

MANAGEMENT REPORT & ACCOUNTS 1Q20



The consolidated financial information disclosed in this report is based on unaudited financial statements, prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), issued by the International Accounting Standards Board (IASB), as adopted by the European Union.



Table of contents

I MANAGEMENT REPORT

1. Main Highlights	3
2. Sonaecom Consolidated Results	3
2.1 Telecommunications	4
2.2 Technology	5
2.3 Media	8
3. Subsequent Events	9
4. Appendix	10

II FINANCIAL STATEMENTS

5. Financial Information	13
5.1. Sonaecom condensed consolidated financial statements	13
5.2. Notes to the condensed consolidated financial statements of Sonaecom	18



I – MANAGEMENT REPORT



1. Main Highlights

Service revenues increasing 10.8% y.o.y., partially offsetting the decrease on technology resale, and with positive profitability evolution

Negative Net Income at NOS due to COVID-19 pandemic impacts, namely the significant non-recurrent items recorded

Solid growth of cybersecurity services in the Technology area

2. Sonaecom Consolidated Results

Introductory note:

Since its emergence in Europe, at the beginning of 2020, and particularly since the formal national lockdown declared on 18th March, the Board of Directors has followed in detail and with great concern all developments related to the Covid-19 pandemic, following closely the position of the competent international entities, namely the World Health Organization and the European Centre for Disease Prevention and Control, as well as the Portuguese Directorate-General of Health.

Considering the level of existent risk, a self-government model was developed to manage this crisis, in alignment with the various businesses, depending on the level of risk defined at each moment. Prevention/contingency plans were triggered, defined and developed, covering the entire organization, from operations to central structures and a set of risk mitigation measures were identified.

In this sense and considering the high risk of contagion and spread of the virus, mandatory actions were defined and communicated, as well as recommendations for all employees, such as the prohibition of all trips; advising against realization/participation in congresses, fairs, exhibitions and extended training; disclosure of care to be taken in hand hygiene and respiratory etiquette measures; telework/remote work procedures, ensuring for that purpose – and depending on the criticality identified – the existence of portable computers and internet access for employees, among many others.

So far, the Group's business operations have been affected in very different levels:

- The technology area did not feel significant impacts from this situation on its 1Q20 results, but we know that the magnitude and degree of uncertainty that an event of this nature involves may have negative impacts in the coming quarters, namely on Professional Services revenues, on Technology Reselling (either due to a reduction in demand or a drop in supply) and on the value of some minority stake
- At NOS, the main operating impacts of the pandemic in 1Q20 revenues were felt namely in: i) Cinemas and Audiovisuals: complete closure of NOS theatres on 16 March and postponement of a number of movie premieres; ii) Roaming and international calls: traffic and revenues impacted by restrictions imposed on international travel; iii) Premium sport channels: reduction in revenues with subscriptions being offered for free given the absence of live sports events; and iv) Equipment: fall in sales due to closure of all non-essential retail activity namely in shopping centres and to general restrictions to circulation.
- Público's activity was materially impacted, namely in offline newspaper sales, with the close of the majority of points of sale, and in advertising revenues.

The spread of COVID-19 has caused historic falls in the capital market and instability in asset values on all world stock exchanges.

The potential impact that this situation may have depends on the level of evolution and contagion of the virus, making projections difficult. However, at this stage, given the progressive easing of restrictive measures in Europe, we still expect a challenging Q2 but hopefully a gradually more normalized Q3 and Q4. Importantly, given the company's capital structure, with a significant amount in cash and bank deposits and a low amount of remunerated debt, no material changes in the Company's liquidity are expected. Furthermore, we will continue to implement all measures deemed appropriate to minimize their impacts, in line with the recommendation of the competent entities and in the best interest of all our stakeholders.



Telecommunications area, which includes a 50% stake in ZOPT - consolidated through the equity method – which owns 52.15% stake in NOS, presented negative results due to the impacts from COVID-19 pandemic, namely, the register of significant non-recurrent items and the slowdown in activity, in particular in the Cinema and Audiovisuals and Wholesale segments.

During 1Q20, Technology area continued to enlarge its portfolio, entering in the capital of a new retail tech company and reinforcing its investment in some portfolio companies.

Turnover

Consolidated turnover in 1Q20 reached 29.4 million euros, decreasing 14.7%, when compared to 1Q19.

This negative evolution was driven by both Media and Technology areas, the latter particularly driven by transactional business of third party products.

Operating costs

Operating costs amounted to 32.0 million euros, 14.2% below 1Q19. Personnel costs grew 2.1% and Commercial costs decreased 30.8% to 14.6 million euros, mainly driven by the lower cost of goods sold, aligned with the lower level of sales. Other operating costs increased 19.6%, mainly explained by the higher level of Outsourcing costs.

EBITDA

Total EBITDA, despite the slight improvement of underlying EBITDA, decreased and stood at negative 3.3 million euros, explained by the decrease on equity results and non-recurrent items.

In 1Q19, the non-recurrent items stood at 5.2 million euros, driven by the capital gain generated by Saphety's sale.

The equity results, mostly driven by ZOPT contribution which, in turn, depends on NOS net income evolution, decreased to negative 1.1 million euros.

Net results

Sonaecom's EBIT decreased to negative 5.5 million euros, from positive 9.4 million in 1Q19, explained by the lower level of EBITDA and the higher level of depreciations.

Sonaecom's earnings before tax (EBT) decreased from 9.6 million to negative 6.0 million euros, driven by the lower EBIT and financial results.

Indirect results reached 0.2 million euros, that compare with 0.1 million euros in 1Q19, impacted by Armilar Venture Funds' portfolio fair value adjustments.

Net results group share stood at negative 4.5 million euros, below the positive 11.1 million euros presented in 1Q19.

Operating CAPEX

Sonaecom's operating CAPEX decreased to 1.3 million euros, reaching 4.5% of turnover, 4.9 p.p. below 1Q19. Excluding the IFRS 16 impact, operating CAPEX would be 0.7 million euros, 0.5 million euros below 1Q19.

Capital structure

The net cash position stood at 232.5 million euros, decreasing 3.9 million euros since December 2019. Excluding IFRS 16 impacts, Net cash position stood at 246.7 million euros, 4.0 million below December 2019, mainly driven by 3.7 million euros of investments.

2.1 Telecommunications

NOS operating revenues were 345.4 million euros in 1Q20, decreasing 3.0% y.o.y..

EBITDA reached 152.7 million euros, decreasing 4.6% when compared to 1Q19 and representing a 44.2% EBITDA margin.

CAPEX excluding leasings amounted to 88.2 million euros in 1Q20, an increase of 1.1% y.o.y. As a consequence of EBITDA and CAPEX evolution, EBITDA- CAPEX decreased 11.5%.

At the end of 1Q20, total net debt including leasings and long-term contracts (according to IFRS 16) amounted to 1,311.1 million euros. Net Financial Debt/EBITDA after lease payments (last 4 quarters) now stands at 1.9x EBITDA, and with an average maturity of 3.0 years.

NOS published its 1Q20 results on 6th May 2020, which are available at www.nos.pt.

During 1Q20, NOS share price decreased 36.4% from €4.800 to €3.052, whilst PSI20 decreased by 22.0%.

Operational Indicators

Million euros

Operational Indicators ('000)	1Q19	1Q20	Δ 20/19	4Q19	q.o.q.
Total RGUs	9,508.5	9,707.9	2.1%	9,687.3	0.2%
Convergent + Integrated RGUs	4,521.0	4,753.7	5.1%	4,704.5	1.0%

Financial indicators

Million euros

NOS HIGHLIGHTS	1Q19	1Q20	Δ 20/19	4Q19	q.o.q.
Operating Revenues	355.9	345.4	-3.0%	366.4	-5.7%
EBITDA	160.2	152.7	-4.6%	135.9	12.4%
EBITDA margin (%)	45.0%	44.2%	-0.8pp	37.1%	7.1pp
Net Income	42.5	-10.4	-	5.4	-
CAPEX excluding Leasings	87.3	88.2	1.1%	99.7	-11.5%
EBITDA-CAPEX excluding Leasings	72.9	64.5	-11.5%	36.2	78.1%

* 2019 and 1Q20 accounts are adjusted to reflect the announcement of the sale of NICS on 1 April 2020, which is still pending regulatory approval.

2.2 Technology

The Technology area aims to build and manage a portfolio of technology businesses around retail and telecommunications, as well as cybersecurity, with an international scale. This area currently comprises, alongside with minority stakes, Bright Pixel and Vector I fund, four controlled companies – S21Sec, Bizdirect, Inovretail and Excellium – that generated circa 44.6% of its revenues outside the Portuguese market with 71.8% out of the total 677 employees based abroad.

Controlled Companies

S21Sec is a reference multinational MSSP (Managed Security Services Provider), focused on the delivery of cyber security services and development of proprietary supporting technologies, with a global customer base, leveraging its teams in Spain, Portugal and Mexico. Since June 2018, with the integration of Nextel, S21Sec is the most relevant “pure player” (company specializing exclusively in the cybersecurity sector) in Spain and Portugal in terms of turnover and number of cybersecurity experts.

Excellium is a market-leading managed security services provider from Luxembourg, with presence in Belgium and counting with more than 100 experts. Sonae IM investment, at the end of 2018, was aimed both at accelerating growth through a capital raise and acquisition of a majority stake.

This investment, together with the stake on S21sec, turns Sonae IM's cybersecurity group as one of the most relevant cybersecurity services pure players in Europe, counting with more than 500 professionals and direct presence in 13 cities across 6 countries.

The significant European scale and cross-country presence of this group of cybersecurity companies will be key to address the increasingly challenging needs of all organizations and specially the requirements of those large and multi-rational companies operating in the European space, while ensuring agile and fast response from specialized teams close to the customer.

Bizdirect is a technology company specialized in IT solutions commercialization, consulting and management of corporate software licensing contracts and Microsoft solutions integration.

During 1Q20, the cloud business unit continued to improve its presence on helping customers in digital transformation and the solutions business unit achieved important new customer references. Bizdirect Competence Center, in Viseu, contributed to the international revenues that already represent 4.6% of total revenues.

InovRetail is a retail innovation company that provide data science solutions and digital tools that deliver quantifiable insights and actionable recommendations with direct and sustainable impact on retailer's key metrics. The company's main product is the Staff Empowerment Solution, a SaaS based solution that help retailers in three key areas like Sales Performance Enhancement; Customer Experience Optimisation and Advanced Planning & Scheduling.



Bright Pixel is a company builder studio whose goal is to transform the creation of new ventures and the way companies address innovation. Bright Pixel is managing a venture lifecycle going from experimentation and lab phases that have the objective to identify ideas and projects that should be brewed in its incubation program. Bright Pixel invests and supports the development of internally brewed projects as well as assisting their first batch of invited startups in their product development roadmap and market rollout. Bright Pixel is also investing in events, like Pixels Camp, to link its activity to the tech community as well as promoting a close relationship with its partners, by developing quick proof of concepts aimed at resolving technology and business needs in themes such as retail, media, cyber-security and telecommunications.

Minority Stakes (non-exhaustive)

Armilar Venture Funds are the 3 Venture Capital funds in which Sonae IM owns participation units acquired to Novo Banco. With this transaction, concluded in December 2016, Sonae IM reinforced its portfolio with sizeable stakes in leading edge companies such as Outsystems and Feedzai, both consistently presenting meaningful and sustainable levels of growth.

ArcticWolf, a US based company, is a global pioneer in the SOC-as-a-Service market with cutting-edge managed detection and response (MDR), which provides a unique combination of technology and services for clients to quickly detect and contain threats. US technology investors Lightspeed Venture Partners and Redpoint were joined by Sonae IM and Knollwood Investment Advisory in the series B round. During 2018, the Company closed a \$45M series C round and, at the end of 2019, the Company launched a \$60M Series D round, which was closed in the beginning of 2020, at a significant higher valuation. Sonae IM participated in both rounds, reinforcing its stake.

StyleSage is a strategic analytics SaaS platform that helps fashion, home and beauty retailers and brands with critical pre, in and post season decisions globally. Every day, StyleSage pulls product data from competitors' ecommerce websites from around the world. Then, with groundbreaking technology in machine learning and visual recognition, StyleSage cleans, organizes, and analyzes the massive amounts of collected data into a cloud-based dashboard that empowers brands and retailers to make informed, data-driven decisions in areas such line planning, markdown optimization, and global expansion.

Ometria is a London based AI powered customer marketing platform with the vision to become the central hub that powers all the communication between retailers and their customers. This investment was done by Sonae IM in the Series A round, alongside several strategic investors (including Summit Action, the US VC fund of the Summit Series) and was recently reinforced during series B round.

CB4 is a company based in Israel that provides a patented AI software solution for brick and mortar retailers to identify and correct critical operational issues at store, product level. The investment was part of a series B \$16M round, led by Octopus Ventures with Sonae IM joining. Existing investors Sequoia Capital and Pereg Ventures also participated in the round.

Reblaze is an Israeli company that provides proprietary security technologies in a unified platform, shielding assets from threats found on the Internet. The company raised a Series A round in which Sonae IM led jointly with JAL Ventures and Data Point Capital.

Visenze is a Singapore-based company that delivers intelligent image recognition solutions that shorten the path to action as consumers search and discover on the visual web. Retailers use ViSenze to convert images into immediate product search opportunities, improving conversion rates. Media companies use ViSenze to turn any image or video into an engagement opportunity, driving incremental revenue. Sonae IM co-led, with Gobi Partners, a \$20M Series C round that will enable the artificial intelligence company to further invest in its penetration among smartphone manufacturers, as well as with consumer and social communication applications.

Daisy Intelligence is an AI-powered platform for retail merchandising teams focused on optimizing promotional product and price mixes for dramatically improved business results. Sonae IM partnered with Framework Venture Partners invested in a C\$ 10M (circa €7M) series A round.

Nextail is a Spanish company that has developed a cloud-based platform that combines artificial intelligence and prescriptive analytics to upgrade retailers' inventory management processes and store operations. The company raised a \$10.0 million Series A round led by London and Amsterdam based venture capital firm KEEN Venture Partners LLP ("KEEN"), together with Sonae IM and existing investor Nauta Capital. The new financing is being used to accelerate product development and double the size of the team, as it grows internationally.

Sixgill is a market leader in deep and dark web cyber threat intelligence. Sixgill helps Fortune 500 companies, financial institutions, governments, and law enforcement agencies protect their finances, networks and reputations from cyberthreats that lurk in the deep, dark and surface webs. The advanced cyber threat intelligence platform automates all phases of the intelligence cycle — collection, analysis and dissemination of data — providing organizations with unparalleled information and actionable insights to protect their various assets in the ever evolving cyber threatscape. Sixgill raised \$15M in a second round led by Sonae IM and REV Venture Partners with participation by Our Crowd. Previous investors Elron and Terra Venture Partners also participate in the round.

Case on IT is a Spanish company that has developed Medux, a machine learning solution for the measurement, prediction and analysis of landline, mobile and television services quality. Medux measures the customer experience in markets that collectively serve over 600 million users worldwide. The company raised a Series B round of international fund with Sonae IM.

CiValue is an Israeli company with offices in New York, Paris, and Tel Aviv, is a disruptive provider of cloud-based Precision Marketing and Supplier Advertising Platforms for Retailers. Sonae IM, coupled with Nielsen, led a \$6M Series A investment.

Cellwize is a leading provider of Mobile Network Automation and Orchestration solutions for telco, based in Israel. Cellwize offers modular solutions for an agile adoption of 'zero-touch' network automation capabilities on top of a virtualized service orchestration platform. It supports network operations, especially given the increase in network density and complexity driven by 5G adoption. Sonae IM invested in a series B round of \$15M led by Deutsche Telekom Capital Partners.

Secucloud is a Germany based company that provides a cloud security platform for protecting all devices (subscriber endpoints) and operating systems with no installation required, offered to Telcos & ISPs as a white label solution. Sonae IM totally subscribed the multi million Series B financing round.

Continuum Security is a Spanish based company with an application security platform to address vulnerabilities early in the development process. In order to realise their international growth plans, the company has raised an investment round of 1.5million euros, which was led by Swaanlaab Venture Factory and joined by JME Venture Capital and Sonae IM.

Jscrambler is a Portuguese startup that develops a security solution to protect Web and Mobile Applications (Javascript code). The company raised a 2.3 million dollars in a series A financing round that was led by Sonae IM with the co-investment of Portugal Ventures.

Probe.ly, having started as an internal project of Bright Pixel, won the *Caixa Capital Empreender Award 2017*, has stepped from MVP (minimum valuable product) to an independent Web Application Security startup.

Sales Layer is a Spanish based company with a cloud-based Product Information Management (PIM) platform, helping brands and retailers to transform their catalogs into a digital, enriched and multichannel control center. Sonae IM recently led its series A round.

Financial indicators

Million euros

TECHNOLOGY AREA	1Q19 ^(R)	1Q20	Δ 20/19	4Q19	q.o.q.
Turnover	30.7	25.7	-16.2%	25.5	0.8%
Service Revenues	9.9	11.0	11.6%	10.5	4.7%
Sales	20.8	14.7	-29.3%	15.0	-1.9%
Other Revenues	0.4	0.3	-33.4%	0.6	-57.7%
Operating Costs	32.6	27.5	-15.4%	28.4	-3.2%
Personnel Costs	8.6	8.9	4.3%	9.3	-4.3%
Commercial Costs ⁽¹⁾	20.3	14.0	-31.2%	13.8	1.0%
Other Operating Costs ⁽²⁾	3.6	4.6	26.6%	5.3	-12.0%
Underlying EBITDA ⁽³⁾	-1.5	-1.5	3.0%	-0.2	-
Underlying EBITDA Margin (%)	-4.9%	-5.7%	-0.8pp	-0.9%	-4.8pp
Operating CAPEX ⁽⁴⁾	2.4	1.1	-54.8%	2.8	-62.5%
Operating CAPEX as % of Turnover	7.7%	4.1%	-3.5pp	11.1%	-7.0pp
Underlying EBITDA - Operating CAPEX	-3.9	-2.5	34.5%	-3.1	17.7%
Total CAPEX	9.9	4.8	-51.3%	12.5	-61.5%

(1) Commercial Costs = COGS + Mktg & Sales; (2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others; (3) Includes the businesses fully consolidated at Technology area; (4) Operating CAPEX excludes Financial Investments; R) The values were restated in order to reflect Sonaecon structure after Saphety and WeDo sale.

**Turnover**

Turnover decreased 16.2% y.o.y explained by the decrease on the transactional business of third-party products. Service revenues, mainly cybersecurity services, with a double-digit growth when compared to 1Q19.

Operating costs

Operating costs decreased 15.4% to 27.5 million euros mainly explained by the 31.2% decline at Commercial costs, aligned with the lower level of sales. Other operating costs increased 26.6%, mainly explained by the higher level of Outsourcing Costs.

Underlying EBITDA

Underlying EBITDA stood at negative 1.5 million euros, 3.0% better than 1Q19.

Underlying EBITDA-operating CAPEX

Underlying EBITDA-operating CAPEX stood at negative 2.5 million euros, increasing when compared to 1Q19, mainly explained by the lower level of Operating CAPEX but also driven by the slightly higher EBITDA. Excluding the IFRS 16 impacts, operating CAPEX would have reached 0.5 million euros, 0.5 million euros below 1Q19.

2.3 Media

During 1Q20, Público continued to pursue its digital strategy reinforcing digital competencies and presence in online platforms and continued to implement important initiatives aimed at strengthening Público as the reference Portuguese speaking news organisation.

The beginning of the year was marked by a relevant improvement on online business and a stable performance in offline. Since the start of the pandemic and the related restrictive measures, Público's activity was materially impacted, namely in offline newspaper sales, with the close of the majority of points of sale, and in advertising revenues, with the cut on marketing expenses implemented across all companies.

The positive performance of online subscriptions and online advertising was not enough to mitigate the negative evolution of offline revenues which translated into an overall 3.8% revenue decrease, when compared to 1Q19.



3. Subsequent Events

Preventive Seizure of 26,075% of the share capital of NOS, SGPS, SA

On April 4th, 2020, SONAE COM, SGPS, S.A., was informed by its affiliate ZOPT that a notice has been received from the Tribunal Central de Instrução Criminal de Lisboa (hereinafter the "Court") to carry out the preventive seizure ("arresto preventivo") of 26,075% of the share capital of NOS, SGPS, SA (hereinafter NOS), corresponding to half of the shareholding held by ZOPT in the share capital of NOS, "and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited", both controlled by Isabel dos Santos. In accordance with such decision, the shares preventively seized are deprived of the exercise of its voting rights and of the right to receive dividends, and the latter shall be deposited in Caixa Geral de Depósitos, S.A., by order of the court. The remaining half of ZOPT's shareholding in NOS, corresponding to the same percentage of 26.075% — and which, at least in line with the criteria used by the Court, embodies the 50% shareholding held in ZOPT by SONAE COM — was not seized and its inherent rights were not subject to any limitation whatsoever.

Although ZOPT was not notified of the grounds of the preventive seizure, based on the preliminary information available, the Board of Directors of both ZOPT and SONAE COM consider that, not only such preventive seizure is illegitimate and offends several fundamental rights of ZOPT, as it is not legally likely to determine the deprivation of voting rights, or even to inhibit the holder of the arrested shares from continuing to exercise these rights. We understand therefore that such deprivation is null and shall produce no effect. For this reason, the Board of Directors of both ZOPT and SONAE COM consider that the conditions of control of ZOPT over NOS are met, and that this seizure shall have no material effects on the control of this company.

ZOPT will take all the necessary procedures to revert and terminate the seizure procedure and has already presented its opposition (embargos de terceiro).

NOS International Carrier Services (NICS) sale to Tofane Global (1 April 2020)

NOS announced it had reached an agreement with Tofane Global, S.A.S. to sell all of NOS International Carrier Services S.A.'s share capital to iBasis, TOFA owned subsidiary and to supply NOS group companies with wholesale international voice and SMS services, which were previously provided by NOS ICS. Completion of this agreement is subject to non-opposition by the Competition Authority. Considering the approval of the transaction before 31 March 2020, accounts have been restated accordingly for 1Q20 and for FY19.

NOS Tower Sale

NOS announced it had reached an agreement to sell 100% of the share capital of NOS Towering S.A. to Cellnex, encompassing the disposal of approximately 2,000 sites (towers and rooftops). The parties also signed a long-term agreement whereby Cellnex will provide NOS Group with active network hosting over the passive infrastructure acquired, for a period of 15 years which renews automatically for equal periods. In addition, this agreement foresees a perimeter increase of up to 400 additional sites over the next 6 years. The execution of these agreements is subject to the verification of the usual conditions in this type of transaction, notably, if applicable, the non-opposition by the Competition Authority. This operation, which will be accounted as a sale and lease back transaction, was approved after 31 March 2020.

4. Appendix

Consolidated income statement

Million euros

CONSOLIDATED INCOME STATEMENT	1Q19 ^(R)	1Q20	Δ 20/19	4Q19	q.o.q.
Turnover	34.4	29.4	-14.7%	29.8	-1.5%
Service Revenues	11.5	12.7	10.8%	12.3	3.8%
Sales	22.9	16.6	-27.5%	17.5	-5.2%
Other Revenues	0.5	0.4	-24.0%	0.9	-53.7%
Operating Costs	37.3	32.0	-14.2%	34.0	-5.8%
Personnel Costs	11.2	11.4	2.1%	12.1	-5.4%
Commercial Costs ⁽¹⁾	21.1	14.6	-30.8%	14.9	-1.8%
Other Operating Costs ⁽²⁾	5.0	6.0	19.6%	7.0	-14.9%
EBITDA	11.5	-3.3	-	-6.8	51.4%
Underlying EBITDA ⁽³⁾	-2.3	-2.1	9.1%	-1.2	-80.0%
Non recurrent items ⁽⁴⁾	5.2	-0.1	-	-2.1	94.1%
Equity method ⁽⁵⁾	9.3	-1.1	-	-3.6	69.5%
Discontinued Operations ⁽⁶⁾	-0.6	0.0	100.0%	0.0	-100.0%
Underlying EBITDA Margin (%)	-6.8%	-7.2%	-0.4pp	-3.9%	-3.3pp
Depreciation & Amortization	2.1	2.2	4.4%	3.9	-43.8%
EBIT	9.4	-5.5	-	-10.8	48.7%
Net Financial Results	0.1	-0.5	-	-0.1	-
Financial Income	0.5	0.7	34.9%	0.8	-12.0%
Financial Expenses	0.4	1.2	-	0.9	36.1%
EBT	9.6	-6.0	-	-10.8	44.4%
Tax results	1.1	0.7	-34.0%	-0.1	-
Direct Results	10.6	-5.3	-	-10.9	51.2%
Indirect Results ⁽⁷⁾	0.1	0.2	117.0%	27.7	-99.3%
Net Income	10.7	-5.1	-	16.8	-
Group Share	11.1	-4.5	-	17.6	-
Attributable to Non-Controlling Interests	-0.3	-0.6	-88.8%	-0.8	24.9%

(1) Commercial Costs = COGS + Mktg & Sales Costs;

(2) Other Operating Costs = Outsourcing Services + G&A + Provisions + others;

(3) Includes the businesses fully consolidated by Sonaecom;

(4) Includes the capital gain in Saphety's sale;

(5) Includes the 50% holding in Unipress, the 50% holding in SIRS, the 50% holding in Big Data, the 50% holding in ZOPT, the 40% holding in Alfaro, the 27.45% holding in Secucloud, the 22.88% holding in Probe.ly and the 22.88% holding in Suricate Solutions;

(6) Includes Saphety and WeDo contributions until the sale;

(7) Includes equity method adjustments related with AVP Funds and related taxes;

(R) The values were restated in order to reflect Sonaecom structure after Saphety and WeDo sale.

Consolidated balance sheet

Million euros

CONSOLIDATED BALANCE SHEET	1Q19 ^(R)	1Q20	Δ 20/19	4Q19	q.o.q.
Total Net Assets	1,219.4	1,195.7	-1.9%	1,203.0	-0.6%
Non Current Assets	921.1	898.5	-2.5%	897.4	0.1%
Tangible and Intangible Assets and Rights of Use	45.7	21.9	-52.0%	23.0	-4.6%
Goodwill	36.6	14.5	-60.3%	14.5	0.0%
Investments	823.4	848.7	3.1%	847.6	0.1%
Deferred Tax Assets	10.6	4.2	-60.6%	4.3	-1.2%
Others	4.7	9.1	93.8%	8.0	13.6%
Current Assets	298.3	297.2	-0.4%	305.6	-2.7%
Trade Debtors	42.0	20.1	-52.0%	27.2	-26.0%
Liquidity	224.2	251.0	12.0%	255.9	-1.9%
Others	32.1	26.1	-18.8%	22.5	15.9%
Shareholders' Funds	1,079.6	1,067.1	-1.2%	1,072.5	-0.5%
Group Share	1,079.7	1,068.2	-1.1%	1,073.1	-0.5%
Non-Controlling Interests	-0.1	-1.0	-	-0.6	-63.8%
Total Liabilities	139.8	128.6	-8.0%	130.5	-1.4%
Non Current Liabilities	61.1	71.3	16.7%	71.7	-0.6%
Bank Loans	2.7	3.1	13.4%	3.3	-7.1%
Provisions for Other Liabilities and Charges	23.3	30.8	32.2%	30.8	-0.1%
Others	35.1	37.4	6.7%	37.6	-0.4%
Current Liabilities	78.7	57.3	-27.2%	58.8	-2.5%
Loans	3.3	1.0	-70.6%	1.5	-37.0%
Trade Creditors	19.7	19.1	-2.8%	19.0	0.3%
Others	55.8	37.2	-33.2%	38.2	-2.5%
Operating CAPEX ⁽¹⁾	3.2	1.3	-59.1%	4.7	-72.3%
Operating CAPEX as % of Turnover	9.3%	4.5%	-4.9pp	15.9%	-11.4pp
Total CAPEX	10.7	5.1	-52.9%	14.4	-64.8%
Underlying EBITDA - Operating CAPEX	-5.5	-3.4	38.2%	-5.9	42.0%
Gross Debt	23.5	18.5	-21.2%	19.4	-4.8%
Net Debt	-200.7	-232.5	-15.8%	-236.5	1.7%

(1) Operating CAPEX excludes Financial Investments;

(R) The values were restated in order to reflect Sonaecom structure after Saphety and WeDo sale.

The Balance Sheet of 1Q19 was adjusted due to the review of purchase price allocation of Excellium, according to IFRS3.

Consolidated levered FCF

Million euros

LEVERED FREE CASH FLOW	1Q19 ^(R)	1Q20	Δ 20/19	4Q19	q.o.q.
Underlying EBITDA-Operating CAPEX	-5.5	-3.4	37.9%	-5.9	41.8%
Change in WC	0.3	3.1	-	0.1	-
Non Cash Items & Other	1.2	0.3	-73.6%	6.5	-95.3%
Operating Cash Flow	-4.1	-0.1	98.4%	0.6	-
Investments	1.6	-3.7	-	-11.3	66.9%
Dividends	0.0	0.0	-	0.0	-
Financial results	0.3	-0.1	-	-0.1	12.1%
Income taxes	0.5	0.7	39.8%	0.8	-19.1%
FCF⁽¹⁾	-1.7	-3.2	-89.0%	-9.9	67.5%

(1) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs;

(R) The values were restated in order to reflect Sonaecom structure after Saphety and WeDo sale.



II FINANCIAL STATEMENTS

5. Condensed Financial Information

5.1. Sonaecom condensed consolidated financial statements

Condensed consolidated statement of financial position

For periods ended on 31 March 2020 and 31 December 2019

(Amounts expressed in Euro)	Notes	March 2020 (not audited)	December 2019
Assets			
Non-current assets			
Tangible assets		2,468,547	2,140,056
Intangible assets		10,000,706	10,467,620
Right of use		9,474,640	10,403,459
Goodwill		14,520,952	14,520,952
Investments in associated companies and companies jointly controlled	6	787,699,851	789,256,422
Financial assets at fair value through other comprehensive income	7	61,042,380	58,367,022
Deferred tax assets		4,199,532	4,251,266
Other non-current assets		9,089,341	8,003,913
Total non-current assets		898,495,949	897,410,710
Current assets			
Inventories		282,599	240,361
Trade debtors		20,144,073	27,227,731
Other current debtors		8,176,901	8,289,211
Income tax receivable		1,778,624	1,717,566
Other current assets		15,813,380	12,238,902
Cash and cash equivalents		251,024,830	255,877,001
Total current assets		297,220,407	305,590,772
Total assets		1,195,716,356	1,203,001,482
Shareholders' funds and liabilities			
Shareholders' funds			
Share capital		230,391,627	230,391,627
Own shares		(7,686,952)	(7,686,952)
Reserves		849,947,920	798,881,018
Consolidated net income/(loss) for the period		(4,499,225)	51,562,881
		1,068,153,370	1,073,148,574
Non-controlling interests		(1,042,029)	(636,155)
Total Shareholders' funds		1,067,111,341	1,072,512,419
Liabilities			
Non-current liabilities			
Non-current loans net of current position		3,055,588	3,289,931
Non-current lease liabilities		10,984,783	11,156,725
Provisions for other liabilities and charges		30,819,450	30,848,948
Deferred tax liabilities		22,277,609	22,277,675
Other non-current liabilities		4,179,041	4,150,043
Total non-current liabilities		71,316,471	71,723,322
Current liabilities			
Current loans and other loans		961,445	1,525,122
Trade creditors		19,098,259	19,041,965
Current lease liabilities		3,484,576	3,448,361
Other creditors		11,470,299	11,935,197
Income tax payable		106,660	90,458
Other current liabilities		22,167,305	22,724,638
Total current liabilities		57,288,544	58,765,741
Total liabilities		128,605,015	130,489,063
Total Shareholders' funds and liabilities		1,195,716,356	1,203,001,482

The notes are an integral part of the condensed consolidated financial statements.

The Certified Accountant

The Board of Directors

Condensed consolidated income statement by nature

For periods of 3 months ended on 31 March 2020 and 2019 (restated -Note 3)

(Amounts expressed in Euro)	Notes	March 2020 (not audited)	March 2019 (not audited and restated)
Sales	8	16,624,813	22,932,814
Services rendered	8	12,731,744	11,485,661
Other operating revenues		409,952	539,682
		29,766,509	34,958,157
Cost of sales		(14,110,262)	(20,350,544)
External supplies and services		(6,296,653)	(5,716,876)
Staff expenses		(11,425,442)	(11,190,243)
Depreciation and amortisation		(2,203,747)	(2,110,972)
Provisions		(104,743)	83,284
impairment losses		-	1,973
Other operating costs		(64,217)	(105,344)
		(34,205,064)	(39,388,722)
Gains and losses in associated companies and companies jointly controlled	6	(820,227)	9,468,949
Other financial expenses		(1,220,047)	(389,701)
Other financial income		717,744	532,111
Current income / (loss)		(5,761,085)	5,180,794
Income taxation		639,469	1,030,792
Consolidated net income/(loss) for the period of continued operations		(5,121,616)	6,211,586
Consolidated net income/(loss) for the period of discontinued operations		-	4,514,747
Consolidated net income/(loss) for the period		(5,121,616)	10,726,333
Attributed to:			
Shareholders of parent company		(4,499,225)	11,056,073
Non-controlling interests		(622,391)	(554,979)
Non-controlling interests (discontinued operations)		-	225,239
Earnings per share			
Including discontinued operations			
Basic		(0.01)	0.04
Diluted		(0.01)	0.04
Excluding discontinued operations			
Basic		(0.01)	0.04
Diluted		(0.01)	0.04

The notes are an integral part of the condensed consolidated financial statements.

The Certified Accountant

The Board of Directors

Condensed consolidated statement of comprehensive income

For periods of 3 months ended on 31 March 2020 and 2019 (restated -Note 3)

(Amounts expressed in Euro)	Notes	March 2020 (not audited)	March 2019 (not audited and restated)
Consolidated net income / (loss) for the period		(5,121,616)	10,726,333
Components of other consolidated comprehensive income, net of tax, that will be reclassified subsequently to profit or loss:			
Changes in reserves resulting from the application of equity method	6	(879,584)	(50,898)
Changes in currency translation reserve and other		311,899	178,148
Components of other consolidated comprehensive income, net of tax, that will not be reclassified subsequently to profit or loss:			
Changes in reserves resulting from the application of equity method	6	71,706	85,005
Fair value of investments		-	-
Consolidated comprehensive income for the period		(5,617,595)	10,938,588
Attributed to:			
Shareholders of parent company		(4,995,204)	11,268,328
Non-controlling interests		(622,391)	(329,740)

The notes are an integral part of the condensed consolidated financial statements.

The Certified Accountant

The Board of Directors

Condensed consolidated statement of changes in equity

For periods of 3 months ended on 31 March 2020 and 2019 (restated -Note 3)

			Reserves							
(Amounts expressed in Euro)	Share capital	Own shares	Share premium	Legal reserves	Reserves of own shares	Other reserves	Total reserves	Non-controlling	Net income / (loss)	Total
2019										
Balance at 31 December 2019	230,391,627	(7,686,952)	775,290,377	18,545,192	7,686,952	(2,641,503)	798,881,018	(636,155)	51,562,881	1,072,512,419
Appropriation of the consolidated net result of 2019	-	-	-	-	-	51,562,881	51,562,881	-	(51,562,881)	-
Transfers to other reserves	-	-	-	-	-	(495,979)	(495,979)	(622,391)	(4,499,225)	(5,617,595)
Consolidated comprehensive income for the period ended at 31 March 2020	-	-	-	-	-	-	-	216,517	-	216,517
Other changes	-	-	-	-	-	-	-	(1,042,029)	(4,499,225)	(5,538,754)
Balance at 31 March 2020	230,391,627	(7,686,952)	775,290,377	18,545,192	7,686,952	48,425,399	849,947,920			1,067,111,341
	Share capital	Own shares	Share premium	Legal reserves	Reserves of own shares	Other reserves	Total reserves	Non-controlling	Net income / (loss)	Total
2019										
Balance at 31 December 2018 (restated)	230,391,627	(7,686,952)	775,290,377	17,701,887	7,686,952	(25,551,890)	775,127,326	(816,390)	69,963,887	1,066,979,498
Appropriation of the consolidated net result of 2018	-	-	-	-	-	69,963,887	69,963,887	-	(69,963,887)	-
Transfers to other reserves	-	-	-	-	-	-	-	(110,000)	-	(110,000)
Dividend Distribution	-	-	-	-	-	-	-	(189,373)	11,056,073	11,078,955
Consolidated comprehensive income for the period ended at 31 March 2019 (restated)	-	-	-	-	-	212,255	212,255	1,041,467	-	1,722,985
Impacts of fair value adjustments in Goodwill (restated)	-	-	-	-	-	681,518	681,518	(64,039)	-	(64,039)
Other changes	-	-	-	-	-	-	-	(138,335)	11,056,073	1,079,607,399
Balance at 31 March 2019	230,391,627	(7,686,952)	775,290,377	17,701,887	7,686,952	45,305,770	845,984,986			1,079,607,399

The notes are an integral part of the condensed consolidated financial statements.

The Certified Accountant

The Board of Directors



Condensed consolidated cash flow statement

For periods of 3 months ended on 31 March 2020 and 2019 (restated -Note 3)

(Amounts expressed in Euro)	March 2020 (not audited)	March 2019 (not audited)
Operating activities		
Receipts from trade debtors	36,522,557	51,587,728
Payments to trade creditors	(22,912,390)	(30,137,962)
Payments to employees	(11,331,906)	(21,036,640)
Cash flows generated by operations	2,278,261	413,126
Payments / receipts relating to income taxes	(88,172)	(1,037,321)
Other receipts / payments relating to operating activities	(1,033,795)	(638,778)
Cash flows from operating activities (1)	1,156,294	(1,262,973)
Investing activities		
Receipts from:		
Financial investments	-	8,323,096
Tangible assets	596	32,213
Intangible assets	-	(7,203)
Interest and similar income	163,220	150,517
Payments for:		
Financial investments	(3,721,300)	(6,997,566)
Tangible assets	(342,015)	(595,439)
Intangible assets	(47,428)	(254,648)
Cash flows from investing activities (2)	(3,946,927)	650,970
Financing activities		
Receipts from:		
Loans obtained	4,525	-
Payments for:		
Leasing	(1,015,824)	(1,306,647)
Interest and similar expenses	(237,631)	(151,211)
Loans obtained	(794,070)	(2,560,632)
Cash flows from financing activities (3)	(2,043,000)	(4,018,490)
Net cash flows (4)=(1)+(2)+(3)	(4,833,633)	(4,630,493)
Effect of the foreign exchanges	(18,493)	3,280
Cash and cash equivalents at the beginning of the period	255,876,956	228,550,322
Cash and cash equivalents at the end of the period	251,024,830	223,923,109

The notes are an integral part of the condensed consolidated financial statements.

The Certified Accountant

The Board of Directors



5.2. Notes to the condensed consolidated financial statements of Sonaecom

1. Introductory note

SONAECON, SGPS, S.A. (hereinafter referred to as 'the Company' or 'Sonaecom') was established on 6 June 1988, under the name Sonae – Tecnologias de Informação, S.A. and has its head office at Lugar de Espido, Via Norte, Maia – Portugal. It is the parent company of the Group of companies listed in note 4 and 5 ('the Group').

On June 1, 2000, the company was admitted to trading on Euronext Lisbon, however, with effect from February 24, 2014, it was excluded from the PSI-20.

Sonaecom SGPS, S.A. is owned directly by Sontel BV and Sonae SGPS, SA and Efanor Investimentos SGPS, S.A. is the ultimate controlling company.

In addition to the holding activity, the group's businesses essentially consist of media and technology activities. The Group operates in Portugal and has subsidiaries from the information systems consultancy segment operating in about 4 countries.

The condensed consolidated financial statements are presented in euros, rounded to the unit, except when were referred, being the group's main currency. Foreign currency transactions are translated into the functional currency of each entity at the exchange rate on the date of the transaction. The financial statements of subsidiaries with another currency have been converted into euros using the average exchange rates at the reporting date.

2. Main accounting policies and basis of presentation

The condensed consolidated financial statements for the period ended on 31 March 2020, were prepared in accordance with IAS 34 - Interim Financial Reporting. Consequently, these financial statements do not include all the information required by the International Financial Reporting Standards ('IFRS'), so they should be read with the consolidated financial statements for the year end 31 December 2019. The accounting policies and measurement criteria, adopted by the group at 31 March 2020 are consistent with those used in the preparation of 31 December 2019 financial statements, except for the calculation of tax on the period, in accordance with IAS 34.

The condensed consolidated financial statements of Sonaecom Group were prepared on the assumption of continuity of operations, based on the books and accounting records of the companies included in the consolidation, which were prepared in accordance with the International Financial Reporting Standards ('IFRS') as adopted and effective in the European Union and, based on historical cost, except for the revaluation of certain financial instruments.

3. Change in accounting policies and comparability of consolidated financial statements

During the period there were no changes in accounting policies, except for the adoption of new standards whose application became effective on 1 January 2020 which had no material impact on the group's condensed financial statements. No material errors from previous periods have been corrected.

The following standards, interpretations, amendments and revisions have been approved (endorsed) by the European Union, and have mandatory application to the financial years beginning on or after 1 January 2020 and were first adopted in the period ended at 31 March 2020:

- IFRS 3 (amendment): Business combinations (Amendment to the definition of business)
- IFRS 9, IAS 39 and IFRS 7 (amendment): Reform of the reference interest rates (Introduction of exemptions to hedge accounting in order that the reform of the reference interest rates does not determine the cessation of hedge accounting)
- IAS 19 (amendment): Employee benefits (Requires to use updated assumptions to calculate the remaining liabilities after updating, cutting or settling benefits, with an impact on the income statement, except for the reduction of any excess falling under the scope of "asset ceiling")



-IAS 1 and IAS 8 (amendment): Presentation of the financial statements and accounting policies, changes in accounting estimates and errors (Update of the definition of material, when applying the standards to the financial statements as a whole). Conceptual structure - Changes in the reference to other IFRS (Change to some IFRS in relation to cross-references and clarifications on the application of the new definitions of assets / liabilities and expenses / income.

Regarding the new standards that became effective in the financial years beginning on or after 1 January 2020, the Group concluded that the application of these standards did not have a materially effect on the financial statements.

During the period ended at 31 March 2020, to ensure the comparability of the financial statements, the condensed consolidated financial statements for the period ended at 31 March 2019 were restated by the effects described below:

Restatement of the impacts of the alienation of the We Do Group

In July 2019, the We Do Group composed by We Do Consulting – Sistemas de Informação, S.A. (with a share capital held of 100% by Sonae Investment Management - Software and Technology, SGPS, S.A.), Cape Technologies Limited (100% owned by We Do Consulting – Sistemas de Informação, S.A.), Wedo do Brasil Soluções Informáticas, Ltda (99,91% owned by We Do Consulting – Sistemas de Informação, S.A.), We Do Technologies Americas, Inc (100% owned by Cape Technologies Limited), We Do Technologies BV (100% owned by We Do Consulting – Sistemas de Informação, S.A.), We Do Technologies BV – Malaysian Branch (100% owned by We Do Technologies BV), We Do Chile (100% owned by We Do Consulting – Sistemas de Informação, S.A.), We Do Technologies Egypt LLC (90% owned by We Do Technologies BV and 10% by We Do Consulting – Sistemas de Informação, S.A.), We Do Technologies España - Sistemas de Informação, S.L. (100% owned by We Do Consulting – Sistemas de Informação, S.A.), We Do Technologies (UK) Limited (100% owned by We Do Consulting – Sistemas de Informação, S.A.), We Do Technologies Mexico, S de R.L. (99,999% owned by We Do Technologies BV and 0,001% by We Do Consulting – Sistemas de Informação, S.A.) and by Tecnológica Telecomunicações, LTDA. (99,99% owned by Wedo do Brasil Soluções Informáticas, Ltda) was sold to Mobileum Inc.(note 3.c). The Group was classified, for presentation purposes, as a discontinued operation.

As envisaged by IFRS 5, changes were made in the Consolidated Statements of Income by nature for the period ended at 31 March 2019 to reflect in a single item ('Net income for the period of discontinued operations'), on the income statement, the after-tax profits or losses of the discontinued operations.

Goodwill restatement

In December 2018 with the acquisition of Excellium Group, a Goodwill was recorded although the allocation of the purchase price is subject to changes until the completion of the one year period from the date of acquisition, as permitted by IFRS 3 Business Concentrations.

In June 2019, the fair value of the identifiable assets acquired, and liabilities assumed was measured.

As provided in IFRS 3, the provisional amounts recognised at the acquisition date were retrospectively adjusted to reflect the new information obtained on facts and circumstances that existed at the acquisition date and that, if known, would have affected the measurement of the recognised amounts in this date.

The impacts of restating the consolidated accounts in accordance with the changes described above for the period ended March 31, 2019 can be summarised as follows:

(Amounts expressed in Euro)	March 2019 (reported)	Goodwill Excellium's fair value adjustments	Restatement of We Do Group's contribution to discontinued units	March 2019 (restated)
BALANCE SHEET				
Non-current assets				
Tangible assets	3,334,625	(13,484)	-	3,321,141
Intangible assets	22,762,981	3,637,883	-	26,400,864
Goodwill	37,852,644	(1,253,002)	-	36,599,642
Investments in associated companies and companies jointly controlled	789,113,093	(8,103)	-	789,104,990
Current assets				
Trade debtors	41,993,048	15,248	-	42,008,296
Other current debtors	8,671,635	28,000	-	8,699,635
Other current assets	18,004,206	1,690,294	-	19,694,500
Cash and cash equivalents	-	1,956	-	1,956
Shareholders' funds				
Reserves	845,303,445	681,541	-	845,984,986
Non-controlling interests	(1,179,802)	1,041,467	-	(138,335)
Non-current liabilities				
Deferred tax Liabilities	13,957,969	651,023	-	14,608,992
Other non-current liabilities	7,057,006	(219,704)	-	6,837,302
Current liabilities				
Trade creditors	19,641,010	10,153	-	19,651,163
Other creditors	14,404,971	56,400	-	14,461,371
Other current liabilities	34,583,166	2,081,581	-	36,664,747
STATEMENT OF COMPREHENSIVE INCOME				
Total Revenues	48,486,987	(476,145)	(13,052,685)	34,958,157
External supplies and services	(9,824,997)	401,725	3,706,396	(5,716,876)
Other operating costs	(39,571,889)	-	8,011,015	(31,560,874)
Depreciation and amortisation	(3,394,402)	(328,799)	1,612,229	(2,110,972)
Gains and losses in associated companies and companies jointly controlled	9,468,949	-	-	9,468,949
Other financial expenses	(1,027,760)	-	638,059	(389,701)
Other financial income	1,090,143	-	(558,032)	532,111
Income taxation	614,822	59,184	356,786	1,030,792
Net income/(loss) for the period of continued operations	5,841,853	(344,035)	713,768	6,211,586
Net income/(loss) for the period of discontinued operations	5,228,516	-	(713,768)	4,514,747
Non-controlling interests	(414,612)	(140,367)	-	(554,979)
Non-controlling interests (discontinued operations)	225,239	-	-	225,239



4. Companies included in the consolidation

Group companies included in the consolidation through full consolidation method, their head offices, main activities, shareholders and percentage of share capital held at 31 March 2020 and 2019, are as follows:

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				2020		2019	
				Direct	Effective*	Direct	Effective*
Parent company							
SONAECON, S.G.P.S., S.A. ('Sonaecom')	Maia	Management of shareholdings.	-	-	-	-	-
Subsidiaries							
Bright Developement Studio, S.A. ('Bright')	Lisbon	Research, development and commercialization of projects and service solutions in the area of information technology, communications and retail, and consulting activities for business and management.	Sonae IM	100%	100%	100%	100%
Bright Ventures Capital, SCR, S.A.	Lisbon	Realization of investment in venture capital, management of venture capital funds and investment in venture capital fund units.	Bright	100%	100%	100%	100%
Cape Technologies Limited ('Cape Technologies') (d)	Dublin	Rendering of consultancy services in the area of information systems.	We Do	Alienated		100%	100%
Digitmarket - Sistemas de Informação, S.A. ('Digitmarket' - using the brand 'Bizdirect')	Maia	Development of management platforms and commercialisation of products, services and information, with the internet as its main support.	Sonae IM	75.00%	75.00%	75.00%	75.00%
Excellium Group, S.A. ('Excellium')	Contem	Excellium assist enterprises to perform business and risk assessments, define security policies and procedures, respond to security incidents and deliver computer forensics services.	Sonae IM	59.20%	59.20%	59.20%	59.20%
Excellium Services, S.A. ('Excellium Services')	Contem	Provide services within the IT and cybersecurity domain mainly to Luxembourgish institutions, banks and insurance companies.	Sonae IM	59.20%	59.20%	59.20%	59.20%
Excellium Services Belgium, S.A. ('Excellium Services Belgium')	Wavre	Provide services within the IT and cybersecurity domain mainly to Belgium institutions, banks and insurance companies.	Sonae IM	59.20%	59.20%	59.20%	59.20%
Excellium Factory SARL ('Excellium Factory')	Raouad-Ariana	Vehicle for the Excellium product development in Africa.	Sonae IM	80%	47.36%	80.00%	47.36%
Inovretail, S.A.	Oporto	Industry and comércio of electronic equipment and software; development, installation, implementation, training and maintenance of systems and software products; rental equipment, sale of software use license; consulting business, advisory in retail segments, industry and services.	Sonae IM	100%	100%	100%	100%
Inovretail España, SL ('Inovretail España')	Madrid	Industry and comércio of electronic equipment and software; development, installation, implementation, training and maintenance of systems and software products; rental equipment, sale of software use license; consulting business, advisory in retail segments, industry and services.	Inovretail	100%	100%	100%	100%
Fundo Bright Vector I ('Bright Vector I')	Lisbon	Venture Capital Fund	Sonae IM	50.13%	50.13%	50.13%	50.13%
Nextel, S.A. (Nextel) (a)	Bilbao	Rendering of engineering and IT consulting services specializing in information security and management of telecommunications services.	S21Sec Gestion	Merged with S21Sec Gestion		100%	80.90%
Mxtel, S.A. de CV (Mxtel)	Mexico City	Rendering of engineering and IT consulting services specializing in information security and management of telecommunications services.	S21Sec Gestion	99.93%	80.90%	99.93%	80.90%
PCJ - Público, Comunicação e Jornalismo, S.A. ('PCJ')	Maia	Editing, composition and publication of periodical and non-periodical material and the exploration of radio and TV stations and studios.	Sonaecom	100%	100%	100%	100%
Praesidium Services Limited ('Praesidium Services')	Berkshire	Rendering of consultancy services in the area of information systems.	Sonae IM	100%	100%	100%	100%
Público - Comunicação Social, S.A. ('Público')	Oporto	Editing, composition and publication of periodical and non-periodical material.	Sonaecom	100%	100%	100%	100%
S21Sec Portugal Cybersecurity Services, S.A. ('S21Sec Portugal')	Maia	Commercialization of products and management services, implementation and consulting in information systems and technologies areas.	S21Sec Gestion	100%	80.90%	100%	80.90%
S21Sec Brasil, Ltda ('S21Sec Brasil') (b)	São Paulo	Consulting in information technology. Development and licensing of customizable computer programs. Development of custom computer programs. Technical support, maintenance and other services in information technology.	S21Sec Gestion S21Sec Labs	Discontinued		99.99% 0.01%	80.90%
S21Sec Gestion, S.A. ('S21Sec Gestion')	Guipuzcoa	Consulting, advisory, audit and maintenance of all types of facilities and advanced communications services and security systems. Purchase and installation of advanced communications and security systems produced by others.	Sonaecom CSI	80.90%	80.90%	80.90%	80.90%
S21Sec Information Security Labs, S.L. ('S21Sec Labs')	Navarra	Research, development and innovation, as well as consulting, maintenance and audit for products, systems, facilities and communication and security services.	S21Sec Gestion	100%	80.90%	100%	80.90%
S21Sec, S.A. de CV ('S21Sec, S.A. de CV')	Mexico City	Computer consulting services	S21Sec Gestion S21Sec Labs	99.9996% 0.0004%	80.90%	99.9996% 0.0004%	80.90%

* Sonaecom effective participation

Company (Commercial brand)	Head office	Main activity	Shareholder	Percentage of share capital held			
				Direct	Effective*	Direct	Effective*
Sonaecom - CyberSecurity and Intelligence, SGPS, S.A. ('Sonaecom CSI')	Maia	Management of shareholdings.	Sonaecom IM	100%	100%	100%	100%
Sonaecom - Serviços Partilhados, S.A. ('Sonaecom SP')	Maia	Support, management consulting and administration, particularly in the areas of accounting, taxation, administrative procedures, logistics, human resources and training.	Sonaecom	100%	100%	100%	100%
Sonaecom Investment Management - Software and Technology, SGPS, S.A. ('Sonaecom IM')	Maia	Management of shareholdings in the area of corporate ventures and joint ventures.	Sonaecom	100%	100%	100%	100%
Taikai, LTDA ('Taikai') (c)	Oporto	Research, design and development of products and services in the field of information technologies, as well as investment and training related to the development of new business information systems.	Bright	-	-	99.01%	99.01%
Tecnológica Telecomunicações, LTDA. ('Tecnológica') (d)	Rio de Janeiro	Rendering of consultancy and technical assistance in the area of IT systems and telecommunications.	We Do Brasil	Alienated		99.99%	99.90%
We Do Consulting - Sistemas de Informação, S.A. ('We Do') (d)	Maia	Rendering of consultancy services in the area of information systems.	Sonaecom IM	Alienated		100%	100%
We Do Brasil Soluções Informáticas, Ltda. ('We Do Brasil') (d)	Rio de Janeiro	Commercialisation of software and hardware; rendering of consultancy and technical assistance related to information technology and data processing.	We Do	Alienated		99.91%	99.91%
We Do Technologies Americas, Inc ('We Do USA') (d)	Delaware	Rendering of consultancy services in the area of information systems.	We Do	Alienated		100%	100%
We Do Technologies BV ('We Do BV') (d)	Amsterdam	Management of shareholdings.	We Do	Alienated		100%	100%
We Do Technologies BV - Malaysian Branch ('We Do Malaysia') (d)	Kuala Lumpur	Rendering of consultancy services in the area of information systems.	We Do BV	Alienated		100%	100%
We Do Chile ('We Do Chile') (d)	Santiago do Chile	Rendering of consultancy services in the area of information systems.	We Do	Alienated		100%	100%
We Do Technologies Egypt LLC ('We Do Egypt') (d)	Cairo	Rendering of consultancy services in the area of information systems.	We Do BV We Do	Alienated		90% 10%	100%
We Do Technologies España - Sistemas de Informação, S.L. ('We Do España') (d)	Madrid	Rendering of consultancy services in the area of information systems.	We Do	Alienated		100%	100%
We Do Technologies (UK) Limited ('We Do UK') (d)	Berkshire	Rendering of consultancy services in the area of information systems.	We Do	Alienated		100%	100%
We Do Technologies Mexico, S de RL. ('We Do México') (d)	Mexico City	Rendering of consultancy services in the area of information systems.	We Do We Do BV	Alienated		0.001% 99.999%	100%

* Sonaecom effective participation

(a) In May 2019, with reference to 1 January 2019, Nextel merged into S21Sec Gestion.

(b) In June 2019, the liquidation process of the subsidiary S21 Sec Brasil was completed.

(c) In November 2019, a capital increase was made at Taikai, which Sonaecom IM did not subscribe to, resulting in the dilution of its participation and consequent loss of control and significant influence in the company.

The investment in this company at 31 December 2019 is now recorded in Investments at fair value through other comprehensive income.

(d) On 13 August 2019, Sonaecom IM sold its participation of We Do, with effect at 31st July 2019.

5. Changes in the group

During the periods ended at 31 March 2020 and 2019, the following changes occurred in the composition of the Group:

a) Acquisitions

Shareholder	Subsidiary	Date
2020		
Sonaecom IM	Sales Layer Tech, S.L. (note 7)	Mar-20
2019		
Sonaecom IM	Fundo de Capital de Risco Armilar Venture Partners Inovação e Internacionalização ('Armlar I+I') (note 6)	Jan-19
Sonaecom IM	ViSenze Pte. Ltd ('ViSenze') (note 7)	Feb-19
Sonaecom IM	Case on IT, S.L. ('Case on IT') (note 7)	Feb-19
Sonaecom IM	CB-4, Ltd ('CB-4') (note 7)	Feb-19
Fundo Bright Vector I	Automais, Lda ('Automais') (note 7)	Mar-19

b) Alienations

Shareholder	Subsidiary	Date
2019		
Sonae IM	Saphety	Mar-19
Saphety	Saphety Brasil	Mar-19
Saphety	Saphety Colombia	Mar-19

Effects of the alienation of subsidiaries in the condensed consolidated financial statements

In March 2019, the companies that are part of the Saphety Group were alienated by the amount of Euro 8,580,809 (includes the amount of Euro 2,723,878 related to loans) to its management team, supported by Oxy Capital. As a result of the value of sale and the derecognition of the Saphety Group, an add value of Euro 4,933,947 was registered, as detailed below:

	Saphety Group
(Amounts expressed in Euro)	March 2019
Acquired assets	
Tangible assets	(280,044)
Intangible assets	(2,303,459)
Rights of use	(1,487,795)
Deferred tax assets	(123,408)
Trade debtors	(2,725,770)
Other current debtors	(209,344)
Other current assets	(831,324)
Cash and cash equivalents	(257,712)
	(8,218,856)
Acquired liabilities	
Loans obtained	154,202
Trade creditors	662,099
Other current creditors	597,649
Other current liabilities	2,484,972
	3,898,922
Total net assets derecognised	4,319,934
Total net assets of non-controlling interests derecognised	(571,288)
Exchange reserves	(101,784)
Total net assets after non-controlling interests derecognised	3,646,862
Amount received	8,580,809
Gain / (loss) resulting from the sale	4,933,947

6. Investments in associated companies and companies jointly controlled

The associated companies and the companies jointly controlled, their head offices, percentage of ownership and value in profit and loss statement at 31 March 2020 and 2019 are as follows:

Head Office		Percentage of ownership				Value in profit and loss statement	
		31 March 2020		31 March 2019		31 March 2020	31 March 2019 (restated)
		Direct	Total	Direct	Total		
ZOPT, SGPS, S.A. ('ZOPT') (a)	Oporto	50.00%	50.00%	50.00%	50.00%	(1,000,368)	9,587,522
Unipress – Centro Gráfico, Lda. ('Unipress')	Vila Nova de Gaia	50.00%	50.00%	50.00%	50.00%	8,871	36,471
SIRS - Sociedade Independente de Radiodifusão Sonora, S.A. ('Rádio Nova')	Oporto	50.00%	50.00%	50.00%	50.00%	(17,001)	11,967
Intelligent Big Data, S.L. ('Big Data') (b)	Gipuzcoa	50.00%	50.00%	50.00%	50.00%	-	(448)
Fundo de Capital de Risco Armilar Venture Partners II (Armilar II)	Lisboa	50.74%	50.74%	50.74%	50.74%	42,774	47,767
Fundo de Capital de Risco Armilar Venture Partners III (Armilar III) (c)	Lisboa	42.80%	42.80%	42.68%	42.68%	231,626	74,296
Fundo de Capital de Risco Armilar Venture Partners Inovação e Internacionalização (Armilar I+I)	Lisboa	38.25%	38.25%	38.25%	38.25%	(11,651)	(1,007)
Secucloud Network GmbH ('Secucloud')	Hamburg	27.45%	27.45%	27.45%	27.45%	(85,001)	(262,157)
Probe.ly	Lisbon	21.21%	21.21%	21.21%	21.21%	(631)	(8,071)
Suricate Solutions	Luxembourg	20.00%	11.84%	20.00%	11.84%	12,727	(16,356)
Alfaros SAR	Tunisia	40.00%	23.68%	40.00%	23.68%	(1,573)	(1,035)
Total						(820,227)	9,468,949

(a) Includes the incorporation of the results of the subsidiaries in proportion to the capital held.

(b) Company directly owned by S21 Sec Gestion

(c) In April 2019 and November 2019 a capital increase of Euro 89,819 and Euro 206,295 respectively was subscribed, resulting in a variation of the effective participation of 0.12%

As a result of the Funds' legislation, Sonaecom does not have control over them, since it does not have control over its management entity.


In accordance with the IFRS 11, the classification of investments in companies jointly controlled is determined based on the existence of an agreement that clearly demonstrate and regulate the joint control. The Group held associated and jointly controlled companies, as decomposed below.

The division by company of the amount included in the investments in associated companies and join controlled at 31 March 2020 and 31 December 2019 is as follows:

	31 March 2020			31 December 2019		
	Ownership value	Goodwill	Total investment	Ownership value	Goodwill	Total investment
Investments in companies jointly controlled						
Zopt	552,888,498	87,527,500	640,415,998	554,696,744	87,527,500	642,224,244
Unipress	489,188	321,700	810,888	480,317	321,700	802,017
SIRS	14,626	-	14,626	14,626	-	14,626
	553,392,312	87,849,200	641,241,512	555,191,687	87,849,200	643,040,887
Investments in associated companies						
Armilar II	94,230,382	-	94,230,382	94,176,915	-	94,176,915
Armilar III	32,997,387	-	32,997,387	32,707,854	-	32,707,854
Armilar I+I	17,042,382	-	17,042,382	17,056,946	-	17,056,946
Secucloud	(2,444,639)	4,419,742	1,975,103	(2,359,638)	4,419,742	2,060,104
Probe.ly	(120,303)	297,168	176,865	(119,672)	297,168	177,496
Suricate Solutions	31,278	-	31,278	4,942	-	4,942
Alfaros SARL	4,942	-	4,942	31,278	-	31,278
	141,741,429	4,716,910	146,458,339	141,498,625	4,716,910	146,215,535
Total	695,133,741	92,566,110	787,699,851	696,690,312	92,566,110	789,256,422

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

As at 31 March 2020, it was understood that the assumptions made in the impairment tests carried out in 2019 did not have significant variations.



With regard to ZOPT's financial participations in Finstar and ZAP Media (Finstar consolidated), the Board of Directors of ZOPT is certain that the patrimony seizure to Mrs. Isabel dos Santos, in the specific case of the shares held by her in Finstar and ZAP Media (where she holds 70% of the capital), does not change the control profile, in this case joint control as defined in IFRS 11, it is not expected to have relevant consequences for the operational management of companies, in addition to restrictions on the distribution of dividends in these companies.

In February 2020, ZOPT became aware that, with the exception of the Caixa Geral de Depósitos account (in which NOS' shares are deposited), its bank accounts are unavailable, which may have resulted from requests for international judicial cooperation issued by the Angolan State. Such apprehensions were not even legally notified to ZOPT, and no action was taken by the Company, namely for the purpose of eventual pronouncement. Without prejudice to this, on 27 March, the arrest of ZOPT bank accounts was lifted, by court order, which was informed that most of its bank accounts were already available again.

In the beginning of April, NOS announced that it had entered into an agreement with Tofane Global, SAS for the sale of the entire share capital of NOS International Carrier Services SA to iBasis, a wholly-owned subsidiary of Tofane and another, for the provision of Group companies. NOS for international voice and SMS wholesale services, which were previously provided by NOS ICS. The conclusion of this agreement is subject to non-opposition by the Competition Authority. Considering that the approval of the transaction occurred before 31 March 2020, NOS' accounts were restated for the period ended in March 2020 and for the year 2019.

As described in Note 11, on 4 April 2020, SONAECON, was informed by its subsidiary ZOPT about the communication received from the Central Criminal Investigation Court of Lisbon to proceed to the preventive arrest of 26.075% of NOS share capital.

ZOPT Group provisions

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

1. Actions by MEO against NOS S.A., NOS Madeira and NOS Açores and by NOS S.A. against MEO

- At the beginning of March 2020, the parties were notified of the scheduled judicial due diligence for 17 April 2020, with a view to scheduling the acts to be carried out at the final hearing, establishing the number of sessions and their likely duration, as well as the designation of the respective dates and, also, attempted conciliation. However, in view of the contingency period in which we find ourselves, this judicial process was cancelled. It is the understanding of the Board of Directors, corroborated by the attorneys accompanying the process, that it is, in formal and substantive terms, likely that NOS SA will be able to win the lawsuit, due to MEO already having been convicted for the same offences by ANACOM, however, it is not possible to determine the outcome of the action.

2. Action brought by DECO


The process has already been redistributed and the previous hearing was scheduled for 23 April 2020. However, in view of the contingency period in which we find ourselves, the above mentioned judicial procedure was cancelled. The Board of Directors is convinced that the arguments used by the author are not justified, which is why it is believed that the outcome of the proceeding should not result in significant impacts for the Group's financial statements.

3. Contractual Penalties

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

Another subjects

With the emergence, spread and infection of the new coronavirus COVID-19, several measures were taken to contain the virus with very significant estimated impacts on the Portuguese economy, as well as in other economies, namely, limitations on travel rights and closure of several facilities and establishments.



This is a situation of uncertainty and very dynamic, which makes it extremely difficult to estimate impacts, which always have to consider several scenarios and countless variables. Evidence of this difficulty is the historical drops and sharp volatility of exchanges, all over the world.

The impacts on ZOPT through participation in NOS were already felt in the results of the first quarter of 2020, with a drop in consolidated EBITDA of 4.6%, which show a reduction in activity in:

- i. Cinemas and Audiovisuals: reduction in attendance at movie theaters and closure since March 16, with the postponement of the debut of several titles;
- 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 on the evolution customer take-up of 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 and advertising content.

NOS is committed to supporting its customers during the current public health crisis COVID-19. At a time when many Portuguese are changing their habits and routines and working remotely, keeping our customers connected is the main objective of NOS. To this end, we facilitate access to services, through data offers, suspension of monthly payment of premium sports channels, reinforcement of the ability to implement business services and guaranteeing a safe and secure service in our stores, in order to safeguard our customers, employees and partners. The NOS Telecommunications Network supports a set of basic services of our society, which include our National Health System. In this context of global health emergency, the maintenance of Portuguese communications is a fundamental task.

Thus, as a result of the negative impacts estimated with the spread of the new Covid-19 coronavirus, the following impacts were recognized in the first quarter of 2020 in NOS accounts:

- i. significant drop in revenue related to premium sports channels, which led to the recognition of an impairment for the financial investment of Sport TV in the amount of 3.9 million euros;
- ii. taking into account also the negative impacts estimated with the spread of the new coronavirus COVID-19 plus the destabilisation of the Angolan economy with the drop in demand for oil, impairments were recognised for the value of dividends and other accounts receivable from the subsidiary Angolan Finstar, in the amount of 4.6 million euros;
- iii. a review of the impairment tests was also carried out, not having been concluded due to any indication of impairment, either in Goodwill or in other types of assets;
- iv. reinforcement of expected credit losses from accounts receivable, in the amount of approximately 21.2 million euros, resulting from the incorporation, in the projection model of future collections, of the new projections released by Banco de Portugal for growth GDP and unemployment rate for the next 3 years, and identification of customers particularly affected by the current crisis, namely, in the cinema business;
- v. recognition of expected credit losses from all defaults billed to customers and not provisioned, in the amount of approximately 7.0 million euros, as a consequence of the foreseeable sharp reduction in their collection;
- vi. loss recognition for onerous contracts related to premium sports content, in the amount of 10.8 million euros;
- vii. and losses related to the acquisition of various security materials to combat the spread of the new Covid-19 coronavirus, in the amount of approximately 1.6 million euros;

In terms of the projection of future impacts, these will depend on the extent, namely timing, of the spread of the virus and the respective containment measures, making it difficult to predict the scale of the impact, in the knowledge, however, that it will occur in the areas mentioned above. NOS 'capital structure is within the 2x Net Financial Debt / EBITDA After Leasings Payments (EBITDA - Leasings Payments (Capital and Interest)) threshold, so the Board of Directors believes that the company will overcome the negative impacts caused by this crisis, without jeopardizing business continuity.



7. Financial assets at fair value through other comprehensive income

At 31 March 2020 and 31 December 2019, this caption was composed as follows:

	31 March 2020	31 December 2019
Arctic wolf	12,101,193	12,101,193
Ometria	8,095,987	8,095,987
Sixgill	5,415,162	5,415,162
Cellwize	5,357,593	5,357,593
ViSenze	5,260,238	5,260,238
CB4	4,368,720	4,368,720
Case on IT	2,930,744	2,930,744
Daisy Intelligence	2,406,623	2,406,623
Reblaze	2,352,438	2,352,438
Nextail	2,300,000	2,300,000
Sales Layer	2,500,358	-
ciValue	1,970,097	1,970,097
StyleSage	1,848,578	1,848,578
Jscrambler	1,250,000	1,250,000
Whitefantasy	640,804	640,804
Fyde	443,687	443,687
Others	1,800,158	1,625,158
	61,042,380	58,367,022

At 31 March 2020, these investments correspond to shareholdings in unlisted companies in which the Group has no significant influence.

According to IFRS 9 these investment are defined as 'Investments at fair value through other consolidated comprehensive income' as they are held as long-term strategic investments and there is no expectation that these investments will be sold in the short and medium term, and, so, were irrevocably designated as investments at fair value through other comprehensive income. For investments with a maturity of less than a year the acquisition costs were considered as a reasonable approximation of their fair value. For investments with a maturity greater than a year the subsequent changes in fair value are presented through other consolidated comprehensive income.

In the periods ended at 31 March 2020 and 2019, the change in investments at fair value through other comprehensive income was as follows:

	31 March 2020	31 March 2019
Opening balance	58,367,022	28,101,682
Acquisitions/Capital Increases	2,675,358	6,194,891
Closing balance	61,042,380	34,296,573

Arctic Wolf

Arctic Wolf, a US based company, is a global pioneer in the SOC-as-a-Service market with cutting-edge managed detection and response (MDR), which provides a unique combination of technology and services for clients to quickly detect and contain threats. American technology investors Lightspeed Venture Partners and Redpoint joined Sonae IM and Knollwood Investment Advisory in the Series B financing round. During 2018, the company closed in USD 45 million Series C financing round and at the end of 2019, launched a new USD 60 million Series D round, which ended in the beginning of 2020 with a significantly higher appreciation. Sonae IM participated in both rounds, reinforcing its participation.

Ometria

Ometria is an English based company AI powered customer marketing platform with the vision to become the central hub that powers all the communication between retailers and their customers. This investment was made by Sonae IM in 2017 in a Series A financing round, together with several strategic investors (including Summit Action, the Summit Series VC fund) and was reinforced in 2019 during a Series B financing round.



Sixgill

In December 2019, Sonae IM invested in Sixgill which is a leader in the cybersecurity intelligence market in the deep and dark web. Sixgill helps Fortune 500 companies, financial institutions, governments and law enforcement authorities to protect their finances, their networks and their reputation for cyber attacks that exist on deep, dark and surface webs. Its advanced technology platform manages to automate all phases of the intelligence cycle - data collection, analysis and dissemination - providing organizations with unique and actionable information to protect their assets from various cyber threat scenarios, which are constantly evolving. The USD 15 million financing round was led by Sonae IM and REV Venture Partners, with the participation of Our Crowd, with previous investors, Elron and Terra Venture Partners, also participating in the investment round.

Cellwize

Cellwize provides network orchestration and automation solutions for global telecom operators, located in Israel. Cellwize, through a virtualised service orchestration platform, offers modular solutions for agile adoption of capabilities for 'zero-touch' automation on the network. Supports network operations, especially due to the increase in network density and complexity, driven by the adoption of 5G. ISonae IM invested in a USD 15 million lled by Deutsche Telekom Capital Partners.

ViSenze

ViSenze is a company that delivers intelligent image recognition solutions that shorten the path to action as consumers search and discover on the visual web. Retailers use ViSenze to convert images into immediate product search opportunities, improving conversion rates. Media companies use ViSenze to turn any image or video into a retention opportunity, generating additional revenue. In November 2018, Sonae IM co-led a USD 20 million Series C financing round with Gobi Partners that will allow the artificial intelligence company to further invest in penetration among smartphone manufacturers, as well as consumer applications and social communication.

CB4

CB4 provides a patented artificial intelligence software solution for traditional retailers to identify and correct critical in-store operational problems. The investment was made in February 2019, as part of a USD 16 million Series B financing round led by Octopus Ventures and with the participation of Sonae IM. Existing investors Sequoia Capital and Pereg Ventures also participated in the round.

Case on IT

The product of the company called MedUx is a machine learning solution for the measurement, prediction and analysis of landline, mobile and television services quality. Medux measures the customer experience in markets that together serve more than 600 million users worldwide. The company launched a Series B investment round with Sonae IM.

Daisy Intelligence

The company develops an Artificial Intelligence (AI) platform for retail and insurance companies in order to improve their management and risk management performance. In 2019, Sonae IM, together with Framework Venture Partners, invested in a Series A financing round of CAD 10 million (about Euro 7 million).

Reblaze

The company provides propriety security technologies in a unified platform, shielding assets from threats found on the Internet. In 2018, the company launched a Series A investment round, led by Sonae IM together with JAL Ventures and Data Point Capital.

Nextail

This company developed a cloud-based platform that combines artificial intelligence and prescriptive analytics to upgrade retailers' inventory management processes and store operations. In 2018, the company launched a USD 10.0 million Series A investment round, led by London and Amsterdam-based venture capital firm KEEN Venture Partners LLP ("KEEN"), together with Sonae IM and the current investor Nauta Capital. The new funding is being used to accelerate product development and double the size of the team as it grows internationally.

ciValue

ciValue is a disruptive provider of cloud-based Precision Marketing and Supplier Advertising Platforms for Retailers. In 2018, Sonae IM, together with Nielsen, led a USD 6 million Series A investment round.

Sales Layer

Sales Layer is a company based in Spain with a cloud based product information management solution (Product Information Management or PIM), which helps brands and retailers to transform their catalogs into a digital, enriched and multichannel control center. Sonae IM recently led its Series A investment round.

Style Sage

The company is a strategic analytics SaaS platform that helps fashion, home and beauty retailers and brands with critical pre, in and post season decisions globally. Stylesage daily extracts product data from websites of e-commerce competitors around the world. Then, with innovative technology in machine learning and visual recognition, Stylesage treats, organizes and analyzes the huge amounts of data collected in a cloud-based dashboard that allows brands and retailers to make informed and targeted decisions in areas such as line planning, price optimization and global expansion.

Jsrambler

The main activity of the company is develop a security solution to protect Web and Mobile Applications (Javascript code). In 2018, the company launched a Series A investment round in the amount of USD 2.3 million, which was led by Sonae IM, with Portugal Ventures as a co-investor.

Whitefantasy

The company develops digital solutions and dedicates its activity to computer programming activities.

Fyde

The Fyde app allows users to securely surf the internet and access corporate resources on any device with performance optimised over traditional solutions like VPN, SWG or NAC.

8. Sales and services rendered

At 31 March 2020 and 2019, this caption was composed as follows:

	2020	2019
Information Systems	25,631,403	30,693,321
Multimedia and others	3,725,154	3,725,154
	<u>29,356,557</u>	<u>34,418,475</u>

The detail of unrecognised revenue related to performance obligations of contracts with customers not satisfied in the period ended at 31 March 2020, by type of contract and according to its duration, is as follows:

	Contract with customer duration				
	2020	2021	2022	>2022	Total
Technologies:					
Cybersecurity	5,037,870	5,519,703	2,989,285	2,002,121	15,548,979
Others	23,559	23,559	-	-	47,118
Total revenue from contracts with customers	<u>5,061,429</u>	<u>5,543,262</u>	<u>2,989,285</u>	<u>2,002,121</u>	<u>15,596,097</u>



9. Segment information

In the periods ended at 31 March 2020 and 2019, the following business segments were identified:

- Media;
- Technologies; and
- Holding activities.

These segments were identified taking into consideration the following criteria/conditions: the fact of being group units that develop activities where we can separately identify revenues and expenses, for which financial information is separately developed and their operating results are regularly reviewed by management and over which decisions are made. For example, decisions about allocation of resources, for having similar products/services and also taking into consideration the quantitative threshold (in accordance with IFRS 8).

The segment 'Holding activities' includes the operations of the Group companies that have as their main activity the management of shareholdings.

Excluding the ones mentioned above, the remaining activities of the Group have been classified as unallocated.

Inter-segment transactions during the years ended on 31 March 2020 and 2019 were eliminated in the consolidation process. All these transactions were made at market prices.

Inter-segment transfers or transactions were entered under the normal commercial terms and conditions that would also be available to unrelated third parties and were mainly related to interest on treasury applications and management fees.

Overall information by business segment at 31 March 2020, 2019 and 31 December 2019, prepared in accordance with the same accounting policies and measurement criteria adopted in the preparation of the consolidated financial statements, can be summarised as follows:

	Media		Technologies		Holding Activities		Subtotal		Eliminations and others		Total	
	March 2020	March 2019	March 2020	March 2019 (restated)	March 2020	March 2019	March 2020	March 2019 (restated)	March 2020	March 2019 (restated)	March 2020	March 2019 (restated)
Revenues:												
Sales and services rendered (restated)	3,452,887	3,588,051	25,700,308	30,658,705	85,625	89,769	29,238,820	34,336,525	117,737	81,950	29,356,557	34,418,475
Other operating revenues (restated)	106,806	149,590	258,000	387,641	19,410	552	428,724	689,524	131,395	(136,435)	409,952	539,682
Total revenues	3,559,693	3,737,641	25,958,308	31,046,346	105,035	90,321	29,623,036	34,874,308	249,132	(54,485)	29,766,509	34,958,157
Depreciation and amortisation (restated)	(278,902)	(253,259)	(1,810,333)	(1,744,691)	(7,852)	(8,441)	(2,097,087)	(2,006,391)	(106,660)	(104,581)	(2,203,747)	(2,110,972)
Provisions and impairment losses (restated)	-	-	(40,604)	1,973	(64,139)	83,284	(104,743)	85,257	-	-	(104,743)	85,257
Net operating income / (loss) for the segment	(964,968)	(865,083)	(3,399,483)	(3,251,892)	(345,724)	(350,854)	(4,710,175)	(4,467,829)	271,620	37,264	(4,438,555)	(4,430,565)
Interest income (restated)	4,700	1,388	41,653	101,870	238,321	243,442	284,674	346,700	(72,619)	(116,144)	212,055	230,556
Interest expenses (restated)	(4,294)	(6,045)	(209,994)	(277,605)	(516)	(808)	(214,804)	(284,458)	9,767	146,094	(205,037)	(138,364)
Gains and losses in associated companies and joint ventures (re	(8,130)	48,438	188,271	(166,563)	(1,000,368)	9,417,183	(820,227)	9,299,058	-	(426)	(820,227)	9,298,632
Other financial results (restated)	(3,273)	(937)	(389,510)	60,203	(419,279)	(353,266)	(812,062)	(294,000)	302,741	344,218	(509,321)	50,218
Income taxation (restated)	232,899	289,197	384,519	525,612	42,948	20,582	660,366	835,391	(20,897)	195,401	639,469	1,030,792
Consolidated net income/(loss) for the period (restated)	(743,066)	(533,042)	(3,298,912)	(3,008,375)	(1,570,250)	8,976,279	(5,612,228)	5,434,862	490,612	612,048	(5,121,616)	6,041,269
Consolidated net income/(loss) for the period of discontinued operations	-	-	-	4,278,434	-	-	-	4,278,434	-	236,313	-	4,514,747
Attributable to:												
Shareholders of parent company (restated)	(743,066)	(533,042)	(2,690,055)	897,628	(1,570,250)	8,976,279	(5,003,371)	9,340,865	(740,636)	885,411	(5,744,007)	10,226,276
Non-controlling interests (restated)	-	-	(608,857)	372,431	-	-	(608,857)	372,431	1,231,248	(42,691)	622,391	329,740
	March 2020	December 2019	March 2020	December 2019	March 2020	December 2019	March 2020	December 2019	March 2020	December 2019	March 2020	December 2019
Assets:												
Tangible and intangible assets, Right of use and goodwill (restated)	1,040,772	1,085,100	32,468,035	33,439,077	91,330	99,182	33,600,137	34,623,359	2,864,708	2,908,728	36,464,845	37,532,087
Inventories	225,118	230,916	57,481	9,445	-	-	282,599	240,361	-	-	282,599	240,361
Investments in associated companies and joint ventures (restated)	825,514	781,401	146,458,339	146,215,537	640,415,998	642,224,244	787,699,851	789,221,182	-	35,240	787,699,851	789,256,422
Financial assets at fair value through other comprehensive income (restated)	47,947	30,242	60,994,433	58,319,075	-	59,632,613	61,042,380	117,981,930	-	(59,614,908)	61,042,380	58,367,022
Other non-current assets and deferred tax assets (restated)	158,746	155,743	9,647,140	8,652,419	90,566,936	89,366,779	100,372,822	98,174,941	(87,082,645)	(85,919,762)	13,290,177	12,255,179
Other current assets of the segment (restated)	9,887,353	10,261,294	43,107,211	47,853,751	236,613,940	238,142,387	289,608,504	296,257,432	7,329,304	9,092,979	296,937,808	305,350,411
Liabilities:												
Liabilities of the segment (restated)	8,450,927	7,704,711	100,322,653	102,200,346	2,323,534	(2,412,829)	111,097,114	107,492,228	17,507,901	22,996,835	128,605,015	130,489,063
CAPEX	237,428	137,712	4,802,850	9,860,476	3,721,464	6,696,258	8,761,743	16,694,446	(3,705,104)	(5,967,547)	5,056,639	10,726,899

During the period ended at 31 March 2020 and 2019, the inter-segments sales and services were as follows:

	Multimedia	Information Systems	Holding Activities
2020			
Multimedia	-	19,621	-
Information Systems	-	-	40,000
Holding Activities	-	8,750	-
External trade debtors	3,452,887	25,671,937	45,625
	3,452,887	25,700,308	85,625
2019			
Multimedia	-	36,560	-
Information Systems	30,000	-	39,953
Holding Activities	-	109	-
External trade debtors	3,558,051	30,622,036	49,816
	3,588,051	30,658,705	89,769

During the periods ended on 31 March 2020, and 2019 sales and services rendered in the Multimedia and Holding Activities segments were obtained predominantly in the Portuguese market, with this market representing approximately 97% and 100% of revenue, respectively.

During the period ended on 31 March 2020, for the Technologies segment, the Portuguese market is also dominant, representing 55.4% of revenue (61.4% in 2019) followed by the Spanish market representing 26.51% of revenue (22.78% in 2019).

10. Related parties

During the periods ended at 31 March 2020 and 2019, the balances and transactions maintained with related parties were mainly associated with the normal operational activity of the Group and to the concession and obtainment of loans.

The most significant balances and transactions with related parties, which are listed in the appendix to this report, during the periods ended at 31 March 2020 and 2019 were as follows:

						Balances at 31 March 2020
	Accounts receivable	Accounts payable	Treasury applications	Other assets	Other liabilities	Loans granted
Parent Company (Sonae SGPS)	4,010,845	5,013,576	-	2,522,623	5,476	-
Companies jointly controlled	672,968	497,150	4,700	14,472	67,597	-
Associated companies	-	-	-	1,356,786	-	375,137
Others related parties	3,543,328	341,608	-	318,821	60,423	-
	8,227,141	5,852,333	4,700	4,212,702	133,496	375,137

						Balances at 31 March 2019
	Accounts receivable	Accounts payable	Treasury applications	Other assets	Other liabilities	Loans granted
Parent Company (Sonae SGPS)	3,521,724	7,487,210	-	617,550	20,936	-
Companies jointly controlled	3,235,299	694,262	4,700	150,183	3,947,930	-
Associated companies	-	-	-	1,292,052	-	-
Others related parties	5,587,205	293,427	-	317,964	746,041	-
	12,344,228	8,474,900	4,700	2,377,748	4,714,907	-

						Transactions at 31 March 2020
	Sales and services rendered	Supplies and services received	Interest and similar income	Interest and similar expense		Supplementary income
Parent Company (Sonae SGPS)	12,635	114,807	158,255	-	-	-
Companies jointly controlled	919,536	216,394	41	-	-	48,500
Associated companies	-	-	15,509	-	-	1,668
Others related parties	2,647,511	235,694	27,561	3,551	-	49,869
	3,579,683	566,895	201,365	3,551	-	100,037

					Transactions at 31 March 2019
	Sales and services rendered	Supplies and services received	Interest and similar income	Interest and similar expense	Supplementary income
Parent Company (Sonae SGPS)	1411	50,000	94,622	-	-
Companies jointly controlled	2,446,447	374,052	42	-	68,500
Associated companies	-	207	6,911	-	-
Others related parties	4,454,242	311,833	1,902	-	80,551
	6,902,100	736,091	103,477	-	149,051

The transactions between Group companies were eliminated in consolidation, and therefore are not disclosed in this note.

All the above transactions were made at market prices.

Both accounts receivable and payable with related parties will be paid in cash and have no guaranties attached.

During the periods ended on 31 March 2020 and 2019, no impairment losses have been recognised as accounts receivables of related parties.

11. Other Matters

Since the emergence of Covid-19 in Europe, in early 2020, and in particular since the national formal confinement declared on 18 March, that the Board of Directors has followed in detail and with great concern all developments related to the Covid- 19, carefully following the position of the competent international entities, namely the World Health Organisation and the European Center for Disease Prevention and Control, as well as the Portuguese General Directorate of Health.


Considering the level of risk that exists, a specific government model was developed to manage this crisis, in line with the various businesses, depending on the level of risk defined at each moment. Prevention / contingency plans were triggered, defined or developed, covering the entire organization, from operations to central structures and a set of risk mitigation measures were identified.

In this sense and considering the high risk of contagion and spread of the virus, mandatory actions were defined and communicated, as well as recommendations for all employees, such as the prohibition of all trips; advising against holding / participating in congresses, fairs, exhibitions and extended training; disclosure of care to be taken in hand hygiene and respiratory etiquette measures; teleworking / remote work procedures, ensuring for that purpose - and according to the identified criticality - the existence of portable computers and internet access for employees, among many others.

Until now, the Group's business operations have been affected at very different levels:

- The technology area did not feel any significant impacts resulting from this situation in the results for the period ended on March 2020, but we know that the magnitude and degree of uncertainty that an event of this nature involves may have a negative impact in the coming quarters, namely in revenue from Professional Services, in the resale of technology (either by reducing demand or by the drop in supply) and in the value of some minority stakes.
- At NOS, the main operational impacts of the pandemic on revenues for the period ended on March 2020 were felt in particular in: i) Cinema and Audiovisual Exhibition: complete closure of NOS cinemas on 16 March and postponement of several film premieres; ii) Roaming and international calls: traffic and revenues were impacted by restrictions on international travel; iii) Premium sports channels: reduction in revenues, due to the provision of monthly fees, given the absence of live sports events; and iv) Equipment: drop in sales due to the closure of all retail activity, namely shopping centres and general restrictions on circulation.
- Público's activity was materially impacted, namely the sale of newspapers, with the closure of most points of sale, and advertising revenues.

The spread of COVID-19 has caused historical falls in the capital market and instability in the value of assets on all world exchanges.



The potential impact that this situation may have depends on the level of evolution and contagion of the virus, so making projections difficult. However, at this stage, given the progressive easing of restrictive measures in Europe, we still expect a challenging second quarter, but with hope for a gradually more normalised third and fourth quarter. Given the company's capital structure, with a significant amount in cash and bank deposits and a reduced amount of interest-bearing debt, no material changes in the Company's liquidity are expected. In addition, we will continue to implement all measures deemed appropriate to minimize impacts, in line with the recommendation of the competent entities and in the best interest of all our stakeholders.

12. Subsequent Events

Disposal of NOS Towering, S.A.

NOS announced that it has entered into an agreement for the sale of 100% of the share capital of NOS Towering S.A. to Cellnex, comprising the sale of approximately 2,000 sites (towers and rooftops). The parts also entered into a long-term agreement that concerns the provision, by Cellnex, of hosting services for NOS' active network in the passive infrastructures acquired, for a period of 15 years, renewable automatically for equal periods. Additionally, the agreement provides for a perimeter increase of up to 400 additional sites over the next 6 years. The execution of these agreements is subject to the satisfaction of the usual conditions in this type of transaction, namely, if applicable, the non-opposition by the Competition Authority. This transaction, which will be accounted for as a sale and subsequent lease transaction, was approved after 31 March 2020.

Preventive arrest of 26.075% of the share capital of NOS, SGPS, S.A.

On 4 April 2020, SONAECON, was informed by its subsidiary ZOPT of the communication received from the Lisbon Central Criminal Instruction Court ('Tribunal') to proceed to the preventive arrest of 26.075% of NOS' share capital, corresponding to half the shareholding in NOS held by ZOPT and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited, controlled by Eng. Isabel dos Santos. Under the terms of the communication, the arrested shares (134 322 268.5 shares) are deprived of the right to vote and the right to receive dividends, which must be deposited with Caixa Geral de Depósitos, S.A. at the order of the court. The other half of ZOPT's participation in NOS' share capital, corresponding to an identical percentage of 26.075% - and which, at least in line with the criterion used by the Court, embodies the 50% held in ZOPT by SONAECON - was not subject to arrest, nor the rights attached to it were subject to any limitation.

Although ZOPT has not been notified of the grounds for preventive arrest, based on the preliminary information they have, it is the understanding of the board of directors of ZOPT and SONAECON that the measure of arrest imposed is illegitimate and offends several fundamental rights of ZOPT, no being legally liable to determine the deprivation of voting rights, not even to inhibit the holder of the arrested shares from continuing to exercise those rights, which deprivation we understand for this reason, be null and without any effect. For this reason, the boards of directors of ZOPT and SONAECON consider that the conditions of control of ZOPT over NOS are met, and the measure does not have material effects on the control of this company.

ZOPT is, therefore, adopting the necessary procedures for lifting the arrest, having already deducted third party embargoes within the scope of the referred process.

Sonaecom SGPS is listed on the Euronext Stock Exchange. Information is available on Reuters under the symbol SNC.LS and on Bloomberg under the symbol SNC:PL.

SAFE HARBOUR

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

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

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

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