the risk throughout the year to identify changes in the risk profile and progress on management and mitigation actions.

Taking into consideration the importance of climate change as a risk to our business, as explained in the previous subsection “Strategy”, we conducted climate risk assessments across each of our Sonae companies to understand the specific sub-risks of ‘failure of climate change mitigation and adaptation’ that each of our companies face. Relevant risks to each company were identified based on a predefined list of climate risk categories, aligned with the TCFD climate risk categories. Climate scenario analysis is currently being performed by each of our companies to understand the potential financial impact of these risks and opportunities. To support this analysis, we consulted the main worldwide references, like the International Institute for Applied Systems Analysis (IIASA) Network for Greening the Financial System (NGFS) Scenario Explorer for carbon prices, World Resource Institute (WRI) Aqueduct Water Risk Atlas for water stress risk levels, and IPCC Sixth Assessment Report for heavy precipitation and pluvial flood impacts, among other sources. See the “Strategy” part of this TCFD chapter for the results of this work to date: the specific climate-related risks identified, as well as the actions being taken to manage these risks over the years to come.

Metrics and Targets

We have committed to achieving carbon neutral operations by 2040, ten years ahead of the target established by the European Union, conveying commitment to our sustainability policy and incorporating the pursuit of ambitious goals in our strategic business development. Also, in our commitments to reduce our impact on the planet, we have committed to emissions reductions targets aligned with the Science Based Target Initiative (SBTi), based on the scenario Below 2 Degrees Celsius (B2DC). The targets are to cut down our own emissions (scope 1+2) by 54% by 2030 considering a 2018 baseline, and to achieve the aforementioned carbon neutral operations (scope 1+2) by 2040. Each of our companies is also developing

and evolving the calculation of scope 3 GHG emissions and exploring opportunities to reduce those emissions and set targets.

The table below describes our progress on scope 1 and 2 emissions.

GHG emissions by scope

	2021*	2020*	2019*
Sonae operations (tCO₂e)**			
Total	190,356	163,306	198,540
Scope 1	59,875	63,480	65,318
Scope 2	130,482	99,826	133,222
GHG emissions intensity			
Scope 1 and 2 carbon intensity ratio (tCO ₂ e/€m)***	25	22	28
GHG emissions intensity (tCO ₂ e/m ²)****	0.043 – excluding tenants 0.250 – including tenants	0.044 – excluding tenants 0.262 – including tenants	0.054 – excluding tenants 0.390 – including tenants
Upstream and downstream of Sonae operations (scope 3, tCO₂e)			
Total scope 3	452,489	314,168	573,177

*All information reported was subject to verification by an external entity - KPMG. Please consult the Independent Limited Assurance Report in this Integrated Annual Report.

**Scope 1: the GHG emission factors used were derived from recently published data, made available by the Portuguese National Inventory Report on Greenhouse Gases; Scope 2: a market-based methodology was used with GHG supplier-specific emission factors that correspond to the most recent information made available by each supplier.

*** Excluding Sierra activity

****For Sierra only

In 2021, our companies emitted 642,845 tCO₂e, representing an increase of 34.6% compared to the previous year, despite a reduction in scope 1 emissions. This is due to increased scope 2 emissions, where despite the consequences of the pandemic in limiting operations and the effect of teleworking still felt, in 2021 our stores and shopping centres gradually reopened, and employees partially returned to our offices, resulting in an increase in electricity consumption. Further scope 3 emissions increased due to the restarting of Sonae Sierra's operations, including a larger number of visitors to shopping centres, where there was a change in travel patterns, as visitor's tendency to use individual vehicles increased during the pandemic (as an alternative to public transport).

Scope 1 emissions represent 9.3% of our carbon footprint, scope 2 emissions represent 20.3% and, finally, scope 3 emissions represent 70.4%. Considering the target defined for 2030 to reduce our scope 1+2 emissions by 54% - we recorded a decrease of 16% in the last year compared to 2018, a stable performance due to the implementation of energy efficiency initiatives and production from renewable energy sources, both forming part of the scope of the CO₂ roadmaps of our companies. This performance can also be attributed to the establishment of the Power Purchase Agreement (PPA) with Shell, which compensates for the increased electricity emission factor in 2021. We report our emissions with reference to the latest Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol). Please refer to the GRI Supplement of the Integrated Annual Report Annexes for a more detailed

breakdown of emissions by company and activity.

We also measure our energy consumption and production. In 2021, our companies consumed 2,733,179 total GJ of energy, representing an increase of 1% compared to the previous year. Of this total, we consumed 87,216 GJ of renewable energy, an increase of 103% compared to 2020. Production of renewable energy by our companies also increased significantly, by 123% compared to the previous year. Please refer to the GRI Supplement in the Annex of the Integrated Annual Report for a more detailed breakdown of energy metrics, per company.

To support the achievement of the targets, each of our companies has developed their own roadmap, tailored to their business context, based on known best practices and on prevailing technological and scientific knowledge. Moving to cooling equipment that uses low-impact refrigerants, investing in on-site renewable energy production and the supply of renewable energy, electrifying our vehicle fleet and advancing our efforts to promote the eco-efficiency of our operations are some of the initiatives in place to achieve our targets. Remuneration linked to achievement of climate change targets is also a key part of our reward framework and reinforces the importance of climate change management.

Next steps

As described above, our priorities for the year ahead include consolidating the work developed during 2021 for climate risk and opportunities assessment by each company, and progressing on the financial impacts quantification of relevant climate-related risks and opportunities through a climate scenario analysis.

Further climate change disclosures

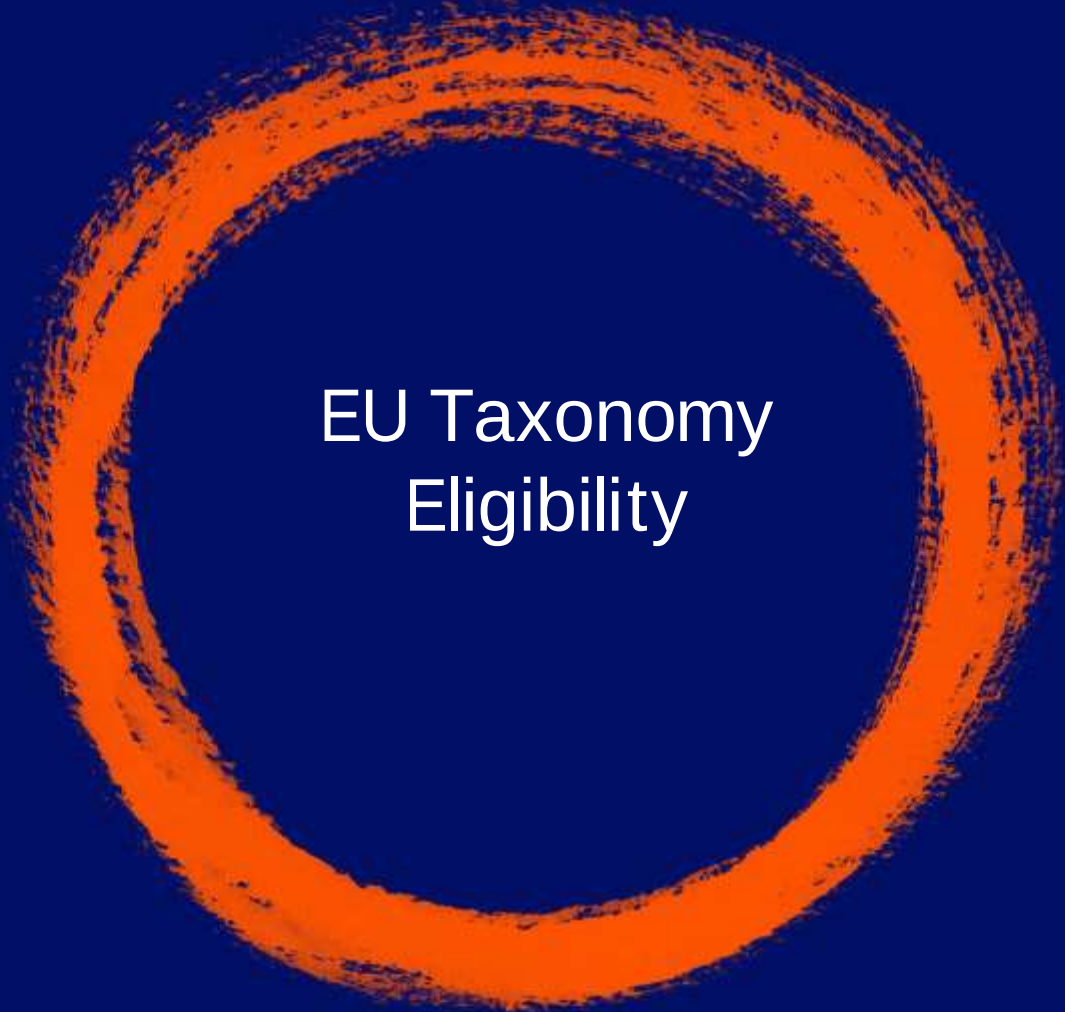
The Integrated Annual Report contains additional disclosures on climate change:

- Governance: section “Our governance model: we clearly define our role as a parent company” at the chapter “How we invest to achieve our ambitions”
- Strategy: chapter “What we want to achieve”
- Risk Management: section “How we manage risk” at the chapter “Risk, Opportunities and Impact management”
- Metrics and Targets: chapter “Our performance” and “GRI Supplement” in the Annex

Find out more about our actions on climate change and CO₂ on our website:

<https://www.sonae.pt/en/planet/>.

Also, our 2021 CDP climate change submission contains extensive disclosure on our climate risks, opportunities, impacts and mitigating actions: <https://www.cdp.net/en>.



EU Taxonomy Eligibility

EU Taxonomy Eligibility

Introduction

An important purpose of the EU Action Plan on Sustainable Finance is to steer cash flows towards sustainable investments. In this context, the EU Taxonomy Regulation became effective in mid-2020 and has established some new obligations that companies must comply with.

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (henceforth, “the Taxonomy” or “the Regulation”) is intended to serve as a standardized and mandatory classification system to determine which economic activities are considered as “environmentally sustainable” in the EU.

Eligibility Exercise

Pursuant to the previously mentioned regulatory obligations, Sonae SGPS is required to comply with the Taxonomy, and to report the specific Key Performance Indicators (KPIs) on the eligibility of its activities. The statement of the disclosure requirements is presented on a consolidated basis and complies with the same consolidation principles that apply to the Group’s financial reporting and can be consulted in the Annexes of the Consolidated Financial Statements.

As an international leading business organization, the Group's consolidation perimeter manages a diversified portfolio, which covers the business fields of retail, financial services, technology, property and real estate. As a result, and given the current state of development of the Taxonomy Regulation, which is geared toward more carbon-intensive industries, the majority of Sonae SGPS' *core* activities are not taxonomy-eligible, resulting in the low percentage of eligible KPIs observed. Only two sub-holdings of the Group presented eligible activities: MC and Sierra.

The eligible activities identified are linked to real estate activities and energy services, namely: (7.1) Construction of new buildings; (7.2) Renovation of existing buildings; (7.4) installation, maintenance and repair of charging stations for electric vehicles in buildings; (7.5) instruments and devices for measuring, regulation and controlling energy performance of buildings; (7.6) renewable energy technologies; (7.7) acquisition and ownership of buildings; (9.3) professional services related to energy performance of buildings.

Moreover, and following the Group’s sustainability strategy and targets, several initiatives were carried out by the subsidiaries throughout the year in order to reduce the greenhouse gas emissions of target activities. These are called “supporting activities” and correspond to Taxonomy-eligible economic activities.

The contribution of eligible activities and supporting activities for Turnover, CapEx and OpEx can be found in the table below.

Table 1: Taxonomy KPIs for Sonae SGPS, fiscal year 2021.

KPIs	Total (€m)	Taxonomy-eligible		Taxonomy non-eligible	
		Total (€m)	(%)	Total (€m)	(%)
Turnover	7,023.3	29.2	0.4%	6,994.1	99.6%
Capex	474.5	58.5	12.3%	416.0	87.7%
Opex	150.8	9.9	6.6%	140.9	93.4%

Methodological Note

The specifications stated in the Delegated Regulations were followed throughout the process of implementing the Taxonomy requirements.

Firstly, whether or not an activity under Sonae SGPS' perimeter is described in Annexes I and II of the Commission's Climate Delegated Regulation was examined, since only those activities can be considered as Taxonomy-eligible. Apart from the subsidiaries' activities, two closed-end investment property funds were also subjected to eligibility analysis, as these funds are operated as non-financial undertakings, thus the same principles were applied.

Following the identification of eligible activities, the eligible-KPIs were calculated based on a *bottom-up* approach, meaning eligible turnover, CapEx and OpEx were cumulatively added in the numerator. In addition, the numerator included the investments (CapEx and OpEx) associated with supporting activities. The total Turnover, CapEx, and OpEx acquired for Sonae SGPS consolidated numbers in FY 2021, which were collected pursuant to the criteria specified in Annex I of the Disclosure Delegated Regulation for non-financial undertakings, served as the reference denominator for the calculations. In detail, the OpEx value is broken down into four categories: building renovation measures, maintenance and repair, short-term leasing, and other direct expenses related to the daily maintenance of property, plant and equipment (which includes specialized works and subcontracts related to software maintenance, repairing, cleaning and assemblies).

The results obtained for the KPIs show that the items related to real estate activities (renovation of existing buildings and acquisition and ownership of buildings) are the most representative in the KPIs, as they are the ones that may have the biggest impact on each indicator within the reporting period. Overall, it is estimated that 92% of the eligible turnover, 83% of the eligible Capex and 86% of the eligible Opex were associated with real estate activities.

Sustainability lies at the heart of each of Sonae SGPS' activities and is at the core of the Group's vision, societal mission and strategy. The Group considers that their *core* activities should be integrated into the European Taxonomy reference framework as part of their contribution to other future environmental objectives: the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and the protection and restoration of biodiversity and ecosystems.

Nevertheless, Sonae SGPS is committed to considering and framing the EU Taxonomy as a sustainability enabler, as well as remaining strongly aligned with it.

Independent
Limited
Assurance
Report



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INDEPENDENT LIMITED ASSURANCE REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

**To the Board of Directors of
 Sonae SGPS, S.A.**

Introduction

We were engaged by the Board of Directors of **Sonae SGPS, S.A.** ("Sonae") to report in the form of an independent limited assurance conclusion on the sustainability information included in the chapters "Our impact" and "Our Environmental and Social performance" and in the "GRI Supplement" of the Annual Report of Sonae ("the Report") for the year ended 31 December 2021, identified in the "GRI Table" included in the "GRI Supplement".

Board of Directors' responsibilities

The Board of Directors of Sonae is responsible for:

- The preparation and presentation of the sustainability information included in the Report in accordance with the GRI Standards, for the level Core, as described in the chapter "About this report" of the Report, and the information and assertions contained therein;
- Design, implementation and maintenance of such internal control as the Company's Management determines is necessary to enable the preparation of information that is free from material misstatement, whether due to fraud or error;
- Prevention and detection of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities; and,
- Process to ensure that the Board of Directors and the personnel involved with the preparation and presentation of the sustainability information are properly trained.



Our responsibilities

Our responsibility is to perform a limited assurance engagement and to report a conclusion based on the work performed.

We have applied International Standard on Quality Control 1 and accordingly we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Ordem dos Revisores Oficiais de Contas' code of ethics and of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Scope

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and complied with further technical guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors), and it was planned and performed to obtain limited assurance about whether anything came to our attention that causes us to believe that the sustainability information included in the Report for the year ended 31 December 2021 is not prepared, in all material aspects, in accordance with the GRI Standards, for the level Core.

A limited assurance engagement on sustainability information consists of making inquiries, primarily of persons responsible for the preparation of the sustainability information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of the responsible persons to gain an understanding of Sonae's processes for determining the material issues for Sonae's key stakeholder groups;
- Inquiries of relevant staff, at the corporate and business unit level, responsible for providing the sustainability information in the Report;
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report; and,
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Sonae.



The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information included in the chapters "Our impact" and "Our Environmental and Social performance" and in the "GRI Supplement" of the Annual Report of Sonae ("the Report") for the year ended 31 December 2021, identified in the "GRI Table" included in the "GRI Supplement", is not prepared, in all material respects, in accordance with the GRI Standards, for the level Core.

Restriction of use

Our limited assurance report is issued exclusively for the information and use of the Board of Directors of Sonae for the purpose expressed in the "Introduction" paragraph above, for the disclosure of the sustainability information included in the "Management Report" and in the "GRI Supplement" of the Annual Report of Sonae and is not intended to be used for any other purpose. We accept or assume no responsibility and deny any liability to any party other than Sonae for our work, for this independent assurance report, or for the conclusions we have reached.

5 April 2022

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(nr. 189 and registered at CMVM with the nr. 20161489)
Represented by
Pedro Manuel Bouça de Moraes Alves da Costa
(ROC nr. 1466 and registered at CMVM with the nr. 20161076)

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